

MCLEAN TECHNOLOGIES BERHAD (Company No: 893631-T)
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2015**

		CURRENT QUARTER 30/09/15	PRECEDING CORRESPONDING QUARTER 30/09/14	CUMULATIVE QUARTER ENDED 30/09/15	CUMULATIVE QUARTER ENDED 30/09/14
	Note	RM'000	RM'000	RM'000	RM'000
REVENUE		14,225	9,075	35,592	24,703
COST OF SALES		(12,372)	(7,398)	(31,267)	(22,076)
GROSS PROFIT		1,853	1,677	4,325	2,627
OTHER INCOME		597	135	1,090	234
ADMINISTRATIVE EXPENSES		(2,435)	(2,326)	(7,130)	(7,204)
SELLING AND DISTRIBUTION EXPENSES		(212)	(122)	(605)	(366)
OTHER EXPENSES		-	(2)	-	(19)
FINANCE COST		(44)	(20)	(158)	(51)
LOSS BEFORE TAX		(241)	(658)	(2,478)	(4,779)
TAX EXPENSE		-	-	-	-
LOSS FOR THE PERIOD		(241)	(658)	(2,478)	(4,779)
OTHER COMPREHENSIVE INCOME / (LOSS)					
Foreign currency translation difference		1,490	76	2,259	(223)
		1,490	76	2,259	(223)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD		1,249	(582)	(219)	(5,002)
Loss attributable to:					
Owners of the parent		(241)	(658)	(2,478)	(4,779)
Non-controlling interests		-	-	-	-
		(241)	(658)	(2,478)	(4,779)
Total comprehensive income / (loss) attributable to:					
Owners of the parent		1,249	(582)	(219)	(5,002)
Non-controlling interests		-	-	-	-
		1,249	(582)	(219)	(5,002)
Loss per share (sen)					
Basic	25	(0.21)	(0.56)	(2.11)	(4.07)
Diluted	25	N/a	N/a	N/a	N/a

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited consolidated financial statements of MClean Technologies Berhad for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to this interim financial statements.)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2015

	Note	(UNAUDITED)	(AUDITED)
		As at 30/09/2015	As at 31/12/14
		RM'000	RM'000
ASSETS			
Non-current assets			
Intangible assets		2,055	2,492
Property, plant and equipment		9,786	9,418
Other receivables		400	330
		12,241	12,240
Current assets			
Inventories		802	207
Trade receivables		14,039	9,317
Other receivables and prepayment		4,646	4,520
Cash and bank balances		2,806	2,308
		22,293	16,352
TOTAL ASSETS		34,534	28,592
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		29,350	29,350
Share premium		3,420	3,420
Accumulated loss		(4,085)	(1,607)
Other reserves		(11,722)	(13,981)
TOTAL EQUITY		16,963	17,182
Non-current liabilities			
Term loan		-	432
Current liabilities			
Trade payables		11,745	4,787
Other payables		2,430	2,360
Term loan		3,396	3,831
Tax payables		-	-
		17,571	10,978
TOTAL LIABILITIES		17,571	11,410
TOTAL EQUITY AND LIABILITIES		34,534	28,592
Net assets per share attributable to owners of the parent (RM)		0.14	0.15

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited consolidated financial statements of MClean Technologies Berhad for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to this interim financial statements.)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2015**

Cumulative quarter ended 30 SEPTEMBER 2015

	ATTRIBUTABLE TO OWNERS OF THE PARENT						
	Non distributable			Distributable			
	SHARE CAPITAL	SHARE PREMIUM	MERGER DEFICIT	WARRANT RESERVE	CURRENCY FLUCTUATION RESERVE	ACCUMULATED LOSS	TOTAL
<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	
Balance as at 01.01.2015	29,350	3,420	(22,246)	5,400	2,865	(1,607)	17,182
Total comprehensive income/ (loss) for the period	-	-	-	-	2,259	(2,478)	(219)
Balance as at 30.09.2015	29,350	3,420	(22,246)	5,400	5,124	(4,085)	16,963

Cumulative quarter ended 30 SEPTEMBER 2014

	ATTRIBUTABLE TO OWNERS OF THE PARENT						
	Non distributable			Distributable			
	SHARE CAPITAL	SHARE PREMIUM	MERGER DEFICIT	WARRANT RESERVE	CURRENCY FLUCTUATION RESERVE	ACCUMULATED LOSS	TOTAL
<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	
Balance as at 01.01.2014	29,350	3,420	(22,246)	5,400	2,450	3,985	22,359
Total comprehensive loss for the period	-	-	-	-	(223)	(4,779)	(5,002)
Balance as at 30.09.2014	29,350	3,420	(22,246)	5,400	2,227	(794)	17,357

(The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the audited consolidated financial statements of MClean Technologies Berhad for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to this interim financial statements.)

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2015**

	CURRENT FINANCIAL PERIOD 30/9/2015	PRECEDING YEAR CORRESPONDING PERIOD 30/9/2014
	RM'000	RM'000
OPERATING ACTIVITIES		
Loss before tax	(2,478)	(4,779)
Adjustments for:		
Depreciation	2,189	2,290
Written off of plant, property & equipment	-	2
Amortisation of intangible assets	773	711
Interest income	(3)	(4)
Interest expenses	158	51
Unrealised (gain) / loss on foreign exchange	(993)	27
Operating loss before working capital changes	<u>(354)</u>	<u>(1,702)</u>
Changes in working capital:-		
Inventories	(437)	189
Receivables	341	5,803
Payables	2,998	(2,972)
CASH GENERATED FROM OPERATIONS	<u>2,548</u>	<u>1,318</u>
Tax paid	-	-
NET CASH FROM OPERATING ACTIVITIES	<u>2,548</u>	<u>1,318</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(917)	(2,123)
Interest expenses	(158)	(51)
Interest received	3	4
NET CASH USED IN INVESTING ACTIVITIES	<u>(1,072)</u>	<u>(2,170)</u>
FINANCING ACTIVITIES		
Long term loan	-	1,035
Repayment of term loan	(1,377)	(654)
NET CASH (USED IN) / FROM FINANCING ACTIVITIES	<u>(1,377)</u>	<u>381</u>
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		
Net changes	99	(471)
Brought forward	2,307	1,972
Effects of exchange translation differences on cash and cash equivalents	400	(7)
Carried forward	<u>2,806</u>	<u>1,494</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited consolidated financial statements of MClean Technologies Berhad for the financial year ended 31 December 2014 and the accompanying explanatory notes attached to this interim financial statements.)

Unaudited financial results of MClean and its subsidiaries (the “Group”) for period ended 30 September 2015.

Explanatory notes to the quarterly report and for the financial period ended 30 September 2015

1. Basis of preparation

The Condensed Interim Financial Statements have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) No 134: Interim Financial Reporting and Paragraph 9.22 of Listing Requirements of Bursa Malaysia Securities Berhad. This Interim Financial Statements also complied with IAS 34: Interim Financial Reporting issued by the International Accounting Standard Board (“IASB”).

The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2014. The explanatory notes attached to these condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2014.

2. Significant Accounting Policies

Significant accounting policies and methods of computation adopted for the condensed interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2014 except for the adoption of the new/revised MFRS mentioned below.

2.1 Adoption of MFRS, Amendments to MFRS and IC Interpretation

On 1 January 2015, the Group adopted the following new and amended MFRSs and IC Interpretation which are mandatory for annual financial periods beginning on or after 1 January 2015:

MFRS and Amendments effective for annual periods beginning on or after 1 July 2014

- 1) Annual Improvements to MFRSs 2010-2012 Cycle
 - a. Amendment to MFRS 2 Share-based Payment
 - b. Amendment to MFRS 3 Business Combinations
 - c. Amendments to MFRS 8 Operating Segments
 - d. Amendments to MFRS 116 Property, Plant and Equipment
 - e. Amendments to MFRS 124 Related Party
 - f. Amendments to MFRS 138 Intangible
- 2) Annual Improvements to 2011-2013 Cycle
 - a. Amendments to MFRS 3 Business Combinations
 - b. Amendments to MFRS 13 Fair Value Measurement and
 - c. Amendments to MFRS 140 Investment Property
- 3) Amendments to MFRS 119 Defined Benefit Plans: Employee Contributions

There is no material impact arising from adoption of the above standards and amendments on the financial statements of the Group.

2.2 MFRSs and Amendments to MFRSs Issued but not yet Effective

The following are MFRSs and Amendments to MFRSs with effective dates after 1 January 2015 issued by MASB and they have not been early adopted by the Group in this set of financial statements.

(a) MFRS and Amendments effective for annual periods beginning on or after 1 January 2016

- 1) Amendments to MFRS 10 and MFRS 128 – Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture
- 2) Amendments to MFRS 10, MFRS 12 and MFRS 128 – Investment Entities: Applying the Consolidation Exception
- 3) Amendments to MFRS 11 Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations
- 4) MFRS 14 Regulatory Deferral Accounts
- 5) Amendments to MFRS 101 - Disclosure Initiative
- 6) Amendments to MFRS 116 and MFRS 138 - Clarification of Acceptable Methods of Depreciation and Amortisation
- 7) Amendments to MFRS 116 and MFRS 141 -Agriculture: Bearer Plants
- 8) Amendments to MFRS 127 – Equity Method in Separate Financial Statements
- 9) Annual Improvements to MFRSs 2012–2014 Cycle
 - a. Amendments to MFRS 5
 - b. Amendments to MFRS 7
 - c. Amendments to MFRS 119
 - d. Amendment to MFRS 134

(a) MFRS and Amendments effective for annual periods beginning on or after 1 January 2017

MFRS 15 Revenue from Contracts with Customers

(b) MFRS and Amendments effective for annual periods beginning on or after 1 January 2018

MFRS 9: Financial Instruments (IFRS 9 as issued by IASB in July 2014)

3. Audit Report of the Preceding Audited Financial Statements

The auditors have expressed an unqualified opinion on the Company’s statutory consolidated financial statements for the financial year ended 31 December 2014 in their report dated 14 April 2015.

4. Seasonal or Cyclical Factors

Our Group’s revenue is not significantly affected by the seasonal or cyclical factors for the quarter under review.

5. Unusual Items

Except as disclosed, there was no item which is unusual because of its nature, size, or incidence that has affected the assets, liabilities, equity, net income or cash flow of the Group for the current financial quarter under review.

6. Material Changes in Estimates

There were no changes in estimate of amounts reported that has a material impact in the current financial quarter under review.

7. Changes in Debts and Equity Securities

There were no issuance and repayment of debt and equity securities, share buy-backs and share cancellation, for the current financial quarter under review.

8. Dividend Paid

There were no dividends paid during the quarter under review.

9. Segmental Reporting

The segmental result of the Group for the current and previous financial year-to-date under review is set out below:

Geographical information		
Revenue information based on the geographical location of customers are as follows:-		
Location	9 Months Ended 30.09.2015 RM'000	9 Months Ended 30.09.2014 RM'000
People's Republic of China	9,702	10,113
Malaysia	1,856	3,097
Singapore	27,161	15,212
Others	590	1,375
Inter segment	(3,717)	(5,094)
	35,592	24,703

Current quarter ended 30.09.2015	Technical Assembly Services RM'000	Precision Cleaning RM'000	Elimination RM'000	Total RM'000
Revenue:-				
External customers	5,199	9,026	-	14,225
Inter segment	-	1,438	(1,438)	-
Total revenue	5,199	10,464	(1,438)	14,225

Results:-				
Segment results	101	1,752	-	1,853
Unallocated amounts:				
Other income				597
Other corporate expenses				(2,691)
Loss before tax				(241)

Current quarter ended 30.09.2014	Technical Assembly Services RM'000	Precision Cleaning RM'000	Elimination RM'000	Total RM'000
Revenue:-				
External customers	-	9,075	-	9,075
Inter segment	-	1,617	(1,617)	-
Total revenue	-	10,692	(1,617)	9,075

Results:-				
Segment results	-	1,677	-	1,677
Unallocated amounts:				
Other income				135
Other corporate expenses				(2,470)
Loss before tax				(658)

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Cumulative quarter ended 30.09.2015	Technical Assembly Services RM'000	Precision Cleaning RM'000	Elimination RM'000	Total RM'000
Revenue:-				
External customers	10,187	25,405	-	35,592
Inter segment	-	3,717	(3,717)	-
Total revenue	10,187	29,122	(3,717)	35,592
Results:-				
Segment results	177	4,148	-	4,325
Unallocated amounts:				
Other income				1,090
Other corporate expenses				(7,893)
Loss before tax				(2,478)
Cumulative quarter ended 30.09.2014				
	Technical Assembly Services RM'000	Precision Cleaning RM'000	Elimination RM'000	Total RM'000
Revenue:-				
External customers	-	24,703	-	24,703
Inter segment	-	5,094	(5,094)	-
Total revenue	-	29,797	(5,094)	24,703
Results:-				
Segment results	-	2,627	-	2,627
Unallocated amounts:				
Other income				234
Other corporate expenses				(7,640)
Loss before tax				(4,779)

It was not practicable to separate out the segment assets and liabilities for its business segments as the assets and liabilities were jointly used by all business segments.

10. Valuation of Property, Plant and Equipment

The Group does not own any properties or real estate. As at 30 September 2015, all the Group's plant and equipment were stated at cost less accumulated depreciation.

11. Material Events Subsequent to the End of the Current Financial Quarter

On 8 October 2015, the Company completed its acquisition of 550,000 DWZ Shares from Decor for the Purchase Consideration of RM14,094,500 through the issuance of 56,378,000 new MClean Shares (“Consideration Shares”) to the Vendor at an issue price of RM0.25 each.

12. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current financial quarter under review.

13. Contingent Liabilities and Contingent Assets

(a) Contingent liabilities

There were no contingent liabilities as at the end of current financial quarter.

(b) Contingent assets

There were no contingent assets as at the end of current financial quarter.

14. Capital Commitment

There was no capital commitment as at the end of the current financial quarter.

15. Review of Performance

Comparison between Current Financial Quarter / Year-to-date Ended 30 September 2015 and Previous Corresponding Quarter / Year-to-date Ended 30 September 2014

A summary of the Group’s performance is set out below:-

	3 Months Ended					
	30.09.2015			30.09.2014		
	Technical Assembly Services	Precision Cleaning	Total	Technical Assembly Services	Precision Cleaning	Total
	RM’000	RM’000	RM’000	RM’000	RM’000	RM’000
Revenue	5,199	9,026	14,225	-	9,075	9,075
Gross profit	101	1,752	1,853	-	1,677	1,677
Loss before tax			(241)			(658)

Technical Assembly Services Division

Technical Assembly Services resume towards the end of 1st Quarter 2015. The revenue and gross contribution is expected to remain consistent for the next immediate quarter.

Precision Cleaning Division

Revenue from Precision Cleaning for the current quarter remains constant as compared to the preceding year corresponding quarter. Gross profit margin increased from 18.48% to 19.41% mainly due to improving contribution from cleanroom assembly services.

Overall, the Group reported a loss before tax of RM0.241 million as compared to a loss before tax of RM0.658 million in the previous year corresponding quarter.

Comparison between Current Period-to-date Ended 30 September 2015 and Previous Corresponding Period-to-date Ended 30 September 2014

	9 Months Ended					
	30.09.2015		Total	30.09.2014		Total
	Technical Assembly Services	Precision Cleaning		Technical Assembly Services	Precision Cleaning	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	10,187	25,405	35,592	-	24,703	24,703
Gross profit	177	4,148	4,325	-	2,627	2,627
Loss before tax			(2,478)			(4,779)

Technical Assembly Services Division

Technical Assembly Services resume towards the end of 1st Quarter 2015. The revenue and gross contribution is expected to remain consistent for the next immediate quarter.

Precision Cleaning Division

Revenue from Precision Cleaning for the current period increased by approximately 2.84% as compared to the preceding year corresponding period. The increase is mainly from Clean bulk packaging services. Gross profit margin increased from 10.6% to 16.3% mainly due to improving contribution from Clean bulk packaging services.

Overall, the Group reported a loss before tax of RM 2.48 million as compared to a loss before tax of RM 4.78 million in the previous year corresponding period.

16. Material Changes in the Quarterly Results as Compared with the Immediate Preceding Quarter

	3 Months Ended					
	30.09.2015		Total	30.06.2015		Total
	Technical Assembly Services	Precision Cleaning		Technical Assembly Services	Precision Cleaning	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	5,199	9,026	14,225	3,323	8,174	11,497
Gross profit	101	1,752	1,853	29	1,146	1,175
Loss before tax			(241)			(1,330)

Technical Assembly Services Division

Technical Assembly Services revenue has increased by approximately 56% in the current financial quarter as compared to the immediate preceding quarter. The increase is mainly due to increase in number of projects received.

Gross profit margin has increase from 0.9% to 1.9% mainly due to improving contribution from Technical Assembly Services.

Precision Cleaning Division

The Group’s revenue from Precision Cleaning for current financial quarter has increased by 10.42% as compared to the immediate preceding quarter. The increase in sales is across all cleaning services. Gross profit margin for the precision cleaning division has increase from 14.02% to 19.41%. Overall, the Group registered a loss before tax of RM 0.24 million as compared to a loss before tax of RM 1.33 million in the immediate preceding quarter.

17. Future Prospects

With the successful acquisition of the surface treatment specialist – DWZ Industries Group in Malaysia, the enlarge Mclean Group will emerge stronger on several front in the 4th Quarter of 2015. Share capital and net asset will strengthen significantly. Furthermore Mclean’s existing Precision Cleaning scope of services has also broadened to include other type of surface treatment services.

We expect the 2nd half performance to be better than the 1st half of 2015.

18. Variance of Profit Forecast and Shortfall in Profit Guarantee

The Group has not issued any profit forecast or profit guarantee for the current financial quarter .

19. Status of Corporate Proposals

On 22 September 2015, the Company has made an announcement to undertake the proposed free warrants issue up to 42,264,000 warrants (“New Warrants”) on the basis of six New Warrants for every twenty five existing Shares held by the shareholders of Mclean.

Warrants 2015/2020 with exercise right expiring on 7 October 2020

Up to 25 November 2015, the total number of warrants converted into ordinary shares at RM0.25 each and the number of unexercised warrants are as follows:

Total number of warrants listed	Total number of warrants converted into ordinary shares	Total number of unexercised warrants
28,175,996	5,000,000	23,175,996

20. Group Borrowings and Debt Securities

The Group’s borrowings as at 30 September 2015 presented as follows:-

	RM’000
Short Term Borrowings	
Unsecured:-	
Term loan	803
Secured:	
Factoring loan	2,593
	<u>3,396</u>

The total borrowings denominated in foreign and local currency as at 30 September 2015 are: -

	RM’000
Foreign currency – SGD 1,098,757 @ RM3.0912/SGD	3,396

21. Realised and Unrealised Retained Profits

	Cumulative year to date ended 30/09/2015 RM'000	Cumulative year to date ended 31/12/2014 RM'000
Total retained profits of the Group:		
- Realised	(26,231)	(22,273)
- Unrealised	1,017	415
	<u>(25,214)</u>	<u>(21,858)</u>
Consolidated adjustments	21,129	20,251
	<u>(4,085)</u>	<u>(1,607)</u>

22. Off Balance Sheet Financial Instruments

As at 30 September 2015, Group does not have any off balance sheet financial instrument.

23. Material Litigation

There was no pending material litigation from 1 January 2015 up to the date of this quarterly announcement.

24. Dividend Payable

There was no dividend payable or proposed during the current quarter ended 30 September 2015.

25. Loss Per Share

Basic

The calculation of the basic LPS is based on the net loss divided by the weighted average number of ordinary shares of RM0.25 each in issue.

	3rd Quarter Ended		Cumulative Quarter Ended	
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
Net Loss for the period attributable to owners of the parent (RM'000)	(241)	(658)	(2,478)	(4,779)
Weighted average number of ordinary shares in issue ('000)	117,400	117,400	117,400	117,400
Basic LPS (sen)	(0.21)	(0.56)	(2.11)	(4.07)

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Diluted

The calculation of the diluted EPS is based on the net profit divided by the weighted average number of ordinary shares after adjustments for the effects of all dilutive potential ordinary shares of RM0.25 each arising from the exercise of 58,700,000 Warrants-in-issue .

	3 rd Quarter Ended		Cumulative Quarter Ended	
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
Weighted average number of ordinary shares in issue ('000)	176,100	176,100	176,100	176,100
Diluted EPS (sen)	Not applicable ⁽¹⁾	Not applicable ⁽¹⁾	Not applicable ⁽¹⁾	Not applicable ⁽¹⁾

(1) Not applicable as, due to the losses, there is an anti-dilutive effect from the assumed exercise of the Warrants-in-issue.

26. Notes to the Condensed Consolidated Statements to Comprehensive Income

Loss before tax is arrived at after charging/ (crediting) the following items:-

	Current Quarter Ended 30 September 2015 RM'000	Year-to-date Ended 30 September 2015 RM'000
(a) Interest income	(1)	(3)
(b) Other income including investment income	(64)	(243)
(c) Interest expenses	44	158
(d) Depreciation and amortization	993	2,962
(e) Provision for and write off of receivables	-	-
(f) Provision for and write off of inventories	-	-
(g) Gain or loss on disposal of quoted and unquoted investment or properties	-	-
(h) Impairment of assets	-	-
(i) Realised foreign exchange loss, net	370	149
(j) Gain or loss on derivatives	-	-
(k) Plant, property & equipment written off	-	-
(l) Unrealised foreign exchange gain, net	(902)	(993)