

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

Quarterly report on consolidated results for the quarter ended 30 June 2011  
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	
		30/06/2011	30/06/2010	30/06/2011	30/06/2010
		RM'000	RM'000	RM'000	RM'000
Revenue	9	94,683	195,399	94,683	195,399
Cost of sales		(86,655)	(187,693)	(86,655)	(187,693)
<b>Gross profit</b>		<u>8,028</u>	<u>7,706</u>	<u>8,028</u>	<u>7,706</u>
<b>Other items of income</b>					
Other income		1,429	802	1,429	802
<b>Other items of expense</b>					
Selling and marketing expenses		(1,904)	(1,733)	(1,904)	(1,733)
Administrative and other expenses		(9,374)	(14,598)	(9,374)	(14,598)
Finance costs		(1,203)	(1,387)	(1,203)	(1,387)
Share of results of associates		258	250	258	250
Share of results of joint venture		1,099	-	1,099	-
<b>Loss before tax</b>		<u>(1,667)</u>	<u>(8,960)</u>	<u>(1,667)</u>	<u>(8,960)</u>
Income tax expense	18	(694)	(793)	(694)	(793)
<b>Loss net of tax</b>		<u>(2,361)</u>	<u>(9,753)</u>	<u>(2,361)</u>	<u>(9,753)</u>
<b>Other comprehensive income for the period, net of tax</b>					
Foreign currency translation		3,881	2,135	3,881	2,135
<b>Total comprehensive income for the period</b>		<u>1,520</u>	<u>(7,618)</u>	<u>1,520</u>	<u>(7,618)</u>
<b>Loss attributable to:</b>					
Owners of the parent		(2,581)	(9,007)	(2,581)	(9,007)
Non-controlling interest		220	(746)	220	(746)
		<u>(2,361)</u>	<u>(9,753)</u>	<u>(2,361)</u>	<u>(9,753)</u>
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		1,300	(6,872)	1,300	(6,872)
Non-controlling interest		220	(746)	220	(746)
		<u>1,520</u>	<u>(7,618)</u>	<u>1,520</u>	<u>(7,618)</u>
<b>Loss per share attributable to owners of the parent (sen per share)</b>					
Basic	26	<u>(1.12)</u>	<u>(3.90)</u>	<u>(1.12)</u>	<u>(3.90)</u>

Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 March 2011.

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	As at 30/06/2011 RM'000	As at 31/03/2011 RM'000 Audited
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	119,820	122,993
Investment properties		276	278
Intangible assets		63,433	63,858
Investment in associates		18,754	18,383
Interest in joint venture		4,206	4,206
Other investments		412	412
Trade receivables		7,880	7,488
Deferred tax assets		4,480	4,475
		<u>219,261</u>	<u>222,093</u>
<b>Current assets</b>			
Inventories		48,393	49,582
Trade and other receivables		295,533	314,126
Other current assets		23,265	22,955
Income tax recoverable		5,405	5,100
Cash and bank balances		21,322	30,859
		<u>393,918</u>	<u>422,622</u>
Non-current asset held for sale		-	225
		<u>393,918</u>	<u>422,847</u>
<b>Total assets</b>		<u>613,179</u>	<u>644,940</u>
<b>Equity and liabilities</b>			
<b>Current liabilities</b>			
Defined benefit plan		141	141
Loans and borrowings	22	79,813	72,817
Trade and other payables		220,881	210,823
Gross amount due to customers for contract		63,976	114,355
Provisions		5,179	5,164
Income tax payable		134	140
		<u>370,124</u>	<u>403,440</u>
<b>Net current assets</b>		<u>23,794</u>	<u>19,407</u>

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

	Note	As at 30/06/2011 RM'000	As at 31/03/2011 RM'000 Audited
<b>Non-current liabilities</b>			
Defined benefit plan		12,304	12,258
Loans and borrowings	22	810	931
Deferred tax liabilities		495	495
Trade payables		35,392	35,391
		<u>49,001</u>	<u>49,075</u>
<b>Total liabilities</b>		<u>419,125</u>	<u>452,515</u>
<b>Net Assets</b>		<u>194,054</u>	<u>192,425</u>
<b>Equity attributable to owners of the parent</b>			
Share capital		231,633	231,633
Treasury shares		(1,905)	(1,905)
Reserves		(44,609)	(46,018)
		<u>185,119</u>	<u>183,710</u>
Non-controlling interest		8,935	8,715
<b>Total equity</b>		<u>194,054</u>	<u>192,425</u>
<b>Total equity and liabilities</b>		<u>613,179</u>	<u>644,940</u>
Net Assets Per Share Attributable To Ordinary Equity Holders of the Parent (RM)		0.83	0.83

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 March 2011.

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Attributable to Equity Holders of the Parent										Non-controlling Interest	Total Equity	
	Non-Distributable					Distributable							
	Share Capital	Share Premium	Capital Redemption Reserve	Revaluation Reserve	Exchange Translation Reserve	Other Reserve	Treasury Shares	Accumulated Losses	Total	Total			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>2012</b>													
<b>At 1 April 2011</b>	231,633	108,138	90	-	(4,188)	29,210	(1,905)	(179,268)	183,710	8,715	192,425		
<b>Total comprehensive income</b>	-	-	-	-	3,881	-	-	(2,581)	1,300	220	1,520		
<b>Transactions with owners</b>													
Share of associate's capital reserve	-	-	-	-	-	109	-	-	109	-	109		
Subsidiary's bonus issue capitalized from retained profits	-	-	-	-	-	-	-	-	-	-	-		
Dividends on ordinary shares	-	-	-	-	-	-	-	-	-	-	-		
<b>Total transactions with owners</b>	-	-	-	-	-	109	-	-	109	-	109		
<b>At 30 June 2011</b>	231,633	108,138	90	-	(307)	29,319	(1,905)	(181,849)	185,119	8,935	194,054		

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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	
	Share Capital RM'000	Share Premium RM'000	Non-Distributable Capital	Revaluation Reserve RM'000	Exchange Translation Reserve RM'000	Other Reserve RM'000	Treasury Shares RM'000	Accumulated Losses RM'000	Total RM'000	RM'000			RM'000
<b>2011</b>													
<b>At 1 April 2010</b>	231,633	108,138	90	-	(3,386)	115	(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	-	(3,386)	115	(1,905)	(139,196)	195,489	8,332	203,821		
<b>At 1 April 2010, as restated</b>													
Loss for the year	-	-	-	-	-	-	-	(9,007)	(9,007)	(746)	(9,753)		
Other comprehensive income for the period	-	-	-	-	2,135	-	-	-	2,135	-	2,135		
Total comprehensive income/(loss) for the period	-	-	-	-	2,135	-	-	(9,007)	(6,872)	(746)	(7,618)		
<b>At 30 June 2010</b>	231,633	108,138	90	-	(1,251)	115	(1,905)	(148,203)	188,617	7,586	196,203		

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 2011.

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	<b>3 months to 30/06/2011 RM'000</b>	<b>3 months to 30/06/2010 RM'000</b>
Net cash flow used in operating activities	(16,413)	(38,813)
Net cash flow used in investing activities	-	(384)
Net cash flow generated from financing activities	6,976	14,992
Net increase in cash & cash equivalents	<u>(9,437)</u>	<u>(24,205)</u>
Cash and cash equivalents at beginning of financial period	<u>25,014</u>	<u>48,567</u>
Cash and cash equivalents at end of financial period	<u>15,577</u>	<u>24,362</u>

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

	<b>As at 30/06/2011 RM'000</b>	<b>As at 30/06/2010 RM'000</b>
Deposits placed with licensed banks	5,841	6,311
Cash and bank balances	15,481	34,886
Total cash and bank balances	<u>21,322</u>	<u>41,197</u>
Bank overdrafts	(5,745)	(16,835)
Cash and cash equivalents at end of financial period	<u>15,577</u>	<u>24,362</u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 March 2011.

**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 2011. 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 2011.

**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 2011.

**3. Qualification of Financial Statement**

The auditors' report on the financial statements for the year ended 31 March 2011 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 30 June 2011.

**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 debt 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 30 June 2011, 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**

There was no dividend paid or declared for the financial quarter under review.

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

**9. Segmental Reporting**

**By Activities**

Cumulative Quarter  
30 June 2011

	Construction RM'000	Manufacturing RM'000	Elimination RM'000	Consolidated RM'000
Segment Revenue				
Revenue from external customers	63,024	31,659	-	94,683
Inter-segment revenue	-	15,881	(15,881)	-
Total revenue	63,024	47,540	(15,881)	94,683
Segment results	(3,680)	(1,610)	2,040	(3,250)
Other income				1,429
Finance costs				(1,203)
Share of results of associates				258
Share of results of joint venture				1,099
Income tax expense				(694)
Loss for the period				(2,361)

Cumulative Quarter  
30 June 2010

	Construction RM'000	Manufacturing RM'000	Elimination RM'000	Consolidated RM'000
Segment Revenue				
Revenue from external customers	155,173	40,226	-	195,399
Inter-segment revenue	-	19,595	(19,595)	-
Total revenue	155,173	59,821	(19,595)	195,399
Segment results	(9,219)	(1,563)	2,157	(8,625)
Other income				802
Finance costs				(1,387)
Share of results of associates				250
Share of results of joint venture				-
Income tax expense				(793)
Loss for the period				(9,753)

**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 2011.



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

**11. Subsequent Events**

There were no material events subsequent to the end of the current financial quarter.

**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) There was no change since 31 March 2011 which comprises of:

RM'000

Corporate Guarantee given to financial institutions for facilities granted to an associate company

8,840

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

For the current quarter under review, the Group recorded revenue of RM94.7 million and pre-tax loss of RM1.7 million, as compared to revenue of RM195.4 million and pre-tax loss of RM8.9 million in the corresponding quarter. This represents year-on-year revenue decline of 52% and pre-tax loss has narrowed by 81%.

The decline in revenue was mainly attributable to lower billings registered at the Construction Division as major projects transcends towards completion and lower take-up rates for its Manufacturing Division.

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

The Group recorded revenue of RM94.7 million in the current quarter as compared to RM101.4 million in the immediate preceding quarter, representing quarter-on-quarter decline of 6%. The decrease was mainly attributable to low demand and continued delays in off-takes experienced from its secured projects from its Manufacturing Division.

The Group recorded a pre-tax loss of RM1.7 million as compared to a pre-tax loss of RM5.6 million in the immediate preceding quarter.

**16. Current Year Prospects**

The Group prospects in the near term remained challenging on the back of declining billings from its Construction Division. In spite of a competitive operating environment, the Group continued to be on look-out for opportunities in domestic and overseas market.

**17. Profit Forecast or Profit Guarantee**

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

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

**18. Income Tax Expense**

	Individual quarter ended		Cumulative quarter ended	
	30/06/2011	30/06/2010	30/06/2011	30/06/2010
	RM'000	RM'000	RM'000	RM'000
Current period's provision	(694)	(793)	(694)	(793)

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 30 June 2011.

(b) As at 30 June 2011, value of investment in quoted shares:

	As at 30/06/2011 RM'000	As at 30/06/2010 RM'000
(i) At Book Value	118	102
(ii) At Market Value	118	102

**21. Status of Corporate Proposals Announced**

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

**22. Borrowings and Debt Securities**

Total Group borrowings as at 30 June 2011 are as follows:-

	As at 30/06/2011 RM'000	As at 30/06/2010 RM'000
<b>Short term borrowings</b>		
Secured	70,062	25,078
Unsecured	9,751	51,191
	<u>79,813</u>	<u>79,269</u>
<b>Long term borrowings</b>		
Secured	810	8,854
	<u>80,623</u>	<u>85,123</u>

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

**23. Material Litigation**

The significant changes in material litigation since the last annual balance sheet date are as follows:

- (a) **Arbitration proceedings between MTD Construction Sdn Bhd (“Claimant”) v. 1. Kerajaan Malaysia (“GOM”) 2. HSBC Bank Malaysia Berhad (“HSBC”) (collectively referred to as “Respondent”).**

The Claimant, a wholly-owned subsidiary of MTDACPI has entered into a formal contract with the Respondent (“Contract”), wherein the Claimant has been appointed by the GOM to undertake the design and construction of "Projek Jalan Raya Simpang Pulai-Lojing-Gua Musang ke Kuala Berang, Pakej 2 (dari Pos Selim, Perak Darul Ridzuan ke Ladang Blue Valley, Kampung Raja, Cameron Highlands, Pahang Darul Makmur)" (“Project”), subject to the terms and provisions of the Contract. Pursuant to an agreement between the Superintendent Officer (“S.O”) of the Project (acting as the representative of the Respondent), the Claimant had provided a retention bond of RM14.1 million pursuant to a bank guarantee (“Retention Guarantee”) in lieu of the retention monies to be withheld by the Respondent in accordance to the terms and provisions of the Contract. The Respondent had issued a demand notice to HSBC, demanding the pay out of the Retention Guarantee on the grounds of breach of Contract and the Claimant had filed an application to restrain the GOM from making a demand for the Retention Guarantee and receive payment from HSBC for the said Retention Guarantee, and to restrain HSBC from releasing the money until the final disposal of the matter in respect of the Project. HSBC had paid out the Retention Guarantee to the Respondent following the judgment from the High Court on 15 March 2011.

The application for the injunction was heard on 18 February 2011. The Learned Judge dismissed the application for the injunction with cost. An application for an injunction pending the hearing of the appeal was also dismissed by the Learned Judge.

In addition to the above, the S.O has continuously demanded the Claimant to rectify the slope at Chainage (Ch.) 26+000 of the Project which has shown distress.

In view of the foregoing and to safeguard the interest of the Claimant, the Claimant has on 14 June 2011 issued the Notice pursuant to the provision of Clause 52 of the Conditions of Contract and required the matter to be referred to Arbitration for the disputes which is not limited to the following:

- (i) that the Respondent had wrongly demanded the paid out of the Retention Guarantee and that the amount so paid out of the Respondent on the Retention Guarantee ought to be refunded to the Claimant;
  - (ii) that the S.O. ought to issue a Certificate of Making Good Defects to the Claimants; and
  - (iii) a declaration by the arbitral tribunal that the Claimant was not liable to rectify the distress on the slope at CH26+000 of the Project and the Claimant would not be responsible for any failures on any part of the Project.
- (b) **Arbitration proceedings between ACP Industries Berhad (“ACPI” now known as MTD ACPI Engineering Berhad) and Mendza Builders Sdn Bhd (collectively referred to as “Claimants”) v. Air Kelantan Sdn Bhd (“AKSB” or “Respondent”).**

The arbitration proceedings relates to disputes arising from a contract awarded by AKSB to ACPI-Mendza Joint Venture via a Letter of Acceptance dated 19 December 2000 for the Design, Build and Finance of Chica Water Supply Scheme, Kota Bahru, Kelantan with a total contract sum of Ringgit Malaysia (RM) 77.9 million (“Contract”). ACPI-Mendza Joint Venture is an unincorporated joint venture between ACPI and Mendza Builders Sdn Bhd.

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

**23. Material Litigation (Cont'd)**

The Certificate of Practical Completion for the Contract was issued by AKSB on 28 December 2003 with the certified completion date being 2 October 2003 and the Final certificate was subsequently issued by AKSB on 1 June 2006.

Disputes arose between the parties on closing of the final account for the Contract. The Claimants contended that the final account:

- (a) assigns no value to the following variation works:-
  - (i) the construction and completion of elevated water tank;
  - (ii) the pipe laying on the road in lieu of road verges;
  - (iii) the construction and completion of aeration tank system;
- (b) appears to incorrectly tabulate the profit portion, and incorrectly imposed the liquidated ascertained damages;
- (c) incorrectly deducted the cost of the Scada system;
- (d) has not taken into consideration the prolongation cost; and
- (e) does not address the issue of interest/financing charges.

The total estimated claim is RM13.5 million. The parties had attempted but were unable to amicably resolve such claims. Under the Contract, either party may require that any disputes and/or differences be referred to arbitration and the arbitration is to be conducted in accordance to the Arbitration Act 2005.

The arbitrator has fixed the proceedings for pre-hearing review on 6 February 2012 and for hearing on 13 February 2012 to 17 February 2012, 27 February 2012 to 2 March 2012 and 12 March 2012 to 16 March 2012.

**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.

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

**26. Loss per Share**

a) Basic

Basic loss 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	
	30/06/2011	30/06/2010	30/06/2011	30/06/2010
	RM'000	RM'000	RM'000	RM'000
Loss net of tax attributable to owners of the parent	(2,581)	(9,007)	(2,581)	(9,007)
	Individual quarter ended		Cumulative quarter ended	
	30/06/2011	30/06/2010	30/06/2011	30/06/2010
	'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	
	30/06/2011	30/06/2010	30/06/2011	30/06/2010
	(1.12)	(3.90)	(1.12)	(3.90)
Basic loss per share (sen)				

**27. Disclosure of Realised and Unrealised Accumulated Losses**

	As at	As at
	30/06/2011	31/03/2011
	RM'000	RM'000
Total accumulated losses of the Company and the subsidiaries:		
Realised	(182,093)	(181,229)
Unrealised	(912)	11
	(183,005)	(181,218)
Total share of retained profits from associate		
Realised	5,816	5,445
Unrealised	(739)	(739)
Total share of retained profits from joint venture		
Realised	1,099	1,640
	(176,829)	(174,872)
Less : Consolidated adjustments	(5,020)	(4,396)
Total accumulated losses as per statement of financial position	(181,849)	(179,268)

Batu Caves, Selangor  
25 August 2011

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