

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

Quarterly report on consolidated results for the quarter ended 30 September 2019
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	
		30/09/2019	30/09/2018	30/09/2019	30/09/2018
		RM'000	RM'000	RM'000	RM'000
Revenue	9	57,369	58,555	122,714	113,351
Cost of sales		(56,234)	(53,087)	(120,791)	(106,543)
Gross profit		1,135	5,468	1,923	6,808
Other items of income					
Other income		2,884	390	6,084	5,953
Other items of expense					
Selling and marketing expenses		(912)	(2,511)	(1,745)	(4,553)
Administrative and other expenses		(6,554)	(3,728)	(10,586)	(11,339)
Finance costs		(1,307)	(1,659)	(2,563)	(3,343)
Share of results of associates		31	(29)	(12)	(21)
Loss before tax		(4,723)	(2,069)	(6,899)	(6,495)
Tax benefit	19	-	66	-	67
Loss for the financial period		(4,723)	(2,003)	(6,899)	(6,428)
Other comprehensive income, net of tax					
Item that may be reclassified subsequently to profit or loss					
Foreign currency translations		87	845	1,460	2,482
Total comprehensive loss for the financial period, net of tax		(4,636)	(1,158)	(5,439)	(3,946)
Loss attributable to:					
Owners of the parent		(4,687)	(1,977)	(6,833)	(6,211)
Non-controlling interest		(36)	(26)	(66)	(217)
		(4,723)	(2,003)	(6,899)	(6,428)
Total comprehensive (loss)/profit attributable to:					
Owners of the parent		(4,634)	(1,301)	(5,956)	(4,248)
Non-controlling interest		(2)	143	517	302
		(4,636)	(1,158)	(5,439)	(3,946)
Loss per share attributable to owners of the parent (sen)					
Basic and diluted	25	(2.03)	(0.86)	(2.96)	(2.69)

The Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 March 2019.

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at 30/09/2019 RM'000	As at 31/03/2019 RM'000 Audited
ASSETS			
Non-current assets			
Property, plant and equipment	10	132,448	133,808
Investments in associates		510	522
Other investments		161	161
Trade receivables		49,861	40,201
Deferred tax assets		2,484	2,484
		185,464	177,176
Current assets			
Inventories		18,683	21,327
Other investments		38	38
Trade and other receivables		97,867	108,191
Contract assets		29,474	32,614
Current tax assets		8,343	6,248
Cash and bank balances		16,041	31,457
		170,446	199,875
Total Assets		355,910	377,051
EQUITY AND LIABILITIES			
Current liabilities			
Trade and other payables		166,324	182,433
Contract liabilities		4,006	7,876
Provisions		1,885	1,884
Borrowings	22	65,709	60,889
		237,924	253,082
Net current liabilities		(67,478)	(53,207)

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTD.)

	Note	As at 30/09/2019 RM'000	As at 31/03/2019 RM'000 Audited
Non- current liabilities			
Trade payables		19,626	19,487
Provisions		6,634	7,242
Borrowings	22	388	463
Deferred tax liabilities		5,012	5,012
		31,660	32,204
Total Liabilities		269,584	285,286
Net Assets		86,326	91,765
Equity attributable to owners of the parent			
Share capital		339,771	339,771
Treasury shares		(1,905)	(1,905)
Reserves		91,954	91,077
Accumulated losses		(357,440)	(350,607)
		72,380	78,336
Non-controlling interests		13,946	13,429
Total equity		86,326	91,765
Total equity and liabilities		355,910	377,051
Net Assets Per Share Attributable to Ordinary Holders of the Parent (RM)		0.37	0.40

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 March 2019.

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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					Distributable			
2020	Share Capital	Revaluation Reserve	Exchange Translation Reserve	Other Reserves	Treasury Shares	Accumulated Losses			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance as at 1 April 2019	339,771	62,912	(1,090)	29,255	(1,905)	(350,607)	78,336	13,429	91,765
Loss for the financial period	-	-	-	-	-	(6,833)	(6,833)	(66)	(6,899)
Foreign currency translations	-	-	877	-	-	-	877	583	1,460
Total comprehensive income/(loss) for the financial period	-	-	877	-	-	(6,833)	(5,956)	517	(5,439)
Balance as at 30 September 2019	339,771	62,912	(213)	29,255	(1,905)	(357,440)	72,380	13,946	86,326

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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	Revaluation Reserve	Exchange Translation Reserve	Other Reserves	Treasury Shares	Accumulated Losses	Total		
2019	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance as at 1 April 2018, as previously reported	339,771	47,190	228	29,255	(1,905)	(334,298)	80,241	14,863	95,104
Effects of adoption of MFRS 9	-	-	-	-	-	(8,759)	(8,759)	-	(8,759)
Effects of adoption of MFRS 15	-	-	-	-	-	(130)	(130)	-	(130)
Balance as at 1 April 2018, as restated	339,771	47,190	228	29,255	(1,905)	(343,187)	71,352	14,863	86,215
Loss for the financial period	-	-	-	-	-	(6,211)	(6,211)	(217)	(6,428)
Foreign currency translations	-	-	1,963	-	-	-	1,963	519	2,482
Total comprehensive income/(loss) for the financial period	-	-	1,963	-	-	(6,211)	(4,248)	302	(3,946)
Balance as at 30 September 2018	339,771	47,190	2,191	29,255	(1,905)	(349,398)	67,104	15,165	82,269

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 2019.

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	6 months to 30/09/2019 RM'000	6 months to 30/09/2018 RM'000
Operating activities		
Loss before tax	(6,899)	(6,495)
<u>Adjustments for:</u>		
Interest income	(134)	(23)
Bad debts written off	-	8,702
Net impairment on financial assets	(5,038)	(7,786)
Net changes in provisions	-	(501)
Reversal of overprovision on payables	-	(4,395)
Depreciation of property, plant and equipment	2,364	2,280
Property, plant and equipment written off	0	39
Gain on disposal of property, plant and equipment	(269)	(114)
Interest expense	2,563	3,343
Net changes in liabilities for retirement benefit obligations	329	336
Unrealised foreign exchange loss, net	152	1,206
Share of results of associates	12	21
Total adjustments	(21)	3,108
Operating cash flows before changes in working capital	(6,920)	(3,387)
Changes in working capital		
Net change in current assets	11,330	(9,726)
Net change in current liabilities	(19,569)	4,989
Total changes in working capital	(8,239)	(4,737)
Cash flows used in operations	(15,159)	(8,124)
Retirement benefit paid	(937)	-
Net tax paid	(1,970)	(909)
Net cash flows used in operating activities	(18,066)	(9,033)
Investing activities		
Interest received	134	23
Purchase of property, plant and equipment	(1,010)	(1,091)
Placement of deposits pledged to licensed banks	(85)	(23)
Proceeds from disposal of property, plant and equipment	276	114
Net cash flows used in investing activities	(685)	(977)

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTD.)

	6 months to 30/09/2019 RM'000	6 months to 30/09/2018 RM'000
Financing activities		
Interest paid	(2,563)	(3,343)
Net proceeds from borrowings	4,974	3,341
Net cash from/(used in) financing activities	2,411	(2)
Net decrease in cash and cash equivalents	(16,340)	(10,012)
Effects of exchange rate changes on cash and cash	1,339	53
Cash and cash equivalent at beginning of period	21,372	12,504
Cash and cash equivalent at end of financial period	6,371	2,545

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

	6 months to 30/09/2019 RM'000	6 months to 30/09/2018 RM'000
Cash and bank balances	13,266	9,645
Deposits placed with licensed banks	2,775	2,713
Total cash and bank balances	16,041	12,358
Bank overdrafts	(7,111)	(7,296)
Deposits pledged to licensed banks	(2,557)	(2,515)
Deposit with a licensed bank with maturity of over 3 months	(2)	(2)
Cash and cash equivalents at end of financial period	6,371	2,545

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 March 2019.

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) and requirements of the Companies Act 2016, where applicable.

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 2019. 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 2019.

2. Significant accounting policies

The accounting policies and presentation adopted for this interim report are consistent with those adopted in the audited financial statements of the Group for the financial year ended 31 March 2019, except for the adoption of the following standards, amendments and annual improvements to MFRSs with a date of initial application on 1 April 2019:

Description	
Amendments to MFRS 3	<i>Annual Improvements to MFRS Standards 2015 – 2017 Cycle</i>
Amendments to MFRS 9	<i>Prepayment Features with Negative Compensation</i>
Amendments to MFRS 11	<i>Annual Improvements to MFRS Standards 2015 – 2017 Cycle</i>
Amendments to MFRS 112	<i>Annual Improvements to MFRS Standards 2015 – 2017 Cycle</i>
Amendments to MFRS 119	<i>Plan Amendment, Curtailment or Settlement</i>
Amendments to MFRS 123	<i>Annual Improvements to MFRS Standards 2015 – 2017 Cycle</i>
Amendments to MFRS 128	<i>Long-term Interests in Associates and Joint Ventures</i>
IC Interpretation 23	<i>Uncertainty over Income Tax Treatments</i>
MFRS 16	<i>Leases</i>

The adoption of the above Standards, Amendments, Interpretations and Annual Improvements to Standards did not result in significant changes in the accounting policies and have no significant effect on the financial position, results and disclosures in the financial statements of the Group in the period on initial application.

3. Qualification of Financial Statement

The auditors' report on the financial statements for the financial year ended 31 March 2019 was not qualified.

4. Seasonal or Cyclical Factors

The business operations of the Group are not materially affected by any seasonal or cyclical factors.

5. Unusual items

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows for the current financial quarter ended 30 September 2019.

NOTES TO THE INTERIM FINANCIAL REPORT (CONTD.)

6. Changes In Estimates

There were no changes in estimates that have material effect on the amounts reported for the current quarter ended 30 September 2019.

7. 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.

8. Dividend Paid

There was no dividend paid or declared for the current financial quarter.

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NOTES TO THE INTERIM FINANCIAL REPORT (CONTD.)

9. Segmental Reporting

By Activities

Cumulative Quarter
30 September 2019

	Civil Engineering and Construction RM'000	Manufacturing RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Segment Revenue					
Revenue from external customers	97,172	25,542	-	-	122,714
Inter-segment revenue	-	-	3,498	(3,498)	-
Total revenue	97,172	25,542	3,498	(3,498)	122,714
Segment results	(412)	(8,726)	(1,875)	605	(10,408)
Other income	5,593	3,720	22	(3,251)	6,084
Finance costs	(1,402)	(267)	(5,159)	4,265	(2,563)
Share of results of associates	(12)	-	-	-	(12)
Tax expense	-	-	-	-	-
Loss for the financial period					(6,899)
Segment assets	295,040	175,071	125,249	(250,277)	345,083
Segment liabilities	211,123	275,907	192,086	(414,544)	264,572

Cumulative Quarter
30 September 2018

	Civil Engineering and Construction RM'000	Manufacturing RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Segment Revenue					
Revenue from external customers	79,811	33,540	-	-	113,351
Inter-segment revenue	-	5	4,112	(4,117)	-
Total revenue	79,811	33,545	4,112	(4,117)	113,351
Segment results	4,317	(23,929)	(1,729)	12,257	(9,084)
Other income	6,021	1,738	154	(1,960)	5,953
Finance costs	(1,272)	(110)	(3,519)	1,558	(3,343)
Share of results of associates	(21)	-	-	-	(21)
Tax benefit	1	66	-	-	67
Loss for the financial period					(6,428)
Segment assets	294,614	170,277	131,770	(227,570)	369,091
Segment liabilities	215,910	273,103	180,647	(372,541)	297,119

NOTES TO THE INTERIM FINANCIAL REPORT (CONTD.)

10. Valuation of Property, Plant and Equipment

The valuations of property, plant and equipment were brought forward without amendments from the annual financial statements for the financial year ended 31 March 2019.

11. Material Subsequent Events

There were no material subsequent events since the end of the current quarter under review until a date not earlier than 7 days from the date of issuance of this quarterly report.

12. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current quarter under review.

13. Changes in Contingent Liabilities and Contingent Assets

There were no significant changes in both contingent liabilities and contingent assets since the financial year ended 31 March 2019.

NOTES TO THE INTERIM FINANCIAL REPORT (CONTD.)

14. Review of Performance of the Group

CURRENT QUARTER vs. CORRESPONDING QUARTER

	Individual quarter ended		Variance		Cumulative quarter ended		Variance	
	30/09/2019	30/09/2018	RM'000	%	30/09/2019	30/09/2018	RM'000	%
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Segmental Turnover								
Civil Engineering and								
Construction	44,375	43,418	957	2	97,172	79,811	17,361	22
Manufacturing	12,994	15,142	(2,148)	(14)	25,542	33,545	(8,003)	(24)
Others	1,763	2,133	(370)	(17)	3,498	4,112	(614)	(15)
	<u>59,132</u>	<u>60,693</u>			<u>126,212</u>	<u>117,468</u>		
Inter-segment	<u>(1,763)</u>	<u>(2,138)</u>	375	18	<u>(3,498)</u>	<u>(4,117)</u>	619	15
	<u>57,369</u>	<u>58,555</u>	(1,186)	(2)	<u>122,714</u>	<u>113,351</u>	9,363	8

	Individual quarter ended		Variance		Cumulative quarter ended		Variance	
	30/09/2019	30/09/2018	RM'000	%	30/09/2019	30/09/2018	RM'000	%
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Pre-tax profit/(loss)								
Civil Engineering and								
Construction	1,609	4,693	(3,084)	(66)	3,780	9,066	(5,286)	(58)
Manufacturing	(2,302)	(4,133)	1,831	44	(5,273)	(22,301)	17,028	(76)
Others	(3,688)	(2,593)	(1,095)	(42)	(7,012)	(5,094)	(1,918)	(38)
	<u>(4,381)</u>	<u>(2,033)</u>			<u>(8,505)</u>	<u>(18,329)</u>		
Elimination/Adjustments	<u>(373)</u>	<u>(7)</u>	(366)	>(100)	<u>1,618</u>	<u>11,855</u>	(10,237)	(86)
	<u>(4,754)</u>	<u>(2,040)</u>			<u>(6,887)</u>	<u>(6,474)</u>		
Share of results of associates	<u>31</u>	<u>(29)</u>	60	>(100)	<u>(12)</u>	<u>(21)</u>	9	>(100)
	<u>(4,723)</u>	<u>(2,069)</u>	(2,654)	>(100)	<u>(6,899)</u>	<u>(6,495)</u>	(404)	(6)
Loss after tax	(4,723)	(2,003)	(2,720)	>(100)	(6,899)	(6,428)	(471)	(7)
Loss attributable to owners of the parent	(4,687)	(1,977)	(2,710)	>(100)	(6,833)	(6,211)	(622)	(10)

For the current quarter under review, the Group recorded revenue of RM57.4 million and pre-tax loss of RM4.7 million, as compared to revenue of RM58.5 million and pre-tax loss of RM2.1 million respectively in the corresponding quarter.

The Group's revenue for the second quarter recorded a marginal decrease. Higher pre-tax loss in the current quarter was due to lower pre-tax profit reported in Civil Engineering and Construction division.

NOTES TO THE INTERIM FINANCIAL REPORT (CONTD.)

15. Variation of Results Against Preceding Quarter

CURRENT QUARTER vs. IMMEDIATE PRECEDING QUARTER

	Individual quarter ended		Variance	
	30/09/2019	30/06/2019	RM'000	%
	RM'000	RM'000		
Segmental Turnover				
Civil Engineering and Construction	44,375	52,797	(8,422)	(16)
Manufacturing	12,994	12,548	446	4
Others	1,763	1,735	28	2
	<u>59,132</u>	<u>67,080</u>		
Inter-segment	(1,763)	(1,735)		
	<u>57,369</u>	<u>65,345</u>	(7,976)	(12)

	Individual quarter ended		Variance	
	30/09/2019	30/06/2019	RM'000	%
	RM'000	RM'000		
Pre-tax profit/(loss)				
Civil Engineering and Construction	1,609	2,171	(562)	(26)
Manufacturing	(2,302)	(2,971)	669	23
Others	(3,688)	(3,324)	(364)	(11)
	<u>(4,381)</u>	<u>(4,124)</u>		
Elimination	(373)	1,991	(2,364)	>(100)
	<u>(4,754)</u>	<u>(2,133)</u>		
Share of results of associates	31	(43)	74	>100
	<u>(4,723)</u>	<u>(2,176)</u>	(2,547)	>(100)
Loss after tax	(4,723)	(2,176)	(2,547)	>(100)
Loss attributable to owners of the parent	(4,687)	(2,146)	(2,541)	>(100)

The Group recorded revenue of RM57.4 million and pre-tax loss of RM4.7 million for the second quarter ended 30 September 2019, compared to revenue of RM65.3 million and pre-tax loss of RM2.2 million respectively in the preceding quarter.

The Group's revenue for the second quarter decreased compared to immediate preceding quarter due to lower progress billing in Civil Engineering and Construction division. The higher pre-tax loss in current quarter as compared to the immediate preceding quarter was due to lower pre-tax profit reported in Civil Engineering and Construction division.

NOTES TO THE INTERIM FINANCIAL REPORT (CONTD.)

16. Prospects for the remaining Financial Year

The Group will continue to aggressively explore opportunities to replenish its order book, leveraging on its vast experience, competitiveness and track record in the construction industry. Despite the challenging conditions which continued in the previous financial year, the Board remains hopeful that its Manufacturing division will improve within this financial year.

17. 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.

18. Loss Before Tax

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

	Individual quarter ended		Cumulative quarter ended	
	30/09/2019	30/09/2018	30/09/2019	30/09/2018
	RM'000	RM'000	RM'000	RM'000
Interest income	(126)	(14)	(134)	(23)
Other income	(388)	(71)	(533)	(4,759)
Interest expense	1,307	1,659	2,563	3,343
Depreciation of property, plant and equipment	1,160	1,141	2,364	2,280
Impairment loss on trade and other receivables	24	77	45	1,964
Bad debts written off	-	8,702	-	8,702
Bad debts written back	(2,333)	(193)	(5,083)	(1,048)
Provision of slow moving stocks	-	-	-	-
Inventories written off	-	-	-	-
(Gain)/Loss on disposal of quoted investment	-	-	-	-
(Gain)/Loss on disposal of unquoted investment	-	-	-	-
Gain on disposal of property, plant and equipment	(28)	(82)	(269)	(114)
Net impairment of assets	-	-	-	-
Net loss on foreign exchange	215	355	151	1,210

19. Tax Benefit

	Individual quarter ended		Cumulative quarter ended	
	30/09/2019	30/09/2018	30/09/2019	30/09/2018
	RM'000	RM'000	RM'000	RM'000
Current year's provision	-	66	-	67
	-	66	-	67

NOTES TO THE INTERIM FINANCIAL REPORT (CONTD.)

20. Unquoted Investment and Properties

There were no sales of unquoted investments or properties during the current financial quarter.

21. Status of Corporate Proposals Announced

The Company had on 10 July 2019 entered into Heads of Agreement (“**HOA**”) with the following parties:-

- (i) Putrajaya Perdana Berhad (“**Putrajaya Perdana**”); and
- (ii) Putra Perdana Development Sdn Bhd (“**Putra Perdana Development**”),

(collectively referred to as “**Parties**” and each as “**Party**”).

The HOA sets out the general understanding and framework for the implementation of the following proposals:-

- (a) acquisition of 100% equity interest in Orangebeam Construction Sdn Bhd (*formerly known as Putra Perdana Construction Sdn Bhd*) (“**Orangebeam Construction**”) from Putrajaya Perdana for a purchase consideration to be determined at a later date (“**Proposed Acquisition of Orangebeam Construction**”); and
- (b) acquisition of 100% equity interest in Orangebeam Development Sdn Bhd (*formerly known as Senandung Budiman Sdn Bhd*) (“**Orangebeam Development**”) from Putra Perdana Development for a purchase consideration to be determined at a later date (“**Proposed Acquisition of Orangebeam Development**”),

(collectively referred to as, “**Proposed Acquisitions**”).

Under the HOA, the Parties shall in a collaborative effort, undertake the Proposed Acquisitions and to that end, the Parties will identify inter alia:

- (i) the respective roles and responsibilities of the Parties for the implementation of the Proposed Acquisitions;
- (ii) the appointment of the various consultants and advisers for the implementation of the Proposed Acquisitions;
- (iii) the detailed scope of the Proposed Acquisition and the time frame for their implementation;
- (iv) the manner of execution for the Proposed Acquisition.

The Parties shall execute the shares sale and purchase agreements for the acquisitions of Orangebeam Construction and Orangebeam Development (collectively, “**Shares Sale and Purchase Agreements**”) within three (3) months from date of the HOA (subject to agreements of the terms thereof) or such other period as may be mutually agreed by the Parties (“**Exclusivity Period**”).

The execution of the Shares Sale and Purchase Agreements shall be subject to, inter alia MTD ACPI being satisfied with the results of the financial and legal due diligence of accounts, books and other records, assets and liabilities of Orangebeam Construction and Orangebeam Development within the Exclusivity Period.

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21. Status of Corporate Proposals Announced (Continued)

The Shares Sale and Purchase Agreements and the performance of the terms of the Shares Sale and Purchase Agreements by the Parties in relation to the Proposed Acquisitions are conditional upon the obtaining of such approvals, consents, authorisations, permits or waivers of the relevant authorities or parties necessary or appropriate for and in connection with the undertaking, implementation and completion of the Proposed Acquisitions and all transactions contemplated thereunder, if required, within the period to be specified in the Shares Sale and Purchase Agreements.

In the event any of the Parties shall fail to execute any of the Shares Sale and Purchase Agreements within the Exclusivity Period, then the HOA shall be terminated forthwith and thereafter, no Party shall have any claim against the others save for any antecedent breach of the HOA or unless the Parties mutually agree to extend the Exclusivity Period.

The Parties had on 10 October 2019 via an extension letter dated 10 October 2019 mutually agreed to extend the Exclusivity Period for a further of six (6) months until 9 April 2020 to finalise the valuation, due diligence, negotiation on the terms of the Proposed Acquisitions prior to the execution of the definitive agreement.

22. Borrowings and Debts Securities

The Group's borrowings which are denominated in Ringgit Malaysia are as follows: -

	As at 30/09/2019 RM'000	As at 31/03/2019 RM'000	As at 30/09/2018 RM'000
Short term borrowings			
<u>Secured</u>			
- Bank overdraft	3,711	2,994	3,886
- Hire purchase creditors	150	150	76
- Revolving credits	10,000	10,000	46,800
- Banker's acceptance	5,448	-	-
<u>Unsecured</u>			
- Bank overdraft	3,400	4,345	3,410
- Revolving credits	43,000	43,400	1,500
	65,709	60,889	55,672
Long term borrowings			
<u>Secured</u>			
- Hire purchase creditors	388	463	422
	66,097	61,352	56,094

NOTES TO THE INTERIM FINANCIAL REPORT (CONTD.)

23. Material Litigations

The Company and its subsidiaries have no material litigations except as disclosed below:-

a) Associated Concrete Products (Malaysia) Sdn Bhd (“ACPM”) vs Hap Seng Trading (BM) Sdn Bhd (“HSTSB”)

A wholly-owned subsidiary of the Company, ACPM, which is not a major subsidiary, had on 9 October 2019 received a winding up Statutory Notice Issued Pursuant to Section 466(1)(a) of the Companies Act 2016 dated 7 October 2019 (“Notice”) from Messrs. K.Y. Soo, the Solicitors who act on behalf of HSTSB, demanding the sum of RM143,525.15 plus interest at the rate of 5.0% per annum on the said sum until the date of full settlement and cost of RM1,000.00 (collectively, the “Claims”) as per Shah Alam Sessions Court Judgment dated 6 September 2019.

ACPM has twenty-one (21) days from the receipt of the Notice to settle the Claims, failing which winding up proceedings will be taken against ACPM.

On 12 November 2019, ACPM’s solicitors, Messrs. Azmi Fadzly Maha & Sim had received a letter from Messrs. K.Y. Soo stating that HSTSB had confirmed the successful encashment of ACPM’s cheque for the sum of RM86,115.09 as a full and final settlement of Shah Alam Sessions Court Judgment dated 6 September 2019.

b) In the matter of an arbitration between MTD Construction Sdn Bhd (“MTDC”) and Kerajaan Malaysia (“GOM”)

The Arbitrator had, vide a final award save as to costs dated 13 September 2019 (“Final Award”), declared, directed and/or awarded in favour of MTDC the following:

- i) MTDC is not responsible to rectify the distress on the slope at Chainage (Ch.) 26+000 of the Project;
- ii) MTDC ought to have been issued with a Certificate of Completion of Making Good Defects as at 23 February 2006;
- iii) GOM had wrongly called or demanded the pay out of the Retention Guarantee;
- iv) GOM shall pay or refund to MTDC the sum of RM14,100,000.00 being the amount of the Retention Guarantee;
- v) GOM shall pay to MTDC simple interest on the sum of RM14,100,000.00 at the rate of 5% per annum from 3 March 2011 to the date of full payment of this sum;
- vi) The costs and expenses of the Arbitration shall be paid by GOM to MTDC, the quantum of which shall be determined and awarded at a later time, if required by the parties; and
- vii) All counterclaims by GOM are dismissed.

The Final Award was received by MTDC on 15 October 2019, upon the Arbitrator’s receipt of GOM’s share of the balance of the Arbitrator’s fees.

MTDC is assessing possible course of actions on this matter and seeking advice from its solicitors on the enforcement of the Final Award.

There is no financial and operational impact of the Final Award on the group, until the payment is received by MTDC.

