



METRONIC GLOBAL BERHAD

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

INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER ENDED

31 MARCH 2022

METRONIC GLOBAL BERHAD 200301029648 (632068-V)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS FOR THE THIRD QUARTER ENDED 31 MARCH 2022

(The figures have not been audited)

	NOTE	Individual Quarter		Cumulative Quarter	
		Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Quarter
		31.03.2022	31.03.2021	31.03.2022	31.03.2021
		RM	RM	RM	RM
Continuing operations					
Revenue	8	9,514,549	8,362,550	22,382,324	18,844,386
Cost of sales		(7,555,332)	(5,820,476)	(17,061,577)	(11,447,600)
Gross profit		1,959,217	2,542,074	5,320,747	7,396,786
Other income		277,599	416,829	1,058,410	5,104,045
Administration expenses		(1,101,155)	(1,309,122)	(2,279,089)	(2,719,837)
Other operating expenses		(5,757,871)	(2,137,963)	(9,349,380)	(6,170,967)
Profit / (Loss) from operations		(4,622,210)	(488,182)	(5,249,312)	3,610,027
Finance costs		(128,503)	(92,466)	(395,724)	(375,111)
Profit / (Loss) before taxation		(4,750,713)	(580,648)	(5,645,036)	3,234,916
Income tax expense		(8,330)	(306,060)	(8,330)	(306,060)
Profit / (Loss) for the period from					
- continuing operations		(4,759,043)	(886,708)	(5,653,366)	2,928,856
- discontinued operations		(3,123)	-	(3,123)	(39,931)
Profit / (Loss) for the period	24	(4,762,166)	(886,708)	(5,656,489)	2,888,925
Profit / (Loss) attributable to:					
Owners of the parent		(4,742,100)	(886,708)	(5,632,118)	2,918,982
Non controlling interest		(20,066)	-	(24,371)	(30,057)
		(4,762,166)	(886,708)	(5,656,489)	2,888,925

The condensed Consolidated Statement of Profit and Loss should be read in conjunction with the annual financial statements for the year ended 30 June 2021 and the accompanying explanatory notes attached to the interim financial statements.

METRONIC GLOBAL BERHAD 200301029648 (632068-V)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 31 MARCH 2022

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Current Year</u>	<u>Preceding Year</u>	<u>Current Year To</u>	<u>Preceding Year</u>
	<u>Quarter</u>	<u>Corresponding</u>	<u>Date</u>	<u>Corresponding</u>
	<u>31.03.2022</u>	<u>31.03.2021</u>	<u>31.03.2022</u>	<u>31.03.2021</u>
	<u>RM</u>	<u>RM</u>	<u>RM</u>	<u>RM</u>
Net Profit / (Loss) from:				
- continuing operations	(4,759,043)	(886,708)	(5,653,366)	2,928,856
- discontinued operations	(3,123)	-	(3,123)	(39,931)
Net Profit / (Loss) for the period	<u>(4,762,166)</u>	<u>(886,708)</u>	<u>(5,656,489)</u>	<u>2,888,925</u>
Other comprehensive income / (expense) :				
Foreign currency translation	<u>80,212</u>	<u>(12,031)</u>	<u>80,212</u>	<u>(352,374)</u>
Other comprehensive income/(expense) for the period, net of tax	80,212	(12,031)	80,212	(352,374)
Total comprehensive income/(expense) for the period, net of tax	<u>(4,681,954)</u>	<u>(898,739)</u>	<u>(5,576,277)</u>	<u>2,536,551</u>
Total comprehensive income/(expense) attributable to:				
Owners of the parent	(4,661,888)	(898,739)	(5,551,906)	2,566,608
Non-controlling interests	(20,066)	-	(24,371)	(30,057)
	<u>(4,681,954)</u>	<u>(898,739)</u>	<u>(5,576,277)</u>	<u>2,536,551</u>
Basic / diluted earning / (loss) per share attributable to equity holders of the Company (sen):				
- continuing operations	(0.22)	(0.07)	(0.26)	0.23
- discontinued operations	-	-	-	-

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

The condensed Consolidated Statement of Other Comprehensive Income should be read in conjunction with the annual financial statements for the year ended 30 June 2021 and the accompanying explanatory notes attached to the interim financial statements.

METRONIC GLOBAL BERHAD 200301029648 (632068-V)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT
31 MARCH 2022**

	NOTE	As at 31.03.2022 RM	(Audited) As at 30.06.2021 RM
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		9,952,314	9,840,981
Investment properties		3,469,940	3,425,469
Development expenditure		27,297,272	24,149,272
Available-for-sale financial assets		2,337,731	2,756,174
Other Investment		1,224,211	1,224,211
Deferred tax assets		3,555,609	3,555,609
		47,837,077	44,951,716
CURRENT ASSETS			
Property development cost		13,465,680	12,565,680
Inventories		202,449	254,813
Trade receivables		9,204,029	9,925,513
Amount owing by contract customers		7,364,178	13,590,975
Other receivables and deposits		3,817,577	3,314,631
Amount due from associate		-	171,378
Fixed deposits balances		70,635,615	68,518,791
Cash and bank balances		2,166,550	9,305,781
		106,856,078	117,647,562
TOTAL ASSETS		154,693,155	162,599,278
EQUITY AND LIABILITIES			
Share capital		191,090,774	188,881,025
Fair value reserve		(248,540)	(248,540)
Revaluation reserve		5,669,118	5,669,118
Warrant reserve		16,796,442	16,796,442
Foreign currency translation reserve		(534,341)	(614,553)
Accumulated losses		(98,624,418)	(93,072,511)
Equity attributable to owners of the parent		114,149,035	117,410,981
Non-controlling interests		565,795	116,454
TOTAL EQUITY		114,714,830	117,527,435
NON-CURRENT LIABILITIES			
Finance lease liabilities	21	189,390	213,205
Loans and borrowings		-	-
		189,390	213,205
CURRENT LIABILITIES			
Trade payables		12,116,348	17,649,866
Other payables		18,885,213	19,458,800
Finance lease liabilities	21	25,610	24,924
Current tax liabilities		-	132,417
Loans and borrowings	21	8,761,764	7,592,630
TOTAL LIABILITIES		39,978,325	45,071,842
TOTAL EQUITY AND LIABILITIES		154,693,155	162,599,277
NET ASSET PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY		0.05	0.06

The condensed Consolidated Statement of Financial Position should be read in conjunction with the annual financial statements for the year ended 30 June 2021 and the accompanying explanatory notes attached to the interim financial statements

METRONIC GLOBAL BERHAD 200301029648 (632068-V)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 31 MARCH 2022**

	←----- Attributable to owners of the parent ----->					←----- Non-distributable reserve ----->				
	Share capital RM	Fair value reserve RM	Revaluation reserve RM	Warrant reserve RM	Shares grant reserve RM	Foreign currency translation reserve RM	Accumulated losses RM	Total RM	Non- controlling interests RM	Total equity RM
As at 1 July 2020	133,680,926	(248,540)	5,669,118	16,797,466	-	(414,039)	(72,625,409)	82,859,522	(120,768)	82,738,754
Acquisition of subsidiary	-							-	304,720	304,720
Issue of private placements	49,536,441	-	-	-	-	-	-	49,536,441	-	49,536,441
Warrant exercised	3,023	-	-	-	-	-		3,023		3,023
ESOS granted	-				854,833			854,833	-	854,833
ESOS exercised	5,660,635				(854,833)			4,805,802		4,805,802
Total comprehensive income	-	-	-	(1,024)	-	-	(20,447,102)	(20,448,126)	(67,498)	(20,515,624)
Foreign currency translation differences	-	-	-	-	-	(200,514)	-	(200,514)	-	(200,514)
As at 30 June 2021	<u>188,881,025</u>	<u>(248,540)</u>	<u>5,669,118</u>	<u>16,796,442</u>	<u>-</u>	<u>(614,553)</u>	<u>(93,072,511)</u>	<u>117,410,981</u>	<u>116,453</u>	<u>117,527,434</u>
Issue of private placements	2,209,748							2,209,748		2,209,748
Acquisition of subsidiary									473,712	473,712
Total comprehensive income						80,212	(5,551,907)	(5,471,695)	(24,371)	(5,496,065)
As at 31 March 2022	<u>191,090,774</u>	<u>(248,540)</u>	<u>5,669,118</u>	<u>16,796,442</u>	<u>-</u>	<u>(534,341)</u>	<u>(98,624,418)</u>	<u>114,149,035</u>	<u>565,795</u>	<u>114,714,830</u>

The condensed Consolidated Statement of Changes in Equity should be read in conjunction with the annual financial statements for the year ended 30 June 2021 and the accompanying explanatory notes attached to the interim financial statements

METRONIC GLOBAL BERHAD 200301029648 (632068-V)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD QUARTER ENDED 31 MARCH 2022**

(The figures have not been audited)

		9 Months Ended	9 Months Ended
		31.03.2022	31.03.2021
	NOTE	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (Loss) before taxation from:			
Continuing operations		(5,653,366)	3,234,916
Adjustments for:			
Reversal of allowance for doubtful debt		(198,964)	-
Depreciation of investment properties	24	4,223	4,223
Depreciation of property, plant and equipment	24	336,574	175,966
ESOS issuance cost		-	16,599
(Gain) / Loss on disposal of property, plant & equipment		(850)	-
Government subsidies		-	157,793
(Gain) / Loss on unrealised foreign exchange		680	(2,524)
(Gain) / Loss on disposal of available-for-sale financial assets		3,246,961	949
Reversal / (Impairment) of impairment losses of quoted shares		-	3,974,654
Finance costs	24	395,724	375,111
Interest income	24	(859,446)	(936,819)
Operating loss before working capital changes		(2,728,464)	7,000,867
Changes in working capital:			
Inventories		112,132	266,032
Contract customer		6,266,797	(2,480,109)
Trade and other receivables		829,401	1,236,037
Property development costs		-	8,979,868
Trade and other payables		(3,567,769)	(2,478,704)
Net cash used in operating activities		<u>912,097</u>	<u>12,523,991</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Net purchased of Available for Sale Assets		(192,526)	-
Interest received		859,446	936,819
Purchase of property, plant and equipment		(388,000)	(199,000)
Development expenditure		(4,000,000)	-
Proceed from disposal of fair value through profit or loss financial assets		-	423,590
Loss from disposal of available-for-sale financial assets		(3,246,961)	-
Net cash used in investing activities		<u>(6,968,041)</u>	<u>1,161,409</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(395,724)	(375,111)
Issuance of share capital		2,209,749	4,180,430
Net drawdown / (repayment) of bank borrowings		(468,058)	1,418,112
(Placements) / Withdrawal of fixed deposits		(2,054,124)	(10,403,767)
Net Drawdown/(Repayment) of margin facilities		(417,991)	(958,957)
Net cash generated from financing activities		<u>(1,126,147)</u>	<u>(6,139,292)</u>
NET CHANGES IN CASH AND CASH EQUIVALENTS		(7,182,092)	7,546,108
EFFECT OF FOREIGN EXCHANGE RATES CHANGES		(13,475)	(352,374)
CASH AND CASH EQUIVALENTS AS AT 1 JULY		9,305,780	1,005,251
FIXED DEPOSITS		68,518,791	68,219,023
BANK OVERDRAFT		(2,870,683)	(4,708,152)
CASH AND CASH EQUIVALENTS AS AT 31 MARCH		<u>67,758,321</u>	<u>71,709,856</u>
Cash and cash equivalents at the balance sheet date comprise the following:			
Cash and bank balances		2,166,550	9,199,106
Fixed deposits balances		70,635,615	57,815,256
Bank overdraft		(5,043,844)	4,695,493
		<u>67,758,321</u>	<u>71,709,856</u>

The condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 30 June 2021 and the accompanying explanatory notes.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 MARCH 2022

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

1. Basis of Preparation

This unaudited condensed consolidated interim financial statements ("Condensed Report"), has been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 2016 in Malaysia, where applicable and the requirements of Chapter 9.22, of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Condensed Report should be read in conjunction with the Group's audited financial statements for the financial year ended 30 June 2021 and the accompanying explanatory notes attached herein for a better understanding of changes in financial position and performance of the Group.

2. Significant Accounting Policies

The accounting policies adopted in the preparation of the Condensed Report are consistent with those followed in the preparation of the Group's audited financial statements for the financial year ended 30 June 2021.

2.1 Adoption of Amendments and Annual Improvements to Standards

The Group has 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:-

Amendments to MFRS 9, MFRS 7, MFRS 13 MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2
Amendments to MFRS 16	Leases - Covid-19 Related Rent Concession beyond 30 June 2021

2.2 Standard issued but not yet effective

The Group has not adopted the following new MFRS, and amendments/improvements to MFRSs that have been issued, but yet to be effective:

Effective for financial period beginning on or after 1 January 2022

Amendments to MFRS 1	First-time Adoption of MFRS (Annual Improvements to MFRS 2018-2020 Cycle)
Amendments to MFRS 3	Business Combination - Reference to the Conceptual Framework
Amendments to MFRS 9	First-time Adoption of MFRS (Annual Improvements to MFRS 2018-2020 Cycle)
Amendments to MFRS 116	Property, plant and equipment - Proceeds before Intended Use
Amendments to MFRS 137	Provision, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract
Amendments to MFRS 141	Agriculture (Annual Improvements to MFRS 2018-2022 Cycle)

Effective for financial period beginning on or after 1 January 2023

MFRS 17	Insurance contracts
Amendments to MFRS 17	Insurance contracts
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates
Amendments to MFRS 101	Presentation of Financial Statements - Disclosure of Accounting Policies
Amendments to MFRS 112	Income Tax - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

2.3 Significant Accounting Estimate and Judgements

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

METRONIC GLOBAL BERHAD 200301029648 (632068-V)

(Incorporated in Malaysia)

2. Significant Accounting Policies (continue)**2.3 Significant Accounting Estimate and Judgements (cont.)**

In preparing these unaudited condensed interim financial statements, the significant judgements made by management in applying Group's accounting policies and the keys sources of estimation uncertainty were the same as those that applied to the audited annual financial statements for the financial year ended 30 June 2021 except for the measurement of expected credit loss under MFRS 9 which involves increased complexity and judgements.

3. Seasonality or cyclicity of interim operations

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

4. 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 19 and 20.

5. 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.

6. Debt and equity securities

There were no issuances, repurchases and repayments of debt and equity securities during the financial quarter and financial period under review, save for the issuance of 88,744,924 new shares for the fourth tranche of the Private Placement on 30 September 2021.

7. Dividends

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

8. Segmental information

Analysis by segments is as follow:-

By geographical segments:

	Individual Quarter			Cumulative Quarter		
	Current Period 31.03.2022 RM	Current Period 31.03.2021 RM	% Changes	Current Period 31.03.2022 RM	Current Period 31.03.2021 RM	% Changes
Segment revenue						
Total revenue	9,514,549	8,362,550	14%	22,382,324	18,844,386	19%
Inter-segment elimination	-	-	-	-	-	-
Continued operations	9,514,549	8,362,550	14%	22,382,324	18,844,386	19%
Discontinued operation	-	-	-	-	-	-
External customers	9,514,549	8,362,550		22,382,324	18,844,386	
Results						
Operating results						
Malaysia	(4,630,541)	590,431	N/A	(5,257,642)	3,708,188	N/A
Overseas	-	-	-	-	-	-
	(4,630,541)	590,431	N/A	(5,257,642)	3,708,188	N/A
Finance costs	(128,503)	(92,466)	-39%	(395,724)	(375,111)	-5%
Profit/(Loss) before tax						
- Continued operation	(4,759,043)	497,965	N/A	(5,653,366)	3,333,077	N/A
Profit/(Loss) before tax						
- Discontinued operation	(3,123)	-	N/A	(3,123)	(39,931)	-92%
Profit/(Loss) before tax	(4,762,166)	497,965	N/A	(5,656,489)	3,293,146	N/A

METRONIC GLOBAL BERHAD 200301029648 (632068-V)

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8. Segmental information (continue)

Segment revenue	Individual Quarter			Cumulative Quarter		
	Current Period	Current Period	%	Current Period	Current Period To	%
	31.03.2022	31.03.2021	Changes	31.03.2022	31.03.2021	Changes
	RM	RM		RM	RM	
Engineering	9,514,549	8,362,550	14%	22,382,324	18,844,386	19%
Total revenue	9,514,549	8,362,550	14%	22,382,324	18,844,386	19%
Inter-segment elimination		-			-	
Continued operations	9,514,549	8,362,550	14%	22,382,324	18,844,386	19%
Discontinued operation		-			-	
External customers	9,514,549	8,362,550	14%	22,382,324	18,844,386	19%

Results	Individual Quarter			Cumulative Quarter		
	Current Period	Current Period	%	Current Period	Current Period To	%
	31.03.2022	31.03.2021	Changes	31.03.2022	31.03.2021	Changes
	RM	RM		RM	RM	
Operating results						
Engineering	(748,447)	162,532	N/A	(958,628)	133,369	N/A
Investment holding	(3,882,094)	427,899	N/A	(4,299,015)	2,613,993	N/A
	(4,630,540)	590,431	N/A	(5,257,642)	2,747,362	N/A
Finance costs	(128,503)	(92,466)	39%	(395,724)	(375,111)	5%
Profit/(Loss) before tax						
- Continued operations	(4,759,043)	497,965	N/A	(5,653,366)	2,372,251	N/A
Profit/(Loss) before tax						
- Discontinued operation	(3,123)	-	N/A	(3,123)	(39,931)	92%
Profit/(Loss) before tax	(4,762,166)	497,965	N/A	(5,656,489)	2,332,320	N/A

9. Material subsequent events

Other than those disclosed in Note 19 and 20, there were no other material subsequent events after the period ended 31 March 2022

10. Changes in the composition of the Group

On 30 November 2021 the Group had completed the subscription of 70% equity interest in Sinaran PPA Sdn Bhd ("SPSB") whereby SPSB shall subsequently be a subsidiary of the Group.

11. Contingent liabilities

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

(a) Secured	RM
Performance and financial guarantees issued by the banks to third parties	<u>8,897,095</u>
(b) Unsecured	RM
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	<u>39,804,287</u>
Corporate guarantees given to performance for project granted to subsidiaries	<u>43,042,826</u>

12. Capital commitments

The total approved and committed for acquisition of properties	<u>25,152,000</u>
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13. Significant related party transactions

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

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

14. Performance review

Continuing operations

Quarter and Period Ended 31 March 2022

RM	Individual Period (3rd quarter)		Changes (Amount%)	Cumulative Period		Change s (Amount %)
	Current Year Quarter	Preceding Year Corresponding Quarter		Current Year To Date	Preceding Year Corresponding Period	
	31.03.2022	31.03.2021		31.03.2022	31.03.2021	
Revenue	9,514,549	8,362,550	14%	22,382,324	18,844,386	19%
Operating Profit	(4,622,210)	(488,182)	>100	(5,249,312)	3,610,027	NA
Profit/(Loss) Before Interest & Tax	(4,622,210)	(488,182)	>100	(5,249,312)	3,610,027	NA
Profit/(Loss) Before Tax	(4,750,713)	(580,648)	>100	(5,645,036)	3,234,916	NA
Profit/(Loss) After Tax	(4,762,166)	(886,708)	>100	(5,656,489)	2,928,856	NA
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(4,742,100)	(886,708)	>100	(5,632,118)	2,918,982	NA

The Group reported a net loss of RM4.7 million for the third quarter of FY2022 compared to a net loss of RM887 thousand in the corresponding period last year.

The Group's revenue increased by 14% to RM9.5 million from RM8.4 million in the previous year corresponding period as a result of increased in billing from the MRT2 and PNB 118 projects. Despite the increase in the revenue, the Group recorded lower gross margin due to catch up of direct costs mainly for projects in the final stage of completion. Included in the period under review is also a loss from disposal of investment in quoted shares of RM3.2 million that has substantially affected the financial performance for the period.

On a cumulative quarter, the Group recorded a net loss of RM5.6 million compared to a profit of RM2.9 million same period previous year.

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

RM	Current Quarter 31.03.2022	Immediate Preceding Quarter 31.12.2021	Changes (Amount %)
Revenue	9,514,549	6,060,878	57%
Operating Profit	(4,622,210)	(816,383)	>100%
Profit/(Loss) Before Interest & Tax	(4,622,210)	(816,383)	>100%
Profit/(Loss) Before Tax	(4,750,713)	(816,383)	>100%
Profit/(Loss) After Tax	(4,762,166)	(816,383)	>100%
Profit/(Loss) Attributable to Ordinary Equity Holders of the	(4,742,100)	(816,383)	>100%

In the current quarter under review, the Group recorded a loss before tax of RM4.7 million compared to a loss of RM816 in the preceding quarter. The unfavourable results recorded during the period mainly due to lower gross margin resulted from the catch up of direct costs for its projects in the final stage of completion and a loss from disposal of investment in quoted shares of RM3.2 million recorded during the period.

16. Current year prospects

The Group is mindful of the challenges ahead for the Engineering Division with the competition and current economic situation especially the post Covid-19 outbreak. The Group will continue to explore other new opportunities among others, to expand into infrastructure smart system, M&E division and government projects. In addition to that, the Group continues to strengthen the sales team and strategies in order to build up a strong order book. The Group will also continue taking various measures to enhance its operational efficiency and effective cost management in order to improve the performance of the Group.

The Group's balance order book stood at RM59 million and the Group is presently tendering contracts totalling RM71.6 million.

17. Profit forecast or profit guarantee

No profit forecast was published by the Group.

18. Profit forecast or profit guarantee

	Individual Quarter 31.03.2022 RM	Cumulative Quarter Quarter 31.03.2022 RM
Income tax expense:		
Malaysian income tax		
- Current	<u>(8,330)</u>	<u>(8,330)</u>
	<u>(8,330)</u>	<u>(8,330)</u>

19. Status of On-going Corporate Development

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

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

At this moment, MESB and Singyes are in the midst of developing the prototype for the smart city model. In view of the global travel restriction previously imposed by government worldwide, both parties have agreed to extend the JV Agreement until 31 August 2022. Subject to the loosening of global travel restrictions, both MESB and Singyes expect to complete work on the prototype by end of 2022.

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

Utilization of proceeds	Timeframe for utilisation	Proposed utilisation (RM,000)	Actual utilisation (RM'000)	Balance to be utilised (RM'000)
Development of smart city solutions in Malaysia	Within 36 months	4,948	3,232	1,716
Expenses in relation to the	Immediate	160	160	-
Total		5,108	3,392	1,716

- c) On 1 October 2020, Metronic Smart Tech Sdn Bhd, a wholly-owned subsidiary of the Company, had entered into a joint venture agreement with JF Strategic Management Pte Ltd to undertake the design, research, development and production of an automated storage and retrieval system based on technologies of Industry 4.0 to be used for smart factories within the estate of Jurong Town Corporate. This is in line with the Group's intention to expand its business into the provision of smart solutions services.

Subsequently on 9 December 2020, a new subsidiary Metronic JF System Pte Ltd, had been incorporated in Singapore for the Joint venture. This joint venture is expected to provide an additional source of income and contribute positively to future earnings of the Company.

In the mid December 2020, MSTSB and JFTM have commenced work on this project and are currently in the midst of preparing proposals to be marketed to manufacturing companies operating in Singapore and expect to approach their first potential customers by the second half of 2022, delayed from the original schedule due to perious travel restriction resulted from the Covid outbreak.

19. Status of On-going Corporate Development (cont.)

- d) On 2 February 2021, the Group via its wholly owned subsidiary, Metronic Medicare Sdn Bhd (MMSB), has entered into joint research and development agreement with Joysbio (Tianjin) Biotechnology Co. Ltd to undertake a research program for SARS-CoV-2 Neutralizing Antibody Test Kit, subject to the terms and conditions in the Agreement. On 9 February 2021, the Group has received a periodical report from Joysbio stating among others, the results for the SARS-CoV-2 Neutralizing Antibody Test Kit was 100% accurate.

On 23 February 2021, the company announced that MMSB has been awarded Letters of Intent from MTPS Innotech Company Limited (MTPS) and Genesprint Limited (Genesprint) for the proposed purchase of the test kits valued at USD210 million and USD140 million respectively. The definitive agreements with MTPS and Genesprint have both been executed on 26 February 2021. MGB has entered into Sale and Purchase Agreement with Genesprint on 18 May 2021 and subsequently with MTPS on 20 May 2021.

- e) On 11 May 2021, Bursa Securities Malaysia approved the Group proposal that a total of 500,428,000 new shares offered under the private placement which representing 30% of the existing total number of issued Shares, to independent third-party investor(s) that was fully completed on 13 September 2021. Following is the status utilisation of the proceeds from the private placements.

Utilization of proceeds	Inteded timeframe for utilisation	Utilisation of proceeds received (RM'000)	Actual utilisation (RM'000)	Balance unutilised (RM'000)
Funding for business	Within 24 months	21,789	-	21,789
Expenses for the private		920	855	65
Total		22,709	855	21,854

- f) On 1 July 2021, Metronic Global Berhad announced that it had entered into a Memorandum of Agreement (MOA) with Earthech Energy Sdn Bhd (Formerly known as Dehui Energy (M) Sdn Bhd)("ETSB") to regulate their working relationship in the formation of a joint venture for the Solar Power Purchase Project.

Subsequently on 15 October 2021, the Company entered into a Subscription and Joint Venture Agreement ("the SJV Agreement") with ETSB and Mr Chew Keng Yaw to detail out the terms of agreements for the parties on the proposed undertaking that will include to carry out the design, research and development, production and/or installation of solar power equipment to be marketed and sold as well as to provide after-sales services support thereafter. In pursuant to the SJV Agreement, the Company has subsequently acquired a 70% interest in Sinaran PPA Sdn Bhd ("SPSB") that shall be used as a vehicle to undertake the project.

On 13 January 2022, the Group announced that the Sinaran PPA Sdn Bhd had on 7 December 2021 signed a Solar Power Agreement with Wang You Pilymer Industries Sdn Bhd and Technology PP Industries (Northern) Sdn Bhd to govern the obligations of the Parties to sell and purchase solar energy under the solar leasing model.

- g) On 19 November 2021, the Group announced that the Company proposes to undertake the following:-

- i) proposed diversification of the existing business of Metronic and its subsidiaries ("Metronic Group" or the "Group") to include the design, research and development, installation, engineering, procurement, construction, commissioning and maintenance of solar PV panels, equipment and facilities and other related activities including solar leasing ("solar Energy Business") ("Proposed Diversification").
- ii) proposed consolidation of every 10 existing ordinary shares in Metronic ("Metronic Shares" or "Shares") into 1 Share ("Consolidated Shares")
- iii) proposed renounceable rights issue of up to 1,742,433,306 new Shares ("Rights Shares") together with up to 580,811,102 free detachable warrants in the Company ("Warrants B") on the basis of 6 Rights Shares together with 2 free Warrants B for every 1 Consolidated Share held by the entitled shareholders of the Company on an entitlement date to be determined ("Entitlement Date") ("Entitled Shareholders") ("Proposed Rights Issue with Warrants").

On 24 January 2022, the Group announced that Bursa Securities had, vide its letter dated 24 January 2022, approved the Group's proposal above which include:

- (i) admission to the Official List and listing and quotation of up to 580,811,102 Warrants B to be issued pursuant to the Proposed Rights Issue with warrants;
- (ii) listing and quotation of up to 1,742,433,306 Rights Shares to be issued pursuant to the Proposed Rights Issue with Warrants;
- (iii) listing and quotation of up to 66,130,490 additional Warrants A to be issued pursuant to the adjustments to the exercise price and number of Warrants A as a result of the Proposed Share Consolidation and Proposed Rights Issue with Warrants (as the case may be) in accordance with provisions of Deed Poll A ("Additional Warrants A");
- (iv) listing and quotation of up to 580,811,102 new Metronic Shares to be issued arising from the exercise of the Warrants B; and
- (v) listing and quotation of up to 66,130,490 new Metronic Shares to be issued arising from the exercise of the Additional Warrants A.

On 21 March 2022, the shareholders in the Extraordinary General Meeting approved the proposals.

- h) On 15 March 2022, the Group announced the expiry of its warrant A 2019/2022 issued in pursuant to a Deed Poll dated 1 March 2019 constituting the Warrants 2019/2022 on 15 April 2022.
- i) On 23 May 2022, the Group announced the completion of the consolidation of its shares of every 10 existing shares into 1 share.

20. Material Litigations

- a) 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 RM4.80 million) ("Claim"). The amount comprises outstanding rental amounting to RMB5.81 million (approximately RM3.8 million) and late payment charges of RMB1.44 million (approximately RM0.95 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 RM2.63 million) payable to MMBCL. The outstanding rental however has yet to be paid.

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

Once MMBCL has obtained the court's execution order, MMBCL will be able to recover the outstanding rental amounting to RMB3.97 million (approximately RM2.63 million) from the tenant together with the interest same as the benchmark lending rate fixed by People's Bank of China on the said outstanding rental from 25 July 2016 to the date of settlement of the outstanding rental.

(1) Based on BNM's exchange rate of RMB1:RM0.6621 as at the LPD.

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

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

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

The case is now pending action from relevant authorities. The Management will seek legal advice upon receiving the police report on the findings.

21. Borrowings

The Group's total borrowing as at 31 March 2022 stood at RM8.9 million, representing a gearing ratio of 0.08 to shareholders' equity. The amount was slightly higher than the previous financial year of RM7.8 million.

Breakdown by type of facilities is shown below:

	As at 31 March 2022					
	Long Term		Short term		Total borrowings	
	Foreign denomination	RM denomination	Foreign denomination	RM denomination	Foreign denomination	RM denomination
<u>Secured borrowings</u>						
Bank overdraft	-	-	-	5,043,844	-	5,043,844
Bankers' acceptances	-	-	-	3,093,114	-	3,093,114
Hire purchase	-	189,390	-	25,610	-	215,000
Margin Financing	-	-	-	624,806	-	624,806
Sub-Total	-	189,390	-	8,787,374	-	8,976,764
<u>Un-Secured borrowings</u>						
Nil	-	-	-	-	-	-
Sub-Total	-	-	-	-	-	-
Total	-	189,390	-	8,787,374	-	8,976,764
	As at 31 June 2020 (audited)					
	Long Term		Short term		Total borrowings	
	Foreign denomination	RM denomination	Foreign denomination	RM denomination	Foreign denomination	RM denomination
<u>Secured borrowings</u>						
Bank overdraft	-	-	-	2,870,683	-	2,870,683
Bankers' acceptances	-	-	-	3,679,150	-	3,679,150
Hire purchase	-	213,205	-	24,925	-	238,130
Margin Financing	-	-	-	1,042,797	-	1,042,797
Sub-Total	-	213,205	-	7,617,555	-	7,830,760
<u>Un-Secured borrowings</u>						
Nil	-	-	-	-	-	-
Sub-Total	-	-	-	-	-	-
Total	-	213,205	-	7,617,555	-	7,830,760

22. Proposed Dividend

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

23. Earnings per share (EPS)

Basic EPS

	Individual Current Period Quarter 31.03.2022 RM	Cumulative Current Period To Date 31.03.2022 RM
Profit / (Loss) attributable to ordinary equity owners of the parent		
- Continuing operations	(4,738,977)	(5,628,995)
- Discontinued operations	(3,123)	(3,123)
	<u>(4,742,100)</u>	<u>(5,632,118)</u>
Weighted average number of ordinary shares in issue	2,168,523,079	2,138,725,513
Basic loss per share (sen)		
- Continuing operations	(0.22)	(0.26)
- Discontinued operations	(0.00)	(0.00)
	<u>(0.22)</u>	<u>(0.26)</u>

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

23. Earnings per share (continue)

<u>Diluted EPS</u>	Individual Current Period Quarter 31.03.2022 RM	Cumulative Current Period To Date 31.03.2022 RM
Profit / (Loss) attributable to ordinary equity owners of the parent		
- Continuing operations	(4,738,977)	(5,628,995)
- Discontinued operations	(3,123)	(3,123)
	<u>(4,742,100)</u>	<u>(5,632,118)</u>
Weighted average number of ordinary shares in issue		
Effect of dilution after conversion of all outstanding Esos and Warrants	2,168,523,079	2,138,725,513
Adjusted weighted average number of ordinary shares the purpose of diluted EPS	<u>2,168,523,079</u>	<u>2,138,725,513</u>
Diluted earnings/(loss) per share (sen)		
- Continuing operations	(0.22)	(0.26)
- Discontinued operations	(0.00)	(0.00)
	<u>(0.22)</u>	<u>(0.26)</u>

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

24. Profit/(Loss) for the period

After charging/(crediting):	Individual Current Period Quarter 31.03.2022 RM	Cumulative Current Period To Date 31.03.2022 RM
Auditors' remuneration	110,151	188,151
Depreciation of investment properties	1,408	4,223
Depreciation of property, plant and equipment	255,175	336,574
Directors' fee	84,000	222,000
Net (Gain) / Loss on disposal of		
- available-for-sale financial assets	3,246,961	3,246,961
- property, plant and equipment	(850)	(850)
Interest expenses	128,503	395,724
Interest income	(78,635)	(859,446)
Staff cost	1,938,384	5,445,626

25. Audit Report

The auditors' report on Group's financial statements for the year ended 30 June 2021 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 26 May 2022.