

MERGE ENERGY BHD. (420099-X)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2016

	Unaudited As at 30.09.2016 RM'000	Audited As at 31.03.2016 RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	22,048	21,364
Investment properties	13,750	13,750
Investment in an associate	2,496	2,319
Goodwill on consolidation	332	1,004
	38,626	38,437
Current Assets		
Inventories	65	78
Amounts due from customers for contract works	16,566	23,411
Trade receivables	26,244	34,984
Other receivables, deposits and prepayments	2,465	2,987
Tax Recoverable	54	54
Amount due from associate	141	141
Deposits place with licensed banks	12,054	11,489
Cash and bank balances	5,855	7,315
	63,444	80,459
TOTAL ASSETS	102,070	118,896
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	(14,599)	(15,419)
Shareholders' Equity	60,114	59,294
Non-Controlling Interests	1,947	1,916
Total Equity	62,061	61,210
Non Current Liabilities		
Loans and borrowing	2,212	1,628
Deferred tax liabilities	244	244
Current Liabilities		
Amounts due to customers for contract works	1,480	357
Trade payables	13,307	14,606
Other payables and accruals	15,277	31,897
Loans and borrowing	6,861	8,340
Provision for taxation	628	614
	37,553	55,814
Total Liabilities	40,009	57,686
TOTAL EQUITY AND LIABILITIES	102,070	118,896
Net assets per share attributable to owner of the parent of the company	0.90	0.88

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2016.)

MERGE ENERGY BHD. (420099-X)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR SIX MONTHS PERIOD
ENDED 30 SEPTEMBER 2016

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR QUARTER	CURRENT YEAR TO-DATE	PRECEDING YEAR TO-DATE
	30.09.2016 RM'000	30.09.2015 * RM'000	30.09.2016 RM'000	30.09.2015 * RM'000
Revenue	25,860	N/A	53,129	N/A
Cost of Sales	(22,558)	N/A	(46,737)	N/A
Gross Profit	3,302	N/A	6,392	N/A
Other Operating Income	153	N/A	314	N/A
Total Income	3,455	N/A	6,706	N/A
Admin Operating Costs	(2,533)	N/A	(5,557)	N/A
Profit/(Loss) from Operation	922	N/A	1,149	N/A
Finance Costs	(66)	N/A	(238)	N/A
Share of Result in Associate	-	N/A	177	N/A
Profit/(Loss) before taxation and zakat	856	N/A	1,088	N/A
Taxation	(124)	N/A	(169)	N/A
Zakat	-	N/A	(69)	N/A
Profit/(Loss) after taxation and zakat	732	N/A	850	N/A
Total Comprehensive Income / (Loss) For The Period	732	N/A	850	N/A
Profit/(Loss) attributable to :				
Owners of the parent	681	N/A	820	N/A
Non-controlling interest	51	N/A	30	N/A
Profit/(Loss)	732	N/A	850	N/A
Total Comprehensive Income / (Loss) attributable to :				
Owners of the parent	681	N/A	820	N/A
Non-controlling interest	51	N/A	30	N/A
Total Comprehensive Income / (Loss)	732	N/A	850	N/A
Earnings per share : -- - basic / diluted	sen 1.02	sen N/A	sen 1.22	sen N/A

Notes :

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

MERGE ENERGY BHD. (420099-X)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF
CHANGES IN EQUITY AS AT 30 SEPTEMBER 2016

←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 April 2016	67,000	7,713	(15,419)	59,294	1,916	61,210
Total Comprehensive Income for the period			820	820	30	850
At 30 September 2016	67,000	7,713	(14,599)	60,114	1,947	62,061

←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			1,308	1,308	586	1,894
Dividend Paid to Non-Controlling Interest					(600)	(600)
At 31 March 2016	67,000	7,713	(15,419)	59,294	1,916	61,210

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 March 2016.)

MERGE ENERGY BHD. (420099-X)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR SIX MONTHS PERIOD ENDED 30 SEPTEMBER 2016

	6 MONTHS PERIOD ENDED 30.09.2016
	<u>RM'000</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Profit before taxation	1,087
Adjustments for :	
Non-cash items	570
Non-operating items (which are investing / financing)	<u>791</u>
Operating profit before changes in working capital	2,448
Changes in working capital :	
Net changes in current assets	16,122
Net changes in current liabilities	<u>(16,797)</u>
Cash (used in) / generated from operations	1,773
Interest paid	-
Tax paid	(155)
Zakat	(69)
Net cash (used in) / generated from operating activities	<u>1,549</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Net cash generated from / (used in) investing activities	(1,312)
CASH FLOWS FROM FINANCING ACTIVITIES	
Net cash used in financing activities	<u>2,200</u>
Net (decrease) / increase in cash and cash equivalents	2,437
Cash and cash equivalents at beginning of financial year	<u>11,500</u>
Cash and cash equivalents at end of the quarter	<u><u>13,937</u></u>

Notes :

- 1 There is no comparative figures disclosed for the current quarter 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 March 2016.

MERGE ENERGY BHD.
(Company No. 420099-X)
(Incorporated In Malaysia)

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 March 2016. There was no qualification in the audited financial statements for the year ended 31 March 2016.

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 March 2016. 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 30 September 2016								
Revenue								
Dividend Income	-	-	13	-	-	-	-	-
External sales	-	22,141	56	1,960	1,746	-	-	25,860
Inter-segment sales	-	-	69	33	-	-	(89)	-
		<u>22,141</u>	<u>69</u>	<u>1,993</u>	<u>1,746</u>	<u>-</u>	<u>(89)</u>	<u>25,860</u>
Segment Profit / (Loss)	(204)	706	(2)	204	153	(1)	-	856
Share of results of Associate	-	-	-	-	-	-	-	-
Profit / (Loss) before tax	<u>(204)</u>	<u>706</u>	<u>(2)</u>	<u>204</u>	<u>153</u>	<u>(1)</u>	<u>-</u>	<u>856</u>
Taxation	-	(56)	(3)	(41)	(24)	-	-	(124)
Deferred Taxation	-	-	-	-	-	-	-	-
Zakat	-	-	-	-	-	-	-	-
Profit / (Loss) after taxation	<u>(204)</u>	<u>650</u>	<u>(5)</u>	<u>163</u>	<u>129</u>	<u>(1)</u>	<u>-</u>	<u>732</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
6 months ended 30 September 2016								
Revenue	-	44,843	27	5,052	3,207	-	-	53,129
External sales	-	-	111	47	-	-	(158)	-
Inter-segment sales		<u>44,843</u>	<u>138</u>	<u>5,099</u>	<u>3,207</u>		<u>(158)</u>	<u>53,129</u>
Segment Profit / (Loss)	(373)	176	10	1,002	100	(4)	-	911
Share of results of Associate	-	177	-	-	-	-	-	177
Profit / (Loss) before tax	<u>(373)</u>	<u>353</u>	<u>10</u>	<u>1,002</u>	<u>100</u>	<u>(4)</u>		<u>1,088</u>
Taxation	-	(57)	(6)	(82)	(24)	-	-	(169)
Deferred Taxation	-	-	-	-	-	-	-	-
Zakat	-	-	-	(69)	-	-	-	(69)
Profit / (Loss) after taxation	<u><u>(373)</u></u>	<u><u>296</u></u>	<u><u>4</u></u>	<u><u>851</u></u>	<u><u>76</u></u>	<u><u>(4)</u></u>		<u><u>850</u></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 March 2016.

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 RM62.41 million (31/03/2016 : RM62.00 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 RM28.29 million (31/03/2016 : RM28.27 million)

Additional information required by Bursa Malaysia Listing Requirements

B1 Review of performance

For the six months ended 30 September 2016, the Group recorded profit before tax of RM1.09 million on the back of revenue of RM53.13 million. The lower progress billings were due to most of our on going projects has reached near completion.

There is no comparative figure with the preceding year six month ended 30 September 2015 due to change in financial year end from 31 January 2016 to 31 March 2016.

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

For the current quarter under review, the Group recorded profit before tax of RM856,000 on the back of revenue of RM25.86 million. There is no comparative figure with the immediate preceding quarter ended 30 June 2016 due to change in financial year end from 31 January 2016 to 31 March 2016.

B3 Prospects

The year will be challenging for all Malaysian corporations in general, especially with the volatility of oil price and Ringgit downward trend against foreign currencies notably US Dollar. In line with the softening of the economy, some government agencies have re-visited its Budget to reduce its public expenditure. Nonetheless, the Group's vast experience and good track record will provide added advantage in tendering for new project despite external challenges.

B4 Profit forecast

Not applicable as no profit forecast was published.

B5 Notes to Consolidated Statement of Comprehensive Income

	Current Quarter 30 Sept 2016 RM'000	Current Year To-date 30 Sept 2016 RM'000
Interest Expenses	(66)	(238)
Interest Income	5	5
Depreciation of Property, Plant and Equipment	(278)	(570)
Foreign Exchange Gain / (Loss)	21	70

B6 Taxation

	Current Quarter 30 Sept 2016 RM'000	Current Year To-date 30 Sept 2016 RM'000
Income Tax		
- Current Year	124	169
	-----	-----
	124	169
	=====	=====

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

B7 Unquoted investments and properties

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

B8 Purchase or disposal of quoted investments

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

B9 Borrowing

The Group borrowings as at 30 September 2016 are as follows: -

	30 Sept 2016 RM'000
<u>Short term borrowing</u>	
- Hire purchase creditor	382
- Letter of Credit / Trust Receipt	2,445
- Bank Overdraft	3,972
- Term Loan	62
<u>Long term borrowing</u>	
- Hire purchase creditor	1,006
- Term Loan	1,206
Total	9,073

B10 Material litigation

There is no litigation for the financial year as at 30 September 2016.

B11 Dividend

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

B12 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 RM820,000 and on the number of ordinary shares issue of 67,000,000.

B13 Change of financial year end

On 15 September 2015, the Board approved the change in financial year end from 31 January to 31 March.

B14 Comparative Figure

There were no comparative figures for the period ended 30 September 2016 following the Group's change in financial year end from 31 January to 31 March. Enclosed herewith the quarterly financial results for the period ended 31 July 2015 marked as "Appendix A" for your reference.

B15 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 30 Sept 2016 RM'000	As at 31 Mar 2016 RM'000 (Audited)
Total retained profits / (accumulated losses) of Merge Energy Bhd and its subsidiaries :		
- Realised	(35,709)	(36,299)
- Unrealised	7,842	7,773
	<hr/>	<hr/>
	(27,867)	(28,526)
Total share of retained profits / (accumulated losses) of the associate :		
- Realised	(34)	(211)
- Unrealised	-	-
	<hr/>	<hr/>
	(27,901)	(28,737)
Add : Consolidation adjustments	13,302	13,318
	<hr/>	<hr/>
Total group retained profits / (accumulated losses) as per consolidated accounts	(14,599) =====	(15,419) =====

By Order of the Board
Yew @ Yeoh Siew Yen
MAICSA 7048094
Company Secretary
Shah Alam
22 November 2016