

**MTD ACPI ENGINEERING BERHAD** (Company No: 258836- V)  
(Incorporated in Malaysia)

Quarterly report on consolidated results for the quarter ended 31 December 2010  
The figures have not been audited

The Directors are pleased to announce the following:

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Note	Individual quarter ended		Cumulative quarter ended	
		31/12/2010 RM'000	31/12/2009 RM'000	31/12/2010 RM'000	31/12/2009 RM'000
Revenue	9	133,922	119,659	435,548	470,817
Cost of sales		(122,991)	(112,048)	(409,599)	(448,052)
<b>Gross profit</b>		<u>10,931</u>	<u>7,611</u>	<u>25,949</u>	<u>22,765</u>
Other income		386	4,380	1,595	11,940
Administrative and other expenses		(5,034)	(7,360)	(26,856)	(22,074)
Selling and marketing expenses		(1,475)	(603)	(4,662)	(2,058)
Finance costs		(1,798)	(2,234)	(4,859)	(5,180)
Share of profits from associates		(263)	(22)	617	(1,452)
<b>Profit/(Loss) before tax</b>		<u>2,747</u>	<u>1,772</u>	<u>(8,216)</u>	<u>3,941</u>
Income tax expense	18	(1,675)	(2,239)	(3,341)	(4,775)
<b>Profit/(Loss) for the period</b>		<u>1,072</u>	<u>(467)</u>	<u>(11,557)</u>	<u>(834)</u>
Attributable to:					
Equity holders of the parent		706	(1,951)	(11,870)	(3,444)
Minority interest		366	1,484	313	2,610
		<u>1,072</u>	<u>(467)</u>	<u>(11,557)</u>	<u>(834)</u>
<b>Earnings per share attributable to equity holders of the parent:</b>					
Basic, profit/(loss) for the period (sen)	26	<u>0.31</u>	<u>(0.84)</u>	<u>(5.14)</u>	<u>(1.49)</u>

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 March 2010.

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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONT'D)**

	Note	Individual quarter ended		Cumulative quarter ended	
		31/12/2010 RM'000	31/12/2009 RM'000	31/12/2010 RM'000	31/12/2009 RM'000
Profit/(Loss) for the period		1,072	(467)	(11,557)	(834)
Other comprehensive income/(loss):					
Translation of foreign operations		(950)	1,241	(822)	15
Other comprehensive income net of tax		(950)	1,241	(822)	15
<b>Total comprehensive income/(loss) for the period</b>		<b>122</b>	<b>774</b>	<b>(12,379)</b>	<b>(819)</b>
Total comprehensive income/(loss) for the period attributable to:					
Equity holders of the parent		(244)	(710)	(12,692)	(3,429)
Minority interest		366	1,484	313	2,610
		<b>122</b>	<b>774</b>	<b>(12,379)</b>	<b>(819)</b>

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 March 2010.

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	As at 31/12/2010 RM'000	As at 31/03/2010 RM'000 Audited (Restated)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	126,537	141,693
Investment properties		406	420
Prepaid lease payments		-	-
Investment in associated companies		18,601	17,974
Other investments		409	335
Intangible assets		63,517	56,651
Deferred tax assets		2,148	1,802
		<u>211,618</u>	<u>218,875</u>
<b>Current assets</b>			
Inventories		45,166	42,334
Trade and other receivables		354,427	285,537
Tax recoverable		3,101	1,861
Cash and bank balances		40,902	61,471
		<u>443,596</u>	<u>391,203</u>
Non-current asset held for sale		6,892	-
<b>TOTAL ASSETS</b>		<u>662,106</u>	<u>610,078</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the parent</b>			
Share capital		231,633	231,633
Treasury shares		(1,905)	(1,905)
Reserves		(48,560)	(36,022)
Shareholders' equity		<u>181,168</u>	<u>193,706</u>
Minority interest		8,645	8,332
<b>Total equity</b>		<u>189,813</u>	<u>202,038</u>

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)**

	Note	As at 30/09/2010 RM'000	As at 31/03/2010 RM'000 Audited (Restated)
<b>Non-current liabilities</b>			
Borrowings	22	7,075	9,080
Retirement benefits obligation		11,684	11,218
Deferred tax liabilities		607	269
		<u>19,366</u>	<u>20,567</u>
<b>Current liabilities</b>			
Trade and other payables		382,983	328,595
Borrowings	22	69,295	57,120
Retirement benefit obligation		371	381
Income tax payable		278	1,377
		<u>452,927</u>	<u>387,473</u>
<b>Total liabilities</b>		<u>472,293</u>	<u>408,040</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>662,106</u>	<u>610,078</u>
Net Assets Per Share Attributable To Ordinary Equity Holders of the Parent (RM)		0.82	0.87

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 March 2010.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Attributable to Equity Holders of the Parent			Distributable			Minority Interest	Total Equity
	Share Capital RM'000	Share Premium RM'000	Non-Distributable Capital	Treasury Shares RM'000	Accumulated Losses RM'000	Total RM'000		
2011								
At 1 April 2010	231,633	108,138	90	(1,905)	(140,979)	193,706	8,332	202,038
- as previously stated	-	-	-	-	1,783	1,783	-	1,783
- effect of adopting FRS 139	231,633	108,138	90	(1,905)	(139,196)	195,489	8,332	203,821
At 1 April 2010, as restated								
Share of associate's capital reserve	-	-	-	-	-	103	-	103
Loss for the year	-	-	-	-	(11,870)	(11,870)	313	(11,557)
Other comprehensive income for the period	-	-	-	-	(822)	(822)	-	(822)
Total comprehensive income/ (loss) for the period	-	-	-	-	(822)	(12,692)	313	(12,379)
Dividends	-	-	-	-	(1,732)	(1,732)	-	(1,732)
At 31 December 2010	231,633	108,138	90	(1,905)	(152,798)	181,168	8,645	189,813

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Share Capital		Attributable to Equity Holders of the Parent				Distributable			Minority Interest	Total Equity	
	RM'000	RM'000	Share Premium	Non-Distributable Capital	Revaluation Reserve	Exchange Translation Reserve	Other Reserve	Treasury Shares	Accumulated Losses			Total
2010												
At 1 April 2009	231,632	108,138	108,138	90	-	(7,896)	99	(1,904)	(120,903)	209,256	6,512	215,768
Profit for the year	-	-	-	-	-	-	-	-	(3,444)	(3,444)	2,610	(834)
Other comprehensive loss for the period	-	-	-	-	-	15	-	-	-	15	-	15
Total comprehensive (loss)/ income for the period	-	-	-	-	-	15	-	-	(3,444)	(3,429)	2,610	(819)
Dividends	-	-	-	-	-	-	-	-	(1,732)	(1,732)	-	(1,732)
At 31 December 2009	231,632	108,138	108,138	90	-	(7,881)	99	(1,904)	(126,079)	204,095	9,122	213,217

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 March 2010.

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	<b>9 months to 31/12/2010 RM'000</b>	<b>9 months to 31/12/2009 RM'000</b>
Net cash flow (used in)/generated from operating activities	(29,005)	3,621
Net cash flow generated from investing activities	-	10,664
Net cash flow generated from/(used in) financing activities	15,962	(61,578)
Net increase in cash & cash equivalents	<u>(13,043)</u>	<u>(47,293)</u>
Cash and cash equivalents at beginning of financial year	<u>48,567</u>	<u>109,897</u>
Cash and cash equivalents at end of financial period	<u>35,524</u>	<u>62,604</u>

Cash and cash equivalent at the end of the financial period comprise the following:

	<b>As at 31/12/2010 RM'000</b>	<b>As at 31/12/2009 RM'000</b>
Deposits placed with licensed banks	19,320	48,926
Cash and bank balances	21,582	28,888
Total cash and bank balances	<u>40,902</u>	<u>77,814</u>
Bank overdrafts	<u>(5,378)</u>	<u>(15,210)</u>
Cash and cash equivalents at end of financial period	<u>35,524</u>	<u>62,604</u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 March 2010.

## NOTES TO THE INTERIM FINANCIAL REPORT

### 1. Basis of Preparation

The interim financial statements have been prepared under the historical cost convention.

The interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Bursa Malaysia Securities Berhad Main Market Listing Requirement.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2010. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the year ended 31 March 2010.

### 2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 March 2010, except for the adoption of the following new Financial Reporting Standards ("FRSs") and Amendments to FRSs that are effective for financial periods beginning on or after 1 July 2009 or 1 January 2010 or 1 March 2010:

FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (revised)
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 2	Share-based Payment – Vesting Conditions and Cancellations
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 107	Statement of Cash Flow
Amendments to FRS 116	Property, Plant and Equipment
Amendments to FRS 117	Leases
Amendments to FRS 132	Financial Instruments: Presentation, Classification of Right Issues
Amendments to FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 140	Investment Property

The adoption of the above new/revised FRSs and Amendments to FRSs does not have any significant financial impact on the Group except the followings:

#### FRS 8: Operating Segments

With the adoption of FRS 8, the Group's segment information is presented on a similar basis to that used for internal reporting purposes. As a result, the Group's external segmental reporting will be based on the internal reporting to the "chief operating decision maker", who makes decisions on the allocation of resources and assesses the performance of the reportable segments. This Standard does not have any impact on the financial position and results of the Group.

#### FRS 101: Presentation of Financial Statements (revised)

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the consolidated statement of changes in equity will now include only details of transactions with owners. All non-owner changes in equity are presented as a single line labeled as total comprehensive income. The Standard also introduces the statement of comprehensive income: presenting all items of income and expense recognised in the income statement, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. This revised FRS does not have any impact on the financial position and results of the Group.



**NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)**

**2. Changes in Accounting Policies (cont'd)**

**Amendment to FRS117: Leases**

Prior to the adoption of the Amendment to FRS 117, leasehold lands were treated as operating leases. The consideration paid were classified and presented as prepaid lease payments and amortised on a straight line basis over the lease term.

Upon adoption of the Amendment to FRS 117 in relation to classification of leasehold land as a finance lease or an operating lease is based on the extent to which risks and rewards associated to the land. The Group have concluded that all leasehold land of the Group are in substance finance leases and has reclassified its leasehold land from prepaid lease payments to Property, Plant and Equipment.

The effect of the reclassification to the comparative of the prior year's statement of financial position is as follow:

31 March 2010	As previously reported RM'000	Effects RM'000	As restated RM'000
Property, plant and equipment	136,410	5,283	141,693
Prepaid lease payments	5,283	(5,283)	-

**FRS139: Financial Instruments: Recognition and Measurement**

FRS 139 provides the principles for recognition and measurement for financial instruments. All financial assets and financial liabilities are measured on initial recognition at their fair value. Subsequent to initial recognition, financial assets and financial liabilities are measured fair value, amortised cost or cost depending on their classification.

**Financial assets**

Financial assets are classified as either financial assets at fair value through profit or loss, loan and receivables, held-to-maturity investments or available-for-sale financial assets.

**Financial liabilities**

Financial liabilities are classified as either at financial liabilities at fair value through profit or loss or other financial liabilities.

**Financial impact**

In accordance with the transitional provisions of FRS 139 for first time adoption, the above changes are applied prospectively and the comparatives as of 31 March 2010 are not restated, whilst the adjustments arising from the changes at the beginning of the financial period are recognised as adjustments to the opening balances of retained earnings as follows:

31 March 2010	As previously reported RM'000	Effects RM'000	As restated RM'000
Other investments	335	77	412
Trade and other payables	328,595	1,706	326,889
Retained earnings	(140,979)	1,783	(139,196)

**NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)**

**3. Qualification of Financial Statement**

The auditors' report on the financial statements for the year ended 31 March 2010 was not qualified.

**4. Seasonal or Cyclical Factors**

The business operations of the Group are not materially affected by any seasonal or cyclical factors.

**5. Unusual items**

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows for the current financial quarter ended 31 December 2010.

**6. Changes In Estimates**

There was no material change in estimates reported in the current financial period under review.

**7. Debt and Equity Securities**

There were no issuance and repayment of debts and equity securities, share buy-backs, share cancellation, shares held as treasury shares, repurchase and resale of treasury shares for the current financial quarter under review.

**(a) Treasury Shares**

During the financial quarter, the Company did not repurchase any of its issued ordinary shares from the open market.

As at 31 December 2010, the total shares bought back, all of which are held as treasury shares, are 637,000 shares and none of them were sold or cancelled during the financial quarter.

**8. Dividend Paid**

	31/12/2010	31/12/2009
	RM'000	RM'000
<b>Final Dividend</b>		
For the year ended 31 March 2010: 1 sen less 25% taxation (31 March 2009: 1 sen less 25% taxation)	1,732	1,732

**NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)**

**9. Segmental Reporting**

**By Activities**

Cumulative Quarter  
31 December 2010

	Construction RM'000	Manufacturing RM'000	Elimination RM'000	Consolidated RM'000
<b>Segment Revenue</b>				
Revenue from external customers	321,258	114,290	-	435,548
Inter-segment revenue	-	49,016	(49,016)	-
<b>Total revenue</b>	<b>321,258</b>	<b>163,306</b>	<b>(49,016)</b>	<b>435,548</b>
<b>Segment results</b>	<b>(8,494)</b>	<b>(1,542)</b>	<b>4,467</b>	<b>(5,569)</b>
Other income				1,595
Finance costs				(4,859)
Share of profits from associates				617
Income tax expense				(3,341)
<b>Loss for the period</b>				<b>(11,557)</b>

Cumulative Quarter  
31 December 2009

	Construction RM'000	Manufacturing RM'000	Elimination RM'000	Consolidated RM'000
<b>Segment Revenue</b>				
Revenue from external customers	352,996	117,821	-	470,817
Inter-segment revenue	2,513	47,963	(50,476)	-
<b>Total revenue</b>	<b>355,509</b>	<b>165,784</b>	<b>(50,476)</b>	<b>470,817</b>
<b>Segment results</b>	<b>4,460</b>	<b>(9,650)</b>	<b>3,823</b>	<b>(1,367)</b>
Other income				11,940
Finance costs				(5,180)
Share of profits from associates				(1,452)
Income tax expense				(4,775)
<b>Loss for the period</b>				<b>(834)</b>

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

The valuations of property, plant and equipment have been brought forward without amendment from the financial statements for the year ended 31 March 2010.

**NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)**

**11. Subsequent Events**

On 24 January 2011, the Company announced that it has received a notice of unconditional take-over offer from Maybank Investment Bank Berhad ("Maybank IB"), on behalf of Alloy Consolidated Sdn Bhd, Alloy Concrete Engineering Sdn Bhd and Alloy Capital Sdn Bhd (collectively referred to as "Joint Offerors"), to acquire all of the existing issued and paid up ordinary shares of RM1.00 each in the Company not already held by the Joint Offerors and the persons acting in concert with the joint offerors ("Offer Shares"), but excluding 637,000 treasury shares for a cash offer price of RM0.53 per Offer Share ("Notice").

On 28 January 2011, the Company announced the appointment of Hong Leong Investment Bank Berhad (a member of the Hong Leong Group) as the independent adviser to advise the Board and holders of the Offer Shares ("Holders") on the reasonableness of the Offer pursuant to Section 15(1) of the Malaysian Code on Take-Overs and Mergers 2010.

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

There were no changes in the composition of the Group for the current quarter under review.

**13. Changes in Contingent Liabilities and Contingent Assets**

(a) Contingent liabilities of the Group as at 31 December 2010 comprises of:

	RM'000
Corporate Guarantee given to financial institutions for facilities granted to an associate company	14,000
Corporate Guarantee given to financial institutions for performance bonds issued to third parties	6,950
	<u>20,950</u>

**14. Review of Performance of the Group**

For the current quarter under review, the Group recorded revenue of RM133.9 million and pre-tax profit of RM2.7 million, as compared to revenue of RM119.7 million and pre-tax profit of RM1.8 in the previous corresponding quarter. This represents a revenue and pre-tax growth of 11.9% y.o.y and 55.2% y.o.y respectively.

The higher revenue and pre-tax profit were attributable to higher progress billings and improved margins at the Construction Division.

**15. Variation of Results Against Preceding Quarter**

The Group recorded revenue of RM133.9 million in the current quarter as compared to RM106.2 million in the immediate preceding quarter, representing an increase of 26%. The increase was mainly attributable to higher progress billings at its Construction Division.

The Group recorded a pre-tax profit of RM2.7 million as compared to a pre-tax loss of RM2.0 million in the immediate preceding quarter mainly due to improved margins from the Construction Division.

**16. Current Year Prospects**

The Group near term prospects remained challenging on the back of a waning outstanding order book and tough operating landscape where limited infrastructure jobs available are being tendered competitively. The Group will continue to bid for infrastructure jobs based on its track record and niche products of its manufacturing division. The performance of the Group is dependent upon the timing of replenishing its outstanding order book and work progress of orders secured to date.

**NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)**

**17. Profit Forecast or Profit Guarantee**

The disclosure requirements for explanatory notes for the variance of actual profit after tax and minority interest and forecast profit after tax and minority interest and for the shortfall in profit guarantee are not applicable.

**18. Income Tax Expense**

	Individual quarter ended		Cumulative quarter ended	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
	RM'000	RM'000	RM'000	RM'000
Current period's provision	(1,675)	(2,239)	(3,341)	(4,775)

The effective tax rate for the current quarter was higher than the statutory tax rate principally due to certain expenses which are not deductible for tax purposes.

**19. Unquoted Investment and Properties**

There was no sale of unquoted investments or properties during the current quarter under review.

**20. Quoted Securities**

(a) There was no purchase or disposal of quoted securities for the current quarter ended 31 December 2010.

(b) As at 31 December 2010, value of investment in quoted shares:

	As at	As at
	31/12/2010	31/03/2010
	RM'000	RM'000
(i) At Book Value	118	122
(ii) At Market Value	118	122

**21. Status of Corporate Proposals Announced**

There were no corporate proposals announced during the current financial period under review.

**22. Borrowings and Debt Securities**

Total Group borrowings as at 31 December 2010 are as follows:-

	As at	As at
	31/12/2010	31/03/2010
	RM'000	RM'000
<b>Short term borrowings</b>		
Secured	15,316	19,409
Unsecured	53,979	37,711
	<u>69,295</u>	<u>57,120</u>
<b>Long term borrowings</b>		
Secured	7,075	9,080
	<u>76,370</u>	<u>66,200</u>

**NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)**

**23. Material Litigation**

There were no significant changes in material litigation since the last annual balance sheet date.

**24. Off Balance Sheet Financial Instruments**

There were no off balance sheet financial instruments as at the date of this report.

**25. Dividend Payable**

No interim dividend has been proposed for the current quarter under review (31 December 2009: Nil)

**26. Earnings per Share**

a) Basic

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

	Individual quarter ended		Cumulative quarter ended	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) attributable to ordinary equity holders of the parent	706	(1,951)	(11,870)	(3,444)
	Individual quarter ended		Cumulative quarter ended	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
	'000	'000	'000	'000
Weighted average number of ordinary shares in issue	230,996	230,996	230,996	230,996
	Individual quarter ended		Cumulative quarter ended	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
Basic earnings/(loss) per share (sen)	0.31	(0.84)	(5.14)	(1.49)

**27. Disclosure of Realised and Unrealised Profits/(Losses)**

	As at	As at
	31/12/2010	30/9/2010
	RM'000	RM'000
Total accumulated losses of the Company and the subsidiaries:		
Realised	(52,563)	(57,524)
Unrealised	1,541	1,541
	(51,022)	(55,983)
Less : Consolidated adjustments	(101,776)	(95,789)
Total accumulated losses as per statement of financial position	(152,798)	(151,772)

Batu Caves, Selangor  
25 February 2011

By Order Of The Board  
CHAN BEE KUAN (MAICSA 7003851)  
LEE POH YEAN (MAICSA 7015043)  
Company Secretaries