

MERGE ENERGY BHD. (420099-X)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2017

	Unaudited As at 31.03.2017 RM'000	Audited As at 31.03.2016 RM'000
ASSETS		
Non Current Assets		
Property, plant and equipment	22,796	21,364
Investment properties	15,970	13,750
Investment in an associate	3,430	2,319
Intangible assets	856	1,004
	43,052	38,437
Current Assets		
Inventories	66	78
Amounts due from customers for contract works	9,544	23,411
Trade receivables	21,781	34,984
Other receivables, deposits and prepayments	1,651	2,987
Tax Recoverable	293	54
Amount due from associate	141	141
Deposits place with licensed banks	11,964	11,489
Cash and bank balances	6,004	7,315
	51,444	80,459
TOTAL ASSETS	94,496	118,896
EQUITY AND LIABILITIES		
Equity Attributable To Owner Of The Parent		
Share capital	74,713	67,000
Reserves		
Share premium	-	7,713
Accumulated losses	(13,734)	(15,419)
Shareholders' Equity	60,979	59,294
Non-Controlling Interests	1,979	1,916
Total Equity	62,958	61,210
Non Current Liabilities		
Loans and borrowing	2,156	1,628
Deferred tax liabilities	364	244
Current Liabilities		
Amounts due to customers for contract works	1,255	357
Trade payables	10,816	14,606
Other payables and accruals	9,064	31,897
Loans and borrowing	7,757	8,340
Provision for taxation	126	614
	29,018	55,814
Total Liabilities	31,538	57,686
TOTAL EQUITY AND LIABILITIES	94,496	118,896
Net assets per share attributable to owner of the parent of the company	0.91	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 TWELVE MONTHS PERIOD ENDED 31 MARCH 2017

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR QUARTER	CURRENT YEAR TO-DATE	PRECEDING YEAR TO-DATE
	31.03.2017 RM'000	31.03.2016 * RM'000	31.03.2017 RM'000	31.03.2016 * RM'000
Revenue	16,399	N/A	87,498	N/A
Cost of Sales	(14,594)	N/A	(77,552)	N/A
Gross Profit	1,805	N/A	9,946	N/A
Other Operating Income	1,570	N/A	3,067	N/A
Total Income	3,375	N/A	13,013	N/A
Admin Operating Costs	(2,606)	N/A	(10,915)	N/A
Profit/(Loss) from Operation	769	N/A	2,098	N/A
Finance Costs	(136)	N/A	(514)	N/A
Share of Result in Associate	934	N/A	1,111	N/A
Profit/(Loss) before taxation and zakat	1,567	N/A	2,695	N/A
Taxation	(268)	N/A	(585)	N/A
Deferred Taxation	(119)	N/A	(119)	N/A
Zakat	(175)	N/A	(243)	N/A
Profit/(Loss) after taxation and zakat	1,005	N/A	1,748	N/A
Total Comprehensive Income / (Loss) For The Period	1,005	N/A	1,748	N/A
Profit/(Loss) attributable to :				
Owners of the parent	1,045	N/A	1,685	N/A
Non-controlling interest	(40)	N/A	63	N/A
Profit/(Loss)	1,005	N/A	1,748	N/A
Total Comprehensive Income / (Loss) attributable to :				
Owners of the parent	1,045	N/A	1,685	N/A
Non-controlling interest	(40)	N/A	63	N/A
Total Comprehensive Income / (Loss)	1,005	N/A	1,748	N/A
Earnings per share : -- - basic / diluted	sen 1.56	sen N/A	sen 2.51	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 MARCH 2017**

←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			1,685	1,685	63	1,748
At 31 March 2017	67,000	7,713	(13,734)	60,979	1,979	62,958

←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 TWELVE MONTHS PERIOD ENDED 31 MARCH 2017

	12 MONTHS PERIOD ENDED 31.03.2017
	<u>RM'000</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Profit before taxation	2,696
Adjustments for :	
Non-cash items	1,015
Non-operating items (which are investing / financing)	<u>(2,992)</u>
Operating profit before changes in working capital	719
Changes in working capital :	
Net changes in current assets	28,416
Net changes in current liabilities	<u>(25,724)</u>
Cash (used in) / generated from operations	3,411
Interest paid	-
Tax paid	(1,313)
Zakat	(243)
Net cash (used in) / generated from operating activities	<u>1,855</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Net cash generated from / (used in) investing activities	(2,123)
CASH FLOWS FROM FINANCING ACTIVITIES	
Net cash used in financing activities	<u>393</u>
Net (decrease) / increase in cash and cash equivalents	125
Cash and cash equivalents at beginning of financial year	<u>11,500</u>
Cash and cash equivalents at end of the quarter	<u>11,625</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 FRs 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 March 2017								
Revenue								
External sales	-	14,209	16	1,287	887	-	-	16,399
Inter-segment sales	-	-	48	48	-	-	(96)	-
	-	<u>14,209</u>	<u>64</u>	<u>1,335</u>	<u>887</u>	-	<u>(96)</u>	<u>16,399</u>
Segment Profit / (Loss)	(496)	1,502	788	(78)	123	(1)	(1,205)	633
Share of results of Associate	-	934	-	-	-	-	-	934
Profit / (Loss) before tax	(496)	<u>2,436</u>	<u>788</u>	<u>(78)</u>	<u>123</u>	<u>(1)</u>	<u>(1,205)</u>	<u>1,567</u>
Taxation	-	-	(11)	(146)	(112)	-	-	(269)
Deferred Taxation	-	(40)	(40)	(37)	(42)	-	40	(119)
Zakat	-	(28)	-	(78)	(68)	-	-	(174)
Profit / (Loss) after taxation	<u>(496)</u>	<u>2,368</u>	<u>737</u>	<u>(339)</u>	<u>(99)</u>	<u>(1)</u>	<u>(1,165)</u>	<u>1,005</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
12 months ended 31 March 2017								
Revenue								
External sales	-	74,501	57	7,697	5,243	-	-	87,498
Inter-segment sales	-	-	214	152	-	-	(366)	-
		<u>74,501</u>	<u>271</u>	<u>7,849</u>	<u>5,243</u>		<u>(366)</u>	<u>87,498</u>
Segment Profit / (Loss)	(1,047)	1,119	792	1,578	352	(10)	(1,199)	1,585
Share of results of Associate	-	1,111	-	-	-	-	-	1,111
Profit / (Loss) before tax	<u>(1,047)</u>	<u>2,230</u>	<u>792</u>	<u>1,578</u>	<u>352</u>	<u>(10)</u>	<u>(1,199)</u>	<u>2,696</u>
Taxation	-	(85)	(20)	(397)	(84)	-	-	(586)
Deferred Taxation	-	(40)	(40)	(37)	(42)	-	40	(119)
Zakat	-	(28)	(10)	(137)	(68)	-	-	(243)
Profit / (Loss) after taxation	<u><u>(1,047)</u></u>	<u><u>2,077</u></u>	<u><u>722</u></u>	<u><u>1,007</u></u>	<u><u>158</u></u>	<u><u>(10)</u></u>	<u><u>(1,159)</u></u>	<u><u>1,748</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 RM29.82 million (31/03/2016 : RM28.27 million)

Additional information required by Bursa Malaysia Listing Requirements

B1 Review of performance

For the twelve months ended 31 March 2017, the Group recorded profit before tax of RM2.70 million on the back of revenue of RM87.50 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 twelve month ended 31 March 2016 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 RM1.57 million on the back of revenue of RM16.40 million against profit before tax of RM41,000 and revenue of RM17.97 million of the immediate preceding quarter ended 31 December 2016 mainly due to fair value adjustment of investment properties and share of result in IJM-MK Joint Venture.

B3 Prospects

The construction Industry is expected to continue to be challenging for 2017. Many government agencies have scaled down on its project roll out due to budget constraint. Nonetheless, the group has successfully completed and hand over its mega project for "Proposed Construction and Completion of Ganchong Water Treatment Works, Main Distribution Pipelines, Booster Pump Station and Associated Works in Pekan, Pahang Darul Makmur" to ECERDC. With a good track record and team of experience employees, we are confident to secure and undertake more jobs currently under bidding for 2017/2018 projects.

B4 Profit forecast

Not applicable as no profit forecast was published.

B5 Notes to Consolidated Statement of Comprehensive Income

	Current Quarter 31 Mac 2017 RM'000	Current Year To-date 31 Mac 2017 RM'000
Interest Expenses	(136)	(514)
Interest Income	136	399
Depreciation of Property, Plant and Equipment	(286)	(1,128)
Foreign Exchange Gain / (Loss)	-	121

B6 Taxation

	Current Quarter 31 Mac 2017 RM'000	Current Year To-date 31 Mac 2017 RM'000
Income Tax		
- Prior Year	49	86
- Current Year	219	499
	-----	-----
	268	585
	=====	=====

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 March 2017 are as follows: -

	31 Mac 2017 RM'000
<u>Short term borrowing</u>	
- Hire purchase creditor	353
- Letter of Credit / Trust Receipt	1,024
- Bank Overdraft	6,343
- Term Loan	63
<u>Long term borrowing</u>	
- Hire purchase creditor	943
- Term Loan	1,187
Total	9,913

B10 Material litigation

There is no litigation for the financial year as at 31 March 2017.

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 RM1.69 million 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 March 2017 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 March 2016 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 Mar 2017 RM'000	As at 31 Mar 2016 RM'000 (Audited)
Total retained profits / (accumulated losses) of Merge Energy Bhd and its subsidiaries :		
- Realised	(36,283)	(36,299)
- Unrealised	9,329	7,773
	<hr/>	<hr/>
	(26,954)	(28,526)
Total share of retained profits / (accumulated losses) of the associate :		
- Realised	(96)	(211)
- Unrealised	996	-
	<hr/>	<hr/>
	(26,054)	(28,737)
Add : Consolidation adjustments	12,320	13,318
	<hr/>	<hr/>
Total group retained profits / (accumulated losses) as per consolidated accounts	(13,734) =====	(15,419) =====

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