



**METRONIC GLOBAL BERHAD**

(Company No. : 632068-V)

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS**

**FOR THE QUARTER ENDED**

**30 SEPTEMBER 2017**

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017**

(The figures have not been audited)

	Individual quarter		Cumulative quarter	
	30.9.2017 RM	30.9.2016 RM	30.9.2017 RM	30.9.2016 RM
<b>Continuing operations</b>				
Revenue	6,236,742	11,077,876	24,030,791	36,075,761
Cost of sales	(2,312,290)	(6,020,797)	(14,091,027)	(20,473,515)
Gross profit	3,924,452	5,057,079	9,939,764	15,602,246
Other income	937,310	74	3,116,159	3,805,382
Administration expenses	(806,255)	(418,757)	(2,840,692)	(1,824,075)
Other operating expenses	(3,820,797)	(2,451,643)	(9,476,427)	(10,914,568)
Profit from operations	234,710	2,186,753	738,804	6,668,985
Finance costs	(126,993)	(188,909)	(346,671)	(339,789)
Profit/(Loss) before taxation	107,717	1,997,844	392,133	6,329,196
Income tax expense	(46,397)	(41,450)	(69,593)	(124,450)
Profit / (Loss) for the period from				
- continuing operations	61,320	1,956,394	322,540	6,204,746
- discontinued operations	(24,246)	(18,144)	(76,653)	29,291
Net profit/(loss) for the period	37,074	1,938,250	245,887	6,234,037
Net profit/(loss) attributable to:				
Owners of the parent	39,741	1,946,690	255,501	6,230,815
Non controlling interest	(2,667)	(8,440)	(9,614)	3,222
	37,074	1,938,250	245,887	6,234,037
Basic earning / (loss) per share attributable to equity holders of the Company (sen):				
- continuing operations	0.01	0.26	0.04	0.82
- discontinued operations	-	-	(0.01)	(0.01)

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

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017**

	Individual quarter		Cumulative quarter	
	30.9.2017 RM	30.9.2016 RM	30.9.2017 RM	30.9.2016 RM
Net profit from:				
- continuing operations	61,320	1,956,394	322,540	6,204,746
- discontinued operations	(24,246)	(18,144)	(76,653)	29,291
Net profit for the period	37,074	1,938,250	245,887	6,234,037
Other comprehensive income / (expense)				
Revaluation Reserve	(15,108)	-	(133,818)	-
Foreign currency translation	(41,519)	(57,457)	(177,215)	(751,899)
Other comprehensive income/(expense) for the period, net of tax	(56,627)	(57,457)	(311,033)	(751,899)
Total comprehensive income/(expense) for the period, net of tax	(19,554)	1,880,793	(65,147)	5,482,138
Total comprehensive income/(expense) attributable to:				
Owners of the parent	(16,887)	1,889,233	(55,533)	5,478,916
Non-controlling interests	(2,667)	(8,440)	(9,614)	3,222
	(19,554)	1,880,793	(65,147)	5,482,138

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

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2017**

	<b>As at 30.9.2017 RM</b>	<b>(Audited) As at 31.12.2016 RM</b>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	16,075,332	16,734,559
Investment properties	17,616,869	18,135,841
Land held for property development	6,400,000	161,403
Available-for-sale financial assets	6,678,507	6,727,677
Deferred tax assets	3,153,629	3,153,629
	<u>49,924,337</u>	<u>44,913,109</u>
<b>CURRENT ASSETS</b>		
Property development cost	16,340,020	13,988,926
Inventories	1,657,134	1,086,215
Trade receivables	17,222,668	15,168,984
Other receivables	13,850,483	11,643,872
Tax recoverable	20,970	44,384
Short term deposits	2,944,131	2,944,130
Cash and bank balances	685,802	797,436
Asset of disposal company classified as held for sale	4,480,732	4,572,686
	<u>57,201,940</u>	<u>50,246,633</u>
<b>TOTAL ASSETS</b>	<u>107,126,277</u>	<u>95,159,742</u>
<b>EQUITY AND LIABILITIES</b>		
Share capital	89,212,524	75,839,750
Revaluation reserve	23,906,470	24,040,288
Foreign currency translation reserve	(746,179)	(568,964)
Accumulated losses	(36,814,017)	(37,069,518)
<b>Equity attributable to owners of the parent</b>	<u>75,558,798</u>	<u>62,241,556</u>
<b>Non-controlling interests</b>	<u>74,734</u>	<u>84,345</u>
<b>TOTAL EQUITY</b>	<u>75,633,532</u>	<u>62,325,901</u>
<b>NON-CURRENT LIABILITIES</b>		
Loans and borrowings	<u>12,729</u>	<u>145,959</u>
<b>CURRENT LIABILITIES</b>		
Trade payables	4,468,964	6,006,310
Other payables	18,885,849	13,415,207
Amount owing to a director	-	5,564,230
Loans and borrowings	6,086,728	5,324,703
Provision of taxation	-	-
	<u>29,441,541</u>	<u>30,310,450</u>
Liabilities of disposal company classified as held for sale	2,038,475	2,377,432
<b>TOTAL LIABILITIES</b>	<u>31,492,745</u>	<u>32,833,841</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>107,126,277</u>	<u>95,159,742</u>
<b>NET ASSET PER SHARE</b>	0.08	0.08

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

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017**

	←——— Attributable to owners of the parent ———→				Total RM	Non- controlling interests RM	Total equity RM
	Share capital RM	Revaluation reserve RM	Foreign currency translation reserve RM	Accumulated losses RM			
<b>As at 1 January 2016</b>	75,839,750	13,113,034	270,323	(32,064,549)	57,158,558	87,993	57,246,551
Total comprehensive income/(expense)	-	10,927,254	(839,287)	(5,004,969)	5,082,998	(3,648)	5,079,350
Allotment of shares during the year	-	-	-	-	19,223,517	-	19,223,517
<b>As at 31 December 2016</b>	<u>75,839,750</u>	<u>24,040,288</u>	<u>(568,964)</u>	<u>(37,069,518)</u>	<u>81,465,073</u>	<u>84,345</u>	<u>81,549,418</u>
<b>As at 1 January 2017</b>	75,839,750	24,040,288	(568,964)	(37,069,518)	62,241,556	84,345	62,325,901
Total comprehensive income	-	(133,818)	(177,215)	255,501	(55,532)	(9,614)	(65,146)
Allotment of shares during the year	13,372,774	-	-	-	13,372,774	3	13,372,777
<b>As at 30 September 2017</b>	<u>89,212,524</u>	<u>23,906,470</u>	<u>(746,179)</u>	<u>(36,814,017)</u>	<u>75,558,798</u>	<u>74,734</u>	<u>75,633,532</u>

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

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017**

(The figures have not been audited)

	<b>30.9.2017</b>	<b>(Audited) 31.12.2016</b>
	<b>RM</b>	<b>RM</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit/(loss) before taxation from:</b>		
Continuing operations	392,133	(871,301)
Profit / (Loss) from assets held for sale (Note 3)	(76,653)	(13,450)
Adjustments for:		
Bad debt written off	86,753	5,441,284
Depreciation of investment properties (Note 24)	4,223	16,696
Depreciation of property, plant and equipment (Note 24)	563,648	719,233
(Gain) / Loss on disposal of available-for-sale financial assets (Note 24)	382,009	990,565
(Gain) / Loss on unrealised foreign exchange (Note 24)	-	16
Gain on disposal of plant and equipment (Note 24)	(25,064)	-
Impairment losses on receivables (Note 24)	-	3,625,905
Impairment loss / (reversal) on available-for-sale financial assets (Note 24)		
- Quoted equity	(1,470)	4,411,211
- Unquoted equity	-	-
Property, plant and equipment written off	207,052	23,590
Reversal of Impairment losses of receivables	(37,352)	(5,656,212)
Provision for slow moving inventory	-	1,497,062
Write-back of provision and accruals	(2,288,463)	-
Finance costs	346,671	513,915
Interest income	81	(111,499)
Operating profit before working capital changes	<u>(446,433)</u>	<u>10,587,015</u>
Changes in working capital:		
Inventories	(570,919)	1,335,787
Receivables	(10,583,391)	(16,644,633)
Property development costs	(2,453,205)	(3,200,683)
Payables	<u>(1,168,447)</u>	<u>911,897</u>
Net cash generated from/(used in) operations	<u>(15,222,395)</u>	<u>(7,010,617)</u>
Tax paid	(34,794)	(54,584)
Tax refund	-	123,415
Net cash generated from/(used in) operating activities	<u>(15,257,189)</u>	<u>(6,941,786)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	(81)	111,499
Purchase of available-for-sale financial assets	(928,319)	(8,200,467)
Purchase of property, plant and equipment	-	(289,428)
Proceeds from disposal of available-for-sale financial assets	1,767,855	5,129,435
Proceeds from disposal of property, plant and equipment	-	-
Net cash (used in) / generated from investing activities	<u>839,455</u>	<u>(3,248,961)</u>

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

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017**

(The figures have not been audited)

	<b>30.9.2017</b>	<b>(Audited) 31.12.2016</b>
	<b>RM</b>	<b>RM</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Advances from a director	-	5,564,230
Interest paid	(346,671)	(513,915)
Withdrawal of fixed deposits pledged with licensed banks	-	1,766,536
Drawdown of bankers' acceptances	1,141,490	1,320,744
Proceeds from allotment of shares	13,372,774	-
Repayment of obligation under finance leases and hire purchase	(17,370)	(111,911)
Repayment of margin facilities	(614,027)	-
Net cash generated from financing activities	<u>13,536,196</u>	<u>8,025,684</u>
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>	(881,539)	(2,165,063)
<b>EFFECT OF FOREIGN EXCHANGE RATES CHANGES</b>	(177,215)	181,292
<b>CASH AND CASH EQUIVALENTS AS AT 1 JANUARY 2017</b>	<u>(2,153,059)</u>	<u>(169,288)</u>
<b>CASH AND CASH EQUIVALENTS AS AT 30 SEPTEMBER 2017</b>	<u>(3,211,813)</u>	<u>(2,153,059)</u>

Cash and cash equivalents at the balance sheet date comprise the following:

Cash and bank balances	685,802	797,436
Bank overdraft (Note 21)	(3,897,615)	(2,950,495)
	<u>(3,211,813)</u>	<u>(2,153,059)</u>

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





## 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

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

#### MFRS 15 Revenue from Contracts with Customers

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

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

#### MFRS 16 Leases

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

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

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

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

	Cumulative quarter	
	30.9.2017	30.9.2016
	RM	RM
Revenue	-	1,398,771
Cost of sale	-	(1,114,443)
Other Income	-	464
Expenses	(76,653)	(250,776)
Interest expenses	-	(4,725)
(Loss)/Profit before tax from assets held for sale	(76,653)	29,291
Income tax expense	-	-
(Loss)/Profit after tax from assets held for sale	(76,653)	29,291

Included in assets classified as held for sale in the Group Statements of Financial Position as at 30 September 2017 are :

	30.9.2017	Audited
	RM	31.12.2016 RM
Property, plant and equipment	2,434	7,234
Deferred tax assets	10,549	10,755
Inventories	1,427,694	1,455,479
Trade receivables	2,289,661	2,334,220
Other receivables	21,590	22,010
Cash & Bank Balances	728,804	742,988
	<u>4,480,732</u>	<u>4,572,686</u>
Less : Impairment on disposal of subsidiary	-	-
Assets classified as held for sale	<u>4,480,732</u>	<u>4,572,686</u>

	30.9.2017	Audited
	RM	31.12.2016 RM
Trade payables	277,937	283,346
Other payables	916,211	860,651
Loans and borrowings	1,117,224	1,138,966
Foreign currency translation reserve	(272,897)	94,469
Liabilities classified as held for sale	<u>2,038,475</u>	<u>2,377,432</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 except as disclosed in Note 15 and 20.

## 6. Material changes in estimates

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

## 7. Debt and equity securities

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

## 8. Dividends

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

## 9. Segmental information

Analysis by segments is as follow:-

### By geographical segments:

	Individual quarter		Cumulative quarter	
	30.9.2017 RM	30.9.2016 RM	30.9.2017 RM	30.9.2016 RM
<b>Segment revenue</b>				
Continued operations	6,236,742	11,077,876	24,030,791	36,075,761
Discontinued operation	-	77,469	-	1,398,771
External customers	<u>6,236,742</u>	<u>11,155,345</u>	<u>24,030,791</u>	<u>37,474,532</u>
<b>Results</b>				
<b>Operating results</b>				
Malaysia	289,332	2,186,437	995,150	3,583,441
Overseas	<u>(30,376)</u>	<u>316</u>	<u>(179,694)</u>	<u>3,085,544</u>
	258,956	2,186,753	815,457	6,668,985
Finance costs	<u>(126,993)</u>	<u>(188,909)</u>	<u>(346,671)</u>	<u>(339,789)</u>
Profit/(loss) before tax				
- Continued operation	131,963	1,997,844	468,786	6,329,196
Profit/(loss) before tax				
- Discontinued operation	<u>(24,246)</u>	<u>(18,144)</u>	<u>(76,653)</u>	<u>29,291</u>
Profit/(Loss) before tax	<u>107,717</u>	<u>1,979,700</u>	<u>392,133</u>	<u>6,358,487</u>

### By business segments:

	Individual quarter		Cumulative quarter	
	30.9.2017 RM	30.9.2016 RM	30.9.2017 RM	30.9.2016 RM
<b>Segment revenue</b>				
Engineering	6,236,742	11,077,876	24,030,791	36,075,761
Investment holding	-	-	-	-
Continued operations	<u>6,236,742</u>	<u>11,077,876</u>	<u>24,030,791</u>	<u>36,075,761</u>
Discontinued operation	-	77,469	-	1,398,771
External customers	<u>6,236,742</u>	<u>11,155,345</u>	<u>24,030,791</u>	<u>37,474,532</u>

## 9. Segmental information (continue)

	Individual quarter		Cumulative quarter	
	30.9.2017	30.9.2016	30.9.2017	30.9.2016
	RM	RM	RM	RM
<b>Results</b>				
Operating results				
Engineering	1,024,521	2,931,405	1,291,912	8,701,469
Investment holding	<u>(765,565)</u>	<u>(744,652)</u>	<u>(476,455)</u>	<u>(2,032,484)</u>
	258,956	2,186,753	815,457	6,668,985
Finance costs	<u>(126,993)</u>	<u>(188,909)</u>	<u>(346,671)</u>	<u>(339,789)</u>
Profit/(Loss) before tax				
- Continued operations	131,963	1,997,844	468,786	6,329,196
Profit/(loss) before tax				
- Discontinued operation	<u>(24,246)</u>	<u>(18,144)</u>	<u>(76,653)</u>	<u>29,291</u>
Profit/(Loss) before tax	<u>107,717</u>	<u>1,979,700</u>	<u>392,133</u>	<u>6,358,487</u>

## 10. Material subsequent events

Other than those disclosed in Note 20, there were no material subsequent events during the period ended 30 September 2017.

## 11. Changes in the composition of the Group

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

## 12. Contingent liabilities

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

	RM
(a) Secured :	
Performance and financial guarantees issued by the banks to third parties	<u>4,433,268</u>
(b) Unsecured	
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	<u>41,800,000</u>
Corporate guarantees given to performance for project granted to subsidiaries	<u>43,042,826</u>

## 13. Capital commitments

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

## 14. Significant related party transactions

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

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

**15. Performance review**

**Continuing operations**

**Quarter and Period Ended 30 September 2017**

The Group recorded revenue of RM6.2 million and RM24.0 million for the current quarter and cumulative period under review respectively. The amounts are RM4.9 million (or 44%) and RM12.0 million (or 33%) lower than the corresponding period of RM11.1 million and RM36.1 million recorded in the previous financial year. The decrease mainly due to lower revenue from contract works resulted from completion of several contracts in the preceding period.

The Group posted profit before taxation of RM108 thousand and RM392 thousand for the current quarter and cumulative period under review respectively. These are representing a decrease of RM1.9 million (or 95%) and RM6.0 million (or 94%) compared to the profit before tax of RM2.0 million and RM6.3 million recorded in the corresponding period previous year.

The Group's unfavorable financial performance for the current quarter and period under review attributed mainly due to lower revenue generated from contract works due to completion or final stage of progress of key projects. The current period performance also affected by loss incurred from disposal of shares amounting RM1.1 million.

Below in the summary analysis of the financial results:

	Individual Period (3rd quarter)		Changes (Amount%)	Cumulative Period		Changes (Amount%)
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year To- Date	Preceding Year Corresponding Period	
	RM					
	30/09/17	30/09/16		30/09/17	30/09/16	
Revenue	6,236,742	11,077,876	-44%	24,030,791	36,075,761	-33%
Operating Profit	3,924,452	5,057,079	-22%	9,939,764	15,602,246	-36%
Profit/(Loss) Before Interest & Tax	234,710	2,186,753	-89%	738,804	6,668,985	-89%
Profit/(Loss) Before Tax	107,717	1,997,844	-95%	392,133	6,329,196	-94%
Profit/(Loss) After Tax	37,074	1,938,250	-98%	245,887	6,234,037	-96%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	39,741	1,946,690	-98%	255,501	6,230,815	-96%

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

In the current quarter under review, the Group recorded revenue of RM6.2 million, a decrease by RM1.5 million or 20% compared to the preceding quarter due to lower revenue from contract works.

Included in the current period revenue was an adjustment of revenue from MRT project of RM 3.25 million whereby the project has been completed and obtained a certificate of practical completion on 17th July 2017. This has improved its operating profit by RM1.5 million.

The Group's profit before tax however has no significant improvement compared to preceding quarter because included in the preceding quarter were reversal of accruals of RM 1.4 million and a gain from disposal of shares of RM790 thousand.

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

The summary analysis is as follows:

	Current Quarter 30/09/17	Immediate Preceding Quarter 30/06/17	Changes (Amount%)
<b>RM</b>			
Revenue	6,236,742	7,749,457	-20%
Operating Profit	3,924,452	2,399,140	64%
Profit/(Loss) Before Interest & Tax	234,710	307,764	-24%
Profit/(Loss) Before Tax	107,717	200,460	-46%
Profit/(Loss) After Tax	37,074	177,988	
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	39,741	154,686	-74%

## 17. Current year prospects

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

The Group's balance order book is stood at RM34 million and its presently tendering contracts totaling RM188 million.

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

## 18. Profit forecast or profit guarantee

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

## 19. Taxation

	Individual quarter		Cumulative quarter	
	30.9.2017	30.9.2016	30.9.2017	30.9.2016
	RM	RM	RM	RM
Income tax expense:				
Malaysian income tax				
- Current	46,397	41,450	69,593	124,450
- Under provision in prior year	-	-	-	-
Deferred Tax				
- Relating to origination and reversal of temporary differences	-	-	-	-
- Under provision in prior year	-	-	-	-
	<u>46,397</u>	<u>41,450</u>	<u>69,593</u>	<u>124,450</u>

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

## 20. Status of Corporate Proposals

A On 28 April 2017, the Company has completed a private placement of 67,200,000 of new ordinary shares that were issued at the price of RM0.07 per share.

Subsequently on 18th May 2017, the Company has also completed the issuance and listing of 123,839,625 new shares under Employee Share Options Scheme (ESOS) at an issue price of RM0.07.

Based on the above, the issued and paid up share capital increased to 949,437,128 number of shares.

Following is the status utilisation of the private placement proceeds of RM4,704,000:

	<b>Proceeds/ Proposed Utilisation</b>	<b>Actual Utilisation</b>	<b>Balance Unutilised</b>
	<i>RM '000</i>	<i>RM '000</i>	<i>RM '000</i>
Working capital	4,704	4,704	-
<b>Total</b>	<b>4,704</b>	<b>4,704</b>	<b>-</b>

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

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

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

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

## 21. Material Litigations

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

(a) Special damages of RM1,680,300-00 arising from the transactions between MISSB and D7;

(b) Special damages of RM3,169,151-51 arising from the transactions between M One and D6

(c) General damages;

(d) Declaration that D1, D2 and D5 had breached their duties owing to the Plaintiffs;

(e) Declaration that D1, D2 and D5 had committed fraud and/or breach of trust;

(f) Declaration that the defendants had caused wrongful loss to the Plaintiffs and had offended section 317A of the Capital Markets and Services Act 2007 ("CMSA"); and

(g) Declaration for breach of Main Market Listing Requirements.

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

(a) That Tan Kian Hong, Tan Lian Hong and Tan Hong Hong are restrained from acquiring, disposing of or otherwise dealing with MGB shares in their Central Depository System accounts and/or trading accounts with immediate effect until full disposal of the Suit; and

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

(c) Cost in the cause; and

(d) The Application to be heard "inter parte" on 15.12.2017.

## 22. Borrowings

The Group's total borrowing as at 30 September 2017 stood at RM6.1 million, representing a gearing ratio of 0.08 to shareholders equity. The amount was lower than the previous year same date of RM9.0 million.

Breakdown by type of facilities is shown below:

	As at 3rd quarter ended 30 September 2017					
	Long Term		Short term		Total borrowings	
	Foreign denomination	RM denomination	Foreign denomination	RM denomination	Foreign denomination	RM denomination
<b>Secured borrowings</b>						
Bank overdraft	-	-	-	3,897,615	-	3,897,615
Bankers' acceptances	-	-	-	2,066,121	-	2,066,121
Hire purchase	-	12,729	-	117,267	-	129,996
Margin Financing	-	-	-	5,298	-	5,298
Sub-Total	-	12,729	-	6,086,301	-	6,099,030
<b>Un-Secured borrowings</b>						
Nil	-	-	-	-	-	-
Sub-Total	-	-	-	-	-	-
<b>Total</b>	-	<b>12,729</b>	-	<b>6,086,301</b>	-	<b>6,099,030</b>

	As at 3rd quarter ended 30 September 2016					
	Long Term		Short term		Total borrowings	
	Foreign denomination	RM denomination	Foreign denomination	RM denomination	Foreign denomination	RM denomination
<b>Secured borrowings</b>						
Bank overdraft	-	-	-	3,022,631	-	3,022,631
Bankers' acceptances	-	-	-	3,868,765	-	3,868,765
Hire purchase	-	145,959	-	145,747	-	291,706
Margin Financing	-	-	-	1,821,513	-	1,821,513
Sub-Total	-	145,959	-	8,858,656	-	9,004,615
<b>Un-Secured borrowings</b>						
Nil	-	-	-	-	-	-
Sub-Total	-	-	-	-	-	-
<b>Total</b>	-	<b>145,959</b>	-	<b>8,858,656</b>	-	<b>9,004,615</b>

## 23. Proposed Dividend

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

## 24. Earnings per share

	Individual quarter		Cumulative quarter	
	30.9.2017	30.09.2016	30.9.2017	30.09.2016
	RM	RM	RM	RM
Profit / (Loss) attributable to ordinary equity owners of the parent				
- Continuing operations	61,320	1,956,394	322,540	6,204,746
- Discontinued operations	(21,579)	(9,704)	(67,039)	26,069
	<u>39,741</u>	<u>1,946,690</u>	<u>255,501</u>	<u>6,230,815</u>
Weighted average number of ordinary shares in issue	840,507,007	758,397,503	840,507,007	758,397,503
Basic earnings per share (sen)				
- Continuing operations	0.01	0.26	0.04	0.82
- Discontinued operations	-	-	(0.01)	-
	<u>0.01</u>	<u>0.26</u>	<u>0.03</u>	<u>0.82</u>

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



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

After charging/(crediting):	Individual quarter		Cumulative quarter	
	30.9.2017	30.9.2016	30.9.2017	30.09.2016
	RM	RM	RM	RM
Auditors' remuneration	27,140	25,500	80,629	94,997
Bad debt written off	-	-	86,753	-
Depreciation of investment properties	1,408	7,520	4,223	7,520
Depreciation of property, plant and equipment	167,321	101,494	563,648	355,177
Directors' fee	30,500	27,500	87,500	84,500
(Gain) / Loss on foreign exchange				
- unrealised	(15,392)	339,744	23,431	339,760
(Gain) / Loss on disposal of				
- available-for-sale financial assets	1,172,273	(15,001)	382,009	155,266
- property, plant and equipment	(123)	-	(25,064)	-
Impairment loss on disposal of subsidiary	-	(408,359)	-	1,014,017
Impairment loss / (reversal) on investment in				
- Quoted shares	(937,281)	-	(1,470)	-
- Unquoted shares	-	(273,711)	-	863,201
Interest expenses	126,993	188,909	346,671	339,788
Interest income	28	(74)	81	(19,459)
Other Income - Other creditors written-off	-	-	3,116,078	3,092,138
Written off property, plant and equipments	-	-	207,052	-
Rental expenses	16,000	24,410	68,300	89,847
Reversal of impairment loss of receivables	-	-	(37,352)	-
Reversal of provision for impairment & accruals	-	-	(1,388,533)	-

## 26. Audit Report

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

## 27. Disclosure of Realised and Unrealised losses

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

	30.9.2017	30.09.2016
	RM	RM
Total accumulated losses		
- Realised	(21,423,731)	(26,082,510)
- Unrealised	3,153,629	7,285,018
	<u>(18,270,102)</u>	<u>(18,797,492)</u>
Less: Consolidation adjustments	(18,543,915)	(7,036,242)
Accumulated loss as per consolidated accounts	<u>(36,814,017)</u>	<u>(25,833,734)</u>

## 28. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 30 November 2017.