



**METRONIC GLOBAL BERHAD**

Company No. : 200301029648 (632068-V)  
(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS**

**FOR THE QUARTER ENDED**

**31 DECEMBER 2020**

**METRONIC GLOBAL BERHAD 200301029648 (632068-V)**

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2020**

(The figures have not been audited)

	NOTE	Individual Quarter		Cumulative Quarter	
		Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Quarter
		31.12.2020	31.12.2019	31.12.2020	31.12.2019
		RM	RM	RM	RM
<b>Continuing operations</b>					
Revenue	9	4,979,605	4,727,571	10,481,836	11,313,805
Cost of sales		(2,445,675)	(3,001,046)	(5,627,124)	(8,079,350)
Gross profit		2,533,930	1,726,526	4,854,712	3,234,455
Other income		997,670	(32,493)	4,687,216	1,685,927
Administration expenses		(895,179)	(519,846)	(1,410,715)	(1,489,852)
Other operating expenses		(2,065,470)	(2,759,109)	(4,033,004)	(5,113,061)
Profit / (Loss) from operations		570,951	(1,584,923)	4,098,210	(1,682,531)
Finance costs		(140,998)	(151,601)	(282,645)	(281,429)
Profit / (Loss) before taxation		429,953	(1,736,523)	3,815,565	(1,963,958)
Income tax expense		-	-	-	-
Profit / (Loss) for the period from					
- continuing operations		429,953	(1,736,523)	3,815,565	(1,963,958)
- discontinued operations		(19,480)	(20,282)	(39,931)	(41,840)
Profit / (Loss) for the period	25	410,473	(1,756,805)	3,775,634	(2,005,798)
Profit / (Loss) attributable to:					
Owners of the parent		412,615	(1,754,574)	3,805,691	(1,975,531)
Non controlling interest		(2,142)	(2,231)	(30,057)	(30,267)
		410,473	(1,756,805)	3,775,634	(2,005,798)

The condensed Consolidated Statement of Profit and Loss should be read in conjunction with the annual financial statements for the year ended 30 June 2020 and the accompanying explanatory notes attached to the interim financial statements.

**METRONIC GLOBAL BERHAD 200301029648 (632068-V)**

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 31 DECEMBER 2020**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Current Year Quarter</u>	<u>Preceding Year Corresponding Quarter</u>	<u>Current Year To Date</u>	<u>Preceding Year Corresponding Quarter</u>
	<u>31.12.2020</u>	<u>31.12.2019</u>	<u>31.12.2020</u>	<u>31.12.2019</u>
	<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>
Net Profit / (Loss) from:				
- continuing operations	429,953	(1,736,523)	3,815,565	(1,963,958)
- discontinued operations	(19,480)	(20,282)	(39,931)	(41,840)
Net Profit / (Loss) for the period	<u>410,473</u>	<u>(1,756,805)</u>	<u>3,775,634</u>	<u>(2,005,798)</u>
Other comprehensive income / (expense) :				
Foreign currency translation	<u>182,666</u>	<u>132,999</u>	<u>(364,405)</u>	<u>132,999</u>
Other comprehensive income/(expense) for the period, net of tax	182,666	132,999	(364,405)	132,999
Total comprehensive income/(expense) for the period, net of tax	<u>593,139</u>	<u>(1,623,806)</u>	<u>3,411,229</u>	<u>(1,872,799)</u>
Total comprehensive income/(expense) attributable to:				
Owners of the parent	595,281	(105,386)	3,441,286	(1,842,532)
Non-controlling interests	(2,142)	(2,231)	(30,057)	(30,267)
	<u>593,139</u>	<u>(1,623,806)</u>	<u>3,411,229</u>	<u>(1,872,799)</u>
Basic / diluted earning / (loss) per share attributable to equity holders of the Company (sen):				
- continuing operations	0.03	(0.21)	0.31	(0.26)
- discontinued operations	-	-	-	(0.01)

There is no dilution effect to the earnings per share in the current period as the exercise price of warrant were higher from the average market price of the ordinary shares during the period.

The condensed Consolidated Statement of Other Comprehensive Income should be read in conjunction with the annual financial statements for the year ended 30 June 2020 and the accompanying explanatory notes attached to the interim financial statements

**METRONIC GLOBAL BERHAD 200301029648 (632068-V)**

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT  
31 DECEMBER 2020**

	NOTE	As at 31.12.2020 RM	(Audited) As at 30.06.2020 RM
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		8,982,206	8,903,999
Investment properties		457,479	2,313,236
Available-for-sale financial assets		1,986,366	2,766,430
Other Investment		1,224,211	1,224,211
Deferred tax assets		3,555,609	3,555,609
		<u>16,205,871</u>	<u>18,763,485</u>
<b>CURRENT ASSETS</b>			
Property development cost		12,951,204	10,364,261
Inventories		473,833	712,178
Trade receivables		8,026,639	7,877,595
Amount owing by contract customers		17,011,902	4,234,454
Other receivables and deposits		4,948,936	5,428,629
Fixed deposits balances		60,901,348	68,219,023
Cash and bank balances		1,695,944	1,005,251
		<u>106,009,806</u>	<u>97,841,391</u>
<b>TOTAL ASSETS</b>		<u>122,215,675</u>	<u>116,604,876</u>
<b>EQUITY AND LIABILITIES</b>			
Share capital		137,861,356	133,680,926
Fair value reserve		(248,540)	(248,540)
Revaluation reserve		5,669,118	5,669,118
Warrant reserve		16,797,466	16,797,466
Foreign currency translation reserve		(49,634)	(414,039)
Accumulated losses		(68,899,357)	(73,247,884)
<b>Equity attributable to owners of the parent</b>		<u>91,130,409</u>	<u>82,237,048</u>
<b>Non-controlling interests</b>		<u>64,074</u>	<u>(120,768)</u>
<b>TOTAL EQUITY</b>		<u>91,194,482</u>	<u>82,116,280</u>
<b>CURRENT LIABILITIES</b>			
Trade payables		7,359,079	4,344,117
Other payables		17,576,017	19,647,135
Finance lease liabilities		-	3,424
Loans and borrowings	22	6,086,097	10,493,920
		<u>31,021,193</u>	<u>34,488,596</u>
<b>TOTAL LIABILITIES</b>		<u>31,021,193</u>	<u>34,488,596</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>122,215,675</u>	<u>116,604,876</u>
<b>NET ASSET PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		0.07	0.08

The condensed Consolidated Statement of Financial Position should be read in conjunction with the annual financial statements for the year ended 30 June 2020 and the accompanying explanatory notes attached to the interim financial statements

**METRONIC GLOBAL BERHAD 200301029648 (632068-V)**

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2020**

	←----- Attributable to owners of the parent ----->									
	←----- Non-distributable reserve ----->									
	Share capital RM	Fair value reserve RM	Revaluation reserve RM	Warrant reserve RM	Shares grant reserve RM	Foreign currency translation reserve RM	Accumulated losses RM	Total RM	Non- controlling interests RM	Total equity RM
<b>As at 1 July 2019</b>	128,573,351	-	5,669,118	16,797,466	-	(58,116)	(55,169,419)	95,812,402	66,860	95,879,262
Total comprehensive income	-	(248,540)	-	-	-	-	(14,159,891)	(14,408,431)	(187,628)	(14,596,060)
Foreign currency translation differences	-	-	-	-	-	(355,923)	-	(355,923)	-	(355,923)
Issue of private placements	5,107,575	-	-	-	-	-	-	5,107,575	-	5,107,575
<b>As at 30 June 2020</b>	<u>133,680,926</u>	<u>(248,540)</u>	<u>5,669,118</u>	<u>16,797,466</u>	<u>-</u>	<u>(414,039)</u>	<u>(69,329,310)</u>	<u>86,155,623</u>	<u>(120,768)</u>	<u>86,034,854</u>
Total comprehensive income	-	-	-	-	-	-	429,953	429,953	184,842	614,794
Foreign currency translation differences	-	-	-	-	-	364,405	-	364,404	-	364,404
Issue of private placements	4,178,430	-	-	-	-	-	-	4,178,430	-	4,178,430
Warrant exercised	2,000	-	-	-	-	-	-	2,000	-	2,000
<b>As at 31 December 2020</b>	<u>137,861,356</u>	<u>(248,540)</u>	<u>5,669,118</u>	<u>16,797,466</u>	<u>-</u>	<u>(49,634)</u>	<u>(68,899,357)</u>	<u>91,130,409</u>	<u>64,074</u>	<u>91,194,482</u>

The condensed Consolidated Statement of Changes in Equity should be read in conjunction with the annual financial statements for the year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial statements

**METRONIC GLOBAL BERHAD 200301029648 (632068-V)**

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2020**

(The figures have not been audited)

		<b>6 Months Ended</b>	<b>6 Months Ended</b>
		<b>31.12.2020</b>	<b>31.12.2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>NOTE</b>	<b>RM</b>	<b>RM</b>
<b>Profit / (Loss) before taxation from:</b>			
Continuing operations		3,815,565	(1,963,958)
Profit / (Loss) from assets held for sale		-	(41,840)
Adjustments for:			
Bad debt recovered		-	(26,421)
Depreciation of investment properties	25	2,815	2,815
Depreciation of property, plant and equipment	25	124,993	158,062
Government subsidies		157,771	
(Gain) / Loss on unrealised foreign exchange	25	111	7,908
(Gain) / Loss on disposal of available-for-sale financial assets		949	236,215
Reversal / (Impairment) of impairment losses of quoted shares	25	3,759,941	154,595
Finance costs	25	282,645	281,429
Interest income	25	(734,726)	(1,488,579)
Operating loss before working capital changes		<u>7,422,408</u>	<u>(2,679,774)</u>
Changes in working capital:			
Inventories		238,345	147,934
Contract customer		(12,777,448)	-
Trade and other receivables		1,236,037	4,797,697
Property development costs		3,618,943	
Trade and other payables		<u>1,155,856</u>	<u>(1,019,295)</u>
Net cash used in operations		894,141	1,246,562
Tax paid		-	(16,758)
Interest paid		282,645	-
Net cash used in operating activities		<u>1,176,786</u>	<u>1,229,804</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received		734,726	1,488,579
Purchase of property, plant and equipment		(199,000)	(378,404)
Proceed from disposal of fair value through profit or loss financial assets		<u>423,590</u>	<u>142,359</u>
Net cash used in investing activities		<u>959,316</u>	<u>1,252,534</u>

The condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 30 June 2020 and the accompanying explanatory notes.

**METRONIC GLOBAL BERHAD 200301029648 (632068-V)**

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2020 (CONT)**

(The figures have not been audited)

	<b>6 Months Ended 31.12.2020</b>	<b>6 Months Ended 31.12.2019</b>
<b>NOTE</b>	<b>RM</b>	<b>RM</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(282,645)	(281,429)
Issuance of share capital	4,180,430	5,107,575
Net drawdown / (repayment) of bank borrowings	4,407,823	5,586,590
(Placements) / Withdrawal of fixed deposits	(7,317,675)	(7,599,532)
Repayment of finance leases	-	(6,791)
Net Drawdown/(Repayment) of margin facilities	<u>(958,957)</u>	<u>(808,987)</u>
Net cash generated from financing activities	<u>28,976</u>	<u>1,997,426</u>
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>	2,165,078	4,479,765
<b>EFFECT OF FOREIGN EXCHANGE RATES CHANGES</b>	(364,405)	132,999
<b>CASH AND CASH EQUIVALENTS AS AT 1 JULY</b>	1,005,251	1,487,703
<b>FIXED DEPOSITS</b>	68,219,023	60,192,769
<b>BANK OVERDRAFT</b>	<u>(4,846,438)</u>	<u>(2,896,715)</u>
<b>CASH AND CASH EQUIVALENTS AS AT 31 DECEMBER</b>	<u>66,178,509</u>	<u>63,396,521</u>
Cash and cash equivalents at the balance sheet date comprise the following:		
Cash and bank balances	1,695,944	450,658
Fixed deposits balances	60,901,348	67,792,301
Bank overdraft	<u>3,581,217</u>	<u>(4,846,438)</u>
	<u>66,178,509</u>	<u>63,396,521</u>

The condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 30 June 2020 and the accompanying explanatory notes.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2020**

**PART A : COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARD (MFRS) 134 : INTERIM FINANCIAL REPORTING**

**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, 2016 in Malaysia, where applicable and the requirements of Chapter 9.22, of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Condensed Report should be read in conjunction with the Group's audited financial statements for the financial year ended 30 June 2020 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 30 June 2020.

**2.1 Adoption of Amendments and Annual Improvements to Standards**

The Group have applied the following new MFRSs, IC Interpretations and amendments to MFRSs issued by the Malaysian Accounting Standard Board ("MASB") which are effective from the beginning of the current financial year:-

MFRS 16, Leases

MFRS 9 – Prepayment features with negative compensation

MFRS 119 – Plan amendment, curtailment or settlement

MFRS 128 – Long-term interests in associates and joint ventures

Amendments to MFRSs classified as "Annual Improvements to MFRS Standards 2015 - 2017 Cycle":

(i) Amendments to MFRS 3, Business combinations and MFRS 11, Joint arrangements – Previously held interest in a joint operation

(ii) Amendments to MFRS 112, Income taxes – Income tax consequences of payments on financial instruments classified as equity

(iii) Amendments to MFRS 123, Borrowing costs – Borrowing costs eligible for capitalisation

IC Interpretation 23, Uncertainty over income tax treatments



**2. Significant Accounting Policies (Cont)**

**2.1 Adoption of Amendments and Annual Improvements to Standards (Continue)**

MFRS 16 will supersede the existing MFRS 117 Leases, IC Interpretation 4 Determining whether an arrangement contains a lease, IC Interpretation 115 Operating leases – Incentives and IC Interpretation 127 Evaluating the substance of transactions involving the legal form of a lease and its sets out the principles for the recognition, measurement, presentation and disclosures of leases.

MFRS 9 allow entities to measure prepayable financial assets with negative compensation at amortised cost or at fair value through other comprehensive income if certain conditions are met.

**2.2 Standard issued but not yet effective**

**Effective for financial period beginning on or after 1 January 2020**

Amendments to MFRS 3, Business Combinations - Definition of a Business.

Amendments to MFRS 101, Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material.

**Effective for financial period beginning on or after 1 January 2021**

MFRS 17, Insurance Contracts

Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

**2.3 Significant Accounting Estimate and Judgements**

The preparation of unaudited condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of income, expenses, assets, liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Although these estimates and judgements are based on management's best knowledge of current events and actions, actual results may differ.

In preparing these unaudited condensed interim financial statements, the significant judgements made by management in applying Group's accounting policies and the keys sources of estimation uncertainty were the same as those that applied to the audited annual financial statements for the financial year ended 30 June 2020 except for the measurement of expected credit loss under MFRS 9 which involves increased complexity and judgements.

**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. During the year, the management decided that MEPL does not meet criteria to classified as asset held for sales. Therefore all the assets and liabilities under MEPL was reclassified to respective classes of assets.

**4. Seasonality or cyclicity of interim operations**

The Group's interim operations 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 20 and 21.

**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**

There were no issuances, repurchases and repayments of debt and equity securities during the financial quarter and financial period under review, save as disclosed in Note 22.

**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		
	Current Period 31.12.2020 RM	Current Period 31.12.2019 RM	% Changes	Current Period 31.12.2020 RM	Current Period 31.12.2019 RM	% Changes
<b>Segment revenue</b>						
Total revenue	4,979,605	4,727,571	5%	10,481,836	11,313,805	-7%
Inter-segment elimination	-	-	-	-	-	-
Continued operations	4,979,605	4,727,571	5%	10,481,836	11,313,805	-7%
<b>Results</b>						
<b>Operating results</b>						
Malaysia	590,431	(1,564,640)	>100%	3,708,188	(1,640,690)	>100%
Overseas	-	-	-	-	-	-
	590,431	(1,564,640)	>100%	3,708,188	(1,640,690)	>100%
Finance costs	(140,998)	(151,601)	7%	(282,645)	(281,429)	0%
Profit/(Loss) before tax						
- Continued operation	449,433	(1,716,241)	>100%	3,425,543	(1,922,119)	>100%
Profit/(Loss) before tax						
- Discontinued operation	(19,480)	(20,282)	-4%	(39,931)	(41,840)	-5%
Profit/(Loss) before tax	429,953	(1,736,523)	>100%	3,385,612	(1,963,959)	>100%

	Individual Quarter			Cumulative Quarter		
	Current 31.12.2020 RM	Current 31.12.2019 RM	% Changes	Current 31.12.2020 RM	Current 31.12.2019 RM	% Changes
<b>Segment revenue</b>						
Engineering	4,979,605	4,727,571	5%	10,481,836	11,313,805	-7%
Total revenue	4,979,605	4,727,571	5%	10,481,836	11,313,805	-7%
Inter-segment elimination	-	-	-	-	-	-
Continued operations	4,979,605	4,727,571	5%	10,481,836	11,313,805	-7%
Discontinued operation	-	-	-	-	-	-
External customers	4,979,605	4,727,571	5%	10,481,836	11,313,805	-7%

**9. Segmental information (continue)**

Results	Individual Quarter			Cumulative Quarter		
	Current Period 31.12.2020 RM	Current Period 31.12.2019 RM	% Changes	Current Period 31.12.2020 RM	Current Period To 31.12.2019 RM	% Changes
Operating results						
Engineering	162,532	(1,539,311)	>100%	133,369	(1,576,403)	>100%
Investment holding	427,899	(25,329)	>100%	3,574,819	(64,287)	>100%
	<u>590,431</u>	<u>(1,564,640)</u>	>100%	<u>3,708,188</u>	<u>(1,640,690)</u>	>100%
Finance costs	<u>(140,998)</u>	<u>(151,601)</u>	7%	<u>(282,645)</u>	<u>(281,429)</u>	0%
Profit/(Loss) before tax						
- Continued operations	449,433	(1,716,241)	>100%	3,425,543	(1,922,119)	>100%
Profit/(Loss) before tax						
- Discontinued operation	(19,480)	(20,282)	4%	(39,931)	(41,840)	5%
Profit/(Loss) before tax	<u>429,953</u>	<u>(1,736,523)</u>	>100%	<u>3,385,612</u>	<u>(1,963,959)</u>	>100%

**10. Material subsequent events**

Other than those disclosed in Note 20 and 21, there were no other material subsequent events after the period ended 31 December 2020.

**11. Changes in the composition of the Group**

On 21 September 2020, the Group had incorporated wholly-owned subsidiary, Metronic Medicare Sdn Bhd with Registration No. 202001028932 ( 1385252-X) under the Company Act 2016. The intended principal activities of Metronic Medicare are to focus on research and development, importer and distributor on medical related products in Malaysia and South East Asia Region.

On 9 December 2020, the Group had incorporated a 80% owned subsidiary , Metronic JF System Pte Ltd in Singapore. The incorporation of this subsidiary is mainly to establish joint venture with a local company in Singapore.

**12. Contingent liabilities**

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

<b>(a)</b> Secured	<b>RM</b>
Performance and financial guarantees issued by the banks to third parties	<u>7,503,658</u>
<b>(b)</b> Unsecured	<b>RM</b>
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	<u>25,800,000</u>
Corporate guarantees given to performance for project granted to subsidiaries	<u>43,042,826</u>

**13. Capital commitments**

	<b>RM</b>
The total approved and committed for acquisition of properties	<u>21,160,926</u>

**14. Significant related party transactions**

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

**PART B : EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**15. Performance review**

**Continuing operations**

**Quarter and Period Ended 31 December 2020**

RM	Individual Period (2nd quarter)		Changes (Amount%)	Cumulative Period		Changes (Amount %)
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year To Date	Preceding Year Corresponding Period	
	31.12.2020	31.12.2019		31.12.2020	31.12.2019	
Revenue	4,979,605	4,727,571	5%	10,481,836	11,313,805	8%
Operating Profit	570,951	(1,584,923)	>100%	4,098,210	(1,682,531)	>100%
Profit/(Loss) Before Interest & Tax	570,951	(1,584,923)	>100%	4,098,210	(1,682,531)	>100%
Profit/(Loss) Before Tax	429,953	(1,736,523)	>100%	3,815,565	(1,963,958)	>100%
Profit/(Loss) After Tax	429,953	(1,736,523)	>100%	3,815,565	(1,963,958)	>100%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	410,473	(1,756,805)	>100%	3,805,691	(1,975,531)	>100%

The Group's has reported an increased in revenue by 5% to RM4.9 million from RM4.7 million in the same quarter in previous year but a decreased in the current cumulative revenue by 8% at RM10.5 million compared to RM11.3 million on the same quarter a year before.

The increased in current quarter revenue mainly due to the increased in billing for the delayed project in the past and service and maintenance contract revenue during the period.

The Group recorded a profit before tax of RM0.4 million in second quarter and RM3.8 million a cumulative profit before tax in second quarter compared to a loss before tax of RM1.7 million and RM1.9 million in the previous year same quarter and year-to-date.

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

RM	Current Quarter 31.12.2020	Immediate Preceding Quarter 30.09.2020	Changes (Amount %)
Revenue	4,979,605	5,502,231	-9%
Operating Profit	570,951	3,527,259	-84%
Profit/(Loss) Before Interest & Tax	570,951	3,385,612	-83%
Profit/(Loss) Before Tax	429,953	3,385,612	-87%
Profit/(Loss) After Tax	429,953	3,365,161	-87%
Profit/(Loss) Attributable to Ordinary Equity Holders of the	410,473	3,393,076	-88%

In the current quarter under review, the Group recorded a profit before tax of RM0.4 million and RM3.4 million in the preceding quarter.

Higher profit reported for the preceeding quarter due to reversal of impairment of available for sale quoted shares incurred for the quarter amounting RM3.1 million.

Besides that, the favourable result came from lower total operating expenses of RM0.5 million for 2nd quarter FY2021 due to the ongoing cost cutting measures put in place during these challenging times.

The GP margin of the Engineering division had also improved. It was recorded at 50% for the second quarter compared to previous quarter as a result of our aggressive and continuous price negotiation for all the existing purchases as well as incoming new projects and effective sourcing of equipment and cables directly from manufacturer to improve our GP margin.

**17. Current year prospects**

The Group is mindful of the challenges ahead for the Engineering Division with the competition and current economic situation. The Group will continue to explore other new opportunities among others, to expand into infrastructure smart system, M&E division and government projects. In addition to that, the Group continues to strengthen the sales team and strategies in order to build up a strong order book. The Group will also 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 stood at RM117.89 million and the Group is presently tendering contracts totalling RM97.5 million.

**18. Profit forecast or profit guarantee**

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

**19. Taxation**

	<b>Individual Quarter</b>	<b>Cumulative Quarter</b>
	<b>31.12.2020</b>	<b>31.12.2020</b>
	<b>RM</b>	<b>RM</b>
Income tax expense:		
Malaysian income tax		
- Current	-	-
- Under provision in prior year	-	-
Deferred Tax		
- Relating to origination and reversal of temporary differences	-	-
- Under provision in prior year	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</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 Development**

a) On 20 March 2019, the Group announced that its subsidiary, Metronic Engineering Sdn Bhd ("MESB") had signed a Memorandum of Understanding (MOU) with Zhuhai Singyes New Materials Technology Co. Ltd., a subsidiary of China Singyes New Materials Holdings Limited ( a public listed company in Hong Kong). Singyes is specialized in green building technology, renewable energy application, new materials and solar PV integrated ecological agricultural products. The purposes of the MOU are mainly to promote collaboration of Smart city in both countries and to cooperate in terms of infrastructure, new green materials technology, development, technical knowledge exchange, planning, implementation, upgrading support and maintenance. It is in line with Metronic current business direction and strategy to increase the Company's revenue.

On 7 August 2019, the Group subsequently announced that its subsidiary, MESB had signed a joint venture agreement with Zhuhai Singyes New Materials Technology Co. Ltd. The main purpose of the joint venture among other is to develop smart city solutions in Malaysia.

At this moment, the prototype of smart city model has been developed together with the selection of hardware and software required for the implementation of the smart city model. The project was deferred due to the high pricing issue. Both parties are looking into redesigning and reengineering the prototype in order to reduce the pricing. Subsequently, both parties were unable to proceed further due to the travel restriction as a result of the global COVID-19 pandemic which hindered Singyes to visit Malaysia. Both parties agreed to extend the said JV Agreement till 17 November 2021. Subject to the loosening of global travel restrictions, both MESB and Singyes expect to complete work on the prototype by the fourth quarter of 2021.

**20. Status of Corporate Development (continue)**

- b) On 23 April 2019, the Group announced that the Rights Issue with Warrants exercise undertaken by the Group has been completed following the listing and quotation of 641,821,340 Right Shares and 481,365,866 Warrants on the Main Market of Bursa Securities. Total proceed from the right issue exercise was RM41.7 million.

Each warrant entitled to subscribe 1 new Metronic share at the exercise price RM0.08 per share any time during the exercise period until its maturity date 16 April 2022.

Following is the status utilisation of rights issue proceeds :

Purposes	Approved Allocation (RM '000)	Actual Utilisation (RM'000)	Balance Unutilised (RM'000)	Intended Timeframe for Utilisation	Deviation Amount		Explanations (if the Deviation is 5% or more)
					Amount (RM'000)	%	
1) Kuala Krai project	22,400	3,040	19,360	Within 24 months	-		-
2) Existing & Future Engineering Project	18,488	13,314	5,174	Within 36 months	-		-
3) Rights Issue Expenses	830	830	-	Immediate	-		-
	<b>41,718</b>	<b>17,184</b>	<b>24,534</b>		-		-

- c) On 15 October 2019, the Group announced that it offered a total of 156,826,100 new shares under the private placement which represent 10% of the total number of issued shares of the company (excluding treasury shares) at RM0.06 per shares. The private placement has been completed with a total share subscribed of 113,250,000 at the offered price of RM0.0451 per share during the exercise. Following is the status of the utilisation of the private placement.

Utilization of proceeds	Timeframe for utilization	Proposed utilisation (RM,000)	Actual utilisation (RM'000)	Balance to be utilized (RM'000)
Development of smart city solutions in Malaysia	Within 36 months	4,948	3,132	1,816
Expenses in relation to the private placement	Immediate	160	160	-
<b>Total</b>		<b>5,108</b>	<b>3,292</b>	<b>1,816</b>

- d) On 26 November 2020, the Group announced that a total of 24,999 warrants issued had exercised the warrants to ordinary shares at RM0.08 per share.
- e) On 1 October 2020, Metronic Smart Tech Sdn Bhd, a wholly-owned subsidiary of the Company, had entered into a joint venture agreement with JF Strategic Management Pte Ltd to undertake the design, research, development and production of an automated storage and retrieval system based on technologies of Industry 4.0 to be used for smart factories within the estate of Jurong Town Corporate. This is in line with the Group's intention to expand its business into the provision of smart solutions services.
- On 9 December 2020, a new subsidiary Metronic JF System Pte Ltd, had been incorporated in Singapore for the Joint venture. This joint venture is expected to provide an additional source of income and contribute positively to future earnings of the Company.
- In the mid December 2020, MSTSB and JFTM have commenced work on this project and are currently in the midst of preparing proposals to be marketed to manufacturing companies operating in Singapore and expect to approach their first potential customers by the second quarter of 2021.
- f) On 4 December 2020, the Group completed a total of 40,725,439 shares under Employee Share Option Scheme ("ESOS") at the option price of RM0.1026 offered to eligible employees of the Company in accordance with the By-Laws of the ESOS. As at 23 February 2021, all the ESOS offered was fully subscribed with a total proceeds of RM 4,178,430.

## **METRONIC GLOBAL BERHAD (632068-V)**

(Incorporated in Malaysia)

### **20. Status of Corporate Development (continue)**

- g) On 18 January 2021, Bursa Securities Malaysia approved the Group proposal that a total of 373,737,000 new shares offered under the private placement which represent 30% of the total number of issued shares of the company (excluding treasury shares) at a price to be determined later.
- h) On 4 February 2021, the Group has entered into joint research and development agreement between Metronic Medicare Sdn Bhd, the wholly-owned subsidiary of the Group and Joysbio (Tianjin) Biotechnology Co. Ltd. On 9 February 2021, the Group has received a periodical report from Joysbio that among others, the results for the SARS-CoV-2 Neutralizing Antibody Test Kit was 100% accurate.
- i) On 16 February 2021, the Group offered a total of 7,842,148 shares under Employee Share Option Scheme ("ESOS") at the option price of RM0.08 to eligible employees of the Company in accordance with the By-Laws of the ESOS. As at 23 February 2021, all the ESOS offered was fully subscribed.

### **21. Material Litigations**

- a) The Company and its wholly owned subsidiary, Metronic Integrated System Sdn Bhd ("the Defendants") or collectively referred as "the Companies" have been served a writ of summon by Hew Chai Seng ("the Plaintiff") on 25th February 2014 for infringement of trademark.

On 16 December 2015, the Kuala Lumpur High Court Judge after full trial granted Judgement in favour of the Plaintiff and allowed the Plaintiff's claim with costs of RM 50,000 and for general damages to be assessed.

On 11 January 2016, the Company filed the appeal to Court of Appeal however the Appeal was dismissed. On 23 May 2017 the Companies filed Notice of Motion to seek leave to Appeal to Federal Court. The Notice of Motion was also dismissed.

On 10 April 2018, the Deputy Registrar of Kuala Lumpur High Court awarded general damages of RM1,677,040 to the Plaintiff together with the interest of 5% per annum on RM1,677,040 calculated from 25 February 2014 until full settlement and cost of proceeding of RM20,000 to the Plaintiff.

The Company subsequently on 15 April 2018 filed an appeal against the award and applied for stay of execution. On 5 July 2018, the Court approved the Company's application for stay of execution until the appeal is being heard by the High Court. The Court, based on hearing 4 April and 18 April 2019 had ordered as follows:

- i. The Judge has allowed partly the appeal whereby the Judge reduced the sum of damages granted by the Registrar to RM 1,158,750.00.
- ii. RM 10,000.00 costs to be paid subject to allocator.
- iii. Interest calculated at 5%.

The Company subsequently filed appeal to the Court of Appeal on 24 April 2019 and the application for stay of execution. The Court on 8 October 2019, granted stay subject to MGB/ MISSB deposit RM1,158,750 into solicitors joint account. The Court has fixed the appeal hearing on 29 September 2020 but subsequently vacated to another date on 8 April 2021.

**21. Material Litigations (Cont.)**

- b) On 19 May 2016, Metronic Microsystem (Beijing) Co. Ltd (“MMBCL”), a wholly-owned subsidiary of the Company, has filed a legal claim against 英泰格瑞房地产投资顾问有限公司, which has occupied MMBCL’s property in Beijing at No. 18, Level 8, Top Fine International Centre, Dong San Huan Middle Road, Chao Yang District, Beijing, People’s Republic of China (“Beijing Property”), for outstanding rental and late payment charges amounting to RMB7.25 million (approximately RM4.41 million) (“Claim”). The amount comprises outstanding rental amounting to RMB5.81 million (approximately RM3.5 million) and late payment charges of RMB1.44 million (approximately RM0.9 million).

The case was heard before the Beijing Chaoyang Municipal Council Court on 8 December 2016 and 2 June 2017, respectively. The Beijing Chaoyang Municipal Council Court had appointed a professional valuer to conduct a valuation on the Beijing Property. Based on the valuation report provided, MMBCL had on 11 May 2018 submitted the justification of Claim to the Beijing Chaoyang Municipal Court.

On 19 October 2018, the Beijing Chaoyang Municipal Council Court had awarded the outstanding rental amounting to RMB3.97 million (approximately RM2.4 million) payable to MMBCL. The outstanding rental however has yet to be paid.

Necessary documents had been submitted to court on 10 July 2019, pending for court’s execution order for rental payment from tenant. The progress has been slow due to Covid 19 pandemic in China. Currently this case is under police investigation.

Note:-

(1) Based on BNM’s exchange rate of RMB1:RM0.6085 as at the LPD.

- c) On 3 June 2019, the Company announced that it had initiated investigation on unauthorized transfer of office ownership for its property held by its wholly owned subsidiary, Metronic Microsystem (Beijing) Co. Ltd, had acquired 1 unit office in Beijing, China at Room 801, Level 8, Top Fine International Centre, Dong San Huan, Chao Yang District, Beijing, China measuring 700.53 square meter at a purchase consideration of approximately RM4.0 million. The current valuation price of the said property is at RM15.8 million.

The Board of Directors, in the announcement, informed that Mr Tan Ew Chew (“TEC”) was advisor for the company from 1 January 2013 to 16 May 2017 and Mr Tan Kian Hong (“TKH”), son of TEC, was director of MGB from 8 February 2013 to 10 April 2017. During the controlling time under both TEC and TKH in July 2016, the ownership of the above office unit in Beijing has been allegedly transferred to a third party without consent and/or Board resolution from the Company. Once the above made aware to the new Board of Directors in 2017, the Board of Directors requested lawyer in China to investigate on the above and found that the said office has been transferred to third party with the name of Shouguang Yaoweiping (“Shouguang”) in China. Subsequently in October 2018, the Court from China via documents issued, confirmed the said transfer of property to Shouguang.

The Company had on 3 June 2019, lodged a police report on investigation against TEC and TKH on the alleged breach of trust and causing the Company suffering a loss of more than RM15.7 million.

The case is now pending action from relevant authorities. No progress due to Movement Control Order (MCO) from the government. Currently this case is under police investigation.



## 22. Borrowings

The Group's total borrowing as at 31 December 2020 stood at RM6.1 million, representing a gearing ratio of 0.06 to shareholders' equity. The amount was lower than the previous year end date of RM10.4 million.

Breakdown by type of facilities is shown below:

	As at 31 December 2020					
	Long Term		Short term		Total borrowings	
	Foreign denomination	RM denomination	Foreign denomination	RM denomination	Foreign denomination	RM denomination
<b>Secured borrowings</b>						
Bank overdraft	-	-	-	3,581,217	-	3,581,217
Bankers' acceptances	-	-	-	1,557,137	-	1,557,137
Amount due to director	-	-	-	50,000	-	50,000
Margin Financing	-	-	-	897,743	-	897,743
Sub-Total	-	-	-	6,086,097	-	6,086,097
<b>Un-Secured borrowings</b>						
Nil	-	-	-	-	-	-
Sub-Total	-	-	-	-	-	-
<b>Total</b>	-	-	-	<b>6,086,097</b>	-	<b>6,086,097</b>
	As at 30 June 2020 (audited)					
	Long Term		Short term		Total borrowings	
	Foreign denomination	RM denomination	Foreign denomination	RM denomination	Foreign denomination	RM denomination
<b>Secured borrowings</b>						
Bank overdraft	-	-	-	4,272,593	-	4,272,593
Bankers' acceptances	-	-	-	3,219,539	-	3,219,539
Amount due to director	-	-	-	250,000	-	250,000
Margin Financing	-	-	-	2,751,788	-	2,751,788
Sub-Total	-	-	-	10,493,920	-	10,493,920
<b>Un-Secured borrowings</b>						
Nil	-	-	-	-	-	-
Sub-Total	-	-	-	-	-	-
<b>Total</b>	-	-	-	<b>10,493,920</b>	-	<b>10,493,920</b>

## 23. Proposed Dividend

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

## 24. Earnings per share (EPS)

### Basic EPS

	Individual Current Period Quarter 31.12.2020 RM	Cumulative Current Period To Date 31.12.2020 RM
Profit / (Loss) attributable to ordinary equity owners of the parent		
- Continuing operations	429,953	3,815,565
- Discontinued operations	(19,480)	(39,931)
	<u>410,473</u>	<u>3,775,634</u>
Weighted average number of ordinary shares in issue	1,256,515,883	1,248,445,727
Basic earnings per share (sen)		
- Continuing operations	0.03	0.31
- Discontinued operations	-	-
	<u>0.03</u>	<u>0.31</u>

The basic earnings per share of the Group is calculated by dividing the Group's loss after tax attributable to the owners of the Company by the weighted average number of ordinary shares issued during the period/cumulative period respectively.

**24. Earnings per share (continue)**

<u>Diluted EPS</u>	<b>Individual Current Period Quarter 31.12.2020 RM</b>	<b>Cumulative Current Period To Date 31.12.2020 RM</b>
Profit / (Loss) attributable to ordinary equity owners of the parent		
- Continuing operations	429,953	3,815,565
- Discontinued operations	(19,480)	(39,931)
	<u>410,473</u>	<u>3,775,634</u>
Weighted average number of ordinary shares in issue	1,256,515,883	1,248,445,727
Effect of dilution after conversion of all outstanding Esos and Warrants	410,278,976	410,278,976
Adjusted weighted average number of ordinary shares the purpose of diluted EPS	<u>1,666,794,859</u>	<u>1,658,724,703</u>
Diluted earnings per share (sen)		
- Continuing operations	0.03	0.31
- Discontinued operations	-	-
	<u>0.03</u>	<u>0.31</u>

There is no dilution effect to the earnings per share in the current period as the exercise price of warrant were higher from the average market price of the ordinary shares during the period.

**25. Profit/(Loss) for the period**

<b>After charging/(crediting):</b>	<b>Individual Current Period Quarter 31.12.2020 RM</b>	<b>Cumulative Current Period To Date 31.12.2020 RM</b>
Depreciation of investment properties	1,408	2,815
Depreciation of property, plant and equipment	64,981	124,993
Directors' fee	51,267	100,767
(Gain) / Loss on foreign exchange - realised	(20)	111
Reversal of impairment of available for sale quoted shares	(672,200)	(3,759,941)
Interest expenses	140,997	282,645
Interest income	264,372	734,700
Staff cost	1,908,821	3,803,607

**26. Audit Report**

The auditors' report on Group's financial statements for the year ended 30 June 2020 was not qualified.

**27. 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 24 February 2021.