

MTD ACPI ENGINEERING BERHAD

Company No: 199301004099 (258836-V)

(Incorporated in Malaysia)

Quarterly report on consolidated results for the quarter ended 30 June 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 | |
|--|------|--------------------------|----------------------|--------------------------|----------------------|
| | | 30/06/2020 RM'000 | 30/06/2019 RM'000 | 30/06/2020 RM'000 | 30/06/2019 RM'000 |
| Revenue | 9 | 32,928 | 65,345 | 32,928 | 65,345 |
| Cost of sales | | (32,665) | (64,557) | (32,665) | (64,557) |
| Gross profit | | 263 | 788 | 263 | 788 |
| Other items of income | | | | | |
| Other income | | 324 | 3,200 | 324 | 3,200 |
| Other items of expense | | | | | |
| Selling and marketing expenses | | (395) | (833) | (395) | (833) |
| Administrative and other expenses | | (3,008) | (4,032) | (3,008) | (4,032) |
| Finance costs | | (676) | (1,256) | (676) | (1,256) |
| Share of results of associates | | (16) | (43) | (16) | (43) |
| Loss before tax | | (3,508) | (2,176) | (3,508) | (2,176) |
| Tax expense | 19 | - | - | - | - |
| Loss for the financial period | | (3,508) | (2,176) | (3,508) | (2,176) |
| Other comprehensive (loss)/income, net of tax | | | | | |
| Item that may be reclassified subsequently to profit or loss | | | | | |
| Foreign currency translations | | 573 | 1,373 | 573 | 1,373 |
| Total comprehensive loss for the financial period, net of tax | | (2,935) | (803) | (2,935) | (803) |
| Loss attributable to: | | | | | |
| Owners of the parent | | (3,501) | (2,146) | (3,501) | (2,146) |
| Non-controlling interest | | (7) | (30) | (7) | (30) |
| | | (3,508) | (2,176) | (3,508) | (2,176) |
| Total comprehensive (loss)/profit attributable to: | | | | | |
| Owners of the parent | | (3,157) | (1,322) | (3,157) | (1,322) |
| Non-controlling interest | | 222 | 519 | 222 | 519 |
| | | (2,935) | (803) | (2,935) | (803) |
| Loss per share attributable to owners of the parent (sen) | | | | | |
| Basic and diluted | 25 | (1.52) | (0.93) | (1.52) | (0.93) |

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 2020.

MTD ACPI ENGINEERING BERHAD

Company No: 199301004099 (258836-V)

(Incorporated in Malaysia)

Quarterly report on consolidated results for the quarter ended 30 June 2020

The figures have not been audited.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| | Note | As at 30/06/2020 RM'000 | As at 31/03/2020 RM'000 Audited |
|-------------------------------|------|-------------------------------|--|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 10 | 120,982 | 122,071 |
| Right-of-use assets | | 15,603 | 15,836 |
| Investments in associates | | 490 | 506 |
| Other investments | | 161 | 161 |
| Trade and other receivables | | 56,114 | 54,865 |
| Deferred tax assets | | 1,791 | 1,791 |
| | | <u>195,141</u> | <u>195,230</u> |
| Current assets | | | |
| Inventories | | 19,333 | 18,696 |
| Other investments | | 19 | 19 |
| Trade and other receivables | | 90,845 | 88,269 |
| Contract assets | | 19,465 | 12,855 |
| Current tax assets | | 8,844 | 8,436 |
| Cash and bank balances | | 10,154 | 17,819 |
| | | <u>148,660</u> | <u>146,094</u> |
| Total Assets | | <u>343,801</u> | <u>341,324</u> |
| EQUITY AND LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | | 135,836 | 130,090 |
| Contract liabilities | | 3,878 | 4,087 |
| Provisions | | 1,187 | 1,187 |
| Borrowings | 22 | 66,272 | 66,438 |
| Lease liabilities | | 2,223 | 2,223 |
| | | <u>209,396</u> | <u>204,025</u> |
| Net current liabilities | | (60,736) | (57,931) |

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTD.)

| | Note | As at 30/06/2020 RM'000 | As at 31/03/2020 RM'000 Audited |
|---|------|-------------------------------|--|
| Non- current liabilities | | | |
| Trade and other payables | | 43,876 | 43,843 |
| Provisions | | 5,196 | 5,188 |
| Lease liabilities | | 3,843 | 3,843 |
| Deferred tax liabilities | | 4,955 | 4,955 |
| | | <u>57,870</u> | <u>57,829</u> |
| Total Liabilities | | <u>267,266</u> | <u>261,854</u> |
| Net Assets | | <u>76,535</u> | <u>79,470</u> |
| Equity attributable to owners of the parent | | | |
| Share capital | | 339,771 | 339,771 |
| Treasury shares | | (1,905) | (1,905) |
| Reserves | | 96,562 | 96,218 |
| Accumulated losses | | (372,302) | (368,801) |
| | | <u>62,126</u> | <u>65,283</u> |
| Non-controlling interests | | 14,409 | 14,187 |
| Total equity | | <u>76,535</u> | <u>79,470</u> |
| Total equity and liabilities | | <u>343,801</u> | <u>341,324</u> |
| Net Assets Per Share Attributable to Ordinary Holders of the Parent (RM) | | 0.33 | 0.34 |

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 March 2020.

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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 | | | |
| 2021 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | |
| Balance as at 1 April 2020 | 339,771 | 62,792 | 4,171 | 29,255 | (1,905) | (368,801) | 65,283 | 14,187 | 79,470 |
| Loss for the financial period | - | - | - | - | - | (3,501) | (3,501) | (7) | (3,508) |
| Foreign currency translations | - | - | 344 | - | - | - | 344 | 229 | 573 |
| Total comprehensive income/(loss) for the financial period | - | - | 344 | - | - | (3,501) | (3,157) | 222 | (2,935) |
| Balance as at 30 June 2020 | 339,771 | 62,792 | 4,515 | 29,255 | (1,905) | (372,302) | 62,126 | 14,409 | 76,535 |

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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 | | |
| 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 period | - | - | - | - | - | (2,146) | (2,146) | (30) | (2,176) |
| Foreign currency translations | - | - | 824 | - | - | - | 824 | 549 | 1,373 |
| Total comprehensive income/(loss) for the financial period | - | - | 824 | - | - | (2,146) | (1,322) | 519 | (803) |
| Balance as at 30 June 2019 | 339,771 | 62,912 | (266) | 29,255 | (1,905) | (352,753) | 77,014 | 13,948 | 90,962 |

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 2020.

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

| | 3 months to 30/06/2020 RM'000 | 3 months to 30/06/2019 RM'000 |
|---|--|--|
| Operating activities | | |
| Loss before tax | (3,508) | (2,176) |
| <u>Adjustments for:</u> | | |
| Interest income | (54) | (8) |
| Net impairment on financial assets | 329 | (2,729) |
| Depreciation of property, plant and equipment | 1,105 | 1,204 |
| Depreciation of right of use assets | 233 | - |
| Gain on disposal of property, plant and equipment | - | (241) |
| Net changes in provision | 8 | - |
| Interest expense | 676 | 1,256 |
| Net changes in liabilities for retirement benefit obligations | 7 | 140 |
| Unrealised foreign exchange gain, net | (32) | (64) |
| Share of results of associates | 16 | 43 |
| Total adjustments | 2,288 | (399) |
| Operating cash flows before changes in working capital | (1,220) | (2,575) |
| Changes in working capital | | |
| Net change in current assets | 3,244 | 1,685 |
| Net change in current liabilities | (7,659) | (9,067) |
| Total changes in working capital | (4,415) | (7,382) |
| Cash flows used in operations | (5,635) | (9,957) |
| Retirement benefit paid | - | (767) |
| Net tax paid | (408) | (1,104) |
| Net cash flows used in operating activities | (6,043) | (11,828) |
| Investing activities | | |
| Interest received | 54 | 8 |
| Purchase of property, plant and equipment | (16) | (215) |
| Placement of deposits pledged to licensed banks | (5) | (75) |
| Proceeds from disposal of property, plant and equipment | - | 247 |
| Net cash flows from/(used in) investing activities | 33 | (35) |

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTD.)

| | 3 months to 30/06/2020 RM'000 | 3 months to 30/06/2019 RM'000 |
|--|--|--|
| Financing activities | | |
| Interest paid | (676) | (1,256) |
| Net proceeds from borrowings | (166) | 1,546 |
| Net cash (used in)/from financing activities | (842) | 290 |
| Net decrease in cash and cash equivalents | (6,852) | (11,573) |
| Effects of exchange rate changes on cash and cash | (323) | 1,256 |
| Cash and cash equivalent at beginning of period | 7,504 | 21,372 |
| Cash and cash equivalent at end of financial period | 329 | 11,055 |

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

| | 3 months to 30/06/2020 RM'000 | 3 months to 30/06/2019 RM'000 |
|---|--|--|
| Cash and bank balances | 7,258 | 18,026 |
| Deposits placed with licensed banks | 2,896 | 2,766 |
| Total cash and bank balances | 10,154 | 20,792 |
| Bank overdrafts | (7,155) | (7,177) |
| Deposits pledged to licensed banks | (2,670) | (2,558) |
| Deposit with a licensed bank with maturity of over 3 months | - | (2) |
| Cash and cash equivalents at end of financial period | 329 | 11,055 |

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 March 2020.

MTD ACPI ENGINEERING BERHAD

Company No: 199301004099 (258836-V)

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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 2020. 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 2020.

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 2020, except for the adoption of the following standards, amendments and annual improvements to MFRSs with a date of initial application on 1 April 2020:

Description

Amendments to References to the Conceptual Framework in MFRS Standards

Amendments to MFRS 3 Definition of a Business

Amendments to MFRS 101 and MFRS 108 Definition of Material

Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform

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 2020 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 June 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 30 June 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

30 June 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 | 25,625 | 7,303 | - | - | 32,928 |
| Inter-segment revenue | - | - | 5,789 | (5,789) | - |
| Total revenue | 25,625 | 7,303 | 5,789 | (5,789) | 32,928 |
| Segment results | (48) | (2,743) | (463) | 114 | (3,140) |
| Other income | 2,196 | 340 | 23 | (2,235) | 324 |
| Finance costs | (121) | (68) | (2,608) | 2,121 | (676) |
| Share of results of associates | (16) | - | - | - | (16) |
| Tax expense | - | - | - | - | - |
| Loss for the financial period | | | | | (3,508) |
| Segment assets | 291,292 | 179,870 | 131,421 | (269,416) | 333,167 |
| Segment liabilities | 199,660 | 282,370 | 206,861 | (426,581) | 262,310 |

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NOTES TO THE INTERIM FINANCIAL REPORT (CONTD.)

9. Segmental Reporting (contd.)

By Activities

Cumulative Quarter

30 June 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 | 52,797 | 12,548 | - | - | 65,345 |
| Inter-segment revenue | - | - | 1,735 | (1,735) | - |
| Total revenue | 52,797 | 12,548 | 1,735 | (1,735) | 65,345 |
| Segment results | (252) | (3,540) | (776) | 491 | (4,077) |
| Other income | 3,127 | 675 | 19 | (621) | 3,200 |
| Finance costs | (705) | (106) | (2,567) | 2,122 | (1,256) |
| Share of results of associates | (43) | - | - | - | (43) |
| Tax expense | - | - | - | - | - |
| Loss for the financial period | | | | | (2,176) |
| Segment assets | 305,076 | 174,888 | 124,399 | (246,640) | 357,723 |
| Segment liabilities | 222,177 | 273,335 | 187,468 | (411,278) | 271,702 |

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 2020.

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 2020.

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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 | |
|---|--------------------------|-----------------------|-----------------|-------------|--------------------------|-----------------------|-----------------|-------------|
| | 30/06/2020 | 30/06/2019 | RM'000 | % | 30/06/2020 | 30/06/2019 | RM'000 | % |
| Segmental Turnover | RM'000 | RM'000 | RM'000 | % | RM'000 | RM'000 | RM'000 | % |
| Civil Engineering and | | | | | | | | |
| Construction | 25,625 | 52,797 | (27,172) | (51) | 25,625 | 52,797 | (27,172) | (51) |
| Manufacturing | 7,303 | 12,548 | (5,245) | (42) | 7,303 | 12,548 | (5,245) | (42) |
| Others | 1,447 | 1,735 | (288) | (17) | 1,447 | 1,735 | (288) | (17) |
| | <u>34,375</u> | <u>67,080</u> | | | <u>34,375</u> | <u>67,080</u> | | |
| Inter-segment | (1,447) | (1,735) | 288 | 17 | (1,447) | (1,735) | 288 | 17 |
| | <u>32,928</u> | <u>65,345</u> | (32,417) | (50) | <u>32,928</u> | <u>65,345</u> | (32,417) | (50) |
| | | | | | | | | |
| | Individual quarter ended | | Variance | | Cumulative quarter ended | | Variance | |
| | 30/06/2020 | 30/06/2019 | RM'000 | % | 30/06/2020 | 30/06/2019 | RM'000 | % |
| Pre-tax profit/(loss) | RM'000 | RM'000 | RM'000 | % | RM'000 | RM'000 | RM'000 | % |
| Civil Engineering and | | | | | | | | |
| Construction | 2,027 | 2,171 | (144) | (7) | 2,027 | 2,171 | (144) | (7) |
| Manufacturing | (2,471) | (2,971) | 500 | 17 | (2,471) | (2,971) | 500 | 17 |
| Others | (3,048) | (3,324) | 276 | 8 | (3,048) | (3,324) | 276 | 8 |
| | <u>(3,492)</u> | <u>(4,124)</u> | | | <u>(3,492)</u> | <u>(4,124)</u> | | |
| Elimination/Adjustments | - | 1,991 | (1,991) | 100 | - | 1,991 | (1,991) | 100 |
| | <u>(3,492)</u> | <u>(2,133)</u> | | | <u>(3,492)</u> | <u>(2,133)</u> | | |
| Share of results of associates | (16) | (43) | 27 | 63 | (16) | (43) | 27 | 63 |
| | <u>(3,508)</u> | <u>(2,176)</u> | (1,332) | (61) | <u>(3,508)</u> | <u>(2,176)</u> | (1,332) | (61) |
| Loss after tax | (3,508) | (2,176) | (1,332) | (61) | (3,508) | (2,176) | (1,332) | (61) |
| Loss attributable to owners of the parent | (3,501) | (2,146) | (1,355) | (63) | (3,501) | (2,146) | (1,355) | (63) |

For the current quarter under review, the Group reported revenue of RM32.9 million and pre-tax loss of RM3.5 million, compared with revenue of RM65.3 million and pre-tax loss of RM2.2 million respectively in the corresponding quarter of the preceding financial year.

This quarter under review saw a significant decline in revenue as the Group's operations were adversely impacted by the Movement Control Order ("MCO") and Conditional Movement Control Order ("CMCO") implemented by the Government of Malaysia as a preventive measure in response to the COVID-19 pandemic in the country effective from 18 March 2020 to 9 June 2020. The travel restrictions pursuant to the Circuit Breakers implemented by the Government of Singapore effective from 7 April 2020 to 1 June 2020 had also impacted deliveries.

The significant decline in revenue and the reduction in non-operating income had contributed to the pre-tax loss in the current quarter, partially offset by reduction in operating costs.

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NOTES TO THE INTERIM FINANCIAL REPORT (CONTD.)

15. Variation of Results Against Preceding Quarter

CURRENT QUARTER vs. IMMEDIATE PRECEDING QUARTER

| Segmental Turnover | Individual quarter ended | | Variance | |
|------------------------------------|--------------------------|----------------------|----------|------|
| | 30/06/2020 RM'000 | 31/03/2020 RM'000 | RM'000 | % |
| Civil Engineering and Construction | 25,625 | 24,021 | 1,604 | 7 |
| Manufacturing | 7,303 | 13,935 | (6,632) | (48) |
| Others | 1,447 | 1,209 | 238 | 20 |
| | <u>34,375</u> | <u>39,165</u> | | |
| Inter-segment | (1,447) | (1,245) | | |
| | <u>32,928</u> | <u>37,920</u> | (4,992) | (13) |

| Pre-tax profit/(loss) | Individual quarter ended | | Variance | |
|---|--------------------------|------------------------|----------|--------|
| | 30/06/2020 RM'000 | 31/03/2020 RM'000 | RM'000 | % |
| Civil Engineering and Construction | 2,027 | 394 | 1,633 | >100 |
| Manufacturing | (2,471) | 28 | (2,499) | >(100) |
| Others | (3,048) | 23,071 | (26,119) | >(100) |
| | <u>(3,492)</u> | <u>23,493</u> | | |
| Elimination | - | (33,612) | 33,612 | 100 |
| | <u>(3,492)</u> | <u>(10,119)</u> | | |
| Share of results of associates | (16) | 2 | (18) | >(100) |
| | <u>(3,508)</u> | <u>(10,117)</u> | 6,609 | 65 |
| Loss after tax | (3,508) | (10,857) | 7,349 | 68 |
| Loss attributable to owners of the parent | (3,501) | (10,464) | 6,963 | 67 |

The Group recorded revenue of RM32.9 million and pre-tax loss of RM3.5 million for the first quarter ended 30 June 2020, compared with revenue of RM37.9 million and pre-tax loss of RM10.1 million respectively in the preceding quarter.

The lower revenue for the current quarter was mainly due to lower turnover registered by the Manufacturing division following the imposition of the MCO and CMCO by the Government of Malaysia and Circuit Breaker in Singapore which caused an adverse impact on factory productions and delivery schedules.

Pre-tax loss in current quarter under review was contributed by the lower revenue recognised in Manufacturing division while the pre-tax loss in preceding quarter was mainly attributed to an adjustment made on an amount due from subcontractor on a completed project.

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NOTES TO THE INTERIM FINANCIAL REPORT (CONTD.)

16. Prospects

The Group anticipates that the economic and business environment will remain very challenging amid the COVID-19 pandemic and are likely to have a prolonged impact on its operations in this financial year.

The Group will continue its efforts to increase the order book and the turnover and at the same time focus on the mitigating measures implemented to accelerate and optimise the work streams and exercise stringent controls over cost and cash flow 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 Before Tax

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

| | Individual quarter ended | | Cumulative quarter ended | |
|---|--------------------------|------------|--------------------------|------------|
| | 30/06/2020 | 30/06/2019 | 30/06/2020 | 30/06/2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Interest income | (54) | (8) | (54) | (8) |
| Other income | (117) | (145) | (117) | (145) |
| Interest expense | 676 | 1,256 | 676 | 1,256 |
| Depreciation of property, plant and equipment | 1,105 | 1,204 | 1,105 | 1,204 |
| Depreciation of right of use assets | 233 | - | 233 | - |
| Impairment loss on trade and other receivables | 329 | 21 | 329 | 21 |
| Bad debts written off | - | - | - | - |
| Bad debts written back | - | (2,750) | - | (2,750) |
| 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 | - | (241) | - | (241) |
| Net impairment of assets | - | - | - | - |
| Net (gain)/loss on foreign exchange | (153) | (64) | (153) | (64) |

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19. Tax Expenses

| | Individual quarter ended | | Cumulative quarter ended | |
|--------------------------|--------------------------|------------|--------------------------|------------|
| | 30/06/2020 | 30/06/2019 | 30/06/2020 | 30/06/2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Current year's provision | - | - | - | - |
| | - | - | - | - |

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

There was no corporate proposal announced but not completed during the current financial quarter.

22. Borrowings and Debts Securities

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

| | As at 30/06/2020 RM'000 | As at 31/03/2020 RM'000 | As at 30/06/2019 RM'000 |
|------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Short term borrowings | | | |
| <u>Secured</u> | | | |
| - Bank overdraft | 3,655 | 3,000 | 3,769 |
| - Hire purchase | - | - | 150 |
| - Revolving credits | 10,000 | 10,000 | 10,000 |
| - Banker's acceptance | 6,367 | 6,314 | 1,832 |
| <u>Unsecured</u> | | | |
| - Bank overdraft | 3,500 | 4,424 | 3,409 |
| - Revolving credits | 42,750 | 42,700 | 43,150 |
| | 66,272 | 66,438 | 62,310 |
| Long term borrowing | | | |
| <u>Secured</u> | | | |
| - Hire purchase | - | - | 426 |
| | 66,272 | 66,438 | 62,736 |

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

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23. Material Litigations

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

a) SN Akmida Sdn Bhd (“Plaintiff”) vs MTD Construction Sdn Bhd (“MTDC”)

MTD ACPI Engineering Berhad (“MTD ACPI”) wholly-owned subsidiary, MTDC had been served with an Originating Summons and Notice of Application both dated 12 May 2020 from SN Akmida Holdings Sdn Bhd (“Plaintiff”) filed at the Shah Alam High Court under Originating Summons No. BA-24C-36-05/2020 (“Suit No. 36”) on 14 May 2020 and an Originating Summons and Notice of Application both dated 14 May 2020 from the Plaintiff filed at the Shah Alam High Court under Originating Summons No. BA-24C-41-05/2020 (“Suit No. 41”) on 18 May 2020.

Suit No. 36 is for an order for an injunction against the calling of the bank guarantee no. 517BG18013088456 dated 8 March 2018 in the sum of RM10,985,000.00 (“Performance Bond”) while Suit No. 41 is for an order for an injunction against the calling of the bank guarantee no. 517BG18031285287 dated 29 March 2018 in the sum of RM7,505,000.00 (“Advance Payment Guarantee”), both issued by Alliance Islamic Bank Berhad in favour of MTDC with respect to a contract entered into between MTDC with the Plaintiff for the Package S208: Construction and Completion of Elevated Stations and Other Associated Works at Equine Park and Taman Putra Damai (“Sub-Contract”) being part of Package V208: Construction and Completion of Viaduct Guideway and Other Associated Works from Taman Pinggiran Putra to Persiaran Alpinia awarded to MTDC for Projek Mass Rapid Transit Laluan 2: Sungai Buloh - Serdang - Putrajaya (SSP).

Pursuant to the Sub-Contract, the Plaintiff had provided the Performance Bond to secure the due performance of the Plaintiff’s obligations under the Sub-Contract, and the Advance Payment Guarantee as security for the provision of advance payment by MTDC to the Plaintiff for the Sub-Contract.

By a letter dated 8 May 2020, MTDC had terminated the appointment of the Plaintiff as the sub-contractor for the Sub-Contract on the ground that the Plaintiff has failed to proceed regularly and diligently with the performance of its obligations under the Sub-Contract, persistently neglected to carry out its obligations under the Sub-Contract and failed to comply with the terms and conditions of the Sub-Contract.

MTDC had issued a notice dated 6 May 2020 and 12 May 2020 to Alliance Islamic Bank Berhad, demanding the pay out of the Performance Bond and Advance Payment Guarantee respectively.

The Court had on 14 May 2020 and 19 May 2020 issued an interim injunction order essentially restraining MTDC from demanding the pay out of the Performance Bond and Advance Payment Guarantee respectively until 28 May 2020.

On 28 May 2020, the Court had directed that both Suit No. 36 and Suit No. 41 to be heard together, but not consolidated and further directed the parties to file its respective submissions with 1 September 2020 being fixed as the decision date.

The Court had also ordered that the interim injunction order dated 14 May 2020 and 19 May 2020 respectively be made an ad interim injunctive order to preserve the subject matter of the disputes, namely the Performance Bond and the Advance Payment Guarantee, until the final disposal and resolution of the Suit No. 36 and Suit No. 41 in the Court.

There is no significant operational impact on MTDC, a sub-contractor has been appointed to take over and complete the remaining works of the Sub-Contract.

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NOTES TO THE INTERIM FINANCIAL REPORT (CONTD.)

23. Material Litigations (Cont'd)

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

b) Gerbang Perdana Sdn Bhd (“Plaintiff”) vs MTD ACPI Engineering Berhad and IC & E Group Sdn Bhd (“MTD ACPI”)

MTD ACPI and IC & E Group Sdn Bhd (“2nd Defendant”) (collectively, the “Defendants”) through an unincorporated joint venture under the name of ‘ACPI-ICE Joint Venture’ have entered into a sub-contract dated 13 November 2003 for the ‘Design, Construction, Completion and Commissioning of Road Bridge, Rail Bridge and Associated Works at Johor Bahru, Johor – Package: Road Bridge – Land Approach (RSB 03)’ with Gerbang Perdana Sdn Bhd (“Plaintiff”) (“Sub-Contract”) which forms part of the contract dated 1 August 2003 entered into between the Plaintiff and the Government of Malaysia (“Government”) for the ‘Design, Construction, Completion and Commissioning of Gerbang Selatan Bersepadu Road Bridge, Rail Bridge and Associated Works at Johor Bahru, Johor’ (“Main Contract”).

The Government had on 5 February 2004, issued a stop work order to the Plaintiff and accordingly the Plaintiff had instructed the Defendants to demobilise its resources affected by the stop work order and to proceed with the works not affected by the Government’s order. The Plaintiff and the Defendants have since entered into a without prejudice discussion to settle a dispute between the parties with respect to the rate of progress of the Sub-Contract and the possibility for the parties to enter into a new contract for the balance of works not affected by the order. The parties could not reached to an amicable conclusion and consequently agreed to consider invoking mutual termination of the Sub-Contract with the details of which to be finalised by the parties.

The Government had vide a letter dated 12 April 2006 repudiated the Main Contract and accordingly the Plaintiff had requested for the Defendants to submit their claim for works done upon the Government’s instruction for the Plaintiff to submit its claims for works done, inclusive of the claims of any third parties aggrieved by the termination.

MTD ACPI had submitted its claim under the JV for its entitlement under the Sub-Contract but the Plaintiff insisted that the parties have agreed to mutually terminate the Sub-Contract on 15 February 2006 and that a new contract had been entered into between the Plaintiff and MTD ACPI, essentially refuting the entitlement to submit the claim under the Sub-Contract.

The Defendants had on 19 March 2009 issued a notice to refer the dispute to mediation pursuant to Clause 35 of the Sub-Contract and accordingly on 24 April 2009, referred the dispute to the Kuala Lumpur Regional Centre for Arbitration (KLRC).

On 3 July 2009, the Plaintiff had filed and served a writ and statement of claim against the Defendants, seeking for, inter alia, the following:-

- (a) a declaration that the Plaintiff and Defendants have reached a mutual termination of the Sub-Contract on 15 February 2006;
- (b) a declaration that the Defendants’ request for mediation dated 24 April 2009 is invalid;
- (c) a declaration that the conditions of the Sub-Contract including Clause 35 cannot be enforced after the mutual termination of the Sub-Contract;
- (d) an injunction order to stop the Defendants from initiating mediation and arbitration proceedings until further order from the Court and until the disposal of the Plaintiff’s claims; and
- (e) general damages, interest, costs and other relief deemed fit by the Court.

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NOTES TO THE INTERIM FINANCIAL REPORT (CONTD.)

23. Material Litigations (Cont'd)

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

b) Gerbang Perdana Sdn Bhd (“Plaintiff”) vs MTD ACPI Engineering Berhad and IC & E Group Sdn Bhd (“MTD ACPI”)

MTD ACPI in return filed its counterclaim on 16 April 2010 against the Plaintiff for the following:-

- (a) damages in the amount of RM21,551,065.43, or as assessed by the Court;
- (b) further or alternatively:-
 - (i) an order that the Plaintiff account to MTD ACPI for all moneys received by it from the Government in respect of MTD ACPI’s works;
 - (ii) an order that the Plaintiff pay to MTD ACPI all sums found to be due to MTD ACPI; and
- (c) costs and other relief deemed fit by the Court.

The Plaintiff had on 11 May 2006, 26 May 2006 and 8 September 2006 submitted its claims to the Government for works done in the total sum of RM169,044,853.00, inclusive of the claims of its subcontractors aggrieved by the termination in the sum of RM97,729,314.45.

The Government had paid the Plaintiff in stages from May 2006 to March 2007 in the total sum of RM257,449,876.72, of which the sum of RM102,449,877.82 being the payment of the Plaintiff’s claim for the works done and the sum of RM154,999,999.00 as ex-gratia payment for the repudiation of the Main Contract.

On 24 November 2015, the Court had dismissed the Plaintiff’s claims against MTD ACPI with costs of RM100,000.00 and the damages to be paid to MTD ACPI are to be assessed by the Court (“Order”). The Court had effectively allowed MTD ACPI’s counterclaim in that the Plaintiff is to account to MTD ACPI for all moneys received by it from the Government in respect of MTD ACPI’s works and that the Plaintiff pay MTD ACPI all sums found to be due to MTD ACPI after taking of such account.

The Plaintiff had on 28 December 2015 filed its notice of appeal against the Order to the Court of Appeal and on 2 August 2017, the Court of Appeal had dismissed the Plaintiff’s appeal with costs of RM20,000.00.

On 30 August 2017, the Plaintiff had filed a notice of motion for leave to appeal to the Federal Court against the Order and on 30 January 2018, the Federal Court had dismissed the Plaintiff’s notice of motion for leave to appeal to the Federal Court with costs of RM10,000.00.

Following the dismissal of the Plaintiff’s appeal at the Court of Appeal and notice of motion for leave to appeal to the Federal Court, the Court had directed for the parties to proceed with the assessment of damages proceedings.

On 24 July 2018, MTD ACPI had filed a notice of application to serve interrogatories (“Interrogatories”) on the Plaintiff with respect to the ex-gratia payment in the sum of RM154,999,999.00 received from the Government as compensation for the repudiation of the Main Contract. On 13 November 2018, the Court had granted MTD ACPI’s Interrogatories application which in effect compelling the Plaintiff to answer MTD ACPI’s questions in the Interrogatories.

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NOTES TO THE INTERIM FINANCIAL REPORT (CONTD.)

23. Material Litigations (Cont'd)

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

b) Gerbang Perdana Sdn Bhd (“Plaintiff”) vs MTD ACPI Engineering Berhad and IC & E Group Sdn Bhd (“MTD ACPI”) (Cont'd)

On 7 December 2018, the Plaintiff had filed its answer to the Interrogatories essentially confirming that the Plaintiff had received the sum of RM154,999,999.00 from the Government, of which RM97,729,314.45 being the compensation to the Plaintiff’s subcontractors under the Main Contract aggrieved from the repudiation of the Main Contract and that MTD ACPI entitlement thereunder is RM11,919,680.80. The Plaintiff further confirms that the Plaintiff has not paid to the other contractors any of the sums of the ex-gratia payment received from the Government.

Parties had on 26 April 2019 filed and exchanged affidavits in respect of the assessment of damages and on 22 November 2019 filed and exchanged their respective written submissions for assessment of damages whereby MTD ACPI had submitted the sum of RM11,919,680.80 being its portion of the ex-gratia payment received from the Government.

On 25 June 2020, the Court had delivered its decision with respect to the assessment of damages (“Assessment Order”), as follows:-

- (a) the Plaintiff to pay MTD ACPI the full sum claimed by the Plaintiff on behalf of MTD ACPI from the Government, i.e. RM 11,919,680.80 (“Judgment Sum”);
- (b) the Plaintiff to pay MTD ACPI interest at 5% per annum on the Judgment Sum, from the date of the filing of the writ i.e. 3 July 2009 until full payment thereof; and
- (c) the Plaintiff to pay MTD ACPI the costs of the assessment of damages as well as the costs for the Interrogatories, in the sum of RM10,000.00.

On 7 July 2020, the Plaintiff has filed a Notice of Appeal against the entire Assessment Order and consequently, MTD ACPI has filed an appeal against paragraph (b) of the Assessment Order which awards interest from the date of the filing of the writ, as opposed to the date the Plaintiff received the ex-gratia payment from the Government (“Assessment Appeals”).

The Court had on 12 August 2020 directed the parties to file their written submissions with respect to the Assessment Appeals by 7 October 2020 and further fixed the Assessment Appeals for hearing on 22 October 2020.

There is no financial and operational impact of the Assessment Order on the Group, until the disposal of the Assessment Appeals and the payment is received.

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24. Dividend Payable

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

25. Loss per Share

a) Basic and diluted

Basic and diluted 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 | |
|---|---------------------------------|-------------------|---------------------------------|-------------------|
| | 30/06/2020 | 30/06/2019 | 30/06/2020 | 30/06/2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Loss, net of tax attributable to owners of the parent | (3,501) | (2,146) | (3,501) | (2,146) |
| | <u>(3,501)</u> | <u>(2,146)</u> | <u>(3,501)</u> | <u>(2,146)</u> |
| | | | | |
| | Individual quarter ended | | Cumulative quarter ended | |
| | 30/06/2020 | 30/06/2019 | 30/06/2020 | 30/06/2019 |
| | '000 | '000 | '000 | '000 |
| Weighted average number of ordinary shares in issue | 230,996 | 230,996 | 230,996 | 230,996 |
| | <u>230,996</u> | <u>230,996</u> | <u>230,996</u> | <u>230,996</u> |
| | | | | |
| | Individual quarter ended | | Cumulative quarter ended | |
| | 30/06/2020 | 30/06/2019 | 30/06/2020 | 30/06/2019 |
| Basic and diluted loss per share (sen) | (1.52) | (0.93) | (1.52) | (0.93) |
| | <u>(1.52)</u> | <u>(0.93)</u> | <u>(1.52)</u> | <u>(0.93)</u> |

By Order Of The Board

Company Secretaries
Batu Caves, Selangor
28 August 2020