

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2016**

		CURRENT QUARTER 30/09/16	PRECEDING CORRESPONDING QUARTER 30/09/15	CUMULATIVE QUARTER ENDED 30/09/16	CUMULATIVE QUARTER ENDED 30/09/15
	Note	RM'000	RM'000	RM'000	RM'000
REVENUE		15,737	14,225	42,967	35,592
COST OF SALES		(10,948)	(12,372)	(32,699)	(31,267)
GROSS PROFIT		<u>4,789</u>	<u>1,853</u>	<u>10,268</u>	<u>4,325</u>
OTHER INCOME		190	597	292	1,090
ADMINISTRATIVE EXPENSES		(2,886)	(2,435)	(8,830)	(7,130)
SELLING AND DISTRIBUTION EXPENSES		(206)	(212)	(570)	(605)
OTHER EXPENSES		(249)	-	(765)	-
FINANCE COST		(41)	(44)	(125)	(158)
PROFIT/(LOSS) BEFORE TAX		<u>1,597</u>	<u>(241)</u>	<u>270</u>	<u>(2,478)</u>
TAX EXPENSE		(338)	-	(453)	-
PROFIT/(LOSS) FOR THE FINANCIAL PERIOD		<u>1,259</u>	<u>(241)</u>	<u>(183)</u>	<u>(2,478)</u>
OTHER COMPREHENSIVE INCOME/(LOSS)					
Foreign currency translation difference		249	1,490	(417)	2,259
		<u>249</u>	<u>1,490</u>	<u>(417)</u>	<u>2,259</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE FINANCIAL PERIOD		<u>1,508</u>	<u>1,249</u>	<u>(600)</u>	<u>(219)</u>
Profit/(Loss) attributable to:					
Owners of the parent		807	(241)	(791)	(2,478)
Non-controlling interests		452	-	608	-
		<u>1,259</u>	<u>(241)</u>	<u>(183)</u>	<u>(2,478)</u>
Total comprehensive income/(loss) attributable to:					
Owners of the parent		1,056	1,249	(1,208)	(219)
Non-controlling interests		452	-	608	-
		<u>1,508</u>	<u>1,249</u>	<u>(600)</u>	<u>(219)</u>
Earnings/(Loss) per share (sen)					
Basic	25	0.45	(0.21)	(0.44)	(2.11)
Diluted	25	Warrants are excluded from the diluted earnings per share calculation because their effects are anti-dilutive.			

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited consolidated financial statements of MClean Technologies Berhad for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to this interim financial statements.)

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

	Note	<u>(UNAUDITED)</u>	<u>(AUDITED)</u>
		<b>As at 30/09/2016</b>	<b>As at 31/12/15</b>
		<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets		1,126	1,729
Property, plant and equipment		23,249	24,123
		<u>24,375</u>	<u>25,852</u>
<b>Current assets</b>			
Inventories		1,015	732
Trade receivables		21,981	27,785
Other receivables		3,947	4,215
Tax recoverable		879	331
Deposits with licensed banks		517	2,109
Cash and bank balances		6,951	11,277
		<u>35,290</u>	<u>46,449</u>
<b>TOTAL ASSETS</b>		<b><u>59,665</u></b>	<b><u>72,301</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital		44,695	44,695
Share premium		3,420	3,420
Retained earnings		6,487	1,879
Other reserves		(21,815)	(15,999)
		<u>32,787</u>	<u>33,995</u>
Non-controlling interests		13,511	14,703
<b>TOTAL EQUITY</b>		<b><u>46,298</u></b>	<b><u>48,698</u></b>
<b>Non-current liabilities</b>			
Deferred tax liabilities		795	795
Borrowings	20	558	821
		<u>1,353</u>	<u>1,616</u>
<b>Current liabilities</b>			
Trade payables		6,460	14,232
Other payables		3,288	4,105
Borrowings	20	2,266	3,628
Tax payables		-	22
		<u>12,014</u>	<u>21,987</u>
<b>TOTAL LIABILITIES</b>		<b><u>13,367</u></b>	<b><u>23,603</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>59,665</u></b>	<b><u>72,301</u></b>
Net assets per share attributable to owners of the parent (RM)		<u>0.18</u>	<u>0.19</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited consolidated financial statements of MClean Technologies Berhad for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to this interim financial statements.)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2016**

**Cumulative quarter ended 30 SEPTEMBER 2016**

	Non distributable					Distributable	TOTAL ATTRIBUTABLE TO OWNERS OF THE PARENT RM'000	NON-CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000	
	SHARE CAPITAL	SHARE PREMIUM	MERGER DEFICIT	WARRANT RESERVE	CURRENCY FLUCTUATION RESERVE	OTHER RESERVE				RETAINED EARNINGS
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000				RM'000
<b>Balance as at 01.01.2016</b>	44,695	3,420	(22,246)	5,493	4,701	(3,946)	1,878	33,995	14,703	48,698
<b>Transaction with owners:-</b>										
Transfer of warrants reserve to retained profits upon the expiry of unexercised warrants				(5,400)			5,400	-	-	-
Dividend paid to non-controlling interest									(1,800)	(1,800)
Total transaction with owners	44,695	3,420	(22,246)	93	4,701	(3,946)	7,278	33,995	12,903	46,898
Total comprehensive (loss)/income for the financial year	-	-	-	-	(417)	-	(791)	(1,208)	608	(600)
<b>Balance as at 30.09.2016</b>	<b>44,695</b>	<b>3,420</b>	<b>(22,246)</b>	<b>93</b>	<b>4,284</b>	<b>(3,946)</b>	<b>6,487</b>	<b>32,787</b>	<b>13,511</b>	<b>46,298</b>

**Cumulative quarter ended 30 SEPTEMBER 2015**

	Non distributable					Distributable	TOTAL ATTRIBUTABLE TO OWNERS OF THE PARENT RM'000	NON-CONTROLLING INTERESTS RM'000	TOTAL EQUITY RM'000	
	SHARE CAPITAL	SHARE PREMIUM	MERGER DEFICIT	WARRANT RESERVE	CURRENCY FLUCTUATION RESERVE	OTHER RESERVE				ACCUMULATED LOSSES
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000				RM'000
<b>Balance as at 01.01.2015</b>	29,350	3,420	(22,246)	5,400	2,865	-	(1,607)	17,182	-	17,182
Total comprehensive income/(loss) for the financial year	-	-	-	-	2,259	-	(2,478)	(219)	-	(219)
<b>Balance as at 30.09.2015</b>	<b>29,350</b>	<b>3,420</b>	<b>(22,246)</b>	<b>5,400</b>	<b>5,124</b>	<b>-</b>	<b>(4,085)</b>	<b>16,963</b>	<b>-</b>	<b>16,963</b>

(The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the audited consolidated financial statements of MClean Technologies Berhad for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to this interim financial statements.)

**MCLEAN TECHNOLOGIES BERHAD (Company No: 893631-T)**  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE 3RD QUARTER ENDED 30 SEPTEMBER 2016**

	<b>CURRENT FINANCIAL PERIOD 30/9/2016  RM'000</b>	<b>PRECEDING YEAR CORRESPONDING PERIOD 30/9/2015  RM'000</b>
<b>OPERATING ACTIVITIES</b>		
Profit/(Loss) before tax	270	(2,478)
Adjustments for:		
Amortisation of intangible assets	574	773
Depreciation	3,268	2,189
Bad debt written off	196	-
Interest income	(27)	(3)
Interest expenses	125	158
Unrealised loss/(gain) on foreign exchange	230	(993)
Operating profit/(loss) before working capital changes	<u>4,636</u>	<u>(354)</u>
Changes in working capital:-		
Inventories	(288)	(437)
Receivables	3,088	341
Payables	(5,894)	2,998
<b>CASH GENERATED FROM OPERATIONS</b>	<u>1,542</u>	<u>2,548</u>
Tax paid	(1,024)	-
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<u><b>518</b></u>	<u><b>2,548</b></u>
<b>INVESTING ACTIVITIES</b>		
Dividend paid to non-controlling interest	(1,800)	-
Purchase of property, plant and equipment	(2,843)	(917)
Interest received	27	3
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u><b>(4,616)</b></u>	<u><b>(914)</b></u>
<b>FINANCING ACTIVITIES</b>		
Drawdown of borrowings	743	-
Interest paid	(125)	(158)
Repayment of term loan	(1,924)	(1,377)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<u><b>(1,306)</b></u>	<u><b>(1,535)</b></u>
<b>CASH AND CASH EQUIVALENTS BROUGHT FORWARD</b>		
Net changes	(5,404)	99
Brought forward	12,974	2,307
Effects of exchange translation differences on cash and cash equivalents	(102)	400
Carried forward	<u><u><b>7,468</b></u></u>	<u><u><b>2,806</b></u></u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited consolidated financial statements of MClean Technologies Berhad for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to this interim financial statements.)

**UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016**

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2016**

**1. Basis of preparation**

The interim financial report is unaudited and has been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) 134: *Interim Financial Reporting in Malaysia* and ACE Market (“ACE”) Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements do not include all the information required for full annual financial statements and should be read together with audited financial statements of Mclean Technologies Berhad (“the Group”) for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial report. The audited financial statements of the Group for the financial year ended 31 December 2015 were prepared in accordance with MFRS.

The accounting policies and method of computation adopted for the interim financial reports are consistent with those adopted in audited financial statements for financial year ended 31 December 2015. The adoption of new MFRS has not resulted in any material impact on the financial statements of the Group.

**2. Significant Accounting Policies**

Significant accounting policies and methods of computation adopted for the condensed interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2015 except for the adoption of the new/revised MFRS mentioned below.

**2.1 Adoption of MFRS, Amendments to MFRS and IC Interpretation**

On 1 January 2016, the Group adopted the following new and amended MFRSs and IC Interpretation which are mandatory for annual financial periods beginning on or after 1 January 2016:

**MFRS and Amendments effective for annual periods beginning on or after 1 July 2015**

- 1) Annual Improvements to MFRSs 2010-2012 Cycle
  - a. Amendment to MFRS 2 Share-based Payment
  - b. Amendment to MFRS 3 Business Combinations
  - c. Amendments to MFRS 8 Operating Segments
  - d. Amendments to MFRS 116 Property, Plant and Equipment
  - e. Amendments to MFRS 124 Related Party
  - f. Amendments to MFRS 138 Intangible
- 2) Annual Improvements to 2011-2013 Cycle
  - a. Amendments to MFRS 3 Business Combinations
  - b. Amendments to MFRS 13 Fair Value Measurement and
  - c. Amendments to MFRS 140 Investment Property
- 3) Amendments to MFRS 119 Defined Benefit Plans: Employee Contributions

There is no material impact arising from adoption of the above standards and amendments on the financial statements of the Group.

**2.2 MFRSs and Amendments to MFRSs Issued but not yet Effective**

The following are MFRSs and Amendments to MFRSs with effective dates after 1 January 2016 issued by MASB and they have not been early adopted by the Group in this set of financial statements.

**(a) MFRS and Amendments effective for annual periods beginning on or after 1 January 2016**

- 1) Amendments to MFRS 10 and MFRS 128 – Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture
- 2) Amendments to MFRS 10, MFRS 12 and MFRS 128 – Investment Entities: Applying the Consolidation Exception
- 3) Amendments to MFRS 11 Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations
- 4) MFRS 14 Regulatory Deferral Accounts
- 5) Amendments to MFRS 101 - Disclosure Initiative
- 6) Amendments to MFRS 116 and MFRS 138 - Clarification of Acceptable Methods of Depreciation and Amortisation
- 7) Amendments to MFRS 116 and MFRS 141 -Agriculture: Bearer Plants
- 8) Amendments to MFRS 127 – Equity Method in Separate Financial Statements
- 9) Annual Improvements to MFRSs 2012–2015 Cycle
  - a. Amendments to MFRS 5
  - b. Amendments to MFRS 7
  - c. Amendments to MFRS 119
  - d. Amendment to MFRS 134

There is no material impact arising from adoption of the above standards and amendments on the financial statements of the Group.

**(b) MFRS and Amendments effective for annual periods beginning on or after 1 January 2017**

MFRS 15 Revenue from Contracts with Customers

**(c) MFRS and Amendments effective for annual periods beginning on or after 1 January 2018**

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

**(d) MFRS and Amendments effective for annual periods beginning on or after 1 January 2019**

MFRS 16: Leases

**3. Audit Report of Preceding Annual Financial Statements**

The preceding year annual audited financial statements were not subject to any qualification.

**4. Seasonal or Cyclical Factors**

The Group's operations were not subject to any seasonal or cyclical changes.

**5. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group since the last annual audited financial statements.

**6. Material Changes in Estimates**

There were no material changes in estimates for the quarter ended 30 September 2016.

**MCLEAN TECHNOLOGIES BERHAD (“MCLEAN” OR THE COMPANY”)  
(Company No: 893631-T)**

**7. Debt and Equity Securities**

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter.

**8. Dividend Paid**

There were no dividends declared or paid by the Group for the current quarter under review.

**9. Segmental Reporting**

The segmental results of the Group for the current and previous financial year-to-date under review is set out below:

<b>Geographical information</b>		
Revenue information based on the geographical location of customers are as follows:-		
<b>Location</b>	<b>9 Months Ended 30.09.2016 RM'000</b>	<b>9 Months Ended 30.09.2015 RM'000</b>
People's Republic of China	8,979	9,702
Malaysia	9,332	1,856
Singapore	28,926	27,161
Others	680	590
Inter segment	(4,950)	(3,717)
	<b>42,967</b>	<b>35,592</b>

<b>Current quarter ended 30.09.2016</b>	<b>Technical Assembly Services RM'000</b>	<b>Surface Treatment &amp; Precision Cleaning RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
<b>Revenue:-</b>				
External customers	-	15,737	-	15,737
Inter segment	-	1,611	(1,611)	-
<b>Total revenue</b>	<b>-</b>	<b>17,348</b>	<b>(1,611)</b>	<b>15,737</b>
<b>Results:-</b>				
Segment results	-	4,789	-	4,789
Unallocated amounts:				
Other income				190
Other corporate expenses				(3,382)
Profit before tax				<b>1,597</b>

**MCLEAN TECHNOLOGIES BERHAD (“MCLEAN” OR THE COMPANY”)**  
**(Company No: 893631-T)**

<b>Current quarter ended 30.09.2015</b>	<b>Technical Assembly Services</b>	<b>Surface Treatment &amp; Precision Cleaning</b>	<b>Elimination</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue:-</b>				
External customers	5,199	9,026	-	14,225
Inter segment	-	1,438	(1,438)	-
<b>Total revenue</b>	<b>5,199</b>	<b>10,464</b>	<b>(1,438)</b>	<b>14,225</b>
<b>Results:-</b>				
Segment results	101	1,752	-	1,853
Unallocated amounts:				
Other income				597
Other corporate expenses				(2,691)
Loss before tax				<b>(241)</b>
<b>Cumulative quarter ended 30.09.2016</b>	<b>Technical Assembly Services</b>	<b>Surface Treatment &amp; Precision Cleaning</b>	<b>Elimination</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue:-</b>				
External customers	-	42,967	-	42,967
Inter segment	-	4,950	(4,950)	-
<b>Total revenue</b>	<b>-</b>	<b>47,917</b>	<b>(4,950)</b>	<b>42,967</b>
<b>Results:-</b>				
Segment results		10,268	-	10,268
Unallocated amounts:				
Other income				292
Other corporate expenses				(10,290)
Profit before tax				<b>270</b>

<b>Cumulative quarter ended 30.09.2015</b>	<b>Technical Assembly Services</b>	<b>Surface Treatment &amp; Precision Cleaning</b>	<b>Elimination</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue:-</b>				
External customers	10,187	25,405	-	35,592
Inter segment	-	3,717	(3,717)	-
<b>Total revenue</b>	<b>10,187</b>	<b>29,122</b>	<b>(3,717)</b>	<b>35,592</b>
<b>Results:-</b>				
Segment results	177	4,148	-	4,325
Unallocated amounts:				
Other income				1,090
Other corporate expenses				(7,893)
Loss before tax				<b>(2,478)</b>



It was not practicable to separate out the segment assets and liabilities for its business segments as the assets and liabilities were jointly used by all business segments.

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

Freehold lands and buildings has been brought in to the Group upon acquisition of DWZ. As at 30 September 2016, all the Group’s plant and equipment were stated at cost less accumulated depreciation.

**11. Material Events Subsequent to the End of the Current Financial Quarter**

Except for the material litigation as disclosed in note 23, there were no material events subsequent to the end of the reporting quarter that have not been reflected in the quarter under review.

**12. Changes in the Composition of the Group**

There were no changes in the composition of the Group during the current financial quarter other than as disclosed below:

At an internal restructuring on 11 July 2016, MClean Advance Carrier Pte Ltd (formerly known as Techsin Technologies (S) Pte Ltd) ceased to be the immediate holding company of MClean Technologies (Wuxi) Co. Ltd and MClean Technologies (Wuxi) Co. Ltd is directly wholly-owned by MClean Technologies Pte Ltd, which in turn is the ultimately wholly-owned subsidiary of the Company.

**13. Contingent Liabilities and Contingent Assets**

**(a) Contingent liabilities**

There were no material changes in the contingent liabilities since the financial year ended 31 December 2015.

**(b) Contingent assets**

There were no contingent assets as at the end of current financial quarter.

**14. Capital Commitment**

There was no capital commitment as at the end of the current financial quarter.

**15. Review of Performance**

**Comparison between Current Financial Quarter / Year-to-date Ended 30 September 2016 and Previous Corresponding Quarter / Year-to-date Ended 30 September 2015**

A summary of the Group’s performance is set out below:-

	3 Months Ended					
	30.09.2016			30.09.2015		
	Technical Assembly Services	Surface Treatment & Precision Cleaning	Total	Technical Assembly Services	Surface Treatment & Precision Cleaning	Total
	RM’000	RM’000	RM’000	RM’000	RM’000	RM’000
Revenue	-	15,737	15,737	5,199	9,026	14,225
Gross profit	-	4,789	4,789	101	1,752	1,853
Profit/(Loss) before tax			1,597			(241)

Technical Assembly Services Division

There were no orders in the current quarter ended 30 September 2016.

Surface Treatment & Precision Cleaning Division

Revenue for the current quarter increase as compared to the preceding year corresponding quarter mainly due to the inclusion of newly acquired DWZ group and increase in cassette cleaning volume. Gross profit margin increased from 19.41% to 30.43% mainly due to improve cost structure through increase leverage on DWZ resources.

Overall, the Group reported a profit before tax of RM1.60 million as compared to a loss before tax of RM0.24 million in the previous year corresponding quarter.

**Comparison between Current Period-to-date Ended 30 September 2016 and Previous Corresponding Period-to-date Ended 30 September 2015**

	9 Months Ended					
	30.09.2016			30.09.2015		
	Technical Assembly Services	Surface Treatment & Precision Cleaning	Total	Technical Assembly Services	Surface Treatment & Precision Cleaning	Total
	RM’000	RM’000	RM’000	RM’000	RM’000	RM’000
Revenue	-	42,967	42,967	10,187	25,405	35,592
Gross profit	-	10,268	10,268	177	4,148	4,325
Profit/(Loss) before tax			270			(2,478)

Technical Assembly Services Division

There were no orders in the current period ended 30 September 2016.

Surface Treatment & Precision Cleaning Division

Revenue from Surface Treatment & Precision Cleaning for the current period increased by approximately 69.13% as compared to the preceding year corresponding period mainly due to the inclusion of newly acquired DWZ group and an increase in component cleaning volume. Gross profit margin increased from 16.33% to 23.90% mainly due to improve cost structure through increase leverage on DWZ resources.

Overall, the Group reported a profit before tax of RM0.27 million as compared to a loss before tax of RM2.48 million in the previous year corresponding period.

**16. Material Changes in the Quarterly Results as Compared with the Immediate Preceding Quarter**

	3 Months Ended					
	30.09.2016			30.06.2016		
	Technical Assembly Services	Surface Treatment & Precision Cleaning	Total	Technical Assembly Services	Surface Treatment & Precision Cleaning	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	-	15,737	15,737	-	14,477	14,477
Gross profit	-	4,789	4,789	-	3,396	3,396
Profit before tax			1,597			233

Technical Assembly Services Division

There were no orders in the current quarter ended 30 September 2016.

Surface Treatment & Precision Cleaning Division

The Group's revenue from Surface Treatment & Precision Cleaning for current financial quarter has increased by 8.70% as compared to the immediate preceding quarter. The increase in sales is across all cleaning services.

Gross profit margin for the surface treatment and precision cleaning division increased from 23.46% to 30.43% mainly due to increase in the higher margin Cleanroom assembly services.

Overall, the Group registered a profit before tax of RM1.60 million as compared to a loss before tax of RM0.23 million in the immediate preceding quarter.

**17. Future Prospects**

The group has been consolidating positively over the past quarters. While the outlook remain fragile, we expect the 2<sup>nd</sup> half year performance to be positive.

**18. Variance of Profit Forecast and Shortfall in Profit Guarantee**

The Group has not issued any profit forecast or profit guarantee for the current financial quarter .

**19. Status of Corporate Proposals**

Warrants 2015/2020 with exercise right expiring on 7 October 2020

Up to 30 September 2016, the total number of warrants converted into ordinary shares at RM0.25 each and the number of unexercised warrants are as follows:

Total number of warrants listed	Total number of warrants converted into ordinary shares	Total number of unexercised warrants
28,175,996	5,000,000	23,175,996

**20. Group Borrowings and Debt Securities**

The Group’s borrowings as at 30 September 2016 presented as follows:-

	<b>RM’000</b>
Long Term Borrowings	
Secured:-	
Term loan	<u>558</u>
Short Term Borrowings	
Secured:-	
Factoring loan	<u>2,266</u>

The total borrowings denominated in foreign currency as at 30 September 2016 are: -

	<b>RM’000</b>
Foreign currency – SGD 748,819 @ RM3.0257/SGD	<u>2,266</u>

**21. Realised and Unrealised Profits/(Losses)**

	<b>Cumulative year to date ended 30.09.2016 RM’000</b>	<b>Cumulative year to date ended 30.09.2015 RM’000</b>
Total accumulated losses of the Group:		
- Realised	(7,175)	(26,231)
- Unrealised	757	1,017
	<u>(6,418)</u>	<u>(25,214)</u>
Consolidated adjustments	12,905	21,129
Total Group retained earnings/(accumulated losses)	<u><b>6,487</b></u>	<u><b>(4,085)</b></u>

**22. Off Balance Sheet Financial Instruments**

As at 30 September 2016, the Group is a party to a foreign currency forward contracts totaling USD100,000 at a rate of 1.341. Had the contract been settled at the financial position date, the effect on the exchange exposure is an increase in the loss of RM6,717.

**23. Material Litigation**

On 16 February 2016, Petroliam Nasional Berhad (“Petroliam”) and Petronas Gas Berhad (“PGB”) (“collectively referred to as “Petronas”), through their appointed solicitor, have issued a letter of demand to the Company’s subsidiaries, DWZ Industries Sdn. Bhd. (“DWZ”) and DWZ Industries (Johor) Sdn. Bhd. (“DWZ Johor”) (“collectively referred to as “DWZ Entities”) for unlawful entry into PGB’s land by way of installing a piping structure under the land and discharge of foreign effluent which caused damage to PGB’s pipeline. The amount of damages demanded is RM46,754,614.07. DWZ Entities through its solicitor has taken all measures to resist the claim.

On 31 October 2016, DWZ Entities has been served with a writ and a statement of claim in respect of the Civil Action commenced by PGB. The claim for remedial and other works have been quantified in the Statement of Claim at the sum of RM6,634,305.40. However, the Statement of Claim also includes heads of claim for general damages as well as aggravated, exemplary or punitive damages which are not quantified at this time. The quantum and other particulars of such claim may, as the claim progresses, be quantified by the Plaintiff and will be the subject of further announcements, as appropriate.

**24. Dividend Payable**

There was no dividend payable or proposed during the current quarter ended 30 September 2016.

**25. Earnings/(Losses) Per Share**

**Basic**

The calculation of the basic earnings/(losses) per share is based on the net profit/(loss) divided by the weighted average number of ordinary shares of RM0.25 each in issue.

	3rd Quarter Ended		Cumulative Quarter Ended	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
Net profit/(loss) for the period attributable to owners of the parent (RM’000)	807	(241)	(791)	(2,478)
Weighted average number of ordinary shares in issue (’000)	178,778	117,400	178,778	117,400
Basic EPS/(LPS) (sen)	0.45	(0.21)	(0.44)	(2.11)

**Diluted**

Warrants are excluded from the diluted earnings per share calculation because their effects are anti-dilutive.

**26. Notes to the Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income**

Profit/(Loss) before tax is arrived at after charging/(crediting) the following items:-

	<b>Current Quarter Ended 30 September 2016</b>	<b>Year-to-date Ended 30 September 2016</b>
	<b>RM'000</b>	<b>RM'000</b>
(a) Interest income	(5)	(27)
(b) Other income including investment income	(185)	(265)
(c) Interest expenses	41	125
(d) Depreciation and amortisation	1,229	3,842
(e) Realised foreign exchange (gain)/loss, net	(323)	339
(f) Unrealised foreign exchange loss, net	376	230
(g) Bad debt written off	196	196

- End -