



METRONIC GLOBAL BERHAD

(Company No.: 632068-V)

(Incorporated in Malaysia under the Companies Act, 1965)

INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER ENDED

31 MARCH 2010

METRONIC GLOBAL BERHAD (632068-V)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2010**

(The figures have not been audited)

	Note	Individual quarter		Cumulative quarter	
		31.03.2010 RM	31.03.2009 RM	31.03.2010 RM	31.03.2009 RM
Revenue		9,563,135	14,043,113	9,563,135	14,043,113
Cost of sales		<u>(6,287,842)</u>	<u>(10,900,200)</u>	<u>(6,287,842)</u>	<u>(10,900,200)</u>
Gross profit		3,275,293	3,142,913	3,275,293	3,142,913
Other operating income		9,154	7,949	9,154	7,949
Administration expenses		(1,128,269)	(898,580)	(1,128,269)	(898,580)
Other operating expenses		(8,045,520)	(2,848,037)	(8,045,520)	(2,848,037)
Finance costs		(81,593)	(155,386)	(81,593)	(155,386)
Interest income		25,265	39,291	25,265	39,291
Share of profit of associates		<u>897,227</u>	<u>242,410</u>	<u>897,227</u>	<u>242,410</u>
Loss before taxation		(5,048,443)	(469,440)	(5,048,443)	(469,440)
Income tax expense	18	(15,300)	112,363	(15,300)	112,363
Net loss for the period		<u>(5,063,743)</u>	<u>(357,077)</u>	<u>(5,063,743)</u>	<u>(357,077)</u>
Net loss attributable to:					
Owners of the Company		(5,337,194)	(491,514)	(5,337,194)	(491,514)
Minority interests		273,451	134,437	273,451	134,437
		<u>(5,063,743)</u>	<u>(357,077)</u>	<u>(5,063,743)</u>	<u>(357,077)</u>
Earnings per share attributable to owners of the Company (sen)					
Basic		(0.84)	(0.08)	(0.84)	(0.08)
Diluted		(0.84)	(0.08)	(0.84)	(0.08)

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 FIRST QUARTER ENDED 31 MARCH 2010
(The figures have not been audited)

	Note	Individual quarter		Cumulative quarter	
		31.03.2010 RM	31.03.2009 RM	31.03.2010 RM	31.03.2009 RM
Net loss for the period		(5,063,743)	(357,077)	(5,063,743)	(357,077)
Other comprehensive income/(loss)					
Net loss on available-for-sale investments		(888,804)	-	(888,804)	-
Foreign currency translation		(627,987)	456,791	(627,987)	456,791
Other comprehensive (loss)/income for the period, net of tax		<u>(1,516,791)</u>	<u>456,791</u>	<u>(1,516,791)</u>	<u>456,791</u>
Total comprehensive (loss)/income for the period, net of tax		<u>(6,580,534)</u>	<u>99,714</u>	<u>(6,580,534)</u>	<u>99,714</u>
Total comprehensive (loss)/income attributable to:-					
Owners of the Company		(6,853,985)	(34,723)	(6,853,985)	(34,723)
Minority interests		273,451	134,437	273,451	134,437
		<u>(6,580,534)</u>	<u>99,714</u>	<u>(6,580,534)</u>	<u>99,714</u>

The condensed consolidated statements of comprehensive 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 31 MARCH 2010**

(The figures have not been audited)

	Note	As at 31.03.2010 RM	(Audited) As at 31.12.2009 RM
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		10,581,095	10,903,771
Investment properties		382,632	383,949
Intangible assets		1,815,662	2,037,560
Prepaid lease payments		471,475	499,017
Investment in associates		17,243,799	17,086,078
Other investments		94,000	9,197,401
Available-for-sale investments		5,570,866	-
Deferred tax assets		2,872,838	2,854,937
		<u>39,032,367</u>	<u>42,962,713</u>
CURRENT ASSETS			
Inventories		1,510,376	1,452,448
Trade receivables		90,257,929	90,519,038
Other receivables		1,890,796	1,509,468
Short term deposits		8,981,176	8,805,586
Cash & bank balances		10,548,648	7,216,058
		<u>113,188,925</u>	<u>109,502,598</u>
TOTAL ASSETS		<u>152,221,292</u>	<u>152,465,311</u>
EQUITY AND LIABILITIES			
Share capital		63,490,690	63,490,690
Available-for-sale reserve		333,774	-
Foreign currency translation reserve		974,972	1,602,959
(Accumulated loss)/Retained profits		(4,901,738)	7,746,581
Equity attributable to owners of the Company		<u>59,897,698</u>	<u>72,840,230</u>
Minority interests		<u>1,496,532</u>	<u>1,223,081</u>
TOTAL EQUITY		<u>61,394,230</u>	<u>74,063,311</u>
NON-CURRENT LIABILITIES			
Hire purchase payables		51,471	54,446
CURRENT LIABILITIES			
Trade payables		62,925,154	52,270,739
Other payables		16,830,706	14,782,814
Bank borrowings	22	10,527,631	10,700,201
Provision for taxation		492,100	593,800
		<u>90,775,591</u>	<u>78,347,554</u>
TOTAL LIABILITIES		<u>90,827,062</u>	<u>78,402,000</u>
TOTAL EQUITY AND LIABILITIES		<u>152,221,292</u>	<u>152,465,311</u>

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 THREE-MONTH PERIOD ENDED 31 MARCH 2010**
(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	Available- for-sale Reserve RM	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 (loss)/income	-	456,791	-	(491,514)	(34,723)	134,437	99,714
As at 31 March 2009	<u>63,490,690</u>	<u>2,336,400</u>	<u>-</u>	<u>9,341,065</u>	<u>75,168,155</u>	<u>862,128</u>	<u>76,030,283</u>
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)	(6,088,547)	-	(6,088,547)
As restated	<u>63,490,690</u>	<u>1,602,959</u>	<u>1,222,578</u>	<u>435,456</u>	<u>66,751,683</u>	<u>1,223,081</u>	<u>67,974,764</u>
Total comprehensive (loss)/income	-	(627,987)	(888,804)	(5,337,194)	(6,853,985)	273,451	(6,580,534)
As at 31 March 2010	<u>63,490,690</u>	<u>974,972</u>	<u>333,774</u>	<u>(4,901,738)</u>	<u>59,897,698</u>	<u>1,496,532</u>	<u>61,394,230</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 2009 and the accompanying explanatory notes attached to the interim financial statements.

METRONIC GLOBAL BERHAD (632068-V)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2010**

(The figures have not been audited)

	3 months ended	
	31.03.2010	31.03.2009
	RM	RM
Cash flows generated from operating activities	3,433,220	3,678,790
Cash flows used in investing activities	(35,490)	(1,316,430)
Cash flows used in financing activities	<u>(573,347)</u>	<u>(2,022,649)</u>
Net change in cash and cash equivalents	2,824,383	339,711
Effects of foreign exchange rate changes	285,995	(184,585)
Cash and cash equivalents at beginning of the period	3,477,939	931,543
Cash and cash equivalents at end of the period	<u>6,588,317</u>	<u>1,086,669</u>
Cash and cash equivalents at the balance sheet date comprise the following:		
Cash and bank balances	10,548,648	3,310,408
Bank overdraft (Note 22)	(3,960,331)	-
	<u>6,588,317</u>	<u>3,310,408</u>

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.

METRONIC GLOBAL BERHAD (632068-V)

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EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 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 31 March 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	-	10,325,979	10,325,979
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
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	Reassessment of Embedded Derivatives
IC Interpretation 9	

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 cyclicity 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	
	31.03.2010	31.03.2009
	RM	RM
Segment revenue		
Malaysia	3,822,141	9,643,565
Overseas	5,740,994	4,393,564
Total external revenue	9,563,135	14,037,129
Inter-segment revenue	-	5,984
Total revenue	9,563,135	14,043,113
Results		
Operating results		
Malaysia	(5,035,962)	(853,223)
Overseas	(828,114)	296,759
Share of profit/(losses) of associates		
Malaysia	-	284,993
Overseas	897,226	(42,583)
	(4,966,850)	(314,054)
Finance costs	(81,593)	(155,386)
Loss before tax	(5,048,443)	(469,440)

	Business segments	
	3 months ended	
	31.03.2010	31.03.2009
	RM	RM
Segment revenue		
Engineering	7,747,572	12,973,367
ICT support services	1,815,014	1,069,461
Investment holding	-	-
Total external revenue	9,562,586	14,042,828
Inter-segment revenue	549	285
	9,563,135	14,043,113
Results		
Operating results		
Engineering	(2,368,156)	(204,129)
ICT support services	558,063	296,574
Investment holding	(4,053,983)	(648,909)
Share of profit of associates	897,226	242,410
	(4,966,850)	(314,054)
Finance costs	(81,593)	(155,386)
Loss before tax	(5,048,443)	(469,440)

9. Material subsequent events

There were no material events subsequent to the end of the current quarter.

10. Changes in the composition of the Group

Save as disclosed in Note 21, 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 26 May 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 RM10,780,713 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 Dec 2009 are as follows-

	RM
Drawdown of performance and financial guarantees issued by bank to third parties	3,922,114
Withdrawal of Standby Letter of Credit given to licensed banks for credit facilities	<u>(1,371,800)</u>
	<u>2,550,314</u>

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

12. Capital commitments

The amount of capital commitments not provided for in the interim financial statements as at 31 March 2010 is as follows:

	31.03.2010
	RM
Approved and contracted for:	
- Investment in subsidiary, outside Malaysia	<u>8,609,503</u>
Approved but not contracted for:	
- Capital expenditure	<u>21,239,212</u>

13. Significant related party transactions

Significant related party transactions of the Group for the quarter ended 31 March 2010 are as follows:

	3 months ended
	31.03.2010
	RM
Rental receivable from Metronic Corporation Sdn Bhd, a company in which certain directors have interest	3,000
Rental receivable from ITG Worldwide (M) Sdn Bhd, a company in which a director has an interest	<u>3,000</u>

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.

METRONIC GLOBAL BERHAD (632068-V)

(Incorporated in Malaysia)

ADDITIONAL INFORMATION PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**14. Performance review**

The Group recorded revenue of RM9.56 million for the current quarter under review, which is RM4.48 million or 32% lower than the corresponding quarter of RM14.04 million in the previous financial year, mainly due to decrease in revenue from engineering segment.

The Group recorded loss before taxation of RM5.05 million, being higher loss by RM4.58 million compared to the loss before taxation of RM0.47 million for the corresponding quarter in the previous year. The higher loss is mainly due to impairment loss on trade receivables of RM0.65 million and impairment loss in available-for sale ("ASF") securities i.e. investment in Ariantec Global Berhad of RM3.87 million as a result of prolonged decline in the market value, therefore, the mark to market loss is recognised in Income Statements. The loss, however, was partially offset by RM0.65 million increase in profit contributed from an associate.

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

The Group recorded a revenue of RM9.56 million for the current quarter ended 31 March 2010 compared to RM17.75 million in the preceding quarter ended 31 December 2009, representing a decrease of 46% or RM8.19 million, mainly due to decrease in revenue from engineering segment.

The Group's loss before tax for the current quarter ended 31 March 2010 of RM5.05 million represents a higher loss by RM3.75 million compared to the loss before tax of RM1.3 million in the preceding quarter ended 31 December 2009, mainly due to lower revenue and gross profit and impairment loss on available-for sale securities as explained in Note 14 above, which was partially mitigated by share of profit of an associate.

16. Current year prospects

Both local and overseas business environment are expected to remain challenging as the recovery of the global economy is expected to be gradual and uneven due to downside risks faced by the advanced economies. The Directors are of the view that the remaining year continues to be challenging but the Group will strive to improve the financial results for the rest of 2010 focusing on operational efficiency, effective cost management, and marketing strategies.

17. Profit forecast or profit guarantee

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

18. Taxation

	3 months ended 31.03.2010 RM
Income tax expense:	
Malaysian income tax	33,300
Deferred tax	<u>(18,000)</u>
	<u>15,300</u>

The effective tax rate of the Group (excluding the results of associates) for the current quarter ended 31 March 2010 is higher than the statutory tax rate mainly due to:-

- (i) non-recognition of deferred tax assets by certain loss making subsidiaries;
- (ii) non tax-deductibility of certain expenses; and
- (iii) reversal of temporary timing differences.

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

Investments in quoted securities as at 31 March 2010 are as follows:

	As at 31.03.2010 RM
At cost	9,758,364
At carrying value	5,570,865
At market value	<u>5,570,865</u>

21. Status of corporate proposals

The following are the corporate proposal announced but not 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 has been no changes in the status of the JVC since the last announcement.

22. Borrowings and debt securities

The Group's total borrowings, all of which were short term and secured, as at 31 March 2010 were as follows:-

	As at 31.03.2010 RM
Bank overdraft	
Denominated in RM	3,136,077
Denominated in INR	824,524
	3,960,331
Bankers' acceptances	
Denominated in RM	6,567,300
Total	<u>10,527,631</u>

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 20 January 2009, the Company's wholly owned subsidiary, MESB as the second defendant, through its solicitors, was served a Writ of Summons by United U-Li (M) Sdn. Bhd ("UUSB") claiming for an amount of RM54,314 plus cost, being the amount owed by the first defendant Digital Star Sdn. Bhd ("DSSB") to UUSB. MESB is the guarantor for DSSB on approved purchases for a project up to only RM100,000. MESB had since filed a defence on the case. The exposure to MESB is the claim amount of RM54,314 plus interest. The guarantee is effective from 10 April 2002 and expired on 7 July 2003 whereas the claim operates in year 2004. The suit was heard and claim dismissed on 17 May 2010.
- (b) 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 17 May 2010 pending hearing of Summary Judgment application, and further Case Management was to be held on 2 July 2010. 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 to defeat the claim.

24. Changes in material litigation (c'td)

- (c) 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 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 31.03.2010
Profit/(loss) attributable to owners of the Company (RM)	(5,337,194)
Weighted average number of ordinary shares in issue	634,906,903
Earnings per share (sen)	
- Basic	(0.84)
- Diluted	<u>(0.84)</u>

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 31 May 2010.