



METRONIC GLOBAL BERHAD

(Company No.: 632068-V)

(Incorporated in Malaysia under the Companies Act, 1965)

INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER ENDED

31 DECEMBER 2011

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

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2011**
(The figures have not been audited)

	Note	Individual quarter		Cumulative quarter Audited	
		31.12.2011 RM	31.12.2010 RM	31.12.2011 RM	31.12.2010 RM
Revenue		14,462,541	21,301,279	56,496,936	71,068,783
Cost of sales		(5,970,072)	(13,150,871)	(30,809,248)	(48,243,398)
Gross profit		8,492,469	8,150,408	25,687,688	22,825,385
Other operating income		1,109,383	587,233	1,533,974	953,377
Administration expenses		(1,601,755)	(1,319,342)	(5,112,566)	(4,375,478)
Other operating expenses		(8,280,991)	(5,516,866)	(22,617,164)	(22,395,464)
Finance costs		(99,596)	(209,787)	(416,584)	(595,014)
Interest income		111,661	92,112	226,419	181,627
Share of profit of associates		-	539,721	-	1,951,950
(Loss)/profit before taxation	4	(268,829)	2,323,479	(698,233)	(1,453,617)
Income tax expense	20	(793,094)	(688,500)	(923,060)	(444,500)
Net (loss)/profit for the period		<u>(1,061,923)</u>	<u>1,634,979</u>	<u>(1,621,293)</u>	<u>(1,898,117)</u>
Net (loss)/profit attributable to:					
Owners of the Company		(1,153,439)	1,863,084	(2,510,854)	(2,909,357)
Minority interests		91,516	(228,105)	889,561	1,011,240
		<u>(1,061,923)</u>	<u>1,634,979</u>	<u>(1,621,293)</u>	<u>(1,898,117)</u>
Basic (loss)/earnings per share attributable to equity holders of the Company (sen):					
Basic		(0.18)	0.29	(0.40)	(0.46)
Diluted		(0.18)	0.29	(0.40)	(0.46)

The condensed consolidated income statements should be read in conjunction with the annual financial statements for the year ended 31 December 2010 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 FOURTH QUARTER ENDED 31 DECEMBER 2011**
(The figures have not been audited)

	Note	Individual quarter		Cumulative quarter	
		31.12.2011 RM	31.12.2010 RM	31.12.2011 RM	31.12.2010 RM
Net (loss)/profit for the period		(1,061,923)	1,634,979	(1,621,293)	(1,898,117)
Other comprehensive income/(loss)					
Financial assets, available-for-sale investments					
- fair value changes		21,887	(3,266,902)	(462,927)	(4,056,846)
- transfer to profit and loss upon disposal		-	-	(375,875)	(18,142)
- transfer to profit and loss		-	3,866,310	-	3,866,310
Foreign currency translation profit/(loss)		109,394	(1,517,639)	24,074	(1,517,639)
Other comprehensive profit for the period, net of tax		131,281	(918,231)	(814,728)	(1,726,317)
Total comprehensive income/(loss) for the period, net of tax		<u>(930,642)</u>	<u>716,748</u>	<u>(2,436,021)</u>	<u>(3,624,434)</u>
Total comprehensive (loss)/income attributable to:-					
Owners of the Company		(1,022,158)	944,853	(3,325,582)	(4,635,674)
Minority interests		91,516	(228,105)	889,561	1,011,240
		<u>(930,642)</u>	<u>716,748</u>	<u>(2,436,021)</u>	<u>(3,624,434)</u>

The condensed consolidated income statements should be read in conjunction with the annual financial statements for the year ended 31 December 2010 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 DECEMBER 2011
(The figures have not been audited)

	Note	As at 31.12.2011 RM	(Audited) As at 31.12.2010 RM
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		10,545,426	10,698,635
Investment properties		393,415	398,682
Intangible assets		249,504	833,299
Investment in associates		-	17,321,972
Other investments		94,000	94,000
Available-for-sale investments		20,022,140	6,213,058
Deferred tax assets		8,604,876	8,490,526
		<u>39,909,361</u>	<u>44,050,172</u>
CURRENT ASSETS			
Inventories		1,116,465	2,384,257
Trade receivables		87,371,019	91,008,046
Other receivables		4,797,893	4,327,090
Short term deposits		7,769,106	8,179,679
Cash & bank balances		9,136,892	5,084,730
		<u>110,191,375</u>	<u>110,983,802</u>
TOTAL ASSETS		<u>150,100,736</u>	<u>155,033,974</u>
EQUITY AND LIABILITIES			
Share capital		63,490,690	63,490,690
Available-for-sale reserve		175,098	1,013,900
Foreign currency translation reserve		109,394	85,320
Accumulated loss		(13,993,892)	(11,483,038)
Equity attributable to owners of the Company		<u>49,781,290</u>	<u>53,106,872</u>
Minority interests		<u>3,267,416</u>	<u>2,234,215</u>
TOTAL EQUITY		<u>53,048,706</u>	<u>55,341,087</u>
NON-CURRENT LIABILITIES			
Bank borrowings	22	<u>179,199</u>	<u>293,392</u>
CURRENT LIABILITIES			
Trade payables		72,997,110	71,535,020
Other payables		17,344,552	16,699,034
Bank borrowings	22	5,726,076	10,875,441
Provision for taxation		805,094	290,000
		<u>96,872,832</u>	<u>99,399,495</u>
TOTAL LIABILITIES		<u>97,052,031</u>	<u>99,692,887</u>
TOTAL EQUITY AND LIABILITIES		<u>150,100,736</u>	<u>155,033,974</u>

The condensed consolidated statements of financial position should be read in conjunction with the annual financial statements for the year ended 31 December 2010 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 TWELVE-MONTHS PERIOD ENDED 31 DECEMBER 2011**
(The figures have not been audited)

	← Attributable to owners of the Company →				Total RM	Minority Interests RM	Total Equity RM
	Share Capital RM	← Non-Distributable Reserve →		Distributable Reserve			
		Foreign Currency Translation Reserve RM	Available- for-sale Reserve RM	Retained Earning/ (Accumulated Loss) RM			
As at 1 January 2010	63,490,690	1,602,959	-	7,746,581	72,840,230	1,223,081	74,063,311
as previously reported	-	-	1,222,578	(16,320,262)	(15,097,685)	-	(15,097,685)
Effects of adopting FRS 139	63,490,690	1,602,959	1,222,578	(8,573,681)	57,742,546	1,223,081	58,965,627
As restated							
Total comprehensive (loss)/income	-	(1,517,639)	(208,678)	(2,909,357)	(4,635,674)	1,011,240	(3,624,434)
Disposal of shares in a subsidiary	-	-	-	-	-	(106)	(106)
As at 31 December 2010	63,490,690	85,320	1,013,900	(11,483,038)	53,106,872	2,234,215	55,341,087
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	-	24,074	(838,802)	(2,510,854)	(3,325,582)	889,561	(2,436,021)
Acquisition of shares in a subsidiary	-	-	-	-	-	143,640	143,640
As at 31 December 2011	63,490,690	109,394	175,098	(13,993,892)	49,781,290	3,267,416	53,048,706

The condensed consolidated statement of changes in equity should be read in conjunction with the annual financial statements for the year ended 31 December 2010 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 TWELVE-MONTHS PERIOD ENDED 31 DECEMBER 2011

(The figures have not been audited)

	12 months ended	
	31.12.2011	31.12.2010
	RM	RM
Cash flows from operating activities		
Cash receipts from customers	252,776,124	222,465,470
Cash paid to suppliers, contractors and employees	(242,287,187)	(226,560,838)
Other receipts	27,858	662,370
Cash flows generated from operating activities	<u>10,516,795</u>	<u>(3,432,998)</u>
Payment from finance costs	(134,633)	(96,929)
Payment of taxes	(565,241)	(991,061)
Net cash generated from/(used in) operating activities	<u>9,816,921</u>	<u>(4,520,988)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(171,873)	(152,222)
Dividend received	13,315	-
Interest received	22,354	20,595
Net cash used in investing activities	<u>(136,204)</u>	<u>(131,627)</u>
Cash flows from financing activities		
Proceeds from bank borrowings	9,863,565	18,784,375
Repayments of bank borrowings	(15,999,841)	(19,094,424)
Interest paid	(370,471)	(476,011)
Net cash used in financing activities	<u>(6,506,747)</u>	<u>(786,060)</u>
Net increase/(decrease) in cash and cash equivalents	3,173,970	(5,438,675)
Cash and cash equivalents at beginning of the period	3,531,693	8,970,368
Cash and cash equivalents at end of the period	<u>6,705,663</u>	<u>3,531,693</u>

Cash and cash equivalents at the balance sheet date comprise the following:

Deposits	7,769,106	8,179,679
Less: Deposits pledged	<u>(7,769,106)</u>	<u>(7,398,499)</u>
	-	781,180
Cash and bank balances	9,136,892	5,084,370
Bank overdraft (Note 22)	<u>(2,431,229)</u>	<u>(2,333,857)</u>
	<u>6,705,663</u>	<u>3,531,693</u>

The condensed consolidated statements of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 31 DECEMBER 2011 PURSUANT TO FRS 134

1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standard ("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 2010 and the accompanying notes. These explanatory notes 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 2010.

2. Changes in accounting policies

The significant accounting policies adopted in this interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2010 except for the adoption of the following FRSs, amendments to FRSs, Issues Committee ("IC") Interpretations and Technical Release ("TR"), which are effective for annual periods beginning on and after :

1 January 2011

Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 1	Additional Exemptions for First-time Adopters
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 3	Business Combinations
Amendments to FRS 7	Financial Instruments: Disclosures
Amendments to FRS 101	Presentation of Financial Statements
Amendments to FRS 121	The Effects of Changes in Foreign Exchange Rates
Amendments to FRS128	Investment in Associates
Amendments to FRS131	Interest in Joint Ventures
Amendments to FRS132	Financial Instruments: Presentation
Amendments to FRS134	Interim Financial Reporting
Amendments to FRS139	Financial Instruments: Recognition and Measurement
IC Interpretation 4	Determining Whether an Arrangement contains a Lease
IC Interpretation 18	Transfers of Assets from Customers
Amendments to IC Interpretation 13	Customer Loyalty Programmes
TR i-4	Shariah Compliant Sale Contracts

2. Changes in accounting policies (cont'd)

1 July 2011

IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 14	Prepayments of a Minimum Funding Requirement

Adoption of these new and revised standards and IC interpretations did not have any significant effect on the financial performance or position of the Group except for those discussed below:

(i) **Amendments to FRS 7: Financial Instruments : Disclosures - Improving Disclosures about Financial Instruments**

The adoption of Amendments to FRS 7 which promotes enhanced disclosures on fair value measurement of financial instruments via the introduction of the concept of fair value hierarchy, will only affect disclosures and will not have any impact on the results of the Group.

(ii) **FRS 127: Consolidated and Separate Financial Statements (Revised)**

The main change introduced under the revised FRS 127 will be the accounting for changes in ownership interest in a subsidiary, wherein changes in ownership which do not result in the loss of control are now accounted for within equity instead of the income statement. Where changes in ownership interest result in loss of control, any remaining interest is re-measured at fair value and a gain or loss is recognised in the income statement. Minority interest is now referred to as "non-controlling interest". All total comprehensive income is proportionately allocated to non-controlling interest, even if it results in the non-controlling interests having a deficit balance.

(iii) **FRS 3: Business Combinations (Revised)**

The revised FRS 3 introduces changes in the accounting for business combination occurring after 1 July 2010 and it is applied prospectively. The FRS establishes principles for recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in acquiree. Each identifiable asset and liability is measured at its acquisition-date fair value. Any non-controlling interest in an acquiree is measured at fair value or as the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

Goodwill is measured as the difference between the aggregate of the consideration transferred, any non-controlling interest in the acquiree and, in a business combination achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree, and the net identifiable assets acquired. If the acquirer has made a gain from a bargain purchase, that gain is recognised in the income statement. The FRS also provides accounting requirements for reacquired rights, contingent liabilities, contingent consideration and indemnification assets.

There is no financial impact immediately upon adoption of these two accounting standards as they both only have prospective effect, and hence their adoption will only have impact on future acquisitions of the Group.

The following new and revised FRSs, Amendments to FRSs and IC Interpretations were issued but not yet effective and have not been adopted by the Group:

FRS 124	Related Party Disclosures (Revised)
IC Interpretation 15	Agreement for the Construction of Real Estate

3. Qualification of Preceding Annual Financial Statements

The auditors' report on the Group's financial statements for the year ended 31 December 2010 was qualified in the following manner:

"The Group has long outstanding receivables due from a related party and certain group of debtors with their carrying amount totalling RM46,565,420 as at 31 December 2010, of which a total impairment amount of RM20,344,806 has been made. The net carrying amount of these debtors after the impairment provision is RM26,230,614. The impairment amount was determined by the management based on the discounted cash flows over the expected collection period of a number of years. As the Auditors are unable to obtain sufficient appropriate evidence about the timing of collection of these debtors, they are unable to determine if any adjustment to the impairment amount and thus the carrying amount of these debtors is necessary".

The matter has been regularly reviewed by the management and action plan 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		12 months ended	
	31.12.2011 RM	31.12.2010 RM	31.12.2011 RM	31.12.2010 RM
<i>Profit for the period is arrived</i>				
<i>at after charging:</i>				
Depreciation of property, plant and equipment	162,310	152,446	595,050	576,965
Depreciation of investment properties	1,317	1,317	5,267	5,267
Amortisation of prepaid lease payment	-	(127)	-	11,028
Amortisation of intangible assets	103,109	557,663	583,627	1,231,621
Loss on foreign exchange - realised	98,836	151,728	57,853	186,090
(Gain)/Loss on foreign exchange - unrealised	69,500	(85,366)	(163,581)	304,610
Loss on deemed disposal of associated company	-	-	1,529,471	-
(Gain)/Loss on disposal of property, plant and investment	1,308	2,316	(285)	35,043
Impairment loss on trade receivables	1,720,668	1,480,458	1,720,668	1,539,753
Impairment loss on assets available for sales	-	-	966,578	3,866,310
Provision for receivables - general	-	2,975,918	1,958	1,666,372
Provision for receivables - specific	469,409	1,566,308	469,409	1,744,246
Inventory written off	371	-	371	-
Provision for obsolete inventories	449,492	80,324	449,492	75,266
Bad debts writte off	-	-	44,708	-
<i>and after crediting:</i>				
Dividend income	-	4,800	13,315	4,800
Gain/(Loss) on disposal of investment properties	-	(927)	-	20,000
Gains on disposal of quoted securities	-	20,927	398,426	20,927
Other income	862	3,435	5,351	329,060
Write back of provision for doubtful debts	120,684	-	1,116,597	-
Interest income	111,661	87,312	226,419	176,827

5. 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.

6. 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.

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 business segments and geographical segments:

	Geographical segments 3 months ended		Geographical segments 12 months ended	
	31.12.2011 RM	31.12.2010 RM	31.12.2011 RM	31.12.2010 RM
Segment revenue				
Malaysia	13,664,705	15,155,537	45,285,541	56,330,370
Overseas	951,438	5,987,924	12,236,080	17,037,955
Total revenue	<u>14,616,143</u>	<u>21,143,461</u>	<u>57,521,621</u>	<u>73,368,325</u>
Inter-segment elimination	<u>(153,602)</u>	<u>157,818</u>	<u>(1,024,685)</u>	<u>(2,299,542)</u>
External customers	<u>14,462,541</u>	<u>21,301,279</u>	<u>56,496,936</u>	<u>71,068,783</u>
Results				
Operating results				
Malaysia	511,971	2,157,701	(243,975)	(103,076)
Overseas	(681,204)	(164,156)	(37,674)	(2,707,477)
Share of profit of associate Overseas	<u>-</u>	<u>539,721</u>	<u>-</u>	<u>1,951,950</u>
Finance costs	<u>(169,233)</u>	<u>2,533,266</u>	<u>(281,649)</u>	<u>(858,603)</u>
(Loss)/Profit before tax	<u>(99,596)</u>	<u>(209,787)</u>	<u>(416,584)</u>	<u>(595,014)</u>
	<u>(268,829)</u>	<u>2,323,479</u>	<u>(698,233)</u>	<u>(1,453,617)</u>

10. Segmental information (Cont'd.)

	Business segments 3 months ended		Business segments 12 months ended	
	31.12.2011	31.12.2010	31.12.2011	31.12.2010
	RM	RM	RM	RM
Segment revenue				
Engineering	12,186,319	19,379,642	46,496,492	62,250,573
ICT support services	2,284,246	1,922,209	10,026,477	8,820,055
Investment holding	-	-	-	-
Total revenue	<u>14,470,565</u>	<u>21,301,851</u>	<u>56,522,969</u>	<u>71,070,628</u>
Inter-segment elimination	<u>(8,024)</u>	<u>(572)</u>	<u>(26,033)</u>	<u>(1,845)</u>
External customers	<u>14,462,541</u>	<u>21,301,279</u>	<u>56,496,936</u>	<u>71,068,783</u>
Results				
Operating results				
Engineering	(1,541,007)	2,925,071	(379,716)	100,725
ICT support services	386,471	(462,203)	2,138,243	2,069,561
Investment holding	985,303	(469,323)	(2,040,176)	(4,980,839)
Share of profit of associate	-	539,721	-	1,951,950
	<u>(169,233)</u>	<u>2,533,266</u>	<u>(281,649)</u>	<u>(858,603)</u>
Finance costs	<u>(99,596)</u>	<u>(209,787)</u>	<u>(416,584)</u>	<u>(595,014)</u>
(Loss)/Profit before tax	<u>(268,829)</u>	<u>2,323,479</u>	<u>(698,233)</u>	<u>(1,453,617)</u>

11 Material subsequent events

Save as disclosed in Note 23, there were no 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 28 February 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 RM5,958,847 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 2010 are as follows:-

	RM
Withdrawal of performance and financial guarantees issued by bank to third parties	(4,593,590)

- b) A subsidiary company, Metronic Engineering Sdn Bhd (MESB) had received a notice from Inland Revenue Board (IRB) for the revised tax assesment for the year of assesment 2006, 2007 and 2008 pursuant to the investigation audit conducted in April 2011. The revised assesment among others required the company to pay IRB a total of RM809,761, includes the penalty of RM251,305 for the revenue generated from its Vietnam project.

MESB, together with the company's appointed tax agent had submitted appeals to IRB because the company and its tax agent are strongly of the opinion that the revenue above are exempted from Malaysia taxation.

At the date of this report, no contingent assets has arisen since 31 December 2010.

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 RM14.5 million for the current quarter under review, which is RM6.8 million or 32% lower than the previous year corresponding quarter of RM21.3 million, mainly due to lower revenue recorded by engineering segment.

The Group posted loss before taxation of RM269 thousand as opposed to a profit before tax of RM2.3 million recorded in previous year corresponding quarter. The unfavorable results was mainly attributed to a provision for allowance and impairment of RM2.6 million provided during the quarter under review.

Engineering segment recorded a revenue of RM12.2 million for the current quarter which comprises of a revenue from contracts related to building automation and security system works amounting to RM9.3 million and a revenue from service and maintenance works amounting to RM2.9 million. The amount was lower than the amount recorded in the previous year corresponding quarter of RM19.4 million but higher than the preceding quarter of RM8.2 million. The reduction in revenue in comparison to previous year above was mainly attributed to lower work order as most of the significant projects were towards completion or completed during the year.

Engineering segment recorded a loss before tax of RM1.5 million as opposed to a profit before tax of RM2.9 million posted in the previous year corresponding quarter. Included in the current quarter financial result was a provision for allowance and impairment totalling to RM2.6 million related to trade receivables and retention sum upon due consideration on the expected timing of the payment collection.

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 fees of RM2.3 million, slightly lower than the amount recorded in the preceding quarter of RM3.4 million but higher than corresponding quarter last year of RM1.9 million. The increase compared to previous year corresponding quarter was mainly attributed to the increase in the number of members by 46% at the end of the current quarter.

Year-to-date

The Group recorded revenue of RM56.5 million for the current financial period under review, which is RM14.6 million or 20% lower than the revenue of RM71.1 million in the previous financial period, mainly due to lower revenue generated from engineering segment as explained above despite increase in its ICT support service division contribution.

The Group posted loss before taxation of RM698 thousand, an improvement of RM752 as compared to loss before taxation of RM1.45 million in the previous financial period. The favorable performance was mainly attributed to higher profit margin contributed from engineering segment and lower provision for allowance and impairment loss provided during the financial year of RM2.6 million compared to RM6.6 million accounted in the previous period.

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

The Group recorded a revenue of RM14.5 million for the current quarter ended 31 December 2011 compared to RM12.1 million in the preceding quarter ended 30 September 2011, representing an increase of RM2.4million or 9%, mainly due to higher revenue contribution from engineering segment resulted from higher progress billing certified during the period.

The Group recorded loss before taxation of RM269 thousand for the current quarter ended 31 December 2011 as compared to a profit before taxation of RM749 thousand recorded in the preceding quarter ended 30 September 2011. Included in the current quarter under review was a provision for allowance and impairment of RM2.6 million as explained above.

18. Current year prospects

Looking forward, the Group's revenue will continue to be contributed by its core business of provision of 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 year 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 performance of ICT Support Services division will continue providing steady and recurring income to the Group in future.

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	1,043,094	1,043,060
Deferred tax	(250,000)	(120,000)
	<u>793,094</u>	<u>923,060</u>

21. Status of corporate proposals

There was no 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 31 December 2011 were as follows:-

	As at 31.12.2011 RM
Current	
Bank overdraft	
Denominated in RM	2,346,151
Denominated in INR	85,078
	<u>2,431,229</u>
Bankers' acceptances (Denominated in RM)	3,194,022
Hire purchase payables (Denominated in RM)	65,368
Obligations under finance leases (Denominated in RM)	35,458
<i>Sub-total</i>	<u>5,726,076</u>
Non-Current	
Obligations under finance leases (Denominated in RM)	14,879
Hire purchase payables (Denominated in RM)	164,320
<i>Sub-total</i>	<u>179,199</u>
Total loans and borrowings	<u>5,905,275</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 2010, except as disclosed below:

- (a) On 24 October 2008, a subsidiary, Metronic Engineering Sdn Bhd ("MESB") received a Writ of Summons issued by Titi Maju Sdn Bhd ("TMSB") claiming an amount of RM267,202 plus interest and cost. The case was resolved and suit was withdrawn on 20 February 2012 with no order as to cost.
- (b) 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 Company has filed for Erinford Injunction against dismissal of its application for Stay of Execution to withhold execution and has made application to make payment into Court the Judgement sum. The application for Erinford Injunction application was fixed for decision on 29 March 2012.

The date for Hearing of Appeal has yet to be fixed by the court.

The financial exposure to the Company is estimated about RM1,751,617 for the claim amount and 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.

- (c) 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 fixed for decision on 13 April 2012.

23. Changes in material litigation (cont.)

- (d) 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

	3 months ended 31.12.2011	12 months ended 31.12.2011
Loss attributable to owners of the parent (RM)	(1,153,439)	(2,510,854)
Weighted average number of ordinary shares in issue	634,906,903	634,906,903
Loss per share (sen)		
- Basic	(0.18)	(0.40)
- Diluted	(0.18)	(0.40)

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 31.12.2011 RM	As at 31.12.2010 RM
Total accumulated losses		
- Realised	(7,337,805)	(6,256,003)
- Unrealised	2,131,807	2,671,298
	<u>(5,205,998)</u>	<u>(3,584,705)</u>
Less: Consolidation adjustments	(8,787,894)	(7,898,333)
Accumulated loss as per consolidated accounts	<u>(13,993,892)</u>	<u>(11,483,038)</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 28 February 2012.