



# **ML GLOBAL BERHAD**

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

**INTERIM FINANCIAL REPORT  
31 DECEMBER 2016**

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME (UNAUDITED)  
-For the financial year ended 31 DECEMBER 2016**

	Note	Individual Quarter		Cumulative Period	
		Current Year Quarter 31 December 2016 RM'000	Preceding Year Quarter 31 December 2015 RM'000	Current Year To Date 31 December 2016 RM'000	Preceding Year To Date 31 December 2015 RM'000
Revenue		60,661	16,317	92,532	37,026
Cost of sales		(54,009)	(11,600)	(79,938)	(27,520)
Gross profit		6,652	4,717	12,594	9,506
Other Income		545	548	6,429	683
Operating expenses		(8,292)	(590)	(15,939)	(1,681)
Finance costs		(218)	(364)	(946)	(1,431)
Share of profit in associate company		18	-	18	-
(Loss) /profit before taxation		(1,295)	4,311	2,156	7,077
Taxation	B5	(1,368)	3,097	(1,831)	3,097
Net (loss) / profit for the financial year		(2,663)	7,408	325	10,174
Other comprehensive income		597	-	5,163	-
Total comprehensive income for the financial year		(2,066)	7,408	5,488	10,174
<b>Net (loss) / profit for the financial year attributable to:</b>					
Owners of the Parent		(2,663)	7,408	327	10,174
Non-controlling interest		-	-	(2)	-
		(2,663)	7,408	325	10,174
<b>Total comprehensive (expense) / income for the financial year attributable to:</b>					
Owners of the Parent		(2,066)	7,408	5,490	10,174
Non-controlling interest		-	-	(2)	-
		(2,066)	7,408	5,488	10,174
<b>(Loss)/Earnings per share attributable to owners of the Parents:</b>					
Basic (Sen)	B11	(0.75)	8.26	0.09	11.35
Diluted (Sen)	B11	(0.69)	6.37	0.08	8.74

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**  
**- As at 31 DECEMBER 2016**

	Note	31 December 2016 (Unaudited) RM'000	31 December 2015 (Audited) RM'000
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, plant and equipment	<b>A9</b>	39,509	18,610
Capital work-in-progress		1,590	-
Land and property development costs		3,000	-
Investment properties		60,437	-
Investment in associated company		36	-
Goodwill on consolidation	<b>A11</b>	260,093	-
Deferred tax asset		-	1,500
		<b>364,665</b>	<b>20,110</b>
<b>Current Assets</b>			
Inventories		48	1,254
Trade receivables		61,981	21,162
Other receivables		57,517	7,489
Amount owing by related companies		132,505	-
Tax recoverable		74	-
Fixed deposit with licensed banks		1,995	4
Cash and bank balances		7,475	2,984
		<b>261,595</b>	<b>32,893</b>
<b>Non-Current assets held for sale</b>		-	12,086
<b>TOTAL ASSETS</b>		<b>626,260</b>	<b>65,089</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Parent</b>			
Share Capital			
- Ordinary shares		178,698	44,817
- Irredeemable Convertible Preference Shares ("ICPS")		90,000	-
Share premium		45,519	-
ICPS premium		30,600	-
Warrants reserves		2,675	2,675
Revaluation reserves		5,059	-
Accumulated losses		(16,786)	(17,217)
		<b>335,765</b>	<b>30,275</b>
Non-controlling interests		(2)	-
<b>Total Equity</b>		<b>335,763</b>	<b>30,275</b>

The Condensed Consolidated Statement of Financial Position 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**  
**- As at 31 DECEMBER 2016 (cont'd)**

	Note	31 December 2016 (Unaudited) RM'000	31 December 2015 (Audited) RM'000
<b>LIABILITIES</b>			
<b>Non-current Liabilities</b>			
Bank borrowings	<b>B7</b>	28,247	13,976
Finance lease payables		2,381	-
Deferred tax liabilities		902	-
		<b>31,530</b>	<b>13,976</b>
<b>Current Liabilities</b>			
Trade payables		160,363	13,383
Amount owing to customers on contract		30,978	-
Amount owing to related companies		39,393	-
Other payables		19,998	4,451
Bank overdraft		5,278	3,004
Bank borrowings		1,653	-
Finance lease payables		1,248	-
Tax payable		56	-
		<b>258,967</b>	<b>20,838</b>
<b>Total Liabilities</b>		<b>290,497</b>	<b>34,814</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>626,260</b>	<b>65,089</b>
<b>Net Assets per share attributable to owners of the Parent (RM)</b>		0.94	0.34

The Condensed Consolidated Statement of Financial Position 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 year ended 31 December 2016**

	Non-Distributable						Distributable	Attributable to owners of the Company RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
	Ordinary Shares RM'000	ICPS RM'000	Share Premium RM'000	ICPS Premium RM'000	Warrant Reserves RM'000	Revaluation Reserves RM'000	Accumulated Losses RM'000			
Balance as at 1 January 2016	44,817	-	-	-	2,675	-	(17,217)	30,275	-	<b>30,275</b>
Other comprehensive income	-	-	-	-	-	5,163	-	5,163	-	<b>5,163</b>
Realisation of revaluation surplus	-	-	-	-	-	(104)	104	-	-	-
Net profit for the financial year	-	-	-	-	-	-	327	327	(2)	<b>325</b>
Issuance of shares: - acquisition of subsidiaries	133,881	90,000	45,519	30,600	-	-	-	300,000	-	<b>300,000</b>
<b>Balance as at 31 December 2016</b>	<b>178,698</b>	<b>90,000</b>	<b>45,519</b>	<b>30,600</b>	<b>2,675</b>	<b>5,059</b>	<b>(16,786)</b>	<b>335,765</b>	<b>(2)</b>	<b>335,763</b>
Balance as at 1 January 2015	44,817	-	-	-	2,675	-	(27,391)	20,101	-	20,101
Total comprehensive income for the financial year	-	-	-	-	-	-	10,174	10,174	-	10,174
<b>Balance as at 31 December 2015</b>	<b>44,817</b>	-	-	-	<b>2,675</b>	-	<b>(17,217)</b>	<b>30,275</b>	-	<b>30,275</b>

The Condensed Consolidated Statement of Changes in Equity 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**  
**-For the financial year ended 31 December 2016**

	Year to Date	Year to Date
	Ended 31.12.2016	Ended 31.12.2015
	(Unaudited)	(Audited)
	RM'000	RM'000
<b>Profit before taxation</b>	<b>2,156</b>	<b>7,077</b>
<b>Adjustments for:-</b>		
Depreciation of property, plant and equipment	1,202	1,024
Gain on disposal of property, plant and equipment	(327)	(292)
Gain on disposal of non-current assets held for sale	(4,978)	-
Waiver of debts	(248)	(818)
Impairment losses on trade receivable written back	-	(495)
Bad debts recovered	(3)	(9)
Impairment losses on trade receivable	880	-
Impairment losses on property, plant and equipment	1,390	-
Impairment on inventories	478	-
Deposit written off	4	-
Bad debts written off	1,440	178
Dividend income	(30)	(152)
Finance costs	946	1,431
<b>Operating profit before changes in working capital</b>	<b>2,910</b>	<b>7,944</b>
<b>Changes in working capital</b>		
Inventories	1,206	(333)
Receivables	(1,266)	(20,425)
Payables	(6,046)	10,383
	<b>(6,106)</b>	<b>(10,375)</b>
<b>Cash used in operations</b>	<b>(3,196)</b>	<b>(2,431)</b>
Interest paid	(946)	(1,431)
Tax paid	(720)	(9)
<b>Net cash used in operating activities</b>	<b>(4,862)</b>	<b>(3,871)</b>

The Condensed Consolidated Statement of Cash Flows 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**  
**-For the financial year ended 31 December 2016**

	Year to Date Ended 31.12.2016 (Unaudited) RM'000	Year to Date Ended 31.12.2015 (Audited) RM'000
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(639)	(82)
Proceeds from disposal non-current asset held for sale	17,064	-
Proceeds from disposal of property, plant and equipment	890	2,500
Dividend income	30	152
Acquisition of subsidiary companies, net of cash acquired (Note A11)	1,745	-
<b>Net cash generated from investing activities</b>	<b>19,090</b>	<b>2,570</b>
<b>Cash flows from financing activities</b>		
Deposit pledged with licensed bank	1,995	-
Drawdown / (Repayment) of finance lease payable	515	(532)
Repayment of bank borrowing	(14,521)	(2,463)
<b>Net cash used in financing activities</b>	<b>(12,012)</b>	<b>(2,995)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>2,217</b>	<b>(4,296)</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>	<b>(20)</b>	<b>4,276</b>
<b>Cash and cash equivalents at the end of the financial year</b>	<b>2,197</b>	<b>(20)</b>
<b>Closing balance of cash and cash equivalent at the end of the financial year comprise:</b>		
Cash and bank balances	7,475	2,984
Fixed deposits with licensed bank	1,995	4
Bank overdraft	(5,278)	(3,004)
	<b>4,192</b>	<b>(16)</b>
Less: Fixed deposit pledged with license bank	(1,995)	(4)
<b>Cash and cash equivalents</b>	<b>2,197</b>	<b>(20)</b>

The Condensed Consolidated Statement of Cash Flows 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.

**A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR YEAR ENDED 31 DECEMBER 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 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.

**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 year, 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
MFRS 1	Annual Improvements to MFRSs 2012-2014 Cycle
Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	Amendments to MFRS 4

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

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## A2. Changes in Accounting Policies (Cont'd)

### 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 12	Annual Improvements to MFRS Standard 2011-2016 Cycle	1 January 2017
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 1	Annual Improvements to MFRS Standard 2014-2016 Cycle	1 January 2018
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
MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts (Amendments to MFRS 4)	1 January 2018
Amendment to MFRS 15	Clarifications to MFRS 15	1 January 2018
MFRS 16	Leases	1 January 2019
Amendment to MFRS 128	Annual Improvements to MFRS Standards 2014-2016 Cycle	1 January 2018
Amendments to MFRS 140	Transfers of Investment Property	1 January 2018
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.

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**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.

The amendments of applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts clarify existing requirements of the respective Standards except for the amendments on applying the Standards on financial instruments with insurance contracts that provide pragmatic solution to address the transitional challenges in view of an upcoming new Standard on Insurance Contracts.

The amendments to MFRS 140 clarifies the existing provisions in the Standard on transfer to or from the investment property category.

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**A2. Changes in Accounting Policies (Cont'd)**

The amendments to MFRS 1, MFRS 12 and MFRS 128 on the Annual Improvements for the 2014-2016 Cycles covers amendments to the Standards on:-

- i) First-time Adoption: Certain provisions that have served their intended purposes and are no longer required are removed from the Standard
- ii) Disclosure of Interest in Other Entities: Clarifies the applicability of this Standard to an entity's interest in other entities which are classified as held for sales of discontinued operations; and
- iii) Investment in Associates and Joint Ventures: Clarifies that an entity, which is a venture capital organization, or a mutual fund, unit trust or similar entities has an investment-by-investment choice to measure its investments in associates and joint ventures at fair value in accordance with the Standard.

**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**

**31 December 2016**

	<b>Manufacturing and trading RM'000</b>	<b>Construction RM'000</b>	<b>Others RM'000</b>	<b>Consolidated RM'000</b>
<b><u>REVENUE</u></b>				
Total revenue	4,647	87,885	-	92,532
Less: Inter-segment revenue	-	-	-	-
Total external revenue	<u>4,647</u>	<u>87,885</u>	<u>-</u>	<u>92,532</u>
<b><u>RESULTS</u></b>				
Segment results	1,025	10,527	(8,450)	3,102
Finance costs	(734)	(212)	-	(946)
Profit / (Loss) before taxation	291	10,315	(8,450)	2,156
Taxation	(1,275)	(556)	-	(1,831)
Net (loss) / profit for the financial year	<u>(984)</u>	<u>9,759</u>	<u>(8,450)</u>	<u>325</u>
<b><u>Other non-cash expenses</u></b>				
Impairment loss on:				
- Property, plant and equipment	1,390	-	-	1,390
- Inventories	478	-	-	478
- Trade receivable	-	-	880	880
Depreciation of property, plant and equipment	841	261	100	1,202
Deposit written off	-	-	4	4
Bad debts written off	268	-	1,172	1,440
<b><u>Other non-cash income</u></b>				
Waiver of debts	(248)	-	-	(248)
Gain on disposal of:				
- Property, plant and equipment	(327)	-	-	(327)
- Non-current assets held for sale	(4,978)	-	-	(4,978)
<b><u>Assets</u></b>				
Additions to non-current assets	6,008	74,964	260,093	344,555
Segment assets	<u>22,558</u>	<u>343,057</u>	<u>260,645</u>	<u>626,260</u>
<b><u>Liabilities</u></b>				
Segment liabilities	<u>2,370</u>	<u>285,012</u>	<u>3,115</u>	<u>290,497</u>

*There was no detailed analysis of performance for segments as the Group is mainly involved in construction activities.*

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**A4. Segmental Information (Cont'd)**

**31 December 2015**

	<b>Manufacturing and trading RM'000</b>	<b>Construction RM'000</b>	<b>Others RM'000</b>	<b>Consolidated RM'000</b>
<b><u>REVENUE</u></b>				
Total Revenue	8,901	28,125	-	37,026
Less: Inter-segment revenue	-	-	-	-
Total external revenue	<u>8,901</u>	<u>28,125</u>	<u>-</u>	<u>37,026</u>
<b><u>RESULTS</u></b>				
Segment results	1,023	8,462	(977)	8,508
Finance costs	(1,301)	-	(130)	(1,431)
(Loss) / Profit before taxation	<u>(278)</u>	<u>8,462</u>	<u>(1,107)</u>	<u>7,077</u>
Taxation	1,915	-	1,182	3,097
Net Profit for the financial year	<u>1,637</u>	<u>8,462</u>	<u>75</u>	<u>10,174</u>
<b><u>Other non-cash expenses</u></b>				
Depreciation of property, plant and equipment	908	-	116	1,024
Bad debts written off	-	-	178	178
<b><u>Other non-cash income</u></b>				
Impairment loss on trade receivable written back	(495)	-	-	(495)
Waiver of debts	(818)	-	-	(818)
Gain on disposal of property, plant and equipment	<u>(292)</u>	<u>-</u>	<u>-</u>	<u>(292)</u>
<b><u>Assets</u></b>				
Additions to non-current assets	2	-	80	82
Segment assets	<u>38,498</u>	<u>19,190</u>	<u>7,401</u>	<u>65,089</u>
<b><u>Liabilities</u></b>				
Segment liabilities	<u>24,648</u>	<u>8,152</u>	<u>2,014</u>	<u>34,814</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 under review and the financial year.

**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 businesses are generally not affected by the various festive seasons.

**A8. Dividends Paid**

There were no dividends paid during the current quarter under review and financial year ended 31 December 2016.

**A9. Valuation of Property, Plant and Equipment**

There were fair value adjustments on two units of leasehold property and seven units of office lots during the financial year. 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 quarter under review and the financial year, save and except for the following: -

i) Issuance of shares pursuant to the Share Sales Agreement dated 14 September 2016 ("SSA")

The Company has issued and allotted 267,761,194 ordinary shares and 180,000,000 ICPS, being the purchase consideration for the acquisition of entire issued and paid up share of 1,000,000.00 ordinary shares of MITC Engineering Sdn. Bhd. ("MITCE").

#### **A11. Changes in Composition of the Group**

Upon the completion of SSA, on 28 November 2016, the Company has acquired One Million (1,000,000) ordinary shares of MITCE for a total purchase consideration of Ringgit Malaysia Three Hundred Million (RM300,000,000.00) only.

Consequently, MITCE and its subsidiary companies, namely Prisma Kasturi Sdn. Bhd., Prisma Craft Sdn. Bhd. and Top Ace Solutions Sdn. Bhd. became wholly owned subsidiary companies of ML Global Berhad ("MGB") and YLT Consultancy Sdn Bhd, a 30% owned company of MITCE became an associated company of the MGB.

Fair value for identifiable assets acquired and liabilities assumed as follows:

	<b>RM'000</b>
Property, Plant and Equipment	16,528
Other Investments	14,207
Investment Properties	35,387
Trade and Other Receivables	120,878
Related Companies Balances	75,690
Cash and Bank Balances	7,214
Trade and Other Payables	(168,555)
Amount owing to customers on contracts	(32,729)
Bank Borrowings and Finance Lease Payables	(27,150)
Tax Payable and Deferred Tax	(1,563)
<b>Total Net Identifiable Assets</b>	<b>39,907</b>

#### **Goodwill**

Goodwill was recognised as a result of the acquisition as follow:

	<b>RM'000</b>
Total purchase consideration	300,000
Less: value of net identifiable assets	(39,907)
Goodwill	<u>260,093</u>

The goodwill is attributable mainly to the brand name, work force assembles of the acquiree and the synergies expected to be achieved from integrating the acquired company into the Group's existing business.

The cash outflow on the acquisition is as follow:

	<b>RM'000</b>
Purchase consideration satisfied by cash	-
Cash and cash equivalents of subsidiary companies acquired	7,214
Less: Bank overdraft	(3,474)
Less: Fixed deposit with licensed bank	(1,995)
Net cash inflow of the group	<u>1,745</u>

Saved as disclosed above, there were no changes in the composition of the Group for the quarter under review and the financial year.

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**A12. Capital Commitments**

There were no material capital commitments for the quarter under review and the financial year.

**A14. Subsequent Events**

On 3 February 2017, 9,190,000 ordinary shares were issued pursuant to the conversion of warrants 2014/2019 at the exercise price of RM0.50 per warrant.

Saved as disclosed above, there were no other subsequent events as at 20 February 2017, 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**

	<b>As at 31 December 2016 RM'000</b>	<b>As at 31 December 2015 RM'000</b>
Corporate guarantees given to banks for credit facilities granted to subsidiaries	5,950	18,440
Corporate guarantees issued to third parties in respect of trade facilities granted to subsidiaries	1,000	1,000

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 year were summarised as follows: -

	<b>As at 31 December 2016 RM'000</b>
<b>Income</b>	
Contract revenue	35,354
Project Management fees	60
<b>Expenses</b>	
Rental of Premises	33

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**B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS**
**B1. Review of Group performance**

	Year To-date Ended		Variance	
	31 December 2016	31 December 2015		
	RM' Million	RM' Million	RM' Million	%
Revenue	92.53	37.03	55.50	149.88
Profit before tax ("PBT")	2.16	7.08	(4.92)	(69.49)
Profit after tax ("PAT")	0.33	10.17	(9.84)	(96.76)

For the financial year ended 31 December 2016, the Group's revenue increased by 149.88% to RM 92.53 million as compared to RM 37.03 million in corresponding financial year ended 31 December 2015. The significant leap in the revenue was resulted from the consolidation of one month result of the newly acquired subsidiary whereby it has contributed construction revenue of RM 51.03 million.

Notwithstanding the increase in revenue, the Group's PBT has decreased from RM7.08 million in previous financial year to RM 2.16 million as at current financial year, representing a decrease of RM 4.92 million or 69.49%.

The decrease in both PBT and PAT were mainly due to the increase in operating expenses. The operating expenses, amongst others, include corporate exercise expenses and stamping fees for shares transferred which amounted to approximately RM2.26 million incurred pursuant to the proposed acquisition, staff compensation plan and upkeep of factory subsequent to the ceasing of manufacturing business amounting to RM 2.05 million, impairment of receivables, inventories and property, plant and equipment amounting to RM 4.19 million.

However, the operating expenses has been mitigated by the increase in Group's other income mainly arising from the gain on disposal of property, plant and equipment and assets held for sale amounting to approximately RM 5.33 million.

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**B1. Review of Group performance (Cont'd)**

	Fourth Quarter Ended		Variance	
	31 December 2016	31 December 2015		
	RM' Million	RM' Million	RM' Million	%
<b>Revenue</b>	60.66	16.32	44.34	271.69
<b>(Loss) / Profit before tax</b>	(1.30)	4.31	(5.61)	(130.16)
<b>(Loss) / Profit after tax</b>	(2.66)	7.41	(10.07)	(135.90)

For the individual quarter ended 31 December 2016, the Group's revenue has increase by 271.69% to RM 60.66 million as compared to RM 16.32 million in corresponding preceding individual quarter ended 31 December 2015. The significant leap in the revenue was mainly attributable to the consolidation of one month result of the newly acquired subsidiaries following the completion of the acquisition in November 2016.

Nevertheless, the Group has generated loss before and after tax of RM 1.30 million and RM2.66 million respectively as compared to a profit before tax of RM 4.31 million and profit after tax of RM7.41 million for the same corresponding preceding quarter in 2015 mainly due to professional fees and stamp duty incurred in current quarter pursuant to the acquisition exercise, upkeep of factory subsequent to the ceasing of manufacturing business, impairment of receivables and property, plant and equipment.

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**B2. Variation of results against immediate preceding quarter**

	<b>Current Quarter Ended 31 December 2016 RM'000</b>	<b>Preceding Quarter Ended 30 September 2016 RM'000</b>	<b>Variance RM'000</b>	<b>Percentage %</b>
Revenue	60,661	9,545	51,116	535.53
(Loss) / profit before taxation	(1,295)	2,400	(3,695)	(153.96)

Comparing current quarter under review to its immediate preceding quarter ended 30 September 2016, the revenue of the Group has increased by 535.53% to RM60.66 million. The increase in revenue mainly contributed by the a newly acquired subsidiary which actively involved in construction activities.

However, the Group registered a loss before tax of RM 1.30 million as compared to profit before tax of RM 2.40 million in the immediate preceding quarter mainly due to administrative expenses incurred as explained in note B1 above.

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**B3. Prospects for the next financial year**

On the front of roof tiles manufacturing division, the Board is of the view that the continued challenging situation affecting the prospects of manufacturing division. Accordingly, the Group had ceased its business operations of manufacturing and trading in roof tiles with effect from 15 July 2016 and that the performance of the Group is now depend on the construction division.

On the construction front, the Group has achieved revenue of RM87.89 million in the year 2016. Following the completion of the acquisition of MITCE, with the combined construction contracts on hand, the Board expects the construction division will be the main driver of the revenue and improve the financial performance of the Group in the coming financial year.

With the combined resources, the enlarged group is now equipped with more advanced machineries and skilled manpower that provide better access to larger scale of business opportunities and provide the Group with the ability and platform to tender for larger scale of external construction works. This in turn is anticipated to continue replenish the Group's order book and generate earnings.

Premised on the above, the Group is optimistic of its business performance moving forward and thus is confident of achieving greater results in its financial performance for the financial year ending 31 December 2017.

**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**

	<b>Current Quarter</b>	<b>Year to Date</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Income Tax:</b>		
- Current year	676	1,139
- Under/(over)provision of prior year	-	-
<b>Deferred Tax:</b>		
- Current year	692	692
- Under/(over)provision of prior year	-	-
<b>Total Taxation</b>	<b>1,368</b>	<b>1,831</b>

The effective tax rate is different from the statutory tax rate of 24% mainly due to the followings:

- 1) The utilisation of business losses brought forward;
- 2) A gain on disposal of property, plant and equipment that subjected to Real Property Gain Tax;
- 3) Certain expenses not deductible have been added back.

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**B6. Status of Corporate Proposals announced but not completed**

There was no corporate proposal announced by the Company but has not been completed as at 20 February 2017 being the latest practicable date which shall not be earlier than 7 days from the date of issuance of this interim financial report.

**B7. Borrowings and debt securities**

Total Group borrowings of the Group as at 31 December 2016 comprised of the followings:

	<b>31 December 2016 RM'000</b>
Secured bank borrowings:	
Term loan	29,900
Bank overdraft	5,278
Finance lease payable	3,629
<b>Total Bank Borrowings</b>	<b><u>38,807</u></b>
 <b>Short Term Borrowings</b>	
Term loan	1,653
Bank overdraft	5,278
Finance lease payable	1,248
<b>Total Short Term Borrowings</b>	<b><u>8,179</u></b>
 <b>Long Term Borrowings</b>	
Term loan	28,247
Finance lease payable	2,381
<b>Total Long Term Borrowings</b>	<b><u>30,628</u></b>

**B8. Changes in material litigation**

There was no material litigation as at 20 February 2017 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/Losses Disclosure**

	<b>Unaudited 31 December 2016 RM'000</b>	<b>Audited 31 December 2015 RM'000</b>
Total accumulated losses of the Group		
- Realised	(15,885)	(18,717)
- Unrealised	(901)	1,500
	<b><u>(16,786)</u></b>	<b><u>(17,217)</u></b>

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**B10. Dividends declared**

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

**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:-

	<b>Current Year To Date 31 December 2016</b>	<b>Preceding Year To Date 31 December 2015</b>
Net profit attributable to owners of the Parent (RM'000)	327	10,174
Weighted average number of ordinary shares in issue ('000)	357,395	89,634
Basic EPS (Sen)	<b>0.09</b>	<b>11.35</b>

**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:-

	<b>Current Year To Date 31 December 2016</b>	<b>Preceding Year To Date 31 December 2015</b>
Net profit attributable to owners of the Parent (RM'000)	327	10,174
Weighted average number of ordinary shares in issue ('000)	384,144	116,383
Diluted EPS (Sen)	<b>0.08</b>	<b>8.74</b>

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**B12. Notes to the condensed consolidated Statement of Profit or Loss and Other Comprehensive Income**

	<b>Current Quarter 31 December 2016 RM'000</b>	<b>Year To Date 31 December 2016 RM'000</b>
Dividend Income	(4)	(30)
Rental Income	(90)	(165)
Discount received	-	(3)
Bad debts written off	-	1,440
Bad debts recovered	-	(3)
Waiver of debts	-	(248)
Depreciation of property, plant and equipment	565	1,202
Gain on disposal of property, plant and equipment	-	(355)
Gain on disposal of non-current assets held for sale	-	(4,978)
Impairment losses on property, plant and equipment	-	1,390
Deposit written off	-	4
Impairment losses on inventories	-	478
impairment losses on trade receivables	880	880
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**B13. Authorisation for Issue**

The interim financial statements were authorised for issue by the Board of Directors on 27 February 2017.

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