

MERGE ENERGY BHD. (420099-X)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2016

	Unaudited As at 31.12.2016 RM'000	Audited As at 31.03.2016 RM'000
<b>ASSETS</b>		
<b>Non Current Assets</b>		
Property, plant and equipment	22,948	21,364
Investment properties	15,170	13,750
Investment in an associate	2,496	2,319
Intangible assets	332	1,004
	<b>40,946</b>	<b>38,437</b>
<b>Current Assets</b>		
Inventories	65	78
Amounts due from customers for contract works	9,734	23,411
Trade receivables	24,158	34,984
Other receivables, deposits and prepayments	2,498	2,987
Tax Recoverable	54	54
Amount due from associate	141	141
Deposits place with licensed banks	11,701	11,489
Cash and bank balances	5,653	7,315
	<b>54,004</b>	<b>80,459</b>
<b>TOTAL ASSETS</b>	<b>94,950</b>	<b>118,896</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity Attributable To Owner Of The Parent</b>		
Share capital	67,000	67,000
Reserves		
Share premium	7,713	7,713
Accumulated losses	(14,779)	(15,419)
Shareholders' Equity	<b>59,934</b>	<b>59,294</b>
Non-Controlling Interests	2,019	1,916
<b>Total Equity</b>	<b>61,953</b>	<b>61,210</b>
<b>Non Current Liabilities</b>		
Loans and borrowing	2,201	1,628
Deferred tax liabilities	244	244
<b>Current Liabilities</b>		
Amounts due to customers for contract works	1,088	357
Trade payables	11,000	14,606
Other payables and accruals	11,834	31,897
Loans and borrowing	6,616	8,340
Provision for taxation	14	614
	<b>30,552</b>	<b>55,814</b>
<b>Total Liabilities</b>	<b>32,997</b>	<b>57,686</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>94,950</b>	<b>118,896</b>
Net assets per share attributable to owner of the parent of the company	<b>0.89</b>	<b>0.88</b>

(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 NINE MONTHS PERIOD  
ENDED 31 DECEMBER 2016

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR QUARTER	CURRENT YEAR TO-DATE	PRECEDING YEAR TO-DATE
	31.12.2016 RM'000	31.12.2015 * RM'000	31.12.2016 RM'000	31.12.2015 * RM'000
Revenue	17,969	N/A	71,099	N/A
Cost of Sales	(16,220)	N/A	(62,958)	N/A
Gross Profit	1,749	N/A	8,141	N/A
Other Operating Income	1,183	N/A	1,497	N/A
Total Income	2,932	N/A	9,638	N/A
Admin Operating Costs	(2,751)	N/A	(8,308)	N/A
Profit/(Loss) from Operation	181	N/A	1,330	N/A
Finance Costs	(140)	N/A	(378)	N/A
Share of Result in Associate	-	N/A	177	N/A
Profit/(Loss) before taxation and zakat	41	N/A	1,129	N/A
Taxation	(148)	N/A	(317)	N/A
Defered Taxation	-	N/A	-	N/A
Zakat	-	N/A	(69)	N/A
Profit/(Loss) after taxation and zakat	(107)	N/A	743	N/A
Total Comprehensive Income / (Loss) For The Period	(107)	N/A	743	N/A
Profit/(Loss) attributable to :				
Owners of the parent	(180)	N/A	640	N/A
Non-controlling interest	73	N/A	103	N/A
Profit/(Loss)	(107)	N/A	743	N/A
Total Comprehensive Income / (Loss) attributable to :				
Owners of the parent	(180)	N/A	640	N/A
Non-controlling interest	73	N/A	103	N/A
Total Comprehensive Income / (Loss)	(107)	N/A	743	N/A
Earnings per share : -- - basic / diluted	sen (0.27)	sen N/A	sen 0.96	sen N/A

Notes :

- \* 1. 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.
2. 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 31 DECEMBER 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			640	640	103	743
At 31 December 2016	67,000	7,713	(14,779)	59,934	2,019	61,953

←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 NINE MONTHS PERIOD ENDED 31 DECEMBER 2016

	9 MONTHS PERIOD ENDED 31.12.2016
	<u>RM'000</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Profit before taxation	1,129
Adjustments for :	
Non-cash items	742
Non-operating items (which are investing / financing)	<u>(748)</u>
Operating profit before changes in working capital	1,123
Changes in working capital :	
Net changes in current assets	25,005
Net changes in current liabilities	<u>(22,939)</u>
Cash (used in) / generated from operations	3,189
Interest paid	-
Tax paid	(917)
Zakat	(69)
Net cash (used in) / generated from operating activities	<u>2,203</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Net cash generated from / (used in) investing activities	(2,125)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Net cash used in financing activities	<u>637</u>
Net (decrease) / increase in cash and cash equivalents	715
Cash and cash equivalents at beginning of financial year	<u>11,500</u>
Cash and cash equivalents at end of the quarter	<u>12,215</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.

**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
<b>3 months ended 31 December 2016</b>								
<b>Revenue</b>								
Dividend Income	-	-	13	-	-	-	-	-
External sales	-	15,448	56	1,358	1,150	-	-	17,969
Inter-segment sales	-	-	69	58	-	-	(114)	-
		<u>15,448</u>	<u>69</u>	<u>1,416</u>	<u>1,150</u>	<u>-</u>	<u>(114)</u>	<u>17,969</u>
<b>Segment Profit / (Loss)</b>	(177)	(544)	(5)	641	130	(4)	-	41
Share of results of Associate	-	-	-	-	-	-	-	-
<b>Profit / (Loss) before tax</b>	(177)	(544)	(5)	641	130	(4)	-	41
Taxation	-	(28)	(3)	(168)	51	-	-	(148)
Deferred Taxation	-	-	-	-	-	-	-	-
Zakat	-	-	-	-	-	-	-	-
<b>Profit / (Loss) after taxation</b>	<u>(177)</u>	<u>(572)</u>	<u>(8)</u>	<u>473</u>	<u>181</u>	<u>(4)</u>	<u>-</u>	<u>(107)</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
<b>9 months ended 31 December 2016</b>								
Revenue	-	60,291	41	6,410	4,357	-	-	71,099
External sales	-	-	166	105	-	-	(271)	-
Inter-segment sales	-	60,291	207	6,515	4,357	-	(271)	71,099
Segment Profit / (Loss)	(551)	(383)	4	1,656	229	(9)	6	952
Share of results of Associate	-	177	-	-	-	-	-	177
Profit / (Loss) before tax	(551)	(206)	4	1,656	229	(9)	6	1,129
Taxation	-	(85)	(9)	(251)	28	-	-	(317)
Deferred Taxation	-	-	-	-	-	-	-	-
Zakat	-	-	-	(69)	-	-	-	(69)
<b>Profit / (Loss) after taxation</b>	<b>(551)</b>	<b>(291)</b>	<b>(5)</b>	<b>1,336</b>	<b>257</b>	<b>(9)</b>	<b>6</b>	<b>743</b>

**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 RM27.91 million (31/03/2016 : RM28.27 million)



## **Additional information required by Bursa Malaysia Listing Requirements**

### **B1 Review of performance**

For the nine months ended 31 December 2016, the Group recorded profit before tax of RM1.13 million on the back of revenue of RM71.10 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 nine month ended 31 December 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 RM41,000 on the back of revenue of RM17.97 million against profit before tax of RM856,000 and revenue of RM25.86 million of the immediate preceding quarter ended 30 September 2016 mainly due to lower progress billing as most of the projects has reached near completion.

### **B3 Prospects**

As we ending 2016, external demand is not improving as expected. Furthermore, the slowdown in global trade and investment flows is expected to prolong resulting in some government agencies re-visit its budget to reduce public expenditure. In line with the slowdown of economy, the group will be more cautious in its expenditure and focus on cost control. Nonetheless, the group is positive in its ability to secure more projects due to its vast experience and strong track record

### **B4 Profit forecast**

Not applicable as no profit forecast was published.

### **B5 Notes to Consolidated Statement of Comprehensive Income**

	Current Quarter 31 Dec 2016 RM'000	Current Year To-date 31 Dec 2016 RM'000
Interest Expenses	(140)	(378)
Interest Income	258	264
Depreciation of Property, Plant and Equipment	(262)	(842)
Foreign Exchange Gain / (Loss)	50	121

**B6 Taxation**

	Current Quarter 31 Dec 2016 RM'000	Current Year To-date 31 Dec 2016 RM'000
Income Tax		
- Prior Year	31	32
- Current Year	117	285
	-----	-----
	148	317
	=====	=====

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 31 December 2016 are as follows: -

	31 Dec 2016 RM'000
<u>Short term borrowing</u>	
- Hire purchase creditor	392
- Letter of Credit / Trust Receipt	1,024
- Bank Overdraft	5,139
- Term Loan	62
<u>Long term borrowing</u>	
- Hire purchase creditor	1,004
- Term Loan	1,197
Total	8,818

**B10 Material litigation**

There is no litigation for the financial year as at 31 December 2016.

**B11 Dividend**

No dividends were proposed or declared for the current quarter and financial year to date. (2016 : 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 RM640,000 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 31 December 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 October 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 31 Dec 2016 RM'000	As at 31 Mar 2016 RM'000 (Audited)
Total retained profits / (accumulated losses) of Merge Energy Bhd and its subsidiaries :		
- Realised	(36,624)	(36,299)
- Unrealised	8,648	7,773
	<hr/>	<hr/>
	(27,976)	(28,526)
Total share of retained profits / (accumulated losses) of the associate :		
- Realised	(34)	(211)
- Unrealised	-	-
	<hr/>	<hr/>
	(28,010)	(28,737)
Add : Consolidation adjustments	13,231	13,318
	<hr/>	<hr/>
Total group retained profits / (accumulated losses) as per consolidated accounts	(14,779) =====	(15,419) =====

By Order of the Board  
Yew @ Yeoh Siew Yen  
MAICSA 7048094  
Company Secretary  
Shah Alam  
21 February 2017