



ML GLOBAL BERHAD

(Company No. 589167-W)
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT
30 SEPTEMBER 2016**

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (UNAUDITED)
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016**

	Note	Current Year Quarter 30 September 2016 RM'000	Preceding Year Quarter 30 September 2015 RM'000	Current Year To Date 30 September 2016 RM'000	Preceding Year To Date 30 September 2015 RM'000
Revenue		9,545	10,780	31,871	20,709
Cost of sales		(7,260)	(7,935)	(25,929)	(15,920)
Gross profit		2,285	2,845	5,942	4,789
Other income		5,537	35	5,884	135
Operating expenses		(5,236)	(613)	(7,647)	(1,090)
Finance costs		(186)	(335)	(728)	(1,068)
Profit before taxation		2,400	1,932	3,451	2,766
Taxation	B5	(463)	-	(463)	-
Net profit for the financial period		1,937	1,932	2,988	2,766
Other comprehensive income		4,566	-	4,566	-
Total other comprehensive income for the financial period		6,503	1,932	7,554	2,766
Net profit for the financial period attributable to :					
Owners of the Parent		1,938	1,932	2,989	2,766
Non-controlling interests		(1)	-	(1)	-
		1,937	1,932	2,988	2,766

Total other comprehensive income for the financial period attributable to :

Owners of the Parent	6,504	1,932	7,555	2,766
Non-controlling interests	(1)	-	(1)	-
	6,503	1,932	7,554	2,766

Earnings per share attributable to owners of the Parent:

Basic (Sen)	B11	2.16	2.15	3.34	3.09
Non- controlling interests	B11	1.67	1.66	2.57	2.38

The Condensed Consolidated Statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT 30 SEPTEMBER 2016**

	Note	(Unaudited) 30 September 2016 RM'000	(Audited) 31 December 2015 RM'000
ASSETS			
Non-current Assets			
Property, plant & equipment	A9	22,771	18,610
Deferred tax asset		1,500	1,500
Capital work in progress		287	-
		24,558	20,110
Current Assets			
Inventories		48	1,254
Trade receivables		23,980	21,162
Other receivables		3,246	7,489
Fixed deposit		-	4
Cash and bank balances		810	2,984
		28,084	32,893
Non-Current assets held for sale		-	12,086
TOTAL ASSETS		52,642	65,089
EQUITY AND LIABILITIES			
Equity attributable to owners of the Parent			
Share capital		44,817	44,817
Warrants reserves		2,675	2,675
Reserves		(9,662)	(17,217)
		37,830	30,275
Non-controlling interests		(1)	-
TOTAL EQUITY		37,829	30,275
LIABILITIES			
Non-current Liabilities			
Bank borrowings	B7	1,450	13,976
Deferred Tax Liability		1,442	-
Finance lease payable	B7	426	-
		3,318	13,976
Current Liabilities			
Trade payables		8,528	13,383
Other payables		781	4,451
Finance lease payable	B7	113	-
Bank overdraft	B7	2,073	3,004
		11,495	20,838
TOTAL LIABILITIES		14,813	34,814
TOTAL EQUITY AND LIABILITIES		52,642	65,089
Net assets per share attributable to owners of the Parent (RM)		0.42	0.34

The Condensed Consolidated Statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016**

<--- Attributable to Equity Holders of the Parent --->							
	Share Capital	Warrant Reserves	Revaluation Reserves	Accumu lated Losses	Total	Non- Controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2016	44,817	2,675	-	(17,217)	30,275	-	30,275
Other comprehensive income	-	-	4,566	-	4,566	-	4,566
Net profit for the financial period	-	-	-	2,989	2,989	(1)	2,988
Total comprehensive income for the financial period	-	-	4,566	2,989	7,555	(1)	7,554
Balance as at 30 September 2016	44,817	2,675	4,566	(14,228)	37,830	(1)	37,829
Balance as at 1 January 2015	44,817	2,675	-	(27,391)	20,101	-	20,101
Total comprehensive income for the financial period	-	-	-	2,766	2,766	-	2,766
Balance as at 30 September 2015	44,817	2,675	-	(24,625)	22,867	-	22,867

The Condensed Consolidated Statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016**

	Current Period ended 30 September 2016 RM'000	Preceding Period ended 30 September 2015 RM'000
Profit before taxation	3,451	2,766
Adjustments for:		
Depreciation of property, plant and equipment	637	769
Gain on disposal of property, plant and equipment	(355)	-
Gain on disposal of non-current assets held for sale	(4,978)	-
Allowance for impairment losses on property, plant and equipment	1,390	-
Allowance for impairment on inventories	478	-
Fixed deposit written off	4	-
Bad debts written off	1,440	1,207
Waiver of debts	(248)	-
Reversal of impairment on trade receivable	-	(1,392)
Expenses written off	-	(582)
Bad debts recoverable	(3)	-
Dividend income	(26)	(129)
Interest expenses	728	1,068
Operating profit before changes in working capital	2,518	3,707
Changes in working capital		
Inventories	728	(749)
Receivables	(12)	(8,677)
Payables	(8,277)	3,337
	(7,561)	(6,089)
Cash used in operations	(5,043)	(2,382)
Interest paid	(728)	(1,068)
Tax Paid	(463)	(617)
Net cash used in operating activities	(6,234)	(4,067)
Cash flows from investing activities		
Purchase of property, plant and equipment	(625)	(73)
Proceeds from disposal non-current asset held for sale	17,064	-
Proceeds from disposal of property, plant and equipment	800	1,110
Capital work in progress incurred	(287)	-
Dividend income	26	129
Net cash generated from investing activities	16,978	1,166

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016 (CONT'D)**

	Current Period ended 30 September 2016 RM'000	Preceding Period ended 30 September 2015 RM'000
Cash flows from financing activities		
Financing / (Repayment) of finance lease payable	539	(988)
Repayment of bank borrowing	(12,526)	(463)
Net cash used in financing activities	(11,987)	(1,451)
Net increase / (decrease) in cash and cash equivalents	1,243	(4,352)
Cash and cash equivalents at the beginning of the financial period	(20)	4,276
Cash and cash equivalents at the end of the financial period	1,263	(76)
Closing balance of cash and cash equivalents at the end of the financial period comprise:		
Cash and bank balances	810	4,686
Fixed deposits	-	4
Bank overdrafts	(2,073)	(4,762)
	1,263	(72)
Fixed deposits pledged to bank	-	(4)
	1,263	(76)

The Condensed Consolidated Statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial report.

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A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR PERIOD ENDED 30 SEPTEMBER 2016

A1. Basis of Preparation

The condensed financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting and paragraph 9.22, Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The condensed financial statements have been prepared on the assumption that the Group is a going concern.

The condensed financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015. These explanatory notes attached to the condensed financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of ML Global Berhad ("the Company") and all its subsidiaries (collectively known as "the Group") since the financial year ended 31 December 2015.

The financial information presented herein has been prepared in accordance with the accounting policies to be used in preparing the annual consolidated financial statements for 31 December 2015 under the Malaysian Financial Reporting Standards ("MFRS") framework. These policies do not differ significantly from those used in the audited consolidated financial statements for 31 December 2015.

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A2. Changes in Accounting Policies

The accounting policies and methods of computation adopted by the Group in this condensed financial statements are consistent with those adopted in the financial statements for the financial year ended 31 December 2015 except for the adoption of the following:

Adoption of new and amended standards

During the financial period, the Group has adopted the following MFRS and Amendments to MFRSs issued by the Malaysian Accounting Standards Board (“MASB”) that are mandatory for the current financial period:

MFRS 14	Regulatory Deferred Accounts
Amendments to MFRS 127	Equity Method in Separate Financial Statements
Amendment to MFRS 10, MFRS 12 and MFRS 128	Investment Entities : Applying the Consolidation Exception
Amendment to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 101	Disclosure Initiative
Amendment to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendment to MFRS 116 and MFRS 141	Agriculture : Bearer Plants
Annual Improvements to MFRSs 2012-2014	Cycle

The adoption of above MFRS and amendments to MFRSs did not have any significant impact on the financial statements of the Group.

Standards issued but not yet effective

The Group has not adopted the following new MFRSs and amendments to MFRSs that have been issued by the MASB which are not yet effective for the Group: -

		Effective date for financial periods <u>beginning on or after</u>
Amendment to MFRS 107	Disclosure initiative	1 January 2017
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendment to MFRS 2	Classification and measurement of share-based payment transaction	1 January 2018
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
Amendment to MFRS 15	Classification to MFRS 15	1 January 2018
MFRS 16	Leases	1 January 2019
Amendment to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be announced

The Group intends to adopt the above MFRSs and Amendment to MRFSSs when they become effective.

A2. Changes in Accounting Policies (Cont'd)

MFRS 15 establishes a single comprehensive model for revenue recognition and will supersede the current recognition guidance and other related interpretations when it becomes effective. Under MFRS 15, an entity shall recognise revenue when (or as) a performance obligation is satisfied i.e. when "control" of goods or services underlying the particular performance obligation is transferred to the customers. In addition, extensive disclosures are required by MFRS 15. The Group anticipates that the applications of MFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the financial statements. However, it is not practicable to provide a reasonable estimate of the financial impacts of MFRS 15 until the Group performs a detailed review.

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces the existing guidance in MFRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking "expected loss" impairment model for calculation impairment on financial assets, and a new approach to hedge accounting. Under this MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held.

The amendments to MFRS 10, MFRS 12 and MFRS 128 (2011) clarify that the exemption from preparing consolidated financial statements is available to intermediate parent entity which is a subsidiary of an investment entity, even when the investment entity measures its subsidiaries at fair value. The intermediate parent entity would need to meet the other criteria for exception in MFRS 10.

The amendments to MFRS 107 require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes.

The amendments to MFRS 112 clarify that decreases in value of debt instrument measured at fair value for which tax base remains at its original cost give rise to a deductible temporary difference of which the deductible temporary difference should be compared with the entity's future taxable profits excluding tax deductions resulting from the reversal of those deductible temporary difference when an entity evaluates whether it has sufficient future taxable profit.

MFRS 16 replaces the existing MFRS 117 and it eliminates the distinction between finance and operating leases for lessees. Under this MFRS 16, all leases will be brought onto its balance sheet as recording certain leases as off-balance sheet leases will no longer be allowed except for some limited practical exemptions.

A3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2015 was not subject to any qualification.

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A4. Segmental Information

Period ended 30 September 2016

	Manufacturing & trading RM'000	Construction RM'000	Others RM'000	Consolidated RM'000
<u>REVENUE</u>				
Sales	4,639	27,232	-	31,871
Less: Inter-segment sales	-	-	-	-
Total Revenue	<u>4,639</u>	<u>27,232</u>	<u>-</u>	<u>31,871</u>
<u>RESULTS</u>				
Segment results	2,595	6,000	(4,416)	4,179
Finance costs	(714)	(14)	-	(728)
Profit / (loss) before taxation	<u>1,881</u>	<u>5,986</u>	<u>(4,416)</u>	<u>3,451</u>
Taxation	(463)	-	-	(463)
Net profit / (loss) for the financial period	<u>1,418</u>	<u>5,986</u>	<u>(4,416)</u>	<u>2,988</u>
<u>Other non-cash expenses</u>				
Allowance for impairment loss on :				
- Property, plant and equipment	1,390	-	-	1,390
- Inventories	478	-	-	478
Depreciation of property, plant and equipment	559	-	78	637
Fixed deposit written off	-	-	4	4
Bad debts written off	268	-	1,172	1,440
<u>Other non-cash income</u>				
Gain on disposal of :				
- Property, plant and equipment	(355)	-	-	(355)
- Non-current assets held for sale	(4,978)	-	-	(4,978)
<u>Assets</u>				
Additions to non-current assets	6,008	-	625	6,633
Segment assets	<u>24,621</u>	<u>24,411</u>	<u>3,610</u>	<u>52,642</u>
<u>Liabilities</u>				
Segment liabilities	<u>5,524</u>	<u>8,664</u>	<u>625</u>	<u>14,813</u>

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A4. Segmental Information (Cont'd)

Period ended 30 September 2015

	Manufacturing & trading RM'000	Construction RM'000	Others RM'000	Consolidated RM'000
<u>REVENUE</u>				
Sales	6,530	14,179	-	20,709
Less: Inter-segment sales	-	-	-	-
Total Revenue	<u>6,530</u>	<u>14,179</u>	<u>-</u>	<u>20,709</u>
<u>RESULTS</u>				
Segment results	765	3,850	(781)	3,834
Finance costs	(983)	-	(85)	(1,068)
(Loss) / Profit before taxation	<u>(218)</u>	<u>3,850</u>	<u>(866)</u>	<u>2,766</u>
Taxation	-	-	-	-
Net (loss) / Profit for the financial period	<u>(218)</u>	<u>3,850</u>	<u>(866)</u>	<u>2,766</u>
<u>Other non-cash expenses</u>				
Depreciation of property, plant and equipment	681	-	88	769
Bad debts written off	<u>1,052</u>	<u>-</u>	<u>155</u>	<u>1,207</u>
<u>Other non-cash income</u>				
Expenses written off	(55)	-	(527)	(582)
Reversal of allowance for impairment loss on trade receivable	<u>(1,236)</u>	<u>-</u>	<u>(156)</u>	<u>(1,392)</u>
<u>Assets</u>				
Additions to non-current assets	-	-	73	73
Segment assets	<u>40,680</u>	<u>6,646</u>	<u>8,947</u>	<u>56,273</u>
<u>Liabilities</u>				
Segment liabilities	<u>29,535</u>	<u>415</u>	<u>3,456</u>	<u>33,406</u>

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A5. Unusual Items due to their Nature, Size or Incidence

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

A6. Material Changes in estimates

There were no material changes in estimates used for the preparation of the interim financial report.

A7. Seasonal or Cyclical Factors

The Group's business are generally not affected by the various festive seasons.

A8. Dividends Paid

There were no dividends paid during the current quarter ended 30 September 2016.

A9. Valuation of Property, Plant and Equipment

There were fair value adjustments on two units of leasehold property during the quarter. Included in the property, plant and equipment, leasehold lands and buildings are stated at fair value less accumulated depreciation.

A10. Debt and Equity Securities

There were no other issuances, cancellation, repurchases, resales and repayment of debts and equity securities during the current period under review.

A11. Changes in Composition of the Group

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

A12. Capital Commitments

There were no outstanding capital commitments for the quarter under review.

A13. Change in the composition of the Group

There were no changes in the composition of the Group during the current financial quarter.

A14. Material significant Events

There were no other material significant events as at 17 November 2016, being the latest practicable date which shall not be earlier than 7 days from the date of issuance of this interim financial report.

A15. Changes in contingent liabilities and contingent assets

	As at 30 September 2016 RM'000	As at 30 September 2015 RM'000
Corporate guarantees given to banks for credit facilities granted to subsidiaries	<u>5,950</u>	<u>21,012</u>
Corporate guarantees issued to third parties in respect of trade facilities granted to subsidiaries	<u>1,000</u>	<u>1,000</u>

There were no contingent assets as at the date of this interim financial report.

A15. Significant Related Party Transactions

The transactions with companies in which certain Directors are common directors and/or have interest or deemed interest for the current financial period were summarised as follows: -

	Current Quarter 30 September 2016 RM'000
Income	
Contract revenue	26,422
Project Management fees	60
Expenses	
Rental of Premises	21

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B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS

B1. Review of Group performance

Revenue	Year To-date Ended		Variance	
	30 September 2016	30 September 2015		
	RM' Million	RM' Million	RM' Million	%
Roof Tiles	4.64	6.53	(1.89)	(28.94)
Construction Projects	27.23	14.18	13.05	92.03
Total	31.87	20.71	11.16	53.89

For the period ended 30 September 2016, the Group's revenue increased by 53.89% to RM 31.87 million as compared to RM 20.71 million in corresponding period ended 30 September 2015. This increase in revenue was due to the higher revenue generated from construction projects by RM 13.05 million or 92.03% from RM 14.18 million to RM 27.23 million.

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B1. Review of Group performance (Cont'd)

	Year To-Date Ended		Variance	
	30 September 2016	30 September 2015		
	RM' Million	RM' Million	RM' Million	%
1. Gross Profit	5.94	4.79	1.15	24.00
(a) (Gross Loss)/Gross Profit - Roof Tiles	(0.24)	0.86	(1.10)	(127.91)
(b) Gross Profit – Construction Projects	6.18	3.93	2.25	57.25
2. Profit Before Tax - Group	3.45	2.77	0.68	24.55
(b) Profit / (loss) before Tax - Roof Tiles	1.88	(0.22)	2.10	954.55
(b) Profit Before Tax - Construction Projects	5.99	3.86	2.13	55.18
© Loss before Tax – Other Division	(4.42)	(0.87)	(3.55)	(408.05)
3. Operating Expenses	7.65	1.09	6.56	601.83
4. Other Income	5.88	0.13	5.75	4,423.08
5. Finance Cost	0.73	1.07	(0.34)	(31.77)

For the period ended 30 September 2016, the Group generated operating profit before tax of RM 3.45 million as compared to a profit before tax of RM 2.77 million for the same period in 2015, representing an increase of RM 0.68 million or 24.55%. The increase was mainly due to improved profit before tax generated from the construction projects of RM 5.99 million compared to RM 3.86 million generated in nine months ended 30 September 2015, an improved of 55.18%. The roof tiles business also contributed an increased in profit before tax of RM2.10 in the nine months period ended 30 September 2016 as compared to same period in 2015. The gain on disposal of property, plant and equipment amounting to RM 5.33 million to the increase in the Group's total comprehensive income, however, this increase was mitigated by the additional administrative expenses incurred amounting to of RM 6.56 million (an increased from RM 1.09 million in 2015 to RM 7.65 million in 2016) as a results of the additional professional fees in relation to the proposed acquisition of MITCE exercise amounting to RM 1.34 million and other expenses related to the impairment of receivable as well as the impairment of inventories and property, plant and equipment amounting to RM 3.26 million.

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B1. Review of Group performance (Cont'd)

Revenue	Third Quarter Ended		Variance	
	30 September 2016	30 September 2015		
	RM' Million	RM' Million	RM' Million	%
Roof Tiles	0.90	1.72	(0.92)	(47.67)
Construction Projects	8.65	9.06	(0.41)	(4.52)
Total	9.55	10.78	(1.23)	(11.41)

For the third quarter ended 30 September 2016, the Group's revenue decreased by 11.41% to RM 9.55 million as compared to RM 10.78 million in corresponding quarter ended 30 September 2015. This decrease in revenue was due to lower revenue generated from construction projects by RM 0.41 million or 4.52% from RM 9.06 million to RM 8.65 million and RM0.90 million as compared to RM1.72 million from the roof tiles segment.

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B1. Review of Group performance (Cont'd)

	Third Quarter Ended		Increase / (Decrease)	Percentage Increase / (Decrease)
	30 September 2016	30 September 2015		
	RM' Million	RM' Million	RM' Million	%
1. Gross Profit	2.29	2.84	(0.55)	(19.37)
(a) Gross Loss / (Gross Profit) - Roof Tiles	(0.24)	0.24	(0.48)	(200.00)
(b) Gross Profit – Construction Projects	2.53	2.60	(0.07)	(2.69)
2. Profit Before Tax – Group	2.40	1.93	0.47	24.35
a) Profit /(Loss) before Tax - Roof Tiles	2.69	(0.10)	2.79	2790.00
b) Profit Before Tax - Construction Projects	2.42	2.58	(0.16)	(6.20)
c) Loss Before Tax – Other Division	(2.71)	(0.55)	2.16	392.73
3. Operating Expenses	5.24	0.61	4.63	759.02
4. Other Income	5.54	0.03	5.51	18366.67
5. Finance Cost	0.18	0.33	(0.15)	(45.45)

For the current quarter ended 30 September 2016, the Group generated profit before tax of RM 2.40 million as compared to a profit before tax of RM 1.93 million for the same period in 2015. The increase was mainly due to other income arising from the gain on disposal of property, plant and equipment amounting to RM 5.33 million. However, the Group had also experience an increase in operating expenses of RM 4.63 million from RM 0.61 million to RM 5.24 million as a results of the increase in administrative expenses incurred in professional fees related to the acquisition proposal exercise amounting to RM 1.34 million and other expenses as a result of impairment of receivable as well as the impairment of inventories and property, plant and equipment amounting to RM 3.26 million.

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B2. Variation of results against immediate preceding quarter

	Current Quarter Ended 30 September 2016 RM'000	Preceding Quarter Ended 30 June 2016 RM'000	Variance RM'000	Percentage %
Revenue	9,545	11,599	(2,054)	(17.71)
Profit before taxation	2,400	144	2,256	1566.67

	Current Year Quarter Ended 30 September 2016 RM' 000	Preceding Quarter Ended 30 June 2016 RM' 000	Variance RM' 000	Variance %
Revenue - Roof Tiles	899	1,729	(830)	(48.00)
Revenue - Construction Projects	8,646	9,870	(1,224)	(12.40)
Operating Expenses	5,236	1,737	3,499	201.44
Other Income	5,537	238	5,299	2226.47
Finance Cost	186	254	(68)	(26.77)

For the quarter under review, total revenue of the Group decreased by 17.71% as compared to the preceding quarter ended 30 June 2016. The decrease was due to the lower revenue generated from the construction project by RM 1.22 million or 12.40% from RM 9.87 million to RM 8.65 million. The Company registered a profit before tax amounted to RM 2.40 million as compared to profit before tax of RM 0.14 million in the preceding quarter ended 30 June 2016. The increase mainly due to other income amounted to RM 5.54 million from the gain on disposal of properties amounted to RM 5.33 million. However, there was an increase in operating expenses of RM 3.50 million from RM 1.74 million to RM 5.24 million as a results of the increase in administrative expenses incurred in professional fees related to the acquisition proposal exercise amounting to RM 1.34 million and other expenses as a results of impairment in the valuation of inventories and property, plant and equipment amounting to RM 1.87 million.

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B3. Prospects for the current financial year

Barring any unforeseen circumstances, the Group believe that with the continuous measures taken by the government and private sectors in improving the property sector, the prospect of the property development and construction sectors is expected to remain satisfactory.

The Board is confidence and of the opinion that upon the completion of the Proposed Acquisition that was announced on 14 September 2016, the prospect of the Group will improved further with positive contribution of revenue and profit from the newly acquired subsidiaries, this will further improved the financial performance in the next quarter and beyond

B4. Profit forecast or profit guarantee

Not applicable as the Group has not issued any profit forecast or profit guarantee to the public

B5. Taxation

No provision of taxation was provided for the current quarter. However, there was a RPGT tax paid on the property disposal amounted to RM 0.46 million for the quarter under review.

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B6. Status of Corporate Proposals announced but not completed

The following is the status of corporate proposals that have been announced by the Company but has not been complete as at 17 November 2016, being the latest practicable date which shall not be earlier than 7 days from the date of issuance of this interim financial report : -

(a) Disposal of Property located at Mukim Rawang, District of Gombak, Selangor Darul Ehsan

On 17 February 2015, M&A Securities Sdn Bhd, on behalf of ML Global Berhad had announced that on 17 February 2015, Vintage Tiles Industries Sdn Bhd ("**VTISB**" or "**Vendor**") had entered into a sale and purchase agreement ("**SPA**") with Finston Sdn Bhd ("**Purchaser**") (Company No. 1020457-W) having its place of business at No. 32, Lorong Sungai Puloh 1A/KU6, Taman Teknologi Gemilang, Kawasan Perindustrian Sungai Puloh, 42100 Klang, Selangor Darul Ehsan for the proposed disposal of an industrial property known as Lot PT 6466 held under Title No. H.S (M) 17269, Mukim Rawang, District of Gombak, Selangor Darul Ehsan ("**Property**") by VTISB for a total cash consideration of RM 17,050,000 only.

An Extraordinary General Meeting ("**EGM**") for the ordinary resolution on the proposed disposal of the Property had been held and shareholder approval had been obtained and approved at the EGM of the Company held on 27 May 2015.

On 3 November 2015, the Company had announced that the Vendor and the Purchaser had on 2 November 2015 agreed to the extension of time until 16 November 2015 for the fulfilment of the Conditions Precedent stated in the SPA.

On 25 November 2015, the Company had announced that the Vendor and the Purchaser had on 24 November 2015 mutually agreed to the further extension of time until 16 February 2016 for the fulfilment of the Conditions Precedent stated in the SPA.

On 23 February 2016, the Company had announced that the bank's solicitor had submitted the original title to the Gombak Land Office for the endorsement of title into the category of the use as 'Industries' on 22 February 2016. Due to the status of the conversion of category of land title is still pending endorsement from the relevant authority, the Vendor and the Purchaser have mutually agreed to the further extension of time for another one (1) month from 22 February 2016 or upon receive of the endorsement of title from the land office, whichever is earlier, for the fulfilment of the Conditions Precedent stated in the SPA.

On 1 April 2016, the Company had announced that the Company's solicitor has vide its letter dated 31 March 2016 informed the Company that the conversion of category of land title has been endorsed by the Land Office as "Light Industrial". As such, the Conditions Precedent stated in the SPA has been fulfilled ("**Unconditional Date**"). Further to that, the Completion Date for the SPA shall be three (3) months from the Unconditional Date, i.e. by 30 June 2016 and the Extended Completion Date shall be two (2) months from the Completion Date, i.e. by 31 August 2016.

On 20 September 2016, the Company had announced that all conditions precedent and conditions for completion applicable in respect of the SPA have been fulfilled and the vacant possession of the Property was delivered to Purchaser on 15 September 2016, marking the completion of the Disposal.

B6. Status of Corporate Proposals announced but not completed (Cont'd)

(b) Multi Proposals – Proposed Acquisition and placement and M&A amendments

On 14 September 2016, AmlInvestment Bank Berhad (“**AmlInvestment Bank**”) had, on behalf of the Company, announced that it proposes to undertake the Proposals as follows: -

- (i) proposed acquisition of the entire equity interest in MITC Engineering Sdn Bhd (“**MITCE**”) from MITC Sdn Bhd (an indirect wholly-owned subsidiary of LBS Bina Group Berhad) and Datuk Lim Lit Chek, to be satisfied via allotment and issuance of 267,761,194 ordinary shares of RM0.50 each (“**Consideration OS**”) and 180,000,000 irredeemable convertible preference shares of RM0.50 each (“**Consideration ICPS**”) pursuant to the conditional share sale agreement dated 14 September 2016;
- (ii) proposed placement by the MITCE Vendors of up to 60,000,000 Consideration OS to third party investors to be identified; and
- (iii) proposed amendments to the Memorandum and Articles of Association of the Company to facilitate the issuance of the Consideration ICPS.

On 3 November 2016, AmlInvestment Bank Berhad had, on behalf of the Company, announced that Bursa Malaysia Securities Berhad (“**Bursa Securities**”) had via its letter dated 2 November 2016, approved the listing of and quotation for the following:-

- (i) Up to 267,761,194 Consideration OS to be issued pursuant to the Proposed Acquisition;
- (ii) Up to 180,000,000 new Company’s ordinary shares to be issued upon conversion of the Consideration ICPS.

The approval granted by Bursa Securities for the above is subject to the following conditions:-

- (a) The Company and AmlInvestment Bank must fully comply with the relevant provisions under the Main Market Listing Requirements of Bursa Securities (“LR”) pertaining to the implementation of the Proposed Acquisition;
- (b) The Company and AmlInvestment Bank must inform Bursa Securities upon the completion of the Proposed Acquisition
- (c) The Company to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities’ approval once the Proposed Acquisition is completed.
- (d) The Company to furnish Bursa Securities with a quarterly basis, a summary of the total number of shares listed pursuant to the conversion of the ICPS as at the end of each quarter together with a detailed computation of listing fees payable; and
- (e) The Company to furnish Bursa Securities with a certified true copy of the resolution passed by shareholders at the EGM for the Proposed Acquisition.

The circular has been sent on 4 November 2016 to seek shareholders’ approval at EGM scheduled to be held on 28 November 2016.

(c) Proposed Deed Poll Amendments

On 14 September 2016, AmlInvestment Bank had, on behalf of the Company, announced that the Company proposes to undertake the proposed amendment to the deed poll dated 22 July 2014 constituting the Warrants 2014/2019 (“**Deed Poll**”) in the Company which involves deletions, additions, amendments and modifications of various clauses of Deed Poll as detailed in the announcement.

The circular has been sent on 4 November 2016 to seek warrant holders’ approval at Warrant Holders’ meeting scheduled to be held on 28 November 2016.

B7. Borrowings and debt securities

Total Group borrowings of the Group as at 30 September 2016 comprised of the followings:

	30 September 2016 RM'000
Secured bank borrowings:	
Term loan	1,450
Bank overdraft	2,073
Finance lease payable	539
Total Bank Borrowings	<u>4,062</u>
Short Term Borrowings	
Bank overdraft	2,073
Finance lease payable	113
Total Short Term Borrowings	<u>2,186</u>
Long Term Borrowings	
Term loan	1,450
Finance lease payable	426
Total Long Term Borrowings	<u>1,876</u>

B8. Changes in material litigation

There was no material litigation as at 17 November 2016, being the latest practicable date which shall not be earlier than 7 days from the date of issuance of this interim financial report.

B9. Realised and Unrealised Profits

	Unaudited 30 September 2016 RM'000	Audited 31 December 2015 RM'000
Total accumulated losses of the Group		
- Realised	(15,728)	(18,717)
- Unrealised	1,500	1,500
	<u>(14,228)</u>	<u>(17,217)</u>

B10. Dividends declared

No dividend has been declared for the current quarter under review.

B11. Earnings per share (“EPS”)

Basic EPS

The calculation of the basic earnings per share is based on the profit attributable to the owners of the parent and divided by the weighted average number of ordinary shares in issue:-

	Current Year To Date 30 September 2016	Preceding Year Year To Date 30 September 2015
Net profit attributable to owners of the Parent (RM'000)	2,988	2,766
Weighted average number of ordinary shares in issue ('000)	89,634	89,634
Basic EPS (Sen)	3.34	3.09

Diluted EPS

The calculation of the diluted earnings per share is based on the profit attributable to the owners of the parent and divided by the weighted average number of ordinary shares that would have been in issued upon full exercise of the remaining option under warrants, adjusted for the number of such shares that would have been issued at fair value:-

	Current Year To Date 30 September 2016	Preceding Year Year To Date 30 September 2015
Net profit attributable to owners of the Parent (RM'000)	2,988	2,766
Weighted average number of ordinary shares in issue ('000)	116,383	116,383
Diluted EPS (Sen)	2.57	2.38

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B12. Notes to the condensed consolidated Statement of Comprehensive Income

	Current Quarter 30 September 2016 RM'000	Current Period To Date 30 September 2016 RM'000
Dividend Income	(4)	(26)
Rental Income	(75)	(75)
Discount received	(3)	(3)
Bad debts written off	766	1,440
Bad Debts recoverable	-	(3)
Waiver of debts	36	(248)
Depreciation of property, plant and equipment	240	637
Gain on disposal of property, plant and equipment	(355)	(355)
Gain on disposal of non-current assets held for sale	(4,978)	(4,978)
Allowance for impairment losses on property, plant and equipment	1,390	1,390
Fixed deposit written off	4	4
Allowance for impairment losses on inventories	478	478
	_____	_____

B13. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors on 23 November 2016.

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