



METRONIC GLOBAL BERHAD

(Company No. : 632068-V)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER ENDED

31 MARCH 2013

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

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS
FOR THE FIRST QUARTER ENDED 31 MARCH 2013**

(The figures have not been audited)

	Note	Individual quarter		Cumulative quarter	
		31.03.2013 RM	31.03.2012 RM	31.03.2013 RM	31.03.2012 RM
Revenue		8,205,186	9,314,992	8,205,186	9,314,992
Cost of sales		(5,735,503)	(3,434,140)	(5,735,503)	(3,434,140)
Gross profit		2,469,683	5,880,852	2,469,683	5,880,852
Other operating income		30	6,727,851	30	6,727,851
Administration expenses		(721,318)	(1,162,623)	(721,318)	(1,162,623)
Other operating expenses		(2,960,648)	(4,436,925)	(2,960,648)	(4,436,925)
Finance costs		(82,970)	(105,806)	(82,970)	(105,806)
Interest income					
	4	(1,263,302)	6,941,129	(1,263,302)	6,941,129
Income tax (expense)/income	20	-	(607)	-	(607)
Net (loss)/profit for the period from - continued operations		(1,263,302)	6,940,522	(1,263,302)	6,940,522
Discontinued operations					
Profit for the period from - discontinued operations	21	199,989	-	199,989	-
Net (loss)/profit for the period		(1,063,313)	6,940,522	(1,063,313)	6,940,522
Net (loss)/profit attributable to:					
Owners of the Company		(1,108,112)	6,492,381	(1,108,112)	6,492,381
Minority interests		44,799	448,141	44,799	448,141
		(1,063,313)	6,940,522	(1,063,313)	6,940,522
Basic (loss)/profit per share attributable to equity holders of the Company (sen):					
Basic		(0.17)	1.02	(0.17)	1.02
Diluted		(0.17)	1.02	(0.17)	1.02

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 FIRST QUARTER ENDED 31 MARCH 2013**

(The figures have not been audited)

	Individual quarter		Cumulative quarter	
	31.03.2013 RM	31.03.2012 RM	31.03.2013 RM	31.03.2012 RM
Net (loss)/profit from:-				
- continued operations	(1,263,302)	6,940,522	(1,263,302)	6,940,522
- discontinued operations	199,989	-	199,989	-
Net (loss)/profit for the period	<u>(1,063,313)</u>	<u>6,940,522</u>	<u>(1,063,313)</u>	<u>6,940,522</u>
Other comprehensive income				
Financial assets, available-for-sale assets				
- fair value changes	375,660	2,375,278	375,660	2,375,278
Foreign currency translation (loss)/profit	(69,294)	131,848	(69,294)	131,848
Other comprehensive income for the period, net of tax				
Total comprehensive income for the period, net of tax	<u>(756,947)</u>	<u>9,447,648</u>	<u>(756,947)</u>	<u>9,447,648</u>
Total comprehensive income attributable to:				
Owners of the Company	(801,746)	8,999,507	(801,746)	8,999,507
Non-controlling interests	44,799	448,141	44,799	448,141
	<u>(756,947)</u>	<u>9,447,648</u>	<u>(756,947)</u>	<u>9,447,648</u>

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 31 MARCH 2013

(The figures have not been audited)

	Note	As at 31.03.2013 RM	(Audited) As at 31.12.2012 RM
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		22,470,051	22,575,402
Investment properties		510,423	510,423
Intangible assets		4,876	4,877
Other investments		94,000	94,000
Available-for-sale assets		20,867,519	19,976,859
Deferred tax assets		7,637,449	8,079,318
		<u>51,584,318</u>	<u>51,240,879</u>
CURRENT ASSETS			
Inventories		1,243,572	1,299,421
Trade receivables		11,561,755	19,729,267
Other receivables		6,772,809	3,937,049
Short term deposits			
Cash & bank balances		1,044,412	2,580,715
Assets of disposal company/non-current assets classified as held for sale		46,988,703	49,490,666
TOTAL ASSETS		<u>125,296,492</u>	<u>134,378,920</u>
EQUITY AND LIABILITIES			
Share capital		63,490,690	63,490,690
Revaluation reserve		12,613,007	12,613,007
Available-for-sale reserve		375,660	-
Foreign currency translation reserve		779,911	849,206
Accumulated loss		(42,726,363)	(42,438,292)
Equity attributable to owners of the Company		<u>34,532,905</u>	<u>34,514,611</u>
Minority interests		<u>3,447,007</u>	<u>3,952,719</u>
TOTAL EQUITY		<u>37,979,912</u>	<u>38,467,330</u>
NON-CURRENT LIABILITIES			
Bank borrowings		-	38,125
CURRENT LIABILITIES			
Trade payables		30,857,570	35,710,264
Other payables		14,286,042	14,174,395
Bank borrowings	23	3,155,570	3,815,549
Provision for taxation		29,217	191,125
		<u>48,328,399</u>	<u>53,891,333</u>
Liabilities associated with assets classified as held for sale		38,988,181	41,982,132
TOTAL LIABILITIES		<u>87,316,580</u>	<u>95,911,590</u>
TOTAL EQUITY AND LIABILITIES		<u>125,296,492</u>	<u>134,378,920</u>

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 TWELVE-MONTHS YEAR ENDED 31 MARCH 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	<u>63,490,690</u>	<u>12,613,007</u>	<u>-</u>	<u>849,205</u>	<u>(42,438,291)</u>	<u>34,514,611</u>	<u>3,952,716</u>	<u>38,467,327</u>
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	-	-	375,660	(69,294)	(288,072)	18,294	44,799	63,093
Subscription of new shares	-		-	-	-	-	(550,508)	(550,508)
As at 31 March 2013	<u>63,490,690</u>	<u>12,613,007</u>	<u>375,660</u>	<u>779,911</u>	<u>(42,726,363)</u>	<u>34,532,905</u>	<u>3,447,007</u>	<u>37,979,912</u>

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 THREE-MONTHS PERIOD ENDED 31 MARCH 2013**

(The figures have not been audited)

	31.03.2013	31.12.2012
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation from:-		
Continued operations	(711,829)	(26,761,458)
Discontinued operations	199,989	1,287,983
Adjustments for :-		
Gain on disposal of property, plant and equipment	-	2,253
Loss on disposal/deemed disposal of investments	-	(3,893,554)
Loss net unrealised foreign exchange	428,596	159,924
Depreciation of property, plant and equipment	166,351	558,190
Depreciation of investment property	4,453	4,592
Amortisation of intangible assets	21,368	164,976
Provision for doubtful debts	2,443	-
Impairment loss of trade receivables	-	26,086,477
Fair value gain/Write back of impairment of available for sale financial assets	-	
Reversal/provision for defect liabilities	133,475	616,851
Write-down of inventories	-	128,495
Finance cost	86,503	470,263
Interest income	(31,920)	(205,457)
Operating profit/(loss) before working capital changes	<u>299,429</u>	<u>(4,904,874)</u>
Changes in working capital:		
Inventories	55,848	(272,347)
Receivables	(1,508,974)	8,752,927
Payables	(2,400,118)	(841,930)
Net cash (used in)/generated from operations	<u>(3,553,815)</u>	<u>2,733,776</u>
Taxes paid	(161,907)	(701,953)
Interest paid	(86,503)	(470,263)
Interest received	31,920	205,457
Net cash (used in)/generated from operating activities	<u>(3,770,305)</u>	<u>1,767,017</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Suspension of shares in subsidiaries by MI	-	(859,932)
Purchase of property, plant and equipment	-	(327,458)
Purchase of intangible assets	-	(121,600)
(Purchase)/disposal of marketable securities	(515,000)	8,274,826
Net cash (used in)/generated from investing activities	<u>(515,000)</u>	<u>6,965,836</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Withdrawal of fixed deposits under lien with licensed financial institutions	-	723,589
Repayment of bankers' acceptances and trust receipts	(1,739,422)	(8,421,787)
Drawdown of bankers' acceptances and trust receipts	1,025,745	7,072,840
Overdraft	-	(54,000)
Repayment of hire purchase creditors	-	-
Net cash used in financing activities	<u>(713,677)</u>	<u>(679,358)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	<u>(4,998,982)</u>	<u>8,053,495</u>
EFFECT OF FOREIGN EXCHANGE RATES CHANGES	<u>(975,495)</u>	<u>715,280</u>
CASH AND CASH EQUIVALENTS AT 1 JAN	<u>15,372,897</u>	<u>7,404,122</u>
CASH AND CASH EQUIVALENTS AT 31 MAR/DEC	<u>9,398,420</u>	<u>16,172,897</u>
Cash and cash equivalents at the balance sheet date comprise the following:		
Deposits	6,100,923	6,100,923
Less: Deposits pledged	(5,300,923)	(5,300,923)
	<u>800,000</u>	<u>800,000</u>
Cash and bank balances	1,044,412	2,580,715
Bank overdraft (Note 22)	(1,946,125)	(1,946,895)
	<u>(101,713)</u>	<u>1,433,820</u>
Including Cash & cash equivalents classified as held for sale	9,500,133	14,739,077
	<u>9,398,420</u>	<u>16,172,897</u>

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 FIRST QUARTER ENDED 31 MARCH 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 31 March 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 MFRS annual financial statements for the year ending 31 December 2012. MFRS 1 First Time-Adoption of Malaysian Financial Reporting Standards ("MFRS 1") has been applied.

The explanatory notes to these condensed consolidated interim financial statements provide an explanation of events and transaction that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 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 transition from FRS to MFRS is described in Note 2 below.

2. Significant accounting policies and application of MFRS 1

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

(i) Business combination

MFRS 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 MFRS 3 which require restatement of all business combination prior to the date of transition prior to the date of transition.

Acquisition before date of transition

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

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

(ii) Prepaid lease payments

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

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

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

(iv) **Estimates**

The estimates at 1 January 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 31 December 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 (loss)/profit for the period

After charging/(crediting):	3 months ended	
	31.03.2013	31.03.2012
	RM	RM
Depreciation of property, plant and equipment	166,351	134,591
Depreciation of investment properties	4,453	1,317
Amortisation of intangible assets	21,368	39,260
(Gain)/loss on foreign exchange - realised	5,762	5,973
(Gain)/loss on foreign exchange - unrealised	214,298	66,431
(Gain)/loss on disposal of quoted securities/investment	-	(1,893,819)
Other income	(1,227)	(1,150)
Dividend income	-	(13,132)
Write back of impairment for available for sale assets	-	(4,832,887)
Interest income	(31,920)	(37,779)

5. Seasonality or cyclicity of interim operations

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

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

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

7. Material changes in estimates

There were no changes in estimates that have 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	
	31.03.2013	31.03.2012
	RM	RM
Segment revenue		
Malaysia	6,792,684	9,777,292
Overseas	1,706,234	489,485
Total revenue	<u>8,498,918</u>	<u>10,266,777</u>
Inter-segment elimination	(282,129)	(951,785)
Continued operations	<u>8,216,789</u>	<u>9,314,992</u>
Discontinued operation	2,749,719	-
Inter-segment elimination	(11,602)	-
External customers	<u>10,954,906</u>	<u>9,314,992</u>
Results		
Operating results		
Malaysia	(202,652)	7,624,546
Overseas	<u>(974,147)</u>	<u>(577,611)</u>
Finance costs	(1,176,799)	7,046,935
(Loss)/profit before tax	<u>(86,504)</u>	<u>(105,806)</u>
-Continued operations	(1,263,303)	6,941,129
Profit before tax	199,990	-
-Discontinued operation	<u>(1,063,313)</u>	<u>6,941,129</u>
(Loss)/profit before tax		

By business segments:

	3 months ended	
	31.03.2013	31.03.2012
	RM	RM
Segment revenue		
Engineering	8,216,789	6,218,865
ICT support services	-	3,122,161
Investment holding	-	-
Total revenue	<u>8,216,789</u>	<u>9,341,026</u>
Inter-segment elimination	-	(26,034)
Continued operations	<u>8,216,789</u>	<u>9,314,992</u>
Discontinued operations	2,749,719	-
Inter-segment elimination	(11,602)	-
External customers	<u>10,954,906</u>	<u>9,314,992</u>
Results		
Operating results		
Engineering	(645,015)	(475,435)
ICT support services	-	1,020,084
Investment holding	<u>(535,316)</u>	<u>6,502,286</u>
Finance costs	(1,180,331)	7,046,935
(Loss)/profit before tax	<u>(72,372)</u>	<u>(105,806)</u>
-Continued operations	(1,252,703)	6,941,129
Profit before tax	189,390	-
-Discontinued operations	<u>(1,063,313)</u>	<u>6,941,129</u>
(Loss)/profit before tax		

11. Material subsequent events

Save as disclosed below and in Note 24, 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

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 24, contingent liabilities of the Group as at 28 February 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 RM8,824,475 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
Withdrawal of performance and financial guarantees issued by bank to third parties	<u>4,255,951</u>

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.

METRONIC GLOBAL BERHAD (632068-V)

(Incorporated in Malaysia)

**ADDITIONAL INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA
SECURITIES BERHAD****16. Performance review**Current Quarter

The Group recorded revenue of RM10.95 million for the current quarter under review, which is RM1.64 million or 17.6% higher than the corresponding quarter of RM9.31 million in the previous financial year, mainly attributed to higher revenue generated from engineering segment of RM2.00 million or 32.2% due to higher progress billing issued during the period. A total of RM2.75 million revenue generated during the period under review above was from Micare which is classified as discontinued operation.

The Group posted loss before taxation of RM1.06 million as compared to profit before tax of RM6.94 million recorded in the corresponding quarter in the previous year. The unfavourable performance registered during the period mainly due to lower gross profit margin of 48% compared with 63% registered in the previous year. Included in the previous year quarter were a gain on disposal of Ariantec Global Berhad (AGB)'s shares of RM1.89 million and a write back of impairment of AGB's shares of RM4.83 million.

Engineering segment recorded a revenue of RM8.22 million for the current quarter which comprises revenue from contracts related to building management system, building automation system and extra low voltage system works. The amount was higher than the amount recorded in the previous year corresponding quarter of RM6.22 million due to higher progress billing issued in the current quarter as most of its major projects were completed during previous financial period or towards completion.

ICT segment recorded a revenue of RM2.75 million during current period under review decreased by 11.9% compared to previous year corresponding quarter of RM3.12 million due to lower renewal volume in the current quarter.

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

The Group recorded a revenue of RM10.95 million for the current quarter ended 31 March 2013 compared to RM11.49 million in the preceding quarter ended 31 December 2012, representing a decrease of RM0.54 million or 4.7%, mainly due to a decrease in revenue from its service and maintenance segment of about RM1.64 million.

The Group recorded loss before tax of RM1.06 million for the current quarter ended 31 March 2013 as compared to a loss of RM5.44 million recorded in the preceding quarter ended 31 December 2012. Included in the previous quarter results was a provision for diminution of investment in subsidiaries of RM3.49 million.

18. Current year prospects

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

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 31.03.2013 RM
Income tax expense:	
Malaysian income tax	-
Deferred tax	-
	<u>-</u>
	<u>-</u>

21. Discontinued operations/Disposal of subsidiary

MGB, on 5 October 2012 and 15 February 2013, announced that the Company had entered into a Sale and Purchase Agreement and the amendment agreement with Zuellig Pharma Specialty Solutions Holdings Pte Ltd ("the Purchaser" or "ZPSSH") to dispose of its entire equity interest in Micare to the Purchaser for a total consideration of RM10,199,700. The subsidiary was not a discontinued operation or classified as held for sale as at 31 December 2011. Management plan to sell Micare due to strategic decision to place greater focus on the Group core operation. The above transaction was completed on 24 April 2013.

	3 months ended 31.03.2013
Results of discontinued operations	
Revenue	2,749,720
Expenses	(2,549,731)
Profit for the period	<u>199,989</u>
Cash flows from/(used in) discontinued operation/disposed subsidiary	
Net cash generated from operating activities	(5,238,944)
Net cash used in financing activities	-
Effect on cashflows	<u>(5,238,944)</u>
Effect of disposal on the financial position of the Group	
Property, plant and equipment	651,008
Intangible assets	56,939
Trade receivables	35,202,979
Other receivables	522,644
Trade and other payables	(38,988,181)
Net assets and liabilities	<u>(2,554,611)</u>
Cash and cash equivalents disposed of	<u>10,555,134</u>
Net assets disposed off	8,000,523

22. 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.

23. Borrowings and debt securities

(Gain)/loss on disposal of quoted securities/investment

The Group's total borrowings, all of which were secured, as at 31 March 2013 were as follows:-

	As at 31.03.2013 RM
Current	
Bank overdraft	
Denominated in RM	-
Denominated in INR	1,836,451
	1,836,451
Bankers' acceptances (Denominated in RM)	1,217,741
Hire purchase payables (Denominated in RM)	11,899
Obligations under finance leases (Denominated in RM)	89,479
Total	<u>3,155,570</u>

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 2012, except as disclosed below:

(a) **Shah Alam High Court Suit No. 22NCC-1236-10/2012 Mandarin Opto-Medic Sdn Bhd vs. MESB**

This is a claim against MESB for outstanding monies in respect of New Alor Setar Hospital Project. The matter is similar to an earlier suit vide Kuala Lumpur High Court Suit No. D22-NCVC-1998-2012 where the matter was settled via Consent Judgement entered into between the Claimant and MH Projects Sdn Bhd. However, MH Projects Sdn Bhd has been wound-up and the Claimant filed this suit in the Shah Alam High Court and obtained Summary Judgement.

A Statutory Notice dated 15.3.2013 had been served to MESB by Messrs Yee How & Tan demanding on the Judgement sum of RM449,091.53 with interest. On 29.4.2013 MESB has received a copy of the sealed Petition dated 17.4.2013 and a copy of the affidavit verifying petition affirmed by Ooi Cheng Tean dated 18.4.2013 by way of service from Messrs Yee How & Tan, the solicitors acting for Petitioner.

Plaintiff filed for summary judgment and the matter has been fixed for hearing on 27.2.2013 and decision is fixed on 13 March 2013.

However, the Shah Alam High Court has granted Stay of Execution of Judgement on 21.5.2013 till disposal of Metronic Engineering Sdn Bhd's appeal to the Court of Appeal and Winding-up Petition likewise shall be stayed.

(b) **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.

24. Changes in material litigation (cont'd)

(b) Metronic Microsystem (Beijing) Co. Ltd [MMBCL] vs Li Jichang (cont'd)

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.

(c) 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.

25. Off Balance Sheet financial instruments

The Group had not entered into any contracts involving off balance sheet financial instruments as at the date of this announcement.

26. Dividends

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

27. Earnings per share

	3 months ended 31.03.2013
Profit attributable to owners of the parent (RM)	(1,108,112)
Weighted average number of ordinary shares in issue	634,906,903
Profit per share (sen)	
- Basic	(0.17)
- Diluted	(0.17)

28. 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 31.03.2013 RM	As at 31.12.2012 RM
Total accumulated losses		
- Realised	(37,284,295)	(36,170,069)
- Unrealised	(92,543)	(412,988)
	<u>(37,376,838)</u>	<u>(36,583,057)</u>
Less: Consolidation adjustments	(5,349,525)	(5,855,235)
Accumulated loss as per consolidated accounts	<u>(42,726,363)</u>	<u>(42,438,292)</u>

29. 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 31 May 2013.