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Our Vision

To be an internationally recognised leading engineering and technology total solution provider.

Our Mission

- **To apply our unique management style** that incorporates our manpower resources, experience, expertise, innovation and creative approach.
- **To continuously seek new technologies** that meet our clients' requirements.
- **To create a workplace** that motivates our employees.
- **To develop strategic relationships with partners** who have skills that enhance and complement our own.
- **To continually improve** the effectiveness of the quality management system.
- **To maximise value** of our stakeholders.

Board of Directors

Tan Sri Dato' Kamaruzzaman bin Shariff
Executive Chairman

Dato' Abd. Gani bin Yusof
Executive Vice-Chairman

Dr Ng Tek Che
Group Managing Director

Liew Chiap Hong
Executive Director

Lim Tzeh Foong
Independent Non-Executive Director

Datuk Subhi bin Hj Dziauddin
Independent Non-Executive Director

Amirudin bin Mohd Baria
Independent Non-Executive Director

Edmund Chuah Choong Eng Huat
Non-Independent Non-Executive Director

Audit Committee

Lim Tzeh Foong
Chairman

Datuk Subhi bin Hj Dziauddin
Member

Amirudin bin Mohd Baria
Member

Remuneration Committee

Lim Tzeh Foong
Chairman

Datuk Subhi bin Hj Dziauddin
Member

Amirudin bin Mohd Baria
Member

Liew Chiap Hong
Member

Nomination Committee

Datuk Subhi bin Hj Dziauddin
Chairman

Lim Tzeh Foong
Member

Dr Ng Tek Che
Member

Company Secretaries

Azlan Mohd Ariff
(LS 0008402)

Sheila Winston Payne
(LS 0009002)

Registered Office

No 4, 2nd Floor, Jalan 3/27F
Desa Setapak, Wangsa Maju
53300 Kuala Lumpur

Tel : 03 - 4149 6135

Fax : 03 - 4149 6455

Registrar

Tricor Investor Services Sdn Bhd
(Formerly known as Tenaga Koperat
Sdn. Bhd.)

Level 17, The Gardens North Tower
Mid Valley City

Lingkaran Syed Putra
59200 Kuala Lumpur

Tel : 03 - 2264 3883

Fax : 03 - 2282 1886

Auditors

Ernst & Young (AF 0039)
Chartered Accountants

Solicitors

Messrs Bahari & Bahari

Messrs Liow & Co

Messrs Lawrence Hisham & Co

Principal Bankers

Malayan Banking Berhad

United Overseas Bank (Malaysia) Berhad

HSBC Bank Malaysia Berhad

Malaysia Debt Ventures Berhad

Stock Exchange Listing

Main Market of Bursa Malaysia
Securities Berhad

Stock name : MTRONIC

Stock code : 0043

COMPANY HISTORY AND DEVELOPMENT

Background of Company

Metronic Global Berhad (“The Company” or “MGB”) was incorporated in Malaysia under the Companies Act, 1965 on 22 October 2003. The Company was listed on MESDAQ Market of Bursa Malaysia Securities Berhad (“Bursa Securities”) on 24 May 2004 and subsequently transferred to the Main Board (now known as Main Market) of Bursa Securities on 12 July 2007. MGB is an investment holding company with thirteen (13) subsidiaries, an associated company, and a jointly controlled entity as at the date of this report.

The subsidiaries of the Company specialise in the system integration of intelligent building management system (“IBMS”) and integrated security management system (“ISMS”), e-project management (“e-PM”) of mechanical and electrical services and provision of online administration services for the healthcare sector. Fundamental to this success is the mission of the Company and its subsidiaries (“the Group” or “MGB Group”) to continually exceed customers’ increasing expectations. MGB Group focuses on building and integrating world-class technology to the market and is committed to continuously improve its quality, service and productivity.

The Evolution of the MGB Group

(a) The Origin - Building Automation

The origin of the MGB Group can be traced back more than two (2) decades when Metronic Engineering Sdn Bhd (“MESB”) was incorporated in August 1984 to provide building automation services specialising in the field of IBMS and ISMS. MESB subsequently expanded its business activities to include e-PM of mechanical and electrical services and supply of engineering systems. MESB carries products by principals such as TAC Controls Pte Ltd and Honeywell Integrated Security, USA which are amongst the world’s leading companies in IBMS and ISMS.

(b) The Early Years - Intelligent Buildings

In 1995, Metronic Integrated System Sdn Bhd (“MISSB”) was incorporated to complement MESB’s existing business activities. MISSB is principally engaged in the procurement of contracts in relation to engineering work specialising in the field of IBMS and ISMS, and sales of engineering system and equipment. During the early years, MISSB played a pivotal role in nation building by providing state-of-the-art e-project management and system integration services for hospitals, office buildings, shopping complexes, airports, oil refineries and manufacturing plants. Over the years, the Group has leveraged its expertise to develop unique and innovative IBMS and ISMS products, solutions and services, mainly in the areas of “intelligent buildings”.

(c) The Evolution - Convergence of Technology

As technology progresses, intelligent buildings have evolved from mere stand-alone entities into interconnected hubs within the citywide infrastructure, known as “intelligent cities”. With the convergence of technology, stand-alone buildings are slowly forming into smaller, ecosystems comprising a tightly integrated network of buildings that better enable the management and optimisation of systems and resources. The driving force of the evolution of intelligent cities is the ability to reduce cost, optimise manpower utilisation and enhance service levels through aggregation, service integration and process automation.



(d) The Recent Years -

(i) Towards ICMS

Driven by similar factors, the Group has made bold steps in adopting new technologies and investing in Research & Development ("R&D") to realise its vision as an Intelligent City Management System ("ICMS") provider.

Metronic iCares Sdn Bhd ("MICSB") was incorporated in March 2006 as a Third Party Administrator ("TPA") and Managed Care Organisation ("MCO") for healthcare sector via the connectivity applications and infrastructure for the exchange of transactional information through internet.

Metronic Mobile Services Sdn Bhd ("MMSSB") was incorporated in May 2006 with the intention to extend the Group's services to mobile internet service.

Metronic R&D Sdn Bhd ("MRDSB") was incorporated in December 2006 to be the R&D division of the Group.

The Company acquired 40% equity interest in Ariantec Sdn Bhd ("Ariantec") in July 2007. Ariantec is a value-added provider of data network infrastructure and managed security systems and solutions. The Company's equity interest in Ariantec reduced from 40% to 25.27% as a result of a special issue of shares to the key management of Ariantec in February 2009. In November 2009, the Company disposed of its entire equity interest in Ariantec for the total disposal consideration of RM8.7 million fully satisfied via the issuance of 96,657,750 new ordinary shares at par value of RM0.10 each of Global Soft (MSC) Bhd (now known as Ariantec Global Berhad) ("AGB") at market price of RM0.09 per share on the completion day. As a result, Ariantec ceased to be an associated company of the Company, in which the Company became one of the substantial shareholders in AGB, holding approximately 16.99% equity interest in AGB.

The Company acquired 60% equity interest in Adprima Sdn Bhd ("Adprima") in July 2007. Adprima carries out special project management consultancy and performance contracting business. In line with the Group's direction in divesting its non-profitable business, the Company's entire equity interest in Adprima was disposed of in August 2009.

In September 2008, the Company entered into a joint venture cum shareholder agreement with Jiang Xiaoli, a citizen of People's Republic of China ("PRC") to form Ideal Ultimate Sdn Bhd ("IUSB") with the intention to co-operate and collaborate on the development and commercialisation of the Optical Fibre Perimeter Security System.

In January 2009, the Company acquired an effective equity interest of 82.5% in IPanel Malaysia Sdn Bhd ("IPM") and 30% in IPanel Pte Ltd, Singapore ("IPS"). IPM and IPS carry out research, development, manufacturing, sale and distribution of electronic products and intelligent facilities management system.

The establishment and acquisition of these companies strengthen the Group's position in the value chain towards becoming an ICMS provider. By converging newer technologies with the JBCM™ (Java Based Control & Monitoring Software) platform, the Group is able to provide a value-added proposition for its customers by enhancing and expanding its product applications. In line with the Group's plan to migrate as a provider of ICMS, these technologies will significantly enhance application security, manageability, reliability and availability of any application while lowering the cost of operations for its customers.

(ii) Towards Global Progression

For geographical expansion, MGB Group has embarked on a series of acquisition strategies in 2006 and 2007 to complement the local markets. As at today, the Group has reached China, India, Australia, Singapore, Vietnam, Saudi Arabia and Middle East countries.

Metronic Microsystem (Beijing) Company Limited, China ("MMBCL") and Metronic Engineering Private Limited, India ("MEPL") were incorporated in January 2005 and June 2005 respectively to expand and penetrate the China and India markets.

Metronic Australia Private Limited ("MAPL"), an Australian company was incorporated in June 2006 with the intention to market and distribute automation and energy systems for the worldwide market.

In year 2007, the Company acquired 25% equity interest in Unilink Development Limited (“Unilink”), an investment holding company incorporated in Hong Kong with investment in Hangzhou Heng-Ai Electronics Co Ltd (“Heng-Ai”), and Newtronics Hangzhou Co, Ltd (“Newtronics”). Newtronics is principally engaged in high volume printed circuit board assembly, cellular phone and other electronic products assembly, whilst Heng-Ai is principally engaged in the assembly of mobile telecommunication component products. MGB has an effective equity interest of 20% in both Heng-Ai and Newtronics.

During year 2007, Unilink also acquired 100% equity interest in Tracker Shine Limited (BVI), an investment holding company that holds 100% equity in Vigorhood Photoelectric Shenzhen Co. Ltd (“Vigorhood”). Vigorhood is principally engaged in the manufacture and sale of digital cameras and related products certified by FCC and CE. In line with the Group’s direction in divesting its non-profitable business, Unilink disposed of its entire equity interest in Vigorhood in May 2010.

The Company incorporated Securetrax Solutions Pte Ltd (“Securetrax”) in Singapore in January 2007 for the development, distribution and marketing of a series of products relating to Home Land Security.

The Company incorporated a joint venture company known as Metronic Saudi Arabia LLC (“MSA”) in the Kingdom of Saudi Arabia with a local partner in December 2007 with the intention to provide IBMS and ISMS services and solutions in the Kingdom of Saudi Arabia.

In September 2008, the Company set up a wholly-owned subsidiary in Vietnam, Metronic Vietnam Company Limited (“MVCL”) to expand and penetrate into Vietnam market.

In December 2009, the Company via its wholly-owned subsidiary, MESB, registered a foreign branch known as Metronic Engineering Sdn Bhd - Abu Dhabi with the Department of Economic Development of Abu Dhabi to carry out general maintenance works for buildings and electromechanical projects contracting works in Abu Dhabi.

(iii) Venture into Water Concession Business

In year 2009, the Company set another milestone by venturing into water treatment plant business in the People’s Republic of China (“PRC”). In February 2009, the Company entered into a 33 years build, operate and transfer water concession agreement (“BOT Water Concession Agreement”) with Lai’An County Water Utility Board, Anhui Province in the PRC for the design, construction, production, operation, maintenance and sale of treated water in Lai’An County, Anhui Province via a wholly owned foreign subsidiary known as Anhui Lai’An Metronic Water Supply Company Limited. The investment in the water concession business represents a significant step for the Group as it enables the Group to tap into the potential growth and lucrative recurrent revenue offered by the Chinese market in line with China’s urbanisation and awareness in environmental protection and need for safe-drinking water for rural, commercial and industrial development.

PRINCIPAL BUSINESS ACTIVITIES, PRODUCTS AND SERVICES

Presently, MGB Group, through its subsidiaries, specialises in IBMS and ISMS which encompass hardware and software required for the control and management of an intelligent building with components including heating, ventilation and air conditioning, lighting, fire and security equipment.

The key drivers that are guiding the building/construction industry to adopt this technology are:

- the onset of the network convergence of the CCTV, computers, alarm system and access control with the advance technology of biometrics;
- prevalent use of Internet and IP networking; and
- the efficiency of the system as it saves time and travel costs

The integration of the building/industrial automation system and security system has become one of the most popular methods used by many corporations in converging their existing system into an all encompassing system. Two (2) of the main components of the IBMS and ISMS are the hardware and the software solutions. The hardware portion includes security devices such as CCTV, the video recording (either digital or analogue), access control and the intrusion devices. The software solution is an important feature which ensures that this equipment communicates and works coherently in a common personal computer-based environment.



The Group is presently a key player in the IBMS and ISMS industry in Malaysia and with its expertise in system integration and knowledge of advanced technology, the Group aims to move beyond the field of intelligent building into a higher level of intelligent city. The Group has made bold steps in adopting new technologies and investing in R&D to realise its vision as an Intelligent City Management System (“ICMS”) provider.

The current business divisions of the MGB Group are highlighted as follows:

(i) IBMS Division

IBMS is an integration of Building Automation System, Access Control, Closed Circuit TV (“CCTV”) System and Addressable Fire Control & Monitoring System into one single intelligent system. There are three sub-divisions as follows:

- Building Automation System (“BAS”)
- Java Based Control & Monitoring Software (“JBCM”)
- Smart Home

(ii) ISMS Division

ISMS provides a high level of security solutions by integrating all the individual security system like CCTV, Card Access, Perimeter Intrusion Detection System, Door Monitoring System, Guard Tour System and Asset Tracking System into one single intelligent device.

(iii) e-PM Division

The Group is involved in the provision of engineering services specialising in the field of Mechanical and Electrical (“M&E”) and medical equipment for the healthcare industry.

Based on the current track records, the Group is continually developing the Building M&E knowledge base and expertise within the Group as part of the division’s objectives to be sufficiently prepared to be a competitive Design and Construct M&E Contractor.

(iv) Industrial Automation Division

The Group, through its strategic alliance with a Japanese partner is involved in the provision of industrial automation specialising in Automatic Storage and Retrieval Systems (“ASRS”). The logistic solutions offered by the Group focus on efficient storage of goods while preserving their quality and facilitate smooth retrieval as and when needed.

Some of the solutions offered can help improve product quality during speedy inspection, perform multiple distribution centres with cross-docking facilities, enable the timely supply of large variety/high volume goods and demand can be ascertained in real time through the inventory control system.

(v) ICT Support System Division

In order to diversify itself from automation businesses, ICT support system division has been established to complement its existing business activities and to broaden the value-added services provided.

The Group through its subsidiary, MICSB acts as a TPA and MCO for the healthcare sector via the connectivity applications and infrastructure for the exchange of transactional information through internet (“iCare System”). The iCare System is a third party administration system that provides healthcare service providers, insurance companies, insurance brokers, commercial companies and its employees with an easy one-stop claims and data processing and management. The iCare System runs on an Application Service Provider concept whereby transaction fees and headcount fees will be levied accordingly. The entire end-to-end system is developed in .NET technology, with three (“3”) main users, namely, insurance companies/corporates, the company’s administrator and healthcare service providers.

(vi) Design and Manufacturing

Through the investment in Unilink, the Group is able to penetrate the fast-growing telecommunications industry in China and to diversify into manufacturing activities in addition to its current contract-based projects.

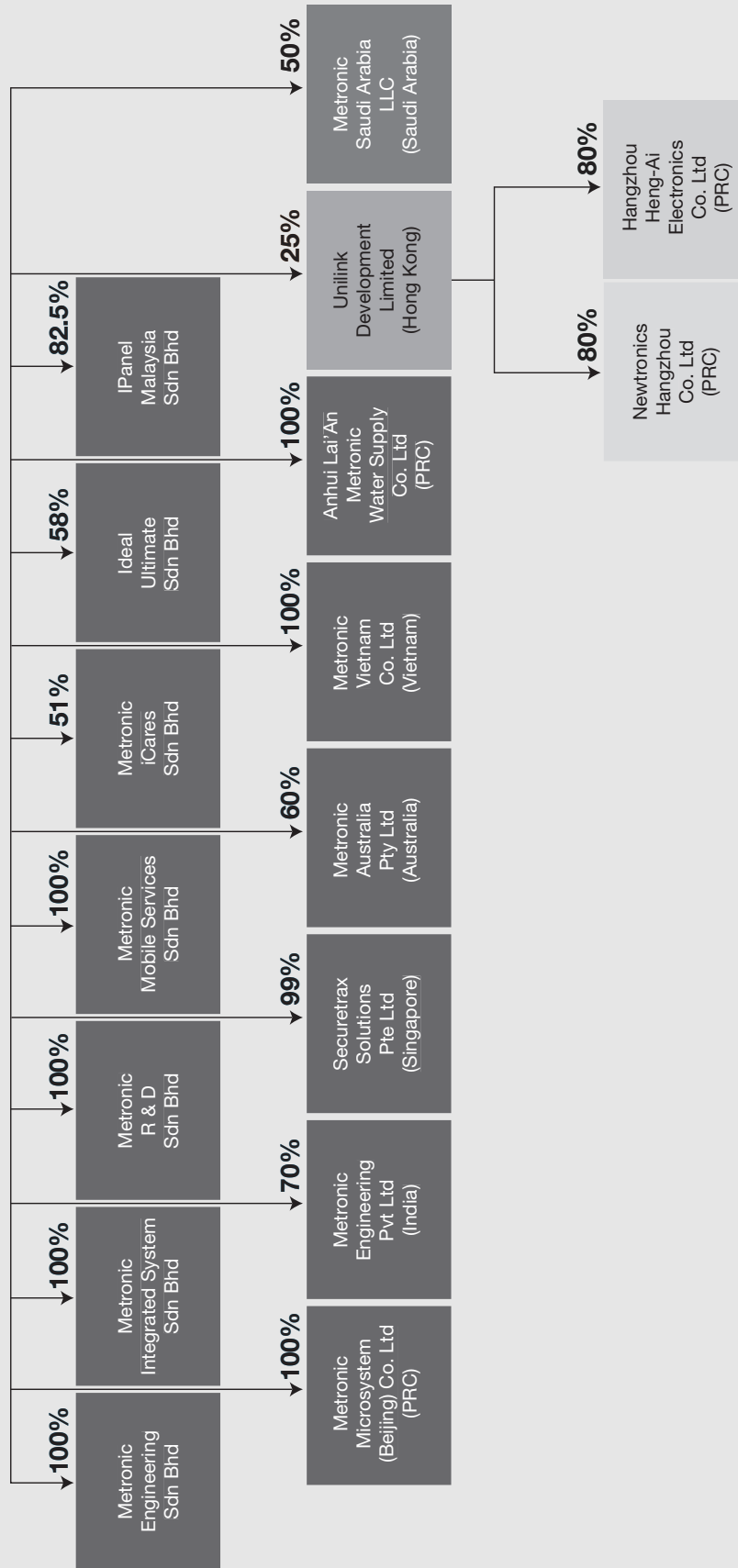
The services provided by Newtronics and Heng-Ai include the following:-

- Lead free printed circuit board and cellular phone assembly;
- New products management and support, including prototype manufacturing, design for manufacturing analysis report, testing platform support, testing flow design as well as manufacturing process design; and
- After sales repair services.

Corporate Structure

as at 1 May 2010

METRONIC Metronic Global Berhad

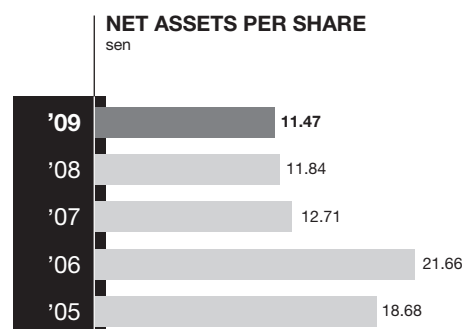
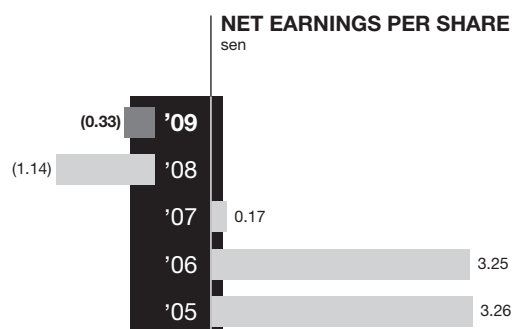
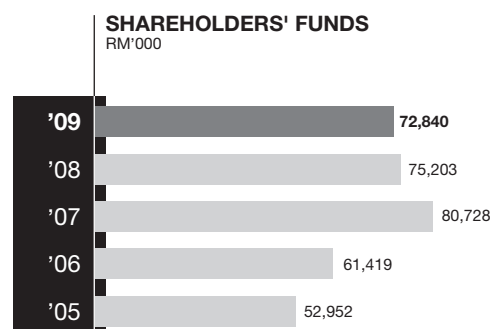
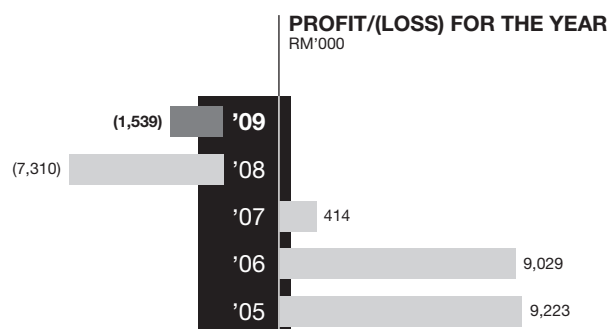
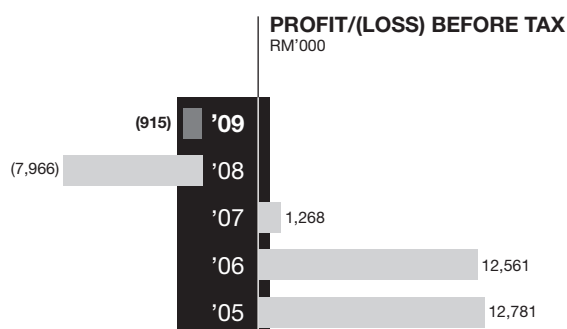
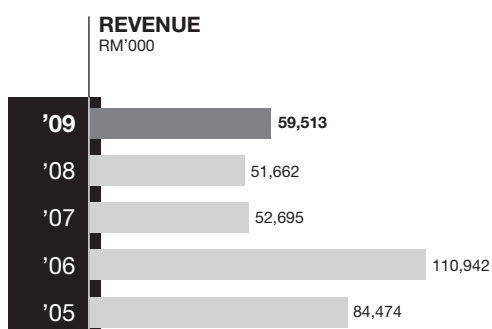


- Subsidiary
- Associate
- Affiliate - Subsidiary of Associate
- Jointly Controlled Entity

Five-Year Financial Highlights

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	2005 RM'000	2006 RM'000	2007 RM'000 (Restated)	2008 RM'000	2009 RM'000
Revenue	84,474	110,942	52,695	51,662	59,513
Profit/(loss) before tax	12,781	12,561	1,268	(7,966)	(915)
Profit/(loss) for the year	9,223	9,029	414	(7,310)	(1,539)
Profit/(loss) attributable to equity holders of the Company	9,249	9,215	988	(7,260)	(2,086)
Shareholders' funds	52,952	61,419	80,728	75,203	72,840
Net earnings per share (sen)	3.26	3.25	0.17	(1.14)	(0.33)
Net assets per share attributable to equity holders of the Company (sen)	18.68	21.66	12.71	11.84	11.47



Profile of Directors

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Tan Sri Dato' Kamaruzzaman bin Shariff

Executive Chairman

Tan Sri Dato' Kamaruzzaman bin Shariff, a Malaysian, aged 68, was appointed as Executive Chairman of Metronic Global Bhd ("MGB" or "the Company") on 22 March 2004. He obtained a Bachelor of Arts degree from the University of Malaya in 1963, a Diploma of Public Administration from Carleton University, Canada in 1969 and a Masters in Public Administration from Syracuse University, USA in 1979. He served the Malaysian Civil Service for 38 years where he held various senior positions in the Federal and State Government, having served the last six (6) years as the Mayor of Kuala Lumpur from 1995 to 2001. His other postings include Secretary General of the Ministry of Defence from 1992 to 1995, Deputy Director General of the Public Services Department in 1992, Penang State Secretary from 1988 to 1992, Secretary in the Cabinet Division of the Prime Minister's Department from 1983 to 1987, Director of External Assistance and General Affairs in the Economic Planning Unit of the Prime Minister's Department from 1980 to 1983 and senior positions in the Public Services Department from 1972 to 1980 and the Ministry of Education from 1964 to 1972. He has vast administrative, strategic planning and management experience by virtue of his long service in the Malaysian Government Service.

He currently sits as the Executive Chairman of Emas Kiara Industries Berhad and as the Non-Executive Chairman of Bintai Kinden Corporation Berhad, Ho Hup Construction Company Berhad and Lereno Bio-Chem Ltd, Singapore. He is also a director of Kontena National Berhad.

He has no family relationship with any of the directors and/or major shareholders of the Company and its subsidiaries. He does not have any conflict of interest with the Company other than the disclosures made under Related Party Transactions which appear on Note 33 to the Financial Statements. He has no conviction of any offences in the past 10 years. He is a shareholder of the Company.

Dato' Abd. Gani bin Yusof

Executive Vice-Chairman

Dato' Abd. Gani bin Yusof, a Malaysian, aged 55, was appointed as the Executive Vice-Chairman of the Company on 22 March 2004. He graduated from Universiti Sains Malaysia with Bachelor of Science (Hons) in Housing, Building & Planning. His career began in 1981 with Peremba Bhd, a property development company which he left in 1988 as a Project Manager. He joined United Engineers (Malaysia) Bhd in 1988 as General Manager until 1991 where he was promoted to a Project Director. He was Managing Director of Linkedua (M) Bhd and Prolink Development Sdn Bhd, which are companies involved in the construction of the second link in Johor and development of the Nusajaya township from 1993 to 1995.

He does not hold any other directorship in other public company.

He has no family relationship with any of the directors and/or major shareholders of the Company and its subsidiaries. He does not have any conflict of interest with the Company other than the disclosures made under Related Party Transactions which appear on Note 33 to the Financial Statements. He has no conviction of any offences in the past 10 years. He is a major shareholder of the Company.

Dr Ng Tek Che*Group Managing Director*

Dr Ng Tek Che, a Malaysian, age 54, was appointed as the Group Managing Director of the Company on 22 March 2004. He is also a member of the Nomination Committee. He is one of the founders of Metronic Engineering Sdn Bhd ("MESB"), which started as a partnership in 1986. He was conferred the Honorary Degree, Doctor of Philosophy in Business Management (Ph.D.) from Burkes University in September 2003. He holds a Master Degree in Business Administration from Charles Sturt University and a Diploma in Mechanical and Automotive Engineering from Tunku Abdul Rahman College. He started his career as a Design Engineer with a mechanical and engineering consulting firm in 1980. In 1981, he joined a Brunei based engineering company specialising in air-conditioning system. He gained his operational industrial experience during his employment with this company and was largely involved in project tendering, management and supervision of on-going projects. He returned to Malaysia after two (2) years and joined Entech Engineering Sdn Bhd as a Sales Engineer, specialising in HVAC controls. Prior to setting up MESB in 1986, he was a Project Sales Engineer with George Kent (M) Berhad.

He does not hold any other directorship in other public company.

He has no family relationship with any of the directors and/or major shareholders of the Company and its subsidiaries. He does not have any conflict of interest with the Company other than the disclosures made under Related Party Transactions which appear on Note 33 to the Financial Statements. He had no conviction of any offences in the past 10 years. He is a major shareholder of the Company.

Liew Chiap Hong*Executive Director*

Mr Liew Chiap Hong, a Malaysian, aged 54, was appointed as the Executive Director of the Company on 22 March 2004. He is also a member of the Remuneration Committee. He graduated with a Bachelor of Engineering (Honours) degree from Universiti Malaya. He is a member of Institution of Engineers, Australia, MIE Aust. CP Eng (Chartered Professional Engineer). Upon graduation in 1979, he joined Jabatan Kerja Raya as a State Engineer in charge of projects and maintenance of mechanical building services in government building. In 1982, he joined Group Associated Engineers Sdn Bhd as a Design Engineer. In 1984, he joined Kejuruteraan Bintai Kindenko Sdn. Bhd. as a Mechanical Engineer. Thereafter in 1985, he joined GAE-Trane Sdn. Bhd. as a Marketing Executive and underwent six (6) months intensive training in Sales, HVAC and BAS course in Trane Co. Headquarters in La Crosse, Wisconsin, U.S.A. In 1987, he started a partnership in Benmarl Sdn Bhd to handle mechanical engineering projects. In 1989, he started a partnership in Quest Technology Sdn Bhd to design, supply and install filtration for indoor air quality and gas turbine, dust collection system and clean room system for electronics, pharmaceutical facilities and hospitals. He underwent air-filtration, dust collection and clean room technology courses conducted by the Farr Company in EL Segundo, California. With his vast experience in the electronics, commercial and industrial sectors, he was invited in October 2000 to participate in the growth of MESB in the fast growing high technology sector in the Asia Pacific region.

He does not hold any other directorship in other public company.

He has no family relationship with any of the directors and/or major shareholders of the Company and its subsidiaries. He does not have any conflict of interest with the Company other than the disclosures made under Related Party Transactions which appear on Note 33 to the Financial Statements. He had no conviction of any offences in the past 10 years. He is a major shareholder of the Company.

Lim Tzeh Foong

Independent Non-Executive Director

Mr Lim Tzeh Foong, a Malaysian, aged 39, was appointed as Independent Non-Executive Director of the Company on 1 August 2008. He is also the Chairman of the Audit and Remuneration Committees and a member of the Nomination Committee. He is a Fellow member of Association of Chartered Certified Accountants of United Kingdom, a Chartered Accountant of the Malaysian Institute of Accountants and an Associate member of the Chartered Tax Institute of Malaysia. He started his career in Ernst & Young in 1993 and left as audit manager in January 2003. During his tenure of service in Ernst & Young, he gained experience in audit of private and public companies and subsidiaries of multinational companies in various industries and businesses. He set up his own professional accounting practice in January 2004 and has been practicing since then.

He does not hold any other directorship in other public company.

He has no family relationship with any of the directors and/or major shareholders of the Company and its subsidiaries. He does not have any conflict of interest with the Company other than the disclosures made under Related Party Transactions which appear on Note 33 to the Financial Statements. He had no conviction of any offences in the past 10 years. He does not hold any shares in the Company.

Datuk Subhi bin Hj Dziauddin

Independent Non-Executive Director

Datuk Subhi bin Hj Dziauddin, a Malaysian, aged 47, was appointed as the Independent Non-Executive Director of the Company on 22 March 2004. He is also the Chairman of Nomination Committee and a member of Audit and Remuneration Committees. He graduated with a Bachelor of Science Degree in Engineering Physics from the University of Texas, El Paso, Texas, USA. Upon graduation in 1988, he started his career as a Pilot Trainer with the Royal Malaysian Air Force Flying School in Kepala Batas, Alor Setar, Kedah with the rank of Lieutenant. After spending a few years in the air-force, he left the air-force for the corporate world in 1994 when he joined Indah Water Konsortium Sdn Bhd ("IWK") as the Senior Manager, Entrepreneur Development Program Department. In November 1995, he left IWK to join Puncak Niaga (M) Sdn Bhd as the General Manager, Special Projects and subsequently resigned in 2003. He was directly involved and played a vital role in the successful listing of Puncak Niaga Holdings Berhad ("Puncak Niaga") on the Main Board of Bursa Malaysia Securities Berhad in 1997. He later joined Malaysian Resources Corporation Berhad ("MRCB") in February 1999 as the Director, Special Projects. He left MRCB in January 2000 for Puncak Niaga and was appointed as a Director in Puncak Niaga Overseas Capital Sdn Bhd, a subsidiary of Puncak Niaga.

He does not hold any other directorship in other public company.

He has no family relationship with any of the directors and/or major shareholders of the Company and its subsidiaries. He does not have any conflict of interest with the Company other than the disclosures made under Related Party Transactions which appear on Note 33 to the Financial Statements. He had no conviction of any offences in the past 10 years. He does not hold any shares in the Company.

Amirudin bin Mohd Baria*Independent Non-Executive Director*

Encik Amirudin bin Mohd Baria, a Malaysian, aged 52, was appointed as the Independent Non-Executive Director of the Company on 6 August 2004. He is also a member of Audit and Remuneration Committees. He graduated with a Bachelor of Business Administration majoring in Marketing from the University of Wisconsin, USA. Upon graduation in 1987, he started his career as a marketing and credit officer with Arab Malaysia Credit Berhad. After spending a few years in the banking industry, he joined Zenith Corporation as a marketing manager. In 1994, he joined Nam Consultant as a manager. During the period from February 1997 to December 1999, he was appointed as the private secretary to YB. Dato' Sri Mohd Najib bin Tun Abd Razak. In December 1999, he returned to Nam Consultant.

He does not hold any other directorship in other public company.

He has no family relationship with any of the directors and/or major shareholders of the Company and its subsidiaries. He does not have any conflict of interest with the Company other than the disclosures made under Related Party Transactions which appear on Note 33 to the Financial Statements. He had no conviction of any offences in the past 10 years. He does not hold any shares in the Company.

Edmund Chuah Choong Eng Huat*Non-Independent Non-Executive Director*

Mr Edmund Chuah Choong Eng Huat, a Malaysian, aged 48, was appointed as the Non-Independent Non-Executive Director of the Company on 20 July 2007. Upon graduation in 1985, from Trinity College Dublin, University of Dublin, Ireland, he then started working as a Design Engineer in the field of Structural Engineering for 3 years after which he obtained a Scholarship from National University of Singapore to pursue his Post Graduate in Mechanical & Electrical Engineering. Upon completing his Masters in Engineering, he setup ER Mekatron Sdn Bhd whereby he is the Managing Director.

He does not hold any other directorship in other public company.

He has no family relationship with any of the directors and/or major shareholders of the Company and its subsidiaries. He does not have any conflict of interest with the Company other than the disclosures made under Related Party Transactions which appear on Note 33 to the Financial Statements. He had no conviction of any offences in the past 10 years. He is a shareholder of the Company.

Chairman's Statement

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Dear Shareholders,

On behalf of the Board of Directors of Metronic Global Berhad (“MGB” or “the Company”), it is my pleasure to present the Annual Report and Audited Financial Statements for the financial year ended 31 December 2009.

INDUSTRY AND OPERATING ENVIRONMENT OVERVIEW

Undeniably, 2009 was a challenging year due to the worst global recession in decades as a result of the severe financial crisis that started in end 2007. The global economic recovery is under way but is expected to be fragile and slow in 2010 with projected global growth of 2.7% in 2010 and 3.2% in 2011 after a 2.2% decline in 2009. (Source: The World Bank Data & Research).

Malaysian economy has not been spared from the chained effects of the slowdown in the global economy. Nevertheless, the Malaysian economy contracted by only 1.7% in 2009 despite the severe negative growth reported for the first three quarters. This is attributable to the momentum growth of 4.5% in the fourth quarter backed by the strengthened domestic and external demand as a result of the implementation of the fiscal stimulus measures and the easy monetary policy by the Government. (Source: Department of Statistics, Malaysia).

The Malaysian construction sector continued to strengthen significantly by registering a growth of 9.2% in the fourth quarter of 2009 attributable to the ongoing implementation of the first and second stimulus package as well as the remaining projects under the Ninth Malaysia Plan. Annual growth in this sector expanded by 5.7% compared to 2.1% growth in 2008 and this is the highest growth since 1997. (Source: Department of Statistics, Malaysia).

FINANCIAL REVIEW

The group's total revenue increased to RM59.51 million for the current financial year ended 31 December 2009 against the previous financial year's revenue of RM51.66 million, reflecting an increase of RM7.85 million or 15%, mainly contributed by both engineering and ICT support services segment.



The Group recorded a loss before taxation of RM0.92 million, representing a reduction in loss of RM7.05 million or 88% compared to the loss before taxation of RM7.97 million for the previous financial year. The lower loss was in line with the increase in revenue and gross profit, and attributable to the lower operating expenses incurred coupled with the gain on disposal of an associate during the current financial year ended 31 December 2009. The lower loss was, however, partially offset by the share of losses of associates and impairment of goodwill during the financial year.

OPERATIONS OVERVIEW

Engineering Division

Engineering division remains the main source of revenue for the Group. Revenue from Engineering division rose by RM4.58 million or 9% from the previous financial year and accounted for 90% of the Group revenue for the financial year under review.

During the financial year 2009, the Group successfully secured IBMS and ISMS projects with a total worth of RM56.90 million both locally and overseas which include:

- Arzanah Development, Sector W-57, Abu Dhabi, United Arab Emirates - Rihan Heights (Phase 1A - Plot H);
- Proposed Mixed Development on Lot 171 (Lot C) at Persiaran KLCC, Kuala Lumpur City Tower Center;

- Hospital Rehabilitation Cheras - Package II;
- Government Administrative office at Lot 5G2, Putrajaya; and
- 4G8, 4G9, 4G10 & 4G11, Percinct 4, Pusat Pentadbiran Kerajaan, Persekutuan Wilayah Putrajaya.

ICT Support Services Division

The Company's diversification into ICT Support Services business has yielded a fruitful result following Metronic iCares Sdn Bhd's ("MICSB") recording of its maiden profit for the financial year 2009. In addition, MICSB's revenue grew significantly from RM2.46 million from the previous year to RM5.73 million which represented a rise of 133%. MICSB's growth owes much to its clients' belief and confidence in MICSB's technical capabilities and services, coupled with competent execution of works.

The iCare System is now well established in the Malaysian healthcare industry. As at today, MICSB has successfully secured 25 major accounts with its principal clients. To assist its principal clients, MICSB has now installed this end-to-end web-based technology, called iCare System through a network of over 110 panel hospitals and 1450 panel clinics.

CORPORATE DEVELOPMENTS

The following are highlights of some of the corporate developments that took place during the financial year and up to the date of this report:

(i) Acquisition of IPanel Malaysia Sdn Bhd ("IPM") and IPanel Pte Ltd ("IPS")

On 6 January 2009, the Company completed the acquisition of 75% equity interest in IPM, 30% equity interest and entire (60,000 of S\$1.00 each) preference shares of IPS from Goldis Berhad for a total cash consideration of RM1.2 million. IPS is the registered and beneficial owner of 25% in IPM. As a result, the Company holds an indirect interest of 7.5% and a total effective equity interest of 82.5% in IPM. The principal activities of IPM are research, development, manufacturing, sale and distribution of electronic products and intelligent facilities management system. The principal activities of IPS are sale of electronic products

and intelligent facilities management system. The acquisition will enable the MGB Group to diversify its product range and acquired new technology which will enhance the Group's competitiveness to secure additional contracts in local and overseas markets.

(ii) Water Concession Agreement with Lai'An County Water Utility Board ("Water Utility Board"), Anhui Province in the People's Republic of China ("PRC")

On 2 February 2009, the Company entered into a 33 years build, operate and transfer water concession agreement ("BOT Water Concession Agreement") with the Water Utility Board, Anhui Province in the PRC for the design, construction, production, operation, maintenance and sale of treated water in Lai'An County, Anhui Province in the PRC via a wholly-owned foreign subsidiary known as Anhui Lai'An Metronic Water Supply Company Limited which was incorporated on 11 March 2009. The total investment capital was agreed at US\$3.35 million and the Company has invested US\$820,512 (equivalent to RM2.88 million) to date.

The investment is to enable the MGB Group to venture in the water concession business by tapping into the potential growth offered by the Chinese market in-line with China's urbanization and awareness in environmental protection and need for safe-drinking water for rural, commercial and industrial development. The investment will also expand and diversify the Group's revenue base and generate recurring income to complement the Group's mainly project based revenues/incomes.

(iii) Disposal of Ariantec Sdn Bhd ("Ariantec"), an associated company of MGB

On 26 November 2009, the company completed the disposal of 1,000,000 ordinary shares of RM1.00 each representing 25.27% equity interest in Ariantec to Global Soft (MSC) Bhd (now known as Ariantec Global Bhd) ("AGB") for a total disposal consideration of RM8.666 million which was fully satisfied by the issuance of 96,657,750 new ordinary shares at par value of RM0.10 each in



AGB ("Consideration Shares") at the market price of RM0.09 per share on the completion day ("Disposal"). As a result, Ariantec ceased to be an associate of the Company, in which the Company became one of the substantial shareholders in AGB, holding approximately 16.99% equity interest in AGB.

The Disposal is consistent with the Company's corporate strategy to unlock its investment in Ariantec to convert non-liquid investment to more liquid investment in the form of Consideration Shares which are listed on ACE Market of Bursa Malaysia Securities Berhad.

(iv) Registration of Metronic Engineering Sdn Bhd - Abu Dhabi Branch

On 17 December 2009, the Company's wholly-owned subsidiary, Metronic Engineering Sdn Bhd registered a foreign branch known as Metronic Engineering Sdn Bhd - Abu Dhabi ("the Branch") with the Department of Economic Development of Abu Dhabi. The Branch has been issued with a commercial license by the Department of Economic Development of Abu Dhabi to carry out general maintenance works for buildings and electromechanical projects contracting works.



PROSPECTS

The projected growth of the Malaysian economy is between 4.5% and 5.5% backed by the Government's implementation of the fiscal stimulus measures and easy monetary policy. Although all available evidence clearly showed that Malaysia was out of recession, the Malaysian economy is expected to face more challenging times in year 2010 as the recovery of the global economy is expected to be gradual and uneven due to downside risks faced by the advanced economies. As such, the Directors are cautiously optimistic about the Group's performance in the forthcoming year. The Group will continue taking various measures to enhance operational efficiency and effective cost management, while focusing on its marketing strategies in order to improve the performance of the Group.

APPRECIATION AND ACKNOWLEDGEMENT

On behalf of the Board and management team, I would like to thank our shareholders, customers, business associates, bankers and other stakeholders for their unwavering support. The year 2009 has been a rather turbulent one, and I am grateful that they have stood by the Company and continued to give us strong support. I would also like to thank our employees for their dedication and hard work. We look forward to their continuing partnership to propel the Group forward in the future.

Last but not least, I would like to extend my appreciation to my fellow Directors for their support and contribution to the Group.

The Board does not recommend the payment of any dividend in respect of FYE 2009 in view of the Group's financial performance.

On behalf of the Board

Tan Sri Dato' Kamaruzzaman Bin Shariff
Executive Chairman

Statement on Corporate Governance

The Board of Directors (“the Board”) of Metronic Global Berhad (“MGB” or “the Company”) is committed to ensure that the highest standards of corporate governance are observed and practised consistently throughout the Group. The Board views this as a fundamental part of discharging its responsibility to protect and enhance shareholders’ value and the financial performance of the Company. Measures to implement and adopt the principles and best practices of the Malaysia Code on Corporate Governance (“the Code”) in conjunction with the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) are continuously being carried out by the Group.

The Board confirms that the Group has applied the principles in Part 1 of the Code, as well as the best practices set out in Part 2 of the Code with regards to the financial year under review unless stated otherwise.

A. THE BOARD OF DIRECTORS

1) Duties of the Board

An experienced Board leads and maintains full and effective control over the Group’s activities. It guides the Group on its short and long term goals, setting objectives and directions, reviewing and adopting strategic plans, overseeing the conduct of the business and managing the Group.

All Board members participate fully in decisions on key issues involving the Group which include inter alia, approval of major investments, divestments, capital expenditures, financial matters, related party transactions, financial and operating results and performance of the Group and in establishing key policies and procedures.

2) Composition of the Board

The Board of MGB currently consists of eight (8) members, of whom three (3) members of the Board are Independent Non-Executive Directors. This is in compliance with Paragraph 15.02 of the Listing Requirements of Bursa Securities which requires at least two (2) directors or 1/3 of the Board of Directors, whichever is the higher, to be independent.

The Board comprises professionals drawn from varied backgrounds bringing in considerable knowledge, skills and expertise to the Group. The Board is assured of balance and independent view at all Board deliberation due to the presence of its Independent Non-Executive Directors who are independent of the management and substantial shareholders of the Company and are free from any dealings or relationships which could interfere with the exercise of their independent judgment.

There is clear division of responsibility between the Executive Chairman, the Group Managing Director and Executive Director to ensure there is a balance of power and authority. The Board is currently led by an Executive Chairman who is primarily responsible for the orderly conduct and working of the Board. The Managing Director together with the Executive Director are primarily responsible for implementing the policies and decisions of the Board, overseeing and managing the day to day operations and managing the development and implementation of the Company’s business and corporate strategies. There is no combination or overlapping of roles between the current Executive Chairman and the Group Managing Director of the Company since these two positions are held by separate individuals. As such, the Board is of the view that there is no necessity to appoint a Senior Independent Non-Executive Director of the Board to whom concerns may be conveyed.

The composition of the Board is reviewed on an annual basis by the Nomination Committee to ensure the Board has the required mix of skills, expertise, attributes and core competencies to discharge its duties effectively.

3) Board Meeting and Supply of Information

Board meetings are scheduled at quarterly intervals with additional meetings convened as and when necessary.

During the year under review, five (5) Board meetings were held and the details of attendance are as follows:

Directors	Designation	Attendance of Board Meeting 2009					Total
		26.2.09	29.4.09	28.5.09	27.8.09	25.11.09	
Tan Sri Dato' Kamaruzzaman bin Shariff	Executive Chairman	@	@	*	@	@	4
Dato' Abd Gani bin Yusof	Executive Vice-Chairman	@	@	@	@	*	4
Dr. Ng Tek Che	Group Managing Director	@	@	@	@	@	5
Liew Chiap Hong	Executive Director	@	@	@	@	@	5
Lim Tzeh Foong	Independent Non-Executive Director	@	@	@	@	@	5
Datuk Subhi bin Hj Dziyauddin	Independent Non-Executive Director	@	@	@	*	*	3
Amirudin bin Mohd Baria	Independent Non-Executive Director	@	@	*	*	@	3
Edmund Chuah Choong Eng Huat	Non-Independent Non-Executive Director	@	@	@	*	@	4
Gu Ying (Resigned on 8 April 2009)	Non-Independent Non-Executive Director	*	N/A	N/A	N/A	N/A	0

@ - Present

* - Absent with apologies

N/A - Not applicable

The Board is provided with agenda together with a set of Board papers prior to the Board meetings. The Board papers include minutes of previous meeting, quarterly financial results, progress reports of Group businesses, strategic proposals, regulatory and audit reports for the Board's review and approval. These documents are issued in advance to enable the Board to seek clarifications from the management to enable effective discharge of its duties. Senior management and advisers are invited to attend Board meetings, where necessary, to provide additional information and insights on the relevant agenda items tabled at the Board meetings.

The Board Members have full access to the advice and services of the Company Secretaries and other professionals and all information in relation to the Group to assist in the furtherance of their duties.

4) Board Committee

The Board has established the following committees which operate within clearly defined terms of reference to assist the Board in executing its duties and responsibilities. The committees are:

i. Audit Committee

The Audit Committee was established on 8 April 2004 to review and monitor the Group's financial results and system of internal controls.

The Committee currently comprises three (3) members of whom all are Independent Non-Executive Directors. The members are:

Members	Designation
Lim Tzeh Foong (Chairman)	- Independent Non-Executive Director
Datuk Subhi bin Hj Dziauddin	- Independent Non-Executive Director
Amirudin bin Mohd Baria	- Independent Non-Executive Director

Details of the functions and activities of the committee are set out on pages 28 to 30 of the Annual Report.

ii. Nomination Committee

The Nomination Committee was established on 11 June 2004 with the primary responsibility of ensuring that the Board has appropriate balance and size and the required mix of skills, experience and other competencies and for recommending the appointment of new directors to the Board.

The Committee currently comprises three (3) members, two (2) of whom are Independent Non-Executive Directors. The members are:

Members	Designation
Datuk Subhi bin Hj Dziauddin (Chairman)	- Independent Non-Executive Director
Lim Tzeh Foong	- Independent Non-Executive Director
Dr. Ng Tek Che	- Group Managing Director

During the financial year under review, the committee met once with all members present.

iii. Remuneration Committee

The Remuneration Committee was established on 11 June 2004 with the responsibility of reviewing and recommending to the Board the remuneration package of Executive Directors of the Group. The main objective is to ensure the level of remuneration is attractive enough to attract and retain the Executive Directors to run the Group successfully, subject to corporate and individual performance. Fees for Independent Directors would be determined by the full Board with the approval from shareholders at the Annual General Meeting.

The Group Human Resource and Administration provides comparative remuneration market survey information to the committee and the committee makes recommendation to the Board. The Board as a whole determines their remuneration. No director is allowed to be present in the discussion and vote on his or her own remuneration.

Presently the committee comprises four (4) members, three (3) of whom are Independent Non-Executive Directors. The members are:

Members	Designation
Lim Tzeh Foong (Chairman)	- Independent Non-Executive Director
Datuk Subhi bin Hj Dziauddin	- Independent Non-Executive Director
Amirudin bin Mohd Baria	- Independent Non-Executive Director
Liew Chiap Hong	- Executive Director

During the financial year under review the committee met once attended by all members.

iv. Risk Management Committee

A risk management committee was established in year 2005 by the Board to undertake the responsibilities of overseeing the formulation of an effective and efficient risk management framework and policies for the Company and its subsidiaries of which the key element is to ensure correct balancing of risk and control.

The committee is under the purview of the Board. The committee comprises members from amongst the senior management and is headed by the Group Managing Director, Dr Ng Tek Che.

Details of the functions and activities of the committee are set out on pages 31 to 32 of the Annual Report.

5) Directors' Training

All Directors have successfully completed the Mandatory Accreditation Programme (MAP) in compliance with the Main Market Listing Requirement of Bursa Securities. The Board believes that Directors should receive continuous training from time to time and accordingly shall and has provided and encouraged them to attend seminars, workshops, conferences or other training programmes to keep abreast with new developments in corporate matters as well as industry practices for them to discharge their duties and responsibilities more effectively.

The trainings attended by the Directors in 2009 are as follows:

Tan Sri Dato' Kamaruzzaman bin Shariff

Finance for Non-Finance Directors	7 May 2009
Roles and Responsibilities of Board of Directors	26 November 2009
Transactions to look out for when reviewing financial information and FRS 139	26 November 2009

Dato' Abd Gani bin Yusof

Finance for Non-Finance Directors	7 May 2009
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Dr. Ng Tek Che

Finance for Non-Finance Directors	7 May 2009
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Liew Chiap Hong

Finance for Non-Finance Directors	7 May 2009
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Lim Tzeh Foong

MIT Workshop on Withholding Tax & Cross Boarder Transaction	12 January 2009
Financial Reporting Standard 139: Recognition and Measurement Preparing to Implement	28 & 29 September 2009
Managing Risk of Tax Audit & Investigation	15 & 16 October 2009

Datuk Subhi bin Hj Dziauddin

Finance for Non-Finance Directors	7 May 2009
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Amirudin bin Mohd Baria

Finance for Non-Finance Directors	7 May 2009
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Edmund Chuah Choong Eng Huat

Finance for Non-Finance Directors	7 May 2009
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6) Retirement and Re-election

In accordance with the Company's Articles of Association ("Articles"), all Directors are subject to election by shareholders at the first opportunity following their appointment by the Board.

The Articles also provide that all Directors shall retire by rotation so that each shall retire from office at least once in every three (3) years.

Directors who are seventy years of age are required to submit themselves for re-appointment annually in accordance to Section 129(6) of the Companies Act 1965.

At the forthcoming Annual General Meeting the following Directors who retire in accordance with the Articles, and being eligible have offered themselves for re-election.

- i) Tan Sri Dato' Kamaruzzaman bin Shariff
- ii) Dr. Ng Tek Che

B. DIRECTORS' REMUNERATION

The aggregate remuneration of the Directors for the financial year under review, distinguishing between Executive and Non-Executive Directors with categorisation into appropriate components is set out below:

	Executive Directors	Non-Executive Directors	Total
*Fees (RM)	36,000	72,000	108,000
Salaries and Other Emoluments (RM)	703,004	–	703,004

** Directors' fees for the financial year is subject to shareholders' approval at the forthcoming Annual General Meeting.*

The number of Directors whose total remuneration falls within the following bands:

	Executive Director	Non-Executive Director
Below RM50,000	1	3
RM50,001 - RM100,000	–	–
RM100,001 - RM150,000	–	–
RM150,001 - RM200,000	1	–
RM200,001 - RM250,000	1	–
RM250,001 - RM300,000	1	–

Details of the Directors' remuneration are set out in applicable bands of RM50,000 which comply with Main Market Listing Requirements. Whilst the Code prescribed for individual disclosure of directors' remuneration packages, the Board is of the view that the transparency and accountability aspects of the Corporate Governance in respect of the Directors' remuneration has been reasonably dealt with by the 'band disclosure' presented above.

C. INVESTOR RELATIONS AND SHAREHOLDERS COMMUNICATION

The Group values dialogue with investors and analysts as a means of effective communication that enables the Board to convey information about latest development of the Group.

The Company's Annual General Meeting provides a vital platform for both private and institutional shareholders to share viewpoints and acquire information on issues relevant to the Group. At the Annual General Meeting, shareholders are encouraged to question resolutions proposed or to seek more information on the Group's business operations in general. The Chairman and the other members of the Board together with the Company's auditors will be in attendance to provide explanations to all shareholders' queries.

Apart from the above and the mandatory announcement to Bursa Securities of the Company's financial results and corporate developments, the Company maintains a corporate website (www.metronic-group.com) to allow public access to the Group's information, business activities and latest developments, as well as to provide feedback.

D. ACCOUNTABILITY AND AUDIT

1) Financial Reporting

The Board has ensured that the financial statements have been prepared in accordance to the applicable approved accounting standards, the requirements of the Companies Act 1965 and other regulatory provisions. In preparing the financial statements, the Board has ascertained that judgments and estimates made are reasonable and prudent, and appropriate accounting policies have been adopted and applied consistently.

The Board takes due care and responsibility for presenting a balanced and understandable assessment of the Group's financial performance and prospects in respect of all quarterly results, annual financial statements and announcements issued by the Company. The Board is assisted by the Audit Committee to scrutinise information for disclosure to ensure its timeliness, accuracy, adequacy and compliance to the appropriate accounting standards.

2) Internal Control

The Statement on Internal Control set out on pages 31 to 32 of the Annual Report provides an overview of the state of internal control within the Group.

3) Relationship with Auditors

Through the Audit Committee, the Board has established a transparent and appropriate relationship with the Group's external and internal auditors in seeking their professional advice and towards ensuring compliance with applicable accounting standards and statutory requirements.

The external and internal auditors do attend the Audit Committee meeting and the external auditors do report to members of the Company on their findings which are included as part of the Company's financial report in respect of the financial year.

4) Directors' Responsibility Statement for the Financial Statements

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and Group and their results and cash flows for that year.

In preparing those financial statements, the Directors are required to:-

- a) use appropriate accounting policies and consistently apply them;
- b) make judgments and estimates that are reasonable and prudent;
- c) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- d) prepare the financial statements on a going concern basis.

The Directors are responsible for ensuring that proper accounting records are kept, and disclose with reasonable accuracy at any time, the financial position of the Company and Group to enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors are satisfied that in preparing the financial statements of the Company and Group for the year ended 31 December 2009, the Company and Group have used the appropriate accounting policies and applied them consistently. The Directors are of the opinion that all relevant approved accounting standards have been followed and confirm that the financial statements have been prepared on a going concern basis.

E. OTHER INFORMATION

The following information provided is in respect of the financial year ended 31 December 2009.

Utilisation of Proceeds

During the financial year, there were no proceeds raised from any corporate proposal.

Share Buybacks

During the financial year, there were no share buybacks by the Company.

Options, Warrants or Convertible Securities

During the financial year, no options, warrants or convertible securities were issued by the Company.

American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme

During the financial year, the Company did not sponsor any ADR or GDR programme.

Imposition of Sanctions/Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year.

Non-audit Fees

There were no non-audit fees paid or payable to the external auditors by the Group in respect of the financial year ended 31 December 2009.

Variation in Results

There is no material variance between the audited results and the previously announced unaudited results for the financial year ended 31 December 2009.

Profit Guarantees

During the financial year, there were no profit guarantees given by the Company.

Material Contracts

There were no material contracts involving the interest of the Directors and major shareholders of the Company other than as disclosed in the Related Party Transactions in Note 33 to the Financial Statements.

Contract Relating to Loans

There were no contracts relating to loans by the Company.

Revaluation of Landed Properties

The Group did not revalue its property, plant and equipment and does not have a policy on the revaluation of the landed properties.

Corporate Social Responsibility

The Group recognises the importance of Corporate Social Responsibility. The Group does not have a formal corporate social responsibility programme but is bonded together by strong belief and corporate philosophy to be a caring company, and has continually engaged in activities in the following areas:

(i) Safety and Health

The Group is committed to provide a safe and healthy working environment for employees in the Group under the requirements of ISO. Internal audit is being carried out periodically to ensure continuous adherence to all safety measures is being observed.

(ii) Skill Development

The Group strives to motivate and retain the best employees through continuous training by sending them to attend courses and seminars relevant to their job functions to improve their knowledge and skills. During the year under review, the Group utilised Human Resource Development Fund for selective training to enhance employees' technical and soft skills. It is the Group's aspiration that employees of the Group become respected and responsible citizens of society as well as leaders in their respective fields of specialisation.

(iii) Workers' Welfare

The Group is a multi-racial organisation. To promote closer working relationship and foster better understanding among the multi-racial employees, the Group organised family day whereby the staff get to know each other better outside the workplace which can greatly enhance their workplace relationship. The Group also provided opportunities for the employees from different departments and levels to interact, integrate and develop teamwork through sport activities such as bowling, badminton and yoga.

(iv) Caring for the Communities

The Group also provided assistance in cash and in kind towards charitable causes in the year under review, including contribution to the campaign launched by the State Government of Penang to eradicate hardcore poverty in Penang as well as the mobile clinic project run by Lions Club of Serdang to provide basic health screening for the residents in rural areas. In addition, the Group also made a cash contribution to a secondary school's building fund.

(v) The Environment

The Group recognises the importance of environmental conservation. The Group has adopted eco-friendly practices in its day-to-day work in order to minimise the impact on the environment. For example, waste and construction debris were disposed at approved dumpsites. Staff and clients are encouraged to fully maximise the benefits of ICT (e.g. email, instant messaging etc) for communications. The Group has also implemented the recycling of used papers and promoting good practices on energy saving by switching off unused equipments and lightings via Intelligent Building Management System.

Recurrent Related Parties Transactions

The Shareholders' of MGB had at the Sixth (6th) Annual General Meeting held on 30 June 2009 granted their approval on the Shareholders' Mandate for recurrent related party transactions ("RRPTs") for MGB and its subsidiaries ("MGB Group") to enter into recurrent transactions of a revenue or trading nature, which are necessary for the day-to-day operations and in the ordinary course of business of the MGB Group, on terms not more favourable to the Related Parties than those generally available to the public, as set out in the Circular to Shareholders dated 8 June 2009.

For the financial year ended 31 December 2009, the aggregate value of transactions conducted are as follows:

Companies within the MGB Group	Transacting Parties	Nature of Transactions	Related Parties	Nature of relationship	Aggregate Value of Transaction from January 2009 to December 2009 (RM)
(i) Metronic Engineering Sdn Bhd ("MESB")	Metronic Corporation Sdn Bhd ("MCSB")	Rental of office space to MCSB on a monthly basis	Dato' Abd. Gani bin Yusof Dr. Ng Tek Che Liew Chiap Hong	Note (a)	12,000
(ii) MESB	ITG Worldwide (M) Sdn Bhd ("ITG")	Rental of office space to ITG on a monthly basis	Liew Chiap Hong	Note (b)	12,000
(iii) MESB	MH Projects Sdn Bhd ("MHP")	Contract and maintenance revenue receivable from MHP in respect of e-project management of mechanical and electrical services and supply of medical and non-medical equipment	Tan Sri Dato' Kamaruzzaman bin Shariff Dato' Abd. Gani bin Yusof	Note (c)	330
(iv) MESB	ER Mekatron Manufacturing Sdn Bhd ("ERM")	Subcontractor fee payable to ERM in respect of supply of equipment and installation services	Edmund Chuah Choong Eng Huat ("Edmund Chuah")	Note (d)	178,775
(v) MESB	ERM	Contract and maintenance revenue receivable from ERM in respect of supply of equipment and installation services	Edmund Chuah	Note (d)	11,000
(vi) MESB	Ledtronics Sdn Bhd ("Ledtronics")	Subcontractor fee payable to Ledtronics in respect of supply of equipment and installation services	Datuk Subhi bin Hj Dziyauddin	Note (e)	85,798

Notes:

- (a) Dato' Abd. Gani bin Yusof, Dr. Ng Tek Che and Liew Chiap Hong who are Directors of MGB, are also directors and shareholders of MCSB, with shareholdings of 58%, 22% and 20% respectively.
- (b) Liew Chiap Hong, who is a Director of MGB, is also a director of ITG with a shareholding of 51%.
- (c) Tan Sri Dato' Kamaruzzaman bin Shariff and Dato' Abd. Gani bin Yusof, who are Directors of MGB, were directors of MHP until 15 November 2009 and 30 November 2009 respectively, and a family member of Dato' Abd Gani bin Yusoff is a director of MHP.
- (d) Edmund Chuah Choong Eng Huat, who is a Director of MGB, is also a Director of ERM with a direct equity interest of 50% and an indirect equity interest of 50% by virtue of his spouse's interest in ERM.
- (e) Datuk Subhi bin Hj Dziyauddin is a Director of MGB, and was also a director of this Company until 20 July 2009.

Audit Committee Report

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The Audit Committee of Metronic Global Berhad (“MGB” or “the Company”) was established by a resolution of the Board of Directors (“the Board”) on 8 April 2004. The Committee, operating within a specific terms of reference, was established to assist the Board of the Company in discharging their duties and responsibilities.

The Audit Committee meets regularly with the senior management and the internal auditors to review the Group’s operations, financial reports and the system of internal controls and compliance.

A. MEMBERS

The Members of the Audit Committee during the financial year ended 31 December 2009 are as follows:

Members	Designation
Lim Tzeh Foong (Chairman)	Independent Non-Executive Director
Datuk Subhi bin Hj Dziyauddin	Independent Non-Executive Director
Amirudin bin Mohd Baria	Independent Non-Executive Director

B. TERMS OF REFERENCE

The Audit Committee is governed by the following terms of reference:-

1) Composition

The Audit Committee shall be appointed by the Board from amongst their members and shall comprise at least three directors, all of whom must be non-executive directors, with a majority of them being independent directors. The Chairman who shall be elected from amongst members of the Committee shall be an independent non-executive director. The Board shall at all times ensure that the Audit Committee should be financially literate and at least one member of the Committee must be a member of the Malaysian Institute of Accountants (“MIA”). If he is not a member of MIA, he must fulfill such other requirements as prescribed by Bursa Malaysia Securities Berhad (“Bursa Securities”).

No alternate director may be appointed as a member of the Committee.

In the event of any vacancy in the committee resulting in the number being reduced to below three, the Board shall within three months of that event fill the vacancy.

The Board will review the terms of office and the performance of the Committee and its members at least once every 3 years. The last review was performed on 28 November 2007.

2) Objective

The primary objective of the Committee is to assist the Board in the effective discharge of its fiduciary responsibilities in the following aspects:

- i) Review the adequacy and integrity of the Group’s internal control systems, management information system including system of compliance with applicable laws, regulations, rules, directives and guidelines.
- ii) Ensure that the risk management framework to manage material risk is in place and adhered to.
- iii) Oversee financial reporting and evaluate the internal and external audit processes.

3) Authority

The Committee is authorised to investigate any matter within its terms of reference with full and unrestricted access to both internal and external auditors and all the Group’s records, properties and personnel.

The Committee is authorised and shall be entitled to obtain independent professional or other advices to assist in executing its duties.

4) Meetings

The Committee shall meet at least four (4) times a year to coincide with the review of the quarterly and annual financial statements prior to presentation to the Board for approval. Additional meetings may be called as and when necessary at the discretion of the Chairman of the Committee.

In order to form a quorum the majority of members present must be independent non-executive directors.

Other members of the Board and senior management, internal and external auditors may attend meeting upon invitation by the Committee.

The Company Secretary shall be the secretary of the Committee and be responsible for drawing up agendas in consultation with the Chairman.

The agenda together with the relevant documents shall be circulated to the committee members, one week prior to each meeting.

The Company Secretary shall be responsible for recording attendance, keeping minutes of meetings and circulating to committee members and members of the Board.

5) Duties and Responsibilities

In fulfilling its primary objectives, the Committee shall undertake the following duties and responsibilities:

- i) Review with the external auditors, the audit scope and plan, including any changes to the audit plan and scope.
- ii) Review the adequacy of the internal audit scope and plan, as well as the functions, competency and resource of the internal audit function and that it has the necessary authority to carry out its work.
- iii) Review the external and internal audit reports to ensure that appropriate and prompt remedial actions are taken by the management on major deficiencies in controls or procedures that are identified.
- iv) Review the major audit findings and the management's responses during the year with management, internal and external auditors, including the status of previous audit recommendations.
- v) Review the assistance given by the Group's employees to both the internal and external auditors, and any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to required information.
- vi) Review the independence and objectivity of the external auditors and their services, including non-audit services and the professional fees, so as to ensure a proper balance between objectivity and value for money.
- vii) Review the appointment and performance of external auditors, the audit fee and any question of resignation or dismissal before making recommendations to the Board.
- viii) Review the adequacy and integrity of internal control system, including enterprise risk management, management information system, and the internal or external auditor's evaluation of the said systems.
- ix) Direct and where appropriate monitor any special projects or investigation considered necessary, and review investigation report on any major defalcations, frauds and thefts.
- x) Review the quarterly results and the year-end financial statements, prior to the approval by the Board focusing particularly on:
 - changes in or implementation of major accounting policy;
 - significant or unusual events;
 - significant adjustments from audit; and
 - compliance with accounting standards and other legal requirements.
- xi) Review any related party transaction and conflict of interest situation that may arise within the Company or the Group, including any transaction, procedure or course of conduct that raise questions on management integrity.
- xii) Monitor organisational compliance with statutory and Listing Requirements of Bursa Securities and other legislative and reporting requirements.
- xiii) Any other activities, as authorised by the Board.

C. SUMMARY OF AUDIT COMMITTEE'S ACTIVITIES

During the financial year ended 31 December 2009, the Audit Committee convened five (5) meetings. Details of the attendance of the committee members are as follows:

Members	No. of meetings attended
Lim Tzeh Foong	5/5
Datuk Subhi bin Hj Dziauddin	4/5
Amirudin bin Mohd Baria	4/5

The meetings were appropriately structured through the use of agendas and meeting papers, which were distributed to members with sufficient notice.

In line with the terms of reference, the following activities were carried out by the Audit Committee during the financial year under review:

- i) Reviewed unaudited quarterly financial results of the Company including the announcements pertaining thereto prior to submission to the Board for consideration and approval.
- ii) Reviewed the audited financial statements of the Group and of the Company for the financial year ended 31 December 2008 and issues arising from the audit thereof prior to submission to the Board for consideration and approval.
- iii) Reviewed the audit plan presented by the external auditors prior to their annual audit as to their scope of work and strategy.
- iv) Reviewed matters arising from the audit of the Group in a meeting with the External Auditors without the presence of any executive officer of the Group;
- v) Reviewed the annual audit plan prepared by the internal auditors to ensure adequate scope and coverage on their activities.
- vi) Reviewed internal audit report prepared by the internal auditors especially with regards to issues raised, recommendations made and management's response to their recommendations.
- vii) Reviewed the risk assessment reports prepared by the internal auditors and the recommendations made.
- viii) Reviewed the recurrent related party transactions of a revenue nature or trading nature within the Group for inclusion in the circular to the shareholders in relation to the proposed renewal of the shareholders' mandate for recurrent transactions pursuant to Listing Requirements of Bursa Securities for the Board's approval.
- ix) Reviewed all related party transactions and recurrent related party transactions that arose in the Group on a quarterly basis to ensure that they are within the mandate obtained.
- x) Reviewed the performance of the external auditors and recommendations made to the Board on their reappointment and remuneration.
- xi) Reviewed the Audit Committee Report, Statement on Internal Control and Statement of Corporate Governance and its recommendations to the Board for inclusion in the Annual Report.

D. INTERNAL AUDIT FUNCTION

The Group has appointed an external consulting company to undertake the internal audit function.

The role and responsibilities of the internal audit function are as follows:

- i) To undertake independent and regular reviews of the system of internal controls and give assurance that such system continues to operate satisfactorily and effectively.
- ii) To review the risk identification and evaluation process and ensure controls implemented by the management are consistent with the Group's risk management policy.

The Internal Auditors have carried out their duties in accordance with its terms of reference and the annual audit plan was approved by the Audit Committee and the Board.

The total costs incurred for the internal audit function was RM55,927 for the financial year 2009.

The Board of Directors of Metronic Global Berhad ("the Board") is pleased to provide the following Statement on Internal Control pursuant to paragraph 15.26(b) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements. The Statement on Internal Control below outlines the nature and scope of internal controls of Metronic Global Berhad and its subsidiaries ("the Group") during the financial year ended 31 December 2009.

1. Board's Responsibility

The Board recognises the importance of sound internal controls and risk management practice for good corporate governance. The Board affirms its overall responsibility for the Group's system of internal control ("the System") which includes establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity.

Notwithstanding, as with any internal control system, the Group's System is designed to manage rather than eliminate the risk of failure to achieve the Group's business objectives. Accordingly, the System can only provide reasonable but not absolute assurance against material misstatement and loss.

For associated companies, their systems of internal controls are managed by the management of those companies, and therefore are not covered by this Statement on Internal Control.

2. Risk Management Framework

The Board confirms that there is an on-going process of reviewing, identifying, evaluating and managing significant risks faced by the Group. Risk assessment and evaluation is an integral part of the Group's business and operating processes. The daily running of the business is entrusted to the Group Managing Director ("GMD"), Executive Director ("ED") and their management team. Under the purview of the GMD and ED, the respective Head of each operating subsidiary are responsible for managing the risks of the operating subsidiary, and the Head of Departments within each operating subsidiary are responsible for managing the risks of their respective departments as part of their day-to-day duties.

A formal risk management framework has been in place since 2008 to ensure that structured and consistent approaches and methods are practised in the on-going process of identifying, assessing, managing and monitoring the principal risks that affect the attainment of the Group's business objectives and goals across the Group. The Board is supported by the Risk Management Committee ("RMC") headed by the GMD, and comprises members from amongst the senior management. The RMC undertakes the responsibilities of overseeing the formulation of an effective and efficient risk management framework and policies for the Group of which the key element is to ensure correct balancing of risk and control.

The RMC meets regularly to carry out risk evaluation on capital and non capital expenditures, business ventures into new areas of business, acquisition and disposal of investment inside and outside Malaysia, and transactions which carry exceptional items, conditions or obligations including contingent obligations. The RMC then advises the Board on risk related issues and recommend strategies, policies and risks tolerance level for the Board's approval.

3. Internal Audit Function

The internal audit function is outsourced to an external consultant who was engaged as the Group's internal auditors since 2008. The internal auditors adopt a risk-based approach and prepare the audit plan based on the risk profile of the Group. The internal auditors provide independent reviews on risk management and control processes implemented by the management and report to the Audit Committee which reviews the adequacy, integrity and effectiveness of the system of internal control.

The findings of internal audit were communicated to the management of the Group and the Audit Committee. The Audit Committee reviewed the reports from internal auditors and responses from the management before reporting the findings and making recommendations to the Board in strengthening the system of internal control.

4. Other Internal Control Processes

Apart from risk management and internal audit, the Group's other key internal control processes include the following:

- i) There is an organisation structure with well-defined reporting lines of responsibility and accountability and delegation of authority.
- ii) Documented policies and procedures are updated regularly to reflect changing operational risks. The Board approves appropriate responses or amendments in the Group's policies.
- iii) The Audit Committee comprises three (3) Independent Non-Executive Directors. The Audit Committee was established with a view to assist and to provide the Board with added focus in discharging its duties.
- iv) Quarterly results are reviewed by the Board and the Audit Committee before announcement to the Bursa Securities.
- v) There are regular management meetings attended by executive directors to discuss and report on operational performance, business strategy, key operating statistics, legal and regulatory matters of each business unit.
- vi) An annual budgeting process is in place where each business unit is required to prepare its operating budget for the forthcoming year. The budgets are reviewed by the management and approved by the Board. Actual performance compared with the budget is prepared and reviewed by the management during the monthly management meeting.
- vii) The Group's principal operating subsidiary, Metronic Engineering Sdn Bhd is ISO 9001:2000 accredited. Its employees are guided by the Quality Manual where standard operating procedures are to be followed. In addition to the periodic external ISO audit, internal audit is carried out on semi-annual basis where the findings or issues are documented and deliberated by the management team in the management review meetings.

5. Conclusion

There was no material or significant breakdown or weakness in the system of internal control of the Group that resulted in material losses or contingencies for the year under review. The Board and the management will continually review and improve the existing risk management processes and internal control system to ensure their adequacy and effectiveness in the dynamic business environment.