



METRONIC GLOBAL BERHAD

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

INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER ENDED

30 JUNE 2023

METRONIC GLOBAL BERHAD 200301029648 (632068-V)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS FOR THE FOURTH QUARTER ENDED 30 JUNE 2023

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter	Preceding Year Quarter	Current Year To Date	Preceding Year To Date
		30.06.2023	30.06.2022	30.06.2023	30.06.2022
		RM	RM	RM	RM
Revenue	A8	9,325,964	17,206,217	36,125,153	39,588,541
Cost of sales		(9,480,530)	(8,841,837)	(30,567,401)	(25,903,413)
Gross profit		(154,566)	8,364,380	5,557,752	13,685,128
Other income		1,410,545	3,084,848	3,804,574	4,143,258
Administration expenses		(2,538,268)	(7,218,128)	(12,495,095)	(15,495,811)
Other operating expenses		(5,561,783)	(2,295,128)	(6,633,191)	(5,636,086)
Loss from operations		(6,844,073)	1,935,972	(9,765,960)	(3,303,511)
Finance costs		(112,589)	(187,373)	(398,258)	(583,097)
Loss before tax for the period		(6,956,662)	1,748,599	(10,164,218)	(3,886,608)
Income tax expense	B5	16,195	(3,467,022)	(244,055)	(3,475,352)
Loss for the period from:					
- continuing operations		(6,940,466)	(1,718,423)	(10,408,273)	(7,361,960)
- discontinued operations		-	(265,477)	-	(278,429)
Loss for the period	B12	(6,940,466)	(1,983,900)	(10,408,273)	(7,640,389)
Loss attributable to:					
Owners of the parent					
- continuing operations		(6,916,860)	(1,608,061)	(10,144,351)	(7,227,228)
- discontinued operations		-	(436,075)	-	(449,027)
		(6,916,860)	(2,044,136)	(10,144,351)	(7,676,255)
Non controlling interest					
- continuing operations		(23,607)	(110,362)	(263,922)	(134,732)
- discontinued operations		-	170,598	-	170,598
		(23,607)	60,236	(263,922)	35,866
		(6,940,466)	(1,983,900)	(10,408,273)	(7,640,389)

The condensed Consolidated Statement of Profit or Loss should be read in conjunction with the annual financial statements for the year ended 30 June 2022 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 FOURTH QUARTER ENDED 30 JUNE 2023

(The figures have not been audited)

	NOTE	Individual Quarter		Cumulative Quarter	
		Current Year Quarter	Preceding Year Quarter	Current Year To Date	Preceding Year To Date
		30.06.2023 RM	30.06.2022 RM	30.06.2023 RM	30.06.2022 RM
(Loss) / Profit for the period from:					
- continuing operations		(6,940,466)	(1,718,423)	(10,408,273)	(7,361,960)
- discontinued operations		-	(265,477)	-	(278,429)
Loss for the period	B12	(6,940,466)	(1,983,900)	(10,408,273)	(7,640,389)
Other comprehensive income :					
Foreign currency translation:		96,619	761,654	99,586	841,866
- continuing operations		96,619	46,952	99,586	5,986
- discontinued operations		-	714,702	-	835,880
Other comprehensive income / (expense) for the period, net of		96,619	761,654	99,586	841,866
Total comprehensive loss for the period, net of tax		(6,843,847)	(1,222,246)	(10,308,688)	(6,798,523)
Total comprehensive loss attributable to:					
Owners of the parent					
- continuing operations		(6,839,564)	(1,561,109)	(10,064,682)	(7,221,242)
- discontinued operations		-	278,627	-	386,853
		(6,839,564)	(1,282,482)	(10,064,682)	(6,834,389)
Non-controlling interests					
- continuing operations		(4,283)	(110,362)	(244,005)	(134,732)
- discontinued operations		-	170,598	-	170,598
		(4,283)	60,236	(244,005)	35,866
		(6,843,847)	(1,222,246)	(10,308,687)	(6,798,523)
<u>Loss per share attributable to equity holders of the Company (sen):</u>					
Basic / Diluted	B11	(0.45)	(0.94)	(0.68)	(3.58)

The condensed Consolidated Statement Statement of Other Comprehensive Income should be read in conjunction with the annual financial statements for the year ended 30 June 2022 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
30 JUNE 2023**

		As at 30.06.2023 RM	(Audited) As at 30.06.2022 RM
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		8,918,114	9,378,409
Right-of-use assets		165,065	286,634
Investment properties		3,425,468	3,425,468
Intangible assets		19,265,904	23,118,400
Other Investment		6,750,579	4,081,521
		<u>38,525,130</u>	<u>40,290,432</u>
CURRENT ASSETS			
Property development cost		12,668,565	13,769,115
Inventories		779,121	893,250
Current tax assets		414,007	147,356
Trade receivables		11,346,947	11,068,451
Amount due from contract customers		9,301,493	4,758,018
Other receivables and deposits		247,280	1,093,157
Fixed deposits		136,926,484	141,476,107
Cash and bank balances		469,008	6,638,520
		<u>172,152,906</u>	<u>179,843,974</u>
TOTAL ASSETS		<u>210,678,035</u>	<u>220,134,406</u>
EQUITY AND LIABILITIES			
Share capital		263,942,757	191,099,433
Fair value reserve		(248,540)	(248,540)
Revaluation reserve		5,669,118	5,669,118
Warrant reserve		6,011,001	-
Foreign currency translation reserve		326,899	227,313
Accumulated losses		(94,099,905)	(83,955,555)
Equity attributable to owners of the parent		<u>181,601,330</u>	<u>112,791,769</u>
Non-controlling interests		<u>(111,273)</u>	<u>152,650</u>
TOTAL EQUITY		<u>181,490,057</u>	<u>112,944,419</u>
NON-CURRENT LIABILITIES			
Finance lease liabilities	B9	160,843	237,301
Loans and borrowings	B9	1,000,000	1,000,000
		<u>1,160,843</u>	<u>1,237,301</u>
CURRENT LIABILITIES			
Trade payables		9,057,378	10,867,427
Other payables		10,544,041	86,448,856
Finance lease liabilities	B9	77,344	91,489
Loans and borrowings	B9	8,348,372	8,544,914
		<u>28,027,135</u>	<u>105,952,686</u>
TOTAL LIABILITIES		<u>29,187,978</u>	<u>107,189,987</u>
TOTAL EQUITY AND LIABILITIES		<u>210,678,035</u>	<u>220,134,406</u>
NET ASSET PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY		0.12	0.52

The condensed Consolidated Statement of Financial Position should be read in conjunction with the annual financial statements for the year ended 30 June 2022 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 FOURTH QUARTER ENDED 30 JUNE 2023

	<----- Attributable to owners of the parent ----->					<----- Non-distributable reserve -----> Distributable			
	Share capital	Fair value reserve	Revaluation reserve	Warrant reserve	Foreign currency translation reserve	Accumulated losses	Total	Non- controlling interests	Total equity
	RM	RM	RM	RM	RM	RM	RM	RM	RM
As at 1 July 2021	188,881,025	(248,540)	5,669,118	16,796,442	(614,553)	(93,072,511)	117,410,981	116,454	117,527,435
Acquisition of subsidiary company	-	-	-	-	-	-	-	30	30
Issuance of new shares pursuant to:									
- private placement	2,209,749	-	-	-	-	-	2,209,749	-	2,209,749
- warrant exercised	8,659	-	-	(2,931)	-	-	5,728	-	5,728
Warrant reserve adjustment	-	-	-	(16,793,511)	-	16,793,511	-	-	-
Net loss for the period from:									
- continuing operations	-	-	-	-	-	(7,227,228)	(7,227,228)	(134,732)	(7,361,960)
- discontinued operations	-	-	-	-	-	(449,327)	(449,327)	170,898	(278,429)
Other comprehensive expense:									
- Foreign currency translation differences from:									
- continuing operations	-	-	-	-	5,986	-	5,986	-	5,986
- discontinued operations	-	-	-	-	835,880	-	835,880	-	835,880
Total comprehensive loss for the year	-	-	-	-	841,866	(7,676,555)	(6,834,689)	36,166	(6,798,523)
As at 30 June 2022	191,099,433	(248,540)	5,669,118	-	227,313	(83,955,555)	112,791,769	152,650	112,944,419
Issuance of new shares pursuant to:									
- right issues	71,751,973	-	-	6,221,790	-	-	77,973,763	-	77,973,763
- warrant exercised	1,091,351	-	-	(210,789)	-	-	880,562	-	880,562
Net loss for the period	-	-	-	-	-	(10,144,351)	(10,144,351)	(263,922)	(10,408,272)
Other comprehensive income:									
- Foreign currency translation differences	-	-	-	-	99,586	-	99,586	-	99,586
Total comprehensive loss for the year	-	-	-	-	99,586	(10,144,351)	(10,044,765)	(263,922)	(10,308,687)
As at 30 JUNE 2023	263,942,757	(248,540)	5,669,118	6,011,001	326,899	(94,099,906)	181,601,329	(111,272)	181,490,057

The condensed Consolidated Statement of Changes in Equity should be read in conjunction with the annual financial statements for the year ended 30 June 2022 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 CASH FLOWS FOR THE FOURTH QUARTER ENDED 30 JUNE 2023

(The figures have not been audited)

		30.06.2023	30.06.2022
CASH FLOWS FROM OPERATING ACTIVITIES	NOTE	RM	RM
Loss before taxation - Continuing operations		(10,164,218)	(3,886,608)
Loss before taxation - Discontinued operations		-	(278,429)
Adjustments for:			
Amortisation of intangible assets		1,009,600	1,009,600
Depreciation of property, plant and equipment	B12	424,000	460,048
Depreciation of right-of-use assets	B12	123,221	53,758
Gain on disposal of property, plant & equipment		14,000	(4,167)
Loss on disposal intangible assets	B12	-	21,272
Loss on disposal of other investment	B12	529,622	-
(Gain)/Loss on unrealised foreign exchange		-	15,307
(Gain)/Loss on disposal of quoted shares classified as fair value through profit or loss	B12	942,473	3,411,128
Gain on disposal of associate company			(64,280)
Impairment loss trade receivables		-	1,874,747
Impairment loss on quoted shares	B12	1,200,630	-
Impairment loss on intangible assets	B12	2,963,170	-
Impairment losses on other receivables and deposits		283,102	-
Reversal of Impairment losses on receivables	B12	(390,159)	(1,311,427)
Reversal of Impairment losses on investment in associate		-	(235,720)
Reversal of Impairment losses on property development costs		-	(303,435)
Reversal of Impairment losses on inventories		-	(673,178)
Interest expenses	B12	398,258	583,097
Interest income	B12	(3,266,003)	(1,218,046)
Operating loss before working capital changes		<u>(5,932,304)</u>	<u>(546,333)</u>
Changes in working capital:			
Amount due from contract customers		(4,543,476)	8,832,957
Inventories		114,129	34,741
Trade and other receivables		2,959,581	686,594
Property development costs		1,100,550	(900,000)
Trade payables		(1,810,049)	(7,071,881)
Other payables		<u>(76,680,377)</u>	<u>68,208,193</u>
Net cash used in operations		<u>(84,791,946)</u>	<u>69,244,271</u>
Tax refunded / (paid)		(510,706)	(199,516)
Interest paid		<u>(330,862)</u>	<u>(471,293)</u>
Net cash used in operating activities		<u>(85,633,514)</u>	<u>68,573,462</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest paid		(53,262)	(93,748)
Interest received		3,383,343	1,218,046
Acquisition of subsidiary company		-	30
Net purchase of quoted shares classified as fair value through profit or loss		(4,812,160)	(3,527,570)
Purchase of property, plant and equipment		-	(441,399)
Proceeds from disposal of property, plant & equipment		-	273,572
Proceeds from disposal of associate company		-	300,000
Net cash generated from / (used in) investing activities		<u>(1,482,079)</u>	<u>(2,271,069)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
(Repayment)/Advances from a director		638,070	(47,742)
Interest paid		(14,134)	(18,056)
Net proceeds from issuance of share capital pursuant to:			
- private placement		-	2,209,749
- right issues		77,973,764	-
- warrant exercised		880,562	5,728
Net drawdown/(repayment) of bank borrowings		153,071	(357,128)
Repayment of finance leases		(90,604)	(75,214)
Net (repayment) / advances of margin facilities		<u>(349,613)</u>	<u>(406,582)</u>
Net cash generated from / (used in) financing activities		<u>79,191,115</u>	<u>1,310,755</u>

METRONIC GLOBAL BERHAD 200301029648 (632068-V)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FOURTH QUARTER ENDED 30 JUNE 2023 (continue)

(The figures have not been audited)

	30.06.2023	30.06.2022
	RM	RM
NET CHANGES IN CASH AND CASH EQUIVALENTS	(7,924,477)	67,613,148
EFFECT OF FOREIGN EXCHANGE RATES CHANGES	99,587	(39,087)
CASH AND CASH EQUIVALENTS AS AT 1 JULY	6,638,520	9,305,781
FIXED DEPOSITS	141,476,107	68,518,791
BANK OVERDRAFT	(5,586,677)	(2,870,683)
CASH AND CASH EQUIVALENTS AS AT 30 JUNE 2023	<u>134,703,059</u>	<u>142,527,950</u>

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

Cash and bank balances	469,008	6,638,520
Fixed deposits balances	136,926,484	141,476,107
Bank overdraft	(2,692,433)	(5,586,677)
	<u>134,703,059</u>	<u>142,527,950</u>

The condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the year ended 30 June 2022 and the accompanying explanatory notes.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2023

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 2022 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 significant accounting policies and methods of computation adopted in the preparation of the Condensed Report are consistent with those adopted in the Group's latest audited annual financial statements for the financial year ended 30 June 2022, except for the adoption of the new MFRSs and amendments/improvements to MFRSs.

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 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2
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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 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

Effective for annual periods beginning on or after a date yet to be confirmed

Amendments to MFRS 10 and MFRS 128	Consolidated Financial Statements and Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or joint Venture
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2.3 Significant Accounting Estimate and Judgements

The preparation of Condensed Report 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.

In preparing these Condensed Report, 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 2022 except for the measurement of expected credit loss under MFRS 9 which involves increased complexity and judgements.

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2023

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

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 B6 and B8.

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

Save as disclosed below, there were no issuances, repurchases and repayments of debt and equity securities during the financial period under review.

(i) On 13 July 2022, the Group announced the completion of its rights issue exercise followed by listing and quotation for 1,299,562,731 Rights Share and 433,187,525 Warrants B on the Main Market of Bursa Securities; and

(ii) On 4 August, 8 August, 10 August, 15 August, 19 August 2022, a total number of 14,676,033 new ordinary shares of RM0.06 each have been issued pursuant to the subscription of shares by Warrant B holders.

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 Year Quarter	Preceding Year Quarter	Changes	Current Year to Date	Preceding Year to Date	Changes
	30.06.2023	30.06.2022	%	30.06.2023	30.06.2022	%
	RM	RM		RM	RM	
Segment revenue						
Total revenue	9,325,964	17,206,217	-46%	36,125,153	39,588,541	-9%
Inter-segment elimination	-	-	-	-	-	-
External customers	<u>9,325,964</u>	<u>17,206,217</u>	-46%	<u>36,125,153</u>	<u>39,588,541</u>	-9%
Results						
Operating results						
Malaysia	(6,844,073)	1,918,668	-457%	(9,765,960)	(3,318,026)	-194%
Overseas	<u>-</u>	<u>17,304</u>	0	<u>-</u>	<u>14,515</u>	0
	(6,844,073)	1,935,972	-454%	(9,765,960)	(3,303,511)	-196%
Finance costs	<u>(112,589)</u>	<u>(187,373)</u>	40%	<u>(398,258)</u>	<u>(583,097)</u>	32%
Profit / (Loss) before tax						
- Continued operations	(6,956,662)	1,748,599	-498%	(10,164,218)	(3,886,608)	-162%
- Discontinued operations	<u>-</u>	<u>(265,477)</u>	100%	<u>-</u>	<u>(278,429)</u>	100%
Loss before tax	<u>(6,956,662)</u>	<u>1,483,122</u>	569%	<u>(10,164,218)</u>	<u>(4,165,037)</u>	-144%

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2023

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

8. Segmental information (cont'd)

Segment revenue	Individual Quarter			Cumulative Quarter		
	Current Year Quarter 30.06.2023	Preceding Year Quarter 30.06.2022	Changes %	Current Year to Date 30.06.2023	Preceding Year to Date 30.06.2022	Changes %
	RM	RM		RM	RM	
Engineering	9,325,964	17,206,217	-46%	36,125,153	39,588,541	-9%
Solar Energy	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total revenue	<u>9,325,964</u>	<u>17,206,217</u>	-46%	<u>36,125,153</u>	<u>39,588,541</u>	-9%
Inter-segment elimination	-	-	-	-	-	-
Continuing operations	9,325,964	17,206,217	-46%	36,125,153	39,588,541	-9%
Discontinued operations	-	-	-	-	-	-
External customers	<u>9,325,964</u>	<u>17,206,217</u>	-46%	<u>36,125,153</u>	<u>39,588,541</u>	-9%

Results	Individual Quarter			Cumulative Quarter		
	Current Year Quarter 30.06.2023	Preceding Year Quarter 30.06.2022	Changes %	Current Year to Date 30.06.2023	Preceding Year to Date 30.06.2022	Changes %
	RM	RM		RM	RM	
Operating results						
Engineering	(1,965,703)	2,439,568	-181%	(4,041,933)	1,499,100	-370%
Solar Energy	(70,326)	-	<100%	(857,412)	-	<100%
Others	<u>(4,808,044)</u>	<u>(503,596)</u>	855%	<u>(4,866,615)</u>	<u>(4,802,611)</u>	1%
Finance costs	<u>(6,844,073)</u>	<u>1,935,972)</u>	-454%	<u>(9,765,960)</u>	<u>(3,303,511)</u>	196%
Profit / (Loss) before tax						
- Continuing operations	(6,956,662)	1,748,599	-498%	(10,164,218)	(3,886,608)	162%
- Discontinued operations	-	(265,477)	-100%	-	(278,429)	-100%
Loss before tax	<u>(6,956,662)</u>	<u>1,483,122</u>	-569%	<u>(10,164,218)</u>	<u>(4,165,037)</u>	144%

9. Material subsequent events

Other than those disclosed in Note B6 and B8, there were no other material subsequent events after the period ended 30 June 2023

10. Changes in the composition of the Group

There were no other changes in the composition of the Group in the current period under review.

11. Contingent liabilities

Contingent liabilities for the Group are as follows;

	As at 30.06.2023 RM	As at 30.06.2022 RM
(a) <u>Secured</u>		
Performance and financial guarantees issued by the banks to third parties	<u>5,551,356</u>	<u>8,799,461</u>
(b) <u>Unsecured</u>		
Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries	<u>39,800,000</u>	<u>39,800,000</u>
Corporate guarantees given to performance for project granted to subsidiaries	<u>43,042,826</u>	<u>43,042,826</u>

METRONIC GLOBAL BERHAD 200301029648 (632068-V)

(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2023

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

12. Capital commitments

	Group	
	As at 30.06.2023	As at 30.06.2022
	RM	RM
The total approved and committed for establishment of a joint venture company	25,152,000	25,152,000

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

1. Performance review

Quarter and Period Ended 30 June 2023

	Individual Quarter			Cumulative Quarter		
	Current Year	Preceding	Changes	Current Year to	Preceding	Changes
	Quarter	Year Quarter		Date	Year to Date	
	30.06.2023	30.06.2022	%	30.06.2023	30.06.2022	%
	RM	RM		RM	RM	
Revenue	9,325,964	17,206,217	-46%	36,125,153	39,588,541	-9%
Operating (Loss)/Profit	(6,844,073)	1,670,495	510%	(9,765,960)	(3,581,941)	-173%
(Loss)/Profit Before Interest & Tax	(6,844,073)	1,670,495	510%	(9,765,960)	(3,581,940)	-173%
(Loss)/Profit Before Tax	(6,956,662)	1,483,122	569%	(10,164,218)	(4,165,037)	-144%
Loss After Tax	(6,940,466)	(1,983,900)	-250%	(10,408,273)	(7,640,389)	-36%
Loss Attributable to Ordinary Equity Holders of the Parent	(6,916,860)	(2,044,136)	-238%	(10,144,351)	(7,676,255)	-32%

Individual quarter performance

The Group recorded a revenue of RM9.3 million in the current quarter ended 30 June 2023 ("Q4FY23"), 46% lower compared to RM17.2 million recorded in the last year corresponding quarter ended 30 June 2022 ("Q4FY22"). This is mainly attributed to lower revenue generated from MRT2 and KL118 Tower projects that were nearly completion stage.

The Group reported a Loss Before Tax (LBT) of RM6.9 million as compared to a Profit Before Tax (PBT) of RM1.4 million reported in the corresponding quarter last year. During Q4FY23, in addition to the lower revenue and gross profit recorded, the Group's financial result was also impacted by an impairment of intangible assets of RM3.0 million and loss on fair value change of investment in quoted shares of RM1.2 million. Whilst, included in Q4FY22 were reversal of impairments losses of receivables, inventories and property development costs totalling to RM2.5 million.

Cumulative quarter performance

For the cumulative period of twelve months ended 30 June 2023, the Group recorded a revenue of RM36.1 million, 9% lower compared to RM39.6 million recorded in the same period last year, mainly due to lower revenue recorded for MRT2 and KL118 Tower projects that were nearly completion stage during the current year.

For the period of twelve months, the Group reported a Loss Before Tax (LBT) of RM10.1 million as compared to a LBT of RM4.1 million reported last year. In addition to the lower revenue and gross profit, the Group's performance during the financial year was affected by an impairment of intangible assets of RM3.0 million, loss on fair value change of investment in quoted shares of RM1.2 million and amortisation of intangible assets of RM1.2 million.

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

	Individual Quarter		Changes
	Current Year	Immediate	
	Quarter	Preceding	
	30.06.2023	31.03.2023	%
	RM	RM	
Revenue	9,325,964	6,641,508	40%
Operating Loss	(6,844,073)	(1,037,536)	-560%
Loss Before Interest & Tax	(6,844,073)	(1,037,536)	-560%
Loss Before Tax	(6,956,662)	(1,127,018)	-517%
Loss After Tax	(6,940,466)	(1,387,268)	-400%
Loss Attributable to Ordinary Equity Holders of the Parent	(6,916,860)	(1,348,205)	-413%

The Group reported a Loss Before Tax (LBT) of RM6.9 million during the current quarter under review compared to LBT of RM1.1 million in the preceding quarter.

The unfavorable performance recorded during the period mainly resulted from the lower gross profit and loss incurred due to an impairment of intangible assets of RM3.0 million and loss on fair value change of investment in quoted shares of RM1.2 million.

3. Current year prospects

The Group is mindful of the challenges ahead for the engineering segment with the industry intense competition, supply chain disruption, prices increase and the uncertainty in economic situation. The Group however remains optimistic of the prospect in the engineering businesses will continue to grow with the expected commencement of high profiled construction projects.

The Group believes the diversification into solar business which has favorable outlook due to the increase in environmental awareness and available incentives shall be able to improve its financial performance in the near future upon completion of the systems construction. The Group continues to strengthen the team and business strategies in order to build up a strong order book, as well as to further progress in its ventures into solar and E-commerce business. The Group will continue taking various measures to enhance operational efficiency and effective cost management in order to improve the financial performance of the Group.

The Group's balance order book stood at RM33.9 million and the Group is presently pursuing contracts totalling RM219 million.

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

4. Profit forecast or profit guarantee

No profit forecast was published by the Group.

5. Taxation

The tax expense comprises:

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Quarter	Current Year To Date	Preceding Year To Date
Continuing operations	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM	RM	RM	RM
Malaysian income tax:				
- current period	(16,195)	38,142	244,055	38,142
- prior period - (over) / under provision	-	(126,729)	-	(118,399)
	(16,195)	(88,587)	244,055	(80,257)
Deferred tax				
- current period	-	-	-	-
- prior period - (over) / under provision	-	3,555,609	-	3,555,609
Tax expense	(16,195)	3,467,022	244,055	3,475,352

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

6. Status of On-going Corporate Developments

- a) On 7 August 2019, the Group announced that through its wholly-owned subsidiary, Metronic Engineering Sdn Bhd ("MESB"), a wholly-owned subsidiary of the Company, had entered into a joint venture agreement ("JV Agreement") with Zhuhai Singyes New Materials Technology Co. Ltd. ("Singyes") for the development of smart city solutions which will enable commercial building managers, local transportation authorities and local tourism boards to implement smart city solutions such as smart bus stop and waiting area, smart tourism booth as well as smart shelter in Malaysia and abroad.

These smart solutions are equipped with, amongst others, solar power system, mobile phone charging station, 4G / 5G and WiFi connectivity, as well as facial recognition surveillance camera and security alarm system.

The JV Agreement represents part of the Group's initiative to seek out for value accretive investments while leveraging on its existing engineering capabilities. In this regard, the Group has identified smart solutions as a new area that the Company could potentially branch out into.

The growth in adoption of smart solutions moving forward is expected to be driven by increased usage of internet and various initiatives by the government to support the adoption of smart solutions including smart city initiatives. It is also the intention of the Group in the future to extend its smart city solutions to cover other regions worldwide such as Europe, the United States, Middle East and South East Asia. Hence, the JV Agreement is expected to provide an additional source of income and contribute positively to the future earnings of the Company.

MESB and Singyes have been developing the prototype for the smart city model. In view of the global travel restriction imposed by governments worldwide, both parties have agreed to extend the JV Agreement until the end of 2022. MESB, on 3 February 2023, received the prototype SMART booth and presently still evaluating the JV arrangement and the next course of action.

- b) On 1 October 2020, Metronic Smart Tech Sdn Bhd ("MSTSB"), a wholly-owned subsidiary of the Company, had entered into a joint venture agreement with JF Strategic Management Pte Ltd ("JFSM") 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.

On 9 December 2020, a new 80% subsidiary of the Company, 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 the future earnings of the Company.

MSTSB and JFTM have commenced preliminary work on this project since December 2020 and presently began approaching the potential manufacturing companies operating in Singapore.

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

6. Status of On-going Corporate Developments (Cont'd)

- c) On 2 February 2021, Metronic Medicare Sdn Bhd ("MMSB"), a wholly-owned subsidiary of the Company, entered into a joint research and development agreement with Joysbio (Tianjin) Biotechnology Co. Ltd ("Joysbio") to undertake a research program for SARS-CoV-2 Neutralizing Antibody Test Kits ("Test Kits"). The Test Kits are expected to be able to analyse a patient's level of immunity against future COVID-19 infections post-vaccination, and are anticipated to be more efficient than traditional test kits which are currently available in the market.

On 9 February 2021, the Company announced that a periodical test report from Joysbio for the Test Kit showed an accuracy of 100%, pursuant to which, a final test on the Test Kit will be undertaken in a lab in Italy. In view of the global travel restriction imposed by governments worldwide, both parties are in the midst of extending the joint research and development agreement and the final test is expected to be carried out by the first quarter of 2023.

On 23 February 2021, the company announced that MMSB has been awarded Letters of Intent from MTPS Innotech Company Limited ("MTPS") (a company incorporated in Thailand principally involved in trading of medical devices and distribution of medical glove) and Genesprint Limited ("Genesprint") (a company incorporated in Hong Kong principally involved in genetic test analysis and trading of medical products) 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.

The Company has entered into Sale and Purchase Agreement with Genesprint on 18 May 2021 and subsequently with MTPS on 20 May 2021.

MMSB has obtained an Establishment License from Medical Device Authority ("MDA") on 11 August 2022 and is presently in the process of product registration with MDA.

7. Utilisation of Proceeds

- a) 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 RM5.11 million proceeds received 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 48 months	4,948	3,232	1,716
Expenses in relation to the private placement	Immediate	160	160	-
Total		5,108	3,392	1,716

- b) On 11 May 2021, Bursa Malaysia Securities approved the Group's proposal of 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). The private placement exercise was fully completed on 13 September 2021 with a total of RM22.71 million received. 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)
Funding for business acquisition	Within 24 months	21,789	-	21,789
Expenses in relation to the private placement	Immediate	920	855	65
Total		22,709	855	21,854

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

7. Utilisation of Proceeds (continue)

- c) On 13 July 2022, the Group announced that the Rights Issue of Shares with Warrants proposed on 19 November 2021 has been completed following the listing and quotation for 1,299,562,731 Rights Share and 433,187,525 Warrants B on the Main Market of Bursa Securities. The Group has received a total of RM77.97 million from the exercise. Following is the breakdown utilisation of the right issue proceeds:

Utilization of proceeds	Timeframe for utilisation	Proposed utilisation (RM,000)	Actual utilisation (RM'000)	Balance to be utilised (RM'000)	Projects progress
Funding for solar projects	Within 24 months	56,000	2,255	53,745	<p>-The proceeds have been utilized for the procurement of materials and equipment for the 2 secured projects in Kedah with the estimated projects cost of RM12 million.</p> <p>-The progress of the projects presently at 80% and 5% respectively. The Company is however in the process to renegotiate the contract terms due to the recent increase in material and construction costs.</p> <p>-The Group is also in the midst of renegotiating the contract terms for the remaining identified projects with estimated cost of RM12.4 million. The Group continue to pursue other potential clients for the proposal of solar leasing contracts.</p>
Funding for engineering projects	Within 24 months	20,000	3,605	16,395	<p>-The proceeds have been utilized for several projects' working capital such as labour costs and purchase of equipment. The contract value of the projects are between RM5 million to RM20 million with the status progress between 40% to 90%. The Group continues to focus on its core business in engineering services works by pursuing few potential projects in the pipelines.</p>
Working capital	Within 24 Months	1,224	847	377	
Expenses in relation to right issues	Immediate	750	750	-	
Total		77,974	7,457	70,517	

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

8. Material Litigations

Since the date of the last annual statement of financial position, there was no pending material litigation as at to-date, except the following:

- 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 RM4.68 million⁽¹⁾) (“Claim”). The amount comprises outstanding rental amounting to RMB5.81 million (approximately RM3.75 million⁽¹⁾) and late payment charges of RMB1.44 million (approximately RM0.93 million⁽¹⁾).

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 RM2.56 million⁽¹⁾) 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 MMBCL is in the midst of seeking legal advice for the alternative course of action in recovering the judgement sum.

⁽¹⁾ Based on BNM’s exchange rate of RMB1:RM0.6455 as at 30 June 2023.

- b) On 3 June 2019, the Company announced that it had initiated investigation on unauthorised transfer of one unit of office property held by its wholly owned subsidiary, MMBCL in Beijing, China at Room 801, Level 8, Top Fine International Centre, Dong San Huan, Middle Road, Chao Yang District, Beijing, China measuring 700.53 square metre. The current valuation price of the said property is at RM15.8 million.

In the announcement dated 3 June 2019, the Board informed that Mr. Tan Ew Chew (“TEC”) was advisor for the Company from 1 January 2013 to 16 May 2017 while Mr. Tan Kian Hong (“TKH”), son of TEC, was director of Metronic from 8 February 2013 to 10 April 2017. During the controlling time under both TEC and TKH in July 2016, the ownership of the above office unit in Beijing has been allegedly transferred to a third party without consent and/or Board resolution from the Company. Once the above made aware to the new Board of Directors in 2017, the Board of Directors requested lawyer in China to investigate on the above and found that the said office has been transferred to third party with the name of Shouguang Yaoweiping (“Shouguang”) in China. Subsequently in October 2018, the Court from China via documents issued, confirmed the said transfer of property to Shouguang.

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

The case is currently under police investigation and still in the midst of gathering evidence and obtaining statements from the relevant parties. The management will seek legal advice upon receiving the police report on the findings.

9. Borrowings

The Group’s total borrowing as at 30 June 2023 stood at RM9.59 million, representing a gearing ratio of 0.05 to shareholders’ equity. The amount reduced by 3% as compared to the previous financial year of RM9.87 million.

Breakdown by type of facilities is shown below:

	As at 30 June 2023		
	Long Term	Short term	Total
	RM	RM	RM
<u>Secured borrowings</u>			
Bank overdraft	-	2,692,433	2,692,433
Bankers’ acceptances	-	2,787,231	2,787,231
Revolving credit	1,000,000	2,582,107	3,582,107
Margin Financing	-	286,602	286,602
Sub-Total	1,000,000	8,348,372	9,348,372
<u>Un-Secured borrowings</u>			
Finance lease liabilities	160,843	77,344	238,187
Sub-Total	160,843	77,344	238,187
Total	1,160,843	8,425,716	9,586,559
	As at 30 June 2022 (audited)		
	Long Term	Short term	Total
	RM	RM	RM
<u>Secured borrowings</u>			
Bank overdraft	-	4,586,677	4,586,677
Bankers’ acceptances	-	3,322,022	3,322,022
Revolving credit	1,000,000	-	1,000,000
Margin Financing	-	636,215	636,215
Sub-Total	1,000,000	8,544,914	9,544,914
<u>Un-Secured borrowings</u>			
Finance lease liabilities	237,301	91,489	328,790
Sub-Total	237,301	91,489	328,790
Total	1,237,301	8,636,403	9,873,704

The Group does not have any borrowing in foreign denomination.

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

10. Proposed Dividend

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

11. (Loss) / Profit per share (EPS)

Basic / Diluted EPS

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Quarter	Current Year To Date	Preceding Year To Date
	30.06.2023 RM	30.06.2022 RM	30.06.2023 RM	30.06.2022 RM
Loss attributable to equity holders of the Company:				
- Continuing operations	(6,916,860)	(1,608,061)	(10,144,351)	(7,227,228)
- Discontinued operations	-	(436,075)	-	(449,027)
	<u>(6,916,859)</u>	<u>(2,044,136)</u>	<u>(10,144,352)</u>	<u>(7,676,255)</u>
Weighted average number of ordinary shares	1,531,096,683	216,856,188	1,486,657,419	214,635,042
Basic / Diluted loss per share (sen):				
- Continuing operations	(0.45)	(0.74)	(0.68)	(3.37)
- Discontinued operations	-	(0.20)	-	(0.21)
	<u>(0.45)</u>	<u>(0.94)</u>	<u>(0.68)</u>	<u>(3.58)</u>

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

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

12. Profit / (Loss) for the period

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Quarter	Current Year To Date	Preceding Year To Date
	30.06.2023 RM	30.06.2022 RM	30.06.2023 RM	30.06.2022 RM
After charging/(crediting):				
Amortisation of intangible assets	252,400	-	1,009,600	-
Auditors' remuneration	49,289	(18,773)	189,588	169,378
Dep. of property, plant and equipment	105,496	123,474	424,000	460,048
Depreciation of right-of-use assets	30,495	53,758	123,221	53,758
Directors' fee	86,500	129,295	305,000	351,295
Loss on disposal of:				
- investment in quoted shares	34,643	146,658	942,473	3,393,619
- property, plant and equipment	-	(3,317)	-	(4,167)
- other investment	-	-	529,622	-
Loss on fair value change of quoted shares	1,200,630	17,509	1,200,630	17,509
Impairment losses on intangible assets	2,963,170	21,272	2,963,170	21,272
Interest expenses	89,482	187,373	398,258	583,097
Interest income	(843,373)	(358,600)	(3,266,003)	(1,218,046)
Reversal of Impairment loss on receivables	(390,159)	(1,311,427)	(390,159)	(1,311,427)
Reversal of impairment loss on investment in associate company	-	(235,720)	-	(235,720)
Reversal of impairment losses on property development cost	-	(303,435)	-	(303,435)
Reversal of impairment losses on inventories	-	(673,178)	-	(673,178)
Staff cost	2,069,876	1,681,596	7,727,754	7,127,222

13. Audit Report

The audited financial statements of the Group for the financial year ended 30 June 2022 was not subject to any audit qualification.

14. Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors.