

CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE 1ST QUARTER ENDED 31 MARCH 2015

		CURRENT QUARTER 31/03/15	PRECEDING CORRESPONDING QUARTER 31/03/14	CUMULATIVE QUARTER ENDED 31/03/15	CUMULATIVE QUARTER ENDED 31/03/14
	Note	RM'000	RM'000	RM'000	RM'000
REVENUE		9,870	7,687	9,870	7,687
COST OF SALES		(8,573)	(7,355)	(8,573)	(7,355)
GROSS PROFIT		1,297	332	1,297	332
OTHER INCOME		466	163	466	163
ADMINISTRATIVE EXPENSES		(2,403)	(2,490)	(2,403)	(2,490)
SELLING AND DISTRIBUTION EXPENSES		(200)	(122)	(200)	(122)
OTHER EXPENSES		-	(32)	-	(32)
FINANCE COST		(67)	(16)	(67)	(16)
LOSS BEFORE TAX		(907)	(2,165)	(907)	(2,165)
TAX EXPENSE		-	-	-	-
LOSS FOR THE PERIOD		(907)	(2,165)	(907)	(2,165)
OTHER COMPREHENSIVE INCOME					
Foreign currency translation difference		447	(160)	447	(160)
		447	(160)	447	(160)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(460)	(2,325)	(460)	(2,325)
Loss attributable to:					
Owners of the parent		(460)	(2,325)	(460)	(2,325)
Non-controlling interests		-	-	-	-
		(460)	(2,325)	(460)	(2,325)
Total comprehensive loss attributable to:					
Owners of the parent		(460)	(2,325)	(460)	(2,325)
Non-controlling interests		-	-	-	-
		(460)	(2,325)	(460)	(2,325)
Loss per share (sen)					
Basic	25	(0.77)	(1.84)	(0.77)	(1.84)
Diluted	25	N/a	N/a	N/a	N/a

(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 2014 and the accompanying explanatory notes attached to this interim financial statements.)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2015**

	Note	<u>(UNAUDITED)</u>	<u>(AUDITED)</u>
		As at 31/03/2015	As at 31/12/14
		RM'000	RM'000
ASSETS			
Non-current assets			
Intangible assets		2,304	2,492
Property, plant and equipment		9,177	9,418
Other receivables		347	330
		<u>11,828</u>	<u>12,240</u>
Current assets			
Inventories		586	207
Trade receivables		9,782	9,317
Other receivables and prepayment		4,968	4,520
Cash and bank balances		2,859	2,308
		<u>18,195</u>	<u>16,352</u>
TOTAL ASSETS		<u>30,023</u>	<u>28,592</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		29,350	29,350
Share premium		3,420	3,420
Unappropriated profit		(2,514)	(1,607)
Other reserves		(13,534)	(13,981)
TOTAL EQUITY		<u>16,722</u>	<u>17,182</u>
Non-current liabilities			
Deferred tax liabilities		-	-
Term loan		472	432
		472	432
Current liabilities			
Trade payables		6,880	4,787
Other payables		2,263	2,360
Term loan		3,686	3,831
Tax payables		-	-
		<u>12,829</u>	<u>10,978</u>
TOTAL LIABILITIES		<u>13,301</u>	<u>11,410</u>
TOTAL EQUITY AND LIABILITIES		<u>30,023</u>	<u>28,592</u>
Net assets per share attributable to owners of the parent (RM)		<u>0.14</u>	<u>0.15</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 2014 and the accompanying explanatory notes attached to this interim financial statements.)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 1ST QUARTER ENDED 31 MARCH 2015

Cumulative quarter ended 31 MARCH 2015

	ATTRIBUTABLE TO OWNERS OF THE PARENT						TOTAL RM'000
	Non distributable			Distributable			
	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	MERGER DEFICIT RM'000	WARRANT RESERVE RM'000	CURRENCY FLUCTUATION RESERVE RM'000	UNAPPROPRIATED PROFITS RM'000	
Balance as at 01.01.2015	29,350	3,420	(22,246)	5,400	2,865	(1,607)	17,182
Total comprehensive profit/ (loss) for the year	-	-	-	-	447	(907)	(460)
Balance as at 31.03.2015	29,350	3,420	(22,246)	5,400	3,312	(2,514)	16,722

Cumulative quarter ended 31 MARCH 2014

	ATTRIBUTABLE TO OWNERS OF THE PARENT						TOTAL RM'000
	Non distributable			Distributable			
	SHARE CAPITAL RM'000	SHARE PREMIUM RM'000	MERGER DEFICIT RM'000	WARRANT RESERVE RM'000	CURRENCY FLUCTUATION RESERVE RM'000	UNAPPROPRIATED PROFITS RM'000	
Balance as at 01.01.2014	29,350	3,420	(22,246)	5,400	2,449	3,986	22,359
Total comprehensive loss for the year	-	-	-	-	(160)	(2,165)	(2,325)
Balance as at 31.03.2014	29,350	3,420	(22,246)	5,400	2,289	1,821	20,034

(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 2014 and the accompanying explanatory notes attached to this interim financial statements.)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE 1ST QUARTER ENDED 31 MARCH 2015**

	CURRENT FINANCIAL PERIOD 31/3/2015	PRECEDING YEAR CORRESPONDING PERIOD 31/3/2014
	RM'000	RM'000
OPERATING ACTIVITIES		
Loss before tax	(907)	(2,165)
Adjustments for:		
Depreciation	783	740
Amortisation of intangible assets	249	240
Interest income	(1)	(2)
Interest expenses	67	16
Unrealised (gain)/loss on foreign exchange	(352)	62
Operating loss before working capital changes	(161)	(1,109)
Changes in working capital:-		
Inventories	(362)	(127)
Receivables	62	4,482
Payables	1,324	(1,484)
CASH GENERATED FROM OPERATIONS	863	1,762
Tax paid	-	-
NET CASH FROM OPERATING ACTIVITIES	863	1,762
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(170)	(1,281)
Interest expenses	(67)	(16)
Interest received	1	2
NET CASH USED IN INVESTING ACTIVITIES	(236)	(1,295)
FINANCING ACTIVITIES		
Repayment of term loan	(193)	(218)
NET CASH USED IN FINANCING ACTIVITIES	(193)	(218)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		
Net changes	434	249
Brought forward	2,307	1,972
Effects of exchange translation differences on cash and cash equivalents	118	(16)
Carried forward	2,859	2,205

(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 2014 and the accompanying explanatory notes attached to this interim financial statements.)

Unaudited financial results of MClean and its subsidiaries (the “Group”) for period ended 31 March 2015.

Explanatory notes to the quarterly report and for the financial period ended 31 March 2015

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 year ended 31 December 2014. 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 year ended 31 December 2014.

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 2014 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 2015, 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 2015:

MFRS and Amendments effective for annual periods beginning on or after 1 July 2014

- 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 2015 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 2012–2014 Cycle
 - a. Amendments to MFRS 5
 - b. Amendments to MFRS 7
 - c. Amendments to MFRS 119
 - d. Amendment to MFRS 134

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

MFRS 15 Revenue from Contracts with Customers

(b) 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)

3. Audit Report of the Preceding Audited Financial Statements

The auditors have expressed an unqualified opinion on the Company’s statutory consolidated financial statements for the financial year ended 31 December 2014 in their report dated 25 April 2015.

4. Seasonal or Cyclical Factors

Our Group’s revenue is not significantly affected by the seasonal or cyclical factors for the quarter under review.

5. Unusual Items

Except as disclosed, there was no item which is unusual because of its nature, size, or incidence 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 changes in estimate of amounts reported that has a material impact in the current financial quarter under review.

7. Changes in Debts and Equity Securities

There were no issuance and repayment of debt and equity securities, share buy-backs and share cancellation, for the current financial quarter under review.

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

8. Dividend Paid

There were no dividends paid during the quarter under review.

9. Segmental Reporting

The segmental result 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 31.03.2015 RM'000	3 Months Ended 31.03.2014 RM'000
People's Republic of China	3,049	3,116
Malaysia	789	1,313
Singapore	7,041	4,644
Others	132	567
Inter segment	(1,141)	(1,953)
	9,870	7,687

Current quarter ended 31.03.2015	Technical Assembly Services RM'000	Precision Cleaning RM'000	Elimination RM'000	Total RM'000
Revenue:-				
External customers	1,665	8,205	-	9,870
Inter segment	-	1,141	(1,141)	-
Total revenue	1,665	9,346	(1,141)	9,870
Results:-				
Segment results	46	1,251	-	1,297
Unallocated amounts:				
Other income				466
Other corporate expenses				(2,670)
Loss before tax				(907)

Current quarter ended 31.03.2014	Technical Assembly Services RM'000	Precision Cleaning RM'000	Elimination RM'000	Total RM'000
Revenue:-				
External customers	-	7,687	-	7,687
Inter segment	-	1,953	(1,953)	-
Total revenue	-	9,640	(1,953)	7,687
Results:-				
Segment results	-	332	-	332
Unallocated amounts:				
Other income				163
Other corporate expenses				(2,660)
Loss before tax				(2,165)

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 does not own any properties or real estate. As at 31 March 2015, 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

On 10 April 2015, the Company entered into a Memorandum of Understanding (“MOU”) with Decor Industries Pte Ltd (“DIPL”) for the proposed acquisition of 55% equity interest in DWZ Industries Sdn Bhd (“DWZ”) whereby the total indicative purchase consideration shall be fully settled via the issuance of such number of new ordinary shares of RM0.25 each in the Company which subject to a financial and legal due diligence to be carried out and shall be completed within seventy five (75) days from the date of the MOU and may be extended with the mutual agreement between the parties.

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

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

(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 31 March 2015 and Previous Corresponding Quarter / Year-to-date Ended 31 March 2014

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

	3 Months Ended					
	31.03.2015			31.03.2014		
	Technical Assembly Services	Precision Cleaning	Total	Technical Assembly Services	Precision Cleaning	Total
	RM’000	RM’000	RM’000	RM’000	RM’000	RM’000
Revenue	1,665	8,205	9,870	-	7,687	7,687
Gross profit	46	1,251	1,297	-	332	332
Loss before tax			(907)			(2,165)

Technical Assembly Services Division

We received several orders for assembly of modules in the current quarter. The revenue and gross contribution is expected to increase for the future quarters.

Precision Cleaning Division

Revenue from Precision Cleaning for the current quarter increased by approximately 6.7% as compared to the preceding year corresponding quarter. The increase is mainly from Clean bulk packaging services and Component washing. Gross profit margin increased from 4.3% to 15.2% mainly due to improving contribution from Clean bulk packaging services.

Overall, the Group reported a loss before tax of RM 0.9 million as compared to a loss before tax of RM 2.2 million in the previous year corresponding quarter.

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

	3 Months Ended					
	31.03.2015			31.12.2014		
	Technical Assembly Services	Precision Cleaning	Total	Technical Assembly Services	Precision Cleaning	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	1,665	8,205	9,870	-	9,115	9,115
Gross profit	46	1,251	1,297	-	1,312	1,312
Loss before tax			(907)			(804)

Precision Cleaning Division

The Group’s revenue from Precision Cleaning has decreased by approximately 10% in the current financial quarter as compared to the immediate preceding quarter. The decrease is mainly due to the lower cassette cleaning volume in current quarter. GP margin for the precision cleaning division is about the same compared to immediate preceding quarter which is in the range of 14%-15%. Overall, the Group registered a loss before tax of RM 0.9 million as compared to a loss before tax of RM 0.8 million in the immediate preceding quarter.

17. Future Prospects

We expect the revenue and gross contribution from the Technical Assembly Services and the Clean Bulk Packaging services to contribute positively in the next few quarters. Revenue from the other precision cleaning services is expected to decrease in the next quarter due to the decrease in demand for hard disk drive. Demand for the hard disk drive is expected to improve in the third quarter of 2015.

Overall we expect our group revenue in 2015 to improve as compare to 2014.

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

There is no corporate proposal announced but not completed as at the date of this report.

20. Group Borrowings and Debt Securities

The Group’s borrowings as at 31 March 2015 presented as follows:-

	RM’000
Long Term Borrowings	
Unsecured:-	
Term loan	472
Short Term Borrowings	
Unsecured:-	
Term loan	2,526
Secured:	
Factoring loan	1,160
	<u>3,686</u>

The total borrowings denominated in foreign and local currency as at 31 March 2015 are: -

	RM’000
Foreign currency – SGD1,540,997 @ RM2.6983/SGD	4,158

21. Realised and Unrealised Retained Profits

	Cumulative year to date ended 31/03/2015 RM’000	Cumulative year to date ended 31/12/2014 RM’000
Total retained profits of the Group:		
- Realised	(22,682)	(22,273)
- Unrealised	(335)	416
	<u>(23,017)</u>	<u>(21,857)</u>
Consolidated adjustments	20,503	20,251
Total Group retained profits	<u>(2,514)</u>	<u>(1,606)</u>

22. Off Balance Sheet Financial Instruments

As at 31 March 2015, Group does not have any off balance sheet financial instrument.

23. Material Litigation

There was no pending material litigation from 1 January 2015 up to the date of this quarterly announcement.

24. Dividend Payable

There was no dividend payable or proposed during the current quarter ended 31 March 2015.

25. Loss Per Share

Basic

The calculation of the basic LPS/EPS is based on the net profit divided by the weighted average number of ordinary shares of RM0.25 each in issue.

	1st Quarter Ended		Cumulative Quarter Ended	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Net Loss for the period attributable to owners of the parent (RM'000)	(907)	(2,165)	(907)	(2,165)
Weighted average number of ordinary shares in issue ('000)	117,400	117,400	117,400	117,400
Basic LPS (sen)	(0.77)	(1.84)	(0.77)	(1.84)

Diluted

The calculation of the diluted EPS is based on the net profit divided by the weighted average number of ordinary shares after adjustments for the effects of all dilutive potential ordinary shares of RM0.25 each arising from the exercise of 58,700,000 Warrants-in-issue .

	1st Quarter Ended		Cumulative Quarter Ended	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Weighted average number of ordinary shares in issue ('000)	176,100	176,100	176,100	176,100
Diluted EPS (sen)	Not applicable ⁽¹⁾	Not applicable ⁽¹⁾	Not applicable ⁽¹⁾	Not applicable ⁽¹⁾

(1) Not applicable as, due to the losses, there is an anti-dilutive effect from the assumed exercise of the Warrants-in-issue.

26. Notes to the Condensed Consolidated Statement to Comprehensive Income

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

	Current Quarter Ended 31 March 2015 RM'000	Year-to-date Ended 31 March 2015 RM'000
(a) Interest income	(1)	(1)
(b) Other income including investment income	(165)	(165)
(c) Interest expenses	67	67
(d) Depreciation and amortisation	1,032	1,032
(e) Provision for and write off of receivables	-	-
(f) Provision for and write off of inventories	-	-
(g) Gain or loss on disposal of quoted and unquoted investment or properties	-	-
(h) Impairment of assets	-	-
(i) Realised foreign exchange loss, net	52	52
(j) Gain or loss on derivatives	-	-
(k) Plant, property & equipment written off	-	-
(l) Unrealised foreign exchange gain, net	(352)	(352)