



# **METRONIC GLOBAL BERHAD**

(Company No.: 632068-V)

(Incorporated in Malaysia under the Companies Act, 1965)

## **INTERIM FINANCIAL STATEMENTS**

**FOR THE QUARTER ENDED**

**30 SEPTEMBER 2004**

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

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2004**

(The figures have not been audited)

	Note	Individual quarter ended		Cumulative quarter	
		30.09.2004	30.09.2003	18.03.2004 - 30.09.2004	30.09.2003
		RM	RM	RM	RM
Revenue	8	32,966,452	-	78,707,748	-
Cost of sales		<u>(28,584,664)</u>	-	<u>(66,355,146)</u>	-
Gross profit		4,381,788	-	12,352,602	-
Other operating income		53,752	-	135,182	-
Operating expenses		<u>(2,681,429)</u>	-	<u>(6,114,406)</u>	-
Profit from operations		1,754,111	-	6,373,378	-
Finance costs		(113,206)	-	(220,372)	-
Interest income		<u>129,190</u>	-	<u>162,627</u>	-
Profit before taxation		1,770,095	-	6,315,633	-
Taxation	20	<u>(545,900)</u>	-	<u>(1,969,700)</u>	-
Profit after taxation		<u><u>1,224,195</u></u>	-	<u><u>4,345,933</u></u>	-
Earnings per share (sen)					
Basic		0.66	N/A	2.33	N/A
Diluted		N/A	N/A	N/A	N/A

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

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED BALANCE SHEET****AS AT 30 SEPTEMBER 2004**

(The figures have not been audited)

	Note	Group As at 30.9.2004 RM	Audited Company As at 31.12.2003 RM
Property, plant and equipment		9,238,414	-
Other investment		139,121	-
Deferred tax assets		1,000,000	-
Reserve on consolidation	15	(2,564,417)	-
<b>CURRENT ASSETS</b>			
Inventories		1,837,800	-
Trade receivables		60,195,376	-
Other receivables		717,074	368,844
Fixed deposits		5,945,814	-
Cash & bank balances		15,566,422	2
		<u>84,262,486</u>	<u>368,846</u>
<b>CURRENT LIABILITIES</b>			
Trade payables		36,768,167	-
Other payables		12,207,030	370,108
Bank borrowings	24	3,328,692	-
Provision for taxation		1,237,410	-
		<u>53,541,299</u>	<u>370,108</u>
<b>NET CURRENT ASSETS</b>		<u>30,721,187</u>	<u>(1,262)</u>
		<u>38,534,305</u>	<u>(1,262)</u>
<b>FINANCED BY:</b>			
Share capital		28,354,000	2
Share Premium		6,436,202	-
(Accumulated losses) / Retained profits		3,732,222	(1,264)
		<u>38,522,424</u>	<u>(1,262)</u>
Hire purchase creditors	24	11,881	-
		<u>38,534,305</u>	<u>(1,262)</u>

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

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2004**

(The figures have not been audited)

	Note	Share Capital RM	Share Premium RM	(Accumulated Loss)/ Retained profits RM	Total RM
As at 1 January 2004		2		(1,264)	(1,262)
Issued during the nine months period					
Acquisition of subsidiary		21,253,998			21,253,998
Pursuant to initial public offering (net of listing expenses)		7,100,000	6,436,202		13,536,202
Net profit for the nine months period				4,345,933	4,345,933
Interim dividend paid	7			(612,447)	(612,447)
As at 30 September 2004		<u>28,354,000</u>	<u>6,436,202</u>	<u>3,732,222</u>	<u>38,522,424</u>

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

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2004**

(The figures have not been audited)

	9 months ended	
	18.03.2004 - 30.09.2004 RM	30.09.2003 RM
Cash flows from operating activities	8,532,450	-
Cash flows from investing activities	(1,743,483)	-
Cash flows from financing activities	<u>8,777,453</u>	<u>-</u>
Net change in cash and cash equivalents	15,566,420	-
Cash and cash equivalents at beginning of the period	2	-
Cash and cash equivalents at end of the period*	<u><u>15,566,422</u></u>	<u><u>-</u></u>
 *Cash and cash equivalents at end of the period comprise the following:-		
Cash and bank balances	15,566,422	-
Bank overdrafts ( included within short term borrowings in Note 24 )	<u>-</u>	<u>-</u>
	<u><u>15,566,422</u></u>	<u><u>-</u></u>

Comparative figures for the preceding corresponding quarter and year are not available as the Company was only incorporated on 22 October 2003.

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statement for the year ended 31 December 2003 and the accompanying explanatory notes attached to the interim financial statements.

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

(Incorporated in Malaysia)

**EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE QUARTER ENDED  
30 SEPTEMBER 2004 PURSUANT TO MASB 26**

**1. Basis of preparation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MASB 26: Interim Financial Reporting and Chapter 7 Part VI of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the MESDAQ Market.

The accounting policies and methods of computation adopted for in the interim financial statements are consistent with those adopted for the financial statements for the year ended 31 December 2003.

**2. Auditors' Report on preceding annual financial statements**

The auditors' report on the financial statements for year ended 31 December 2003 was not subject to any qualification.

**3. Seasonality or cyclicity of interim operations**

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

**5. Material changes in estimates**

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

**6. Debt and equity securities**

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

**7. Dividends**

An interim dividend of 3% less 28% income tax, amounting to RM612,447.19 in respect of the financial year ending 31 December 2004 was paid by the Company on 30 September 2004 to all holders of ordinary shares where names appeared in the Record of Depositors at the close of business on 17 September 2004.

## 8. Segmental information

	3 months ended 30.09.2004 RM	18.03.2004 - 30.09.2004* RM
<b>Revenue by activities</b>		
Contract work	31,835,546	76,035,364
Maintenance services	985,203	2,167,783
Sale of equipment	145,703	504,601
	<u>32,966,452</u>	<u>78,707,748</u>
<b>Results by activities</b>		
Contract work	3,522,685	10,272,755
Maintenance services	696,519	1,680,175
Sale of equipment	162,584	399,672
Others	53,752	135,182
	<u>4,435,540</u>	<u>12,487,784</u>
Unallocated expenses	(2,681,429)	(6,114,406)
Profit from operations	<u>1,754,111</u>	<u>6,373,378</u>

\*The pre-acquisition results are excluded from the consolidated figures.

## 9. Valuations of property, plant & equipment

The Group did not carry out any valuation on its property, plant and equipment in the current quarter under review.

## 10. Material events subsequent to the end of the quarter

There were no material events subsequent to the end of the current quarter.

## 11. Changes in the composition of the Group

Save as disclosed in Note 23(a), there were no changes in the composition of the Group during the current quarter under review.

## 12. Changes in contingent liabilities and contingent assets

There were no changes in the contingent liabilities and contingent assets since the last annual balance sheet as at 31 December 2003 except for the withdrawal of the performance guarantee extended to third party, Agathis (M) Sdn Bhd on 10 May 2004 which was disclosed in the quarterly report for the period ended 31 March 2004.

### 13. Capital commitments

The amount of capital commitments not provided for in the interim financial statements as at 30 September 2004 is as follows:-

	30.09.2004 RM
Approved and contracted for -Investment in unquoted shares, outside Malaysia	798,000

### 14 Significant related party transactions

Significant related party transactions of the Group for the quarter ended 30 September 2004 are as follows:

	3 months ended 30.09.2004 RM	18.03.2004 - 30.09.2004* RM
Accounting fee receivable from Metronic Corporation Sdn Bhd ("MCSB"), a substantial shareholder of the Company	15,000	35,000
Rental receivable from MCSB	3,000	7,000
Accounting fee receivable from Meditechnique Sdn Bhd ("Meditechnique"), a company in which a director has interest	6,000	14,000
Rental receivable from Meditechnique	6,000	14,000
Purchases from ITG Worldwide (M) Sdn Bhd, a company in which a director has interest	491,716	883,116
Provision of software maintenance sales to Metronic Impact Sdn Bhd, an associated company of MCSB	10,347	31,042
Contract fee payable to Integrated Commerce Sdn Bhd, a subsidiary of MCSB	4,869	40,353
Contract and maintenance revenue receivable from MH Projects Sdn Bhd, a common director related company	9,016,880	18,373,780

The Directors of the Company are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

\*The pre-acquisition results are excluded from the consolidated figures.

## **15 Reserve on Consolidation**

The reserve on consolidation represents the excess of the Group's interest in the fair value of the identifiable assets and liabilities of the wholly owned subsidiaries, Metronic Engineering Sdn Bhd and Metronic Integrated System Sdn Bhd, at the date of acquisition over the cost of acquisition.

The resulting reserve on consolidation is treated as deferred income and will be reviewed periodically.

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

(Incorporated in Malaysia)

**ADDITIONAL INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD FOR THE MESDAQ MARKET****16. Performance Review**

The Group's revenue and profit before tax for the nine-month period were RM78,707,748 and RM6,315,633 respectively after excluding the pre-acquisition results.

However, for comparison purposes, the proforma consolidated figures are used for the analysis below assuming that the acquisition of the subsidiaries had been completed as at 31 December 2003. On the proforma basis, the Group's revenue for the quarter under review and the nine months ended 30 September 2004 were RM32,966,452 and RM107,706,472 (before excluding pre-acquisition results) respectively. This indicated that for the nine months ended 30 September 2004, the Group had achieved 70% of the revenue forecasted as disclosed in the prospectus.

On the proforma basis, the Group recorded a profit before tax of RM1,770,095 for the quarter under review and RM7,639,266 (before excluding pre-acquisition results) for the nine months ended 30 September 2004. As at 30 September 2004, 74% of the profit forecasted for the year ended 31 December 2004 had been achieved.

**17. Material changes in profit before taxation for the current quarter as compared with the preceding quarter**

The Group's profit before taxation for the current quarter ended 30 September 2004 of RM1,770,095 represents a decrease of RM2,117,886 or 54% from the previous quarter ended 30 June 2004 of RM3,887,981. This was mainly attributable to the drop in revenue and recognition of profit for lower margin projects during the quarter under review as compared with the preceding quarter, while the operating cost remained as high as the preceding quarter.

**18. Current year prospects**

Barring any unforeseen circumstances, the Directors believe that the Group should be able to maintain its performance in accordance to expectations for the remaining quarter of the financial year ended 31 December 2004.

**19. Profit forecast or profit guarantee**

The Group's analysis on the variance of profit forecast will only be applicable when the Group announces the results for the final quarter for the financial year ended 31 December 2004.

**20. Taxation**

	3 months ended 30.09.2004 RM	18.03.2004 - 30.09.2004* RM
Income tax expense	545,900	1,999,700
Deferred tax expense	-	(30,000)
	545,900	1,969,700

## 21. Sale of unquoted investments and properties

There were no sale of unquoted investments and properties for the current quarter under review.

## 22. Marketable securities

There were no purchases and disposals of quoted securities for the quarter under review.

## 23. Corporate proposals

### (a) Status of corporate proposals

There were no corporate proposals announced but not completed as at the date of this announcement except for the following:

#### Acquisition of a foreign subsidiary

Pursuant to the Memorandum of Understanding dated 7 March 2003 and the disclosure in the Prospectus of Metronic Global Berhad ("MGB"), Metronic Engineering Sdn Bhd ("MESB"), a wholly-owned subsidiary of MGB, had, on 13 July 2004, entered into a conditional Acquisition of Shares and Shareholders Agreement with Infocon Holdings (S) Pte Ltd ("ISPL") whereby MESB agreed to purchase 51% of shares in Infocon (Beijing) Environment Control Technology Company Limited ("IBEC"), a subsidiary of ISPL for a cash consideration of USD300,000. Approval from Bank Negara Malaysia under ECM 9 had been obtained on 23 July 2004.

As at the date of this report, the acquisition is pending balance payment of USD210,000 and the transfer of shares from ISPL to MESB.

### (b) Status of Utilisation of Proceeds

As at the date of this report, the proceeds arising from the public issue of 71,000,000 new ordinary shares of 10 sen each pursuant to the listing of the Company on the MESDAQ Market of Bursa Securities amounting to RM14.91 million were utilised as follows:

Purpose of Proceeds	Proposed	Amount	Balance
	Utilisation	Utilised	
	RM	RM	RM
Repayment of bank borrowings	5,000,000	5,000,000	-
Capital expenditure for office expansion	2,600,000	2,600,000	-
R&D expenditure	3,000,000	-	3,000,000
Working capital	3,110,000	2,395,400	714,600
Estimated listing expenses	1,200,000	1,200,000	-
	<u>14,910,000</u>	<u>11,195,400</u>	<u>3,714,600</u>

## 24. Borrowings and debt securities

The total Group's borrowings, all of which were secured and were denominated in Ringgit Malaysia as at 30 September 2004 were as follows:-

	Short term RM	Long term RM	Total RM
Bankers' acceptances and trust receipts	3,280,896	-	3,280,896
Hire purchase creditors	47,796	11,881	59,677
Total	<u>3,328,692</u>	<u>11,881</u>	<u>3,340,573</u>

## 25. Off Balance Sheet financial instruments

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

## 26. Changes in material litigation

Metronic Engineering Sdn. Bhd. ("MESB") had on 26 September 2003 vide Civil Suit No MT3-22-833-2003 made a claim against United Engineers (Malaysia) Bhd ("UEM") for RM939,365.14 being the non-settlement of the third payment for the provision of BAS Control System for Telekom Malaysia Berhad Headquarters Project pursuant to an agreement between MESB and UEM dated 2 May 2002. The Defendant had filed its defence on 16 January 2004. MESB had filed its reply to the defence on 29 January 2004. The matter is being fixed for trial.

## 27. Dividends

On 26 August 2004, the Board declared an interim dividend of 3% less 28% income tax amounting to RM612,447.19 based on the issued and fully paid up share capital of RM28,354,000 in respect of financial year ending 31 December 2004. The interim dividend was paid on 30 September 2004.

## 28. Earnings per share

	3 months ended 30.09.2004	18.03.2004 - 30.09.2004
Net profit (RM)	1,224,195	4,345,933
Weighted average number of ordinary shares in issue	186,497,743	186,497,743
Earnings per share (sen)		
- Basic	0.66	2.33
- Diluted	N/A	N/A

## **29. Authorisation for issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 22 November 2004.