METRONIC GLOBAL BERHAD

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

INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER ENDED

30 SEPTEMBER 2013

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

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013
(The figures have not been audited)

		Individual quarter		Cumulative quarter	
	Note	**30.09.2013 RM**	**30.09.2012 RM**	**30.09.2013 RM**	**30.09.2012 RM**
Revenue		5,196,030	15,820,370	23,901,090	35,111,741
Cost of sales		(3,392,077)	(9,354,551)	(13,912,055)	(18,054,961)
Gross profit		1,803,953	6,465,819	9,989,035	17,056,780
Other operating income		12,308,595	1,300	21,132,527	8,528,174
Administration expenses		(639,959)	(1,364,548)	(5,422,224)	(4,444,101)
Other operating expenses		(12,917,633)	(32,056,461)	(20,577,120)	(40,944,858)
Finance costs		(79,404)	(141,293)	(227,227)	(386,051)
Interest income		47,285	91,124	122,226	168,066
	4	522,837	(27,004,059)	5,017,217	(20,021,990)
Income tax expense	20	0	(6,000)	(104,119)	177,532
Net profit for the period		522,837	(27,010,059)	4,913,099	(19,844,458)
Net profit/(loss) attributable to:					
Owners of the Company		718,968	(27,716,415)	5,188,785	(20,861,888)
Non-controlling interests		(196,132)	706,356	(275,687)	1,017,430
		522,837	(27,010,059)	4,913,099	(19,844,458)
Basic earnings per share attributable to equity holders of the Company (sen):					
Basic		0.11	(4.37)	0.82	(3.29)
Diluted		0.11	(4.37)	0.82	(3.29)

The condensed consolidated income statements should be read in conjunction with the annual financial statements for the year ended 31 December 2012 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 THIRD QUARTER ENDED 30 SEPTEMBER 2013
(The figures have not been audited)

	Individual quarter		Cumulative quarter	
	30.09.2013	**30.09.2012**	**30.09.2013**	**30.09.2012**
	RM	**RM**	**RM**	**RM**
Net profit for the period	522,837	(27,010,059)	4,913,099	(19,844,458)
Other comprehensive income				
Financial assets, available-for-sale assets				
- fair value changes	-	(1,952,967)	-	48,152
- transfer to profit and loss	- -	-	-	-
Foreign currrency translation profit/(loss)	97,346	375,116	405,720	477,645
Other comprehensive income for the period, net of tax	97,346	(1,577,851)	405,720	525,797
Total comprehensive income for the period, net of tax	620,183	(28,587,910)	5,318,819	(19,318,661)
Total comprehensive income attributable to:				
Owners of the Company	816,314	(29,294,266)	5,594,505	(20,336,091)
Non-controlling interests	(196,132)	706,356	(275,687)	1,017,430
	620,183	(28,587,910)	5,318,819	(19,318,661)

The condensed consolidated income statements should be read in conjunction with the annual financial statements for the year ended 31 December 2012 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 30 SEPTEMBER 2013
(The figures have not been audited)

	Note	As at 30.09.2013 RM	(Audited) As at 31.12.2012 RM
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		22,292,334	22,575,402
Investment properties		510,423	510,423
Intangible assets		4,877	4,877
Other investments		94,000	94,000
Available-for-sale assets		18,324,806	19,976,859
Deferred tax assets		8,077,588	8,079,318
		49,304,028	51,240,879
CURRENT ASSETS			
Inventories		1,426,270	1,299,421
Trade receivables		9,742,601	19,729,267
Other receivables		2,854,610	3,937,049
Short term deposits		6,058,866	6,100,923
Cash & bank balances		3,180,644	2,580,715
		23,262,991	33,647,375
Assets of disposal company/non-current assets classified as held for sale		-	49,490,663
TOTAL ASSETS		72,567,019	134,378,917
EQUITY AND LIABILITIES			
Share capital		67,090,690	63,490,690
Revaluation reserve		12,242,599	12,613,007
Foreign currency translation reserve		1,254,925	849,205
Accumulated loss		(38,796,945)	(42,438,291)
Equity attributable to owners of the Company		41,791,269	34,514,611
Minority interests		48,948	3,952,716
TOTAL EQUITY		41,840,217	38,467,327
NON-CURRENT LIABILITIES			
Bank borrowings	22	-	38,125
CURRENT LIABILITIES			
Trade payables		14,856,432	35,710,264
Other payables		10,142,683	14,174,395
Bank borrowings		5,713,854	3,815,549
Provision for taxation		13,834	191,125
		30,726,802	53,891,333
Liabilities associated with assets classified as held for sale		-	41,982,132
TOTAL LIABILITIES		30,726,802	95,911,590
TOTAL EQUITY AND LIABILITIES		72,567,019	134,378,917

The condensed consolidated income statements should be read in conjunction with the annual financial statements for the year ended 31 December 2012 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 NINE-MONTHS YEAR ENDED 30 SEPTEMBER 2013
(The figures have not been audited)

	Attributable to owners of the Company							
	Non-distributable Reserve				Distributable Reserve			
	Share Capital RM	Revaluation Reserve RM	Available-for-sale Reserve RM	Foreign Currency Translation Reserve RM	Retained Earning/ (Accumulated Loss) RM	Total RM	Minority Interests RM	Total Equity RM
As at 1 January 2012	63,490,690	-	175,098	85,222	(16,544,527)	47,206,483	3,275,460	50,481,943
Total comprehensive loss	-	12,613,007	(175,098)	763,983	(25,893,764)	(12,691,872)	550,508	(12,141,364)
Disposal of shares in a subsidiary	-		-	-	-	-	126,748	126,748
As at 31 December 2012	63,490,690	12,613,007	-	849,205	(42,438,291)	34,514,611	3,952,716	38,467,327
As at 1 January 2013	63,490,690	12,613,007	-	849,205	(42,438,291)	34,514,611	3,952,716	38,467,327
Total comprehensive income	-	(370,408)	-	405,720	3,641,346	3,676,658	(79,555)	3,597,103
Subscribtion of new shares	3,600,000	-	-	-	-	3,600,000.00	(550,508)	3,049,492
Disposal of subsidiary	-	-	-	-	-	-	(3,273,705)	(3,273,705)
As at 30 September 2013	67,090,690	12,242,599	-	1,254,925	(38,796,945)	41,791,269	48,948	41,840,217

The condensed consolidated statement of changes in equity should be read in conjunction with the annual financial statements for the year ended 31 December 2012 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 NINE-MONTHS PERIOD ENDED 30 SEPTEMBER 2013
(The figures have not been audited)

	9 months ended	
	30.09.2013	**30.09.2012**
CASH FLOWS FROM OPERATING ACTIVITIES	**RM**	**RM**
Profit before taxation from:-		
Continued operations	5,017,218	(20,021,990)
Adjustments for :-		
Gain on disposal of subsidiary	(8,820,649)	-
Gain on disposal/deemed disposal of investments	-	(3,693,091)
Loss/(gain) on disposal of property, plant and equipment	-	2,252
(Gain)/loss net unrealised foreign exchange	(340,836)	538,680
Depreciation of property, plant and equipment	403,001	415,706
Depreciation of investment property	-	3,950
Amortisation of intangible assets	21,368	136,893
Provision for doubtful debts	(1,983)	-
Impairment on quoted securities & other investment	8,715,051	2,205,127
Impairment loss of trade receivables	-	25,602,667
(Write back of impairment)/impairment of available for sale assets	-	(4,832,888)
Reversal/provision for defect liabilities	(1,038,434)	480,635
Write-down of inventories	13,111	-
Finance cost	227,227	386,051
Interest income	(286,252)	(168,066)
Operating loss before working capital changes	3,908,822	1,055,926
Changes in working capital:		
Inventories	(139,961)	(984,112)
Receivables	43,549,086	2,994,350
Payables	(60,520,041)	(5,037,436)
Net cash generated from/(used in) operations	(13,202,094)	(1,971,272)
Taxes paid	(281,409)	(296,218)
Interest paid	(227,227)	(386,051)
Interest received	286,252	168,066
Net cash generated from/(used in) operating activities	(13,424,479)	(2,485,475)
CASH FLOWS FROM INVESTING ACTIVITIES		
Suscription of shares in subsidiaries by MI	-	126,748
Purchase of intangible assets	-	3,711
Acquisition of marketable securities	(7,062,997)	6,364,980
Net cash (used in)/generated from investing activities	(7,062,997)	6,495,439
CASH FLOWS FROM FINANCING ACTIVITIES		
Withdrawal of fixed deposits under lien with licensed financial institutions	1,097,057	(102,971)
Repayment of bankers' acceptances and trust receipts	(2,674,076)	(4,703,528)
Proceeds from private placement	3,600,000	-
Drawdown of bankers' acceptances and trust receipts	6,316,831	4,687,097
Repayment of hire purchase creditors	-	(27,007)
Net cash used in financing activities	8,339,812	(146,409)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(12,147,663)	3,863,555
EFFECT OF FOREIGN EXCHANGE RATES CHANGES	(44,588)	202,939
CASH AND CASH EQUIVALENTS AT 1 JAN	15,372,897	6,714,529
CASH AND CASH EQUIVALENTS AT 30 SEP	3,180,645	10,781,023
Cash and cash equivalents at the balance sheet date comprise the following:		
Deposits	6,058,866	7,872,077
Less: Deposits pledged	(6,058,866)	(7,872,077)
	-	-
Cash and bank balances	5,889,491	13,635,237
Bank overdraft (Note 22)	(2,708,846)	(2,854,214)
	3,180,645	10,781,023

The condensed consolidated income statements should be read in conjunction with the annual financial statements for the year ended 31 December 2012 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 THIRD QUARTER ENDED 30 SEPTEMBER 2013 PURSUANT TO MFRS 134

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

These condensed consolidated interim financial statements, for the year ended 30 September 2013, 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 2012, 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 MRFS annual financial statements for the year ending 31 December 2012. MFRS 1 First Time-Adoption of Malaysian Financial Reporting Standards ("MRFS 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 2012.

In preparing its MFRS Statements of Financial Position as at 1 January 2012 (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 transaction 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 2012 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 2012 except as discussed below:

(i) **Business combination**
MFRS 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.

<u>Acquisition before date of transition</u>
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 2012 and at 31 December 2012 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 2012, the date of transition to MFRS and as of 31 December 2012.

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 2012 was qualified in the following manner:

(i) 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 31December 2012 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

After charging/(crediting):	3 months ended 30.09.2013 RM	3 months ended 30.09.2012 RM	9 months ended 30.09.2013 RM	9 months ended 30.09.2012 RM
Depreciation of property, plant and equipment	119,163	144,059	403,001	415,706
Depreciation of investment properties	-	1,316	-	3,950
Amortisation of intangible assets	0	58,373	21,368	136,893
(Gain)/loss on foreign exchange - realised	103,624	(2,908)	108,250	14,293
Loss/(gain) on foreign exchange - unrealised	486,044	19,379	839,006	269,340
Impairment loss/(reversal) on trade receivables	74	25,602,667	(1,983)	25,602,667
Inventory written off	-	-	13,111	
Gain on disposal of subsidiary	-	-		
Gain on disposal of property, plant and equipment	-	-	-	(2,252)
Dividend income	(164,026)	-	(164,026)	(13,132)
Write back of impairment for available for sale assets	-	-	-	(4,832,888)
Interest income	(47,285)	(91,124)	(122,226)	(168,066)

5. Seasonality or cyclicality 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 had 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 segments is as follow:-

By geographical segments:

	3 months ended		9 months ended	
	30.09.2013	**30.09.2012**	**30.09.2013**	**30.09.2012**
	RM	**RM**	**RM**	**RM**
Segment revenue				
Malaysia	5,134,528	15,764,099	22,190,687	33,406,533
Overseas	61,501	191,259	1,992,531	1,986,436
Total revenue	5,196,030	15,955,358	24,183,219	35,392,969
Inter-segment elimination	0	(134,988)	(282,129)	(281,228)
External customers	5,196,030	15,820,370	23,901,090	35,111,741
Results				
Operating results				
Malaysia	1,192,022	(26,710,326)	7,033,117	(17,623,944)
Overseas	(589,780)	(152,440)	(1,788,672)	(2,011,995)
	602,242	(26,862,766)	5,244,445	(19,635,939)
Finance costs	(79,404)	(141,293)	(227,227)	(386,051)
Profit before tax	522,837	(27,004,059)	5,017,217	(20,021,990)

By business segments:

	3 months ended		9 months ended	
	30.09.2013	**30.09.2012**	**30.09.2013**	**30.09.2012**
	RM	**RM**	**RM**	**RM**
Segment revenue				
Engineering	5,196,030	12,229,281	21,162,973	26,330,795
ICT support services	(0)	3,591,089	2,749,720	8,792,548
Investment holding	-	-	-	-
Total revenue	5,196,029	15,820,370	23,912,692	35,123,343
Inter-segment elimination	1	-	(11,602)	(11,602)
External customers	5,196,030	15,820,370	23,901,090	35,111,741
Results				
Operating results				
Engineering	10,384,140	(25,623,030)	9,594,789	(27,060,928)
ICT support services	(0)	1,413,438	203,523	2,190,777
Investment holding	(9,781,897)	(2,653,174)	(4,553,866)	5,234,212
	602,242	(26,862,766)	5,244,445	(19,635,939)
Finance costs	(79,404)	(141,293)	(227,227)	(386,051)
Profit before tax	522,837	(27,004,059)	5,017,217	(20,021,990)

11. Material subsequent events

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

(a) On 24 April 2013, MGB had completed the disposal of MGB's entire equity interest in Metronic iCares Sdn Bhd.

12. Changes in the composition of the Group

As disclosed in Note 11(a), during the current quarter the Group had disposed its entire 51% shares in its subsidiary - Metronic Icares Sdn. Bhd.

13. Changes in contingent liabilities and contingent assets

Save as disclosed in Note 23, contingent liabilities of the Group as at 21 November 2013 (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 RM8,069,393 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 2012 are as follows:-

	RM
Addition of performance and financial guarantees issued by bank to third parties	3,500,870

At the date of this report, no contingent assets has arisen since 31 December 2012.

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

Current Quarter

The Group recorded revenue of RM5.2 million for the current quarter under review, which is RM10.62 million or 67.1% lower than the corresponding quarter of RM15.82 million in the previous financial year, mainly attributed to loss of revenue generated from ICT segment (Metronic iCares Sdn Bhd was disposed off in 26 April 2013).

Despite recorded lower revenue, the Group posted profit before taxation of RM0.52 million, representing an improvement of RM27.5 million compared to the loss before tax of RM27 million for the corresponding quarter in the previous year. The favourable results recorded during the current quarter mainly due to additional provision for impairment of RM25.6 million for balance net book value of outstanding amount due from MH Project Sdn Bhd and provision for impairment loss of available for sale assets of RM2.21 million in corresponding quarter of 2012.

Engineering segment recorded a revenue of RM5.20 million for the current quarter which comprises of a revenue from contracts related to building management system, building automation system and extra low voltage system works. The amount was lower than the amount recorded in the previous year corresponding quarter of RM12.2 million due to lower progress billing issued in the current quarter.

ICT segment did not record any revenue due to disposal of Metronic iCares Sdn Bhd during the current period under review compared with RM3.59 million recorded in the corresponding quarter in the previous year.

Year-to-date

The Group recorded revenue of RM23.90 million for the current financial period under review, which is RM11.21 million or 31.9% lower than the revenue of RM35.11 million in the previous financial period, mainly attributed to lower revenue generated from engineering segments of RM5.17 million or 19.6% lower than previous year corresponding period. ICT segment represent a decrease of RM6.04 million or 68.7% compared to previous year corresponding period.

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

The Group recorded a revenue of RM5.20 million for the current quarter ended 30 Sept 2013 compared to RM7.75 million in the preceding quarter ended 30 June 2013, representing a decrease of RM2.55 million or 32.9% mainly due to a decrease in revenue from its engineering segment.

The Group recorded profit before tax of RM0.52 million for the current quarter ended 30 Sept 2013 as compared to a profit of RM5.56 million recorded in the preceding quarter ended 30 June 2013; mainly due to gain made from disposal of its subsidiary in previous quarter 30 June 2013.

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").

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 2013.

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 30.09.2013 RM	9 months ended 30.09.2013 RM
Income tax expense:		
Malaysian income tax		104,119
Deferred tax	-	-
	-	104,119

21. Status of corporate proposals

Save as disclosed in Note 11, there was no other corporate proposal announced but not completed as at the date of this announcement.

22. Borrowings and debt securities

The Group's total borrowings, all of which were secured, as at 30 September 2013 were as follows:-

	As at 30.09.2013 RM
Current	
Bank overdraft	
Denominated in RM	2,590,038
Denominated in INR	118,808
	2,708,846
Bankers' acceptances (Denominated in RM)	2,903,630
Hire purchase payables (Denominated in RM)	11,899
Obligations under finance leases (Denominated in RM)	89,479
Sub-total	5,713,854
Non-Current	
Obligations under finance leases (Denominated in RM)	-
Hire purchase payables (Denominated in RM)	-
Sub-total	-
Total loans and borrowings	5,713,854

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 2012, as disclosed below:

(i) **Metronic Microsystem (Beijing) Co. Ltd [MMBCL] vs Li Jichang**

In 2009, MMBCL lodged a lawsuit against a former director of MGB, Li Jichang, requiring him to return the business license and official seal.

The Beijing Daxing People's Court the court of first instance and the Beijing First Intermediate People's Court, the court of second instance made judgements to support the claims of MMBCL in February 2010 and June 2010 respectively. In August 2010, MMBCL applied to enforce the judgement but failed to get the business license and official seal.

In October 2010, Li Jichang applied to Beijing Higher People's Court for retrial. In March 2012 Beijing Higher People's Court made a Civil Order (Gao Min Shen Zi [2010] No. 02077) and designed the Beijing First Intermediate People's Court to retrial.

The case was first heard on 11 July 2012. Presently the case has been adjourned.

(ii) **Li Jichang vs MGB and MMBCL**

Li Jichang has served through the Consular Office of the Embassy of the People's Republic of China in Malaysia litigation documents consisting of Summons for Evidence Exchange, Summons for Court Session, Notice of Evidence Production, Notice of Appearance, Notice of Panel Members, Complaint and Evidence Submitted by the Plaintiff.

The complaint is in respect of dispute on the return of property and the Plaintiff claims against MGB compensation in the amount of RMB Y 30 million (equivalent to RM14.2 million based on exchange rate of 0.4735 as at 8 August 2011) and MMBCL to assume joint responsibility for the payment. The Plaintiff also wants the Defendants to bear the legal costs of the proceedings.

In essence, the Plaintiff alleges as follows:-

On 12 November 2004 the Plaintiff and MGB entered into an "Agreement on Adjustment and Accelerated Establishment of Metronic China Company" [Agreement].
On 17 August 2004 a Cooperation Agreement was signed by and between MMBCL, Zhongbiao National Products and Services Uniform Code Management Centre Co. Ltd, Beijing Xinyun Communication Co. Ltd and Infocon (Beijing) Environment Control Technology Company Limited.

MGB denies the allegations and appointed solicitors to defend the case. MGB's former Managing Director, Dr Ng Tek Che had, on 8 December 2009, lodged a police report that the Agreement presented by the Plaintiff is a forgery and had denied the contents of the Agreement. MGB's solicitor is of the opinion that MGB may bear the risk to pay RMB 10,000,000.00 if the Court affirms that the Agreement is valid. As this case is still at first instance, in the event of such unfavourable outcome MGB still has the right to appeal.

MGB had, on 8 November 2012, received a letter from Li Jichang's lawyer proposing for the matters in 5(i) and (j) above to be resolved by mediation. MGB then wrote agreeing for a discussion to be held in Kuala Lumpur.

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

	9 months ended 30.09.2013	9 months ended 30.09.2012
Profit/(loss) attributable to owners of the parent (RM)	5,188,785	(20,861,888)
Weighted average number of ordinary shares in issue	670,906,903	634,906,903
Profit per share (sen)		
- Basic	0.77	(3.29)
- Diluted	0.77	(3.29)

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:

	As at 30.09.2013 RM	As at 31.12.2012 RM
Total accumulated losses		
- Realised	(35,528,218)	(36,233,068)
- Unrealised	1,420,959	(349,988)
	(34,107,259)	(36,583,056)
Less: Consolidation adjustments	(4,689,686)	(5,855,235)
Accumulated loss as per consolidated accounts	(38,796,945)	(42,438,291)

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 21 November 2013.