



METRONIC GLOBAL BERHAD

(Company No.: 632068-V)

(Incorporated in Malaysia under the Companies Act, 1965)

INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER ENDED

30 JUNE 2012

METRONIC GLOBAL BERHAD (632068-V)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS
FOR THE SECOND QUARTER ENDED 30 JUNE 2012**

(The figures have not been audited)

	Note	Individual quarter		Cumulative quarter	
		30.06.2012 RM	30.06.2011 RM	30.06.2012 RM	30.06.2011 RM
Revenue		9,976,379	18,969,094	19,291,371	29,978,441
Cost of sales		(5,266,270)	(12,389,165)	(8,700,410)	(18,983,965)
Gross profit		4,710,109	6,579,929	10,590,961	10,994,476
Other operating income		1,799,023	354,207	8,526,874	368,844
Administration expenses		(1,916,930)	(1,095,931)	(3,079,553)	(2,179,757)
Other operating expenses		(4,451,472)	(4,741,193)	(8,888,397)	(10,177,319)
Finance costs		(138,952)	(115,769)	(244,758)	(241,330)
Interest income		39,162	28,381	76,942	56,586
Profit/(loss) before taxation	4	40,940	1,009,624	6,982,069	(1,178,500)
Income tax expense	20	184,139	(291,000)	183,532	(312,000)
Net profit/(loss) for the period		<u>225,079</u>	<u>718,624</u>	<u>7,165,601</u>	<u>(1,490,500)</u>
Net profit/(loss) attributable to:					
Owners of the Company		362,146	654,551	6,854,527	(1,667,911)
Minority interests		(137,067)	64,073	311,074	177,411
		<u>225,079</u>	<u>718,624</u>	<u>7,165,601</u>	<u>(1,490,500)</u>
Basic earnings/(loss) per share attributable to equity holders of the Company (sen):					
Basic		0.06	0.10	1.08	(0.26)
Diluted		0.06	0.10	1.08	(0.26)

The condensed consolidated income statements should be read in conjunction with the annual financial statements for the year ended 31 December 2011 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 SECOND QUARTER ENDED 30 JUNE 2012**

(The figures have not been audited)

	Note	Individual quarter		Cumulative quarter	
		30.06.2012 RM	30.06.2011 RM	30.06.2012 RM	30.06.2011 RM
Net profit/(loss) for the period		225,079	718,624	7,165,601	(1,490,500)
Other comprehensive income/(loss)					
Financial assets, available-for-sale assets					
- fair value changes		(374,159)	92,979	2,001,119	(366,622)
- transfer to profit and loss upon disposal		-	(319,350)	-	(319,350)
Foreign currency translation profit/(loss)		(29,319)	(43,169)	102,529	(24,762)
Other comprehensive income/(loss) for the period, net of tax		(403,478)	(269,540)	2,103,648	(710,734)
Total comprehensive income/(loss) for the period, net of tax		<u>(178,399)</u>	<u>449,084</u>	<u>9,269,249</u>	<u>(2,201,234)</u>
Total comprehensive income/(loss) attributable to:-					
Owners of the Company		(41,332)	385,011	8,958,175	(2,378,645)
Minority interests		(137,067)	64,073	311,074	177,411
		<u>(178,399)</u>	<u>449,084</u>	<u>9,269,249</u>	<u>(2,201,234)</u>

The condensed consolidated income statements should be read in conjunction with the annual financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the interim financial statements.

METRONIC GLOBAL BERHAD (632068-V)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**AS AT 30 JUNE 2012**

(The figures have not been audited)

	Note	As at 30.06.2012 RM	(Audited) As at 31.12.2011 RM
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		10,367,474	10,555,548
Investment properties		390,781	393,415
Intangible assets		167,166	248,160
Other investments		94,000	94,000
Available-for-sale assets		23,785,895	20,022,140
Deferred tax assets		8,539,950	8,609,167
		<u>43,345,266</u>	<u>39,922,430</u>
CURRENT ASSETS			
Inventories		1,782,187	1,155,569
Trade receivables		76,163,365	87,266,835
Other receivables		9,672,724	4,816,530
Short term deposits		8,581,341	7,769,106
Cash & bank balances		10,360,996	9,145,757
		<u>106,560,613</u>	<u>110,153,797</u>
TOTAL ASSETS		<u>149,905,879</u>	<u>150,076,227</u>
EQUITY AND LIABILITIES			
Share capital		63,490,690	63,490,690
Available-for-sale reserve		2,176,217	175,098
Foreign currency translation reserve		187,751	85,222
Accumulated loss		(9,690,002)	(16,544,529)
Equity attributable to owners of the Company		<u>56,164,656</u>	<u>47,206,481</u>
Minority interests		<u>3,589,466</u>	<u>3,275,460</u>
TOTAL EQUITY		<u>59,754,122</u>	<u>50,481,941</u>
NON-CURRENT LIABILITIES			
Bank borrowings		<u>32,332</u>	<u>173,821</u>
CURRENT LIABILITIES			
Trade payables		64,856,456	72,717,478
Other payables		18,610,564	19,826,923
Bank borrowings		6,008,106	5,731,454
Provision for taxation		644,299	1,144,610
		<u>90,119,425</u>	<u>99,420,465</u>
TOTAL LIABILITIES		<u>90,151,757</u>	<u>99,594,286</u>
TOTAL EQUITY AND LIABILITIES		<u>149,905,879</u>	<u>150,076,227</u>

The condensed consolidated statements of financial position should be read in conjunction with the annual financial statements for the year ended 31 December 2011 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 SIX-MONTHS PERIOD ENDED 30 JUNE 2012**

(The figures have not been audited)

	← Attributable to owners of the Company →						
	←	Non-Distributable Reserve	→	Distributable Reserve			
	Share Capital RM	Foreign Currency Translation Reserve RM	Available-for-sale Reserve RM	Retained Earning/ (Accumulated Loss) RM	Total RM	Minority Interests RM	Total Equity RM
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	-	(24,762)	(685,972)	(1,667,911)	(2,378,645)	177,411	(2,201,234)
As at 30 June 2011	<u>63,490,690</u>	<u>60,558</u>	<u>327,928</u>	<u>(13,150,949)</u>	<u>50,728,227</u>	<u>2,411,626</u>	<u>53,139,853</u>
As at 1 January 2012	63,490,690	85,222	175,098	(16,544,529)	47,206,481	3,275,460	50,481,941
Total comprehensive income	-	102,529	2,001,119	6,854,527	8,958,175	311,074	9,269,249
Subscription of new shares	-	-	-	-	-	2,932	2,932
As at 30 June 2012	<u>63,490,690</u>	<u>187,751</u>	<u>2,176,217</u>	<u>(9,690,002)</u>	<u>56,164,656</u>	<u>3,589,466</u>	<u>59,754,122</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 2011 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 SIX-MONTHS PERIOD ENDED 30 JUNE 2012**

(The figures have not been audited)

	6 months ended	
	30.06.2012	30.06.2011
	RM	RM
Cash flows from operating activities		
Profit/(loss) before taxation:-	6,982,069	(1,178,500)
Loss on disposal of property, plant and equipment	-	(1,593)
(Gain)/loss on disposal/deemed disposal of investments	(3,693,091)	2,150,677
Loss net unrealised foreign exchange	499,923	65,052
Depreciation of property, plant and equipment	271,647	298,327
Depreciation of investment property	2,634	2,634
Amortisation of intangible assets	78,520	320,085
Recovered/reversal of provision for doubtful debts	-	(995,913)
Writeback of impairment of available for sale financial assets	(4,832,888)	-
Reversal/provision for defect liabilities	236,505	469,043
Interest expense	244,758	241,330
Interest income	(76,942)	(56,586)
Operating profit before working capital changes	<u>(286,865)</u>	<u>1,314,556</u>
Changes in working capital:		
Inventories	(626,618)	546,375
Debtors	6,305,161	10,925,318
Creditors	(9,301,590)	(4,567,023)
Net cash (used in)/generated from operations	<u>(3,909,912)</u>	<u>8,219,226</u>
Taxes (reversal)/paid	(177,341)	303,046
Interest paid	(244,758)	(241,330)
Interest received	76,942	56,586
Net cash (used in)/generated from operating activities	<u>(4,255,069)</u>	<u>8,337,528</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in paid up capital	-	(1,950)
Purchase of property, plant and equipment	-	(130,520)
Purchase of intangible assets	2,474	(4,135)
Proceeds from disposal of property, plant and equipment	-	3,125
Proceeds from disposal of marketable securities	6,364,980	507,052
Net cash generated from investing activities	<u>6,367,454</u>	<u>373,572</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Fixed deposits under lien with licensed financial institutions	(812,235)	(47,880)
Repayment of bankers' acceptances and trust receipts	(5,084,424)	(8,440,207)
Drawdown of bankers' acceptances and trust receipts	4,687,097	5,424,162
Repayment of hire purchase creditors	(18,005)	(62,620)
Net cash used in financing activities	<u>(1,227,567)</u>	<u>(3,126,545)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	884,819	5,584,555
EFFECT OF FOREIGN EXCHANGE RATES CHANGES	(220,075)	16,527
CASH AND CASH EQUIVALENTS AT 1 JAN	6,714,529	2,750,873
CASH AND CASH EQUIVALENTS AT 30 JUN	<u>7,379,273</u>	<u>8,351,955</u>
Cash and cash equivalents at the balance sheet date comprise the following:		
Deposits	8,581,341	8,227,560
Less: Deposits pledged	<u>(8,581,341)</u>	<u>(8,227,560)</u>
	-	-
Cash and bank balances	10,360,996	9,150,315
Bank overdraft (Note 22)	<u>(2,981,723)</u>	<u>(798,360)</u>
	<u>7,379,273</u>	<u>8,351,955</u>

The condensed consolidated statements of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2011 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 SECOND QUARTER ENDED 30 JUNE 2012 PURSUANT TO FRS 134

1. First-time adoption of Malaysian Financial Reporting Standards ("MFRS")

These condensed consolidated interim financial statements, for the period ended 30 June 2012, 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 2011, 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 2011.

In preparing its MFRS Statements of Financial Position as at 1 January 2011 (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 3 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 2011 and at 31 December 2011 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 2011, the date of transition to MFRS and as of 31 December 2011.

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 2011 was qualified in the following manner:

- (i) The Group has long outstanding receivables due from a related party and certain group of receivables with their carrying amount totalling RM46,565,420 as at 31 December 2011, of which a total impairment amount of RM20,962,754 has been made. The net carrying amount of these receivables after the impairment provision is RM25,602,666. The impairment amount was determined by the management based on the estimated timing of collection as disclosed in Note 3(b)(iii) of the financial statements.

Similar to previous year qualification, the auditors are unable to obtain sufficient appropriate evidence about the timing of collection of these receivables, they are unable to determine if any adjustment to the impairment amount and thus the carrying amount of these debtors is necessary.

- (ii) 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 2011 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 profit/(loss) for the period

After charging/(crediting):	3 months ended		6 months ended	
	30.06.2012	30.06.2011	30.06.2012	30.06.2011
	RM	RM	RM	RM
Depreciation of property, plant and equipment	137,056	144,318	271,647	298,327
Depreciation of investment properties	1,317	1,317	2,634	2,634
Amortisation of prepaid lease payment	-	-	-	-
Amortisation of intangible assets	39,260	159,964	78,520	320,085
Loss on foreign exchange - realised	11,228	23,138	17,201	18,515
Loss/(gain) on foreign exchange - unrealised	183,530	(80,451)	249,961	65,052
Loss on deemed disposal of associated company	-	-	-	1,529,471
Impairment loss/(reversal) on trade receivables	-	(511,720)	-	(989,145)
Impairment loss on assets available for sales	-	966,578	-	966,578
Gain on disposal of quoted securities/investment	(1,799,272)	(345,637)	(3,693,091)	(345,637)
Gain on disposal of property, plant and equipment	-	(1,161)	-	(1,593)
Other income	-	(640)	(895)	(1,531)
Dividend income	-	-	(13,132)	(13,314)
Write back of provision for doubtful debts	-	(6,768)	-	(6,768)
Write back of impairment for available for sale asset	-	-	(4,832,888)	-
Interest income	(39,162)	(28,380)	(76,942)	(56,586)

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 has 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		6 months ended	
	30.06.2012 RM	30.06.2011 RM	30.06.2012 RM	30.06.2011 RM
Segment revenue				
Malaysia	8,636,441	13,002,452	17,642,434	21,144,516
Overseas	534,393	6,361,392	1,795,177	9,322,908
Total revenue	9,170,834	19,363,844	19,437,611	30,467,424
Inter-segment elimination	805,545	(394,750)	(146,240)	(488,983)
External customers	9,976,379	18,969,094	19,291,371	29,978,441
Results				
Operating results				
Malaysia	1,461,836	431,139	9,086,382	(1,664,692)
Overseas	(1,281,944)	694,254	(1,859,555)	727,522
	179,892	1,125,393	7,226,827	(937,170)
Finance costs	(138,952)	(115,769)	(244,758)	(241,330)
Profit/(loss) before tax	40,940	1,009,624	6,982,069	(1,178,500)

By business segments:

	3 months ended		6 months ended	
	30.06.2012 RM	30.06.2011 RM	30.06.2012 RM	30.06.2011 RM
Segment revenue				
Engineering	7,882,649	16,782,281	14,101,514	25,627,721
ICT support services	2,079,300	2,187,105	5,201,459	4,352,862
Investment holding	-	-	-	-
Total revenue	9,961,949	18,969,386	19,302,973	29,980,583
Inter-segment elimination	14,430	(292)	(11,602)	(2,142)
External customers	9,976,379	18,969,094	19,291,371	29,978,441
Results				
Operating results				
Engineering	(962,463)	2,144,574	(1,437,898)	1,535,589
ICT support services	(242,745)	114,619	777,339	374,537
Investment holding	1,385,100	(1,133,800)	7,887,386	(2,847,296)
	179,892	1,125,393	7,226,827	(937,170)
Finance costs	(138,952)	(115,769)	(244,758)	(241,330)
Profit/(loss) before tax	40,940	1,009,624	6,982,069	(1,178,500)

11. Material subsequent events

Save as disclosed above and in Note 23, there were no other 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 August 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 RM6,832,378 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 2011 are as follows:-

	RM
Additional of performance and financial guarantees issued by bank to third parties	653,119

At the date of this report, no contingent assets has arisen since 31 December 2011.

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 RM9.98 million for the current quarter under review, which is RM8.99 million or 47.3% lower than the corresponding quarter of RM18.97 million in the previous financial year, mainly attributed to lower revenue generated from engineering segment due to lower work order and completion of its major projects.

The Group posted profit before taxation of RM41 thousand, representing a decline of RM969 thousand compared to the profit before tax of RM1.01 million for the corresponding quarter in the previous year. The decline is mainly due to lower gross profit margin recorded as a result of lower revenue generated particularly from engineering segment. Included in the current quarter under review was a gain from disposal of quoted investment of RM1.79 million.

Year-to-date

The Group recorded revenue of RM19.29 million for the current financial period under review, which is RM10.69 million or 35.7% lower than the revenue of RM29.98 million in the previous financial period, mainly attributed to lower revenue generated from engineering segments due to lesser work order and most of its major projects are completed or towards completion.

The Group recorded profit before taxation of RM6.98 million, as compared to a loss before taxation of RM1.18 million recorded in the previous year corresponding period. The favourable performance was mainly due to gain from disposal of available for sale securities of RM3.69 million and write back of impairment of available for sale securities of RM4.83 million recognised during the current period.

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

The Group recorded a revenue of RM9.98 million for the current quarter ended 30 June 2012 compared to RM9.31 million in the preceding quarter ended 31 March 2012, representing an increase of RM0.67 million or 7.2%, mainly due to a slight increase in revenue from its engineering division particularly for its service and maintenance works.

The Group recorded profit before tax of RM41 thousand for the current quarter ended 30 June 2012 as compared to a profit of RM6.94 million recorded in the preceding quarter ended 31 March 2012. Included in the preceding quarter was a write-back of provision for impairment of available-for-sale securities amounting to RM4.83 million resulted from a significant increase in price of its quoted investment and a gain of RM1.89 million recognised from partial disposal of the investment undertaken by the Group during the current period.

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"), 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 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 2012.

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 30.06.2012 RM	6 months ended 30.06.2012 RM
Income tax expense:		
Malaysian income tax	(252,139)	(251,532)
Deferred tax	68,000	68,000
	<u>(184,139)</u>	<u>(183,532)</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 30 June 2012 were as follows:-

	As at 30.06.2012 RM
Current	
Bank overdraft	
Denominated in RM	2,868,864
Denominated in INR	112,859
	2,981,723
Bankers' acceptances (Denominated in RM)	2,829,288
Hire purchase payables (Denominated in RM)	114,622
Obligations under finance leases (Denominated in RM)	82,473
<i>Sub-total</i>	<u>6,008,106</u>
Non-Current	
Obligations under finance leases (Denominated in RM)	7,542
Hire purchase payables (Denominated in RM)	24,790
<i>Sub-total</i>	<u>32,332</u>
Total loans and borrowings	<u>6,040,438</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 2011, except as disclosed below:

- (a) 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 and appeal were however dismissed on 20 October 2011 and 18 August 2012 respectively.

The Company on 10 May 2012 had paid Cworks RM2,577,735.15 being the judgement sum, interest and other legal cost.

The Company, on 10 May 2012 had filed a leave application to Federal Court for leave to appeal against decision of the Court of Appeal and the leave application was granted by the Federal Court on 6 August 2012. The Notice of Appeal to be filed in court due course.

- (b) 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. Kuala Lumpur High Court, on 8 June 2012, upon hearing of the case has entered judgement favouring ER Mekatron and instructed MESB to pay the claim sum. MESB is evaluating various option available for the next course of action.

- (c) 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 currently pending Court of Shah Alam to fix the trial date.

23. Changes in material litigation (cont'd)

- (d) MGB, on 9 August 2011 announced that a former director, Li Jichang (the Plaintiff) had served through the Consular Office of the Embassy of the People's Republic of China in Malaysia to the Company (as 1st Defendant) and Metronic Microelectronics (Beijing) Limited [MMBL] as 2nd defendant; several documents in regard to the commencement of litigation which consists 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.

According to the documents received 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 RM14.7 million based on exchange rate of 0.4910 as at 28 August 2012) and MMBL to assume joint responsibility for the payment. The Plaintiff also wants the Defendants to bear the legal costs of the proceedings.

The Plaintiff alleges as follows:-

1. On 12 November 2004 the Plaintiff and MGB entered into an "Agreement on Adjustment and Accelerated Establishment of Metronic China Company" [Agreement].
2. On 9 July 2009, MMBL replaced its legal representative and sued before Beijing Daxing District People's Court claiming for Li Jichang to return 2 common seals and the business licence of MMBL.
3. The suit/claims by MMBL were sustained by Final Award (2010 Yi-Zhong-Min-Zhong) No. 7791 by Beijing No 1 Intermediate People's Court.
4. The acts by MGB in taking advantage of its position as shareholder of MMBL to sue Li Jichang, refusing to accept the shareholder's capacity of Li Jichang and not paying the alleged outstanding portion of the compensation have apparently violated the Agreement.

MGB denies the allegation and has appointed solicitors to defend the case. The case is currently pending decision by the Court.

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 30.06.2012	6 months ended 30.06.2012
Profit attributable to owners of the parent (RM)	362,146	6,854,527
Weighted average number of ordinary shares in issue	634,906,903	634,906,903
Profit per share (sen)		
- Basic	0.06	1.08
- Diluted	0.06	1.08

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 30.06.2012 RM	As at 31.12.2011 RM
Total accumulated losses		
- Realised	(2,482,304)	(9,884,688)
- Unrealised	1,899,313	2,136,098
	<u>(582,991)</u>	<u>(7,748,590)</u>
Less: Consolidation adjustments	(9,107,011)	(8,795,939)
Accumulated loss as per consolidated accounts	<u>(9,690,002)</u>	<u>(16,544,529)</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 29 August 2012.