



METRONIC GLOBAL BERHAD

(Company No. : 632068-V)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER ENDED

31 MARCH 2014

METRONIC GLOBAL BERHAD (632068-V)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS
FOR THE FIRST QUARTER ENDED 31 MARCH 2014**

(The figures have not been audited)

	Individual quarter		Cumulative quarter	
	31.3.2014	31.3.2013	31.3.2014	31.3.2013
	RM	RM	RM	RM
Revenue	8,018,628	8,205,186	8,018,628	8,205,186
Cost of sales	(5,041,401)	(5,735,503)	(5,041,401)	(5,735,503)
Gross profit	2,977,227	2,469,683	2,977,227	2,469,683
Other income	38,640	31,951	38,640	31,951
Administration expenses	(456,469)	(721,318)	(456,469)	(721,318)
Other operating expenses	(2,235,575)	(2,960,648)	(2,235,575)	(2,960,648)
Profit/(Loss) from operations	323,823	(1,180,332)	323,823	(1,180,332)
Finance costs	(83,256)	(82,970)	(83,256)	(82,970)
Profit/(Loss) before taxation	240,567	(1,263,302)	240,567	(1,263,302)
Income tax income/(expense)	-	-	-	-
Profit/(loss) for the period from				
- continued operations	240,567	(1,263,302)	240,567	(1,263,302)
- discontinued operations	-	199,989	-	199,989
Net profit/(loss) for the period	240,567	(1,063,313)	240,567	(1,063,313)
Net profit/(loss) attributable to:				
Owners of the parent	240,567	(1,108,112)	240,567	(1,108,112)
Non-controlling interests	-	44,799	-	44,799
	240,567	(1,063,313)	240,567	(1,063,313)
Weighted average number of ordinary shares in issue	690,906,900	634,906,903	690,906,900	634,906,903
Basic loss per share attributable to equity holders of the Company (sen):				
Basic	0.03	(0.17)	0.03	(0.17)
Diluted	0.03	(0.17)	0.03	(0.17)

The condensed consolidated income statements should be read in conjunction with the annual financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

METRONIC GLOBAL BERHAD (632068-V)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2014**

(The figures have not been audited)

	Individual quarter		Cumulative quarter	
	31.3.2014 RM	31.3.2013 RM	31.3.2014 RM	31.3.2013 RM
Net profit/(loss) from:				
- continued operations	240,567	(1,263,302)	240,567	(1,263,302)
- discontinued operations	-	199,989	-	199,989
Net profit/(loss) for the period	240,567	(1,063,313)	240,567	(1,063,313)
Other comprehensive income				
Financial assets, available-for-sale assets				
- fair value changes	971,278	375,660	971,278	375,660
- transfer to profit and loss upon disposal	-	-	-	-
Foreign currency translation	99,008	(69,294)	99,008	(69,294)
Other comprehensive income/(loss) for the period, net of tax	1,070,286	306,366	1,070,286	306,366
Total comprehensive income/(loss) for the period, net of tax	1,310,853	(756,947)	1,310,853	(756,947)
Total comprehensive income/(loss) attributable to:				
Owners of the parent	1,310,853	(756,947)	1,310,853	(801,746)
Non-controlling interests	-	-	-	44,799
	1,310,853	(756,947)	1,310,853	(756,947)

The condensed consolidated income statements should be read in conjunction with the annual financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2014

(The figures have not been audited)

	As at 31.3.2014 RM	(Audited) As at 31.12.2013 RM
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	22,557,137	23,404,329
Investment properties	367,894	367,896
Available-for-sale financial assets	15,179,261	13,745,491
Other investments	94,000	94,000
Deferred tax assets	8,012,181	8,012,181
	<u>46,210,473</u>	<u>45,623,897</u>
CURRENT ASSETS		
Inventories	2,138,581	1,788,966
Trade receivables	13,846,932	12,590,145
Other receivables	8,023,775	8,911,655
Short term deposits	5,092,348	5,055,552
Cash and bank balances	3,510,936	4,309,108
	<u>32,612,572</u>	<u>32,655,426</u>
TOTAL ASSETS	<u>78,823,045</u>	<u>78,279,323</u>
EQUITY AND LIABILITIES		
Share capital	69,090,690	67,090,690
Revaluation reserve	13,113,034	13,113,034
Foreign currency translation reserve	975,141	876,133
Available-for-sale reserve	1,286,101	314,823
Accumulated losses	(37,037,739)	(37,278,306)
Equity attributable to owners of the parent	<u>47,427,227</u>	<u>44,116,374</u>
Non-controlling interests	-	-
TOTAL EQUITY	<u>47,427,227</u>	<u>44,116,374</u>
NON-CURRENT LIABILITIES		
Loans and borrowings	311,412	244,597
CURRENT LIABILITIES		
Trade payables	11,381,137	10,777,674
Other payables	15,316,664	17,260,543
Loans and borrowings	4,386,605	5,829,247
Provision for taxation	-	50,888
	<u>31,084,406</u>	<u>33,918,352</u>
TOTAL LIABILITIES	<u>31,395,818</u>	<u>34,162,949</u>
TOTAL EQUITY AND LIABILITIES	<u>78,823,045</u>	<u>78,279,323</u>

The condensed consolidated income statements should be read in conjunction with the annual financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2014**

(The figures have not been audited)

	←		←		←		←		←		←					
	Attributable to owners of the parent		Attributable to owners of the parent		Attributable to owners of the parent		Attributable to owners of the parent		Attributable to owners of the parent		Attributable to owners of the parent					
	←		←		←		←		←		←					
	Non-distributable reserve		Distributable reserve		Non-distributable reserve		Distributable reserve		Non-distributable reserve		Distributable reserve					
	Share capital	Revaluation reserve	Foreign currency translation reserve	Available-for-sale reserve	Accumulated losses	Total	Non-controlling interests	Total equity	Share capital	Revaluation reserve	Foreign currency translation reserve	Available-for-sale reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
As at 1 January 2013	63,490,690	12,613,007	849,206	-	(42,438,292)	34,514,611	3,952,719	38,467,330								
Total comprehensive income/(loss)	-	500,027	26,927	314,823	5,159,986	6,001,763	(32,461)	5,969,302								
Allotment of shares during the year	3,600,000	-	-	-	-	3,600,000	-	3,600,000								
Disposal of subsidiary	-	-	-	-	-	-	(3,920,258)	(3,920,258)								
As at 31 December 2013	67,090,690	13,113,034	876,133	314,823	(37,278,306)	44,116,374	-	44,116,374								
As at 1 January 2014	67,090,690	13,113,034	876,133	314,823	(37,278,306)	44,116,374	-	44,116,374								
Total comprehensive income/(loss)	-	-	99,008	971,278	240,567	1,310,853	-	1,310,853								
Allotment of shares during the year	2,000,000	-	-	-	-	2,000,000	-	2,000,000								
As at 31 March 2014	69,090,690	13,113,034	975,141	1,286,101	(37,037,739)	47,427,227	-	47,427,227								

The condensed consolidated statement of changes in equity should be read in conjunction with the annual financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

METRONIC GLOBAL BERHAD (632068-V)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2014**

(The figures have not been audited)

	31.3.2014	31.12.2013
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation from:		
Continuing operations	240,567	5,097,521
Profit from assets held for sale	-	199,989
Adjustments for:		
Loss/(Gain) on disposal of assets	504,684	1,031,079
Depreciation of property, plant and equipment	105,128	565,756
Finance costs	83,256	151,669
Interest income	(38,640)	(200,484)
Operating profit before working capital changes	<u>894,995</u>	<u>6,845,530</u>
Changes in working capital:		
Inventories	(349,615)	(502,657)
Receivables	524,242	40,674,939
Payables	<u>(2,838,814)</u>	<u>(60,963,261)</u>
Net cash used in operations	(1,769,192)	(13,945,449)
Taxes refunded	-	340,500
Taxes paid	(84,255)	(573,324)
Interests paid	(83,256)	(151,669)
Interests received	38,640	200,484
Net cash used in operating activities	<u>(1,898,063)</u>	<u>(14,129,458)</u>

METRONIC GLOBAL BERHAD (632068-V)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2014**

(The figures have not been audited)

	31.3.2014	31.12.2013
	RM	RM
CASH FLOWS FROM INVESTING ACTIVITIES		
Net disposal/(purchased) of AFS assets	(965,829)	(5,758,908)
Proceeds from disposal of property, plant and equipment	(6,600)	(583,029)
Proceeds from allotment of shares	2,000,000	3,600,000
Proceeds from disposal of investment properties	-	320,000
Net cash (used in)/generated from investing activities	<u>1,027,571</u>	<u>(2,421,937)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of bankers' acceptances and trust receipts	(1,865,485)	1,180,287
Repayment of obligation under finance leases and hire purchase	<u>112,685</u>	<u>(33,653)</u>
Net cash generated from/(used in) financing activities	<u>(1,752,800)</u>	<u>1,146,634</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS EFFECT OF FOREIGN EXCHANGE RATES CHANGES	(2,623,292)	(15,404,761)
CASH AND CASH EQUIVALENTS AT 1 JAN 2014	<u>1,584,463</u>	<u>16,172,897</u>
CASH AND CASH EQUIVALENTS AT 31 MAR 2014	<u>409,316</u>	<u>1,584,463</u>
Cash and cash equivalents at the balance sheet date comprise the following:		
Cash and bank balances	3,510,936	4,309,108
Bank overdraft (Note 22)	<u>(3,101,620)</u>	<u>(2,724,645)</u>
	<u>409,316</u>	<u>1,584,463</u>

The condensed consolidated income statements should be read in conjunction with the annual financial December 2013 and the accompanying explanatory notes attached to the interim financial statements.

**EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED
31 MARCH 2014 PURSUANT TO MFRS 134**

1. Basis of Preparation

These condensed consolidated interim financial statements, for the period ended 31 March 2014, have been prepared in accordance with MFRS 134 interim Financial Reporting and paragraph 9.22 of the listing Requirements of Bursa Malaysia Securities Berhad. These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board.

The explanatory notes to these condensed consolidated interim financial statements provide an explanation of events and transaction that are significant to an understanding of the changes in the financial position and performance of the Group for the period ended 31 March 2014.

2. Significant accounting policies and application of MFRS 1

The audited financial statements of the Group for the year ended 31 December 2013 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies adopted in preparing this condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2013 except as discussed below:

- (i) **Foreign currency translation reserve**
Under FRS, the Group recognized translation differences on foreign operation in a separate component of equity. This treatment of translation differences under FRS is consistent with the requirement of MFRS.
- (ii) **Estimates**
The estimates at 1 January 2014 and at 31 March 2014 were consistent with those made for the same dates in accordance with FRS. The estimates used by the Group to present these amount in accordance with MFRS reflect condition at 1 January 2014, the date of transition to MFRS and as of 31 March 2014.

The transition from FRS to MFRS has not had a material impact on the statements of financial position, statements of comprehensive income and statement of cash flows.

3. Audit Report

The auditors' report on the Group's financial statements for the year ended 31 December 2013 was not qualified.

4. Net profit/(loss) for the period

	3 months ended	
	31.03.2014	31.03.2013
After charging/(crediting):	RM	RM
Depreciation of property, plant and equipment	105,128	166,351
Amortisation of intangible assets	-	164,976
(Gain)/loss on foreign exchange - realised	62,453	5,762
Loss/(gain) on foreign exchange - unrealised	(653)	214,298
Impairment loss on investment	-	-
Impairment loss/(reversal) on trade receivables	-	-
Provision for obsolete inventories	-	-
Bad debts writte off	-	-
Dividend income	-	-
Interest income	(38,640)	(31,921)

5. Seasonality or cyclical of interim operations

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

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

There were no changes in estimates that have had a material effect for the current quarter's results.

7. Material changes in estimates

There were no changes in estimates that have had a material effect for the current quarter's results.

8. Debt and equity securities

There were no issuances, repurchases, and repayment of debt and equity securities for the quarter under review.

9. Dividends

There were no dividends paid during the quarter under review.

10. Segmental information

Analysis by segments is as follow:-

By geographical segments:

	3 months ended	
	31.3.2014	31.3.2013
	RM	RM
Segment revenue		
Malaysia	7,826,511	6,792,684
Overseas	192,117	1,706,234
Total revenue	<u>8,018,628</u>	<u>8,498,918</u>
Inter-segment elimination	-	(282,129)
Continued operations	<u>8,018,628</u>	<u>8,216,789</u>
Discontinued operation	-	2,749,719
Inter-segment elimination	-	(11,602)
External customers	<u>8,018,628</u>	<u>10,954,906</u>
Results		
Operating results		
Malaysia	539,105	(206,186)
Overseas	(215,282)	(974,147)
	<u>323,823</u>	<u>(1,180,333)</u>
Finance costs	(83,256)	(82,970)
Profit/(loss) before tax	<u>240,567</u>	<u>(1,263,303)</u>
- Continued operation		
(Loss)/profit before tax		
- Discontinued operation	-	199,990
Profit/(Loss) before tax	<u>240,567</u>	<u>(1,063,313)</u>

By business segments:

	3 months ended	
	31.3.2014	31.3.2013
	RM	RM
Segment revenue		
Engineering	8,018,628	8,216,789
Investment holding	-	-
Total revenue	<u>8,018,628</u>	<u>8,216,789</u>
Inter-segment elimination	-	-
Continued operations	<u>8,018,628</u>	<u>8,216,789</u>
Discontinued operation	-	2,749,719
Inter-segment elimination	-	(11,602)
External customers	<u>8,018,628</u>	<u>10,954,906</u>
Results		
Operating results		
Engineering	147,143	(634,417)
Investment holding	176,680	(535,316)
Share of profit of associate	-	-
	<u>323,823</u>	<u>(1,169,733)</u>
Finance costs	(83,256)	(82,970)
Profit/(Loss) before tax		
- Continued operations	240,567	(1,252,703)
(Loss)/profit before tax		
- Discontinued operation	-	189,390
Profit/(Loss) before tax	<u>240,567</u>	<u>(1,063,313)</u>

11. Material subsequent events

On 16 April 2014, the company increased its paid up capital from RM 69,090,690 to RM 69,839,750 by an allotment of 7,490,600 ordinary shares of RM 0.10 each at par for cash via a private placement and for the purpose of increasing the working capital. These new shares rank pari passu with the existing shares of the company.

On 11 April 2014, a wholly owned subsidiary, Metronic Engineering Sdn Bhd had entered into a Memorandum of Understanding ("MOU") with CNYD Aluminium Industry Engineering Malaysia Sdn Bhd for future business in respective of construction market segment. The validity period of this MOU is one year which commences on 11 April 2014 and shall expire on 10 April 2015. This MOU shall subject to review for extension or termination before expiry through mutual agreement in written form.

12. Changes in the composition of the Group

No changes in current quarter.

13. Changes in contingent liabilities and contingent assets

Contingent liabilities of the Group as at 21 May 2014 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report) are as follows:

- (a) Performance and financial guarantees totalling RM7,063,194 provided by the Group to various parties in the ordinary course of business. The changes in contingent liabilities since the last balance sheet as at 31 December 2013 are as follows:-

	RM
Decreased of performance and financial guarantees issued by bank to third parties	<u>495,418</u>

14. Capital commitments

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

15. Significant related party transactions

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

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

16. Performance review

Current Quarter

The Group recorded revenue of RM8.0 million for the current quarter under review, which is RM 0.2 million or 2.0% lower than the corresponding quarter of RM8.2 million in the previous financial year.

The Group posted profit before taxation of RM0.24 million, representing an improvement of RM1.5 million compared to the loss before tax of RM1.26 million for the corresponding quarter in the previous year. This was mainly due to higher legal fees incurred in Quarter 1, 2013 compared to Quarter 1, 2014

17. Changes in the results for the current quarter as compared with the preceding quarter

The Group recorded a revenue of RM8.0 million for the current quarter ended 31 March 2014 compared to RM9.9 million in the preceding quarter ended 31 December 2013, representing a decrease of RM1.9 million or 19% mainly due to decrease in revenue from its engineering segment.

18. Current year prospects

Looking forward, the Group's revenue will continue to be mainly contributed by its core business of providing engineering solutions in relation to Intelligent Building Management System ("IBMS") and Integrated Security Management

The Board is mindful that the forthcoming year remains to be a challenging one for the Group's Engineering Division in view of the intense competition that lies ahead. The Group is exploring other opportunities besides continue to focus on the IBMS and ISMS projects in order to build up a strong order book. Nevertheless, the Group will continue taking various measures to enhance its operational efficiency and effective cost management in order to improve the performance of the Group

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

19. Profit forecast or profit guarantee

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

20. Taxation

	3 months ended 31.03.2014 RM	3 months ended 31.03.2014 RM
Income tax expense:		
Malaysian income tax		-
Deferred tax	-	-
	-	-

21. Status of corporate proposals

Save as disclosed in Note 11, there was no other corporate proposal announced but not completed as at the date of this announcement.

22. Borrowings and debt securities

The Group's total borrowings, all of which were secured, as at 31 March 2014 were as follows:-

	31.03.2014
	RM
Current	
Bank overdraft	
Denominated in RM	2,958,925
Denominated in INR	142,695
	<hr/>
	3,101,620
Bankers' acceptances (Denominated in RM)	1,185,661
Hire purchase payables (Denominated in RM)	99,324
Obligations under finance leases (Denominated in RM)	-
Total	<hr/> <u>4,386,605</u>
Non-Current	
Obligations under finance leases (Denominated in RM)	311,412
Hire purchase payables (Denominated in RM)	-
Total	<hr/> <u>311,412</u>

23 Off Balance Sheet financial instruments

The Group had not entered into any contracts involving off balance sheet financial instruments as at the date of this announcement.

24 Dividends

No dividends have been declared or recommended in respect of the quarter under review.

25 Earnings per share

	3 months ended 31.03.2014	3 months ended 31.03.2013
Profit/(loss) attributable to owners of the parent (RM)	240,567	(1,108,112)
Weighted average number of ordinary shares in issue	670,906,903	634,906,903
Profit per share (sen)		
- Basic	0.04	(0.17)
- Diluted	0.04	(0.17)

26 Disclosure of Realised and Unrealised losses

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

	As at 31.03.2014 RM	As at 31.03.2013 RM
Total accumulated losses		
- Realised	(32,240,228)	(37,284,295)
- Unrealised	1,286,101	(92,543)
	<hr/>	<hr/>
	(30,954,127)	(37,376,838)
Less: Consolidation adjustments	(6,083,612)	(5,349,525)
Accumulated loss as per consolidated accounts	<hr/> <u>(37,037,739)</u>	<hr/> <u>(42,726,363)</u>

27 Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 22 May 2014.