



# **METRONIC GLOBAL BERHAD**

(Company No.: 632068-V)

(Incorporated in Malaysia under the Companies Act, 1965)

## **INTERIM FINANCIAL STATEMENTS**

**FOR THE QUARTER ENDED**

**31 MARCH 2012**

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

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS  
FOR THE FIRST QUARTER ENDED 31 MARCH 2012**

(The figures have not been audited)

	Note	Individual quarter		Cumulative quarter	
		31.03.2012 RM	31.03.2011 RM	31.03.2012 RM	31.03.2011 RM
Revenue		9,314,992	11,009,347	9,314,992	11,009,347
Cost of sales		(3,434,140)	(6,594,800)	(3,434,140)	(6,594,800)
Gross profit		5,880,852	4,414,547	5,880,852	4,414,547
Other operating income		6,727,851	14,637	6,727,851	14,637
Administration expenses		(1,162,623)	(1,083,826)	(1,162,623)	(1,083,826)
Other operating expenses		(4,436,925)	(5,436,126)	(4,436,925)	(5,436,126)
Finance costs		(105,806)	(125,561)	(105,806)	(125,561)
Interest income		37,780	28,205	37,780	28,205
Profit/(loss) before taxation	4	6,941,129	(2,188,124)	6,941,129	(2,188,124)
Income tax expense	20	(607)	(21,000)	(607)	(21,000)
Net profit/(loss) for the period		<u>6,940,522</u>	<u>(2,209,124)</u>	<u>6,940,522</u>	<u>(2,209,124)</u>
Net profit/(loss) attributable to:					
Owners of the Company		6,492,381	(2,322,462)	6,492,381	(2,322,462)
Minority interests		448,141	113,338	448,141	113,338
		<u>6,940,522</u>	<u>(2,209,124)</u>	<u>6,940,522</u>	<u>(2,209,124)</u>
Basic earnings/(loss) per share attributable to equity holders of the Company (sen):					
Basic		1.02	(0.37)	1.02	(0.37)
Diluted		1.02	(0.37)	1.02	(0.37)

The condensed consolidated income statements should be read in conjunction with the annual financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

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

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME  
FOR THE FIRST QUARTER ENDED 31 MARCH 2012**

(The figures have not been audited)

	Note	Individual quarter		Cumulative quarter	
		31.03.2012 RM	31.03.2011 RM	31.03.2012 RM	31.03.2011 RM
Net profit/(loss) for the period		6,940,522	(2,209,124)	6,940,522	(2,209,124)
Other comprehensive income/(loss)					
Financial assets, available-for-sale assets - fair value changes		2,375,278	(459,601)	2,375,278	(459,601)
Foreign currency translation profit/(loss)		131,848	18,407	131,848	18,407
Other comprehensive profit/(loss) for the period, net of tax		2,507,126	(441,194)	2,507,126	(441,194)
Total comprehensive income/(loss) for the period, net of tax		<u>9,447,648</u>	<u>(2,650,318)</u>	<u>9,447,648</u>	<u>(2,650,318)</u>
Total comprehensive income/(loss) attributable to:-					
Owners of the Company		8,999,507	(2,763,656)	8,999,507	(2,763,656)
Minority interests		448,141	113,338	448,141	113,338
		<u>9,447,648</u>	<u>(2,650,318)</u>	<u>9,447,648</u>	<u>(2,650,318)</u>

The condensed consolidated income statements should be read in conjunction with the annual financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

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

**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2012**  
(The figures have not been audited)

	Note	As at 31.03.2012 RM	(Audited) As at 31.12.2011 RM
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		10,359,876	10,555,548
Investment properties		392,098	393,415
Intangible assets		207,663	248,160
Other investments		94,000	94,000
Available-for-sale assets		25,127,272	20,022,140
Deferred tax assets		8,609,449	8,609,167
		<u>44,790,358</u>	<u>39,922,430</u>
<b>CURRENT ASSETS</b>			
Inventories		1,491,279	1,155,569
Trade receivables		83,969,122	87,266,836
Other receivables		8,452,283	4,816,531
Short term deposits		7,484,806	7,769,106
Cash & bank balances		9,928,981	9,145,757
		<u>111,326,471</u>	<u>110,153,799</u>
<b>TOTAL ASSETS</b>		<u>156,116,829</u>	<u>150,076,229</u>
<b>EQUITY AND LIABILITIES</b>			
Share capital		63,490,690	63,490,690
Available-for-sale reserve		2,550,376	175,098
Foreign currency translation reserve		217,070	85,222
Accumulated loss		(10,052,146)	(16,544,527)
<b>Equity attributable to owners of the Company</b>		<u>56,205,990</u>	<u>47,206,483</u>
<b>Minority interests</b>		<u>3,723,601</u>	<u>3,275,460</u>
<b>TOTAL EQUITY</b>		<u>59,929,591</u>	<u>50,481,943</u>
<b>NON-CURRENT LIABILITIES</b>			
Bank borrowings	22	<u>156,296</u>	<u>173,821</u>
<b>CURRENT LIABILITIES</b>			
Trade payables		67,156,128	72,717,478
Other payables		21,471,904	19,826,923
Bank borrowings	22	6,442,723	5,731,454
Provision for taxation		960,188	1,144,610
		<u>96,030,943</u>	<u>99,420,465</u>
<b>TOTAL LIABILITIES</b>		<u>96,187,238</u>	<u>99,594,286</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>156,116,829</u>	<u>150,076,229</u>

The condensed consolidated statements of financial position should be read in conjunction with the annual financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2012**  
(The figures have not been audited)

	Attributable to owners of the Company		Attributable to owners of the Company						
	Share Capital	Foreign Currency Translation Reserve	Available-for-sale Reserve	Retained Earnings/ (Accumulated Loss)	Total	Minority Interests	Total Equity		
	RM	RM	RM	RM	RM	RM	RM	RM	RM
As at 1 January 2011	63,490,690	85,320	1,013,900	(11,483,038)	53,106,872	2,234,215	55,341,087		
Total comprehensive (loss)/income	-	18,407	(459,601)	(2,322,462)	(2,763,656)	113,338	(2,650,318)		
As at 31 March 2011	63,490,690	103,727	554,299	(13,805,500)	50,343,216	2,347,553	52,690,769		
As at 1 January 2012	63,490,690	85,222	175,098	(16,544,527)	47,206,483	3,275,460	50,481,943		
Total comprehensive (loss)/income	-	131,848	2,375,278	6,492,381	8,999,507	448,141	9,447,648		
As at 31 March 2012	63,490,690	217,070	2,550,376	(10,052,146)	56,205,990	3,723,601	59,929,591		

The condensed consolidated statement of changes in equity should be read in conjunction with the annual financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

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

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE THREE-MONTHS PERIOD ENDED 31 MARCH 2012**

(The figures have not been audited)

	3 months ended	
	31.03.2012	31.03.2011
	RM	RM
<b>Cash flows from operating activities</b>		
Profit/(loss) before taxation:-	6,941,132	(2,188,124)
Gain on disposal of property, plant and equipment	-	(432)
(Gain)/loss on disposal/deemed disposal of investments	(1,893,819)	1,529,471
Loss net unrealised foreign exchange	66,431	145,503
Depreciation of property, plant and equipment	134,591	154,009
Depreciation of investment property	1,317	1,317
Amortisation of intangible assets	39,260	160,121
Recovered/reversal of provision for doubtful debts	-	(477,425)
Reversal of provision for impairment of available for sale assets	(4,832,887)	-
Reversal/provision for defect liabilities	135,582	149,797
Interest expense	105,806	125,560
Interest income	(37,779)	(28,205)
Operating profit/(loss) before working capital changes	<u>659,634</u>	<u>(428,408)</u>
Changes in working capital:		
Inventories	(335,711)	(172,147)
Debtors	(620,555)	11,036,708
Creditors	(3,955,276)	(4,240,537)
Net cash (used in)/generated from operations	<u>(4,251,908)</u>	<u>6,195,616</u>
Taxes received/ paid	(64,500)	(75,000)
Interest paid	(105,806)	(125,561)
Interest received	37,779	28,206
Net cash (used in)/generated from operating activities	<u>(4,384,435)</u>	<u>6,023,261</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Increase in paid up capital	-	(1,950)
Purchase of intangible assets	-	(3,827)
Proceeds from disposal of property, plant and equipment	-	1,364
Proceeds from disposal of marketable securities	4,323,290	-
Net cash generated from/(used in) investing activities	<u>4,323,290</u>	<u>(4,413)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Fixed deposits under lien with licensed financial institutions	284,300	(19,853)
Repayment of bankers' acceptances and trust receipts	(1,774,483)	(2,839,241)
Drawdown of bankers' acceptances and trust receipts	2,394,079	2,453,744
Repayment of term loan	-	(424,235)
Repayment of hire purchase creditors	(9,002)	(53,312)
Net cash generated from/(used in) financing activities	<u>894,893</u>	<u>(882,897)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<u>833,748</u>	<u>5,135,951</u>
<b>EFFECT OF FOREIGN EXCHANGE RATES CHANGES</b>	<u>271,619</u>	<u>49,482</u>
<b>CASH AND CASH EQUIVALENTS AT 1 JAN</b>	<u>6,714,528</u>	<u>2,750,873</u>
<b>CASH AND CASH EQUIVALENTS AT 31 MAR</b>	<u>7,819,895</u>	<u>7,936,306</u>
Cash and cash equivalents at the balance sheet date comprise the following:		
Deposits	7,484,806	8,199,532
Less: Deposits pledged	(7,079,513)	(7,767,527)
	<u>405,293</u>	<u>432,005</u>
Cash and bank balances	9,928,981	8,825,461
Bank overdraft (Note 22)	(2,514,379)	(1,321,160)
	<u>7,819,895</u>	<u>7,936,306</u>

The condensed consolidated statements of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

**EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2012 PURSUANT TO FRS 134**

**1. First-time adoption of Malaysian Financial Reporting Standards ("MFRS")**

These condensed consolidated interim financial statements, for the period ended 31 March 2012, have been prepared in accordance with MFRS 134 interim Financial Reporting and paragraph 9.22 of the listing Requirements of Bursa Malaysia Securities Berhad. These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board. For the period up to and including the year ended 31 December 2011, the Group prepared its financial statements in accordance with applicable Financial Reporting Standards ('FRS').

These condensed consolidated interim statements are the Group's first condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS annual financial statements for the year ending 31 December 2012. MFRS 1 First Time-Adoption of Malaysian Financial Reporting Standards ("MFRS 1") has been applied.

The explanatory notes to these condensed consolidated interim financial statements provide an explanation of events and transaction that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2011.

In preparing its MFRS Statements of Financial Position as at 1 January 2011 (which is also the date of transition), the Group reviewed its accounting policies and considered the transitional opportunities under MFRS 1. The impact of the transition from FRS to MFRS is described in Note 2 below.

**2. Significant accounting policies and application of MFRS 1**

The audited financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies adopted in preparing this condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2011 except as discussed below:

**(i) Business combination**

MFRS a provides the option to apply MFRS 3 Business Combinations, prospectively from the date of transition or from a specific date prior to the date of transition. This provides relief from full retrospective application of MRFS 3 which require restatement of all business combination prior to the date of transition prior to the date of transition.

Acquisition before date of transition

The Group has elected to apply for MFRS 3 Business Combinations prospectively from the date of transition.

- (i) The classification of former business combination under FRS is maintained;
- (ii) There is no re-measured of original fair values determined at the time of business combination (date of acquisition).

**(ii) Prepaid lease payments**

The Group's treatment of the prepaid lease payments, which were stated at cost under FRS is consistent with that of MFRS. Subsequent to the transition to MFRS, the prepaid lease payments will continue to be amortized its lease terms.

2. (iii) **Foreign currency translation reserve**

Under FRS, the Group recognized translation differences on foreign operation in a separate component of equity. This treatment of translation differences under FRS is consistent with the requirement of MFRS.

(iv) **Estimates**

The estimates at 1 January 2011 and at 31 December 2011 were consistent with those made for the same dates in accordance with FRS. The estimates used by the Group to present these amount in accordance with MFRS reflect condition at 1 January 2011, the date of transition to MFRS and as of 31 December 2011.

The transition from FRS to MFRS has not had a material impact on the statements of financial position, statements of comprehensive income and statement of cash flows.

3. **Qualification of Preceding Annual Financial Statements**

The auditors' report on the Group's financial statements for the year ended 31 December 2011 was qualified in the following manner:

- (i) The Group has long outstanding receivables due from a related party and certain group of receivables with their carrying amount totalling RM46,565,420 as at 31 December 2011, of which a total impairment amount of RM20,962,754 has been made. The net carrying amount of these receivables after the impairment provision is RM25,602,666. The impairment amount was determined by the management based on the estimated timing of collection as disclosed in Note 3(b)(iii) of the financial statements.

Similar to previous year qualification, the auditors are unable to obtain sufficient appropriate evidence about the timing of collection of these receivables, they are unable to determine if any adjustment to the impairment amount and thus the carrying amount of these debtors is necessary.

- (ii) Unilink Development Limited ("Unilink"), a former associate of the Company allotted 416 new shares of Hong Kong Dollar ("HKD") 1.00 each to Zonemax Holdings Limited, British Virgin Island, the other shareholder during the financial year as a result of the exercise of option by Zonemax to convert part of the outstanding loan payable and due from Unilink to new shares.

Consequently, the Company's equity interest in Unilink was diluted from 25.0% to 17.7% and Unilink ceased to be an associate of the Company thereon.

The Group and the Company's net carrying amount of this investment as at 31 December 2011 amounted to RM 15,792,501 and RM 14,138,945 respectively.

The Unilink's financial statements and other documentary evidence are not available for the audit there are no other audit procedure that the auditor can rely on to ascertain the appropriates of the net carrying amount of the investment, and any further impairment is required for the said investment.

These matters have been regularly reviewed by the management and action has been formulated to recover the receivables. The Company will make further announcement as and when progress has been made.



#### 4. Net profit/(loss) for the period

	3 months ended	
	31.03.2012	31.03.2011
	RM	RM
<b>After charging/(crediting):</b>		
Depreciation of property, plant and equipment	134,591	154,009
Depreciation of investment properties	1,317	1,317
Amortisation of intangible assets	39,260	160,121
Loss on foreign exchange - realised	5,973	(4,623)
Loss on foreign exchange - unrealised	66,431	145,503
Loss on deemed disposal of associated company	-	1,529,471
Dividend income	(13,132)	-
Gain on disposal of quoted securities/investment	(1,893,819)	(20,927)
Other income	(1,150)	(14,637)
Write back of impairment for available for sale asset	(4,832,887)	-
Interest income	(37,779)	(28,205)

#### 5. Seasonality or cyclicity of interim operations

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

#### 6. Unusual items affecting assets, liabilities, equity, net income or cash flows

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

#### 7. Material changes in estimates

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

#### 8. Debt and equity securities

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

#### 9. Dividends

There were no dividends paid during the quarter under review.

#### 10. Segmental information

Analysis by business segments is as follow:-

##### By geographical segments:

	3 months ended	
	31.03.2012	31.03.2011
	RM	RM
<b>Segment revenue</b>		
Malaysia	489,485	8,142,064
Overseas	9,777,292	2,961,516
Total revenue	10,266,777	11,103,580
Inter-segment elimination	(951,785)	(94,233)
External customers	9,314,992	11,009,347
<b>Results</b>		
<b>Operating results</b>		
Malaysia	7,624,546	(2,095,831)
Overseas	(577,611)	33,268
	7,046,935	(2,062,563)
Finance costs	(105,806)	(125,561)
Profit/(loss) before tax	6,941,129	(2,188,124)

## 10. Segmental information (Cont'd)

### By business segments:

	3 months ended	
	31.03.2012	31.03.2011
	RM	RM
<b>Segment revenue</b>		
Engineering	6,218,865	8,845,440
ICT support services	3,122,161	2,165,757
Investment holding	-	-
Total revenue	<u>9,341,026</u>	<u>11,011,197</u>
Inter-segment elimination	<u>(26,034)</u>	<u>(1,850)</u>
External customers	<u>9,314,992</u>	<u>11,009,347</u>
<b>Results</b>		
Operating results		
Engineering	(475,435)	(608,985)
ICT support services	1,020,084	259,918
Investment holding	<u>6,502,286</u>	<u>(1,713,496)</u>
	<u>7,046,935</u>	<u>(2,062,563)</u>
Finance costs	<u>(105,806)</u>	<u>(125,561)</u>
Profit/(loss) before tax	<u>6,941,129</u>	<u>(2,188,124)</u>

## 11. Material subsequent events

The Group, for the period between 17 April 2012 to 20 April 2012, further disposed 15,000,000 shares held in Ariantec Global Berhad (AGB) for a total consideration of RM3,184,960 resulted to a gain of RM1,805,816. The disposal decreased the Group's share holdings in AGB to 10.5%.

Save as disclosed above and in Note 23, there were no other material events subsequent to the end of the current quarter.

## 12. Changes in the composition of the Group

There were no changes in the composition of the Group during the current quarter.

## 13. Changes in contingent liabilities and contingent assets

Save as disclosed in Note 23, contingent liabilities of the Group as at 24 May 2012 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report) are as follows:

- a) Performance and financial guarantees totalling RM6,179,259 provided by the Group to various parties in the ordinary course of business. The changes in contingent liabilities since the last balance sheet as at 31 December 2011 are as follows:-

	RM
Additional of performance and financial guarantees issued by bank to third parties	220,412

At the date of this report, no contingent assets has arisen since 31 December 2011.

## 14. Capital commitments

There were no capital commitments during the current quarter under review.

## 15. Significant related party transactions

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

**ADDITIONAL INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA  
SECURITIES BERHAD**

**16. Performance review**

The Group recorded revenue of RM9.31 million for the current quarter under review, which is RM1.69 million or 15.4% lower than the corresponding quarter of RM11.0 million in the previous financial year, mainly due to lower revenue recorded by engineering segment.

The Group posted profit before taxation of RM6.94 million, representing an improvement of RM9.13 million compared to the loss before tax of RM2.19 million recorded in previous year corresponding quarter. The favorable performance mainly attributed to a write-back of provision for impairment of available for sale assets amounting to RM4.83 million and RM1.89 million recognised by the Group from the disposal of its available for sale assets as opposed to RM1.53 million loss from deemed disposal of its associate company recognised during the same period last year

Engineering segment recorded a revenue of RM6.22 million for the current quarter which comprises of a revenue from contracts related to building automation and security system works amounting to RM4.44 million and a revenue from service and maintenance works amounting to RM1.59 million. The amount was lower than the amount recorded in the previous year corresponding quarter of RM8.85 million due to lower work order as most of the significant project towards completion or completed during the previous year.

Engineering segment recorded a loss before tax of RM475 thousand, an improvement compared to previous year loss of RM609 thousand mainly due to no provision or impairment of assets recognised during the period as opposed to RM2.5 million recorded in the previous year.

ICT support services division which involves in providing services as a Third Party Administrator (TPA) and Managed Care Organisation (MCO) for healthcare sector via the connectivity application and infrastructure has recorded revenue of RM3.12 million, higher than the amount recorded in the previous year of RM2.17 million. The increase of RM956 thousand or 44% mainly attributed to the increase in the number of card members at the end of the current quarter.

ICT support service division, as a result of the increase in revenue, the division has recorded an increase in its profit before tax by RM760 thousand from RM260 thousand to RM1.02 million for the quarter under review.

**17. Material changes in the results for the current quarter as compared with the preceding**

The Group recorded a revenue of RM9.31 million for the current quarter ended 31 March 2012 compared to RM14.6 million in the preceding quarter ended 31 December 2011, representing a decrease of RM5.3 million or 36%, mainly due to lower revenue contribution from engineering segment resulted from lower progress billing certified during the period.

The Group however recorded profit before tax of RM6.94 million for the current quarter ended 31 March 2012 as compared to a loss of RM3.60 million recorded in the preceding quarter ended 31 December 2011. The favourable result mainly attributed to a write-back of provision for impairment of available for sale assets amounting to RM4.83 million and a gain of RM1.89 million recognised from disposal of investment. Included in the preceding quarter was a provision and impairment of receivables amounting to RM2.52 million.

## 18. Current year prospects

Looking forward, the Group's revenue will continue to be mainly contributed by its core business of providing engineering solutions in relation to Intelligent Building Management System ("IBMS") and Integrated Security Management System ("ISMS"), as well as a steady growth in the ICT support services division.

The Board is mindful that the forthcoming year remains to be a challenging one for the Group's Engineering Division in view of the intense competition that lies ahead. The Group is exploring other opportunities besides continue to focus on the IBMS and ISMS projects in order to build up a strong order book. Nevertheless, the Group will continue taking various measures to enhance its operational efficiency and effective cost management in order to improve the performance of the Group for the year 2012.

The Group also undertake to rationalize its available asset and investments towards optimising returns.

## 19. Profit forecast or profit guarantee

Not applicable as no profit forecast was published by the Group.

## 20. Taxation

	3 months ended 31.12.2011 RM	12 months ended 31.12.2011 RM
Income tax expense:		
Malaysian income tax	(607)	-
Deferred tax	-	21,000
	<u>(607)</u>	<u>21,000</u>

## 21. Status of corporate proposals

There was no corporate proposal announced but not completed as at the date of this

## 22. Borrowings and debt securities

The Group's total borrowings, all of which were secured, as at 31 March 2012 were as follows:-

	As at 31.03.2012 RM
<b>Current</b>	
Bank overdraft	
Denominated in RM	2,439,954
Denominated in INR	74,425
	<u>2,514,379</u>
Bankers' acceptances (Denominated in RM)	3,829,960
Hire purchase payables (Denominated in RM)	11,899
Obligations under finance leases (Denominated in RM)	86,485
<i>Sub-total</i>	<u>6,442,723</u>
<b>Non-Current</b>	
Obligations under finance leases (Denominated in RM)	128,596
Hire purchase payables (Denominated in RM)	27,700
<i>Sub-total</i>	<u>156,296</u>
Total loans and borrowings	<u>6,599,018</u>

### 23. Changes in material litigation

There were no changes in material litigation, including the status of pending material litigation since the last annual balance sheet date of 31 December 2011, except as disclosed below:

- (a) On 9 January 2007, Metronic Global Berhad ("MGB" or "the Company") through its solicitors, received a Writ of Summons and Statement of Claim dated 23 November 2006 with the High Court of Shah Alam issued by CWorks Systems Berhad ("CWorks"). CWorks is claiming an outstanding amount of RM1,751,617 from MGB pursuant to a Software Development Agreement dated 9 May 2005 for the development and provision of a software for the National Product Code System, the Sale Force System and the Project Management Tool System in the People's Republic of China.

The High Court, on 15 September 2011 has entered judgement against MGB for the sum of RM1,751,617 plus interest at the rate of 8% from the date of the filing (23 November 2006) until the date the realisation of the claim and cost. The Court had also dismissed MGB's counter claim for RM3,339,000. MGB subsequently filed for stay of execution and an appeal against both decision to the Court of Appeal. The application for stay of execution was however dismissed on 20 October 2011.

The Court had dismissed the Company's appeal on 18 April 2012. The Company on 10 May 2012 had paid Cworks of RM2,577,735.15 being the judgement sum, interest and other legal cost.

The Company, on 10 May 2012 had filed a leave application to Federal Court for leave to appeal against decision of the Court of Appeal dismissing the Company's appeal against the decision of the High Court of Shah Alam. The hearing of the applicant was fixed on 6 August 2012.

- (b) On 19 May 2011, a subsidiary Metronic Engineering Sdn Bhd ("MESB"), received a Writ of Summons and Statement of Claim dated 9 May 2011 issued by ER Mekatron Manufacturing Sdn Bhd ("ERMMSB") claiming for an outstanding amount of RM291,644.95 plus interest and cost for the supply and installation works for Automated Storage and Retrieval Systems ("ASRS") building at Kolkata India.

There was a variance of the model and specification of the stacker cranes supplied by ERMMSB as compared to the model and specification stated in the tender document and the variance has caused the delay in the completion of the project by MESB. As a result, MESB's customer has made certain deductions and imposed extension of time levy on MESB. As such, the amount payable to ERMMSB has been deducted accordingly by MESB.

The trial was held on 4, 5 and 6 January 2012 and the case was held in abeyance till new judge is appointed as the learned judge has been elected to Court of Appeal.

- (c) On 9 August 2011, Metronic Engineering Sdn Bhd ("MESB") had received a Writ of Summons and Statement of Claim from Digistar Holdings Sdn Bhd ("Digistar") for claims amounting to RM1,440,711.27 and RM207,606.00 plus interest 8% p.a. to be accrued from 31 August 2007 and 26 July 2006 respectively.

The claims are in respect of the Acceptance Letter dated 13 April 2001 issued by MESB for "The Design, Construction, Equipping, Commissioning and Maintenance of Extra Low Voltage System for the New Alor Star Hospital, Kedah Darul Aman" and the Purchase Quotation dated 31 March 2003 for Digistar to undertake the work for the "Extra Low Voltage System at Nurse Training College, Hospital Alor Star, Kedah Darul Aman" respectively (collectively referred as "the Projects"). The outstanding amounts were resulted from the impending payment from the Projects' main contractor.

MESB's defence dated 7 September 2011 was filed and served on 9 September 2011 in the High Court of Shah Alam and Digistar has served its Reply to Defence on MESB's solicitors on 25 October 2011. The case was fixed for hearing on 11 and 12 July 2012.

#### 24. 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 announcement.

#### 25. Dividends

No dividends have been declared or recommended in respect of the quarter under review.

#### 26. Earnings per share

	<b>3 months ended 31.03.2011</b>
Profit attributable to owners of the parent (RM)	6,492,381
Weighted average number of ordinary shares in issue	634,906,903
Profit per share (sen)	
- Basic	1.02
- Diluted	<u>1.02</u>

#### 27. Disclosure of Realised and Unrealised losses

The breakdown of the accumulated loss of the Group as at reporting date, into realised and unrealised loss, is as follows:

	<b>As at 31.03.2012 RM</b>	<b>As at 31.12.2011 RM</b>
Total accumulated losses		
- Realised	(2,864,756)	(9,884,688)
- Unrealised	2,056,689	2,136,098
	<u>(808,067)</u>	<u>(7,748,590)</u>
Less: Consolidation adjustments	(9,244,079)	(8,795,937)
Accumulated loss as per consolidated accounts	<u>(10,052,146)</u>	<u>(16,544,527)</u>

#### 28. 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 30 May 2012.