



METRONIC GLOBAL BERHAD

(Company No.: 632068-V)

(Incorporated in Malaysia under the Companies Act, 1965)

ANNOUNCEMENT TO BURSA MALAYSIA

Control No:MGB/A/10/2010

SUBJECT MATTER:

**METRONIC GLOBAL BERHAD (“MGB” OR “COMPANY”)
OUTSTANDING RELATED PARTY RECEIVABLES**

CONTENTS:

Pursuant to a directive from Bursa Malaysia Securities Berhad via their letter dated 17 June 2010, the Company wishes to announce the status of the outstanding related party receivables (which have been outstanding for more than 12 months and which have not been fully settled as at the date of this announcement) as follows:-

- (i) **Total outstanding from related party trade receivables as at 31 March 2010 are as follows-**

Total Outstanding Receivables as at 31/03/2010	Outstanding Related Party Receivables (Years)			
	>1-3	>3-5	>5-10	>10
RM'000	RM'000	RM'000	RM'000	RM'000
46,914	10,594	36,320	-	-

Included in the related party trade receivables is RM46.855 million for sub-contract work completed for a related party who is the main contractor (“Main Contractor Related Party”) on certain federal public sector projects for the Government of Malaysia.

- (ii) **Steps taken or proposed to be taken by the listed issuer to recover the related party receivables**

The related party receivables have been regularly reviewed and discussed by the Audit Committee and the Board of Directors, and action plan had been formulated to recover the receivables that includes the followings:-

- (a) Actively meet and negotiate with related parties to pursue the outstanding receivables;
- (b) Contra the receivables against payables with the same related parties;

- (c) Obtained consent from the Main Contractor Related Party to proceed with the certification and collection directly from Ministry of Health (“MOH”), Ministry of Finance (“MOF”) and Jabatan Kerja Raya (“JKR”). The claim is pending certification by JKR before submitting to MOF for approval;
- (d) Negotiated and obtained a Deed of Assignment from the Main Contractor Related Party to pursue the receivables directly from the Government of Malaysia; and
- (e) To commence legal action to recover outstanding receivables in the event of failure to recover the full amount.

(iii) Expected timeframe to fully recover the related party receivables as specified in item (i)

In relation to the related party receivables due from the Main Contractor Related Party, subject to the finalization of the claim certification by JKR and the subsequent disbursement of payment from the Ministry of Finance, the Company expects the outstanding receivables to be fully recovered through progressive disbursements to be made by the Government of Malaysia not later than 31 December 2011. With regards to the other outstanding related party receivables other than from the Main Contractor Related Party, the Company expects full recovery within 1 year from the date of this announcement.

This announcement is dated 25 June 2010.