



METRONIC GLOBAL BERHAD

(Company No.: 632068-V)

(Incorporated in Malaysia under the Companies Act, 1965)

INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER ENDED

31 DECEMBER 2004

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

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2004
(The figures have not been audited)

	Note	Individual quarter ended		Cumulative quarter	
		31.12.2004	31.12.2003	18.03.2004 - 31.12.2004	31.12.2003
		RM	RM	RM	RM
Revenue	8	36,498,098	-	115,205,846	-
Cost of sales		<u>(24,944,741)</u>	-	<u>(91,299,887)</u>	-
Gross profit		11,553,357	-	23,905,959	-
Other operating income		58,671	-	193,853	-
Negative goodwill recognised in income statement		2,564,417	-	2,564,417	-
Operating expenses		<u>(6,016,676)</u>	-	<u>(12,131,082)</u>	-
Profit from operations		8,159,769	-	14,533,147	-
Finance costs		(25,756)	-	(246,128)	-
Interest income		<u>105,898</u>	-	<u>268,525</u>	-
Profit before taxation		8,239,911	-	14,555,544	-
Taxation	20	<u>(1,888,434)</u>	-	<u>(3,858,134)</u>	-
Profit after taxation		<u><u>6,351,477</u></u>	-	<u><u>10,697,410</u></u>	-
Earnings per share (sen)					
Basic		3.01	N/A	5.07	N/A
Diluted		3.01	N/A	5.07	N/A

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

CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2004

(The figures have not been audited)

	Note	Group As at 31.12.2004 RM	Audited Company As at 31.12.2003 RM
Property, plant and equipment		9,148,154	-
Other investment		219,384	-
Deferred tax assets		1,140,000	-
CURRENT ASSETS			
Inventories		1,527,301	-
Trade receivables		70,990,273	-
Other receivables		2,396,467	368,844
Fixed deposits		5,975,613	-
Cash & bank balances		11,637,295	2
		<u>92,526,949</u>	<u>368,846</u>
CURRENT LIABILITIES			
Trade payables		50,780,807	-
Other payables		4,585,570	370,108
Bank borrowings	24	553,576	-
Provision for taxation		2,265,850	-
Proposed dividend	27	612,447	-
		<u>58,798,250</u>	<u>370,108</u>
NET CURRENT ASSETS		<u>33,728,699</u>	<u>(1,262)</u>
		<u>44,236,237</u>	<u>(1,262)</u>
FINANCED BY:			
Share capital		28,354,000	2
Share premium		6,406,222	-
Retained profits / (Accumulated losses)		9,471,252	(1,264)
		<u>44,231,474</u>	<u>(1,262)</u>
Hire purchase creditors	24	4,763	-
		<u>44,236,237</u>	<u>(1,262)</u>

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2003 and the accompanying explanatory notes attached to the interim financial statements. The comparative figures as at 31 December 2003 are for the company only as there was no group on that date.

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 twelve months period					
Acquisition of subsidiary		21,253,998			21,253,998
Pursuant to initial public offering (net of listing expenses)		7,100,000	6,406,222		13,506,222
Net profit for the twelve months period				10,697,410	10,697,410
Interim dividend paid	7			(612,447)	(612,447)
Proposed final dividend	27			(612,447)	(612,447)
As at 31 December 2004		<u>28,354,000</u>	<u>6,406,222</u>	<u>9,471,252</u>	<u>44,231,474</u>

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

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2004**

(The figures have not been audited)

	12 months ended	
	18.03.2004 - 31.12.2004 RM	31.12.2003 RM
Cash flows from operating activities	7,665,962	-
Cash flows from investing activities	(1,994,089)	-
Cash flows from financing activities	<u>5,965,419</u>	<u>-</u>
Net change in cash and cash equivalents	11,637,292	-
Cash and cash equivalents at beginning of the period	2	-
Cash and cash equivalents at end of the period*	<u><u>11,637,294</u></u>	<u><u>-</u></u>
 *Cash and cash equivalents at end of the period comprise the following:-		
Cash and bank balances	11,637,294	-
	<u><u>11,637,294</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 statements 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
31 DECEMBER 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 cyclical nature 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 ended 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.

A final dividend of 3% less 28% income tax, amounting to RM612,447.19 in respect of the financial year ended 31 December 2004 was proposed by the Board during the quarter under review which is subject to the shareholders' approval.

8. Segmental information

	3 months ended 31.12.2004 RM	18.03.2004 - 31.12.2004* RM
Revenue by activities		
Contract work	35,146,338	111,181,702
Maintenance services	1,180,035	3,347,818
Sale of equipment	171,725	676,326
	<u>36,498,098</u>	<u>115,205,846</u>
Results by activities		
Contract work	10,645,515	20,918,270
Maintenance services	774,770	2,454,945
Sale of equipment	133,072	532,744
Others	2,623,088	2,758,270
	<u>14,176,445</u>	<u>26,664,229</u>
Unallocated expenses	<u>(6,016,676)</u>	<u>(12,131,082)</u>
Profit from operations	<u>8,159,769</u>	<u>14,533,147</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 except for the following:

Incorporation of a foreign subsidiary

On 31 January 2005, the Company announced the incorporation of a wholly owned foreign subsidiary, Metronic Microsystem (Beijing) Company Limited ("MMBCL") on 15 January 2005 in the People's Republic of China with a total registered capital of USD1,250,000 via a subscription of 1,250,000 shares of USD1.00 each. The intended principal activities of MMBCL are design, production and sale of engineered systems for the Information and Communication Technology industry, specialising in integrated building management system and telecommunication system.

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 31 December 2004 is as follows:-

	31.12.2004 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 31 December 2004 are as follows:

	3 months ended 31.12.2004 RM	18.03.2004 - 31.12.2004* RM
Accounting fee receivable from Metronic Corporation Sdn Bhd ("MCSB"), a substantial shareholder of the Company	15,000	50,000
Rental receivable from MCSB	3,000	10,000
Accounting fee receivable from Meditechnique Sdn Bhd ("Meditechnique"), a company in which a director has interest	6,000	20,000
Rental receivable from Meditechnique	6,000	20,000
Purchases from ITG Worldwide (M) Sdn Bhd, a company in which a director has interest	712,272	1,595,388
Provision of software maintenance sales to Metronic Impact Sdn Bhd, an associated company of MCSB	-	31,042
Contract fee payable to Integrated Commerce Sdn Bhd, a subsidiary of MCSB	42,097	82,450
Contract and maintenance revenue receivable from MH Projects Sdn Bhd ("MHP"), a common director related company	9,016,880	18,373,780
Purchase of property from MHP	-	2,600,000
Provision of maintenance sales to Ledtronics Sdn Bhd, a common director company	28,428	28,428

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 was transferred to the consolidated income statement during the quarter under review.

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 current financial year were RM115,206,846 and RM14,555,544 respectively after excluding the pre-acquisition results.

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 financial year ended 31 December 2004 were RM36,498,098 and RM144,204,570 (before excluding pre-acquisition results) respectively.

On the proforma basis, the Group recorded a profit before tax of RM5,675,493 for the quarter under review and RM13,314,759 (before excluding pre-acquisition results and transferring reserve on consolidation to the consolidated income statement) for the financial year ended 31 December 2004. The Group reported a pre-tax profit of 28% in excess of the profit forecast disclosed in the prospectus for the year ended 31 December 2004.

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 31 December 2004 of RM8,239,911 represents an increase of RM6,469,816 or 366% from the previous quarter ended 30 September 2004 of RM1,770,095. This was mainly attributable to the recognition of reserve on consolidation of RM2,564,417 as an other income in the consolidated income statement during the quarter under review. In addition, there was an improvement in the gross profit margin as compared with the preceding quarter.

18. Current year prospects

The Group's profit after taxation increased substantially by 208% as compared to previous year. In view of the order book and prospective overseas projects, coupled with the Company's effort to improve operational efficiency and strengthen its core activities locally and overseas, the Directors expect the Group to continue achieving good performance for the next financial year ending 31 December 2005.

19. Profit forecast or profit guarantee

	Actual Results	Forecast as per Prospectus	Variance	Variance (%)
Consolidated PAT	11,691,043	7,460,000	4,231,043	56.72%
Pre-acquisition profit	(993,633)	(1,590,000)	596,367	-37.51%
Profit attributable to shareholders	<u>10,697,410</u>	<u>5,870,000</u>	<u>4,827,410</u>	<u>82.24%</u>

The favourable variance of the consolidated profit after tax as compared to the forecasted figure were mainly due to:

- a) Transfer of reserve on consolidation to the income statement resulting in increase of net profit by RM2.56 million.

20. Taxation

	3 months ended 31.12.2004	18.03.2004 - 31.12.2004*
	RM	RM
Income tax expense	2,408,000	4,407,700
Under/(over) provision in prior year	(379,566)	(379,566)
Deferred tax expense	(140,000)	(170,000)
	<u>1,888,434</u>	<u>3,858,134</u>

The effective tax rates for the periods presented above are higher than the statutory tax rate principally due to certain expenses which are not deductible for tax purposes.

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

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.

Incorporation of a foreign subsidiary

On 31 January 2005, the Company announced the incorporation of a wholly owned foreign subsidiary, Metronic Microsystem (Beijing) Company Limited on 15 January 2005 in the People's Republic of China (PRC) with a total registered capital of USD1,250,000 via a subscription of 1,250,000 shares of USD1.00 each. Approval from Bank Negara Malaysia under ECM 9 was obtained on 21 February 2005.

As at the date of this report, the Company has yet to remit fund to the PRC for the aforesaid investment.

(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	3,110,000	-
Estimated listing expenses	1,200,000	1,200,000	-
	<u>14,910,000</u>	<u>11,910,000</u>	<u>3,000,000</u>

24. Borrowings and debt securities

The total Group's borrowings, all of which were secured and were denominated in Ringgit Malaysia as at 31 December 2004 were as follows:-

	Short term	Long term	Total
	RM	RM	RM
Bankers' acceptances and trust receipts	513,000	-	513,000
Hire purchase creditors	40,576	4,763	45,339
Total	<u>553,576</u>	<u>4,763</u>	<u>558,339</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 except for the following:-

	As at 22.02.05
	RM
Forward foreign exchange contract - within 3 months	<u>390,245.67</u>

There are minimal credit and market risks posed by the above off balance sheet financial instrument as the forward foreign exchange contract was entered into with a reputable financial institution.

The Group uses forward foreign exchange contracts to hedge its exposures to fluctuations in foreign exchange rates with respect to its committed purchases denominated in foreign currencies. The forward foreign exchange contracts are not recognised in the financial statement on inception. The hedged purchases transactions are recorded in the books at the contracted rates. Other exchange gains or losses arising from the contracts are recognised in the income statement upon maturity.

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 suit came up for 1st Pre-Trial Case Management on 1st February 2005 and the High Court has fixed 28th September 2005 as the next management date.

27. Dividends

A final gross dividend of 3% less 28% income tax, amounting to RM612,447.19 in respect of the financial year ended 31 December 2004 was proposed by the Board during the current quarter under review, which is subject to the shareholders' approval.

The total gross dividends for the financial year ended 31 December 2004 is 6% per share less income tax.

28. Earnings per share

	3 months ended 31.12.2004	18.03.2004 - 31.12.2004
Net profit (RM)	6,351,477	10,697,410
Weighted average number of ordinary shares in issue	210,890,879	210,890,879
Earnings per share (sen)		
- Basic	3.01	5.07
- Diluted	3.01	5.07

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 28 February 2005.