



METRONIC GLOBAL BERHAD

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

INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER ENDED

30 SEPTEMBER 2016

METRONIC GLOBAL BERHAD (632068-V)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016**

(The figures have not been audited)

	Individual quarter		Cumulative quarter	
	30.09.2016 RM	30.09.2015 RM	30.09.2016 RM	30.09.2015 RM
Continuing operations				
Revenue	11,077,876	10,825,480	36,075,761	28,500,280
Cost of sales	(6,020,797)	(8,902,989)	(20,473,515)	(22,803,438)
Gross profit	5,057,079	1,922,491	15,602,246	5,696,842
Other income	74	2,161,150	3,805,382	10,078,849
Administration expenses	(418,757)	(291,210)	(1,824,075)	(1,880,842)
Other operating expenses	(2,451,643)	(3,826,937)	(10,914,568)	(12,646,509)
Profit from operations	2,186,753	(34,506)	6,668,985	1,248,340
Finance costs	(188,909)	(64,397)	(339,789)	(219,518)
Profit before taxation	1,997,844	(98,903)	6,329,196	1,028,822
Income tax expense	(41,450)	-	(124,450)	(617,800)
Profit / (Loss) for the period from				
- continuing operations	1,956,394	(98,903)	6,204,746	411,022
- discontinued operations	(18,144)	21,125	29,291	72,981
Net profit for the period	1,938,250	(77,778)	6,234,037	484,003
Net profit attributable to:				
Owners of the parent	1,946,690	(77,778)	6,230,815	484,003
Non-controlling interests	(8,440)	-	3,222	-
	1,938,250	(77,778)	6,234,037	484,003
Basic earning / (loss) per share attributable to equity holders of the Company (sen):				
- continuing operations	0.26	(0.01)	0.82	0.06
- discontinued operations	-	-	-	0.01

The interim consolidated income statements should be read in conjunction with the annual financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

METRONIC GLOBAL BERHAD (632068-V)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016**

	Individual quarter		Cumulative quarter	
	30.09.2016 RM	30.09.2015 RM	30.09.2016 RM	30.09.2015 RM
Net profit from:				
- continuing operations	1,956,394	(98,903)	6,204,746	411,022
- discontinued operations	(18,144)	21,125	29,291	72,981
Net profit for the period	<u>1,938,250</u>	<u>(77,778)</u>	<u>6,234,037</u>	<u>484,003</u>
Other comprehensive income / (expense)				
Financial assets, available-for-sale assets				
- fair value changes	-	(1,614,072)	-	-
- transfer to profit and loss upon disposal	-	-	-	-
Foreign currency translation	(57,457)	(187,249)	(751,899)	695,044
Other comprehensive income/(expense) for the period, net of tax	(57,457)	(1,801,321)	(751,899)	695,044
Total comprehensive income/(expense) for the period, net of tax	<u>1,880,793</u>	<u>(1,879,099)</u>	<u>5,482,138</u>	<u>1,179,047</u>
Total comprehensive income/(expense) attributable to:				
Owners of the parent	1,889,233	(1,879,099)	5,478,916	1,179,047
Non-controlling interests	(8,440)	-	3,222	-
	<u>1,880,793</u>	<u>(1,879,099)</u>	<u>5,482,138</u>	<u>1,179,047</u>

The condensed consolidated income statements should be read in conjunction with the annual financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2016**

	As at 30.09.2016 RM	(Audited) As at 31.12.2015 RM
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	23,771,989	23,877,336
Investment properties	340,322	347,842
Land held for property development	-	161,403
Available-for-sale financial assets	7,461,453	9,058,421
Deferred tax assets	<u>7,257,642</u>	<u>7,257,642</u>
	<u>38,831,406</u>	<u>40,702,644</u>
CURRENT ASSETS		
Property development cost	13,017,182	10,788,243
Inventories	4,164,610	4,041,446
Trade receivables	17,503,280	19,422,669
Other receivables	8,291,734	7,330,236
Tax recoverable	47,287	133,068
Short term deposits	2,852,120	4,710,666
Cash and bank balances	315,231	509,199
Asset of disposal company classified as held for sale	<u>866,047</u>	<u>4,308,897</u>
	<u>47,057,491</u>	<u>51,244,424</u>
TOTAL ASSETS	<u>85,888,897</u>	<u>91,947,068</u>
EQUITY AND LIABILITIES		
Share capital	75,839,750	75,839,750
Revaluation reserve	13,113,034	13,113,034
Foreign currency translation reserve	(481,576)	270,323
Accumulated losses	<u>(25,833,734)</u>	<u>(32,064,549)</u>
Equity attributable to owners of the parent	<u>62,637,474</u>	<u>57,158,558</u>
Non-controlling interests	<u>91,215</u>	<u>87,993</u>
TOTAL EQUITY	<u>62,728,689</u>	<u>57,246,551</u>
NON-CURRENT LIABILITIES		
Loans and borrowings	<u>145,959</u>	<u>263,226</u>
CURRENT LIABILITIES		
Trade payables	1,997,214	16,183,538
Other payables	11,996,132	14,426,965
Loans and borrowings	8,858,656	1,726,595
Provision of taxation	<u>108,813</u>	<u>-</u>
	<u>22,960,815</u>	<u>32,337,098</u>
Liabilities of disposal company classified as held for sale	<u>53,434</u>	<u>2,100,193</u>
TOTAL LIABILITIES	<u>23,160,208</u>	<u>34,700,517</u>
TOTAL EQUITY AND LIABILITIES	<u>85,888,897</u>	<u>91,947,068</u>
NET ASSET PER SHARE	0.08	0.08

The condensed consolidated income statements should be read in conjunction with the annual financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements

METRONIC GLOBAL BERHAD (632068-V)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016**

	← Attributable to owners of the parent →						Non-controlling interests	Total equity
	← Non-distributable reserve →			→ Distributable reserve				
	Share capital RM	Revaluation reserve RM	Foreign currency translation reserve RM	Available-for-sale reserve RM	Accumulated losses RM	Total RM	RM	RM
As at 1 January 2015	69,839,750	13,113,034	207,132	-	(36,037,234)	47,122,682	-	47,122,682
Total comprehensive income/(expense)	-	-	63,191	-	3,972,685	4,035,876	87,993	4,123,869
Allotment of shares during the year	6,000,000	-	-	-	-	6,000,000	-	6,000,000
As at 31 December 2015	75,839,750	13,113,034	270,323	-	(32,064,549)	57,158,558	87,993	57,246,551
As at 1 January 2016	75,839,750	13,113,034	270,323	-	(32,064,549)	57,158,558	87,993	57,246,551
Total comprehensive income	-	-	(751,899)	-	6,230,815	5,478,916	3,222	5,482,138
Allotment of shares during the year	-	-	-	-	-	-	-	-
As at 30 September 2016	75,839,750	13,113,034	(481,576)	-	(25,833,734)	62,637,474	91,215	62,728,689

The condensed consolidated income statements should be read in conjunction with the annual financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements

METRONIC GLOBAL BERHAD (632068-V)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016**

(The figures have not been audited)

	30.09.2016	(Audited) 31.12.2015
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation from:		
Continuing operations	6,329,196	3,503,162
Profit / (Loss) from assets held for sale (Note 3)	29,291	799,937
Adjustments for:		
Depreciation of investment properties	7,520	10,027
Depreciation of property, plant and equipment (Note 24)	355,177	619,824
(Gain) / Loss on disposal of available-for-sale financial assets (Note 24)	155,266	38,677
(Gain) / Loss on unrealised foreign exchange	339,760	58,639
Gain on disposal of plant and equipment	-	(1,050)
Impairment loss / (reversal) on available-for-sale financial assets (Note 24)		
Quoted equity	-	1,589,215
Unquoted equity	863,201	2,305,981
Other creditor written-off (Note 24)	3,092,138	-
Other investment written off	-	94,000
Reversal of Impairment of receivables	-	(4,641,021)
Provision for slow moving inventory	-	198,250
Finance costs	339,789	513,498
Interest income	(19,459)	(248,433)
Operating profit before working capital changes	11,491,879	4,840,706
Changes in working capital:		
Property development cost	(2,067,536)	-
Inventories	(123,164)	(380,151)
Receivables	957,891	(22,244,198)
Payables	(18,745,555)	14,042,400
Net cash generated from/(used in) operations	(8,486,485)	(3,741,243)
Taxes paid, net of refund	(15,752)	(160,047)
Interests paid	(339,789)	(513,498)
Interests received	19,459	248,433
Net cash generated from/(used in) operating activities	<u>(8,822,567)</u>	<u>(4,166,355)</u>

METRONIC GLOBAL BERHAD (632068-V)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016**

(The figures have not been audited)

	30.09.2016	(Audited) 31.12.2015
	RM	RM
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of available-for-sale financial assets	(2,886,236)	(4,575,305)
Purchased of property, plant and equipment	(249,830)	(853,336)
Proceeds from disposal of available-for-sale financial assets	3,464,738	6,642,341
Proceeds from disposal of property, plant and equipment	-	20,000
Net cash (used in) / generated from investing activities	<u>328,672</u>	<u>1,233,700</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Withdrawal of fixed deposits under lien with licensed financial institutions	1,858,546	235,285
Drawdown of bankers' acceptances and margin financing - net	9,311,039	(2,255,740)
Proceeds from allotment of shares	-	6,000,000
Repayment of obligation under finance leases and hire purchase	(4,461,903)	(106,594)
Net cash generated from financing activities	<u>6,707,682</u>	<u>3,872,951</u>
NET CHANGES IN CASH AND CASH EQUIVALENTS	(1,786,213)	940,296
EFFECT OF FOREIGN EXCHANGE RATES CHANGES	(751,899)	(319,121)
CASH AND CASH EQUIVALENTS AS AT 1 JANUARY 2016	(169,288)	(790,463)
CASH AND CASH EQUIVALENTS AS AT 30 SEPTEMBER 2016	<u>(2,707,400)</u>	<u>(169,288)</u>
Cash and cash equivalents at the balance sheet date comprise the following:		
Cash and bank balances	315,231	509,199
Bank overdraft (Note 21)	(3,022,631)	(678,487)
	<u>(2,707,400)</u>	<u>(169,288)</u>

The condensed consolidated income statements should be read in conjunction with the annual financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016 PURSUANT TO MFRS 134

1. Basis of Preparation

This unaudited condensed consolidated interim financial statements ("Condensed Report"), has been prepared in accordance with the reporting requirement as set out in Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached herein for a better understanding of changes in financial position and performance of the Group.

2. Significant Accounting Policies

The accounting policies adopted in the preparation of the Condensed Report are consistent with those followed in the preparation of the Group's audited financial statements for the financial year ended 31 December 2015.

2.1 Adoption of Amendments and Annual Improvements to Standards

The Group has adopted the following Amendments and Annual Improvements to Standards, with a date of initial application of 1 January 2015.

Amendments to MFRS 119 Employee Benefits - Defined Benefit Plans: Employee Contributions
Annual Improvements to MFRSs 2010 - 2012 Cycle
Annual Improvements to MFRSs 2011 - 2013 Cycle

The adoption of the above pronouncements did not have any impact on the financial statements of the Group.

2.2 Standards issued but not yet effective

Effective for financial periods beginning on or after 1 January 2017

MFRS 15	Revenue from Contracts with Customers
MFRS 107	Disclosure Initiative
MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses

Effective for financial periods beginning on or after 1 January 2018

MFRS 9	Financial Instruments
--------	-----------------------

Effective for financial periods beginning on or after 1 January 2019

MFRS 16	Leases
---------	--------

2. Significant Accounting Policies (Continued)

2.2 Standards issued but not yet effective (Continued)

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

MFRS 9 Financial Instruments : Classification and Measurement

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous version of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Restrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9, will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

MFRS 15 Revenue from Contracts with Customers

The objective of MFRS 15 is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. It provides 5-step guidance for entity to recognise its revenue that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

This Standard is applicable to all entities and will supersede all current revenue recognition requirements under MFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted.

MFRS 16 Leases

In April 2016, the MASB issued MFRS 16 Leases to introduce a new model for lessee accounting and replace the existing Standard on Leases, MFRS 117. The effective date of MFRS 16 is annual periods beginning on or after 1 January 2019.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought on to balance sheet except for short-term leases of 12 months or less and leases of low-value assets. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. The right-of-use asset is depreciated in accordance with the principle in MFRS 116 'Property, Plant and Equipment' and the lease liability is accreted over time with interest expense recognised in the income statement. This would result in greater transparency in financial reporting.

2. Significant Accounting Policies (Continued)

2.2 Standards issued but not yet effective (Continued)

MFRS 107 Disclosure Initiative

Amendments to MFRS 107 Disclosure Initiative (effective from 1 January 2017) introduce an additional disclosure on changes in liabilities arising from financing activities, both changes arising from cash flows and noncash changes.

Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities. In addition, the disclosure requirement also applies to changes in financial assets (for example, assets that hedge liabilities arising from financing activities) if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

One way to fulfil the disclosure requirement is by providing a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Where an entity discloses such a reconciliation, it shall provide sufficient information to enable users of the financial statements to link items included in the reconciliation to the statement of financial position and the statement of cash flows.

If an entity provides the disclosure required in combination with disclosures of changes in other assets and liabilities, it shall disclose the changes in liabilities arising from financing activities separately from changes in those other assets and liabilities.

MFRS 112 Recognition of Deferred Tax Assets for Unrealised Losses

Amendments to MFRS 112 Recognition of Deferred Tax Assets for Unrealised Losses (effective from 1 January 2017) clarify the requirements for recognising deferred tax assets on unrealised losses arising from deductible temporary difference on asset carried at fair value.

In addition, in evaluating whether an entity will have sufficient taxable profits in future periods against which deductible temporary differences can be utilised, the amendments require an entity to compare the deductible temporary differences with future taxable profits that excludes tax deductions resulting from the reversal of those temporary differences. The amendments shall be applied retrospectively.

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

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

	Cumulative quarter	
	30.09.2016	30.09.2015
	RM	RM
Revenue	1,398,771	1,490,648
Cost of sale	(1,114,443)	(992,574)
Other Income	464	39,894
Expenses	(250,776)	(392,261)
Interest expenses	(4,725)	(26,122)
Profit/(Loss) before tax from assets held for sale	29,291	119,585
Income tax expense	-	(46,604)
Profit/(Loss) after tax from assets held for sale	29,291	72,981

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

Included in assets classified as held for sale in the Group Statements of Financial Position as at 30 September 2016 are :

	30.09.2016	Audited
	RM	31.12.2015
		RM
Property, plant and equipment	3,791	3,053
Deferred tax assets	27,376	11,236
Inventories	11,802	1,333,097
Trade receivables	-	1,629,305
Other receivables	1,834,997	602,722
Cash & Bank Balances	2,098	729,484
	<u>1,880,064</u>	<u>4,308,897</u>
Less : Impairment on disposal of subsidiary	(1,014,017)	-
Assets classified as held for sale	<u>866,047</u>	<u>4,308,897</u>

	30.09.2016	Audited
	RM	31.12.2015
		RM
Trade payables	-	1,310,311
Other payables	14,917	789,882
Loans and borrowings	38,517	-
Liabilities classified as held for sale	<u>53,434</u>	<u>2,100,193</u>

4. Seasonality or cyclicity of interim operations

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

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

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial quarter under review.

6. Material changes in estimates

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

7. Debt and equity securities

There were no issuances, repurchases and repayments of debt securities during the financial quarter and financial period under review.

8. Dividends

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

9. Segmental information

Analysis by segments is as follow:-

By geographical segments:

	Individual quarter		Cumulative quarter	
	30.09.2016 RM	30.09.2015 RM	30.09.2016 RM	30.09.2015 RM
Segment revenue				
Malaysia	11,077,876	10,825,480	36,075,761	28,500,280
Overseas	-	-	-	-
Total revenue	11,077,876	10,825,480	36,075,761	28,500,280
Inter-segment elimination	-	-	-	-
Continued operations	11,077,876	10,825,480	36,075,761	28,500,280
Discontinued operation	77,469	1,148,647	1,398,771	1,490,648
Inter-segment elimination	-	-	-	-
External customers	11,155,345	11,974,127	37,474,532	29,990,928

Results

Operating results

Malaysia	2,186,437	(87,978)	3,583,441	2,688,623
Overseas	316	53,472	3,085,544	(1,440,283)
	2,186,753	(34,506)	6,668,985	1,248,340
Finance costs	(188,909)	(64,397)	(339,789)	(219,518)
Profit/(loss) before tax				
- Continued operation	1,997,844	(98,903)	6,329,196	1,028,822
Profit/(loss) before tax				
- Discontinued operation	(18,144)	67,729	29,291	119,585
Profit/(Loss) before tax	1,979,700	(31,174)	6,358,487	1,148,407

By business segments:

	Individual quarter		Cumulative quarter	
	30.09.2016 RM	30.09.2015 RM	30.09.2016 RM	30.09.2015 RM
Segment revenue				
Engineering	11,077,876	10,825,480	36,075,761	28,500,280
ICT support services	-	-	-	-
Investment holding	-	-	-	-
Continued operations	11,077,876	10,825,480	36,075,761	28,500,280
Discontinued operation	77,469	1,148,647	1,398,771	1,490,648
External customers	11,155,345	11,974,127	37,474,532	29,990,928

Results

Operating results				
Engineering	2,931,405	98,669	8,701,469	3,757,548
ICT support services				
Investment holding	(744,652)	(133,175)	(2,032,484)	(2,509,208)
Share of profit of associate	-	-	-	-
	2,186,753	(34,506)	6,668,985	1,248,340
Finance costs	(188,909)	(64,397)	(339,789)	(219,518)
Profit/(Loss) before tax				
- Continued operations	1,997,844	(98,903)	6,329,196	1,028,822
Profit/(loss) before tax				
- Discontinued operation	(18,144)	67,729	29,291	119,585
Profit/(Loss) before tax	1,979,700	(31,174)	6,358,487	1,148,407

10. Material subsequent events

Other than those disclosed in Note 20, there were no material subsequent events during the period ended 30 September 2016.

11. Changes in the composition of the Group

On 22 July 2016, the Company had acquired the remaining 25% equity interest in M Two Country Development Sdn. Bhd. (formerly known as IPanel Malaysia Sdn. Bhd.) ("M Two") by way of acquisition of 250,000 ordinary shares of RM1.00 each for a total nominal cash consideration of RM1.00 from Ipanel Pte Ltd. Following the acquisition, M Two has become a wholly-owned subsidiary of the Group.

The above acquisitions do not have any material impact on the net assets and earning of the Group.

Other than the above, there were no other material changes in the composition of the Group during the current financial quarter.

12. Contingent liabilities

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

	RM
(a) Secured :	
Performance and financial guarantees issued by the banks to third parties	<u>6,381,346</u>
(b) Unsecured	RM
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	<u>31,500,000</u>
Corporate guarantees given to performance for project granted to subsidiaries	<u>43,042,826</u>

13. Capital commitments

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

14. Significant related party transactions

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

METRONIC GLOBAL BERHAD (632068-V)

(Incorporated in Malaysia)

ADDITIONAL INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**15. Performance review****Continuing operations****Quarter Ended 30 September 2016**

The Group recorded revenue of RM11.1 million for the current quarter under review, which is RM0.3 million or 2.3% higher than the corresponding quarter of RM10.8 million in the previous financial year mainly due to increase in revenue from Engineering Division.

The Group posted profit before taxation of RM2.0 million, representing an increase of RM2.1 million compared to the loss before tax of RM0.1 million for the corresponding quarter in the previous year.

Period Ended 30 September 2016

The Group recorded revenue of RM36.1 million for the current period ended, which is RM7.6 million or 26.6% higher than the corresponding period of RM28.5 million in the previous financial year due to increase in revenue from Engineering Division.

The Group posted profit before taxation of RM6.3 million, representing an increase of RM5.3 million compared to the profit before tax of RM1.0 million for the corresponding quarter in the previous year.

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

	Individual quarter	
	30.09.2016	30.06.2016
	RM	RM
Revenue	11,077,876	12,954,674
Profit / (Loss) before taxation	<u>1,997,844</u>	<u>1,671,692</u>

The profit before taxation for the current quarter is higher by RM0.3 million.

17. Current year prospects

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

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

18. Profit forecast or profit guarantee

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

19. Taxation

	Individual quarter		Cumulative quarter	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	RM	RM	RM	RM
Income tax expense:				
Malaysian income tax	41,450	42,800	124,450	42,800
Deferred Tax	-	-	-	-
- Relating to origination and reversal of temporary differences	-	10,730	-	575,000
	<u>41,450</u>	<u>53,530</u>	<u>124,450</u>	<u>617,800</u>

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

20. Status of Corporate Proposals

- On 29 August 2014, The Company has signed a Share Purchase Agreement ("SPA") to dispose of its 70%-owned subsidiary, Metronic Engineering Private Limited ("MEPL") for a consideration of INR9,840,000. On 4 July 2016, the SPA has been mutually terminated in view of non-fulfilment of terms and conditions as stipulated in the SPA.
- On 3 June 2016, The Company proposed the establishment and implementation of an employees' share option scheme ("ESOS") for the eligible employees and directors of the Company, to subscribe for new ordinary shares of RM0.10 each in the Company at a pre-determined price, in accordance with the bylaws governing the Proposed ESOS. The listing application for the Proposed ESOS and the draft circular in relation to the Proposal has been submitted to Bursa Malaysia Securities Berhad on 3 August 2016.

On 31 October 2016, the Company had received conditional approval from Bursa Securities for the listing of and quotation for such number of additional Metronic Shares representing 15% of Metronic's issued and paid-up ordinary share capital (excluding treasury shares), during the duration of the Proposed ESOS to be issued pursuant to the exercise of ESOS Options issued pursuant to the Proposed ESOS.

- On 3 June 2016, M One Country Development Sdn Bhd ("MOne"), a wholly-owned subsidiary of the Company entered into a second supplemental agreement ("Second Supplemental SPA") for the proposed variation of terms of the sale and purchase agreement between Chai Fook Yoon and Tan Bee Leng (collectively, the "Vendors") and M One on 30 December 2014 (as supplemented on 30 April 2015), for the proposed acquisition of 2 parcels of land in Kuala Krai, Kelantan to facilitate the completion of the acquisition and to preserve the native freehold tenure of the land by native purchasers. The completion of the acquisition will require shareholders' approval at a forthcoming Extraordinary General Meeting.

21. Borrowings

	30.09.2016
	RM
Current	
Secured borrowings	
Bank overdraft	3,022,631
Bankers' acceptances	3,868,765
Hire purchase	145,747
Margin Financing	<u>1,821,513</u>
	8,858,656
Non - Current	
Secured borrowings	
Hire purchase	145,959
Total	<u><u>9,004,615</u></u>

All loans and borrowings are denominated in Ringgit Malaysia ("RM").

22. Proposed Dividend

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

23. Earnings per share

	Individual quarter		Cumulative quarter	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	RM	RM	RM	RM
Profit / (Loss) attributable to ordinary equity owners of the parent				
- Continuing operations	1,956,394	(98,903)	6,204,746	411,022
- Discontinued operations	(18,144)	21,125	29,291	72,981
	<u>1,938,250</u>	<u>(77,778)</u>	<u>6,234,037</u>	<u>484,003</u>
Weighted average number of ordinary shares in issue	758,397,503	714,342,708	758,397,503	714,342,708
Basic earnings per share (sen)				
- Continuing operations	0.26	(0.01)	0.82	0.06
- Discontinued operations	-	-	-	0.01
	<u>0.26</u>	<u>(0.01)</u>	<u>0.82</u>	<u>0.07</u>

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

24. Profit/(Loss) for the period

	Individual quarter		Cumulative quarter	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	RM	RM	RM	RM
After charging/(crediting):				
Auditors' remuneration	25,500	-	94,997	-
Depreciation of investment properties	7,520	-	7,520	-
Depreciation of property, plant and equipment	101,494	154,168	355,177	435,603
Directors' fee	27,500	-	84,500	-
(Gain) / Loss on foreign exchange				
- realised	-	223,522	-	246,319
- unrealised	339,744	21,152	339,760	(75,714)
(Gain) / Loss on disposal of available-for-sale financial assets	(15,001)	481,210	155,266	242,641
Impairment Loss on disposal of subsidiary	(408,359)	-	1,014,017	-
Impairment loss / (reversal) on investment in				
- Quoted shares	-	1,014,788	-	1,014,788
- Unquoted shares	(273,711)	(944,100)	863,201	1,408,890
Impairment loss on trade receivables	-	-	-	1,273,529
Interest expenses	188,909	64,397	339,788	219,518
Interest income	(74)	(71,029)	(19,459)	(145,280)
Other income				
- Other creditors written-off	-	-	3,092,138	-
Rental expenses	24,410	-	89,847	-

25. Audit Report

The auditors' report on Group's financial statements for the year ended 31 December 2015 was not qualified.

26. 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 21st November 2016.

27. Disclosure of Realised and Unrealised losses

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

	30.09.2016 RM	30.09.2015 RM
Total accumulated losses		
- Realised	(26,082,510)	(29,351,747)
- Unrealised	7,285,018	2,590,639
	<u>(18,797,492)</u>	<u>(26,761,108)</u>
Less: Consolidation adjustments	(7,036,242)	(8,792,123)
Accumulated loss as per consolidated accounts	<u>(25,833,734)</u>	<u>(35,553,231)</u>