



# **METRONIC GLOBAL BERHAD**

(Company No.: 632068-V)

(Incorporated in Malaysia under the Companies Act, 1965)

## **INTERIM FINANCIAL STATEMENTS**

**FOR THE THREE MONTHS ENDED**

**31 MARCH 2004**

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

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THE THREE MONTHS ENDED 31 MARCH 2004**

(The figures have not been audited)

	Note	3 months ended		Year to date	
		31.03.2004 RM	31.03.2003 RM	31.03.2004 RM	31.03.2003 RM
Revenue	8	35,201,506	-	35,201,506	-
Cost of sales		<u>(30,896,806)</u>	-	<u>(30,896,806)</u>	-
Gross profit		4,304,700	-	4,304,700	-
Other operating income		62,183	-	62,183	-
Operating expenses		<u>(2,377,958)</u>	-	<u>(2,377,958)</u>	-
Profit from operations		1,988,925	-	1,988,925	-
Finance costs		(46,272)	-	(46,272)	-
Interest income		<u>38,537</u>	-	<u>38,537</u>	-
Profit before taxation		1,981,190	-	1,981,190	-
Taxation	20	<u>(552,000)</u>	-	<u>(552,000)</u>	-
Profit after taxation		1,429,190	-	1,429,190	-
Pre-acquisition profit		<u>(993,633)</u>	-	<u>(993,633)</u>	-
Net Profit for the period		<u><u>435,557</u></u>	-	<u><u>435,557</u></u>	-
Earnings per share (sen)					
Basic		1.33	N/A	1.33	N/A
Diluted		N/A	N/A	N/A	N/A

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 income 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)

**CONDENSED CONSOLIDATED BALANCE SHEET****AS AT 31 MARCH 2004**

(The figures have not been audited)

	Note	Group As at 31.3.2004 RM	Audited Company As at 31.12.2003 RM
Property, plant and equipment		6,287,231	-
Other investment		139,121	-
Deferred tax assets		970,000	-
Reserve on consolidation	15	(2,564,417)	-
<b>CURRENT ASSETS</b>			
Inventories		2,904,663	-
Trade receivables		72,778,765	-
Other receivables		1,252,119	368,844
Fixed deposits		7,708,450	-
Cash & bank balances		2,463,427	2
		<u>87,107,424</u>	<u>368,846</u>
<b>CURRENT LIABILITIES</b>			
Trade payables		42,764,145	-
Other payables		10,047,929	370,108
Bank borrowings	24	10,905,554	-
Provision for taxation		4,737,823	-
		<u>68,455,451</u>	<u>370,108</u>
<b>NET CURRENT ASSETS</b>		<u>18,651,973</u>	<u>(1,262)</u>
		<u>23,483,908</u>	<u>(1,262)</u>
<b>FINANCED BY:</b>			
Share capital		21,254,000	2
(Accumulated losses) / Retained profits		434,293	(1,264)
		<u>21,688,293</u>	<u>(1,262)</u>
Hire purchase creditors	24	22,283	-
Term Loan	24	1,773,332	-
		<u>23,483,908</u>	<u>(1,262)</u>

The condensed consolidated balance sheet 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. The comparative figures as at 31 December 2003 are related to company level only as there was no group which existed on that date.

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

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE THREE MONTHS ENDED 31 MARCH 2004**

(The figures have not been audited)

	Note	Share Capital RM	(Accumulated Loss)/ Retained profits RM	Total RM
As at 1 January 2004		2	(1,264)	(1,262)
Issued during the period	6	21,253,998		21,253,998
Net profit for the period			435,557	435,557
As at 31 March 2004		<u>21,254,000</u>	<u>434,293</u>	<u>21,688,293</u>

The condensed consolidated statement of changes in equity 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)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE THREE MONTHS ENDED 31 MARCH 2004**

(The figures have not been audited)

	3 months ended	
	31.03.2004 RM	31.03.2003 RM
Cash flows from operating activities	(1,719,211)	-
Cash flows from investing activities	(213,176)	-
Cash flows from financing activities	<u>3,492,568</u>	<u>-</u>
Net change in cash and cash equivalents	1,560,181	-
Cash and cash equivalents at beginning of the period	162,556	-
Cash and cash equivalents at end of the period*	<u><u>1,722,737</u></u>	<u><u>-</u></u>

\*Cash and cash equivalents at end of the period comprise the following:-

Cash and bank balances	2,463,427	-
Bank overdrafts ( included within short term borrowings in Note 24 )	<u>(740,690)</u>	<u>-</u>
	<u><u>1,722,737</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 THREE MONTHS ENDED 31 MARCH 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 Malaysia") 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 qualified.

**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 except for the following:-

On 17 March 2004, the Company entered into a Share Sale Agreement with Metronic Corporation Sdn Bhd, pursuant to its restructuring scheme for its listing on the MESDAQ Market of Bursa Malaysia, to acquire the entire issued and paid up capital of Metronic Engineering Sdn Bhd for a consideration of RM21,253,998 satisfied by the issuance of 212,539,980 new ordinary shares of RM0.10 each in the Company at par. The acquisition was completed on 18 March 2004.

On 14 May 2004, the Company allotted 71,000,000 new ordinary shares of RM0.10 each at RM0.21 per share pursuant to its initial public offering and listing on the MESDAQ Market of Bursa Malaysia.

## 7. Dividends

There were no dividend declared or paid by the Company during the current quarter under review.

## 8. Segmental information

	3 months ended 31.03.2004 RM	Year to date 31.03.2004 RM
<b>Revenue by activities</b>		
Contract work	33,978,347	33,978,347
Maintenance services	906,151	906,151
Sale of equipment	317,008	317,008
	<u>35,201,506</u>	<u>35,201,506</u>
<b>Results by activities</b>		
Contract work	3,612,296	3,612,296
Maintenance services	676,358	676,358
Sale of equipment	16,046	16,046
Others	62,183	62,183
	<u>4,366,883</u>	<u>4,366,883</u>
Unallocated expenses	<u>(2,377,958)</u>	<u>(2,377,958)</u>
Profit from operations	<u>1,988,925</u>	<u>1,988,925</u>

## 9. Valuations of property, plant & equipment

There were no changes in the valuation of the property, plant and equipment reported in the financial statements of Metronic Engineering Sdn Bhd for the year ended 31 December 2003 that will have effect 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:-

### **(a) Acquisition of a foreign subsidiary**

Metronic Engineering Sdn Bhd ("MESB") had, on 7 March 2003, entered into a Memorandum of Understanding ("MOU") 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. MESB and ISPL agreed to maintain their respective shareholding for a minimum period of three (3) years from the date of the agreement. The 51% shares are valued at USD300,000. The parties had on 30 April 2004, agreed to extend the validity period of the MOU to 30 June 2004.

As at 31 March 2004, MESB has paid a deposit of RM342,000 and the MOU is pending completion

### **(b) Acquisition of a landed property**

On 12 April 2004, Metronic Engineering Sdn Bhd ("MESB") entered into a Conditional Sales and Purchase Agreement with MH Projects Sdn Bhd, a company in which certain Directors of the Company are also Directors, to acquire a freehold land together with a three storey semi-detached factory erected thereon for a cash consideration of RM2,600,000. MESB had paid RM260,000 as deposit and part payment of the purchase consideration.

## 11. Changes in the composition of the Group

In conjunction with and as an integral part of the listing of and quotation for the entire enlarged issued and paid-up capital of the Company on the MESDAQ Market of Bursa Malaysia, the Company has undertaken a Restructuring Scheme which were approved by the relevant authorities as follows:-

### (a) Acquisition of Metronic Engineering Sdn Bhd

On 17 March 2004, the Company entered into a Share Sale Agreement with Metronic Corporation Sdn Bhd to acquire the entire issued and paid up capital of Metronic Engineering Sdn Bhd ("MESB") for a consideration of RM21,253,998 satisfied by the issuance of 212,539,980 new ordinary shares of RM0.10 each in the Company at par. The acquisition was completed on 18 March 2004

### (b) Acquisition of Metronic Integrated System Sdn Bhd

On 22 March 2004, the Company acquired Metronic Integrated System Sdn Bhd from MESB at book value for cash.

### (c) Public Issue of shares

The Public Issue of 71,000,000 new ordinary shares in the Company. The details of which are appended in Note 23.

## 12. Changes in contingent liabilities and contingent assets

There are no changes in the contingent liabilities and contingent assets since the last annual balance sheet as at 31 December 2003, except for the performance guarantee extended to third party, Agathis (M) Sdn Bhd as disclosed in the audited financial statement of Metronic Engineering Sdn Bhd for the year ended 31 December 2003 which has since been withdrawn on 10 May 2004.

## 13. Capital commitments

The amount of capital commitments not provided for in the interim financial statements as at 31 March 2004 is as follows:-

	RM
Approved and contracted for	
-Investment in unquoted shares, outside Malaysia	798,000
-Purchase of a landed property	2,600,000

## 14 Significant related party transactions

Significant related party transactions of the Group for the quarter ended 31 March 2004 are as follows:

	RM
Accounting fee receivable from Metronic Corporation Sdn Bhd ("MCSB"), a substantial shareholder of the Company	15,000

Purchases from ITG Worldwide (M) Sdn Bhd, a company in which a director has interest	819,724
Provision of software maintenance sales to Metronic Impact Sdn Bhd, an associated company of MCSB	15,521
Contract fee payable to Integrated Commerce Sdn Bhd, a subsidiary of MCSB	119,873
Contract revenue receivable from MH Projects Sdn Bhd, a common director related company	2,280,900

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.

## **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 quarter under review were RM35,201,506 and RM1,981,190 respectively.

For the quarter ended 31 March 2004, the Group's had achieved 23% of the revenue forecasted as disclosed in the prospectus.

The Group's profit margin before tax was 5.6% compared to the forecasted profit margin before tax of 6.7%. The lower profit margin before tax was mainly due to the recognition of profit for certain high contract value but lower profit margin projects during the quarter under review.

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

The comparison of results between the current quarter and the preceding quarter are not available as this is the Group's first quarterly report.

**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 quarters 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 31.03.2004 RM	Year to date 31.03.2004 RM
Income tax expense		
- current period provision	552,000	552,000

## 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. Status of corporate proposals

On 30 April 2004, the Company issued a Prospectus for the public issue of 71,000,000 new ordinary shares of 10 sen each at an issue price of 21 sen per share payable in full on application comprising:

(a) 8,000,000 new ordinary shares of 10 sen each available for application by the Malaysian public;

(b) 54,500,000 new ordinary shares of 10 sen each available by way of private placement to identified investors; and

(c) 8,500,000 new ordinary shares of 10 sen each available for application by the eligible employees and business associates of the Group

in conjunction with the listing of the Company on the MESDAQ Market of the Bursa Malaysia Securities Berhad.

The entire issued and paid up capital of the Company was successfully listed on the MESDAQ Market of the Bursa Malaysia Securities Berhad on 24 May 2004.

The Company raised RM14,910,000 from the public issue. As at 25 May 2004, the proceeds from the public issue have not been utilised.

## 24. Borrowings and debt securities

The total Group's borrowings, which are all secured as at 31 March 2004 were as follows:-

	Short term RM	Long term RM
Bank overdraft	740,690	-
Bankers' acceptances and trust receipts	9,961,948	-
Term loan	128,523	1,773,332
Hire purchase creditors	74,393	22,283
Total	<u>10,905,554</u>	<u>1,795,615</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. Dividend Payable

The Board does not recommend any dividend for the current quarter under review.

## 28. Earnings per share

	3 months ended 31.03.2004	Year to date 31.03.2004
Net profit (RM)	435,557	435,557
Weighted average number of ordinary shares in issue	32,698,478	32,698,478
Earnings per share (sen)		
- Basic	1.33	1.33
- Diluted	N/A	N/A

## 29. Authorised 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 May 2004.