# ML GLOBAL BERHAD

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

## INTERIM FINANCIAL REPORT
## 31 MARCH 2017

**ML GLOBAL BERHAD (Company No. 589167-W)**

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED) - FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2017

| | Note | Individual Quarter | | Cumulative Period | |
|---|---|---|---|---|---|
| | | Current Year Quarter Ended 31-Mar-17 | Preceding Year Quarter Ended 31-Mar-16 | Current Year To Date Ended 31-Mar-17 | Preceding Year To Date Ended 31-Mar-16 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | | 150,061 | 10,727 | 150,061 | 10,727 |
| Cost of sales | | (132,127) | (8,966) | (132,127) | (8,966) |
| Gross profit | | 17,934 | 1,761 | 17,934 | 1,761 |
| Other Income | | 235 | 108 | 235 | 108 |
| Operating expenses | | (5,906) | (675) | (5,906) | (675) |
| Finance costs | | (738) | (288) | (738) | (288) |
| Share of profit in associate company | | 14 | - | 14 | - |
| Profit before taxation | | 11,539 | 906 | 11,539 | 906 |
| Taxation | B5 | (3,259) | - | (3,259) | - |
| Profit after taxation for the period | | 8,280 | 906 | 8,280 | 906 |
| Other comprehensive income | | - | - | - | - |
| Total comprehensive income for the period | | **8,280** | **906** | **8,280** | **906** |
| **Net profit for the financial period attributable to:** | | | | | |
| Owners of the parent | | 8,280 | 906 | 8,280 | 906 |
| Non-controlling interest | | - | - | - | - |
| | | **8,280** | **906** | **8,280** | **906** |
| **Total comprehensive income for the financial period attributable to:** | | | | | |
| Owners of the parent | | 8,280 | 906 | 8,280 | 906 |
| Non-controlling interest | | - | - | - | - |
| | | **8,280** | **906** | **8,280** | **906** |
| **Earnings per share attributable to owners of the parent:** | | | | | |
| Basic (Sen) | B11 | 2.30 | 1.01 | 2.30 | 1.01 |
| Diluted (Sen) | B11 | 1.51 | * | 1.51 | * |

***** The number of shares under warrants were not taken into account in the computation of the diluted earnings per share as the effect on the basic earnings per share is anti-dilutive.

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 2016 and the accompanying explanatory notes attached to the interim financial report.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
**- As at 31 MARCH 2017**

| | Note | 31 March 2017 (Unaudited) RM'000 | 31 December 2016 (Audited) RM'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current Assets** | | | |
| Property, plant and equipment ("PPE") | A9 | 64,337 | 39,508 |
| Capital work-in-progress | | 1,590 | 1,590 |
| Investment properties | | 35,143 | 60,437 |
| Investment in associate company | | 49 | 35 |
| Goodwill on consolidation | | 260,090 | 260,090 |
| | | **361,209** | **361,660** |
| **Current Assets** | | | |
| Inventories | | 5,048 | 3,048 |
| Amount due from customers on contract | | 9,064 | 9,056 |
| Trade receivables | | 62,227 | 70,090 |
| Other receivables | | 22,149 | 18,570 |
| Amount due from related companies | | 167,414 | 164,287 |
| Tax recoverable | | 134 | 26 |
| Fixed deposit with licensed banks | | 2,031 | 1,995 |
| Cash and bank balances | | 8,159 | 7,475 |
| | | **276,226** | **274,547** |
| **TOTAL ASSETS** | | **637,435** | **636,207** |

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## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
## - As at 31 MARCH 2017 *(cont'd)*

| | Note | 31 March 2017 (Unaudited) RM'000 | 31 December 2016 (Audited) RM'000 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| Equity attributable to owners of the parent: | | | |
| Share capital | | | |
| - Ordinary shares | | 229,731 | 178,698 |
| - Irredeemable Convertible Preference Shares ("ICPS") | | 120,600 | 90,000 |
| Share premium | | - | 45,519 |
| ICPS premium | | - | 30,600 |
| Warrants reserves | | 1,756 | 2,675 |
| Revaluation reserves | | 5,059 | 5,059 |
| Accumulated losses | | (8,508) | (16,788) |
| | | **348,638** | **335,763** |
| Non-controlling interests | | (5) | (2) |
| **Total Equity** | | **348,633** | **335,761** |
| **LIABILITIES** | | | |
| **Non-current Liabilities** | | | |
| Bank borrowings | B7 | 44,805 | 28,247 |
| Finance lease payables | B7 | 2,099 | 2,381 |
| Deferred tax liabilities | | 790 | 838 |
| | | **47,694** | **31,466** |
| **Current Liabilities** | | | |
| Trade payables | | 155,358 | 163,456 |
| Amount due to customers on contract | | 41,795 | 43,379 |
| Amount due to related companies | | 19,790 | 37,028 |
| Other payables | | 14,997 | 16,867 |
| Bank overdrafts | B7 | 4,552 | 5,278 |
| Bank borrowings | B7 | 1,754 | 1,653 |
| Finance lease payables | B7 | 1,222 | 1,248 |
| Tax payable | | 1,640 | 71 |
| | | **241,108** | **268,980** |
| **Total Liabilities** | | **288,802** | **300,446** |
| **TOTAL EQUITY AND LIABILITIES** | | **637,435** | **636,207** |
| **Net assets per share attributable to owners of the parent (RM)** | | 0.95 | 0.94 |

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial report.

**ML GLOBAL BERHAD (Company No. 589167-W)**

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
## -For the financial period ended 31 March 2017

| | <--------Attributable to owners of the parent-------- | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | <--------Non-Distributable-------- | | | | | | | | |
| | Share Capital RM'000 | Share and ICPS Premium RM'000 | ICPS RM'000 | Warrant Reserves RM'000 | Asset Revaluation Reserve RM'000 | Accumulated Losses RM'000 | Total RM'000 | Non-Controlling Interests RM'000 | Total Equity RM'000 |
| **Group** | | | | | | | | | |
| At 1 January 2017 | 178,698 | 76,119 | 90,000 | 2,675 | 5,059 | (16,788) | 335,763 | (2) | 335,761 |
| Profit for the financial period | - | - | - | - | - | 8,280 | 8,280 | - | 8,280 |
| Other comprehensive income for the financial period | - | - | - | - | - | - | - | - | - |
| Total comprehensive income for the financial period | - | - | - | - | - | 8,280 | 8,280 | - | 8,280 |
| Exercise of warrants | 4,595 | - | - | - | - | - | 4,595 | - | 4,595 |
| Realisation of warrants reserves | - | 919 | - | (919) | - | - | - | - | - |
| Reclassification pursuant to S618(2) of CA 2016 | 46,438 | (77,038) | 30,600 | - | - | - | - | - | - |
| Change in non-controlling interest arising from acquisition of subsidiary | - | - | - | - | - | - | - | (3) | (3) |
| At 31 March 2017 | **229,731** | **-** | **120,600** | **1,756** | **5,059** | **(8,508)** | **348,638** | **(5)** | **348,633** |

**The new Companies Act 2016 ("New Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618 (2) of the New Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.*

**ML GLOBAL BERHAD (Company No. 589167-W)**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**
**-For the financial period ended 31 March 2017**

| | <---------Attributable to owners of the parent-------> | | | | | |
|---|---|---|---|---|---|---|
| | <---Non-Distributable----> | | | | | |
| | Share Capital RM'000 | Warrant Reserves RM'000 | Accumulated Losses RM'000 | Total RM'000 | Non-Controlling Interests RM'000 | Total Equity RM'000 |
| **Group** | | | | | | |
| At 1 January 2016 | 44,817 | 2,675 | (17,217) | 30,275 | - | 30,275 |
| Profit for the financial period | - | - | 906 | 906 | - | 906 |
| Other comprehensive income for the financial period | - | - | - | - | - | - |
| Total comprehensive income for the financial period | - | - | 906 | 906 | - | 906 |
| At 31 March 2016 | **44,817** | **2,675** | **(16,311)** | **31,181** | **-** | **31,181** |

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 2016 and the accompanying explanatory notes attached to the interim financial report.

ML GLOBAL BERHAD (Company No. 589167-W)

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
**-For the financial period ended 31 March 2017**

| | Note | As at 31-Mar-17 RM'000 (Unaudited) | As at 31-Mar-16 RM'000 (Unaudited) |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit before taxation | | 11,539 | 906 |
| Adjustments for: | | | |
| Bad debts written off | | - | 7 |
| Depreciation and amortisation of | | | |
| - PPE | | 977 | 196 |
| - investment properties | | 183 | - |
| Interest expense | | 738 | 288 |
| Impairment loss on goodwill | A11 | 3 | - |
| PPE written off | | 15 | - |
| Bad debts recovered | | - | (3) |
| Dividend income | | - | (15) |
| Gain on disposal of PPE | | (121) | - |
| Share of profit in an associate company | | (14) | - |
| Waiver of debts | | - | (53) |
| Operating profit before working capital changes | | 13,320 | 1,326 |
| **Changes in working capital:** | | | |
| Inventories | | (2,000) | (72) |
| Receivables | | 4,178 | 2,593 |
| Payables | | (9,835) | (2,161) |
| Customers on contract | | (1,592) | - |
| Related companies | | (20,270) | - |
| | | (29,519) | 360 |
| Cash (used in)/ generated from operations | | (16,199) | 1,686 |
| Interest paid | | (738) | (288) |
| Tax paid | | (1,846) | - |
| | | (2,584) | (288) |
| Net cash (used in)/ generated from operating activities | | (18,783) | 1,398 |

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**
**-For the financial period ended 31 MARCH 2017 (*cont'd*)**

| | Note | As at 31-Mar-17 RM'000 (Unaudited) | As at 31-Mar-16 RM'000 (Unaudited) |
|---|---|---|---|
| **Cash flows from investing activities** | | | |
| Dividend income | | - | 15 |
| Purchase of PPE | | (837) | (276) |
| Proceeds from disposal of PPE | | 121 | - |
| Net cash used in investing activities | | (716) | (261) |
| **Cash flows from financing activities** | | | |
| Increase of fixed deposit pledged | | (36) | - |
| Repayment of finance lease liabilities | | (308) | - |
| Repayment of term loans | | (342) | - |
| Drawdown of term loan | | 17,000 | - |
| Proceeds from issuance of shares arising from conversion of warrants | | 4,595 | - |
| Net cash generated from financing activities | | 20,909 | - |
| **Net increase in cash and cash equivalents** | | 1,410 | 1,137 |
| **Cash and cash equivalents at the beginning of the financial year** | | 2,197 | (20) |
| **Cash and cash equivalents at the end of the financial period** | | 3,607 | 1,117 |
| **Cash and cash equivalents at the end of the financial period comprises:** | | | |
| Cash and bank balances | | 8,159 | 1,861 |
| Fixed deposits with licensed banks | | 2,031 | 4 |
| Bank overdrafts | | (4,552) | (744) |
| | | 5,638 | 1,121 |
| Less: Fixed deposits pledged with licensed banks | | (2,031) | (4) |
| | | 3,607 | 1,117 |

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial report.

## A. EXPLANATORY NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT FOR PERIOD ENDED 31 MARCH 2017

### 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 2016. 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 2016.

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 2016 under the Malaysian Financial Reporting Standards ("MFRSs") framework. These policies do not differ significantly from those used in the audited consolidated financial statements for 31 December 2016.

### A2. Changes in Accounting Policies

The accounting policies and methods of computation adopted by the Group in this condensed financial statement are consistent with those adopted in the financial statements for the financial year ended 31 December 2016 except for the adoption of the following:

(a) Amendments to MFRSs

| | |
|---|---|
| Amendment to MFRS 12 | Annual Improvements to MFRS Standard 2011-2016 Cycle |
| Amendment to MFRS 107 | Disclosure initiative |
| Amendments to MFRS 112 | Recognition of Deferred Tax Assets for Unrealised Losses |

The adoption of above amendments to MFRSs did not have any significant impact on the financial statements of the Group, except for disclosure in the financial statement.

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

(b) Companies Act 2016

The Companies Act 2016 ("New Act") was enacted to replace the Companies Act 1965 with the objectives to create a legal and regulatory structure that will facilitate business, and promote accountability as well as protection of corporate directors and shareholders, taking into consideration the interest of other stakeholders. The New Act was passed on 4 April 2016 by the Dewan Rakyat (House of Representative) and gazetted on 15 September 2016. On 26 January 2017, the Minister of Domestic Trade, Co-operatives and Consumerism announced that the date on which the New Act comes into operation, except section 241 and Division 8 of Part III of the New Act, will be 31 January 2017.

Amongst the key changes introduced in the New Act which will affect the financial statements of the Group upon the commencement of the New Act on 31 January 2017 includes:

(a) removal of the authorised share capital;
(b) shares of the Group will cease to have par or nominal value; and
(c) the Group's share premium account will become part of the Group's share capital.

During the period, the Group had transferred a total of RM46,438,453 and RM30,600,000 from its premium account to the share capital and ICPS respectively pursuant to the adoption of the New Act.

The adoption of the New Act did not have any significant impact on the interim financial report upon their initial application.

(c) MFRS 15 Revenue from Contracts with Customer

MFRS 15 *Revenue from Contracts with Customers,* is originally become effective for the financial periods beginning on or after 1 January 2018. MFRS 15 supersedes the current revenue recognition standards including MFRS 118 *Revenue* and MFRS 111 *Construction Contracts* and other related interpretations.

The Group has opted to early adopt MFRS 15 in view of the upcoming new business which involved property development.

Upon adoption of this MFRS 15, the Group is requires to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Group recognises revenue from property development over time if it has an enforceable right to payment for performance completed to date.

The early adoption of MFRS 15 on the Groups' recognition of revenue and cost of sales will affect its upcoming property development activities whereby the Group needs to review the measurement and timing of when revenue is recognised.

The early adoption of MFRS 15 is not expected to have any significant impact on the opening of financial statements of the Group.

## 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 MFRS that have been issued by the MASB which are not yet effective for the Group. The Group intends to adopt the below mentioned MFRSs and Amendment to MFRS when they become effective.

| | | Effective date for financial periods beginning on or after |
|---|---|---|
| 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 4 | Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts (Amendments to MFRS 4) | 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 |

MFRS 9 - Financial Instruments (IFRS 9 issued by IASB in July 2014)

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 an 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 adoption of this standard is not expected to have any material financial impact on the financial statements of the Group except for disclosure.

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

Standards issued but not yet effective (cont'd)

MFRS 4 - Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts (Amendments to MFRS 4)

The applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts (Amendments to MFRS 4) 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 adoption of this standard is not expected to have any material financial impact on the financial statements of the Group except for disclosure.

Amendments to MFRS 140 - Transfers of Investment Property

The amendments to MFRS 140 clarifies the existing provisions in the Standard on transfer to or from the investment property category. The adoption of this amendment is not expected to have any material financial impact on the financial statements of the Group except for disclosure.

MFRS 16 - Leases

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 adoption of this standard is not expected to have any material financial impact on the financial statements of the Group except for disclosure.

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

Standards issued but not yet effective (cont'd)

Amendments to MFRS 1 and MFRS 128 - Annual Improvements to MFRS Standards 2014-2016 Cycle

The amendments to MFRS 1 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; and
ii) 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.

The adoption of Annual Improvements to MFRS Standards 2014 - 2016 Cycle is not expected to have any material financial impact on the financial statements of the Group except for disclosure.

## A3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2016 was not subject to any qualification.

## A4. Segmental Information

The Group has three major reporting segments, as described below, which are the Group's strategic business units. Segment information is primarily presented in respect of the Group's business segment which is based on the Group's management and internal reporting structure.

The following summary describes the operations in each of the Group's reportable segments:

(i) Manufacturing and trading – Manufacturing and trading of roof tiles (for year 2016 only).

(ii) Construction and trading – Design and build, civil engineering, general construction activities and trading of construction materials.

(iii) Others – Investment holding, providing of management services and dormant.

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

**31 March 2017 (Unaudited)**

| | Construction and trading RM'000 | Others RM'000 | Total segments RM'000 | Adjustment and eliminations RM'000 | Consolidated RM'000 |
|---|---|---|---|---|---|
| **Revenue** | | | | | |
| External customers | 150,061 | - | 150,061 | - | 150,061 |
| Inter-segment | 195 | - | 195 | (195) | - |
| Total revenue | 150,256 | - | 150,256 | (195) | 150,061 |
| **Results** | | | | | |
| Finance costs | (618) | (120) | (738) | - | (738) |
| Depreciation and amortisation | (1,014) | (146) | (1,160) | - | (1,160) |
| Share of profit in an associate company | - | 14 | 14 | - | 14 |
| Segment (loss)/profit before taxation | 12,402 | (863) | 11,539 | - | 11,539 |
| Taxation | (3,259) | - | (3,259) | - | (3,259) |
| Segment (loss)/profit after taxation | 9,143 | (863) | 8,280 | - | 8,280 |
| **Other non-cash items** | | | | | |
| PPE written off | 15 | - | 15 | - | 15 |
| Impairment loss on goodwill | - | 3 | 3 | - | 3 |
| Gain on disposal of PPE | (121) | - | (121) | - | (121) |
| **Assets** | | | | | |
| Segment assets | 346,895 | 290,540 | 637,435 | - | 637,435 |
| **Liabilities** | | | | | |
| Segment liabilities | 270,224 | 18,578 | 288,802 | - | 288,802 |

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

## A4. Segmental Information (Cont'd)

**31 March 2016 (Unaudited)**

| | Manufacturing and trading RM'000 | Construction and trading RM'000 | Others RM'000 | Total segments RM'000 | Adjustment and eliminations RM'000 | Consolidated RM'000 |
|---|---|---|---|---|---|---|
| **Revenue** | | | | | | |
| External customers | 2,011 | 8,716 | - | 10,727 | - | 10,727 |
| Inter-segment | - | - | - | - | - | - |
| Total revenue | 2,011 | 8,716 | - | 10,727 | - | 10,727 |
| **Results** | | | | | | |
| Finance costs | (288) | - | - | (288) | - | (288) |
| Depreciation and amortisation | (196) | - | - | (196) | - | (196) |
| Segment (loss)/profit before taxation | (208) | 1,114 | - | 906 | - | 906 |
| Taxation | - | - | - | - | - | - |
| Segment (loss)/profit after taxation | (208) | 1,114 | - | 906 | - | 906 |
| **Other non-cash items** | | | | | | |
| Bad debts written off | 7 | - | - | 7 | - | 7 |
| Bad debts recovered | (3) | - | - | (3) | - | (3) |
| Waiver of debts | (53) | - | - | (53) | - | (53) |
| **Assets** | | | | | | |
| Segment assets | 35,715 | 24,688 | 1,117 | 61,520 | - | 61,520 |
| **Liabilities** | | | | | | |
| Segment liabilities | 19,664 | 9,356 | 1,319 | 30,339 | - | 30,339 |

## 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 period.

## 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 operations of the Group during the current quarter under review and financial period were not materially affected by any significant seasonal or cyclical factors.

## A8. Dividends Paid

There were no dividends paid during the current quarter under review and financial period.

## A9. Valuation of Property, Plant and Equipment

There were no valuation of property, plant and equipment carried out during the financial quarter. Included in the property, plant and equipment are leasehold lands and buildings that are stated at revalued amount less impairment loss if any.

## A10. Debt and Equity Securities

Saved as disclosed below, there were no other issuances, cancellation, repurchases, resales and repayment of debts and equity securities during the current quarter under review and the financial period.

During the quarter under review, a total of 9,190,500 Warrants 2014/2019 were converted into ordinary shares at the exercise price of RM0.50 per warrant, which have resulted in 9,190,500 ordinary shares being issued.

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## A11. Changes in Composition of the Group

Saved as disclosed below, there were no other changes in the composition of the Group during the financial period.

(a) On 21 February 2017, the Company has acquired fifty one (51) ordinary shares in Alunan Warta Sdn Bhd ("**AWSB**") for a cash consideration of Ringgit Malaysia Fifty One (RM51.00) only. AWSB has become a 51% owned subsidiary company of the Company.

The net identifiable liabilities attributable to parent from the acquisition amounted to RM3,140 and the goodwill arising thereon has been impaired during the financial period.

(b) On 3 March 2017, Vintage Tiles Industries (EM) Sdn Bhd ("**VTIEM**"), a wholly-owned subsidiary of the Company, has acquired two (2) ordinary shares in Delta Gallery Sdn Bhd ("**DGSB**") for a cash consideration of Ringgit Malaysia Two (RM2.00) only. DGSB has become an indirect wholly-owned subsidiary company of the Company.

On 22 March 2017, DGSB has increased its paid up share capital from 2 to 250,000 ordinary shares. VTIEM has subscribed for an additional of 249,998 ordinary shares in DGSB by way of cash.

## A12. Capital Commitments

Total capital commitments of the Group as at 31 March 2017 comprised of the followings:

| | As at 31-Mar-17 RM'000 |
|---|---:|
| **Authorised and contracted for:** | |
| Sale and Purchase Agreement for: | |
| - Property, plant and equipment | 12,123 |
| | |
| Joint Venture Agreement* for: | |
| - settlement units to landowner | 35,000 |

***** *As at the date of this report, the conditions precedent stipulated in the Joint Venture Agreement are yet to be fulfilled.*

## A13. Subsequent Events

Saved as disclosed below, there were no other subsequent events as at 15 May 2017, being the latest practicable date which shall not be earlier than 7 days from the date of issuance of this interim financial report**.**

(a) On 18 April 2017, VTIEM has acquired one (1) ordinary share in Idaman Kukuh Sdn. Bhd. ("**IKSB**") for a cash consideration of Ringgit Malaysia One (RM1.00) only. IKSB has become an indirect wholly-owned subsidiary company of the Company.

(b) On 18 April 2017, the Company has announced its proposes to diversify the Group's existing business to include property development and property investment ("**New Businesses**"). The New Businesses which is complementary to the existing construction business is expected to contribute positively to the revenue and earnings of the Group. The proposed diversification of business is subject to shareholders' approval at the Extraordinary General Meeting to be convened later.

(c) On 8 May 2017, MITCE, a wholly-owned subsidiary of the Company, has subscribed seven hundred (700) ordinary shares in MGB Geotech Sdn. Bhd. (“**MGB Geotech**”) for a cash consideration of Ringgit Malaysia Seven Hundred (RM700.00) only. MGB Geotech has become an indirect 70% owned subsidiary company of the Company.

## A14. Changes in Contingent Liabilities and Contingent Assets

### (a) Contingent Liabilities

| | As at 31-Mar-17 RM'000 | As at 31-Mar-16 RM'000 |
|---|---|---|
| **<u>Secured</u>** | | |
| Bank guarantee issued in favor of the of the local authorities and developers for the performance of the construction works | 6,764 | - |

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**A14. Changes in Contingent Liabilities and Contingent Assets (Cont'd)**

**(b) Contingent Assets**

Pursuant to the Company's self-regularisation plan, LBS Bina Group Berhad ("LBGB") together with Dato' Beh Hang Kong, both the major shareholders of the Company, have entered into a profit guarantee agreement to provide profit guarantee on a proportionate basis, of an audited operational after tax profit of RM6 million per annum of the Group (excluding write-off, other income and any other adjustments not in the ordinary course of business) for the two (2) consecutive financial years following the successful implementation of the approved self-regularisation plan in 2014.

LBGB and Dato' Beh Hang Kong shall be liable to any shortfall between the guaranteed profit and audited operational profit after taxation. As at 31 December 2016, the Group has recorded an audited operational profit after tax of RM3.96 million.

The full amount of the profit guarantee shortfall amounted to RM2.04 million has been received as at the date of this 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: -

| | As at 31-Mar-17 | As at 31-Mar-16 |
|---|---|---|
| | RM'000 | RM'000 |
| **Income** | | |
| Contract revenue | 118,599 | 8,716 |
| Rental of premises | 4 | - |
| Rental of car | 6 | - |
| **Expenses** | | |
| Contractor's fee | 3,544 | - |
| Purchase of materials | 13,419 | - |
| Interest on related company advances | 108 | - |
| Rental of premises | 8 | - |

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

### B1. Review of Group Performance

| | Cumulative Period Ended 31-Mar-17 | Cumulative Period Ended 31-Mar-16 | Variance | |
|---|---|---|---|---|
| | RM’000 | RM’000 | RM’000 | % |
| Revenue | 150,061 | 10,727 | 139,334 | 1299% |
| Profit before tax (“PBT”) | 11,539 | 906 | 10,633 | 1174% |
| Profit after tax (“PAT”) | 8,280 | 906 | 7,374 | 814% |

For the financial period ended 31 March 2017, the Group's revenue increased by 1299% to RM150.06 million as compared to RM10.73 million in corresponding financial period ended 31 March 2016. Correspondingly, PAT of the Group has also improved from RM0.91 million in corresponding period to RM8.28 million in current financial period.

The overall improvement of the performance is mainly attributed to the consolidation of the result from MITC Engineering Sdn Bhd (“**MITCE**”), a wholly-owned subsidiary of the Company since December 2016, following the completion of the acquisition exercise. MITCE has contributed approximately RM142.56 million revenue from its on-going construction projects.

With the enlarged ordered book, the construction segment is expected to continue to deliver positive results and improve the Group’s overall turnover and profitability moving forwards.

### B2. Variation of Results Against Immediate Preceding Quarter

| | Current Quarter Ended 31-Mar-17 | Preceding Quarter Ended 31-Dec-16 | Variance | |
|---|---|---|---|---|
| | RM’000 | RM’000 | RM’000 | % |
| Revenue | 150,061 | 60,611 | 89,450 | 148% |
| Profit/(Loss) before tax | 11,539 | (1,295) | 12,834 | -991% |

For the current quarter under review, the Group recorded RM150.06 million revenue and PBT of RM11.54 million respectively as compared to RM60.61 million of revenue and loss before tax of RM1.30 million in its immediate preceding quarter.

The significant leap in both revenue and PBT in current financial quarter were mainly attributed to the consolidation of results derived from the newly acquired subsidiary, MITCE as explained in note B1 above.

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## B3. Prospects For the Year

While Bank Negara Malaysia foreseen that the external environment might continue to remain challenging in 2017, the Malaysian economy will experience sustained growth with GDP expecting to range from 4% to 5%. The GDP growth will be primarily supported by domestic demand, especially from private consumption and investment. Revival in private investment and infrastructure projects, amongst others, Pan Borneo Highway, RAPID, MRT Line 2 and new East Coast Railway Line (ECRL) are expected to lead to healthy growth in construction of approximately 8% in 2017 compared to 8.3% in 2016.

Following the completion of the previously announced acquisition of MITCE and its subsidiaries on 28 November 2016, the enlarged group is now equipped with more advanced machineries and skilled manpower. As an enlarged group, our competitive edges will be further sharpened. Under the stewardship of the passionate and dynamic management team, the Group is expected to continue excel in construction segment being its core business. The Group is continuing its afford in the tendering of large scale projects.

We will exercise vigilance and prudence in achieving our objectives and continue to strengthen our portfolio and proposition in the affordable houses development and strike to be the preferred contractor of the segment. This is tandem with the Malaysia Government's on-going afford in improving the citizen's wellbeing.

The Group will stay responsive and resilient in all business cycles while diversifying our business into any other area which will complement to our existing core business after risk assessment review being conducted.

Barring any unforeseen circumstances, with continuous assessment of internal and external risks and disciplined financial management, the Group is optimistic about current year performance and its long-term prospect.

## B4. Profit Forecast or Profit Guarantee

There is no profit forecast or profit guarantee issued by the Group to the public.

## B5. Taxation

| | Current Quarter RM'000 | Period to Date RM'000 |
|---|---|---|
| **Income Tax:** | | |
| - Current year | 3,307 | 3,307 |
| - Under/(over) provision of prior year | - | - |
| | 3,307 | 3,307 |
| **Deferred Tax:** | | |
| - Current year | (64) | (64) |
| - Under/(over) provision of prior year | 16 | 16 |
| | (48) | (48) |
| **Total Taxation** | 3,259 | 3,259 |

**B5. Taxation (Cont'd)**

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) Certain expenses not tax deductible have been added back.

**B6. Status of Corporate Proposals Announced but Not Completed**

Saved as disclosed below, there were no other corporate proposals announced by the Company but has not been completed as at 15 May 2017 being the latest practicable date which shall not be earlier than 7 days from the date of issuance of this interim financial report.

On 18 April 2017, the Company has announced its proposes to diversify the Group's existing business to include property development and property investment ("**New Businesses**"). The New Businesses which is complementary to the existing construction business is expected to contribute positively to the revenue and earnings of the Group. The proposed diversification of business is subject to shareholders' approval at the Extraordinary General Meeting to be convened later.

**B7. Borrowings and Debt Securities**

Total borrowings of the Group as at 31 March 2017 comprised of the followings:

| | **RM'000** |
|---|---|
| **Secured bank borrowings** | |
| Term loans | 46,559 |
| Bank overdrafts | 4,552 |
| Finance lease payables | 3,321 |
| **Total Bank Borrowings** | **54,432** |
| | |
| **Short Term Borrowings** | |
| Term loans | 1,754 |
| Bank overdrafts | 4,552 |
| Finance lease payables | 1,222 |
| **Total Short Term Borrowings** | **7,528** |
| | |
| **Long Term Borrowings** | |
| Term loans | 44,805 |
| Finance lease payables | 2,099 |
| **Total Long Term Borrowings** | **46,904** |

## B8. Changes in Material Litigation

There was no material litigation as at 15 May 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

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Securities") had issued directives to all listed issuers pursuant to Paragraph 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose a breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into unrealised profits or losses.

Bursa Securities, had on 20 December 2010 further issued guidance on the disclosure and the prescribed format of presentation.

Pursuant to the directives issued, the disclosure of the Group's realised and unrealised profit / losses is as follows:

| | As at 31-Mar-17 RM'000 (Unaudited) | As at 31-Dec-16 RM'000 (Audited) |
|---|---|---|
| Total accumulated losses | | |
| of the Company and its subsidiary companies | | |
| - realised | (18,993) | (25,855) |
| - unrealised | (790) | (838) |
| | (19,783) | (26,693) |
| Total retained earnings of an associate company | | |
| - realised | 14 | 16 |
| Less: consolidation adjustments | 11,261 | 9,890 |
| **Total accumulated losses** | (8,508) | (16,788) |

The disclosure of realised and unrealised profits/losses above is solely for compliance with the directive issue by the Bursa Securities and should not be used for any other purpose.

## B10. Dividends Declared

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

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## 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: -

| | Individual Quarter Ended | | Cumulative Quarter Ended | |
|---|---|---|---|---|
| | 31-Mar-17 | 31-Mar-16 | 31-Mar-17 | 31-Mar-16 |
| Net profit attributable to owners of the parent (RM'000) | 8,280 | 906 | 8,280 | 906 |
| Weighted average number of ordinary shares in issue ('000) | 360,357 | 89,634 | 360,357 | 89,634 |
| Basic EPS (Sen) | 2.30 | 1.01 | 2.30 | 1.01 |

### 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: -

| | Individual Quarter Ended | | Cumulative Quarter Ended | |
|---|---|---|---|---|
| | 31-Mar-17 | 31-Mar-16 | 31-Mar-17 | 31-Mar-16 |
| Net profit attributable to owners of the parent (RM'000) | 8,280 | 906 | 8,280 | 906 |
| Weighted average number of ordinary shares in issue ('000) | 360,357 | 89,634 | 360,357 | 89,634 |
| Effect of conversion of warrants ('000) | 8,050 | * | 8,050 | * |
| Effect of conversion of ICPS ('000) | 180,000 | N/A | 180,000 | N/A |
| | 548,407 | N/A | 548,407 | N/A |
| Diluted EPS (Sen) | 1.51 | * | 1.51 | * |

***** The number of shares under warrants were not taken into account in the computation of the diluted earnings per share as the effect on the basic earnings per share is anti-dilutive.

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

| | Current Quarter Ended 31-Mar-17 RM'000 | Period to Date Ended 31-Mar-17 RM'000 |
|---|---|---|
| Rental income | 10 | 10 |
| Amortisation of investment properties | 183 | 183 |
| Depreciation of PPE | 977 | 977 |
| Gain on disposal of PPE | 121 | 121 |
| Interest expense | 738 | 738 |
| Impairment loss on goodwill | 3 | 3 |
| PPE written off | 15 | 15 |

**B13. Authorisation for Issue**

The interim financial statements were authorised for issue by the Board of Directors on 22 May 2017.

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