

**METECH GROUP BERHAD**  
**(Company No. 219350 - H)**  
**(Incorporated in Malaysia)**  
**Notes to the interim financial report**

**1. Basis of preparation**

This interim report is unaudited and has been prepared in accordance with Financial Reporting Standards (“FRS”) No. 134 : Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Bursa Malaysia Listing Requirements, and should be read in conjunction with the Group’s financial statements for the year ended 31 December 2008.

The interim financial statements have been prepared in accordance with the same accounting policies and methods of computation adopted in audited financial statements for the financial year ended 31 December 2008 unless as otherwise stated in Note 2 on Adoption of Revised FRS.

**2. Auditors’ qualification**

The auditors have expressed an unqualified opinion on the Company’s statutory financial statements for the year ended 31 December 2008 in their report dated 24 April 2009.

**3. Seasonal or cyclical factors**

The business of the Group was not affected by any significant seasonal or cyclical factors in the current quarter and current financial period to date.

**4. Exceptional and extraordinary items**

There were no material exceptional and extraordinary items for the period under review.

**5. Change in estimates**

There were no material changes in the estimates used for the preparation of this interim financial report.

**6. Change in debt and equity securities**

There were no issuance, cancellations, repurchase, resale and repayments of debt and equity securities for the current financial year-to-date.

**7. Dividend paid**

No dividend was paid for the current quarter ended 30 June 2009.

**8. Segment revenue and results**

No segment information by business activities have been prepared as the Group’s activities involved is primarily in one sector of operations only.

## **9. Revaluation of property, plant and equipment**

The property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

There was no write-down in property, plant and equipment during the quarter under review.

## **10. Material post balance sheet events**

There were no material post balance sheet events subsequent to the period under review.

## **11. Changes in Group's composition**

There were no changes in the composition of the Group for the current quarter and financial year-to-date.

## **12. Changes in contingent liabilities and assets**

There were no changes in contingent liabilities and assets during the period under review.

## **13. Review of performance of the current quarter and current financial year to date**

The Group recorded a net profit of RM1.324 million and net loss of RM1.886 million for the current quarter and current financial year to date respectively as compared to the net profit of RM2.276 million and RM3.217 million in the preceding year corresponding quarter and year to date ended 30 June 2008 respectively.

The drop in performance was attributed by drop in the turnover and the lower contributions from the main subsidiaries of the Group where the margins have decreased.

## **14. Variation of results against preceding quarter**

The Group recorded an increase of RM7.903 million in revenue, RM35.033 million for the current quarter as compared to RM27.130 million in the preceding quarter ended 31 March 2009.

The net profit of the Group for the current quarter was RM1.324 million as compared to the net loss of RM3.210 million in the preceding quarter.

The improvement in the performance was mainly due to the increase in turnover.

## **15. Current year prospects**

Barring any unforeseen circumstances, the Board of Directors is cautiously optimistic that the performance of the Group for the financial year ending 31 December 2009 to be satisfactory.

The Group will continue to exercise prudence and measures to improve efficiencies.

## **16. Variance of profit forecast**

Not applicable as no profit forecast was published.

## 17. Tax expense

	Individual Quarter		Cumulative Quarters	
	Current Year Quarter 30 June 2009	Preceding Year Corresponding Quarter 30 June 2008	Current Year To date 30 June 2009	Preceding Year To date 30 June 2008
	RM'000	RM'000	RM'000	RM'000
Current taxation				
- Based on results for the period	347	145	889	356
-Prior year	(189)	-	(189)	-
	<hr/> 158	<hr/> 145	<hr/> 700	<hr/> 356
Deferred taxation				
- Based on results for the period	97	55	97	55
- Prior period	-	-	-	-
	<hr/> 255	<hr/> 200	<hr/> 797	<hr/> 411

The disproportionate tax charge was due to tax incentives available to certain subsidiary companies.

## 18. Profit/(Loss) on sale of unquoted investments and/or properties for current quarter and financial year-to-date

There were no profits on sale of unquoted investments and properties as there were no disposals of investments and properties during the period under review.

## 19. Purchase or disposal of quoted securities

There were no purchases or disposals of quoted shares for the period under review.

Investments in quoted securities as at 30 June 2009: -

	Cost RM'000	Book value RM'000	Market Value RM'000
Total quoted investment	<hr/> 1,220	<hr/> 12	<hr/> 13

## 20. Status of corporate proposals

There were no corporate proposals made by the Company during the financial period to date.

## 21. Group borrowings and debts securities

	30 June 2009 RM'000
Current	
Secured	3,789
Unsecured	20,487
Finance lease	1,412
	<hr/>
	25,688
	<hr/>
Non-current	
Secured	13,537
Unsecured	-
Finance lease	4,258
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	17,795
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All borrowings are denominated in Ringgit Malaysia.

## 22. Off balance sheet financial instruments

During the financial period to date, the Group did not enter into any contracts involving off balance sheet financial instruments.

## 23. Changes in material litigation

There were no changes in material litigation within the Group for the current quarter and financial period to-date.

## 24. Proposed dividend

No dividend is proposed for the current quarter ended 30 June 2009.

## 25. Earnings per ordinary share

The calculation of basic earnings per ordinary share for the current quarter and current year to date are based on the net profit attributable to ordinary shareholders of RM1.324 million and net loss of RM1.886 million respectively and on the number of ordinary shares outstanding of 40,500,000.

## 26. Capital commitments

	30 June 2009 RM'000
Property, plant and equipment Contracted but not provided for	<u>400</u>

**27. Related party transactions**

There were no non-recurrent related party transactions during the period under review.

**BY ORDER OF THE BOARD**

**Lam Voon Kean**  
Company Secretary  
**Dated this 27 August 2009**