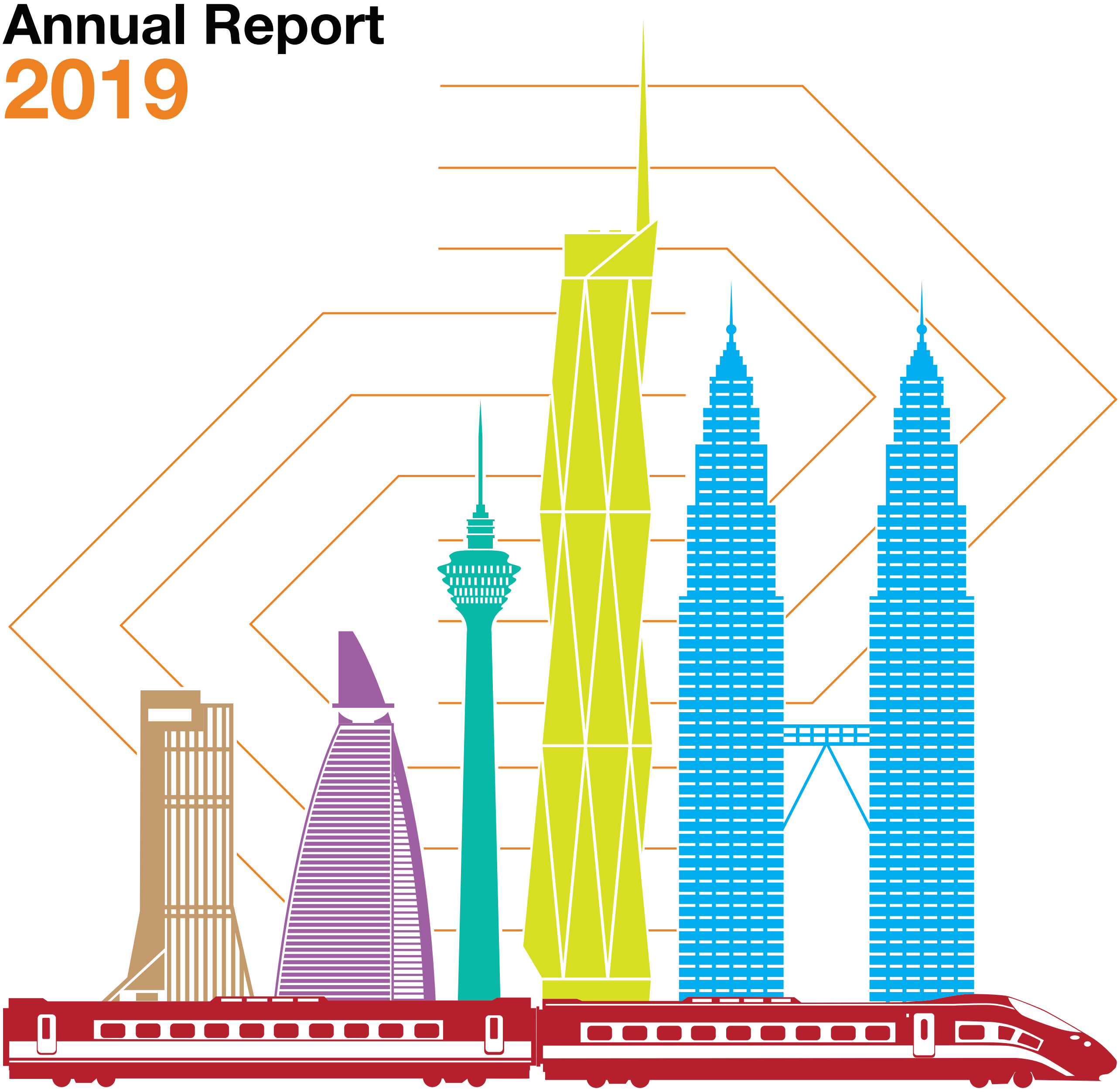
METRONIC

Metronic Global Berhad
(632068-V)

Annual Report 2019



Strive for Excellences in
Engineering & Technology

METRONIC
Metronic Global Berhad

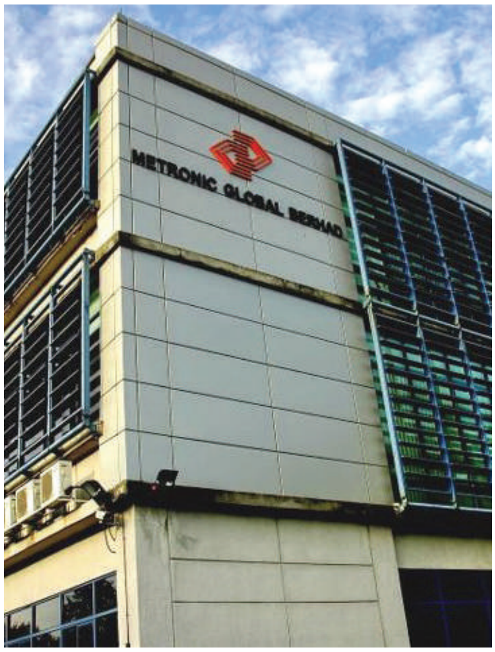
WHAT'S INSIDE

16th ANNUAL GENERAL MEETING

Kayangan Suites,
Pulai Springs Resort,
20km Jalan Pontian Lama,
81110 Pulai, Johor Bahru, Johor
Darul Takzim, Malaysia.

Tuesday, 26 November 2019

10.30 a.m.



VISION

- To be an internationally recognized leading engineering and technology total solution provider.

MISSION

- To apply our unique management style that incorporates our manpower resources, experience, expertise, innovation and creative approach.
- To continously seek new technologies that meet our clients' requirements.
- To create a workplace that motivates our employees.
- To develop strategic relationships with partners who have skill that enhance and complement our own.
- To continually improve the effectiveness of the quality management system.
- To maximize value of our stakeholders.

CORPORATE PROFILE

Metronic Global Berhad (''The Company'' or ''MGB'') was incorporated in Malaysia under the Companies Act, 1965 on 22 October 2003. The company was listed on MESDAQ Market of Bursa Malaysia Securities Berhad (''Bursa Securities'') on 24 May 2004 and subsequently transferred to the Main Board (now known as Main Market) of Bursa Securities on 12 July 2007.

The subsidiaries of the Company specialise in system integration of intelligent building management systems (''IBMS'') and integrated security management system (''ISMS''), e-project management (''e-PM'') of mechanical and electrical service. One of the subsidiary was previously involved in the provision of online administration service for the healthcare sector. Fundamental to this success is the mission of the Company and its subsidiaries (''the Group'' or ''MGB Group'') to continually exceed customers' increasing expectations. The MGB Group focuses on building and integrating world-class technology to the market and is committed to continuously improve its quality, service and productivity.

The Evolution of the MGB Group

The origin of the MGB Group can be traced back to August 1984 when Metronic Engineering Sdn Bhd ("MESB") was incorporated to provide building automation service specializing in the field of IBMS and ISMS. MESB subsequently expanded its business activities to include e-PM of mechanical and electrical service and supply of engineering systems. MESB carries products by principals such as TAC Controls Pte Ltd and Honeywell Integrated Security, USA which are amongst the world's leading companies in IBMS and ISMS.

During the early years, MESB played a pivotal role in nation building by providing state-of-the-art e-project management and system integration services for hospitals, office building, shopping complexes, airports, oil refineries and manufacturing plants. Over the years, the Group has leveraged its expertise to develop unique and innovative IBMS and ISMS products, solution and services, mainly in the areas of "intelligent buildings".

As technology progresses, intelligent buildings have evolved from mere stand-alone entities into interconnected hubs within the citywide infrastructure, known as "intelligent cities". With the convergence of technology, stand-alone buildings are slowly forming into smaller, ecosystems comprising a tightly integrated network of buildings that better enable the management and optimization of systems and resources. The driving force of the evolution of intelligent cities is the ability to reduce cost, optimise manpower utilisation and enhance service levels through aggregation, service integration and process automation.

Over the years, the Group has strengthened its position in the value chain towards becoming an ICMS provider. By converging newer technologies with the JBCM™ (Java Based Control & Monitoring Software) platform, the Group is able to provide a value-added proposition for its customers by enhancing and expanding its product applications. In line with the Group's plan to migrate as a provider of ICMS, these technologies will significantly enhance application security, manageability, reliability and availability of any application while lowering the cost of operations for its customers.

In a move to diversify and complement its existing core business, in 2008, the Group via Metronic iCares Sdn Bhd ("Micares") ventured into Third Party Administration and Managed Care Organisation businesses for the healthcare sector via the connectivity applications and infrastructure for the exchange of transactional information through internet. In the year 2013, the Group has disposed off the ICT Support Services Division. The disposal of Micares provides an opportunity for the Group to realize its investment at an attractive return, generate funds for working capital and investment in other potential businesses and repayment of borrowings. The rationale for disposal is also due to the financial and business prospect is uncertain with the recent consolidation within the insurance industry and the various mergers and acquisition of some of Micares' major clients which may affect Micares' business.

For geographical expansion, MGB Group has established its presence in China, India, Vietnam and Middle East countries. However as of to-date, the Group has ceased all the overseas operations to focus and deploy resources towards malaysia operation.

Certifications and Recognitions

CIDB MALAYSIA

Lloyd's Register LRQA

Suruhanjaya Tenaga Energy Commission

CORPORATE INFORMATION

BOARD OF DIRECTORS

DATO' ZAIDI BIN MAT ISA @ HASHIM
Independent
Non-Executive Chairman

HOO WAI KEONG
Executive Director cum
Chief Executive Officer

DATO' KUA KHAI SHYUAN
Non-Independent
Non-Executive Director

MUHAMMAD FALIQ BIN MOHD REDZUAN
Independent
Non-Executive Director

KHOR BEN JIN
Independent
Non-Executive Director

ONG TEE KEIN
Independent
Non-Executive Director

AUDIT COMMITTEE

Chairman:
Khor Ben Jin

Members:
- Dato' Zaidi Bin Mat Isa @ Hashim
- Dato' Kua Khai Shyuan
- Ong Tee Kein

NOMINATION COMMITTEE

Chairman:
Dato' Zaidi Bin Mat Isa @ Hashim

Members:
- Khor Ben Jin
- Dato' Kua Khai Shyuan

REMUNERATION COMMITTEE

Chairman:
Dato' Zaidi Bin Mat Isa @ Hashim

Members:
- Khor Ben Jin
- Dato' Kua Khai Shyuan

EMPLOYEES SHARE OPTION SCHEME COMMITTEE

Chairman:
Dato' Kua Khai Shyuan

Member:
- Hoo Wai Keong

COMPANY SECRETARIES

Tan Tong Lang
(MAICSA 7045482)
Vimalraj A/L Shanmugam
(MAICSA 7068140)

REGISTERED OFFICE

Suite 10.02, Level 10
The Gardens South Tower
Mid Valley City Lingkaran Syed Putra
59200 Kuala Lumpur
Wilayah Persekutuan
Tel : 03 – 2298 0263
Fax : 03 – 2298 0268

SHARE REGISTRAR

BOARDROOM.COM SDN BHD
Suite 10.02, Level 10
The Gardens South Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Wilayah Persekutuan
Tel : 03 – 2298 0263
Fax : 03 – 2298 0268

AUDITORS

JAMAL, AMIN & PARTNERS (AF 1067)
Chartered Accountants
No. 60-2B, 2nd Floor, Jalan 2/23A
Off Jalan Genting Klang
Taman Danau Kota
Setapak, 53300 Kuala Lumpur
Wilayah Persekutuan
Tel : 03 – 4142 1626
Fax : 03 – 4142 1601

SOLICITORS

Messrs Lim Chong Phang & Amy
Messrs Basharuddin Iskandar

BANKER

Malayan Banking Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Stock name : Metronic
Stock code : 0043

CORPORATE WEBSITE

www.metronic-group.com

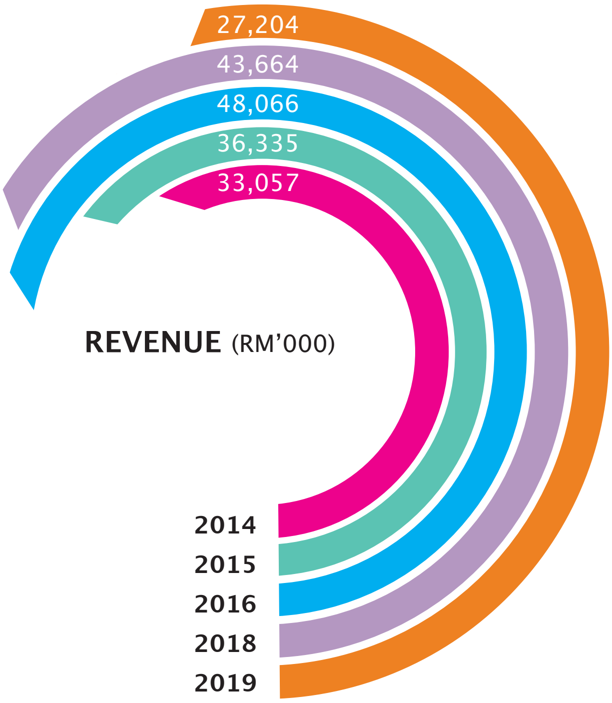
CORPORATE STRUCTURE
AS AT 30 JUNE 2019

METRONIC
Metronic Global Berhad
(632068-V)

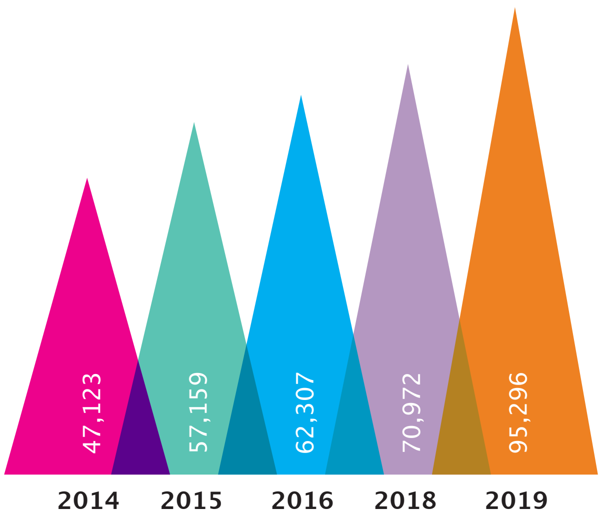
- METRONIC ENGINEERING SDN BHD (125404-M) — 100%
- METRONIC GAHARU SDN BHD (753991-V) — 100%
- M ONE COUNTRY DEVELOPMENT SDN BHD (733049-M) — 100%
- METRONIC INTEGRATED SYSTEM SDN BHD (332032-D) — 100%
- M TWO COUNTRY DEVELOPMENT SDN BHD (590326-A) — 100%
- BONANZA PARTNERS SDN BHD (1129416-H) — 100%
- ANHUI LAI'AN METRONIC WATER SUPPLY CO. LTD. (PRC) — 100%
- METRONIC MICROSYSTEM (BEIJING) CO. LTD (PRC) (COMPANY NO. 023500) — 100%
- METRONIC VIETNAM COMPANY LTD — 100%
- METRONIC ENGINEERING PVT LTD — 89%

FIVE-YEAR FINANCIAL HIGHLIGHTS

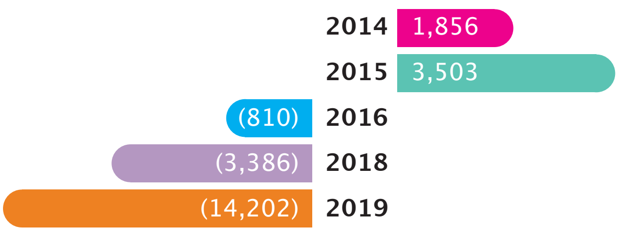
	2014 RM'000	2015 RM'000	2016 RM'000	2018 (18 months) RM'000	2019 RM'000
Revenue	33,057	36,335	48,066	43,664	27,204
Profit/(loss) before tax	1,856	3,503	(810)	(3,386)	(14,202)
Profit/(loss) for the year	1,241	4,061	(4,928)	(4,277)	(14,901)
Profit/(loss) attribute to equity holders of the company	1,241	3,973	(4,941)	(4,296)	(14,865)
Shareholders' funds	47,123	57,159	62,307	70,972	95,296
Net earnings/(loss) per share (cent)	0.18	0.54	(0.65)	(0.47)	(1.99)
Net assets per share attributable to equity holders of the company (cent)	6.81	7.83	8.22	7.37	7.42



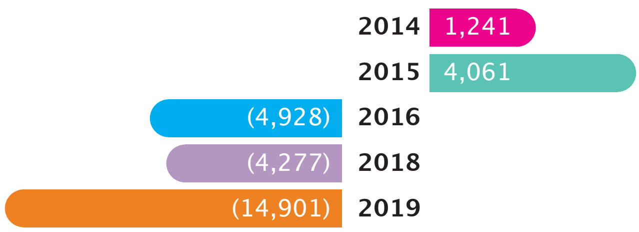
SHAREHOLDERS' FUNDS (RM'000)



PROFIT/(LOSS) BEFORE TAX (RM'000)



PROFIT/(LOSS) FOR THE YEAR (RM'000)



PROFILE OF DIRECTORS

Dato' Zaidi Bin Mat Isa @ Hashim

Independent Non-Executive Chairman

Malaysian

Male

50
Aged 50 years

Dato' Zaidi Bin Mat Isa @ Hashim, was appointed as Independent and Non-Executive Chairman of Metronic Global Berhad on 15 November 2017.

He is the Chairman of Nomination Committee and Remuneration Committee, and a member of the Audit Committee. He obtained Master in Business Administration from University Malaysia Pahang with 1st Honor. Prior to that, Dato' Zaidi was the Director of Kumpulan Darul Aman Group and the Managing Director of Darul Aman Consolidated Bhd and the subsidiaries of Darul Aman Group from 1995 to 2000.

From 2001 to 2011, he was seconded as a Chief Executive Officer of My Prima Group Companies. He has gained substantial experience in branding, marketing and PR and has good networking in both government and private sectors.

He is currently the Independent Non-Executive Chairman of Key Alliance Group Berhad.

He has no family relationship with any of the directors and/or major shareholders of the Company and its subsidiaries. He does not have any conflict of interest with the Company and has not been convicted for any offences within the past five (5) years, other than traffic offences, if any.

Hoo Wai Keong

Executive Director cum Chief Executive Officer

Malaysian

Male

43
Aged 43 years

Mr Hoo Wai Keong ("Mr Brian") was appointed to the Board of Metronic Global Berhad on 6 July 2018 as an Executive Director. Subsequently, he was redesignated to Executive Director cum Chief Executive Officer on 1 March 2019. He is the member of Employees Share Option Scheme Committee. He graduated from Singapore Nanyang Polytechnics with a Higher Diploma in Industries Studies and Industrial Automation Control Systems in Year 1997.

Mr Brian has over twenty-two (22) years of working experiences in Engineering Services. Started his career in Singapore as a Mechanical Engineer In Automation Company where he covered Automation system and Electronics design, Testing and Commissioning. He then moved on as a Mechanical Strategic Buyer for Audio Electronics Systems. After that, he extended his career as a Sales and Project Development Manager for Semiconductors Electronics Equipments.

In 2005, he setup his own company which deals with engineering fabrication from the range of precision machinery spare parts components to fabricate higher precision for banking machines, semiconductors equipment and automotives parts. He was the Managing Director of the company until 2018, where he left the company and joined Metronic Global Berhad.

He does not hold any directorship in other public companies.

He has no family relationship with any of the directors and/or major shareholders of the Company and its subsidiaries. He does not have any conflict of interest with the Company and has not been convicted for any offences within the past five (5) years, other than traffic offences, if any.

PROFILE OF DIRECTORS

Dato' Kua Khai Shyuan

Non-Independent Non-Executive Director

Malaysian

Male

35

Aged 35 years

Dato' Kua Khai Shyuan was appointed as Non-Independent Non-Executive Director on 30 March 2017. He is a member of Audit Committee, Nomination Committee and Remuneration Committee, and Chairman of Employees Share Option Scheme Committee.

He completed his Degree with Bachelor in Commerce Management and Marketing from Curtin University of Technology in the year 2006. He began his career in year 2007, acting as the Regional Manager for Malaysia Region in a Multi-International Healthcare Products Company that is responsible to manage the overall mobile sales team as well as the supply chain management of the company's products range. In year 2009, he joined into a local company specializing in the fabrication of plastics moulds and plastic injection moulding as a Head of Marketing Division.

He now serves as an Executive Director of Trive Property Group Berhad and DGB Asia Berhad, and as a Non-Independent Non-Executive Director of M N C Wireless Berhad.

He has no family relationship with any of the directors and/or major shareholders of the Company and its subsidiaries. He does not have any conflict of interest with the Company and has not been convicted for any offences within the past five (5) years, other than traffic offences, if any.

Muhammad Faliq Bin Mohd Redzuan

Independent Non-Executive Director

Malaysian

Male

33

Aged 33 years

Encik Muhammad Faliq Bin Mohd Redzuan was appointed as an Independent Non-Executive Director on 6 September 2018. He started his career as an IT support System administrator in South Melbourne, Victoria. He was responsible for supporting hardware and software related issues within the company to ensure high level of availability of supported business applications.

In 2010, he joined Gagnar Solutions Sdn Bhd, an Information Technology company which holds licenses with Adobe, Autocat and HP to distribute their products. He assisted and managed in implementing a number of projects with various government agencies and local schools and universities throughout the country. He was responsible for developing markets in Malaysia in respect of Process Controls and Safety Instrument Systems.

In 2013, he joined Seahorse Platforms Asia Sdn Bhd ("SPA") as a planning manager in the engineering, procurement and construction sectors of the Proprietary Seahorse Lightweight Platform Technology for the Tembikai Field Development project.

Currently he is involved in the construction industry with Gagnar Contracting Sdn Bhd. He is overseeing the supply of raw construction materials to Concrete Batching Plants and the Sungei Besi - Ulu Kelang Elevated Expressway (SUKE) highway project in Kuala Lumpur. He has forged extensive partnerships with various suppliers throughout the country to supply construction related products such as soil, sand and rocks.

He does not hold any directorship in other public companies.

He has no family relationship with any of the directors and/or major shareholders of the Company and its subsidiaries. He does not have any conflict of interest with the Company and has not been convicted for any offences within the past five (5) years, other than traffic offences, if any.

PROFILE OF DIRECTORS

Khor Ben Jin

Independent Non-Executive Director

Malaysian

Male

44
Aged 44 years

Mr Khor Ben Jin was appointed as Independent Non-Executive Director of the Company on 3 November 2016. He is the Chairman of Audit Committee, and a member of both Nomination Committee and Remuneration Committee.

He is a Fellow member of the Association of the Chartered Accountants, United Kingdom (FCCA) a chartered Accountant registered with Malaysian Institute of Accountants (CA), a Certified Internal Auditor recognized by United States of America (CIA) and a Chartered Member of the Internal Auditors Malaysia (CMIIA). He is a Certified Internal and has extensive experience in internal audit consulting services, risk management exercises and corporate governance review with public listed companies involved in both industrial and consumer products manufacturing, integrated livestock farming activities, property development, and construction and trading services.

He has no family relationship with any of the directors and/or major shareholders of the Company and its subsidiaries. He does not have any conflict of interest with the Company and has not been convicted for any offences within the past five (5) years, other than traffic offences, if any.

Ong Tee Kein

Independent Non-Executive Director

Malaysian

Male

62
Aged 62 years

Mr Ong Tee Kein was appointed as an Independent Non-Executive Director on 17 April 2019. He is a member of Audit Committee.

He holds an MBA degree from the University of Miami and is an Associate of the Institute of Chartered Secretaries and Administrators (ICSA). He is an Associate of the Institute of Chartered Accountants in England & Wales (ICAEW) and a Fellow of the Chartered Institute of Management Accountants, United Kingdom (CIMA) and a Chartered Accountant registered with the Malaysian Institute of Accountants (MIA).

He has several years of experience in industry and consultancy practice. After qualifying as an accountant in the United Kingdom, he joined a management consultancy practice specializing in providing advisory services to government and international funding agencies. He subsequently joined a management corporate advisory division of an international accounting firm and was involved with various corporate restructuring exercises.

He is currently a director in Sanichi Technology Berhad, DGB Asia Berhad, Fintec Global Berhad and Mlabs Systems Berhad. He is also a director of several private limited companies.

He has no family relationship with any of the directors and/or major shareholders of the Company and its subsidiaries. He does not have any conflict of interest with the Company and has not been convicted for any offences within the past five (5) years, other than traffic offences, if any.

PROFILE OF CHIEF EXECUTIVE OFFICER

HOO WAI KEONG

Malaysian, Male, Aged 43 years
Executive Director cum Chief Executive Officer

Mr Hoo Wai Keong ("Mr Brian") was appointed to the Board of Metronic Global Berhad on 6 July 2018 as an Executive Director. Subsequently, he was redesignated to Executive Director cum Chief Executive Officer on 1 March 2019. He is the member of Employees Share Option Scheme Committee. He graduated from Singapore Nanyang Polytechnics with a Higher Diploma in Industries Studies and Industrial Automation Control Systems in Year 1997.

Mr Brian has over twenty-two (22) years of working experiences in Engineering Services. Started his career in Singapore as a Mechanical Engineer In Automation Company where he covered Automation system and Electronics design, Testing and Commissioning. He then moved on as a Mechanical Strategic Buyer for Audio Electronics Systems. After that, he extended his career as a Sales and Project Development Manager for Semiconductors Electronics Equipments.

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He does not hold any directorship in other public companies.

He has no family relationship with any of the directors and/or major shareholders of the Company and its subsidiaries. He does not have any conflict of interest with the Company and has not been convicted for any offences within the past five (5) years, other than traffic offences, if any.

PROFILE OF SENIOR MANAGEMENT

From left to right:
Doris Wong Sing Ee,
Terence Ong Thian Peng,
Brian Hoo Wai Keong,
Chew Meng Keong,
Shamsuddin Che Jusoh

TERENCE ONG THIAN PENG

Malaysian, Male, Aged 53 years
Chief Operating Officer

Mr Terence Ong Thian Peng holds a Diploma in Electronic Engineering from Kolej Tunku Abdul Rahman and completed his Master Business Administration program in year 2000. He joined Metronic Engineering in May 2018 as General Manager - Sales & Marketing.

He is a dynamic and effective leader with more than 25 years experience in Building Technology Industry with in-dept knowledge of the business, processes and customers (i.e more than 15 years working experience with Multinational Company, Johnson Controls) and demonstrated success driving profitable business growth. Proven leadership and people management skills, result-oriented, good communication skills, dedicated and a versatile team player who can work effectively and independently in challenging environment. Strong experience in leading large operational and professional teams through strategic business transformations. Highly effective in building partnership and customer relationships that serve as the foundation for continuity and sustainability of process and profits.

He does not hold any directorship in other public companies.

He has no family relationship with any of the directors and/or major shareholders of the Company and its subsidiaries. He does not have any conflict of interest with the Company and has not been convicted for any offences within the past five (5) years, other than traffic offences, if any.

SHAMSUDDIN CHE JUSOH

Malaysian, Male, Aged 49 years
General Manager, Business Transformation and Strategic Planning

Encik Shamsuddin Che Jusoh was appointed as General Manager, Business Transformation on 1 June 2017. He graduated in 1993 with a Degree in Accounting and has completed his professional qualification-Chartered Institute of Management Accountant (CIMA). He is currently a member of the Malaysian Institute of Accountants (MIA), Chartered Institute of Management Accountant (CIMA) and Chartered Global Management Accountant (CGMA).

He has over 25 years working experience beginning with audit firm, Arthur Andersen HRM & Co, followed by bank, government link company and public listed company involves in diverse industries include services and construction. His experience covering financial reporting, treasury operation, business planning and budgeting. Prior to joining Metronic, he was attached to an advisory firm providing accounting and financial advisory services.

He currently oversees the Group's transformation process includes business process improvement, financial planning and budgeting, internal controls, risk management and performance management.

He does not hold any directorship in other public companies.

He has no family relationship with any of the directors and/or major shareholders of the Company and its subsidiaries. He does not have any conflict of interest with the Company and has not been convicted for any offences within the past five (5) years, other than traffic offences, if any.

PROFILE OF SENIOR MANAGEMENT

DORIS WONG SING EE

Malaysia, Female, Aged 38 years
Chief Corporate Officer

Ms Doris Wong Sing Ee joined Metronic Global Berhad in January 2019 as Chief Corporate Officer ("CCO") to elevate the company's corporate governance.

She holds a Master in Corporate Governance and also Graduate Cert. in Accounting from HELP University. Prior to that, she graduated from Multimedia University with B.Sc. (Hons) in Creative Multimedia, majoring in Media Innovation. She has more than 18 years of experience in management level across various industries ranging from advertising, property development, F&B, and oil & gas, specializing in Business Development, Strategic Consultancy, Restructuring and Corporate Advisory in Merger & Acquisition and Joint Venture across Malaysia, Singapore, China, Japan, Thailand and Indonesia.

Starting off as a Business Development Manager in her career path, her enthusiastic attitude has molded her to become Business Development Director within just a year before she was promoted to Managing Director in Niagamatic Sdn Bhd. In 2012, she was appointed as Business Consultant in a legal firm (JLPW Law Firm) where she gained exposures in handling international Restructuring, Merger & Acquisition and Joint Venture deals. She was then appointed by a leading Japanese advertising firm, Asatsu-DK (ADK) as Malaysia's country General Manager in 2015 in one of its subsidiaries, Dai-Ichi Kikaku Sdn Bhd to turn around the company.

She currently sits on Board of Trive Property Group Berhad, as an Independent Non-Executive Director since 6 February 2017. Thereafter, she re-designated to Non-Independent Non-Executive Director on 17 October 2017.

She has no family relationship with any of the directors and/or major shareholders of the Company and its subsidiaries. She does not have any conflict of interest with the Company and has not been convicted for any offences within the past five (5) years, other than traffic offences, if any.

CHEW MENG KEONG

Malaysian, Male, Aged 73 years
Senior Manager - Service & Maintenance Department

Mr Chew Meng Keong was appointed as Senior Manager - Service for the Engineering Division in November 2018. He has an Ordinary National Certificate in Electrical and Electronics Engineering from Royal Air Force College, Cosford UK and a Full Technological Certificate in Advanced Radio Telecommunications from City and Guilds of Institute London.

He has vast experience in Facilities Service Industries, Skilled in Operational Management, Project Management, Continuous Improvement and Intelligent Building Management systems (IBMS), Integrated Building Security Systems (IBSS) Systems, Extra Low Voltage Services (ELV) and Sound Re enforcement Systems (SRS), and Aircrafts Avonics Systems.

He had attended various professional Courses comprises 621A-4B IFF/ATC Transponder, 621A-6ATC Transponder Maintenance, 860-2 DME A/C Navigational Instrument System Maintenance, Construction Contracts, Claims and Resolving Disputes, Disputes & Claims in Engineering/ Construction Contracts, Air-Conditioning System Operation and Trouble Shooting, A Practical Approach to Energy Management and Cost Saving Strategies for Buildings and Root Cause Analysis & Problem Analysis Skills.

He currently oversees the overall operation of the company Service and Maintenance department. With his vast experience of over 50 years in the engineering field, he hopes to lead the service team to improve the overall service quality and efficiency and better work processes.

He does not hold any directorship in other public companies.

He has no family relationship with any of the directors and/or major shareholders of the Company and its subsidiaries. He does not have any conflict of interest with the Company and has not been convicted for any offences within the past five (5) years, other than traffic offences, if any.

CHAIRMAN'S STATEMENT

Dear Shareholders,
On behalf of the Board of Directors of Metronic Global Berhad ("MGB" or "the Company"), it is my pleasure to present the Annual Report 2019.

INDUSTRY OVERVIEW

The Malaysian economy posted a growth of 4.7% in 2018 mainly contributed from private consumption and improvement in commodity related sector. While construction sector registered a moderate growth of 4.5% attributed mainly by civil engineering, specialized construction activities and non-resident buildings.

OPERATING ENVIRONMENT OVERVIEW

In 2018 and first half of 2019, the uncertainties in the global economy heightened due to several underlying frailties and geopolitical tension especially with the intense trade war between the United States and China which sparks global volatility not only across commodities but spilled over towards financial markets as well. The vulnerability was inevitably intensified when the country underwent an unprecedented peaceful transition of power that paved way for a new Government for Malaysia in May 2018. The new Government, as part of the effort to consolidate its fiscal position, had reviewed some of the policies as well as restraining execution of several large-scale projects which had indirectly deteriorated the industry's performances.

Thus, throughout the financial period beginning July 2018 to June 2019, the Group experienced a very challenging period to secure scalable projects, underlying the slowdown and delay in awards of major projects, coupled with stiff competition between industry players vying for the declining market share in this temporarily afflicted industry.

The Group, as part of its sustainability initiative to increase its competitive advantages in order to expand its revenue base, through its wholly owned subsidiary, Metronic Engineering Sdn Bhd ("MESB") , has stepped a major breakthrough into advance technology and Internet of Things (IoT) business by entering into Memorandum of Understanding (MoU) followed by a Joint Venture Agreement with Hong Kong Exchange-listed China Singyes New Materials Holdings Ltd's unit Zhuhai Singyes New Materials Technology Co Ltd ("SingYes"). The collaboration amongst other, strengthened MESB's standing as prominent smart city technology solutions provider endeavoring world-class proven smart city technology solutions, connecting infrastructures with Internet of Things and 5G capabilities.

CHAIRMAN'S STATEMENT

CORPORATE DEVELOPMENTS

The Group, in the pursuit to improve its financial strength, undertook series of corporate exercises among others, rights issue with warrants and Employees Share Option Scheme ("ESOS") to eligible employee. The exercises which was completed in April 2019 and June 2019 respectively had increased the Group's capital by RM54 million from the cash proceeds.

On behalf of the Group, I would like to express our gratitude to the shareholders and employee for the overwhelming support for the exercises.

The successful implementation of the exercises has proven our stakeholders' supports and confidence towards the future and prospect of the Group.

OUTLOOK

In 2019, the economy is likely to remain on a steady growth path supported by resilience of private consumption and the continuation of civil engineering projects.

In the construction sector, the growth is expected to be driven by the civil engineering subsector largely supported by ongoing mega projects, including Mass Rapid Transit (MRT) Sungai Buloh-Serdang-Putrajaya (SSP) Line, Light Rail Transit Line 3 (LRT3) in Klang Valley and East Coast Rail Link (ECRL). However subdued activities in other commercial and residential subsector is expected to weigh down the sector's performance.

The Group is optimistic that the Group's proven and reliable track record in rail and several other construction projects has positioned us well to attain future prospective projects.

For the coming year, to sustain growth and extend our competitive position, the Group will leverage on application of technology and talent development towards improving its business process improvement and efficiency. We are committed to accentuate the Group's transformation program for steadfast betterment and deploy all available resources to replenish and enlarge our order book, strengthen our market position and ensure more efficient delivery of our projects. Besides, the exponential growth of technology in the revolutionized upcoming 5G will definitely spike Internet of Things (IoT) ecosystem especially through the Group's imminent smart city technology projects, empowering the Group to emerge as a soaring leader in the industry once again!

APPRECIATION AND ACKNOWLEDGEMENT

Over the period from 1 July 2018, there were two new members appointed to the board namely Encik Muhammad Faliq Mohd Redzuan and Mr Ong Tee Kein who was appointed on 6 September 2018 and 17 April 2019 respectively.

On behalf of the Board, I would like to express our most welcome to Encik Muhammad Faliq and Mr Ong whom we strongly believe that their invaluable experiences and professionalism would steeply benefit the Group to another height.

On behalf of the Board, I would also like to thank the Group's management members, shareholders, customers, suppliers, business associates, bankers and other stakeholders for their continued support.

The appreciation also goes to our employees for their continued dedication and commitment. We look forward for better performance in 2019 and ahead.

On behalf of the Board

Dato' Zaidi Bin Mat Isa @ Hashim
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

Metronic Global Berhad ("MGB" or "the Group") through its wholly owned subsidiary, Metronic Engineering Sdn Bhd ("MESB"), is a total solution provider company having been in the industry since 1984 and considered to be one of the local pioneers in the engineering business. MESB specializes in design, supply, install, testing and commissioning, and service and maintenance of Intelligent Building Management System (IBMS), Building Management System (BMS), Energy Management System (EMS), Security System (Card Access, CCTV System, Guard Tour and Car Parking System), Information and Communication Technology System (ICT) and Extra Low Voltage System (ELV). The business operations are primarily located in Malaysia with offices in Shah Alam, north and south of Peninsular Malaysia.

MESB was the market leader in BMS even before 2012, and capture about 80% of the market share then. During 2012 to 2015, there was major changes in Board composition which resulted in diversification of business into property development, fertilizer and distribution of healthcare equipment.

In early 2017, the Group undergone another round of change at Board level as well as management team. The new team then, upon review of the Group's operation and outcome from special audit, has discovered several irregularities and pursued legal proceedings against the responsible parties. During the financial year, significant time and resources were placed towards attending the issues due to prolongation of the cases.

The Group, as part of the measure to address working capital constraint, undertook series of funds raising exercises included a rights issue with free warrants and Employees Share Option Scheme ("ESOS"). The exercises were successfully completed in April 2019 and June 2019 respectively.

For the financial year 2019, the Group continue to face various challenges mainly the slowdown in the construction industries. The project owners and contractors delaying their launches and awards due to unfavorable economic conditions whilst new Government, as part of the effort to consolidate its fiscal position, had reviewed some of the policies as well as restraining execution of several large-scale projects. The situation had indirectly deteriorated the industry's performances and impacted the Group's performance to secure new contract to replenish order book while the on-going works experienced a slow-down. Similarly, the property sector remains lackluster and has no sign of improvement in the immediate term. The situation has dampened the Group's property development project that is presently stalled.

Being involved in the construction services industry, the retention of skilled and experienced personnel and engineers remains key challenges despite continuous effort and measures being undertaken.

FINANCIAL HIGHLIGHTS

	FPE 30 June 2019 (12 months) RM '000	FPE 30 June 2018 (18 months) RM '000
Revenue (continuing operation)	27,204	43,664
Gross profit (continuing operation)	8,895	22,178
Loss before taxation (continuing operation)	(14,202)	(3,386)
Net loss after tax	(14,901)	(4,227)
Total assets	124,951	102,789
Total borrowings	5,180	5,323
Shareholders' equity	95,296	70,972
Net asset per share (sen)	7.42	7.37

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF FINANCIAL RESULTS

The Group changed its financial year from 31 December 2017 to 30 June in 2018 in the preceding financial period. The review of results for 2019 is therefore a comparison of results between a 12-month period against an 18-month period. For the 12-month period ended 30th June 2019, the Group recorded a revenue of RM27.2 million against RM43.7 million in 2018. However, it should be highlighted that the financial period ended 30th June 2018, was over a period of 18 months. On an adjusted 12-month prorated basis, Group revenue for 2019 decreased by 6.5%.

The unfavorable performance recorded mostly due to lower revenue from engineering contracts mainly resulted from the completion of its key project - Project Mass Rapid Transit Sungai Buloh - Kajang Line (MRT SBK Line 1) in the previous year whilst the RM50 million contract for Projek Mass Rapid Transit Laluan 2 Sungai Buloh - Serdang Putrajaya (MRT SSP) secured in February 2018 is at the preliminary stage. The Group's performance also impacted by the delay of some of its on-going key projects whereby as a contractor for the Building Management System, the Group's revenue is very much dependent on the site progress undertaken by other contractors.

During the current financial year, the Group recorded lower Gross Margin of 32% as compared with 51% previous year due to inclusion of RM7.1 million additional revenue recognized from variation order claims in 2018.

The Group suffered a loss before tax of RM14.2 million in the current financial year compared with a Loss before tax of RM2.4 million in 2018. The losses mainly due to provision for impairments of property, investments in shares and receivables totaling to RM9.1 million. In addition to that, the Group incurred a significant amount of legal costs in its pursuit to protect and defend the Group from legal suits besides professional fees for the corporate exercises undertaken by the Group.

The Group reported higher total assets and equity at the end of the financial year due to proceeds received from the rights issue, warrant exercise and ESOS exercises undertook during the period.

REVIEW OF OPERATING ACTIVITIES

Engineering works continue to remain key source of revenue for the Group. The property development in Kuala Krai, Kelantan undertaken by its wholly owned subsidiary, M One Country Development Sdn Bhd, remained stalled temporarily whilst a detailed feasibility study is still being carried out. Based on the present businesses backdrop, the Group has placed high interest in advance technology and Internet of Things (IoT) and has stepped a major breakthrough into Smart System development.

Operational achievements

In February 2018, the Group's wholly owned subsidiary - MESB has secured a contract RM50 million from Mass Rapid Transit Corporation Sdn Bhd for the Design, Supply, Installation, Testing and Commissioning of Building Management System for Underground Works of Projek Mass Rapid Transit Laluan 2 Sungai Buloh - Serdang Putrajaya (SSP). The project which is spanned over four years, presently on track with works mostly towards planning, designing and documentation. The actual physical works will commence by middle 2020.

During the financial year 2019, MESB was in the progress to complete KLCC Lot 91 ELV and AV packages with contract sum of RM22.5 million and RM6.0 million respectively. The projects have become the main contributor to the Group's revenue despite experienced slight delayed. The progress of works undertaken by MESB was very much dependent on the site progress undertaken by other contractors for civil and structural, mechanical and electrical works.

MESB, during the financial period, has successfully secured bank facility and fulfilled all conditions precedent for the drawdown. The facility that includes performance bond and trade lines were required to ensure successful execution of the projects.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATING ACTIVITIES (cont'd)

Operational achievements (cont'd)

The Group, in line with its strategic plan towards advance technology and Internet of Things (IOT) business, has ventured into Smart System development. MESB had entered into Memorandum of Understanding (MOU) with Zhuhai Singyes New Material Technology Co Ltd, a subsidiary of China Singyes New Material Holdings Limited – a public listed company in Hong Kong in March 2019. The MOU later followed by a Joint Venture Agreement in August 2019 whereby parties agreed to collaborate for the purpose of developing smart city solutions in Malaysia.

In the financial year, the Group successfully resolved several long outstanding legacy issues includes resolution of disputes with client to finalize the project final accounts, recover long outstanding trade claims as well as resolution of legal claims.

Operational challenges and Improvement initiatives

In the pursuit to propel and remain ahead in the competitive industry, the Group is mindful of the challenges and risks, and has taken appropriate measures to ensure its ability to achieve its operational and financial objectives.

The Group acknowledges the importance of all relevant stake holders and has given high attention to improve its reputation and relationship particularly to the customers and suppliers.

The Group's financial performance is very much dependent on work order and profitability margin. During the financial year, the construction industry specifically related to building management system has become more competitive with limited opening on the scalable projects coupled with stiff competition between industry existing and entrance of new players. Profitability margin reduced due to increase in cost of equipment whilst suppliers and sub-contractors tightened their contract terms. It was also another challenge to the Company in getting timely payment from Client. Appropriate measures were required to address the challenges and have resulted to a further increase in cost and reduce profitability.

Being involved in the skilled intensive industry, the retention of skilled and experienced personnel and engineers remains key challenges despite continuous effort and measures being undertaken to maintain the talent pool in anticipation of securing more major projects ahead. Efforts have been put to upgrade the employees' technical skill and maintain a competent team to stay competitive.

During the financial year, the Group continue to place the required resources towards attending several outstanding legacy issues which are foreseen to take time and resources to resolve.

Notwithstanding the above, the Group continues to leverage its long-term strategic relationship with the existing and potential business associates and partners that would enable to smoothen the business process, improve efficiency as well as to improve cost effectiveness. MESB has also engaged into smart partnership with parties for synergistic team to secure more projects.

The Group's Business Transformation Program to strengthen its business foundation and increase competitive advantage is on-going. The program amongst others, identified action plans to improve its capacity, capability, competency and address the operational improvements holistically include the governance structure, policies, work processes, performance management system and other work processes enablers.

MANAGEMENT DISCUSSION AND ANALYSIS

ANTICIPATED OR KNOWN RISKS

Following are risks identified which may affect its ability to achieve its operational and financial objectives:

1) Reducing construction and infrastructure projects due to economic environment.
2) Lower success rate in securing new contract due to competitive pricing among competitors.
3) Loss of talented and skilled employee.

Plans to mitigate risks, among others:

1) Collaborate with key players involve in the synergistic works such as ICT, AV etc to increase competitive advantage in the pursuit to bid and participate more scalable contract works.
2) Collaborate with key equipment suppliers to enhance product features and possess the required certifications to improve bidding competitiveness.
3) Establish a Research and Development unit to create better BMS solution and reduce product cost. The team will also play a pivotal role in creating more functions and interfacing with more devices and internet of things (IOT).
4) To place greater focus on staff training and development programs.
5) To continuously review the Group's remuneration and benefit scheme as well as to ensure a conducive working environment in order to retain and attract talented staff.

SIGNIFICANT CORPORATE DEVELOPMENTS

During the period, there were several funds raising exercises undertook by the Group to meet the working capital requirements and improve financial standing.

Share Consolidation

Pursuant to the approval obtained via the Extraordinary General Meeting held on 29 November 2018, the Company has completed its share consolidation of every three (3) ordinary share into one (1) ordinary share on 27 December 2018 by listing and quotation of 320,910,670 ordinary shares which consolidated from 962,737,128 ordinary shares on the Main Market of Bursa Securities.

Rights Issue with Warrants

Pursuant to the approval obtained via the Extraordinary General Meeting held on 29 November 2018, the Company has on 23 April 2019 announced that it has successfully completed its rights issue exercise by listing and quotation of 641,821,340 Right Shares and 481,365,866 Warrants on the Main Market of Bursa Securities. Total proceeds from the right issue exercise was RM41.7 million.

On 14 June 2019, the Group announced that a total of 71,086,890 warrants issued in pursuant to the right issue exercise that is entitled to subscribe 1 new Company's share at the exercise price RM0.08 per share had exercised the warrants to ordinary shares. The total proceeds from the exercise was RM 5.7 million.

ESOS

On 7 June 2019, the Company announced that it offered a total of 98,696,593 shares under ESOS at the option price of RM0.0674 to eligible employees of the Company in accordance with the By-Laws of the ESOS. As at 21 June 2019, all the ESOS offered was fully subscribed with the total proceeds of RM6.6 million.

MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT CORPORATE DEVELOPMENTS (cont'd)

Private Placements

On 8 August 2019, the Group announced its proposal to undertake a private placement of new shares of up to 10% of the total number of issued shares of the Company (excluding treasury shares) or about 156,826,100 to third party investor(s) to be identified later and at an issue price to be determined later. The proposal has been approved by Bursa Securities on 13 August 2019 and completed following the listing and quotations of 113,250,000 placement shares on the Main Market of Bursa Securities on 15 October 2019.

FORWARD-LOOKING STATEMENT

The Group is mindful of the challenges ahead particularly for the construction industry with the intense competition and current economic situation. The recent scaled-down and deferment of mega rail infrastructure projects namely LRT3, ECRL, High-Speed Rail and MRT3 and the slow-down in the construction industries has somehow affected the construction industries overall. The Group however remains optimistic that the prospect in BMS and ELV business continue to grow with the commencement of high profiled construction project such as ECRL, Merdeka KL118 and few other commercial projects.

The Group to-date has submitted tenders totaling RM100 million and identified few in the pipelines which are tenders under preparation. We are optimistic that the experience, financial resources and technical strength coupled with the initiatives undertook under the Group's Transformation Program, the Group is able to secure more contracts and regain market share and leadership position in this engineering and technology solutions provider industry.

Meanwhile, we are continuously exploring and assessing opportunities and growth prospects to increase shareholder value.

SUSTAINABILITY STATEMENT

SUSTAINABILITY STATEMENT

Our vision, mission, and core values from the guiding principles in the way we manage corporate sustainability and interaction with our stakeholders.

CORPORATE GOVERNANCE

Providing a rigorous system of policies, practices & internal controls upheld by our Board, Management and Employees.

EDUCATION AND HUMAN CAPITAL DEVELOPMENT

Creating a culture of excellence, competitiveness & knowledgeable society through continual development of stakeholders.

PRODUCTIVITY & INNOVATION

Delivering value added and quality solutions that meet our Customers' needs.

SAFETY AND HEALTH

Ensuring a safe and secure workplace as well as proactively managing health and safety risks.

ENVIRONMENTAL CARE & PROTECTION

Protecting and conserving the environment.

CORPORATE SOCIAL RESPONSIBILITIES

Making a positive difference to the communities we operate in.

The Group recognises that the business operations are intertwined with various stakeholders and their valuable contribution has a significant impact on the Group's market value. A robust stakeholder engagement approach helps the Group to communicate openly which makes it easier to build trust between the Group and its stakeholders.

This engagement with relevant stakeholders is a critical process to promote learning, share ideas and improve the Group's understanding of the business environment.

STAKEHOLDER ENGAGEMENT

Key Stakeholders	Engagement Objectives	Stakeholders' Interest	Engagement Methods
Customers	To deliver value added and quality services and solutions that meet our Customers' needs.	Efficient and satisfactory services and deliveries	• Customer satisfaction surveys • Personalised services • Strategic alliance and regular meetings
Employees	To create a safe workplace with good employee welfare, open communications and career advancement.	• Employee welfare • Training and development • Employee engagement	• Safety Briefing & Toolbox Meetings • Workshops, seminars & trainings • Quarterly staff meetings • Posters/Memos
Contractors, Industry Partners, and Supplies	To drive sustainability across our supply chain.	• Strategic partnership • Sustainable practices	• Site Inspections • Supplier selection via pre-qualifications and tendering process
Government and Regulatory Bodies	To comply with applicable laws and regulations across all our operations.	• Regulatory compliance • Annual reporting • Sustainability reporting	• Maintain relationships with government officials

SUSTAINABILITY STATEMENT

STAKEHOLDER ENGAGEMENT (cont'd)

Key Stakeholders	Engagement Objectives	Stakeholders' Interest	Engagement Methods
Investors	To assist inventors in making informed investment decisions by providing timely and regular updates on financial performance, business strategy and other issues.	• Timely and transparent disclosure	• Quarterly financial results announcements • Immediate announcement of material events • Annual General Meeting • Corporate website
Media	To strengthen our profile by providing timely and accurate information about our Group's developments.	Timely and accurate information on Group's business	• Press releases
Local Communities	To support local communities in economic, environmental and social development.	Community development initiatives	• Local sourcing Donations and Corporate Contributions

APPROACH TO SUSTAINABILITY

The following table provides the details of the identified material issues which were classified in seven categories and our approach.

Classifications	Issue	Our Approach
Economic Performance	Profitability	• Executing the Group's strategic plan. • Top Management to keep abreast with local and global economic climate through economic reports and media. • Continuous efforts in improving efficiency and quality of projects. • Improve Group's earnings sustainability by exploring for business opportunities that provide recurring income.
Business Conduct and Governance	Legal Compliance	• Access to information and professional advice. • Review of legal requirements for contracts • Keep abreast with new accounting standards by attending seminars. • Updating relevant staff on new changes of laws and regulations. • Formation of Safety and Health Department. • Managing operations to ensure compliance to all legal requirements.
	Crisis and business continuity management	• Establish a sound framework to manage risks.
	Ethics	• Formalise ethical standards through code of ethics and conduct. • There were no confirmed incidents of corruption, money laundering, non-compliance or violation of laws and regulations. • Ensure adequate safety measures and provide proper protection to workers and employees at the workplace. • Ensure activities of the Group do not harm the interest and well-being of society at large.

SUSTAINABILITY STATEMENT

APPROACH TO SUSTAINABILITY (cont'd)

The following table provides the details of the identified material issues which were classified in seven categories and our approach (cont'd).

Classifications (cont'd)	Issue	Our Approach
Safety and Security	Workers' Safety	• Establishment of Safety and Health Plan to reduce rates of injury, occupational diseases, lost days and absenteeism. • Employees are required to adhere strictly to our Standard Operating Procedures at all times. • Disseminate safety information via Safety Handbook. • Promote a safety culture: Safety First, Quality Always. • Our impeccable safety record to date is a testament of our commitment to safety.
	Workers' Health	• Minimise workplace health hazards. • Create culture of enhance wellbeing.
	Security Issue	• Installation of closed-circuit television within office boundaries.
Environmental Impact	Energy Management	• IBMS solution helps property and building owner to reduce the operation cost and energy expenditure dramatically • Create and promote environmentally beneficial products/ services eg. certified to Green Building Index
	Material Usage	• Disseminate information on how to lower environmental footprint via newsletter. • Ensure effective use of natural resources.
	Waste Management and recycling potential	• Adopting green practices and using natural resources responsibly. • Manage consumption of direct and indirect sources of energy used in the operations.
Employee Welfare and Health	Talent retention	• Competitive remuneration package and advancement opportunities for talented employees.
	Staff Welfare	• Standardised Human Resources policies. • Promote professionalism and improve the competency of Management, employees and skill workers via continuous training. • Stringent Health and Safety programmes at the workplace. • Provide Insurance plan, Employee Share Scheme and Bonus to supplement higher costs of living. • Organised party for festives celebration.
	Learning and Development	• An employee's professional development continues throughout his/her career with us, mainly through on-the-job training in the form of technical and skilled courses conducted by external experts in their respective fields.

SUSTAINABILITY STATEMENT

APPROACH TO SUSTAINABILITY (cont'd)

The following table provides the details of the identified material issues which were classified in seven categories and our approach (cont'd).

Classifications (cont'd)	Issue	Our Approach
Business Excellence	Productivity	• Engage closely with our customers and contractor partners to solicit feedback and improve processes through a number of channels including customer surveys, project discussions, on-site visits and other events. • Continuous improving in engineering processes.
	Project Quality	• Meeting and exceeding our customer's requirement and expectations. • Consistently review our Quality Management System to ensure compliance to ISO 9001:2015 requirements.
Community Involvement	Community Initiative	• Create Jobs. • Create beneficial product/services. • Corporate contribution to local communities

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") presents this statement to provide shareholders and investors with an overview of the application of the Principles set out in the Malaysian Code on Corporate Governance ("CG") ("MCCG") by Metronic Global Berhad ("Metronic" or the "Company") and its subsidiaries (the "Group") and should be read together with the CG Report 2019 of Metronic ("CG Report") which accompanies this Annual Report and is also available on Metronic's website at www.metronic-group.com ("Metronic's Website").

The CG Report provides the details on how Metronic has applied each Practice as set out in the MCCG during the financial year ended 30 June 2019 ("FY 2019").

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

(a) BOARD RESPONSIBILITIES

The roles and responsibilities of the Board and Management, the Board Committees and the individual Directors are set out in the Board Charter which is accessible through Metronic's website. The Board Charter will be reviewed on an annual basis or when neccesary.

It is the primary governance responsibility of the Board to provide stewardship and directions for the management of the Group. The Board's responsibilities in respect of the stewardship of the Company include review and approve strategic plans and key business initiatives, corporate governance and internal control frameworks and promote a sound corporate culture which reinforces ethical, prudent and professional behaviour. While the Board sets the platform of strategic planning and policies, the Executive Directors are responsible for implementing the operational and corporate decisions while the Independent Non-Executive Directors ensure corporate accountability by providing unbiased and independent views, advice and judgement and challenging the Management's assumptions and projections in safeguarding the interests of shareholders and investors.

The Board has defined the roles and responsibilities for its Directors. In discharging their fiduciary responsibilities, the Directors deliberate and review the financial performance, the execution of strategic plans, the principal risks faced and the effectiveness of management mitigation plans, the appraisal of Executive Management and Senior Management, succession plan as well as the integrity of management information and systems of internal control of the Group.

The day-to-day management of the business operations of Metronic is led by the Executive Director. The Board is constantly updated the team on the implementation of all business and operational initiatives and significant operational and regulatory challenges faced.

The Board is headed by an Independent Non-Executive Chairman with a wealth of experience garnered from both the public and private sector. The roles of the Independent Non-Executive Chairman is defined and set out in the Board Charter and further explained in the CG Report.

The positions of the Chairman and the Executive Management are separately held ensuring balance of power, accountability and division of roles and responsibilities of the Board and the Management of the Group's business and operations. The Board has developed descriptions for responsibilities of the Board Chairman, the individual Board Members as well as the Executive Directors who is also the Chief Executive Officer.

Board meetings are scheduled at quarterly intervals with additional meetings convened as and when necessary. At each quarterly meeting, the Board deliberated and approved the Group's business plan, including financial performance to date.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

(a) BOARD RESPONSIBILITIES (cont'd)

During the year under review, 5 board meetings were held and the details of the attendance of each Director are as follow:-

Name of Directors	No of meeting attended	%
Dato' Zaidi Bin Mat Isa @ Hashim Independent Non-Executive Chairman	5/5	100
Dato' Kua Khai Shyuan Non-Independent Non-Executive Director	5/5	100
Khor Ben Jin Independent Non-Executive Director	5/5	100
Hoo Wai Keong Executive Director cum Chief Executive Officer	5/5	100
Muhammad Faliq Bin Mohd Redzuan Independent Non-Executive Director (Appointed 6 September 2018)	4/4	100
Ong Tee Kein Independent Non-Executive (Appointed 17 April 2019)	1/1	100

In furtherance of the above and to ensure orderly and effective discharge of its functions and responsibilities, the Board has established the following Board committees:

- Audit Committee ("AC")
- Nomination Committee ("NC")
- Remuneration Committee ("RC")

The Board has defined the terms of reference for each Committee and the Chairman of these respective committees report and update the Board on significant matters and salient matters deliberated in the Committees.

In order to foster a strong governance culture in the Group and to ensure a balance of power and authority, the roles of the Chairman and Executive Directors are strictly separated. This is also to maintain effective supervision and accountability of the Board and Executive Management. The Chairman is responsible for Board effectiveness and to ensure that the conduct and working of the Board is in an orderly and effective manner while the Executive Director takes on the primary responsibility of managing the Group's businesses and resources as well as overseeing and managing the day-to-day operations of the Group.

The Board is supported by External Company Secretaries. The Company Secretaries of Metronic are qualified to act as Company Secretaries under Section 235 of the Companies Act 2016, of which they are the Associate Member of the Malaysian Institute of Chartered Secretaries & Administrators. The Company Secretaries provide the required support to the Board in carrying out its duties and stewardship role, providing the necessary advisory role with regards to the Company's constitution, Board's policies and procedures as well as compliance with all regulatory requirements, codes, guidance and legislation.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

(a) BOARD RESPONSIBILITIES (cont'd)

Continuous training is vital for the Directors in discharging their duties effectively. All Directors are encouraged to attend appropriate external training programmes to gain insight and keep abreast with developments and issues relevant to the Group's business, especially in the areas of corporate governance and regulatory requirements.

The external training programmes, seminars and/or conferences attended by the Directors during the FY 2019 are as follows:

Name of Directors	Training attended	Date
Dato' Zaidi Bin Mat Isa @ Hashim	• Sales and Service Tax 2018: Understanding the Mechanism and the Impact on Business • The Company Constitution: Purpose effect and alteration	27 July 2018 24 June 2019
Dato' Kua Khai Shyuan	• The New Constitution Under the Company Act 2016	28 Nov 2018
Khor Ben Jin	• The New Constitution Under the Company Act 2016	28 Nov 2018
Hoo Wai Keong	• Mandatory Accreditation Programme for Directors of Public Listed Companies • Internal QMS Auditor (Based on ISO 9001 : 2015)	12-13 Nov 2018 7-8 March 2019
Muhammad Faliq Bin Mohd Redzuan	• Mandatory Accreditation Programme for Directors of Public Listed Companies	12-13 Nov 2018
Ong Tee Kein	• Common Pitfalls in Transaction and RPT & Managing Recurrent Related Party Transactions • Blockchain Seminar 2018 • Financial Reporting & Disclosure Obligations	17 July 2018 28 July 2018 18 June 2019

The Board (via the NC and with assistance of the Company Secretaries) continuously evaluate and determine the training needs of the Directors to build their knowledge so that they can be up-to-date with the development of the Group's business and industry that may affect their roles and responsibilities.

(b) BOARD COMPOSITION

Metronic is led and managed by a diverse, competent and experienced Board with a mix of suitably qualified and experienced professionals that are relevant to the business which enable the Board to carry out its responsibilities in an effective and competent manner.

The current Board is drawn from different ethnic, cultural and socio-economic backgrounds and their ages range from 33 to 62 years to ensure that diverse viewpoints are considered in the decision making process.

The profile of each Director is set out in pages 6 to 8 of this Annual Report. The Board acknowledges the importance of diversity to ensure the mix and profiles of the Board members, in terms of age, ethnicity and gender, ability to provide the necessary range of perspectives, experiences and expertise required are well balanced in order to achieve effective board stewardship.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

(b) BOARD COMPOSITION (cont'd)

The Board currently has six members including four Independent Directors. The Board takes cognizance of the recommendation that at least half of the Board comprises independent directors and although the Board has not made any decision at this juncture, going forward, the Board will review and deliberate on the merits of the recommendation vis a vis, the Group's size, structure and dynamics.

During the FY 2019, the Board through its NC conducted an annual review of the Board's size, composition and balance and concluded that the Board's dynamics are healthy and effective. The present members of the Board possess the appropriate skills, experience and qualities to steer the Group forward. The NC is also satisfied that the existing structure, size, composition, current mix of skills, competence, knowledge, experience and qualities of the existing Board members are appropriate to enable the Board to carry out its responsibilities effectively. The Board will continue to monitor and review the Board size and composition and will nominate new members as and when the need arises.

The Board has also adopted the best practices for assessing the independence of Independent Directors annually and the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. When the Board retains an Independent Director who has served in that capacity for more than nine (9) years, the Board would justify its decision and seek shareholders' approval. The re-election of Directors provides an opportunity for shareholders to renew their mandate conferred to the concerned Directors. The Articles of Association of the Company provides that all directors shall retire by rotation once in every three (3) years or at least one-third (1/3) of the Board shall retire but shall be eligible to offer themselves for re-election at the Annual General Meeting ("AGM"). The above provisions are adhered to by the Board at every AGM.

At the forthcoming 2019 AGM, Mr Ong Tee Kein who retires pursuant to Article 79 of the Company's Articles of Association, have expressed his intention of seeking re-election. Dato' Kua Khai Shyuan and Encik Muhammad Faliq Bin Mohd Redzuan are due to retire by rotation under Article 86 of the Articles of Association and being eligible has offered themselves for re-election. Following the NC's review on the performance of the retiring Directors and having noted their significant and valued contributions to the Board, the NC has recommended their re-election to the Board and the Board has concurred with such recommendation and is recommending that shareholders re-elect Mr Ong Tee Kein, Dato' Kua Khai Shyuan and Encik Muhammad Faliq Bin Mohd Redzuan as Directors of the Company at the forthcoming 2019 AGM.

(c) REMUNERATION

The RC and Board are mindful of the need to remunerate and retain its Directors to ensure that their commitment remain and therefore their remuneration package is directly linked to their performance, service, seniority, experience and scope of responsibilities.

The RC is responsible to establish, recommend and constantly review a formal and transparent remuneration policy framework and terms of employment for the Board to attract and retain directors which should be aligned with the business strategy and long-term objectives of the Group taking into consideration that the remuneration of the Board should reflect the Board's responsibilities, expertise and complexity of the Group's activities.

Directors' fees and benefits are reviewed by RC, and recommend by the Board for shareholders' approval at the AGM.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

(c) REMUNERATION (cont'd)

Details of Directors' remuneration who were in service during the FY2019 are as follows:

	Directors Fees (RM)	Salaries & Allowance (RM)	Benefits In-kind (RM)	Total (RM)
Executive Director				
Hoo Wai Keong	–	356,193	29,700	385,893
Non-Executive Director				
Dato' Zaidi Bin Mat Isa @ Hashim	48,000	3,000	–	51,000
Dato' Kua Khai Shyuan	60,000	–	–	60,000
Khor Ben Jin	30,000	–	–	30,000
Muhammad Faliq Bin Mohd Redzuan	24,583	–	–	24,583
Ong Tee Kein (appointed on 17 April 2019)	6,167	–	–	6,166
Total	**168,750**	**359,193**	**29,700**	**557,642**

Senior Management Remuneration

The range of remuneration of the senior management for the FY 2019 includes salary and other emoluments are as follows:

Range of remuneration during the period	Number of senior management
Below RM100,000	2
RM100,001 – RM200,000	5
RM200,001 – RM300,000	1

The Board is of the opinion that disclosure on named basis is not required due to security and privacy reasons and the disclosures presented above is sufficient to allow shareholders to make an informed decision in respect of their investments.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

(a) AUDIT COMMITTEE

The AC currently comprises four members, all of whom are non-executive directors with a majority of them are Independent Directors. The AC Chairman is Mr Khor Ben Jin. The Board took note on the Practice 7.2 of the MCCG to have a policy that requires a former key audit partner to observe a cooling-off period of at least 2 years before being appointed as a member of the AC and has incorporated this under the Terms of Reference of AC.

The AC has policies and procedures to review, assess and monitor the performances, suitability and independence of the external auditors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd)

(a) AUDIT COMMITTEE (cont'd)

Prior to the commencement of the annual audit, the AC will seek confirmation from the external auditors as to their independence. This independence confirmation would be re-affirmed by the external auditors to the AC upon their completion of the annual audit. These confirmations were made pursuant to the Independence Guidelines of the Malaysian Institute of Accountants.

Further details on the work performed by AC in furtherance of its oversight role are set out in the AC Report on pages 31 to 34 of this Annual Report.

(b) RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

During FY 2019, the Board and AC were assisted by the Executive Director to maintain its risk management system, which is reviewed and updated constantly to safeguard shareholders' investments and the Group's assets.

The Group's internal audit function has been outsourced to an external consultant which reports directly to the AC. The internal audit function currently reviews and appraises the risk management and internal control processes of the Group. The Statement on Risk Management and Internal Control set out on pages 35 to 36 of this Annual Report provides an overview of the Group's approach to ensure the effectiveness of the risk management and internal processes within the Group.

Going forward, the Board has restructured its risk management and internal control processes with the establishment of the AC.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

(a) COMMUNICATION WITH STAKEHOLDERS

Metronic is committed to upholding high standards of transparency and promotion of investor confidence through the provision of comprehensive, accurate and quality information on a timely and even basis.

(b) CONDUCT OF GENERAL MEETINGS

The Board recognises the importance of communications with its shareholders and will take additional measures to encourage shareholders' participation at general meetings as recommended by the MCCG.

This includes the meeting chairman highlighting to shareholders and proxy holders, their right to speak up at general meetings, the conduct of poll voting for all resolutions tabled at general meetings and a review of the performance of the Group during the AGMs.

To ensure effective participation of an engagement with shareholders at the AGM, all the Directors, including members of AC, NC and RC have attended and participated in the year 2019 AGM.

The AGM Notice has been issued to the shareholders on 31 October 2019. This would enable the shareholders to make their decisions in respect of the resolutions that are being tabled at the AGM.

This CG Overview Statement was approved by the Board of the Company on 16 October 2019.

ADDITIONAL COMPLIANCE INFORMATION

1. STATUS UTILISATION OF PROCEEDS RAISED FROM THE CORPORATE PROPOSALS

a. Rights Issue

At the Extraordinary General Meeting held on 29 November 2018, the shareholders of Metronic Global Berhad approved the issuance of 645,342,048 new ordinary shares ("Rights 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 (collectively "Rights Issue").

On 23 April 2019, the Group announced that the Rights Issue with Warrants has been completed following the listing and quotation of 641,821,340 Rights Shares and 481,365,866 Warrants on the Main Market of Bursa Securities.

The status of utilization of the Rights Issue proceeds is as follows, as at 16 October 2019:-

Purposes	Timeframe for Utilisation	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance to be utilized (RM'000)
Funding for Kuala Krai project	Within 24 months	22,400	1,900	20,500
Funding for existing & future engineering projects	Within 36 months	18,488	3,435	15,053
Rights issue expenses	Immediate	830	822	8
Total		**41,718**	**6,157**	**35,561**

b. Proposed Private Placement

On 8 August 2019, the Group announced its proposal to undertake a private placement of new shares of up to 10% of the total number of issued shares of the Company (excluding treasury shares) or about 156,826,100 to third party investor(s) to be indentified later and at an issue price to be determined later.

The Company had obtained the approval from its shareholders at the last annual general meeting ("AGM") convened on 29 November 2018, authorising the Directors of the Company to allot and issue new Metronic Shares not exceeding 10% of the issued share capital of the Company pursuant to Sections 75 and 76 of the Companies Act, 2016.

The proposal has been approved by Bursa Securities on 13 August 2019 and was completed on 15 October 2019 with the total proceeds received of RM5.1 million.

2. AUDIT AND NON-AUDIT FEES

The amount of audit fees incurred for statutory audit fees services rendered to the Group by the external auditors for the financial year ended 30 June 2019 ("FY 2019") amounted to RM159,000 whilst a total of RM31,898 fees and reimbursement paid to external auditors for non-audit works during the financial year under review.

ADDITIONAL COMPLIANCE INFORMATION

3. MATERIAL CONTRACTS

Save as disclosed in Note 38 – 40 of the Financial Statements, there was no material contract entered into by the Company and/or its subsidiaries involving Directors and Substantial Shareholders' interest for the FY 2019.

4. STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the Annual Audited Financial Statements which give a true and fair view of the state of affairs of the Group and will ensure that they are presented in accordance with the provisions of the Companies Act 2016 and the applicable approved accounting standards in Malaysia.

In the preparation of the financial statements for the FY 2019, the Directors are satisfied that the Group had used appropriate accounting policies that were consistently applied and supported by reasonable and prudent judgment and estimates.

AUDIT COMMITTEE REPORT

The Audit Committee ("AC") of Metronic Global Berhad ("Metronic" or "the Company") was established by a resolution of the Board of Directors ("the Board") on 8 April 2004. The Committee, operating within a specific terms of reference was established to assist the Board of the Company in discharging their duties and responsibilities.

The AC meets regularly with the senior management and the internal and external auditors to review the Group's operations, financial reports and the system of internal controls and compliance.

A. MEMBERS

The AC currently comprises the following members:-

Members	Designation
Khor Ben Jin	Chairman
Dato' Zaidi Bin Mat Isa @ Hashim	Member
Dato' Kua Khai Shyuan	Member
Ong Tee Kein	Member (appointed on 17 April 2019)

B. TERMS OF REFERENCE

The AC is governed by the following terms of reference:

1) Composition

The AC members shall be appointed by the Board from amongst their members and shall comprise at least three directors, all of whom must be non-executive directors, with a majority of them being independent directors. The Chairman who shall be elected from amongst members of Committee, shall be an Independent Non-Executive Director. The Board shall at all times ensure that the AC should be financial literate and at least one member of the Committee must be a member of the Malaysian Institute of Accountants ("MIA"). If he is not a member of MIA, he must fulfill such other requirements as prescribed by Bursa Malaysia Securities Berhad ("Bursa Securities").

No alternate director may be appointed as a member of the AC.

In the event of any vacancy in the AC resulting in the number being reduced to below three, the Board shall within three months of that event fill the vacancy.

The Board will review the terms of the office and the performance of the AC and its members at least once every 3 years.

2) Objective

The primary objective of the AC is to assist the Board in the effective discharge of its fiduciary responsibilities in the following aspects:

a) assist the Board in meeting its responsibilities relating to accounting and reporting practices of the Group;
b) oversee financial reporting;
c) assess the risks and control environment;
d) evaluate the internal and external audit systems, processes and outcomes;
e) review conflict of interest situations and related party transactions; and
f) undertake any such other functions as may be determined by the Board from time to time.

AUDIT COMMITTEE REPORT

B. TERMS OF REFERENCE (cont'd)

The AC is governed by the following terms of reference (cont'd):

3) Authority

The AC is authorized to investigate any matter within its terms of reference with full and unrestricted access to both internal and external auditors and all the Group's records, properties and personnel.

The AC is authorized and shall be entitled to obtain external legal and other independent professional advice to assist in executing its duties.

4) Meeting

The AC shall meet at least four (4) times a year to coincide with the review of the quarterly and annual financial statements prior to presentation to the Board for approval. Additional meetings may be called as and when necessary at the discretion of the Chairman of the AC.

In order to form a quorum, at least 2 members must be present at the meeting and the majority of members present must be Independent Non-Executive Directors. Other members of the Board and Senior Management, Internal and External Auditors may attend meetings upon invitation by the AC.

The Company Secretary is the Secretary of the AC and shall be responsible for drawing up the agenda with the consent of the Chairman. The agenda together with the relevant documents shall be circulated to the committee members, one week prior to each meeting. The Company Secretary shall be responsible for recording attendance, keeping minutes of meetings and circulating to committee members and members of the Board.

The AC met 5 times during the FY2019. The AC met once with the external auditors without the presence of management during the FY 2019.

5) Duties and Responsibilities

In fulfilling its primary objectives, the AC shall undertake the following duties and responsibilities:

i) Review with the external auditors, the audit scope and plan, including any changes to the audit plan and scope. Review the adequacy of the internal audit scope and plan, as well as the functions, competency and resource of the internal audit function and that it has the necessary authority to carry out its work.
ii) Review the independence and objectivity of the external auditors and their services, including non-audit services and the professional fees, so as to ensure a proper balance between objectivity and value for money.
iii) Review the appointment and performance of external auditors, the audit fee and any question of resignation or dismissal before making recommendations to the Board.
iv) Review the quarterly results and the year-end financial statements, prior to the approval by the Board focusing particularly on:
   - Changes in or implementation of major accounting policies
   - Significant or unusual events
   - Significant adjustments from audit and
   - Compliance with accounting standards and other legal requirements

B. TERMS OF REFERENCE (cont'd)

The AC is governed by the following terms of reference (cont'd):

5) Duties and Responsibilities (cont'd)

In fulfilling its primary objectives, the AC shall undertake the following duties and responsibilities (cont'd):

v) Review the external and internal audit reports to ensure that appropriate and prompt remedial actions are taken by the management on major deficiencies in controls or procedures that are identified.
vi) Review the major audit findings and the management's responses during the year with the management, internal and external auditors, including the status of previous audit recommendations.
vii) Review the assistance given by the Group's employees to both the internal and external auditors, and any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information.
viii) Review the adequacy and integrity of internal control systems, including enterprise risk management information system, and the internal or external auditor's evaluation of the said systems.
ix) Direct and where appropriate monitor any special projects or investigation considered necessary, and review investigation reports on any major defalcations, frauds and thefts.
x) Discuss problems and reservations arising from the interim and final audit, and any matter the external auditors may wish to discuss (in the absence of management where necessary)
xi) Review the appointment and performance of internal auditors.
xii) Review any related party transactions and conflict of interest situations that may arise within the Company or the Group, including any transaction, procedure or course of conduct that raises questions on management's integrity.
xiii) Monitor organizational compliance with statutory and Listing Requirements of Bursa Securities and other legislative and reporting requirements.
xiv) Any other activities, as authorized by the Board.

C. SUMMARY OF AC'S ACTIVITIES

During the financial year ended 30 June 2019, the AC convened five (5) meetings. Details of the attendance of the AC members are as follows:

Name of Committee Members	Designation	No. of Meetings Attended
Mr Khor Ben Jin	Chairman	5/5
Dato' Zaidi Bin Mat Isa @ Hashim	Member	5/5
Dato' Kua Khai Shyuan	Member	5/5
Ong Tee Kein	Member (appointed on 17 April 2019)	1/1

In line with the terms of reference, the following activities were carried out by the AC during the financial year under review:

i) Reviewed unaudited quarterly financial results of the Company including the announcements pertaining thereto prior to submission to the Board for the consideration and approval.
ii) Reviewed the audited financial statements of the Group and of the Company for the financial year ended 30 June 2019 and issues arising from the audited thereof prior to submission to the Board for consideration and approval.
iii) Reviewed the audit plan presented by the external auditors prior to their annual report as to their scope of work and strategy.

AUDIT COMMITTEE REPORT

C. SUMMARY OF AC'S ACTIVITIES

iv) Reviewed matters arising from the statutory audit of the Group in a meeting with the External Auditors without the presence of any executive officer of the Group.
v) Reviewed the annual audit plan prepared by the internal auditors to ensure adequate scope and coverage on their activities.
vi) Reviewed internal audit report prepared by the internal auditors especially with regards to issues raised, recommendations made and management's response to their recommendations.
vii) Reviewed the risk assessment reports prepared by the internal auditors and the recommendations made.
viii) Reviewed all related party transactions and recurrent related party transactions that arose within the Group on a quarterly basis to ensure that they are within the mandate obtained.
ix) Reviewed the performance of the internal and external auditors and made recommendations to the Board on their reappointment and remuneration.
x) Reviewed the AC's Report, Statement on Risk Management and Internal Control and Corporate Governance Overview Statement and its recommendations to the Board for inclusion in the Annual Report.

D. INTERNAL AUDIT FUNCTION

The Group appointed an external consulting company to undertake the internal audit function for the financial year ended 30 June 2019. The total cost incurred for the internal audit function was RM36,545 for the financial year 2019. The internal audit function is outsourced to Messrs. Wensen Consulting Asia (M) Sdn Bhd which is headed by Ms Michelle Tan.

The role and responsibilities of the internal audit function are as follows:

i) To undertake independent and regular reviews of the system of internal controls and give assurance that such system continues to operate satisfactorily and effectively.
ii) To review the risk identification and evaluation process and ensure controls implemented by the management are consistent with Group's risk management policy.

The Internal Auditors have carried out their duties in accordance with its terms of reference and the annual audit plan was approved by the AC and the Board.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ("the Board") is pleased to provide the following Statement on Risk Management and Internal Control pursuant to paragraph 15.26(b) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements. The Statement on Risk Management and Internal Control below outlines the nature and scope of internal controls of Metronic Global Berhad and its subsidiaries ("the Group") during the financial year ended 30 June 2019.

1. Board's Responsibility

The Board recognizes the importance of sound internal controls and risk management practice for good corporate governance. The Board affirms its overall responsibility for the Group's system of internal control ("the System") which includes establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity.

Nevertheless, the Board recognizes that the Group's system is designed to manage rather than eliminate the risk of failure to achieve the Group's business objectives in view of the limitations inherent in any internal control system. Accordingly, the System can only provide reasonable but not absolute assurance against material misstatement and loss.

2. Risk Management Framework

The Board confirms that there is an on-going process of reviewing, identifying, evaluating and managing significant risks faced by the Group. Risk assessment and evaluation are integral part of the Group's business and operating processes. The daily running of the business is entrusted to the Executive Director who is also the Chief Executive Officer ("ED/CEO") and their management team. Under the purview of the ED/CEO, the respective Head of Departments is responsible for managing the risk of his/her respective department as part of their day-to-day duties.

3. Internal Audit Function

The internal audit function is outsourced to an external consultant during the financial year ended 30 June 2019. The internal auditors adopted a risk-based approach and prepared the audit plan based on the risk profile of the Group. The internal auditors provided independent reviews on risk management and control processes implemented by the management and reported to the Audit Committee ("AC") which reviewed the adequacy, integrity and effectiveness of the System.

The findings of internal audit were communicated to the management of the Group and the AC.

The AC reviewed the reports from internal auditors and responses from the management before reporting the findings and making recommendations to the Board in strengthening the System.

4. Other Internal Control Process

Apart from risk management and internal audit, the Group's other key control processes include the following:

i) There is an organization structure with well-defined reporting lines of responsibility and accountability and delegation of authority.
ii) Documented policies and procedures are updated where necessary to reflect any changing operational risks. The Board approves appropriate responses or amendments in the Group policies.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

4. Other Internal Control Process (cont'd)

Apart from risk management and internal audit, the Group's other key control processes include the following (cont'd):

iii) The AC comprises three (3) Independent Non-Executive Directors. The AC was established with a view to assist the Board in the effective discharge of its fiduciary responsibility in respect of the Group's Internal Control Systems, risk management and financial reporting.
iv) Quarterly results are reviewed by the AC and approved by the Board before announcement to the Bursa Securities.
v) There are management meetings attended by the ED/CEO and the management team to discuss and report on operational performance, business strategy, key operating statistics, legal and regulatory matters of each business unit.
vi) The Group's principal operating subsidiary, Metronic Engineering Sdn Bhd is ISO 9001:2015 accredited. Its employees are guided by the Quality Manual where standard operating procedures are to be followed. In addition to the periodic external ISO audit, internal audit is carried out on periodical basis where the findings or issues are documented and deliberated by the management team in the management review meetings.

5. Review of the Statement by External Auditors

The external auditors have reviewed this Statement on Risk Management & Internal Control for the inclusion in the annual report for the financial year ended 30 June 2019. The external auditors conducted the review in accordance with the "Audit and Assurance Practice Guide 3: Guidance for Auditors on Engagements to report on the Statement on Risk Management and Internal Control included in the annual report ("AAPG 3") issued by the Malaysian Institute of Accountants. The review has been conducted to assess whether the Statement on Risk Management & Internal Control is both supported by the documentation prepared by or for the Directors and appropriately reflects the processes the Directors had adopted in reviewing the adequacy and integrity of the system of internal controls for the Group. AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management & Internal Control covers all risks and controls, or to form an opinion on the effectiveness of the Group's risk and control procedures. AAPG also does not require the external auditors to consider whether the processes described to deal with material internal control aspects of any significant matters disclosed in the annual report will, in fact, mitigate the risks identified or remedy the potential problems. Based on their review, the external auditors have reported to the Board that nothing had come to their attention that caused them to believe that the Statement on Risk Management & Internal Control is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of risk management and internal control of the Group.

6. Conclusion

There was no material or significant breakdown or weakness in the system of internal control of the Group that resulted in material losses or contingencies for the year under review. The Board and the management will continually review and improve the existing risk management processes and internal control system to ensure their adequacy and effectiveness in the dynamic business environment.

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors are required to prepare the financial statements of the Group and of the Company, are drawn up in accordance with the provision of the Companies Act, 2016 and requirement of the applicable approved accounting standards in Malaysia and Bursa Securities' Listing Requirements.

The Board is responsible for ensuring that the financial statement give a true and fair view of the state of affairs of the Group and Company at the end of the financial year, and of the results and cash flows for the financial year then ended.

In preparing the financial statements, the Board had ensured the following:-

- Applied the appropriate and relevant accounting policies on a consistent basis
- Made reasonable and prudent judgements and estimates; and
- Applicable approved accounting standards in Malaysia have been followed

The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy the financial position of the Group and comply within the Companies Act 2016.

The Directors are also overall responsible for taking reasonable steps to safeguard the assets of the Group, to prevent and detect fraud and other irregularities.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2019.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiary companies are as set out in *Note 8* to the financial statements. There were no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	Group RM	Company RM
Loss attributable to:		
Owners of the Company	(14,865,091)	(7,261,976)
Non-controlling interests	(35,955)	-
	(14,901,046)	(7,261,976)

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDEND

No dividend has been paid or declared since the end of the previous financial year. The directors do not recommend the payment of any dividend in respect of the current financial year.

MOVEMENTS ON RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year except as disclosed in the financial statements.

ISSUANCE OF SHARES AND DEBENTURES

During the financial year, the following shares issued:

Date	Purpose of issue	Class of shares	Number of shares	Term of issue
23.04.2019	Rights issue	Ordinary share	641,821,340	Cash
12.06.2019	Exercise of Warrant	Ordinary share	71,086,890	Cash
19.06.2019	Exercise of ESOS	Ordinary share	98,696,593	Cash

There was no issuance of debentures by the Company during the financial year. The new shares ranked pari passu in respect with the existing ordinary shares of the Company.

The details of ESOS are contained in the By-Laws and the salient features of ESOS are disclosed in *Note 20* to the Financial Statements.

DIRECTORS' REPORT

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company except for the share options granted to the Company's Employee Share Option Scheme.

WARRANT

The details of warrant are disclosed in *Note 20* to the Financial Statements.

EMPLOYEES SHARE OPTION SCHEME

The details of ESOS are disclosed in *Note 20* to the Financial Statements.

DIRECTORS

The directors in office since the date of the last report are:

Khor Ben Jin	
Dato' Kua Khai Shyuan	
Dato' Zaidi Bin Mat Isa @ Hashim	
Hoo Wai Keong	(appointed on 06.07.2018)
Muhammad Faliq Bin Mohd Redzuan	(appointed on 06.09.2018)
Ong Tee Kein	(appointed on 17.04.2019)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, particulars of interests of directors who held as follows:

	Number of ordinary share			
	At 01.07.2018	Bought	Consolidation	At 30.06.2019
Direct interest in the Company				
Dato' Kua Khai Shyuan	1,000,000	–	(666,667)	333,333

By virtue of his interests in the shares of the Company, Dato' Kua Khai Shyuan is deemed to have interests in the shares of all the subsidiary companies during the financial year to the extent that the Company has an interest.

The other directors holding office at the end of the financial year have no interest in shares in the Company.

DIRECTORS' REMUNERATION

The details of the directors' remuneration are disclosed in *Note 31* to the financial statements.

DIRECTORS' REPORT

INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

There was no indemnity given to or insurance effected for any director, officer or auditors of the Group and of the Company during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial period, no director has received or become entitled to receive a benefit *(other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in Note 31 of the financial statements, or the fixed salary of a full-time employee of the Company)* by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except for any deemed benefit which may have arisen by virtue of those transactions as disclosed in *Note 31* to the financial statements.

Neither during nor at the end of the financial year was the Company a party to any arrangement whose object was to enable the directors to acquire benefits through the acquisition of shares in, or debentures of, the Company or any other body corporate.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their expected realisable values.

At the date of this report, the directors are not aware of any circumstances:

(a) which would render the amounts written off of bad debts or the amounts of the allowance for doubtful debts in the financial statements inadequate to any substantial extent or the values attributed to current assets misleading; and

(b) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

In the interval between the end of the financial year and the date of this report:

(a) no item, transaction or event of a material and unusual nature has arisen which, in the opinion of the directors, would substantially affect the results of the operations of the Group and of the Company for the current financial year; and

(b) no charge has arisen on the assets of the Group and of the Company which secures the liabilities of any other person nor has any contingent liability arisen in the Group and in the Company.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION (cont'd)

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Group and of the Company to meet their obligations when they fall due.

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in *Note 38* to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR

The significant events subsequent to the financial year are disclosed in *Note 39* to the financial statements.

AUDITORS' REMUNERATION

The details of the auditors' remuneration are disclosed in *Note 29* to the financial statements

AUDITORS

The auditors, Messrs Jamal, Amin & Partners, Chartered Accountants, have expressed their willingness to accept the re-appointment in accordance with section 267 (4) of the Companies Act, 2016.

Signed on behalf of the Board of Directors in
accordance with a resolution of the Directors

DATO' KUA KHAI SHYUAN
Director

HOO WAI KEONG
Director

Kuala Lumpur,
Date: 16 October 2019

STATEMENT BY DIRECTORS AND STATUTORY DECLARATION

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act, 2016

In the opinion of the directors, the financial statements of the Group and of the Company set out on pages 49 to 131 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to exhibit a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2019 and of the results and cash flows of the Group and of the Company for the year then ended on that date.

Signed in Kuala Lumpur on 16 October 2019

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors

DATO' KUA KHAI SHYUAN

HOO WAI KEONG

STATUTORY DECLARATION

Pursuant to Section 251(1) of the Companies Act, 2016

I, Shamsuddin Bin Che Jusoh, being the officer primarily responsible for the financial management of Metronic Global Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief the financial statements set out on pages 49 to 131 are correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly
declared in Kuala Lumpur on 16 October 2019

SHAMSUDDIN BIN CHE JUSOH

Before me

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF METRONIC GLOBAL BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements METRONIC GLOBAL BERHAD, which comprise the statements of financial position as at 30th June, 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 49 to 131.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30th June, 2019, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How we addressed the key audit matters
Investment Properties (Note 6 and Note 40(c)) The Group had and investment property with the carrying amount of RM15,886,821 as at 30 June 2018. Consequently, the Group made a provision of impairment on the said property totalling to RM15,802,903. The property was allegedly transferred to a third party without consent and/or Board resolution from the Company. The Court from China has confirmed the said transfer of the property to the third party. As impairment of investment property is a significant transaction and it involve professional judgement, we considered it as key audit matter	Our audit procedures included, among others:- - Review the police report lodge by the Company; - Review the Company's annoucement to the Bursa; - Discussion with management for the effect to the financial statements; and - Checked the accuracy of accounting record and ensure it comply with accounting applicable accounting standards.

Key Audit Matters (cont'd)

Key Audit Matters	How we addressed the key audit matters
Fair Value Through Profit or Loss Financial Assets (FVTPL) The Group has FVTPL financial assets which comprise of quoted shares with carrying amount of approximately RM3.9 million. The valuation of FVTPL financial assets depends on the fluctuation of market price. We focus on the valuation of the FVTPL financial assets as at reporting date, addition and disposal of the assets during the year. As the FVTPL financial assets represent 3% of Group's total assets and it is material, we consider this as a key audit matter.	Our audit procedures included, among others:- - Checked to the source document for the additional and disposal of the available-for-sale financial assets; - Reviewed the accuracy of the calculation of gain or loss on disposal of the available-for-sale financial assets; - Checked to the market price of the quoted shares as at year end to determine the fair value of quoted shares; and - Evaluated the reasonableness and adequacy of the impairment losses provided.
Impairment of Trade Receivables (Note 13) The carrying amount of the Group's trade receivables was amounted to approximately RM12.6 million. During the financial year, the Group assessed the impairment of trade receivables. The Group has significant exposure of credit risk arising from its trade receivables as well as outstanding balance from project as at 30 June 2019. We focus on this area as the assessment of expected credit losses of receivables involved management judgements and estimation uncertainty in determining the probability of default occurring by considering the ageing of receivable, historical loss experience and forward-looking information.	Our audit procedures included, among others:- - Obtained the understanding of: (i) the Group's control over the trade receivables collection process; (ii) how Group identifies and assess the impairment of trade receivables; and (iii) how the Group makes accounting estimates for impairment. - Considered the ageing of the trade receivables. - Evaluated the techniques and methodology in the expected credit loss approach against the requirements of MFRS 9. - Assessed the estimated future cash flows by examining the historical repayment records, historical loss rate of receivables, information regarding the current creditworthiness and any significant changes in credit quality of the debtors, evidence of subsequent settlements and other relevant information. - Evaluated the reasonableness and adequacy of the allowance for impairment recognized for identified disclosure.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF METRONIC GLOBAL BERHAD

Key Audit Matters (cont'd)

Key Audit Matters	How we addressed the key audit matters
Contract revenue and cost recognition (Note 26 and Note 27) The Group recognised revenue and cost of sales for contract works based on the stages of completion. The stage of completion of contract work determined by the proportion of verified actual work performed to date to the contract value. The significant judgement is required from management in determining the total estimated revenue and costs, the extent of actual costs incurred as well as the recoverability of amount due from customers for contract works performed. Such judgment involves estimation uncertainty which have significant risk of causing material misstatements to the amounts recognised in the financial statements.	Our audit procedures included, among others:- - Verified the total contract values and the contract variance (if any). - Verified the estimated budgeted cost against the total contract revenue of the projects. The key assumptions and other relevant workings used in the total estimated cost were also reviewed. - Enquired the management regarding the status of the ongoing project to ascertain the alignment with the stage of completion recognised in determining the revenue recognition and whether the total budgeted cost is estimated reliably. - Recomputed and assess the mathematical accuracy of revenue and costs recognised based on stage of completion method and considered the implications of any identified error and change in estimates. - Examined cost and the recognized project revenue on which the determination of completion ratio is based. The mathematical accuracy of the percentage of completion on cost calculation is tested. - Assessed the adequacy and reasonableness of the disclosures in the financial statements.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF METRONIC GLOBAL BERHAD

Responsibilities of the Directors for the Financial Statements (cont'd)

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF METRONIC GLOBAL BERHAD

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries, of which we have not acted as auditors, are disclosed in note 8 to the financial statements.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

JAMAL, AMIN & PARTNERS
(No: AF 1067)
Chartered Accountants

AHMAD HILMY BIN JOHARI
(No: 2977/03/20(J))
Chartered Accountant

Kuala Lumpur

Dated 16 October 2019

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2019

		Group		Company	
			Restated		Restated
	Note	2019 RM	2018 RM	2019 RM	2018 RM
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	5	10,667,763	9,083,823	–	–
Investment properties	6	465,925	16,278,373	–	–
Land held for property development	7	–	5,850,000	–	–
Investment in subsidiary companies	8	–	–	35,083,439	35,083,439
Other Investment	9	5,399,672	7,534,438	5,399,672	7,534,438
Deferred tax assets	10	3,555,609	4,161,179	–	–
		20,088,969	42,907,813	40,483,111	42,617,877
CURRENT ASSETS					
Property development costs	11	16,675,479	16,673,595	–	–
Inventories	12	1,370,733	1,811,239	–	–
Trade receivables	13	12,664,501	9,884,115	–	–
Amount owing by contract customers	14	5,903,427	9,821,853	–	–
Other receivables and deposits	15	4,287,624	7,166,771	330,575	736,391
Current tax assets		–	17,281	–	22,162
Amount owing by subsidiary companies	16	–	–	3,422,053	9,833,340
Fixed deposits	17	60,192,769	11,717,682	48,704,791	–
Cash and bank balances		1,487,703	516,957	1,220,844	23,099
		102,582,236	57,609,493	53,678,263	10,614,992
Assets classified as held for sale	18	2,279,926	2,271,821	–	–
		104,862,162	59,881,314	53,678,263	10,614,992
TOTAL ASSETS		124,951,131	102,789,127	94,161,374	53,232,869

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2019

		Group		Company	
			Restated		Restated
		2019	2018	2019	2018
	Note	RM	RM	RM	RM
EQUITY AND LIABILITIES					
EQUITY					
Share capital	19	128,573,351	89,877,524	128,573,351	89,877,524
Other reserves	20	22,408,468	17,984,882	16,797,466	685,698
Accumulated losses		(55,752,462)	(36,993,153)	(61,527,700)	(54,265,724)
Total equity attributable to owners of the Company		95,229,357	70,869,253	83,843,117	36,297,498
Non-controlling interests		66,860	102,815	–	–
TOTAL EQUITY		95,296,217	70,972,068	83,843,117	36,297,498
CURRENT LIABILITIES					
Trade payables	21	7,264,845	4,573,353	–	–
Other payables and accruals	22	15,054,366	19,831,847	2,551,820	7,277,084
Amount owing to subsidiary companies	16	–	–	6,700,421	7,710,491
Finance lease liabilities	23	17,168	30,265	–	–
Short term borrowings	24	5,180,244	5,322,532	1,066,016	1,947,796
		27,516,623	29,757,997	10,318,257	16,935,371
TOTAL LIABILITIES		27,516,623	29,757,997	10,318,257	16,935,371
Liabilities associated with assets classified as held for sale	18	2,138,291	2,059,062	–	–
		29,654,914	31,817,059	10,318,257	16,935,371
TOTAL EQUITY AND LIABILITIES		124,951,131	102,789,127	94,161,374	53,232,869

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

	Note	Group 2019 RM	Group 18 months period ended 30/06/2018 RM	Company 2019 RM	Company 18 months period ended 30/06/2018 RM
REVENUE	26	27,203,612	43,664,102	–	–
COST OF SALES	27	(18,308,464)	(21,486,571)	–	–
GROSS PROFIT		8,895,148	22,177,531	–	–
OTHER OPERATING INCOME		1,413,334	3,130,525	293,523	1,727,651
ADMINISTRATIVE EXPENSES		(4,272,880)	(5,698,356)	(2,698,354)	(2,239,999)
OTHER OPERATING EXPENSES		(19,730,160)	(22,151,840)	(4,659,275)	(3,998,375)
LOSS FROM OPERATIONS		(13,694,558)	(2,542,140)	(7,064,106)	(4,510,723)
FINANCE COSTS	28	(507,376)	(843,942)	(197,870)	(236,857)
LOSS BEFORE TAXATION	29	(14,201,934)	(3,386,082)	(7,261,976)	(4,747,580)
INCOME TAX EXPENSE	30	(605,570)	937,957	–	–
LOSS AFTER TAXATION FROM CONTINUING OPERATIONS		(14,807,504)	(2,448,125)	(7,261,976)	(4,747,580)
LOSS AFTER TAXATION FROM ASSETS CLASSIFIED AS HELD FOR SALE	18	(93,542)	(1,829,101)	–	–
LOSS AFTER TAXATION		(14,901,046)	(4,277,226)	(7,261,976)	(4,747,580)
OTHER COMPREHENSIVE INCOME:					
Item that may be reclassified subsequently to profit or loss					
– foreign currency translation		87,438	423,410	–	–
Item that will not be reclassified subsequently to profit or loss					
– revaluation surplus on land and buildings		(11,768,590)	(2,223,489)	–	–
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(26,582,198)	(6,077,305)	(7,261,976)	(4,747,580)

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

		Group		Company	
	Note	2019 RM	18 months period ended 30/06/2018 RM	2019 RM	18 months period ended 30/06/2018 RM
LOSS AFTER TAXATION					
ATTRIBUTABLE TO:					
Owners of the Company		(14,865,091)	(4,295,696)	(7,261,976)	(4,747,580)
Non-controlling interests		(35,955)	18,470	–	–
		(14,901,046)	(4,277,226)	(7,261,976)	(4,747,580)
TOTAL COMPREHENSIVE LOSS					
ATTRIBUTABLE TO:					
Owners of the Company		(26,546,243)	(6,095,775)	(7,261,976)	(4,747,580)
Non-controlling interests		(35,955)	18,470	–	–
		(26,582,198)	(6,077,305)	(7,261,976)	(4,747,580)
LOSS PER SHARE (sen)					
- Basic/diluted earnings / (loss) per share	32	(1.99)	(0.47)		

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	<------	------	------	------	Attributable to owners of the Company	------	------	------	------>
	<------	Non-distributable	------	------	------>	Distributable			
Group	Share capital 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
Balance at 1 January 2017	75,839,750	24,040,288	-	-	(568,964)	(37,069,518)	62,241,556	84,345	62,325,901
Transactions with owners:									
Issuance of share capital	14,037,774	-	-	685,698	-	-	14,723,472	-	14,723,472
Transfer of revaluation reserve to retained earnings	-	(4,379,091)	-	-	-	4,379,091	-	-	-
Loss after taxation	-	-	-	-	-	(4,295,696)	(4,295,696)	18,470	(4,277,226)
Other comprehensive income:									
Foreign currency translation differences	-	-	-	-	423,410	-	423,410	-	423,410
Revaluation surplus on land and buildings	-	(2,223,489)	-	-	-	-	(2,223,489)	-	(2,223,489)
Total comprehensive income for the year	-	(2,223,489)	-	-	423,410	(4,295,696)	(6,095,775)	18,470	(6,077,305)
Balance at 30 June 2018	89,877,524	17,437,708	-	685,698	(145,554)	(36,986,123)	70,869,253	102,815	70,972,068
Transactions with owners:									
Effect of adoption of MFRS 9 (Note 25)	-	-	-	-	-	(3,901,248)	(3,901,248)	-	(3,901,248)
Transfer of ESOS reserve upon exercised	685,698	-	-	(685,698)	-	-	-	-	-
Issuance of new share under rights issue	22,010,526	-	19,707,874	-	-	-	41,718,400	-	41,718,400
Issuance new share for warrants exercise	5,686,951	-	-	-	-	-	5,686,951	-	5,686,951
Capitalisation of warrant reserve upon exercise of warrants	2,910,408	-	(2,910,408)	-	-	-	-	-	-
Issuance new share under ESOS	7,402,244	-	-	-	-	-	7,402,244	-	7,402,244
Loss after taxation	-	-	-	-	-	(14,865,091)	(14,865,091)	(35,955)	(14,901,046)
Other comprehensive income:									
Foreign currency translation differences	-	-	-	-	87,438	-	87,438	-	87,438
Revaluation deficit on land and buildings	-	(11,768,590)	-	-	-	-	(11,768,590)	-	(11,768,590)
Total comprehensive (loss) / income for the year	-	(11,768,590)	-	-	87,438	(14,865,091)	(26,546,243)	(35,955)	(26,582,198)
Balance at 30 June 2019	128,573,351	5,669,118	16,797,466	-	(58,116)	(55,752,462)	95,229,357	66,860	95,296,217

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Non-distributable				
	Share capital	**Warrant reserve**	**Accumulated losses**	**Share grant reserve**	**Total equity**
Company	**RM**	**RM**	**RM**	**RM**	**RM**
Balance at 1 January 2017	75,839,750	–	(49,518,144)	–	26,321,606
Transactions with owners:					
Issuance of share capital	14,037,774	–	–	685,698	14,723,472
Loss after taxation/Total comprehensive loss for the year	–	–	(4,747,580)	–	(4,747,580)
Balance at 30 June 2018	89,877,524	–	(54,265,724)	685,698	36,297,498
Transactions with owners:					
Transfer of ESOS reserve upon exercised	685,698	–	–	(685,698)	–
Issuance of new share under rights issue with free warrants	22,010,526	19,707,874	–	–	41,718,400
Issuance of new share for warrants exercise	5,686,951	–	–	–	5,686,951
Capitalisation of warrant reserve upon exercise of warrants	2,910,408	(2,910,408)	–	–	–
Issuance new share under ESOS	7,402,244	–	–	–	7,402,244
Loss after taxation/Total comprehensive loss for the year	–	–	(7,261,976)	–	(7,261,976)
Balance at 30 June 2019	128,573,351	16,797,466	(61,527,700)	–	83,843,117

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2019

	Group		Company	
		18 months period ended 30/06/2018		18 months period ended 30/06/2018
	2019	2018	2019	2018
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before taxation from:				
– Continued operations	(14,201,934)	(3,386,082)	(7,261,976)	(4,747,580)
– Assets held for sale	(93,542)	(1,829,101)	–	–
Adjustments for:				
Allowance for doubtful debt	33,144	–	–	–
Bad debts recovered	(580,629)	(420,545)	–	–
Depreciation of investment properties	5,630	8,445	–	–
Depreciation of property, plant and equipment	349,887	743,068	–	–
ESOS issuance cost	859,942	–	859,942	–
Gain on disposal of property, plant and equipment	–	189,703	–	–
Impairment losses on:				
– investment property	4,038,228	–	–	–
– trade receivables	–	776,342	–	–
– other receivables	1,725,451	–	–	–
Impairment loss on fair value through profit or loss financial assets:				
– quoted shares	3,307,540	905,750	3,307,541	905,750
Impairment loss in joint venture	–	–	–	220,850
Interest expenses	507,376	843,942	197,870	236,857
Interest income	(677,540)	(245,303)	(293,524)	(107)
Gain on disposal of fair value through profit or loss financial assets	(72,524)	–	(72,524)	–
Loss on foreign exchange – unrealised	–	–	–	–
Property, plant and equipment written off	5,953	210,535	–	–
Property development cost written off	–	789,237	–	–
Operating loss before working capital changes	(4,793,018)	(1,414,009)	(3,262,671)	(3,384,230)

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Group		Company	
		18 months period ended 30/06/2018		18 months period ended 30/06/2018
	2019	2018	2019	2018
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Increase in property development cost	(1,884)	(3,312,503)	–	–
Decrease/(increase) in inventories	440,506	(725,024)	–	–
Decrease/(increase) in receivables and others	696,697	3,543,472	427,920	(701,390)
Decrease/(increase) in amount owing by contract customers	2,498,452	(7,496,196)	–	–
Decrease/(increase) in amount due from subsidiaries	–	–	6,411,345	(9,763,553)
Decrease in amount due to subsidiaries	–	–	(1,010,070)	(231,831)
Decrease in trade payables and others	(1,967,322)	(898,917)	(4,725,264)	(14,574)
Cash generated from/(used in) operations	1,666,449	(10,303,177)	(2,158,740)	(14,095,578)
Tax paid	(39,438)	(54,581)	–	–
Tax refund	–	–	–	–
Net cash generated/(used in) operating activities	1,627,011	(10,357,758)	(2,158,740)	(14,095,578)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	677,540	245,303	293,523	107
Investment in subsidiary	–	–	–	(7)
Increase in other investment	(1,450,350)	–	(1,450,350)	–
Investment in quoted shares classified as fair value through profit or loss financial assets	–	(4,286,418)	350,100	(4,286,418)
Proceed from disposal of land held for development	1,600,000	–	–	–
Purchase of property, plant and equipment (Note A)	(1,939,780)	(252,210)	–	–
Proceeds from disposal of fair value through profit or loss financial assets	350,100	2,573,907	–	2,573,907
Proceeds from disposal of property, plant and equipment and investment properties	–	6,060,000	–	–
Net cash generated from/(used in) investing activities	(762,490)	4,340,582	(806,727)	(1,712,411)

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Group		Company	
		18 months period ended 30/06/2018		18 months period ended 30/06/2018
	2019	2018	2019	2018
	RM	RM	RM	RM
CASH FLOWS FROM FINANCING ACTIVITIES				
Interest paid	(507,376)	(843,942)	(198,870)	(236,857)
Issuance of share capital	53,947,653	14,037,774	53,947,653	14,037,774
Issuance of share grant reserve	–	685,698	–	685,698
Drawdown/(repayment) of bankers' acceptances	23,348	(454,045)	–	–
(Repayment)/drawdown of margin financing	(881,780)	1,339,066	(881,780)	1,339,066
Repayment of finance lease liabilities	(13,097)	(232,961)	–	–
(Placement)/Withdrawal of fixed deposits pledged with licensed banks	(48,226)	528,955	–	–
Net cash generated from financing activities	52,520,522	15,060,545	52,867,003	15,825,681
Net increase in cash and cash equivalents	48,594,025	9,043,369	49,902,536	17,692
Effects of changes in exchange rate	87,438	748,584	–	–
Cash and cash equivalents at beginning of year	7,638,894	(2,153,059)	23,099	5,407
Cash and cash equivalents at end of year (Note B)	56,320,357	7,638,894	49,925,635	23,099

NOTES TO CASH FLOWS STATEMENTS OF:

(A) Purchase of property, plant and equipment				
Aggregate cost	1,939,780	252,210	–	–
Less: Finance lease liabilities financing	–	–	–	–
	1,939,780	252,210		
(B) Cash and cash equivalents comprise:				
Cash and bank balances	1,487,703	516,957	1,220,844	23,099
Fixed deposits	60,192,769	11,717,682	48,704,791	–
Bank overdrafts	(2,896,715)	(2,180,570)	–	–
	58,783,757	10,054,069	49,925,635	23,099
Less: Fixed deposits pledged as securities	(2,463,402)	(2,415,175)	–	–
	56,320,357	7,638,894	49,925,635	23,099

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019

1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The principal activity of the Company is investment holding. The principal activities of the subsidiary companies are as set out in *Note 8*. There were no significant changes in the nature of these activities during the financial year.

The Company is a public limited company, incorporated and domiciled in Malaysia and listed on Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

The address of the registered office of the Company is Suite 10.02, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur.

The address of the principal place of business of the Company is No. 2, Jalan Astaka U8/83, Seksyen U8, Bukit Jelutong, 40150 Shah Alam, Selangor.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have 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. The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

MFRSs, Amendments to MFRSs and Issue Committees ("IC") Interpretation that have been issued but are not yet effective

The Group and the Company have not adopted the following MFRSs, Amendments to MFRSs and IC Interpretation that have been issued but not yet effective:

MFRSs/Amendments to MFRSs/IC Interpretation	Effective for annual periods beginning on or after
MFRS 16 – Leases	1 January 2019
Amendments to MFRS 10 Consolidated Financial Statements – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced
Amendments to MFRS 128 Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

The adoption of these standards and amendments that have been issued but not yet effective are not expected to have a material impact to the financial statements of the Group and of the Company except as discussed below:

<u>MFRS 16 Leases</u>

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.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

STATEMENT OF COMPLIANCE

Application of new MFRSs, IC Interpretations and amendments to MFRSs

During the financial year, the Company 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 9, Financial instruments (IFRS 9 issued in July 2014)

MFRS 15, Revenue from contracts with customers

Clarification to MFRS 15, Revenue from contracts with customers

Amendments to MFRS 2, Classification and measurement of share-based payment transactions

Amendments to MFRS 4 - Applying MFRS 9, Financial instruments with MFRS 4, Insurance contracts

Amendments to MFRS 140 - Transfer of investment property

Amendments to MFRSs classified as "Annual Improvements to MFRS Standards 2014 - 2016 Cycle":

(i) Amendments to MFRS 1, First-time adoption of Malaysian Financial Reporting Standards
(ii) Amendments to MFRS 128, Investments in associates and joint ventures

IC Interpretation 22, Foreign currency transactions and advance consideration

The new MFRSs, IC Interpretations and amendments to MFRSs have no significant impact on the finacial statements of the Company.

(a) The Standard replaces earlier versions of MFRS 9 and introduces a package of improvements which includes a classification and measurement model, a single forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting.

The key enhancements of MFRS 9 are:

(i) Under MFRS 9, all recognised financial assets are required to be subsequently measured at either amortised cost, fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL") on the basis of both entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. These requirements improve and simplify the approach for classification and measurement of financial assets as the numerous categories of financial assets under MFRS 139 had been replaced.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

STATEMENT OF COMPLIANCE (cont'd)

(a) The Standard replaces earlier versions of MFRS 9 and introduces a package of improvements which includes a classification and measurement model, a single forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting (cont'd).

The key enhancements of MFRS 9 are (cont'd):

(ii) Most of the requirements in MFRS 139 for classification and measurement of financial liabilities were carried forward unchanged to MFRS 9, except for the measurement of financial liabilities designated as at FVTPL. Under MFRS 139, the entire amount of the change in the fair value of the financial liability designated under FVTPL is presented in profit or loss. However, MFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's own credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to financial liability's credit risk are not subsequently reclassified to profit or loss.

(iii) In relation to the impairment of financial assets, MFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under MFRS 139. Under MFRS 9, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, an entity always accounts for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition.

(iv) The new general hedge accounting requirements retain the three types of hedge accounting mechanism currently available in MFRS 139 i.e fair value hedges, cash flow hedges and hedges of a net investment in a foreign operation. MFRS 9 incorporates a new hedge accounting model that aligns the hedge accounting more closely with an entity's risk management activities. The new hedge accounting model has also expanded the scope of eligibility of hedge items and hedge instruments respectively.

(b) MFRS 15, Revenue from contracts with customers

MFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. MFRS 15 supersede the current revenue recognition guidance including MFRS 111, MFRS 118 and the related IC Interpretations.

The core principle of MFRS 15 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognizes revenue in accordance with that core principle by applying the following steps:-

Step 1 Identify the contract(s) with a customer
Step 2 Identify the performance obligations in the contract
Step 3 Determine the transaction price
Step 4 Allocate the transaction price to the performance obligations in the contract
Step 5 Recognise revenue when (or as) the entity satisfies a performance obligation

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied i.e when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. MFRS 15 also requires more extensive disclosures.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

STATEMENT OF COMPLIANCE (cont'd)

(c) Clarifications to MFRS 15, Revenue from contracts with customers

The Amendments clarifies how certain principles should be applied in:-

(i) identifying whether the performance obligations are distinct;
(ii) determining whether an entity is a principal or an agent; and
(iii) assessing whether revenue from a license of intellectual property is recognized over time or at a point in time

New MFRSs, IC Interpretations and amendments to MFRSs that are in issue but not yet effective

The Company have not early adopted the following new MFRSs, IC Interpretations and amendments to MFRSs that have been issued by the MASB but are not yet affective:-

Effective for annual periods beginning on or after 1 January 2019
MFRS 16, Leases

Amendments to MFRS 9 - Prepayment features with negative compensation

Amendments to 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

Effective for annual periods beginning on or after 1 January 2020

Amendments to MFRS 3 - Definition of a business
Amendments to MFRS 101 and Amendments to MFRS 108 - Definition of material

Effective for annual periods beginning on or after 1 January 2021

MFRS 17, Insurance contracts

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

STATEMENT OF COMPLIANCE (cont'd)

New MFRSs, IC Interpretations and amendments to MFRSs that are in issue but not yet effective (cont'd)

Effective for annual periods beginning on or after a date to be determined by the MASB

Amendments to MFRS 10 and MFRS 128 – Sale or contribution of assets between an Investor and its associate or joint venture

(a) MFRS 16, Leases

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.

Under the existing MFRS 117, lessees and lessors are required to classify their leases as either finance leases or operating leases and account for those two types of leases differently. It requires a lessee to recognise assets and liabilities arising from finance leases but not from operating leases.

The new MFRS 16 introduces a single accounting model and requires a lessee to recognise assets and liabilities for the rights and obligations arising from all leases and hence eliminates the distinction between finance leases and operating leases. As a consequence, a lessee recognizes right-of-use assets and lease liabilities arising from operating leases. The right-of-use asset is depreciated in accordance with the principle in MFRS 116 Property, plant and equipment and these liability is accreted over time with interest expense recognised in the profit or loss.

(b) Amendments to MFRS 9 – Prepayment Features with Negative Compensation

The amendments 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.

(c) Amendments to MFRSs Classified as "Annual Improvements to MFRS Standards 2015 – 2017 Cycle"

The Annual Improvements to MFRS Standards 2015 – 2017 Cycle include amendments to the following MFRSs:-

(i) The amendments to MFRS 3 Business combinations clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to MFRS 11 Joint arrangements clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

(ii) The amendments to MFRS 112 Income taxes clarify that an entity recognizes the income tax consequences of dividends are linked more directly to past transactions than to distributions to owners, except if the tax arises from a transaction which is a business combination or is recognised in other comprehensive income or directly in equity.

(iii) The amendments to MFRS 123 Borrowing costs clarify that when a qualifying asset is ready for its intended use or sale, an entity treats any outstanding borrowing made specifically to obtain that qualifying asset as part of general borrowings.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (cont'd)

STATEMENT OF COMPLIANCE (cont'd)

New MFRSs, IC Interpretations and amendments to MFRSs that are in issue but not yet effective (cont'd)

(d) IC Interpretation 23, Uncertainty over income tax treatments

MFRS 112 Income taxes, includes requirements on recognition and measurement of tax assets and tax liabilities, but does not specify how to reflect uncertainty. As a result, entities apply diverse reporting method when the application of tax law is uncertain.

(e) IC Interpretation 23, Uncertainty over income tax treatments (cont.)

When there is uncertainty over income tax treatments, the Interpretation addresses:-

(i) whether an entity considers uncertain tax treatment separately;

(ii) the assumptions an entity makes about the examination of tax treatments by taxation authority;

(iii) how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and

(iv) how an entity considers changes in facts and circumstances.

The initial application of the new MFRSs, IC Interpretations and amendments to MFRSs is not expected to have any significant impact on the Company's financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

All significant accounting policies set out below are consistent with those applied in the previous financial year unless otherwise stated.

(a) Basis Of Consolidation

The financial statements of the Group include the financial statements of the Company and its subsidiary companies made up to the end of the financial year. The financial statements of the subsidiary companies used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

(i) Acquisition method of accounting for non-common control business combinations

Acquisition of subsidiary companies is accounted for by applying the acquisition method. Under the acquisition method of accounting, identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis Of Consolidation (cont'd)

(i) *Acquisition method of accounting for non-common control business combinations*

In business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects, for each individual business combination, whether to recognise non-controlling interest in the acquiree (if any) at fair value on the acquisition date, or the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statements of financial position. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Subsidiary companies are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

(ii) *Merger accounting for common control business combinations*

Under the pooling-of-interests method of accounting, the results of entities or businesses under common control are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. The assets and liabilities acquired were recognised at the carrying amounts recognised previously in the Group's controlling shareholder's consolidated financial statements. The difference between the cost of acquisition and the nominal value of the shares acquired together with the share premium are taken to merger reserve or merger deficit. The other components of equity of the acquired entities are added to the same components within the Group's equity.

(iii) *Non-controlling interest*

Non-controlling interest represents the equity in subsidiary companies not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated profit or loss and within equity in the consolidation of financial position, separately from equity attributable to owners of the Company.

Changes in the Company's ownership interest in a subsidiary company that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiary company. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Functional And Foreign Currency

Functional currency

Items included in the financial statements are measured using the currency best reflects the economic substance of the underlying events and circumstances relevant to the Company (the "functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is the functional currency of the Company.

Foreign currency

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Changes in the fair value of monetary securities denominated in foreign currency classified as fair value through profit or loss are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss within other income.

All exchange differences are taken to profit or loss.

Foreign Operations

Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from the acquisition of foreign operations, are translated into RM for consolidation at the rates of exchange ruling at the end of the reporting period. Revenues and expenses of foreign operations are translated into RM at the average rates for the financial period. All exchanges differences arising from translation are recognised directly to other comprehensive income and accumulated in equity under translation reserve. On disposal of a foreign operation, accumulated translation differences recognised in other comprehensive income relating to that particular foreign operation is reclassified from equity to comprehensive income.

(c) Property, Plant And Equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses where applicable.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Property, Plant And Equipment (cont'd)

Buildings are stated at revalued amount less accumulated depreciation and impairment losses, if any, recognised after the date of the revaluation.

Buildings are revalued periodically, at least once in every 5 years. Surpluses arising from the revaluation are recognised in other comprehensive income and accumulated in equity under the revaluation reserve. Deficits arising from the revaluation, to the extent that they are not supported by any previous revaluation surpluses, are recognised in profit or loss.

Property, plant and equipment are depreciated on a straight line basis to write off the cost of each asset to their residual values over their estimated useful lives.

Freehold land has an unlimited useful life and therefore is not depreciated.

Leasehold building is depreciated over the estimated useful life of 50 years or over the remaining leasehold land tenure, whichever is shorter.

All other property, plant and equipment are depreciated based on the estimated useful lives of the assets at the following annual rates:

	%
Freehold buildings	2
Motor vehicles	20
Furniture, fittings and equipment	20 – 33
Renovation	4

The residual value, useful lives and depreciation method of property, plant and equipment are reviewed at the end of the reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

On disposal of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount is credited or charged to profit or loss in determining profit from operations.

(d) Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are measured at cost less any accumulated depreciation and any accumulated impairment losses. Freehold building is depreciated at a rate of 2% per annum. Freehold land has an unlimited useful life and therefore is not depreciated.

Investment properties are revalued periodically, at least once in every 5 years. Surpluses arising from the revaluation are recognised in other comprehensive income and accumulated in equity under the revaluation reserve. Deficits arising from the revaluation, to the extent that they are not supported by any previous revaluation surpluses, are recognised in profit or loss.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is to be carried at fair value.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Investment Properties (cont'd)

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Any gains or losses on the disposal of an investment property are recognised in profit and loss in the year in which they arise.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment up to the date of change in use.

(e) Investment In Subsidiary Companies

Subsidiary companies are entities, including structured entities, controlled by the Group. The Group controls the entities when it is exposed, or has rights, to variable returns from its involvement with the entities and has the ability to affect those returns through its power over the entities.

In the Company's separate financial statements, investment in subsidiary companies is stated at cost less any impairment, unless the investment is classified as held for sale. The impairment loss is recognised in the profit or loss.

On disposal of an investment, the difference between net disposal proceeds and their carrying amounts is charged or credited to profit or loss.

(f) Investment In Joint Venture

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

On acquisition of an investment in joint venture, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of joint venture's profit or loss for the period in which the investment is acquired.

A joint venture is equity accounted for from the date on which the investee becomes a joint venture. Under the equity method, on initial recognition the investment in a joint venture is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the joint venture after the date of acquisition. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Investment In Joint Venture (cont'd)

Profits or losses resulting from upstream and downstream transactions between the Group and its joint venture are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the joint venture. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the assets transferred.

The financial statements of the joint ventures are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group applies MFRS 139 to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 Impairment of Assets as a single assets, by comparing its recoverable amount (higher of value-in-use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

Upon loss of significant influence over the joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Company's separate financial statements, investments in joint ventures are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

(g) Financial Assets

The Group recognises all financial assets in its statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instruments.

All regular way purchases or sales of financial assets are recognised and derecognised using trade date accounting. A regular way purchase or sale is a purchase or sale of a financial asset that requires delivery of asset within the time frame established generally by regulation or convention in the marketplace concerned. Trade date accounting refers to:-

(i) the recognition of an asset to be received and the liability to pay for it on the trade date i.e. the date the Group commits itself to purchase or sell an asset; and

(ii) derecognition of an asset that is sold, the recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment in the trade date.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Financial Assets (cont'd)

Classsification

From 1 July 2018, the Group classifies its financial assets into the following measurement categories depending on the business models used for managing the financial assets and the contractual cash flow characteristics of the financial assets:

(i) at amortised cost;
(ii) fair value through other comprehensive income; and
(iii) fair value through profit or loss.

Financial assets are reclassified when and only when the Group changes its business model for managing the financial assets and the reclassification of all affected financial assets is applied prospectively from the reclassification date i.e. on the first day of the first reporting period following the change in business model.

Measurement

At initial recognition, trade receivables without a significant financing component are measured at their transaction price when they are originated.

Other financial assets are initially measured at fair value plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. Transaction costs of financial assets at fair value through profit or loss are expensed to profit or loss when incurred.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business models for managing the financial assets and the contractual cash flows characteristics of the financial assets. The Group's debt instruments are categorised into the following measurement categories:

a. Amortised cost

A financial asset is measured at amortised cost if both of the following conditions are met and it is not designated as at fair value through profit or loss at initial recognition:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

These financial assets are measured at amortised cost using the effective interest method less any impairment losses. Interest income, gains or losses on derecognition, foreign exchange gains or losses and impairment are recognised in profit or loss. Impairment losses are presented as a separate line item in the statement of profit or loss and other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Financial Assets (cont'd)

Debt instruments (cont'd)

b. Fair value through other comprehensive income ("FVOCI")

A financial asset is measured at FVOCI if both of the following conditions are met and it is not designated as FVTPL at initial recognition:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

Changes in fair value of these financial assets are recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gains or losses previously recognised in other comprehensive income is reclassified from equity to profit or loss. Interest income calculated using the effective interest method, foreign exchange gains or losses and impairment are recognised in profit or loss. Impairment losses are presented as a separate line item in the statement of profit or loss and other comprehensive income.

c. Fair value through profit or loss ("FVTPL")

A financial asset is measured at FVTPL if it does not meet the criteria for amortised cost or FVOCI. This includes all derivative financial assets.

The Group may, at initial recognition, irrevocably designate a financial asset as measured at FVTPL that otherwise meets the criteria for amortised cost or FVOCI if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Changes in fair value of financial assets at FVTPL and interest or dividend income are recognised in profit or loss.

Equity instruments

The Group subsequently measures all equity investments at fair value.

For equity investments at FVTPL, changes in fair value are recognised in profit or loss. Where the Group has elected to present the changes in fair value in other comprehensive income, the amounts presented are not subsequently transferred to profit or loss when the equity investments are derecognised. The cumulative gains or losses is transferred to retained profits instead. The election is made on an instrument-by-instrument basis and it is irrevocable. The amount presented in other comprehensive income includes the related foreign exchange gains or losses.

Dividend income from equity investments at FVTPL and FVOCI is recognised in profit or loss as other income when the Group's right to receive payment has been established.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Financial Assets (cont'd)

Equity instruments (cont'd)

Changes in the fair value of equity investments at FVTPL are recognised in other income or expenses, as applicable, in the profit or loss. Impairment losses or reversal of impairment losses on equity instruments measured at FVOCI are recognised in other comprehensive income and are not reported separately from other changes in fair value.

Derecognition of financial assets

The Group derecognises a financial asset when, and only when, the contractual rights to the cash flows from the financial asset expires or it transfers the financial asset without retaining control or transfers substantially all the risks and rewards of ownership of the financial asset to another party.

On derecognition of a financial asset in its entirety, the difference between the carrying amount measured at the date of derecognition and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

Accounting policies applied until 30 June 2018

The Group has applied MFRS 9 retrospectively but has elected not to restate comparative information as permitted by the Standard. As a result, the comparative information provided in these financial statements continues to be accounted for in accordance with the previous accounting policies.

Until 30 June 2018, the Group's financial assets were classified into the following specified categories depending on the nature and purpose of the financial assets and was determined at the time of initial recognition.

(i) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(ii) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Financial Assets (cont'd)

Accounting policies applied until 30 June 2018 (cont'd)

(ii) Available-for-sale financial assets (cont'd)

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

Impairment of financial assets

From 1 July 2018, upon the adoption of MFRS 9, the Group recognises loss allowance for expected credit losses ("ECLs") on:

(i) financial assets measured at amortised cost;

(ii) debt instruments measured at fair value through other comprehensive income ("FVOCI");

(iii) contract assets;

(iv) lease receivables; and

(v) financial guarantee contracts.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Financial Assets (cont'd)

Impairment of financial assets (cont'd)

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months i.e. a 12-month ECL. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default i.e. a lifetime ECL.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at FVOCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due. When there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flow in its entirety or a portion thereof.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of debt instruments measured at FVOCI is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Financial Assets (cont'd)

Accounting policies applied until 30 June 2018

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(ii) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(iii) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Financial Assets (cont'd)

Accounting policies applied until 30 June 2018 (cont'd)

(iii) Available-for-sale financial assets (cont'd)

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

(h) Impairment

Impairment Of Non-financial Assets

The carrying amounts of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of the reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' net selling price and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is charged to profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount.

A reversal of an impairment loss on a revalued asset is credited to other comprehensive income. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in profit or loss, a reversal of that impairment loss is recognised as income in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Fair Value Measurement

The Group and the Company measure the marketable securities at fair value at the end of the reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes places either:

(i) in the principal market for the assets or liability; or

(ii) in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group and to the Company.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For the purpose of fair value disclosures, the Group and the Company determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset and liability and the level of the fair value hierarchy.

Valuation techniques that are appropriate in the circumstances and for which sufficient data are available, are used to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

(j) Inventories

Inventories are valued at the lower of cost and net realisable value.

Cost is determined using the weighted average method. It comprises the cost of building automation equipment and parts and other direct cost in bringing the equipment to its present location.

Net realisable value is the estimate of the selling price less the estimated cost of selling expenses. Write down is made where necessary for damage, obsolete and slow-moving inventories.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Amount Owing From/To Contract Customers

Construction contracts are stated at cost plus attributable profits less applicable progress billings and allowances for foreseeable losses, if any.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract cost are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activities at the reporting date. The stage of completion is based on total work certified to-date versus estimated total contract costs.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable and contract costs are recognised as expenses in the period in which they are incurred.

When it is probable the total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

The aggregate of the costs incurred and the profit or loss recognised on each contract is compared against the progress billings up to the period end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as amount owing from contract customers. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amount owing to contract customers.

(l) Financial liabilities

The Group recognises all financial liabilities in its statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instruments.

Financial liabilities are initially measured at fair value minus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs. Transaction costs of financial assets at fair value through profit or loss are expensed to profit or loss when incurred.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities measured at amortised cost.

Fair value through profit or loss ("FVTPL")

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL upon initial recognition or derivatives that are liabilities.

A financial liability is classified as held for trading if:-

(i) it has been incurred principally for the purpose of repurchasing it in the near term; or

(ii) on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

(iii) it is a derivative that is not designated and effective as a hedging instrument.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Financial liabilities (cont'd)

Fair value through profit or loss ("FVTPL") (cont'd)

After initial recognition, financial liabilities at FVTPL are measured at fair value with any gains or losses arising from changes in fair value recognised in profit or loss. If a financial liability is designated as at FVTPL, the change in fair value that is attributable to changes in the credit risk of that liability is presented in other comprehensive income and the remaining change in fair value of the liability is presented in profit or loss. The net gains or losses recognised in profit or loss do not include any exchange differences or interest paid on the financial liability. Exchange differences and interest expense on financial liabilities at FVTPL are recognised separately in profit or loss as part of other income or other expenses

Amortised cost

All financial liabilities, other than those categorised as FVTPL are subsequently measured at amortised cost using the effective interest method.

A gain or loss on financial liabilities at amortised cost is recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

Accounting policies applied until 30 June 2018

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(i) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Leases

As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(n) Provisions For Liabilities

Provisions for liabilities are recognised when the Group and the Company have a present legal or constructive obligation as a result of past events; when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and when a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at the end of the reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

Any reimbursement that the Group or the Company can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in the profit or loss, net of any reimbursement.

(o) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of guarantee. If the debtor fails to make payment relation to financial guarantee contracts when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation. As at the financial year-end date, the financial guarantees provided by the Company to banks are in connection with the banking facilities granted to subsidiary companies.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(p) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group and of the Company. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

(q) Related Parties

A party is related to an entity if:-

(i) directly, or indirectly through one or more intermediaries, the party:-
   a. controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiary companies and fellow subsidiary companies);
   b. has an interest in the entity that gives it significant influence over the entity; or
   c. has joint control over the entity;

(ii) the party is an associate of the entity;

(iii) the party is a joint venture in which the entity is a venture;

(iv) the party is a member of the key management personnel of the entity or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is a related party of the entity.

Close members of the family of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. The key management personnel includes all the directors of the Company and directors of the subsidiary companies, members of senior management and chief executive officer of the Company as well as members of senior management and chief executive officers of major subsidiary companies of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(r) Revenue Recognition

The Group has applied MFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application i.e. on 1 July 2018. Accordingly, the revenues recognised for 2018 have not been restated and they continue to be accounted for in accordance with the previous accounting policies.

From 1 July 2018, the Group recognises revenue from a contract with customer when it satisfies a performance obligation by transferring control of a promised good or service to the customer. Performance obligations may be satisfied over time or at a point in time. Revenue is measured based on the consideration specified in the contract which the Group expects to be entitled in exchange for transferring the good or service, excluding the amounts collected on behalf of third parties.

(i) Construction contracts

Revenue from construction contracts is recognised over time on percentage of completion method, i.e. based on the proportion of percentage of work performed to date relative to the total contract value. The directors consider that this output method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under MFRS 15.

(ii) Property development

The revenue from property development is measured at the fixed transaction price agreed under the sales and purchase agreement.

Revenue from property development is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The Group recognises revenue over time using the output method, which is based on the level of completion of the physical proportion of contract work to date, certified by professional consultants.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(r) Revenue Recognition (cont'd)

(ii) Property development (cont'd)

The promised properties are specifically identified by its plot, lot and parcel number and its attributes (such as its size and location) as in the attached layout plan in the sale and purchase agreements. The purchasers could enforce its rights to the promised properties if the Group seeks to sell the unit to another purchaser. The contractual restriction on the Group's ability to direct the promised property for another use is substantive and the promised properties sold to the purchasers do not have an alternative use to the Group. The Group has the right to payment for performance completed to date, is entitled to continue to transfer to the customer the development units promised, and has the rights to complete the construction of the properties and enforce its rights to full payment.

The Group recognises sales at a point in time for the sale of completed properties, when the control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers and it is probable that the Group will collect the consideration to which it will be entitled to in exchange for the assets sold.

(iii) Project management services

Project management services are recognised for services rendered based on the stage of completion during pre and post contract for each project.

(s) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(t) Income Tax Expense

Income taxes for the year comprise current and deferred taxes.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(t) Income Tax Expense

Deferred tax is recognised in the profit or loss, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs. The carrying amounts of deferred tax assets are reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

(u) Employee Benefits

(i) Short Term Employee Benefits

Wages, salaries, paid annual leave, paid sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur. The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period. Past-service costs are recognised immediately in profit or loss.

(ii) Defined Contribution Plan

The Group's and the Company's contributions to defined contribution plans regulated and managed by the government, are charged to profit or loss in the period to which they relate. Once the contributions have been paid, the Group and the Company have no further financial obligations.

(v) Borrowing Costs

Borrowing costs, directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress, until such time when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed as the assets are ready for their intended use or sale. Capitalisation of borrowing costs is suspended during extended periods in which active development is suspended.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they incurred.

(w) Earnings Per Share

The Group presents basic earnings per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(w) Earnings Per Share (cont'd)

Diluted EPS is determined by adjusting the profit and loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(x) Cash And Cash Equivalents

For the purposes of the statements of cash flows, cash and cash equivalents comprise cash in hand, bank balances, bank overdrafts and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(y) Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision makers to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. An operating segment may engage in business activities for which it has yet to earn revenue.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's and the Company's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below.

(a) Depreciation of Property, Plant and Equipment

The estimates for residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' action in response to the market conditions.

The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

(b) Impairment of Loans and Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment loss. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(c) Impairment of Investment in Subsidiary Companies

The carrying value of investment in subsidiary companies is reviewed for impairment. In the determination of the value in use of the investment, the Company is required to estimate the expected cash flows to be generated by the subsidiary companies and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(d) Deferred Tax Assets

Deferred tax assets are recognised for all unabsorbed business losses, unutilised capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unabsorbed business losses, unutilised capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(e) Engineering Contracts

The Group recognises engineering contract revenue and expenses in the profit or loss by using the stage of completion method. The stage of completion is determined by reference to the proportion of progress billing for work performed to date to the total project value.

Siginificant judgement is required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue and costs, as well as recoverability of the contract costs. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists and status of negotiation with the counterparties.

(f) Write Down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow moving inventories. These reviews require judgements and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(g) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Company and its subsidiary companies recognise tax liabilities based on their understanding of the prevailing tax laws and estimate of whether such taxes will be due in the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019

5. PROPERTY, PLANT AND EQUIPMENT

The details of property, plant and equipment are as follows:

Group	Freehold land RM	Freehold buildings RM	Motor vehicles RM	Fittings and equipment RM	Renovation RM	Total RM
Cost/Valuation						
At 1 January 2017						
Cost	–	–	618,395	3,822,676	758,912	5,199,983
Valuation	9,861,800	5,310,200	–	–	–	15,172,000
	9,861,800	5,310,200	618,395	3,822,676	758,912	20,371,983
Additions	–	–	–	168,810	83,400	252,210
Disposal	(4,248,686)	(2,730,405)	(539,743)	(37,475)	–	(7,556,309)
At 30 June 2018						
Cost	–	–	78,652	3,954,011	842,312	4,874,975
Valuation	5,613,114	2,579,795	–	–	–	8,192,909
	5,613,114	2,579,795	78,652	3,954,011	842,312	13,067,884

Group	Freehold land RM	Freehold buildings RM	Property development in progress RM	Motor vehicles RM	Fittings and equipment RM	Renovation RM	Total RM
Cost/Valuation							
At 1 July 2018							
Cost	–	–	–	78,652	3,954,011	842,312	4,874,975
Valuation	5,613,114	2,579,795	–	–	–	–	8,192,909
	5,613,114	2,579,795	–	78,652	3,954,011	842,312	13,067,884
Additions	–	–	1,852,942	–	72,745	14,093	1,939,780
Disposal	–	–	–	–	–	–	–
At 30 June 2019							
Cost	–	–	1,852,942	78,652	4,026,756	856,405	6,814,755
Valuation	5,613,114	2,579,795	–	–	–	–	8,192,909
	5,613,114	2,579,795	1,852,942	78,652	4,026,756	856,405	15,007,664

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019

5. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Freehold land	Freehold buildings	Motor vehicles	Fittings and equipment	Renovation	Total
	RM	RM	RM	RM	RM	RM
Accumulated depreciation						
At 1 January 2017						
Cost	–	–	348,040	2,884,929	404,455	3,637,424
Valuation	–	–	–	–	–	–
	–	–	348,040	2,884,929	404,455	3,637,424
Charge for the year						
Cost	–	–	40,184	405,033	122,188	567,405
Valuation	–	175,663	–	–	–	175,663
Disposal	–	–	(353,133)	(19,992)	–	(373,125)
Foreign currency differences	–	–	–	–	(23,306)	(23,306)
At 30 June 2018						
Cost	–	–	35,091	3,269,970	503,337	3,808,398
Valuation	–	175,663	–	–	–	175,663
	–	175,663	35,091	3,269,970	503,337	3,984,061

	Freehold land	Freehold buildings	Property development in progress	Motor vehicles	Fittings and equipment	Renovation	Total
	RM	RM	RM	RM	RM	RM	RM
Accumulated depreciation							
At 1 July 2018							
Cost	–	–	–	35,091	3,269,970	503,337	3,808,398
Valuation	–	175,663	–	–	–	–	175,663
	–	175,663	–	35,091	3,269,970	503,337	3,984,061
Charge for the year							
Cost	–	–	–	12,761	238,727	27,446	278,934
Valuation	–	70,953	–	–	–	–	70,953
Write off	–	–	–	–	–	–	–
Foreign currency differences	–	–	–	–	104,834	(98,882)	5,953
At 30 June 2019							
Cost	–	–	–	47,852	3,613,531	431,902	4,093,285
Valuation	–	246,616	–	–	–	–	246,616
	–	246,616	–	47,852	3,613,531	431,902	4,339,901

NOTES TO THE FINANCIAL STATEMENTS
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5. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Freehold land	Freehold buildings	Property development in progress	Motor vehicles	Fittings and equipment	Renovation	Total
	RM	RM	RM	RM	RM	RM	RM
Net carrying amount 2019							
Cost	–	–	1,852,942	30,800	413,225	424,503	2,721,470
Valuation	5,613,114	2,333,179	–	–	–	–	7,946,293
	5,613,114	2,333,179	1,852,942	30,800	413,225	424,503	10,667,763
Net carrying amount 2018							
Cost	–	–	–	43,561	684,041	338,975	1,066,577
Valuation	5,613,114	2,404,132	–	–	–	–	8,017,246
	5,613,114	2,404,132	–	43,561	684,041	338,975	9,083,823

(a) The freehold land and freehold buildings of the Group have been pledged to a licensed bank as securities for banking facilities granted to the Group.

(b) The entire net carrying amount of motor vehicles of the Group were purchased previously under the finance lease contracts.

(c) The freehold land and freehold buildings of the Group were revalued in November 2016 based on valuation carried out by independent professional valuers using the comparison method.

If these freehold land and freehold buildings were measured using the cost model, the net carrying amount would be as follows:

	Group	
	2019	2018
	RM	RM
Freehold land		
Cost	4,851,314	4,851,314
Freehold buildings		
Cost	2,124,481	1,961,730
Less: Accumulated depreciation	(1,051,721)	(980,768)
	1,072,760	980,962

6. INVESTMENT PROPERTIES

Group	Freehold land RM	Freehold building RM	Leasehold buildings RM	Total RM
Valuation				
At 1 July 2018 / 30 June 2018	290,000	121,600	16,186,569	16,598,169
Impairment (Note 40(c))	–	–	(15,802,903)	(15,802,903)
Foreign exchange differences	–	–	(3,914)	(3,914)
At 30 June 2019	290,000	121,600	379,752	791,352
Accumulated depreciation				
At 1 Jan 2017	–	16,600	294,751	311,351
Charge for the year	–	3,448	4,997	8,445
At 30 June 2018	–	20,048	299,748	319,796
Charge for the period	–	2,299	3,332	5,631
At 30 June 2019	–	22,347	303,080	325,427
Net carrying amount				
At 30 June 2019	290,000	99,253	76,672	465,925
At 30 June 2018	290,000	101,552	15,886,821	16,278,373

In November 2016 the Group revalued all the investment properties based on valuation carried out by independent professional valuers using the open market value basis.

If these investment properties were measured using the cost model, the net carrying amount would be as follows:

Group	Freehold land RM	Freehold building RM	Leasehold buildings RM	Total RM
2019				
Cost	245,909	121,600	379,751	747,260
Less: Accumulated depreciation	–	(17,976)	(87,610)	(105,587)
	245,909	103,624	292,141	641,673
2018				
Cost	245,909	121,600	5,146,910	5,514,419
Less: Accumulated depreciation	–	(15,677)	(84,278)	(99,955)
	245,909	105,923	5,062,632	5,414,464

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30 JUNE 2019

7. LAND HELD FOR PROPERTY DEVELOPMENT

Group	Development expenditure RM
Cost	
At 1 July 2018	5,850,000
Disposal (Note 38(c))	(5,850,000)
At 30 June 2019	–

8. INVESTMENT IN SUBSIDIARY COMPANIES

	Company 2019 RM	2018 RM
Unquoted shares, at cost		
– In Malaysia	36,025,494	36,025,552
– Outside Malaysia	9,753,435	9,753,435
	45,778,929	45,778,987
Less:Accumulated impairment losses	(11,024,924)	(11,024,982)
Add: Provision of financial guarantees by the Company	329,434	329,434
	35,083,439	35,083,439

	2019	2018
Movements on accumulated impairment losses:		
At 1 July	11,024,982	11,024,982
Addition	–	–
Reversal / write off**	(58)	–
At 30 June	11,024,924	11,024,982

Details of the subsidiary companies are as follows:

Name of subsidiary companies	Country of incorporation	Effective equity interest 2019 %	2018 %	Principal activities
Metronic Engineering Sdn. Bhd. ("MESB")	Malaysia	100	100	Procurement of contracts in relation to engineering work specialising in the field of intelligent building management system, integrated security management system, and sale of engineering equipment, e-project management of mechanical and electrical services, and supply of engineering system.

8. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

Name of subsidiary companies	Country of incorporation	Effective equity interest 2019 %	Effective equity interest 2018 %	Principal activities
Metronic Integrated Sdn. Bhd. ("MISSB")	Malaysia	100	100	Currently dormant. Intended principal activities are maintenance of intelligent building management system and integrated security management system, dealing in fertiliser and intelligent healthcare instrument.
M One Country Development Sdn. Bhd. ("MOne")	Malaysia	100	100	Property development.
Metronic Gaharu Sdn. Bhd.	Malaysia	100	100	Currently dormant. Intended principal activities are research development, production and marketing of building automation and security system products, modules and related parts.
Metronic Microsystem (Beijing) Company Limited*	People's Republic of China	100	100	Currently Dormant.
Metronic Vietnam Company Limited*	Vietnam	100	100	Currently dormant
Anhui Lai'An Metronic Water Supply Company Limited*	People's Republic of China	100	100	Currently dormant.
Metronic Engineering Private Limited ("MEPL")*	India	89	89	Currently dormant.
M Two Country Development Sdn. Bhd.	Malaysia	100	82.5	Currently dormant.
Ideal Ultimate Sdn. Bhd.**	Malaysia	–	58	Currently dormant. *(Strike off in year ended 2019)*
Bonanza Partners Sdn. Bhd.	Malaysia	70	100	Currently Dormant.

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30 JUNE 2019

8. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

* Subsidiary companies not audited by Jamal, Amin & Partners and the financial statements of these subsidiary companies were consolidated based on the management accounts as the management is of the view that the financial position, results and cash flows of these subsidiary companies are insignificant.

** The subsidiary was strike off during the year.

There are no significant restrictions on the ability of the subsidiary companies to transfer funds to the Group in the form of cash dividends or repayment of loans and advances.

The Group's subsidiary companies which have non-controlling interests are not material individually or in aggregate to the financial position, financial performance and cash flows of the Group.

Impairment loss recognised

Impairment loss was provided for investment in subsidiary companies in which these subsidiary companies had accumulated losses and had deficits in their shareholders' equity. The forecasted financial position, performance and cash flows of these subsidiary companies were not able to generate sufficient recoverable amount to justify the carrying amount of the investment in these subsidiary companies.

9. OTHER INVESTMENT

Group and Company	Shares	REIT	Total
	RM	RM	RM
2019			
Non-current			
Fair value through other comprehensive income	-	1,450,350	1,450,350
Fair value through profit or loss	3,949,322	-	3,949,322
	3,949,322	1,450,350	5,399,672
2018			
Non-current			
Available-for-sale	7,534,438	-	7,534,438

Investment in quoted shares of the Group and of the Company are designated as fair value through profit or loss (previous financial period as available-for-sale) and are measured at fair value.

Investment in unquoted shares of the Group and of the Company are designated as fair value through profit or loss but are stated at cost as their fair values cannot be reliably measured using valuation techniques due to lack of marketability of the shares.

Impairment losses on investment in quoted shares

The Group and the Company assessed the fair value of investment in quoted shares and determined that an impairment loss should be recognised as the fair value is lower than the carrying amount. The fair value of investment in quoted shares is determined based on the fair value of the quoted shares as at the end of the reporting period.

10. DEFERRED TAX ASSETS

	Group	
	2019	2018
	RM	RM
At 1 July	4,170,769	3,153,629
Transfer (to) / from statements of profit or loss and other comprehensive income	(605,570)	1,017,140
Foreign currency translation differences	35	–
	3,565,234	4,170,769
Reclassified to assets classified as held for sale *(Note 18)*	(9,625)	(9,590)
At 30 June	3,555,609	4,161,179

Deferred tax assets have been recognised in respect of the following items:

	Group	
	2019	2018
	RM	RM
Excess of accumulated depreciation over corresponding capital allowances	(39,865)	40,367
Unutilised capital allowances	–	–
Unabsorbed business losses	3,595,474	4,120,812
	3,555,609	4,161,179

11. PROPERTY DEVELOPMENT COSTS

Group	Freehold land RM	Development expenditure RM	Total RM
At 1 January 2017	9,861,011	4,127,915	13,988,926
Additions	–	3,473,906	3,473,906
Impairment	–	(789,237)	(789,237)
At 30 June 2018/ 1 July 2018	9,861,011	6,812,584	16,673,595
Additions	–	1,884	1,884
At 30 June 2019	9,861,011	6,814,468	16,675,479

NOTES TO THE FINANCIAL STATEMENTS
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12. INVENTORIES

	Group	
	2019	2018
	RM	RM
At cost net of impairment,		
Building automation equipment and parts	2,022,010	2,460,201
Reclassified to assets classified as held for sale *(Note 18)*	(651,277)	(648,962)
	1,370,733	1,811,239

13. TRADE RECEIVABLES

	Group	
	2019	2018
	RM	RM
Trade receivables	16,038,789	12,049,034
Retention sums on contracts *(Note 14)*	4,061,113	3,751,475
	20,099,902	15,800,509
Less: Accumulated impairment losses	(6,390,917)	(4,875,623)
	13,708,985	10,924,886
Reclassified to assets classified as held for sale *(Note 18)*	(1,044,484)	(1,040,771)
	12,664,501	9,884,115

The Group's normal trade credit terms granted to trade receivables ranged from 60 to 120 days (2018: 60 to 120 days). Other credit terms are assessed and approved on a case-by-case basis.

Movements of the accumulated impairment losses (individually impaired):

	Group	
	2019	2018
	RM	RM
At 1 January	4,875,623	5,379,551
Additions	1,606,646	776,342
Written off	–	(489,262)
Foreign currency differences	(91,352)	(791,008)
At 30 June	6,390,917	4,875,623

14. AMOUNT OWING BY CONTRACT CUSTOMERS

	Group	
	2019	2018
	RM	RM
Contract costs incurred to date	116,304,910	99,854,084
Add: Attributable profits	31,292,251	27,803,176
	147,597,161	127,657,260
Less: Progress billings received and receivable	(141,693,734)	(117,835,408)
	5,903,427	9,821,852
Represented by:		
Amount owing by contract customers	5,903,427	9,821,852
Retention sums on contracts, included within trade receivables *(Note 13)*	4,061,113	3,751,475
Contract cost recognised as cost	16,440,749	16,734,202

15. OTHER RECEIVABLES AND DEPOSITS

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Other receivables	7,484,319	7,742,540	115,527	79,532
Less: Accumulated impairment losses	(3,463,216)	(1,552,814)	(35,000)	–
	4,021,103	6,189,726	80,527	79,532
Deposits	286,218	996,672	250,048	656,859
	4,307,321	7,186,398	330,575	736,391
Reclassified to assets classified as held for sale *(Note 18)*	(19,697)	(19,627)	–	–
	4,287,624	7,166,771	330,575	736,391

Movements of the accumulated impairment losses (individually impaired):

	Group	
	2019	2018
	RM	RM
At 1 January	1,522,814	927,598
Additions	1,940,402	1,574,167
Reversals	–	(978,951)
Foreign currency differences	–	–
At 30 June	3,463,216	1,522,814

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019

16. AMOUNT OWING BY/(TO) SUBSIDIARY COMPANIES

	Company	
	2019	2018
	RM	RM
Amount owing by subsidiary companies		
- non-trade	21,521,381	27,932,668
Less: Accumulated impairment losses	(18,099,328)	(18,099,328)
	3,422,053	9,833,340
Amount owing to subsidiary companies		
- non-trade	(6,700,421)	(7,710,491)

The non-trade balances are unsecured, interest-free and repayable on demand.

Movements of the accumulated impairment losses (individually impaired):

	Company	
	2019	2018
	RM	RM
At 1 January	18,099,328	30,936
Additions	-	18,068,392
Reversals	-	-
At 30 June	18,099,328	18,099,328

17. FIXED DEPOSITS

Group

The fixed deposits with financial and non financial institution earn effective interest at rates ranging from 3.05% to 4.10% (2018: 3.05% to 3.20%) per annum.

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Financial Institution - under lien	5,164,159	3,417,682	-	-
Non Financial Institution	55,028,610	8,300,000	48,704,791	-
At 30 June	60,192,769	11,717,682	48,704,791	-

18. ASSETS CLASSIFIED AS HELD FOR SALE

The results of MEPL, classified as assets held for sale are as follows:

	Group	
	2019	2018
	RM	RM
Revenue *(Note 26)*	–	–
Cost of sales *(Note 27)*	–	–
Other income	–	–
Expenses	(93,542)	(1,829,101)
Finance costs *(Note 28)*	–	–
Loss before taxation from assets held for sale	(93,542)	(1,829,101)
Income tax expense	–	–
Loss after taxation from assets held for sale	(93,542)	(1,829,101)

Included in assets classified as held for sale in the Consolidated Statement of Financial Position as at 30 June 2019 and 2018 are:

	Group	
	2019	2018
	RM	RM
Property, plant and equipment	803	800
Deferred tax assets *(Note 10)*	9,625	9,590
Inventories *(Note 12)*	651,277	648,962
Trade receivables *(Note 13)*	1,044,484	1,040,771
Other receivables *(Note 15)*	19,697	19,627
Fixed deposits	297,489	297,489
Cash and bank balances	256,551	254,582
Assets classified as held for sale	2,279,926	2,271,821
Trade payables *(Note 21)*	253,576	252,674
Other payables *(Note 22)*	886,778	790,714
Loans and borrowings	997,937	1,015,674
Foreign currency translation reserve	–	–
Liabilities associated with assets classified as held for sale	2,138,291	2,059,062

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019

19. SHARE CAPITAL

	Group and Company			
	2019	2018	2019	2018
	Number of ordinary shares		RM	RM
Ordinary shares of RM0.10 each:				
Authorised:				
At 1 July	NA	NA	NA	NA
Issued and fully paid:				
At 1 July	962,737,128	758,397,503	89,877,524	75,839,750
Issued during the year:				
-Share consolidation	(641,826,458)	–	–	–
-Private placement	–	67,200,000	–	4,704,000
-Rights issue	641,821,340	–	22,010,526	–
-Warrant subscription/exercised	71,086,890	–	5,686,951	–
-Capitalisation of warrant reserve	–	–	2,910,408	–
-ESOS exercised	98,696,593	137,139,625	8,087,942	9,333,774
At 30 June	1,132,515,493	962,737,128	128,573,351	89,877,524

The holders of the ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regards to the Company's residual assets.

20. OTHER RESERVES

	Group		Company	
	2019	2018 (Restated)	2019	2018 (Restated)
	RM	RM	RM	RM
Non-distributable				
Other reserves:				
Revaluation reserve	5,669,118	17,437,708	–	–
Warrant reserve	16,797,466	–	16,797,466	–
Employee share option reserve	–	685,698	–	685,698
Foreign currency translation reserve	(58,116)	(138,524)	–	–
	22,408,468	17,984,882	16,797,466	685,698

(a) *Revaluation reserve*

The revaluation reserve represents the cumulative changes arising from the valuation of freehold land, freehold and leasehold buildings which are not distributable.

20. OTHER RESERVES (cont'd)

(b) Warrant reserve

The warrant was constituted under the Deed Poll dated 1 March 2019.

Salient features of the above warrants are as follows:

i. Each of the warrant entitles the holder to the right of exercise of one ordinary share in the Company. The number of warrants are subject to adjustments under certain circumstances in accordance with the provisions of the Deed Poll.
ii. The close of business on the warrants is three (3) years from the date of issuance of the warrants: thereafter the outstanding warrants will cease to be valid for any purpose.
iii. The new ordinary shares allotted and issued upon exercise of the warrants shall be fully paid and rank pari passu with the then existing ordinary shares of the Company. The warrant holders will not have any voting rights in any general meeting of the Company unless the warrants are exercised into new ordinary shares and registered prior to the date of the general meeting of the Company.
iv. The warrant are quoted on the main market of Bursa Malaysia on 23 April 2019. Each warrant entitles its holder the right to subscribe for one ordinary share each in the Company at any time up to the expiry date of 16 April 2022 at an exercise price of RM0.08 payable in cash.

The number of unexercised Warrants as at the end of the reporting period is 410,278,976.

(c) Employee share option reserve

The employee share option reserve represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services rendered from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

The main features of the ESOS are amongst others as follows:

i. Eligible persons are employees including Executive and Non-Executive Director which subject to the determination and absolute direction of the ESOS committee fulfilled the eligibility criteria set by the Board/ESOS committee.
ii. The maximum number of new ordinary shares of the Company, which may be available under the scheme, shall not exceed in aggregate 15% of the total number of issued share capital of the Company at any point in time when an offer is made throughout the duration of the scheme.
iii. The option price shall be determined by the Board upon recommendation by the ESOS Committee based on the 5-day weighted average market price of the Company's share as quoted on Bursa Securities, immediately preceding the date of offer of the ESOS option.
iv. The option may be exercised by the option holders by notice in writing to the Company in the prescribed form during the option period in respect of all or any part of the new ordinary shares of the Company comprised in the ESOS.
v. All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company, provided always that new ordinary shares so allotted and issued, will not be entitled to any dividends, rights, allotments and/ or other distributions declared, where the entitlement date of which is prior to date of allotment and issuance of the new ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS
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20. OTHER RESERVES (cont'd)

(c) Employee share option reserve (cont'd)

During the financial year, on 19 June 2019, the Company has granted share options to eligible employees under its ESOS, with an offer of options of 98,696,593 at an exercise price of RM0.0674 per ordinary share.

There is no unexercised ESOS option at the reporting date.

(d) The foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange difference arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

21. TRADE PAYABLES

	Group	
	2019	2018
	RM	RM
Trade payables	7,518,421	4,826,027
Reclassified to assets classified as held for sale *(Note 18)*	(253,576)	(252,674)
	7,264,845	4,573,353

The normal trade credit terms granted by trade payables to the Group ranged from 30 to 90 days (2018: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

22. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Other payables	9,796,759	14,142,785	1,099,021	5,815,135
Accruals	1,591,095	2,468,537	1,452,799	1,461,949
Provision for defect liabilities	4,553,290	4,011,239	–	–
	15,941,144	20,622,561	2,551,820	7,277,084
Reclassified to assets classified as held for sale *(Note 18)*	(886,778)	(790,714)	–	–
	15,054,366	19,831,847	2,551,820	7,277,084

23. FINANCE LEASE LIABILITIES

Group	Future instalments payable RM	Undue interest RM	Principal payable RM
2019			
Shown under current liabilities			
Within 1 year	17,707	(539)	17,168
Shown under non-current liabilities			
Between 2 to 5 years	–	–	–
	17,707	(539)	17,168
2018			
Shown under current liabilities			
Within 1 year	31,963	(1,698)	30,265
Shown under non-current liabilities			
Between 2 to 5 years	–	–	–
	31,963	(1,698)	30,265

The finance lease liabilities of the Group bear interest at rates ranging from 2.61% to 2.85% (2018: 2.68% to 3.65%) per annum.

24. SHORT TERM BORROWINGS

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Bank overdrafts	2,896,715	2,180,570	–	–
Bankers' acceptances	1,217,513	1,194,166	–	–
Margin financing	1,066,016	1,947,796	1,066,016	1,947,796
	5,180,244	5,322,532	1,066,016	1,947,796

The above bank borrowings are denominated in RM, granted by licensed banks and are secured against freehold land and buildings, leasehold buildings and fixed deposits disclosed in Notes 5 and 17.The borrowings bear effective interest rates ranging from 2.81% to 8.00% (2018: 2.81% to 8.00%) per annum.

The margin financing granted by securities company is secured by quoted shares as disclosed in Note 9 and bear the interest of 9.5% (2018:9.5%) per annum.

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25. FINANCIAL EFFECTS ARISING FROM ADOPTION OF MFRS 15 AND MFRS 9 FINANCIAL INSTRUMENT

During the financial year, the Group and the Company adopted MFRS 15, *Revenue from Contracts with Customers* and MFRS 9, *Financial Instruments* on its financial statements. The Group and the Company generally applied the requirement of these accounting standards retrospectively with practical expedients and transitional exemptions as allowed by the standards. Nevertheless, as permitted bt MFRS 9, the Group and the Company has elected not to restate the comparatives.

The following tables summarise the impacts arising from the adoption of MFRS 15 and MFRS 9 on the Group's and the Company's financial statements.

		1 July 2018	
Statement of Financial Position	**30 June 2018**	**Remeasurement**	**Amortised cost**
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	9,083,823	–	9,083,823
Investment properties	16,278,373	–	16,278,373
Land held for property development	5,850,000	–	5,850,000
Available-for-sale financial assets	7,534,438	(7,534,438)	–
Other Investment	–	7,534,438	7,534,438
Deferred tax assets	4,161,179	–	4,161,179
	42,907,813	–	42,907,813
CURRENT ASSETS			
Property development cost	16,673,595	–	16,673,595
Inventories	1,811,239	–	1,811,239
Trade receivables	9,884,115	(889,440)	8,994,675
Amount owing by contract customer	9,821,853	(1,327,457)	8,494,396
Other receivables and deposits	7,166,771	(1,684,350)	5,482,421
Current tax assets	17,281	–	17,281
Fixed deposits	11,717,682	–	11,717,682
Cash and bank balances	516,957	–	516,957
	57,609,493	(3,901,247)	53,708,246
Asset of disposal company classified as held for sale	2,271,821	–	2,271,821
	59,881,314	–	55,980,067
TOTAL ASSETS	102,789,127	(3,901,247)	98,887,880

25. FINANCIAL EFFECTS ARISING FROM ADOPTION OF MFRS 15 AND MFRS 9 FINANCIAL INSTRUMENT (cont'd)

		1 July 2018	
Statement of Financial Position (cont'd)	**30 June 2018**	**Remeasurement**	**Amortised cost**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	89,877,524	–	89,877,524
Other reserves	17,984,882	–	17,984,882
Accumulated losses	(36,993,153)	(3,901,247)	(40,894,400)
Total equity attributable to owners	70,869,253	(3,901,247)	66,968,006
Non-controlling interests	102,815	–	102,815
TOTAL EQUITY	70,972,068	(3,901,247)	67,070,821
LIABILITIES			
CURRENT LIABILITIES			
Trade payables	4,573,353	–	4,573,353
Other payables and accruals	19,831,847	–	19,831,847
Finance lease liabilities	30,265	–	30,265
Short term borrowings	5,322,532	–	5,322,532
	29,757,997	–	29,757,997
TOTAL LIABILITIES	29,757,997	–	29,757,997
Liabilities of disposal company classified as held for sale	2,059,062	–	2,059,062
	31,817,059	–	31,817,059
TOTAL EQUITY AND LIABILITIES	102,789,127	(3,901,247)	98,887,880

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26. REVENUE

	Group	
	2019	2018
	RM	RM
Contract work	19,634,435	29,663,357
Maintenance services	7,040,815	11,268,271
Sale of equipment	528,362	2,732,474
	27,203,612	43,664,102
Less: Revenue from assets classified as held for sale *(Note 18)*	–	–
Revenue from continuing operations	27,203,612	43,664,102

27. COST OF SALES

	Group	
	2019	2018
	RM	RM
Contract costs *(Note 14)*	16,440,749	16,734,202
Maintenance services	1,545,246	4,125,030
Cost of equipment sold	322,469	376,441
Cost of fertilisers	–	250,898
	18,308,464	21,486,571
Less: Cost of sales from assets classified as held for sale *(Note 18)*	–	–
Cost of sales from continuing operations	18,308,464	21,486,571

28. FINANCE COSTS

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Bank overdraft interest	176,124	364,265	–	–
Bankers' acceptances interest	132,223	167,127	–	–
Finance lease liabilities interest	1,159	8,886	–	–
Other interest expense	–	66,807	–	–
Share financing interest	197,870	236,857	197,870	236,857
	507,376	843,942	197,870	236,857
Less: Interest expenses for assets classified as held for sale *(Note 18)*	–	–	–	–
Finance costs from continuing operations	507,376	843,942	197,870	236,857

29. LOSS BEFORE TAXATION

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Loss before taxation is stated *after charging*:				
Auditors' remuneration				
Statutory audits:				
– current year's	169,926	202,370	65,000	90,000
Other services:				
– current year's	–	104,989	–	–
Bad debts written off	–	86,753	–	–
Depreciation of property, plant and equipment	349,887	743,068	–	–
Depreciation of investment properties	5,630	8,445	–	–
Loss on foreign exchange				
– realised	2,016	14,614	–	–
Impairment losses on:				
– amount owing by subsidiary companies	–	–	–	18,068,392
– investment in joint ventures	–	220,850	–	220,850
– trade receivables	1,725,451	776,342	–	–
– other receivables	315,476	1,152,207	–	–
Impairment losses on fair value through profit or loss financial assets in:				
– quoted shares	3,307,541	905,750	3,307,541	905,750
Impairment of investment property	4,038,228	–	–	–
Other investments written off	–	750,416	–	–
Property, plant and equipment written off	5,953	210,536	–	–
Rental expenses	63,120	128,380	41,700	18,000
Staff costs *(Note 31)*	9,267,608	14,150,541	2,074,320	1,453,108

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29. LOSS BEFORE TAXATION (cont'd)

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
stated *after crediting*:				
Gain on disposal of available-for-sale financial assets	–	(555,272)	–	(555,272)
Gain on disposal of property, plant and equipment	–	(189,703)	–	–
Gain on foreign exchange				
– realised	(2,016)	(14,614)	–	–
Interest income	(677,540)	(245,303)	(293,523)	(107)
Reversals of impairment losses on:				
– trade receivables	–	(1,698,733)	–	–
Bad debt recovered	(580,629)	(420,545)	–	(420,545)

30. INCOME TAX EXPENSE

	Group	
	2019	2018
	RM	RM
Malaysian income tax:		
– current year's provision	–	69,593
– under provision in respect of prior year	–	–
Deferred tax:		
– relating to origination and reversal of temporary differences	605,570	(1,007,550)
– over provision in respect of prior year	–	–
	605,570	(937,957)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2018: 24%) of the estimated assessable profit for the period.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. There were no tax for the foreign subsidiary companies in China, India and Vietnam as they were in a tax loss position for the current financial period.

30. INCOME TAX EXPENSE (cont'd)

A reconciliation of income tax expense applicable to loss before taxation at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Loss before taxation from continuing operations	(14,201,934)	(3,386,082)	(7,261,976)	(4,747,580)
Income tax expense at Malaysian statutory tax rate of 24% (2018: 24%)	(3,408,464)	(812,660)	(1,742,874)	(1,139,419)
• Adjustments for the following tax effects:				
– expenses not deductible for tax purposes	3,104,985	2,414,594	1,530,304	1,253,376
– income not subject to tax	(185,304)	(414,611)	(70,426)	(414,611)
– deferred tax assets not recognised during the year	–	–	–	300,654
– unutilised business loss	387,466	–	212,570	–
– other income subject to tax	101,317	–	70,426	–
– temporary differences not recognised	–	(1,117,730)	–	–
	3,408,464	882,253	1,742,874	1,139,419
• Under provision of taxation in respect of prior year	–	–	–	–
• Over provision of deferred tax assets in respect of prior year	605,570	(1,007,550)	–	–
	605,570	(937,957)	–	–

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30. INCOME TAX EXPENSE (cont'd)

The amount of temporary differences of which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group	
	2019	2018
	RM	RM
Excess of accumulated depreciation over corresponding	(356,775)	(18,648)
capital allowances	190,670	–
Unutilised capital allowances	14,981,143	17,170,052
Unabsorbed business losses	14,815,038	17,151,404

31. STAFF COSTS

The staff costs recognised in profit or loss are as follows:

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Salaries and wages	7,545,161	9,875,661	504,642	289,689
Defined contribution plan	878,787	1,403,522	67,951	100,136
Other employee benefit expenses	93,166	2,871,358	751,633	1,063,283
Share based payment	750,094	–	750,094	–
	9,267,208	14,150,541	2,074,320	1,453,108

Remuneration to directors, who are also the key management personnel of the Group and of the Company which included in the staff cost above as follows:

	2019	2018	2019	2018
	RM	RM	RM	RM
Salaries and wages	262,580	240,002	262,580	240,002
Defined contribution plan	93,613	41,578	93,613	41,578
Other employee benefit expenses	29,700	35,000	29,700	35,000
Director fees	168,750	185,000	168,750	185,000
	554,643	501,580	554,643	501,580

32. LOSS PER SHARE

Basic loss per share

The basic loss per ordinary share as at 30 June 2019 is arrived at by dividing the Group's loss attributable to owners of the Company by the weighted average number of ordinary shares issued and calculated as follows:

	Group	
	2019	2018
Loss attributable to owners of the Company (RM)	(14,807,504)	(2,448,125)
Loss from assets held for sale (RM)	(93,542)	(1,829,101)
(Less)/add: Non-controlling interests share of results (RM)	–	(18,470)
	(93,542)	(1,847,571)
Loss attributable to owners of the Company (RM)	(14,901,046)	(4,295,696)
Weighted average number of ordinary shares issued as at 30 June	826,504,930	904,962,209
Basic/diluted loss per share (sen)		
– from continuing operations	(1.79)	(0.27)
– from assets classified as held for sale	(0.20)	(0.20)
	(1.99)	(0.47)

** negligible*

Diluted loss per share

The diluted loss per share is same as per the loss per share as there were no potential dilutive ordinary shares outstanding at the end of the reporting period.

33. OPERATING SEGMENTS

For management purpose, the Group segment reporting format is determined to be geographical as the Group's risks and rates of return are affected predominantly by the location of where revenue is generated. The Group's geographical segments are divided into two categories.

(i) Malaysia

The operations in this area are system integration specialising in the field of intelligent building management system and integrated security management system, e-project management of mechanical and electrical services, supply of engineering systems and equipment, and marketing and distribution of intelligent healthcare and fertilisers.

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33. OPERATING SEGMENTS (cont'd)

(ii) Overseas

The Group has subsidiaries companies and branch in Vietnam, India, People's Republic of China and United Arab Emirates. The companies were previously involved in the system integration specialising in the field of intelligent building management system and integrated security management system and supply of engineering systems and equipment. However all overseas operations have ceased operation.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which is measured differently from operating profit or loss in the consolidated financial statements. Transfer pricing between operating segments are on arm's length basis in a manner similar to transactions with third parties.

The following table provides an analysis of the Group's revenue, results, assets and liabilities by geographical segment.

Group	**Note**	**Malaysia**	**Overseas**	**Elimination**	**Total**
2019		**RM**	**RM**	**RM**	**RM**
Revenue					
Continuing operations					
Sales to external customers		27,203,612	–	–	27,203,612
Inter-segment revenue		–	–	–	–
Total revenue		27,203,612	–	–	27,203,612
Assets held for sale					
Sales to external customers		–	–	–	–
Inter-segment revenue		–	–	–	–
Total revenue		–	–	–	–
Group revenue	A				27,203,612
Results					
Segment results	D	(9,070,961)	(4,530,055)	(93,542)	(13,694,558)
Finance costs		(507,376)	–	–	(507,376)
(Loss)/profit before taxation					
– Continuing operations		(9,578,337)	(4,530,055)	(93,542)	(14,201,934)
– Assets classified as held for sale		–	(93,542)	–	(93,542)
Income tax expense		(605,770)	–	–	(605,570)
(Loss)/profit after taxation		(10,184,107)	(4,623,597)	(93,542)	(14,901,046)

33. OPERATING SEGMENTS (cont'd)

Group 2019 (cont'd)	Note	Malaysia RM	Overseas RM	Elimination RM	Total RM
Assets					
Segment assets	B	124,733,041	2,498,016	(2,279,926)	124,951,131
Liabilities					
Segment liabilities	C	19,639,174	(7,877,449)	(2,138,291)	(29,654,914)
Other segment information					
Depreciation of property, plant and equipment		344,198	–	(5,689)	349,887
Depreciation of investment properties		5,630	–	–	5,630

Group 2018	Note	Malaysia RM	Overseas RM	Elimination RM	Total RM
Revenue					
Continuing operations					
Sales to external customers		43,664,102	–	–	43,664,102
Inter-segment revenue		–	–	–	–
Total revenue		43,664,102	–	–	43,664,102
Assets held for sale					
Sales to external customers		–	–	–	–
Inter-segment revenue		–	–	–	–
Total revenue		–	–	–	–
Group revenue	A				43,664,102
Results					
Segment results	D	1,264,242	(2,071,020)	(1,829,101)	(2,635,878)
Finance costs		(843,942)	–	–	(843,942)
(Loss)/profit before taxation					
– Continuing operations		420,300	(2,071,020)	(1,829,101)	(3,479,820)
– Assets classified as held for sale		–	202,383	–	202,383
Income tax expense		(937,957)	–	–	(937,957)
(Loss)/profit after taxation		(517,657)	(1,868,637)	(1,829,101)	(4,215,394)

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33. OPERATING SEGMENTS (cont'd)

Group 2018 (cont'd)	Note	Malaysia RM	Overseas RM	Elimination RM	Total RM
Assets					
Segment assets	B	86,247,745	18,681,384	(2,271,821)	102,657,308
Liabilities					
Segment liabilities	C	25,754,634	7,794,651	(2,059,062)	31,490,223
Other segment information					
Depreciation of property, plant and equipment		658,424	93,120	(8,476)	743,068
Depreciation of investment properties		8,445	–	–	8,445
Provision for slow moving inventories		–	–	–	–

The Group, based on the original composition comprises three main business segments as follows:

(i) Engineering – system integration specialising in the field of intelligent building management system and integrated security management system, e-project management of mechanical and electrical services, supply of engineering systems and equipment.

(ii) Marketing and distribution of intelligent healthcare and fertilisers.

(iii) Investment holding.

The following table provides an analysis of the Group's revenue, results, assets and liabilities by business segment.

Group 2019	Note	Engineering RM	Marketing and distribution RM	Investment holding RM	Elimination RM	Total RM
Revenue						
Continuing operations						
Sales to external customers		27,203,612	–	–	–	27,203,612
Inter-segment revenue		–	–	–	–	–
Total revenue		27,203,612	–	–	–	27,203,612

33. OPERATING SEGMENTS (cont'd)

Group 2019 (cont'd)	Note	Engineering RM	Marketing and distribution RM	Investment holding RM	Elimination RM	Total RM
Assets held for sale						
Sales to external customers		–	–	–	–	–
Inter-segment revenue		–	–	–	–	–
Total revenue		–	–	–	–	–
Group revenue	A					27,203,612
Results						
Segment results	D	(13,601,016)	–	–	(93,542)	(13,694,558)
Finance costs		(507,376)	–	–	–	(507,376)
Profit/(loss) before taxation						
– Continuing operations		(14,108,392)	–	–	(93,542)	(14,201,934)
– Assets classified as held for sale		(93,542)	–	–	–	(93,542)
Income tax expense		(605,570)	–	–	–	(605,570)
Loss after taxation		(14,807,504)	–	–	(93,542)	(14,901,046)
Assets						
Segment assets	B	124,951,131	–	–	–	124,951,131
Liabilities						
Segment liabilities	C	(29,654,914)	–	–	–	(29,654,914)
Other segment information						
Depreciation of property, plant and equipment		344,198	–	–	–	344,198
Depreciation of investment properties		5,630	–	–	–	5,630

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33. OPERATING SEGMENTS (cont'd)

Group 2018	Note	Engineering RM	Marketing and distribution RM	Investment holding RM	Elimination RM	Total RM
Revenue						
Continuing operations						
Sales to external customers		43,664,102	–	–	–	43,664,102
Inter-segment revenue		–	–	–	–	–
Total revenue		43,664,102	–	–	–	43,664,102
Assets held for sale						
Sales to external customers		–	–	–	–	–
Inter-segment revenue		–	–	–	–	–
Total revenue		–	–	–	–	–
Group revenue	A					43,664,102
Results						
Segment results	D	(806,776)	–	–	(1,829,101)	(2,635,877)
Finance costs		(843,942)	–	–	–	(843,942)
Profit/(loss) before taxation						
– Continuing operations		(1,650,718)	–	–	(1,829,101)	(3,479,819)
– Assets classified as held for sale		202,383	–	–	–	202,383
Income tax expense		(937,957)	–	–	–	(937,957)
Loss after taxation		(2,386,292)	–	–	(1,829,101)	(4,215,393)
Assets						
Segment assets	B	102,869,109	–	–	–	102,869,109
Liabilities						
Segment liabilities	C	31,487,223	–	–	–	31,487,223

33. OPERATING SEGMENTS (cont'd)

Group 2018 (cont'd)	Note	Engineering RM	Marketing and distribution RM	Investment holding RM	Elimination RM	Total RM
Other segment information						
Depreciation of property, plant and equipment		743,068	–	–	–	743,068
Depreciation of investment properties		8,445	–	–	–	8,445
Provision for slow moving inventories		1,497,042	–	–	–	1,497,042

The Group's revenue is derived from numerous customers and there is no one major customer that contributes significantly to the revenue during the current financial period.

Notes: Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements are as follows:

A Inter-segment revenues are eliminated on consolidation.

B Inter-segment assets are eliminated on consolidation.

C Inter-segment liabilities are eliminated on consolidation.

D The adjustments relate to classification of assets classified as held for sale.

34. RELATED PARTY DISCLOSURES

(a) Identities of related parties

(i) The Group has controlling related party relationships with its subsidiary companies;

(ii) The directors of the Company who are the key management personnel; and

(iii) A company where one of the directors is connected to a director of the Company.

(b) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company carried out the following transactions with the related parties during the financial period:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Rental of premises paid to a subsidiary company	–	–	12,000	12,000

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34. RELATED PARTY DISCLOSURES (cont'd)

Key management compensation

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Key management personnel compensation:				
Short term employee benefits	–	–	–	–

35. FINANCIAL INSTRUMENTS

The Group's and the Company's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk, liquidity and cash flow risks. The Group's and the Company's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's and the Company's financial performance.

(a) Financial Risk Management Policies

The Group's and the Company's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Group's and of the Company's businesses whilst managing their market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity and cash flow risks. The Group's and the Company's policies in respect of the major areas of treasury activity are as follows:-

(i) Market Risk

(a) Foreign Currency Risk

The Group and the Company are exposed to foreign currency risk on transactions and balances that are denominated in currencies other than RM. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

The net unhedged financial assets/(liabilities) of the Group and of the Company not denominated in RM were as follows:-

Group 2019	Australian Dollar (AUD)	Chinese Yuan Renmimbi (RMB) RM	Vietnamese Dong (VND) RM	Total RM
Financial Assets				
Other Investment	1,450,350	–	–	1,450,350
Trade receivables	–	–	64,679	64,679
Other receivables and deposits	–	–	3,722	3,722
Cash and bank balances	–	–	44,540	44,540
	1,450,350	–	112,941	1,563,291

35. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(i) Market Risk (cont'd)

(a) Foreign Currency Risk (cont'd)

Group 2019 (cont'd)	Chinese Yuan Renmimbi (RMB) RM	Vietnamese Dong (VND) RM	Total RM
Financial Liabilities			
Trade payables	–	3,799	3,799
Other payables and accruals	5,661,425	52,573	5,713,998
Short term borrowings	–	–	–
	5,661,425	56,372	5,717,797
Net currency exposure	(5,661,425)	56,569	(5,604,855)

Group 2018	Chinese Yuan Renmimbi (RMB) RM	Vietnamese Dong (VND) RM	Total RM
Financial Assets			
Trade receivables	–	63,953	63,953
Other receivables and deposits	305,374	3,680	309,054
Cash and bank balances	2,143	44,040	46,183
	307,517	111,673	419,190
Financial Liabilities			
Trade payables	–	3,757	3,757
Other payables and accruals	5,959,543	9,802	5,969,345
Short term borrowings	–	35,457	35,457
	5,959,543	49,016	6,008,559
Net currency exposure	(5,652,026)	62,657	(5,589,368)

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35. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(i) Market Risk (cont'd)

(a) Foreign Currency Risk (cont'd)

Foreign Currency Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies as at the end of the reporting period, with all other variables held constant:-

	2019 RM Increase/ (Decrease)	2018 RM Increase/ (Decrease)
Effects on profit after tax/equity		
Strengthened by 10%		
- RMB	566,142	565,203
- SAR	-	-
- VND	(5,657)	(6,266)
- AUD	119,572	-
Weakened by 10%		
- RMB	(566,142)	(565,203)
- SAR	-	-
- VND	5,657	6,266
- AUD	(119,572)	-

(b) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposures to interest rate risk arise mainly from interest bearing borrowings and fixed deposits placement. The Group's and the Company's policies are to obtain the most favourable interest rates available. Any surplus funds of the Group and of the Company will be placed into fixed deposits to generate interest income.

Fair Value Sensitivity Analysis For Fixed Rate Instrument

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the end of the reporting period would not affect profit or loss.

35. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(i) Market Risk (cont'd)

(b) Interest Rate Risk (cont'd)

Interest Rate Risk Sensitivity Analysis

The following table details the sensitivity analysis on the floating rate instruments to a reasonably possible change in the interest rate as at the end of the reporting period, with all other variables held constant:

	Group	
	2019 RM Increase/ (Decrease)	**2018 RM Increase/ (Decrease)**
Effects on profit after tax/equity		
Increase of 100 basis points (bp)	(124,639)	(125,777)
Decrease of 100 bp	124,639	125,777

(c) Equity Price Risk

The Group and the Company are exposed to equity price risk arising from their investment in quoted shares. The quoted shares in Malaysia are listed on Bursa Securities. These instruments are classified as fair value through profit or loss. The Group and the Company do not have exposures to commodity price risk.

Equity Price Risk Sensitivity Analysis

A 10% increase in the market price of the quoted shares as at the end of the reporting period would have increased equity by RM394,932 (2018: 753,447). A 10% decrease in market price would have had equal but opposite effect on equity.

(ii) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Group's and the Company's exposures to credit risk arise mainly from trade and other receivables. The maximum exposure to credit risk is represented by the carrying amount of these financial assets in the statements of financial position reduced by the effects of any netting arrangements with counterparties. The Group and the Company manage their exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. The Company only provides advances to subsidiary companies. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties and financial institutions.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019

35. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(ii) Credit Risk (cont'd)

The Group and the Company establish an allowance for impairment that represents their estimate of incurred losses in respect of the trade and other receivables as appropriate. The main component of this allowance is a specific loss component that relates to individually significant exposures. Impairment is estimated by management based on prior experience and the current economic environment.

Credit Risk Concentration Profile

The Group has no significant concentration of credit risk that may arise from exposure to a single receivable or to groups of receivables.

Exposure to Credit Risk

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets at the reporting date.

Ageing Analysis

The ageing analysis of the Group's trade receivables at the reporting date is as follows:-

	Group	
	2019	**2018**
	RM	**RM**
Not past due	5,482,517	1,571,429
Past due but not impaired:		
- less than 3 months	526,752	757,091
- 3 to 6 months	68,953	1,655,291
- more than 6 months	1,979,623	3,189,600
	2,575,328	5,601,982
Retention sums	4,061,113	3,751,475
Impaired	4,970,943	4,875,623
	17,089,902	15,800,509

The Group uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due of more than 6 months, which are deemed to have higher credit risk, are monitored individually.

Trade receivables that are neither past due nor impaired are regular customers of the Group.

Trade receivables that are past due but not impaired are unsecured in nature. They are creditworthy receivables.

Trade receivables that were individually impaired were those in financial difficulties and have defaulted in payments.

35. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(iii) Liquidity and Cash Flow Risks

Liquidity and cash flow risks is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

The Group's and the Company's exposures to liquidity and cash flow risks arise mainly from general funding and business activities. The Group and the Company practise risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

The following tables set out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):

Group	Weighted Average Effective Rate	Carrying Amount	Contractual Undiscounted Cash Flows	Within 1 Year	1 – 2 Years	2 – 5 Years
	%	RM	RM	RM	RM	RM
2019						
Trade payables	–	7,264,845	7,264,845	7,264,845	–	–
Other payables and accruals	–	15,054,365	15,054,365	15,054,365	–	–
Finance lease liabilities	2.68 – 3.65	17,168	17,168	17,168	–	–
Short term borrowings	2.81 – 8.00	5,180,244	5,180,244	5,180,244	–	–
		27,516,622	27,516,622	27,516,622	–	–
2018						
Trade payables	–	4,573,353	4,573,353	4,573,353	–	–
Other payables and accruals	–	19,831,847	19,831,847	19,831,847	–	–
Finance lease liabilities	2.68 – 3.65	30,265	30,265	30,265	–	–
Short term borrowings	2.81 – 8.00	5,322,532	5,322,532	5,322,532	–	–
		29,757,997	29,757,997	29,757,997	–	–

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019

35. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial Risk Management Policies (cont'd)

(iii) Liquidity and Cash Flow Risks (cont'd)

Company	Weighted Average Effective Rate	Carrying Amount	Contractual Undiscounted Cash Flows	Within 1 Year
	%	RM	RM	RM
2019				
Other payables and accruals	–	2,551,820	2,551,820	2,551,820
Amount owing to subsidiary companies	–	6,700,421	6,700,421	6,700,421
Short term borrowings	2.81 – 8.00	1,066,016	1,066,016	1,066,016
		10,318,257	10,318,257	10,318,257
2018				
Other payables and accruals	–	7,277,084	7,277,084	7,277,084
Amount owing to subsidiary companies	–	7,710,491	7,710,491	7,710,491
Short term borrowings	2.81 – 8.00	1,947,796	1,947,796	1,947,796
		16,935,371	16,935,371	16,935,371

(b) Capital Risk Management

The Group and the Company manage their capital to ensure that the Group and the Company will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Company may make adjustments to the capital structure in view of changes in economic conditions, such as issuing new shares.

The Group and the Company manage their capital based on debt-to-equity ratio. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt for the Group is calculated as finance lease liabilities, trade and other payables, accruals, amount owing to a director and short term borrowings less fixed deposits and cash and bank balances. Net debt for the Company is calculated as other payables and accruals plus amount owing to subsidiary companies and short term borrowings less fixed deposits and cash and cash equivalents.

35. FINANCIAL INSTRUMENTS (cont'd)

(b) Capital Risk Management (cont'd)

The debt-to-equity ratios of the Group and of the Company as at the end of the financial period were as follows:

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
Trade payables	7,264,845	4,573,353	–	–
Other payables and accruals	15,054,366	19,831,847	2,551,820	7,277,084
Amount owing to subsidiary companies	–	–	6,700,421	7,710,491
Finance lease liabilities	17,168	30,265		–
Short term borrowings	5,180,244	5,322,532	1,066,016	1,947,796
	27,516,623	29,757,997	10,318,257	16,935,371
Less: Fixed deposits	(60,192,769)	(11,717,682)	(48,704,791)	–
Cash and bank balances	(1,487,703)	(516,957)	(1,220,844)	(23,099)
Net debt	(34,163,849)	17,523,358	(39,607,378)	16,912,272
Total equity	95,296,217	70,972,068	83,843,059	36,297,497
Debt-to-equity ratio	**	0.25	**	0.47

** Not meaningfull as the Group and the Company are in net cash position

There were no changes in the Group's and the Company's approaches to capital management during the financial period.

(c) Classification of Financial Instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019

35. FINANCIAL INSTRUMENTS (cont'd)

(c) Classification of Financial Instruments (cont'd)

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

2019	Group RM	Company RM
Financial assets		
Fair value through other comprehensive income		
Other investment	1,450,350	1,450,350
Fair value through profit or loss		
Other investment	3,949,322	3,949,322
At amortised cost		
Trade receivables	11,244,527	–
Amount due from contract customer	7,323,401	–
Other receivables	4,287,627	330,575
Fixed deposit	60,192,769	48,704,791
Cash and bank balance	1,487,703	1,220,844
	84,536,027	50,256,210
Financial liabilities		
At amortised cost		
Trade payables	7,264,845	–
Other payables and deposit	15,054,366	2,551,820
Amount owing to subsidiary companies	–	6,700,421
Finance lease liability	17,168	–
Sort term borrowing	5,180,244	1,066,016
	27,516,623	10,318,257

35. FINANCIAL INSTRUMENTS (cont'd)

(c) Classification of Financial Instruments (cont'd)

2018	Group RM	Company RM
Financial assets		
Available-for-sale financial assets	7,534,438	7,534,438
Loans And Receivables		
Trade receivables	9,884,115	–
Other receivables and deposits	7,166,771	736,391
Amount owing by subsidiary companies	–	9,833,340
Fixed deposits	11,717,682	–
Cash and bank balances	516,957	23,099
	29,285,525	10,592,830
Financial Liabilities		
Other Financial Liabilities		
Trade payables	4,573,353	–
Other payables and accruals	19,831,847	7,277,084
Amount owing to subsidiary companies	–	7,710,491
Finance lease liabilities	30,265	–
Short term borrowings	5,322,532	1,947,796
	29,757,997	16,935,371

(d) Fair Values of Financial Instruments

The carrying amounts of the financial assets and financial liabilities of the Group and of the Company reported in the financial statements approximated their fair values due to the short term nature, except for:

(i) Quoted shares in available-for-sale financial assets

Quoted shares in available-for-sale financial assets are carried at fair value by reference to their quoted closing prices at the end of the reporting period.

(ii) Unquoted shares in available-for-sale financial assets

It was not practicable to estimate the fair value of investment in unquoted shares due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019

35. FINANCIAL INSTRUMENTS (cont'd)

(d) Fair Values of Financial Instruments (cont'd)

The fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at market rate of interest at the end of the financial year.

Fair value estimates are made at a specific point in time and based on relevant market information and information about the financial instruments. These estimates are subjective in nature, involve uncertainties and matters of significant judgement and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

(e) Fair Value Hierarchy

The fair value measurement hierarchies used to measure assets and liabilities carried at fair value in the statements of financial position as at 30 June 2019 are as follows:

(i) Level 1: fair value is derived from quoted prices (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

(ii) Level 2: fair value is estimated using inputs other than unquoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

(iii) Level 3: fair value is estimated using unobservable inputs for the financial assets and liabilities.

	Group and Company	
	2019	**2018**
	RM	**RM**
Level 1		
Quoted shares	3,949,322	7,534,478

The Group and the Company do not have any financial liabilities carried at fair value nor any financial instruments classified as Level 2 and Level 3 as at 30 June 2019.

36. CONTINGENT LIABILITIES

(a) Corporate Guarantees

	Group		**Company**	
	2019	**2018**	**2019**	**2018**
	RM	**RM**	**RM**	**RM**
(i) Secured:				
Performance and financial guarantees issued by the licensed banks to third parties	4,155,224	4,576,702	–	–

36. CONTINGENT LIABILITIES (cont'd)

(a) Corporate Guarantees (cont'd)

	Group		Company	
	2019	2018	2019	2018
	RM	RM	RM	RM
(ii) Unsecured:				
Corporate guarantees given to licensed banks for credit facilities granted to subsidiary companies	35,800,000	35,800,000	25,800,000	35,800,000
Corporate guarantees given to performance for project granted to subsidiary companies	–	–	43,042,826	43,042,826

The above bank guarantees and letters of credit are secured on the freehold land and buildings, leasehold buildings and fixed deposits with licensed banks of the Group.

(b) There is no other contingent liabilities save as disclosed in Note 40.

37. CAPITAL COMMITMENTS

	Group	
	2019	2018
	RM	RM
Approved and contracted but not provided for	21,160,926	1,400,000

38. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

a) On 5 July 2018, the Company announced that Messrs. Siew Boon Yeong & Associates ("SBY") on 4 July 2018 had given notice in writing to the Board of their intention to resign as Auditors of the Company.

b) On 18 July 2018, the Company announced that Bursa Securities had, vide its letter dated 18 July 2018, approved its application to undertake the proposed Share Consolidation of every three (3) ordinary shares in the Company into one (1) Share and
the proposed renounceable rights issue of up to 645,342,048 new Metronic Shares ("Rights Shares") together with up to 484,006,536 free detachable warrants in Metronic ("Warrants") on the basis of four (4) Rights Shares together with three (3) free Warrants for every two (2) existing Metronic Shares held by the entitled shareholders on an entitlement date to be determined.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019

38. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (cont'd)

c) On 24 July 2018, the Company announced that it had entered into a Consent Judgment on 23 July 2018 with Tan Ew Chew(1st), Tan Kian Hong(2nd), Tan Hong Hong(3rd), Tan Lian Hong (4th), Northern Paradise Sdn Bhd (5th), and CHJ Distribution Sdn Bhd(6th) in pursuant to the suit initiated on 28 November 2017. The Consent Judgement containing the following salient terms:-

   i. 1st, 6th and 7th Defendants to secure an entity to purchase from M One Country Development Sdn Bhd's ("M One") lands held under title PT 37963 and PT 37964 for RM1.6 million within 9 months from the date of the Consent Judgment;

   ii. M One to transfer its land held under title PT 37962 to 1st, 6th or 7th Defendants;

   iii. 2nd Defendant has no claim of RM5,314,230.00 against the Company, which is allegedly his advance to the Company; and

d) On 7 August 2018, the Company announced that in pursuant to resignation of auditors as announced on 5 July 208, Messrs Jamal, Amin & Partners, Chartered Accountants, having consented to act as the Auditors of the Company and Group with effect from 7 August 2018.

e) On 8 August 2018, the Company announced that its wholly-owned subsidiary, MESB had received a Letter of Award from Impian Bebas Sdn Bhd. (a joint venture company between KLCC (Holdings) Sdn Bhd and Sapura Resources Berhad) for the contract to supply, deliver, install, test and commission the audio-visual system/equipment for Lot 91 Convention Center Podium, Kuala Lumpur City Centre, Kuala Lumpur ("the Contract"). The awarded contract sum was Malaysia Ringgit Six Million Forty-Nine Thousand Eight Hundred and Eighteen Only (RM6,049,818).

f) On 26 December 2018, the Company announced that in pursuant to the Share Consolidation Exercise undertook, a total number of 962,737,128 Metronic Shares was consolidated into 320,910,670 Metronic Shares (after taking into account fractional entitlements which shall be disregarded). The Consolidated Shares was listed and quoted on the Main Market of Bursa Securities with effect from 27 December 2018.

g) On 7 march 2019, the Company announced that Ideal Ultimate Sdn. Bhd. (Company No. 823540V), a dormant subsidiary of the Company, had on 6 March 2019 applied to the Companies Commission of Malaysia for striking off pursuant to Section 550 of the Companies Act 2016.

h) On 20 March 2019, the Company announced that MESB signed 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.

i) On 24 April 2019, M One Property Development Sdn Bhd, the Company's wholly owned subsidiary, had signed the sales and purchase agreements (SPA) with Sanichi Property Sdn Bhd for the purchase of 12 retail/commercial lots held under Lot 129, Section 1, Pekan Klebang, District of Melaka Tengah, Melaka ("Marina Point") for a total consideration RM3,013,868 subject to the terms and conditions contained in the SPA.

j) On 15 April 2019, the Company announced that in pursuant to rights issue exercise undertook, it had received valid acceptances and excess applications for a total of 893,401,960 Rights Shares. This represents an over-subscription of 39.20% over the total number of Rights Shares available for subscription under the Rights Issue with Warrants.

38. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (cont'd)

k) On 23 April 2019, the Company 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.

l) On 25 April 2019, the Company announced that Ms. Wong Yuet Chyn resigned as company secretary and replaced by Mr Tan Tong Lang.

m) On 6 May 2019, the Company announced the change of its registrar from Shareworks Sdn Bhd to Boardroom.com Sdn Bhd.

n) On 7 June 2019, the company announced that in pursuant to the approval obtained at the Extraordinary General Meeting held on 15 December 2016, it had offered an Employees Share Option Scheme ("ESOS") a total of 98,696,593 at the option price of RM0.0674 to eligible employees in accordance with the By-Laws of the ESOS.

o) On 26 June 2019, the Company had remitted a total of AUD500,000 (RM1,450,350) into M Property Reba Trust Account for investment in property income trust that will undertake a property development in Perth, Australia.

39. SIGNIFICANT EVENTS SUBSEQUENT TO THE FINANCIAL YEAR

a) On 7 August 2019, the Company 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 to develop smart city solutions in Malaysia.

b) On 8 August 2019, the Company announced the change of its registered to Suite 10.02, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur Wilayah Persekutuan Malaysia.

c) On 8 August 2019, the Company announced its proposal to undertake a private placement of new shares of up to 10% of the total number of issued shares of the Company (excluding treasury shares) or about 156,826,100 to third party investor(s) to be identified later and at an issue price to be determined later.

d) On 6 September 2019, the Company announced that its wholly owned subsidiary, MESB, had received a Letter of Acceptance ("LOA") dated 29 August 2019 from Samsung C&T Corporation UEM Construction JV Sdn Bhd, formerly known as KL 118 Tower Sdn Bhd for a project BP03g: Audio Visual and Information Technology System for Cadangan Membina 1 Blok Bangunan Perdagangan Bercampur 118 Tingkat, Di Atas Lot 795, 796, 797, 799, 800 & Sebahagian Lot 746, Rezab Jalan & Laman, Mukim Bandar Kuala Lumpur for PNB Merderka ventures Sdn Berhad for contract value of RM18,699,900.

e) On 11 September 2019, the Company announced that MESB, received a Letter of Appointment ("LOA") dated 2 August 2019 from China Construction Yangtze River (Malaysia) Sdn Bhd (formerly known as China Construction Third Engineering Group (M) Sdn Bhd) (formerly known as CCC Construction Sdn Bhd) for Supply, Delivery, Installation, Testing and Commissioning of Extra Low Voltage System Works for Cadangan Pembangunan Bercampur 59 Tingkat Yang Mengandungi 1 Blok 616 Unit Pangsapuri 51 Tingkat Berserta 1 Tingkat Berserta 1 Tingkat Kemudahan, 1 Blok Menara Pejabat 24 Tingkat Berserta 1 Tingkat Kemudahan, 1 Blok Menara Pejabat 23 Tingkat, Sebuah Kelab Eksekutif Dua Tingkat, Di Atas 8 Tingkat Podium Yang Mengandungi 6 Tingkat Letak Kereta Podium Dan 2 Tingkat Ruang Perniagaan Di Atas 2 ½ Tingkat Tempat Letak Kereta Besmen Di Atas PT 26885 (Plot 7B2), Mukim Batu Daerah Kuala Lumpur Wilayah Persekutuan. The total contract amount was RM7,480,000.

f) On 15 October 2019, the Company announced the completion of Private Placement exercise following the listing and quotation of 113,250,000 placement shares on the Main Market of Bursa Securities.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2019

40. 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 untill 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 and the application for stay of execution. The Court on 8 October 2019 granted the stay of execution subject to the Defendants to deposit the judgement sum in the sum of RM1,158,750 into a joint account of the solicitors of the parties while the appeal will be heard on 29 November 2019.

(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, waiting for court's execution order for rental payment from tenant.

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

40. MATERIAL LITIGATIONS (cont'd)

(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, Middle Road, Chao Yang District, Beijing, China measuring 700.53 square metre 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 also announced that on 3 June 2019, it had lodged a police report on investigation against TEC and TKH on the alleged breach of trust and causing the Company from suffering a loss of more than RM15.8 million. The Company has sought legal advice on the matter.

41. COMPARATIVES FIGURES

a) The financial statement for the current year covered the period from 1 July 2018 to 30 June 2019.

The financial statement for preceding period covered the period from 1 January 2017 to 30 June 2018.

b) Certain comparative figures have been reclassed/regrouped as follows:

Group	**2018**	**Reclass/ regroup**	**2018**
	RM	**RM**	**RM**
	(Previously stated)		**(As presented in Statement of Financial Position)**
Revaluation reserve	17,437,708	(17,437,708)	–
Employee share option reserve	685,698	(685,698)	–
Foreign currency translation reserve	(138,524)	138,524	–
	17,984,882	(17,984,882)	–
Other reserves	–	17,984,882	17,984,882
Company			
Employee share option reserve	685,698	(685,698)	–
Other reserves	–	685,698	685,698

42. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 16 October 2019 by the Board of Directors.

LIST OF PROPERTIES
AS AT 30 JUNE 2019

Location	Description / Existing use	Land area sq. ft	Built-up area sq. ft	Date of certificate of fitness	Approximate age of building / Tenure	Net book value as at 30.06.2019 RM'000	Last date of revaluation or if none, date of acquisition
Metronic Engineering Sdn Bhd No. 2 Jalan Astaka U8/83 Bukit Jelutong Seksyen U8 40150 Shah Alam Selangor Darul Ehsan	3-storey semi-detached office cum factory	23,838	25,112	Friday, 17 November, 2000	19 years / Freehold	8,109	Friday, 5 October, 2012
Lot 1888 College Heights Garden Resort Nilai Seremban	Vacant residential land	12,340	N/A	N/A	N/A / Freehold	245	Friday, 28 August, 1998
Unit no. 3F-47 3rd Floor Lot 1 JB Water Front City Jalan Tun Sri Lanang 80000 Johor Bahru Johor	Shop lot for investment purposes	N/A	475	Friday, 23 February, 2001	18 years / Leasehold for 99 years expiring on 4 December 2095	292	Saturday, 20 February, 1993
No: 19 Jalan Kemboja 4C/12 Section BS8, Bukit Sentosa III 48300 Rawang Selangor	single storey terrace house	2,131.25 (198 square metres)	2,691	N / A	Freehold Geran 80986, Lot 12604 Mukim Serendah Daerah Ulu Selangor Negeri Selangor	103	Thursday, 20 September, 2012

LIST OF PROPERTIES
AS AT 30 JUNE 2019

Location	Description / Existing use	Land area sq. ft	Built-up area sq. ft	Date of certificate of fitness	Approximate age of building / Tenure	Net book value as at 30.06.2019 RM'000	Last date of revaluation or if none, date of acquisition
Metronic Microsystem (Beijing) Company Limited PRC No 18 Level 8 Top Fine International Centre Dong San Huan Middle Road Chao Yang District Beijing PRC	Office	24,356.45	7,540 (700.53 square metres)	Friday, 28 November, 2003	15 years / Leasehold for 50 years expiring on 5 February 2052	Nil (Amount stated net of provision for impairment RM15,806 thousand)	Tuesday, 29 November, 2016

ANALYSIS OF SHAREHOLDINGS
AS AT 30 SEPTEMBER 2019

Total Issued Share	:	1,132,515,493 Ordinary Shares
Types of Shares	:	Ordinary Share
Voting Rights	:	One vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS AS AT 30 SEPTEMBER 2019

Size of Shareholdings	No. of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	974	25,994	0.0023
100 to 1,000	303	168,156	0.0148
1,001 to 10,000	1,517	8,145,120	0.7192
10,001 to 100,000	2,003	82,037,843	7.2439
100,001 to less than 5% of issued holdings	606	613,626,980	54.1827
5% and above of issued holdings	2	428,511,400	37.8371
Total	**5,405**	**1,132,515,493**	**100.0000**

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS
(ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 30 SEPTEMBER 2019)

	Name	No. of Shares	% of Issued Share Capital
1.	Affin Hwang Nominees (Tempatan) Sdn Bhd Lim & Tan Securities Pte Ltd for Lee Kim Tiong @ Lee Kim Yew	328,511,400	29.0072
2.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cita Realiti Sdn Bhd	100,000,000	8.8299
3.	SJ Sec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Sanichi Technology Berhad (SJ10)	53,500,000	4.7240
4.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for M N C Wireless Berhad	37,092,475	3.2752
5.	Cita Realiti Sdn. Bhd.	29,901,785	2.6403
6.	Yap Kim Choy	27,000,000	2.3841
7.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Pang Chow Huat	25,210,141	2.2260
8.	SJ Sec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cita Realiti Sdn Bhd (SJ10)	25,000,000	2.2075
9.	Alex Wong Wai Munn	14,800,000	1.3068
10.	SJ Sec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yap Kim Choy (SJ10)	13,000,000	1.1479
11.	SJ Sec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chai Jian Yao (SJ10)	12,700,000	1.1214
12.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Lian Hong (8092237)	12,050,000	1.0640
13.	JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ho Jien Shiung (Margin)	11,833,333	1.0449
14.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Hong Hong	11,800,000	1.0419
15.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Pang Chow Huat	10,500,000	0.9271
16.	SJ Sec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Kok Hui (SJ10)	10,000,000	0.8830

ANALYSIS OF SHAREHOLDINGS
AS AT 30 SEPTEMBER 2019

THIRTY LARGEST SECURITIES ACCOUNT HOLDERS (cont'd)
(ACCORDING TO THE REGISTER OF DEPOSITORS AS AT 30 SEPTEMBER 2019)

	Name	No. of Shares	% of Issued Share Capital
17.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Chor How Christopher	9,614,941	0.8490
18.	Chai Jian Yao	9,195,659	0.8120
19.	Gan Siew Liat	9,000,000	0.7947
20.	SJ Sec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Alex Wong Wai Munn (SMT)	8,707,958	0.7689
21.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chen Choon Lee	8,666,666	0.7653
22.	Tan Lay Yong	8,000,000	0.7064
23.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Lian Hong	7,371,000	0.6509
24.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sun Ping	6,774,300	0.5982
25.	Mohammed Feroz Bin Mohammed Ilyas	6,000,000	0.5298
26.	Tan Kok Hui	6,000,000	0.5298
27.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Chong Jun	4,828,333	0.4263
28.	HSBC Nominees (Tempatan) Sdn Bhd Exempt An for Credit Suisse (SG BR-TST-ASING)	4,533,332	0.4003
29.	Chung Kin Chuan	4,167,000	0.3679
30.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Hee Yuen Sang (MY2105)	3,500,000	0.3090

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

		Direct Interest		Indirect Interest	
	Name	No. of Shares	%	No. of Shares	%
1.	Tan Sri Lee Kim Yew	328,511,400	29.0070	-	-
2.	Cita Realiti Sdn Bhd	154,901,785	13.6780	-	-

DIRECTORS' SHAREHOLDINGS AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS

		Direct Interest		Indirect Interest	
	Name	No. of Shares	%	No. of Shares	%
1.	Dato' Zaidi Bin Mat Isa @ Hashim	0	0.0000	-	-
2.	Hoo Wai Keong	0	0.0000	-	-
3.	Dato' Kua Khai Shyuan	333,333	0.0294	-	-
4.	Khor Ben Jin	0	0.0000	-	-
5.	Muhammad Faliq Bin Mohd Redzuan	0	0.0000	-	-
6.	Ong Tee Kein	0	0.0000	-	-

ANALYSIS OF WARRANT HOLDINGS

AS AT 30 SEPTEMBER 2019

No. of Outstanding Warrants : 410,278,976 Warrants
Number of Warrant Holders : 1,166

DISTRIBUTION OF WARRANT HOLDINGS AS AT 30 SEPTEMBER 2019

Size of Warrant Holdings	No. of Warrant Holders	No. of Warrants Held	%
Less than 100	42	2,512	0.0006
100 to 1,000	31	14,147	0.0034
1,001 to 10,000	182	1,211,819	0.2954
10,001 to 100,000	549	26,388,180	6.4318
100,001 to less than 5% of issued holdings	360	309,962,318	75.5492
5% and above of issued holdings	2	72,700,000	17.7197
Total	**1,166**	**410,278,976**	**100.0000**

THIRTY LARGEST WARRANT HOLDERS

(BASED ON REGISTER OF DEPOSITORS AS AT 30 SEPTEMBER 2019)

	Name	No. of Warrants Held	%
1.	Cita Realiti Sdn Bhd	48,700,000	11.8700
2.	Tan Kok Hui	24,000,000	5.8497
3.	Wong Mie Lee	15,000,000	3.6560
4.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lau Kah Hiong	10,666,000	2.5997
5.	Pang Chow Huat	10,000,000	2.4374
6.	Jenny Cheah Sek Li	10,000,000	2.4374
7.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tie Teck Bing (8063671)	8,302,500	2.0236
8.	Ang Ooi Lim	8,000,900	1.9501
9.	Chai Yeng Sun	6,800,000	1.6574
10.	Gan Siew Liat	6,500,000	1.5843
11.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sun Ping	6,500,000	1.5843
12.	Lim Kim Leng	5,100,000	1.2431
13.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Chin Seoh	5,000,000	1.2187
14.	Wong Yoon Hwa	5,000,000	1.2187
15.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Ing Kiong	5,000,000	1.2187
16.	Nalachakravarthy Odhayakumar	4,700,000	1.1456
17.	Tey Say Ek	4,683,300	1.1415
18.	Lim Soon Guan	4,500,000	1.0968
19.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Ching Neoh	4,250,000	1.0359

ANALYSIS OF WARRANT HOLDINGS
AS AT 30 SEPTEMBER 2019

THIRTY LARGEST WARRANT HOLDERS (cont'd)
(BASED ON REGISTER OF DEPOSITORS AS AT 30 SEPTEMBER 2019)

	Name	No. of Warrants Held	%
20.	Yeong Sinn Hoong	3,893,000	0.9489
21.	Yeong Sinn Hoong	3,500,000	0.8531
22.	HSBC Nominees (Asing) sdn Bhd Exempt An for Credit Suisse (SG BR-TST-ASING)	3,399,999	0.8287
23.	Loh Sai Eng	3,198,550	0.7796
24.	Woo Kon Fatt	3,000,000	0.7312
25.	Harbans Kaur A/P Bakh Singh	3,000,000	0.7312
26.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Beh Ah Seng (6000112)	3,000,000	0.7312
27.	Samsulbahari Bin Mohd Noor	2,926,300	0.7132
28.	Ang Soo Boon	2,699,500	0.6580
29.	Lee Mok Hock	2,500,000	0.6093
30.	Lee King Hock	2,500,000	0.6093

DIRECTORS' WARRANT HOLDINGS AS PER REGISTER OF DIRECTORS' WARRANT HOLDINGS

Based on the Register of Directors' Warrant Holdings as at 30 September 2019, none of the Directors have any interest/holdings in the Warrants.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Sixteenth Annual General Meeting ("16th AGM") of the Company will be held at Kayangan Suites, Pulai Springs Resort, 20km Jalan Pontian Lama, 81110 Pulai, Johor Bahru, Johor Darul Takzim, Malaysia on Tuesday, 26 November 2019 at 10.30 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 30 June 2019 together with the Reports of the Directors and Auditors thereon.
2. To re-elect Mr Ong Tee Kein who retires pursuant to Article 79 of the Company's Articles of Association. — Ordinary Resolution 1
3. To re-elect the following Directors who retire pursuant to Article 86 of the Company's Articles of Association:-
   a) Dato' Kua Khai Shyuan — Ordinary Resolution 2
   b) Encik Muhammad Faliq Bin Mohd Redzuan — Ordinary Resolution 3
4. To approve the payment of Directors' fees of RM168,750 for the financial year ended 30 June 2019. — Ordinary Resolution 4
5. To approve the payment of Directors' benefits of RM3,000 for the financial year ended 30 June 2019. — Ordinary Resolution 5
6. To re-appoint Messrs Jamal, Amin & Partners as Auditors of the Company and to hold office until the conclusion of the next Annual General Meeting at such remuneration to be determined by the Directors of the Company. — Ordinary Resolution 6

AS SPECIAL BUSINESS
To consider and if thought fit, to pass the following resolutions:-

7. Authority to allot and issue shares in general pursuant to Sections 75 and 76 of the Companies Act, 2016 — Ordinary Resolution 7

   "THAT pursuant to Sections 75 and 76 of the Companies Act, 2016 and subject to the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors, may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being and that the Directors be and are hereby also empowered to obtain approval from the Bursa Malaysia Securities Berhad for the listing and quotation of the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

8. Proposed Adoption of New Constitution of the Company — Special Resolution 1

   "THAT approval be and is hereby given for the Company to revoke the existing Memorandum and Articles of Association of the Company with immediate effect and in place thereof, the proposed new Constitution of the Company as set out in the Circular to Shareholders dated 31 October 2019 accompanying the Company's Annual Report 2019 be and is hereby adopted as the Constitution of the Company AND THAT the Directors of the Company be and are hereby authorised to assent to any modification, variation and/or amendment as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing."

9. To transact any other business of which due notice shall have been given.

NOTICE OF ANNUAL GENERAL MEETING

BY ORDER OF THE BOARD

TAN TONG LANG (MAICSA 7045482)
VIMALRAJ A/L SHANMUGAM (MAICSA 7068140)
Company Secretaries

Kuala Lumpur
31 October 2019

NOTES:

1. A member of the Company entitled to attend and vote at this meeting may appoint one or more proxy to attend and vote in his stead. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a General Meeting of the Company shall have the same rights as the member to speak at the General Meeting.

2. Where a member appoints two (2) or more proxies, the appointment shall be invalid unless he specifies the proportion of his/her holdings to be represented by each proxy.

3. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

4. Where a member is an authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under the common seal or under the hand of an officer or attorney duly authorised.

6. To be valid the proxy form duly completed must be deposited at the Share Registrar's office at Suite 10.02, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

7. In respect of deposited securities, only members whose names appear in the Record of Depositors on 19 November 2019 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 16th AGM.

8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements if Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of polling.

<u>Explanatory Notes to Ordinary Business:</u>

a. Item 1 of the Agenda – Audited Financial Statements for the financial year ended 30 June 2019

   This item of the Agenda is for discussion purposes only, as Section 340(1)(a) of the Companies Act 2016 ("Act") does not require the shareholders to formally approve the Audited Financial Statements. Therefore, this item will not be put forward for voting.

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes to Special Business:

a. Resolution 7 – Authority to allot and issue shares in general pursuant to Sections 75 and 76 of the Act

This proposed Resolution 7, if passed, will give the Directors of the Company, from the date of this Annual General Meeting, the authority to issue and allot shares from the unissued shares of the Company of up to 10% of the total number of shares (excluding treasury shares) of the Company at the time of issuance and for such purposes as the Directors of the Company may consider to be in the best interest of the Company. This authority, unless revoked or varied by the Company in general meeting will expire at the conclusion of the next Annual General Meeting.

This general mandate, if passed, will provide flexibility to the Directors of the Company to allot and issue shares for any possible fund raising activities, including but not limited to placement of shares, for the purposes of funding future investments, working capital, acquisitions and/or such other applications as the Directors of the Company deem fit.

The status of utilization of proceeds raised from the Corporate Proposal undertake by the Company since the last AGM which held on 29 November 2018 is disclosed in the Company's 2019 Annual Report under page 29.

b. Special Resolution 1 – Proposed Adoption of New Constitution of the Company

The proposed Special Resolution 1, if passed, will streamline the Company's existing Memorandum and Articles of Association with the Companies Act 2016, which came into force on 31 January 2017, and to align to amendments made to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, as well as for better clarity and to enhance administrative efficiency. The proposed new Constitution of the Company is set out in Appendix II of the Circular to Shareholders dated 31 October 2019 despatched together with the Company's 2019 Annual Report.

METRONIC

Metronic Global Berhad

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

FORM OF PROXY

CDS Account No.				-				-									
No. of Shares Held																	

I/We ____

(FULL NAME IN BLOCK LETTERS)

(NRIC No. / Passport No. / Company Registration No. ______________________________)

of ____

(FULL ADDRESS)

being a member/members of **METRONIC GLOBAL BERHAD**, hereby appoint

Name of Proxy	**NRIC No./Passport No.**	**% of Shareholdings to be Represented**
Address		

and/or failing him/her

Name of Proxy	**NRIC No./Passport No.**	**% of Shareholdings to be Represented**
Address		

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting ("AGM") of the Company to be held at Kayangan Suites, Pulai Springs Resort, 20km Jalan Pontian Lama, 81110 Pulai, Johor Bahru, Johor Darul Takzim, Malaysia on Tuesday, 26 November 2019 at 10.30 a.m. and at any adjournment thereof.

ORDINARY RESOLUTIONS		FOR	AGAINST
1.	To re-elect Mr Ong Tee Kein who retires pursuant to Article 79 of the Company's Articles of Association		
2.	To re-elect Dato' Kua Khai Shyuan who retires pursuant to Article 86 of the Company's Articles of Association		
3.	To re-elect Encik Muhammad Faliq Bin Mohd Redzuan who retires pursuant to Article 86 of the Company's Articles of Association		
4.	To approve the payment of Directors' fees of RM168,750 for the financial year ended 30 June 2019		
5.	To approve the payment of Directors' benefits of RM3,000 for the financial year ended 30 June 2019		
6.	To re-appoint Messrs Jamal, Amin & Partners as Auditors of the Company		
7.	Authority to allot and issue shares in general pursuant to Sections 75 and 76 of the Companies Act, 2016		
SPECIAL RESOLUTION			
1.	Proposed Adoption of New Constitution of the Company		

(Please indicate with an "X" in the space provided on how you wish to cast your vote. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

Dated this .... day of 2019

....

Signature(s) of member(s)

NOTES:

1. A member of the Company entitled to attend and vote at this meeting may appoint one or more proxy to attend and vote in his stead. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at a General Meeting of the Company shall have the same rights as the member to speak at the General Meeting.
2. Where a member appoints two (2) or more proxies, the appointment shall be invalid unless he specifies the proportion of his/her holdings to be represented by each proxy.
3. Where a member is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
4. Where a member is an authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
5. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under the common seal or under the hand of an officer or attorney duly authorised.
6. To be valid the proxy form duly completed must be deposited at the Share Registrar's office at Suite 10.02, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
7. In respect of deposited securities, only members whose names appear in the Record of Depositors on 19 November 2019 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 16th AGM.
8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements if Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by way of polling.

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AFFIX
STAMP

The Share Registrar

METRONIC GLOBAL BERHAD (632068-V)
Suite 10.02, Level 10, The Gardens South Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur

1st fold here

www.metronic-group.com

METRONIC

Metronic Global Berhad
(632068-V)

No. 2, Jalan Astaka U8/83, Seksyen U8,
Bukit Jelutong 40150 Shah Alam,
Selangor Darul Ehsan, Malaysia.

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