

MERGE ENERGY BHD. (420099-X)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 OCTOBER 2015

	Unaudited As at 31.10.2015 RM'000	Audited As at 31.01.2015 RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	21,463	20,672
Investment properties	13,750	13,750
Investment in an associate	2,278	2,270
Goodwill on consolidation	1,556	1,010
	39,047	37,702
Current Assets		
Inventories	93	89
Amounts due from customers for contract works	20,092	37,132
Trade receivables	32,872	19,325
Other receivables, deposits and prepayments	1,529	4,715
Tax Recoverable	82	145
Amount due from associate	141	141
Deposits place with licensed banks	7,817	12,187
Cash and bank balances	4,593	4,092
	67,219	77,826
TOTAL ASSETS	106,266	115,528
EQUITY AND LIABILITIES		
Equity Attributable To Owner Of The Parent		
Share capital	67,000	67,000
Reserves		
Share premium	7,713	7,713
Accumulated losses	(14,504)	(16,727)
Shareholders' Equity	60,209	57,986
Non-Controlling Interests	2,721	1,930
Total Equity	62,930	59,916
Non Current Liabilities		
Loans and borrowing	1,551	1,286
Deferred tax liabilities	257	248
Current Liabilities		
Amounts due to customers for contract works	393	344
Trade payables	11,892	11,502
Other payables and accruals	24,096	41,231
Amount due to directors	-	197
Loans and borrowing	5,061	451
Provision for taxation	30	353
GST output tax liabilities	56	
	41,528	54,078
Total Liabilities	43,336	55,612
TOTAL EQUITY AND LIABILITIES	106,266	115,528
Net assets per share attributable to owner of the parent of the company	0.90	0.87

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 January 2015.)

MERGE ENERGY BHD. (420099-X)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR NINE MONTHS PERIOD ENDED 31 OCTOBER 2015

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR 3 MONTHS PERIOD ENDED 31.10.2015 RM'000	PRECEDING YEAR 3 MONTHS PERIOD ENDED 31.10.2014 * RM'000	CURRENT YEAR 9 MONTHS PERIOD ENDED 31.10.2015 RM'000	PRECEDING YEAR 9 MONTHS PERIOD ENDED 31.10.2014 * RM'000
	Revenue	30,999	N/A	74,104
Cost of Sales	(27,281)	N/A	(61,446)	N/A
Gross Profit	3,718	N/A	12,658	N/A
Other Operating Income	284	N/A	570	N/A
Total Income	4,002	N/A	13,228	N/A
Admin & Distribution Costs	(2,847)	N/A	(9,230)	N/A
Profit/(Loss) from Operation	1,155	N/A	3,998	N/A
Finance Costs	(69)	N/A	(126)	N/A
Share of Result in Associate	29	N/A	8	N/A
Profit/(Loss) before taxation and zakat	1,115	N/A	3,880	N/A
Taxation	(608)	N/A	(866)	N/A
Profit/(Loss) after taxation and zakat	507	N/A	3,014	N/A
Total Comprehensive Income / (Loss) For The Period	507	N/A	3,014	N/A
Profit/(Loss) attributable to :				
Owners of the parent	274	N/A	2,223	N/A
Non-controlling interest	233	N/A	791	N/A
Profit/(Loss)	507	N/A	3,014	N/A
Total Comprehensive Income / (Loss) attributable to :				
Owners of the parent	274	N/A	2,223	N/A
Non-controlling interest	233	N/A	791	N/A
Total Comprehensive Income / (Loss)	507	N/A	3,014	N/A
Earnings per share : -- - basic / diluted	sen 0.41	sen N/A	sen 3.32	sen N/A

Notes :

- * 1. There are no comparative figures disclosed for the current quarter and cumulative year-to-date of the quarter / year following the change in the financial year end from January 2016 to March 2016.
2. The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 January 2015.

Additional Information	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) from Operations	1,155	N/A	3,998	N/A
Gross Interest Income	-	N/A	35	N/A
Gross Interest Expense	69	N/A	126	N/A
Depreciation of Property, Plant and Equipment	293	N/A	862	N/A

MERGE ENERGY BHD. (420099-X)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF
CHANGES IN EQUITY AS AT 31 OCTOBER 2015

← Attributable to Equity Holders of the Company →

	Share Capital RM'000	Share Premium RM'000	Accumulated Losses RM'000	Total RM'000	Non Controlling Interests RM'000	Total Equity RM'000
At 1 February 2015	67,000	7,713	(16,727)	57,986	1,930	59,916
Total Comprehensive Income for the period			2,223	2,223	791	3,014
At 31 Oct 2015	67,000	7,713	(14,504)	60,209	2,721	62,930

← Attributable to Equity Holders of the Company →

	Share Capital RM'000	Share Premium RM'000	Accumulated Losses RM'000	Total RM'000	Non Controlling Interests RM'000	Total Equity RM'000
At 1 February 2014	67,000	7,713	(18,899)	55,814	1,402	57,216
Total Comprehensive Income for the period			(478)	(478)	56	(422)
Changes in equity interest					276	276
At 31 Oct 2014	67,000	7,713	(19,377)	55,336	1,734	57,070

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 January 2015.)

MERGE ENERGY BHD. (420099-X)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR NINE MONTHS PERIOD ENDED 31 OCTOBER 2015

	9 MONTHS PERIOD ENDED 31.10.2015
	<u>RM'000</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Profit before taxation	3,880
Adjustments for :	
Non-cash items	862
Non-operating items (which are investing / financing)	<u>20</u>
Operating profit before changes in working capital	4,762
Changes in working capital :	
Net changes in current assets	11,802
Net changes in current liabilities	<u>(17,546)</u>
Cash (used in) / generated from operations	(982)
Interest paid	-
Tax paid	(1,338)
Zakat	-
Net cash (used in) / generated from operating activities	<u>(2,320)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Net cash generated from / (used in) investing activities	(5,256)
CASH FLOWS FROM FINANCING ACTIVITIES	
Net cash used in financing activities	<u>(822)</u>
Net (decrease) / increase in cash and cash equivalents	(8,398)
Cash and cash equivalents at beginning of financial year	<u>16,168</u>
Cash and cash equivalents at end of the quarter	<u><u>7,770</u></u>

Notes :

- 1 There are no comparative figures disclosed for the current quarter and cumulative year-to-date of the quarter / year following the change in the financial year end from January 2016 to March 2016.
- 2 The Condensed Consolidated Statements Of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 January 2015.

Notes to the Interim Financial Report

A1 Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with applicable approved Malaysian Financial Reporting Standards ("MFRS") No. 134 "Interim Financial Reporting" and Chapter 9 Part K paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Securities Exchange").

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 January 2015. There was no qualification in the audited financial statements for the year ended 31 January 2015.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the annual financial statements for the year ended 31 January 2014. The transition from previous FRSS to the new MFRSS had no impact on the Group financial position, financial performance, cash flow and the notes to the financial statement.

A2 Seasonal or cyclical factors

The business operations of the Group were not affected by any significant seasonal or cyclical factors.

A3 Items affecting assets, liabilities, equity, net income or cash flows

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence during the current financial quarter.

A4 Change in estimates

There were no significant changes in the estimates of amounts reported in the interim periods of prior financial years that have a material effect in the current financial period.

A5 Debt and equity securities

There were no issuance and repayment of debt and equity securities, share buy-back, share cancellations, share held as treasury shares and resale of treasury shares for the current financial year to-date.

A6 Dividend paid

No dividends were paid for the current quarter under review.

A7 Segment Revenue and Segment Result by Business Segments

Segment information is presented in respect of the Group's business segment. All inter-segment transactions have been entered into in the normal course of business and have been established under terms and conditions that are not materially different from that obtainable in transactions with unrelated parties. The effects of the inter-segment transactions are eliminated on consolidation.

Business Segments	Investment Holding RM'000	Construction RM'000	Property Investment RM'000	Maintenance, Facility Management and Services RM'000	Oil & Gas RM'000	Others RM'000	Elimination RM'000	Group RM'000
3 months ended 31 Oct 2015								
Revenue								
External sales	-	24,296	13	2,824	3,866	-	-	30,999
Inter-segment sales	-	-	55	7	-	-	(62)	-
		<u>24,296</u>	<u>68</u>	<u>2,831</u>	<u>3,866</u>	<u>-</u>	<u>(62)</u>	<u>30,999</u>
Segment Profit / (Loss)	(164)	179	11	89	974	(3)	-	1,086
Share of results of Associate	-	29	-	-	-	-	-	29
Profit / (Loss) before tax	(164)	208	11	89	974	(3)	-	1,115
Taxation	-	(120)	(5)	(93)	(390)	-	-	(608)
Profit / (Loss) after taxation	(164)	<u>88</u>	<u>6</u>	<u>(4)</u>	<u>584</u>	<u>(3)</u>	<u>-</u>	<u>507</u>

A7 Segment Revenue and Segment Result by Business Segments (cont'd)

Business Segments	Investment Holding RM'000	Construction RM'000	Property Investment RM'000	Maintenance, Facility Management and Services RM'000	Oil & Gas RM'000	Others RM'000	Elimination RM'000	Group RM'000
9 months ended 31 Oct 2015								
Revenue								
External sales	-	53,959	40	9,827	10,278	-	-	74,104
Inter-segment sales	-	-	167	7	-	-	(174)	-
		<u>53,959</u>	<u>207</u>	<u>9,834</u>	<u>10,278</u>	<u>-</u>	<u>(174)</u>	<u>74,104</u>
Segment Profit / (Loss)	(639)	1,471	38	561	2,443	(8)	6	3,872
Share of results of Associate	-	8	-	-	-	-	-	8
Profit / (Loss) before tax	<u>(639)</u>	<u>1,479</u>	<u>38</u>	<u>561</u>	<u>2,443</u>	<u>(8)</u>	<u>6</u>	<u>3,880</u>
Taxation	-	(180)	(14)	(206)	(466)	-	-	(866)
Profit / (Loss) after taxation	<u>(639)</u>	<u>1,299</u>	<u>24</u>	<u>355</u>	<u>1,977</u>	<u>(8)</u>	<u>6</u>	<u>3,014</u>

A8 Valuation of property, plant and equipment and investment properties

The valuation of property, plant and equipment has been brought forward without amendment from the previous annual financial statements for the year ended 31 January 2015.

A9 Material subsequent events

There were no other material events subsequent to the end of the period under review, which are likely to affect the result of the Group's operation substantially.

A10 Changes in composition of the Group

There were no changes in the composition of the Group for the current period under review.

A11 Contingent liabilities or contingent assets

The Company has given corporate guarantees amounting to RM50.21 million (31/01/2015 : RM50.71 million) to licensed banks for banking and suppliers credit facilities granted to a subsidiary company. Consequently, the Company is contingently liable for the amount of banking facilities utilized by a subsidiary company amounting to RM18.29 million (31/01/2015 : RM20.61 million)

Additional information required by Bursa Malaysia Listing Requirements

B1 Review of performance

For the nine months ended 31 October 2015, the Group recorded revenue of RM74.10 million and profit before taxation of RM3.88 million compared to revenue of RM72.42 million and loss before taxation of RM38,000 in the preceding year nine months ended 31 October 2014. The increase in profit was due to higher progress billing, completion and finalization of FELDA project profit as compared to the same period in the preceding year.

B2 Comparison of the quarterly results to the results of the preceding quarter

For the current 3 months period under review, the Group recorded revenue of RM31.00 million and profit before taxation of RM1.12 million as compared to a revenue of RM15.86 million and profit before taxation of RM925,000 in the preceding quarter ended 31 July 2015. The increase in profit was mainly due to higher progress billing for the period under review.

B3 Prospects

On 14 September 2015, one of the subsidiary of the Group namely Mewah Kota Sdn Bhd has been awarded a new contract for "The Proposed Construction of Horizontal Collector Wells and Associated Works for Loji Rawatan Air Kelar (PHASE I) for Pasir Mas Halal Park, Kelantan" amounting to RM32.9 million. The project is expected to contribute positively to the Group performance in the next few quarters.

The Group will continue to focus on its effort to tender for new projects as a measure to enhance the financial position of the Group while ensuring sustainability of its businesses during this challenging period.

Leveraging on its expertise and good track records the Board of Director expects that the coming financial year will remain positive despite the economic uncertainty and stiff competition among the local players in the market.

B4 Profit forecast

Not applicable as no profit forecast was published.

B5 Taxation

	Current Year 3 Months Ended 31 Oct 2015 RM'000	Current Year 9 Months Ended 31 Oct 2015 RM'000
Income Tax		
- Current Year	302	560
- Tax Under Provision in Prior Year	306	306
	-----	-----
	608	866
	=====	=====

Provision for tax was made in the current year 3 months on business and non business income derived mainly from operating income, rental, interest on repo and fixed deposit.

B6 Unquoted investments and properties

There was no sale of unquoted investments or properties for the current quarter and financial year to date.

B7 Purchase or disposal of quoted investments

There was no purchase or disposal of quoted investments for the current quarter.

B8 Borrowing

The Group borrowings as at 31 October 2015 are as follows: -

	31 Oct 2015 RM'000
<u>Short term borrowing</u>	
- Hire purchase creditor	400
- Letter of Credit / Trust Receipt	-
- Bank Overdraft	4,640
- Term Loan	22
- Factoring	-
<u>Long term borrowing</u>	
- Hire purchase creditor	1,087
- Term Loan	464
Total	6,613

B9 Material litigation

There is no litigation for the financial year as at 31 October 2015.

B10 Dividend

No dividends were proposed or declared for the current quarter and financial year to date. (2014: Nil).

B11 Earnings per share

The basic earnings per share for the financial year has been calculated based on the consolidated profit after taxation attributable to the owner of the parent of RM2.22 million and on the number of ordinary shares in issue of 67,000,000.

B12 Change of financial year end

On 15 September 2015, the Board approved the change of financial year end from 31 January 2016 to 31 March 2016. The current financial statement commences for a period of 14 months, from 1 February 2015 to 31 March 2016.

B13 Comparative Figure

There were no comparative figures for the period ended 31 October 2015 and the financial period to date, in view of the Group's change of financial year end, we enclose the quarterly financial results for the period ended 31 October 2014 marked as appendix A for your reference.

B13 Realised and Unrealised Profit / Loss Disclosures

The following analysis is prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the context of disclosure pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad

	As at 31 Oct 2015 RM'000	As at 31 Jan 2015 RM'000 (Audited)
Total retained profits / (accumulated losses) of Merge Energy Bhd and its subsidiaries :		
- Realised	(64,815)	(41,433)
- Unrealised	7,470	7,470
	<hr/>	<hr/>
	(57,345)	(33,963)
Total share of retained profits / (accumulated losses) of the associate :		
- Realised	(253)	(260)
- Unrealised	-	-
	<hr/>	<hr/>
	(57,598)	(34,223)
Add : Consolidation adjustments	43,094	17,496
	<hr/>	<hr/>
Total group retained profits / (accumulated losses) as per consolidated accounts	<hr/> <u>(14,504)</u>	<hr/> <u>(16,727)</u>

By Order of the Board
Yew @ Yeoh Siew Yen
MAICSA 7048094
Company Secretary
Shah Alam
09 December 2015