

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

Quarterly report on consolidated results for the quarter ended 31 March 2016
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	
		31/03/2016	31/03/2015	31/03/2016	31/03/2015
		RM'000	RM'000	RM'000	RM'000
Revenue	8	67,905	98,853	270,215	353,281
Cost of sales		(63,326)	(121,078)	(248,454)	(356,146)
Gross profit/(loss)		<u>4,579</u>	<u>(22,225)</u>	<u>21,761</u>	<u>(2,865)</u>
Other items of income					
Other income		16,191	18,915	26,135	23,904
Other items of expense					
Selling and marketing expenses		(841)	(1,666)	(6,724)	(8,285)
Administrative and other expenses		(15,719)	(21,655)	(36,537)	(43,443)
Finance costs		(1,772)	(4,150)	(5,712)	(6,816)
Share of results of associates		147	(293)	(1,713)	8,715
Share of results of joint ventures		949	1,466	1,266	1,386
Profit/(loss) before tax		<u>3,534</u>	<u>(29,608)</u>	<u>(1,524)</u>	<u>(27,404)</u>
Income tax expense	18	(1,720)	(1,517)	(1,830)	(3,074)
Profit/(loss) net of tax		<u>1,814</u>	<u>(31,125)</u>	<u>(3,354)</u>	<u>(30,478)</u>
Other comprehensive (loss)/ income to be reclassified to profit or loss in subsequent periods:					
Foreign currency translation		(692)	6,921	318	3,904
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:					
Revaluation surplus		-	-	47,190	-
Actuarial gain on retirement benefit plan		1,276	443	1,276	443
Share of other comprehensive income of joint ventures		-	527	-	527
Total comprehensive income/(loss) for the year, net of tax		<u>2,398</u>	<u>(23,234)</u>	<u>45,430</u>	<u>(25,604)</u>
Profit/(loss) attributable to:					
Owners of the parent		1,471	(32,763)	(3,687)	(32,091)
Non-controlling interest		343	1,638	333	1,613
		<u>1,814</u>	<u>(31,125)</u>	<u>(3,354)</u>	<u>(30,478)</u>

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CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTD.)

	Note	Individual quarter ended		Cumulative quarter ended	
		31/03/2016	31/03/2015	31/03/2016	31/03/2015
		RM'000	RM'000	RM'000	RM'000
Total comprehensive income/(loss) attributable to:					
Owners of the parent		3,376	(26,570)	44,885	(28,915)
Non-controlling interests		(978)	3,336	545	3,311
		<u>2,398</u>	<u>(23,234)</u>	<u>45,430</u>	<u>(25,604)</u>
Earnings/(loss) per share attributable to owners of the parent (sen)					
Basic	24	<u>0.64</u>	<u>(14.18)</u>	<u>(1.60)</u>	<u>(13.89)</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 31/03/2016 RM'000	As at 31/03/2015 RM'000 Audited
ASSETS			
Non-current assets			
Property, plant and equipment	9	135,021	100,162
Goodwill		-	-
Investments in associates		22,162	28,424
Investments in joint ventures		5,654	12,776
Other investments		279	190
Trade receivables		18,521	30,710
Deferred tax assets		963	1,121
		182,600	173,383
Current assets			
Inventories		19,284	24,110
Trade and other receivables		182,587	161,373
Amounts due from customers for contract works		17,906	12,371
Other investments		-	128
Current tax assets		2,808	3,272
Cash and bank balances		77,634	60,086
		300,219	261,340
Non-current asset held for sale		-	257
		300,219	261,597
Total assets		482,819	434,980
EQUITY AND LIABILITIES			
Current liabilities			
Defined benefit plan		1,493	2,723
Loans and borrowings	21	58,205	60,665
Trade and other payables		270,332	272,999
Amounts due to customers for contract works		18,433	5,471
Current tax liabilities		3,585	1,173
		352,048	343,031
Net current liabilities		(51,829)	(81,434)

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTD.)

	Note	As at 31/03/2016 RM'000	As at 31/03/2015 RM'000 Audited
Non-current liabilities			
Defined benefit plan		7,723	8,186
Loans and borrowings	21	2,080	1,873
Deferred tax liabilities		2,484	-
Trade payables		11,416	20,252
		23,703	30,311
Total liabilities		375,751	373,342
Net assets		107,068	61,638
Equity attributable to owners of the parent:			
Share capital		231,633	231,633
Treasury shares		(1,905)	(1,905)
Reserves		(137,770)	(182,655)
		91,958	47,073
Non-controlling interests		15,110	14,565
Total equity		107,068	61,638
Total equity and liabilities		482,819	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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Quarterly report on consolidated results for the quarter ended 31 March 2016

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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 year	-	-	-	-	-	-	-	(3,687)	(3,687)	333	(3,354)
Other comprehensive income	-	-	-	47,190	106	-	-	1,276	48,572	212	48,784
Total comprehensive income/(loss) for the year	-	-	-	47,190	106	-	-	(2,411)	44,885	545	45,430
At 31 March 2016	231,633	108,138	90	47,190	10,245	29,272	(1,905)	(332,705)	91,958	15,110	107,068

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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/(loss)											
Net loss for the year	-	-	-	-	-	-	-	(32,091)	(32,091)	1,613	(30,478)
Other comprehensive income	-	-	-	-	2,733	-	-	443	3,176	1,698	4,874
Total comprehensive income/(loss) for the year	-	-	-	-	2,733	-	-	(31,648)	(28,915)	3,311	(25,604)
At 31 March 2015	231,633	108,138	90	-	10,139	29,272	(1,905)	(330,294)	47,073	14,565	61,638

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

	12 months to 31/03/2016 RM'000	12 months to 31/03/2015 RM'000
Operating activities		
Loss before tax	(1,524)	(27,404)
<u>Adjustments for:</u>		
Interest income	(101)	(286)
Net impairment losses on financial assets	5,199	5,660
Impairment losses on other investments	39	36
Impairment losses on investments in joint ventures	-	3,137
Impairment losses on investments in associate	4,550	-
Bad debts written off	5,875	212
Reversal of overprovision on payables	(5,143)	-
Depreciation of property, plant and equipment	7,652	7,505
Unrealised foreign exchange (gain)/loss	(935)	426
Gain on disposal of property, plant and equipment	(4,923)	(6,356)
Property, plant and equipment written off	1,053	15
Inventories written off	-	2,994
Net impairment losses on inventories	661	(23)
Provisions	(2,844)	1,706
Provision for foreseeable losses	-	1,882
Fair value adjustment on financial liabilities	-	(2,041)
Interest expense	4,102	6,816
Net changes in liabilities for retirement benefit obligations	924	1,184
Share of results of associates	1,713	(8,715)
Share of results of joint ventures	(1,266)	(1,386)
Total adjustments	16,556	12,766
Operating cash flows before changes in working capital	15,032	(14,638)
Changes in working capital		
Inventories	4,164	11,458
Trade and other receivables	(14,817)	8,125
Other current assets	685	781
Trade and other payables	(23,984)	5,000
Amount due to customers for contracts	12,963	(3,496)
Total changes in working capital	(20,989)	21,868
Cash flows (used in)/generated from operations	(5,957)	7,230
Retirement benefit paid	(1,341)	(1,295)
Net tax refund/(paid)	1,205	(2,612)
Net cash flows (used in)/generated from operating activities	(6,093)	3,323

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTD.)

	12 months to 31/03/2016 RM'000	12 months to 31/03/2015 RM'000
Investing activities		
Interest received	101	199
Purchase of property, plant and equipment	(3,822)	(6,490)
Proceeds from disposal of property, plant and equipment	14,792	6,362
Purchase of other investment	-	(39)
Dividend received from joint venture	5,690	848
Net cash flows generated from investing activities	16,761	880
Financing activities		
Interest paid	(4,102)	(5,385)
Net proceeds from loans and borrowings	2,531	2,925
Repayment of obligations under finance lease	(371)	(1,029)
Advances from immediate holding company	9,900	16,610
Net cash flows generated from financing activities	7,958	13,121
Net increase in cash and cash equivalents	18,626	17,324
Effects of exchange rate changes on cash and cash equivalents	3,025	4,338
Cash and cash equivalent at beginning of year	50,090	28,428
Cash and cash equivalents at end of financial year	71,741	50,090

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

	12 months to 31/03/2016 RM'000	12 months to 31/03/2015 RM'000
Deposits placed with licensed banks	6,566	11,727
Cash and bank balances	71,068	48,359
Total cash and bank balances	77,634	60,086
Bank overdrafts	(5,893)	(9,996)
Cash and cash equivalents at end of financial period	71,741	50,090

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.

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 March 2016.

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 March 2016, 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 March 2016

	Construction RM'000	Manufacturing RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Segment Revenue					
Revenue from external customers	171,197	99,018	-	-	270,215
Inter-segment revenue	7,984	6,005	7,810	(21,799)	-
Total revenue	179,181	105,023	7,810	(21,799)	270,215
Segment results	(16,853)	(4,106)	(10,656)	10,115	(21,500)
Other income					26,135
Finance costs					(5,712)
Share of results of associates					(1,713)
Share of results of joint ventures					1,266
Income tax expense					(1,830)
Loss for the financial year					(3,354)

Cumulative Quarter
31 March 2015

	Construction RM'000	Manufacturing RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Segment Revenue					
Revenue from external customers	248,402	104,879	-	-	353,281
Inter-segment revenue	32,714	17,872	20,777	(71,363)	-
Total revenue	281,116	122,751	20,777	(71,363)	353,281
Segment results	(40,917)	(43,660)	(47,979)	77,963	(54,593)
Other income					23,904
Finance costs					(6,816)
Share of results of associates					8,715
Share of results of joint ventures					1,386
Income tax expense					(3,074)
Loss for the financial year					(30,478)

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 the second quarter of the financial year.

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

	31/03/2016 RM'000	31/03/2015 RM'000	Variance RM'000	%
Segmental Turnover				
Construction	44,696	80,115	(35,419)	(44)
Manufacturing	25,802	26,451	(649)	(3)
Others	2,127	20,777	(18,650)	(90)
	<u>72,625</u>	<u>127,343</u>		
Inter-segment	(4,720)	(28,490)		
	<u>67,905</u>	<u>98,853</u>	(30,948)	(31)
Pre-tax profit/(loss)				
Construction	(3,815)	(15,225)	11,410	(75)
Manufacturing	9,666	(37,241)	46,907	>100
Others	(7,761)	(50,357)	42,596	(85)
	<u>(1,910)</u>	<u>(102,823)</u>		
Elimination	4,348	72,042		
	<u>2,438</u>	<u>(30,781)</u>		
Share of results of associates	147	(293)	440	>(100)
Share of results of joint ventures	949	1,466	(517)	(35)
	<u>3,534</u>	<u>(29,608)</u>	33,142	>100

For the current quarter under review, the Group recorded lower revenue of RM67.9 million and pre-tax profit of RM3.5 million, as compared to revenue of RM98.9 million and pre-tax loss of RM29.6 million respectively in the corresponding quarter.

Lower revenue recorded for current quarter was mainly due to lower turnover registered in Construction division and the higher Group's pre-tax profit compared to the losses in corresponding quarter due to reduction in operation costs from Manufacturing division.

NOTES TO THE INTERIM FINANCIAL REPORT (CONTD.)

14. Variation of Results Against Preceding Quarter

CURRENT QUARTER vs. PRECEDING QUARTER

	31/03/2016	31/12/2015	Variance	
	RM'000	RM'000	RM'000	%
Segmental Turnover				
Construction	44,696	70,692	(25,996)	(37)
Manufacturing	25,802	29,714	(3,912)	(13)
Others	2,127	1,895	232	12
	<u>72,625</u>	<u>102,301</u>		
Inter-segment	(4,720)	(6,308)		
	<u>67,905</u>	<u>95,993</u>	(28,088)	(29)
Pre-tax profit/(loss)				
Construction	(3,815)	613	(4,428)	>(100)
Manufacturing	9,666	5,061	4,605	91
Others	(7,761)	(1,944)	(5,817)	>(100)
	<u>(1,910)</u>	<u>3,730</u>		
Elimination	4,348	(2,466)		
	<u>2,438</u>	<u>1,264</u>		
Share of results of associates	147	(673)	820	>100
Share of results of joint venture	949	(152)	1,101	>100
	<u>3,534</u>	<u>439</u>	3,095	>100

The Group recorded revenue of RM67.9 million in the current quarter as compared to RM96.0 million in the immediate preceding quarter, representing Q.o.Q decrease by 29%. The decrease was mainly attributable to lower turnover registered at the Construction division.

The Group recorded pre-tax profit of RM3.5 million as compared to a pre-tax profit of RM0.4 million in the immediate preceding quarter. The increase pre-tax profit in current quarter as compared to preceding quarter was mainly due to higher profit recorded 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 RM322.2 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. Loss Before Tax

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

	Individual quarter ended		Cumulative quarter ended	
	31/03/2016 RM'000	31/03/2015 RM'000	31/03/2016 RM'000	31/03/2015 RM'000
Interest income	(10)	(157)	(101)	(286)
Other income	(5,504)	(11,405)	(9,704)	(12,439)
Interest expense	162	2,719	4,102	5,385
Depreciation of property, plant and equipment	1,895	1,973	7,652	7,494
Impairment loss on trade and other receivables	3,057	9,646	5,273	10,483
Bad debts written off	-	212	5,875	212
Bad debts written back	-	(1,864)	(10,472)	(4,823)
Provision of slow moving stocks	-	-	-	-
Inventories written off	-	2,994	-	2,994
(Gain)/Loss on disposal of quoted investment	-	-	-	-
(Gain)/Loss on disposal of unquoted investment	-	-	-	-
(Gain)/Loss on disposal of Property, plant and equipment	(4,802)	(6,093)	(4,923)	(6,356)
Net impairment of assets	-	-	-	-
(Gain)/Loss on foreign exchange	-	877	(935)	426

18. Income Tax Expense

	Individual quarter ended		Cumulative quarter ended	
	31/03/2016 RM'000	31/03/2015 RM'000	31/03/2016 RM'000	31/03/2015 RM'000
Current period's provision	(1,720)	(1,517)	(1,830)	(3,074)

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 (CONTD.)

21. Borrowings and Debts Securities

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

	As at 31/03/2016 RM'000	As at 31/03/2015 RM'000
Short term borrowings		
Secured	48,006	40,295
Unsecured	10,199	20,370
	<u>58,205</u>	<u>60,665</u>
Long term borrowings		
Secured	2,080	1,873
	<u>60,285</u>	<u>62,538</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	
	31/03/2016	31/03/2015	31/03/2016	31/03/2015
	RM'000	RM'000	RM'000	RM'000
Profit/(loss) net of tax attributable to owners of the parent	1,471	(32,763)	(3,687)	(32,091)
	<u>Individual quarter ended</u>		<u>Cumulative quarter ended</u>	
	31/03/2016	31/03/2015	31/03/2016	31/03/2015
	'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>	
	31/03/2016	31/03/2015	31/03/2016	31/03/2015
Basic earnings/(loss) per share (sen)	0.64	(14.18)	(1.60)	(13.9)

NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

25. Disclosure of Realised and Unrealised Accumulated Losses

	As at 31/03/2016 RM'000	As at 31/03/2015 RM'000
Total accumulated losses of the Company and the subsidiaries:		
Realised	(466,005)	(463,928)
Unrealised	13,848	11,172
	<u>(452,157)</u>	<u>(452,756)</u>
Total share of retained profits from associate		
Realised	15,666	17,379
	<u>(436,491)</u>	<u>(435,377)</u>
Total share of retained profits from joint venture		
Realised	(1,177)	3,247
	<u>(437,668)</u>	<u>(432,130)</u>
Less : Consolidated adjustments	104,963	101,836
Total accumulated losses as per statements of financial position	<u>(332,705)</u>	<u>(330,294)</u>

Batu Caves, Selangor
31 May 2016

By Order Of The Board
CHAN BEE KUAN (MAICSA 7003851)
CHEONG WEI LING (MAICSA 7009208)
Company Secretaries