



METRONIC GLOBAL BERHAD

(Company No.: 632068-V)

(Incorporated in Malaysia under the Companies Act, 1965)

INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER ENDED

31 MARCH 2011

METRONIC GLOBAL BERHAD (632068-V)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

(The figures have not been audited)

	Note	Individual quarter		Cumulative quarter	
		31.03.2011 RM	31.03.2010 RM	31.03.2011 RM	31.03.2010 RM
Revenue		11,009,347	9,563,135	11,009,347	9,563,135
Cost of sales		<u>(6,594,800)</u>	<u>(6,287,842)</u>	<u>(6,594,800)</u>	<u>(6,287,842)</u>
Gross profit		4,414,547	3,275,293	4,414,547	3,275,293
Other operating income		14,637	9,154	14,637	9,154
Administration expenses		(1,083,826)	(1,128,269)	(1,083,826)	(1,128,269)
Other operating expenses		(5,436,126)	(8,045,520)	(5,436,126)	(8,045,520)
Finance costs		(125,561)	(81,593)	(125,561)	(81,593)
Interest income		28,205	25,265	28,205	25,265
Share of profit of associate		<u>-</u>	<u>897,227</u>	<u>-</u>	<u>897,227</u>
Loss before taxation		(2,188,124)	(5,048,443)	(2,188,124)	(5,048,443)
Income tax expense	19	(21,000)	(15,300)	(21,000)	(15,300)
Net loss for the period		<u>(2,209,124)</u>	<u>(5,063,743)</u>	<u>(2,209,124)</u>	<u>(5,063,743)</u>
Net loss attributable to:					
Owners of the parent		(2,322,462)	(5,337,194)	(2,322,462)	(5,337,194)
Non-controlling interests		113,338	273,451	113,338	273,451
		<u>(2,209,124)</u>	<u>(5,063,743)</u>	<u>(2,209,124)</u>	<u>(5,063,743)</u>
Basic loss per share attributable to equity owners of the parent (sen):					
Basic		(0.37)	(0.84)	(0.37)	(0.84)
Diluted		(0.37)	(0.84)	(0.37)	(0.84)

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 COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

(The figures have not been audited)

	Note	Individual quarter		Cumulative quarter	
		31.03.2011 RM	31.03.2010 RM	31.03.2011 RM	31.03.2010 RM
Net loss for the period		(2,209,124)	(5,063,743)	(2,209,124)	(5,063,743)
Other comprehensive loss					
Available-for-sale financial assets - fair value changes		(459,601)	(888,804)	(459,601)	(888,804)
Foreign currency translation		18,407	(627,987)	18,407	(627,987)
Other comprehensive loss for the period, net of tax		(441,194)	(1,516,791)	(441,194)	(1,516,791)
Total comprehensive loss for the period, net of tax		<u>(2,650,318)</u>	<u>(6,580,534)</u>	<u>(2,650,318)</u>	<u>(6,580,534)</u>
Total comprehensive loss attributable to:-					
Owners of the parent		(2,763,656)	(6,853,985)	(2,763,656)	(6,853,985)
Non-controlling interests		113,338	273,451	113,338	273,451
		<u>(2,650,318)</u>	<u>(6,580,534)</u>	<u>(2,650,318)</u>	<u>(6,580,534)</u>

The condensed consolidated statements of comprehensive income 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 MARCH 2011

(The figures have not been audited)

	Note	As at 31.03.2011 RM	(Audited) As at 31.12.2010 RM
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		10,513,560	10,698,635
Investment properties		397,365	398,682
Intangible assets		677,005	833,299
Investment in associate		-	17,321,972
Other investments		94,000	94,000
Available-for-sale financial assets		21,545,958	6,213,058
Deferred tax assets		8,465,862	8,490,526
		<u>41,693,750</u>	<u>44,050,172</u>
CURRENT ASSETS			
Inventories		2,556,404	2,384,257
Trade receivables		81,858,200	91,008,046
Other receivables		2,912,449	4,327,090
Short term deposits		8,199,532	8,179,679
Cash & bank balances		8,825,461	5,084,730
		<u>104,352,046</u>	<u>110,983,802</u>
TOTAL ASSETS		<u>146,045,796</u>	<u>155,033,974</u>
EQUITY AND LIABILITIES			
Share capital		63,490,690	63,490,690
Available-for-sale reserve		554,299	1,013,900
Foreign currency translation reserve		103,727	85,320
Accumulated loss		(13,805,500)	(11,483,038)
Equity attributable to owners of the parent		<u>50,343,216</u>	<u>53,106,872</u>
Non-Controlling Interests		<u>2,347,553</u>	<u>2,234,215</u>
TOTAL EQUITY		<u>52,690,769</u>	<u>55,341,087</u>
NON-CURRENT LIABILITIES			
Loans and borrowings	23	<u>254,517</u>	<u>293,392</u>
CURRENT LIABILITIES			
Trade payables		66,981,692	71,535,020
Other payables		16,851,911	16,699,034
Loans and borrowings	23	9,051,907	10,875,441
Provision for taxation		215,000	290,000
		<u>93,100,510</u>	<u>99,399,495</u>
TOTAL LIABILITIES		<u>93,355,027</u>	<u>99,692,887</u>
TOTAL EQUITY AND LIABILITIES		<u>146,045,796</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 FIRST QUARTER ENDED 31 MARCH 2011**
(The figures have not been audited)

	← Attributable to owners of the parent →				Total RM	Non-Controlling Interests RM	Total Equity RM
	Share Capital RM	←	→	Distributable Reserve			
		Non- Distributable Reserve	Available- for-sale Reserve RM				
	Foreign Currency Translation Reserve RM						
Preceding year to date ended 31 March 2010							
As at 1 January 2010	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	63,490,690	1,602,959	1,222,578	435,456	66,751,683	1,223,081	67,974,764
Total comprehensive (loss)/income	-	(627,987)	(888,804)	(5,337,194)	(6,853,985)	273,451	(6,580,534)
As at 31 March 2010	63,490,690	974,972	333,774	(4,901,738)	59,897,698	1,496,532	61,394,230
Current year to date ended 31 March 2011							
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	-	18,407	(459,601)	(2,322,462)	(2,763,656)	113,338	(2,650,318)
As at 31 March 2011	63,490,690	103,727	554,299	(13,805,500)	50,343,216	2,347,553	52,690,769

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 STATEMENTS OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 31 MARCH 2011**

(The figures have not been audited)

	3 months ended	
	31.03.2011	31.03.2010
	RM	RM
Cash flows generated from operating activities	5,591,256	3,433,220
Cash flows used in investing activities	(4,413)	(35,490)
Cash flows used in financing activities	<u>(882,897)</u>	<u>(573,347)</u>
Net change in cash and cash equivalents	4,703,946	2,824,383
Effects of foreign exchange rate changes	49,482	285,995
Cash and cash equivalents at beginning of the period	2,750,873	3,477,939
Cash and cash equivalents at end of the period	<u>7,504,301</u>	<u>6,588,317</u>
Cash and cash equivalents at the reporting date comprise the following:		
Cash and bank balances	8,825,461	10,548,648
Bank overdraft (Note 23)	(1,321,160)	(3,960,331)
	<u>7,504,301</u>	<u>6,588,317</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.

METRONIC GLOBAL BERHAD (632068-V)

(Incorporated in Malaysia)

**EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 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 March 2010

Amendments to FRS 132: Financial Instruments: Presentation - classification of Right Issues

1 July 2010

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations (Revised)
FRS 127	Consolidated and Separate Financial Statements (Revised)
Amendments to FRS 2	Share-based Payment
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations - Plan to sell the controlling interest in a subsidiary
Amendments to FRS 138	Intangible Assets - Additional consequential amendments arising from revised FRS 3
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
Amendments to IC IC Interpretation 9	Reassessment of Embedded Derivatives

1 January 2011

Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 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

2. Changes in accounting policies (cont'd)

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

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 FRS 127 and FRS 3 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
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 4	Prepayments of a Minimum Funding Requirement

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".

4. 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.

5. 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.

6. Material changes in estimates

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

7. Debt and equity securities

There were no issuances, repurchases, and repayment of debt and equity securities for the quarter under review.

8. Dividends

There were no dividends paid during the quarter under review.

9. Segmental information

Analysis by business segments and geographical segments:

	Geographical segments 3 months ended	
	31.03.2011 RM	31.03.2010 RM
Segment revenue		
Malaysia	8,142,064	3,822,141
Overseas	2,961,516	5,740,994
Total revenue	11,103,580	9,563,135
Inter-segment elimination	(94,233)	-
External customers	11,009,347	9,563,135
Results		
Operating results		
Malaysia	(2,095,831)	(5,035,962)
Overseas	33,268	(828,114)
Share of profit of associate		
Overseas	-	897,226
	(2,062,563)	(4,966,850)
Finance costs	(125,561)	(81,593)
Loss before tax	(2,188,124)	(5,048,443)

9. Segmental information (Cont'd.)

	Business segments	
	3 months ended	
	31.03.2011	31.03.2010
	RM	RM
Segment revenue		
Engineering	8,845,440	7,747,572
ICT support services	2,165,757	1,815,014
Investment holding	-	-
Total revenue	<u>11,011,197</u>	<u>9,562,586</u>
Inter-segment elimination	(1,850)	549
External customers	<u>11,009,347</u>	<u>9,563,135</u>
Results		
Operating results		
Engineering	(608,985)	(2,368,156)
ICT support services	259,918	558,063
Investment holding	(1,713,496)	(4,053,983)
Share of profit of associate	-	897,226
	<u>(2,062,563)</u>	<u>(4,966,850)</u>
Finance costs	(125,561)	(81,593)
Loss before tax	<u>(2,188,124)</u>	<u>(5,048,443)</u>

10. Material subsequent events

Save as disclosed in Note 11, there were no material events subsequent to the end of the current quarter.

11. Changes in the composition of the Group

Save as disclosed below, there were no changes in the composition of the Group during the current quarter.

The Company had on 16 May 2011 received a notice of allotment of shares from the Company Secretary of Unilink Development Limited ("Unilink"), an associated company of Metronic Global Berhad, ("MGB") that Unilink has allotted 416 new shares of Hong Kong Dollar ("HKD") 1.00 each to Zonemax Holdings Limited, British Virgin Island ("Zonemax") on 22 March 2011. As a result of the allotment of shares, the Company's equity interest in Unilink has been diluted from 25% to 17.66% and Unilink has ceased to be an associate of MGB.

The 416 new shares were allotted to Zonemax as a result of the exercise of option by Zonemax to convert the outstanding loan payable and due to Zonemax from Unilink as at 30 September 2010 to shares of Unilink.

12. Changes in contingent liabilities and contingent assets

Contingent liabilities of the Group as at 24 May 2011 (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 RM10,159,247 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	(393,190)

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

13. Capital commitments

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

14. 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**

15. Performance review

The Group recorded revenue of RM11 million for the current quarter under review, which is RM1.44 million or 15% higher than the corresponding quarter of RM9.56 million in the previous financial year, contributed from both engineering and ICT segments.

The Group recorded loss before taxation of RM2.19 million, representing an improvement of RM2.86 million compared to the loss before taxation of RM5.05 million for the corresponding quarter in the previous year. The improvement is mainly due to higher revenue and gross profit contributed by both engineering and ICT support services segments and the reduction impact arising from the impairment loss on available-for-sale securities of RM3.87 million charged in the corresponding quarter of previous year. The improvement, however, was partially offset by loss on deemed disposal of an associate and reduction of share of profit associate.

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

The Group recorded a revenue of RM11 million for the current quarter ended 31 March 2011 compared to RM21.08 million in the preceeding quarter ended 31 December 2010, representing a decrease of 48% or RM10.08 million, mainly due to lower revenue contributed from engineering segment.

The Group recorded loss before taxation of RM2.19 million for the current quarter ended 31 March 2011 represents a decline of RM4.49 million as compared to the profit before taxation of RM2.3 million in the preceding quarter ended 31 December 2010, mainly due to decrease in revenue from engineering segment, loss on deemed disposal of an associate and reduction of share of profit of associate.

17. Current year prospects

Looking forward, the Group's revenue will continue to be mainly 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.

Notwithstanding the positive economic outlook, the Directors are 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's strategic focus would be on larger scale Mechanical and Electrical projects besides 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 2011.

The performance of ICT Support Services division will continue providing steady and recurring income to the Group in future.

18. Profit forecast or profit guarantee

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

19. Taxation

	3 months ended 31.03.2011 RM
Income tax expense:	
Malaysian income tax	-
Deferred tax	21,000
	<u>21,000</u>

20. Sale of unquoted investments and properties

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

21. Quoted investments

Investments in quoted securities as at 31 March 2011 are as follows:

	As at 31.03.2011 RM
At cost	9,711,242
At carrying value	5,753,457
At market value	<u>5,753,457</u>

22. Status of corporate proposals

There was no corporate proposal announced but not completed as at the date of this announcement.

23. Borrowings and debt securities

The Group's total borrowings, all of which were secured, as at 31 March 2011 were as follows:-

	As at 31.03.2011 RM
Current	
Bank overdraft	
Denominated in RM	1,185,314
Denominated in INR	135,846
	1,321,160
Bankers' acceptances (Denominated in RM)	4,715,597
Revolving credits (Denominated in RM)	2,914,877
Hire purchase payables (Denominated in RM)	11,899
Obligations under finance leases (Denominated in RM)	88,374
<i>Sub-total</i>	<u>9,051,907</u>
Non-Current	
Obligations under finance leases (Denominated in RM)	216,213
Hire purchase payables (Denominated in RM)	38,304
<i>Sub-total</i>	<u>254,517</u>
Total loans and borrowings	<u>9,306,424</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 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. 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 is now fixed for Case Management on 26 September 2011 prior to fixing date for trial.

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

- (b) On 9 January 2007, MGB through its solicitors, received a Writ of Summons and Statement of Claim dated 23 November 2006 with the High Court of Shah Alam issued by CWorks Systems Berhad ("CWorks"). CWorks is claiming an outstanding amount of RM1,751,617 from MGB pursuant to a Software Development Agreement dated 9 May 2005 for the development and provision of a software for the National Product Code System, the Sale Force System and the Project Management Tool System in the People's Republic of China. The maximum exposure to MGB is estimated at RM1,751,617

The Company's solicitors had on 16 January 2007 filed a Conditional Appearance challenging the action as not within the Jurisdiction of the High Court of Malaya but any remedy sought by CWorks should be referred to Arbitration under Malaysian Laws. On 30 August 2007, the Deputy Registrar of the High Court of Shah Alam has allowed the Company's application that the Suit by CWorks against the Company to be adjourned indefinitely 'sine die' and the claim by CWorks to be proceed by the way of arbitration. However, CWorks filed an appeal against the Registrar's decision and the High Court has allowed the appeal and set aside the Order of 'sine die'. The Company's solicitors had filed an appearance and defence as well as counterclaim against CWorks. On 16 February 2009, CWorks solicitors served their reply to the Company's defence and defence to the counterclaim. CWorks has also filed an application for Summary Judgment and High Court has fixed the date for Case Management on 30 November 2009. The High Court had on 30 November 2009 adjourned the decision for Summary Judgment to 13 April 2010. On 13 April 2010, the application was dismissed with cost in the cause by the High Court and set the matter for trial. The case is fixed for Trial in the High Court on 15 August and 16 August 2011.

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. Therefore, no provision has been made as at 31 March 2011.

- (c) On 19 May 2011, Metronic Engineering Sdn Bhd ("MESB"), a subsidiary of the Company 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.

MESB's solicitors are in the midst of filling an appearance and defence.

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 31.12.2011
Loss attributable to owners of the parent (RM)	(2,322,462)
Weighted average number of ordinary shares in issue	634,906,903
Loss per share (sen)	
- Basic	(0.37)
- Diluted	<u>(0.37)</u>

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

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 31.03.2011 RM	As at 31.12.2010 RM
Total accumulated losses		
- Realised	(8,310,001)	(6,256,003)
- Unrealised	2,516,175	2,671,298
	<u>(5,793,826)</u>	<u>(3,584,705)</u>
Less: Consolidation adjustments	(8,011,674)	(7,898,333)
Accumulated loss as per consolidated accounts	<u>(13,805,500)</u>	<u>(11,483,038)</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 30 May 2011.