

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

Quarterly report on consolidated results for the quarter ended 30 June 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	
		30/6/2016 RM'000	30/6/2015 RM'000	30/6/2016 RM'000	30/6/2015 RM'000
Revenue	8	60,131	49,752	60,131	49,752
Cost of sales		<u>(59,292)</u>	<u>(48,948)</u>	<u>(59,292)</u>	<u>(48,948)</u>
Gross profit		839	804	839	804
Other items of income					
Other income		2,205	1,236	2,205	1,236
Other items of expense					
Selling and marketing expenses		(2,033)	(1,247)	(2,033)	(1,247)
Administrative and other expenses		(6,240)	(4,944)	(6,240)	(4,944)
Finance costs		(1,844)	(1,776)	(1,844)	(1,776)
Share of results of associates		(540)	(425)	(540)	(425)
Share of results of joint ventures		-	677	-	677
Loss before tax		<u>(7,613)</u>	<u>(5,675)</u>	<u>(7,613)</u>	<u>(5,675)</u>
Income tax expense	18	(465)	(119)	(465)	(119)
Loss net of tax		<u>(8,078)</u>	<u>(5,794)</u>	<u>(8,078)</u>	<u>(5,794)</u>
Other comprehensive (loss)/income for the period					
Foreign currency translation		(824)	3,538	(824)	3,538
Revaluation surplus		-	47,190	-	47,190
Total comprehensive (loss)/income for the period, net of tax		<u>(8,902)</u>	<u>44,934</u>	<u>(8,902)</u>	<u>44,934</u>
Loss attributable to:					
Owners of the parent		(7,951)	(5,671)	(7,951)	(5,671)
Non-controlling interest		<u>(127)</u>	<u>(123)</u>	<u>(127)</u>	<u>(123)</u>
		<u>(8,078)</u>	<u>(5,794)</u>	<u>(8,078)</u>	<u>(5,794)</u>
Total comprehensive (loss)/income attributable to:					
Owners of the parent		(8,877)	44,972	(8,877)	44,972
Non-controlling interest		<u>(25)</u>	<u>(38)</u>	<u>(25)</u>	<u>(38)</u>
		<u>(8,902)</u>	<u>44,934</u>	<u>(8,902)</u>	<u>44,934</u>
Loss per share attributable to owners of the parent (sen)					
Basic	24	<u>(3.44)</u>	<u>(2.46)</u>	<u>(3.44)</u>	<u>(2.46)</u>

The Condensed Consolidated Statement of Profit and Loss and Other Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 March 2016.

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	30/6/2016 RM'000	31/3/2016 RM'000 Audited
ASSETS			
Non-current assets			
Property, plant and equipment	9	135,151	135,021
Investments in associates		21,622	22,162
Investments in joint ventures		4,731	5,096
Other investments		190	190
Trade receivables		32,295	20,516
Deferred tax assets		2,199	962
		<u>196,188</u>	<u>183,947</u>
Current assets			
Inventories		18,404	19,284
Other investments		89	89
Trade and other receivables		140,734	190,092
Current tax assets		3,079	2,612
Cash and bank balances		64,391	77,633
		<u>226,697</u>	<u>289,710</u>
Non-current asset held for sale		-	-
		<u>226,697</u>	<u>289,710</u>
Total Assets		<u>422,885</u>	<u>473,657</u>
EQUITY AND LIABILITIES			
Current liabilities			
Trade and other payables		247,429	279,884
Provisions		3,337	3,337
Borrowings	21	61,449	58,205
Current tax liabilities		527	261
		<u>312,742</u>	<u>341,687</u>
Net current liabilities		(86,045)	(51,977)

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTD.)

	Note	As at 30/6/2016 RM'000	As at 31/3/2016 RM'000 Audited
Non- current liabilities			
Trade payables		-	13,177
Provisions		7,738	7,723
Borrowings	21	2,317	2,080
Deferred tax liabilities		2,484	2,484
		<u>12,539</u>	<u>25,464</u>
Total Liabilities		<u>325,281</u>	<u>367,151</u>
Net Assets		<u>97,604</u>	<u>106,506</u>
Equity attributable to owners of the parent			
Share capital		231,633	231,633
Treasury shares		(1,905)	(1,905)
Reserves		193,403	194,329
Accumulated losses		(340,612)	(332,661)
		<u>82,519</u>	<u>91,396</u>
Non-controlling interests		15,085	15,110
Total equity		<u>97,604</u>	<u>106,506</u>
Total equity and liabilities		<u>422,885</u>	<u>473,657</u>
Net Assets Per Share Attributable to Ordinary Holders of the Parent (RM)		0.42	0.46

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 March 2016.

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable To Owners Of The Parent								Non-controlling Interests	Total Equity	
	Non-Distributable					Distributable					
	Share Capital	Share Premium	Capital Redemption Reserve	Revaluation Reserve	Exchange Translation Reserve	Other Reserves	Treasury Shares	Accumulated Losses	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2017											
At 1 April 2016	231,633	108,138	90	47,190	9,639	29,272	(1,905)	(332,661)	91,396	15,110	106,506
Total comprehensive loss											
Net loss for the year	-	-	-	-	-	-	-	(7,951)	(7,951)	(127)	(8,078)
Other comprehensive loss	-	-	-	-	(926)	-	-	-	(926)	102	(824)
Total comprehensive loss for the period	-	-	-	-	(926)	-	-	(7,951)	(8,877)	(25)	(8,902)
At 30 June 2016	231,633	108,138	90	47,190	8,713	29,272	(1,905)	(340,612)	82,519	15,085	97,604

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTD.)

	Attributable To Owners Of The Parent								Non-controlling Interests	Total Equity		
	Non-Distributable					Distributable						
	Share Capital	Share Premium	Capital Redemption Reserve	Exchange Revaluation Reserve	Exchange Translation Reserve	Other Reserves	Treasury Shares	Accumulated Losses	Total			
2016	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 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	-	-	-	-	-	-	-	(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	

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 2016.

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	3 months to 30/6/2016 RM'000	3 months to 30/6/2015 RM'000
Operating activities		
Loss before tax	(7,613)	(5,675)
<u>Adjustments for:</u>		
Interest income	(70)	(146)
Net impairment losses on financial assets	(1,044)	-
Depreciation of property, plant and equipment	2,015	2,104
Gain on disposal of property, plant and equipment	(355)	(226)
Interest expense	1,844	1,776
Net changes in liabilities for retirement benefit obligations	139	173
Share of results of associates	540	425
Share of results of joint ventures	0	(677)
Total adjustments	3,069	3,429
Operating cash flows before changes in working capital	(4,544)	(2,246)
Changes in working capital		
Net changes in current assets	40,840	34,144
Net changes in current liabilities	(46,680)	(24,732)
Total changes in working capital	(5,840)	9,412
Cash flows (used in)/generated from operations	(10,384)	7,166
Retirement benefit paid	(123)	(153)
Net tax paid	(666)	(547)
Net cash flows (used in)/generated from operating activities	(11,173)	6,466
Investing activities		
Interest received	70	146
Purchase of property, plant and equipment	(2,122)	(214)
Proceeds from disposal of property, plant and equipment	355	251
Net cash flows generated from investing activities	(1,697)	183

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTD.)

	3 months to 30/6/2016 RM'000	3 months to 30/6/2015 RM'000
Financing activities		
Interest paid	(1,844)	(1,776)
Net proceeds from/(repayments of) loans and borrowings	5,889	(1,094)
Net cash flows generated from/ (used in) financing activities	4,045	(2,870)
Net decrease in cash and cash equivalents	(8,825)	3,779
Effects of exchange rate changes on cash and cash equivalents	340	(1,793)
Cash and cash equivalent at beginning of year	65,287	38,363
Cash and cash equivalents at end of financial year	56,802	40,349

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

	3 months to 30/6/2016 RM'000	3 months to 30/6/2015 RM'000
Deposits placed with licensed banks	6,586	9,853
Cash and bank balances	57,805	38,772
Total cash and bank balances	64,391	48,625
Bank overdrafts	(7,589)	(8,276)
Cash and cash equivalents at end of financial period	56,802	40,349

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 March 2016.

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 2016. 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 2016.

2. Qualification of Financial Statement

The auditors' report on the financial statements for the financial year ended 31 March 2016 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 June 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.

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 2016

	Construction	Manufacturing	Others	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000
Segment Revenue					
Revenue from external customers	41,459	18,672	-	-	60,131
Inter-segment revenue	-	53	1,952	(2,005)	-
Total revenue	41,459	18,725	1,952	(2,005)	60,131
Segment results	(4,159)	(2,502)	(838)	65	(7,434)
Other income					2,205
Finance costs					(1,844)
Share of results of associates					(540)
Share of results of joint ventures					-
Income tax expense					(465)
Loss for the period					(8,078)

Cumulative Quarter
30 June 2015

	Construction	Manufacturing	Others	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	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 period					(5,794)

NOTES TO THE INTERIM FINANCIAL REPORT (CONTD.)

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 2016.

10. Material Subsequent Events

There were no material subsequent events since the end of the current quarter until a date not earlier than 7 days from the date of issuance of this quarterly report except for the following:

- a) The Company had on 15 July 2016 announced that it had acquired 100% of the issued and paid-up share capital of a shelf company, Saujanika Sdn Bhd [Company No. 1191758-K] (“SSB”), for a total cash consideration of RM2.00 only. The intended business of SSB is investment holding and it is currently dormant.
- b) On 29 July 2016, the Company had subscribed 102,500,000 ordinary shares of RM1.00 each in the share capital of ASC Engineering Sdn Bhd (“ASCE”), an indirectly wholly-owned subsidiary of the Company by way of capitalization of the amount of RM102,500,000.00 owing by ASCE to the Company as at 31 March 2016. Consequently, the Company hold 102,500,000 ordinary shares of RM1.00 each, representing 99.03% of the issued and paid up capital of ASCE.
- c) On 29 July 2016, the Company had subscribed 33,000,000 ordinary shares of RM1.00 each in the share capital of Persys Sdn. Bhd. (“PSB”), an indirect wholly-owned subsidiary of the Company by way of capitalization of the amount of RM33,000,000.00 owing by PSB to the Company as at 31 March 2016. Consequently, the Company hold 33,000,000 ordinary shares of RM1.00 each, representing 82.5% of the issued and paid up capital of PSB.

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 2016.

NOTES TO THE INTERIM FINANCIAL REPORT (CONTD.)

13. Review of Performance of the Group

CURRENT QUARTER vs. CORRESPONDING QUARTER

	30/6/2016	30/6/2015	Variance	
	RM'000	RM'000	RM'000	%
Segmental Turnover				
Construction	41,459	31,207	10,252	33
Manufacturing	18,725	22,531	(3,806)	(17)
Others	1,952	1,894	58	3
	<u>62,136</u>	<u>55,632</u>		
Inter-segment	(2,005)	(5,880)	3,875	66
	<u>60,131</u>	<u>49,752</u>	10,379	21
Pre-tax loss				
Construction	(4,569)	(3,936)	(633)	(16)
Manufacturing	(448)	(143)	(305)	(>100)
Others	(2,047)	(1,643)	(404)	(25)
	<u>(7,064)</u>	<u>(5,722)</u>		
Elimination	(9)	(205)	196	96
	<u>(7,073)</u>	<u>(5,927)</u>		
Share of results of associates	(540)	(425)	(115)	(27)
Share of results of joint ventures	-	677	(677)	(100)
	<u>(7,613)</u>	<u>(5,675)</u>	(1,938)	(34)

For the current quarter under review, the Group recorded higher revenue of RM60.1 million in current quarter as compared to revenue of RM49.8 million in corresponding quarter due to higher turnover registered in Construction division.

However, higher pre-tax loss of RM7.6 million in current quarter as compared to pre-tax loss of RM5.7 million in the corresponding quarter was mainly due to lower result from construction division, associates and joint venture and higher finance cost in others division.

NOTES TO THE INTERIM FINANCIAL REPORT (CONTD.)

14. Variation of Results Against Preceding Quarter

CURRENT QUARTER vs. PRECEDING QUARTER

	30/6/2016	31/3/2016	Variance	
	RM'000	RM'000	RM'000	%
Segmental Turnover				
Construction	41,459	44,696	(3,237)	(7)
Manufacturing	18,725	25,802	(7,077)	(27)
Others	1,952	2,127	(175)	(8)
	<u>62,136</u>	<u>72,625</u>		
Inter-segment	(2,005)	(4,720)	2,715	58
	<u>60,131</u>	<u>67,905</u>	(7,774)	(11)
Pre-tax (loss)/profit				
Construction	(4,569)	(3,815)	(754)	(20)
Manufacturing	(448)	9,666	(10,114)	(>100)
Others	(2,047)	(7,761)	5,714	74
	<u>(7,064)</u>	<u>(1,910)</u>		
Elimination	(9)	4,348	(4,357)	(>100)
	<u>(7,073)</u>	<u>2,438</u>		
Share of results of associates	(540)	148	(688)	(>100)
Share of results of joint ventures	-	999	(999)	(100)
	<u>(7,613)</u>	<u>3,585</u>	(11,198)	(>100)

The Group recorded revenue of RM60.1 million in the current quarter as compared to RM67.9 million in the immediate preceding quarter, representing Q.o.Q decrease by 11%. The decrease was mainly attributable to lower turnover registered at the Construction division.

The Group recorded pre-tax loss of RM7.6 million as compared to a pre-tax profit of RM3.6 million in the immediate preceding quarter. Higher pre-tax losses in current quarter as compared to preceding quarter was mainly due to higher losses 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 RM360.6 million that need to be replenished. The management would continue to seek for infrastructure projects in Malaysia to replenish its order book, leveraging on the strength of its parent company, MTD Capital Bhd. 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	
	30/06/2016 RM'000	30/06/2015 RM'000	30/06/2016 RM'000	30/06/2015 RM'000
Interest income	(70)	(146)	(70)	(146)
Other income	(653)	(1,090)	(653)	(1,090)
Interest expense	1,844	1,776	1,844	1,776
Depreciation of property, plant and equipment	2,015	2,104	2,015	2,104
Impairment loss on trade and other receivables	-	564	-	564
Bad debts written off	-	-	-	-
Bad debts written back	(1,127)	(942)	(1,127)	(942)
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	(355)	(226)	(355)	(226)
Net impairment of assets	-	-	-	-
(Gain)/Loss on foreign exchange	-	11	-	11

18. Income Tax Expense

	Individual quarter ended		Cumulative quarter ended	
	30/06/2016 RM'000	30/06/2015 RM'000	30/06/2016 RM'000	30/06/2015 RM'000
Current period's provision	(465)	(119)	(465)	(119)

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 30 June are as follows:-

	As at 30/6/2016 RM'000	As at 30/6/2015 RM'000
Short term borrowings		
Secured	50,346	50,909
Unsecured	11,103	8,747
	61,449	59,656
Long term borrowings		
Secured	2,317	1,787
	63,766	61,443

22. Material Litigations

There were no significant changes in material litigation since the last annual statement of financial position as at 31 March 2016.

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	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
	RM'000	RM'000	RM'000	RM'000
Loss net of tax attributable to owners of the parent	(7,951)	(5,671)	(7,951)	(5,671)
	Individual quarter ended		Cumulative quarter ended	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
	'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	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
Basic loss per share (sen)	(3.44)	(2.46)	(3.44)	(2.46)

NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

25. Disclosure of Realised and Unrealised Accumulated Losses

	As at 30/6/2016 RM'000	As at 30/3/2016 RM'000
Total accumulated losses of the Company and the subsidiaries:		
Realised	(474,358)	(466,279)
Unrealised	14,987	13,442
	<hr/>	<hr/>
	(459,371)	(452,837)
Total share of retained profits from associates:		
Realised	15,127	15,667
	<hr/>	<hr/>
	(444,244)	(437,170)
Total share of retained profits from joint ventures:		
Realised	(862)	(862)
	<hr/>	<hr/>
	(445,106)	(438,032)
Less : Consolidation adjustments	104,494	105,371
Total accumulated losses as per statements of financial position	<hr/> (340,612)	<hr/> (332,661)

By Order Of The Board

Batu Caves, Selangor
24 August 2016

CHAN BEE KUAN (MAICSA 7003851)
CHEONG WEI LING (MAICSA 7009208)
Company Secretaries