

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

Quarterly report on consolidated results for the quarter ended 31 December 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	
		31/12/2011 RM'000	31/12/2010 RM'000	31/12/2011 RM'000	31/12/2010 RM'000
Revenue	9	69,461	133,922	244,990	435,548
Cost of sales		(59,016)	(122,991)	(219,148)	(409,599)
Gross profit		10,445	10,931	25,842	25,949
Other items of income					
Other income		584	386	3,214	1,595
Other items of expense					
Selling and marketing expenses		(2,104)	(1,475)	(5,868)	(4,662)
Administrative and other expenses		(9,630)	(5,034)	(32,600)	(26,856)
Finance costs		(1,109)	(1,798)	(3,808)	(4,859)
Share of results of associates		(413)	(263)	(2)	617
Share of results of joint venture		1,544	-	3,762	-
(Loss)/Profit before tax	18	(683)	2,747	(9,460)	(8,216)
Income tax expense	19	(423)	(1,675)	(1,421)	(3,341)
(Loss)/Profit net of tax		(1,106)	1,072	(10,881)	(11,557)
Other comprehensive income/(loss) for the period, net of tax					
Foreign currency translation		5,042	(950)	5,727	(822)
Total comprehensive income/(loss) for the period		3,936	122	(5,154)	(12,379)
(Loss)/Profit attributable to:					
Owners of the parent		(1,003)	706	(11,200)	(11,870)
Non-controlling interest		(103)	366	319	313
		(1,106)	1,072	(10,881)	(11,557)
Total comprehensive income/(loss) attributable to:					
Owners of the parent		4,039	(244)	(5,473)	(12,692)
Non-controlling interest		(103)	366	319	313
		3,936	122	(5,154)	(12,379)
(Loss)/earnings per share attributable to owners of the parent (sen per share)					
Basic	25	(0.43)	0.31	(4.85)	(5.14)

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 31/12/2011 RM'000	As at 31/03/2011 RM'000 Audited
ASSETS			
Non-current assets			
Property, plant and equipment	10	115,612	122,993
Investment properties		272	278
Intangible assets		62,963	63,858
Investment in associates		18,504	18,383
Interest in joint venture		7,968	4,206
Other investments		490	412
Trade receivables		6,366	7,488
Deferred tax assets		4,525	4,475
		<u>216,700</u>	<u>222,093</u>
Current assets			
Inventories		54,659	49,582
Trade and other receivables		198,995	314,126
Other current assets		33,861	22,955
Income tax recoverable		5,584	5,100
Cash and bank balances		47,739	30,859
		<u>340,838</u>	<u>422,622</u>
Non-current asset held for sale		-	225
		<u>340,838</u>	<u>422,847</u>
Total assets		<u>557,538</u>	<u>644,940</u>
Equity and liabilities			
Current liabilities			
Defined benefit plan		141	141
Loans and borrowings	22	82,037	72,817
Trade and other payables		182,297	210,823
Gross amount due to customers for contract		54,367	114,355
Provisions		3,726	5,164
Income tax payable		248	140
		<u>322,816</u>	<u>403,440</u>
Net current assets		<u>18,022</u>	<u>19,407</u>

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

	Note	As at 31/12/2011 RM'000	As at 31/03/2011 RM'000 Audited
Non-current liabilities			
Defined benefit plan		12,187	12,258
Loans and borrowings	22	1,113	931
Deferred tax liabilities		495	495
Trade payables		35,312	35,391
		<u>49,107</u>	<u>49,075</u>
Total liabilities		<u>371,923</u>	<u>452,515</u>
Net Assets		<u>185,615</u>	<u>192,425</u>
Equity attributable to owners of the parent			
Share capital		231,633	231,633
Treasury shares		(1,905)	(1,905)
Reserves		(53,147)	(46,018)
		<u>176,581</u>	<u>183,710</u>
Non-controlling interest		9,034	8,715
Total equity		<u>185,615</u>	<u>192,425</u>
Total equity and liabilities		<u>557,538</u>	<u>644,940</u>
Net Assets Per Share Attributable To Ordinary Equity			
Holders of the Parent (RM)		0.80	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 RM'000	Share Premium RM'000	Capital Redemption Reserve RM'000	Revaluation Reserve RM'000	Exchange Translation Reserve RM'000	Other Reserve RM'000	Treasury Shares RM'000	Accumulated Losses RM'000	Total RM'000	Total RM'000	RM'000	RM'000
2012												
At 1 April 2011	231,633	108,138	90	-	(4,188)	29,210	(1,905)	(179,268)	183,710	8,715	192,425	
Total comprehensive income	-	-	-	-	5,727	-	-	(11,200)	(5,473)	319	(5,154)	
Transactions with owners												
Share of associate's capital reserve	-	-	-	-	-	76	-	-	76	-	76	
Subsidiary's bonus issue capitalized from retained profits	-	-	-	-	-	-	-	-	-	-	-	
Dividends on ordinary shares	-	-	-	-	-	-	-	(1,732)	(1,732)	-	(1,732)	
Total transactions with owners	-	-	-	-	-	76	-	(1,732)	(1,656)	-	(1,656)	
At 31 December 2011	231,633	108,138	90	-	1,539	29,286	(1,905)	(192,200)	176,581	9,034	185,615	

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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	Share Redemption Reserve	Non-Distributable	Revaluation Reserve	Exchange Translation Reserve	Other Reserve	Treasury Shares			Accumulated Losses
2011												
At 1 April 2010												
- as previously stated	231,633	108,138		90	-	(3,386)	115	(1,905)	(140,979)	193,706	8,332	202,038
- effect of adopting FRS 139	-	-	-	-	-	-	-	-	1,783	1,783	-	1,783
At 1 April 2010, as restated	231,633	108,138		90	-	(3,386)	115	(1,905)	(139,196)	195,489	8,332	203,821
Share of associate's capital reserve	-	-	-	-	-	-	103	-	-	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)	103	-	(11,870)	(12,589)	313	(12,276)
Dividends	-	-	-	-	-	-	-	-	(1,732)	(1,732)	-	(1,732)
At 31 December 2010	231,633	108,138		90	-	(4,208)	218	(1,905)	(152,798)	181,168	8,645	189,813

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 STATEMENT OF CASH FLOWS

	9 months to 31/12/2011 RM'000	9 months to 31/12/2010 RM'000
Operating activities		
Loss before tax	(9,460)	(8,216)
Adjustments for:		
Interest income	(170)	(570)
Depreciation of property, plant and equipment	6,541	7,653
Loss/(Gain) on disposal of property, plant and equipment	2,643	(219)
Provision	3,130	4,653
Interest expense	3,808	4,859
Share of results of associates	(2)	617
Share of results of joint venture	(3,762)	-
Other Non-cash items	662	-
Operating cash flows before changes in working capital	<u>3,390</u>	<u>8,777</u>
Changes in working capital		
Net changes in current assets	100,221	(88,294)
Net changes in current liabilities	(90,711)	54,387
	12,900	(25,130)
Tax paid	(2,360)	(3,875)
Net cash flows generated from/(used in) operating activities	<u>10,540</u>	<u>(29,005)</u>
Investing activities		
Interest received	170	570
Purchase of property, plant and equipment	(2,492)	(2,019)
Proceeds from disposal of property, plant and equipment	4,799	1,449
Net cash flows generated from investing activities	<u>2,477</u>	<u>-</u>
Financing activities		
Dividends paid on ordinary shares	(1,732)	(1,732)
Interest paid	(3,808)	(4,859)
Net proceeds/(repayments) of loans and borrowings	9,270	22,553
Net cash flows generated from financing activities	<u>3,730</u>	<u>15,962</u>
Net (decrease)/increase in cash and cash equivalents	16,747	(13,043)
Cash and cash equivalent at beginning of year	25,014	48,567
Cash and cash equivalents at end of year	<u>41,761</u>	<u>35,524</u>

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

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

	As at 31/12/2011 RM'000	As at 31/12/2010 RM'000
Deposits placed with licensed banks	17,229	19,320
Cash and bank balances	30,510	21,582
Total cash and bank balances	47,739	40,902
Bank overdrafts	(5,978)	(5,378)
Cash and cash equivalents at end of financial period	41,761	35,524

The Condensed Consolidated Statement Of Cash Flows 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 31 December 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 31 December 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

	31/12/2011	31/12/2010
	RM'000	RM'000
Final Dividend		
For the year ended 31 March 2011: 1 sen less 25% taxation		
(31 March 2010: 1 sen less 25% taxation)	1,732	1,732

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NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

9. Segmental Reporting

By Activities

Cumulative Quarter
31 December 2011

	Construction RM'000	Manufacturing RM'000	Elimination RM'000	Consolidated RM'000
Segment Revenue				
Revenue from external customers	143,459	101,531	-	244,990
Inter-segment revenue	-	38,696	(38,696)	-
Total revenue	143,459	140,227	(38,696)	244,990
Segment results	(12,948)	(4,714)	5,036	(12,626)
Other income				3,214
Finance costs				(3,808)
Share of results of associates				(2)
Share of results of joint venture				3,762
Income tax expense				(1,421)
Loss for the period				(10,881)

Cumulative Quarter
31 December 2010

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

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 quarter under review.

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 RM69.5 million and pre-tax loss of RM0.7 million, as compared to revenue of RM133.9 and pre-tax profit of RM2.7 million in the previous corresponding quarter. This represents a revenue reduction of 48.1% quarter on quarter and a net loss position for the current quarter.

The lower revenue and pre-tax loss were attributable to lower recognition of project income and additional operating costs incurred to complete existing projects for the Construction Division. These factors overwhelmed the positive contribution from the Manufacturing Division.

15. Variation of Results Against Preceding Quarter

The Group recorded revenue of RM69.5 million in the current quarter as compared to RM80.8 million in the immediate preceding quarter, representing quarter-on-quarter decline of 14%. The decrease was mainly attributable to lower progress billings and additional operating cost incurred in the Construction Division.

The Group recorded a reduced pre-tax loss of RM0.7 million as compared to a pre-tax loss of RM7.1 million in the immediate preceding quarter mainly due to improved performance from the Manufacturing Division.

16. Current Year Prospects

The Group outlook in the current financial year will remain challenging on the back of depleting order book at its engineering units, lower utilisation at its manufacturing units and a competitive operating environment in the domestic market.

The Group continues to be pro-active in bidding for selective infrastructure projects of which it has the competitive advantage in the domestic and overseas market. Given the competitive environment in which the Group is operating, the Group does not expect any significant improvement in the current year's performance compared to the previous year's performance.

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. Loss Before Tax

The following items have been included in arriving at loss before tax:

	Individual quarter ended		Cumulative quarter ended	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	2,165	2,535	6,541	7,653
Interest income	(32)	(307)	(170)	(570)
Loss/(Gain) on disposal of property, plant and equipment	(102)	(77)	2,643	(219)
Provision for doubtful debts	1,571	556	3,130	4,653
Bad debts written back	(1,592)	(1,844)	(2,972)	(2,944)

19. Income Tax Expense

	Individual quarter ended		Cumulative quarter ended	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	RM'000	RM'000	RM'000	RM'000
Current period's provision	(423)	(1,675)	(1,421)	(3,341)

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.

20. Unquoted Investment and Properties

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

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 31 December are as follows:-

	As at	As at
	31/12/2011	31/12/2010
	RM'000	RM'000
Short term borrowings		
Secured	72,713	15,316
Unsecured	9,324	53,979
	<u>82,037</u>	<u>69,295</u>
Long term borrowings		
Secured	1,113	7,075
	<u>83,150</u>	<u>76,370</u>

23. Material Litigation

There were no significant changes in material litigation since the immediate preceding quarter.

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NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

24. Dividend Payable

No interim dividend has been proposed for the current quarter under review.

25. 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	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit net of tax attributable to owners of the parent	(1,003)	706	(11,200)	(11,870)
	Individual quarter ended		Cumulative quarter ended	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
	'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	
	31/12/2011	31/12/2010	31/12/2011	31/12/2010
Basic (loss)/earnings per share (sen)	(0.43)	0.31	(4.85)	(5.14)

26. Disclosure of Realised and Unrealised Accumulated Losses

	As at	As at
	31/12/2011	30/09/2011
	RM'000	RM'000
Total accumulated losses of the Company and the subsidiaries:		
Realised	(194,229)	(191,538)
Unrealised	304	11
	(193,925)	(191,527)
Total share of retained profits from associate		
Realised	5,566	5,960
Unrealised	(739)	(739)
Total share of retained profits from joint venture		
Realised	3,762	2,217
	(185,336)	(184,089)
Less : Consolidated adjustments	(6,864)	(5,376)
Total accumulated losses as per statement of financial position	(192,200)	(189,465)

Batu Caves, Selangor
24 February 2012

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