

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

Quarterly report on consolidated results for the quarter ended 30 September 2012
The figures have not been audited

The Directors are pleased to announce the following:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Individual quarter ended 30/09/2012 RM'000	30/09/2011 RM'000	Cumulative quarter ended 30/09/2012 RM'000	30/09/2011 RM'000
Revenue	9	69,548	80,846	115,632	175,529
Cost of sales		(62,695)	(73,477)	(105,191)	(160,132)
Gross profit		<u>6,853</u>	<u>7,369</u>	<u>10,441</u>	<u>15,397</u>
Other items of income					
Other income		531	1,200	1,139	2,629
Other items of expense					
Selling and marketing expenses		(2,886)	(1,860)	(4,930)	(3,764)
Administrative and other expenses		(6,075)	(13,595)	(15,842)	(22,969)
Finance costs		(1,518)	(1,496)	(2,525)	(2,699)
Share of results of associates		210	153	173	411
Share of results of joint venture		3,089	1,118	5,088	2,217
Profit/(Loss) before tax		<u>204</u>	<u>(7,111)</u>	<u>(6,456)</u>	<u>(8,778)</u>
Income tax expense	19	(120)	(304)	(303)	(998)
Profit/(Loss) net of tax		<u>84</u>	<u>(7,415)</u>	<u>(6,759)</u>	<u>(9,776)</u>
Other comprehensive income for the period, net of tax					
Foreign currency translation		(460)	(3,196)	2,218	685
Total comprehensive income for the period		<u>(376)</u>	<u>(10,611)</u>	<u>(4,541)</u>	<u>(9,091)</u>
Profit/(Loss) attributable to:					
Owners of the parent		39	(7,616)	(6,849)	(10,197)
Non-controlling interest		45	201	90	421
		<u>84</u>	<u>(7,415)</u>	<u>(6,759)</u>	<u>(9,776)</u>
Total comprehensive income attributable to:					
Owners of the parent		(421)	(10,812)	(4,631)	(9,512)
Non-controlling interest		45	201	90	421
		<u>(376)</u>	<u>(10,611)</u>	<u>(4,541)</u>	<u>(9,091)</u>
Earnings/(Loss) per share attributable to owners of the parent (sen per share)					
Basic	25	<u>0.02</u>	<u>(3.30)</u>	<u>(2.96)</u>	<u>(4.41)</u>

Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 March 2012.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 30/09/2012 RM'000	As at 31/03/2012 RM'000 Audited
ASSETS			
Non-current assets			
Property, plant and equipment	10	96,765	99,938
Goodwill		62,802	62,916
Investment in associates		15,250	15,072
Investment in joint venture		16,388	11,300
Other investments		377	377
Trade receivables		-	2,580
Deferred tax assets		11,172	4,710
		<u>202,754</u>	<u>196,893</u>
Current assets			
Inventories		53,770	53,360
Trade and other receivables		143,426	146,601
Other current assets		21,063	16,239
Income tax recoverable		763	5,753
Cash and bank balances		29,764	47,375
		<u>248,786</u>	<u>269,328</u>
Non-current asset held for sale		11,426	14,206
		<u>260,212</u>	<u>283,534</u>
Total assets		<u>462,966</u>	<u>480,427</u>
Equity and liabilities			
Current liabilities			
Defined benefit plan		-	321
Loans and borrowings	22	75,967	74,234
Trade and other payables		113,234	128,292
Gross amount due to customers for contract		20,116	24,257
Provisions		35,220	35,220
Income tax payable		2,036	1,465
		<u>246,573</u>	<u>263,789</u>
Net current assets		<u>13,639</u>	<u>19,745</u>

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

	Note	As at 30/09/2012 RM'000	As at 31/03/2012 RM'000 Audited
Non-current liabilities			
Defined benefit plan		13,445	12,853
Loans and borrowings	22	298	1,110
Deferred tax liabilities		253	253
Trade payables		41,094	36,585
		<u>55,090</u>	<u>50,801</u>
Total liabilities		<u>301,663</u>	<u>314,590</u>
Net Assets		<u>161,303</u>	<u>165,837</u>
Equity attributable to owners of the parent			
Share capital		231,633	231,633
Treasury shares		(1,905)	(1,905)
Reserves		(79,274)	(74,650)
		<u>150,454</u>	<u>155,078</u>
Non-controlling interest		10,849	10,759
Total equity		<u>161,303</u>	<u>165,837</u>
Total equity and liabilities		<u>462,966</u>	<u>480,427</u>
Net Assets Per Share Attributable To Ordinary Equity Holders of the Parent (RM)		0.70	0.72

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 March 2012.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to Equity Holders of the Parent										Total Equity RM'000
	Non-Distributable					Distributable					
2013	Share Capital RM'000	Share Premium RM'000	Share 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	Non- controlling Interest RM'000	Total Equity RM'000
At 1 April 2012	231,633	108,138	90	-	661	29,258	(1,905)	(212,797)	155,078	10,759	165,837
Total comprehensive income	-	-	-	-	2,218	-	-	(6,849)	(4,631)	90	(4,541)
Transactions with owners	-	-	-	-	-	7	-	-	7	-	7
Share of associate's capital reserve	-	-	-	-	-	-	-	-	-	-	-
Subsidiary's bonus issue capitalized from retained profits	-	-	-	-	-	-	-	-	-	-	-
Dividends on ordinary shares	-	-	-	-	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	7	-	-	7	-	7
At 30 September 2012	231,633	108,138	90	-	2,879	29,265	(1,905)	(219,646)	150,454	10,849	161,303

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	Attributable to Equity Holders of the Parent										Non-controlling Interest	Total Equity
	Non-Distributable					Distributable						
	Share Capital RM'000	Share Premium RM'000	Share 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		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	-	-	-	-	685	-	-	(10,197)	(9,512)	421	(9,091)	
Transactions with owners												
Share of associate's capital reserve	-	-	-	-	-	37	-	-	37	-	37	
Subsidiary's bonus issue capitalized from retained profits	-	-	-	-	-	-	-	-	-	-	-	
Dividends on ordinary shares	-	-	-	-	-	-	-	-	-	-	-	
Total transactions with owners	-	-	-	-	-	37	-	-	37	-	37	
At 30 September 2011	231,633	108,138	90	-	(3,503)	29,247	(1,905)	(189,465)	174,235	9,136	183,371	

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 2012.

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	6 months to 30/09/2012 RM'000	6 months to 30/09/2011 RM'000
Operating activities		
Loss before tax	(6,456)	(8,778)
Adjustments for:		
Interest income	(373)	(138)
Net impairment losses on financial assets	(1,145)	(1,549)
Depreciation of property, plant and equipment	3,891	4,444
Depreciation of investment properties	-	4
Property, plant and equipment written off	297	-
Loss/(Gain) on disposal of property, plant and equipment	304	2,787
Interest expense	2,525	2,699
Increase in liabilities for retirement benefit obligations	486	43
Share of results of associates	(173)	(411)
Share of results of joint venture	(5,088)	(2,217)
Operating cash flows before changes in working capital	<u>(5,732)</u>	<u>(3,116)</u>
Changes in working capital		
Net changes in current assets	8,566	36,482
Net changes in current liabilities	(18,801)	(43,913)
Cash flows generated from/(used in) operations	<u>(15,967)</u>	<u>(10,547)</u>
Retirement benefit paid	(215)	(439)
Tax paid	(1,204)	(1,484)
Net cash flows used in operating activities	<u>(17,386)</u>	<u>(12,470)</u>
Investing activities		
Interest received	373	138
Purchase of property, plant and equipment	(1,857)	(138)
Proceeds from disposal of property, plant and equipment	63	-
Proceeds from disposal of non-current asset held for sale	2,800	-
Net cash flows generated from investing activities	<u>1,379</u>	<u>-</u>
Financing activities		
Interest paid	(2,525)	(2,699)
Net proceeds/(repayments) of loans and borrowings	132	9,706
Net cash flows (used in)/generated from financing activities	<u>(2,393)</u>	<u>7,007</u>
Net increase/(decrease) in cash and cash equivalents	<u>(18,400)</u>	<u>(5,463)</u>
Cash and cash equivalent at beginning of year	42,856	25,014
Cash and cash equivalents at end of financial period	<u><u>24,456</u></u>	<u><u>19,551</u></u>

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT (CONT'D)

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

	6 months to 30/09/2012 RM'000	6 months to 30/09/2011 RM'000
Deposits placed with licensed banks	23,407	4,370
Cash and bank balances	6,357	20,369
Total cash and bank balances	<u>29,764</u>	<u>24,739</u>
Bank overdrafts	<u>(5,308)</u>	<u>(5,188)</u>
Cash and cash equivalents at end of financial period	<u>24,456</u>	<u>19,551</u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 March 2012.

NOTES TO THE INTERIM FINANCIAL REPORT

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Bursa Malaysia Securities Berhad Main Market Listing Requirement. The interim financial statements also comply with IAS 34: Interim Financial Reporting issued by the International Accounting Standards Board (IASB).

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2012. 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 2012.

2. Changes in Accounting Policies

The Group has adopted the Malaysia Financial Reporting Standards (“MFRSs”) with effect from 1 April 2012. The MFRS Framework has been issued by Malaysian Accounting Standards Board (“MASB”) on 19 November 2011. The convergence to the MFRS framework has no material impact on the Group’s financial position and performance.

The following MFRSs, Amendments to MFRSs and IC Interpretations that are effective for financial periods beginning on or after 1 July 2012 or 1 January 2013:

MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits
MFRS 127	Separate Financial Statements
MFRS 128	Investments in Associate and Joint Venture
Amendments to MFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income
IC Interpretation 15	Agreements for the Construction of Real Estate

The Group has not completed its assessment of the effects of the above MFRSs and Amendments to MFRSs due to the complexity of these new MFRSs and Amendments to MFRSs, and their proposed changes.

3. Qualification of Financial Statement

The auditors’ report on the financial statements for the year ended 31 March 2012 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 September 2012.

6. Changes In Estimates

There was no material change in estimates reported in the current financial quarter.

NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

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 30 September 2012, 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 current financial quarter.

8. Dividend Paid

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

9. Segmental Reporting

By Activities

Cumulative Quarter
30 September 2012

	Construction RM'000	Manufacturing RM'000	Elimination RM'000	Consolidated RM'000
Segment Revenue				
Revenue from external customers	63,983	51,649	-	115,632
Inter-segment revenue	334	9,528	(9,862)	-
Total revenue	64,317	61,177	(9,862)	115,632
Segment results	(10,922)	(3,350)	3,941	(10,331)
Other income				1,139
Finance costs				(2,525)
Share of results of associates				173
Share of results of joint venture				5,088
Income tax expense				(303)
Loss for the period				(6,759)

NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

9. Segmental Reporting (Cont'd)

Cumulative Quarter
30 September 2011

	Construction RM'000	Manufacturing RM'000	Elimination RM'000	Consolidated RM'000
Segment Revenue				
Revenue from external customers	111,090	64,439	-	175,529
Inter-segment revenue	-	29,221	(29,221)	-
Total revenue	111,090	93,660	(29,221)	175,529
Segment results	(8,544)	(6,148)	3,356	(11,336)
Other income				2,629
Finance costs				(2,699)
Share of results of associates				411
Share of results of joint venture				2,217
Income tax expense				(998)
Loss for the period				(9,776)

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 2012.

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 financial quarter.

13. Changes in Contingent Liabilities and Contingent Assets

(a) There was no change since 31 March 2012 which comprises of:

	RM'000
Corporate Guarantee given to financial institutions for facilities granted to an associate company	<u>3,000</u>

NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

14. Review of Performance of the Group

CURRENT QUARTER vs. CORRESPONDING QUARTER

	30/09/2012 RM'000	30/09/2011 RM'000	Variance	
			RM'000	%
Segmental Turnover				
Construction	38,493	48,067	(9,574)	(20)
Manufacturing	37,241	46,119	(8,878)	(19)
	<u>75,734</u>	<u>94,186</u>		
Inter-segment	(6,186)	(13,340)		
	<u>69,548</u>	<u>80,846</u>	(11,298)	(14)
Pre-tax Profit/(Loss)				
Construction	(3,709)	(5,679)	1,970	35
Manufacturing	614	(2,703)	3,317	>100
	<u>(3,095)</u>	<u>(8,382)</u>		
Share of results of associates	210	153		
Share of results of joint venture	3,089	1,118		
	<u>204</u>	<u>(7,111)</u>	7,315	>100

For the current quarter under review, the Group recorded revenue of RM69.5 million and pre-tax profit of RM0.2 million, as compared to revenue of RM80.8 million and pre-tax loss of RM7.1 million in the corresponding quarter. This represents a revenue reduction of 51%.

The decline in revenue was mainly attributable to lower progress billings for construction works and slow take-up rates for its manufacturing products. The improvement in pre-tax profit was mainly due to higher contribution of joint venture and turnaround performance in Manufacturing Division and lower losses recorded in Construction Division.

15. Variation of Results Against Preceding Quarter

CURRENT QUARTER vs. PRECEDING QUARTER

	30/09/2012 RM'000	30/06/2012 RM'000	Variance	
			RM'000	%
Segmental Turnover				
Construction	38,493	25,825	12,668	49
Manufacturing	37,241	23,936	13,305	56
	<u>75,734</u>	<u>49,761</u>		
Inter-segment	(6,186)	(3,677)		
	<u>69,548</u>	<u>46,084</u>	23,464	51
Pre-tax Profit/(Loss)				
Construction	(3,709)	(6,175)	2,466	40
Manufacturing	614	(2,448)	3,062	>100
	<u>(3,095)</u>	<u>(8,623)</u>		
Share of results of associates	210	(37)		
Share of results of joint venture	3,089	2,000		
	<u>204</u>	<u>(6,660)</u>	6,864	>100

NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

15. Variation of Results Against Preceding Quarter (cont'd)

The Group recorded revenue of RM69.5 million in the current quarter as compared to RM46.1 million in the immediate preceding quarter, representing Q.o.Q increase of 51%. The increase was mainly attributable to higher turnover registered at the Construction and Manufacturing Division.

The Group recorded a pre-tax profit of RM0.2 million as compared to a pre-tax loss of RM6.7 million in the immediate preceding quarter. Turnaround results were due to higher contribution in joint venture, turnaround performance in Manufacturing Division and lower losses recorded in Construction Division.

16. Current Year Prospects

The Group expects the performance for the current financial year to improve over the previous year.

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.

18. Profit/(Loss) Before Tax

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

	Individual quarter ended		Cumulative quarter ended	
	30/09/2012	30/09/2011	30/09/2012	30/09/2011
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	1,974	1,047	3,891	4,444
Interest income	(111)	(100)	(373)	(138)
Loss on disposal of property, plant and equipment	-	-	304	2,787
Provision for doubtful debts	588	808	934	1,559
Bad debts written back	(1,268)	(2,378)	(2,079)	(3,108)

19. Income Tax Expense

	Individual quarter ended		Cumulative quarter ended	
	30/09/2012	30/09/2011	30/09/2012	30/09/2011
	RM'000	RM'000	RM'000	RM'000
Current period's provision	(120)	(304)	(303)	(998)

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 financial quarter.

21. Status of Corporate Proposals Announced

There were no corporate proposals announced during the current financial quarter.

NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

22. Borrowings and Debt Securities

Total Group borrowings as at 30 September are as follows:-

	As at 30/09/2012 RM'000	As at 30/09/2011 RM'000
Short term borrowings		
Secured	69,723	69,996
Unsecured	6,244	9,381
	<u>75,967</u>	<u>79,377</u>
Long term borrowings		
Secured	298	719
	<u>76,265</u>	<u>80,096</u>

23. Material Litigation

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

24. Dividend Payable

The Directors have recommended a first and final dividend of 1 sen per share less 25% income tax for the financial year ended 31 March 2012 (first and final dividend of 1 sen per share less 25% income tax for the financial year ended 31 March 2011), payable on 31 October 2012 to Depositors who are registered in the Record of Depositors at the close of business on 10 October 2012. The aforesaid proposed dividend was approved at the Annual General Meeting of the Company held on 27 September 2012.

25. Earnings/(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	
	30/09/2012	30/09/2011	30/09/2012	30/09/2011
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) net of tax attributable to owners of the parent	39	(7,616)	(6,849)	(10,197)
	<u>Individual quarter ended</u>		<u>Cumulative quarter ended</u>	
	30/09/2012	30/09/2011	30/09/2012	30/09/2011
	'000	'000	'000	'000
Weighted average number of ordinary shares in issue	230,996	230,996	230,996	230,996
	<u>Individual quarter ended</u>		<u>Cumulative quarter ended</u>	
	30/09/2012	30/09/2011	30/09/2012	30/09/2011
Basic earnings/(loss) per share (sen)	0.02	(3.30)	(2.96)	(4.41)

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NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

26. Disclosure of Realised and Unrealised Accumulated Losses

	As at 30/09/2012 RM'000	As at 30/06/2012 RM'000
Total accumulated losses of the Company and the subsidiaries:		
Realised	(204,802)	(195,104)
Unrealised	(24,301)	(30,762)
	<u>(229,103)</u>	<u>(225,866)</u>
Total share of retained profits from associate		
Realised	5,244	5,043
Unrealised	(739)	(739)
Total share of retained profits from joint venture		
Realised	5,088	2,000
	<u>(219,510)</u>	<u>(219,562)</u>
Less : Consolidated adjustments	(136)	(303)
Total accumulated losses as per statement of financial position	<u>(219,646)</u>	<u>(219,685)</u>

Batu Caves, Selangor
21 November 2012

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