



METRONIC GLOBAL BERHAD

(Company No. : 632068-V)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER ENDED

31 DECEMBER 2017

METRONIC GLOBAL BERHAD (632068-V)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017**

(The figures have not been audited)

	Individual quarter		Cumulative quarter	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM	RM	RM	RM
Continuing operations				
Revenue	7,212,708	11,990,562	31,243,499	48,066,323
Cost of sales	(3,257,379)	(6,291,046)	(17,348,406)	(26,764,561)
Gross profit	3,955,329	5,699,516	13,895,093	21,301,762
Other income	420,596	5,460,773	3,536,755	9,266,155
Administration expenses	(998,723)	(11,999,774)	(3,910,863)	(13,823,849)
Other operating expenses	(3,089,515)	(6,186,886)	(12,565,942)	(17,101,454)
Profit from operations	287,687	(7,026,371)	955,043	(357,386)
Finance costs	(194,136)	(174,125)	(540,807)	(513,915)
Profit/(Loss) before taxation	93,551	(7,200,496)	414,236	(871,301)
Income tax expense	-	(3,999,415)	(69,593)	(4,123,866)
Profit / (Loss) for the period from				
- continuing operations	93,551	(11,199,911)	344,643	(4,995,167)
- discontinued operations	(23,552)	(42,741)	(100,205)	(13,450)
Net profit/(loss) for the period	69,999	(11,242,652)	244,438	(5,008,617)
Net profit/(loss) attributable to:				
Owners of the parent	72,590	(11,235,782)	256,643	(5,004,969)
Non controlling interest	(2,591)	(6,870)	(12,205)	(3,648)
	69,999	(11,242,652)	244,438	(5,008,617)
Basic earning / (loss) per share attributable to equity holders of the Company (sen):				
- continuing operations	0.01	(1.46)	0.04	(0.66)
- discontinued operations	-	(0.01)	(0.01)	-

The interim consolidated income statements should be read in conjunction with the annual financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

METRONIC GLOBAL BERHAD (632068-V)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017**

	Individual quarter		Cumulative quarter	
	(Audited)		(Audited)	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM	RM	RM	RM
Net profit from:				
- continuing operations	93,551	(11,199,911)	344,643	(4,995,167)
- discontinued operations	(23,552)	(42,741)	(100,205)	(13,450)
Net profit for the period	69,999	(11,242,652)	244,438	(5,008,617)
Other comprehensive income / (expense)				
Revaluation Reserve	-	10,927,254	(242,815)	10,927,254
Foreign currency translation	58,527	(87,388)	(254,029)	(839,287)
Other comprehensive income/(expense) for the period, net of tax	58,527	10,839,866	(496,845)	10,087,967
Total comprehensive income/(expense) for the period, net of tax	128,526	(402,786)	(252,407)	5,079,350
Total comprehensive income/(expense) attributable to:				
Owners of the parent	131,117	(395,916)	(240,202)	5,082,998
Non-controlling interests	(2,591)	(6,870)	(12,205)	(3,648)
	128,526	(402,786)	(252,407)	5,079,350

The condensed consolidated income statements should be read in conjunction with the annual financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements

METRONIC GLOBAL BERHAD (632068-V)
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017**

	As at 31.12.2017 RM	(Audited) As at 31.12.2016 RM
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	16,017,740	16,734,559
Investment properties	17,342,005	18,135,841
Land held for property development	6,400,000	161,403
Available-for-sale financial assets	8,440,658	6,727,677
Deferred tax assets	3,153,629	3,153,629
R&D Costs	7,607	-
	<u>51,361,639</u>	<u>44,913,109</u>
CURRENT ASSETS		
Property development cost	16,568,692	13,988,926
Inventories	1,582,735	## 1,086,215
Trade receivables	17,619,831	15,168,984
Other receivables	14,558,608	11,643,872
Tax recoverable	32,495	44,384
Short term deposits	2,298,490	2,944,130
Cash and bank balances	1,974,997	797,436
Asset of disposal company classified as held for sale	4,393,257	4,572,686
	<u>59,029,105</u>	<u>50,246,633</u>
TOTAL ASSETS	<u>110,390,744</u>	<u>95,159,742</u>
EQUITY AND LIABILITIES		
Share capital	89,212,524	75,839,750
Revaluation reserve	23,797,473	24,040,288
Shares grant reserve	619,198	-
Foreign currency translation reserve	(822,993)	(568,964)
Accumulated losses	(36,718,210)	(37,069,518)
Equity attributable to owners of the parent	<u>76,087,992</u>	<u>62,241,556</u>
Non-controlling interests	<u>72,143</u>	<u>84,345</u>
TOTAL EQUITY	<u>76,160,135</u>	<u>62,325,901</u>
NON-CURRENT LIABILITIES		
Loans and borrowings	-	145,959
CURRENT LIABILITIES		
Trade payables	3,951,546	6,006,310
Other payables	20,969,588	13,415,207
Amount owing to a director	-	5,564,230
Loans and borrowings	7,358,139	5,324,703
	<u>32,279,273</u>	<u>30,310,450</u>
Liabilities of disposal company classified as held for sale	1,951,336	2,377,432
TOTAL LIABILITIES	<u>34,230,609</u>	<u>32,833,841</u>
TOTAL EQUITY AND LIABILITIES	<u>110,390,744</u>	<u>95,159,742</u>
NET ASSET PER SHARE	0.08	0.08

The condensed consolidated income statements should be read in conjunction with the annual financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements

METRONIC GLOBAL BERHAD (632068-V)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017**

	Attributable to owners of the parent							
	Non-distributable reserve				Distributable reserve			
	Share capital RM	Revaluation reserve RM	Shares grant reserve RM	Foreign currency translation reserve RM	Accumulated losses RM	Total RM	Non-controlling interests RM	Total equity RM
As at 1 January 2016	75,839,750	13,113,034	-	270,323	(32,064,549)	57,158,558	87,993	57,246,551
Total comprehensive income/(expense)	-	10,927,254	-	(839,287)	(5,004,969)	5,082,998	(3,648)	5,079,350
Allotment of shares during the year	-	-	-	-	-	-	-	-
As at 31 December 2016	<u>75,839,750</u>	<u>24,029,075</u>	<u>-</u>	<u>(568,964)</u>	<u>(37,069,518)</u>	<u>62,241,556</u>	<u>84,345</u>	<u>62,325,901</u>
As at 1 January 2017	75,839,750	24,029,075	-	(568,964)	(37,069,518)	62,241,556	84,345	62,325,901
Total comprehensive income	-	(231,602)	-	(254,029)	351,308	(134,323)	(12,205)	(146,527)
Allotment of shares during the year	13,372,774	-	-	-	-	13,372,774	3	13,372,777
Transfer between reserve	-	-	619,198	-	-	619,198	-	619,198
As at 31 December 2017	<u>89,212,524</u>	<u>23,797,473</u>	<u>619,198</u>	<u>(822,993)</u>	<u>(36,718,210)</u>	<u>76,099,204</u>	<u>72,143</u>	<u>76,171,348</u>

The condensed consolidated income statements should be read in conjunction with the annual financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements

METRONIC GLOBAL BERHAD (632068-V)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017**

(The figures have not been audited)

	31.12.2017	(Audited) 31.12.2016
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation from:		
Continuing operations	414,236	(871,301)
Profit / (Loss) from assets held for sale (Note 3)	(100,205)	(13,450)
Adjustments for:		
Bad debt written off	86,753	5,441,284
Depreciation of investment properties (Note 24)	5,630	16,696
Depreciation of property, plant and equipment (Note 24)	711,503	719,233
(Gain) / Loss on disposal of available-for-sale financial assets (Note 24)	555,272	990,565
(Gain) / Loss on unrealised foreign exchange (Note 24)	-	16
Gain on disposal of plant and equipment (Note 24)	64,625	-
Impairment losses on receivables (Note 24)	127,103	3,625,905
Impairment loss / (reversal) on available-for-sale financial assets (Note 24)		
- Quoted equity	(1,470)	4,411,211
Property, plant and equipment written off	210,536	23,590
Reversal of Impairment losses of receivables	420,545	(5,656,212)
Provision for slow moving inventory	-	1,497,062
Write-back of provision and accruals	1,388,533	-
Finance costs	540,807	513,915
Interest income	(133)	(111,499)
Operating profit before working capital changes	<u>4,423,737</u>	<u>10,587,015</u>
Changes in working capital:		
Inventories	(496,520)	1,335,787
Receivables	(12,136,539)	(15,732,828)
Property development costs	(2,453,205)	(3,200,683)
Payables	<u>(2,054,764)</u>	<u>92</u>
Net cash generated from/(used in) operations	<u>(12,717,292)</u>	<u>(7,010,617)</u>
Taxes refunded	-	(155)
Tax paid	(34,794)	(54,429)
Tax refund	-	123,415
Net cash generated from/(used in) operating activities	<u>(12,752,086)</u>	<u>(6,941,786)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchased of AFS assets		
Interest received	133	111,499
Purchase of available-for-sale financial assets	(928,319)	(8,200,467)
Purchase of property, plant and equipment	90,517	(289,428)
Proceeds from disposal of available-for-sale financial assets	1,767,855	5,129,435
Proceeds from disposal of property, plant and equipment	65,000	-
Net cash (used in) / generated from investing activities	<u>995,185</u>	<u>(3,248,961)</u>

METRONIC GLOBAL BERHAD (632068-V)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017**

(The figures have not been audited)

	31.12.2017	(Audited) 31.12.2016
	RM	RM
CASH FLOWS FROM FINANCING ACTIVITIES		
Advances from a director	-	5,564,230
Interest paid	(540,807)	(513,915)
Withdrawal of fixed deposits pledged with licensed banks	-	1,766,536
Drawdown of bankers' acceptances	-	1,320,744
Proceeds from allotment of shares	13,372,774	-
Repayment of obligation under finance leases and hire purchase	(17,370)	(111,911)
Repayment of margin facilities	(614,027)	-
Net cash generated from financing activities	<u>12,200,569</u>	<u>8,025,684</u>
NET CHANGES IN CASH AND CASH EQUIVALENTS	443,668	(2,165,063)
EFFECT OF FOREIGN EXCHANGE RATES CHANGES	(254,029)	181,292
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY 2017	<u>(2,153,059)</u>	<u>(169,288)</u>
CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER 2017	<u>(1,963,420)</u>	<u>(2,153,059)</u>
Cash and cash equivalents at the balance sheet date comprise the following:		
Cash and bank balances	1,974,997	797,436
Bank overdraft (Note 21)	(3,938,417)	(2,950,495)
	<u>(1,963,420)</u>	<u>(2,153,059)</u>

The condensed consolidated income statements should be read in conjunction with the annual financial statement December 2016 and the accompanying explanatory notes attached to the interim financial statements

METRONIC GLOBAL BERHAD (632068-V)

(Incorporated in Malaysia)

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2017 PURSUANT TO MFRS 134

1. Basis of Preparation

This unaudited condensed consolidated interim financial statements ("Condensed Report"), has been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 1965 in Malaysia. The Condensed Report should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached herein for a better understanding of changes in financial position and performance of the Group.

2. Significant Accounting Policies

The accounting policies adopted in the preparation of the Condensed Report are consistent with those followed in the preparation of the Group's audited financial statements for the financial year ended 31 December 2016.

2.1 Adoption of Amendments and Annual Improvements to Standards

On 1 January 2016, the Group adopted the following the following MFRS and Amendments to MFRSs issued by the Malaysian Accounting Standards Board, effective for annual periods beginning on or after 1 January 2016.

MFRS 14 - Regulatory Deferral Accounts
Amendments to MFRS 10 Consolidated Financial Statements
Amendments to MFRS 11 Joint Arrangements
Amendments to MFRS 12 Disclosure of Interests in Other Entities
Amendments to MFRS 101 Presentation of Financial Statements
Amendments to MFRS 116 Property, Plant and Equipment
Amendments to MFRS 127 Consolidated and Separate Financial Statements
Amendments to MFRS 128 Investments in Associates and Joint Ventures
Amendments to MFRS 138 Intangible Assets
Amendments to MFRS 141 Agriculture
Annual Improvements to MFRSs 2012 - 2014 Cycle

The adoption of the above MFRS and Amendments to MFRSs did not have any material impact on the financial statements of the Group.

2.2 Standards issued but not yet effective

Effective for financial periods beginning on or after 1 January 2018

MFRS 9 Financial Instruments
MFRS 15 Revenue from Contracts with Customers
MFRS 15 Clarification to MFRS 15
Amendments to MFRS 2 Share-based Payment
Amendments to MFRS 140 Investment Property
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

Effective for financial periods beginning on or after 1 January 2019

MFRS 16 Leases

2. Significant Accounting Policies (Continued)

2.2 Standards issued but not yet effective (Continued)

The Directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application except as discussed

MFRS 9 Financial Instruments : Classification and Measurement

MFRS 9 introduces new requirements for classification and measurement of financial assets, impairment of assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristic and the business model under which they are held. The impairment requirements in MFRS 9 are based on expected credit loss model and replace the MFRS 139 Financial Instruments: Recognition and Measurement incurred loss model. MFRS 9 is effective for annual periods beginning on or after 1 January 2018. The Group does not expect a significant change to the measurement basis arising from the adoption of the new classification and measurement model under MFRS 9. Loans and receivables that are currently accounted for using amortised cost will continue to be accounted for using amortised cost model under MFRS 9.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under MFRS 15, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new standard will supersede all current revenue recognition requirements under MFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted.

MFRS 16 Leases

MFRS 16 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The new standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if MFRS 15 also applied.

3. Assets classified as held for sale and disposal of subsidiary

On 29 August 2014, The Company has signed a Share Purchase Agreement to dispose of its 89% owned subsidiary, Metronic Engineering Private Limited ("MEPL") for a consideration of INR9,840,000. The disposal is pending completion. As such, MEPL has been classified as Assets held for sales and discontinued operations. The results of assets held for sale and discontinued operations are as follows:

	Cumulative quarter	
	31.12.2017	31.12.2016
	RM	RM
Revenue	-	1,935,569
Cost of sale	-	(255,943)
Other Income	-	4,555
Expenses	(100,205)	(1,679,731)
Interest expenses	-	(17,900)
(Loss)/Profit before tax from assets held for sale	(100,205)	(13,450)
Income tax expense	-	-
(Loss)/Profit after tax from assets held for sale	(100,205)	(13,450)

Included in assets classified as held for sale in the Group Statements of Financial Position as at 31 December 2017 are :

	Audited	
	31.12.2017	31.12.2016
	RM	RM
Property, plant and equipment	2,387	7,234
Deferred tax assets	10,343	10,755
Inventories	1,399,822	1,455,479
Trade receivables	2,244,961	2,334,220
Other receivables	21,168	22,010
Cash & Bank Balances	714,576	742,988
	4,393,257	4,572,686
Less : Impairment on disposal of subsidiary	-	-
Assets classified as held for sale	4,393,257	4,572,686

	Audited	
	31.12.2017	31.12.2016
	RM	RM
Trade payables	272,511	283,346
Other payables	923,376	860,651
Loans and borrowings	1,095,413	1,138,966
Foreign currency translation reserve	(339,964)	94,469
Liabilities classified as held for sale	1,951,336	2,377,432

4. Seasonality or cyclicity of interim operations

The Group's interim operation are not materially affected by seasonal or cyclical factors during the financial period under review.

5. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial quarter under review except as disclosed in Note 15 and 20.

6. Material changes in estimates

There were no changes in estimates that have had any material effect on the result for the current financial quarter and financial period under review.

7. Debt and equity securities

Save as disclosed in Note 20, there were no other issuances, repurchases and repayments of debt securities during the financial quarter and financial period under review.

8. Dividends

No dividend was paid during the current financial quarter and previous corresponding quarter.

9. Segmental information

Analysis by segments is as follow:-

By geographical segments:

	Individual quarter		Cumulative quarter	
	31.12.2017 RM	31.12.2016 RM	31.12.2017 RM	31.12.2016 RM
Segment revenue				
Total revenue	7,212,708	12,527,360	31,243,499	50,001,892
Discontinued operation	-	(536,798)	-	(1,935,569)
External customers	<u>7,212,708</u>	<u>11,990,562</u>	<u>31,243,499</u>	<u>48,066,323</u>
Results				
Operating results				
Malaysia	468,060	(5,577,712)	1,391,762	(2,023,562)
Overseas	(156,821)	(1,405,918)	(336,514)	1,679,626
	<u>311,239</u>	<u>(6,983,630)</u>	<u>1,055,248</u>	<u>(343,936)</u>
Finance costs	(194,136)	(174,125)	(540,807)	(513,915)
Profit/(loss) before tax				
- Continued operation	117,103	(7,157,755)	514,441	(857,851)
Profit/(loss) before tax				
- Discontinued operation	(23,552)	(42,741)	(100,205)	(13,450)
Profit/(Loss) before tax	<u>93,551</u>	<u>(7,200,496)</u>	<u>414,236</u>	<u>(871,301)</u>

By business segments:

	Individual quarter		Cumulative quarter	
	31.12.2017 RM	31.12.2016 RM	31.12.2017 RM	31.12.2016 RM
Segment revenue				
Engineering	7,212,708	12,527,360	31,243,499	50,001,892
Total revenue	<u>7,212,708</u>	<u>12,527,360</u>	<u>31,243,499</u>	<u>50,001,892</u>
Inter-segment elimination	-	-	-	-
Continued operations	<u>7,212,708</u>	<u>12,527,360</u>	<u>31,243,499</u>	<u>50,001,892</u>
Discontinued operation	-	(536,798)	-	(1,935,569)
External customers	<u>7,212,708</u>	<u>11,990,562</u>	<u>31,243,499</u>	<u>48,066,323</u>

9. Segmental information (continue)

	Individual quarter		Cumulative quarter	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM	RM	RM	RM
Results				
Operating results				
Engineering	339,751	(8,939,202)	1,335,394	(267,024)
Investment holding	(28,512)	1,955,572	(280,145)	(76,912)
	<u>311,239</u>	<u>(6,983,630)</u>	<u>1,055,248</u>	<u>(343,936)</u>
Finance costs	(194,136)	(174,125)	(540,807)	(513,915)
Profit/(Loss) before tax				
- Continued operations	117,103	(7,157,755)	514,441	(857,851)
Profit/(loss) before tax				
- Discontinued operation	(23,552)	(42,741)	(100,205)	(13,450)
Profit/(Loss) before tax	<u>93,551</u>	<u>(7,200,496)</u>	<u>414,236</u>	<u>(871,301)</u>

10. Material subsequent events

Other than those disclosed in Note 20, there were no material subsequent events during the period ended 31 December 2017.

11. Changes in the composition of the Group

There is no changes in the composition of the Group during the current financial quarter.

12. Contingent liabilities

Contingent liabilities of the Group as at the latest practicable date are as follows:

	RM
(a) Secured :	
Performance and financial guarantees issued by the banks to third parties	<u>4,339,081</u>
(b) Unsecured	RM
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	<u>41,800,000</u>
Corporate guarantees given to performance for project granted to subsidiaries	<u>43,042,826</u>

13. Capital commitments

There were no capital commitments during the current quarter under review.

14. Significant related party transactions

There were no significant related party transactions for the current quarter under review.

ADDITIONAL INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

15. Performance review

Continuing operations

Quarter and Period Ended 31 December 2017

The Group recorded revenue of RM7.2 million and RM31.2 million for the current quarter and cumulative period under review respectively. The amounts are RM4.7 million (or 40%) and RM17.0 million (or 35%) lower than the corresponding period of RM12 million and RM48.1 million recorded in the previous financial year. The decrease mainly due to lower revenue from contract works resulted from completion of several contracts in the preceding period.

The Group posted profit before taxation of RM93 thousand and RM414 thousand for the current quarter and cumulative period under review respectively. These are representing an improvement of RM8.1 million (or 101%) and RM1.2 million (or 148%) compared to the loss before tax of RM7.2 million and RM0.8 million recorded in the corresponding period previous year.

The Group's favourable financial performance for the current quarter and period under review attributed mainly due to lower provision and impairment recorded in the current period. Included in the previous year was provision and impairment of investment and receivables totalling RM 8.3 million.

Below in the summary analysis of the financial results:

	Individual Period (4th quarter)		Changes (Amount/%)	Cumulative Period		Changes (Amount/%)
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year To- Date	Preceding Year Corresponding Period	
	31/12/17	31/12/16		31/12/17	31/12/16	
RM						
Revenue	7,212,708	11,990,562	-40%	31,243,499	48,066,323	-35%
Operating Profit	3,955,329	5,699,516	-31%	13,895,093	21,301,762	-35%
Profit/(Loss) Before Interest & Tax	287,687	(7,026,370)	104%	955,043	(357,386)	367%
Profit/(Loss) Before Tax	93,551	(7,200,496)	101%	414,236	(871,301)	148%
Profit/(Loss) After Tax	69,999	(11,213,362)	101%	244,438	(5,008,617)	105%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	72,590	(11,235,782)	101%	256,643	(5,004,969)	105%

16. Material Change in Profit Before Taxation of Current Quarter Compared with Preceding Quarter

In the current quarter under review, the Group recorded revenue of RM7.2 million, increased by RM976 thousand or 16% compared to the preceding quarter.

Included in the current period revenue was a revenue from project variation order amounting to RM 4.6 million whereby the project has been completed and obtained a certificate of practical completion in July 2017.

The Group however recorded slightly lower profit before tax compared to preceding quarter due to lower gross profit recorded during the quarter.

16. Material Change in Profit Before Taxation of Current Quarter Compared with Preceding Quarter (continue)

The summary analysis is as follows:

RM	Current Quarter 31/12/17	Immediate Preceding Quarter 30/09/17	Changes (Amoun%)
Revenue	7,212,708	6,236,742	16%
Operating Profit	3,955,329	3,924,452	1%
Profit/(Loss) Before Interest & Tax	287,687	234,710	23%
Profit/(Loss) Before Tax	93,551	107,717	-13%
Profit/(Loss) After Tax	69,999	37,074	89%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	72,590	39,741	83%

17. Current year prospects

The Group is aware of the challenges ahead for the Engineering Division with the competition and current economic situation. In addition to the diversification into property segment, the Group will continue to explore other new opportunities in order to build up a strong order book. Nevertheless, the Group will continue taking various measures to enhance its operational efficiency and effective cost management in order to improve the performance of the Group.

The Group's balance order book is stood at RM34 million and its presently tendering contracts totaling RM379 million.

The Group also undertakes to rationalize its available asset and investments towards optimising returns.

18. Profit forecast or profit guarantee

Not applicable as no profit forecast was published by the Group.

19. Taxation

	Individual quarter		Cumulative quarter	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM	RM	RM	RM
Income tax expense:				
Malaysian income tax				
- Current	-	(110,251)	69,593	19,853
- Under provision in prior year	-	-	-	-
Deferred Tax				
- Relating to origination and reversal of temporary differences	-	4,109,667	-	4,104,013
- Under provision in prior year	-	-	-	-
	<u>-</u>	<u>3,999,416</u>	<u>69,593</u>	<u>4,123,866</u>

Income tax expense is recognized in each interim period based on the best estimate of the income tax payable for the full financial year.

20. Status of Corporate Proposals

- a) On 15 June 2017, the Group announced its proposal - the proposed share consolidation and rights issue exercise. The proposal among others involve the proposed consolidation of every three (3) ordinary share into one (1) and the proposed renounceable rights issue of up to 645,342,048 new Company's shares together with up to 484,006,536 free detachable warrants on the basis of four (4) rights shares together with three (3) free warrants for every two (2) existing shares held by the entitled shareholders on an entitlement date to be determined.

The application on the above has been submitted to Bursa Malaysia and presently awaiting for approval.

- b) On 30 November 2017, the Group announced that its wholly owned subsidiary, Metronic Engineering Sdn Bhd, entered into a Sale and Purchase Agreement with Dynamic Pile Testing Sdn Bhd for the proposed sale of its 3 storey semi-detached office cum factory titled no. GRN 332748, Lot No 64260 Mukim of Damansara, District of Petaling, Selangor for a total cash consideration of Ringgit Malaysia Six Million and Sixty Thousand (RM6,060,000.00) only.

The proposed sale is expected to complete within three (3) months from the date of the agreement.

- c) On 11 January 2018 and 24 January 2018, announced that it had offered a total 18,500,000 number of shares at the option price of RM0.05 to eligible employees of Metronic in accordance with the By-Laws of the Employees Share Option Scheme ("ESOS") which was approved by the shareholders of the Company at the Extraordinary General Meeting held on 15 December 2016.

As at to-date, a total of 13,300,000 have been subscribed, issued and admitted to Bursa for listing.

Based on the above, the issued and paid up share capital increased to 962,737,128 number of shares.

21. Material Litigations

- A The Company, on 15.11.2017, together with its wholly owned subsidiaries (Metronic Integrated System Sdn Bhd ("MISB") and M One Country Development Sdn Bhd ("M One") had through their solicitors, Messrs Lim, Chong, Phang & Amy, filed a Writ and Statement of Claim in the High Court in Kuala Lumpur (Suit No: WA-22NCC-459-11/2017) ("Suit") against Tan Ew Chew ("D1"), Tan Kian Hong ("D2"), Tan Hong Hong ("D3"), Tan Lian Hong ("D4"), Eric Boon Chuan Kit ("D5"), Northern Paradise Sdn Bhd ("D6") and CJH Distribution Sdn Bhd ("D7") ("Defendants") for, amongst others, the following relief –

- (a) Special damages of RM1,680,300-00 arising from the transactions between MISSB and D7;
- (b) Special damages of RM3,169,151-51 arising from the transactions between M One and D6
- (c) General damages;
- (d) Declaration that D1, D2 and D5 had breached their duties owing to the Plaintiffs;
- (e) Declaration that D1, D2 and D5 had committed fraud and/or breach of trust;
- (f) Declaration that the defendants had caused wrongful loss to the Plaintiffs and had offended section 317A of the Capital Markets and Services Act 2007 ("CMSA"); and
- (g) Declaration for breach of Main Market Listing Requirements.

Following thereto, the Company had also filed an Application for Interim Orders pursuant to section 360 CMSA on 16.11.2017 ("Application"). The Application was heard by the Learned High Court Judge ("LHCJ") on 23.11.2017. As a result, the LHCJ had granted the following orders in respect of the Application, among others –

- (a) That Tan Kian Hong, Tan Lian Hong and Tan Hong Hong are restrained from acquiring, disposing of or otherwise dealing with MGB shares in their Central Depository System accounts and/or trading accounts with immediate effect until full disposal of the Suit; and
- (b) That Tan Kian Hong, Tan Lian Hong and Tan Hong Hong are restrained from exercising of any voting or other rights attached to the MGB shares in their Central Depository System accounts and/or trading accounts with immediate effect until full disposal of the Suit.
- (c) Cost in the cause

Subsequently, the Learned High Court Judge, during the case management, among others had directed for the trial to be held on 7 & 8 June, 19, 23 and 26 July 2018.

- B Metronic Engineering Sdn Bhd ("MESB"), the wholly owned subsidiary of the Company, has commenced an Adjudication proceeding under Construction Industry Payment and Adjudication Act 2012 ("CIPAA") against Ahmad Zaki Resources Sdn Bhd ("AZRSB") for a claim amounting to SAR4,757,608.53 ("CIPAA Payment Claim"). The CIPAA Payment Claim is in relation to disputes over non-payment for works done and costs incurred by MESB for Al Faisal University Campus Development Project, Riyadh, Kingdom of Saudi Arabia.

MESB through the appointed adjudication consultant, had submitted the claim to the appointed Adjudicator on 15 February 2018 and it is presently awaiting response from AZRSB. Barring unforeseen circumstances and subject to the parties submission of the documents, the decision by the Adjudicator is expected by end of May 2018.

22. Borrowings

The Group's total borrowing as at 31 December 2017 stood at RM7.4 million, representing a gearing ratio of 0.08 to shareholders equity. The amount was higher r than the previous year same date of RM5.4 million.

Breakdown by type of facilities is shown below:

	As at 4th quarter ended 31 December 2017					
	Long Term		Short term		Total borrowings	
	Foreign denomination	RM denomination	Foreign denomination	RM denomination	Foreign denomination	RM denomination
<u>Secured borrowings</u>						
Bank overdraft	-	-	-	3,938,417	-	3,938,417
Bankers' acceptances	-	-	-	1,559,450	-	1,559,450
Hire purchase	-	-	-	63,713	-	63,713
Margin Financing	-	-	-	1,796,559	-	1,796,559
Sub-Total	-	-	-	7,358,139	-	7,358,139
<u>Un-Secured borrowings</u>						
Nil	-	-	-	-	-	-
Sub-Total	-	-	-	-	-	-
Total	-	-	-	7,358,139	-	7,358,139

	As at 4th quarter ended 31 December 2016					
	Long Term		Short term		Total borrowings	
	Foreign denomination	RM denomination	Foreign denomination	RM denomination	Foreign denomination	RM denomination
<u>Secured borrowings</u>						
Bank overdraft	-	-	-	2,910,807	-	2,950,495
Bankers' acceptances	-	-	-	1,648,212	-	1,502,252
Hire purchase	-	145,959	-	117,267	-	263,226
Margin Financing	-	-	-	608,730	-	608,730
Sub-Total	-	145,959	-	5,285,016	-	5,324,703
<u>Un-Secured borrowings</u>						
Nil	-	-	-	-	-	-
Sub-Total	-	-	-	-	-	-
Total	-	145,959	-	5,285,016	-	5,324,703

23. Proposed Dividend

There was no dividend proposed in the current quarter and the previous corresponding quarter.

24. Earnings per share

	Individual quarter		Cumulative quarter	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM	RM	RM	RM
Profit / (Loss) attributable to ordinary equity owners of the parent				
- Continuing operations	93,551	(11,057,793)	344,643	(4,853,047)
- Discontinued operations	(26,143)	(38,039)	(112,410)	(11,970)
	<u>67,408</u>	<u>(11,095,832)</u>	<u>232,233</u>	<u>(4,865,017)</u>
Weighted average number of ordinary shares in issue	840,507,007	758,397,503	840,507,007	758,397,503
Basic earnings per share (sen)				
- Continuing operations	0.01	(1.46)	0.04	(0.64)
- Discontinued operations	-	(0.01)	(0.01)	-
	<u>0.01</u>	<u>(1.47)</u>	<u>0.03</u>	<u>(0.64)</u>

The Group does not have in issue any financial instrument or other contract that may entitle its holder to ordinary shares and which may dilute its basic earnings per share.

25. Profit/(Loss) for the period

	Individual quarter		Cumulative quarter	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
After charging/(crediting):	RM	RM	RM	RM
Auditors' remuneration	29,083	29,694	109,712	107,602
Bad debt written off	-	5,461,172	86,753	5,441,284
Depreciation of investment properties	1,408	2,507	5,630	10,027
Depreciation of property, plant and equipment	147,855	363,916	711,503	719,233
Directors' fee	28,500	23,790	116,000	108,290
(Gain) / Loss on foreign exchange				
- realised	(5,251)	-	18,180	554
- unrealised	-	-	-	16
Net (Gain) / Loss on disposal of				
- available-for-sale financial assets	234,992	835,299	555,272	990,565
- property, plant and equipment	(39,561)	-	(64,625)	-
Impairment loss on disposal of subsidiary	-	344,858	-	434,731
Impairment loss on available for sale financial asset				
- Quoted shares	-	4,411,211	-	4,411,211
Interest expenses	194,135	174,051	540,806	513,915
Interest income	52	92,400	133	111,499
Other Income - Other creditors written-off	-	-	3,116,078	-
Written off property, plant and equipments	3,484	5,407	23,590	-
Reversal of provision for financial guarantee	-	(120,497)	-	(120,497)
Provision for slow moving inventory	-	238,987	-	238,987
Rental expenses	16,000	394,740	83,600	486,567
Reversal of impairment loss of receivables	-	(4,241,421)	-	(5,635,371)
Reversal of provision for impairment & accruals	-	-	(1,388,533)	-
Staff cost	2,708,446	2,450,207	9,532,352	10,011,986

26. Audit Report

The auditors' report on Group's financial statements for the year ended 31 December 2016 was not qualified.

27. Disclosure of Realised and Unrealised losses

The breakdown of the accumulated loss of the Group as at reporting date, into realised and unrealised loss, is as follows:

	31.12.2017	31.12.2016
	RM	RM
Total accumulated losses		
- Realised	(21,423,731)	(22,806,742)
- Unrealised	3,153,629	3,719,708
	<u>(18,270,102)</u>	<u>(19,087,034)</u>
Less: Consolidation adjustments	(18,546,725)	(17,982,484)
Accumulated loss as per consolidated accounts	<u>(36,816,827)</u>	<u>(37,069,518)</u>

28. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 28 February 2018.