

# MTD ACPI ENGINEERING BERHAD

Company No: 199301004099 (258836-V)

(Incorporated in Malaysia)

Quarterly report on consolidated results for the quarter ended 31 December 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	
		31/12/2020	31/12/2019	31/12/2020	31/12/2019
		RM'000	RM'000	RM'000	RM'000
Revenue	9	105,685	65,671	198,267	188,385
Cost of sales		(100,602)	(63,638)	(188,472)	(184,429)
<b>Gross profit</b>		5,083	2,033	9,795	3,956
<b>Other items of income</b>					
Other income		21,417	1,146	22,224	7,230
<b>Other items of expense</b>					
Selling and marketing expenses		(994)	(889)	(2,553)	(2,634)
Administrative and other expenses		(3,682)	(4,313)	(10,641)	(14,899)
Finance costs		(1,362)	(1,263)	(3,552)	(3,826)
Share of results of associates		(6)	(6)	(7)	(18)
<b>Profit/(Loss) before tax</b>		20,456	(3,292)	15,266	(10,191)
Tax expense	19	(6,907)	-	(6,907)	-
<b>Profit/(Loss) for the financial period</b>		13,549	(3,292)	8,359	(10,191)
<b>Other comprehensive (loss)/income, net of tax</b>					
<b>Item that may be reclassified subsequently to profit or loss</b>					
Foreign currency translations		(817)	(65)	(433)	1,395
<b>Item that will not be reclassified subsequently to profit or loss</b>					
Revaluation deficit on property, plant and equipment		(931)	-	(931)	-
<b>Total comprehensive income/(loss) for the financial period, net of tax</b>		11,801	(3,357)	6,995	(8,796)
<b>Profit/(Loss) attributable to:</b>					
Owners of the parent		13,554	(3,252)	8,379	(10,085)
Non-controlling interest		(5)	(40)	(20)	(106)
		13,549	(3,292)	8,359	(10,191)
<b>Total comprehensive income/(loss) attributable to:</b>					
Owners of the parent		12,132	(3,292)	7,188	(9,248)
Non-controlling interest		(331)	(65)	(193)	452
		11,801	(3,357)	6,995	(8,796)
<b>Earnings/(Loss) per share attributable to owners of the parent (sen)</b>					
Basic and diluted	25	5.87	(1.41)	3.63	(4.37)

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.

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## CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at 31/12/2020 RM'000	As at 31/03/2020 RM'000 Audited
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	119,746	122,071
Right-of-use assets		12,817	15,836
Investments in associates		499	506
Other investments		161	161
Trade and other receivables		57,706	54,865
Deferred tax assets		1,791	1,791
		<u>192,720</u>	<u>195,230</u>
<b>Current assets</b>			
Inventories		19,080	18,696
Other investments		19	19
Trade and other receivables		100,233	88,269
Contract assets		55,854	12,855
Current tax assets		3,352	8,436
Cash and bank balances		23,340	17,819
		<u>201,878</u>	<u>146,094</u>
<b>Total Assets</b>		<u>394,598</u>	<u>341,324</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		180,161	130,090
Contract liabilities		5,797	4,087
Provisions		2,398	1,187
Borrowings	22	54,025	66,438
Lease liabilities		1,004	2,223
		<u>243,385</u>	<u>204,025</u>
Net current liabilities		(41,507)	(57,931)

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## CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTD.)

	Note	As at 31/12/2020 RM'000	As at 31/03/2020 RM'000 Audited
<b>Non- current liabilities</b>			
Trade and other payables		51,285	43,843
Provisions		3,795	5,188
Lease liabilities		4,762	3,843
Deferred tax liabilities		4,906	4,955
		<u>64,748</u>	<u>57,829</u>
<b>Total Liabilities</b>		<u>308,133</u>	<u>261,854</u>
<b>Net Assets</b>		<u>86,465</u>	<u>79,470</u>
<b>Equity attributable to owners of the parent</b>			
Share capital		339,771	339,771
Treasury shares		(1,905)	(1,905)
Reserves		95,027	96,218
Accumulated losses		<u>(360,422)</u>	<u>(368,801)</u>
		72,471	65,283
Non-controlling interests		<u>13,994</u>	<u>14,187</u>
<b>Total equity</b>		<u>86,465</u>	<u>79,470</u>
<b>Total equity and liabilities</b>		<u>394,598</u>	<u>341,324</u>
Net Assets Per Share Attributable to Ordinary Holders of the Parent (RM)		0.31	0.28

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	RM'000
<b>Balance as at 1 April 2020</b>	339,771	62,792	4,171	29,255	(1,905)	(368,801)	65,283	14,187	79,470
Profit/(Loss) for the financial period	-	-	-	-	-	8,379	8,379	(20)	8,359
Foreign currency translations	-	-	-	(260)	-	-	(260)	(173)	(433)
Revaluation deficit on property, plant and equipment	-	(931)	-	-	-	-	(931)	-	(931)
<b>Total comprehensive (loss)/income for the financial period</b>	-	(931)	-	(260)	-	8,379	7,188	(193)	6,995
<b>Balance as at 31 December 2020</b>	<b>339,771</b>	<b>61,861</b>	<b>4,171</b>	<b>28,995</b>	<b>(1,905)</b>	<b>(360,422)</b>	<b>72,471</b>	<b>13,994</b>	<b>86,465</b>

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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			
2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Balance as at 1 April 2019</b>	339,771	62,912	(1,090)	29,255	(1,905)	(350,607)	78,336	13,429	91,765
Loss for the financial period	-	-	-	-	-	(10,085)	(10,085)	(106)	(10,191)
Foreign currency translations	-	-	837	-	-	-	837	558	1,395
<b>Total comprehensive income/(loss) for the financial period</b>	-	-	837	-	-	(10,085)	(9,248)	452	(8,796)
<b>Balance as at 31 December 2019</b>	<b>339,771</b>	<b>62,912</b>	<b>(253)</b>	<b>29,255</b>	<b>(1,905)</b>	<b>(360,692)</b>	<b>69,088</b>	<b>13,881</b>	<b>82,969</b>

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

	9 months to 31/12/2020 RM'000	9 months to 31/12/2019 RM'000
<b>Operating activities</b>		
<b>Profit/(Loss) before tax</b>	<b>15,266</b>	<b>(10,191)</b>
<b><u>Adjustments for:</u></b>		
Interest income	(225)	(338)
Net impairment on financial assets	376	(5,964)
Depreciation of property, plant and equipment	3,351	3,566
Depreciation of right of use assets	2,019	-
Gain on disposal of property, plant and equipment	(88)	(272)
Interest expense	3,552	3,826
Net changes in liabilities for retirement benefit obligations	323	493
Proceed from litigation	(20,855)	-
Unrealised foreign exchange (gain)/loss, net	(83)	87
Share of results of associates	7	18
Total adjustments	(11,623)	1,416
<b>Operating cash flows before changes in working capital</b>	<b>3,643</b>	<b>(8,775)</b>
<b>Changes in working capital</b>		
Net change in current assets	(58,674)	18,992
Net change in current liabilities	85,156	(26,961)
Total changes in working capital	26,482	(7,969)
<b>Cash flows generated from/(used in) operations</b>	<b>30,125</b>	<b>(16,744)</b>
Retirement benefit paid	(603)	(1,004)
Net tax paid	(1,823)	(1,861)
<b>Net cash flows generated from/(used in) operating activities</b>	<b>27,699</b>	<b>(19,609)</b>
<b>Investing activities</b>		
Interest received	225	338
Purchase of property, plant and equipment	(1,006)	(2,442)
Placement of deposits pledged to licensed banks	(8,877)	(185)
Proceeds from disposal of property, plant and equipment	88	281
<b>Net cash flows used in investing activities</b>	<b>(9,570)</b>	<b>(2,008)</b>

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## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTD.)

	<b>9 months to 31/12/2020 RM'000</b>	<b>9 months to 31/12/2019 RM'000</b>
<b>Financing activities</b>		
Interest paid	(3,552)	(3,826)
Net (repayments to)/proceeds from borrowings	(12,032)	5,314
<b>Net cash (used in)/from financing activities</b>	<b>(15,584)</b>	<b>1,488</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>2,545</b>	<b>(20,129)</b>
Effects of exchange rate changes on cash and cash	(334)	1,286
<b>Cash and cash equivalent at beginning of period</b>	<b>7,504</b>	<b>21,372</b>
<b>Cash and cash equivalent at end of financial period</b>	<b>9,715</b>	<b>2,529</b>

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

	<b>9 months to 31/12/2020 RM'000</b>	<b>9 months to 31/12/2019 RM'000</b>
Cash and bank balances	11,573	9,192
Deposits placed with licensed banks	11,767	2,875
<b>Total cash and bank balances</b>	<b>23,340</b>	<b>12,067</b>
Bank overdrafts	(6,960)	(6,867)
Deposits pledged to licensed banks	(6,665)	(2,669)
Deposit with a licensed bank with maturity of over 3 months	-	(2)
<b>Cash and cash equivalents at end of financial period</b>	<b>9,715</b>	<b>2,529</b>

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.

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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 31 December 2020.

### 6. Changes In Estimates

There were no changes in estimates that have material effect on the amounts reported for the current quarter ended 31 December 2020.



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## NOTES TO THE INTERIM FINANCIAL REPORT (CONTD.)

### 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.

### 9. Segmental Reporting

#### By Activities

Cumulative Quarter

**31 December 2020**

	Civil Engineering and Construction RM'000	Manufacturing RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
<b>Segment Revenue</b>					
Revenue from external customers	161,880	36,387	-	-	198,267
Inter-segment revenue	-	-	4,030	(4,030)	-
<b>Total revenue</b>	<b>161,880</b>	<b>36,387</b>	<b>4,030</b>	<b>(4,030)</b>	<b>198,267</b>
<b>Segment results</b>	<b>3,460</b>	<b>(4,966)</b>	<b>(2,121)</b>	<b>228</b>	<b>(3,399)</b>
Other income	27,964	884	85	(6,709)	22,224
Finance costs	(1,695)	(341)	(7,973)	6,457	(3,552)
Share of results of associates	(7)	-	-	-	(7)
Tax expense	(6,907)	-	-	-	(6,907)
<b>Profit for the financial period</b>					<b>8,359</b>
Segment assets	353,237	180,046	129,148	(272,974)	389,457
Segment liabilities	236,299	287,594	185,759	(406,424)	303,228

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## NOTES TO THE INTERIM FINANCIAL REPORT (CONTD.)

### 9. Segmental Reporting (contd.)

#### By Activities (contd.)

Cumulative Quarter

31 December 2019

	Civil Engineering and Construction RM'000	Manufacturing RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<b>Segment Revenue</b>					
Revenue from external customers	148,393	39,992	-	-	188,385
Inter-segment revenue	-	59	4,580	(4,639)	-
Total revenue	148,393	40,051	4,580	(4,639)	188,385
<b>Segment results</b>	256	(11,330)	(3,231)	728	(13,577)
Other income	7,874	4,808	157	(5,609)	7,230
Finance costs	(2,097)	(382)	(7,756)	6,409	(3,826)
Share of results of associates	(18)	-	-	-	(18)
Tax expense	-	-	-	-	-
<b>Loss for the financial period</b>					<b>(10,191)</b>
Segment assets	284,490	177,739	124,920	(252,495)	334,654
Segment liabilities	198,818	279,584	195,655	(416,672)	257,385

### 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 except for the followings:

During the financial period ended 31 December 2020, a revaluation exercise was carried out by the Group on property, plant and equipment. The revaluation resulted in a revaluation deficit, net of deferred tax, of approximately RM1.0 million. The valuation reports were dated on 1 November 2020 and were carried out by an independent valuer, Khong & Jaafar Sdn Bhd.

### 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.

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## NOTES TO THE INTERIM FINANCIAL REPORT (CONTD.)

### 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.

### 14. Review of Performance of the Group

#### CURRENT QUARTER vs. CORRESPONDING QUARTER

	Individual quarter ended		Variance		Cumulative quarter ended		Variance	
	31/12/2020	31/12/2019	RM'000	%	31/12/2020	31/12/2019	RM'000	%
<b>Segmental Turnover</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
Civil Engineering and								
Construction	91,866	51,221	40,645	79	161,880	148,393	13,487	9
Manufacturing	13,819	14,510	(691)	(5)	36,387	40,052	(3,665)	(9)
Others	1,280	1,082	198	18	4,030	4,580	(550)	(12)
	<u>106,965</u>	<u>66,813</u>			<u>202,297</u>	<u>193,025</u>		
Inter-segment	(1,280)	(1,142)	(138)	(12)	(4,030)	(4,640)	610	13
	<u><b>105,685</b></u>	<u><b>65,671</b></u>	<b>40,014</b>	<b>61</b>	<u><b>198,267</b></u>	<u><b>188,385</b></u>	<b>9,882</b>	<b>5</b>

	Individual quarter ended		Variance		Cumulative quarter ended		Variance	
	31/12/2020	31/12/2019	RM'000	%	31/12/2020	31/12/2019	RM'000	%
<b>Pre-tax profit/(loss)</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
Civil Engineering and								
Construction	24,219	2,252	21,967	>100	29,729	6,032	23,697	>100
Manufacturing	(465)	(1,631)	1,166	71	(4,423)	(6,904)	2,481	36
Others	(3,292)	(3,818)	526	14	(10,009)	(10,830)	821	8
	<u>20,462</u>	<u>(3,197)</u>			<u>15,297</u>	<u>(11,702)</u>		
Elimination/Adjustments	-	(89)	89	100	(24)	1,529	(1,553)	>(100)
	<u><b>20,462</b></u>	<u><b>(3,286)</b></u>			<u><b>15,273</b></u>	<u><b>(10,173)</b></u>		
Share of results of associates	(6)	(6)	-	0	(7)	(18)	11	61
	<u><b>20,456</b></u>	<u><b>(3,292)</b></u>	<b>23,748</b>	<b>&gt;100</b>	<u><b>15,266</b></u>	<u><b>(10,191)</b></u>	<b>25,457</b>	<b>&gt;100</b>
Profit/(Loss) after tax	13,549	(3,292)	16,841	>100	8,359	(10,191)	18,550	>100
Profit/(Loss) attributable to owners of the parent	13,554	(3,252)	16,806	>100	8,379	(10,085)	18,464	>100

During the current financial quarter, the Group recorded higher revenue of RM105.7 million as compared to RM65.7 million in the corresponding quarter of the preceding year, representing an increase of 61% or RM40.0 million. The higher revenue was recorded in the Civil Engineering and Construction division mainly attributed to two new projects.

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## NOTES TO THE INTERIM FINANCIAL REPORT (CONTD.)

### 14. Review of Performance of the Group (contd.)

#### CURRENT QUARTER vs. CORRESPONDING QUARTER (CONTD.)

The Group reported pre-tax profit of RM20.5 million for the current financial quarter as compared to pre-tax loss of RM3.3 million in the corresponding quarter of the preceding year. The pre-tax profit recorded in Civil Engineering and Construction division was attributed to the proceed received in relation to the arbitration proceedings between the Government of Malaysia and a subsidiary of the Group, MTD Construction Sdn Bhd ("MTDC"). Manufacturing division recorded lower losses mainly due to improvement in its cost control management.

### 15. Variation of Results Against Preceding Quarter

#### CURRENT QUARTER vs. IMMEDIATE PRECEDING QUARTER

Segmental Turnover	Individual quarter ended		Variance	
	31/12/2020	30/9/2020	RM'000	%
	RM'000	RM'000		
Civil Engineering and Construction	91,866	44,389	47,477	>100
Manufacturing	13,819	15,265	(1,446)	(9)
Others	1,280	1,303	(23)	(2)
	<u>106,965</u>	<u>60,957</u>		
Inter-segment	(1,280)	(1,303)		
	<u>105,685</u>	<u>59,654</u>	46,031	77

Pre-tax profit/(loss)	Individual quarter ended		Variance	
	31/12/2020	30/9/2020	RM'000	%
	RM'000	RM'000		
Civil Engineering and Construction	24,219	3,483	20,736	>100
Manufacturing	(465)	(1,487)	1,022	69
Others	(3,292)	(3,669)	377	10
	<u>20,462</u>	<u>(1,673)</u>		
Elimination	-	(24)	24	0
	<u>20,462</u>	<u>(1,697)</u>		
Share of results of associates	(6)	15	(21)	>(100)
	<u>20,456</u>	<u>(1,682)</u>	22,138	>100
Profit/(Loss) after tax	13,549	(1,682)	15,231	>100
Profit/(Loss) attributable to owners of the parent	13,554	(1,674)	15,228	>100

## **MTD ACPI ENGINEERING BERHAD**

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### **NOTES TO THE INTERIM FINANCIAL REPORT (CONTD.)**

#### **15. Variation of Results Against Preceding Quarter (contd.)**

##### **CURRENT QUARTER vs. IMMEDIATE PRECEDING QUARTER (CONTD.)**

For the current quarter under review, the Group registered 77% increase in revenue to RM105.7 million from RM59.7 million in the preceding quarter. The increase in revenue in the current quarter was attributed to higher progress billings in Civil Engineering & Construction division.

The pre-tax profit for the current quarter increased to RM20.5 million from a pre-tax loss of RM1.7 million in the preceding quarter. The pre-tax profit in current quarter was mainly attributed to proceed received in relation to the arbitration proceedings between the Government of Malaysia and MTDC.

#### **16. Prospects for the remaining period to the end of financial year**

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 is continuing 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.

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#### 18. Profit/(Loss) Before Tax

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

	Individual quarter ended		Cumulative quarter ended	
	31/12/2020 RM'000	31/12/2019 RM'000	31/12/2020 RM'000	31/12/2019 RM'000
Interest income	(118)	(204)	(225)	(338)
Other income	(21,165)	113	(21,778)	(420)
Interest expense	1,362	1,263	3,552	3,826
Depreciation of property, plant and equipment	919	1,202	3,351	3,566
Depreciation of right of use assets	1,003	-	2,019	-
Impairment loss on trade and other receivables	30	20	424	65
Bad debts written off	-	-	-	-
Bad debts written back	(48)	(946)	(48)	(6,029)
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	(88)	(3)	(88)	(272)
Net impairment of assets	-	-	-	-
Net loss/(gain) on foreign exchange	4	(65)	(83)	86

#### 19. Tax Expenses

	Individual quarter ended		Cumulative quarter ended	
	31/12/2020 RM'000	31/12/2019 RM'000	31/12/2020 RM'000	31/12/2019 RM'000
Current year's provision	(6,907)	-	(6,907)	-
	(6,907)	-	(6,907)	-

#### 20. Unquoted Investment and Properties

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

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## NOTES TO THE INTERIM FINANCIAL REPORT (CONTD.)

### 21. Status of Corporate Proposals Announced

#### **PROPOSED SELECTIVE CAPITAL REDUCTION AND REPAYMENT EXERCISE OF MTD ACPI PURSUANT TO SECTION 116 OF THE COMPANIES ACT 2016 (“PROPOSED SCR”)**

On 7 December 2020, MTD ACPI Engineering Berhad (“**MTD ACPI**”) announced the receipt of a letter from its controlling shareholder, MTD Capital Bhd, informing the Board of Directors of MTD ACPI (“**Board**”) of its intention to privatise MTD ACPI by way of a selective capital reduction and repayment exercise pursuant to Section 116 of the Companies Act 2016 and requesting MTD ACPI to undertake the Proposed SCR (“**SCR Offer Letter**”). The Proposed SCR entails a selective capital reduction and a corresponding capital repayment of a proposed cash amount of RM0.28 for each ordinary share in MTD ACPI held by all the shareholders of MTD ACPI (other than MTD Capital Bhd and the persons acting in concert with them) whose names appear in the Record of Depositors of MTD ACPI (“**Entitled Shareholders**”) as at the close of business on an entitlement date to be determined and announced later by the Board.

On 10 December 2020, MTD ACPI announced the appointment of KAF Investment Bank Berhad (“**KAF IB**”) as the Principal Adviser for the Proposed SCR.

KAF IB, acting on behalf of the Board, announced on 21 December 2020 that the Board (save for the Interested Directors), had at a meeting held on event date, deliberated on the content of the SCR Offer Letter and had resolved to table the Proposed SCR to the Entitled Shareholders for their consideration and approval at MTD ACPI’s forthcoming Extraordinary General Meeting (“**EGM**”).

MTD ACPI also announced on 21 December 2020 that in accordance with Paragraph 3.06 of the Rules on Take-Overs, Mergers and Compulsory Acquisitions, the Board (save for the Interested Directors), appointed Public Investment Bank Berhad, as the Independent Adviser to provide their comments, opinions, information and recommendations to the Board (save for the Interested Directors) and to the Entitled Shareholders in respect of the Proposed SCR.

On 28 December 2020, KAF IB, on behalf of the Board, announced that the application in relation to the Proposed SCR has been submitted to the Securities Commission Malaysia pursuant to Paragraph 2(a) of Schedule 3 of the Rules on Take-overs, Mergers and Compulsory Acquisitions and subsequently, on 22 January 2021 announced the Securities Commission Malaysia had, vide its letters dated 22 January 2021, notified that it has no further comments on the circular and independent advice letter in relation to the Proposed SCR.

The Notice to conduct a fully virtual EGM on 16 February 2021 (“**Notice of EGM**”) together with the circular and independent advice letter for the Proposed SCR dated 25 January 2021, were issued to the shareholders of MTD ACPI on 25 January 2021. The Special Resolution in respect of the Proposed SCR as set out in the Notice of EGM was duly approved by the non-interested shareholders of MTD ACPI at the EGM.

There are no other corporate proposals announced but not completed as at 19 February 2021.

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#### 22. Borrowings and Debts Securities

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

	As at 31/12/2020 RM'000	As at 31/03/2020 RM'000	As at 31/12/2019 RM'000
<b>Short term borrowings</b>			
<u>Secured</u>			
- Bank overdraft	3,469	3,000	3,489
- Hire purchase	-	-	150
- Revolving credits	10,000	10,000	10,000
- Banker's acceptance	4,570	6,314	5,797
<u>Unsecured</u>			
- Bank overdraft	3,491	4,424	3,378
- Revolving credits	32,495	42,700	42,850
	54,025	66,438	65,664
<b>Long term borrowing</b>			
<u>Secured</u>			
- Hire purchase	-	-	529
	54,025	66,438	66,193

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

#### 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).



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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):-**

##### **a) SN Akmida Sdn Bhd (“Plaintiff”) vs MTD Construction Sdn Bhd (“MTDC”) (Cont'd)**

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.

On 1 September 2020, the Court had decided that MTDC’s calls on the Performance Bond and Advance Payment Guarantee are valid and not unconscionable and that the interim injunction was wrongly granted against MTDC and therefore MTDC is entitled to damages. Accordingly, the Court had dismissed both Suit No. 36 and Suit No. 41 for injunction by the Plaintiff with costs of RM18,000.00 in favour of MTDC (“Order”).

The Plaintiff had immediately expressed its intention to appeal against the Order, hence the Court granted an ad interim Erinford Injunction, temporarily staying the Order pending the hearing and disposal of the Erinford Injunction application.

The Court further directed the Plaintiff to file its notice of appeal and notice of application for Erinford Injunction and MTDC to file its application for assessment of damages by 1 October 2020.

On 18 September 2020, the Plaintiff had filed its notices of appeal in respect of both Suit No. 36 and Suit No. 41 and notice of application for stay and Erinford Injunction.

On 22 September 2020, the Court had directed that both Suits to be heard together, but not consolidated and further directed the parties to file its respective submissions and decision/clarification will be fixed once counsel for both parties have extended their common free dates for the hearing to 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):-**

**a) SN Akmida Sdn Bhd (“Plaintiff”) vs MTD Construction Sdn Bhd (“MTDC”) (Cont'd)**

An ad interim stay is granted to prevent MTDC from calling on the Performance Bond and Advance Payment Guarantee until the final disposal of the Plaintiff’s Erinford applications.

The Court has fixed the matter for case management on 16 August 2021 and further directed the parties to file written submissions thirty (30) days prior to the hearing date which has been fixed on 30 August 2021.

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.

**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 (“2<sup>nd</sup> 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 (KLRCA).

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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 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.

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.

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#### 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)**

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.

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

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 13 January 2021.

Due to the implementation of Conditional Movement Control Order by the Government, the Court has vacated the date for the hearing of the Assessment Appeals to 16 April 2021.

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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### **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):-**

**(c) Liftech Engineering (KL) Sdn Bhd (“LEKL”) vs Associated Concrete Products (M) Sdn Bhd (“ACPM”)**

ACPM, a wholly-owned subsidiary of the Group had on 21 October 2020 received the sealed Writ of Summon no. BA-B52NCC-214-10/2020 and Statement of Claim dated 12 October 2020 from Messrs. Kelvin Wong, Phang & Associates, the solicitors for LEKL (“Writ and Statement of Claim). Pursuant to the Writ and Statement of Claim, LEKL claims the following from ACPM:-

1. total outstanding sum of RM572,302.00 plus interest at the rate of 1% per month from 10 December 2019 until full settlement of the sum;
2. costs; and
3. other reliefs as the Court deems fit.

LEKL alleges that ACPM has failed to pay the balance outstanding sum for goods and services supplied by the LEKL to ACPM.

LEKL’s solicitors’ had on 16 November 2020, informed the Court that they would require some additional time to conclude the settlement terms, before withdrawing the matter. ACPM’s lawyer had objected to LEKL’s solicitor’s request and sought for the matter to be withdrawn.

The Court has fixed the matter for case management on 1 December 2020 for parties to update the Court on the settlement between parties.

On 30 November 2020, LEKL has filed a Notice of Discontinuance with no order as to costs and with liberty to file afresh.

Due to the financial hardship faced by ACPM, ACPM is unable to make the payment of the outstanding sum after making the first payment of RM127,530.00 to LEKL.

As ACPM has failed to comply with the settlement terms of the agreement between the parties for the settlement of the claim, LEKL had on 11 January 2021 filed a fresh writ of summons and statement of claim at Shah Alam Sessions Court under Summon No. BA-B52NCC-7-01/2021 against ACPM for the outstanding sum of RM445,272.00 plus interest at the rate of 1% per month from 10 December 2019 until full settlement thereof.

The Court has fixed the matter for case management on 11 March 2021.

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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):-**

**(d) In the matter of an arbitration between MTD Construction Sdn Bhd (“MTDC”) and the Government of Malaysia (“GOM”)**

We refer to the announcement dated 15 October 2019 made by MTD ACPI pursuant to the final award save as to costs dated 13 September 2019 (“Final Award”) in relation to the arbitration proceedings between MTD Construction Sdn Bhd (“MTDC”) against Kerajaan Malaysia (“Respondent”) [“Arbitration”].

For consistency, the abbreviations used hereinafter throughout this announcement shall have the same meaning as defined in the preceding announcement unless stated otherwise.

MTDC had been informed by its solicitors on 2 November 2020 that it had received a sum of RM20,854,964.97 on 15 October 2020 from the Respondent, being the settlement of the Final Award.

MTDC has received the payment and recognised it as other income. The recognition of such other income shall be subjected to income tax.

This matter is now concluded as the GOM has complied with the Final Award and there will be no further update for the matter following the payment of the Final Award.

#### **24. Dividend Payable**

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

