

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

Quarterly report on consolidated results for the quarter ended 30 June 2015
The figures have not been audited

The Directors are pleased to announce the following:

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Individual quarter ended 30/06/2015 RM'000	30/06/2014 RM'000	Cumulative quarter ended 30/06/2015 RM'000	30/06/2014 RM'000
Revenue	8	49,752	85,340	49,752	85,340
Cost of sales		(48,948)	(80,219)	(48,948)	(80,219)
Gross profit		<u>804</u>	<u>5,121</u>	<u>804</u>	<u>5,121</u>
Other items of income					
Other income		1,236	850	1,236	850
Other items of expense					
Selling and marketing expenses		(1,247)	(2,466)	(1,247)	(2,466)
Administrative and other expenses		(4,944)	(5,092)	(4,944)	(5,092)
Finance costs		(1,776)	(831)	(1,776)	(831)
Share of results of associates		(425)	1,941	(425)	1,941
Share of results of joint ventures		677	(364)	677	(364)
Loss before tax		<u>(5,675)</u>	<u>(841)</u>	<u>(5,675)</u>	<u>(841)</u>
Income tax expense	18	(119)	(421)	(119)	(421)
Loss net of tax		<u>(5,794)</u>	<u>(1,262)</u>	<u>(5,794)</u>	<u>(1,262)</u>
Other comprehensive income/(loss) for the period					
Foreign currency translation		3,538	(769)	3,538	(769)
Revaluation reserve		47,190	-	47,190	-
Total comprehensive income/(loss) for the period, net of tax		<u>44,934</u>	<u>(2,031)</u>	<u>44,934</u>	<u>(2,031)</u>
Loss attributable to:					
Owners of the parent		(5,671)	(1,349)	(5,671)	(1,349)
Non-controlling interest		(123)	87	(123)	87
		<u>(5,794)</u>	<u>(1,262)</u>	<u>(5,794)</u>	<u>(1,262)</u>
Total comprehensive income/(loss) attributable to:					
Owners of the parent		44,972	(2,118)	44,972	(2,118)
Non-controlling interest		(38)	87	(38)	87
		<u>44,934</u>	<u>(2,031)</u>	<u>44,934</u>	<u>(2,031)</u>
Loss per share attributable to owners of the parent (sen)					
Basic	24	<u>(2.46)</u>	<u>(0.58)</u>	<u>(2.46)</u>	<u>(0.58)</u>

Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 March 2015.

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at 30/06/2015 RM'000	As at 31/03/2015 RM'000 Audited
ASSETS			
Non-current assets			
Property, plant and equipment	9	138,674	100,162
Goodwill		-	-
Investments in associates		27,873	28,424
Investments in joint ventures		13,072	12,776
Other investments		190	190
Trade receivables		30,710	30,710
Deferred tax assets		1,121	1,121
		211,640	173,383
Current assets			
Inventories		26,162	24,110
Trade and other receivables		121,142	160,688
Gross amount due from customers for contracts		30,011	12,371
Other investments		128	128
Other current assets		751	685
Income tax recoverable		3,147	3,272
Cash and bank balances		48,625	60,086
		229,966	261,340
Non-current asset held for sale		9,214	257
		239,180	261,597
Total assets		450,820	434,980
EQUITY AND LIABILITIES			
Current liabilities			
Defined benefit plan		2,570	2,723
Loans and borrowings	21	59,656	60,665
Trade and other payables		224,502	270,155
Gross amount due to customers for contract		30,030	5,471
Provisions		3,389	2,844
Income tax payable		1,143	1,173
		321,290	343,031
Net current liabilities		(82,110)	(81,434)

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTD.)

	Note	As at 30/06/2015 RM'000	As at 31/03/2015 RM'000 Audited
Non-current liabilities			
Defined benefit plan		8,312	8,186
Loans and borrowings	21	1,787	1,873
Deferred tax liabilities		2,484	-
Trade payables		10,375	20,252
		22,958	30,311
Total liabilities		344,248	373,342
Net Assets		106,572	61,638
Equity attributable to owners of the parent:			
Share capital		231,633	231,633
Treasury shares		(1,905)	(1,905)
Reserves		(137,683)	(182,655)
		92,045	47,073
Non-controlling interest		14,527	14,565
Total equity		106,572	61,638
Total equity and liabilities		450,820	434,980
Net Assets Per Share Attributable To Ordinary Equity Holders of the Parent (RM)		0.46	0.27

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 March 2015.

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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				
2016	Share Capital RM'000	Share Premium RM'000	Capital Redemption Reserve RM'000	Revaluation Reserve RM'000	Foreign Currency Translation Reserve RM'000	Other Reserves RM'000	Treasury Shares RM'000	Accumulated Losses RM'000	Total RM'000	RM'000	RM'000
At 1 April 2015	231,633	108,138	90	-	10,139	29,272	(1,905)	(330,294)	47,073	14,565	61,638
Total comprehensive income											
Net loss for the period	-	-	-	-	-	-	-	(5,671)	(5,671)	(123)	(5,794)
Other comprehensive income	-	-	-	47,190	3,453	-	-	-	50,643	85	50,728
Total comprehensive income/(loss) for the period	-	-	-	47,190	3,453	-	-	(5,671)	44,972	(38)	44,934
At 30 June 2015	231,633	108,138	90	47,190	13,592	29,272	(1,905)	(335,965)	92,045	14,527	106,572

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTD.)

	Attributable to Equity Holders of the Parent								Total	Non-controlling Interest	Total Equity
	Non-Distributable							Distributable			
2015	Share Capital	Share Premium	Capital Redemption Reserve	Revaluation Reserve	Foreign Currency Translation Reserve	Other Reserves	Treasury Shares	Accumulated Losses	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	-	-	-	-	(769)	-	-	(1,349)	(2,118)	87	(2,031)
Transactions with owners:											
Dividends on ordinary shares	-	-	-	-	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	-	-	-	-	-	-	-
At 30 June 2014	231,633	108,138	90	-	6,637	29,272	(1,905)	(299,995)	73,870	11,341	85,211

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 2015.

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	3 months to 30/06/2015 RM'000	3 months to 30/06/2014 RM'000
Operating activities		
Loss before tax	(5,675)	(841)
<u>Adjustments for:</u>		
Interest income	(146)	(55)
Net impairment losses on financial assets	-	(432)
Depreciation of property, plant and equipment	2,104	1,561
Gain on disposal of property, plant and equipment	(226)	(109)
Interest expense	1,776	831
Net changes in liabilities for retirement benefit obligations	173	22
Share of results of associates	425	(1,941)
Share of results of joint venture	(677)	364
Total adjustments	3,429	241
Operating cash flows before changes in working capital	(2,246)	(600)
Changes in working capital		
Net changes in current assets	22,417	(6,165)
Net changes in current liabilities	(24,732)	(2,244)
Total changes in working capital	(2,315)	(8,409)
Cash flows used in operations	(4,561)	(9,009)
Retirement benefit paid	(153)	-
Tax paid	(547)	(2,681)
Net cash flows used in operating activities	(5,261)	(11,690)
Investing activities		
Interest received	146	55
Purchase of property, plant and equipment	(214)	(285)
Proceeds from disposal of property, plant and equipment	251	38
Net cash flows generated from investing activities	183	(192)
Financing activities		
Interest paid	(1,776)	(831)
Net (repayments of)/proceeds from loans and borrowings	(1,094)	1,786
Net cash flows (used in)/generated from financing activities	(2,870)	955

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTD.)

	3 months to 30/06/2015 RM'000	3 months to 30/06/2014 RM'000
Net decrease in cash and cash equivalents	(7,948)	(10,927)
Effects of exchange rate changes on cash and cash equivalents	(1,793)	(576)
Cash and cash equivalent at beginning of year	50,090	28,428
Cash and cash equivalents at end of financial period	<u>40,349</u>	<u>16,925</u>

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

	3 months to 30/06/2015 RM'000	3 months to 30/06/2014 RM'000
Deposits placed with licensed banks	9,853	4,371
Cash and bank balances	38,772	24,525
Total cash and bank balances	<u>48,625</u>	<u>28,896</u>
Bank overdrafts	(8,276)	(11,971)
Cash and cash equivalents at end of financial period	<u>40,349</u>	<u>16,925</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 2015.

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 2015. 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 2015.

2. Qualification of Financial Statement

The auditors' report on the financial statements for the financial year ended 31 March 2015 was not qualified.

The Company had engaged its Auditors, Messrs Ernst & Young to conduct limited review on its quarterly financial reports as required by Bursa Malaysia Securities Berhad commencing from the fourth quarter ended 31 March 2015.

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 June 2015.

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 June 2015, 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 (CONTD.)

8. Segmental Reporting

By Activities

Cumulative Quarter
30 June 2015

	Construction RM'000	Manufacturing RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Segment Revenue					
Revenue from external customers	29,836	19,916	-	-	49,752
Inter-segment revenue	1,371	2,615	1,894	(5,880)	-
Total revenue	31,207	22,531	1,894	(5,880)	49,752
Segment results	(7,165)	(738)	(2,484)	5,000	(5,387)
Other income					1,236
Finance costs					(1,776)
Share of results of associates					(425)
Share of results of joint ventures					677
Income tax expense					(119)
Loss for the year					(5,794)

Cumulative Quarter
30 June 2014

	Construction RM'000	Manufacturing RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Segment Revenue					
Revenue from external customers	47,236	38,104	-	-	85,340
Inter-segment revenue	5,178	478	-	(5,656)	-
Total revenue	52,414	38,582	-	(5,656)	85,340
Segment results	(2,818)	(691)	(797)	1,869	(2,437)
Other income					850
Finance costs					(831)
Share of results of associates					1,941
Share of results of joint ventures					(364)
Income tax expense					(421)
Loss for the period					(1,262)

NOTES TO THE INTERIM FINANCIAL REPORT (CONTD.)

9. Valuation of Property, Plant and Equipment

The valuations of property, plant and equipment have been performed against the Group's freehold land by a professional property consultant and has been recognised in the current quarter under review.

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 2015.

13. Review of Performance of the Group

CURRENT QUARTER vs. CORRESPONDING QUARTER

	30/06/2015	30/06/2014	Variance	
	RM'000	RM'000	RM'000	%
Segmental Turnover				
Construction	31,207	52,414	(21,207)	(40)
Manufacturing	22,531	38,582	(16,051)	(42)
Others	1,894	-	1,894	100
	<u>55,632</u>	<u>90,996</u>		
Inter-segment	(5,880)	(5,656)		
	<u>49,752</u>	<u>85,340</u>	(35,588)	(42)
Pre-tax (loss)/profit				
Construction	(4,025)	(1,687)	(2,338)	>(100)
Manufacturing	524	620	(96)	(15)
Others	(2,426)	(1,351)	(1,075)	(80)
	<u>(5,927)</u>	<u>(2,418)</u>		
Share of results of associates	(425)	1,941	(2,366)	>(100)
Share of results of joint ventures	677	(364)	1,041	>100
	<u>(5,675)</u>	<u>(841)</u>	(4,834)	>(100)

For the current quarter under review, the Group recorded revenue of RM49.8 million and pre-tax loss of RM5.7 million, as compared to revenue of RM85.3 million and pre-tax loss of RM0.8 million respectively in the corresponding quarter.

Lower revenue recorded for current quarter was mainly due to lower turnover registered in Construction division. The Group's pre-tax loss was higher due to losses in Construction division, higher operating costs, and share of losses of associates as compared to the profit in corresponding quarter.

NOTES TO THE INTERIM FINANCIAL REPORT (CONTD.)

14. Variation of Results Against Preceding Quarter

CURRENT QUARTER vs. PRECEDING QUARTER

	30/06/2015	31/03/2015	Variance	
	RM'000	RM'000	RM'000	%
Segmental Turnover				
Construction	31,207	80,115	(48,908)	(61)
Manufacturing	22,531	26,451	(3,920)	(15)
Others	1,894	20,777	(18,883)	(91)
	<u>55,632</u>	<u>127,343</u>		
Inter-segment	(5,880)	(28,490)		
	<u>49,752</u>	<u>98,853</u>	(49,101)	(50)
Pre-tax (loss)/profit				
Construction	(4,025)	(12,731)	8,706	68
Manufacturing	524	(6,151)	6,675	>100
Others	(2,426)	(10,342)	7,916	77
	<u>(5,927)</u>	<u>(29,224)</u>		
Share of results of associates	(425)	(293)	(132)	(45)
Share of results of joint venture	677	1,466	(789)	(54)
	<u>(5,675)</u>	<u>(28,051)</u>	22,376	80

The Group recorded revenue of RM49.8 million in the current quarter as compared to RM98.9 million in the immediate preceding quarter, representing Q.o.Q decrease by 50%. The decrease was mainly attributable to lower turnover registered at the Construction division.

The Group recorded pre-tax loss of RM5.7 million as compared to a pre-tax loss of RM28.1 million in the immediate preceding quarter. Lower pre-tax loss in current quarter was mainly due to absence of provision of acceleration costs for MRT Package 7 project which was booked in the preceding quarter.

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

Going forward, the Group expects the operating environment to be challenging with the balance of its order book of RM502.4 million for both the Construction and Manufacturing divisions. The management would continue to seek for infrastructure projects both in Malaysia and abroad to replenish its order book, leveraging on the strength of its parent company, MTD Capital Bhd., 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 (CONTD.)

17. Loss Before Tax

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

	Individual quarter ended		Cumulative quarter ended	
	30/06/2015 RM'000	30/06/2014 RM'000	30/06/2015 RM'000	30/06/2014 RM'000
Interest income	(146)	(55)	(146)	(55)
Other income	(1,090)	(35)	(1,090)	(35)
Interest expense	1,776	831	1,776	831
Depreciation of property, plant and equipment	2,104	1,561	2,104	1,561
Provision for doubtful debts	564	103	564	103
Bad debts written off	-	-	-	-
Bad debts written back	(942)	(535)	(942)	(535)
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	(226)	(109)	(226)	(109)
Net impairment of assets	-	-	-	-
(Gain)/Loss of foreign exchange	11	(116)	11	(116)

18. Income Tax Expense

	Individual quarter ended		Cumulative quarter ended	
	30/06/2015 RM'000	30/06/2014 RM'000	30/06/2015 RM'000	30/06/2014 RM'000
Current period's provision	(119)	(421)	(119)	(421)

The effective tax rate for the current quarter was lower than the statutory tax rate, due to profit contributed by joint venture 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 was no corporate proposal announced but not completed during the current financial quarter.

NOTES TO THE INTERIM FINANCIAL REPORT (CONTD.)

21. Borrowings and Debts Securities

Total Group borrowings as at 31 March are as follows:-

	As at 30/06/2015 RM'000	As at 30/06/2014 RM'000
Short term borrowings		
Secured	50,909	52,579
Unsecured	8,747	8,505
	<u>59,656</u>	<u>61,084</u>
Long term borrowings		
Secured	1,787	87
	<u>61,443</u>	<u>61,171</u>

22. Material Litigations

There were no significant changes in material litigation since the last annual statement of financial position as at 31 March 2015.

23. Dividend Payable

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

24. Loss per Share

a) Basic

Basic loss per share is calculated by dividing the 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	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
	RM'000	RM'000	RM'000	RM'000
Loss net of tax attributable to owners of the parent	(5,671)	(1,349)	(5,671)	(1,349)
	<u> </u>		<u> </u>	
	Individual quarter ended		Cumulative quarter ended	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
	'000	'000	'000	'000
Weighted average number of ordinary shares in issue	230,996	230,996	230,996	230,996
	<u> </u>		<u> </u>	
	Individual quarter ended		Cumulative quarter ended	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
Basic loss per share (sen)	(2.46)	(0.58)	(2.46)	(0.58)
	<u> </u>		<u> </u>	

NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

25. Disclosure of Realised and Unrealised Accumulated Losses

	As at 30/06/2015 RM'000	As at 31/03/2015 RM'000
Total accumulated losses of the Company and the subsidiaries:		
Realised	(471,514)	(463,928)
Unrealised	12,794	11,172
	<u>(458,720)</u>	<u>(452,756)</u>
Total share of retained profits from associate		
Realised	16,954	17,379
	<u>(441,766)</u>	<u>(435,377)</u>
Total share of retained profits from joint venture		
Realised	3,924	3,247
	<u>(437,842)</u>	<u>(432,130)</u>
Less : Consolidated adjustments	101,877	101,836
Total accumulated losses as per statements of financial position	<u>(335,965)</u>	<u>(330,294)</u>

Batu Caves, Selangor
28 August 2015

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