METRONIC GLOBAL BERHAD

(Company No.: 632068-V)
(Incorporated in Malaysia under the Companies Act, 1965)

INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER ENDED

30 SEPTEMBER 2010

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

CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2010
(The figures have not been audited)

	Note	Individual quarter		Cumulative quarter	
		30.09.2010 RM	30.09.2009 RM	30.09.2010 RM	30.09.2009 RM
Revenue		18,480,713	15,459,697	49,767,504	41,771,499
Cost of sales		(14,596,722)	(10,575,560)	(35,092,527)	(30,266,459)
Gross profit		3,883,991	4,884,137	14,674,977	11,505,040
Other operating income		17,977	82,527	366,144	167,083
Administration expenses		(879,204)	(843,827)	(3,056,136)	(2,654,057)
Other operating expenses		(5,121,421)	(3,459,049)	(16,878,598)	(9,555,122)
Finance costs		(166,185)	(138,016)	(385,227)	(455,852)
Interest income		45,163	78,066	89,515	152,335
Share of profit of associates		64,358	874,215	1,412,229	1,225,512
(Loss)/profit before taxation		(2,155,321)	1,478,053	(3,777,096)	384,939
Income tax expense	18	177,300	(141,394)	244,000	(46,891)
Net (loss)/profit for the period		(1,978,021)	1,336,659	(3,533,096)	338,048
Net (loss)/profit attributable to:					
Owners of the Company		(1,967,671)	852,603	(4,772,441)	(135,429)
Minority interests		(10,350)	484,056	1,239,345	473,477
		(1,978,021)	1,336,659	(3,533,096)	338,048
Basic (loss)/ earnings per share attributable to equity holders of the Company (sen):					
Basic		(0.31)	0.13	(0.75)	(0.02)
Diluted		(0.31)	0.13	(0.75)	(0.02)

The condensed consolidated income statements should be read in conjunction with the annual financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2010
(The figures have not been audited)

	Note	Individual quarter 30.09.2010 RM	Individual quarter 30.09.2009 RM	Cumulative quarter 30.09.2010 RM	Cumulative quarter 30.09.2009 RM
Net (loss)/profit for the period		(1,978,021)	1,336,659	(3,533,096)	338,048
Other comprehensive income/(loss)					
Financial assets, available-for-sale investments					
-loss on fair value changes		(853,088)	-	(789,944)	-
-transfer to profit and loss upon disposal		-	-	(18,142)	-
Foreign currrency translation loss		(38,848)	(148,987)	(402,069)	(66,989)
Other comprehensive loss for the period, net of tax		(891,936)	(148,987)	(1,210,155)	(66,989)
Total comprehensive (loss)/income for the period, net of tax		(2,869,957)	1,187,672	(4,743,251)	271,059
Total comprehensive (loss)/income attributable to:-					
Owners of the Company		(2,859,607)	703,616	(5,982,596)	(202,418)
Minority interests		(10,350)	484,056	1,239,345	473,477
		(2,869,957)	1,187,672	(4,743,251)	271,059

The condensed consolidated statements of comprehesive income should be read in conjunction with the annual financial statements for the year ended 31 December 2009 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 2010
(The figures have not been audited)

	Note	As at 30.09.2010 RM	(Audited) As at 31.12.2009 RM
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		10,626,417	10,903,771
Investment properties		379,999	383,949
Intangible assets		1,382,216	2,037,560
Prepaid lease payments		-	499,017
Investment in associates		17,912,962	17,086,078
Other investments		94,000	9,197,401
Available-for-sale investments		5,613,650	-
Deferred tax assets		3,291,674	2,854,937
		39,300,918	42,962,713
CURRENT ASSETS			
Inventories		2,537,201	1,452,448
Trade receivables		95,764,048	90,519,038
Other receivables		3,858,109	1,509,468
Short term deposits		9,244,528	8,805,586
Cash & bank balances		4,672,686	7,216,058
		116,076,572	109,502,598
TOTAL ASSETS		155,377,490	152,465,311
EQUITY AND LIABILITIES			
Share capital		63,490,690	63,490,690
Available-for-sale reserve		414,492	-
Foreign currency translation reserve		1,200,890	1,602,959
(Accumulated loss)/Retained profits		(4,336,985)	7,746,581
Equity attributable to owners of the Company		60,769,087	72,840,230
Minority interests		2,462,426	1,223,081
TOTAL EQUITY		63,231,513	74,063,311
NON-CURRENT LIABILITIES			
Bank borrowings	22	266,483	54,446
CURRENT LIABILITIES			
Trade payables		63,032,665	52,270,739
Other payables		15,404,983	14,782,814
Bank borrowings	22	13,441,846	10,700,201
Provision for taxation		-	593,800
		91,879,494	78,347,554
TOTAL LIABILITIES		92,145,977	78,402,000
TOTAL EQUITY AND LIABILITIES		155,377,490	152,465,311

The condensed consolidated statements of financial position should be read in conjunction with the annual financial statements for the year ended 31 December 2009 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 PERIOD ENDED 30 SEPTEMBER 2010
(The figures have not been audited)

	Attributable to owners of the Company						
	Non-Distributable Reserve			Distributable Reserve			
	Share Capital RM	Foreign Currency Translation Reserve RM	Available-for-sale Reserve RM	Retained Profits/ (Accumulated loss) RM	Total RM	Minority Interests RM	Total Equity RM
As at 1 January 2009	63,490,690	1,879,609	-	9,832,579	75,202,878	727,691	75,930,569
Total comprehensive income/(loss)	-	(66,989)	-	(135,429)	(202,418)	473,477	271,059
Disposal of shares in a subsidiary	-	-	-	-	-	(52,048)	(52,048)
As at 30 September 2009	63,490,690	1,812,620	-	9,697,150	75,000,460	1,149,120	76,149,580
As at 1 January 2010							
As previously reported	63,490,690	1,602,959	-	7,746,581	72,840,230	1,223,081	74,063,311
Effects of adopting FRS 139	-	-	1,222,578	(7,311,125)	(6,088,548)	-	(6,088,548)
As restated	63,490,690	1,602,959	1,222,578	435,456	66,751,683	1,223,081	67,974,764
Total comprehensive income/(loss)	-	(402,069)	(808,086)	(4,772,441)	(5,982,596)	1,239,345	(4,743,251)
As at 30 September 2010	63,490,690	1,200,890	414,492	(4,336,985)	60,769,087	2,462,426	63,231,513

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTHS PERIOD ENDED 30 SEPTEMBER 2010
(The figures have not been audited)

	9 months ended	
	30.09.2010	**30.09.2009**
	RM	**RM**
Cash flows (used in)/generated from operating activities	(5,009,677)	8,461,653
Cash flows used in investing activities	(262,675)	(1,678,067)
Cash flows generated from/(used in) financing activities	3,399,103	(5,028,562)
Net change in cash and cash equivalents	(1,873,249)	1,755,024
Effects of foreign exchange rate changes	214,240	(46,705)
Cash and cash equivalents at beginning of the period	3,477,939	931,543
Cash and cash equivalents at end of the period	1,818,930	2,639,862
Cash and cash equivalents at the balance sheet date comprise the following:		
Cash and bank balances	4,672,686	4,787,976
Bank overdraft (Note 22)	(2,853,756)	(2,148,114)
	1,818,930	2,639,862

The condensed consolidated statements of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2010 PURSUANT TO FRS 134

1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2009. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2009.

2. Changes in accounting policies

The significant accounting policies adopted in the interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2009 except for the adoption of new standards, amendments to standards and IC Interpretations that are mandatory for the Group for the financial year beginning 1 January 2010 .

In the current period ended 30 September 2010, the Group adopted the following new and revised FRSs, IC Interpretations and Amendments to FRSs and IC Interpretations which are applicable to its financial statements and are relevant to its operations:

FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (Revised)
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS1	First-time Adoption of Financial Reporting Standards
Amendments to FRS2	Share-based Payment: Vesting Conditions and Cancellations
Amendments to FRS7	Financial Instruments: Disclosures
Amendments to FRS8	Operating Segments
Amendments to FRS107	Statement of Cash Flows
Amendments to FRS108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendments to FRS110	Events after the Reporting Period
Amendments to FRS116	Property, Plant and Equipment
Amendments to FRS117	Leases
Amendments to FRS118	Revenue
Amendments to FRS119	Employee Benefits
Amendments to FRS120	Accounting for Government Grants and Disclosure of Government Assistance

2. Changes in accounting policies (cont'd)

Amendments to FRS123	Borrowing Costs
Amendments to FRS127	Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS128	Investment in Associates
Amendments to FRS129	Financial Reporting in Hyperinflationary Economies
Amendments to FRS131	Interest in Joint Ventures
Amendments to FRS132	Financial Instruments: Presentation
Amendments to FRS134	Interim Financial Reporting
Amendments to FRS136	Impairment of Assets
Amendments to FRS139	Financial Instruments: Recognition and Measurement
Amendments to FRS140	Investment Property
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives

Other than for the application of FRS 101 (revised), FRS 8 and FRS 139, the application of the above FRSs, Amendments to FRSs and Interpretations did not result in any significant changes in the accounting policies and presentations of the financial results of the Group.

(a) FRS 101: Presentation of Financial Statements (revised)

Prior to the adoption of the revised FRS 101, the components of the interim financial statements presented consisted of a balance sheet, an income statement, a statement of changes in equity, a cash flow statement and notes to the financial statements. With the adoption of the revised FRS 101, the components of the interim financial statements presented consist of a statement of financial position, a statement of comprehensive income, a statement of changes in equity, a statement of cash flows and notes to the financial statements.

FRS 101 separates owner and non-owner changes in equity. Therefore, the current consolidated statement of changes in equity only includes details of transactions with owners. All non-owner changes in equity are presented as a single line labeled as total comprehensive income.

The adoption of FRS101 affect only the presentation aspect and did not have any impact on the financial position and results of the Group.

(b) FRS 8: Operating Segments

FRS 8 requires disclosure of information about the Group’s operating segments and replaced the requirement to determine primary and secondary reporting segments of the Group. The Group has determined that the reportable operating segments in accordance with FRS 8 are the same as the geographical segments adopted for the financial year ended 31 December 2009. This standard does not have any effect on the financial position and results of the Group.

2. Changes in accounting policies (cont'd)

(c) FRS 139: Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group have adopted FRS 139 prospectively on 1 January 2010 in accordance with the transitional provisions. The effects arising from the adoption of this Standard has been accounted for by adjusting the opening balance of retained earnings as at 1 January 2010. Comparatives are not restated. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are as set out below:

Equity instruments
Prior to 1 January 2010, the Group classified its investments in equity instruments which were held for non-trading purposes as other investments. Such investments were carried at cost less impairment losses. Upon the adoption of FRS 139, these investment, except for those whose fair value cannot be reliably measured, are designated at 1 January 2010 as available-for-sale financial assets and accordingly are stated at their fair values as at that date amounting to RM10,325,979. The adjustments to their previous carrying amounts are recognised as adjustments to the opening balance of available-for-sale reserve as at 1 January 2010.

For those investments that do not have quoted market price in an active market of which fair value cannot be reliably measured at 1 January 2010 shall continued to be carried at cost less impairment loss.

Impairment of trade receivables
Prior to 1 January 2010, provision for doubtful debts was recognised when trade receivables was considered uncollectible. Upon the adoption of FRS139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate. As at 1 January 2010, the Group has remeasured the allowance for impairment losses as at that date in accordance with FRS139 and the difference is recognised as adjustments to the opening balance of retained earnings as at that date.

Financial guarantee contracts
During the current and prior years, the Company provided financial guarantees to banks in connection with bank loans and other banking facilities granted to its subsidiaries. Prior to 1 January 2010, the Company did not provide for guarantees unless it was more likely than not that the guarantees would be called upon. The guarantees were disclosed as contingent liabilities. Upon the adoption of FRS139, all unexpired financial guarantees issued by the Company are recognised as financial liabilities and are measured at their initial fair value less accumulated amortisation as at 1 January 2010.

Adjustments due to Change in Accounting Policies

In accordance with the transitional provision of FRS139, the above changes are applied prospectively and the comparatives as at 31 December 2009 are not restated. Instead, the changes have been accounted for by restating the following opening balances in the Statement of Financial Position as at 1 January 2010.

	Previously stated RM	Effects of Adoption of FRS 139 RM	At 1 January 2010 as restated RM
Assets			
Other investment	9,197,401	(9,103,401)	94,000
Available-for-sale investments	-	10,325,978	10,325,978
Trade receivables	90,519,038	(7,311,125)	83,207,913
Equity			
Retained Profits	7,746,581	(7,311,125)	435,456
Available-for-sale reserve	-	1,222,578	1,222,578

2. Changes in accounting policies (cont'd)

The Group has yet to adopt the following FRSs, Amendments to FRSs and IC Interpretations which are effective for annual periods beginning on and after:

1 March 2010	
Amendments to FRS 132	Financial Instruments: Presentation - paragraphs 11, 16 and 97E
1 July 2010	
FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations
FRS 127	Consolidated and Separate Financial Statements
Amendments to FRS 2	Share-based Payment
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued operations
Amendments to FRS 138	Intangible Assets
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives
1 January 2011	
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 7	Improving Disclosures about Financial Instruments

FRS 1 and IC Interpretations 12 and 15 are not applicable to the Group. The other FRSs, amendments to FRSs, IC Interpretations above are expected to have no significant impact on the financial statements upon their initial application.

3. Seasonality or cyclicality 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, repurchases, and repayment of debt and equity securities for the quarter under review.

7. Dividends

There were no dividends paid during the quarter under review.

8. Segmental information

Analysis by business segments and geographical segments:

	Geographical segments 3 months ended		Geographical segments 9 months ended	
	30.09.2010	30.09.2009	30.09.2010	30.09.2009
	RM	RM	RM	RM
Segment revenue				
Malaysia	16,827,236	14,008,212	41,174,833	33,181,159
Overseas	3,128,862	1,457,410	11,050,031	8,608,188
Total revenue	19,956,098	15,465,622	52,224,864	41,789,347
Inter-segment elimination	(1,475,385)	(5,925)	(2,457,360)	(17,848)
External customers	18,480,713	15,459,697	49,767,504	41,771,499
Results				
Operating results				
Malaysia	(1,328,590)	1,275,650	(2,260,777)	288,749
Overseas	(724,904)	(533,796)	(2,543,321)	(673,470)
Share of profit of associates				
Malaysia	-	531,118	-	1,148,267
Overseas	64,358	343,097	1,412,229	77,245
	(1,989,136)	1,616,069	(3,391,869)	840,791
Finance costs	(166,185)	(138,016)	(385,227)	(455,852)
(Loss)/profit before tax	(2,155,321)	1,478,053	(3,777,096)	384,939

	Business segments 3 months ended		Business segments 9 months ended	
	30.09.2010	30.09.2009	30.09.2010	30.09.2009
	RM	RM	RM	RM
Segment revenue				
Engineering	16,788,310	13,267,871	42,870,931	37,808,991
ICT support services	1,692,927	2,192,004	6,897,846	3,963,663
Total revenue	18,481,237	15,459,875	49,768,777	41,772,654
Inter-segment elimination	(524)	(178)	(1,273)	(1,155)
External customers	18,480,713	15,459,697	49,767,504	41,771,499
Results				
Operating results				
Engineering	(1,817,204)	23,073	(2,824,346)	(611,270)
ICT support services	(20,292)	1,005,927	2,531,764	1,023,554
Investment holding	(215,999)	(287,146)	(4,511,516)	(797,005)
Share of profit of associates	64,359	874,215	1,412,229	1,225,512
	(1,989,136)	1,616,069	(3,391,869)	840,791
Finance costs	(166,185)	(138,016)	(385,227)	(455,852)
(Loss)/profit before tax	(2,155,321)	1,478,053	(3,777,096)	384,939

9. Material subsequent events

Save as disclosed in Note 21, there were no material events subsequent to the end of the current quarter.

10. Changes in the composition of the Group

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

11. Changes in contingent liabilities and contingent assets

Contingent liabilities of the Group as at 23 November 2010 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report) comprises performance and financial guarantees totalling RM10,589,212 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 2009 are as follows-.

	RM
Drawdown of performance and financial guarantees issued by bank to third parties	3,730,612
Withdrawal of Standby Letter of Credit given to licensed banks for credit facilities	(1,371,800)
	2,358,812

At the date of this report, no contingent assets has arisen since 31 December 2009.

12. Capital commitments

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

13. Significant related party transactions

Significant related party transactions of the Group for the quarter ended 30 September 2010 are as follows:

	3 months ended 30.09.2010 RM	9 months ended 30.09.2010 RM
Rental receivable from Metronic Corporation Sdn Bhd, a company in which certain directors have interest	3,000	9,000
Rental receivable from ITG Worldwide (M) Sdn Bhd, a company in which a director has an interest	3,000	9,000
Contract and maintenance revenue receivable from MH Projects Sdn Bhd, a related company	-	24,400

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.

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

14. Performance review

Current Quarter
The Group recorded revenue of RM18.48 million for the current quarter under review, which is RM3.02 million or 20% higher than the corresponding quarter of RM15.46 million in the previous financial year, mainly contributed by engineering segment.

The Group recorded loss before taxation of RM2.16 million, being a decline of RM3.64 million as compared to the profit before taxation of RM1.48 million for the corresponding quarter in previous year. The decline is mainly due to recognition of RM1.1 million losses for two overseas projects, slight increase in administration expenses, higher impairment loss on trade receivables of RM0.91 million, coupled with losses due to termination of water concession agreement of RM0.68 million and lower profit contribution from associate of RM0.81 million.
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Year-to-date
The Group recorded revenue of RM49.77 million for the current financial period under review, which is RM8 million or 19% higher than the revenue of RM41.77 million in the previous financial period, whereby the engineering segment lead the growth in revenue, followed by the ICT support services segment .

The Group recorded loss before taxation of RM3.78 million, a decrease by RM4.16 million as compared to the profit before taxation of RM0.38 million in the corresponding quarter for the previous year. The higher loss was mainly attributable to the impairment loss in available-for sale (“AFS”) securities i.e. investment in Ariantec Global Berhad of RM3.87 million as a result of prolonged decline in the market value which required the mark to market loss be recognised in the Income Statements in the first quarter of 2010, higher impairment loss on trade receivables and foreign exchange loss**,** coupled with losses due to termination of water concession agreement.

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

The Group recorded a revenue of RM18.48 million for the current quarter ended 30 September 2010 compared to RM21.72 million in the preceding quarter ended 30 June 2010, representing a decrease of 15% or RM3.24 million, mainly due to lower revenue contribution from both engineering and ICT segments.

The Group recorded loss before taxation of RM2.16 million for the current quarter ended 30 September 2010 represents a decline of RM5.59 million as compared to the profit before taxation of RM3.43 million in the preceding quarter ended 30 June 2010, mainly due to lower revenue and gross profit contributed by both engineering and ICT support services segments, higher impairment loss on trade receivables, coupled with losses due to termination of water concession agreement and lower profit contribution from an associate in current quarter.

16. Current year prospects

Looking forward, the Group's revenue will continue to contribute from its order book secured for its core business of provision of engineering solutions in relation to Intelligent Building Management System and Integrated Security Management System, as well as the steady growth from the ICT support services to the healthcare sector.

Considering that the global business environment is expected to be continually affected by uncertainty and downside risks, the Directors are mindful that the remaining of the year remains a challenge to the Group. Notwithstanding, the Group is continuing its effort focusing on operational efficiency, effective cost management, and marketing strategies to improve the financial results for the rest of 2010.

17. Profit forecast or profit guarantee

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

18. Taxation

	3 months ended 30.09.2010 RM	9 months ended 30.09.2010 RM
Income tax expense:		
Malaysian income tax	(7,300)	194,000
Deferred tax	(170,000)	(438,000)
	(177,300)	(244,000)

19. Sale of unquoted investments and properties

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

20. Quoted investments

(a) Purchases and sales of quoted securities for the current quarter and financial year to-date:-

	3 months ended 30.09.2010 RM	9 months ended 30.09.2010 RM
Sales proceeds of quoted securities	-	58,860
Gain on sales of quoted securities	-	2,785

(b) Investments in quoted securities as at 30 September 2010 are as follows:

	As at 30.09.2010 RM
At cost	9,711,242
At carrying value	5,613,650
At market value	5,613,650

21. Status of corporate proposals

The following are the corporate proposal announced but not yet completed as at the date of this announcement

(a) Deed of partnership in the Emirate of Dubai

On 14 June 2006, Metronic Global Berhad ("MGB") announced that the Company had on 11 June 2006 entered into a deed of partnership with Tariq Mohammed Saeed Abdulla Al Jassmi, a UAE national ("Tariq") and Khalid Abdul Karim Faris, a Jordanian national ("Khalid") (collectively known as the Parties) for the purpose of carrying out the business of intelligent building management system, integrated security management, e-project management of mechanical and electrical services and other related activities in the entire Middle-East and North Africa region. The partners intend to incorporate a company with limited liability in the Emirate of Dubai under the proposed name of "Metronic Global Berhad LLC" ("the JVC") with the shareholdings of the respective partners as follows: MGB (50%), Tariq (25%) and Khalid (25%).

There Board decided not to further its interest with the partnership and is in the process of terminating the deed of partnership.

22. Borrowings and debt securities

The Group's total borrowings, all of which were secured, as at 30 September 2010 were as follows:-

	As at 30.09.2010 RM
Current	
Bank overdraft	
Denominated in RM	2,715,156
Denominated in INR	138,600
	2,853,756
Bankers' acceptances (Denominated in RM)	6,791,976
Revolving loan (Denominated in RM)	3,713,877
Obligations under finance leases (Denominated in RM)	82,237
Sub-total	13,441,846
Non-Current	
Obligations under finance leases (Denominated in RM)	222,224
Hire purchase payables (Denominated in RM)	44,259
Sub-total	266,483
Total loans and borrowings	13,708,329

23. 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.

24. 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 2009, except as disclosed below:

(a) On 24 October 2008, MESB received a Writ of Summons issued by Titi Maju Sdn Bhd ("TMSB") claiming an amount of RM267,202 plus interest and cost. Payment to TMSB is subject to a back-to-back arrangement, whereby payment be made upon receipts from the Main contractor, MH Projects Sdn. Bhd. ("MHP"). MHP has not paid MESB. On 21 July 2009, TMSB proceeded for a Summary Judgment in the High Court of Kuala Lumpur. MESB had filed defence and a 3rd party proceedings was initiated against MHP. The matter was fixed for Case Management on 13 January 2011 pending a trial.

The amount claimed of RM267,202 has already been accrued for in the financial statements and no further provision is required as at the date of this report. The Company's solicitors are of the opinion that that the prospects are good.

(b) On 9 January 2007, MGB 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 maximum exposure to MGB is estimated at RM1,751,617

The Company's solicitors had on 16 January 2007 filed a Conditional Appearance challenging the action as not within the Jurisdiction of the High Court of Malaya but any remedy sought by CWorks should be referred to Arbitration under Malaysian Laws. On 30 August 2007, the Deputy Registrar of the High Court of Shah Alam has allowed the Company's application that the Suit by CWorks against the Company to be adjourned indefinitely 'sine die' and the claim by CWorks to be proceed by the way of arbitration. However, CWorks filed an appeal against the Registrar's decision and the High Court has allowed the appeal and set aside the Order of 'sine die'. The Company's solicitors had filed an appearance and defence as well as counterclaim against CWorks. On 16 February 2009, CWorks solicitors served their reply to the Company's defence and defence to the counterclaim. CWorks has also filed an application for Summary Judgment and High Court has fixed the date for Case Management on 30 November 2009. The High Court had on 30 November 2009 adjourned the decision for Summary Judgment to 13 April 2010. On 13 April 2010, the application was dismissed with cost in the cause by the High Court and set the matter for trial. The case is fixed for Case Management in the High Court on 10 December 2010.

The Company's solicitors are of the opinion that the prospect of the claim to be successful is remote as CWorks failed to fulfill the terms of the contract.

25. Dividends

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

26. Earnings per share

	3 months ended 30.09.2010	9 months ended 30.09.2010
Loss attributable to owners of the Company (RM)	(1,967,671)	(4,772,441)
Weighted average number of ordinary shares in issue	634,906,903	634,906,903
Loss per share (sen)		
- Basic	(0.31)	(0.75)
- Diluted	(0.31)	(0.75)

The Group does not have in issue any financial instruments or other contracts that may entitle its holder to ordinary shares and therefore dilute its basic loss per share.

27. Qualification of audit report of the preceding annual financial statements

The audit report of the Group's annual financial statements for the year ended 31 December 2009 was not subject to any qualification.

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 29 November 2010.