



# **METRONIC GLOBAL BERHAD**

(Company No.: 632068-V)

(Incorporated in Malaysia under the Companies Act, 1965)

## **INTERIM FINANCIAL STATEMENTS**

**FOR THE QUARTER ENDED**

**30 SEPTEMBER 2012**

**METRONIC GLOBAL BERHAD (632068-V)**

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012**

(The figures have not been audited)

	Note	Individual quarter		Cumulative quarter	
		30.09.2012 RM	30.09.2011 RM	30.09.2012 RM	30.09.2011 RM
Revenue		15,820,370	12,055,954	35,111,741	42,034,395
Cost of sales		(9,354,551)	(5,855,211)	(18,054,961)	(24,839,176)
Gross profit		6,465,819	6,200,743	17,056,780	17,195,219
Other operating income		1,300	55,747	8,528,174	424,591
Administration expenses		(1,364,548)	(1,331,054)	(4,444,101)	(3,510,811)
Other operating expenses		(32,056,461)	(4,158,854)	(40,944,858)	(14,336,173)
Finance costs		(141,293)	(75,658)	(386,051)	(316,988)
Interest income		91,124	58,172	168,066	114,758
	4	(27,004,059)	749,096	(20,021,990)	(429,404)
Income tax expense	20	(6,000)	182,034	177,532	(129,966)
Net (loss)/profit for the period		<u>(27,010,059)</u>	<u>931,130</u>	<u>(19,844,458)</u>	<u>(559,370)</u>
Net (loss)/profit attributable to:					
Owners of the Company		(27,716,415)	310,496	(20,861,888)	(1,357,415)
Minority interests		706,356	620,634	1,017,430	798,045
		<u>(27,010,059)</u>	<u>931,130</u>	<u>(19,844,458)</u>	<u>(559,370)</u>
Basic (loss)/earnings per share attributable to equity holders of the Company (sen):					
Basic		(4.37)	0.05	(3.29)	(0.21)
Diluted		(4.37)	0.05	(3.29)	(0.21)

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 THIRD QUARTER ENDED 30 SEPTEMBER 2012**

(The figures have not been audited)

	Individual quarter		Cumulative quarter	
	30.09.2012 RM	30.09.2011 RM	30.09.2012 RM	30.09.2011 RM
Net (loss)/profit for the period	(27,010,059)	931,130	(19,844,458)	(559,370)
Other comprehensive (loss)/income				
Financial assets, available-for-sale assets				
- fair value changes	(1,952,967)	(118,192)	48,152	(484,814)
- transfer to profit and loss	-	(56,525)	-	(375,875)
Foreign currency translation profit	375,116	148,507	477,645	123,745
Other comprehensive loss for the period, net of tax	(1,577,851)	(26,210)	525,797	(736,944)
Total comprehensive (loss)/income for the period, net of tax	<u>(28,587,910)</u>	<u>904,920</u>	<u>(19,318,661)</u>	<u>(1,296,314)</u>
Total comprehensive (loss)/income attributable to:				
Owners of the Company	(29,294,266)	284,286	(20,336,091)	(2,094,359)
Non-controlling interests	706,356	620,634	1,017,430	798,045
	<u>(28,587,910)</u>	<u>904,920</u>	<u>(19,318,661)</u>	<u>(1,296,314)</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 SEPTEMBER 2012**

(The figures have not been audited)

	Note	As at 30.09.2012 RM	(Audited) As at 31.12.2011 RM
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		10,143,502	10,555,548
Investment properties		389,465	393,415
Intangible assets		107,556	248,160
Other investments		94,000	94,000
Available-for-sale assets		19,491,693	20,022,140
Deferred tax assets		8,534,619	8,609,167
		<u>38,760,835</u>	<u>39,922,430</u>
<b>CURRENT ASSETS</b>			
Inventories		2,139,681	1,155,569
Trade receivables		54,264,959	87,266,836
Other receivables		9,609,712	4,816,530
Short term deposits		7,872,077	7,769,106
Cash & bank balances		13,635,237	9,145,757
		<u>87,521,666</u>	<u>110,153,798</u>
<b>TOTAL ASSETS</b>		<u>126,282,501</u>	<u>150,076,228</u>
<b>EQUITY AND LIABILITIES</b>			
Share capital		63,490,690	63,490,690
Available-for-sale reserve		223,250	175,098
Foreign currency translation reserve		562,868	85,223
Accumulated loss		(37,406,417)	(16,544,529)
<b>Equity attributable to owners of the Company</b>		<u>26,870,391</u>	<u>47,206,482</u>
<b>Minority interests</b>		<u>4,419,638</u>	<u>3,275,460</u>
<b>TOTAL EQUITY</b>		<u>31,290,029</u>	<u>50,481,942</u>
<b>NON-CURRENT LIABILITIES</b>			
Bank borrowings	22	<u>23,329</u>	<u>173,821</u>
<b>CURRENT LIABILITIES</b>			
Trade payables		71,048,306	72,717,478
Other payables		17,160,481	19,826,923
Bank borrowings	22	6,342,648	5,731,454
Provision for taxation		417,708	1,144,610
		<u>94,969,143</u>	<u>99,420,465</u>
<b>TOTAL LIABILITIES</b>		<u>94,992,472</u>	<u>99,594,286</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>126,282,501</u>	<u>150,076,228</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 STATEMENT OF CHANGES IN EQUITY  
FOR THE NINE-MONTHS PERIOD ENDED 30 SEPTEMBER 2012**

(The figures have not been audited)

	← Attributable to owners of the Company →				Total RM	Minority Interests RM	Total Equity RM
	Share Capital RM	Foreign Currency Translation Reserve RM	Available- for-sale Reserve RM	Retained Earning/ (Accumulated Loss) 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	-	123,745	(860,689)	(1,357,415)	(2,094,359)	798,045	(1,296,314)
Disposal of shares in a subsidiary	-	-	-	-	-	146,572	146,572
As at 30 September 2011	<u>63,490,690</u>	<u>209,065</u>	<u>153,211</u>	<u>(12,840,453)</u>	<u>51,012,513</u>	<u>3,178,832</u>	<u>54,191,345</u>
<b>As at 1 January 2012</b>	63,490,690	85,223	175,098	(16,544,529)	47,206,482	3,275,460	50,481,942
Total comprehensive income	-	477,645	48,152	(20,861,888)	(20,336,091)	1,017,430	(19,318,661)
Subscription of new shares	-	-	-	-	-	126,748	126,748
<b>As at 30 September 2012</b>	<u>63,490,690</u>	<u>562,868</u>	<u>223,250</u>	<u>(37,406,417)</u>	<u>26,870,391</u>	<u>4,419,638</u>	<u>31,290,029</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 NINE-MONTHS PERIOD ENDED 30 SEPTEMBER 2012**

(The figures have not been audited)

	<b>9 months ended</b>	
	<b>30.09.2012</b>	<b>30.09.2011</b>
	<b>RM</b>	<b>RM</b>
<b>Cash flows from operating activities</b>		
Loss before taxation:-	(20,021,990)	(429,404)
Loss/(gain) on disposal of property, plant and equipment	2,252	(1,593)
(Gain)/loss on disposal/deemed disposal of investments	(3,693,091)	1,131,045
Loss/(gain) net unrealised foreign exchange	538,680	(233,082)
Depreciation of property, plant and equipment	415,706	432,740
Depreciation of investment property	3,950	3,950
Amortisation of intangible assets	136,893	-
Amortisation of development cost	-	480,518
Recovered/reversal of provision for doubtful debts	-	(993,955)
Impairment loss of trade receivables	25,602,667	-
Impairment loss of available for sale financial assets (Writeback-of-impairment)/impairment of available for sale assets	2,205,127	-
	(4,832,888)	966,578
Reversal/provision for defect liabilities	480,635	633,046
Interest expense	386,051	316,988
Interest income	(168,066)	(114,758)
Operating (loss)/profit before working capital changes	<u>1,055,926</u>	<u>2,192,073</u>
Changes in working capital:		
Inventories	(984,112)	527,697
Debtors	2,994,350	5,378,220
Creditors	(5,037,436)	(4,612,968)
Net cash (used in)/generated from operations	<u>(1,971,272)</u>	<u>3,485,022</u>
Taxes paid	(296,218)	(3,098)
Interest paid	(386,051)	(316,988)
Interest received	168,066	114,758
Net cash (used in)/generated from operating activities	<u>(2,485,475)</u>	<u>3,279,694</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Suscription of shares in subsidiaries by MI	126,748	146,572
Purchase of property, plant and equipment	-	(435,017)
Purchase of intangible assets	3,711	(1,830)
Proceeds from disposal of property, plant and equipment	-	3,125
Proceeds from disposal of marketable securities	6,364,980	576,466
Net cash generated from investing activities	<u>6,495,439</u>	<u>289,316</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Fixed deposits under lien with licensed financial institutions	(102,971)	(90,778)
Repayment of bankers' acceptances and trust receipts	(4,703,528)	(8,230,489)
Drawdown of bankers' acceptances and trust receipts	4,687,097	7,601,547
Repayment of term loan	-	(3,339,112)
Repayment of hire purchase creditors	(27,007)	(86,697)
Net cash used in financing activities	<u>(146,409)</u>	<u>(4,145,529)</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	3,863,555	(576,519)
<b>EFFECT OF FOREIGN EXCHANGE RATES CHANGES</b>	202,939	230,735
<b>CASH AND CASH EQUIVALENTS AT 1 JAN</b>	6,714,529	2,750,873
<b>CASH AND CASH EQUIVALENTS AT 30 SEP</b>	<u>10,781,023</u>	<u>2,405,089</u>
Cash and cash equivalents at the balance sheet date comprise the following:		
Deposits	7,872,077	8,270,458
Less: Deposits pledged	(7,872,077)	(8,270,458)
	-	-
Cash and bank balances	13,635,237	4,919,653
Bank overdraft (Note 22)	(2,854,214)	(2,514,564)
	<u>10,781,023</u>	<u>2,405,089</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)

**EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2012 PURSUANT TO MFRS 134**

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

These condensed consolidated interim financial statements, for the period ended 30 September 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 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.

The Group, for the quarterly financial reporting ended 30 September 2012 has made a full provision for impairment of the outstanding amount due from a related party and certain group of receivable above.

- (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 (loss)/profit for the period

After charging/(crediting):	3 months ended		9 months ended	
	30.09.2012	30.09.2011	30.09.2012	30.09.2011
	RM	RM	RM	RM
Depreciation of property, plant and equipment	144,059	134,413	415,706	432,740
Depreciation of investment properties	1,316	1,316	3,950	3,950
Amortisation of prepaid lease payment	-	-	-	-
Amortisation of intangible assets	58,373	160,433	136,893	480,518
(Gain)/loss on foreign exchange - realised	(2,908)	(59,498)	14,293	(40,983)
Loss/(gain) on foreign exchange - unrealised	19,379	(298,134)	269,340	(233,082)
Loss on deemed disposal of associated company	-	-	-	1,529,471
Impairment loss/(reversal) on trade receivables	25,602,667	1,958	25,602,667	(987,187)
Impairment loss on available for sales assets	2,205,127	-	2,205,127	966,578
Gain on disposal of quoted securities/investment	-	(52,789)	(3,693,091)	(398,426)
Gain on disposal of property, plant and equipment	(2,252)	-	(2,252)	(1,593)
Other income	(1,300)	(2,958)	(2,195)	(4,489)
Dividend income	-	-	(13,132)	(13,314)
Write back of provision for doubtful debts	-	-	-	(6,768)
Write back of impairment for available for sale assets	-	-	(4,832,888)	-
Interest income	(91,124)	(58,172)	(168,066)	(114,758)

#### 5. Seasonality or cyclical of interim operations

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

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

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

#### 7. Material changes in estimates

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

#### 8. Debt and equity securities

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

#### 9. Dividends

There were no dividends paid during the quarter under review.

## 10. Segmental information

Analysis by segments is as follow:-

### By geographical segments:

	3 months ended		9 months ended	
	30.9.2012 RM	30.09.2011 RM	30.9.2012 RM	30.09.2011 RM
<b>Segment revenue</b>				
Malaysia	15,764,099	10,476,320	33,406,533	31,620,836
Overseas	191,259	1,961,734	1,986,436	11,284,642
Total revenue	15,955,358	12,438,054	35,392,969	42,905,478
Inter-segment elimination	(134,988)	(382,100)	(281,228)	(871,083)
External customers	15,820,370	12,055,954	35,111,741	42,034,395
<b>Results</b>				
<b>Operating results</b>				
Malaysia	(26,710,326)	908,746	(17,623,944)	(755,946)
Overseas	(152,440)	(83,992)	(2,011,995)	643,530
	(26,862,766)	824,754	(19,635,939)	(112,416)
Finance costs	(141,293)	(75,658)	(386,051)	(316,988)
(Loss)/profit before tax	(27,004,059)	749,096	(20,021,990)	(429,404)

### By business segments:

	3 months ended		9 months ended	
	30.9.2012 RM	30.09.2011 RM	30.9.2012 RM	30.09.2011 RM
<b>Segment revenue</b>				
Engineering	12,229,281	8,682,452	26,330,795	34,310,173
ICT support services	3,591,089	3,389,369	8,792,548	7,742,231
Investment holding	-	-	-	-
Total revenue	15,820,370	12,071,821	35,123,343	42,052,404
Inter-segment elimination	-	(15,867)	(11,602)	(18,009)
External customers	15,820,370	12,055,954	35,111,741	42,034,395
<b>Results</b>				
<b>Operating results</b>				
Engineering	(25,623,030)	(374,298)	(27,060,928)	1,161,291
ICT support services	1,413,438	1,377,235	2,190,777	1,751,772
Investment holding	(2,653,174)	(178,183)	5,234,212	(3,025,479)
	(26,862,766)	824,754	(19,635,939)	(112,416)
Finance costs	(141,293)	(75,658)	(386,051)	(316,988)
(Loss)/profit before tax	(27,004,059)	749,096	(20,021,990)	(429,404)

## 11. Material subsequent events

Save as disclosed below and in Note 23, there were no other material events subsequent to the end of the current quarter.

- (a) On 5 October 2012, Metronic Global Berhad ("MGB") which owns 51% equity interest in its subsidiary Metronic Icare Sdn Bhd, had entered into a Sale and Purchase Agreement with Zuellig Pharma Specialty Solutions Holdings Pte. Ltd. ("the Purchaser") to dispose off its entire equity interest in Micare to the Purchaser for a total consideration of RM10,199,700 subject to adjustment pursuant to the Sale and Purchase Agreement. Baring any unforeseen circumstances, full completion of the disposal is expected to be within 15 months from the date of the Agreement.
- (b) MGB's wholly owned subsidiary, Metronic Engineering Sdn Bhd ("MESB"), was notified by the solicitors that MH Project Sdn Bhd ("MH"), main contractor for a project previously undertaken by MESB has been put into winding-up by the Court. MH owed MESB RM44,450,738. The Company, for the quarterly financial reporting ended 30 September 2012 has made a full provision for impairment of the outstanding amount due from MH.

## 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 November 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 RM4,548,696 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
Withdrawal of performance and financial guarantees issued by bank to third parties	(1,977,842)

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 RM15.82 million for the current quarter under review, which is RM3.76 million or 31.2% higher than the corresponding quarter of RM12.06 million in the previous financial year, mainly attributed to higher revenue generated from engineering segment due to higher progress billing issued during the period.

Despite recorded higher revenue, the Group posted loss before taxation of RM27.01 million, representing a decline of RM27.75 million compared to the profit before tax of RM749 thousand for the corresponding quarter in the previous year. The unfavourable results recorded during the current quarter mainly due to inclusion of a provision for impairment loss of trade receivable of RM25.60 million and a provision for impairment loss of available for sale assets of RM2.21 million.

Engineering segment recorded a revenue of RM12.23 million for the current quarter which comprises of a revenue from contracts related to building management system, building automation system and extra low voltage system works amounting to RM5.67 million. The amount was higher than the amount recorded in the previous year corresponding quarter of RM8.68 million due to higher progress billing issued in the current quarter.

Engineering segment however recorded a loss before tax of RM25.62 million as compared to previous year loss of RM374 thousand mainly due to inclusion of a provision for impairment loss of trade receivable amounting RM25.60 million accounted during the current period under review.

ICT segment recorded improvement in its performance by registering an increase in revenue of RM3.59 million or 6.2% and profit before tax of RM1.41 million or 2.17% respectively.

Investment holding segment has recorded a loss of RM2.65 million, higher than the amount recorded in the previous year of RM178 thousand mainly attributed to a provision for impairment loss of available for sale assets of RM2.21 million recognised during the current period under review.

##### Year-to-date

The Group recorded revenue of RM35.11 million for the current financial period under review, which is RM6.92 million or 16.5% lower than the revenue of RM42.03 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 have been completed or towards completion.

The Group recorded loss before taxation of RM20.02 million as compared to a loss before taxation of RM429 thousand recorded in the previous year corresponding period. The unfavourable performance was mainly due to a provision for impairment loss of trade receivable of RM25.60 million and a provision for impairment loss of available for sale assets of RM2.21 million recorded in the current period under review.

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

The Group recorded a revenue of RM15.82 million for the current quarter ended 30 September 2012 compared to RM9.98 million in the preceding quarter ended 30 June 2012, representing an increase of RM5.84 million or 58.5%, mainly due to an increase of RM4.35 million or 55.0% in revenue from its engineering segment and an increase of RM1.49 million or 72.6% increase in revenue from its ICT support services segment.

The Group recorded loss before tax of RM31.28 million for the current quarter ended 30 September 2012 as compared to a profit of RM41 thousand recorded in the preceding quarter ended 30 June 2012. Included in the current quarter under review were a provision for impairment loss of trade receivable of RM25.60 million and a provision for impairment loss in available for sale assets of RM2.21 million.

## 18. Current year prospects

Looking forward, the Group's revenue will continue to be mainly contributed by its core business of providing engineering solutions in relation to Intelligent Building Management System ("IBMS") and Integrated Security Management System ("ISMS"), 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 30.09.2012 RM	9 months ended 30.09.2012 RM
Income tax expense:		
Malaysian income tax	-	(251,532)
Deferred tax	6,000	74,000
	<u>6,000</u>	<u>(177,532)</u>

## 21. Status of corporate proposals

Save as disclosed in Note 11, there was no other corporate proposal announced but not completed as at the date of this announcement.

## 22. Borrowings and debt securities

The Group's total borrowings, all of which were secured, as at 30 September 2012 were as follows:-

	As at 30.09.2012 RM
<b>Current</b>	
Bank overdraft	
Denominated in RM	2,741,345
Denominated in INR	112,870
	2,854,215
Bankers' acceptances (Denominated in RM)	3,387,055
Hire purchase payables (Denominated in RM)	11,899
Obligations under finance leases (Denominated in RM)	89,479
<i>Sub-total</i>	<u>6,342,648</u>
<b>Non-Current</b>	
Obligations under finance leases (Denominated in RM)	1,606
Hire purchase payables (Denominated in RM)	21,723
<i>Sub-total</i>	<u>23,329</u>
Total loans and borrowings	<u>6,365,977</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 Company has filed the appeal and case management will be held on 16 January 2013.

- (b) 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.

- (c) 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.

### 23 (c) Changes in material litigation (cont'd)

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 30.09.2012	9 months ended 30.09.2012
(Loss)/profit attributable to owners of the parent (RM)	(27,716,415)	(20,861,888)
Weighted average number of ordinary shares in issue	634,906,903	634,906,903
(Loss)/profit per share (sen)		
- Basic	(4.37)	(3.29)
- Diluted	(4.37)	(3.29)

### 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 30.09.2012 RM	As at 31.12.2011 RM
Total accumulated losses		
- Realised	(29,282,184)	(9,884,688)
- Unrealised	1,689,133	2,136,098
	(27,593,051)	(7,748,590)
Less: Consolidation adjustments	(9,813,366)	(8,795,939)
Accumulated loss as per consolidated accounts	(37,406,417)	(16,544,529)

### 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 November 2012.