

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

Quarterly report on consolidated results for the quarter ended 31 December 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	
		31/12/2015	31/12/2014	31/12/2015	31/12/2014
		RM'000	RM'000	RM'000	RM'000
Revenue	8	95,993	84,813	202,310	254,428
Cost of sales		(84,645)	(76,196)	(185,128)	(235,068)
Gross profit		<u>11,348</u>	<u>8,617</u>	<u>17,182</u>	<u>19,360</u>
Other items of income					
Other income		2,248	2,890	9,944	4,989
Other items of expense					
Selling and marketing expenses		(2,156)	(2,398)	(5,883)	(6,619)
Administrative and other expenses		(8,181)	(10,035)	(20,818)	(21,788)
Finance costs		(1,995)	(924)	(3,940)	(2,666)
Share of results of associates		(673)	(341)	(1,860)	9,008
Share of results of joint ventures		(152)	848	317	(80)
Profit/(loss) before tax		<u>439</u>	<u>(1,343)</u>	<u>(5,058)</u>	<u>2,204</u>
Income tax expense	18	87	(575)	(110)	(1,557)
Profit/(loss) net of tax		<u>526</u>	<u>(1,918)</u>	<u>(5,168)</u>	<u>647</u>
Other comprehensive (loss)/income for the period					
Foreign currency translation		(829)	(5,156)	1,010	(3,017)
Revaluation reserve		-	-	47,190	-
Total comprehensive (loss)/income for the period, net of tax		<u>(303)</u>	<u>(7,074)</u>	<u>43,032</u>	<u>(2,370)</u>
Profit/(loss) attributable to:					
Owners of the parent		287	(1,851)	(5,158)	672
Non-controlling interest		239	(67)	(10)	(25)
		<u>526</u>	<u>(1,918)</u>	<u>(5,168)</u>	<u>647</u>
Total comprehensive (loss)/income attributable to:					
Owners of the parent		(136)	(7,007)	41,509	(2,345)
Non-controlling interest		(167)	(67)	1,523	(25)
		<u>(303)</u>	<u>(7,074)</u>	<u>43,032</u>	<u>(2,370)</u>
Earnings/(loss) per share attributable to owners of the parent (sen)					
Basic	24	<u>0.12</u>	<u>(0.80)</u>	<u>(2.23)</u>	<u>0.29</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 31/12/2015 RM'000	As at 31/03/2015 RM'000 Audited
ASSETS			
Non-current assets			
Property, plant and equipment	9	136,270	100,162
Goodwill		-	-
Investments in associates		26,438	28,424
Investments in joint ventures		9,783	12,776
Other investments		190	190
Trade receivables		26,885	30,710
Deferred tax assets		1,125	1,121
		200,691	173,383
Current assets			
Inventories		23,022	24,110
Trade and other receivables		191,455	160,688
Amounts due from customers for contract works		3,068	12,371
Other investments		128	128
Other current assets		530	685
Current tax assets		4,721	3,272
Cash and bank balances		39,277	60,086
		262,201	261,340
Non-current asset held for sale		9,214	257
		271,415	261,597
Total assets		472,106	434,980
EQUITY AND LIABILITIES			
Current liabilities			
Defined benefit plan		2,723	2,723
Loans and borrowings	21	58,754	60,665
Trade and other payables		278,810	270,155
Amounts due to customers for contract works		4,274	5,471
Provisions		2,249	2,844
Current tax liabilities		-	1,173
		346,810	343,031
Net current liabilities		(75,395)	(81,434)

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTD.)

	Note	As at 31/12/2015 RM'000	As at 31/03/2015 RM'000 Audited
Non-current liabilities			
Defined benefit plan		8,132	8,186
Loans and borrowings	21	2,755	1,873
Deferred tax liabilities		2,484	-
Trade payables		7,255	20,252
		20,626	30,311
Total liabilities		367,436	373,342
Net assets		104,670	61,638
Equity attributable to owners of the parent:			
Share capital		231,633	231,633
Treasury shares		(1,905)	(1,905)
Reserves		(141,146)	(182,655)
		88,582	47,073
Non-controlling interests		16,088	14,565
Total equity		104,670	61,638
Total equity and liabilities		472,106	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	-	-	-	-	-	-	-	(5,158)	(5,158)	(10)	(5,168)
Other comprehensive income	-	-	-	47,190	(523)	-	-	-	46,667	1,533	48,200
Total comprehensive income/(loss) for the period	-	-	-	47,190	(523)	-	-	(5,158)	41,509	1,523	43,032
At 31 December 2015	231,633	108,138	90	47,190	9,616	29,272	(1,905)	(335,452)	88,582	16,088	104,670

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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 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 2014	231,633	108,138	90	-	7,406	29,272	(1,905)	(298,646)	75,988	11,254	87,242
Total comprehensive income	-	-	-	-	(3,017)	-	-	672	(2,345)	(25)	(2,370)
Transactions with owners:											
Dividend on ordinary shares	-	-	-	-	-	-	-	-	-	-	-
Total transaction with owners	-	-	-	-	-	-	-	-	-	-	-
At 31 December 2014	231,633	108,138	90	-	4,839	29,272	(1,905)	(297,974)	73,643	11,229	84,872

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

	9 months to 31/12/2015 RM'000	9 months to 31/12/2014 RM'000
Operating activities		
(Loss)/Profit before tax	(5,058)	2,204
Adjustments for:		
Interest income	(91)	(129)
Net impairment losses on financial assets	(8,256)	(2,122)
Bad debts written off	5,875	-
Reversal of overprovision on payables	(4,213)	-
Depreciation of property, plant and equipment	5,757	5,521
Gain on disposal of property, plant and equipment	(121)	(416)
Property, plant and equipment written off	108	-
Provisions	(595)	-
Interest expense	3,940	2,666
Net changes in liabilities for retirement benefit obligations	710	92
Share of results of associates	1,860	(9,008)
Share of results of joint ventures	(317)	80
Total adjustments	4,657	(3,316)
Operating cash flows before changes in working capital	(401)	(1,112)
Changes in working capital		
Net changes in current assets	(14,015)	15,298
Net changes in current liabilities	334	(8,307)
Total changes in working capital	(13,681)	6,991
Cash flows (used in)/generated from operations	(14,082)	5,879
Retirement benefit paid	(764)	(611)
Tax paid	(2,732)	(2,397)
Net cash flows (used in)/generated from operating activities	(17,578)	2,871
Investing activities		
Interest received	91	129
Purchase of property, plant and equipment	(1,760)	(7,972)
Proceeds from disposal of property, plant and equipment	355	627
Dividend received from joint venture	3,751	-
Net cash flows generated from/(used in) investing activities	2,437	(7,216)
Financing activities		
Interest paid	(3,940)	(2,666)
Net proceeds from loans and borrowings	1,392	11,015
Net cash flows (used in)/generated from financing activities	(2,548)	8,349

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTD.)

	9 months to 31/12/2015 RM'000	9 months to 31/12/2014 RM'000
Net (decrease)/increase in cash and cash equivalents	(17,689)	4,004
Effects of exchange rate changes on cash and cash equivalents	(699)	(2,375)
Cash and cash equivalent at beginning of year	50,090	28,428
Cash and cash equivalents at end of financial period	<u>31,702</u>	<u>30,057</u>

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

	9 months to 31/12/2015 RM'000	9 months to 31/12/2014 RM'000
Deposits placed with licensed banks	6,547	4,475
Cash and bank balances	32,730	40,781
Total cash and bank balances	<u>39,277</u>	<u>45,256</u>
Bank overdrafts	(7,575)	(15,199)
Cash and cash equivalents at end of financial period	<u>31,702</u>	<u>30,057</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 and previous quarters financial reports ended 31 December 2015 and 30 September 2015 as required by Bursa Malaysia Securities Berhad, while the limited review for previous two quarters ended 31 March 2015 and 30 June 2015 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 31 December 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 31 December 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
31 December 2015

	Construction RM'000	Manufacturing RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Segment Revenue					
Revenue from external customers	128,105	74,205	-	-	202,310
Inter-segment revenue	6,380	5,016	5,683	(17,079)	-
Total revenue	134,485	79,221	5,683	(17,079)	202,310
Segment results	(7,320)	986	(3,357)	172	(9,519)
Other income					9,944
Finance costs					(3,940)
Share of results of associates					(1,860)
Share of results of joint ventures					317
Income tax expense					(110)
Loss for the financial period					(5,168)

Cumulative Quarter
31 December 2014

	Construction RM'000	Manufacturing RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Segment Revenue					
Revenue from external customers	170,426	84,002	-	-	254,428
Inter-segment revenue	30,575	12,298	-	(42,873)	-
Total revenue	201,001	96,300	-	(42,873)	254,428
Segment results	(5,715)	(3,206)	(4,239)	4,113	(9,047)
Other income					4,989
Finance costs					(2,666)
Share of results of associates					9,008
Share of results of joint ventures					(80)
Income tax expense					(1,557)
Profit for the financial period					647

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

	31/12/2015 RM'000	31/12/2014 RM'000	Variance RM'000	%
Segmental Turnover				
Construction	70,692	69,028	1,664	2
Manufacturing	29,714	28,055	1,659	6
Others	1,895	-	1,895	100
	<u>102,301</u>	<u>97,083</u>		
Inter-segment	(6,308)	(12,269)		
	<u>95,993</u>	<u>84,814</u>	11,179	13
Pre-tax profit/(loss)				
Construction	613	(47)	660	>100
Manufacturing	5,061	401	4,660	>100
Others	(1,944)	(1,008)	(936)	(93)
	<u>3,730</u>	<u>(654)</u>		
Elimination	(2,466)	(1,196)		
	<u>1,264</u>	<u>(1,850)</u>		
Share of results of associates	(673)	(341)	(332)	(97)
Share of results of joint ventures	(152)	848	(1,000)	>(100)
	<u>439</u>	<u>(1,343)</u>	1,782	>100

For the current quarter under review, the Group recorded higher revenue of RM96.0 million and pre-tax profit of RM0.4 million, as compared to revenue of RM84.8 million and pre-tax loss of RM1.3 million respectively in the corresponding quarter.

Higher revenue recorded for current quarter was mainly due to higher turnover registered in both Construction and Manufacturing divisions and the higher Group's pre-tax profit compared to the corresponding quarter was due to higher profit generated in Manufacturing division due to reduction in their operational costs.

NOTES TO THE INTERIM FINANCIAL REPORT (CONTD.)

14. Variation of Results Against Preceding Quarter

CURRENT QUARTER vs. PRECEDING QUARTER

	31/12/2015	30/09/2015	Variance	
	RM'000	RM'000	RM'000	%
Segmental Turnover				
Construction	70,692	32,586	38,106	>100
Manufacturing	29,714	26,977	2,737	10
Others	1,895	1,895	-	-
	102,301	61,458		
Inter-segment	(6,308)	(4,892)		
	95,993	56,566	39,427	70
Pre-tax profit/(loss)				
Construction	613	1,775	(1,162)	(66)
Manufacturing	5,061	4,658	403	9
Others	(1,944)	(1,711)	(233)	(14)
	3,730	4,722		
Elimination	(2,466)	(3,575)		
	1,264	1,147		
Share of results of associates	(673)	(762)	89	12
Share of results of joint venture	(152)	(207)	55	27
	439	178	261	>100

The Group recorded revenue of RM96.0 million in the current quarter as compared to RM56.6 million in the immediate preceding quarter, representing Q.o.Q increase by 70%. The increase was mainly attributable to higher turnover registered at the Construction division.

The Group recorded pre-tax profit of RM0.4 million as compared to a pre-tax profit of RM0.2 million in the immediate preceding quarter. Slight increase of 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 RM372.0 million that need to be replenished. 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	
	31/12/2015 RM'000	31/12/2014 RM'000	31/12/2015 RM'000	31/12/2014 RM'000
Interest income	75	(28)	(91)	(129)
Other income	3,209	(210)	(4,200)	(1,034)
Interest expense	1,995	924	3,940	2,666
Depreciation of property, plant and equipment	1,894	1,872	5,757	5,521
Impairment loss on trade and other receivables	1,446	93	2,216	837
Bad debts written off	-	-	5,875	-
Bad debts written back	(1,262)	(2,033)	(10,472)	(2,959)
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	-	(263)	(121)	(416)
Net impairment of assets	-	-	-	-
Gain of foreign exchange	(1,024)	(356)	(935)	(451)

18. Income Tax Benefit/(Expense)

	Individual quarter ended		Cumulative quarter ended	
	31/12/2015 RM'000	31/12/2014 RM'000	31/12/2015 RM'000	31/12/2014 RM'000
Current period's provision	87	(575)	(110)	(1,557)

The effective tax rate for the current quarter was lower than the statutory tax rate due to overprovision of tax expense recorded in prior year.

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 (CONT'D)

25. Disclosure of Realised and Unrealised Accumulated Losses

	As at 31/12/2015 RM'000	As at 31/03/2015 RM'000
Total accumulated losses of the Company and the subsidiaries:		
Realised	(469,096)	(463,928)
Unrealised	18,962	11,172
	<u>(450,134)</u>	<u>(452,756)</u>
Total share of retained profits from associate		
Realised	15,519	17,379
	<u>(434,615)</u>	<u>(435,377)</u>
Total share of retained profits from joint venture		
Realised	(186)	3,247
	<u>(434,801)</u>	<u>(432,130)</u>
Less : Consolidated adjustments	99,349	101,836
Total accumulated losses as per statements of financial position	<u>(335,452)</u>	<u>(330,294)</u>

Batu Caves, Selangor
26 February 2016

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