

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER AND THREE MONTHS ENDED 31 MARCH 2017**

	Note	3 months ended		3 months ended	
		31/3/17	31/3/16	31/3/17	31/3/16
		RM'000	RM'000	RM'000	RM'000
REVENUE		13,768	12,753	13,768	12,753
COST OF SALES		(10,396)	(10,670)	(10,396)	(10,670)
GROSS PROFIT		<u>3,372</u>	<u>2,083</u>	<u>3,372</u>	<u>2,083</u>
OTHER INCOME		73	54	73	54
ADMINISTRATIVE EXPENSES		(3,731)	(2,946)	(3,731)	(2,946)
SELLING AND DISTRIBUTION EXPENSES		(120)	(168)	(120)	(168)
OTHER EXPENSES		(88)	(547)	(88)	(547)
FINANCE COST		(29)	(36)	(29)	(36)
LOSS BEFORE TAX		<u>(523)</u>	<u>(1,560)</u>	<u>(523)</u>	<u>(1,560)</u>
TAX EXPENSE		(2)	-	(2)	-
LOSS FOR THE FINANCIAL PERIOD		<u>(525)</u>	<u>(1,560)</u>	<u>(525)</u>	<u>(1,560)</u>
OTHER COMPREHENSIVE INCOME/(LOSS)					
Foreign currency translation difference		<u>38</u>	<u>(767)</u>	<u>38</u>	<u>(767)</u>
		<u>38</u>	<u>(767)</u>	<u>38</u>	<u>(767)</u>
TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL PERIOD		<u>(487)</u>	<u>(2,327)</u>	<u>(487)</u>	<u>(2,327)</u>
Loss attributable to:					
Owners of the parent		(404)	(1,629)	(404)	(1,629)
Non-controlling interests		(121)	69	(121)	69
		<u>(525)</u>	<u>(1,560)</u>	<u>(525)</u>	<u>(1,560)</u>
Total comprehensive loss attributable to:					
Owners of the parent		(366)	(2,396)	(366)	(2,396)
Non-controlling interests		(121)	69	(121)	69
		<u>(487)</u>	<u>(2,327)</u>	<u>(487)</u>	<u>(2,327)</u>
Loss per share (sen)					
Basic	25	(0.23)	(0.91)	(0.23)	(0.91)
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 2016 and the accompanying explanatory notes attached to this interim financial statements.)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017**

	Note	<u>(UNAUDITED)</u>	<u>(AUDITED)</u>
		As at 31/3/2017	As at 31/12/16
		RM'000	RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		22,899	23,285
		22,899	23,285
Current assets			
Inventories		866	800
Trade receivables		24,135	23,236
Other receivables		5,238	4,763
Tax recoverable		808	858
Deposits with licensed banks		486	486
Cash and bank balances		6,702	6,603
		38,235	36,746
TOTAL ASSETS		61,134	60,031
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		44,695	44,695
Share premium		3,420	3,420
Retained earnings		7,733	8,137
Other reserves		(21,418)	(21,456)
		34,430	34,796
Non-controlling interests		13,834	13,955
TOTAL EQUITY		48,264	48,751
Non-current liabilities			
Deferred tax liabilities		735	735
Borrowings	20	71	71
		806	806
Current liabilities			
Trade payables		5,773	4,903
Other payables		3,279	3,386
Borrowings	20	3,012	2,185
		12,064	10,474
TOTAL LIABILITIES		12,870	11,280
TOTAL EQUITY AND LIABILITIES		61,134	60,031
Net assets per share attributable to owners of the parent (RM)		0.19	0.19

(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 2016 and the accompanying explanatory notes attached to this interim financial statements.)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTH ENDED 31 MARCH 2017

Cumulative quarter ended 31 MARCH 2017

	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 RM'000	OTHER RESERVE				RETAINED EARNINGS
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000				RM'000
Balance as at 01.01.2017	44,695	3,420	(22,246)	93	4,644	(3,947)	8,137	34,796	13,955	48,751
Transaction with owners:-										
Total comprehensive income/(loss) for the financial year	-	-	-	-	38	-	(404)	(366)	(121)	(487)
Balance as at 31.3.2017	44,695	3,420	(22,246)	93	4,682	(3,947)	7,733	34,430	13,834	48,264

Cumulative quarter ended 31 MARCH 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 RM'000	OTHER RESERVE				RETAINED EARNINGS
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000				RM'000
Balance as at 01.01.2016	44,695	3,420	(22,246)	5,493	4,701	(3,946)	1,878	33,995	14,703	48,698
Total comprehensive income/(loss) for the financial year	-	-	-	-	(767)	-	(1,629)	(2,396)	69	(2,327)
Balance as at 31.3.2016	44,695	3,420	(22,246)	5,493	3,934	(3,946)	249	31,599	14,772	46,371

(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 2016 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 THREE MONTH ENDED 31 MARCH 2017**

	3 months ended	
	31/3/2017	31/3/2016
	RM'000	RM'000
OPERATING ACTIVITIES		
Loss before tax	(523)	(1,560)
Adjustments for:		
Amortisation of intangible assets	-	239
Depreciation	1,113	1,091
Gain on disposal of property, plant and equipment	(4)	-
Interest income	(3)	(8)
Interest expenses	29	36
Unrealised (gain)/loss on foreign exchange	(53)	488
Operating profit before working capital changes	<u>559</u>	<u>286</u>
Changes in working capital:-		
Inventories	(68)	(864)
Receivables	(1,141)	4,835
Payables	670	(5,153)
CASH GENERATED FROM/(USED IN) OPERATIONS	<u>20</u>	<u>(896)</u>
Tax refund/(paid)	48	(378)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	<u>68</u>	<u>(1,274)</u>
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(733)	(209)
Proceeds from disposal of property, plant and equipment	14	-
Interest received	3	8
NET CASH USED IN INVESTING ACTIVITIES	<u>(716)</u>	<u>(201)</u>
FINANCING ACTIVITIES		
Drawdown of borrowings	782	-
Interest paid	(29)	(36)
Repayment of term loan	(12)	(770)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	<u>741</u>	<u>(806)</u>
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		
Net changes	93	(2,281)
Brought forward	7,089	12,974
Effects of exchange translation differences on cash and cash equivalents	6	(167)
Carried forward	<u><u>7,188</u></u>	<u><u>10,526</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 2016 and the accompanying explanatory notes attached to this interim financial statements.)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2017

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS FINANCIAL PERIOD ENDED 31 MARCH 2017

1. Basis of preparation

The Condensed Interim Financial Statements have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) No 134: Interim Financial Reporting and Paragraph 9.22 of Listing Requirements of Bursa Malaysia Securities Berhad. This Interim Financial Statements also complied with IAS 34: Interim Financial Reporting issued by the International Accounting Standard Board (“IASB”).

The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016. The explanatory notes attached to these condensed consolidated interim 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 the Group since the financial year ended 31 December 2016.

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 2016 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:

- 1) MFRS 14 Regulatory Deferral Accounts
- 2) Amendments to MFRS 4 – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
- 3) Amendments to MFRS 10, MFRS 12 and MFRS 128 – Investment Entities: Applying the Consolidation Exception
- 4) Amendments to MFRS 11 Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations
- 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 2012–2014 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.

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 2017

- 1) Amendments to MFRS 107 - Disclosure Initiative
- 2) Amendments to MFRS 112 - Recognition of Deferred Tax Assets for Unrealised Losses
- 3) Annual Improvements to MFRSs 2014–2016 Cycle
 - a. Amendments to MFRS 12

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

(b) MFRS, Amendments and IC Interpretations effective for annual periods beginning on or after 1 January 2018

- 1) Amendments to MFRS 2 – Classification and Measurement of Share-based Payment Transactions
- 2) MFRS 9 – Financial Instruments (IFRS 9 as issued by IASB in July 2014)
- 3) MFRS 15 – Revenue from Contracts with Customers
- 4) Amendments to MFRS 140 – Transfers of Investment Property
- 5) Annual Improvements to MFRSs 2014-2016 Cycle
 - a. Amendments to MFRS 1
 - b. Amendments to MFRS 128
- 6) IC Interpretation 22 – Foreign Currency Transactions and Advance Consideration

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

MFRS 16: Leases

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

Amendments to MFRS 10 and MFRS 128 – Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture

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 was no other item which is unusual because of its size or incidences that has affected the assets, liabilities, equity, net income or cash flow of the Group for the current financial quarter under review.

6. Material Changes in Estimates

There were no material changes in estimates for the quarter ended 31 March 2017.

**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:

Geographical information		
Revenue information based on the geographical location of customers are as follows:-		
Location	3 Months Ended	3 Months Ended
	31.3.2017	31.3.2016
	RM'000	RM'000
People's Republic of China	3,492	2,714
Malaysia	3,232	3,058
Singapore	9,033	8,476
Others	388	229
Inter segment	(2,377)	(1,724)
	13,768	12,753

Results for 3 Months Ended 31.3.2017	Technical Assembly Services	Surface Treatment & Precision Cleaning	Elimination	Total
	RM'000	RM'000	RM'000	RM'000
Revenue:-				
External customers	-	13,768	-	13,768
Inter segment	-	2,377	(2,377)	-
Total revenue	-	16,145	(2,377)	13,768
Results:-				
Segment results	-	3,372	-	3,372
Unallocated amounts:				
Other income				73
Other corporate expenses				(3,968)
Loss before tax				(523)

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

Results for 3 Months Ended 31.3.2016	Technical Assembly Services	Surface Treatment & Precision Cleaning	Elimination	Total
	RM'000	RM'000	RM'000	RM'000
Revenue:-				
External customers	-	12,753	-	12,753
Inter segment	-	1,724	(1,724)	-
Total revenue	-	14,477	(1,724)	12,753
Results:-				
Segment results	-	2,083	-	2,083
Unallocated amounts:				
Other income				54
Other corporate expenses				(3,697)
Loss before tax				(1,560)

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

The Group's property, plant and equipment were stated at cost less accumulated depreciation.

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

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 under review.

13. Contingent Liabilities and Contingent Assets

(a) Contingent liabilities

The Group has secured bank guarantee given to the Royal Malaysian Customs Department for RM392,500.

(b) Contingent assets

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

14. Capital Commitment

	As at 31.3.2017 RM'000	As at 31.12.16 RM'000
Authorised and contractor for:- Electronic equipment	134	134

15. Review of Performance

Comparison between Current Financial Quarter Ended 31 March 2017 and Previous Corresponding Quarter Ended 31 March 2016

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

	3 Months Ended					
	31.3.2017			31.3.2016		
	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	-	13,768	13,768	-	12,753	12,753
Gross profit	-	3,372	3,372	-	2,083	2,083
Loss before tax			(523)			(1,560)

Technical Assembly Services Division

There were no orders in the current quarter ended 31 March 2017.

Surface Treatment & Precision Cleaning Division

Revenue for the current quarter increase as compared to the preceding year corresponding quarter mainly due to increase across all surface treatment and precision cleaning services which more than offset for the decline in Cassette washing services. Gross profit margin increased from 16.34% to 24.50% in the current quarter mainly due to the change in product mix which has a greater gross profit contribution from the higher margin Cleanroom assembly services and less of the lower margin Cassette washing services.

Administrative expenses has increased by RM785,000 mainly due to increase in indirect staff cost and legal fees.

Overall, the Group reported a loss before tax of RM0.52 million as compared to a loss before tax of RM1.56 million in the previous year corresponding quarter.

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

	3 Months Ended					
	31.3.2017			31.12.2016		
	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	-	13,768	13,768	-	16,373	16,373
Gross profit	-	3,372	3,372	-	4,954	4,954
(Loss)/profit before tax			(523)			2,419

Technical Assembly Services Division

There were no orders in the current quarter ended 31 March 2017.

Surface Treatment & Precision Cleaning Division

The Group’s revenue from Surface Treatment & Precision Cleaning for current financial quarter has decreased by 15.91% as compared to the immediate preceding quarter. The decrease in sales is mainly due to decrease across all surface treatment and precision cleaning services.

Gross profit margin for the surface treatment and precision cleaning division decreased from 30.26% to 24.50% mainly due to higher material cost and lower economies of scale as a result of lower demand.

Overall, the Group registered a loss before tax of RM0.52 million as compared to a profit before tax of RM2.42 million in the immediate preceding quarter which included a one-off profit guarantee compensation of RM1.27 million.

17. Future Prospects

We expect continual stable demand for our services especially from the Hard Disk Drive Industry.

Our expansion plan for two new operating base are on track for commencement towards the 4th quarter of 2017. We expect these investments to contribute positively to the Group’s revenue and result from the next financial year.

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 31 March 2017, 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 31 March 2017 presented as follows:-

	RM’000
Long Term Borrowings	
Secured:-	
Term loan	71
Short Term Borrowings	
Secured:-	
Factoring loan	3,012

The total borrowings denominated in foreign currency as at 31 March 2017 are: -

Foreign currency – SGD 938,819 @ RM3.1686/SGD	RM’000 2,975
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21. Realised and Unrealised Profits/(Losses)

	As at 31.3.2017 RM’000	As at 31.12.2016 RM’000
Total accumulated profit/(losses) of the Group:		
- Realised	(4,497)	(2,884)
- Unrealised	788	(424)
	(3,709)	(3,308)
Consolidated adjustments	11,442	11,445
Total Group retained earnings	7,733	8,137

22. Off Balance Sheet Financial Instruments

As at 31 March 2017, the Group is a party to a foreign currency forward contract of USD150,000 at the rate of 1.3920. Had the contract been settled at the financial position date, the effect on the exchange exposure is an increase in the profit of RM2,392.

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 the date of this report.

The Plaintiff has applied for an interim injunction pending the trial of the action and the hearing as scheduled was fixed for the 8 May 2017. DWZ entities have filed an affidavit to oppose the application and will resist the same robustly. The Court has given directions towards the preparation for the hearing and the DWZ Entities’ solicitors, had prepared for the hearing by way of submitting written submissions opposing the application. As parties are trying to narrow down the issues, the Johor Bahru High Court has adjourned this application to 25 May 2017.

24. Dividend Payable

There was no dividend payable or proposed during the current quarter ended 31 March 2017.

26. Loss Per Share

Basic

The calculation of the basic earnings per share is based on the net profit divided by the weighted average number of ordinary shares.

	3 Months Ended	
	31.3.2017	31.3.2016
Net Loss for the period attributable to owners of the parent (RM’000)	(404)	(1,629)
Weighted average number of ordinary shares in issue (’000)	178,778	178,778
Basic LPS (sen)	(0.23)	(0.91)

Diluted

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

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

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

	3 Months Ended 31 March 2017
	RM’000
(a) Interest income	(3)
(b) Other income including investment income	(66)
(c) Interest expenses	29
(d) Depreciation and amortisation	1,113
(e) Provision for and write off of receivables	-
(f) Provision for and write off of inventories	-
(g) Gain or loss on disposal of quoted or unquoted investments or properties	-
(h) Intangible asset written off	-
(i) Foreign exchange loss	88
(j) Gain or loss on derivatives	-
(k) Bad debt recovered	-
(l) Gain on disposal of property, plant and equipment	(4)

- End -