



ECONPILE HOLDINGS BERHAD

(Company No. 1017164-M)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FIRST QUARTER ENDED 30 SEPTEMBER 2014

A1. Basis of preparation

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with the requirements of Paragraph 9.22 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting. This unaudited interim financial report should be read in conjunction with the Group's most recent audited financial statements for the year ended 30 June 2014.

The Company was listed on the Main Market of Bursa Securities on 30 June 2014. There are no comparative figures for the preceeding year's corresponding quarter and year-to-date as no interim financial report was prepared for the comparative financial period concerned.

A2. Significant Accounting Policies

The accounting policies and method of computation adopted by the Group in this interim financial report are consistent with those adopted in the annual financial statements for the financial year ended 30 June 2014 except for the following new/revised MFRSs and amendments to MFRSs:

		Effective for annual periods beginning on or after
MFRS 14	Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 5	Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)	1 January 2016
Amendments to MFRS 7	Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)	1 January 2016
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 11	Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 116	Property, Plant and Equipment and MFRS 138, Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116	Property, Plant and Equipment and MFRS 141, Agriculture - Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 127	Equity Method in Separate Financial Statement (Annual Improvements to MFRSs 2012 - 2014 Cycle)	1 January 2016
MFRS 15	Revenue from Contracts with Customers	1 January 2017
MFRS 9	Financial Instruments (2014)	1 January 2018
Amendments to MFRS 7	Financial Instruments: Disclosures - Mandatory Effective Date of MFRS 9 and Transition Disclosures	1 January 2018

A3. Auditors' Report

The reports of the auditors to the members of Econpile Holdings Berhad and its subsidiary companies on the financial statements for the financial year ended 30 June 2014 were not subject to any qualification and did not include any adverse comments made under subsection (3) of Section 174 of the Companies Act, 1965.

A4. Seasonality or Cyclicity of Interim Operations

The Group's results are not materially affected by any seasonal or cyclical factors.

A5. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no items affecting assets, liabilities, equity, net income or cash flows that were unusual in nature, size or incidence during the current quarter ended 30 September 2014.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - FIRST QUARTER ENDED 30 SEPTEMBER 2014**A6. Material Effect of Changes in Estimates of Amounts Reported in Prior Interim Periods or Prior Financial Years**

There were no changes in estimates of amounts reported in prior interim periods or prior financial years that have a material effect on results for the current period under review.

A7. Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debts and equity securities during the current quarter ended 30 September 2014.

A8. Dividends Paid

No dividends were paid by the Company in the current quarter ended 30 September 2014.

A9. Segmental Reporting

The Group's financial information analysed by business segment is as follows:

Financial period ended 30 September 2014:

	Piling and Foundation Services RM'000	Investment holding, Property Investment, Rental of Machinery and Sales of Goods RM'000	Elimination RM'000	Total RM'000
Revenue				
Revenue from external sales	106,300	-	-	106,300
Inter-segment sales	-	60	(60)	-
	<u>106,300</u>	<u>60</u>	<u>(60)</u>	<u>106,300</u>
Results				
Segment Results	13,511	34	-	13,545
Finance costs	(243)	-	-	(243)
Profit before taxation	<u>13,268</u>	<u>34</u>	<u>-</u>	<u>13,302</u>
Taxation	(3,780)	(12)	-	(3,792)
Profit after taxation	<u>9,488</u>	<u>22</u>	<u>-</u>	<u>9,510</u>
Segment Assets	<u>261,105</u>	<u>148,158</u>	<u>(108,933)</u>	<u>300,330</u>
Segment Liabilities	<u>142,869</u>	<u>118</u>	<u>(18,933)</u>	<u>124,054</u>

There are no comparative figures for the preceding financial year as no interim financial report was prepared for the comparative financial period concerned.

A10. Property, Plant and Equipment

The fair value adopted at the date of transition to MFRSs has been brought forward, without amendment from the most recent annual financial statements for the financial year ended 30 June 2014.

A11. Significant Post Balance Sheet Event

There were no material events as at 22 November 2014, being the date not earlier than 7 days from the date of this announcement, that will affect the financial results of the current financial period under review.

A12. Changes in Composition of the Group

There were no changes in the composition of the Group including business combinations, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations for the quarter under review.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - FIRST QUARTER ENDED 30 SEPTEMBER 2014**A13. Contingent Liabilities and Contingent Assets**

There were no material changes in contingent liabilities and contingent assets since the last audited financial statements for the financial year ended 30 June 2014 to 22 November 2014, being a date not earlier than 7 days from the date of this announcement, save for the following:

	As at 22.11.14 RM'000	As at 30.06.14 RM'000
Company		
Contingent Liabilities (Unsecured)		
- Guarantees given to contract customers in relation to construction contracts	43,291	43,363

A14. Capital Commitments

	As at 30.09.14 RM'000	As at 30.06.14 RM'000
Capital expenditure		
Authorised and contracted for	4,172	8,286

A15. Significant Related Party Transactions

	Current quarter ended 30.09.14 RM'000	Preceding year corresponding quarter ended 30.09.13 RM'000	Current financial period ended 30.09.14 RM'000	Preceding year corresponding period ended 30.09.13 RM'000
Rental expense paid to a related party	-	4	-	4

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - FIRST QUARTER ENDED 30 SEPTEMBER 2014**PART B : EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B1. Review of the Performance of the Group**

	Current financial period ended 30.09.14 RM'000	Preceding year corresponding period ended 30.09.13 RM'000
Revenue	106,300	N/A
Profit before taxation	13,302	N/A

The Group recorded a revenue of RM106.3 million for the current financial period and quarter ended 30 September 2014 mainly from the piling and foundation services business segment. Revenue contribution from piling and foundation works from property development projects continue to dominate the Group's revenue, amounting to RM94.2 million or 88.6% and the remaining revenue derived from piling and foundation works from infrastructure segment amounting to RM12.1 million or 11.4%.

The Group recorded a profit before tax of RM13.3 million for the current financial quarter ended 30 September 2014, mainly derived from our piling and foundation services being our main revenue stream. Gross profit margin and profit before tax margin stood at 16.8% and 12.5%, respectively for the current financial quarter ended 30 September 2014.

B2. Comparison with Preceding Quarter's Results

	Current quarter ended 30.09.14 RM'000	Preceding quarter ended 30.06.14 RM'000
Revenue	106,300	99,831
Profit before taxation	13,302	10,068

In the first quarter ended 30 September 2014, the Group recorded an increase in revenue by RM6.5 million to RM106.3 million from RM99.8 million in the preceding financial quarter ended 30 June 2014. This increase in revenue was mainly due to higher revenue contribution from piling and foundation works from both property development projects as well as infrastructure projects during the current quarter ended 30 September 2014, amounting to RM94.2 million and RM12.1 million respectively, as compared to RM89.7 million and RM10.1 million for the preceding quarter ended 30 June 2014.

The improvement in the profit before tax for the current quarter ended 30 September 2014 of RM13.3 million as compared to the preceding quarter ended 30 June 2014 is in line with the increase in overall revenue.

B3. Prospects

The Directors expect the overall Group's 2015 performance to improve on the back of the continued growth expected from the piling and foundation services market in Malaysia.

B4. Profit Forecast or Profit Guarantee

Not applicable as there was no profit forecast or profit guarantee issued.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - FIRST QUARTER ENDED 30 SEPTEMBER 2014**B5. Profit Before Tax**

Profit for the period is stated after charging/(crediting) :-

	Current Current financial period quarter ended 30.09.14 RM'000	Current financial period ended 30.09.14 RM'000
Depreciation of investment properties	7	7
Depreciation of properties, plant and equipments	3,745	3,745
Expenses related to defined benefit plan	77	77
Finance income	(472)	(472)
Finance expense	243	243

B6. Taxation

	Current Current financial period quarter ended 30.09.14 RM'000	Current financial period ended 30.09.14 RM'000
Current tax expense		
- current year	3,792	3,792
- prior year	-	-
Deferred tax expense	-	-
	<u>3,792</u>	<u>3,792</u>

The effective tax rate for the current quarter and financial period ended 30 September 2014 was higher than the statutory tax rate of 25 percent is primarily due to certain expenses not allowable for tax purposes.

B7. Status of Corporate Proposal*Status of Utilisation of Proceeds*

The gross proceeds from the Public Issue amounted to RM48.60 million. The status of the utilisation of the proceeds raised from the Public Issue as at 22 November 2014, is as follows:

Details of Utilisation	Proposed Utilisation	Actual Utilisation	Balance	Timeframe for utilisation upon listing
	RM'000	RM'000	RM'000	
(i) Purchase of machinery and equipment	14,580	10,773	3,807	Within 18 months
(ii) Repayment of bank borrowings	12,150	12,150	-	Within 24 months
(iii) Working capital	18,160	18,160	-	Within 24 months
(iv) Estimated listing expenses	3,710	3,710	-	Upon listing
Total gross proceeds	<u>48,600</u>	<u>44,793</u>	<u>3,807</u>	

Save as disclosed above, there were no pending corporate proposals up to 22 November 2014, being a date not earlier than 7 days from the date of this announcement.

B8. Investment in Quoted Securities

There were no purchases or disposals of quoted securities during the current quarter and financial period ended 30 September 2014.

B9. Sale of Unquoted Investments and/or Properties

There were no sale of unquoted investment and/or properties during the current quarter and financial period ended 30 September 2014.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - FIRST QUARTER ENDED 30 SEPTEMBER 2014**B10. Group Borrowings and Debt Securities**

The Group's borrowings as at 30 September 2014 are as follows:

	Short Term RM'000	Long Term RM'000	Total RM'000
<u>Secured</u>			
Bankers acceptances	3,000	-	3,000
Finance lease liabilities	8,999	4,335	13,334
Term loans	99	2,805	2,904
	<u>12,098</u>	<u>7,140</u>	<u>19,238</u>

All borrowings of the Group are denominated in Ringgit Malaysia.

B9. Realised/Unrealised profits

	As at 30.06.14 RM'000	As at 30.06.14 RM'000
Total retained earnings of the Company and its subsidiaries		
- realised	127,960	118,215
- unrealised	(690)	(455)
Total retained earnings as per consolidated accounts	<u>127,270</u>	<u>117,760</u>

B10. Off Balance Sheet Financial Instruments

Save for below, there were no financial instruments with off balance sheet risks as at 22 November 2014, being a date not earlier than 7 days from the date of this announcement.

	As at 22.11.14 RM'000	As at 30.06.14 RM'000
Performance guarantees given to contract customers in relation to construction contracts	<u>43,291</u>	<u>43,363</u>

B11. Material Litigation

The Group does not have any material litigation as at 22 November 2014, being a date not earlier than 7 days from the date of this announcement.

B12. Dividend

The Board of Directors has approved and declared a single tier interim dividend of 1 sen per ordinary share, amounting to RM5,350,000.10 which is to be paid on 23 December 2014.

B13. Earnings Per Share

The earnings per share for the quarter ended 30 September 2014 is computed as follows:-

	Current Current financial period quarter ended 30.09.14 RM'000	Current financial period ended 30.09.14 RM'000
Profit for the quarter/period, attributable to owners of the parent	<u>9,510</u>	<u>9,510</u>
Weighted average number of ordinary shares of RM0.20 each in issue	<u>535,000</u>	<u>535,000</u>
Basic Earnings Per Share (sen)	<u>1.78</u>	<u>1.78</u>

There is no diluted earnings per share as the Company does not have any convertible financial instruments as at the end of the financial period ended 30 September 2014.