ML GLOBAL BERHAD

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

INTERIM FINANCIAL REPORT
30 JUNE 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 30 JUNE 2017

	Note	Individual Quarter		Cumulative Period	
		Current Year Quarter Ended 30-June-17	Preceding Year Quarter Ended 30-June-16	Current Year To Date Ended 30-June-17	Preceding Year To Date Ended 30-June-16
		RM'000	RM'000	RM'000	RM'000
Revenue		170,285	11,599	320,346	22,326
Cost of sales		(151,248)	(9,702)	(283,375)	(18,669)
Gross profit		19,037	1,897	36,971	3,657
Interest Income		55	7	55	22
Other Income		2,068	231	2,303	325
Operating expenses		(6,765)	(1,737)	(12,671)	(2,412)
Finance costs		(816)	(254)	(1,554)	(542)
Share of profit in associate company		(9)	-	5	-
Profit before taxation		13,570	144	25,109	1,050
Taxation	B5	(3,555)	-	(6,814)	-
Profit after taxation for the period		10,015	144	18,295	1,050
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		**10,015**	**144**	**18,295**	**1,050**
Net profit for the financial period attributable to:					
Owners of the parent		10,011	145	18,291	1,051
Non-controlling interests		4	(1)	4	(1)
		10,015	**144**	**18,295**	**1,050**
Total comprehensive income for the financial period attributable to:					
Owners of the parent		10,011	145	18,291	1,051
Non-controlling interests		4	(1)	4	(1)
		10,015	**144**	**18,295**	**1,050**
Earnings per share attributable to owners of the parent:					
Basic (Sen)	B11	2.73	0.16	5.03	1.17
Diluted (Sen)	B11	1.80	*	3.31	*

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 30 JUNE 2017

	Note	30 June 2017 (Unaudited) RM'000	31 December 2016 (Audited) RM'000
ASSETS			
Non-current Assets			
Property, plant and equipment ("PPE")	A9	65,415	39,508
Capital work-in-progress		1,781	1,590
Investment properties		34,961	60,437
Investment in associate company		39	35
Goodwill		260,090	260,090
		362,286	**361,660**
Current Assets			
Inventories		61,700	3,048
Accrued billings in respect of property development		8,327	-
Amount due from customers on contract		13,318	9,056
Trade receivables		47,720	70,090
Other receivables		24,900	18,570
Amount due from related companies		171,599	164,287
Tax recoverable		188	26
Fixed deposit with licensed banks		2,086	1,995
Cash and bank balances		6,666	7,475
		336,504	**274,547**
TOTAL ASSETS		**698,790**	**636,207**

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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.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
- AS AT 30 JUNE 2017 *(cont'd)*

	Note	30 June 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
Warrant reserves		1,756	2,675
Assets revaluation reserve		5,059	5,059
Accumulated profit /(losses)		1,503	(16,788)
		358,649	**335,763**
Non-controlling interests		224	(2)
Total Equity		**358,873**	**335,761**
LIABILITIES			
Non-current Liabilities			
Bank borrowings	B7	41,192	28,247
Finance lease payables	B7	2,684	2,381
Deferred tax liabilities		689	838
		44,565	**31,466**
Current Liabilities			
Trade payables		205,517	163,456
Amount due to customers on contract		46,646	43,379
Amount due to related companies		17,391	37,028
Other payables		13,408	16,867
Bank overdrafts	B7	5,576	5,278
Bank borrowings	B7	1,933	1,653
Finance lease payables	B7	1,313	1,248
Tax payable		3,568	71
		295,352	**268,980**
Total Liabilities		**339,917**	**300,446**
TOTAL EQUITY AND LIABILITIES		**698,790**	**636,207**
Net assets per share attributable to owners of the parent (RM)		0.98	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 30 JUNE 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	Assets Revaluation Reserve RM'000	Accumulated Profit/(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	-	-	-	-	-	18,291	18,291	4	18,295
Other comprehensive income for the financial period	-	-	-	-	-	-	-	-	-
Total comprehensive income for the financial period	-	-	-	-	-	18,291	18,291	4	18,295
Issued upon acquisition of a subsidiary - ordinary share	-	-	-	-	-	-	-	225	225
Exercise of warrants	4,595	-	-	-	-	-	4,595	-	4,595
Realisation of warrants reserves	919	-	-	(919)	-	-	-	-	-
Change in non-controlling interest arising from acquisition of subsidiary	-	-	-	-	-	-	-	(3)	(3)
Reclassification pursuant to S618(2) of CA 2016*	45,519	(76,119)	30,600	-	-	-	-	-	-
At 30 June 2017	**229,731**	**-**	**120,600**	**1,756**	**5,059**	**1,503**	**358,649**	**224**	**358,873**

**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.*

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
- FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017 *(cont'd)*

	<---------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	-	-	1,051	1,051	(1)	1,050
Other comprehensive income for the financial period	-	-	-	-	-	-
Total comprehensive income for the financial period	-	-	1,051	1,051	(1)	1,050
At 30 June 2016	**44,817**	**2,675**	**(16,166)**	**31,326**	**(1)**	**31,325**

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.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS - FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

	Note	As at 30-June-17 RM'000 (Unaudited)	As at 30-June-16 RM'000 (Unaudited)
Cash flows from operating activities			
Profit before taxation		25,109	1,050
Adjustments for:			
Bad debts written off		-	673
Depreciation and amortisation of			
- PPE		2,029	398
- investment properties		365	-
Interest expense		1,554	542
Impairment loss on goodwill	A11	3	-
PPE written off		15	-
Bad debts recovered		-	(3)
Dividend income		-	(22)
Gain on disposal of PPE		(121)	-
Interest income		(55)	(22)
Share of profit in an associate company		(5)	-
Waiver of debts		-	(284)
Operating profit before working capital changes		28,894	2,332
Changes in working capital:			
Inventories		(58,651)	(114)
Receivables		7,553	2,907
Payables		38,734	(3,578)
Customers on contract		(995)	-
Related companies		(27,045)	-
		(40,404)	(785)
Cash (used in)/ generated from operations		(11,510)	1,547
Interest paid		(1,554)	(542)
Interest income		55	22
Tax paid		(3,628)	-
		(5,127)	(520)
Net cash (used in)/ generated from operating activities		(16,637)	1,027

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
- FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017 (*cont'd)*

	Note	As at 30-June-17 RM'000 (Unaudited)	As at 30-June-16 RM'000 (Unaudited)
Cash flows from investing activities			
Dividend income		-	22
Purchase of PPE		(1,967)	(34)
Proceeds from disposal of PPE		121	-
Net cash used in investing activities		(1,846)	(12)
Cash flows from financing activities			
Drawdown of term loan		17,000	-
Increase of fixed deposit pledged		(37)	-
Repayment of finance lease liabilities		(632)	(12)
Repayment of term loans		(3,776)	(26)
Proceeds from issuance of ordinary shares to non-controlling interest		225	-
Proceeds from issuance of ordinary shares arising from conversion of warrants		4,595	-
Net cash generated from/(used in) financing activities		17,375	(38)
Net (decrease)/increase in cash and cash equivalents		(1,107)	977
Cash and cash equivalents at the beginning of the financial period		2,197	(20)
Cash and cash equivalents at the end of the financial period		1,090	957
Cash and cash equivalents at the end of the financial period comprises:			
Cash and bank balances		6,666	1,069
Fixed deposits with licensed banks		2,086	4
Bank overdrafts		(5,576)	(112)
		3,176	961
Less: Fixed deposits pledged with licensed banks		(2,086)	(4)
		1,090	957

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 FINANCIAL PERIOD ENDED 30 JUNE 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 RM45,519,403 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 reporting segments as described below 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 summarized the operations in each of the Group's reportable segment:

(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, piling activities and trading of construction materials.

(iii) Property development – Development of residential and commercial properties.

(iv) Others – Investment holding and dormant.

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A4. Segmental Information (Cont'd)

30 June 2017 (Unaudited)

	Construction and trading RM'000	Property development RM'000	Others RM'000	Total segments RM'000	Adjustment and eliminations RM'000	Consolidated RM'000
Revenue						
External customers	309,836	10,510	-	320,346	-	320,346
Inter-segment	9,826	-	-	9,826	(9,826)	-
Total revenue	319,662	10,510	-	330,172	(9,826)	320,346
Results						
Finance costs	(1,072)	-	(482)	(1,554)	-	(1,554)
Depreciation and amortisation	(2,097)	-	(297)	(2,394)	-	(2,394)
Share of profit in an associate company	-	-	5	5	-	5
Segment (loss)/profit before taxation	21,268	3,527	314	25,109	-	25,109
Taxation	(5,632)	(841)	(341)	(6,814)	-	(6,814)
Segment (loss)/profit after taxation	15,636	2,686	(27)	18,295	-	18,295
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	339,486	70,469	288,835	698,790	-	698,790
Liabilities						
Segment liabilities	284,899	36,013	19,004	339,917	-	339,917

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

A4. Segmental Information (Cont'd)

30 June 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	3,740	18,586	-	22,326	-	22,326
Inter-segment	-	-	-	-	-	-
Total revenue	3,740	18,586	-	22,326	-	22,326
Results						
Finance costs	(542)	-	-	(542)	-	(542)
Depreciation and amortisation	(58)	(340)	-	(398)	-	(398)
Segment (loss)/profit before taxation	(810)	1,860	-	1,050	-	1,050
Taxation	-	-	-	-	-	-
Segment (loss)/profit after taxation	(810)	1,860	-	1,050	-	1,050
Other non-cash items						
Bad debts written off	673	-	-	673	-	673
Bad debts recovered	(3)	-	-	(3)	-	(3)
Waiver of debts	(284)	-	-	(284)	-	(284)
Assets						
Segment assets	35,474	22,902	1,216	59,592	-	59,592
Liabilities						
Segment liabilities	19,877	7,255	1,135	28,267	-	28,267

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.

As at 30 June 2017, a total of 9,191,300 Warrants 2014/2019 were converted into ordinary shares at the exercise price of RM0.50 per warrant, which have resulted in 9,191,300 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**") (now known as MGB Land Sdn Bhd), 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.

(c) 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.

(d) On 8 May 2017, MITC Engineering Sdn Bhd ("**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.

On 13 June 2017, MGB Geotech has increased its paid up share capital from 1,000 to 750,000 ordinary shares. MITCE has subscribed for an additional of 524,300 ordinary shares in MGB Geotech by way of cash.

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A12. Capital Commitments

Total capital commitments of the Group comprised of the followings:

	As at 30-June-17 RM'000	As at 30-June-16 RM'000
Authorised and contracted for :		
Sale and Purchase Agreement for		
- Property, plant and equipment	11,932	-

A13. Subsequent Events

Saved as disclosed below, there were no subsequent events as at 21 August 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 5 July 2017, RHB Investment Bank Berhad ("RHBIB") announced for and on behalf of the Company that Bursa Securities has approved the listing and quotation for up to 47,414,419 new ordinary shares ("Placement Shares") pursuant to Sections 75 and 76 of the Companies Act, 2016 ("Private Placement").

Subsequently, on 1 August 2017, RHBIB announced that a total of 28,000,000 Placement Shares were listed and quoted on the Bursa Securities. Accordingly, the total issued and paid-up share capital of the Company has increased by additional 28,000,000 ordinary shares.

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A14. Changes in Contingent Liabilities and Contingent Assets

(a) Contingent Liabilities

	As at 30-June-17 RM'000	As at 30-June-16 RM'000
Secured		
Bank guarantee issued in favour of the local authorities and developers for the perfomance of the construction works.	6,767	1,000

(b) Contingent Assets

There were no contingent assets as at the financial period under review.

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 30-June-17 RM'000	As at 30-June-16 RM'000
Income		
Contract revenue	316,136	9,810
Rental of premises	4	-
Rental of car	4	-
Project management fee	-	60
Expenses		
Contractor's fee	4,808	-
Purchase of materials	27,063	-
Interest on related company advance	108	-
Rental of premises	16	-

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

B1. Review of Group Performance

	Individual				Cumulative			
	Period Ended 30-June-17	Period Ended 30-June-16	Variance		Period Ended 30-June-17	Period Ended 30-June-16	Variance	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	170,285	11,599	158,686	1368%	320,346	22,326	298,020	1335%
Profit before tax ("PBT")	13,570	144	13,426	9324%	25,109	1,050	24,059	2291%
Profit after tax ("PAT")	10,015	144	9,871	6855%	18,295	1,050	17,245	1642%

For the individual quarter under review, the Group recorded a revenue of RM170.29 million as compared to its corresponding preceding individual quarter of RM11.60 million. Coupled with the increase in revenue, PBT has also improved from RM0.14 million to RM13.57 million, representing an increase of approximately RM13.43 million. In current individual quarter under review, property development has contributed its first revenue and PBT of RM10.51 million and RM3.53 million respectively deriving from the Group's maiden mixed development project located at Taman Lestari, Seri Kembangan, State of Selangor thru joint-venture arrangement.

Overall, the Group has delivered a stronger result for the 6 months period ended 30 June 2017 as compared to its previous financial period ended 30 June 2016 whereby revenue has soared by 1335% to RM320.35 million. PAT of the Group has also improved from RM1.05 million in corresponding period to RM18.30 million in current financial period. Included in the other income of current financial period is the profit guarantee shortfall paid by the guarantors amounted to approximately RM2.0 million. Nevertheless, operating expenses, amongst others, include staff salaries and related expenses, professional fee, utilities expenses and others as well as finance costs of the Group have increased by approximately RM10.26 million and RM1.01 million respectively compared to its previous corresponding financial period.

The significant leap in revenue, operating expenses and PAT were mainly attributed to the consolidation of the result of MITCE, who became the wholly-owned subsidiary of the Company since December 2016. MITCE, a construction focus company, has significantly enlarged the orderbook of the Group. The construction segment is expected to be the main driver to deliver strong result to the overall performance of the Group. As at 21 August 2017, the Group's outstanding construction order book is approximately RM2.07 billion.

In term of contribution by segment, construction and trading segment has contributed approximately 48.61% of the total group assets and 83.81% of the total group liabilities as at 30 June 2017.

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B2. Variation of Results Against Immediate Preceding Quarter

	Current Quarter Ended 30-June-17	Preceding Quarter Ended 31-March-17	Variance	
	RM'000	RM'000	RM'000	%
Revenue	170,285	150,061	20,224	13%
Profit/(Loss) before tax	13,570	11,539	2,031	18%

For the current quarter under review, the revenue and PBT of RM170.29 million and RM13.57 million representing an increase of 13% and 18% respectively as compared to its immediate preceding quarter.

The increase in both revenue and PBT in current financial quarter mainly due to the progression of the on-going construction projects as well as the first time contribution from the property development segment as explained in Note B1 above.

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. By diversifying into other business segments, it will definitely broaden the Group's revenue stream and profitability moving forward.

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

	Individual Quarter RM'000	Cumulative Quarter RM'000
Income Tax:		
- Current year	3,778	7,085
- Under/(over) provision of prior year	-	-
	3,778	7,085
Deferred Tax:		
- Current year	(162)	(226)
- Under/(over) provision of prior year	(61)	(45)
	(223)	(271)
Total Taxation	3,555	6,814

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

Corporate proposals announced that are yet to be completed as at 21 August 2017, being the latest practicable date which shall not be earlier than 7 days from the date of issuance of this interim financial report are as follows: -

(a) 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 a general meeting to be convened at a date to be announced later.

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B6. Status of Corporate Proposals Announced but Not Completed (Cont'd)

(b) On 16 June 2017, RHBIB announced for and on behalf of the Company that the Company proposed to undertake a private placement of up to 10% of the total number of issued shares of the Company to investors to be identified.

On 5 July 2017, RHBIB announced for and on behalf of the Company that Bursa Securities has approved the listing and quotation for up to 47,414,419 Placement Shares pursuant to Sections 75 and 76 of the Companies Act, 2016.

On 20 July 2017, RHBIB announced the price fixing for 28,000,000 Placement Shares under the first tranche of the Private Placement at RM1.08 per Placement Share, represents a discount of approximately 5.52% to the five (5)-day volume weighted average market price of the Company's shares.

On 1 August 2017, RHBIB announced that the 28,000,000 Placement Shares were listed and quoted on the Bursa Securities. This also marked the completion of first tranche of the Private Placement.

As at 21 August 2017, being the latest practicable date from the date of issuance of this interim financial report, the status of utilisation of proceeds raised pursuant to the Private Placement as follows:

Details of Utilisation	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance Unutilise (RM'000)	Intended Timeframe for Utilisation
Working Capital	29,816	4,954	24,862	Within 12 months from the date of completion of the private placement.
Defray the estimated expenses*	424	424	-	Within 1 months from the date of completion of the private placement.
	30,240	**5,378**	**24,862**	

**The estimated expenses comprising professional fees, fees payable to relevant authorities and other related expenses. Any excess/shortfall in funds for estimated expenses will be adjusted to/from funds allocated for working capital.*

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B6. Status of Corporate Proposals Announced but Not Completed (Cont'd)

(c) On 5 July 2017, the Board of Directors of the Company ("the Board") has announced that the Company is proposing to change its name from ML Global Berhad to MGB Berhad ("**Proposed Change of Name**").

The Proposed Change of Name to "MGB Berhad", which stands for "Malaysian Generations Builder", is to better reflect the corporate identity and branding of the Company and to align with the Company's focus and aspiration to be a regional construction company.

The Proposed Change of Name is subject to the approval of the shareholders of the Company to be obtained at a general meeting to be convened at a date to be announced later.

The Proposed Change of Name, if approved by the shareholders, will take effect from the date of issuance of the Notice of Registration of New Name by the Commission of Companies Malaysia to the Company.

(d) On 17 July 2017, the Board has announced that the Company has signed a Memorandum of Understanding ("**MOU**") with Sany Construction Industry Development (M) Sdn Bhd ("**SANY (M)**") in relation to the setting up of a joint venture entity ("**Newco**") for business of manufacturing of Industrialised Building System (IBS) precast products for building projects. MGB and SANY (M) hereinafter collectively be referred to as the ("**Parties**").

The Parties have to come to an understanding to form a joint venture entity in Malaysia to collaborate with each other to set up a precast concrete panel manufacturing facility and/or plant to design, produce, market, sell and to install the precast concrete products in housing and commercial development principally in Malaysia and such other relevant arrangement or business activities to be mutually agreed between the Parties from time to time.

The Parties agreed that the initial paid up capital for the Newco shall be RM4,000,000.00 and the Parties shall contribute to the paid up capital in accordance with their respective proportion of shareholdings as follows: -

i) MGB – 51%
ii) SANY (M) – 49%

Unless mutually agreed in writing between the Parties for further extension, the MOU shall be valid for a period of six (6) months from the date of the MOU.

There is no material development from the date of announcement.

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B7. Borrowings and Debt Securities

Total borrowings of the Group comprised of the followings:

	As at 30-June-17 RM'000 (Unaudited)	As at 30-June-16 RM'000 (Unaudited)
Secured bank borrowings		
Term loans	43,125	13,950
Bank overdrafts	5,576	112
Finance lease payables	3,997	233
Total Bank Borrowings	**52,698**	**14,295**
Short Term Borrowings		
Term loans	1,933	-
Bank overdrafts	5,576	112
Finance lease payables	1,313	49
Total Short Term Borrowings	**8,822**	**161**
Long Term Borrowings		
Term loans	41,192	13,950
Finance lease payables	2,684	184
Total Long Term Borrowings	**43,876**	**14,134**

All borrowings were dominated in Ringgit Malaysia ("**RM**").

B8. Changes in Material Litigation

There was no material litigation as at 21 August 2017 being the latest practicable date which shall not be earlier than 7 days from the date of issuance of this interim financial report.

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B9. Realised and Unrealised Profits/Losses Disclosure

On 25 March 2010, Bursa Securities had issued directives to all listed issuers pursuant to Paragraph 2.06 and 2.23 of Bursa Securities 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 30-June-17 RM'000 (Unaudited)	As at 31-Dec-16 RM'000 (Audited)
Total accumulated losses		
of the Company and its subsidiary companies		
- realised	(7,044)	(25,855)
- unrealised	(689)	(838)
	(7,733)	(26,693)
Total retained earnings of an associate company		
- realised	5	16
Less: consolidation adjustments	9,231	9,890
Total accumulated profit /(losses)	1,503	(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	
	30-June-17	30-June-16	30-June-17	30-June-16
Net profit attributable to owners of the parent (RM'000)	10,011	145	18,291	1,051
Weighted average number of ordinary shares in issue ('000)	366,586	89,634	363,489	89,634
Basic EPS (Sen)	2.73	0.16	5.03	1.17

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	
	30-June-17	30-June-16	30-June-17	30-June-16
Net profit attributable to owners of the parent (RM'000)	10,011	145	18,291	1,051
Weighted average number of ordinary shares in issue ('000)	366,586	89,634	363,489	89,634
Effect of conversion of warrants ('000)	9,076	*	9,076	*
Effect of conversion of ICPS ('000)	180,000	N/A	180,000	N/A
	555,662	N/A	552,565	N/A
Diluted EPS (Sen)	1.80	*	3.31	*

***** 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 30-June-17 RM'000	Period to Date Ended 30-June-17 RM'000
Rental income	95	105
Interest income	55	55
Amortisation of investment properties	182	365
Depreciation of PPE	1,052	2,029
Gain on disposal of PPE	-	121
Interest expense	816	1,554
Impairment loss on goodwill	-	3
PPE written off	-	15

B13. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors on 28 August 2017.

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