

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

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

The Directors are pleased to announce the following:

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Individual quarter ended		Cumulative quarter ended	
		30/09/2015	30/09/2014	30/09/2015	30/09/2014
		RM'000	RM'000	RM'000	RM'000
Revenue	8	56,566	84,019	106,318	169,359
Cost of sales		(51,535)	(78,573)	(100,484)	(158,704)
Gross profit		<u>5,031</u>	<u>5,446</u>	<u>5,834</u>	<u>10,655</u>
Other items of income					
Other income		6,460	1,250	7,696	2,099
Other items of expense					
Selling and marketing expenses		(2,480)	(1,754)	(3,727)	(4,221)
Administrative and other expenses		(7,694)	(6,486)	(12,638)	(11,666)
Finance costs		(170)	(910)	(1,946)	(1,741)
Share of results of associates		(762)	7,407	(1,187)	9,349
Share of results of joint ventures		(207)	(565)	470	(928)
Profit/(loss) before tax		<u>178</u>	<u>4,388</u>	<u>(5,498)</u>	<u>3,547</u>
Income tax expense	18	(78)	(561)	(197)	(982)
Profit/(loss) net of tax		<u>100</u>	<u>3,827</u>	<u>(5,695)</u>	<u>2,565</u>
Other comprehensive (loss)/income for the period					
Foreign currency translation		(1,699)	2,908	1,839	2,139
Revaluation reserve		-	-	47,190	-
Total comprehensive (loss)/income for the period, net of tax		<u>(1,599)</u>	<u>6,735</u>	<u>43,334</u>	<u>4,704</u>
Profit/(loss) attributable to:					
Owners of the parent		226	3,872	(5,446)	2,523
Non-controlling interest		(126)	(45)	(249)	42
		<u>100</u>	<u>3,827</u>	<u>(5,695)</u>	<u>2,565</u>
Total comprehensive (loss)/income attributable to:					
Owners of the parent		(3,327)	6,780	41,644	4,662
Non-controlling interest		1,728	(45)	1,690	42
		<u>(1,599)</u>	<u>6,735</u>	<u>43,334</u>	<u>4,704</u>
Earnings/(loss) per share attributable to owners of the parent (sen)					
Basic	24	<u>0.10</u>	<u>1.68</u>	<u>(2.36)</u>	<u>1.09</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 30/09/2015 RM'000	As at 31/03/2015 RM'000 Audited
ASSETS			
Non-current assets			
Property, plant and equipment	9	137,270	100,162
Goodwill		-	-
Investments in associates		27,111	28,424
Investments in joint ventures		14,585	12,776
Other investments		190	190
Trade receivables		35,726	30,710
Deferred tax assets		1,126	1,121
		216,008	173,383
Current assets			
Inventories		24,263	24,110
Trade and other receivables		183,304	160,688
Amounts due from customers for contract works		3,537	12,371
Other investments		128	128
Other current assets		597	685
Current tax assets		3,313	3,272
Cash and bank balances		59,416	60,086
		274,558	261,340
Non-current asset held for sale		9,214	257
		283,772	261,597
Total assets		499,780	434,980
EQUITY AND LIABILITIES			
Current liabilities			
Defined benefit plan		2,723	2,723
Loans and borrowings	21	58,329	60,665
Trade and other payables		284,447	270,155
Amounts due to customers for contract works		20,663	5,471
Provisions		3,049	2,844
Current tax liabilities		1,009	1,173
		370,220	343,031
Net current liabilities		(86,448)	(81,434)

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTD.)

	Note	As at 30/09/2015 RM'000	As at 31/03/2015 RM'000 Audited
Non-current liabilities			
Defined benefit plan		8,351	8,186
Loans and borrowings	21	2,398	1,873
Deferred tax liabilities		2,484	-
Trade payables		11,355	20,252
		24,588	30,311
Total liabilities		394,808	373,342
Net assets		104,972	61,638
Equity attributable to owners of the parent:			
Share capital		231,633	231,633
Treasury shares		(1,905)	(1,905)
Reserves		(141,011)	(182,655)
		88,717	47,073
Non-controlling interests		16,255	14,565
Total equity		104,972	61,638
Total equity and liabilities		499,780	434,980
Net Assets Per Share Attributable To Ordinary Equity Holders of the Parent (RM)		0.45	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 owners of the parent								Total	Non-controlling Interests	Total Equity
	Non-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	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/(loss)											
Net loss for the period	-	-	-	-	-	-	-	(5,446)	(5,446)	(249)	(5,695)
Other comprehensive income	-	-	-	47,190	(100)	-	-	-	47,090	1,939	49,029
Total comprehensive income/(loss) for the period	-	-	-	47,190	(100)	-	-	(5,446)	41,644	1,690	43,334
At 30 September 2015	231,633	108,138	90	47,190	10,039	29,272	(1,905)	(335,740)	88,717	16,255	104,972

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTD.)

	Attributable to owners of the parent								Total	Non-controlling Interests	Total Equity
	Non-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
	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:											
Dividend 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

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.

MTD ACPI ENGINEERING BERHAD (Company No: 258836-V)
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Quarterly report on consolidated results for the quarter ended 30 September 2015

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	6 months to 30/09/2015 RM'000	6 months to 30/09/2014 RM'000
Operating activities		
(Loss)/Profit before tax	(5,498)	3,547
Adjustments for:		
Interest income	(166)	(101)
Net impairment losses on financial assets	(8,440)	(181)
Bad debts written off	5,875	-
Reversal of overprovision on payables	(4,213)	-
Depreciation of property, plant and equipment	3,863	3,649
Gain on disposal of property, plant and equipment	(121)	(153)
Interest expense	1,946	1,741
Net changes in liabilities for retirement benefit obligations	488	354
Share of results of associates	1,187	(7,407)
Share of results of joint ventures	(470)	565
Total adjustments	(51)	(1,533)
Operating cash flows before changes in working capital	(5,549)	2,014
Changes in working capital		
Net changes in current assets	(13,565)	29,776
Net changes in current liabilities	27,189	(12,244)
Total changes in working capital	13,624	17,532
Cash flows generated from operations	8,075	19,546
Retirement benefit paid	(316)	(67)
Tax paid	(1,231)	(3,803)
Net cash flows generated from operating activities	6,528	15,676
Investing activities		
Interest received	166	101
Purchase of property, plant and equipment	(742)	(7,662)
Proceeds from disposal of property, plant and equipment	355	295
Dividend received from joint venture	2,250	-
Net cash flows generated from/(used in) from investing activities	2,029	(7,266)
Financing activities		
Interest paid	(1,946)	(1,741)
Net (repayments of)/proceeds from loans and borrowings	(1,811)	6,486
Net cash flows (used in)/generated from financing activities	(3,757)	4,745

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTD.)

	6 months to 30/09/2015 RM'000	6 months to 30/09/2014 RM'000
Net increase in cash and cash equivalents	4,800	13,155
Effects of exchange rate changes on cash and cash equivalents	(2,658)	170
Cash and cash equivalent at beginning of year	50,090	28,428
Cash and cash equivalents at end of financial period	<u>52,232</u>	<u>41,753</u>

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

	6 months to 30/09/2015 RM'000	6 months to 30/09/2014 RM'000
Deposits placed with licensed banks	6,698	4,265
Cash and bank balances	52,718	46,709
Total cash and bank balances	<u>59,416</u>	<u>50,974</u>
Bank overdrafts	(7,184)	(9,221)
Cash and cash equivalents at end of financial period	<u>52,232</u>	<u>41,753</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 BDO to conduct the limited review on current quarter financial reports as required by Bursa Malaysia Securities Berhad while the previous two quarters were conducted by its former auditors, Messrs Ernst & Young.

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 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 September 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 September 2015

	Construction RM'000	Manufacturing RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Segment Revenue					
Revenue from external customers	60,711	45,607	-	-	106,318
Inter-segment revenue	3,082	3,901	3,789	(10,772)	-
Total revenue	63,793	49,508	3,789	(10,772)	106,318
Segment results	(8,330)	381	(2,640)	58	(10,531)
Other income					7,696
Finance costs					(1,946)
Share of results of associates					(1,187)
Share of results of joint ventures					470
Income tax expense					(197)
Loss for the financial period					(5,695)

Cumulative Quarter
30 September 2014

	Construction RM'000	Manufacturing RM'000	Others 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	131,973	68,245	-	(30,859)	169,359
Segment results	(5,024)	(1,085)	(2,862)	3,740	(5,231)
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 financial period					2,565

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 have been recognised in previous quarter.

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

	30/09/2015	30/09/2014	Variance	
	RM'000	RM'000	RM'000	%
Segmental Turnover				
Construction	32,586	79,559	(46,973)	(59)
Manufacturing	26,977	29,663	(2,686)	(9)
Others	1,895	-	1,895	100
	<u>61,458</u>	<u>109,222</u>		
Inter-segment	(4,892)	(25,203)		
	<u>56,566</u>	<u>84,019</u>	(27,453)	(33)
Pre-tax profit/(loss)				
Construction	1,775	(1,789)	3,564	>100
Manufacturing	4,658	765	3,893	>100
Others	(1,711)	(1,431)	(280)	(20)
	<u>4,722</u>	<u>(2,455)</u>		
Elimination	(3,575)	-		
	<u>1,147</u>	<u>(2,455)</u>		
Share of results of associates	(762)	7,407	(8,169)	>(100)
Share of results of joint ventures	(207)	(564)	357	63
	<u>178</u>	<u>4,388</u>	(4,210)	(96)

For the current quarter under review, the Group recorded revenue of RM56.6 million and pre-tax profit of RM0.2 million, as compared to revenue of RM84.0 million and pre-tax profit of RM4.4 million respectively in the corresponding quarter.

Lower revenue recorded for current quarter was mainly due to lower turnover registered in Construction division while the lower Group's pre-tax profit was due to higher share of profit of associates in the corresponding quarter.

NOTES TO THE INTERIM FINANCIAL REPORT (CONTD.)

14. Variation of Results Against Preceding Quarter

CURRENT QUARTER vs. PRECEDING QUARTER

	30/09/2015	30/06/2015	Variance	
	RM'000	RM'000	RM'000	%
Segmental Turnover				
Construction	32,586	31,207	1,379	4
Manufacturing	26,977	22,531	4,446	20
Others	1,895	1,894	1	0
	<u>61,458</u>	<u>55,632</u>		
Inter-segment	<u>(4,892)</u>	<u>(5,880)</u>		
	<u>56,566</u>	<u>49,752</u>	6,814	14
Pre-tax profit/(loss)				
Construction	1,775	(3,936)	5,711	>100
Manufacturing	4,658	(143)	4,801	>100
Others	(1,711)	(1,643)	(68)	(4)
	<u>4,722</u>	<u>(5,722)</u>		
Elimination	<u>(3,575)</u>	<u>(205)</u>		
	<u>1,147</u>	<u>(5,927)</u>		
Share of results of associates	(762)	(425)	(337)	(79)
Share of results of joint venture	<u>(207)</u>	<u>677</u>	<u>(884)</u>	<u>>(100)</u>
	<u>178</u>	<u>(5,675)</u>	5,853	>(100)

The Group recorded revenue of RM56.6 million in the current quarter as compared to RM49.8 million in the immediate preceding quarter, representing Q.o.Q increase by 14%. The increase was mainly attributable to higher turnover registered at the Manufacturing division.

The Group recorded pre-tax profit of RM0.2 million as compared to a pre-tax loss of RM5.7 million in the immediate preceding quarter. Higher pre-tax profit in current quarter as compared to pre-tax loss in preceding quarter was mainly due to higher profit in Manufacturing division.

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 RM450.6 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. Profit/(Loss) Before Tax

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

	Individual quarter ended		Cumulative quarter ended	
	30/09/2015 RM'000	30/09/2014 RM'000	30/09/2015 RM'000	30/09/2014 RM'000
Interest income	(20)	(46)	(166)	(101)
Other income	(6,319)	(35)	(7,409)	(70)
Interest expense	170	910	1,946	1,741
Depreciation of property, plant and equipment	1,759	2,088	3,863	3,649
Impairment loss on trade and other receivables	206	641	770	744
Bad debts written off	5,875	-	5,875	-
Bad debts written back	(8,268)	(391)	(9,210)	(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	105	(44)	(121)	(153)
Net impairment of assets	-	-	-	-
Loss of foreign exchange	78	276	89	160

18. Income Tax Expense

	Individual quarter ended		Cumulative quarter ended	
	30/09/2015 RM'000	30/09/2014 RM'000	30/09/2015 RM'000	30/09/2014 RM'000
Current period's provision	(78)	(561)	(197)	(982)

The effective tax rate for the current quarter was higher than the statutory tax rate due to the higher chargeable income recognised.

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 30 September are as follows:-

	As at 30/09/2015 RM'000	As at 30/09/2014 RM'000
Short term borrowings		
Secured	48,868	49,304
Unsecured	9,461	9,517
	<u>58,329</u>	<u>58,821</u>
Long term borrowings		
Secured	2,398	644
	<u>60,727</u>	<u>59,465</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. Earnings/(loss) per Share

a) Basic

Basic earnings/(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	
	30/09/2015	30/09/2014	30/09/2015	30/09/2014
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) net of tax attributable to owners of the parent	226	3,872	(5,446)	2,523
	Individual quarter ended		Cumulative quarter ended	
	30/09/2015	30/09/2014	30/09/2015	30/09/2014
	'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	
	30/09/2015	30/09/2014	30/09/2015	30/09/2014
Basic earnings/(loss) per share (sen)	0.10	1.68	(2.36)	1.09

NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

25. Disclosure of Realised and Unrealised Accumulated Losses

	As at 30/09/2015 RM'000	As at 31/03/2015 RM'000
Total accumulated losses of the Company and the subsidiaries:		
Realised	(458,233)	(463,928)
Unrealised	10,793	11,172
	<u>(447,440)</u>	<u>(452,756)</u>
Total share of retained profits from associate		
Realised	16,192	17,379
	<u>(431,248)</u>	<u>(435,377)</u>
Total share of retained profits from joint venture		
Realised	3,717	3,247
	<u>(427,531)</u>	<u>(432,130)</u>
Less : Consolidated adjustments	91,791	101,836
Total accumulated losses as per statements of financial position	<u>(335,740)</u>	<u>(330,294)</u>

Batu Caves, Selangor
27 November 2015

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