



METRONIC GLOBAL BERHAD

(Company No. : 632068-V)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER ENDED

30 JUNE 2013

METRONIC GLOBAL BERHAD (632068-V)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS
FOR THE SECOND QUARTER ENDED 30 JUNE 2013**

(The figures have not been audited)

	Note	Individual quarter		Cumulative quarter	
		30.06.2013 RM	30.06.2012 RM	30.06.2013 RM	30.06.2012 RM
Revenue		7,750,154	9,976,379	18,705,060	19,291,371
Cost of sales		(4,784,475)	(5,266,270)	(10,519,978)	(8,700,410)
Gross profit		2,965,679	4,710,109	8,185,082	10,590,961
Other operating income		8,822,705	1,799,023	8,823,932	8,526,874
Administration expenses		(3,348,416)	(1,916,930)	(4,782,265)	(3,079,553)
Other operating expenses		(2,863,976)	(4,451,472)	(7,659,487)	(8,888,397)
Finance costs		(61,320)	(138,952)	(147,823)	(244,758)
Interest income		43,021	39,162	74,941	76,942
	4	5,557,693	40,940	4,494,380	6,982,069
Income tax expense	20	(104,119)	184,139	(104,119)	183,532
Net profit for the period		<u>5,453,574</u>	<u>225,079</u>	<u>4,390,261</u>	<u>7,165,601</u>
Net profit/(loss) attributable to:					
Owners of the Company		5,577,928	362,146	4,469,816	6,854,527
Non-controlling interests		(124,354)	(137,067)	(79,555)	311,074
		<u>5,453,574</u>	<u>225,079</u>	<u>4,390,261</u>	<u>7,165,601</u>
Basic earnings per share attributable to equity holders of the Company (sen):					
Basic		0.88	0.06	0.70	1.08
Diluted		0.88	0.06	0.70	1.08

The condensed consolidated income statements should be read in conjunction with the annual financial statements for the year ended 31 December 2012 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 2013**

(The figures have not been audited)

	Individual quarter		Cumulative quarter	
	30.06.2013 RM	30.06.2012 RM	30.06.2013 RM	30.06.2012 RM
Net profit for the period	5,453,574	225,079	4,390,261	7,165,601
Other comprehensive income				
Financial assets, available-for-sale assets - fair value changes	(375,660)	(374,159)	-	2,001,119
Foreign currency translation profit/(loss)	377,668	(29,319)	308,374	102,529
Other comprehensive income for the period, net of tax	2,008	(403,478)	308,374	2,103,648
Total comprehensive income for the period, net of tax	<u>5,455,582</u>	<u>(178,399)</u>	<u>4,698,635</u>	<u>9,269,249</u>
Total comprehensive income attributable to:				
Owners of the Company	5,579,936	(41,332)	4,778,190	8,958,175
Non-controlling interests	(124,354)	(137,067)	(79,555)	311,074
	<u>5,455,582</u>	<u>(178,399)</u>	<u>4,698,635</u>	<u>9,269,249</u>

The condensed consolidated income statements should be read in conjunction with the annual financial statements for the year ended 31 December 2012 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 2013**

(The figures have not been audited)

	Note	As at 30.06.2013 RM	(Audited) As at 31.12.2012 RM
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		21,968,538	22,575,402
Investment properties		510,423	510,423
Intangible assets		4,877	4,877
Other investments		94,000	94,000
Available-for-sale assets		23,996,679	19,976,859
Deferred tax assets		8,078,111	8,079,318
		54,652,628	51,240,879
CURRENT ASSETS			
Inventories		1,725,847	1,299,421
Trade receivables		10,218,497	19,729,267
Other receivables		4,916,548	3,937,049
Short term deposits		11,908,866	6,100,923
Cash & bank balances		2,924,037	2,580,715
		31,693,795	33,647,375
Assets of disposal company/non-current assets classified as held for sale		-	49,490,663
TOTAL ASSETS		86,346,423	134,378,917
EQUITY AND LIABILITIES			
Share capital		63,490,690	63,490,690
Revaluation reserve		12,093,636	12,613,007
Foreign currency translation reserve		1,157,579	849,205
Accumulated loss		(39,328,783)	(42,438,291)
Equity attributable to owners of the Company		37,413,122	34,514,611
Minority interests		48,948	3,952,716
TOTAL EQUITY		37,462,070	38,467,327
NON-CURRENT LIABILITIES			
Bank borrowings	22	-	38,125
CURRENT LIABILITIES			
Trade payables		30,105,047	35,710,264
Other payables		14,787,154	14,174,395
Bank borrowings		3,978,854	3,815,549
Provision for taxation		13,298	191,125
		48,884,353	53,891,333
Liabilities associated with assets classified as held for sale		-	41,982,132
TOTAL LIABILITIES		48,884,353	95,911,590
TOTAL EQUITY AND LIABILITIES		86,346,423	134,378,917

The condensed consolidated income statements should be read in conjunction with the annual financial statements for the year ended 31 December 2012 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 YEAR ENDED 30 JUNE 2013**

(The figures have not been audited)

	← Attributable to owners of the Company →					Total RM	Minority Interests RM	Total Equity RM
	← 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			
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 loss	-	12,613,007	(175,098)	763,983	(25,893,764)	(12,691,872)	550,508	(12,141,364)
Disposal of shares in a subsidiary	-	-	-	-	-	-	126,748	126,748
As at 31 December 2012	<u>63,490,690</u>	<u>12,613,007</u>	<u>-</u>	<u>849,205</u>	<u>(42,438,291)</u>	<u>34,514,611</u>	<u>3,952,716</u>	<u>38,467,327</u>
As at 1 January 2013	63,490,690	12,613,007	-	849,205	(42,438,291)	34,514,611	3,952,716	38,467,327
Total comprehensive income	-	(519,371)	-	308,374	3,109,508	2,898,511	(79,555)	2,818,956
Subscription of new shares	-	-	-	-	-	-	(550,508)	(550,508)
Disposal of subsidiary	-	-	-	-	-	-	(3,273,705)	(3,273,705)
As at 30 June 2013	<u>63,490,690</u>	<u>12,093,636</u>	<u>-</u>	<u>1,157,579</u>	<u>(39,328,783)</u>	<u>37,413,122</u>	<u>48,948</u>	<u>37,462,070</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 2012 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 2013**

(The figures have not been audited)

	6 months ended	
	30.06.2013 RM	30.06.2012 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation from:-		
Continued operations	4,494,380	6,982,069
Adjustments for :-		
Gain on disposal of subsidiary	(8,820,649)	-
Gain on disposal/deemed disposal of investments	2,057	(3,693,091)
(Gain)/loss net unrealised foreign exchange	(438,183)	499,923
Depreciation of property, plant and equipment	283,838	271,647
Depreciation of investment property	-	2,634
Amortisation of intangible assets	21,368	78,520
Provision for doubtful debts	(2,057)	-
Impairment on quoted securities & other investment (Write back of impairment)/impairment of available for sale assets	52,000	-
	(2,774,921)	(4,832,888)
Reversal/provision for defect liabilities	236,092	236,505
Write-down of inventories	13,111	-
Finance cost	147,823	244,758
Interest income	(74,941)	(76,942)
Operating loss before working capital changes	(6,860,082)	(286,865)
Changes in working capital:		
Inventories	(439,538)	(626,618)
Receivables	33,182,413	6,305,161
Payables	(19,206,493)	(9,301,590)
Net cash generated from/(used in) operations	6,676,300	(3,909,912)
Taxes paid	(541,968)	(177,341)
Interest paid	(147,823)	(244,758)
Interest received	74,941	76,942
Net cash generated from/(used in) operating activities	6,061,450	(4,255,069)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible assets	-	2,474
Proceeds from disposal of marketable securities	(3,019,767)	6,364,980
Net cash (used in)/generated from investing activities	(3,019,767)	6,367,454
CASH FLOWS FROM FINANCING ACTIVITIES		
Withdrawal of fixed deposits under lien with licensed financial institutions	(4,752,943)	(812,235)
Repayment of bankers' acceptances and trust receipts	(2,042,445)	(5,084,424)
Drawdown of bankers' acceptances and trust receipts	1,252,838	4,687,097
Repayment of hire purchase creditors	-	(18,005)
Net cash used in financing activities	(5,542,550)	(1,227,567)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(2,500,867)	884,818
EFFECT OF FOREIGN EXCHANGE RATES CHANGES	(736,489)	(220,074)
CASH AND CASH EQUIVALENTS AT 1 JAN	15,372,897	6,714,529
CASH AND CASH EQUIVALENTS AT 30 JUN	12,135,541	7,379,273
Cash and cash equivalents at the balance sheet date comprise the following:		
Deposits	11,908,866	8,581,341
Less: Deposits pledged	-	(8,581,341)
	11,908,866	-
Cash and bank balances	2,924,037	10,360,996
Bank overdraft (Note 22)	(2,697,362)	(2,981,723)
	12,135,541	7,379,273

The condensed consolidated income statements should be read in conjunction with the annual financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to

METRONIC GLOBAL BERHAD (632068-V)

(Incorporated in Malaysia)

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2013 PURSUANT TO MFRS 134

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

These condensed consolidated interim financial statements, for the year ended 30 June 2013, 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 2012, 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 2012.

In preparing its MFRS Statements of Financial Position as at 1 January 2012 (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 2012 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 2012 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 2012 and at 31 December 2012 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 2012, the date of transition to MFRS and as of 31 December 2012.

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 2012 was qualified in the following manner:

- (i) 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 2012 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	
	30.06.2013	30.06.2012	30.06.2013	30.06.2012
	RM	RM	RM	RM
Depreciation of property, plant and equipment	117,487	137,056	283,838	271,647
Depreciation of investment properties	(4,453)	1,317	-	2,634
Amortisation of intangible assets	-	39,260	21,368	78,520
(Gain)/loss on foreign exchange - realised	(1,136)	11,228	4,626	17,201
Loss/(gain) on foreign exchange - unrealised	138,664	183,530	352,962	249,961
Impairment loss/(reversal) on trade receivables	(2,057)	-	(2,057)	-
Impairment loss on available for sales assets	52,000	-	52,000	-
Provision for receivables - general	(2,443)	-	-	-
Inventory written off	13,111	-	13,111	-
Gain on disposal of quoted securities/investment	(8,820,649)	(1,799,272)	(8,820,649)	(3,693,091)
Other income	-	255	(1,226)	(895)
Dividend income	-	-	-	(13,132)
Write back of impairment for available for sale assets	-	-	-	(4,832,887)
Interest income	(43,021)	(39,163)	(74,941)	(76,942)

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 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		6 months ended	
	30.06.2013 RM	30.06.2012 RM	30.06.2013 RM	30.06.2012 RM
Segment revenue				
Malaysia	7,525,358	8,636,441	17,056,159	17,642,434
Overseas	224,796	534,393	1,931,030	1,795,177
Total revenue	<u>7,750,154</u>	<u>9,170,834</u>	<u>18,987,189</u>	<u>19,437,611</u>
Inter-segment elimination	-	805,545	(282,129)	(146,240)
External customers	<u>7,750,154</u>	<u>9,976,379</u>	<u>18,705,060</u>	<u>19,291,371</u>
Results				
Operating results				
Malaysia	5,843,757	1,461,836	5,841,095	9,086,382
Overseas	(224,746)	(1,281,944)	(1,198,892)	(1,859,555)
	<u>5,619,011</u>	<u>179,892</u>	<u>4,642,203</u>	<u>7,226,827</u>
Finance costs	(61,318)	(138,952)	(147,823)	(244,758)
Profit before tax	<u>5,557,693</u>	<u>40,940</u>	<u>4,494,380</u>	<u>6,982,069</u>

By business segments:

	3 months ended		6 months ended	
	30.06.2013 RM	30.06.2012 RM	30.06.2013 RM	30.06.2012 RM
Segment revenue				
Engineering	7,750,154	7,882,649	15,966,943	14,101,514
ICT support services	-	2,079,300	2,749,720	5,201,459
Investment holding	-	-	-	-
Total revenue	<u>7,750,154</u>	<u>9,961,949</u>	<u>18,716,663</u>	<u>19,302,973</u>
Inter-segment elimination	-	14,430	(11,603)	(11,602)
External customers	<u>7,750,154</u>	<u>9,976,379</u>	<u>18,705,060</u>	<u>19,291,371</u>
Results				
Operating results				
Engineering	(144,336)	(962,463)	(789,351)	(1,437,898)
ICT support services	-	(242,745)	203,523	777,339
Investment holding	5,763,347	1,385,100	5,228,031	7,887,386
	<u>5,619,011</u>	<u>179,892</u>	<u>4,642,203</u>	<u>7,226,827</u>
Finance costs	(61,318)	(138,952)	(147,823)	(244,758)
Profit before tax	<u>5,557,693</u>	<u>40,940</u>	<u>4,494,380</u>	<u>6,982,069</u>

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 24 April 2013, MGB had completed the disposal of MGB's entire equity interest in Metronic iCares Sdn Bhd.

12. Changes in the composition of the Group

As disclosed in Note 11(a), during the current quarter the Group had disposed its entire 51% shares in its subsidiary - Metronic Icares Sdn. Bhd.

13. Changes in contingent liabilities and contingent assets

Save as disclosed in Note 23, contingent liabilities of the Group as at 31 August 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 RM8,131,906 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 2012 are as follows:-

	RM
Addition of performance and financial guarantees issued by bank to third parties	<u>3,563,382</u>

At the date of this report, no contingent assets has arisen since 31 December 2012.

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 RM7.75 million for the current quarter under review, which is RM2.22 million or 22.3% lower than the corresponding quarter of RM9.98 million in the previous financial year, mainly attributed to loss of revenue generated from ICT segment (Metonic iCares Sdn Bhd was disposed off in 26 April 2013).

Despite recorded lower revenue, the Group posted profit before taxation of RM5.56 million, representing an improvement of RM5.52 million compared to the profit before tax of RM41 thousand for the corresponding quarter in the previous year. The favourable results recorded during the current quarter mainly resulted from the gain from disposal of the Group's subsidiary of RM8.82 million.

Engineering segment recorded a revenue of RM7.75 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. The amount was slightly higher than the amount recorded in the previous year corresponding quarter of RM7.88 million due to slightly lower progress billing issued in the current quarter.

ICT segment did not record any revenue due to disposal of Metronic iCares Sdn Bhd during the current period under review compared with RM2.08 million recorded in the corresponding quarter in the previous year.

Investment holding segment however has recorded a profit of RM5.76 million, perfrom better than the profit amount recorded in the previous year of RM1.39 million mainly attributed to the gain resulted from the disposal of its subsidiary - Metronic iCares Sdn Bhd of RM8.82 million recognised during the current period under review.

Year-to-date

The Group recorded revenue of RM18.71 million for the current financial period under review, which is RM0.58 million or 3.0% lower than the revenue of RM19.29 million in the previous financial period, mainly attributed to despite higher revenue generated from engineering segments of RM16.00 million or 13.2% higher than previous year corresponding period. ICT segment represent a decrease of RM2.45 million or 47.2% compared to previous year corresponding period.

The Group recorded profit before taxation of RM4.49 million as compared to a profit before taxation of RM6.98 million recorded in the previous year corresponding period. The unfavourable performance was mainly due to the loss of revenue from ICT segment in 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 RM7.75 million for the current quarter ended 30 June 2013 compared to RM10.95 million in the preceding quarter ended 31 March 2013, representing a decrease of RM3.20 million or 29.2%, mainly due to a decrease of RM0.82 million or 14.8% in revenue from its engineering segment and a decrease of RM2.74 million or 100.0% in revenue from its ICT support services segment.

The Group recorded profit before tax of RM5.56 million for the current quarter ended 30 June 2013 as compared to a loss of RM1.06 million recorded in the preceding quarter ended 31 March 2013; mainly due to gain made from disposal of its subsidiary.

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 30.06.2013 RM	6 months ended 30.06.2013 RM
Income tax expense:		
Malaysian income tax	104,119	104,119
Deferred tax	-	-
	<u>104,119</u>	<u>104,119</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 June 2013 were as follows:-

	As at 30.06.2013 RM
Current	
Bank overdraft	
Denominated in RM	2,691,767
Denominated in INR	5,595
	<u>2,697,362</u>
Bankers' acceptances (Denominated in RM)	1,180,114
Hire purchase payables (Denominated in RM)	11,899
Obligations under finance leases (Denominated in RM)	89,479
<i>Sub-total</i>	<u>3,978,854</u>
Non-Current	
Obligations under finance leases (Denominated in RM)	-
Hire purchase payables (Denominated in RM)	-
<i>Sub-total</i>	-
Total loans and borrowings	<u>3,978,854</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 2012, except as disclosed below:

(i) 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.

(ii) 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.

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 30.06.2013	6 months ended 30.06.2013
Profit attributable to owners of the parent (RM)	5,577,928	4,469,816
Weighted average number of ordinary shares in issue	634,906,903	634,906,903
Profit per share (sen)		
- Basic	0.88	0.70
- Diluted	0.88	0.70

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 30.06.2013 RM	As at 31.12.2012 RM
Total accumulated losses		
- Realised	(35,449,410)	(36,170,069)
- Unrealised	436,631	(412,988)
	(35,012,779)	(36,583,057)
Less: Consolidation adjustments	(4,316,004)	(5,855,234)
Accumulated loss as per consolidated accounts	(39,328,783)	(42,438,291)

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 23 August 2013.