

MTD ACPI ENGINEERING BERHAD

Company No: 199301004099 (258836-V)

(Incorporated in Malaysia)

Quarterly report on consolidated results for the quarter ended 31 March 2020

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	
		31/03/2020	31/03/2019	31/03/2020	31/03/2019
		RM'000	RM'000	RM'000	RM'000
Revenue	9	37,920	64,912	226,305	249,817
Cost of sales		(34,148)	(59,646)	(218,577)	(232,002)
Gross profit		3,772	5,266	7,728	17,815
Other items of income					
Other income		330	8,470	7,560	17,939
Other items of expense					
Selling and marketing expenses		(884)	(953)	(3,518)	(6,380)
Administrative and other expenses		(11,673)	(7,835)	(26,572)	(23,849)
Finance costs		(1,346)	(1,795)	(5,172)	(6,869)
Share of results of associates		3	(2)	(15)	(37)
(Loss)/Profit before tax		(9,798)	3,151	(19,989)	(1,381)
Tax expense	19	(930)	(5,506)	(930)	(5,439)
Loss for the financial year		(10,728)	(2,355)	(20,919)	(6,820)
Other comprehensive (loss)/income, net of tax					
Item that may be reclassified subsequently to profit or loss					
Foreign currency translations		1,748	(643)	3,143	(618)
Actuarial gain on retirement benefit obligations		2,236	-	2,236	-
Revaluation surplus		-	-	-	15,781
Total comprehensive (loss)/income for the financial year, net of tax		(6,744)	(2,998)	(15,540)	8,343
Loss attributable to:					
Owners of the parent		(10,336)	(466)	(20,421)	(4,686)
Non-controlling interest		(392)	(1,889)	(498)	(2,134)
		(10,728)	(2,355)	(20,919)	(6,820)
Total comprehensive (loss)/profit attributable to:					
Owners of the parent		(7,052)	(852)	(16,300)	9,777
Non-controlling interest		308	(2,146)	760	(1,434)
		(6,744)	(2,998)	(15,540)	8,343
Loss per share attributable to owners of the parent (sen)					
Basic and diluted	25	(4.47)	(0.20)	(8.84)	(2.03)

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 31/03/2020 RM'000	As at 31/03/2019 RM'000 Audited
ASSETS			
Non-current assets			
Property, plant and equipment	10	122,158	133,808
Investments in associates		506	522
Other investments		161	161
Right of use assets		15,749	-
Trade receivables		55,254	40,201
Deferred tax assets		1,959	2,484
		<u>195,787</u>	<u>177,176</u>
Current assets			
Inventories		18,696	21,327
Other investments		19	38
Trade and other receivables		85,586	108,191
Contract assets		12,855	32,614
Current tax assets		8,131	6,248
Cash and bank balances		17,819	31,457
		<u>143,106</u>	<u>199,875</u>
Total Assets		<u>338,893</u>	<u>377,051</u>
EQUITY AND LIABILITIES			
Current liabilities			
Trade and other payables		154,899	182,433
Contract liabilities		4,087	7,876
Lease liabilities		2,361	-
Provisions		1,186	1,884
Borrowings	22	66,438	60,889
		<u>228,971</u>	<u>253,082</u>
Net current liabilities		(85,865)	(53,207)

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTD.)

	Note	As at 31/03/2020 RM'000	As at 31/03/2019 RM'000 Audited
Non- current liabilities			
Trade payables		19,997	19,487
Provisions		5,188	7,242
Lease liabilities		3,500	-
Borrowings		-	463
Deferred tax liabilities		5,012	5,012
		<u>33,697</u>	<u>32,204</u>
Total Liabilities		<u>262,668</u>	<u>285,286</u>
Net Assets		<u>76,225</u>	<u>91,765</u>
Equity attributable to owners of the parent			
Share capital		339,771	339,771
Treasury shares		(1,905)	(1,905)
Reserves		92,962	91,077
Accumulated losses		(368,792)	(350,607)
		<u>62,036</u>	<u>78,336</u>
Non-controlling interests		<u>14,189</u>	<u>13,429</u>
Total equity		<u>76,225</u>	<u>91,765</u>
Total equity and liabilities		<u>338,893</u>	<u>377,051</u>
Net Assets Per Share Attributable to Ordinary			
Holders of the Parent (RM)		0.33	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
	Share Capital	Revaluation Reserve	Exchange Translation Reserve	Other Reserves	Treasury Shares	Accumulated Losses			
2020	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 year	-	-	-	-	-	(20,421)	(20,421)	(498)	(20,919)
Foreign currency translations	-	-	1,885	-	-	-	1,885	1,258	3,143
Actuarial gain on retirement benefit obligation	-	-	-	-	-	2,236	2,236	-	2,236
Total comprehensive income/(loss) for the financial year	-	-	1,885	-	-	(18,185)	(16,300)	760	(15,540)
Balance as at 31 March 2020	339,771	62,912	795	29,255	(1,905)	(368,792)	62,036	14,189	76,225

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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			Distributable					
	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	RM'000
2019									
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	-	-	-	-	-	(11,552)	(11,552)	-	(11,552)
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)	(345,980)	68,559	14,863	83,422
Loss for the financial year	-	-	-	-	-	(4,686)	(4,686)	(2,134)	(6,820)
Foreign currency translations	-	-	(1,318)	-	-	-	(1,318)	700	(618)
Revaluation surplus	-	15,781	-	-	-	-	15,781	-	15,781
Total comprehensive income/(loss) for the financial year	-	15,781	(1,318)	-	-	(4,686)	9,777	(1,434)	8,343
Realisation of revaluation reserves	-	(59)	-	-	-	59	-	-	-
Balance as at 31 March 2019	339,771	62,912	(1,090)	29,255	(1,905)	(350,607)	78,336	13,429	91,765

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

	12 months to 31/03/2020 RM'000	12 months to 31/03/2019 RM'000
Operating activities		
Loss before tax	(19,989)	(1,381)
<u>Adjustments for:</u>		
Interest income	(454)	(210)
Bad debts written off	26	0
Net impairment on financial assets	(4,634)	(4,051)
Dividend income from other investment	(5)	(4)
Net changes in provisions	-	(895)
Fair value adjustments on other investments	19	15
Inventories written down	51	1,330
Inventories written off	110	68
Depreciation of property, plant and equipment	4,597	4,602
Depreciation of right of use assets	1,262	-
Property, plant and equipment written off	-	39
Gain on disposal of property, plant and equipment	(272)	(262)
Interest expense	5,172	6,869
Net changes in liabilities for retirement benefit obligations	486	572
Unrealised foreign exchange loss/(gain), net	182	(3,271)
Share of results of associates	15	37
Total adjustments	6,555	4,839
Operating cash flows before changes in working capital	(13,434)	3,458
Changes in working capital		
Net change in current assets	25,662	31,528
Net change in current liabilities	(21,867)	5,306
Total changes in working capital	3,795	36,834
Cash flows (used in)/generated from operations	(9,639)	40,292
Retirement benefit paid	(2,288)	(50)
Net tax paid	(1,962)	(2,313)
Net cash flows (used in)/generated from operating activities	(13,889)	37,929

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTD.)

	12 months to 31/03/2020 RM'000	12 months to 31/03/2019 RM'000
Investing activities		
Interest received	454	210
Dividend received from other investment	5	4
Advances from/(repayments to) related companies	2,500	(27,577)
Purchase of property, plant and equipment	(3,599)	(3,268)
Proceeds from disposal of property, plant and equipment	281	301
Placement of deposits pledged to licensed banks	(145)	(56)
Net cash used in financing activities	(504)	(30,386)
Financing activities		
Interest paid	(5,172)	(6,869)
Net proceeds from borrowings	5,549	8,181
Net cash from financing activities	377	1,312
Net (decrease)/increase in cash and cash equivalents	(14,016)	8,855
Effects of exchange rate changes on cash and cash	151	13
Cash and cash equivalent at beginning of year	21,372	12,504
Cash and cash equivalent at end of financial year	7,507	21,372

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTD.)

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

	12 months to 31/03/2020 RM'000	12 months to 31/03/2019 RM'000
Cash and bank balances	14,929	28,711
Deposits placed with licensed banks	2,890	2,746
Total cash and bank balances	17,819	31,457
Bank overdrafts	(7,424)	(7,339)
Deposits pledged to licensed banks	(2,886)	(2,744)
Deposit with a licensed bank with maturity of over 3 months	(2)	(2)
Cash and cash equivalents at end of financial year	7,507	21,372

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.

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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 31 March 2020.

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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 31 March 2020.

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

31 March 2020

	Civil Engineering and Construction RM'000	Manufacturing RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Segment Revenue					
Revenue from external customers	172,414	53,891	-	-	226,305
Inter-segment revenue	-	96	5,789	(5,885)	-
Total revenue	172,414	53,987	5,789	(5,885)	226,305
Segment results	(40)	(11,215)	(3,054)	(8,053)	(22,362)
Other income	10,123	5,081	202	(7,846)	7,560
Finance costs	(2,772)	(557)	(10,493)	8,650	(5,172)
Share of results of associates	(15)	-	-	-	(15)
Tax (expense)/benefit	(947)	17	-	-	(930)
Loss for the financial year					(20,919)
Segment assets	286,927	178,318	131,304	(267,747)	328,802
Segment liabilities	197,215	279,999	203,671	(423,229)	257,656

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NOTES TO THE INTERIM FINANCIAL REPORT (CONTD.)

9. Segmental Reporting (contd.)

By Activities

Cumulative Quarter
31 March 2019

	Civil Engineering and Construction RM'000	Manufacturing RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
Segment Revenue					
Revenue from external customers	187,318	62,499	-	-	249,817
Inter-segment revenue	-	6	6,828	(6,834)	-
Total revenue	187,318	62,505	6,828	(6,834)	249,817
Segment results	3,637	(50,471)	(5,859)	40,279	(12,414)
Other income	14,444	23,735	871	(21,111)	17,939
Finance costs	(2,691)	(202)	(6,997)	3,021	(6,869)
Share of results of associates	(37)	-	-	-	(37)
Tax expense	(4,333)	(1,106)	-	-	(5,439)
Loss for the financial year					(6,820)
Segment assets	314,591	176,380	131,496	(254,148)	368,319
Segment liabilities	233,876	271,884	183,970	(409,456)	280,274

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.

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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	
	31/03/2020	31/03/2019	RM'000	%	31/03/2020	31/03/2019	RM'000	%
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Segmental Turnover								
Civil Engineering and								
Construction	24,021	52,883	(28,862)	(55)	172,414	187,318	(14,904)	(8)
Manufacturing	13,935	12,030	1,905	16	53,987	62,505	(8,518)	(14)
Others	1,209	994	215	22	5,789	6,828	(1,039)	(15)
	<u>39,165</u>	<u>65,907</u>			<u>232,190</u>	<u>256,651</u>		
Inter-segment	(1,245)	(995)	(250)	(25)	(5,885)	(6,834)	949	14
	<u>37,920</u>	<u>64,912</u>	<u>(26,992)</u>	<u>(42)</u>	<u>226,305</u>	<u>249,817</u>	<u>(23,512)</u>	<u>(9)</u>
Pre-tax profit/(loss)								
Civil Engineering and								
Construction	1,279	4,075	(2,796)	(69)	7,311	15,390	(8,079)	(52)
Manufacturing	213	(6,332)	6,545	>100	(6,691)	(26,938)	20,247	75
Others	(2,515)	(4,938)	2,423	49	(13,345)	(11,985)	(1,360)	(11)
	<u>(1,023)</u>	<u>(7,195)</u>			<u>(12,725)</u>	<u>(23,533)</u>		
Elimination/Adjustments	(8,778)	10,348	(19,126)	>(100)	(7,249)	22,189	(29,438)	>(100)
	<u>(9,801)</u>	<u>3,153</u>			<u>(19,974)</u>	<u>(1,344)</u>		
Share of results of associates	3	(2)	5	>100	(15)	(37)	22	59
	<u>(9,798)</u>	<u>3,151</u>	<u>(12,949)</u>	<u>>(100)</u>	<u>(19,989)</u>	<u>(1,381)</u>	<u>(18,608)</u>	<u>>(100)</u>
Loss after tax	(10,728)	(2,355)	(8,373)	>(100)	(20,919)	(6,820)	(14,099)	>(100)
Loss attributable to owners of the parent	(10,336)	(466)	(9,870)	>(100)	(20,421)	(4,686)	(15,735)	>(100)

For the current quarter under review, the Group recorded revenue of RM37.9 million and pre-tax loss of RM9.8 million, compared with revenue of RM64.9 million and pre-tax profit of RM3.1 million respectively in the corresponding quarter of the previous financial year.

The lower revenue for the current quarter was mainly due to lower progress billings recorded in Civil Engineering and Construction division, partially offset by increase in revenue recorded in Manufacturing division.

The pre-tax loss for the current quarter was mainly attributed to an adjustment made on an amount due from subcontractor on a completed project. In the corresponding quarter, the pre-tax profit was attributed to a reversal of impairment loss on receivables.

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NOTES TO THE INTERIM FINANCIAL REPORT (CONTD.)

15. Variation of Results Against Preceding Quarter

CURRENT QUARTER vs. IMMEDIATE PRECEDING QUARTER

	Individual quarter ended		Variance	
	31/03/2020	31/12/2019	RM'000	%
	RM'000	RM'000	RM'000	%
Segmental Turnover				
Civil Engineering and Construction	24,021	51,221	(27,200)	(53)
Manufacturing	13,935	14,510	(575)	(4)
Others	1,209	1,082	127	12
	<u>39,165</u>	<u>66,813</u>		
Inter-segment	(1,245)	(1,142)		
	<u>37,920</u>	<u>65,671</u>	(27,751)	(42)

Pre-tax profit/(loss)	Individual quarter ended		Variance	
	31/03/2020	31/12/2019	RM'000	%
	RM'000	RM'000	RM'000	%
Civil Engineering and Construction	1,279	2,252	(973)	(43)
Manufacturing	213	(1,631)	1,844	>100
Others	(2,515)	(3,818)	1,303	34
	<u>(1,023)</u>	<u>(3,197)</u>		
Elimination	(8,778)	(89)	(8,689)	>(100)
	<u>(9,801)</u>	<u>(3,286)</u>		
Share of results of associates	3	(6)	9	>100
	<u>(9,798)</u>	<u>(3,292)</u>	(6,506)	>(100)
Loss after tax	(10,728)	(3,292)	(7,436)	>(100)
Loss attributable to owners of the parent	(10,336)	(3,252)	(7,084)	>(100)

The Group recorded revenue of RM37.9 million and pre-tax loss of RM9.8 million for the fourth quarter ended 31 March 2020, compared to revenue of RM65.7 million and pre-tax loss of RM3.3 million respectively in the preceding quarter.

The lower revenue for the current quarter was mainly due to lower work progress recognised in Civil Engineering and Construction division. The imposition of the Movement Control Order ("MCO") on 18 March 2020 have had an adverse impact on factory productions and delivery orders.

The higher pre-tax loss for the current quarter was mainly attributed to an adjustment made on amount due from subcontractor on a completed project.

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NOTES TO THE INTERIM FINANCIAL REPORT (CONTD.)

16. Prospects

The Covid-19 pandemic and the imposition of Movement Control Order (“MCO”) has impacted both in the Civil Engineering and Construction and Manufacturing divisions which resulted in significantly low work progress, productions, billings and delivery of orders. The Group anticipate that the business environment post MCO will remain very challenging and the economic uncertainties are likely to impact the performance in the next financial year. The Group will continue with its tendering efforts to increase its order book, leveraging on its vast experience and track record in the construction industry. To mitigate the increase in operating costs in the Manufacturing division, counter measures will include enhancing production efficiency, cost controls and efficient cash management.

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)/Profit Before Tax

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

	Individual quarter ended		Cumulative quarter ended	
	31/03/2020	31/03/2019	31/03/2020	31/03/2019
	RM'000	RM'000	RM'000	RM'000
Interest income	(116)	(174)	(454)	(210)
Other income	(164)	(135)	(584)	(5,143)
Interest expense	1,346	1,795	5,172	6,869
Depreciation of property, plant and equipment	1,031	1,200	4,597	4,602
Depreciation of right of use assets	1,262	-	1,262	-
Impairment loss on trade and other receivables	1,530	2,243	1,595	4,581
Bad debts written off	26	-	26	-
Bad debts written back	(200)	1,109	(6,229)	(8,646)
Provision of slow moving stocks	(160)	-	(160)	-
Inventories written off	110	-	110	-
(Gain)/Loss on disposal of quoted investment	-	-	-	-
(Gain)/Loss on disposal of unquoted investment	-	-	-	-
Gain on disposal of property, plant and equipment	-	-	(272)	(262)
Net impairment of assets	-	-	-	-
Net (gain)/loss on foreign exchange	94	(643)	180	(3,266)

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19. Tax Expenses

	Individual quarter ended		Cumulative quarter ended	
	31/03/2020	31/03/2019	31/03/2020	31/03/2019
	RM'000	RM'000	RM'000	RM'000
Tax expenses	(405)	(1,694)	(405)	(1,627)
Deferred tax	(525)	(3,812)	(525)	(3,812)
	(930)	(5,506)	(930)	(5,439)

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

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

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 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.

On 18 February 2020, the Parties had entered into a deed of mutual termination to terminate the HOA effective on even date. Pursuant to the Deed of Termination, each Party shall not have any claims whatsoever against the other Party pursuant to or in connection with the HOA.

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22. Borrowings and Debts Securities

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

	As at 31/03/2020 RM'000	As at 31/03/2019 RM'000
Short term borrowings		
<u>Secured</u>		
- Bank overdraft	3,937	2,994
- Hire purchase	-	150
- Revolving credits	10,000	10,000
- Banker's acceptance	6,314	-
<u>Unsecured</u>		
- Bank overdraft	3,487	4,345
- Revolving credits	42,700	43,400
	66,438	60,889
Long term borrowing		
<u>Secured</u>		
- Hire purchase	-	463
	66,438	61,352

Hire purchase has been reclassified during the financial year as lease liabilities upon adoption of MFRS 16.

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.

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23. Material Litigations (Cont'd)

The Company and its subsidiaries have no material litigations except as disclosed below (Cont'd):-

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.

24. Dividend Payable

No interim dividend has been proposed for the current quarter under review.

