METRONIC GLOBAL BERHAD

(Company No.: 632068-V)
(Incorporated in Malaysia under the Companies Act, 1965)

INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER ENDED

31 DECEMBER 2012

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

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012
(The figures have not been audited)

		Individual quarter		Cumulative quarter	
	Note	**31.12.2012 RM**	**31.12.2011 RM**	**31.12.2012 RM**	**31.12.2011 RM**
Revenue		9,817,677	14,599,216	36,136,870	56,633,612
Cost of sales		(7,123,192)	(5,907,765)	(25,178,153)	(30,746,941)
Gross profit		2,694,485	8,691,451	10,958,717	25,886,671
Other operating income		(1,306,495)	119,376	7,219,784	1,528,097
Administration expenses		(5,362,724)	(1,644,465)	(7,999,724)	(5,155,276)
Other operating expenses		(360,748)	(9,704,023)	(36,494,823)	(25,029,341)
Finance costs		(80,679)	(99,596)	(456,130)	(416,584)
Interest income		37,392	120,249	191,240	240,022
	4	(4,378,769)	(2,517,008)	(26,580,936)	(2,946,411)
Income tax (expense)/income	20	(47,311)	(1,087,507)	130,221	(1,217,474)
Net loss for the period from - continued operations		(4,426,080)	(3,604,515)	(26,450,715)	(4,163,885)
Discontinued operations					
(Loss)/profit for the period from - discontinued operations	21	(1,060,592)	-	1,119,585	-
Net loss for the period		(5,486,672)	(3,604,515)	(25,331,130)	(4,163,885)
Net loss attributable to:					
Owners of the Company		(5,019,751)	(3,604,515)	(25,881,639)	(5,061,489)
Minority interests		(466,921)	-	550,509	897,604
		(5,486,672)	(3,604,515)	(25,331,130)	(4,163,885)
Basic loss per share attributable to equity holders of the Company (sen):					
Basic		(0.79)	(0.57)	(4.08)	(0.80)
Diluted		(0.79)	(0.57)	(4.08)	(0.80)

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 FOURTH QUARTER ENDED 31 DECEMBER 2012
(The figures have not been audited)

	Individual quarter		Cumulative quarter	
	31.12.2012	**31.12.2011**	**31.12.2012**	**31.12.2011**
	RM	**RM**	**RM**	**RM**
Net (loss)/profit from:-				
- continued operations	(4,426,080)	(3,604,515)	(26,450,715)	(4,163,885)
- discontinued operations	(1,060,592)	-	1,119,585	-
Net loss for the period	(5,486,672)	(3,604,515)	(25,331,130)	(4,163,885)
Other comprehensive (loss)/income				
Financial assets, available-for-sale assets				
- fair value changes	-	21,887	-	(462,927)
- transfer to profit and loss upon disposal	(223,250)	-	(175,098)	(375,875)
Revaluation reserve				
- fair value changes	12,550,007	-	12,550,007	-
Foreign currrency translation profit	286,339	109,394	763,984	24,074
Other comprehensive loss for the period, net of tax	12,613,096	131,281	13,138,893	(814,728)
Total comprehensive income for the period, net of tax	7,126,424	(3,473,234)	(12,192,237)	(4,978,613)
Total comprehensive income attributable to:				
Owners of the Company	7,593,345	(3,473,234)	(12,742,746)	(5,876,217)
Non-controlling interests	(466,921)	-	550,509	897,604
	7,126,424	(3,473,234)	(12,192,237)	(4,978,613)

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 31 DECEMBER 2012
(The figures have not been audited)

	Note	As at 31.12.2012 RM	(Audited) As at 31.12.2011 RM
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		22,579,525	10,555,548
Investment properties		510,423	393,415
Intangible assets		4,877	248,160
Other investments		94,000	94,000
Available-for-sale assets		19,976,859	20,022,140
Deferred tax assets		8,016,318	8,609,167
		51,182,002	39,922,430
CURRENT ASSETS			
Inventories		1,299,421	1,155,569
Trade receivables		19,697,322	87,266,836
Other receivables		3,645,049	4,816,530
Short term deposits		6,100,923	7,769,106
Cash & bank balances		2,580,715	9,145,757
Assets of disposal company/non-current assets classified as held for sale		44,039,656	-
TOTAL ASSETS		128,545,088	150,076,228
EQUITY AND LIABILITIES			
Share capital		63,490,690	63,490,690
Revaluation reserve		12,550,007	-
Available-for-sale reserve		-	175,098
Foreign currency translation reserve		849,205	85,222
Accumulated loss		(42,426,168)	(16,544,527)
Equity attributable to owners of the Company		34,463,734	47,206,483
Minority interests		3,952,716	3,275,460
TOTAL EQUITY		38,416,450	50,481,943
NON-CURRENT LIABILITIES			
Bank borrowings		-	173,821
CURRENT LIABILITIES			
Trade payables		35,678,320	72,717,478
Other payables		14,166,396	19,826,922
Bank borrowings	23	3,853,674	5,731,454
Provision for taxation		191,125	1,144,610
		53,889,515	99,420,464
Liabilities associated with assets classified as held for sale		36,239,123	-
TOTAL LIABILITIES		90,128,638	99,594,285
TOTAL EQUITY AND LIABILITIES		128,545,088	150,076,228

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 TWELVE-MONTHS YEAR ENDED 31 DECEMBER 2012
(The figures have not been audited)

	Attributable to owners of the Company							
	Non-Distributable Reserve				Distributable Reserve			
	Share Capital RM	Revaluation Reserve RM	Available-for-sale Reserve RM	Foreign Currency Translation Reserve RM	Retained Earning/ (Accumulated Loss) RM	Total RM	Minority Interests RM	Total Equity RM
As at 1 January 2011	63,490,690	-	1,013,900	85,319	(11,483,038)	53,106,871	2,234,215	55,341,086
Total comprehensive loss	-	-	(838,802)	(97)	(5,061,489)	(5,900,388)	897,604	(5,002,784)
Disposal of shares in a subsidiary	-		-	-	-	-	143,641	143,641
As at 31 December 2011	63,490,690	-	175,098	85,222	(16,544,527)	47,206,483	3,275,460	50,481,943
As at 1 January 2012	63,490,690	-	175,098	85,222	(16,544,527)	47,206,483	3,275,460	50,481,943
Total comprehensive income	-	12,550,007	(175,098)	763,983	(25,881,641)	(12,742,749)	550,508	(12,192,241)
Subscribtion of new shares	-		-	-	-	-	126,748	126,748
As at 31 December 2012	63,490,690	12,550,007	-	849,205	(42,426,168)	34,463,734	3,952,716	38,416,450

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 TWELVE-MONTHS PERIOD ENDED 31 DECEMBER 2012
(The figures have not been audited)

	12 months ended	
	31.12.2012	**31.12.2011**
CASH FLOWS FROM OPERATING ACTIVITIES	**RM**	**RM**
Loss before taxation from:-		
Continued operations	(26,580,936)	(2,946,411)
Discontinued operations	1,119,585	-
Adjustments for :-		
Loss/(gain) on disposal of property, plant and equipment	2,253	(285)
Gain on disposal/deemed disposal of investments	(3,693,091)	(398,426)
Loss on disposal of an associate	-	1,529,471
Loss/(gain) net unrealised foreign exchange	319,847	(164,667)
Depreciation of property, plant and equipment	558,190	618,386
Depreciation of investment property	4,389	5,267
Amortisation of intangible assets	160,853	597,201
Provision for doubtful debts	9,770	-
Impairment loss of trade receivables	26,076,707	2,192,035
Provision for compensation loss of contract cost	-	2,487,237
Write back of impairment loss for trade receivable	-	(1,116,597)
Bad debt written off	-	44,708
(Write back of impairment)/impairment of available for sale assets	(3,524,409)	966,578
Reversal/provision for defect liabilities	616,851	849,026
Write-down of inventories	128,495	452,860
Finance cost	470,263	416,584
Interest income	(205,457)	(240,022)
Operating (loss)/profit before working capital changes	(4,536,690)	5,292,945
Changes in working capital:		
Inventories	(272,346)	775,828
Receivables	16,234,446	1,282,597
Payables	(7,106,755)	1,823,110
Net cash generated from operations	4,318,655	9,174,480
Taxes paid	(603,958)	(488,451)
Interest paid	(470,263)	(416,584)
Interest received	205,457	240,022
Net cash generated from operating activities	3,449,891	8,509,467
CASH FLOWS FROM INVESTING ACTIVITIES		
Suscription of shares in subsidiaries by MI	126,748	-
Purchase of property, plant and equipment		(136,786)
Purchase of intangible assets	4,123	(12,062)
Proceeds from disposal of property, plant and equipment	-	2,525
Proceeds from disposal of marketable securities	6,753,673	720,106
Net cash generated from investing activities	6,884,544	573,783
CASH FLOWS FROM FINANCING ACTIVITIES		
Withdrawal of fixed deposits under lien with licensed financial institutions	613,183	318,987
Repayment of bankers' acceptances and trust receipts	(8,862,207)	(9,508,620)
Drawdown of bankers' acceptances and trust receipts	7,509,597	7,601,547
Repayment of term loan	-	(3,339,112)
Repayment of hire purchase creditors	(50,337)	(114,745)
Net cash used in financing activities	(789,764)	(5,041,943)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	9,544,671	4,041,307
EFFECT OF FOREIGN EXCHANGE RATES CHANGES	(86,301)	(169,238)
CASH AND CASH EQUIVALENTS AT 1 JAN	6,714,529	3,532,053
CASH AND CASH EQUIVALENTS AT 31 DEC	16,172,899	7,404,122
Cash and cash equivalents at the balance sheet date comprise the following:		
Deposits	6,100,923	689,594
Less: Deposits pledged	(5,300,923)	-
	800,000	689,594
Cash and bank balances	2,580,715	9,145,757
Bank overdraft (Note 22)	(1,946,895)	(2,431,229)
	1,433,820	7,404,122
Including Cash & cash equivalents classified as held for sale	14,739,079	-
	16,172,899	7,404,122

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.

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012 PURSUANT TO MFRS 134

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

These condensed consolidated interim financial statements, for the year ended 31 December 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 MRFS annual financial statements for the year ending 31 December 2012. MFRS 1 First Time-Adoption of Malaysian Financial Reporting Standards ("MRFS 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 transaction 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 MRFS 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 31December 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 31.12.2012 RM	3 months ended 31.12.2011 RM	12 months ended 31.12.2012 RM	12 months ended 31.12.2011 RM
Depreciation of property, plant and equipment	142,484	153,141	558,190	585,881
Depreciation of investment properties	439	1,317	4,389	5,267
Amortisation of prepaid lease payment	-	-	-	-
Amortisation of intangible assets	23,960	102,773	160,853	583,291
(Gain)/loss on foreign exchange - realised	(6,029)	100,451	8,264	59,468
(Gain)/loss on foreign exchange - unrealised	(109,416)	68,415	159,924	(164,667)
(Gain)/Loss on deemed disposal of associated company	(200,463)	-	(200,463)	1,529,471
Impairment loss/(reversal) on trade receivables	474,040	2,707,855	26,076,707	1,720,668
Impairment loss on available for sales assets	-	-	-	966,578
Loss/(gain) on disposal of quoted securities/investment	-	796,852	(3,693,091)	398,426
Loss/(gain) on disposal of property, plant and equipment	-	1,878	(2,252)	285
Other income	(2,964)	17,278	(5,159)	12,789
Dividend income	-	13,314	(13,132)	-
Write back of provision for doubtful debts	-	6,768	-	-
Write back of impairment for available for sale assets	(896,648)	-	(3,524,409)	-
Interest income	(37,391)	354,780	(205,457)	240,022

5. Seasonality or cyclicality 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		12 months ended	
	31.12.2012	**31.12.2011**	**31.12.2012**	**31.12.2011**
	RM	**RM**	**RM**	**RM**
Segment revenue				
Malaysia	9,115,681	13,664,705	33,729,666	45,285,541
Overseas	701,996	1,088,114	2,688,432	12,372,756
Total revenue	9,817,677	14,752,819	36,418,098	57,658,297
Inter-segment elimination	-	(153,602)	(269,626)	(1,024,685)
Continued operations	9,817,677	14,599,217	36,148,472	56,633,612
Discontinued operation	1,671,580	-	10,464,128	-
External customers	11,489,257	14,599,217	46,612,600	56,633,612
Results				
Operating results				
Malaysia	(4,455,700)	(1,972,265)	(24,270,421)	(2,728,211)
Overseas	157,611	(445,146)	(1,854,384)	198,384
	(4,298,089)	(2,417,411)	(26,124,805)	(2,529,827)
Finance costs	(70,079)	(99,596)	(456,130)	(416,584)
Profit/(loss) before tax				
-Continued operations	(4,368,168)	(2,517,007)	(26,580,935)	(2,946,411)
(Loss)/profit before tax				
-Discontinued operation	(1,071,192)	-	1,119,585	-
Loss before tax	(5,439,360)	(2,517,007)	(25,461,350)	(2,946,411)

By business segments:

	3 months ended		12 months ended	
	31.12.2012	**31.12.2011**	**31.12.2012**	**31.12.2011**
	RM	**RM**	**RM**	**RM**
Segment revenue				
Engineering	9,817,677	12,322,995	36,148,472	46,633,168
ICT support services	-	2,284,246	-	10,026,477
Investment holding	-	-	-	-
Total revenue	9,817,677	14,607,241	36,148,472	56,659,645
Inter-segment elimination	-	(8,024)	-	(26,033)
Continued operations	9,817,677	14,599,217	36,148,472	56,633,612
Discontinued operations	1,671,580	-	10,464,128	-
External customers	11,489,257	14,599,217	46,612,600	56,633,612
Results				
Operating results				
Engineering	(708,372)	(104,948)	(27,769,300)	1,056,343
ICT support services	-	386,471	-	2,138,243
Investment holding	(3,589,717)	(2,698,934)	1,644,495	(5,724,413)
	(4,298,089)	(2,417,411)	(26,124,805)	(2,529,827)
Finance costs	(70,079)	(99,596)	(456,130)	(416,584)
Profit/(loss) before tax				
-Continued operations	(4,368,168)	(2,517,007)	(26,580,935)	(2,946,411)
(Loss)/profit before tax				
-Discontinued operations	(1,071,192)	-	1,119,585	-
Loss before tax	(5,439,360)	(2,517,007)	(25,461,350)	(2,946,411)

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) MGB, on 4 February 2013, in relation to announcements made on 5 October 2012, 10 October 2012 and 24 December 2012 announced that it had received a letter from Zuellig Pharma Specialty Solutions Holdings Pte Ltd ("the Purchaser") notifying the extension of the Cut-Off Date for the proposed disposal to 28 February 2013.

The MGB, subsequently on 15 February 2013, announced that it had received a letter from Bursa Malaysia Berhad ("Bursa") on 9 October 2012 informing that, inter alia, pursuant to paragraph 10.08(11)(d) of the Main Market Listing Requirement ("Main LR"), the proposed disposal is a related party transaction by virtue of Mohd Kamal bin Omar's (a director of MGB at the time) interest in Micare. The Company under paragraph 10.08(2), is therefore required to obtain its shareholders' approval at a General Meeting and appoint an independant adviser.

MGB, on 15 February 2013, also announced that it had entered into an Amendment Agreement with the Purchaser which the detail can be referred to the said announcement.

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 February 2013 (the latest practicable date which is not earlier than 7 days from the date of issue of this quarterly report) are as follows:

(a) Performance and financial guarantees totalling RM8,910,078 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	2,383,540

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.

16. Performance review

Current Quarter

The Group recorded revenue of RM11.49 million for the current quarter under review, which is RM3.11 million or 21.3% lower than the corresponding quarter of RM14.60 million in the previous financial year, mainly attributed to lower revenue generated from engineering segment of RM3.55 million or 38.1% due to lower progress billing issued during the period. A total of RM1.67 million revenue generated during the period under review above was from Micare which is classified as discontinued operation.

The Group posted loss before taxation of RM5.44 million as compared to RM2.51 million recorded in the corresponding quarter in the previous year. The unfavourable performance registered during the period mainly due to lower revenue as well as legal and professional fees and disbursements of RM4.3 million incurred in prior quarter in relation to a legal disputes for its China operation expensed off during the current quarter.

Engineering segment recorded a revenue of RM9.8 million for the current quarter which comprises of RM5.78 million revenue from contracts related to building management system, building automation system and extra low voltage system works. The amount was lower than the amount recorded in the previous year corresponding quarter of RM9.06 million due to lower progress billing issued in the current quarter as most of its major projects were completed during previous financial period or towards completion.

ICT segment recorded a revenue of RM1.67 million during current period under review decreased by 26.8% compared to previous year corresponding quarter of RM2.28 million due to lower renewal volume in the current quarter.

Year-to-date

The Group recorded total revenue of RM46.6 million for the current financial period under review, which is RM10 million or 17.7% lower than the revenue of RM56.63 million recorded in the previous financial period, mainly attributed to lower revenue generated from engineering segments due to lesser work order and several of its major projects have been completed or towards completion.

The Group recorded loss before taxation of RM25.46 million as compared to a loss before taxation of RM2.95 million recorded in the previous year. The unfavourable performance was mainly due to a provision for impairment loss of its long outstanding trade receivable due from MH Project Sdn Bhd of RM25.60 million and a legal and professional fees and disbursements of RM4.3 million incurred in relation to legal disputes for its China operation expensed off 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 RM11.49 million for the current quarter ended 31 December 2012 compared to RM15.82 million in the preceding quarter ended 30 September 2012, representing a decrease of RM4.33 million or 27.4%, mainly due to a decrease in revenue from its engineering segment of about RM3.55 million.

The Group recorded loss before tax of RM5.44 million for the current quarter ended 31 December 2012 as compared to a loss of RM27.00 million recorded in the preceding quarter ended 30 September 2012. Included in the previous quarter results was a provision for impairment loss of long outstanding trade receivable due from MH Project Sdn Bhd of RM25.60 million.

18. Current year prospects

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

The Board is mindful that the forthcoming year remains to be a challenging one for the Group’s Engineering Division in view of the intense competition that lies ahead. The Group is exploring other opportunities besides continue to focus on the IBMS and ISMS projects in order to build up a strong order book. Nevertheless, the Group will continue taking various measures to enhance its operational efficiency and effective cost management in order to improve the performance of the Group for the year 2013.

The Group also undertake to rationalize its available asset and investments towards optimising returns.

19. Profit forecast or profit guarantee

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

20. Taxation

	3 months ended 31.12.2012	12 months ended 31.12.2012
	RM	RM
Income tax expense:		
Malaysian income tax	-	(251,532)
Deferred tax	47,311	121,311
	47,311	(130,221)

21. Discontinued operations/Disposal of subsidiary

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

	3 months ended 31.12.2012	12 months ended 31.12.2012
Results of discontinued operations		
Revenue	1,671,580	10,464,128
Expenses	(2,733,152)	(9,361,635)
(Loss)/profit for the period	(1,060,592)	1,119,585
Cash flows from/(used in) discontinued operation/disposed subsidiary		
Net cash generated from operating activities		10,556,253
Net cash used in financing activities		(229,687)
Effect on cashflows		10,326,566
Effect of disposal on the financial position of the Group		
Property, plany and equipment		657,486
Intangible assets		78,307
Trade receivables		26,781,044
Other receivables		728,743
Trade and other payables		(36,239,123)
Net assets and liabilities		(7,993,544)
Cash and cash equivalents disposed of		15,794,077
Net assets disposed off		7,800,533

22. Status of corporate proposals

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

23. Borrowings and debt securities

The Group's total borrowings, all of which were secured, as at 31 December 2012 were as follows:-

	As at 31.12.2012 RM
Current	
Bank overdraft	
Denominated in RM	1,836,451
Denominated in INR	110,444
	1,946,895
Bankers' acceptances (Denominated in RM)	1,805,401
Hire purchase payables (Denominated in RM)	11,899
Obligations under finance leases (Denominated in RM)	89,479
Total	3,853,674

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 2011, except as disclosed below:

(a) Federal Court Suit No. 02(f)-58-08/2012(B)
Metronic Global Berhad ("MGB") vs. Cworks Systems Berhad

MGB had engaged Cworks to develop prototype software for China National Product & Services Codes Company. However, it is MGB's position that Cworks had failed to develop and deliver the prototype but had claimed RM1,751,617.27 for performance of the contract. Judgment monies had been paid to Cworks pursuant to the order of the High Court. The Court of Appeal affirmed the decision of the High Court. Leave was granted by the Federal Court for MGB to appeal against the decision of the High Court and Court of Appeal.

Federal Court has fixed 11.4.2013 for hearing of MGB's appeal.

(b) Shah Alam High Court Suit No. 22NCVC-881-2011
Digistar Holding Sdn Bhd vs. MESB

This is a claim against MESB for outstanding monies for the total amount of RM1,648,317.27 in respect of New Alor Setar Hospital Project.

The case has been fixed for trial on 6.5.2013 and 7.5.2013.

24. Changes in material litigation (cont'd)

(c) Kuala Lumpur High Court Suit No. 22NCC-1434-2011
D'care Solutions Sdn Bhd vs. MESB

This is a claim against MESB for outstanding monies for the amount of RM208,000.00 in respect of the New Alor Setar Hospital Project.

The High Court on 29.1.2013 entered judgment in favour of D'care Solutions Sdn Bhd for RM208,344.15 with interest at the rate of 5% from the date of filing of writ on 22.8.2011 and costs.

MESB has decided to appeal against the decision to the Court of Appeal.

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

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

Notice of Interrogatory dated 16.11.2012 was served on the Plaintiff on 19.11.2012.

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

(e) Kuala Lumpur High Court Suit No. S2-22-382-2010
MESB & 2 Ors vs. United Malaysian Medical Industries Sdn Bhd & 4 Ors

The Plaintiffs allege that the 2nd and 3rd Defendant presume that the 1st Plaintiff is indebted to them for payments under the New Alor Setar Hospital Project. The Defendants had appointed the 5th Defendant as debt collector/collecting agent for the payments.

The Plaintiffs pray for an injunction restraining the Defendants and/or their employees and/or their debt collector and/or their agents from, among others, making any threats, intimidation, disturbance, using force against the Plaintiffs and trespass against the premises of 1st and 2nd Plaintiff as well as the residence of the 3rd Plaintiff.

The Plaintiffs claims for, among others, damages of RM1,000,000.00 for trespass made to the premises of the 1st and 2nd Plaintiffs and to the residence of the 3rd Plaintiff; damages of RM2,000,000.00 for the losses caused to the business of the 1st and 2nd Plaintiffs and exemplary damages of RM1,000,000.00. The Defendant has a counter-claim for, among others, a declaration that the 1st and 2nd Defendants is entitled to a sum of RM2,336,625.10 and for the Plaintiffs to pay the said sum to the 1st and 2nd Defendants. In the alternative, MH Project to pay the 1st and 2nd Defendants the said RM2,336,625.10.

Trial has been fixed on 25, 26, 29 and 30 April 2013.

(f) Kuala Lumpur High Court Suit No. 22NCVC-977-08/2012
MGB vs. EV-Dynamic Sdn Bhd ("EVD")

MGB and EVD had, on 13.8.2007 entered into a Joint Venture Agreement ("JVA") to bid for the electrified double tracking project. The project was awarded to the parties however MGB was not in a position of coming out with the Bank Guarantee which was MGB's responsibility under the JVA. MGB subsequently opted out but claimed for work done at rate of 60% on all monies due to MGB. MGB's claim for work done is RM1,757,084.30 and RM3,000,000.00 being exit consideration fees for the exit of a joint venture project.

EVD has filed a counter-claim against MGB for RM1,500,000.00 and interest for various alleged breaches by MGB under the JVA. A mediation was held on 4.1.2013.

The case was resolved. MGB had withdrawn the suit against EVD on 21.1.2013 with no order as to cost and likewise EVD have withdrawn their counter-claim against MGB with no order as to cost.

24. Changes in material litigation (cont'd)

(g) Metronic Microsystem (Beijing) Co. Ltd [MMBCL] vs Li Jichang

In 2009, MMBCL lodged a lawsuit against a former director of MGB, Li Jichang, requiring him to return the business license and official seal.

The Beijing Daxing People's Court the court of first instance and the Beijing First Intermediate People's Court, the court of second instance made judgements to support the claims of MMBCL in February 2010 and June 2010 respectively. In August 2010, MMBCL applied to enforce the judgement but failed to get the business license and official seal.

In October 2010, Li Jichang applied to Beijing Higher People's Court for retrial. In March 2012 Beijing Higher People's Court made a Civil Order (Gao Min Shen Zi [2010] No. 02077) and designed the Beijing First Intermediate People's Court to retrial.

The case was first heard on 11 July 2012. Presently the case has been adjourned.

(h) Li Jichang vs MGB and MMBCL

Li Jichang has served through the Consular Office of the Embassy of the People's Republic of China in Malaysia litigation documents consisting of Summons for Evidence Exchange, Summons for Court Session, Notice of Evidence Production, Notice of Appearance, Notice of Panel Members, Complaint and Evidence Submitted by the Plaintiff.

The complaint is in respect of dispute on the return of property and the Plaintiff claims against MGB compensation in the amount of RMB Y 30 million (equivalent to RM14.2 million based on exchange rate of 0.4735 as at 8 August 2011) and MMBCL to assume joint responsibility for the payment. The Plaintiff also wants the Defendants to bear the legal costs of the proceedings.

In essence, the Plaintiff alleges as follows:-

On 12 November 2004 the Plaintiff and MGB entered into an “Agreement on Adjustment and Accelerated Establishment of Metronic China Company” [Agreement].
On 17 August 2004 a Cooperation Agreement was signed by and between MMBCL, Zhongbiao National Products and Services Uniform Code Management Centre Co. Ltd, Beijing Xinyun Communication Co. Ltd and Infocon (Beijing) Environment Control Technology Company Limited.

MGB denies the allegations and appointed solicitors to defend the case. MGB's former Managing Director, Dr Ng Tek Che had, on 8 December 2009, lodged a police report that the Agreement presented by the Plaintiff is a forgery and had denied the contents of the Agreement. MGB's solicitor is of the opinion that MGB may bear the risk to pay RMB 10,000,000.00 if the Court affirms that the Agreement is valid. As this case is still at first instance, in the event of such unfavourable outcome MGB still has the right to appeal.

MGB had, on 8 November 2012, received a letter from Li Jichang's lawyer proposing for the matters in 5(i) and (j) above to be resolved by mediation. MGB then wrote agreeing for a discussion to be held in Kuala Lumpur.

25. Off Balance Sheet financial instruments

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

26. Dividends

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

27. Earnings per share

	3 months ended 31.12.2012	12 months ended 31.12.2012
(Loss)/profit attributable to owners of the parent (RM)	(5,019,751)	(25,881,639)
Weighted average number of ordinary shares in issue	634,906,903	634,906,903
(Loss)/profit per share (sen)		
- Basic	(0.79)	(4.08)
- Diluted	(0.79)	(4.08)

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 31.12.2012 RM	As at 31.12.2011 RM
Total accumulated losses		
- Realised	(36,157,944)	(9,884,688)
- Unrealised	(412,988)	2,136,098
	(36,570,932)	(7,748,590)
Less: Consolidation adjustments	(5,855,235)	(8,795,939)
Accumulated loss as per consolidated accounts	(42,426,167)	(16,544,529)

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 28 February 2013.