



**METRONIC GLOBAL BERHAD**

*(Company No.: 632068-V)*

*(Incorporated in Malaysia under the Companies Act, 1965)*

**ANNOUNCEMENT TO BURSA MALAYSIA**

**Control No:MGB/A/20/2007**

**SUBJECT MATTER:**

**METRONIC GLOBAL BERHAD (“MGB” or “Company”)**

**Proposed extension of time for the utilization of proceeds (“Proposed Extension of Time”)**

**CONTENTS:**

MGB wishes to announce that the Company intends to extend the timeframe for the utilization of the proceeds from the Company’s initial public offering (“IPO”) in May 2004.

The Company’s IPO, which was completed on 24 May 2004 raised a total of RM14.91 million in proceeds. The utilisation of the said proceeds as set out in the Company’s prospectus dated 30 April 2004 are as follows:

	<b>RM’000</b>	<b>Note</b>	<b>Timeframe for utilisation</b>
Repayment of bank borrowings	5,000	(i)	Within one (1) year from the date of listing
Capital expenditure for office expansion	2,600	(ii)	Within one (1) year from the date of listing
Research & development (“R&D”) expenditure	3,000	(iii)	Within three (3) years from the date of listing
Working capital	3,110	(iv)	Within one (1) year from the date of listing
Estimated listing expenses	1,200	(v)	Within one (1) year from the date of listing
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	14,910		

All the proceeds under Notes (i), (ii), (iv) and (v) above have been fully utilized within the one (1) year timeframe.

Due to changes in some of the R&D projects of MGB and its subsidiaries (“MGB Group”), the MGB Group will not be able to fully utilize the proceeds earmarked for R&D expenditure within three (3) years from the date of listing, i.e., by 24 May 2007. To date, there is a balance of RM608,144 which have yet to be utilized in respect of the R&D expenditure.

The Company intends to extend the timeframe for the utilization of the balance RM608,144 by an additional six (6) months to 24 November 2007.

The Proposed Extension of Time is subject to the approval of the Securities Commission.

The Proposed Extension of Time is not expected to have a material effect on the earnings or net tangible assets of MGB for the financial year ending 31 December 2007

None of the Directors, substantial shareholders and persons connected to them, has any interest, direct or indirect, in the Proposed Extension of Time.

The application to the Securities Commission for the Proposed Extension of Time is expected to be made within one (1) week from the date of this announcement.

This announcement is dated 14.5.2007.