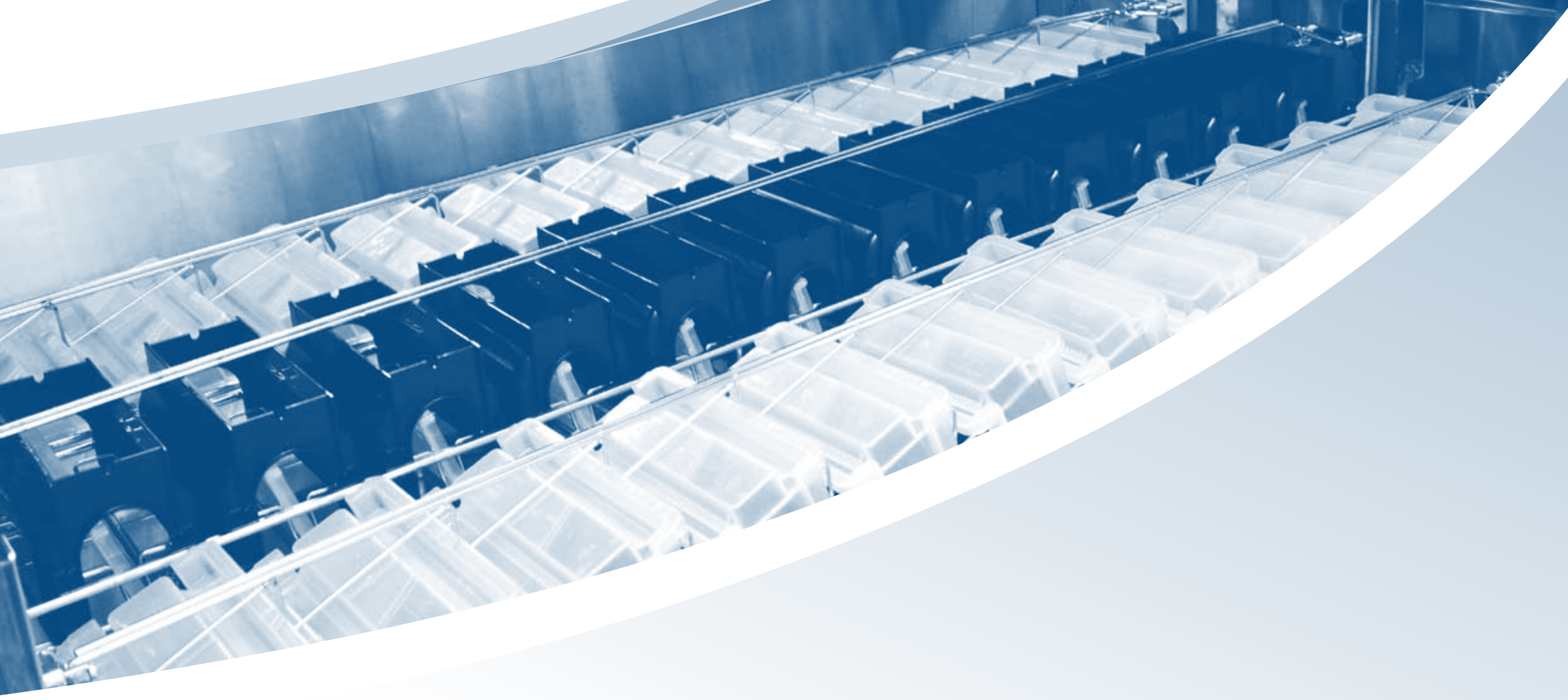
MClean Technologies Berhad
(893631 T)

Macro Solution Services

ANNUAL REPORT 2015



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CHAIRMAN'S STATEMENT

INTRODUCTION

As the Chairman of the Board of Directors ("**the Board**") of MClean Technologies Berhad ("**MClean**" or "**the Company**") it is my distinct pleasure to present our 6th Annual Report and the Audited Financial Statements for the financial year ended 31 December 2015 ("**FY15**"). It has been an eventful year for the Company which saw MClean pursue measured growth through the acquisition of a 55% stake in DWZ Industries Sdn Bhd. ("**DWZ**"). DWZ is in the business of surface finishing of metal parts for electric and electronic industries, making them a natural fit within the enlarged MClean Group. In addition, the Company's management team was further bolstered through the appointment of an experienced industry veteran as our new Chief Executive Officer ("**CEO**"). The Board believes that Mr. Lim Han Kiau's extensive experience in both precision cleaning as well as surface finishing will allow him to bring synergy to the enlarged Mclean Group moving forward, as we seek to create value for all our shareholders.

Industrywide, demand for traditional Hard Disk Drives ("**HDD**") was decidedly flat due to increased integration of Solid State Drives ("**SSD**") into consumer devices. Overall however, demand for storage solutions continued to remain strong, and despite the many challenges faced by the Company arising from the uncertainties in the global economic climate and a volatile marketplace, I am happy to report that MClean has managed to achieve significantly improved operational and financial performance as reflected in the reports for the period under review. Our utmost priority is to continue the conscious efforts being made by the Board to maintain a steady and sustainable growth trajectory as we continue to look for new acquisition opportunities. Sustainable diversification is key however, so any new expansion efforts will be tempered with strict fiscal responsibility to ensure that we maintain the Company's profitability.

KEY FINANCIAL HIGHLIGHTS

MClean's strategic business model for the period under review has enabled consistent income generation, driving the Company to record a 67.6% growth in total revenue for FY15, recording RM 57.4 million as compared to RM 34.2 million for the preceding corresponding financial year. This marked increase was due to the Technical Assembly and Services Division resuming operations towards the end of the 1st Quarter of FY15 which we believe will be a key economic driver for MClean in the future. In addition, therewas an increase in contributions of 16.2% from the Surface Treatment & Precision Cleaning Divisionwhich recorded RM 39.8 million for FY15 compared to RM 34.2 million in the previous comparable period fuelled largely by income from DWZ. Gross profit margins also saw positive movement due to higher income from component and tray services as well as improved cost management which was achieved through reductions in sub-contract labour costs. Consequently, Profit Before Tax ("**PBT**") therefore stood at RM 3.8 million for FY15 compared to a Loss Before Tax ("**LBT**") of RM 5.6 million in the previous financial year. This translates into an Earnings Per Share ("**EPS**") of 2.73 sen attributable to the owners of the Company. The Board is optimistic that through MClean's continued efforts to grow our business as well as further develop profit making divisions, that we will be able to improve on our financial viability, moving forward.

OUTLOOK FOR 2016

Looking ahead to the year to come and beyond, the HDD industry is forecasted to experience a significant segment shift between 2015 to 2018. More than 40% of HDD industry revenue and 45% of HDD petabyte demand is expected be derived from the Enterprise segment by 2018. In contrast, the Personal Computing ("**PC**") segment overshadowed all other segments in 2015 as it made up more than 55% of unit shipments, and more than 45% of industry petabyte shipments, and revenue.

As this segment shift ensues, Enterprise customers will increasingly influence HDD product road map and technology development plans. Meanwhile, as HDD technology becomes progressively more complex, Enterprise customers will also press for deeper integration of HDD technology at the device level into storage system solutions. Sustained demand will be further driven by the increasing transition to cloud based storage solutions in both commercial as well as personal applications in multiple industries as the Internet of Things ("**IoT**") becomes more prevalent.

These favourable conditions bode well for the prospects of the Company as demand for increased storage is not expected to wane in the near future. The addition of DWZ meanwhile, will allow MClean to leverage on their lower cost resources and facilities to undertake more projects in new industries. By further diversifying our revenue streams, the Company will be insulated from volatility in a specific industry, ensuring financial stability in pursuit of realising our vision of becoming the World Leader in Surface Treatment Services, specifically Precision Cleaning & Electroplating.

APPRECIATION

FY15 has been an interesting year for the Company, which has culminated in 'MClean reaching the stage that we can now pursue further growth responsibly. On behalf of the Board, allow me to extend my heartfelt gratitude to the management team, as well as all our customers, suppliers, business associates, and shareholders for their trust and confidence. It is only through your support and hard work that we have been able to achieve success in what we do. The Board is optimistic that the year ahead will present further opportunities to extend our business while enhancing shareholder value. Exciting times are ahead, so we are committed to upholding our mandate for leadership.

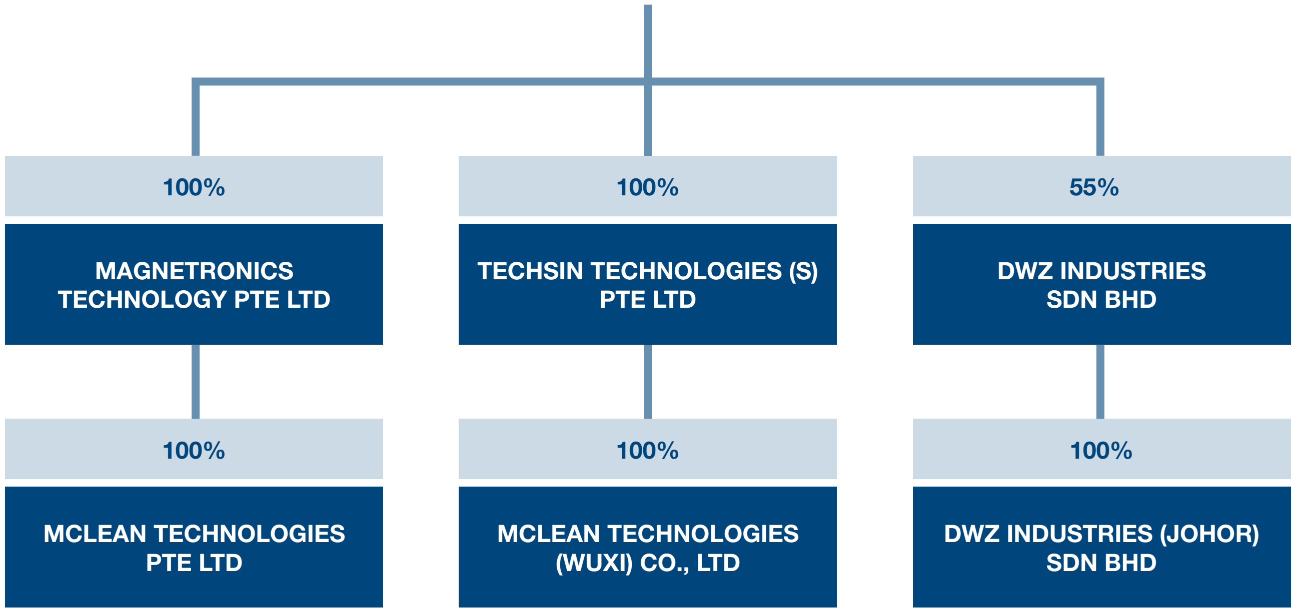
YEO HOCK HUAT
Executive Chairman

CORPORATE STRUCTURE

MClean

MCLEAN TECHNOLOGIES BERHAD

(893631-T)



Abbreviation	Name of Company	Principal activities
MClean	MClean Technologies Berhad	Investment holding
Magnetronics	Magnetronics Technology Pte Ltd	Investment holding company
MClean Singapore	MClean Technologies Pte Ltd	Provide precision cleaning, cleanroom assembly services, and other related service to hard disk drive industry and sale of module relating to technical assembly services
Techsin Singapore	Techsin Technologies (S) Pte. Ltd.	Investment holding company
MClean Wuxi	Mclean Technologies (Wuxi) Co Ltd	Provide precision cleaning and cleanroom assembly services, clean bulk packaging services and other related services
DWZ Industries	DWZ Industries Sdn Bhd	Provide surface finishing of metal parts for electrical and electronic industries
DWZ Johor	DWZ Industries (Johor) Sdn Bhd	Provide surface finishing of metal parts for electrical and electronic industries

CORPORATE INFORMATION

DIRECTORS

Yeo Hock Huat	*(Executive Chairman)*
Lim Han Kiau	*(Chief Executive Officer)*
Dato' Mark William Ling Lee Meng	*(Senior Independent Non-Executive Director)*
Dr Ho Choon Hou	*(Independent Non-Executive Director)*
Pang Kong Chek	*(Independent Non-Executive Director)*
Yeo Seow Lai	*(Non-Independent Non-Executive Director)*

AUDIT COMMITTEE

Dato' Mark William Ling Lee Meng *(Chairman)*

Dr Ho Choon Hou

Pang Kong Chek

Yeo Seow Lai

REMUNERATION COMMITTEE

Dato' Mark William Ling Lee Meng *(Chairman)*

Yeo Hock Huat

Pang Kong Chek

NOMINATION COMMITTEE

Dato' Mark William Ling Lee Meng *(Chairman)*

Pang Kong Chek

Yeo Seow Lai

REGISTERED OFFICE

10th Floor, Menara Hap Seng
No. 1 & 3 Jalan P. Ramlee
50250 Kuala Lumpur
Tel no. : +603 2382 4288
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HEAD OFFICE

2 Woodlands Sector 1 #01-22
Singapore 738068
Tel no. : +65 6753 8077
Fax no. : +65 6753 8993
Website : http://www.mclean.com.sg

COMPANY SECRETARIES

Soo Shiow Fang (MAICSA 7044946)

Teo Mee Hui (MAICSA 7050642)

AUDITORS

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Level 11, Sheraton Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel no. : +603 2692 4022
Fax no. : +603 2691 5229

SOLICITOR

Nadzarin Kuok Puthucheary & Tan
Suite 8.3, Level 8, Menara Pelangi
Jalan Kuning, Taman Pelangi
84000 Johor Bahru
Tel no. : +607 334 9288
Fax no. : +607 334 9290

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd (378993-D)
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel no. : +603 7841 8000
Fax no. : +603 7841 8151/8152

PRINCIPAL BANKERS

Malayan Banking Berhad
Overseas-Chinese Banking Corporation Limited
United Overseas Bank Limited

STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia Securities Berhad
Stock Name : MCLEAN, MCLEAN-WA, MCLEAN-WB
Stock Code : 0167, 0167WA & 0167WB
Sector : Trading Services

5 YEARS FINANCIAL HIGHLIGHT

	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	2015 RM'000
Revenue	36,404	38,391	39,142	34,224	57,362
Gross profit	9,641	7,282	6,737	3,939	6,994
(Loss)/Profit before tax	(1,210)	(2,487)	(2,958)	(5,592)	3,788
	RM	**RM**	**RM**	**RM**	**RM**
Net Asset per share	0.22	0.20	0.19	0.15	0.19
(Loss)/Profit per share (sen)	(1.26)	(2.04)	(1.66)	(4.76)	2.73

PROFILE OF BOARD OF DIRECTORS

Yeo Hock Huat
Singaporean, aged 53
(Executive Chairman)

Mr Yeo Hock Huat, was appointed to the Board on 1 June 2010 and is the Executive Chairman of MClean Technologies Berhad ("MClean"). He is a member of the Remuneration Committee of MClean.

He holds a Diploma in Mechanical Engineering from Ngee Ann Polytechnic, Singapore and an Executive Masters in Business Administration from the National University of Singapore.

Mr Yeo has more than 20 years of experience in contract services and the equipment manufacturing industry and is currently a Director of MClean Group. Mr Yeo is primarily responsible for the overall strategic direction and planning of our Group and had started our Group's primary business in precision cleaning for the HDD manufacturers and assemblers through the founding of MClean Singapore.

He does not hold any directorship in any other public company. Mr Yeo is a brother of Madam Yeo Seow Lai who is a director and major shareholder of MClean. Save as mentioned, he has no family relationship with other Directors and/or major shareholders of MClean and does not have any conflict of interest with MClean. Further, he has never been convicted of any offences within the past ten years other than traffic offences, if any.

Lim Han Kiau
Singaporean, aged 56
(Chief Executive Officer, Executive Director)

Mr Lim Han Kiau, is the Chief Executive Officer and was appointed to the Board on 12 October 2015. He is responsible for the overall business operations of the Group, including overall sales and finance. He hails from The Chinese High School in Singapore and is a well-respected businessman with extensive experience in the surface treatment industry for more than 30 years.

Mr Lim Han Kiau does not hold any directorship in any other public company. He has no family relationship with any director and/or major shareholder of MClean and does not have any conflict of interest with MClean. Further, he has never been convicted of any offences within the past ten years other than traffic offences, if any.

Dato' Mark William Ling Lee Meng
Malaysian, aged 53
(Independent Non-Executive Director)

Dato' Mark, was appointed to the Board on 16 June 2010. He is the Chairman of the Nomination Committee, Remuneration Committee and Audit Committee. Dato' Mark was born in Sarawak, Malaysia to a family rooted in business and commerce. The Ling family founded Hock Hua Bank and Kong Ming Bank, being the predecessors to Malaysia's anchor banks of today, and have been extensively involved in timber concessions in Borneo as well as the Pacific islands, mining and property development in Australia and New Zealand.

Upon completing his high school education at The Southport School, Australia, Dato' Mark started his career in Kong Ming Bank Berhad (which had since been restructured to form part of the then EON Bank Group which merged with Hong Leong Bank Berhad today) on 2 February 1984 as a Marketing Director where he was involved in project finance transactions in a number of industry sectors, including privatisation of public infrastructure, power and telecommunications. Dato' Mark left the banking industry as a Marketing Director on 24 February 1988. Since then, Dato Mark has been focusing on the development of greenfield power projects in the Asia Pacific region.

Dato' Mark is highly experienced in regional business development and strategy. He was appointed as the Strategic Planning Advisor for Asia Pacific by Powergen International in 1996. Part of his role as the Advisor was to create proprietary deal flow to develop Powergen's power project portfolio in the Asia Pacific region. Dato' Mark led the execution of the acquisition of Malakoff Berhad, and was appointed as an Executive Director on 2 April 2001.

On 1 August 2001, Dato' Mark left Malakoff Berhad to set up a private equity firm specialising in the energy sectors. He has been involved with strategic investments focused primarily in the emerging economies in the Asia Pacific and Africa regions. His ventures include, inter alia, developing proprietary technology in oil and gas drilling, renewable energy power plant utilising biomass waste and currently, a steel manufacturing facility.

Dato' Mark is also the Independent Non-Executive Director of Stemlife Berhad and an Executive Director of Powertek Berhad. He has no family relationship with any director and/or major shareholder of MClean and does not have any conflict of interest with MClean. Further, he has never been convicted of any offences within the past ten years other than traffic offences, if any.

Dr Ho Choon Hou
Singaporean, aged 44
(Independent Non-Executive Director)

Dr Ho Choon Hou, was appointed to the Board on 17 August 2011 and is a member of the Audit Committee.

Dr Ho holds a Bachelor of Medicine and Surgery (Honours) from the University of Sheffield, UK and a Master of Medicine (Surgery) from the National University of Singapore. He obtained membership into the Royal College of Surgeons (Edinburgh) and his Masters of Business Administration (Honours) from the University of Chicago.

He is currently attached to Southern Capital Group Limited as an Executive Director, a private equity firm, which is principally involved in the management of investments for institutional investors.

Prior to joining Southern Capital Group Limited, Dr Ho held various portfolios in the healthcare industry. From 2004 to 2007, he served as Executive Director at National Healthcare Group. He was also the co-founder of Medfolders which was acquired by NovaMSC in 2000 and the co-founder of Cordlife (listed on the ASX). He is also the non-executive Chairman of Cordlife Group Limited listed on the Singapore Stock Exchange ("SGX").

Dr Ho is also the Non-Independent Non-Executive Chairman of Stemlife Berhad and the Independent Director of Advanced Holding Ltd (listed on the SGX). He has no family relationship with any director and/or major shareholder of MClean and does not have any conflict of interest with MClean. Further, he has never been convicted of any offences within the past ten years other than traffic offences, if any.

PROFILE OF BOARD OF DIRECTORS (cont'd)

Pang Kong Chek
Malaysian, aged 39
(Independent Non-Executive Director)

Mr Pang Kong Chek, was appointed to the Board on 16 June 2010 and is a member of the Nomination Committee, Remuneration Committee and Audit Committee.

Mr Pang holds a Bachelor Degree in Business (Accountancy) from RMIT University, Australia. He is also a member of Certified Practising Accountants, Australia and the Malaysian Institute of Accountants.

Mr Pang brings with him more than ten (10) years of experience in the field of corporate accounting, finance, banking and administration. He was an Accountant at KZen Solutions Berhad, an ACE Market-listed company, for five (5) years from 2004 to 2009. During his tenure with the company, he handled the initial public offering and financial management of the group.

Prior to his attachment with KZen Solutions Berhad, Mr Pang worked for a public accounting firm, Ernst & Young as a Senior Associate from 2000 and resigning as a Senior Associate in 2004 whereby he has worked with many clients from various industries such as banking, manufacturing, consultancy, property development, trading, construction, investment holding and information technology. He was attached to Hewlett-Packard Malaysia as a Senior Financial Analyst supporting HP Enterprise Business Asia Pacific Finance from 2009 to 2010.

Currently, he is attached to a local private company as a Chief Financial Officer since 2010.

Mr Pang does not hold any directorship in any other public company. He has no family relationship with any director and/or major shareholder of MClean and does not have any conflict of interest with MClean. Further, he has never been convicted of any offences within the past ten years other than traffic offences, if any.

Yeo Seow Lai
Singaporean, aged 57
(Non-Independent Non-Executive Director)

Madam Yeo Seow Lai, was appointed to the Board on 16 June 2010 and is a member of the Nomination Committee and Audit Committee.

Madam Yeo holds a Diploma in Life Insurance from the Singapore College of Insurance.

Madam Yeo commenced her career with Great Eastern Life as a Career Agent on 14 May 1988 and was responsible for the financial planning for companies and individuals up to her resignation as a Career Agent on 30 July 1998. After leaving Great Eastern Life, she joined TM Asia Life (now Tokio Marine Insurance Singapore Ltd) on 1 August 1998 as a Senior Financial Advisor, whereby she was a Financial Planning Consultant and her role involved financial planning for companies and individuals as well as investment planning at individual and corporate levels. Overall, Madam Yeo has more than 20 years of experience in insurance.

Madam Yeo now does financial planning only on the corporate level, in addition to her position as a certified Real Estate Professional with PropNex Realty Pte Ltd from 1 January 2016. Currently, she is also the Director of JCS Biotech Pte Ltd (formerly known as JCS Automation Pte Ltd), following her appointment on 8 June 1990.

Madam Yeo is a sister of Mr Yeo Hock Huat who is a director and major shareholder of MClean. Save as mentioned, she has no family relationship with other directors and/ or major shareholders of MClean and does not have any conflict of interest with MClean. Further, she has never been convicted of any offences within the past ten years other than traffic offences, if any.

STATEMENT ON CORPORATE GOVERNANCE

INTRODUCTION

The Malaysian Code on Corporate Governance 2012 (**"MCCG 2012"**) sets out basic principles and recommendation of best practices on structures and processes that companies may adopt in their operations towards achieving the optimal governance framework.

The Board of Directors of MClean Technologies Berhad (**"the Company"**) is fully committed to ensuring and maintaining that the Principles and Recommendations set out in the MCCG 2012 throughout the Group as a fundamental basis in the discharge of their fiduciary duties and responsibilities to protect and enhance long term shareholders' value whilst taking into account the interests of other stakeholders of the Company.

In line with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors is pleased to describe on how the Company and its subsidiaries (**"the Group"**) has complied with the Principles and Recommendations set out in the MCCG 2012 throughout the financial year ended 31 December 2015.

BOARD OF DIRECTORS

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1.1 Clear functions of the Board and those delegated to Management

The Board is responsible for formulating and reviewing the strategic plans and key policies of the Company, and charting the course of the Group's business operations whilst providing effective oversight of Management's performance, risk assessment and controls over business operations.

The Board delegates and confers some of its authorities and discretion on the Chairman, Executive Directors, and Management as well as on properly constituted Board Committees comprising mainly/exclusively Non-Executive Directors.

There is a clear division of responsibilities between the Chairman of the Board and the Chief Executive Officer ("**CEO**"). The Chairman leads strategic planning at the Board level, while the Executive Directors are responsible for the implementation of the policies laid down and executive decision-making.

The role of Management is to support the Executive Directors and implement the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

In addition, the Board is directly responsible for decision making in respect of the following matters:

a. appointment of directors and key management personnel;
b. announcements including approval and releases of financial results and annual reports;
c. business strategy including significant acquisition and disposal of subsidiaries or assets or liabilities;
d. operating budgets, significant investments and capital expenditures; and
e. corporate policies with good corporate governance and business practices.

To assist in the execution of its responsibilities, the Board has established a number of Board committees which include the Audit Committee, Nomination Committee and Remuneration Committee, each of which functions are clearly defined in its respective terms of reference and operating procedures which are reviewed on a regular basis. These committees have the authority to examine particular issues for reporting to the Board with their recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

In general, the Non-Executive Directors are independent of Management. Their roles are to constructively challenge Management and monitor the success of Management in delivering the approved targets and business plans within the risk appetite set by the Board. They have free and open contact with Management at all levels, and they engage with the external and internal auditors to address matters concerning Management and oversight of the Company's business and operations.

1.2 Clear roles and responsibilities in discharging fiduciary and leadership functions

The Board has discharged its responsibilities in the best interests of the Company. The following are among the key responsibilities of the Board:

(a) Reviewing and adopting the Company's strategic plans

The Board has in place a strategy planning process, whereby CEO presents to the Board its recommended strategy annually, together with the proposed business plans for the ensuing year for the Board's review and approval. The Board will deliberate both Management's and its own perspectives, and challenge the Management's views and assumptions to ensure the best outcome.

(b) Overseeing the conduct of the Company's business

The CEO is responsible for the day-to-day management of the business and operations of the Group in respect of both its regulatory and commercial functions. He is supported by Management and the Finance Director.

Management's performance, under the leadership of CEO, is assessed by the Board through monitoring the success in delivering the approved targets and business plans against the performance of the Group.

(c) Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures

Through the Audit Committee, the Board oversees the Risk Management framework of the Group. The Audit Committee advises the Board on areas of high risk faced by the Group and the adequacy of compliance and control throughout the organisation. The Audit Committee reviews the action plan implemented and makes relevant recommendations to the Board to manage risks.

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

1.2 Clear roles and responsibilities in discharging fiduciary and leadership functions (cont'd)

The Board has discharged its responsibilities in the best interests of the Company. The following are among the key responsibilities of the Board (cont'd):

(d) Succession Planning

The Board has entrusted the Nomination Committee and Remuneration Committee with the responsibility to review candidates for the Board and key management positions and to determine remuneration packages for these appointments, and to formulate nomination, selection, remuneration and succession policies for the Group.

(e) Overseeing the development and implementation of a shareholder communications policy for the Company

The Company strongly believes that effective and timely communication is essential in maintaining good relations with the shareholders, investors and investment community. The Company carried out its Investor Relations ("IR") activities with reference to its stated Corporate Disclosure Policy, which is available on its website.

In addition to the above, shareholders and investors can make inquiries about investor relations matters with designated management personnel directly responsible for investor relations, via dedicated e-mail addresses available on the corporate website.

(f) Reviewing the adequacy and integrity of management information and internal control system of the Company

The Board is ultimately responsible for the adequacy and integrity of the Company's internal control system. Details pertaining to the Company's internal control system and the reviews of its effectiveness are set out in the Statement on Risk Management and Internal Control of this Annual Report.

1.3 Formalised ethical standards through Directors' Code of Conduct

The Board is guided by the Directors' Codes of Conduct in discharging its oversight role effectively. The Directors' Codes of Conduct require all Directors to observe high ethical business standards, and to apply these values to all aspects of the Group's business and professional practice and act in good faith in the best interests of the Group and its shareholders. A summary of the Directors' Codes of Conduct was published on the corporate website.

The Board had formalised the Company's Whistleblowing Policy and published the same on the corporate website.

1.4 Strategies promoting sustainability

The Board believes that it is crucial in driving interest and investments towards sustainability to the mutual benefit of the Group and its investors.

MClean focus on sustainability are marked on achieving long-term shareholder value by gearing their strategies and management to harness the market's potential for sustainable products and services while at the same time minimizing costs and mitigating any sustainability risks. The Group's overall strategy involves continuous integration of long term economic, environmental, governance and social aspects in their business strategies while maintaining competitiveness, as set out below:

- Financial

  Meeting shareholders' demands for reasonable financial returns, long-term economic growth, open communication and transparent financial reporting.
- Environmental

  Investing in technologies and systems, which use financial, natural and social resources in an efficient, effective and economic manner over the long-term.
- Governance and Stakeholder

  Embracing standards of corporate governance including corporate code of conducts and public reporting.
- Human Capital

  Managing human resources to maintain workforce capabilities and employee satisfaction through learning and knowledge management practices as well as remuneration and benefit programs.

1.5 Access to information and advice

The Directors have individual and independent access to the advice and dedicated support services of the Company Secretaries in ensuring the effective functioning of the Board. The Directors may seek advice from Management on issues under their respective purview. The Directors may also interact directly with Management, or request further explanation, information or updates on any aspect of the Company's operations or business concerns from them.

In addition, the Board may seek independent professional advice at the Company's expense on specific issues to enable it to discharge its duties in relation to matters being deliberated.

1.6 Qualified and competent company secretaries

The Board is regularly updated and apprised by the Company Secretary on new regulation issued by the regulatory authorities. The Company Secretary also serves notice to the Directors and Principal Officers to notify them of closed periods for trading in the Company's shares.

The Company Secretary attend and ensure that all Board meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained in the statutory register of the Company.

The Company Secretary works closely with Management to ensure that there are timely and appropriate information flows within and to the Board and Board Committees.

1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

1.7 Board Charter

The Board adopted the Board Charter on 27 February 2013 which serves as a reference point for Board's activities. The Board Charter provides guidance for Directors and Management on the roles and responsibilities of the Board, its CEO and Board Committees. The charter and terms of reference of Board Committees are subject to regulary review to ensure consistency with the Board's objectives and responsibilities, and relevant laws, regilations, guidelines as well as standards of corporate governance. The Board Charter is made available at the Company's website at www.mclean.com.sg.

2. STRENGTHEN COMPOSITION

2.1 Board Composition and Balance

The Board size of six (6) members comprises of Executive Chairman, a Chief Executive Officer, a Non-Independent Non-Executive Director and three (3) Independent Non-Executive Directors. The composition of the Board meets the criteria on one third (1/3) independent directorship as set out in the ACE Market Listing Requirements. Although the Chairman is not an Independent Non-Executive Director, the Board is of the view that there are sufficient independent minded Directors with wide board room experience to provide the necessary check and balance.

Besides, the Board maintains specific Board committees with clear responsibilities and terms of reference to assist the Board in carrying out its stewardship role and function, and fulfilling its fiduciary responsibilities. The Executive Chairman, as a rule, will abstain from all deliberations and voting on matters, which he is directly or deemed interested.

The Company is led and managed by a diverse and experienced Board of Directors with a wide and varied spectrum of expertise that ensure accountability. Profiles of the Members of the Board, are set out on pages 6 to 8 of this Annual Report.

The Board continues to give close consideration to its size, composition, spread of experience and expertise. The Executive Directors are overall responsible for implementing the strategies and decisions of the Board, overseeing the Group's day-to-day operations and businesses, whilst the Independent Non-Executive Directors provide their independent view, unbiased judgment and knowledge to the Management as well as safeguarding the interests of the shareholders. No individual or group of individuals dominates the Board's decision-making and non-Executive Directors do not participate in the day-to-day management of the Group.

2.2 Board Committees

The Board delegates certain responsibilities to Board Committees, each with defined terms of reference and responsibilities and the Board receives reports of their proceedings and deliberations. Where Committees have no authority to make decisions on matters reserved for the Board, recommendations would be highlighted for the Board of Directors' approval. The Chairman of the various Committees report the outcome of the Committee meetings to the Board and relevant decisions are incorporated in the minutes of the Board of Directors' meetings.

The Board Committees consists of Audit Committee, Nomination Committee and Remuneration Committee to enhance business, operational and administration efficiency and effectiveness.

Audit Committee

Details of the Audit Committee composition and activities are set out on pages 20 to 21 of this Annual Report.

Nomination Committee

The Nomination Committee was established on 10 November 2010 comprised exclusively of Non-Executive Directors. For the financial year under review, the Nomination Committee held two (2) meetings. The members and record of attendance of individual committee members are as follows:

Name of Directors	Number of Meeting Attended
Dato' Mark William Ling Lee Meng (Chairman)	2/2
Pang Kong Chek	2/2
Yeo Seow Lai	2/2

In furtherance of their duties, the Nomination Committee is guided by specific terms of reference. The Nomination Committee will on an on-going basis assist the Board in the following responsibilities:

a) To recommend to the Board, candidates for directorships. In making its recommendations, to consider the candidates' skills, knowledge, expertise and experience; professionalism; integrity; and in the case of candidate for the position of independent non-executive directors, to evaluate the candidates' ability to discharge such responsibilities/functions as expected from independent non-executive directors.

b) To recommend the Directors to sit on respective Board committees.

c) To administer the annual assessment of Directors, including a review of the skill, qualification and competencies of the Board as a whole, the committees of the Board and for assessing the contribution of each individual director, including independent non-executive directors, as well as the chief executive officer. All assessments and evaluations carried out to be properly documented.

d) To identify suitable orientation, educational and training programmes for continuous development of Directors.

2. **STRENGTHEN COMPOSITION (CONT'D)**

2.2 **Board Committees (cont'd)**

Senior Independent Non-Executive Director

The Board has identified the Independent Non-Executive Director, Dato' Mark William Ling Lee Meng, as the Senior Independent Non-Executive Director to whom concerns of shareholders and other stakeholders may be conveyed.

Dato' Mark William Ling Lee Meng can be contacted by e-mail at mark@bic.com.my.

2.3 **Develop, maintain and review criteria for recruitment and annual assessment of Directors**

Board appointment process

The Nomination Committee is responsible for identifying and recommending suitable candidates for Board membership and also for assessing the performance of the Directors on an ongoing basis. The Board will have the ultimate responsibility and final decision on the appointment. This process shall ensure that the Board membership accurately reflects the long-term strategic direction and needs of the Company and determines skills matrix to support strategic direction and needs of the Company.

Management shall then engage broadly to develop a pool of interested potential candidates meeting the skills, expertise, personal qualities and diversity requirements for both the Board and the Committee appointments.

The Nomination Committee evaluates and matches the criteria of the candidate, and will consider diversity, including gender, where appropriate, and recommends to the Board for appointment.

Consideration will be given to those individuals possessing the identified skill, talent and experience.

The Nomination Committee will contact those persons identified to determine interest in serving the Company. This communication will ensure that prospective Board members have clarity regarding the nominating process as well as Director/Board profiles, roles and responsibilities, expectations of time commitments and other information as required.

Appointments and Re-Election

Pursuant to the Company's Articles of Association, at least one third (1/3) of the Directors including the managing director are subject to retirement by rotation at least once in every three (3) years but shall be eligible for re-election at each Annual General Meeting ("**AGM**") and can offer himself/herself for re-election. Directors who are appointed by the Board during the financial year are subject to election by the shareholders at the next AGM held following their appointment.

The new Director(s) duly appointed by the Board are then recommended for re-election at the AGM.

The Company shall then provide orientation and on-going education to the Board.

In making the selection, the Board is assisted by the Nomination Committee to consider the following aspects:-

- Probity, personal integrity and reputation – the person must have the personal qualities such as honesty, integrity, diligence and independence of mind and fairness.
- Competence and capability – the person must have the necessary skills, ability and commitment to carry out the role.

Annual Assessment

The Board reviews and evaluates its own performance and the performance of its Committees on an annual basis. The Board evaluation comprises a Board Assessment, an Individual (Self & Peer) Assessment and an Assessment of Independence of Independent Directors.

The assessment of the Board is based on specific criteria, covering areas such as the Board structure, Board operations, roles and responsibilities of the Board, the Board Committee and the Chairman's role and responsibilities.

For Individual (Self & Peer) Assessment, the assessment criteria include contribution to interaction, quality of inputs, and understanding of role.

The results of the assessment would form the basis of the Nomination Committee's recommendation to the Board for the re-election of Directors at the next AGM.

The Nomination Committee also undertakes yearly evaluation of the performance of the Finance Director/Chief Financial Officer (**"CFO"**) whose remuneration is directly linked to performance, based on his score sheet. For this purpose, the performance evaluation of the CFO for the year 2015 was reviewed by the Nomination Committee on 25 February 2016. The Nomination Committee also undertook on assessment in respect of the Board, Board Committees and individual directors on 25 February 2016.

Gender diversity policy

The Company has one (1) female director for the time being. The gender diversity policy would be establised to ensure that due consideration is given to female candidates as directors and/or Board Committee members and facilitate achievement of such policies and targets. Nonetheless, the Company will endeavour to achieve a higher target through the progressive refreshing of the Board as it implements the nine-year policy for Independent Non-Executive Directors.

2.4 **Remuneration Committee**

The Remuneration Committee was established on 10 November 2010. The Remuneration Committee reviews annually and proposes, subject to the approval of the Board, the remuneration scheme taking into consideration the term of office of each Director as a member of the Board as well as Committees of the Board. The determination of the remuneration packages of Directors are considered and approved by the Board as a whole. The remuneration of Directors is generally based on market conditions, responsibilities held and the overall financial performance of the Group. Nevertheless, the interested Directors shall abstain from any discussion on their own remuneration packages.

2. STRENGTHEN COMPOSITION (CONT'D)

2.4 Remuneration Committee (cont'd)

The decision and recommendations of the remuneration packages from the Remuneration Committee are subject to Shareholders' approval at the AGM.

For the financial year under review, the Remuneration Committee held one (1) meeting. The members and the record of attendance of individual committee members are as follows:

Name of Directors	Number of Meeting Attended
Dato' Mark William Ling Lee Meng (Chairman)	1/1
Pang Kong Chek	1/1
Yeo Seow Lai	1/1

Directors' Remuneration

The Remuneration Committee considers the principles recommended by MCCG 2012 in determining the Directors' remuneration whereby, the Executive Directors' remuneration is designed to link rewards to the Group's and individual performance whilst the remuneration of the Non-Executive Directors is determined in accordance with their experience and the level of responsibilities assumed. Additionally, in ensuring that the Directors' remuneration is in line with the market expectations and competition to retain and attract talents in the Group, reference is made to the Directors' remuneration offered by other public listed companies.

It is the Board's and Remuneration Committee's duty to ensure that the level of remuneration is sufficient to attract and retain the Directors to build the Company successfully. Currently, the Directors are satisfied with their level of remuneration offered by the Company.

The aggregate remuneration to be paid to the Directors of the Company for the financial year ended 31 December 2015 is as follows:

	Salary (RM)	Bonus (RM)	Director Fees (RM)	Benefits In Kind (RM)	Total (RM)
Executive Directors	-	-	42,000	-	42,000
Non-Executive Directors	-	-	226,000	-	226,000
Total	**-**	**-**	**268,000**	**-**	**268,000**

The number of Directors whose remuneration falls within the following bands is tabulated as below:

Range of Remuneration (RM)	Executive Directors	Non-Executive Directors
50,000 and below	2	2
50,001 to 100,000	0	2

3. REINFORCE INDEPENDENCE

(i) Separation of the Positions of the Chairman and the CEO

The positions of the Chairman and the CEO are held by two different individuals. Mr Yeo Hock Huat is the Chairman whereas Mr Lim Han Kiau is the Company's CEO, both of them are Executive Directors.

The distinct and separate roles of the Chairman and CEO, with a clear division of responsibilities, ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making.

(ii) Tenure of Independent Directors

The Board complied with the recommendation of the MCCG 2002 that the tenure of an independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the Board subject to the director's re-designation as a non-independent director. The Board, upon recommendation of the Nomination Committee, shall justify and seek shareholders' approval in the event that the person, who has served in that capacity for more than nine (9) years, retains as an independent director.

The Board noted that none of the Independent Non-Executive Directors have served on the Board for more than nine (9) years.

(iii) Annual Assessment of Independence of Independent Director

The Board, through the Nomination Committee, assesses the independence of Independent Directors annually. The criteria for assessing the independence of an Independent Director include the relationship between the Independent Director and the Company and his involvement in any significant transaction with the Company.

Based on the assessment of the independence of the Independent Non-Executive Directors conducted by the Nomination Committee on 25 February 2016, the Board is satisfied that all Independent Non-Executive Directors are able to provide check and balance to the Board's decision making process and bring independent and objective judgement to board deliberations.

The Board composition has met the ACE Market Listing Requirements and the MCCG 2012 for a balanced board which is fulfilled with Independent Directors constituting more than one-third of the Board.

3. REINFORCE INDEPENDENCE (CONT'D)

(iv) Shareholders' approval for the Continuance in Office as Independent Directors

The Board would seek shareholders' approval at the AGM if an Independent Director who has served in that capacity for more than nine (9) years shall remain as an Independent Director.

The Nomination Committee will assess the independence of the Independent Director based on the assessment criteria developed by the Nomination Committee, and recommended to the Board for recommendation to shareholders for approval. Justification for the Board's recommendation would be provided to shareholders, where applicable.

4. FOSTER COMMITMENT

(i) Time Commitment

The Directors observe the recommendation of the MCCG 2012 that they are required to notify the Chairman before accepting any new directorship and to indicate the time expected to be spent on the new appointment.

To ensure that the Directors have the time to focus and fulfill their roles and responsibilities effectively, none of the Directors holds directorships of more than five (5) public listed companies.

The Board meets at quarterly intervals and on other occasions, as and when necessary, to inter-alia approve quarterly results, the Annual Report and budgets as well as to review the performance of the Group, operating subsidiaries and other business development activities. Senior Management, internal auditors, external auditors and/or other professional advisors are invited to attend the Board and Board Committee meetings to advise on relevant agenda items to enable the Board and its Committees to arrive at a considered decision.

A total of six (6) Board meetings were held during the financial year ended 31 December 2015. The details of attendance of the Board members are listed as follows:

Name of Directors	Number of Meetings Attended
Yeo Hock Huat	6/6
Yeo Seow Lai	6/6
Dato' Mark William Ling Lee Meng	6/6
Pang Kong Chek	6/6
Dr. Ho Choon Hou	5/6
*Lim Han Kiau	1/1
**Chow Kok Meng, Bert	3/3

* Mr Lim Han Kiau was appointed as Director w.e.f. 12 October 2015
** Mr Chow Kok Meng, Bert was retired as Director w.e.f. 30 June 2015

All Directors have complied with the requirements on minimum 50% attendance at Board meetings as stipulated in the ACE Market Listing Requirements of Bursa Securities.

The Board meetings for each financial year are scheduled and planned ahead before the commencement of a new financial year. This is to allow the Directors to organise their plans and activities ahead to enable them to attend all the Board meetings which have been scheduled. All the Directors have fully participated in the discussions during the Board meetings. There is no Board dominance by any individual and the Directors are free to express their views and opinions during the Board meetings. In arriving at Board decisions, the will of the majority prevails at all times.

The Directors are aware that they must notify the other Board members of their interest in contracts that is in conflict, or in potential conflict with an interest of the Company or its subsidiaries by disclosing the nature and extent of that interest as arise and they do not participate in the deliberations on the matters of which they have a material personal interest, and abstain from voting in such matters.

(ii) Directors' Trainings

The Directors are mindful that appropriate trainings are required from time to time to keep them abreast with the development of the industry as well as comply with the statutory and regulatory requirements.

To ensure that the Directors are competent in carrying out their expected roles and responsibilities, they are provided with the opportunity for training and update from time to time, particularly on relevant new laws and regulations, financial reporting, risk management and investors relation to equip themselves with the knowledge to effectively discharge their duties as Directors.

The Board will assume the onus of determining and overseeing the training needs of their Directors. Board members were also constantly updated by the Company Secretary during the Board meeting on various updates on regulatory and legal development.

During the financial year under review, Dato' Mark William Ling Lee Meng and Pang Kong Chek have not attended any trainings due to their business commitments, both overseas and locally.

4. FOSTER COMMITMENT (CONT'D)

(ii) Directors' Trainings (cont'd)

Save for the above, the following Directors had attended the following trainings, seminars conferences and exhibitions during the financial year 2015 which they considered vital in keeping abreast with changes in laws and regulation, business environment, and corporate government development:-

No.	Name of Director	Course Attended	Date Attended
1.	Yeo Hock Huat	Board Reward & Recognition	26 November 2015
2.	Lim Han Kiau	• Mandatory Accreditation Program for Director of Public Listed Companies • Board Reward & Recognition	9-10 December 2015 26 November 2015
3.	Yeo Seow Lai	Board Reward & Recognition	26 November 2015
4.	Dr. Ho Choon Hou	UBS Asia Healthcare SEO Summit 2015	30 July 2015

The Directors will continue to undergo other relevant training programmes as appropriate, to further enhance their skills and knowledge and fully equip themselves to effectively discharge their duties.

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING

(i) Financial Reporting

The Board of Directors is responsible to present a balanced and understandable assessment of the Group's position and prospects through the annual financial statements, quarterly and half yearly announcement of results to the shareholders as well as the Chairman's statement and review of operations in the Annual Report. The Company's financial statements are drawn up in accordance with the provision of the Companies Act, 1965 and the approved accounting standards in Malaysia.

The Board is responsible to ensure that the financial statements of the Group and its subsidiaries give a true and fair view of the state of affairs of the Group at the end of the financial year and of their operations and cash flows for the financial year then ended. The Audit Committee of the Board assists by scrutinizing the information to be disclosed to ensure accuracy and adequacy. A full Statement of Directors' Responsibility is enclosed in page 22 of the annual report.

(ii) Relationship with Auditors

The Board through the establishment of Audit Committee, maintains a formal and transparent relationship with the Company's Internal and External Auditors which has been accorded the authority to communicate directly with the Internal and External Auditors.

The Audit Committee meets with the internal and external auditors respectively, to discuss the audit plan, audit findings and the Group's financial statements. The external auditors also meet the Audit Committee at least twice a year without the presence of the Executive Directors and Management. In addition, the external auditors are invited to attend the AGM and to answer the shareholders' questions relating to the audited financial statements which may arise at the AGM.

The Audit Committee takes responsibility to ensure that adequate resources are allocated to the internal auditors to carry out their duties in accordance with the annual audit plan.

(iii) Assessment of suitability and independence of external auditors

The Audit Committee is responsible for reviewing audit, recurring audit-related and non-audit services provided by the external auditors. These recurring audit-related and non-audit services comprise regulatory reviews and reporting, interim reviews, tax advisory and compliance services.

The terms of engagement for services provided by the external auditors are reviewed by the Audit Committee prior to submission to the Board for approval.

The Audit Committee has reviewed the provision of non-audit services by the external auditors during the year and concluded that the provision of these services did not compromise the external auditors' independence and objectivity as the amount of the fees paid for these services was not significant when compared to the total fees paid to the external auditors.

The Audit Committee will recommend the re-appointment of the External Auditors to the Board, upon which the shareholders' approval will be sought at the AGM.

(iv) Directors' Responsibility Statement

The Directors are responsible for ensuring that the financial statements of the Group and of the Company are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at the financial year end and of the results and cash flows of the Group and of the Company for the financial year.

5. UPHOLD INTEGRITY IN FINANCIAL REPORTING (CONT'D)

(iv) Directors' Responsibility Statement (cont'd)

In preparing the financial statements for the financial year ended 31 December 2015 the Directors have:
- adopted suitable accounting policies and applied them consistently;
- Made judgements and estimates that are reasonable and prudent;
- Ensured adoption of applicable approved accounting standards; and
- Prepared the financial statements on a going concern basis, as the Board has reasonable expectations that the Group and Company have adequate resources to continue in operational existence for foreseeable future.

The Directors are responsible for ensuring that the Group and Company maintain proper accounting records that disclose with reasonable accuracy the financial position of the Group and of the Company, and which enables them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors also have the general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group and of the Company, and to prevent and detect fraud and other irregularities.

6. RECOGNISE AND MANAGE RISKS

(i) Sound framework to manage risks

The Board oversees, reviews and monitors the operation, adequacy and effectiveness of the Group's system of internal controls.

The Board defines the level of risk appetite, approving and overseeing the operation of the Group's Risk Management Framework, assessing its effectiveness and reviewing any major/ significant risk facing the Group.

The AC oversees the risk management framework of the Group and advises the Board on areas of high risk faced by the Group and the adequacy of compliance and control throughout the organisation. The Audit Committee also reviews the action plan implemented and makes relevant recommendations to the Board to manage residual risks.

The Company continues to maintain and review its internal control procedures to ensure the protection of its assets and its shareholders' investment.

(ii) Internal Audit Function

The Company has outsourced its Internal audit function to a professional services firm namely, Audex Governance Sdn. Bhd. to assist the Audit Committee in discharging its duties and responsibilities in respect of reviewing the adequacy and effectiveness of the Group's risk management and internal control systems.

The Board has also considered the adequacy of internal controls in addressing these risks and recognises that risks cannot be eliminated completely. Nevertheless, with the implementation of an adequate system of internal control, the Directors and Senior Management of the Group would aim to provide reasonable assurance against material misstatements, losses and fraud. The Statement on Risk Management and Internal Control, which provides an overview of the state of internal controls within the Group, is set out on pages 18 to 19 of this Annual Report.

7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

(i) Corporate Disclosure Policy and Procedures

The Board shall ensure that all communications to the public are timely, factual, accurate, complete, broadly disseminated and where necessary, filed with regulators in accordance with applicable laws.

The CEO and CFO are responsible for determining materiality of information and ensuring timely, complete and accurate disclosure of material information to the investing public in accordance with securities laws and stock exchange rules and regulations, monitoring compliance with this policy and overseeing the disclosure controls and procedures.

Sufficient information would be provided to the Company Secretary for drafting of necessary announcement.

The Board is mindful that information which is expected to be material must be announced immediately, and that the confidential information should be handled properly to avoid leakage and improper use of such information.

(ii) Leverage on information technology for effective dissemination of information

The Company's website provides all relevant corporate information and it is accessible by the public. The Company's website includes all announcements made by the Company, Annual Reports and Group Financial Highlights.

Through the Company's website, the stakeholders are able to direct queries to the Company.

8. **STREGHTEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS**

(i) Effective communication with Shareholders

The Board acknowledges the importance of accountability to its shareholders and investors. Timely releases of the financial results on a quarterly basis, press releases and announcements provide an overview of the Group's performance and operations to its shareholders.

The annual report of the Company is a key channel of communication with shareholders and investors, which highlights the corporation information and financial highlights of the Group, to facilitate shareholders' easy access to such key information.

The AGM is the primary forum for dialogue with the shareholders. At the AGM, the Chairman and Board members presents the progress and performance of the business and shareholders are encouraged to participate in the question and answer session.

The following are some of the channels used by the Company to disseminate information on a timely basis to the shareholders and the investing public:-

a) Annual Report communicates comprehensive information of the financial results and activities undertaken by Group;
b) Quarterly announcements and corporate disclosures to Bursa Securities are available on the website www.bursamalaysia.com;
c) Press releases provide up-to-date information on the Group's key corporate initiatives and new product and service launches;

The Board also recognises the need to fully disclose to shareholders all major developments in relation to the Group on a timely basis. Therefore, in addition to the mandatory disclosures requirement by Bursa Malaysia as well as other corporate disclosures, the Company also maintains a website at http://www.mclean.com.sg for access by the public and shareholders.

Where possible and applicable, the Group provides additional disclosure of information on a voluntary basis. The Board believes that on-going communication with shareholders is vital to shareholders and investors to make informed investment decisions.

(ii) Encourage poll voting

At the Fifth AGM of the Company held on 30 June 2015, all resolutions put forth for shareholders' approval at the meeting were voted on by show of hands.

The Chairman will ensure that shareholders are informed of their rights to demand for a poll vote at the commencement of the forthcoming AGM.

COMPLIANCE STATEMENT

Save for the following Recommendation, the Board is satisfied that the Company has substantially complied with the Principles and Recommendations of the MCCG 2012:-

a) To formalise a remuneration policies and procedures to attract and retain Directors. A remuneration framework would be designed to support the strategies and long-term vision of the Group as well as provide adequate motivational incentive for Directors to pursue the long-term growth of the Group. For the time being, the remuneration packages of Directors take into consideration the performance achievement of individuals against the Company's performance.

This statement is made in accordance with a resolution of the Board of Directors dated 8 April 2016.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Code requires that the board of directors of public listed company to identify significant risks, establish and maintain a sound risk management framework and internal control system to safeguard shareholders' investments and the Group's assets. Paragraph 15.26(b) of the Bursa Malaysia Securities Berhad ("Bursa Securities") Listing Requirements for the ACE Market requires directors of public listed companies to include a statement in the annual report on its state on internal control as a group.

Pursuant to this, the Board of Directors ("the Board") of MClean Technologies Berhad ("MClean") is pleased to provide its Statement on Risk Management and Internal Control, which has been prepared with reference to the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers. The statement below outlines the nature and scope of internal control of the MClean Group during the financial year ended 31 December 2015 up to the date of approval of this Statement.

BOARD RESPONSIBILITY

The Board recognises its overall responsibility to maintain a sound risk management framework and internal control system and the need to articulating, implementing and reviewing the Company's internal control system. Periodic testing of the effectiveness and efficiency of the risk management and internal control procedures and processes are conducted to ensure that the system is viable and robust. Such system covers not only financial controls but also operational and compliance controls.

However, as there are inherent limitations in any system on internal control, this system is designed to manage rather than eliminate all the risks that may impede the achievement of the Group's business objective. Hence, such system by its nature can only provide reasonable and not absolute assurance against material misstatement, error, fraud or loss.

RISK MANAGEMENT FRAMEWORK

Key Management staff and Heads of Department are delegated with the responsibility of identifying and managing risks related to their functions/ departments. At the periodic management meetings, such risks identified and related internal controls are communicated to Senior Management. In addition, significant risks identified are brought to the attention of the Board at their scheduled meetings.

The Group has put in place a continuous, proactive and systematic control structure and process for identifying, evaluating and managing significant and various types of risks pertinent to the achievement of the Group's overall corporate objectives. The control structure and process which has been established throughout the Group is updated and reviewed from time to time to suit the changes in business environment.

INTERNAL AUDIT FUNCTION

The Group Internal Audit Function is outsourced to a professional services firm to provide independent review and assurance of the adequacy and integrity of risk management, internal control and governance systems. In this respect, the Board through the Audit Committee receives and reviews reports on internal control from its internal audit function.

The outsourced professional services firm reports directly to the Audit Committee. The Internal Audit Function reviews the Group's activities based on an approved audit plan presented to the Audit Committee. Observations from internal audits were presented to the Audit Committee together with Management's response and recommendations for improvement for its review at their quarterly meetings. In addition, the progress of implementation of the agreed corrective actions is being monitored by the Internal Auditors through follow up reviews.

During the financial year ended 31 December 2015, two reviews had been performed by the outsourced professional services firm on the operations in Singapore and in China.

Although a number of internal control weaknesses were identified, none of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require separate disclosure in this annual report.

OTHER KEY ELEMENTS OF RISK MANAGEMENT AND INTERNAL CONTROL

The other key elements of the Group's risk management and internal control system are:

a) Management Structure

The Group maintains a well-defined organisation structure with clear lines of accountability and responsibility to provide a sound framework in facilitating proper decision making at the appropriate authority levels of Management including matters that require Board's attention and approval.

b) Reporting and Review

The daily running of the businesses is entrusted to the Executive Directors and their Management teams. The Executive Directors are closely involved in the management of the business and operations of the Group and report to the Board on significant changes in the business and external environment, which affect the operations of the Group at large.

Any new business opportunity is reviewed diligently by the Board of Directors, taking into consideration the risks of the new business, return of investment, cash flow position of the Company, profit guarantee and pay-back period.

Management meetings are conducted regularly with the Executive Directors, Senior Management and/or Heads of Department in attendance.

A comprehensive business planning and budgeting process which establishes plans and targets for the Group, is performed on a periodic basis. The business planning process of the Group determines its business objectives, examines the Group's strengths, weaknesses, opportunities, threats and key business risks of the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(cont'd)

OTHER KEY ELEMENTS OF RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

c) Internal Policies and Procedures

Policies and procedures, handbook, guidelines and authority limits have been established for employees within the Group in respect of day-to-day operations.

Certain parts of the Group's operations are ISO 9001:2000 certified. Periodic ISO audits are conducted by external parties so as to ensure compliance with the standards of certification.

d) Related Party Transactions

Related party transactions are reviewed and monitored by the Audit Committee and presented to the Board on a periodic basis.

ADEQUACY AND EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Board had received assurance from the Chief Executive Officer and Chief Financial Officer on 8 April 2016 that the Group's risk management and internal control system are in place for the financial year ended 31 December 2015 and are operating adequately and effectively, in all materials aspects, based on the risk management framework adopted by the Company. The Board is of the view that the risk management and internal control system is satisfactory and has no material internal control failures nor have any of the reported weaknesses resulted in material losses or contingencies during the financial year under review.

REVIEW THE STATEMENT BY EXTERNAL AUDITORS

In accordance to paragraph 15.23 of the Ace Market Listing Requirement of Bursa Malaysia Securities Berhad, the external auditors have reviewed this Statement for inclusion in the Annual Report of the Group for the year ended 31 December 2015 and reported to the Board that they do not aware that the Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of internal controls of the Company.

This statement was approved by the Board of Directors on 8 April 2016.

AUDIT COMMITTEE REPORT

The principal objectives of Audit Committee are to assist the Board in discharging its statutory duties and responsibilities in relation to corporate governance, internal control systems, management and financial reporting practices of the Company and to ensure proper disclosure to the shareholders of the Company.

The AC was established on 10 November 2010 and its composition complies with the ACE Market Listing Requirements.

MEMBERS OF THE AUDIT COMMITTEE

Chairman

Dato' Mark William Ling Lee Meng - *Independent Non-Executive Director*

Member

Pang Kong Chek - *Independent Non-Executive Director*

Dr. Ho Choon Hou - *Independent Non-Executive Director*

Yeo Seow Lai - *Non-Independent Non-Executive Director*

MEETINGS AND ATTENDANCE

During the financial year ended 31 December 2015, a total of five (5) meetings were held and the details of attendance of the AC Members are as follows: -

Name of Directors	Number of Meetings Attended
Dato' Mark William Ling Lee Meng	5/5
Pang Kong Chek	5/5
Dr. Ho Choon Hou	4/5
Yeo Seow Lai	5/5

SUMMARY OF TERMS OF REFERENCE

Composition

The Committee shall be appointed from amongst the Board and shall comprise no fewer than three (3) members; a majority of whom shall be independent directors and all members should be non-executive directors. At least one (1) member must be a member of the Malaysian Institute of Accountants or possesses such other qualifications and/or experience as approved by the Bursa Malaysia Securities Berhad.

The terms of office and performance of an audit committee and each of its members must be reviewed by the Board of Directors at least once every three (3) years to determine whether such audit committee and members have carried out their duties in accordance with their terms of reference.

Rights and Authority

In conducting its duties and responsibilities, the Audit Committee shall have the authority to investigate any matter within its terms of reference and to seek full and unrestricted access to information, records and documents relevant to the Group and seek any information it requires from any employee. It shall also have direct communication channels with the External and Internal Auditors, as well as have the authority to engage, consult and obtain independent professional advice whenever it deems fits and able to secure the attendance of other Directors, employees and outsiders with relevant experience and expertise for consultation if it considers necessary.

Duties

(a) Risk Management & Internal Control

i) Review the adequacy of and to provide independent assurance to the Board on the effectiveness of the Company's risk management and risk assurance process.

ii) Evaluate the quality and effectiveness of the Company's Internal Control system and management information systems, including compliance with applicable laws, rules, corporate governance requirements and guidelines.

iii) Recommend to the Board the Director's Statement on Risk Management and Internal Control and any changes to the said Statement.

(b) Financial Reporting

i) Review the quarterly results and annual financial statements before recommendation to the Board for approval for release to Bursa Securities, focusing particularly on:-
- Any changes in existing or implementation of accounting policies and practices;
- Significant or material adjustments with financial impact arising from the audit;
- Significant unusual events or exceptional activities;
- Financial decision-making with the presumptions of significant judgments;
- The going concern assumptions;
- The appropriateness of management's selection of accounting policies and disclosures in compliance with approved accounting standards, stock exchange and other regulatory requirements; and
- Compliance with applicable financial reporting standards and other regulatory requirements.

ii) Propose best practices on disclosure in financial results and annual reports of the Company in line with the recommendations set out in the Malaysian Code of Corporate Governance, other applicable laws, rules, directives and guidelines.

SUMMARY OF TERMS OF REFERENCE (CONT'D)

Duties (cont'd)

(c) External Audit

i) Recommend the appointment or re-appointment of the external auditors and audit fee to your Board, after reviewing the suitability, resources, competency and independence of external auditors and the accounting firm.

ii) Make appropriate recommendations to your Board on matters of resignation, dismissal or cessation of office of the external auditors and secure the reason of such resignation, dismissal or cessation of office.

iii) Review and discuss the nature and scope of the external audit strategy and plan for the year.

iv) Review and discuss issues arising from external auditors' interim and final letters of recommendation to management, including management responses and the external auditor's evaluation of the system of internal control and any other matters the external auditor may wish to discuss (in the absence of Management, if required).

(d) Internal Audit

i) Review the adequacy of the scope, functions, competency, resources and authority of the internal audit function in carrying out its work.

ii) Review the risk-based internal audit plans and programmes.

iii) Ensure co-ordination between the internal and external auditors.

iv) Review the major findings reported by internal audit and follow up on Management's implementation of the recommended actions.

v) Annually assess performance of services provided by the internal audit function.

(e) Significant Related Party Transactions

Review and recommend to the Board matters regarding Significant Related Party Transactions including disclosures, values of mandates and situations involving potential conflict of interest that may arise within the Company, including any transaction, procedure or course of conduct that raises questions on management integrity.

(f) Other Matters

i) To report to Bursa Securities, if the Audit Committee views that a matter resulting in a breach of the ACE Market Listing Requirements of Bursa Securities reported by the Audit Committee to the Board has not been satisfactorily resolved by the Board.

ii) To highlight such matters as the Audit Committee considers appropriate or as defined by the Board from time to time.

iii) To announce to Bursa Securities, if there is any related party transactions which exceed the Shareholder Mandate and provide full reason and detailed explanations.

SUMMARY OF ACTIVITIES

In 2015, the Audit Committee carried out its duties in accordance with the terms of reference of the Audit Committee. The activities of the Audit Committee for financial year 2015 are summarized as follows:

- Reviewed the unaudited quarterly results of the Group;
- Reviewed the audited financial statements of the Group, focusing particularly on significant changes to accounting policies and practices, adjustments arising from the audits, compliance with accounting standards and other legal requirements;
- Reviewed the Company's process of monitoring potential recurrent related party transactions entered into by the Group;
- Reviewed the internal audit plans and adequacy of coverage;
- Reviewed the external auditors' audit plan, nature and scope of the audit plan;
- Reviewed the external auditors' findings arising from audits and in particular, responses, appropriate action taken by Management.
- Met with the external auditors without executive management or Board present; and
- Reviewed and approved the internal audit reports on the Recurrent Related Party Transactions entered by the Company and its subsidiaries prepared by the Internal Auditor.

INTERNAL AUDIT FUNCTION

The Company recognised that an internal audit function is essential to ensuring the effectiveness of the Group's systems of internal control and is an integral part of the risk management process. The internal audit function for the Group has been outsourced to an external consultant, Audex Governance Sdn Bhd who will perform an independent review of the Group's key processes and control system in place.

The internal audit activities have been carried out according to the internal audit plan that was approved by the Audit Committee. The Board had via the Audit Committee evaluated the effectiveness of the outsourcer by reviewing the results of its works in Audit Committee meetings.

The internal audit function shall be independent of the activities or operation it audits and reports directly to the AC. The Internal Auditors shall undertake the audit of the Group's operating units, reviewing the units' compliance to internal control procedures, highlighting weaknesses and making appropriate recommendations for improvement.

The Group had incurred a total amount of RM66,000.00 for the internal audit function for the financial year ended 31 December 2015.

This report is made in accordance with the resolution of the Board of Directors dated 8 April 2016.

ADDITIONAL COMPLIANCE INFORMATION

1. STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors are required by the Companies Act, 1965 to prepare financial statements for each year which give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of their results and cash flows for the financial year then ended.

The Directors consider that, in preparing the audited financial statements for the financial year ended 31 December 2015, the Company has adopted appropriate accounting policies and applied them consistently and made judgments and estimates that are prudent and reasonable. The Directors also ensured that all applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 have been followed and the audited financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Company keeps proper accounting records which disclose reasonable accuracy at any time on the financial position of the Group and of the Company which enable them to ensure that the financial statements comply with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

The Directors have overall responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Group and the Company to prevent and detect fraud and other irregularities.

2. SHARE BUY-BACK

The Company did not carry out any share buy-back scheme during the financial year ended 31 December 2015.

3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

Warrants 2011/2016

A total of 58,700,000 units of five (5)-year 2011/2016 Warrants were issued and none of the warrants were exercised during the financial year ended 31 December 2015.

Warrants 2015/2020

A total of 28,175,996 units of five (5)-year 2015/2020 Warrants were issued and 5,000,000 units of the warrants were exercised during the financial year ended 31 December 2015.

4. DEPOSITORY RECEIPTS PROGRAMME

The Company did not sponsor any American Depository Receipts or Global Depository Receipt during the financial year ended 31 December 2015.

5. SANCTIONS AND/OR PENALTIES

There were no public sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by any other regulatory bodies during the financial year ended 31 December 2015.

6. NON-AUDIT FEES

The payments of non-audit fees to the external auditors by the Group during the financial year ended 31 December 2015 was RM14,000.00.

7. VARIATION OF RESULTS

There was no variance of 10% or more between the results for the financial year ended 31 December 2015 and the actual results for the same period previously announced. The Company did not make any release on the profit estimate, forecast or projection for the financial year.

8. PROFIT GUARANTEE

There were no profit guarantees received by the Company in the financial year ended 31 December 2015.

9. MATERIAL CONTRACTS

Other than the recurrent related party transactions of revenue or trading nature as disclosed under related party disclosures set out in Note 30 to the audited financial statements, there were no material contracts entered into by the Company and its subsidiaries involving Directors and major shareholders' interests which were still subsisting at the end of the financial year or since the end of the previous financial year.

ADDITIONAL COMPLIANCE INFORMATION (cont'd)

10. RECURRENT RELATED PARTY TRANSACTIONS ("RRPT") OF REVENUE OR TRADING NATURE

At the last AGM held on 30 June 2015, the Company had obtained a general mandate from its shareholders to enter into RRPT with a person who considered as a Related Party as defined in Rule 10.09 of ACE LR. Details of the RRPT during the FYE 31 December 2015 pursuant to Shareholders' Mandate are as follows:-

No.	Name of company	Transacting party	Nature of transactions	Estimated Value from the Existing Shareholders' Mandate (from 30/06/2015 to the date of Sixth AGM)	Actual Value transacted from 30/06/2015 (being the date of the Fifth AGM) until 25/03/2016
1.	MClean Technologies Pte Ltd	JCS Technologies Pte Ltd	MClean to provide technical assembly services	Up to RM20 million	RM12.6 million

11. UTILISATION OF PROCEEDS

A total of RM1,250,000.00 was raised from the exercise of 5,000,000 of the company's warrants 2015/2020 during the financial year ended 31 December 2015. The proceeds were utilised for general working capital purposes of the Group.

12. CORPORATE SOCIAL RESPONSIBILITY

The Group is committed to play its role as a caring corporate citizen. These initiatives undertaken include providing training and insurance coverage for all our staff and sponsoring customers' charity events. MClean has also been supporting The Adventist Nursing & Rehabilitation Centre, a registered non-profit voluntary welfare organisation. The Centre believes in provides physiotherapy and rehabilitation to all the unfortunate victims of stroke, head and spinal injury following accidents and also all other chronic neuromuscular disorders.

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company. The principal activities of the subsidiary companies are disclosed in Note 6(a) to the financial statements.

There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year.

RESULTS

	Group RM	Company RM
Profit/(Loss) for the financial year	4,057,389	(7,299,069)
Attributable to:-		
Owners of the Company	3,577,735	(7,299,069)
Non-controlling interests	479,654	-
	4,057,389	(7,299,069)

DIVIDENDS

There were no dividend proposed, declared or paid by the Company since the end of previous financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

DIRECTORS

The Directors in office since the date of last report are:-

Yeo Hock Huat
Pang Kong Chek
Dato' Mark William Ling Lee Meng
Yeo Seow Lai
Dr. Ho Choon Hou
Lim Han Kiau (appointed on 12.10.2015)
Chow Kok Meng, Bert (retired on 30.6.2015)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the beneficial interests of those who were Directors at the end of the financial year in the shares and warrants of the Company and its related corporations were as follows:-

	Number of ordinary shares of RM0.25 each			
	At 1.1.2015	Bought	Sold	At 31.12.2015
Interest in the Company				
Direct interest				
Yeo Hock Huat	21,117,000	5,000,000	-	26,117,000
Yeo Seow Lai	600,062	-	-	600,062
Lim Han Kiau	-	80,000	-	80,000
Indirect interest				
Yeo Hock Huat	39,748,004	-	-	39,748,004*
Yeo Seow Lai	21,517,000	5,000,000	-	26,517,000**
Lim Han Kiau	-	56,845,000	-	56,845,000***

DIRECTORS' INTERESTS (CONT'D)

* Deemed interested by virtue of the shareholdings held by his siblings, Yeo Seow Lai (600,062 ordinary shares) and Yeo Lian Cheng (400,000 ordinary shares) in the Company, and his shareholdings in JCS Group Pte Ltd (38,747,942 ordinary shares) pursuant to Section 6A of the Companies Act 1965.

** Deemed interested by virtue of the shareholdings held by her siblings, Yeo Hock Huat (26,117,000 ordinary shares) and Yeo Lian Cheng (400,000 ordinary shares) in the Company.

*** Deemed interested by virtue of the shareholdings held by his son, Lim Min Han (60,000 ordinary shares), his sibling, Lim Choon Geok (407,000 ordinary shares) in the Company and his shareholdings in Decor Industries Pte Ltd (56,378,000 ordinary shares) pursuant to Section 6A of the Companies Act 1965.

	Number of Warrants 2011/2016			
	At 1.1.2015	Bought	Sold	At 31.12.2015
Direct interest				
Yeo Hock Huat	12,181,000	-	-	12,181,000
Yeo Seow Lai	31	-	-	31
Lim Han Kiau	-	150,000	-	150,000
Indirect interest				
Yeo Hock Huat	21,374,002	-	-	21,374,002*
Yeo Seow Lai	12,181,000	-	-	12,181,000**

* Deemed interested by virtue of the shareholdings held by his sibling, Yeo Seow Lai (31 warrants) in the Company and his shareholdings in JCS Group Pte Ltd (21,373,971 warrants) pursuant to Section 6A of the Companies Act 1965.

** Deemed interested by virtue of the shareholdings held by her sibling, Yeo Hock Huat (12,181,000 warrants) in the Company.

	Number of Warrants 2015/2020			
	At 1.1.2015	Granted	Exercised	At 31.12.2015
Direct interest				
Yeo Hock Huat	-	5,068,080	(5,000,000)	68,080
Yeo Seow Lai	-	144,014	-	144,014
Lim Han Kiau	-	19,200	-	19,200
Indirect interest				
Yeo Hock Huat	-	9,539,520	-	9,539,520*
Yeo Seow Lai	-	164,080	-	164,080**
Lim Han Kiau	-	112,080	-	112,080***

* Deemed interested by virtue of the shareholdings held by his siblings, Yeo Seow Lai (144,014 warrants) and Yeo Lian Cheng (96,000 warrants) in the Company, and his shareholdings in JCS Group Pte Ltd (9,299,506 warrants) pursuant to Section 6A of the Companies Act 1965.

** Deemed interested by virtue of the shareholdings held by her sibling, Yeo Hock Huat (68,080 warrants) and Yeo Lian Cheng (96,000 warrants) in the Company.

*** Deemed interested by virtue of the shareholdings held by his son, Lim Min Han (14,400 warrants) and his sibling, Lim Choon Geok (97,680 warrants) in the Company.

By virtue of Yeo Hock Huat, Yeo Seow Lai and Lim Han Kiau direct and indirect interest in the shares of the Company, they are also deemed to have interest in the shares of all subsidiary companies to the extent that the Company has an interest under Section 6A of the Companies Act 1965.

Other that the above, no other Directors in office at the end of financial year had any interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company of which the Director has a substantial financial interest.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 56,378,000 new ordinary shares of RM0.25 each for the acquisition of 55% equity interest in DWZ Industries Sdn. Bhd. and its wholly owned subsidiary company, DWZ Industries (Johor) Sdn. Bhd., at an issue price of RM0.25 per ordinary share.

During the financial year, the Company issued 5,000,000 new ordinary shares of RM0.25 each from the conversion of 5,000,000 units of Warrants B at the conversion price of RM0.25 each.

The new ordinary shares issued during the financial year rank pari passu in all respect with the existing ordinary shares of the Company.

There were no new issuance of debentures during the financial year.

WARRANTS

During the financial year, the Company issued 28,175,996 units of new five-year warrants, Warrant B 2015/2020 on the basis of six new warrants for every twenty-five existing ordinary shares of RM0.25 each held by the shareholders.

The movement of the warrants during the financial year is as follows:-

	Number of Units			
	At 1.1.2015	Issued	Exercised	At 31.12.2015
Warrants A 2011/2016	58,700,000	-	-	58,700,000
Warrants B 2015/2020	-	28,175,996	(5,000,000)	23,175,996
	58,700,000	28,175,996	(5,000,000)	81,875,996

The salient features of the Warrants A 2011/2016 and Warrants B 2015/2020 are disclosed in Note 15 to the financial statements.

OTHER STATUTORY INFORMATION

Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:-

(a) to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no bad debts to be written off and adequate provision had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:-

(a) which would render it necessary to write off any bad debts or the amount of the provision for doubtful debts in financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

OTHER STATUTORY INFORMATION (CONT'D)

At the date of this report, there does not exist:-

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

In the opinion of Directors:-

(a) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;

(b) the results of operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(c) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of operations of the Group and of the Company for the current financial year in which this report is made.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 34 to the financial statements.

SIGNIFICANT EVENT AFTER THE FINANCIAL YEAR

The significant event after the financial year is disclosed in Note 35 to the financial statements.

AUDITORS

The Auditors, Messrs SJ Grant Thornton have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Board of Directors.

....	)	
LIM HAN KIAU	)	
	)	
	)	
	)	
	)	
	)	DIRECTORS
	)	
	)	
	)	
....	)	
YEO HOCK HUAT	)	

Singapore
11 April 2016

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 31 to 75 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in page 76 has been compiled in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Board of Directors.

……..

LIM HAN KIAU

....

YEO HOCK HUAT

Singapore
11 April 2016

STATUTORY DECLARATION

I, Loh Weng Yew, being the Officer primarily responsible for the financial management of MClean Technologies Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 31 to 75 and financial information set out in page 76 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at Kuala Lumpur in)
the Federal Territory this day of)
11 April 2016)

....

LOH WENG YEW

Before me:

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
MCLEAN TECHNOLOGIES BERHAD (Incorporated in Malaysia) Company No: 893631 T

Report on the Financial Statements

We have audited the financial statements of MClean Technologies Berhad, which comprise statements of financial position as at 31 December 2015 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 31 to 75.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2015 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:-

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

b) We have considered the accounts and the auditors' reports of all the subsidiary companies of which we have not acted as auditors, which are indicated in Note 6 to the financial statements.

c) We are satisfied that the accounts of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

d) The audit reports on the accounts of the subsidiary companies did not contain any qualification or any adverse comment made under Section 174 (3) of the Act.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF (cont'd)

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

Other Reporting Responsibilities

The supplementary information set out on page 76 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

SJ GRANT THORNTON
(NO. AF: 0737)
CHARTERED ACCOUNTANTS

MOHAMAD HEIZRIN BIN SUKIMAN
(NO: 3046/05/17(J))
CHARTERED ACCOUNTANT

Kuala Lumpur
11 April 2016

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
ASSETS					
Non-current assets					
Property, plant and equipment	4	24,123,091	9,418,292	-	-
Intangible assets	5	1,728,575	2,491,759	-	-
Investment in subsidiary companies	6(a)	-	-	25,467,644	14,157,187
Other receivables	7	-	330,472	-	-
Total non-current assets		25,851,666	12,240,523	25,467,644	14,157,187
Current assets					
Inventories	8	731,962	207,373	-	-
Trade receivables	9	27,784,688	9,316,548	-	-
Other receivables	7	4,215,139	4,520,184	4,160	3,000
Amount due from a subsidiary company	10	-	-	-	3,771,469
Tax recoverable		330,936	-	-	-
Deposits with licensed banks	11	2,109,586	-	-	-
Cash and bank balances	12	11,277,514	2,307,496	1,759,217	55,948
Total current assets		46,449,825	16,351,601	1,763,377	3,830,417
TOTAL ASSETS		72,301,491	28,592,124	27,231,021	17,987,604
EQUITY AND LIABILITIES					
EQUITY					
Equity attributable to owners of the Company					
Share capital	13	44,694,500	29,350,000	44,694,500	29,350,000
Share premium	14	3,420,082	3,420,082	3,420,082	3,420,082
Other reserves	15	(15,998,739)	(13,981,162)	5,493,104	5,400,400
Retained earnings/(Accumulated losses)	16	1,878,449	(1,606,582)	(28,314,450)	(20,922,677)
		33,994,292	17,182,338	25,293,236	17,247,805
Non-controlling interests	6(c)	14,703,423	-	-	-
Total equity		48,697,715	17,182,338	25,293,236	17,247,805
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities	17	794,561	-	-	-
Borrowings	18	820,971	432,016	-	-
Total non-current liabilities		1,615,532	432,016	-	-
Current liabilities					
Trade payables	19	14,232,348	4,787,029	-	-
Other payables	20	4,105,330	2,359,438	209,357	295,061
Amount due to a subsidiary company	10	-	-	1,728,100	444,738
Borrowings	18	3,628,202	3,831,303	-	-
Tax payable		22,364	-	328	-
Total current liabilities		21,988,244	10,977,770	1,937,785	739,799
Total liabilities		23,603,776	11,409,786	1,937,785	739,799
TOTAL EQUITY AND LIABILITIES		72,301,491	28,592,124	27,231,021	17,987,604

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Revenue	21	57,362,239	34,223,604	550,000	-
Cost of sales		(50,368,293)	(30,284,187)	-	-
Gross profit		6,993,946	3,939,417	550,000	-
Other income		9,333,018	833,820	702,986	236,651
Administration expenses		(11,535,344)	(9,656,697)	(1,133,279)	(772,615)
Selling and distribution expenses		(684,606)	(498,572)	-	-
Other expenses		(113,532)	(126,958)	(7,418,448)	(4,642,965)
Finance cost		(205,422)	(82,900)	-	-
Profit/(Loss) before tax	22	3,788,060	(5,591,890)	(7,298,741)	(5,178,929)
Tax income/(expenses)	23	269,329	-	(328)	-
Profit/(Loss) for the financial year		4,057,389	(5,591,890)	(7,299,069)	(5,178,929)
Other comprehensive income, net of tax					
Item that will be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations, net of tax		1,836,179	414,879	-	-
Other comprehensive income for the financial year, net of tax		1,836,179	414,879	-	-
Total comprehensive income/(loss) for the financial year		5,893,568	(5,177,011)	(7,299,069)	(5,178,929)
Profit/(Loss) for the financial year attributable to:-					
Owners of the Company		3,577,735	(5,591,890)	(7,299,069)	(5,178,929)
Non-controlling interests		479,654	-	-	-
		4,057,389	(5,591,890)	(7,299,069)	(5,178,929)
Total comprehensive income/(loss) for the financial year attributable to:-					
Owners of the Company		5,413,914	(5,177,011)	(7,299,069)	(5,178,929)
Non-controlling interests		479,654	-	-	-
		5,893,568	(5,177,011)	(7,299,069)	(5,178,929)
Earnings/(Loss) per share attributable to the owners (sen)					
- basic	24	2.73	(4.76)		
- diluted	24	-	-		

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Attributable to owners of the Company									
		Non-distributable						Distributable			
		Share capital RM	Share premium RM	Merger deficit RM	Warrant reserve RM	Currency fluctuation reserve RM	Other reserve RM	Retained earnings/ (Accumulated losses) RM	Total RM	Non-controlling interests RM	Total equity RM
Group											
At 1 January 2014		29,350,000	3,420,082	(22,246,256)	5,400,400	2,449,815	-	3,985,308	22,359,349	-	22,359,349
Total comprehensive loss for the financial year		-	-	-	-	414,879	-	(5,591,890)	(5,177,011)	-	(5,177,011)
At 31 December 2014		29,350,000	3,420,082	(22,246,256)	5,400,400	2,864,694	-	(1,606,582)	17,182,338	-	17,182,338
Transactions with owners:-											
Issuance of ordinary shares arising from acquisition of subsidiary companies	13	14,094,500	-	-	-	-	-	-	14,094,500	-	14,094,500
Issuance of ordinary shares arising from conversion of warrants	13	1,250,000	-	-	(20,000)	-	-	20,000	1,250,000	-	1,250,000
Adjustments on premium of shares issued on acquisition of subsidiary companies		-	-	-	-	-	(3,946,460)	-	(3,946,460)	-	(3,946,460)
Issuance of warrants		-	-	-	112,704	-	-	(112,704)	-	-	-
Acquisition of equity interest in subsidiary companies		-	-	-	-	-	-	-	-	14,673,769	14,673,769
Dividends to non-controlling interest		-	-	-	-	-	-	-	-	(450,000)	(450,000)
Total transactions with owners		15,344,500	-	-	92,704	-	(3,946,460)	(92,704)	11,398,040	14,223,769	25,621,809
Total comprehensive income for the financial year		-	-	-	-	1,836,179	-	3,577,735	5,413,914	479,654	5,893,568
At 31 December 2015		44,694,500	3,420,082	(22,246,256)	5,493,104	4,700,873	(3,946,460)	1,878,449	33,994,292	14,703,423	48,697,715

STATEMENTS OF CHANGES IN EQUITY (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Non-distributable Share capital RM	Non-distributable Share premium RM	Non-distributable Warrant reserve RM	Distributable Accumulated losses RM	Total RM
Company						
At 1 January 2014		29,350,000	3,420,082	5,400,400	(15,743,748)	22,426,734
Total comprehensive loss for the financial year		-	-	-	(5,178,929)	(5,178,929)
At 31 December 2014		29,350,000	3,420,082	5,400,400	(20,922,677)	17,247,805
Transactions with owners:-						
Issuance of ordinary shares arising from acquisition of subsidiary companies	13	14,094,500	-	-	-	14,094,500
Issuance of ordinary shares arising from conversion of warrants	13	1,250,000	-	(20,000)	20,000	1,250,000
Issuance of warrants		-	-	112,704	(112,704)	-
Total transactions with owners		15,344,500	-	92,704	(92,704)	15,344,500
Total comprehensive loss for the financial year		-	-	-	(7,299,069)	(7,299,069)
At 31 December 2015		44,694,500	3,420,082	5,493,104	(28,314,450)	25,293,236

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
OPERATING ACTIVITIES					
Profit/(Loss) before tax		3,788,060	(5,591,890)	(7,298,741)	(5,178,929)
Adjustments for:-					
Amortisation of intangible assets		1,061,219	954,778	-	-
Depreciation		3,435,033	3,138,244	-	-
Dividend income		-	-	(550,000)	-
Excess of net fair value over acquisition cost		(7,786,567)	-	-	-
Impairment loss on investment in subsidiary companies		-	-	2,784,043	4,637,811
Impairment on doubtful receivables		-	-	4,629,382	-
Interest expenses		205,422	82,900	-	-
Interest income		(48,359)	(3,993)	(4,697)	(2,166)
Inventories written off		-	34,578	-	-
(Gain)/Loss on disposal of property, plant and equipment		(446)	11,884	-	-
Net unrealised gain on foreign exchange		(1,061,429)	(406,107)	(698,289)	(234,485)
Property, plant and equipment written off		2,567	77,902	-	-
Small and medium entity tax incentive		-	(134,351)	-	-
Operating loss before working capital changes		(404,500)	(1,836,055)	(1,138,302)	(777,769)
Changes in working capital:-					
Inventories		99,411	534,437	-	-
Payables		4,429,322	(3,824,926)	(85,704)	(23,137)
Receivables		(288,705)	5,993,843	(1,160)	169,484
Cash generated from/(used in) operations		3,835,528	867,299	(1,225,166)	(631,422)
Interest paid		(205,422)	(82,900)	-	-
Tax paid		(275,002)	-	-	-
Net cash from/(used in) operating activities		3,355,104	784,399	(1,225,166)	(631,422)
INVESTING ACTIVITIES					
Acquisition of subsidiaries, net of cash acquired	6(b)	9,186,806	-	-	-
Interest received		48,359	3,993	4,697	2,166
Purchase of property, plant and equipment		(1,248,101)	(2,600,448)	-	-
Proceeds from disposal of property, plant and equipment		12,118	51,210	-	-
Dividend paid to non-controlling interest		(450,000)	-	-	-
Dividend received		-	-	550,000	-
Net cash from/(used in) investing activities		7,549,182	(2,545,245)	554,697	2,166

STATEMENTS OF CASH FLOWS (cont'd)
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
FINANCING ACTIVITIES					
Account receivable financing drawndown		-	3,362,453	-	-
Advances from subsidiary companies		-	-	1,123,738	384,233
Repayment of term loan		(987,614)	(850,208)	-	-
Repayment of account receivable financing		(760,090)	(517,380)	-	-
Proceeds from issuance of shares		1,250,000	-	1,250,000	-
Net cash (used in)/from financing activities		(497,704)	1,994,865	2,373,738	384,233
CASH AND CASH EQUIVALENTS					
Net changes		10,406,582	234,019	1,703,269	(245,023)
Brought forward		2,307,496	1,972,233	55,948	300,971
Effects of exchange translation differences on cash and cash equivalents		260,072	101,244	-	-
Carried forward	A	12,974,150	2,307,496	1,759,217	55,948

NOTE TO THE STATEMENTS OF CASH FLOWS

A. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise the following amounts:-

	Group 2015 RM	Group 2014 RM	Company 2015 RM	Company 2014 RM
Cash and bank balances	11,277,514	2,307,496	1,759,217	55,948
Deposits with licensed banks	2,109,586	-	-	-
Bank overdraft (Note 18)	(412,950)	-	-	-
	12,974,150	2,307,496	1,759,217	55,948

As disclosed in Note 11 to the financial statements, deposits with licensed banks amounted to approximately RM2,109,586 (2014: Nil) are pledged to the bank for bank guarantee facility granted to a subsidiary company and hence, are not available for general use.

As disclosed in Note 12 to the financial statements, deposits amounted to approximately RM251,182 (2014: RM652,322) are placed as security deposit for defective products and hence, are not available for general use.

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2015

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the ACE Market of Bursa Malaysia Securities Berhad.

The principal place of business of the Company is located at 2, Woodlands Sector 1 #01-22, Singapore 738068. The registered office of the Company is located at 10th Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur.

The Company is principally an investment holding company. The principal activities of the subsidiary companies are disclosed in Note 6(a) to the financial statements. There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 8 April 2016.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 1965 in Malaysia.

2.2 Basis of measurement

The financial statements of the Group and of the Company are prepared under historical cost convention, unless otherwise indicated in the summary of significant accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial market takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to their fair value measurement as a whole) at the end of each reporting period.

The Group and the Company have established control framework in respect of measurement of fair values of financial instruments. The Executive Committee has overall responsibility for overseeing all significant fair value measurements. The Executive Committee regularly reviews significant unobservable inputs and valuation adjustments.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy as explained above.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.3 Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM") which is the Company's functional currency and all values are rounded to the nearest RM except when otherwise stated.

2.4 MFRSs

2.4.1 Adoption of new and revised MFRSs

The Group and the Company have consistently applied the accounting policies set out in Note 3 to the financial statements to all periods presented in these financial statements.

At the beginning of the current financial year, the Group and the Company adopted amendments to MFRSs and IC Interpretations which are mandatory for the financial years beginning on or after 1 January 2015.

Initial application of all the relevant new and revised MFRSs and amendment/improvements to MFRSs and IC Interpretations that are effective did not have material impact to the financial statements of the Group and of the Company.

2.4.2 Standards issued but not yet effective

At the date of authorisation of these financial statements, the Malaysian Accounting Standards Board ("MASB") has approved certain new standards, amendments and interpretations to existing standards which are not yet effective, and have not been early adopted by the Group and the Company.

Management anticipates that all of the relevant pronouncements will be adopted in the Group's and the Company's accounting policies for the first period beginning after the effective date of the pronouncement. The initial application of the new standards, amendments and interpretations are not expected to have any material impacts to the financial statements of the Group and of the Company except as mentioned below:-

MFRS 9 Financial Instruments

MFRS 9 replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous version of MFRS 9. The new standard introduces extensive requirements and guidance for classification and measurement of financial assets and financial liabilities which fall under the scope of MFRS 9, new "expected credit loss model" under the impairment of financial assets and greater flexibility has been allowed in hedge accounting transactions. Upon adoption of MFRS 9, financial assets will be measured at either fair value or amortised cost. It is also expected that the Group's and Company's investment in unquoted shares will be measured at fair value through other comprehensive income.

The standard will come into effect on or after 1 January 2018 with early adoption permitted. Retrospective application is required, but comparative information is not compulsory.

The adoption of MFRS 9 will result in a change in accounting policy. The Group and the Company are currently assessing the financial impact of adopting MFRS 9.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 presents new requirements for the recognition of revenue, replacing the guidance of MFRS 111 Construction Contracts, MFRS 118 Revenue, IC Interpretation 13 Customer Loyalty Programmes, IC Interpretation 15 Agreements for Construction of Real Estate, IC Interpretation 18 Transfers of Assets from Customers and IC Interpretation 131 Revenue – Barter Transaction Involving Advertising Services. The principles in MFRS 15 provide a more structured approach to measuring and recognising revenue. It establishes a new five-step model that will apply to revenue arising from contracts with customers. Under MFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group and the Company are currently assessing the impact of MFRS 15 and plans to adopt the new standards on the required effective date of 1 January 2018.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.5 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and of the Company's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

Estimation uncertainty

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

Useful lives of depreciable assets

The management estimates the useful lives of the property, plant and equipment to be within 1 to 50 years and reviews the useful lives of depreciable assets at each reporting date. The management assesses that the useful lives represent the expected utility of the assets to the Group. Actual results, however, may vary due to change in the expected level of usage and developments, which resulting in adjustment to the Group's assets.

The management expects that the expected useful lives of the property, plant and equipment would not have material difference from the management's estimation hence it would not result in material variance in the Group's profit for the financial year.

Amortisation of intangible assets

Intangible assets are amortised on a straight-line basis over their estimated useful lives. Management estimates the useful lives of intangible assets to be within 4 to 5 years. The carrying amount of the Group's intangible assets as at financial year end is RM1,728,575 (2014: RM2,491,759). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future amortisation charges could be revised.

Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the times the estimates are made. The Group's core business is subject to economical and technology changes which may cause selling prices to change rapidly, and the Group's profit to change.

Impairment of loans and receivable

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the receivables and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. The actual may vary, may cause significant adjustments to the Group's and the Company's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

With regards to the assessments of value-in-use of these cash-generating units, management believes that no reasonable possible changes in any of the key assumptions would cause the carrying value of the goodwill to differ materially from their recoverable amounts except for the changes in prevailing operating environment which is not ascertainable.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

2.5 Significant accounting estimates and judgements (cont'd)

Estimation uncertainty (cont'd)

Income taxes

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is difference from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, unutilised tax losses, unabsorbed capital allowances and unused tax credits to the extent that it is probable that taxable profit will be available against which all the deductible temporary differences, unutilised tax losses and unabsorbed capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of sales volume, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application if income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

Significant management judgement

The following are significant management judgements in applying the accounting policies of the Group and of the Company that have the most significant effect on the financial statements.

Deferred tax assets

The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Group's and the Company's latest approved budget or forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the numerous jurisdictions in which the Group and the Company operate are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax assets, especially when it can be utilised without a time limit, that deferred tax assets is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

Development costs

Development costs are capitalised in accordance with the accounting policy in Note 3.3 to the financial statements. Initial capitalisation of costs is based on management's judgement that technological and economical feasibility is confirmed. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied to financial statements for the periods presented, unless otherwise stated.

3.1 Consolidation

3.1.1 Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. Besides, the Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (cont'd)

3.1.1 Subsidiaries (cont'd)

Investment in subsidiaries is stated at cost less any impairment losses in the Company's financial position, unless the investment is held for sale or distribution.

Upon the disposal of investment in a subsidiary, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

3.1.2 Basis of consolidation

The Group's financial statements consolidate the audited financial statements of the Company and all of its subsidiary companies, which have been prepared in accordance with the Group's accounting policies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiary companies are all drawn up to the same reporting date.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Intra-group losses may indicate an impairment that requires recognition in the consolidated financial statements.

Subsidiary company are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary company. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Merger method

Under the merger method of accounting, the results of subsidiary company are presented as if the merger had been effected throughout the current and previous years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit differences is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any share premium, capital redemption reserve and any other reserves which are attributable to share capital of the merged entities, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves. This is not applicable to Mclean Technologies (Wuxi) Co., Ltd., DWZ Industries Sdn. Bhd. and DWZ Industries (Johor) Sdn. Bhd. which accounted for under acquisition method.

Acquisition method

Under the acquisition method of accounting, the cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

3.1.3 Business combinations and goodwill

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date's fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Consolidation (cont'd)

3.1.3 Business combinations and goodwill (cont'd)

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

3.1.4 Loss of control

When the Group ceases to have control of a subsidiary, the Group derecognises the assets and liabilities, non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising from the loss of control is recognised in profit or loss.

If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

3.1.5 Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary company not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the financial year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary company are allocated to the non-controlling interests even if that results in a deficit balance.

3.2 Property, plant and equipment and depreciation

3.2.1 Recognition and measurement

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent expenditure relating to a property, plant and equipment that has already been recognised is added to the carrying amount of the property, plant and equipment when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing property, plant and equipment, will flow to the enterprise. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Property, plant and equipment and depreciation (cont'd)

3.2.1 Recognition and measurement (cont'd)

For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition and to the month before disposal respectively. Fully depreciated assets are retained in the books of accounts until they are no longer in use.

3.2.2 Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed separately and if a component has useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date the asset is completed and ready to use.

No depreciation is provided on freehold lands as it has indefinite life.

The estimated useful lives of other asset in property, plant and equipment for the current and comparative years are as follows:-

	Estimated useful lives
Freehold buildings	50 years
Computers	3 years
Plant and machinery	3 – 10 years
Office equipment	1 – 10 years
Motor vehicles	10 years
Renovation	5 – 10 years
Electrical fittings, furniture and fittings	5 – 10 years

Depreciation methods, useful lives and residual values are reviewed at the end of reporting period, and adjusted as appropriate.

3.3 Intangible assets

Intangible assets are accounted for using the cost model. Capitalised costs are amortised on straight-line basis over their estimated useful lives for those considered as finite useful lives. After initial recognition, they are carried at cost less accumulated amortisation and accumulated impairment losses, if any. In addition, they are subject to annual impairment testing and write down immediately to their recoverable amount where an indication of impairment exists, in accordance with MFRS 136. Indefinite life intangibles are not amortised but are subject to annual impairment testing.

Intangible assets are written off where, on the opinion of the Directors, no further future economic benefits are expected to arise.

Customers list

Costs relating to purchased cleanroom assembly services customers list are capitalised and amortised on a straight-line basis over their useful life of 4 years.

Development cost

Development cost relates to the development of new cleaning techniques to penetrate new customers.

Development cost is expensed in the period in which they are incurred except when the costs incurred on development project are recognised as development cost to the extent that such expenditure is expected to generate future economic benefits.

Development cost initially recognised as an expense are not recognised as an asset in subsequent period.

Capitalised development cost are recorded as intangible assets and amortised from the point at which the asset is ready for use, on a systematic basis over their expected useful lives, not exceeding 5 years.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Intangible assets (cont'd)

Clean bulk pack development cost

Development cost arising from development expenditure on an individual project are recognised as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditure during the development. Deferred development costs that have a finite useful life are amortised over the period of expected sales from the related project on a straight line basis. Amortisation of clean bulk pack development costs over their expected useful lives, not exceeding 5 years.

3.4 Related parties

A related party is a person or entity that is related to the Group. A related party transaction is a transfer of resources, services or obligations between the Group and its related party, regardless of whether a price is charged.

(i) A person or a close member of that person's family is related to the Group if that person:-

- (a) Has control or joint control over the Group;
- (b) Has significant influence over the Group; or
- (c) Is a member of the key management personnel of the Group.

(ii) An entity is related to the Group if any of the following conditions applies:-

- (a) The entity and the Group are members of the same group.
- (b) One entity is an associate or joint venture of the other entity.
- (c) Both entities are joint ventures of the same third party.
- (d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (e) The entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group.
- (f) The entity is controlled or jointly-controlled by a person identified in (i) above.
- (g) A person identified in (i)(a) above has significant influence over the Group or is a member of the key management personnel of the Group.
- (h) The entity or any member of a Group of which it is a party, provides key management personnel services to the Group.

3.5 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of consumables is determined using the weighted average method which include direct materials and appropriate proportion of overheads.

Provision is made for obsolete, slow-moving and defective inventories in arriving at the net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs necessary to make the sale.

3.6 Financial assets

Financial assets, other than hedging instruments, can be divided into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. The designation of financial assets is re-evaluated and classification may be changed at the reporting date with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

All financial assets are recognised on their trade date – the date on which the Group and the Company commits to purchase or sell the asset. Financial assets are initially recognised at fair values, plus directly attributable transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value.

Derecognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at each reporting date whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial assets (cont'd)

Non-compounding interest and other cash flows resulting from holding financial assets included in this category are measured at fair value with changes in fair value recognised in profit or loss.

The Group and the Company do not have any investments and accordingly, there are no investments to be classified at fair value through profit and loss, held-to-maturity investments or available-for-sale financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group and the Company provide money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the reporting date which are classified as non-current.

Loan and receivables include trade and other receivables, related party balances and bank deposits. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. If there is objective evidence that the assets have been impaired, the financial assets are measured at the present value to the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. The impairment or write back is recognised in the profit of loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.7 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank balances, bank overdrafts, deposits with licensed banks and short term demand deposits which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

3.8 Financial liabilities

The Group's and the Company's financial liabilities include trade payables, other payables, borrowings and related party balances.

Financial liabilities are recognised when the Group and the Company become a party to the contractual agreements of the instrument. All interest-related charges are recognised as an expense in "finance costs" in the profit or loss, if any. Financial liabilities are derecognised if the Group's and Company's obligations specified in the contract expire or are discharged or cancelled.

Trade and other payables and related party balances are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

3.9 Leases

Operating leases

Leases, where the Group does not assumes substantially all the risks and rewards of ownership are classified as operating leases.

Where the Group is the lessee

Rentals on operating leases are charged to profit or loss on a straight-line basis over the lease term. Lease incentive, if any, are recognised as an integral part of the net consideration agreed for the use of the leased asset. Penalty payments on early termination, if any, are recognised in the profit or loss when incurred.

Where the Group is lessor

Rental income from operating leases (net of any incentives given to the lessees) is recognised in the profit or loss on a straight-line basis over the lease term.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Provisions

Provision are recognised if, as a result of past event, the Group and the Company have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

3.11 Income taxes

Income tax comprises of current tax and deferred tax but exclude taxes arising from business combinations and items recognised directly in equity or other comprehensive income. Current and deferred tax are recognised as an expense or income in the profit or loss.

3.11.1 Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the reporting date, and any adjustment to tax payable in respect of previous years. Tax payable (recoverable) for current and prior periods is recognised as liability (or asset) to the extent that it is unpaid (or refundable).

3.11.2 Deferred tax

Deferred tax are provided for under liability method in respect of temporary differences between carrying amount of an asset or liability in the statement of financial position and its tax base at reporting date. However, deferred tax on temporary difference arising from the initial recognition of goodwill and initial recognition of assets and liabilities in a transaction that is not a business combination is not recognised because they affects neither accounting nor taxable profit or loss.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group and Company expect, at the end of reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which deductible temporary differences, unused tax credit and tax carried forward losses can be utilised. The carrying amount of a deferred tax asset is reviewed at each reporting date. If it is no longer probable that sufficient taxable profit will be available to offset against part or the entire deferred tax asset, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profit.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as deferred tax asset to the extent that it is probable that the future taxable profits will be available to offset against the unutilised tax incentive credit.

3.11.3 Direct tax

Value-added tax ("VAT") and Goods and Services Tax ("GST") are consumption tax based on value-added concept. VAT and GST are imposed on goods and services at every production and distribution stage in the supply chain including importation of goods and services.

The Group's and Company's domestic sale of goods in the People's Republic of China ("PRC"), Singapore and Malaysia are subjected VAT and GST at the applicable tax rate of 17%, 7% and 6% respectively. Input tax on purchases can be deducted from output VAT/GST.

Revenues, expenses and assets are recognised net of amount of VAT/GST except:

- where the taxes incurred on the purchase of assets or services is not recoverable from the taxation authority, in which case the taxes is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of taxes included.

The net amount of VAT/GST recoverable from, or payable to, the authority is included as part of "other receivables" or "other payables" in the statements of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Employee benefits

3.12.1 Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the year in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

A provision is made for the estimated liability for leave as a result of services rendered by employees up to the reporting date.

3.12.2 Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group and the Company pay fixed contributions into independent entities of funds and will have no legal or constructive obligations to pay further contribution if any of the funds do not hold sufficient assets to pay all employees benefits relating to employee services in the current and preceding financial year.

Such contributions are recognised as expenses in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employee Provident Fund ("EPF"). Some of the Group's foreign subsidiary companies also make contributions to their respective countries' statutory pension schemes.

Obligations for contributions to defined contribution plans are recognised as expenses in the profit or loss as incurred.

3.12.3 Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. Directors are considered as key management personnel.

3.12.4 Retirement benefits scheme

Pursuant to the relevant regulations of PRC government, the Group participates in a local municipal government retirement benefits scheme (the "Scheme"), whereby the Group is required to contribute a certain percentage of the basic salaries of its employees to the Scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the Group. The only obligation of the Group with respect to the Scheme is to pay the ongoing required contributions under the Scheme mentioned above. Contributions under the Scheme are charged to the profit or loss as incurred. There is no provision under the Scheme whereby forfeited contributions may be used to reduce future contributions.

3.13 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset be impaired.

Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial asset has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the receivables and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets not impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate and the impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Impairment of non-financial assets

The carrying amounts of the Group's and of the Company's non-financial assets subject to impairment are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the assets belong will be identified.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

All individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value-in-use, based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Any impairment loss is charged to the profit or loss unless it reverses a previous revaluation in which case it is charged to equity.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

3.15 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Revenue from sale of modules relating to technical assembly services is recognised when the Group has installed the parts into the customers' machines or has delivered the modules to location specified by its customers and the customers have accepted the parts in accordance with the service agreements.

Revenue from the rendering of services is recognised when services are rendered and accepted by customers.

Interest income is recognised on a time-apportioned basis using the effective interest method.

Dividend income and other income from investments are recognised in profit or loss when right to receive payment is established.

3.16 Conversion of foreign currencies

Monetary assets and liabilities in foreign currencies are translated into the functional currency at rates of exchange closely approximating those ruling at reporting date. Transactions in foreign currencies are converted at rates closely approximating those ruling at transaction dates. Exchange differences arising from such transactions are recorded in the profit or loss in the period in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Financial statements of foreign subsidiary companies are translated at year-end exchange rates with respect to assets and liabilities. All resulting translation differences are included in the exchange fluctuation reserve in shareholders' equity. Operating results are translated to RM at average exchange rates during the financial year.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Conversion of foreign currencies (cont'd)

On disposal of a foreign entity, the cumulative amount of exchange differences deferred in equity relating to that foreign entity is recognised in profit or loss as a component of gain or loss on disposal. All other foreign exchange differences are taken to the profit or loss in the financial year in which they arise.

3.17 Financial instruments

Financial instruments carried on the statement of financial position include cash and cash equivalents, financial assets and financial liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

3.18 Statutory reserve

In accordance with the relevant laws and regulations of the PRC, the subsidiary companies established in the PRC are required to transfer 10% of its profit after tax prepared in accordance with the accounting regulation of the PRC to the statutory reserve until the reserve balance reaches 50% of the registered capital of the subsidiaries in PRC. Such reserve may be used to offset accumulated losses or increase the registered capital of the subsidiaries in PRC, subject to the approval from the PRC authorities, and are not available for dividend distribution to the shareholders.

3.19 Warrant reserve

The fair value of the warrants arising from the issuance of warrants, net of issue costs, are credited to warrants reserve which is non-distributable. Warrants reserve is transferred to the accumulated losses upon the exercise of warrants and the warrants reserve in relation to the unexercised warrants at the expiry of the warrants will be transferred to accumulated losses.

3.20 Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statement of financial position and is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

3.21 Equity instruments

Ordinary shares are classified as equity and are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity.

Transaction costs of an equity transaction which comprise only those incremental external costs directly attributable to the equity transaction are accounted for as a deduction from equity, net of tax, from the proceeds.

3.22 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 29 to the financial statements, including factors used to identify the reportable segments and the measurement basis of segment information.

3.23 Intersegment transfers

Segment revenues, expenses and result include transfers between segments. The prices charged on intersegment transactions are on negotiated basis. These transfers are eliminated on consolidation.

3.24 Dividends

Interim dividends are simultaneously proposed and declared, because the articles of association of the Company grant the Directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

Final dividends proposed by the Directors are not accounted for in shareholders' equity as an appropriation of retained earnings, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

4. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Freehold buildings RM	Motor vehicle RM	Plant and machinery RM	Renovation RM	Office equipment, electrical fittings, and furniture and fittings RM	Computer RM	Total RM
Cost								
At 1 January 2014	-	-	76,552	14,381,024	2,096,095	7,642,224	402,980	24,598,875
Additions	-	-	80,131	248,926	4,036	2,248,297	19,058	2,600,448
Adjustments for reconstruction of bulk pack	-	-	-	-	-	(528,209)	-	(528,209)
Disposal	-	-	(42,611)	(93,128)	-	(42,425)	-	(178,164)
Written off	-	-	-	-	(4,346)	(100,993)	(35,156)	(140,495)
Currency translation differences	-	-	7,591	584,939	154,551	266,729	6,546	1,020,356
At 31 December 2014	-	-	121,663	15,121,761	2,250,336	9,485,623	393,428	27,372,811
Additions	-	-	-	276,940	-	945,495	25,666	1,248,101
Additions through acquisition of subsidiary companies	7,178,000	4,312,000	369,807	13,202,649	2,710,943	2,405,035	272,128	30,450,562
Disposal	-	-	(49,667)	-	-	-	-	(49,667)
Written off	-	-	-	-	-	(3,665)	-	(3,665)
Currency translation differences	-	-	17,272	2,615,403	519,409	1,548,027	60,911	4,761,022
At 31 December 2015	7,178,000	4,312,000	459,075	31,216,753	5,480,688	14,380,515	752,133	63,779,164

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group (cont'd)	Freehold land RM	Freehold buildings RM	Motor vehicle RM	Plant and machinery RM	Renovation RM	Office equipment, electrical fittings, and furniture and fittings RM	Computer RM	Total RM
Accumulated depreciation								
At 1 January 2014	-	-	43,022	10,033,506	1,628,705	2,934,920	262,754	14,902,907
Charge for the financial year	-	-	25,589	1,659,961	295,130	1,075,603	81,961	3,138,244
Adjustments for reconstruction of bulk pack	-	-	-	-	-	(528,209)	-	(528,209)
Disposal	-	-	(36,433)	(52,923)	-	(25,714)	-	(115,070)
Written off	-	-	-	-	(2,173)	(40,397)	(20,023)	(62,593)
Currency translation differences	-	-	2,177	368,994	153,783	88,872	5,414	619,240
At 31 December 2014	-	-	34,355	12,009,538	2,075,445	3,505,075	330,106	17,954,519
Charge for the financial year	-	21,560	22,764	1,847,543	172,140	1,305,949	65,077	3,435,033
Additions through acquisition of subsidiary companies	-	64,680	369,675	10,235,282	2,210,566	1,835,542	152,960	14,868,705
Disposal	-	-	(37,995)	-	-	-	-	(37,995)
Written off	-	-	-	-	-	(1,098)	-	(1,098)
Currency translation differences	-	-	5,970	2,231,023	501,654	643,299	54,963	3,436,909
At 31 December 2015	-	86,240	394,769	26,323,386	4,959,805	7,288,767	603,106	39,656,073
Net carrying amount								
31 December 2015	7,178,000	4,225,760	64,306	4,893,367	520,883	7,091,748	149,027	24,123,091
31 December 2014	-	-	87,308	3,112,223	174,891	5,980,548	63,322	9,418,292

The net carrying amount of freehold land and freehold buildings amounted to RM3,172,000 (2014: Nil) and RM1,899,240 (2014: Nil) respectively of the Group are pledge for banking facilities granted to a subsidiary company.

5. INTANGIBLE ASSETS

	Group Development cost RM	Customers list RM	Clean bulk pack development cost RM	Total RM
Cost				
At 1 January 2014	1,621,445	834,736	2,148,370	4,604,551
Currency translation differences	90,404	14,369	36,980	141,753
At 31 December 2014	1,711,849	849,105	2,185,350	4,746,304
Currency translation differences	272,117	128,649	331,104	731,870
At 31 December 2015	1,983,966	977,754	2,516,454	5,478,174
Accumulated amortisation				
At 1 January 2014	810,720	400,006	-	1,210,726
Amortisation during the financial year	318,962	207,863	427,953	954,778
Currency translation differences	68,609	11,313	9,119	89,041
At 31 December 2014	1,198,291	619,182	437,072	2,254,545
Amortisation during the financial year	369,119	226,263	465,837	1,061,219
Currency translation differences	218,158	112,004	103,673	433,835
At 31 December 2015	1,785,568	957,449	1,006,582	3,749,599
Carrying amount				
At 31 December 2015	198,398	20,305	1,509,872	1,728,575
At 31 December 2014	513,558	229,923	1,748,278	2,491,759

Development cost relates to the development of new cleaning techniques to penetrate new customers. Clean bulk pack development cost relates to design, construct and test prototypes of new enhanced recyclable packaging.

6. SUBSIDIARY COMPANIES

	Company 2015 RM	2014 RM
Unquoted shares, at cost	44,286,498	30,191,998
Less: Impairment losses	(18,818,854)	(16,034,811)
	25,467,644	14,157,187

6. SUBSIDIARY COMPANIES (CONT'D)

(a) The particulars of the subsidiary companies are as follows:-

Name of companies	% effective equity interest 2015	2014	Principal activities	Country of incorporation
* Techsin Technologies (S) Pte. Ltd. ("Techsin Singapore")	100	100	Investment holding	Singapore
* Magnetronics Technology Pte Ltd ("Magnetronics")	100	100	Investment holding	Singapore
DWZ Industries Sdn. Bhd. ("DWZ")	55	-	Provide surface finishing of metal parts for electrical and electronic industries.	Malaysia
Held by DWZ				
DWZ Industries (Johor) Sdn. Bhd. ("DWZ Johor")	55	-	Provide surface finishing of metal parts for electrical and electronic industries.	Malaysia
Held by Magnetronics				
#* MClean Technologies Pte. Ltd. ("MClean Singapore")	100	100	Provide precision cleaning, cleanroom assembly services, other related services mainly to hard disk industry and sales of modules relating to technical assembly services.	Singapore
Held by Techsin Singapore				
#* MClean Technologies (Wuxi) Co., Ltd ("Mclean Wuxi")	100	100	provide precision cleaning, cleanroom assembly services, clean bulk packing services and related services.	People's Republic of China

* Audited by a firm other than SJ Grant Thornton.

\# Component audit has been carried out by SJ Grant Thornton for the purposes of enabling to form a group opinion.

(b) **Acquisition of subsidiary companies**

On 8 October 2015, the Company had completed the acquisition of 55% equity interest in DWZ and its wholly owned subsidiary company, DWZ Johor ("DWZ Group") for a purchase consideration of RM14,094,500 to be satisfied via the issuance of 56,378,000 new ordinary shares of RM0.25 each in the Company at an issue price of RM0.25.

<u>Impact of the acquisition on the consolidated statement of profit or loss and other comprehensive income</u>

From the date of acquisition, DWZ Group has contributed RM5,658,625 and RM1,065,897 to the Group's revenue and profit after tax respectively. If the combination had taken place at the beginning of the financial year, the Group's revenue and profit after tax would have been increased by RM18,380,025 and RM2,753,533 respectively.

<u>Acquisition related costs</u>

The Group incurred acquisition related cost of RM369,585 on legal fees and due diligence fees. These costs have been included as administration expenses.

6. SUBSIDIARY COMPANIES (CONT'D)

(b) **Acquisition of subsidiary companies (cont'd)**

The fair value of purchase consideration is derived based on the following:-

	At cost RM	After fair value adjustment RM
56,378,000 ordinary shares issued	14,094,500	10,148,040

For the purpose of computing the fair value of the purchase consideration, a fair value of RM0.18 per share (being the published price of share on 8 October 2015) is allocated to the 56,378,000 ordinary shares issued.

The fair values of identifiable assets and liabilities of DWZ Group as at the date of acquisition were:-

	2015 RM
Non-current asset	
Property, plant and equipment	15,581,857
Current assets	
Inventories	603,970
Trade and other receivables	13,695,366
Tax recoverable	53,735
Cash and bank balances	9,186,806
Total current assets	23,539,877
Total assets	39,121,734
Non-current liabilities	
Deferred tax liabilities	(1,084,094)
Borrowings	(139,924)
Total non-current liabilities	(1,224,018)
Current liabilities	
Trade and other payables	(4,436,907)
Borrowings	(852,433)
Total current liabilities	(5,289,340)
Total liabilities	(6,513,358)
Fair value of identifiable assets acquired	32,608,376
Cash inflow on the acquisition of subsidiary companies	9,186,806

6. SUBSIDIARY COMPANIES (CONT'D)

(b) Acquisition of subsidiary companies (cont'd)

Excess of net fair value over acquisition cost

Excess of net fair value over acquisition cost was recognised as a result of the acquisition as follows:-

	2015 RM
Fair value of consideration transferred	10,148,040
Fair value of identifiable assets acquired	(32,608,376)
Non-controlling interests, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	14,673,769
Excess of net fair value over acquisition cost	(7,786,567)

(c) Non-controlling interest in subsidiary companies

The Group's subsidiary companies that have material non-controlling interests are as follows:-

	DWZ Group
Percentage of ownership interest and voting interest (%)	45%
Carrying amount of non-controlling interest (RM)	14,703,423
Profit allocated to non-controlling interests (RM)	479,654

The summary of financial information before intra-group elimination for the Group's subsidiary companies that have material non-controlling interests is as below:-

	DWZ Group RM
2015	
Summary of financial position	
Non-current assets	15,327,142
Current assets	24,005,954
Non-current liabilities	(1,615,532)
Current liabilities	(5,043,291)
Net assets	32,674,273
Summary of financial performance	
Profit/Total comprehensive income for the financial year	3,819,430
Included in the total comprehensive income is:	
Revenue	24,038,650
Summary of cash flows	
Net cash inflow from operating activities	1,272,839
Net cash outflow from investing activities	(668,134)
Net cash outflow from financing activities	(1,363,154)
Net cash outflow	(758,449)
Other information	
Dividends paid to non-controlling interests	450,000

6. SUBSIDIARY COMPANIES (CONT'D)

(d) **Significant restrictions**

Cash and bank balances of RM1,791,273 (2014: RM1,149,731) are held in the People's Republic of China and are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from the country, other than through normal dividends.

7. OTHER RECEIVABLES

	Group		Company	
	2015	2014	2015	2014
	RM	RM	RM	RM
Non-current				
Non-trade receivable	-	330,472	-	-
Current				
Non-trade receivables	2,787,254	2,319,922	-	-
Deposits	1,037,228	962,152	-	-
Prepayment	321,981	1,100,897	4,160	3,000
Small and medium entity tax incentive receivable	52,662	137,213	-	-
GST/VAT receivables	16,014	-	-	-
	4,215,139	4,520,184	4,160	3,000
Total other receivables	4,215,139	4,850,656	4,160	3,000

Included in non-trade receivables is an amount due from Impax Technology Wuxi Co., Ltd. amounted to RM1,157,348 (2014: RM1,804,857) for the disposal of the discontinued operation in 2013.

8. INVENTORIES

	Group	
	2015	2014
	RM	RM
Consumable goods	731,962	207,373
Recognised in profit or loss:-		
Inventories written off	-	34,578

9. TRADE RECEIVABLES

	Group	
	2015 RM	2014 RM
Trade receivables	27,784,688	9,316,548
Impairment on doubtful receivables		
At 1 January	-	(264,122)
- Bad debts written off	-	263,064
- Currency translation differences	-	1,058
At 31 December	-	-
Net trade receivables	27,784,688	9,316,548

(a) The normal trade credit terms granted by the Group to the trade receivables ranging from 30 to 120 days (2014: 30 to 90 days). The Group determines concentration of credit risk by comparing the amount due from each individual customer against the total trade receivables.

(b) The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:-

	Group			
	2015		2014	
	RM	%	RM	%
Top 3 customers	14,639,054	53	4,849,342	52

(c) The ageing analysis of trade receivables of the Group are as follows:-

	2015 RM	2014 RM
Within credit terms	19,591,967	6,714,981
Past due 1-30 days but not impaired	4,307,702	1,492,911
Past due 31-60 days but not impaired	1,131,135	859,259
Past due more than 60 days and not impaired	2,753,884	249,397
Total trade receivables	27,784,688	9,316,548

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are due from creditworthy customers with good payment records with the Group. None of the Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group have trade receivables amounting to RM8,192,721 (2014: RM2,601,567) that are past due at the reporting date but not impaired. The Directors are of the opinion that the receivables are collectible in view of long term business relationships with the customers. These receivables are unsecured.

Receivables that are impaired

There are no trade receivables of the Group that are impaired.

9. TRADE RECEIVABLES (CONT'D)

(d) Currency exposure profile of trade receivables denominated in currency other than the respective functional currency of the Group's entities is as follows:-

	Group	
	2015 RM	2014 RM
Singapore Dollar ("SGD")	6,947,959	-
US Dollar ("USD")	2,527,991	2,175,192

(e) Included in trade receivables of the Group is an amount of RM6,839,235 (2014: Nil) due from related parties. The said amount bears no interest and repayable on demand.

Included in trade receivables of the Group is an amount of RM5,977,050 (2014: Nil) due from a corporate shareholder. The said amount bears no interest and repayable on demand.

10. AMOUNT DUE FROM/(TO) A SUBSIDIARY COMPANY

(i) The amount due from/(to) a subsidiary company is non-trade related, unsecured, bears no interest and repayable on demand:-

	Company	
	2015 RM	2014 RM
Amount due from a subsidiary company	4,629,382	3,771,469
Less: Impairment loss		
Brought forward	-	-
Charge for the financial year	4,629,382	-
Carried forward	4,629,382	-
Net	-	3,771,469

Related companies refer to the members of Mclean Technologies Berhad's group of companies.

(ii) Currency exposure profile of amount due from/(to) a subsidiary company denominated in currencies other than functional currency of the Company is as follows:-

	Company	
	2015 RM	2014 RM
USD	-	3,771,469
SGD	(1,728,100)	(444,738)

11. DEPOSITS WITH LICENSED BANKS

Deposits with licensed banks of the Group amounting to RM2,109,586 (2014: Nil) has been pledged as a security for banking guarantee facility granted to a subsidiary company and hence are not available for general use.

The average effective interest rate per annum for deposits with licensed banks of the Group range from 3.00% - 3.30% (2014: Nil).

12. CASH AND BANK BALANCES

Currency exposure profile of cash and bank balances denominated in currency other than the respective functional currency of the Group's entities is as follows:-

	Group 2015 RM	Group 2014 RM
USD	3,716,111	705,030

Group

Included in the cash and bank balances, there is an amount of approximately RM251,812 (2014: RM652,322) which serves as security deposit for defective products.

Included in the cash and bank balances, there is an amount denominated in RMB of RM1,791,273 (2014: RM1,149,731). The RMB is not freely convertible into foreign currencies. Under the People's Republic of China Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

13. SHARE CAPITAL

	Group and Company			
	2015		2014	
	No. of shares	RM	No. of shares	RM
Authorised:-				
Ordinary shares of RM0.25 each				
At 1 January/31 December	400,000,000	100,000,000	400,000,000	100,000,000
Issued and fully paid up:-				
Ordinary shares of RM0.25 each				
At 1 January	117,400,000	29,350,000	117,400,000	29,350,000
Conversion of warrants	5,000,000	1,250,000	-	-
Issued during the financial year	56,378,000	14,094,500	-	-
At 31 December	178,778,000	44,694,500	117,400,000	29,350,000

The new ordinary shares issued during the financial year rank pari passu in all respect with the existing ordinary shares of the Company.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual value.

14. SHARE PREMIUM

Share premium represents the excess of the consideration received over the nominal value of shares issued by the Company. It is not to be distributed by way of cash dividends and its utilisation shall be in the manner as set out in Section 60(3) of the Companies Act 1965.

15. OTHER RESERVES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Warrant reserve	5,493,104	5,400,400	5,493,104	5,400,400
Currency fluctuation reserve	4,700,873	2,864,694	-	-
Merger deficit	(22,246,256)	(22,246,256)	-	-
Other reserve	(3,946,460)	-	-	-
	(15,998,739)	(13,981,162)	5,493,104	5,400,400

Warrant reserve

Warrants A 2011/2016

On 12 October 2010 and 10 May 2011, the Company issued 58,700,000 Warrants A pursuant to the followings:-

(a) Acquisition of the entire issued and paid-up share capital of Magnetronics for a total purchase consideration of RM18,351,998 which was wholly satisfied through the issuance of 61,999,992 new MClean Shares and the issuance of 30,999,996 warrants at an exercise price of RM0.52 each.

(b) Acquisition of the entire issued and paid-up share capital of Techsin Singapore for a total consideration of RM11,840,000 which was wholly satisfied through the issuance of 40,000,000 new MClean Shares and issuance of 20,000,004 warrants at an exercise price of RM0.52 each.

(c) Issuance of 15,400,000 new MClean Shares with 7,700,000 Free Warrants allotted on the basis of one (1) Free Warrants for every two (2) New MClean Shares at an issue price of RM0.52 per MClean Share.

Warrants B 2015/2020

On 15 October 2015, the Company issued 28,175,996 Warrants B on the basis of six free warrants for every twenty-five ordinary share.

The main features of the warrants are as follows:-

	Tenure (years)	Issue Date	Expiry date	Exercise Price (RM)
Warrants A 2011/2016	5	12 October 2010 and 10 May 2011	9 May 2016	0.52
Warrants B 2015/2020	5	15 October 2015	7 October 2020	0.25

The warrants may be exercised at any time during the tenure of the warrants of five (5) years including and commencing from the issue date of the warrants and ending on the expiry date. Each warrant carries the entitlement to subscribe for one (1) new ordinary share of RM0.25 each in the Company at the exercise prices stated above and shall be satisfied fully in cash and shall be subject to adjustments in accordance with the respective Deed Polls.

Subject to the provision in the respective Deed Polls, the exercise price and the number of warrants held by each warrant holder shall be adjusted by the Board of Directors of the Company in consultation with the adviser and certification of the external auditors, in the event of alteration to the share capital of the Company.

The theoretical fair value of the warrants was computed using the Black-Scholes Option Pricing Model at approximately RM0.092 per Warrants A and RM0.004 per Warrants B.

The fair value allocated to the warrants reserve is derived by adjusting the proceeds of the above issuance to the fair value of the shares and warrants on a proportionate basis.

15. OTHER RESERVES (CONT'D)

Warrant reserve (cont'd)

The movement of the warrants during the financial year is as follows:-

	Warrants A 2011/2016 Units	Warrants B 2015/2020 Units	Total Units
At 1 January	58,700,000	-	58,700,000
Issued	-	28,175,996	28,175,996
Exercised	-	(5,000,000)	(5,000,000)
At 31 December	58,700,000	23,175,996	81,875,996

Currency fluctuation reserve

The currency fluctuation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

Merger deficit

The merger deficit arises from the difference between the purchase consideration and the carrying value of the share capital acquired under the pooling-of-interests method of consolidation.

Other reserve

Other reserve relates to fair value adjustment to the shares issued for the acquisition of subsidiary companies.

16. RETAINED EARNINGS/(ACCUMULATED LOSSES)

The Company adopt the Single Tier Income Tax System in which the Company may declare the payment of the dividends out of its entire retained earnings.

17. DEFERRED TAX LIABILITIES

	Group	
	2015 RM	2014 RM
At 1 January	-	-
Addition through acquisition of subsidiary companies	1,084,094	-
Transfer to profit or loss (Note 23)	(289,533)	-
At 31 December	794,561	-

The balance in the deferred tax liabilities is made up of temporary differences arising from:-

	Group	
	2015 RM	2014 RM
Carrying amount of qualifying property, plant and equipment in excess of their tax base	794,561	-

18. BORROWINGS

	Group	
	2015	2014
	RM	RM
Current		
Secured:-		
Account receivable financing	2,551,939	2,906,209
Bank overdraft	412,950	-
Term loans	663,313	925,094
	3,628,202	3,831,303
Non-current		
Secured:-		
Term loans		
- between 2 to 5 years	631,139	432,016
- more than 5 years	189,832	-
	820,971	432,016
Total borrowings	4,449,173	4,263,319

The effective interest of Account Receivable Financing is charged at the rate of approximately 3.75% (2014: 3.75%) per annum and is repayable upon demand.

The effective interest of bank overdraft is charged at the rate of 6.25% (2014: Nil) per annum and is repayable upon demand.

The effective interest of term loans is charged at rates ranging from 3.27% - 4.60% (2014: 3.30%) per annum and is repayable from 36 - 120 monthly installments (2014: 36 monthly installments).

The banking facilities of the Group are secured by means of the following:-

a) Corporate guarantee of SGD3,028,000 (approximately RM9,000,000) (2014: SGD3,028,000 or approximately RM8,000,000).
b) First floating charge over the receivables of Mclean Singapore.
c) Three units of 1 ½ storey semi-detached factory.
d) Jointly and severally guaranteed by the Directors.

Currency exposure profile of bank overdraft denominated in currencies other than the respective functional currency of the Group's entities is as follows:-

	Group	
	2015	2014
	RM	RM
USD	175,875	-

19. TRADE PAYABLES

Trade payables comprise amounts outstanding for trade purchases. The normal credit terms granted by the trade payables ranging from 30 to 120 days (2014: 30 to 120 days).

Currency exposure profile of trade payables denominated in currencies other than the respective functional currency of the Group's entities is as follows:-

	Group	
	2015 RM	2014 RM
USD	109,657	230,198
SGD	2,310,923	-
EURO Dollar ("EURO")	30,677	-
Thai Baht ("THB")	62,236	139,289

Included in trade payables of the Group is an amount of RM255,330 (2014: Nil) due to a related party. The said amount is unsecured, bears no interest and repayable on demand.

Included in trade payables of the Group is an amount of RM1,565,165 (2014: Nil) due to a corporate shareholder. The said amount is unsecured, bears no interest and repayable on demand.

20. OTHER PAYABLES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Non-trade payables	535,283	249,358	59,357	8,065
Amount due to a related party	331,306	285,865	-	-
Accruals of expenses	3,111,363	1,683,207	150,000	286,996
GST/VAT payable	127,378	63,769	-	-
Advance received	-	77,239	-	-
	4,105,330	2,359,438	209,357	295,061

Amount due to a related party is unsecured, bears no interest and repayable on demand.

Currency exposure profile of other payables denominated in currencies other than the respective functional currency of the Group's entities is as follows:-

	Group	
	2015 RM	2014 RM
SGD	12,791	-
USD	-	77,239

21. REVENUE

Revenue of the Group represents invoiced sales to customers for precision cleaning of plastic and metal components, clean bulk packing services, providing surface finishing services for metal parts and electrical and electronic industries and related services excluding goods and services tax and value-added tax.

Revenue of the Company consists of dividend income.

22. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax has been determined after charging/(crediting), amongst other items, the following:-

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Auditors' remuneration				
- Company's auditors				
- statutory audit	178,000	140,000	140,000	140,000
- others	14,000	14,000	14,000	14,000
- other external auditors	58,748	56,839	-	-
Amortisation of intangible assets	1,061,219	954,778	-	-
Excess of net fair value over acquisition cost	(7,786,567)	-	-	-
Depreciation	3,435,033	3,138,244	-	-
Directors' emoluments	1,365,227	1,481,518	-	-
Directors' fee	268,000	274,000	268,000	274,000
Dividend income	-	-	(550,000)	-
Key management personnels' remuneration	866,621	688,944	-	-
Property, plant and equipment written off	2,567	77,902	-	-
Rental expenses	4,450,246	3,235,756	-	-
Net unrealised gain on foreign exchange	(1,061,429)	(406,107)	(698,289)	(234,485)
Inventories written off	-	34,578	-	-
Interest expenses	205,422	82,900	-	-
Impairment on doubtful receivables	-	-	4,629,382	-
Impairment loss on investment in subsidiary companies	-	-	2,784,043	4,637,811
Net realised loss on foreign exchange	110,965	2,594	5,023	5,154
(Gain)/Loss on disposal of property, plant and equipment	(446)	11,884	-	-
Small and medium entity tax incentive	-	(134,351)	-	-
Interest income	(48,359)	(3,993)	(4,697)	(2,166)
Executive Directors:-				
Salaries and other emoluments	1,293,393	1,425,382	-	-
Defined contribution plan	71,834	56,136	-	-
Fees	42,000	48,000	42,000	48,000
Total remuneration	1,407,227	1,529,518	42,000	48,000
Non-executive Directors:-				
Fees	226,000	226,000	226,000	226,000
Key management personnel:-				
Salaries and other emoluments	813,795	633,791	-	-
Defined contribution plan	52,826	55,153	-	-
Total remuneration	866,621	688,944	-	-

23. TAX (INCOME)/EXPENSES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Current year provision	20,204	-	328	-
Deferred tax liabilities (Note 17)	(289,533)	-	-	-
	(269,329)	-	328	-

The numerical reconciliation between the average effective tax rate and the statutory tax rate are as follows:-

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Profit/(Loss) before tax	3,788,060	(5,591,890)	(7,298,741)	(5,178,929)
Tax at Malaysian statutory tax rate of 25%	947,015	(1,397,973)	(1,824,685)	(1,294,732)
Tax effects in respect of:-				
Expenses not deductible for tax	306,702	776,401	2,137,085	1,353,428
Income not subject to tax	(2,651,533)	(110,434)	(312,072)	(58,696)
Deferred tax assets not recognised	773,511	508,170	-	-
Utilisation of deferred tax assets on temporary differences not recognised in previous year	-	(172,550)	-	-
Different tax rates of subsidiary companies in overseas	354,976	396,386	-	-
Total tax (income)/ expenses	(269,329)	-	328	-

(a) The corporate tax rate will reduce to 24% for the year of assessment 2016 as announced in Malaysia Budget 2014.

(b) The Group's unabsorbed tax losses and unutilised capital allowances which can be carried forward to offset against future taxable profit amounted to approximately RM6,187,000 (2014: RM2,736,000) and RM2,747,000 (2014: RM2,386,000) respectively.

(c) Tax expense for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions. The above amounts are subject to acceptance of the Inland Revenue Board of Malaysia and relevant tax authorities of foreign subsidiary companies.

24. EARNINGS/(LOSS) PER SHARE

Group

Basic earnings/(loss) per share is calculated by dividing the net profit/(loss), net of tax, for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	2015 RM	2014 RM
Profit/(Loss) for the financial year, attributable to owners used in the computation of basic earnings/(loss) per share	3,577,735	(5,591,890)

24. EARNINGS/(LOSS) PER SHARE (CONT'D)

	2015 Units	2014 Units
Weighted average number of ordinary shares at 1 January	117,400,000	117,400,000
Effect of ordinary shares issued during the financial year	13,814,055	-
Weighted average number of ordinary shares at 31 December	131,214,055	117,400,000
Basic earnings/(loss) per share (sen)	2.73	(4.76)

For the warrant-in-issue, a calculation is done to determine the number of shares that could have been acquired at market price (determined based on the average annual share price of the Company's shares) based on the monetary value of the subscriptions rights attached to outstanding warrant-in-issue. The calculation serves to determine the "unpurchased" shares to be added to the weighted average number of ordinary shares outstanding for the purposes of computing the diluted earnings per share.

Diluted earnings per share is not presented as the effect is anti-dilutive.

25. EMPLOYEE BENEFITS EXPENSE

	Group	
	2015 RM	2014 RM
Salaries, wages and other emoluments	15,782,515	12,830,186
Defined contribution plan	913,506	473,294
Total staff costs	16,696,021	13,303,480

Included in staff costs of the Group is the Directors' emoluments of RM1,365,227 (2014: RM1,481,518) as disclosed in Note 22 to the financial statements.

26. DEFERRED TAX ASSETS

Deferred tax assets have not been recognised in respect of the following temporary differences due to uncertainty of its recoverability:-

	Group	
	2015 RM	2014 RM
Excess of net carrying amount over tax written down value of qualifying property, plant and equipment	(596,000)	(1,646,000)
Unutilised capital allowances	2,747,000	2,386,000
Unabsorbed tax losses	6,187,000	2,736,000
Others	52,000	34,000
	8,390,000	3,510,000

The unabsorbed tax losses and unutilised capital allowances are available for offset against future taxable profits of the subsidiary companies in which those items arose. Deferred tax assets have not been recognised in respect of unutilised tax losses as they may not be used to offset taxable profits of other subsidiary companies in the Group.

27. COMMITMENT

Capital commitments

Capital expenditure not provided for in the financial statement are as follows:-

	Group	
	2015 RM	2014 RM
Authorised and contracted for:-		
Electronic equipment	135,670	-
Plant and machinery	59,476	-
	195,146	-

Rental commitments

	Group	
	2015 RM	2014 RM
Within one year	2,331,021	1,332,889
Between two to five years	3,881,501	-
	6,212,522	1,332,889

28. CONTINGENT LIABILITIES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Unsecured:-				
Bank guarantees given to Royal Malaysian Customs Department	392,500	-	-	-
Guarantees given to licensed bank for credit facilities granted to subsidiary company	-	-	3,074,807	4,263,306
	392,500	-	3,074,807	4,263,306

29. SEGMENT INFORMATION

(i) Business segment

Management currently identifies the Group's technical assembly services and surface treatment and precision cleaning as operating segments. These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results. The following summary describes the operations in each of the Group's reportable segments:-

Surface treatment and precision cleaning : Surface treatment, precision cleaning, clean bulk pack and related services mainly in the hdd & consumer electronics industries.

Technical assembly services : Sale of modules relating to technical assembly services.

The Group has aggregated certain operating segments to form a reportable segment due to the similar nature and operational characteristics of the services.

29. SEGMENT INFORMATION (CONT'D)

(i) Business segment (cont'd)

Transfer prices between operating segments are on negotiated basis.

2015	Surface treatment and precision cleaning RM	Technical assembly services RM	Elimination RM	Total RM
Revenue:-				
External customers	39,756,287	17,605,952	-	57,362,239
Inter segment	5,850,291	-	(5,850,291)	-
Total revenue	45,606,578	17,605,952	(5,850,291)	57,362,239
Results:-				
Segment profit				654,808
Excess of net fair value over acquisition cost				7,786,567
Interest income				48,359
Interest expenses				(205,422)
Depreciation and amortisation of intangible assets				(4,496,252)
Tax income				269,329
Profit after tax				4,057,389

2014	Surface treatment and precision cleaning RM	Technical assembly services RM	Elimination RM	Total RM
Revenue:-				
External customers	34,223,604	-	-	34,223,604
Inter segment	6,538,661	-	(6,538,661)	-
Total revenue	40,762,265	-	(6,538,661)	34,223,604
Results:-				
Segment loss				(1,419,961)
Interest income				3,993
Interest expenses				(82,900)
Depreciation and amortisation of intangible assets				(4,093,022)
Loss after tax				(5,591,890)

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 the business segments.

29. SEGMENT INFORMATION (CONT'D)

(ii) Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:-

	2015		2014	
	Revenue RM	Non-current assets RM	Revenue RM	Non-current assets RM
Malaysia*	5,479,364	15,327,142	3,853,417	-
Singapore	43,293,290	3,892,026	21,403,584	4,921,565
People's Republic of China	7,789,622	6,632,498	7,112,273	7,318,958
Others	799,963	-	1,854,330	-
	57,362,239	25,851,666	34,223,604	12,240,523

* Company's home country

Non-current assets information presented above consist of the following items as presented in the statement of financial position:-

	2015 RM	2014 RM
Intangible assets	1,728,575	2,491,759
Property, plant and equipment	24,123,091	9,418,292
Non-current other receivables	-	330,472
	25,851,666	12,240,523

(iii) Information about major customers

The following are major customers with revenue equal or more than 10% of the Group's total revenue:-

	Segment	Revenue 2015 RM	Revenue 2014 RM
- Customer A	Technical assembly services	17,605,952	-
- Customer B	Precision cleaning	14,672,483	14,166,648
		32,278,435	14,166,648

30. RELATED PARTY DISCLOSURES

(a) The transaction of the Group and of Company with the related parties are as follows:-

Group	2015 RM	2014 RM
Sales to a related party	17,605,952	-
Sales to a corporate shareholder	3,107,549	-
Subcontract fee charged by a corporate shareholder	527,704	-

Company	2015 RM	2014 RM
Dividend income from a subsidiary company	550,000	-

(b) The remuneration of Directors and other key management personnel are disclosed in Notes 22 and 25 to the financial statements. Other key management personnel comprise persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly.

(c) Outstanding balances arising from related party transactions are disclosed in Notes 9, 10, 19 and 20 to the financial statements.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Board of Directors meet periodically to analyse and formulate measures to manage the Group's exposure to credit risk, liquidity risk, interest rate risk and currency risk. Generally, the Group employs a conservative strategy regarding its risk management.

At reporting date, the Group's financial instruments mainly consist of cash and cash equivalents, borrowings, receivables and payables.

The Group does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange except as stated below.

(a) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

It is the Group's policy to enter into transactions with diverse credit worthy counterparties.

The Group and the Company are exposed to credit risk primarily from trade and other receivables, intercompany balances and cash and bank balances with financial institutions.

The Group has concentration of credit risk and are disclosed in Note 9 to the financial statements.

Cash is held with financial institutions of good standing.

The maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position.

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group and the Company manage their liquidity risk by ensuring the availability of adequate funds to meet all their obligations in a timely and cost-effective manner.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity risk (cont'd)

The table below analyses the maturity profile of the Group's and the Company's financial liabilities:-

	Less than 1year RM	Between 2 to 5 years RM	More than 5 year RM	Total RM
2015				
Group				
Trade payables	14,232,348	-	-	14,232,348
Other payables	3,977,952	-	-	3,977,952
Borrowings	3,679,376	727,440	193,386	4,600,202
Total undiscounted financial liabilities	21,889,676	727,440	193,386	22,810,502
Company				
Other payables	209,357	-	-	209,357
Amount due to a subsidiary company	1,728,100	-	-	1,728,100
Total undiscounted financial liabilities	1,937,457	-	-	1,937,457
2014				
Group				
Trade payables	4,787,029	-	-	4,787,029
Other payables	2,295,669	-	-	2,295,669
Borrowings	3,858,881	462,547	-	4,321,428
Total undiscounted financial liabilities	10,941,579	462,547	-	11,404,126
Company				
Other payables	295,061	-	-	295,061
Amount due to a subsidiary company	444,738	-	-	444,738
Total undiscounted financial liabilities	739,799	-	-	739,799

The above amounts reflect the contractual undiscounted cash flows, which may differ from carrying values of the liabilities at the reporting date.

(c) Interest rate risk

Interest rate risk is caused by changes in market interest rate resulting in fluctuation in fair value or future cash flow of financial instrument of the Group. The Group's interest rate management objective is to manage interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation.

The Group's borrowings at variable rates are exposed to the risk of change in cash flow due to changes in interest rate.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Interest rate risk (cont'd)

Interest rate sensitive analysis

At financial year end, the Group is exposed to changes in market interest rates through bank borrowings at variable interest rates. Other borrowings are at fixed interest rates. The exposure to interest rates for the Group's money market funds is considered immaterial.

	Group	
	2015 RM	2014 RM
Fixed rate instruments		
Financial asset		
Deposits with licensed banks	2,109,586	-
Net financial asset	2,109,586	-
Floating rate instruments		
Financial liability		
Borrowings	(4,449,173)	(4,263,319)
Net financial liability	(4,449,173)	(4,263,319)

The following table illustrates the sensitivity of profit/(loss) to a reasonably possible change in interest rates of +/-25 (2014: +/-25) basis point ("bp"). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	2015 RM	2014 RM
Effect on profit/(loss) for the year		
+ 25bp	11,123	10,659
- 25bp	(11,123)	(10,659)

(d) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Group operates and sells its products/services in Malaysia, Singapore and People's Republic of China and transacts in foreign currencies mainly USD, THB, EURO and SGD. As a result, the Group is exposed to movements in foreign currency exchange rates.

The Group monitors its currency risk closely and where appropriate, enters into currency forward contracts to manage currency exposure.

The Group does not hedge its currency risk of its investments in overseas subsidiary companies. Such investments are long term in nature and therefore not feasible and economical to hedge.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Currency risk (cont'd)

The Group's currency exposure based on information provided is as follows:-

	2015			
	USD RM	THB RM	SGD RM	EURO RM
Financial assets				
Cash and bank balances	3,716,111	-	-	-
Trade receivables	2,527,991	-	6,947,959	-
	6,244,102	-	6,947,959	-
Financial liabilities				
Borrowings	(175,875)	-	-	-
Trade payables	(109,657)	(62,236)	(2,310,923)	(30,677)
Other payables	-	-	(12,791)	-
	(285,532)	(62,236)	(2,323,714)	(30,677)
Net currency exposure	5,958,570	(62,236)	4,624,245	(30,677)

	2014			
	USD RM	THB RM	SGD RM	EURO RM
Financial assets				
Cash and bank balances	705,030	-	-	-
Trade receivables	2,175,192	-	-	-
	2,880,222	-	-	-
Financial liabilities				
Trade payables	(230,198)	(139,289)	-	-
Other payables	(77,239)	-	-	-
	(307,437)	(139,289)	-	-
Net currency exposure	2,572,785	(139,289)	-	-

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Currency risk (cont'd)

Sensitivity analysis

Group

A change in the functional currency of respective subsidiary companies against the foreign currency at the reporting date would have either increased or decreased Group's profit/(loss) before tax by:-

		2015		2014	
		Profit after tax RM	Equity RM	Loss after tax RM	Equity RM
USD	- strengthened 2% (2014: 1%)	119,000	119,000	26,000	26,000
	- weakened 2% (2014: 1%)	(119,000)	(119,000)	(26,000)	(26,000)
THB	- strengthened 1% (2014: 1%)	(1,000)	(1,000)	(1,000)	(1,000)
	- weakened 1% (2014: 1%)	1,000	1,000	1,000	1,000
SGD	- strengthened 1% (2014: 1%)	46,000	46,000	-	-
	- weakened 1% (2014: 1%)	(46,000)	(46,000)	-	-
EURO	- strengthened 1% (2014: 1%)	(300)	(300)	-	-
	- weakened 1% (2014: 1%)	300	300	-	-

Company

The Company's currency exposure based on information provided is as follows:-

	2015		2014	
	USD RM	SGD RM	USD RM	SGD RM
Financial asset/ (liability)				
Amount due from/(to) a subsidiary company	-	(1,728,100)	3,771,469	(444,738)

The changes in RM against the USD and SGD, at the reporting date would have either increased or decreased Company's loss from continuing operations before tax by:-

		2015		2014	
		Loss after tax RM	Equity RM	Loss after tax RM	Equity RM
USD	- strengthened 2% (2014: 1%)	-	-	38,000	38,000
	- weakened 2% (2014: 1%)	-	-	(38,000)	(38,000)
SGD	- strengthened 1% (2014: 1%)	(17,000)	(17,000)	(4,000)	(4,000)
	- weakened 1% (2014: 1%)	17,000	17,000	4,000	4,000

32. FAIR VALUES MEASUREMENT

The carrying amounts of financial assets and liabilities of the Group at the reporting date approximate their fair values due to their short-term nature or they are floating rate instruments re-priced to market interest rates on or near the reporting date.

33. CAPITAL MANAGEMENT

The Group's and the Company's objective when managing capital are:-

(a) to safeguard the Group's and the Company's ability to continue as a going concern;
(b) to support the Group's and the Company's stability and growth; and
(c) to provide capital for the purpose of strengthening the Group's and the Company's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholders' returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group currently does not adopt any formal dividend policy.

The Group monitors capital on the basis of the carrying amount of equity as presented in the statement of financial position.

There were no changes to the Group's approach to capital management during the financial year. The Group is not subject to externally imposed capital requirement.

34. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(i) On 5 June 2015, the Company acquired 550,000 DWZ shares from Décor Industries Pte. Ltd., representing 55% of the issued and paid-up share capital of DWZ for a total purchase consideration of RM14,094,500 satisfied through the issuance of 56,378,000 ordinary shares of RM0.25 each at an issue price of RM0.25.

DWZ has a wholly-owned subsidiary, namely DWZ Johor, which is principally involved in provision of precision cleaning and washing services.

The Acquisition has been completed on 8 October 2015.

(ii) On 15 October 2015, the Company issued 28,175,996 free warrants on the basis of six free warrants for every twenty-five ordinary shares of RM0.25 each which able to exercise into one (1) new ordinary share of RM0.25 each at the exercise price of RM0.25 each.

35. SIGNIFICANT EVENT AFTER THE FINANCIAL YEAR

On 16 February 2016, Petroliam Nasional Berhad and Petronas Gas Berhad ("PGB"), through their appointed solicitor, have issue letter of demand to DWZ Group 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 Group through its solicitor has taken all measures to resist the claim. At this stage, DWZ Group's solicitor is of the view that it is still too early to have a clear opinion of the case.

36. DISCLOSURE OF REALISED AND UNREALISED PROFITS/(LOSSES)

With the purpose of improving transparency, Bursa Malaysia Securities Berhad has on 25 March 2010 and subsequently on 20 December 2010, issued directives which require all listed corporations to disclose the breakdown of retained earnings or accumulated losses into realised and unrealised on group and company basis in the annual audited financial statements.

The breakdown of retained earnings or accumulated losses as at the reporting date prepared by the Directors in accordance with the directives from Bursa Malaysia Securities Berhad stated above and the Guidance on Special Matter No.1 – Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants are as follows:-

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Total retained earnings/ (accumulated losses) of the Company and its subsidiary companies:				
- Realised	(8,373,795)	(22,272,918)	(29,012,739)	(21,157,162)
- Unrealised	266,868	415,833	698,289	234,485
	(8,106,927)	(21,857,085)	(28,314,450)	(20,922,677)
Consolidation Adjustments	9,985,376	20,250,503	-	-
	1,878,449	(1,606,582)	(28,314,450)	(20,922,677)

The disclosure of realised and unrealised profits or losses above is solely for complying with the disclosures requirements stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purposes.

LIST OF PROPERTIES

Location	Description	Date of certificate of fitness/ Year of Acquisition	Approximate age of building years/Tenure	Land/area built-up area sq.ft.	Audited net book value as at 31-Dec-15 RM '000
No 12, Jalan Maju 1, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor Bahru, Malaysia	1 1/2 Storey Semi-Detached Factory	30 Jan 1999 / 9 Nov 2009	17	14,402.10	2,073
No 30, Jalan Maju 1, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor Bahru, Malaysia	1 1/2 Storey Semi-Detached Factory	17 Jan 2006 / 21 Feb 2006	10	12,604.53	1,876
No 20, Jalan Maju 5, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor Bahru, Malaysia	1 1/2 Storey Semi-Detached Factory	30 Jan 1999 / 26 Sep 2007	17	9,601.40	1,430
No 22, Jalan Maju 5, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor Bahru, Malaysia	1 1/2 Storey Semi-Detached Factory	30 Jan 1999 / 9 May 2011	17	9,601.40	1,410
No 25, Jalan Maju 5, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor Bahru, Malaysia	1 1/2 Storey Semi-Detached Factory	30 Jan 1999 / 31 Mar 1998	17	10,505.57	1,627
No 27, Jalan Maju 5, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor Bahru, Malaysia	1 1/2 Storey Semi-Detached Factory	30 Jan 1999 / 31 Mar 1998	17	8,998.62	1,399
No 30, Jalan Maju 5, Taman Perindustrian Desa Cemerlang, 81800 Ulu Tiram, Johor Bahru, Malaysia	1 1/2 Storey Semi-Detached Factory	30 Jan 1999 / 30 Jun 2011	17	10,796.20	1,589

ANALYSIS OF SHAREHOLDINGS AND WARRANT HOLDINGS
AS AT 25 MARCH 2016

Authorised share capital	:	RM100,000,000.00 comprising 400,000,000 ordinary shares of RM0.25 each
Issued and fully paid-up capital	:	RM44,694,500.00 comprising 178,778,000 ordinary shares of RM0.25 each
Class of shares	:	Ordinary shares of RM0.25 each
Voting rights	:	One (1) vote per ordinary share
Number of shareholders	:	816

ANALYSIS OF SHAREHOLDINGS

Holdings	No. of holders	Total holdings	Percentage (%)
1 – 99	3	97	0.00
100 – 1,000	109	86,000	0.05
1,001 – 10,000	374	2,037,300	1.14
10,001 – 100,000	269	9,740,400	5.45
100,001 – less than 5% of issued shares	58	45,671,261	25.55
5% of issued shares and above	3	121,242,942	67.82
TOTAL	**816**	**178,778,000**	**100.00**

LIST OF SUBSTANTIAL SHAREHOLDERS

(Based on the Register of Substantial Shareholders)

(Holding 5% or more of the share capital)

Shareholders	Direct		Indirect	
	No. of shares	%	No. of shares	%
Decor Industries Pte Ltd	56,378,000	31.54	-	-
JCS Group Pte Ltd	38,747,942	21.67	-	-
Yeo Hock Huat	26,117,000	14.61	39,748,004 [1]	22.23
Lim Han Kiau	80,000	0.04	56,845,000 [2]	31.80
Kam Kian Poh	-	-	56,378,000 [3]	31.54
DGC Holdings Pte Ltd	-	-	56,378,000 [4]	31.54

Notes:

1 Deemed interested by virtue of the shareholdings of his siblings, Yeo Seow Lai and Yeo Lian Cheng, and his shareholdings in JCS Group Pte Ltd pursuant to Section 6A of the Companies Act, 1965.

2 Deemed interested by virtue of the shareholdings of his son, Lim Min Han, his sibling, Lim Choon Geok and his shareholdings in Decor Industries Pte Ltd pursuant to Section 6A of the Companies Act, 1965.

3 Deemed interested by virtue of his shareholdings in DGC Holdings Pte Ltd, a holding company of Decor Industries Pte Ltd pursuant to Section 6A of the Companies Act. 1965.

4 Deemed interest by virtue of its shareholdings in Decor Industries Pte Ltd pursuant to Section 6A of the Companies Act.

DIRECTORS' SHAREHOLDINGS

(Based on the Register of Directors' Shareholdings)

Directors	Direct		Indirect	
	No. of shares	%	No. of shares	%
Yeo Hock Huat	26,117,000	14.61	39,748,004 [1]	22.23
Lim Han Kiau	80,000	0.04	56,845,000 [2]	31.80
Dr Ho Choon Hou	-	-	-	-
Pang Kong Chek	-	-	-	-
Dato' Mark William Ling Lee Meng	-	-	-	-
Yeo Seow Lai	600,062	0.34	26,517,000 [3]	14.83

Notes:

1 Deemed interested by virtue of the shareholdings of his siblings, Yeo Seow Lai and Yeo Lian Cheng, and his shareholdings in JCS Group Pte Ltd pursuant to Section 6A of the Companies Act, 1965.

2 Deemed interested by virtue of the shareholdings of his son, Lim Min Han, his sibling, Lim Choon Geok and his shareholdings in Decor Industries Pte Ltd pursuant to Section 6A of the Companies Act, 1965.

3 Deemed interested by virtue of the shareholdings of her siblings, Yeo Hock Huat and Yeo Lian Cheng pursuant to Section 6A of the Companies Act, 1965.

LIST OF 30 LARGEST SHAREHOLDERS REGISTERED

(Based on Record of Depositories)

Name		No. of shares held	Percentage (%)
1.	TMF Trustees Malaysia Berhad for MClean Technologies Berhad and Decor Industries Pte Ltd	56,378,000	31.54
2.	JCS Group Pte Ltd	38,747,942	21.67
3.	Yeo Hock Huat	26,117,000	14.61
4.	Chow Kok Meng, Bert	8,919,999	4.99
5.	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for Citibank N.A Singapore (Barclays Bk)	5,627,200	3.15
6.	Mah Wai Loen	4,931,800	2.76
7.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for Credit Suisse (SG BR-TST-Asing)	4,854,100	2.72
8.	Mah Wai Loen	3,536,000	1.98
9.	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	2,615,200	1.46
10.	Lai Thiam Poh	1,293,000	0.72
11.	HLB Nominees (Asing) Sdn Bhd Pledged Securities Account for Koh Soe Khon (SIN 9119-9)	1,000,000	0.56
12.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ang Eng Tiong	818,200	0.46
13.	Kang Leen Leen	810,000	0.45
14.	Yeo Seow Lai	600,062	0.34
15.	Loh Weng Yew	550,000	0.31
16.	Chiam Kia Chee	457,300	0.26
17.	Lim Choon Geok	407,000	0.23
18.	Yeo Lian Cheng	400,000	0.22
19.	Ambank (M) Berhad Pledged Securities Account for Wong Ah Yong (SMART)	380,000	0.21
20.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Wong Ah Yong (MY1278)	330,000	0.18
21.	Maybank Nominees (Tempatan) Sdn Bhd Ang Eng Tiong	326,000	0.18
22.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Chiang Chong (B120566)	300,000	0.17
23.	Chen XuJun	300,000	0.17
24.	Cheng Su Peng	300,000	0.17
25.	Yau Teck Kong	300,000	0.17
26.	Ooi Siew Chai	297,000	0.17
27.	Lee Chee Keong	273,000	0.15
28.	Kho Siak Chung	261,000	0.15
29.	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for OCBC Securities Private Limited (Client A/C-NR)	260,000	0.15
30.	Ho Chee Meng	257,000	0.14
	TOTAL	**161,646,803**	**90.42**

ANALYSIS OF SHAREHOLDINGS AND WARRANT HOLDINGS (cont'd)
AS AT 25 MARCH 2016

WARRANTS 2011/2016

Original warrants issued	:	58,700,000
Exercise price per warrant	:	RM0.52
Exercise period	:	5 years (expiring on 9 May 2016)
Voting rights	:	None
Number of warrants holders	:	445

ANALYSIS OF WARRANT HOLDING

Holdings	No. of holders	Total holdings	Percentage (%)
1 – 99	3	180	0.00
100 – 1,000	184	137,850	0.23
1,001 – 10,000	79	367,500	0.63
10,001 – 100,000	137	7,081,300	12.07
100,001 – less than 5% of issued warrants	39	14,598,200	24.87
5% of issued warrants and above	3	36,514,970	62.21
TOTAL	**445**	**58,700,000**	**100.00**

DIRECTORS' WARRANT HOLDINGS

	Direct Interest		Deemed Interest	
Directors	No. of warrants	%	No. of warrants	%
Yeo Hock Huat	12,181,000	20.75	21,374,002 [1]	36.41
Lim Han Kiau	150,000	0.26	-	-
Dr Ho Choon Hou	-	-	-	-
Pang Kong Chek	-	-	-	-
Dato' Mark William Ling Lee Meng	-	-	-	-
Yeo Seow Lai	31	0.00	12,181,000 [2]	20.75

Notes:

1 Deemed interested by virtue of his sibling, Yeo Seow Lai and his shareholdings in JCS Group Pte Ltd pursuant to Section 6A of the Companies Act, 1965.

2 Deemed interested by virtue of the shareholdings of her sibling, Yeo Hock Huat pursuant to Section 6A of the Companies Act, 1965.

LIST OF 30 LARGEST WARRANT HOLDERS

	Name	No. of warrants held	Percentage (%)
1.	JCS Group Pte Ltd	21,373,971	36.41
2.	Yeo Hock Huat	12,181,000	20.75
3.	Chow Kok Meng, Bert	2,959,999	5.04
4.	Ho Sai Kong	1,489,800	2.54
5.	Chong Sze Thung	1,100,000	1.87
6.	Abdul Talib Bin Drus	999,800	1.70
7.	Lai Thiam Poh	800,000	1.36
8.	Ong Teck Loong	790,800	1.35
9.	Tan Tai Soo	700,900	1.19
10.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Yoong Sin Kuen (MY1568)	633,600	1.08
11.	Ang Soh Mui	485,100	0.83
12.	Yap Weng Khoon	480,900	0.82

LIST OF 30 LARGEST WARRANT HOLDERS (cont'd)

	Name	No. of warrants held	Percentage (%)
13.	Ong Boon Tong	430,900	0.73
14.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Hee Fat (E-SKN/TTJ)	418,800	0.71
15.	Chen XuJun	400,000	0.68
16.	Siah Boon Huat	400,000	0.68
17.	Ho Huey Chuin	370,000	0.63
18.	CIMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Shee Khin Foong (Kajang-CL)	320,000	0.55
19.	RHB Capital Nominees (Tempatan) Sdn Bhd Chan Ban Shoon (T-1951123)	300,600	0.51
20.	Aljafri Bin Wan Ahmad	300,000	0.51
21.	Chin Siew Boey	300,000	0.51
22.	Lee Soon Fatt	300,000	0.51
23.	Sim Kian Seng	300,000	0.51
24.	Rusman Rizuan Bin Abdul Rahman	299,300	0.51
25.	Ng Chun Yang	249,000	0.42
26.	Yap Chee Choong	240,000	0.41
27.	Baharin Bin Mohamad	200,000	0.34
28.	Leong Chee Ching	200,000	0.34
29.	Low Chin Kong	200,000	0.34
30.	Low Siew Kim	200,000	0.34
	Total	**49,424,470**	**84.20**

ANALYSIS OF SHAREHOLDINGS AND WARRANT HOLDINGS (cont'd)
AS AT 25 MARCH 2016

WARRANTS 2015/2020

Original warrants issued	:	28,175,996
Exercise price per warrant	:	RM0.25
Exercise period	:	5 years (expiring on 7 October 2020)
Voting rights	:	None
Number of warrants holders	:	748

ANALYSIS OF WARRANT HOLDING

Holdings	No. of holders	Total holdings	Percentage (%)
1 – 99	46	2,228	0.01
100 – 1,000	259	120,597	0.52
1,001 – 10,000	322	1,171,656	5.06
10,001 – 100,000	101	3,488,304	15.05
100,001 – less than 5% of issued warrants	17	5,602,378	24.18
5% of issued warrants and above	3	12,790,833	55.19
TOTAL	**748**	**23,175,996**	**100.00**

DIRECTORS' WARRANT HOLDINGS

	Direct Interest		Deemed Interest	
Directors	No. of warrants	%	No. of warrants	%
Yeo Hock Huat	68,080	0.29	9,539,520 [1]	41.16
Lim Han Kiau	19,200	0.08	112,080 [2]	0.48
Dr Ho Choon Hou	-	-	-	-
Pang Kong Chek	-	-	-	-
Dato' Mark William Ling Lee Meng	-	-	-	-
Yeo Seow Lai	144,014	0.62	164,080 [3]	0.71

Notes:

1 Deemed interested by virtue of the shareholdings of his siblings, Yeo Seow Lai and Yeo Lian Cheng, and his shareholdings in JCS Group Pte Ltd pursuant to Section 6A of the Companies Act, 1965.

2 Deemed interested by virtue of the shareholdings of his son, Lim Min Han and his sibling, Lim Choon Geok pursuant to Section 6A of the Companies Act, 1965.

3 Deemed interested by virtue of the shareholdings of her siblings, Yeo Hock Huat and Yeo Lian Cheng pursuant to Section 6A of the Companies Act, 1965.

LIST OF 30 LARGEST WARRANT HOLDERS

Name		No. of warrants held	Percentage (%)
1.	JCS Group Pte Ltd	9,299,506	40.13
2.	Chow Kok Meng, Bert	2,140,799	9.24
3.	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for Citibank N.A. Singapore (Barclays BK)	1,350,528	5.83
4.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for Credit Suisse (SG BR-TST-Asing)	1,116,984	4.82
5.	Mah Wai Loen	724,992	3.13
6.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Kian Hong (8098699)	592,476	2.56
7.	Lai Thiam Poh	527,224	2.27
8.	Mah Wai Leon	477,000	2.06

ANALYSIS OF SHAREHOLDINGS AND WARRANT HOLDINGS (cont'd)
AS AT 25 MARCH 2016

LIST OF 30 LARGEST WARRANT HOLDERS (cont'd)

	Name	No. of warrants held	Percentage (%)
9.	Maybank Nominees (Tempatan) Sdn Bhd Wong Ching Wei	305,000	1.32
10.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goh Chee How (E-KPG)	266,000	1.15
11.	Lee Chee Keong	258,700	1.12
12.	HLB Nominees (Asing) Sdn Bhd Pledged Securities Account for Koh Soe Khon (SIN 9119-9)	240,000	1.04
13.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ang Eng Tiong	196,368	0.85
14.	Kang Leen Leen	194,400	0.84
15.	Yeo Seow Lai	144,014	0.62
16.	Loh Weng Yew	132,000	0.57
17.	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	117,248	0.51
18.	Chiam Kia Chee	109,752	0.47
19.	Lee Eng Min	100,200	0.43
20.	Teoh Kim Guan	100,020	0.43
21.	Lee Lian Te	100,000	0.43
22.	Ong Kuee Hin	100,000	0.43
23.	Tong Jee Moi	100,000	0.43
24.	Lim Choon Geok	97,680	0.42
25.	Yeo Lian Cheng	96,000	0.41
26.	Low Ling Chue	95,700	0.41
27.	Ambank (M) Berhad Pledged Securities Account for Wong Ah Yong (SMART)	91,200	0.39
28.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Low Lam Cheen (E-TMM)	84,000	0.36
29.	Metronic Global Berhad	80,700	0.35
30.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Wong Ah Yong (MY1278)	79,200	0.34
	Total	**19,317,691**	**83.35**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixth Annual General Meeting of MClean Technologies Berhad ("**the Company**" or "**MClean**") will be held at Tawau Room, Auditorium & Convention Center @ The Podium, Ground Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur on Thursday, 23 June 2016 at 11.00 a.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2015 together with the Reports of the Directors and Auditors thereon. (Please refer to Explanatory Note)

2. To re-elect the following Directors retiring pursuant to Article 70 of the Company's Articles of Association and being eligible, offer themselves for election:-

   a. Dato' Mark William Ling Lee Meng; and (Ordinary Resolution 1)

   b. Madam Yeo Seow Lai; (Ordinary Resolution 2)

3. To re-elect the following Director retiring pursuant to Article 75 of the Company's Articles of Association and being eligible, offer himself for election:-

   a. Mr Lim Han Kiau (Ordinary Resolution 3)

4. To approve the payment of Directors' Fees amounting to RM274,000.00 for the financial year ending 31 December 2016. (Ordinary Resolution 4)

5. To re-appoint Messrs SJ Grant Thornton as Auditors for the ensuing year and to authorise the Directors to fix their remuneration. (Ordinary Resolution 5)

As Special Business

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions with or without modifications:

6. **Authority to Issue Shares** (Ordinary Resolution 6)

   "THAT subject always to the Companies Act, 1965, Articles of Association of the Company and approvals from Bursa Malaysia Securities Berhad and any other governmental/regulatory bodies, where such approval is necessary, authority be and is hereby given to the Directors pursuant to Section 132D of the Companies Act, 1965 to issue not more than ten percent (10%) of the issued capital of the Company at any time upon any such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit or in pursuance of offers, agreements or options to be made or granted by the Directors while this approval is in force until the conclusion of the next Annual General Meeting of the Company and that the Directors be and are hereby further authorised to make or grant offers, agreements or options which would or might require shares to be issued after the expiration of the approval hereof."

7. To transact any other ordinary business of which due Notice has been given.

By Order of the Board

SOO SHIOW FANG (MAICSA 7044946)
TEO MEE HUI (MAICSA 7050642)
Company Secretaries
Kuala Lumpur
28 April 2016

NOTES:

1. A member may appoint up to two (2) proxies to attend and vote at the meeting. If a member appoints more than one (1) proxy, the appointments shall be invalid unless he / she specifies the proportions of his / her shareholding to be represented by each proxy. A proxy may but need not be a member of the Company. If the proxy is not a member, the proxy need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies. There shall be no restriction as to the qualification of the proxy.
2. Every member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote for him / her but his / her attendance will automatically revoke the proxy's authority. However, where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus account it holds.
4. The instrument appointing a proxy shall be in writing (in common or usual form) under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
5. The instrument appointing a proxy must be deposited at the office of the Company's Share Registrar, Symphony Share Registrar Sdn Bhd at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan at least forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
6. The Date of Record of Depositors for the purpose of determining members' entitlement to attend, vote and speak at the meeting is 16 June 2016.

EXPLANATORY NOTE

1. Item 1 of the Agenda

   The Audited Financial Statements under this agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 (the "Act") does not require a formal approval of the shareholders and hence this Agenda item is not put forward for voting.

2. Item 6 of the Agenda - Ordinary Resolution 6

   Authority to Issue Shares

   The Proposed Ordinary Resolution 6 is proposed for the purpose of granting a renewed general mandate ("General Mandate") and empowering the Directors of the Company, pursuant to Section 132D of the Act to allot and issue up to a maximum of 10% of the issued and paid-up share capital of the Company for the time being (other than bonus or rights issue) for such purposes as they consider would be in the best interest of the Company. The General Mandate, unless revoked or varied by the Company in General Meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

   The renewal of the General Mandate is to provide flexibility to the Company to issue new shares without the need to convene a general meeting(s) to obtain shareholders' approval as to avoid incurring additional cost and time. The proceeds raised from the General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placement of shares, for purposes of funding current and/or future investment project(s), working capital, repayment of borrowings and/or acquisition.

   No shares has been issued and allotted by the Company since obtaining the said authority from its shareholders at the last Annual General Meeting held on 30 June 2015.

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MCLEAN TECHNOLOGIES BERHAD (893631-T)
(Incorporated in Malaysia)

PROXY FORM

Number of Shares Held	
CDS Account No	

* I/We ....
of ....
being a Member(s) of **MCLEAN TECHNOLOGIES BERHAD** (893631-T), hereby appoint ....
NRIC No./ Passport No./Company No.: .... of ....
....
or failing him/her ....
NRIC No./ Passport No./Company No.:... of ....
....
or failing him/her, *the Chairman of the meeting as *my/our proxy to vote for *me/us on *my/our behalf at the Sixth Annual General Meeting of the Company to be held at Tawau Room, Auditorium & Convention Center @ The Podium, Gound Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur on Thursday, 23 June 2016 at 11.00 a.m. or at any adjournment thereof and to vote as indicated below:

Ordinary Resolutions		**For**	**Against**
1	To re-elect Dato' Mark William Ling Lee Meng as Director		
2	To re-elect Madam Yeo Seow Lai as Director		
3	To re-elect Mr Lim Han Kiau as Director		
4	To approve the payment of Directors' fees for financial year ending 31 December 2016		
5	To re-appoint Messrs SJ Grant Thornton as Auditors and authorise Director to fix their remuneration		
6	To approve Proposed Authority to Issue Shares		

Please indicate with an "x" in the space provided above on how you wish your vote to be cast on the resolutions specified in the notice of the meeting. If you do not do so, the proxy/proxies will vote, or abstain from voting as he/they may think fit.

The proportions of my/our shareholding to be represented by the proxies appointed by the authorized nominee (if appoint more than 1 proxy) are as follows:-

First Proxy	%
Second Proxy	%
	100%

In case of a vote taken by a show of hands, the First Proxy shall vote on our behalf.

**Delete if not applicable.*

Dated this............ day of 2016

....
Signature of Member/Common Seal

Notes:

1. A member may appoint up to two (2) proxies to attend and vote at the meeting. If a member appoints more than one (1) proxy, the appointments shall be invalid unless he / she specifies the proportions of his/ her shareholding to be represented by each proxy. A proxy may but need not be a member of the Company. If the proxy is not a member, the proxy need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies. There shall be no restriction as to the qualification of the proxy.
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5. The instrument appointing a proxy must be deposited at the office of the Company's Share Registrar, Symphony Share Registrar Sdn Bhd at Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan at least forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
6. The Date of Record of Depositors for the purpose of determining members' entitlement to attend, vote and speak at the meeting is 16 June 2016.

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AFFIX
STAMP

The Share Registrar
MCLEAN TECHNOLOGIES BERHAD
Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

Then fold here

MClean

MClean Technologies Berhad (893631 T)
10th Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 Kuala Lumpur