

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

Quarterly report on consolidated results for the quarter ended 30 September 2014
The figures have not been audited

The Directors are pleased to announce the following:

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Individual quarter ended 30/09/2014 RM'000	30/09/2013 RM'000	Cumulative quarter ended 30/09/2014 RM'000	30/09/2013 RM'000
Revenue	8	84,019	99,655	169,359	167,145
Cost of sales		(78,573)	(95,544)	(158,704)	(156,658)
Gross profit		<u>5,446</u>	<u>4,111</u>	<u>10,655</u>	<u>10,487</u>
Other items of income					
Other income		1,250	10,217	2,099	13,833
Other items of expense					
Selling and marketing expenses		(1,754)	(2,320)	(4,221)	(4,497)
Administrative and other expenses		(6,486)	(2,455)	(11,666)	(11,769)
Finance costs		(910)	(843)	(1,741)	(1,854)
Share of results of associates		7,407	113	9,349	355
Share of results of joint ventures		(565)	(4,586)	(928)	(450)
Profit before tax		<u>4,388</u>	<u>4,237</u>	<u>3,547</u>	<u>6,105</u>
Income tax expense	18	(561)	(501)	(982)	(915)
Profit net of tax		<u>3,827</u>	<u>3,736</u>	<u>2,565</u>	<u>5,190</u>
Other comprehensive income/(loss) for the period, net of tax					
Foreign currency translation		2,908	(2,071)	2,139	(2,843)
Total comprehensive income for the period		<u>6,735</u>	<u>1,665</u>	<u>4,704</u>	<u>2,347</u>
Profit attributable to:					
Owners of the parent		3,872	3,214	2,523	4,688
Non-controlling interest		(45)	522	42	502
		<u>3,827</u>	<u>3,736</u>	<u>2,565</u>	<u>5,190</u>
Total comprehensive income attributable to:					
Owners of the parent		6,780	1,143	4,662	1,845
Non-controlling interest		(45)	522	42	502
		<u>6,735</u>	<u>1,665</u>	<u>4,704</u>	<u>2,347</u>
Earnings per share attributable to owners of the parent (sen)					
Basic	24	<u>1.68</u>	<u>1.39</u>	<u>1.09</u>	<u>2.03</u>

Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 March 2014.

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at 30/09/2014 RM'000	As at 31/03/2014 RM'000 Audited
ASSETS			
Non-current assets			
Property, plant and equipment	9	98,731	97,956
Investment properties		253	257
Investments in associates		27,637	19,709
Investments in joint ventures		7,317	8,245
Other investments		225	226
Trade receivables		20,236	13,218
Deferred tax assets		480	479
		154,879	140,090
Current assets			
Inventories		32,325	38,539
Trade and other receivables		148,088	199,101
Gross amount due from customers for contract		38,950	24,612
Other investments		89	89
Other current assets		641	1,466
Income tax recoverable		3,369	3,359
Cash and bank balances		50,974	34,023
		274,436	301,189
Total assets		429,315	441,279
EQUITY AND LIABILITIES			
Current liabilities			
Defined benefit plan		84	1,397
Loans and borrowings	21	58,821	52,979
Trade and other payables		243,452	252,920
Gross amount due to customers for contract		17,718	19,326
Provisions		815	1,138
Income tax payable		647	52
		321,537	327,812
Net current liabilities		(47,101)	(26,623)

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

	Note	As at 30/09/2014 RM'000	As at 31/03/2014 RM'000 Audited
Non-current liabilities			
Defined benefit plan		11,082	10,056
Loans and borrowings	21	644	-
Deferred tax liabilities		102	137
Trade payables		4,004	16,032
		15,832	26,225
Total liabilities		337,369	354,037
Net Assets		91,946	87,242
Equity attributable to owners of the parent:			
Share capital		231,633	231,633
Treasury shares		(1,905)	(1,905)
Reserves		(149,078)	(153,740)
		80,650	75,988
Non-controlling interest		11,296	11,254
Total equity		91,946	87,242
Total equity and liabilities		429,315	441,279
Net Assets Per Share Attributable To Ordinary Equity Holders of the Parent (RM)		0.40	0.38

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 March 2014.

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CONDENSED CONSOLIDATED STATEMENTS 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		
2015	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2014	231,633	108,138	90	-	7,406	29,272	(1,905)	(298,646)	75,988	11,254	87,242
Total comprehensive income	-	-	-	-	2,139	-	-	2,523	4,662	42	4,704
Transaction with owners:											
Dividends on ordinary shares	-	-	-	-	-	-	-	-	-	-	-
Total transaction with owners	-	-	-	-	-	-	-	-	-	-	-
At 30 September 2014	231,633	108,138	90	-	9,545	29,272	(1,905)	(296,123)	80,650	11,296	91,946

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONT'D)

	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		
2014	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2013	231,633	108,138	90	-	(1,516)	29,272	(1,905)	(203,829)	161,883	10,944	172,827
Total comprehensive income	-	-	-	-	(2,843)	-	-	4,688	1,845	502	2,347
Transactions with owners:											
Dividends on ordinary shares	-	-	-	-	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-	-	-	-	-	-
At 30 September 2013	231,633	108,138	90	-	(4,359)	29,272	(1,905)	(199,141)	163,728	11,446	175,174

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 March 2014.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months to 30/09/2014 RM'000	6 months to 30/09/2013 RM'000
Operating activities		
Profit before tax	3,547	6,105
Adjustments for:		
Dividend income from joint venture	-	(6,000)
Interest income	(101)	(80)
Net impairment losses on financial assets	(181)	1,872
Depreciation of property, plant and equipment	3,649	3,334
(Gain)/Loss on disposal of property, plant and equipment	(153)	(46)
Interest expense	1,741	1,854
Provisions	-	(11)
(Decrease)/Increase in liabilities for retirement benefit obligations	354	274
Share of results of associates	(7,407)	(355)
Share of results of joint venture	565	450
Operating cash flows before changes in working capital	<u>2,014</u>	<u>7,397</u>
Changes in working capital		
Net changes in current assets	29,776	16,723
Net changes in current liabilities	(12,244)	(46,097)
Cash flows used in operations	<u>19,546</u>	<u>(21,977)</u>
Retirement benefit paid	(67)	(8)
Tax paid	(3,803)	(1,985)
Net cash flows used in operating activities	<u>15,676</u>	<u>(23,970)</u>
Investing activities		
Interest received	101	80
Purchase of property, plant and equipment	(7,662)	(1,680)
Proceeds from disposal of property, plant and equipment	295	87
Received from joint venture	-	6,000
Net cash flows generated from investing activities	<u>(7,266)</u>	<u>4,487</u>
Financing activities		
Interest paid	(1,741)	(1,854)
Net (repayments of)/proceeds from loans and borrowings	6,486	(5,432)
Net cash flows (used in)/generated from financing activities	<u>4,745</u>	<u>(7,286)</u>
Net (decrease)/increase in cash and cash equivalents	13,155	(26,769)
Effects of exchange rate changes on cash and cash equivalents	170	2,945
Cash and cash equivalent at beginning of year	28,428	52,459
Cash and cash equivalents at end of financial period	<u><u>41,753</u></u>	<u><u>28,635</u></u>

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)

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

	6 months to 30/09/2014 RM'000	6 months to 30/09/2013 RM'000
Deposits placed with licensed banks	4,265	10,898
Cash and bank balances	46,709	23,786
Total cash and bank balances	<u>50,974</u>	<u>34,684</u>
Bank overdrafts	(9,221)	(6,049)
Cash and cash equivalents at end of financial period	<u>41,753</u>	<u>28,635</u>

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 March 2014.

NOTES TO THE INTERIM FINANCIAL REPORT

1. Basis of Preparation

These condensed consolidated 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. These condensed consolidated interim financial statements also comply with IAS 34: Interim Financial Reporting issued by the International Accounting Standards Board (IASB).

These condensed consolidated interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2014. The explanatory notes are attached to the condensed consolidated 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 2014.

2. Qualification of Financial Statement

The auditors' report on the financial statements for the year ended 31 March 2014 was not qualified.

3. Seasonal or Cyclical Factors

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

4. Unusual items

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows for the current financial quarter ended 30 September 2014.

5. Changes In Estimates

There were no material changes in estimates of amounts reported in the current financial quarter.

6. 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 2014, 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.

7. Dividend Paid

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

NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

8. Segmental Reporting

By Activities

Cumulative Quarter
30 September 2014

	Construction RM'000	Manufacturing RM'000	Elimination RM'000	Consolidated RM'000
Segment Revenue				
Revenue from external customers	110,324	59,035	-	169,359
Inter-segment revenue	21,649	9,210	(30,859)	-
Total revenue	<u>131,973</u>	<u>68,245</u>	<u>(30,859)</u>	<u>169,359</u>
Segment results	<u>(7,886)</u>	<u>(1,085)</u>	<u>3,740</u>	<u>(5,231)</u>
Other income				2,099
Finance costs				(1,741)
Share of results of associates				9,348
Share of results of joint ventures				(928)
Income tax expense				(982)
Profit for the period				<u><u>2,565</u></u>

Cumulative Quarter
30 September 2013

	Construction RM'000	Manufacturing RM'000	Elimination RM'000	Consolidated RM'000
Segment Revenue				
Revenue from external customers	115,733	51,412	-	167,145
Inter-segment revenue	3,529	7,402	(10,931)	-
Total revenue	<u>119,262</u>	<u>58,814</u>	<u>(10,931)</u>	<u>167,145</u>
Segment results	<u>(5,061)</u>	<u>(1,426)</u>	<u>708</u>	<u>(5,779)</u>
Other income				13,833
Finance costs				(1,854)
Share of results of associates				355
Share of results of joint ventures				(450)
Income tax expense				(915)
Profit for the period				<u><u>5,190</u></u>

NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

9. Valuation of Property, Plant and Equipment

The valuations of property, plant and equipment have been brought forward without amendment from the annual financial statements for the year ended 31 March 2014.

10. Material Subsequent Events

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

11. Changes in the Composition of the Group

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

12. Changes in Contingent Liabilities and Contingent Assets

There were no significant changes in both contingent liabilities and contingent assets since the year ended 31 March 2014.

13. Review of Performance of the Group

CURRENT QUARTER vs. CORRESPONDING QUARTER

	30/09/2014	30/09/2013	Variance	
	RM'000	RM'000	RM'000	%
Segmental Turnover				
Construction	79,559	78,993	566	1
Manufacturing	29,663	26,149	3,514	13
	<u>109,222</u>	<u>105,142</u>		
Inter-segment	(25,204)	(5,487)		
	<u>84,018</u>	<u>99,655</u>	(15,637)	(16)
 Pre-tax profit				
Construction	(3,499)	8,892	(12,391)	>(100)
Manufacturing	1,044	(182)	1,226	>100
	<u>(2,455)</u>	<u>8,710</u>		
Share of results of associates	7,407	113	7,294	>100
Share of results of joint ventures	(564)	(4,586)	4,022	88
	<u>4,388</u>	<u>4,237</u>	151	4

For the current quarter under review, the Group recorded lower revenue of RM84.0 million but recorded a pre-tax profit of RM4.4 million, as compared to revenue of RM99.6 million and pre-tax profit of RM4.2 million in the corresponding quarter.

Both Construction and Manufacturing divisions recorded higher revenue compared to the corresponding quarter and higher pre-tax profit in the current quarter under review was mainly due to better results recorded at associate company.

NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

14. Variation of Results Against Preceding Quarter

CURRENT QUARTER vs. PRECEDING QUARTER

	30/09/2014	30/06/2014	Variance	
	RM'000	RM'000	RM'000	%
Segmental Turnover				
Construction	79,559	52,414	27,145	52
Manufacturing	29,663	38,582	(8,919)	(23)
	<u>109,222</u>	<u>90,996</u>		
Inter-segment	(25,204)	(5,656)		
	<u>84,018</u>	<u>85,340</u>	(1,322)	(2)
Pre-tax (loss)/profit				
Construction	(3,499)	(3,038)	(461)	(15)
Manufacturing	1,044	620	424	68
	<u>(2,455)</u>	<u>(2,418)</u>		
Share of results of associates	7,407	1,941	5,466	>100
Share of results of joint venture	(564)	(364)	(200)	(55)
	<u>4,388</u>	<u>(841)</u>	5,229	>100

The Group recorded revenue of RM84.0 million in the current quarter as compared to RM85.3 million in the immediate preceding quarter, representing Q.o.Q decrease by 2%. The decrease was mainly attributable to lower turnover registered at the Manufacturing division.

The Group recorded pre-tax profit of RM4.4 million as compared to a pre-tax loss of RM0.8 million in the immediate preceding quarter. The higher pre-tax profit in current quarter under review was mainly due to better results recorded at associate company.

15. Prospects for the remaining period to the end of Financial Year

Going forward, the Group expects to gradually improve its financial performance, anchored by its order book of RM643.4 million for both the Construction and Manufacturing divisions. The management would continue to seek for infrastructure projects both in Malaysia and abroad, leveraging on the strength of its parent company, AlloyMtd Group, which has presence across Asia and Middle East. The Management of the Group will remain vigilant in monitoring and controlling cost to ensure profitability of existing projects. Barring any unforeseen circumstances, the Group expects a modest recovery ahead.

16. 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.

NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

17. Profit Before Tax

The following items have been included in arriving at profit/(loss) before tax:

	Individual quarter ended		Cumulative quarter ended	
	30/09/2014 RM'000	30/09/2013 RM'000	30/09/2014 RM'000	30/09/2013 RM'000
Interest income	(46)	(31)	(101)	(80)
Other income	(35)	(3,585)	(70)	(13,753)
Interest expense	910	742	1,741	1,854
Depreciation of property, plant and equipment	2,088	1,631	3,649	3,334
Provision for doubtful debts	641	-	744	742
Bad debts written off	-	-	-	-
Bad debts written back	(391)	-	(926)	-
Provision of slow moving stocks	-	-	-	-
Inventories written off	-	-	-	-
(Gain)/Loss on disposal of quoted investment	-	-	-	-
(Gain)/Loss on disposal of unquoted investment	-	-	-	-
(Gain)/Loss on disposal of Property, plant and equipment	(44)	-	(153)	-
Net impairment of assets	-	-	-	-
(Gain)/Loss of foreign exchange	276	2,071	160	2,843

18. Income Tax Expense

	Individual quarter ended		Cumulative quarter ended	
	30/09/2014 RM'000	30/09/2013 RM'000	30/09/2014 RM'000	30/09/2013 RM'000
Current period's provision	(561)	(501)	(982)	(915)

The effective tax rate for the current quarter was lower than the statutory tax rate due to the profit contributed by associate companies was not subjected to tax.

19. Unquoted Investment and Properties

There were no sales of unquoted investments or properties during the current financial quarter.

20. Status of Corporate Proposals Announced

There were no corporate proposals announced but not completed during the current financial quarter.

NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

21. Borrowings and Debts Securities

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

	As at 30/09/2014 RM'000	As at 30/09/2013 RM'000
Short term borrowings		
Secured	49,304	45,621
Unsecured	9,517	5,972
	<u>58,821</u>	<u>51,593</u>
Long term borrowings		
Secured	644	18
	<u>59,465</u>	<u>51,611</u>

22. Material Litigation

On 27 October 2014, the Federal Court refused the Notice of Motion for leave to appeal submitted by MTD Construction Sdn Bhd ("MTDC"), a wholly subsidiary of MTD ACPI Engineering Berhad on the ground that the proposed issues/questions for determination by the Federal Court were essentially issues of fact, thus making any leave application incompetent. The Federal Court in addition ordered costs of RM10,000.00 to AXA Affin Assurance Berhad ("AXA").

As no leave has been granted, the following Grounds of Judgment from the Court of Appeal as announced on 31 May 2013, stands:

- (1) The appeal in part was allowed by varying the order of the Learned Trial Judge limiting the liability of AXA to indemnify MTDC to only for losses arising from incidents which occurred after 11 May 2001;
- (2) The liability of AXA to indemnify MTDC pursuant to Item (1) above, is reduced to 50% of the losses payable to MTDC; and
- (3) MTDC to pay agreed costs of RM15,000.00 to AXA.

The Court of Appeal had clarified and directed that the correct cut-off date as stated in Item (1) above ought to read as 11 May 2001 instead of 13 July 2000.

In view of the above, MTDC has no claims against AXA for the costs of rectification works for the slope failures or landslips, as all landslips occurred between June 1998 to March 2001.

23. Dividend Payable

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

NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

24. Earnings per Share

a) Basic

Basic earnings per share is calculated by dividing the profit 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	
	30/09/2014	30/09/2013	30/09/2014	30/09/2013
	RM'000	RM'000	RM'000	RM'000
Profit net of tax attributable to owners of the parent	3,872	3,214	2,523	4,688
	Individual quarter ended	30/09/2013	Cumulative quarter ended	30/09/2013
	'000	'000	'000	'000
Weighted average number of ordinary shares in issue	230,996	230,996	230,996	230,996
	Individual quarter ended	30/09/2013	Cumulative quarter ended	30/09/2013
	30/09/2014	30/09/2013	30/09/2014	30/09/2013
	1.68	1.39	1.09	2.03

25. Disclosure of Realised and Unrealised Accumulated Losses

	As at	As at
	30/09/2014	31/03/2014
	RM'000	RM'000
Total accumulated losses of the Company and the subsidiaries:		
Realised	(333,983)	(336,548)
Unrealised	15,652	11,098
	(318,331)	(325,450)
Total share of retained profits from associate		
Realised	19,812	10,463
Unrealised	(1,799)	-
	(300,318)	(314,987)
Total share of retained profits from joint venture		
Realised	4,211	6,280
	(296,107)	(308,707)
Less : Consolidated adjustments	(16)	10,061
Total accumulated losses as per statements of financial position	(296,123)	(298,646)

Batu Caves, Selangor
28 November 2014

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