

MERGE ENERGY BHD. (420099-X)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 31 JULY 2015

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| | Unaudited As at 31.07.2015 RM'000 | Audited As at 31.01.2015 RM'000 |
|---|--|--|
| ASSETS | | |
| Non Current Assets | | |
| Property, plant and equipment | 21,474 | 20,672 |
| Investment properties | 13,750 | 13,750 |
| Investment in an associate | 2,249 | 2,270 |
| Goodwill on consolidation | 1,556 | 1,010 |
| | 39,029 | 37,702 |
| Current Assets | | |
| Inventories | 93 | 89 |
| Amounts due from customers for contract works | 18,290 | 37,132 |
| Trade receivables | 28,588 | 19,325 |
| Other receivables, deposits and prepayments | 1,355 | 4,715 |
| Tax Recoverable | 82 | 145 |
| Amount due from associate | 141 | 141 |
| Deposits place with licensed banks | 7,619 | 12,187 |
| Cash and bank balances | 8,392 | 4,092 |
| GST input tax assets | 37 | - |
| | 64,597 | 77,826 |
| TOTAL ASSETS | 103,626 | 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 | (14,777) | (16,727) |
| Shareholders' Equity | 59,936 | 57,986 |
| Non-Controlling Interests | 2,488 | 1,930 |
| Total Equity | 62,424 | 59,916 |
| Non Current Liabilities | | |
| Loans and borrowing | 1,447 | 1,286 |
| Deferred tax liabilities | 257 | 248 |
| Current Liabilities | | |
| Amounts due to customers for contract works | 396 | 344 |
| Trade payables | 14,219 | 11,502 |
| Other payables and accruals | 22,538 | 41,231 |
| Amount due to directors | 3 | 197 |
| Loans and borrowing | 1,771 | 451 |
| Provision for taxation | 571 | 353 |
| | 39,498 | 54,078 |
| Total Liabilities | 41,202 | 55,612 |
| TOTAL EQUITY AND LIABILITIES | 103,626 | 115,528 |
| Net assets per share attributable to owner of the parent of the company | 0.89 | 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)
QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 31 JULY 2015

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

| | SECOND QUARTER | | CUMMULATIVE QUARTER | |
|---|--|--|--|--|
| | CURRENT YEAR QUARTER 31.07.2015 RM'000 | PRECEDING YEAR QUARTER 31.07.2014 RM'000 | CURRENT YEAR TO DATE 31.07.2015 RM'000 | PRECEDING YEAR TO DATE 31.07.2014 RM'000 |
| Revenue | 15,860 | 36,084 | 43,106 | 53,504 |
| Cost of Sales | (12,558) | (32,273) | (34,166) | (47,011) |
| Gross Profit | 3,302 | 3,811 | 8,940 | 6,493 |
| Other Operating Income | 136 | 222 | 286 | 351 |
| Total Income | 3,438 | 4,033 | 9,226 | 6,844 |
| Admin & Distribution Costs | (2,480) | (3,843) | (6,384) | (6,216) |
| Other Operating Expenses | - | - | - | - |
| Profit/(Loss) from Operation | 958 | 190 | 2,842 | 628 |
| Finance Costs | (30) | (32) | (56) | (42) |
| Share of Result in Associate | (3) | (14) | (21) | (32) |
| Profit/(Loss) before taxation and zakat | 925 | 144 | 2,765 | 554 |
| Taxation | (123) | (95) | (258) | (220) |
| Profit/(Loss) after taxation and zakat | 802 | 49 | 2,507 | 334 |
| Total Comprehensive Income / (Loss) For The Period | 802 | 49 | 2,507 | 334 |
| Profit/(Loss) attributable to : | | | | |
| Owners of the parent | 929 | 226 | 1,949 | 276 |
| Non-controlling interest | (127) | (177) | 558 | 58 |
| Profit/(Loss) | 802 | 49 | 2,507 | 334 |
| Total Comprehensive Income / (Loss) attributable to : | | | | |
| Owners of the parent | 929 | 226 | 1,949 | 276 |
| Non-controlling interest | (127) | (177) | 558 | 58 |
| Total Comprehensive Income / (Loss) | 802 | 49 | 2,507 | 334 |
| Earnings per share : -- | sen | sen | sen | sen |
| - basic / diluted | 1.39 | 0.34 | 2.91 | 0.41 |

(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 | 958 | 190 | 2,842 | 628 |
| Gross Interest Income | 19 | 98 | 36 | 110 |
| Gross Interest Expense | 30 | 32 | 56 | 42 |
| Depreciation of Property, Plant and Equipment | 285 | 227 | 569 | 444 |

MERGE ENERGY BHD. (420099-X)
QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 31 JULY 2015

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

← 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 | | | 1,949 | 1,949 | 558 | 2,507 |
| At 31 July 2015 | 67,000 | 7,713 | (14,777) | 59,936 | 2,488 | 62,424 |

← 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 | | | 276 | 276 | 334 | 610 |
| At 31 July 2014 | 67,000 | 7,713 | (18,623) | 56,090 | 1,736 | 57,826 |

(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)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 31 JULY 2015

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

| | 6 months ended 31.07.2015 RM'000 | 6 months ended 31.07.2014 RM'000 |
|--|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 2,765 | 555 |
| Adjustments for : | | |
| Non-cash items | 569 | 444 |
| Non-operating items (which are investing / financing) | 41 | 238 |
| Operating profit before changes in working capital | 3,375 | 1,237 |
| Changes in working capital : | | |
| Net changes in current assets | 18,026 | (13,579) |
| Net changes in current liabilities | (16,830) | 19,067 |
| Cash (used in) / generated from operations | 4,571 | 6,725 |
| Interest paid | - | - |
| Tax paid | (189) | (214) |
| Zakat | - | - |
| Net cash (used in) / generated from operating activities | 4,382 | 6,511 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Net cash generated from / (used in) investing activities | (5,035) | (377) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Net cash used in financing activities | (499) | 325 |
| Net (decrease) / increase in cash and cash equivalents | (1,152) | 6,459 |
| Cash and cash equivalents at beginning of financial year | 16,168 | 10,188 |
| Cash and cash equivalents at end of the quarter | 15,016 | 16,647 |

(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.)