



MTD ACPI ENGINEERING BERHAD (258836-V)

Annual Report **2019**



A Member of MTD Group

CORPORATE PROFILE



MTD ACPI Engineering Berhad (“**MTD ACPI**” or “**the Group**”) is an investment holding and project management company with an extensive record of accomplishment in the construction of mountain roads, highways, bridges, building geotechnical works and erosion control. The Group is also involved in the manufacturing of precast concrete products for infrastructure and buildings, being one of the leading manufacturers in Industrialised Building System (“**IBS**”). MTD ACPI is listed on the Main Market of Bursa Malaysia Securities Berhad since 3 January 1995.

The Group’s Construction and Engineering division has extensive experience in the development of mountain roads, highways, bridges, building geotechnical works, erosion control and highway maintenance. The Group has successfully completed, among others, the 36-kilometre South Luzon Expressway in the Philippines, as well as the Kuala Lumpur-Karak Highway and the East Coast Expressway (Phases 1 and 2) in Malaysia. It also completed a four-floor multi-storey car park project for the Putra Light Rail Transit Terminal using the IBS methodology.

MTD ACPI was part of the consortium that completed the Malaysia-Singapore Second Crossing. Following this project, it was awarded a contract to cast precast segmental box girders for the Penang 2nd Bridge Crossing, the longest in South East Asia.

MTD ACPI was also awarded two packages for the Mass Rapid Transit (“**MRT**”) System project for Greater Kuala Lumpur, and a contract for the Fourth Lane Widening for the Sg Buloh to Rawang stretch of the North South Expressway.

MTD ACPI’s Manufacturing division, which offers a full range of precast concrete products, is able to undertake various infrastructure projects across the Asian region. The manufacturing operation, which specialises in the IBS methodology, offers all types of bridge crossings, tunnel linings, railway sleepers, earthwork retaining structures, drains and other non-custom designs.

The Group made its maiden foray into the Middle East by undertaking improvements to the six-storey Jamarat Bridge and its surrounding areas in Mina, Saudi Arabia. This involved casting and installation of over 5,000 precast concrete segmental box girders that totalled 15 kilometres, as well as carrying out post-tensioning works. The precast segmental box girders were manufactured at our factory in Bahra, Jeddah to ensure maximum efficiency.

In the United Arab Emirates (“**UAE**”), MTD ACPI undertook a project to enhance Abu Dhabi’s Sewerage System that stretches for 16 kilometres. A manufacturing facility was set up in Abu Dhabi and thereafter mass production kicked off to supply 10,688 tunnel segment rings required for this project.

The Group also produced and supplied precast reinforced concrete tunnel linings for the Dubai Metro Project – a key effort to ease traffic congestion and improve efficiency in the fast growing emirate. A production facility was set up to produce and supply 110,000 cubic metres of concrete products for the underground portions of the metro system.

In India, MTD ACPI was involved in the Delhi Metro Project by way of undertaking design and construction works on an elevated viaduct that was 4.8 kilometres long, as well as the structural works for four elevated stations on the Inderlok-Mundka Corridor of Phase II of the Delhi MRT project.

Closer to home, the Group has taken part in the Singapore MRT System project as well as undertaken works on the Singapore-Malaysia Bridge. It also successfully completed the works for the Kuala Lumpur SMART Tunnel, which is the longest storm water tunnel in South East Asia and the second longest in Asia.

Being part of the MTD Group, MTD ACPI is one of Malaysia’s foremost infrastructure companies involved in privatised infrastructure development, construction and engineering, property development as well as other construction and manufacturing related activities.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Ir. Kalid bin Alias
Chairman / Independent Non-Executive Director

Dato' Ir. Wan Razali bin Wan Muda
Independent Non-Executive Director

Nik Din bin Nik Sulaiman
Senior Independent Non-Executive Director

Keith George Cowling
Non-Independent Executive Director

Nik Faeruz binti Tan Sri Nik Hussain
Non-Independent Non-Executive Director
[Appointed on 18 February 2019]

Nik Fadzrina binti Tan Sri Nik Hussain
Non-Independent Non-Executive Director
[Resigned on 18 February 2019]

CHIEF EXECUTIVE OFFICER

Tee Kim Siew

AUDIT COMMITTEE

Nik Din bin Nik Sulaiman, Chairman
Dato' Ir. Kalid bin Alias
Nik Faeruz binti Tan Sri Nik Hussain

NOMINATION AND REMUNERATION COMMITTEE

Nik Din bin Nik Sulaiman, Chairman
Dato' Ir. Kalid bin Alias
Nik Faeruz binti Tan Sri Nik Hussain

RISK MANAGEMENT COMMITTEE

Dato' Ir. Wan Razali bin Wan Muda, Chairman
Dato' Ir. Kalid bin Alias
Nik Din bin Nik Sulaiman

COMPANY SECRETARIES

Chan Bee Kuan (MAICSA 7003851)
Cheong Wei Ling (MAICSA 7009208)

REGISTERED OFFICE

Menara MTD
1, Jalan Batu Caves
68100 Batu Caves
Selangor Darul Ehsan, Malaysia
Tel : +603-6195 1111
Fax : +603-6188 0101
Email : enquiries@mtdgroup.com.my
Website : www.mtdacpi.com

SHARE REGISTRAR

Mega Corporate Services Sdn Bhd
Level 15-2, Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur, Malaysia
Tel : +603-2692 4271
Fax : +603-2732 5388

AUDITORS

BDO PLT (LLP0018825-LCA & AF0206)
Chartered Accountants
Level 8, BDO @ Menara CenTARa
360, Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur, Malaysia

PRINCIPAL BANKERS

CIMB Bank Berhad
Malayan Banking Berhad
AmBank (M) Berhad
RHB Bank Berhad
Hong Leong Bank Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Sector : Construction
Stock Name : MTDACPI
Stock Code : 5924

CORPORATE STRUCTURE

As at 1 July 2019



MTD ACPI ENGINEERING BERHAD (258836-V)*

CIVIL ENGINEERING & CONSTRUCTION

- 100% MTD CONSTRUCTION SDN BHD
 - 60% MTD CONSTRUCTION (PHILIPPINES), INC
 - 40% INTRAXIS ENGINEERING SDN BHD
- 100% ACP TECHNOLOGIES SDN BHD
- 100% ACPI ENGINEERING SDN BHD
- 100% PERSYS ENGINEERING SDN BHD

MANUFACTURING

- 100% ACP (TRACKS) SDN BHD
 - 100% ASC TILES SDN BHD
 - 100% ASSOCIATED CONCRETE PRODUCTS (MALAYSIA) SDN BHD
 - 100% ACP MARKETING SDN BHD

INVESTMENT/ PROPERTY DEVELOPMENT

- 100% MAKIN PERMATA SDN BHD
- 100% GANDAAN UNIK SDN BHD
 - 49% MODAL EHSAN SDN BHD

* Listed on Main Market of Bursa Malaysia Securities Berhad
 - Operating companies only
 - Shareholding percentage is based on ordinary share capital only

BOARD OF DIRECTORS' PROFILE



From left to right:

- **KEITH GEORGE COWLING**
- **DATO' IR. WAN RAZALI BIN WAN MUDA**
- **DATO' IR. KALID BIN ALIAS** (Chairman)
- **NIK FAERUZ BINTI TAN SRI NIK HUSSAIN**
- **NIK DIN BIN NIK SULAIMAN**

BOARD OF DIRECTORS' PROFILE

DATO' IR. KALID BIN ALIAS

Chairman / Independent Non-Executive Director



Age
71

Date of Appointment

15 August 2006

Length of Service

13 years

Academic / Professional Qualifications

- Bachelor in Civil Engineering from the University of Glasgow, Scotland, United Kingdom
- Master in Public Health Engineering from the University of Strathclyde, Glasgow, Scotland, United Kingdom
- Registered Professional Engineer with the Board of Engineers Malaysia
- Fellow of The Institution of Engineers, Malaysia
- Life Member of the Road Engineering Association of Malaysia

Past Experiences

Dato' Ir. Kalid joined the Public Works Department (PWD) in 1975 where he served for 29 years in various capacities including holding the position of Civil Engineer in the National Housing Department, Ministry of Housing (1976-1981), District Engineer, Petaling, Selangor (1983-1986) Assistant Director (Roads) PWD, Selangor (1986-1988), Deputy Director of PWD, Terengganu (1988-1991), Director of PWD, Negeri Sembilan (1991-1993), Deputy Director, Jabatan Pembangunan Persekutuan Kelantan (1993-1996) and Director, PWD, Pahang (1996-2004), which was his last posting before retiring in November 2004.

On 28 August 2018, Dato' Ir. Kalid was appointed as member of Risk Management Committee.

Membership of Board Committees

- Member of the Audit Committee
- Member of the Nomination and Remuneration Committee
- Member of the Risk Management Committee

Directorship

Listed Issuer

MTD ACPI Engineering Berhad

Public Company

None

Attendance at Board Meeting for financial year ended 31 March 2019

Attended 6 of 6 meetings

NIK DIN BIN NIK SULAIMAN

Senior Independent Non-Executive Director



Age
71

Date of Appointment

31 October 2008

Length of Service

11 years

Academic / Professional Qualifications

- Member of the Malaysian Institute of Accountants (MIA), CA(M)
- Fellow member of the Association of Chartered Certified Accountants (FCCA)

Past Experiences

Mr. Nik Din has extensive experience in accounting, auditing and finance. He served in Sime Darby Group from 1992 to 2004, where he held positions as Group Chief Internal Audit Manager and Finance Director. He also worked in Promet Berhad from 1982 to 1992 as Financial Controller and later as Finance Director.

On 28 August 2018, Mr. Nik Din was appointed as member of Risk Management Committee.

Directorships

Listed Issuer

MTD ACPI Engineering Berhad
Reach Energy Berhad

Public Company

MTD Capital Bhd

Membership of Board Committees

- Chairman of the Audit Committee
- Chairman of the Nomination and Remuneration Committee
- Member of the Risk Management Committee

Attendance at Board Meeting for financial year ended 31 March 2019

Attended 6 of 6 meetings

BOARD OF DIRECTORS' PROFILE

KEITH GEORGE COWLING

Non-Independent Executive Director



Malaysian
Permanent
Resident Status



Age
69

Date of Appointment

15 August 2006

Length of Service

13 years

Academic / Professional Qualifications

- Bachelor of Science in Civil Engineering from Dundee University, Scotland, United Kingdom
- Member of the Institution of Civil Engineers, United Kingdom
- Fellow of The Institution of Engineers, Malaysia, where he served on committees including being the Chairman of the Tunnelling and Underground Space Technical Division

Past Experiences

Mr. Keith Cowling's experiences include service with the City of Dundee District Council (1972-1976) in Dundee, Scotland, Mason Pittendrigh & Partners (1976-1977) in Edinburgh, Scotland, Auscon Consultants (1979) and Petroleum Development Oman (1980-1981), in the Sultanate of Oman and Maunsell Consultants Asia (1980-1984) in Hong Kong.

Mr. Keith Cowling joined MTD Capital Bhd ("MTD Group") since 1984 serving in various capacities; from Engineer to Chief Engineer, General Manager, Head of Business Development, Executive Vice President, Head, Business Development & Manufacturing Division, Executive Vice President, Head, Manufacturing Division and his current position as Adviser, Business Development.

Directorship

Listed Issuer

MTD ACPI Engineering Berhad

Public Company

None

Membership of Board Committees

- Member of the Management Committee

Attendance at Board Meeting for financial year ended 31 March 2019

Attended 6 of 6 meetings

DATO' IR. WAN RAZALI BIN WAN MUDA

Independent Non-Executive Director



Age
65

Date of Appointment

2 May 2018

Length of Service

1 year

Academic / Professional Qualifications

- Degree in Mechanical Engineering from the University of Technology Malaysia
- Registered Professional Engineer with the Board of Engineers Malaysia
- Fellow Member with The Institution of Engineers, Malaysia
- Council Member of Road Engineering Association of Malaysia
- ASEAN Chartered Professional Engineer

Past Experiences

Dato' Ir. Wan Razali started his career in 1977 as an officer with the Royal Malaysian Air Force and was with Senior Management Team in several semi-government bodies. He joined MTD Group in 1994 and headed the fleet operation in heavy machineries and highway consultancy services. In 2008, he became Executive Vice President to oversee MTD Group's Tollways Division, namely Kuala Lumpur-Karak Highway, East Coast Expressway Phase 1, the East-West Link Expressway and Kuala Lumpur-Seremban Expressway for 6 years until 2014. He was also the Director of ANIH Berhad between 2011 and 2014. During his involvement with highway concessions, he was appointed as the Honorary Secretary for Persatuan Syarikat-Syarikat Koneksi Lebu Raya Malaysia. He retired in April 2014, after having served MTD Group for 20 years in various capacities. He has vast experience in aircraft engineering, highway engineering, building maintenance and gold mining.

Dato' Ir. Wan Razali also sits as Director in several engineering companies and engineering consultancy firms. On 28 August 2018, Dato' Ir. Wan Razali was appointed as Chairman of Risk Management Committee.

Directorships

Listed Issuer

MTD ACPI Engineering Berhad

Lysaght Galvanized Steel Berhad

Public Company

None

Membership of Board Committee

- Chairman of the Risk Management Committee

Attendance at Board Meeting for financial year ended 31 March 2019

Attended 6 of 6 meetings

BOARD OF DIRECTORS' PROFILE

NIK FAERUZ BINTI TAN SRI NIK HUSSAIN

Non-Independent Non-Executive Director



Age
53

Date of Appointment

18 February 2019

Length of Service

7 months

Academic / Professional Qualifications

- Advanced Diploma in Business Administration majoring in Transport from MARA Institute of Technology, Shah Alam

Past Experiences

Mdm Nik Faeruz began her career in 1989 with Mayban Finance Berhad. In 1993, she was promoted as Head of Branch, Accounts Department. Subsequently in 1994, she was promoted as Assistant Branch Manager, Petaling Jaya branch.

In 2000, Mdm Nik Faeruz was seconded to the head office of Mayban Finance Berhad, under Business Process Improvement Department which oversaw enhancement of the process and procedures of the bank's various departments nationwide. She was a member of the bank's Special Project task force and successfully prepared a blueprint of the new banking concept i.e. one stop financial service that are in used in all Maybank branches throughout the country today.

Mdm Nik Faeruz joined MTD Group in November 2003 as Deputy Fixed Assets Manager and was promoted to Manager in 2006 to oversee the fixed assets matters of MTD Group. Mdm Nik Faeruz was a Director of MTD Capital Bhd from 11 May 2017 to 31 March 2018 and held the position of Chief Operating Officer II from 15 March 2017 to 15 August 2017. She sits on the board of several private limited companies within MTD Group. On 21 March 2019, Nik Faeruz was re-appointed as Director of MTD Capital Bhd.

Directorship

Listed Issuer

MTD ACPI Engineering Berhad

Public Company

MTD Capital Bhd

Membership of Board Committees

- Member of the Audit Committee
- Member of the Nomination and Remuneration Committee

Attendance at Board Meeting for financial year ended 31 March 2019

Attended 1 of 1 meeting, appointed on 18 February 2019

Notes:

Family relationship with Director and/or major shareholders

Nik Faeruz binti Tan Sri Nik Hussain is daughter of Tan Sri Dr. Nik Hussain bin Abdul Rahman, an indirect major shareholder of the Company.

Nik Faeruz binti Tan Sri Nik Hussain is a sibling of Dato' Nik Faizul bin Tan Sri Nik Hussain, an indirect major shareholder of the Company.

Saved as disclosed herein, none of the other Directors have any family relationship with any Director and/or major shareholder of the Company.

Interest in securities

None of the Directors have any interest in the securities of the Company as at 1 July 2019.

Conflict of interest

None of the Directors have any conflict of interest with the Company.

Conviction of offences

None of the Directors have any convictions of offences within the past five (5) years.

KEY SENIOR MANAGEMENT'S PROFILE



TEE KIM SIEW

Chief Executive Officer



Age
59

Mr. Tee was appointed as Acting Chief Executive Officer of MTD ACPI Engineering Berhad ("MTD ACPI") on 5 September 2017. On 2 May 2018, he was re-designated as Chief Executive Officer. He concurrently holds the position of Group Chief Financial Officer in MTD Group and also heads the international Real Estate & Property Development Division of the Group. He is instrumental in shaping the development of MTD Group's overseas' real estate & property business in Australia and United Kingdom. He is the Chairman of the Management Committee of MTD ACPI.

Mr. Tee began his professional accounting career at BSG Valentine, Simlers and Casson Beckman Chartered Accountants, London. He is a Fellow Member of The Association of Chartered Certified Accountant, United Kingdom and The Malaysian Institute of Accountants.

He returned to Malaysia and joined Metacorp Berhad in May 1996 as Head of Finance. Subsequently, he was appointed as Financial Controller of Metacorp Berhad in 2001. Due to his extensive experience in finance, he was then promoted to Chief Financial Officer of MTD Group in 2005, and was also responsible for two other previously public listed companies namely, MTD InfraPerdana Bhd and Metacorp Berhad.

Mr. Tee was also the Director of MTD Walkers PLC, a foreign subsidiary of MTD Capital Bhd listed on the Colombo Stock Exchange in the Republic of Sri Lanka. He also sits on the board of several other private limited companies. He holds direct interest in 8,700 ordinary shares of MTD ACPI.

From left to right:

TEE KIM SIEW
(Chief Executive Officer)

**VIJAYARAJ A/L
GOVINDARAJOO**

AHMAD TARMIZI BIN ISMAIL

**MAHADZIR BIN HASSAN
@ MD HASSAN**

KEY SENIOR MANAGEMENT'S PROFILE

VIJAYARAJ A/L GOVINDARAJOO

General Manager,
Business Development



Age
52

Mr. Vijayaraj is the General Manager, Business Development of MTD Group. Prior to this, he was the Senior Vice President, Project Director (Indonesia) for the Business Development & Overseas Business Division of MTD Group since 1 January 2015. He is a member of the Management Committee of MTD ACPI. He also sits on the board of several other local and overseas private limited companies within MTD Group.

Mr. Vijayaraj holds a Bachelor in Civil Engineering from University of Newcastle, Australia. A registered Professional Engineer with The Board of Engineers, Malaysia and a member of The Institution of Engineers, Malaysia. Prior to joining MTD Group, he served Pengurusan Lebuhraya Bhd. in 1989 and Kumpulan Jurutera Maju Sdn Bhd in 1993, where he held position as the Highway Design Engineer. He holds direct interest in 50,000 ordinary shares of MTD ACPI.

AHMAD TARMIZI BIN ISMAIL

General Manager, Head,
Construction Division



Age
59

Mr. Ahmad Tarmizi is the General Manager, Head, Construction Division of MTD ACPI since 1 July 2015. He joined MTD Group on 15 August 1990 as Senior Civil Engineer. He is a member of the Management Committee of MTD ACPI. He also sits on the board of several other local and overseas private limited companies within MTD ACPI Group and MTD Group.

Mr. Ahmad Tarmizi holds a Bachelor in Civil Engineering from University of Hartford, USA. Prior to joining MTD Group, Mr. Ahmad Tarmizi served in Malaysian Highway Authority from October 1989 to August 1990, where he held the position as Project Engineer.

MAHADZIR BIN HASSAN @ MD HASSAN

Assistant General Manager,
Head, Manufacturing Division



Age
47

Mr. Mahadzir is the Assistant General Manager, Head, Manufacturing Division of MTD ACPI. He joined the Group on 10 November 1997 as Production Engineer and was promoted to current position on 1 October 2016. On 15 January 2019, he was appointed as a member of the Management Committee of MTD ACPI.

He graduated with a Bachelor of Mechanical Engineering from University of Malaya in 1996. He has wide knowledge of the industry, both locally and overseas, with more than 22 years of working experience in manufacturing.

His last position before joining MTD ACPI was as a Process Engineer with Samsung Electronics, Senawang. He holds direct interest in 9,000 ordinary shares of MTD ACPI.

Additional Information:

Directorship in public companies

Save as disclosed therein, none of the key senior management held any directorship in public companies and listed issuers.

Family relationship with Director and/or major shareholders

None of the key senior management has any family relationship with Director and/or major shareholders of the Company.

Saved as disclosed herein, none of the other key senior management has interest in securities of the Company.

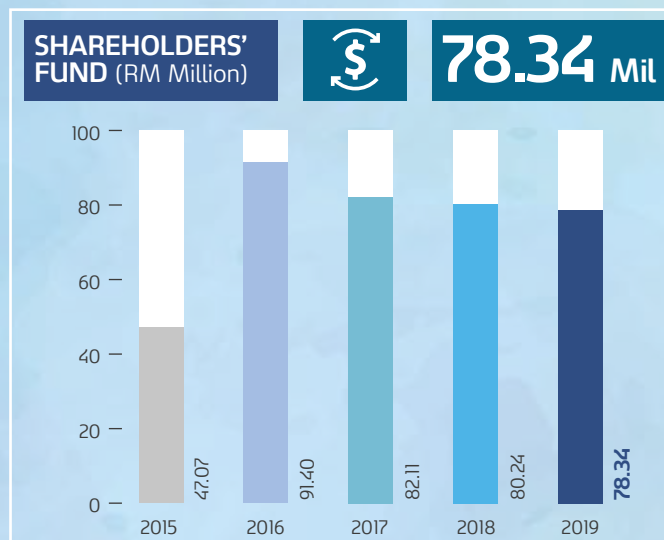
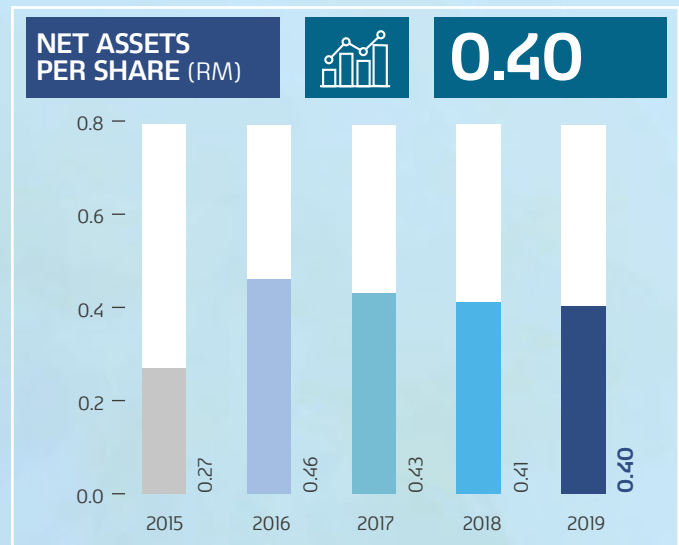
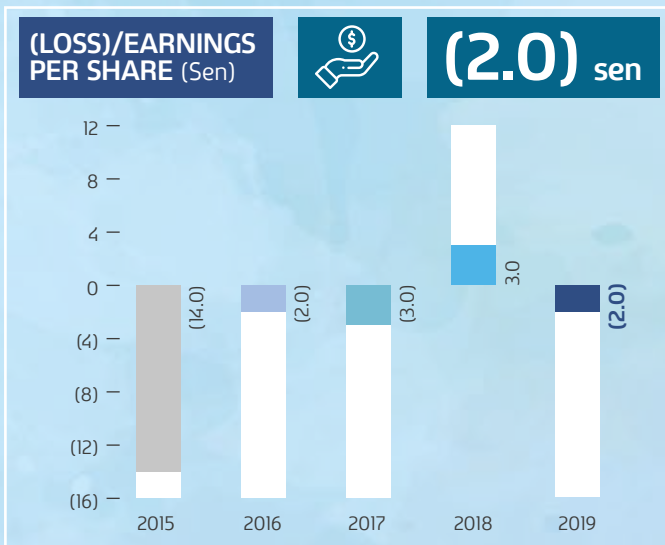
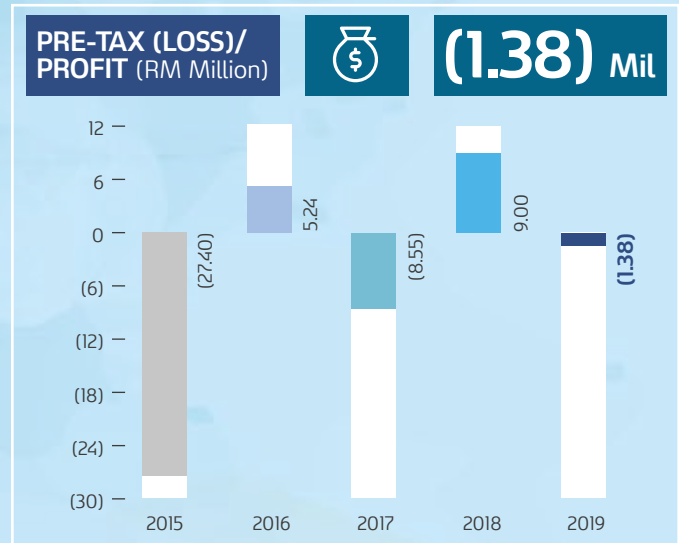
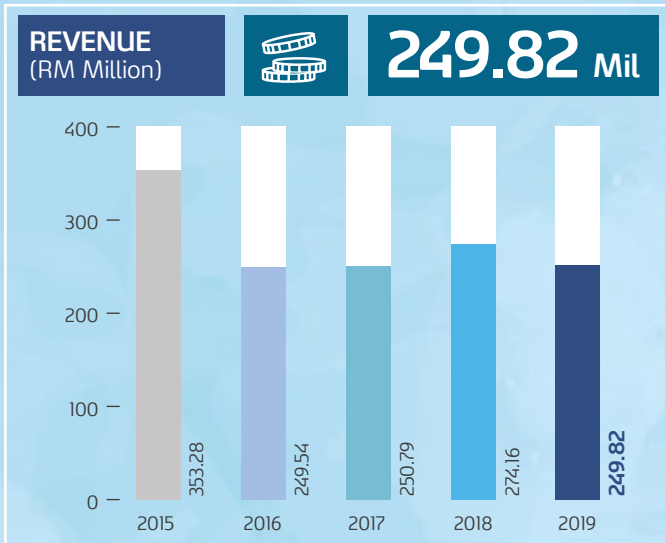
Conflict of interest

None of the key senior management has any conflict of interest with the Company.

Conviction of offences

None of the key senior management has any convictions for offences within the past five (5) years.

GROUP 5-YEAR FINANCIAL HIGHLIGHTS



MANAGEMENT DISCUSSION & ANALYSIS

ABOUT THIS REPORT

This is our third year of reporting based on the Integrated Reporting (“<IR>”) Framework format in accordance with the enhanced reporting requirements incorporating the Management Discussion and Analysis Reporting Guide and Sustainability Guide, both guides issued by Bursa Malaysia Security Berhad (“Bursa Malaysia”) in year 2015 and on 10 March 2017 respectively.

It covers MTD ACPI Group’s (“MTD ACPI” or “the Group”) operating results, the environmental and social aspects, financial performance, as well as the corporate governance and statement of internal control and risk management, each explaining the impacts to the Group.

Subsequent to the operating results and the assessment of aspects impacting the Group, the report provides the Group comments on each Division of its industries, namely, Civil Engineering & Construction, and Manufacturing in the Management Discussion and Analysis.

As this is our third year of integrated reporting, there were no reinstatement of performance and changes to the aspect boundary and reporting scope is not applicable.

BASIS OF PREPARATION

In 2017, our annual report first adopted the principles in the International Integrated Reporting framework issued by International Integrated Reporting Council (“IIRC”) marking an important transformation to our approach in reporting. <IR> focuses on value creation over short, medium and long-term, guided by the capitals and it focuses on the economy, environment and social aspects of our business. This is our third year of reporting adopting the <IR> and we included the comparative figures where necessary.

This integrated report seeks to provide a balanced and transparent assessment of how we create value, considering both qualitative and quantitative matters that are material to our operations and strategic objectives. These include our performance in relation to the sustainability magnitudes taking into consideration our operating environment, goals, risks and measures that we have put in place to treat the identified risks.

The following reporting frameworks were considered when preparing this report:

- Companies Act 2016;
- Listing Requirements (LR) by Bursa Malaysia;

- Management Discussion and Analysis (MD&A) Guide;
- The Sustainable Reporting Guide by Bursa Malaysia;
- Malaysian Code on Corporate Governance 2017 by Securities Commission;
- International Financial Reporting Standards (IFRS);
- Malaysian Financial Reporting Standard (MFRS);
- Global Reporting Initiative (‘GRI’) Guidelines 4.0; and
- International Integrated Reporting Council (IIRC) Integrated Reporting Framework.

We benchmarked our report preparation based on the <IR> framework adopted by Malaysian and international companies. The annual integrated report is targeted primarily at providers of capital, and our shareholders. However, we endeavour to have sufficient information available for all our stakeholders to enable them to have an informed opinion of our businesses.

This <IR> report highlights our economic, social and environmental performance for the period from 1 April 2018 to 31 March 2019, and where possible, we provide comparative information.

Our <IR> should be read in conjunction with our full set of group annual financial statements for a comprehensive overview of our financial performance.

SUMMARY OF OPERATIONAL PERFORMANCE

We recognise that integrated reporting is a continuing journey and the issuance of our 2019 report is a restatement of our commitment to sustainable and long-term value creation. As our Group’s performance did not rely solely on financial aspects, the report also revealed the non-financial elements such as marketplace, environment, workplace and community that have become a part of the contributing factors to our achievements. These factors are outlined in the report as our sustainability efforts to remain attuned to the operating market.

MANAGEMENT DISCUSSION & ANALYSIS

CIVIL ENGINEERING & CONSTRUCTION DIVISION

Our operating environment has remained challenging. During the year under review, the Civil Engineering & Construction business generated a revenue of RM187.3 million. The business was affected by lower revenue recognition expected from existing projects and slower than expected commencement date.

This Division is committed to monitor closely the performance and progress of existing projects on hand while expanding business opportunities especially with potential new infrastructure projects coming into the market, such as the High-Speed Rail (HSR), East Coast Rail Link (ECRL), Mass Rapid Transit 3 (MRT3), Light Rail Transit Line 3 (LRT3) and any opportunities offered under the property and real estate business of the Group.

MANUFACTURING DIVISION

During the period under review, the Manufacturing Division was impacted by weaker demand. It posted RM62.5 million in revenue, lower than the previous year due to reduced delivery tonnage. Notwithstanding market conditions, we will continue efforts to engage more business opportunity, specifically in Singapore due to the increasing demand in the country's construction industry; as well as focusing on resource allocation and cost optimisation while delivering high quality of products and services.

Staying Relevant

MTD ACPI is committed to providing quality products and services to its stakeholders within the local and global operations, as well as incorporating work ethics into the work culture and moving towards better corporate practices.

Nurturing our People

We acknowledge that our people are the driving force behind MTD ACPI that will spur the organisation to new heights of success, and that it is incumbent to enrich our staff. The Group is aware of its obligation to cultivate employees to perform their duties efficiently in a safe working environment. We are fortunate to have employees who are eager to develop their career prospects, and the Group continues to invest in employees' development through a number of initiatives that empower our internal talent in realising their potentials.

Committed towards the Stakeholders

MTD ACPI continues to play its role to attend to all stakeholders' concerns while delivering value created through its business operations. This supports the Group in developing the right approach to value creation in improving its business development and prospect.

We endeavour to attain corporate sustainability in terms of people, community and environment while striving to achieve the Group's aim in increasing revenue streams. It is important for the business to thrive and survive in prosperity and adversity, and the Group will continue to build long-term relationships and gain trust with its stakeholders through various initiatives and approaches.

Strategic Workshop (Business Transformation)

MTD ACPI through its holding entity, MTD Group had organised a series of Strategic Workshop Sessions for our Managers together with the Senior Management team.

The objective of the workshop is to study the effectiveness of the current organisation process by reviewing the current Vision, Mission and Shared Values as well as the roles of each respective business unit and support services towards the attainment of MTD ACPI's long-term strategic objectives.

The collective review consequently led to the realignment of the individual objectives to the organizational goals, through the development of high level KPIs and standards of measurements.

The deliverables expected from the workshop were the strategic focus and the respective business units' action plans. It is imperative for the Group to ensure that the organizational structure is effective and in line with the Group's strategic objectives. Hence, participants are expected to be more engaged and focused towards achieving the communicated organizational goals.

Future Outlook

With the resumption of some of the mega infrastructure projects, the construction, engineering and manufacturing economies are expected to post a moderate growth. Barring any unforeseen circumstances, the Group is cautiously optimistic that it will be able to capitalise on the opportunities available in the construction sector and improve its earnings in the future.

MANAGEMENT DISCUSSION & ANALYSIS

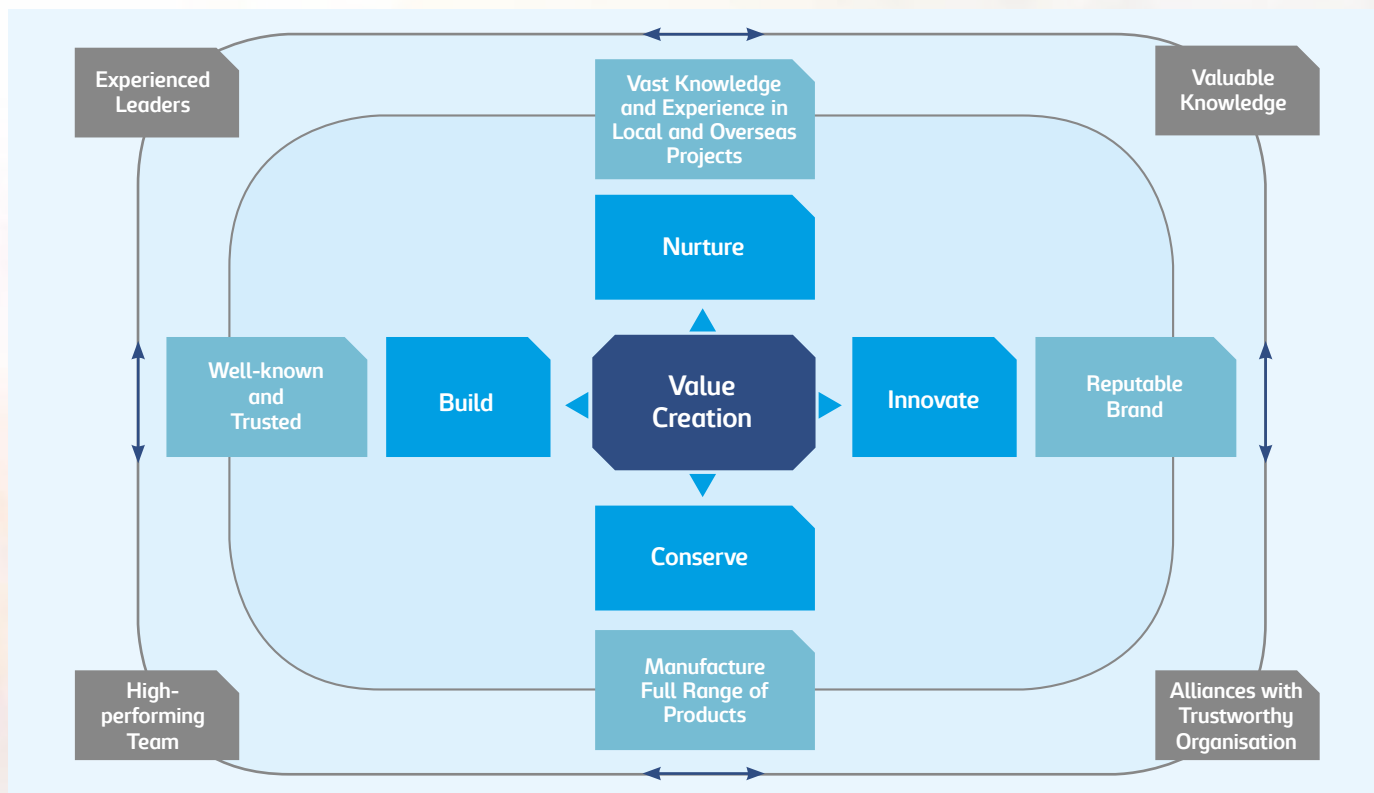
We will continue to strive to manage the factors contributing to the operating challenges, improving productivity and innovation capacity, and strengthening resources, while optimising overall costs and improve cash flow generation. In the medium term, we envisage that our Divisional strategies will enable us to provide value to stakeholders in the respective operating markets in order to achieve future growth.

VISION, MISSION AND VALUES

 <h3>VISION</h3> <p>We Aspire To Be A World-class Infrastructure Conglomerate Generating Long-term Sustainable Earnings</p>	 <h3>MISSION</h3> <ul style="list-style-type: none"> • We Constantly Strive To Create A Strong Brand • To Be The Preferred Choice For Employees, Suppliers And Customers In Our Industry • Providing Quality Products And Services Within Budget 	 <h3>VALUES</h3> <ul style="list-style-type: none"> • Honest, And Open Communication • Participation, Co-operation And Teamwork • Creativity, Innovation And Initiative • Prudent Risk Taking • Recognition And Rewards For Achievement • Individual Development
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STRATEGIC BUSINESS MODEL

We recognise that integrated reporting is a continuing journey and the issuance of our 2019 report is a restatement of our commitment to sustainable and long-term value creation. As our Group’s performance did not rely solely on financial aspects, the report also revealed the non-financial elements such as environment, social and marketplace that have become a part of the contributing factors to our achievements. These factors are outlined in the report as our sustainability efforts to remain attuned to the operating market.



MANAGEMENT DISCUSSION & ANALYSIS

STRATEGIC BUSINESS MODEL (CONT'D)

Our strategic business model is based on our vision, mission and strategies focusing on construction, engineering and manufacturing of pre-cast concrete products for infrastructure and buildings. We have made extensive achievements in construction of mountain roads, highways, bridges, building geotechnical engineering, erosion controls and highway maintenance.

The experienced leaders and high performing team have continuously served us and built up our reputation in the industry for our brand and services. We form alliances with trustworthy organisations to grasp potential business opportunity, locally and overseas.

For Civil Engineering & Construction Division, notable accomplishments include the recent completion of Klang Valley Mass Rapid Transit (KVMRT) Line 1 Package V7 (MRT V7) in July 2017. Our Manufacturing Division meanwhile participated and completed some projects in financial year ending 2018, which include Jabatan Kimia Cawangan Terengganu, Balai Polis Country Homes Rawang, Jimah East Coal Fired Plant Port Dickson, and Petronas Rapid – P12B Solid Product Jetty & Associated Handling Facilities at Tanjung Setapa in Johor.

Value Creation

<p>Nurture - cultivate skilled workforce and develop innovative work culture</p>	<p>Human capital strategy “<i>Attract, Develop, Retain</i>” - embedding for the ‘right talent’ with the ‘right attitude’ will do the ‘right things’ at the ‘right time’.</p> <p>Working as one - promote equal opportunities as well as encourage diversify workforce (different cultures, genders and age).</p>
<p>Innovate - on-going transformational and research initiatives</p>	<p>Industrial Collaboration Programme (“ICP”) - participate in ICP and benefiting to local industries’ development i.e. subcontracting, capability development program, green technology adoption program and the industrial building system.</p> <p>Industrial Building System - part of the consortium to supply and deliver precast segmental box girders for the Penang Second Bridge, the longest bridge in South East Asia.</p>
<p>Conserve - reduce resource consumption, waste generation and create a recycling-oriented society</p>	<p>Waste Management Policy and Hazardous Waste Management Policy - implementation of 3Rs initiative “Reduce, Re-use, Recycle” and disposal of waste materials.</p> <p>Digitalising Internal Processes - digitalising administration and human resources internal processes to drive operational efficiency since year 2017.</p>
<p>Build - strong reputation and relationship</p>	<p>The Klang Valley Mass Rapid Transit (KVMRT) Line 1 Package V7 (MRTV7) - completed the Viaduct Section 2 ahead of the Key Access Date (KAD).</p> <p>Manufacturing - The brand is well-known and trusted by customers as it provides quality assurance through certifications by regulators and accredited entities.</p>

MANAGEMENT DISCUSSION & ANALYSIS

STAKEHOLDER ENGAGEMENT

Our approach to stakeholders is guided by IIRC's <IR> Framework and Global Reporting Initiative (GRI) although we have not implemented in its full form. All engagements to our stakeholders are based on a commitment to adhere to the underlying principles of accountability, inclusivity, materiality, responsiveness and completeness.

We are operating within a complex stakeholders background, all with different concerns and objectives, who have direct and indirect involvement and whose interest may have positive or negative consequences due to our activities, programmes and projects. Our engagement with stakeholders focus on sharing key information, improving new and existing relationships; and creating understanding to any impact of our projects and activities relevant to our stakeholders. The approaches we engaged with stakeholders include conventional documents, electronic documents, web-based media platforms and face-to-face communications as follows:

Stakeholders	Value Added	Engagement Approach
Investors	Providing business insight for analysis when making investment decision.	<ul style="list-style-type: none"> • Annual General Meeting • Circular / Notice • Annual Report • MTD ACPI's Website
Client / Customers (Purchasers)	Provide excellent customer experience with high quality products & services and strengthen relationship with clientele.	<ul style="list-style-type: none"> • After-sales service • Monthly Progress Report • Exhibitions and Roadshow • Gallery display
Industry Peers including Suppliers and Business Partners	Create business opportunity, workforce upskilling, and development of technologies via joint venture initiatives.	<ul style="list-style-type: none"> • Networking session • Contract negotiation • Site visits • Suppliers evaluation
Employees	Career development and training opportunities while providing a safe working environment within the organisation. Promote work-life balance.	<ul style="list-style-type: none"> • Events and activities • Newsletter • Management and employee meetings • Circulation of policy • Internship programme
Regulators	Embrace transparency within the daily operation and compliance with the industry's regulatory standard to attain corporate sustainability.	<ul style="list-style-type: none"> • Inspection by local authority • Annual license renewal
Government	Participate and support Government's plan for nation development.	<ul style="list-style-type: none"> • Consultation on regulatory matters
Communities / General Public	Continuous support and fund CSR activities.	<ul style="list-style-type: none"> • Community development programme • Corporate social events
Non-Governmental Organisations	Continuous support to NGO's activities.	<ul style="list-style-type: none"> • Events and activities
Media	Keep pace with Company's events and prospect.	<ul style="list-style-type: none"> • Updates on corporate development, key events and press release issuance • Develop relationship with press agencies • MTD ACPI's Website and social media

MANAGEMENT DISCUSSION & ANALYSIS

CIVIL ENGINEERING & CONSTRUCTION DIVISION

During the financial year under review, the Civil Engineering & Construction Division remains as the main revenue contributor to the MTD ACPI Group, contributing over 75% of the total revenue of the Group. The Division has more than 30 years of experience and track record in the development of mountainous roads, highways, bridges, building geotechnical works, erosion control and highway maintenance.

Overview on Business

In year 2018, Malaysia went through a transition of administration to a new government. Notably, the new Government was committed to rationalising the fiscal position of the Federal Government and reprioritisation of some of the major infrastructure projects. Several planned mega-projects were reviewed, including HSR, ECRL, MRT3, LRT3 and many others. Following the review, the total cost of LRT3 was reduced by 47% from RM31.65 billion to RM16.63 billion and the continuation of ECRL project at a lower construction cost of RM44 billion, while the other projects remain under review of the new Government.

Despite this, the value of construction work within the industry for year 2018 recorded a growth of 5.1% amounted to RM145.5 billion as compared with RM138.5 billion in previous year 2017. In terms of contributions, the sub-sector of civil engineering continued to be the major performer with 42.6%, followed by non-residential buildings (28.4%), residential buildings (24.2%) and special trades activities (4.8%).

The Division was able to complete the Viaduct Section 2 Project ahead of the Key Access Date (KAD). Following this, the Division has been awarded a package in KVMRT Line 2 Package V208 (KVMRT208), which was valued at RM679 million in year 2017.

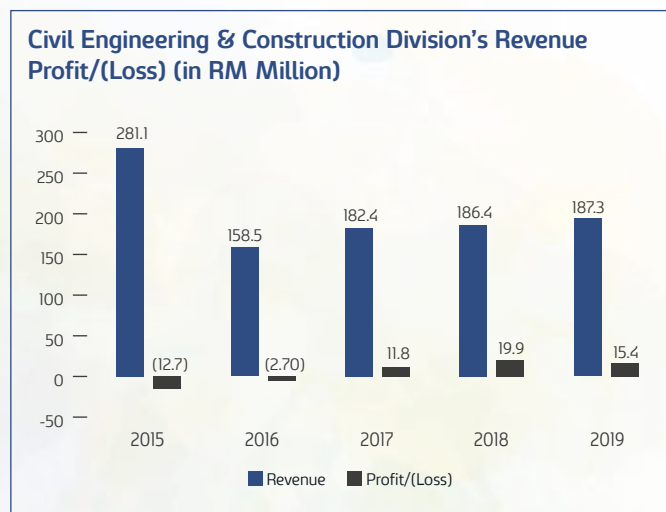
For in-house projects, the Civil Engineering & Construction Division completed the construction of 93 units of single-storey terrace house as well as infrastructure works at Taman Tasik Utama in March 2019 with a total value of RM17.2 million.

The Division's Quality Management System has been certified by the Lloyd's Register Quality Assurance and it is in compliance with ISO 9001:2015 standard. The scope covers design, management and implementation of civil engineering and building works including turnkey projects. The Division is committed to improve its performance continuously and to fulfil client's requirement while adhering to the quality standards upheld by certification bodies. The Division will regularly review its Quality Management System to ensure its relevance.

In recognition of the Civil Engineering & Construction Division's abilities and capabilities, the Construction Industry Development Board (CIDB) has awarded the Division a 5-Star rating for the year 2018, under an evaluation according to the SCORE criteria set by CIDB.

Operational Financial Performance

For the financial year ended 31 March 2019, the Civil Engineering & Construction Division posted a 0.5% increase in revenue to a record of RM187.3 million and RM15.4 million of profit before taxation compared to RM186.4 million of revenue and RM19.9 million profit before taxation recorded for the financial year ended 31 March 2018. The improvements were mainly due to revenue recognition from the MRTV208 project as well as driven by good progress from other projects which were completed ahead of schedule.



(5-year financial trend for Civil Engineering & Construction Division)

Review of Operating Activities and Initiatives

The current outstanding order book is valued at RM568.4 million, comprising civil & infrastructure works (82%) and building works (18%). The projects include the MRT V208 and construction of building works for Phase 7, Taman Sutera in Kajang, Selangor and Phase 20A, Taman Tasik Utama, in Ayer Keroh, Melaka. Both the building works are targeted to be completed by financial year ending 2021, while the MRT V208 will be completed by financial year ending 2023.

MANAGEMENT DISCUSSION & ANALYSIS

During the financial year under review, the Civil Engineering & Construction Division has secured new building and infrastructure projects worth RM17.1 million, comprising the construction of 54 units of single-storey semi-detached house at Taman Tasik Utama (RM15.3 million) and infrastructure works at Taman Tasik Utama (RM1.8 million).

In the coming financial year, the Division strives to replenish its order book by securing projects in both civil & infrastructure works and building works; carry out on-going projects with compliance to specifications and clients' requirement and operational efficiency for timely completion.

Risk and Measures

The management of the Civil Engineering & Construction Division continues to identify, analyse and manage its business risks to an acceptable level for the achievement of MTD ACPI's strategic objectives. The table below presents the key risks identified and measures taken by the Division in mitigating these risks.



Participate and secure new projects by forming strategic partnership with trustworthy business partners



Capitalise on new launches of building projects offered under the Property and Real Estate Division



Monitor closely on the performance and progress of on-going projects



Carry out construction works according to the approved programme

(Civil Engineering & Construction Division's Key Strategies)

Key Risk	Description	Mitigation Measures
Delay in project completion	Meeting the agreed delivery timeline stated in the contract with clients is crucial. A Liquidated Ascertained Delivery (LAD) can turn a project from a profitable venture to loss making and tarnish the reputation of the Group.	<ul style="list-style-type: none"> Projects are closely monitored by experienced project teams and the status of major projects is reported to management on a periodic basis. Continuous effort in addressing non-conformance cases to ensure deliverables meet project specification. Training is identified and organised to upskill project management, motivation and leadership of staff.
Inability to secure projects / orders / business	Competition remains intense, and affecting the Civil Engineering & Construction Division's business growth due to unfavourable market and economic situation in Malaysia.	<ul style="list-style-type: none"> Continually maintain a close relationship with the Government as well as existing and potential clients. Dedicated team is established to explore business opportunities (i.e. via tender advertisement and invitation). Increase overseas market presence by entering into joint ventures with companies.
Non-performing contractors / sub-contractors	The Civil Engineering & Construction Division operates as Project Manager for certain projects. Non-performing sub-contractors could adversely impact the reputation and profit margin of Civil Engineering & Construction Division.	<ul style="list-style-type: none"> Projects are closely monitored by experienced project teams and the status of major projects is reported to management on a periodic basis. Sub-contractor selection and evaluation process are in place. Established detailed project recovery plan and sub-packaging the works among a few sub-contractors.
Shortage of construction materials	Shortage and delay in raw material supply could adversely affect the construction schedule and product delivery.	<ul style="list-style-type: none"> Putting in place procurement planning for projects. Continuous effort to source for alternative suppliers.

MANAGEMENT DISCUSSION & ANALYSIS

Key Risk	Description	Mitigation Measures
Workers without permit	Any worker without valid working permit would result in stop work order by regulators and criminal prosecution against the Directors in a worst case scenario.	<ul style="list-style-type: none"> • Letter of acceptance for sub-contractors include compliance with the regulatory requirement clauses (i.e. work permits). • List of foreign workers employed by sub-contractors is obtained. • Random inspection/audit on worker's permit.
Increase in construction materials cost	Profitability of the project would be significantly affected arising from the price hike of construction materials such as sand, cement and steel.	<ul style="list-style-type: none"> • Signing fixed rate contract with construction material suppliers. • Establish procurement planning for projects and to review on a periodically basis.

Outlook

The Malaysian economy is forecasted to post a moderate growth, with pace likely to pick up by the fourth quarter of 2019. Infrastructure projects are expected to continue to support the civil engineering subsector to remain as the driver of Malaysia's construction industry in 2019. Some of the highlighted projects include the Pan Borneo Highway, Central Spine Road, East Coast Railway Link (ECRL) and East Coast Expressway 3 (ECE3).

The Civil Engineering & Construction Division has also identified several potential infrastructure projects and in-house generated projects under the Real Estate and Property Division for its order book replenishment in the coming financial year. Considering the stiff competition for the abovementioned infrastructure projects, the Division intends to form strategic alliance with reputable partners for tender participation and enhance its initiatives for job order replenishment.

To align with the Group's vision and mission, the Division will continue to achieve timely completion of all on-going projects with compliance to specification and client requirement while enhancing workforce competency for operational efficiency.

MANUFACTURING DIVISION

Introduction

The Manufacturing Division consists of Associated Concrete Products (Malaysia) Sdn. Bhd (ACPM), and ASC Tiles Sdn Bhd (ASC Tiles). Their principal activities include manufacturing and supply of various types of precast concrete products to the construction industry for use in earthwork, civil, underground, railway and environmental work applications.

The Manufacturing Division is one of the pioneers in the manufacturing of precast concrete products and specialises in the Industrialised Building System (IBS) methodology. With experience of more than 30 years, the Division has a proven track record for its high quality of products and services. Among projects completed in financial year ended 2019 include EPCC Solid Product Jetty & Associated Handling Facilities at Tanjung Setapa in Johor, Hospital UniSZA in Terengganu, and Ibu Pejabat Polis Daerah Nilai in Negeri Sembilan with total value of RM49.0 million.

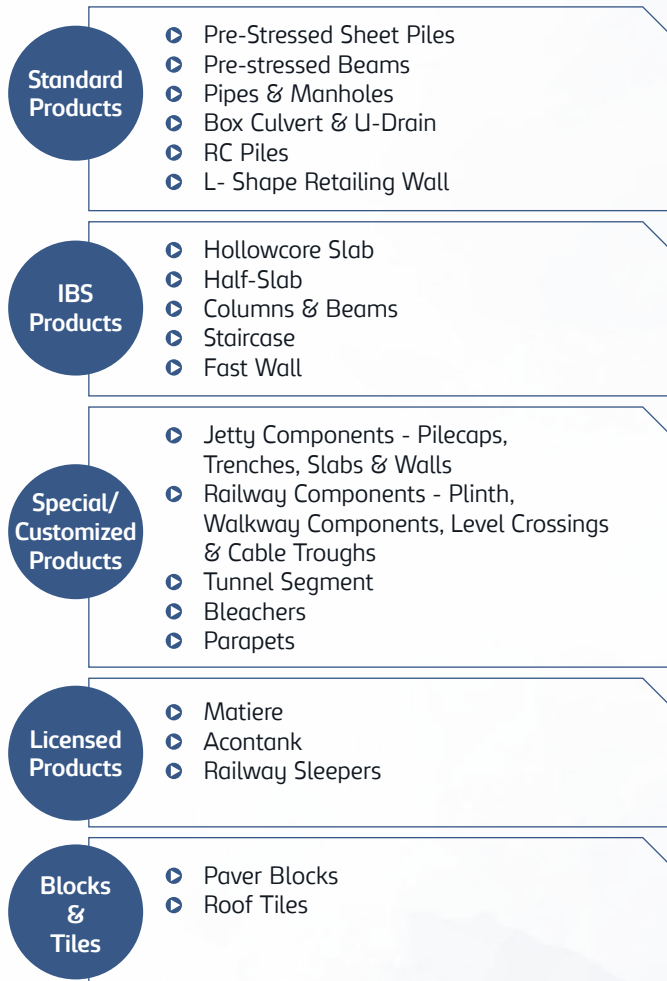
Overview on Business

The Manufacturing Division has three (3) active manufacturing operations strategically located throughout the Peninsular Malaysia, covering central – Seremban, eastern – Kuala Terengganu and southern region – Pontian, to meet customers' requirement. As most of the plants are equipped with the latest automated equipment and technology, the Manufacturing Division is capable of producing approximately 500,000 metric tonnes of concrete products per annum.

The following diagram shows the five (5) categories of products manufactured and supplied by the Division which include standard products, IBS products, special /customised products, licensed products and blocks and tiles.

The IBS precast products are a modern technique of construction whereby, the building components are manufactured either off-site or on-site, placed and assembled into construction works. This is in line with the Malaysian Investment Development Authority's (MIDA) and the Construction Industry Development Board (CIDB) Malaysia's plan to propose greater adoption of IBS in driving the industry towards a more efficient resource and time management in developments.

MANAGEMENT DISCUSSION & ANALYSIS



The Manufacturing Division is well-known and trusted by customers as it provides quality assurance through certifications by regulators and accredited entities. Coupled with the proven track record and extensive experience in the industry, the Division has built enduring relationship with customers. Among other completed projects include construction for bridge, Kuantan-Kerteh Railway Project (Package 1), Sg. Kuyoh protection works, SPRINT Highway, Kuala Lumpur (Precast Divisional Box Girders for Kerinchi and Duta interchanges), One Utama Extension, Phase II, Selangor and Water Treatment Plant at Chicha, Kelantan (including extraction from groundwells and distribution system).

The Manufacturing Division adopts a stringent quality control and regular performance tests are carried out on all precast concrete products in conformance to the relevant standards. The Division has recently been certified with the latest Quality Management System that complies with ISO 9001:2015 version in July 2018, and certified by IQ Net and SIRIM QAS International.

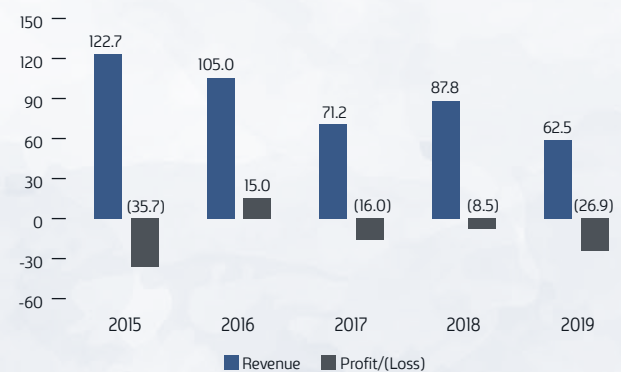
In addition, ACPM is a registered supplier of Suruhanjaya Perkhidmatan Air Negara (SPAN) for one of its products, Precast Concrete Water Tank for water storage system. This makes it well poised to secure more jobs in the water services industry in Peninsular Malaysia, and the Federal Territory of Putrajaya and Labuan.

Other than that, the Manufacturing Division is a member of the Federation of Malaysian Manufacturer (FMM). Aside from receiving advisory services and improving supply chain efficiency, FMM also provides business and network opportunities for its members to foreign delegates and local government agencies.

Operational Financial Performance

In FY 2019, the Division's revenue decreased to RM62.5 million, lower by 28.8% from RM87.8 million recorded in FY 2018. The Division also recorded a loss of approximately RM26.9 million in FY 2019 compared to a loss of RM8.5 million in FY 2018. The decrease in revenue and increase in loss before taxation is mainly due to lower revenue recorded, coupled with higher material costs and other operating expenses.

Manufacturing Division's Revenue and Profit/ (Loss) (in RM Million) 2019



To mitigate the decline in revenue amid operating in a challenging environment, the Manufacturing Division has undertaken several cost containment measures, such as reducing wastages, encouraging innovations, and improving the quality of precast concrete products while maintaining a prudent costs control-position. In addition, the Division is increasing capital expenditure investment to improve production capacity and efficiency, as well as safety and environmental requirements at its plants.

MANAGEMENT DISCUSSION & ANALYSIS

Review of Operating Activities and Initiatives

The existing outstanding order book is valued at RM134.1 million. Among on-going projects include *Damansara-Shah Alam Highway (DASH) Package CBI*, *Sungai Besi-Ulu Kelang Expressway (SUKE) Package CB5*, *Flood mitigation – Sg Tok Jiring in Terengganu*, *EPCC Solid Product Jetty & Associated Handling Facilities at Tanjung Setapa in Johor*, *Singapore T250 Trackwork Thomson Line*, and *West Coast Expressway*. Most of these projects are expected to be completed by financial year ending 2020.

Moving forward, the Manufacturing Division strives to replenish its order book by securing more jobs within the construction sector while implementing on-going projects towards a timely completion.

Action Plan for Financial Year ending 2020	To embark on Prefabricated Prefinished Volumetric Construction (PPVC) using modular concept for manufacturing in a factory-controlled-environment.
	To embark supply and install basis for IBS projects especially in East Coast Region.
	To take pro-active actions in cost saving and cost reduction.
	To invest on capital expenditure for higher production capacity and efficiency.

Risk and Measures

The following are the details of key risks identified with the mitigating measures implemented within the Group's risk appetite.

Key Risk	Description	Initiative Measure
Inability to secure projects / orders / business	Intense competition and adverse global economy would have an impact on the sustainability of the Division, leading to under-utilisation of plants capacity and efficiency rate.	<ul style="list-style-type: none"> Develop business plan and regularly review and discuss business strategy for new business opportunities. Continuous effort to engage with new customers and maintain close relationship with existing and potential customers. Diversification of products.
Untimely delivery to customers	In the competitive business environment, timeliness in product delivery is the main driver to customer satisfaction and confidence level towards the Manufacturing Division.	<ul style="list-style-type: none"> Production planning, manufacturing process and delivery schedule is closely monitored and discussed. Identification, evaluation and appointment of alternative suppliers and sub-contractors/fabricators.
Shortage of raw materials	Timeliness of raw materials supply is critical for the Company in meeting its production schedule and delivery of products to customers.	<ul style="list-style-type: none"> Establish minimum stock level. Advance production forecast and procurement planning. Continuous efforts to identify pools of suppliers.
Safety, health and environmental risk	Safety, Health & Environmental ("SHE") is the top priority of the Company. SHE hazard includes dust, noise exposure and workplace accidents.	<ul style="list-style-type: none"> Personal protective equipment is provided to workers. Periodical environmental monitoring and audit on safety and health are carried out. Disciplinary actions are taken on staff and/or sub-contractors who do not adhere to safety procedures.
Risk of theft (stock/ asset pilferage)	Stock pilferage including stealing of company's assets i.e. scrap metals and stock for personal gain.	<ul style="list-style-type: none"> Establish security measures such as security guards and perimeter fencing. Periodic physical verification and reconciliation of assets.

MANAGEMENT DISCUSSION & ANALYSIS

Key Risk	Description	Initiative Measure
Increase in labour cost	Increasing labour cost may affect the Company's profit margin and ability to offer competitive pricing to customer.	<ul style="list-style-type: none"> • Outsourcing to third party. • Labour cost increase is factored in new orders.
Increase in raw material cost	Profitability of the Construction Division would be significantly affected arising from the price hike of raw materials such as sand, cement and steel.	<ul style="list-style-type: none"> • Signing a fixed rate contract with material supplier for a period of time. • Establish procurement planning and review on a periodically basis.

Outlook

Going forward, the Malaysian manufacturing sector for construction-related subsector is expected to be supported by continuous expansion in construction activities. The Construction Industry Development Board (CIDB) has set the adoption of IBS in the private sector to 50% by next year 2020 from the 35% recorded in January 2019. The Government's push for greater adoption, both the public and private sectors, will result to greater opportunities for the Manufacturing Division. At the same time, the Division will continue to undertake cost cutting measures that will enhance production efficiency and improve profit margin.

The Manufacturing Division's order book currently stands at RM134.0 million and with potential orders in the pipeline including KVMRT Sungai Buloh-Serdang-Putrajaya (SSP) Line 2 and Light Rail Transit Line 3 (LRT3), Central Spine Road (CSR), Pengerang Deepwater Terminal Phase 3 (PDT3) Johor, T250A-Thomson Line Stage 4 and 5, and Riverfront Residence at Hougang Avenue 7 in Singapore.

In addition, the Manufacturing Division intends to expand and capitalise on the opportunities available in Singapore's construction sector, which is buoyed by major infrastructure and industrial building projects.

Barring any unforeseen circumstances, the Division is optimistic that it will be able to secure more jobs and replenish its existing order book. It will also focus on improving bottom line by carrying out its cost optimisation programmes.

SUSTAINABILITY REPORT

OUR COMMITMENT TO BUSINESS SUSTAINABILITY

We are pleased to share with you our FY2019 MTD ACPI Sustainability Report, which outlays our efforts as a responsible company as we stride towards meeting our environmental, economic and social goals.

The Group acknowledges that the principles of responsible business and sustainability are key business drivers that will help secure MTD ACPI's ('the Group') future and create long-term value. Sustainability initiatives are not new, as they have been part and parcel of the business for years, even before we presented our first Statement on Group Corporate Social Responsibility ('CSR') in 2014. In that CSR report, we outlined our efforts and initiatives as part of our commitment and responsibility towards serving the community, enhancing workplace practices, guarding our environment and building our sustainability reputation in the marketplace.

In support of Bursa Malaysia Securities Berhad's effort to improve sustainability disclosure, this Sustainability Report has been prepared with reference to International Reporting Frameworks including the Global Reporting Initiative ('GRI') Guidelines 4.0.

This Sustainability Report describes our governance, environment and social performance for the financial year ended 31 March 2019. Our performance in these areas are reported throughout the Four (4) sections of this Statement: Marketplace, Environment, Workplace, and Community.

We are aware that the performance and success of the Group do not solely rest on financial or economic outcomes. As such, we are committed to not only strengthening economic perspective, but also the societal and environmental perspectives.

SUSTAINABILITY GOVERNANCE

Our sustainability efforts are governed through our corporate structure with ultimate responsibility from our Board who provides oversight on the Group's corporate sustainability performance. The Chief Executive Officer ('CEO') oversees the implementation of the organisation's sustainability approach and ensures that key targets are being met with support of the Senior Management.

Whistle-Blowing Policy

We established the whistle-blowing policy with the aim to provide a structured platform for employees and other stakeholders to report any concerns on any suspected or wrongful activities or wrongdoings. These refer to any potential violations or concerns relating to any laws, rules, regulations, acts, ethics, integrity and business conducts, including any violation or concerns relating to malpractice, illegal, immoral, embezzlement and fraudulent activities which will affect the business and image of the Group.

Kindly refer to the Corporate Governance Report for an overview on the policy and procedures on Whistle-Blowing which is available through the Corporate Governance Section on MTD ACPI's website at <http://www.mtdacpi.com>.

As of the date of the report, we had conducted two (2) training sessions related to the whistleblowing policy and guidelines.

SUSTAINABILITY REPORT

Customer Privacy

A Personal Data Protection Policy (PDPP) was established by the Group with the aim to provide and ensure internal guidance is applied to all business units, divisions, departments and personnel within the Group. PDPP describes the process for clarifying and assessing any data protection or confidentiality issues to ensure that necessary data protection steps have been taken and appropriately assessed in line with the Personal Data Protection Act 2010 (PDPA).

Due to the wide-ranging nature of the Group's business, the Group processes significant quantities of personal and sensitive data. Therefore, we ensure all employees under the Group are required to adhere to and comply with guidelines, policies, directives and standard operating procedures issued by the Group from time to time. Failure to abide by and comply with the PDPA is subjected to disciplinary action including termination.

The privacy policy is available through MTD ACPI website at <http://www.mtdacpi.com>.

MARKETPLACE

Industrial Collaboration Programme (ICP)

As a work package contractor (WPC) of the MRT project, the Civil Engineering & Construction Division continues to involve in the Industrial Collaboration Programme (ICP), involving activities that value-add to any procurement made using fund contributed by the Government of Malaysia. The purpose of these activities is to garner maximum benefits and impact on the development of related local industries in a holistic manner as returns on investment by the Government via procurements made.

Under direct offset of Economic Enhancement Program (EEP) of ICP, the Civil Engineering & Construction Division has executed subcontracting project which benefited the local subcontractors at RM41.07 million worth of ICP Credit Value (ICV) as at end of March 2019. This project is expected to generate a total of RM152.11 million worth of ICV in terms of subcontracting, which includes bored piling works, RC Structural Works and installation of Segmental Box Girders. The Division is also involved in and benefits from the capability development programme of ICP as various trainings have been provided, which amounted to RM1.53 million of ICV. The total ICV on this aspect is estimated to be RM4.2 million, comprising Safety,

Health & Environmental Training, Concrete Quality Training and BIM Training. Meanwhile for the indirect offset of EEP, the Green Technology Adoption programme (ICV of RM0.415 million) has been finalised and is to be implemented for a local university in the next financial period. Total ICV to be achieved on this project shall be RM156.77 million, which is more than twice the requirement set at RM67.9 million.

International Organization for Standardisation ('ISO')

As good customer relationships is key to the success and sustainability of our Group, we have established the Quality Management System ('QMS'). Implemented by reliable business teams, the QMS ensures that the quality of our products and services meet international standards and efficiency. The Group is pleased to announce that the Civil Engineering & Construction, and the Manufacturing Division are certified with ISO 9001:2015 as of the date of this report.

The 6th Edition of Ecobuild South East Asia 2018 in conjunction with International Construction Week

Our Manufacturing Division, Associated Concrete Products (Malaysia) Sdn Bhd participated in the 6th Edition of Ecobuild South East Asia 2018 co-locating with the International Construction Week. The exhibition by UBM Malaysia was hosted by Ministry of Works and the Construction Industry Development Board, Malaysia. This effort was aimed to promote the Group's core businesses among the local and international industry market players, besides our key stakeholders.

ENVIRONMENTAL

Environmental Commitments

We are steadfast in our commitments to the communities and environment we operate in. We believe that responsible, sustainable practices will not only benefit our business growth, but will also facilitate social economic development for our stakeholders. Training and awareness programmes such as working at height, emergency response plan and evacuation, practice note cranes and lifting gears and environmental awareness were conducted to enhance the understanding of 'Work Package Contractor' (WPC) pertaining to environment protection, significant environmental aspects and its control measures as well as to encourage the implementation of environmentally sound practices.

SUSTAINABILITY REPORT

Our Facilities

We are moving towards adopting 'green culture' in our facilities by taking several initiatives such as energy and water efficiency, improved waste management and indoor air quality, and environment protection via recycling programme. We have established the Waste Management Policy and Hazardous Waste Management Policy, which include the policy of "Reduce, Re-use, Recycle" and disposal of waste materials.

Waste Disposal

The Group engaged an external party to collect and load scrap iron and other metals at factories, sites or highways, as well as clearing stockpile areas and undergoing scheduled waste disposal. These processes are supervised by the respective factories' representatives and witnessed by a representative from headquarters. Chemical wastes are collected by authorised parties and sent to the Department of Environment for scheduled waste disposal. In addition, waste such as bitumen emulsion is recycled for other use. Each project also includes monitoring efforts to ensure compliance and practices are according to our policy.

MITIGATING POLLUTION

We are committed to controlling and preventing environmental pollution within our operations to preserve a healthy ecosystem. Our Civil Engineering & Construction Division has established the Environmental Management Plan (EMP) to ensure we strictly comply with the standards and guidelines of Malaysia's Environment Quality Act 1974; The Planning Guidelines for Environmental Noise Limits and Controls, Second Edition, 2007; The Planning Guidelines for Vibration Limits and Control in the Environment, 2nd Edition, August 2007; and Standard Method for the Examination of Water and Waste Water (2005), 21st Edition by APHA, AWWA and WEF.

Our Civil Engineering & Construction Division monitors air, noise, water quality and vibration levels at project sites on a periodic basis to ensure compliance with the Environmental Quality Act 1974. In addition, we prohibit open burning within our project sites to prevent emission of hazardous gases, smoke and particles.

Our ambient air analysis and vibration reading are in compliance with the acceptable limit in Malaysian Ambient Air Quality Standards (MAAQS), New Ambient Air Quality Limit (NAAQS) and Vibration limit by DOE respectively.

Water Quality

The Ammoniacal Nitrogen (AN) reading is taken in water samples where the results are monitored to ensure the levels are within tolerable DOE's limit. In some occasions, the level could be higher than the limit, mostly due to non-construction activity such as decomposition by organic and inorganic matter as well as sillage from residential area nearby, which flow into the stormwater together with other waste from surrounding areas such as soil particulate from soil runoff.

In most occasions, the water quality is within an acceptable level as frequent rains reduce the AN contents.

Noise Level

The noise level reading is carried out regularly at construction areas during day, evening and night time. The sources of noise recorded during the monitoring were mainly from structure works, piling work activities, and other on-going construction activities. In addition, high noise from public vehicular movement and other commercial/residential activities adds on to the higher noise level.

In principal, the construction activities are planned to ensure that the noise level is maintained within permissible limits. Temporary noise barriers were installed at some construction areas where the noise level is expected to pose prolong disturbance to the public.

OUR WORKPLACE

Our People

With a workforce of 437 individuals, the Group views our employees as one of the most valuable and crucial assets of our continued successes. Each individual employee, with their diverse experience and expertise, plays a crucial role in ensuring the Group's growth.

We strive to cultivate a harmonious working environment that allow equal opportunities for all, ensuring that our people are treated with dignity and respect regardless of culture, gender, age and ethnicity. In addition, we continuously aim to provide opportunities for our people to grow and contribute to the Group's development. We employ, appoint, promote, develop and reward our employees based on the principles of fairness and meritocracy, aligned with the local legislations. We believe in empowering our workforce, ensuring diversity, equality and providing a safe working environment within the organisation. To achieve this, we engage with our employees on a regular basis to establish their needs and expectations to ensure that MTD ACPI family remains a well-balanced and harmonious workforce.

SUSTAINABILITY REPORT

Human Capital Strategy

We are committed towards increasing efficiency and effectiveness and will strive to ensure that the 'right talent' with the 'right attitude' will do the 'right thing' at the 'right time'.

Attract	Develop	Retain
<ul style="list-style-type: none"> Aggressive brand recruitment Recruitment based competency Hire for attitude 	<ul style="list-style-type: none"> Training based competency Performance based rewards Managing non-performers Career progression Succession planning 	<ul style="list-style-type: none"> Employee engagement Team building and motivation Staff activities Welfare and benefits

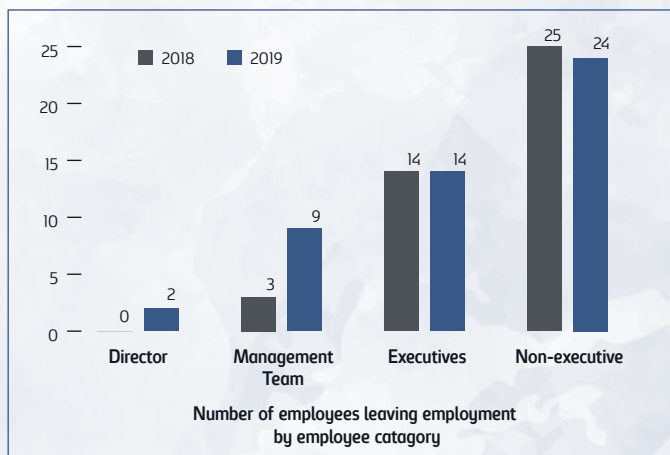
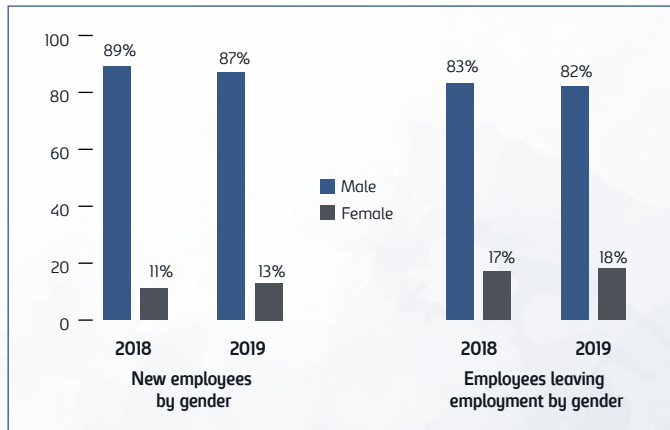
Gender & Age Balance

The Group is committed to strive for gender balance in our workforce across the entire value chain as we strongly believe that a diverse workforce, consisting a spectrum of difference in ethnicity and gender, provides a broader exposure for our employees and encourages our people to embrace different perspectives. This will ultimately instil a workplace culture that fosters mutual respect among employees and ensures equal opportunities for all.

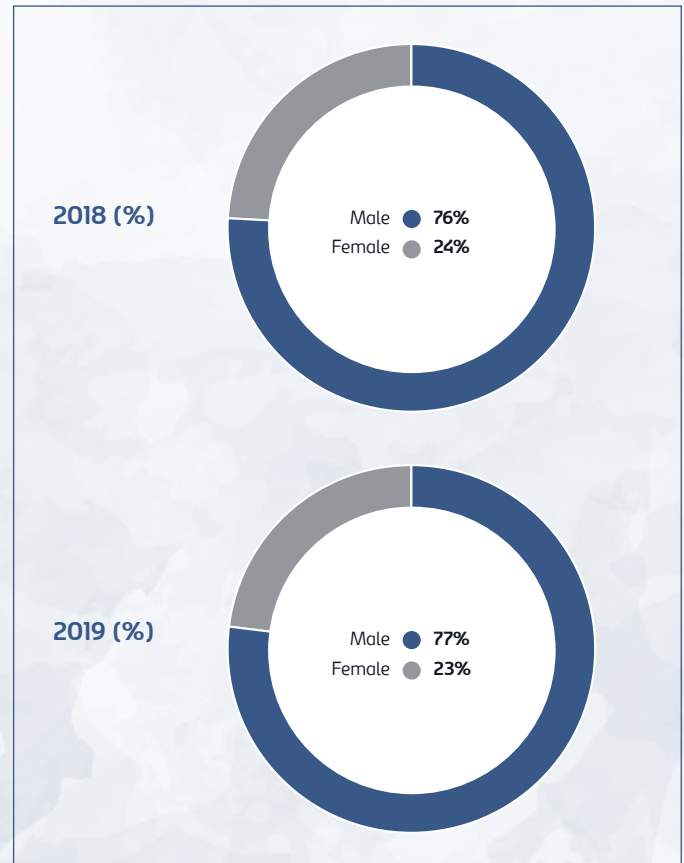
With women facing ongoing challenges in today's workplace, we recognise that prioritising gender equality and women's participation are crucial. We aim to cultivate a harmonious work environment that encourages gender-balance and diversity across the Group.

During the Financial Year, the Group recorded 437 employees with male and female constituting 77% and 23% of the workforce respectively. The age profile of the workforce on the other hand was broadly distributed between different age groups, where majority (31%) of employees falls in the 26–35 year old band, followed by 46–55 year old band (30%).

Our Workforce

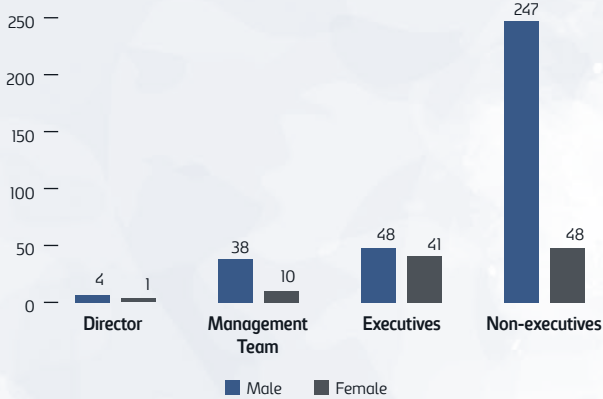


Gender Balance

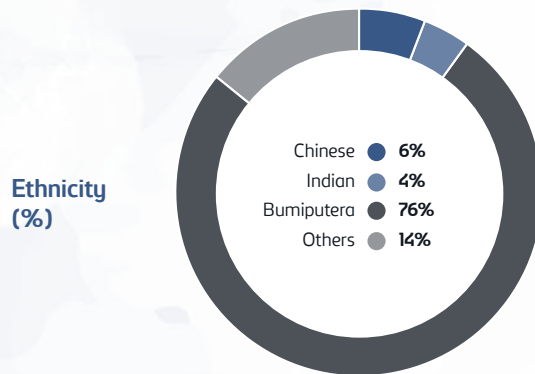


SUSTAINABILITY REPORT

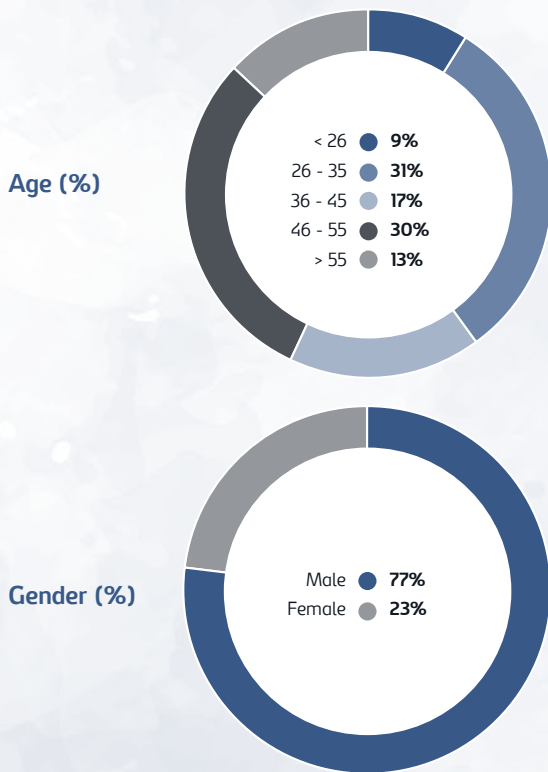
Summary by Employee Category and Gender for MTD ACPI Group for FY 2019



Employee Breakdown by Ethnic Composition



Employee Breakdown by Age and Gender Group



Employee Turnover Rate

As at 31 March 2019, the Group recorded an employee turnover rate of 12% where the majority of the turnover falls under non-executive positions. Comparatively, the employee turnover rate has experienced a hike of 2%, from 9.93% in FY 2018 to 12% in FY 2019.

The higher turnover rate was mainly contributed by resignations, expiration and termination of employment contracts.



No. of Employee Turnover by Employee Category



Ethnic Diversity

In terms of ethnic diversity, our workforce consisted 76% Bumiputera while the remaining 14% from other ethnic groups. Chinese and Indian ethnicity consist 6% and 4% respectively. As we expand further, we will intensify efforts to recruit and retain talented and skilled employees to support our future business needs.

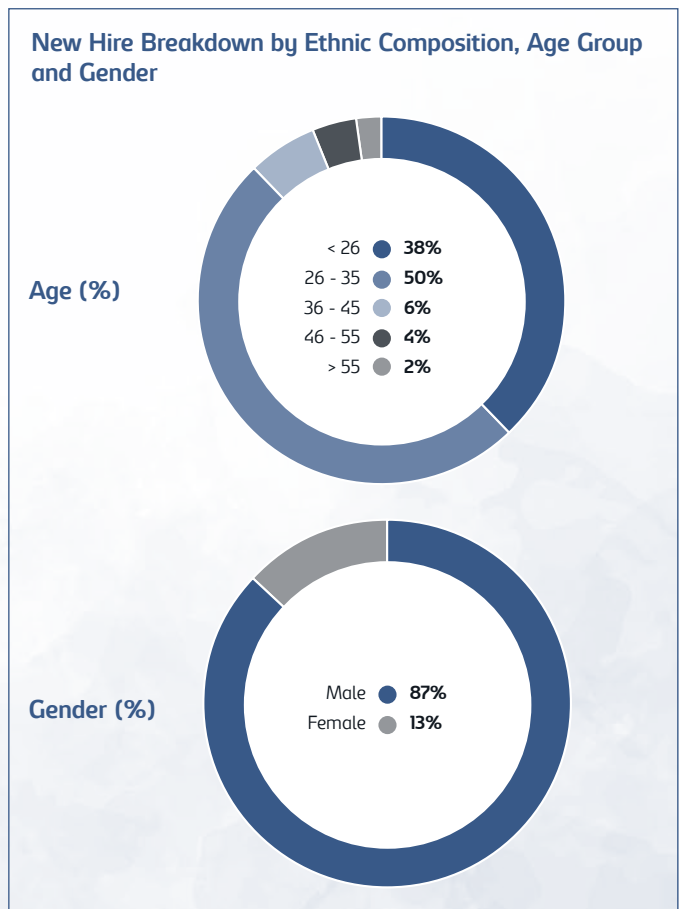
SUSTAINABILITY REPORT

Attracting Talents

We acknowledge the need to look outside our Company to make sure we find the best people for each role. We aim to balance our internal promotions and external hires to achieve the mix of diverse talents, skills, subject-matter experts and organisational fit.

We are dedicated to attracting talented employees and giving them opportunities to achieve their work and life goals. We actively recruit the best talents through the Group’s website, media advertisements, recruitment agencies, career fairs at universities or via internal employee recommendations.

The Group hired a total of fifty-two (52) employees in the Financial year 2019. The employment of all employees was based on the principle of organisation need and gender diversity. The age profile and gender of all new employee hires are as follows:



TALENT DEVELOPMENT

Performance Driven Culture

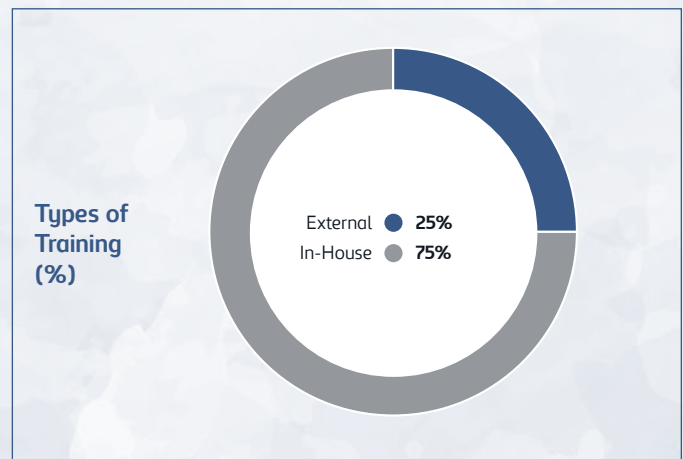
To ensure our people are able to perform their duties and work assignments well, we provide various programmes that support their skills development and knowledge enhancement. These include an induction programme for newcomers, safety and health courses for employees at HQ and sites, as well as performance enhancement courses to improve communication skills. This will ultimately lead to effective communication within the Group.

Training & Development

Our people play a crucial role in driving sustainable growth and therefore, it is vital for us to provide our talent pool with opportunities for personal and professional development to build up an effective and efficient talent pool.

We strive to develop a diverse pipeline of talents and provide our employees the opportunities to learn and grow, overcome challenges, take on new roles and adopt greater responsibilities. Internally, we encourage our employees’ capabilities of conducting internal training programmes to share their knowledge. At the same time, we offer external training programmes to ensure that every employee has the right skills to support our strategic and operational objectives and further their own professional development.

As a Group, we had delivered a total of 122 training sessions (including internal, external and on-the-job training) from April 2018 to March 2019.



(Source: MTD ACPI Group Training List April 2018 – March 2019)

SUSTAINABILITY REPORT

Succession Planning

Succession planning within the Group is designed with the main objective of ensuring that the Group is prepared with a plan to support operational and service continuity in the event that a member of the Senior Management team, key business leaders, Head of Division/ Department or critical position holders, leave their position.

A succession planning framework has been developed and related activities will be implemented in stages according to our framework.

Internship Programme

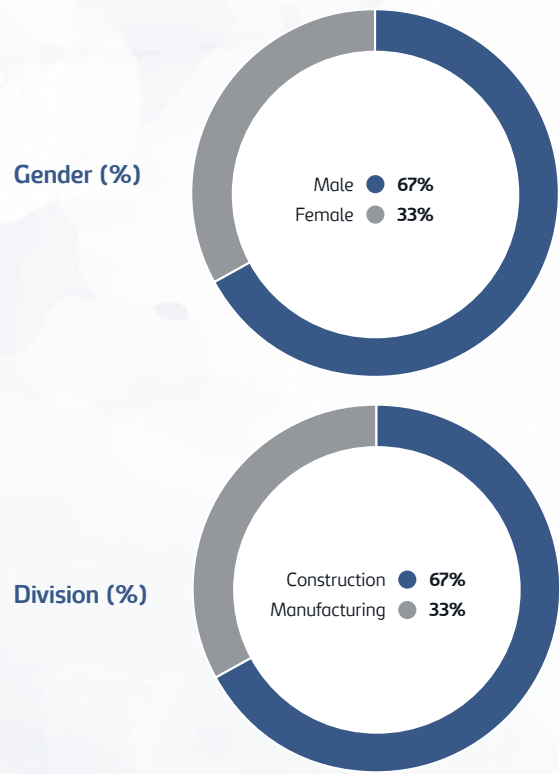
In our effort to give back to the society, the Group has established an Internship Programme with the aim to provide candidates a real time experience in the construction and manufacturing industries. We welcome students from various universities to join our internship programme regardless of their gender and ethnicity. In Financial year 2019, the Group has taken a total of six (6) interns.

Description	2018	2019
Number of new interns by gender;	5	6
i. Male	1	4
ii. Percentage – Male	20%	67%
iii. Female	4	2
iv. Percentage – Female	80%	33%
Intern Division		
Construction	-	4
Manufacturing	5	2

Employee Benefits

The Group offers attractive benefits in addition to basic salary in the aim to enhance employee wellness and retain the best talent possible. These benefits cover medical, group personal accident, dental, fleet card and mobile subsidy.

Internship Breakdown by Gender Composition and Division



Parental Leave

The Group thrives to foster a work-life balance culture that caters to employees' physical and emotional needs as we believe that a work-life balance culture can lead to greater recruitment and retention of qualified employees and ultimately enhance employees' morale and productivity.

Therefore, to empower and support our employees' work-life balance needs and preferences, the Group has entitled all male and female employees to two (2) days of paternity leave and sixty (60) days of maternity leave respectively.

Lifestyle Care

The Group provides free fitness facilities at our corporate headquarters, including a gym and various fitness programmes such as Monthly Zumba classes. In addition, the Group provides dental care up to RM500 on an annual basis for all employees.

SUSTAINABILITY REPORT

A Safer Working Environment

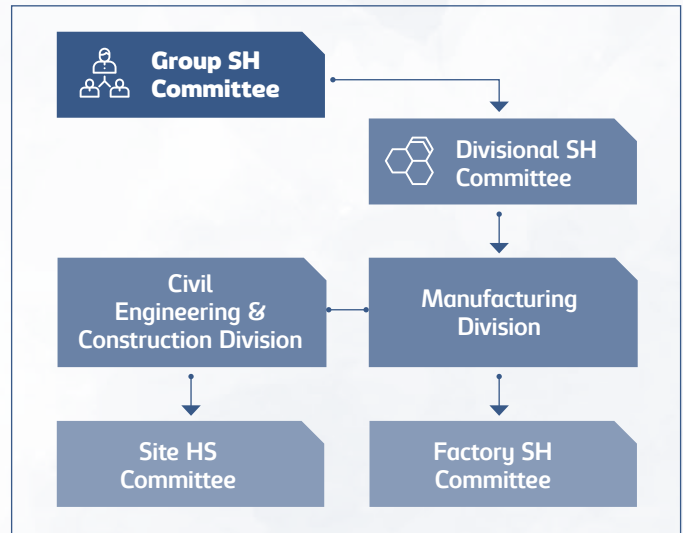
Health and safety of our employees, customers and communities is our top priority as safety and health is ingrained in our corporate culture. We strive to have zero fatalities by improving on how we reinforce safe behaviour amongst our employees and contractors, strengthening the accountability of management to ensuring safe working environment, implementing workplace improvements on a regular basis and promoting a safety culture in our everyday activities. We are committed to ensuring the best working environment and continue to uphold stringent Safety, Health and Environment standards throughout our operations. The Group are committed to comply with the requirement stipulated in Occupational Safety and Health Act (1994) and Factories and Machinery Act 1967.

Safety and Health Policy

The Group takes pride in providing a safe and healthy work environment for our employees, contractors and visitors, and continues to enhance our occupational safety and health management system.



Our employees are represented by the Safety and Health (SH) Committee. SH Committee is established in every division (Civil Engineering & Construction and Manufacturing Divisions), acting as a platform for staff to provide feedback on any issues related to safety and health. The table below stipulates the reporting flow of SH Committee within the Group:



Workplace Accident

During the financial year under review, the Group recorded an incident rate of 9.8 (2018: 6.6) and 8.9 (2018: 3.2) for Manufacturing and Civil Engineering & Construction Divisions respectively.

COMMUNITY

Kelab MTD

Physical and mental well-being play an important role in ensuring employees' work satisfaction, performance and ultimately, improve standard of living. To attain this, we initiated Kelab MTD (previously known as 'Kelab Kita') in 2015, which is the integration of sports, recreation and welfare activities aimed to be the platform for greater communications and strengthening of ties amongst all employees, from management to those on the shop floor-level.

In 2019, we have conducted 18 employee engagement activities (2018: 23).

SUSTAINABILITY REPORT

List of Activities by Kelab MTD		
Activities	Period Conducted	Objective of such Engagement
Religious Talk	One hour a month	To provide an open platform for our Muslim members to gain insights on the various topics shared.
Yassin Recital	Half hour a month	To encourage club members to gather and pray for the well-being of the employees and Company.
Distribution of Dates	First week of Ramadhan	To promote the spirit of unity among club members and serve as a sign of appreciation to them irrespective of religion.
MTD Group Raya Open House 2018	Once a year during Syawal month	In a Group effort, the Hari Raya Open House was held at the Menara MTD and hosted by the Group Executive Chairman for our business associates, employees and orphans from a selected home.
Quran Hour Briefing	One hour in Ramadhan	To encourage club members to understand and practise the values of the holy Quran in their daily routines.
Hiking Trip to Mount Hantu	Two Day One Night Trip	To encourage a healthy lifestyle and reinforce team spirit among club members.
Lake Kenyir Exploration	Three Day Two Night Trip	To appreciate nature and experience a memorable overnight stay on the boat in the middle of the lake.
Interlocation Futsal Tournament	One day tournament	To scout for potential players among club members for Sukan Kerja Raya 2018.
Zumba class	Twice a month	To promote a healthy lifestyle among club members.
Aidil Adha Feast	Half day event	To celebrate Aidil Adha festivity and show appreciation to club members for their dedication.
Dart & Carom Competition	One day competition	To scout for potential players among club members for Sukan Kerja Raya 2018.
Health Day 2019	One day event	To inculcate a health-conscious environment among club members of Menara MTD.
Weight Loss Challenge	4 week challenge	To promote a healthy lifestyle and foster unity among club members.
Health Screening	One day event	To provide opportunities for club members located on-site to undergo a health check-up.
Kids Fun Challenge	One day event	To educate children of club members to learn problem solving skills and team work for real life situations.
Women's Day 2019	Half day event	To show appreciation to female club members for their support and dedication towards the activities organised by the Club.
Hiking Trip to Mount Datuk	One day trip	To encourage a healthy lifestyle and reinforce team spirit among the club members.
FIFA Online Competition	Half day event	To scout for new talents in online gaming and promote team spirit among club members of various locations.
Running activities	Twice a year	To promote a healthy lifestyle through running activities as well as towards fostering a family spirit.
Other activities on - site	During financial year	To promote work life balance among employees of the Group.

SUSTAINABILITY REPORT



Achieving employee wellbeing

The ability to live a healthy life that includes work-life balance is an integral part of our commitment to the employees. We established programmes that focus on the physical, emotional and environmental well-being. The Group believes that these programmes will give our employees incentives, tools, social support and strategies to adopt and maintain healthy lifestyles. On top of that, such activities will pave way for greater communications and strengthen ties between employees.

The Group provides fitness facilities at the Menara MTD, including a gym and various fitness programmes such as monthly zumba classes.

Weight Loss Challenge

Employees from our corporate headquarters participated in a 4-week long wellness programme which integrated work-life balance and facilitated a change in lifestyle to attain well-being and improve productivity. The wellness programme includes the Weight Loss Challenge where participants underwent fitness classes, pre- and post-wellness measurements, health and dietary talks and diet behavioural change.

Social Engagement

We are committed to safeguarding the well-being of our communities, and the Group is dedicated to carrying out Corporate Social Responsibility (CSR) programmes. We are committed to practising CSR to meet the needs of our customers, and embedding such values into our business processes, while maintaining unwavering commitment to our employees, local communities and other stakeholders. The Group continues to enhance CSR performance within the Group through various initiatives with our stakeholders.

Nature Trip

The Group had organised outdoor activities including camping and hiking activities across the country. Such activities promote healthy lifestyle and foster team spirit among employees.

Health Screening

In 2018, a health screening activity was conducted with the aim to provide our employees with a better understanding of their health as well as to identify potential health risks. Through this programme, our employees were able to benefit from the professional advice by the medical practitioners.

We encourage our employees to take a proactive role in managing their health and engage in early preventive measures. This also provides a better understanding of the health risks of our employees and their overall health profile.

Community Investment

The Group strives to assist our communities in addressing their development priorities. These engagements would have a positive impact on both the community and our business. In this section, we reviewed the highlights for financial year 2019.

Ramadhan Program and Eid Al-Adha Program

Our Civil Engineering & Construction Division has consistently assisted in developing neighbouring communities in which it operates. In Financial year 2019, the Group's Civil Engineering & Construction Division, which undertook the Klang Valley Mass Rapid Transit Project (KVMRT208), handed out monetary donations to Surau Al - Mawaddah Taman Mawar Jaya and Surau Baiturrahman Taman D' Alpina for "Moreh" purposes.


On top of that, the Division contributed a cattle to Surau Al-Mawaddah, Taman Kota Perdana, Seri Kembangan in conjunction with the Eid Al-Adha celebration. Such act was a gesture of goodwill and to showcase the spirit of togetherness towards the society we serve.

IRF AND GRI CONTENT INDEX

a. IRF Index

INTEGRATED REPORTING STANDARD	REFERENCE
7 Content Elements	
Organizational overview and external environment	• MTD ACPI Engineering Berhad
Governance	• Page 2 – 21 • Corporate Governance Overview Statement, Page 35 – 43
Business Model	• Page 13
Risks and Opportunities	• Page 16 – 21 • Statement on risk management and internal controls, Page 51 – 53
Strategy and Resource Allocation	• Page 11 – 21
Performance	• Page 10 • Financial Statements
Outlook	• Pages 11 – 21
Basis of Preparation	• Pages 11

b. GRI Content Index – Core Option

	GRI STANDARD	DISCLOSURE	REFERENCE
	102-1	Name of the organisation	• MTD ACPI Engineering Berhad
	102-2	Activities, bands, products and services	• Page 11 – 21
	102-3	Location of headquarters	• Page 02
	102-4	Locations of operations	• Page 02 • AR Page 12 – 21
	102-5	Ownership and legal form	• Page 03 • Page 54 – 56
	102-6	Markets served	• Page 11 – 21
	102-7	Scale of the organisation	• Pages 11 – 21
	102-8	Information on employees and other workers	• Our workplace, Page 24 – 31
	102-9	Supply chain	• Not applicable


IRF AND GRI CONTENT INDEX

b. GRI Content Index – Core Option (Cont'd)

	GRI STANDARD	DISCLOSURE	REFERENCE
	102-10	Significant changes to the organisation and its supply chain	• Not applicable
	102-11	Precautionary principle or approach	• Not applicable
	102-12	External initiatives	• Page 11 – 21
	102-13	Membership of associations	• Page 15 – 21
	102-14	Statement from senior decision maker	• Page 11 – 31
	102-18	Governance structure	• Page 11 – 21
	102-40	List of stakeholder groups	• Page 15
	102-42	Identifying and selecting stakeholders	• Page 15
	102-43	Approach to stakeholder engagements	• Page 15
	102-44	Key topic and concerns raised	• Page 15 – 21
	102-45	Entities included in the consolidated financial statements	• Page 03 • Page 11 – 21
	102-46	Defining report content and topic boundaries	• Page 11
	102-47	List of material topics	• Page 22 – 31
	102-48	Restatements of information	• Not applicable
	102-49	Changes in reporting	• Not applicable
	102-50	Reporting period	• Page 22
	102-51	Date of most recent report	• Page 11 • Page 22
	102-52	Reporting cycle	• Annual
	102-53	Contact point for questions regarding the report	• Page 02
	102-54	Claims of reporting in accordance with the GRI Standards	• Page 11 • Page 22 • This report is guided by GRI Standards (Core Option)
102-55	GRI content index	• Page 32 – 34	
102-56	External assurance	• The Company may consider seeking external assurance in the future.	

IRF AND GRI CONTENT INDEX

c. GRI Content Index – Specific Topics

	GRI STANDARD	DISCLOSURE	REFERENCE
 <p>MATERIAL TOPICS</p>	Economic Performance		
	103-1	Explanation of the material topic and its boundaries	• Page 11
	201-1	Direct economic value generated and distributed	• Page 22 – 31
	Energy		
	103-1	Explanation of the material topic and its boundaries	• Page 11 – 22
	302-1	Energy consumption within the organisation	• In progress Page 22 – 32
	302-3	Energy intensity	• In progress Page 22 – 32
	Emissions		
	103-1	Explanation of the material topic and its boundaries	• Page 11 – 22
	305-2	Energy indirect (Scope 2) GHG emissions	• Page 22 – 23
	Employment		
	103-1	Explanation of the material topic and its boundaries	• Page 11 – 22
	401-1	New employee hires and employee turnover	• Page 24 – 31
	Occupational Health And Safety		
	103-1	Explanation of the material topic and its boundaries	• Page 11 – 22
	403-2	Types of injury and rates of injury, lost days, absenteeism and no of work related fatalities	• Page 29
	Training & Education		
	103-1	Explanation of the material topic and its boundaries	• Page 11 – 22
	401-1	Average hours of training per year per employee	• In progress
	Diversity & Equal Opportunity		
	103-1	Explanation of the material topic and its boundaries	• Page 11 – 22
	405-1	Diversity of governance bodies and employees	• Page 04 – 09

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“**Board**”) of MTD ACPI Engineering Berhad (“**MTD ACPI**” or “**Company**”) is committed to good corporate governance across MTD ACPI and its group of companies (“**the Group**”) in attaining corporate sustainability and delivering value to the shareholders and stakeholders of the Company.

This Corporate Governance Overview Statement (“**Statement**”) is prepared to report compliance with Bursa Malaysia Securities Berhad (“**Bursa Securities**”) Main Market Listing Requirements (“**MMLR**”) and how the Company has applied the three (3) Principles of the Malaysian Code on Corporate Governance (“**MCCG**”), as outlined in the following sections.

This Statement should be read together with MTD ACPI’s Corporate Governance Report for financial year ended 31 March 2019 (“**CG Report**”), which provide summary of the application of each practice within the Group during the Financial year ended 31 March 2019 (“**Financial year**”), as set out in the prescribed CG Report format or where it has not, an explanation has been provided. The CG Report is announced to Bursa Securities together with the Annual Report 2019 and is available through the Corporate Governance Section of MTD ACPI’s website www.mtdacpi.com.

Our Board considered that the Company has complied with the practices set out in the prescribed CG Report format during the financial year except the following:

- Practice 4.6 (In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates)
- Practice 7.3 (Step Up - Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis)
- Practice 8.4 (Step Up – The Audit Committee should comprise solely of Independent Directors)
- Practice 11.2 (Large companies are encouraged to adopt integrated reporting based on a globally recognised framework)
- Practice 12.3 (Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate voting in absentia)

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

1. Board Responsibilities

Our Board is committed to not only strengthening economic perspective of the Group, but also the non-financial perspectives such as, governance, operating environment and social aspects that influence the performance and success of the Group. The Board is collectively responsible for overseeing and monitoring the overall management and conduct of the Group’s businesses including controls mechanism, operational growth and sustainability performance.

The Chairman leads the Board and his responsibilities include ensuring effective overall function of the Board, setting the Board agenda with the Company Secretaries and ensuring that Board members receive accurate, timely and clear information. The Chairman was independent at the time of his appointment / during the financial year.

The roles of the Board and Chairman are described in the Board Charter, Corporate Governance section of the Company’s website www.mtdacpi.com.

Our Board rely on the Chief Executive Officer (“**CEO**”), who leads the Senior Management staff of the Company (collectively referred to as “**Management**”) to run the daily operations of the business and oversee the implementation of the organisation’s sustainability approaches and initiatives, to ensure that key targets are being met. The Management composed Heads of Operation and Support Divisions across the Group, engaging in leadership across business and operational units, provides further oversight and strategic guidance and mobilize employees to implement strategies. A clear organisational structure exists, detailing lines of authority, control responsibilities and accountability of each level of management.

Our Board reviewed and approved policies, Strategic Business Plans and Annual Operating Budget for the Group, for three (3) Financial years ending 31 March 2019 to 2021. This ensured the Management focused on the management activities, resource allocation and cost optimisation towards achieving the common strategic business objectives and plans of the Group, in the short and long-term.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

1. Board Responsibilities (Cont'd)

Our Board is mindful of the challenges faced by the Management in the competitive market with low profit margin achieved, and had emphasized to the Management on the implementation of initiatives to increase productivity, efficiency and bottom line of the Group, not limited to the following:

- (a) Replenish the existing job order book by capitalising on potential projects announced by the Government and property projects offered under the property and real estate division of MTD ACPI's holding company group, to achieve the Group's aim in increasing the revenue streams;
- (b) Provide quality products and services to its stakeholders within the local and global operations;
- (c) Focus on resource allocation and cost optimisation to deliver high quality products and services on schedule;
- (d) Develop innovative measures for cost cutting approach in project management and implement "value engineering" to achieve and maintain forecast profit margins;
- (e) Incorporates work ethics into the work culture and move towards better corporate practices;
- (f) Play a proactive role and take swift action in dealing with matters that would impact the cashflow of the Group, revise processes in tandem with current trend and requirements;
- (g) Strengthen control on material wastages;
- (h) Monitor and have better control of labour cost while maintaining a prudent costs control stance;
- (i) Increase plant capital expenditure investment to improve production efficiency and to comply safety and environmental requirements; and
- (j) Identify areas of improvement required by employees and provide suitable training to enhance their performance.

Quarterly Board meetings are held to keep track of the achievement of Business Plans, and monitor the performance of the CEO and Senior Management staff, to ensure the business objectives and strategic plans are achieved and managed prudently within the framework and based on relevant laws and regulations.

Our Board through the Audit Committee function monitored the achievement of Business Plans and assessed the adequacy and integrity of internal control of the Group whilst, through the Risk Management Committee function managed the principal risks of the Group identified.

Our Board considered employees as valuable assets to the Group and focused efforts on investing in people by providing the employees various training courses conducted externally and internally, to enhance their professional skills, knowledge and communication skills. The investment would facilitate enhancement of employees' contribution and commitment regardless of position, which will ultimately lead to high productivity and commitment from employees and effective communication within the Group, vital to the achievement of the goals and objectives of the Group.

During the financial year, a series of Strategic Workshop sessions were organized for Managers together with the Senior Management team. The objective was to study the effectiveness of the current organisation processes by reviewing the Vision, Mission and Shared Values of the Group as well as the roles of each respective business unit and support services towards the attainment of the Group's long-term strategic objectives.

The collective review consequently led to the realignment of individual objectives to the organizational goals through the development of high level key performance indicators (KPI) and standards of measurements, to ensure setting the right target critical in facilitating outcome in line with the Group's strategic objectives. Apart from facilitating continuous performance improvement, employees are encouraged to be more engaged and focused towards achieving the communicated organizational goals.

The sustainability efforts and initiatives undertaken by the Management are in line with our commitment and responsibility towards serving the community, enhancing workplace practices, guarding our environment and building our sustainability reputation in the marketplace. The sustainability management is governed through our corporate structure that extend from our Board, through the Management to the working levels in each of the business units. Further information on sustainability strategy, goals and initiatives within the Group are detailed in the Sustainability Report in this Annual Report (Management Discussion & Analysis).

Our Board have adequate resources to carry out its oversight duties and engaging independent professional advice at the Company's expense in furtherance of its duties, whether as a Board or in their individual capacity. Our Board have the support and services of the Company Secretaries in discharge of its functions. The Company Secretaries ensure that the Board members receive notifications and briefings on changes in regulation or law and implementation thereof, to keep abreast with the relevant changes and to ensure the Group is compliant with the regulation or law.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

2. Board Composition

The Board composition during the financial year is set out in the table below.

Board	Composition	Percentage of the Board (%)
Independent Non-Executive Directors	3	60
Dato' Ir. Kalid bin Alias (Chairman)		
Dato' Ir. Wan Razali bin Wan Muda		
Nik Din bin Nik Sulaiman (Senior Independent Director)		
Non-Independent Non-Executive Director	1	20
Nik Faeruz binti Tan Sri Nik Hussain [Appointed on 18 February 2019]		
Nik Fadzlina binti Tan Sri Nik Hussain [Resigned on 18 February 2019]		
Non-Independent Executive Director	1	20
Keith George Cowling		
Total	5	100

A brief profile of each of the Directors is set out in this Annual Report.

The Board through the Nomination and Remuneration Committee reviewed the size and composition of the Board, in considering the effectiveness of the Board in discharging its roles and responsibilities, and is of the opinion that its composition is well-balanced with:

- (a) Diverse professional backgrounds with an appropriate mix of skills, knowledge and experience in the field of engineering, accounting, financial, technical, management and business development to ensure the Board is able to discharge its roles and responsibilities effectively in dealing with the businesses of the Group, and

- (b) Independence elements that:

- Support the Group's objectives and independent deliberation and review in the decision-making process through majority Independent Directors on the Board;
- The independence of the Independent Directors is scrutinized to ensure effectiveness of their independence in the Board;
- Ensure independence in monitoring top management and that they are independent of management, and there is ready access of information to monitor the performance of the Group; and
- The retention of Independent Directors, whose long service as Independent Director exceeding nine (9) years and twelve (12) years do not affect their independence.

The Board scheduled five (5) meetings in the financial year and additionally when necessary, to consider matters relating to the overall control, business performance and strategies of the Group. A schedule of matters reserved for Board decisions has been established and the Board has also drawn up a list of activities / schedule of matters which must be reported to it.

The Board held six (6) meetings during the financial year and the record of attendance of each Director is set out below:

Directors	Number of Board Meeting Attended / Held during the financial year
Dato' Ir. Kalid bin Alias	6/6
Nik Din bin Nik Sulaiman	6/6
Dato' Ir. Wan Razali bin Wan Muda	6/6
Nik Faeruz binti Tan Sri Nik Hussain [Appointed on 18 February 2019]	1/1*
Nik Fadzlina binti Tan Sri Nik Hussain [Resigned on 18 February 2019]	4/5*
Keith George Cowling	6/6

Note:

* Number of Board meetings held during her tenure as Director of MTD ACPI.

The Directors recorded full attendance of Board meetings held during the financial year except Nik Fadzlina binti Tan Sri Nik Hussain, who attended 4 out of 5 Board meetings held during her tenure. Nevertheless, Nik Fadzlina binti Tan Sri Nik Hussain complied with the minimum attendance requirements of more than 50% of the total Board meetings held.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

3. Senior Independent Director

Nik Din bin Nik Sulaiman was appointed as Senior Independent Non-Executive Director on 1 May 2018 to replace Dato' Ir. Kalid bin Alias, who was re-designated as Independent Non-Executive Director following his appointment as Chairman of the Company.

The Board through the assessment of the Nomination and Remuneration Committee, opined that Nik Din bin Nik Sulaiman's long service as Independent Director exceeding nine (9) years do not affect his independence on the Board and the shareholders' of the Company approved his retention as Independent Director at the Twenty-Fifth Annual General Meeting of the Company held on 6 September 2018 ("Twenty-Fifth AGM").

Nik Din bin Nik Sulaiman as Senior Independent Non-Executive Director, leads the Non-Executive Directors and is the person to whom, shareholders of the Company may convey their queries or concerns by way of writing to the Company's registered address or email to enquiries@mtdgroup.com.my.

He is also the Chairman of the Audit Committee and Nomination and Remuneration Committee, who leads both committees in an impartial manner and demonstrate strong leadership, kept the committees focused on what is important and spent time with the management and auditors to ensure that all relevant issues of the Group are identified and addressed by the respective committee.

4. Board Committees

The Board established the Audit Committee, Nomination and Remuneration Committee and Risk Management Committee, and delegated certain functions to the committees. The composition of each committee is guided by MMLR and recommendations of the MCCG.

Each Board Committee meet regularly under its Terms of Reference established by the Board and copies are available through the Corporate Governance section of the Company's website www.mtdacpi.com.

4.1 Nomination and Remuneration Committee

The Nomination Committee and Remuneration Committee ("NRC") merged on 1 May 2018, under the name "NRC" for the purpose of enhancing work efficiency. The NRC comprised three (3) members composed exclusively of non-executive directors appointed by the Board and a majority of whom are independent. The role is guided by the NRC Policies ("Policies") and Terms of Reference established by the Board, a copy of each is available through the Company's website www.mtdacpi.com.

The NRC held three (3) meetings during the financial year and the record of attendance of each member is set out as follows:

Member	Number of NRC Meetings Attended / Held during financial year
Nik Din bin Nik Sulaiman	3/3
Dato' Ir. Kalid bin Alias	3/3
Nik Faeruz binti Tan Sri Nik Hussain [Appointed on 18 February 2019. NRC meeting was not scheduled from 18 February 2019 up to the end of financial year]	Nil

The Policies are intended to formalize the approach related to appointment, removal and remuneration payable to Directors, Senior Management staff and Company Secretaries.

The NRC is guided by the Policies, to ensure compliance with the applicable provisions of the MMLR, MCCG and Companies Act 2016 mainly in relation to the following:

- (a) The Group's nomination process for the Senior Management staff and specifically to identify, screen and review individuals qualified to serve as Executive Directors, Non-Executive Directors and Independent Directors consistent with criteria approved by the Board and to recommend for approval by the Board, nominees for election at the annual general meeting of the Company;
- (b) Promote Boardroom diversity in recruitment and succession planning processes in composing an effective Board in terms of gender, age and ethnicity, as well as towards ensuring participation of at least 30% women Directors on the Board; and

CORPORATE GOVERNANCE OVERVIEW STATEMENT

- (c) The approach and level of remuneration payable to Directors, Senior Management staff and Company Secretaries provide equitable and market competitive remuneration package to attract, motivate and retain Executive Directors and Senior Management staff of the quality required to run the Company successfully.

The key activities undertaken by the NRC for recommendation to the Board amongst others, were the following:

- (a) Recommended to the Board on new suitable candidates for appointment as Directors, taking into account Boardroom diversity in terms of gender, age and ethnicity, as well as the requisite experience and qualification necessary for the business and development of the Group;
- (b) Recommended to the Board on Directors for appointment to Board Committees and ensured the composition is in accordance with the Terms of Reference of the respective committee;
- (c) Conducted annual assessment of the effectiveness of the Board, Board Committees and each individual director;
- (d) Assessed the structure, size and composition of the Board and Board Committees, the mix of skill required for effective functioning of the Board and Board Committees, to meet the present and future needs of the Group;
- (e) Reviewed and recommended the training needs of Directors and recommended in-house training;
- (f) Reviewed the independence of Independent Directors and confirmed their state of independence and composition in the Board, pursuant to MMLR and MCGG;
- (g) Considered retention of Dato' Ir. Kalid bin Alias and Nik Din bin Nik Sulaiman as Independent Directors even though they have served in that capacity for a cumulative term exceeding twelve (12) years and nine (9) years respectively, and provided justifications for recommendation to the Board to seek shareholders' approval at the Twenty-Fifth AGM;
- (h) Reviewed the Audit Committee Evaluation questionnaires completed by each individual Audit Committee member for the financial year, as per Exhibit 5 of the Corporate Governance Guide issued by Bursa Malaysia Securities Berhad;
- (i) Reviewed and recommended the re-election of retiring Directors pursuant to Article 85 and Article 92 of the Company's Constitution at the Twenty-Fifth AGM;
- (j) Reviewed the disclosure on name basis for remuneration of Directors and Senior Management of the Company, in the CG Report;
- (k) Reviewed the estimated Directors' fees and benefits for the period from 6 September 2018 until the next annual general meeting of the Company to be held in 2019;
- (l) Reviewed and recommended to the Board, the renewal of employment contract of Senior Management staff;
- (m) Reviewed the NRC Policies and Terms of Reference of NRC and proposed to the Board, amendments to the Terms of Reference to be in line with the new MCGG and revised MMLR;
- (n) Reviewed the Proposed Key Activities of NRC for the period from 1 January 2019 to 31 March 2020; and
- (o) The Chairman of NRC formally reports to the Board after each meeting, the salient matters discussed within its duties and responsibilities.

5. Directors' Continuing Training

All Directors have attended the Mandatory Accreditation Program and they attended training programmes to keep abreast with current development in financial reporting and corporate governance, to further their knowledge and strengthen their skill for discharging their duties as directors effectively. The Company included the Director's Training Programme in its Annual Training Plan.

The details of training programmes attended by the Directors during the Financial year are set out below:

Directors	Training programmes
Dato' Ir. Kalid bin Alias	<ul style="list-style-type: none"> Updates on Malaysian Financial Reporting Standard (MFRS 1, 9 and 15) Invitation for Briefing on GST - The end of the Road
Nik Din bin Nik Sulaiman	<ul style="list-style-type: none"> Updates on Malaysian Financial Reporting Standard (MFRS 1, 9 and 15)
Keith George Cowling	<ul style="list-style-type: none"> Breakfast Talk Series #3: Sustainability & Business
Dato' Ir. Wan Razali bin Wan Muda	<ul style="list-style-type: none"> Updates on Malaysian Financial Reporting Standard (MFRS 1, 9 and 15) Mandatory Accreditation Programme Breakfast Talk Series #3: Sustainability & Business
Nik Faeruz binti Tan Sri Nik Hussain [Appointed on 18 February 2019]	<ul style="list-style-type: none"> Revisiting the Misconception of Board Remuneration

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

6. Remuneration

The total remuneration paid to the Directors of MTD ACPI during the financial year, is set out in the table below:

Directors	Directors' Fees (RM)	Benefits in Kind (RM)	Meeting Allowance (RM)	Others Emoluments (RM)				Total (RM)
				Director Allowance	Advisory Fee	Car Allowance	Income Tax	
COMPANY								
NON-EXECUTIVE DIRECTOR								
Dato' Ir. Kalid bin Alias	47,500	-	9,000	-	-	-	-	56,500
Nik Din bin Nik Sulaiman	41,500	-	15,000	-	-	-	-	56,500
Nik Fadzrina binti Tan Sri Nik Hussain [Resigned on 18 February 2019]	31,821	-	6,304	-	-	-	-	38,125
Nik Firdaus binti Tan Sri Nik Hussain [Resigned on 1 May 2018]	3,000	-	-	-	-	-	-	3,000
Dato' Ir. Wan Razali bin Wan Muda [Appointed on 2 May 2018]	32,903	-	-	-	-	-	-	32,903
Nik Faeruz binti Tan Sri Nik Hussain [Appointed on 18 February 2019]	4,179	-	696	-	-	-	-	4,875
Subtotal	160,903	-	31,000	-	-	-	-	191,903
EXECUTIVE DIRECTOR								
Keith George Cowling	36,000	-	-	24,000	-	-	-	60,000
Subtotal	36,000	-	-	24,000	-	-	-	60,000
TOTAL	196,903	-	31,000	24,000	-	-	-	251,903

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Directors	Directors' Fees (RM)	Benefits in Kind (RM)	Meeting Allowance (RM)	Others Emoluments (RM)				Total (RM)
				Director Allowance	Advisory Fee	Car Allowance	Income Tax	
GROUP								
NON-EXECUTIVE DIRECTOR								
Dato' Ir. Kalid bin Alias	47,500	-	9,000	-	-	-	-	56,500
Nik Din bin Nik Sulaiman	41,500	-	15,000	-	-	-	-	56,500
Nik Fadzrina binti Tan Sri Nik Hussain [Resigned on 18 February 2019]	31,821	-	6,304	-	-	-	-	38,125
Nik Firdaus binti Tan Sri Nik Hussain [Resigned on 1 May 2018]	3,000	-	-	-	-	-	-	3,000
Dato' Ir. Wan Razali bin Wan Muda [Appointed on 2 May 2018]	32,903	-	-	-	-	-	-	32,903
Nik Faeruz binti Tan Sri Nik Hussain [Appointed on 18 February 2019]	4,179	-	696	-	-	-	-	4,875
Subtotal	160,903	-	31,000	-	-	-	-	191,903
EXECUTIVE DIRECTOR								
Keith George Cowling	36,000	2,529	-	24,000	57,000	21,600	23,079	164,208
Subtotal	36,000	2,529	-	24,000	57,000	21,600	23,079	164,208
TOTAL	196,903	2,529	31,000	24,000	57,000	21,600	23,079	356,111

7. Time Commitment

Board Meeting dates were planned and scheduled at the beginning of the financial year with commitment of Directors to ensure their attendance. The Directors dedicated sufficient time to fulfil their responsibilities effectively and attended all Board meetings held during the financial year except, Puan Nik Fadzrina binti Tan Sri Nik Hussain. Nevertheless, she complied with the minimum attendance requirement of more than 50% of the total Board meetings held during the Financial year.

The Board would ensure to obtain commitment from new Director at the time of appointment and also commitment from Directors prior to their acceptance of any new directorship of other company on their resource and time contributions to focus on the affairs of the Group, towards discharging their duties effectively.

All Directors meet the requirement of MMLR on the restriction on the number of directorships in public listed company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

1. Audit Committee

The Audit Committee met with the external auditors twice during the Financial year without the presence of the Executive Directors and Senior Management staff, to encourage free and honest exchange of view and opinion between both parties, on matters of governance, significant audit and accounting issues, differences in internal control as a result of performance of audit by the external auditors and their recommendations for improvement thereof.

Based on the performance evaluation of the Audit Committee for the financial year, the Board satisfied that the Chairman and members of the Audit Committee have discharged their responsibilities effectively.

The composition, Terms of Reference and a summary of activities of the Audit Committee are presented in the Report of the Audit Committee in this Annual Report.

2. Risk Management Committee

The Board established the Risk Management Committee (“RMC”) on 28 August 2018, for the purpose of providing dedicated oversight on the risks that impact the organizational performance, enterprise risk management framework and processes implemented across the Group. The Board approved the Terms of Reference of RMC to govern the processes of the RMC and outline the procedures and guidelines in relation to its risk governance role, a copy is available through the Corporate Governance Section of the Company’s website www.mtdacpi.com.

The RMC comprised three (3) Independent Non-Executive Directors and its scope of functions and authority is guided by its Terms of Reference established by the Board.

The RMC held two (2) meetings during the financial year and the record of attendance of each member is set out as follows:

Member	Number of RMC Meetings Attended / Held during the financial year
Dato’ Ir. Wan Razali bin Wan Muda (Chairman)	2/2
Dato’ Ir. Kalid bin Alias	2/2
Nik Din bin Nik Sulaiman	2/2

The Board together with the RMC reviewed the Enterprise Risk Management Reporting Structure and Report on Risk Profile of the Group, to set the risk appetite and determine the acceptable level of key risks identified and advised the Management to:

- Look into ways of analysing and evaluating the risk profiles, and implementing solutions to manage and minimize the effect of extreme high risks of the Group to an acceptable level;
- Reviewed the risk action plans for critical risks of the Group implemented or to be implemented to mitigate the risks, to ensure effective achievement of the strategic objectives of the Group;
- Continuously promote risk knowledge, awareness and understanding of the concept of risk management by Head of Department / Division involved; and
- Set Key Performance Indicators of the Head of Department / Division to include the measurement of implementation of risk action plan to ensure the application of concept of risk management and responsibility in managing the identify risks.

The report on the adequacy and effectiveness of the Group’s risk management and internal control in all material aspects are disclosed in the Statement on Risk Management and Internal Control in this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE C : INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

1. Communication with the Shareholders

The Board ensured prompt and appropriate disclosure of the Company's information to shareholders and stakeholders of the Company, through the Company's website and announcements to Bursa Securities via Bursa Link.

The Company maintains a dedicated website at www.mtdacpi.com which provides access to the Group's operating businesses, latest developments, announcements to Bursa Malaysia and other corporate information. Shareholders may raise queries regarding the Group via email addressed to enquiries@mtgroup.com.my.

2. AGM

The AGM remain the principal forum for open communication with shareholders concerning matters affecting the value of shareholders' investment in the Company and also to understand the shareholders' perspective and respond to their feedback.

At the Twenty-Fifth AGM, all five (5) Directors were present at the meeting. The Chairman of the Board chaired the AGM in an orderly manner and allowed shareholders or proxies the opportunity to speak at the AGM.

The CEO presented to the meeting, the performance of the Company and the Group for the past five (5) financial years including, financial year ended 31 March 2018, key highlights for construction and manufacturing, projects undertaken and completed in financial year ended 31 March 2018, current on-going projects and potential projects being pursued. The written reply to the questions raised by the Minority Shareholder Watchdog Group in relation to strategy / financial and corporate governance matters of the Group was also presented at the AGM.

The questions raised by the shareholders and answers given were recorded in the minutes. The minutes of the AGM is available through our Company's website www.mtdacpi.com.

This statement was approved by the Board on 4 July 2019.

ADDITIONAL COMPLIANCE STATEMENT

Utilisation of Proceeds

During the financial year under review, there were no proceeds raised from any corporate proposal.

Audit and Non-Audit Fees

The amount of audit and non-audit fees paid to the external auditors of the Company and of the Group respectively for the financial year ended 31 March 2019 were as follows:

	Company (RM)	Group (RM)
Audit fees	75,000	353,460
Non-audit fees	17,000	17,000

Material Contracts

There were no material contracts entered into by the Company and/or its subsidiaries involving the interests of Directors and major shareholders since the end of the previous financial year up to 31 March 2019.

Recurrent Related Party Transactions ("RRPT")

The information on RRPT for the financial year ended 31 March 2019 is disclosed in the Audited Financial Statements of this Annual Report.

DIRECTORS' RESPONSIBILITY STATEMENT For Preparing the Audited Financial Statements

The Directors are responsible for ensuring that the annual audited financial statements of the Company and the Group are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards, the requirements of the Malaysian Companies Act 2016 and the Bursa Malaysia Securities Berhad Main Market Listing Requirements.

The Directors are also responsible for ensuring that the annual audited financial statements of the Company and the Group are prepared with reasonable accuracy from the accounting records of the Company and the Group so as to give a true and fair view of the state of affairs of the Company and the Group as at 31 March 2019.

In presenting the annual audited financial statements, the Directors have applied appropriate and relevant accounting policies on consistent basis; made judgements and estimates that are reasonable and prudent; and prepared the annual audited financial statements on a going concern basis.

The Directors has overall responsibility for taking reasonable steps to safeguard the assets of the Company and the Group to prevent and detect fraud and other irregularities.

REPORT OF THE AUDIT COMMITTEE

1. MEMBERSHIP AND MEETINGS

The Audit Committee (“AC”) comprises the following members and details of attendance of each member at meetings held during the financial year ended 31 March 2019 are as follows:

Members	Number of Meetings	
	Held	Attendance
Nik Din bin Nik Sulaiman Chairman / Independent Non-Executive Director	5	5
Dato’ Ir. Kalid bin Alias Member / Senior Independent Non-Executive Director	5	5
Puan Nik Fadzrina binti Tan Sri Nik Hussain Member / Non-Independent Non-Executive Director (Resigned on 18 February 2019)	*4	3
Puan Nik Faeruz binti Tan Sri Nik Hussain Member / Non-Independent Non-Executive Director (Appointed on 18 February 2019)	*1	1

* Reflects the number of meetings held during the time the Director held office

2. COMPOSITION

Composition

The AC shall be appointed by the Board of Directors of the Company (“Board”) from among the Board members and shall comprise not fewer than three (3) members, all of whom shall be non-executive directors. The majority of the AC shall be independent directors.

At least one (1) member of the AC:-

- a. must be a member of the Malaysian Institute of Accountants (“MIA”); or
- b. if he is not a member of the MIA, he must have at least three (3) years of working experience and:
 - i. he must have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
 - ii. he must be a member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
- c. fulfils such other requirements* as prescribed or approved by Bursa Malaysia Securities Berhad (“Bursa Securities”).

The members of the AC shall elect a Chairman from amongst themselves who is an Independent Director. No alternate Director of the Board shall be appointed as a member of the AC.

* (a) a degree/masters/doctorate in accounting or finance and at least three (3) years’ post qualification experience in accounting or finance; or
 (b) at least seven (7) years’ experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.

REPORT OF THE AUDIT COMMITTEE

2. COMPOSITION (CONT'D)

Composition (Cont'd)

The Chairman of AC is responsible for ensuring that AC meetings run efficiently and each agenda item is thoroughly and thoughtfully discussed by all members of the AC. The responsibilities of the AC Chairman, are as follows:-

- a) Planning and conducting meetings;
- b) Overseeing reporting to the Board;
- c) Encouraging open discussion during meetings; and
- d) Develop and maintain active on-going dialogue with management and both internal and external auditors.

The Chairman of the AC shall assess the performance of individual committee members on annual basis.

In the event of any vacancy in the AC resulting in non-compliance of Bursa Securities Main Market Listing Requirements ("Listing Requirements"), the Board shall ensure that the vacancy is filled within three (3) months.

The Board shall review the term of office and performance of an AC and each of its members at least once every three (3) years.

3. TERMS OF REFERENCE

3.1 Meetings

The AC shall meet at least four (4) times a year. In addition, the Chairman may call for additional meetings at any time at the Chairman's discretion. The AC may also invite any officer or employee of the Group to be in attendance to assist in its deliberations. The AC shall meet with the external auditors without any executive board member and management present at least twice a year and whenever deemed necessary.

3.2 Quorum

The meetings shall have a quorum of two (2) members who are independent directors.

3.3 Secretary

The Secretary of the AC shall be the Company Secretary.

The Secretary shall be responsible for drawing up the notice and agenda of meetings in consultation with the Chairman and circulating it, supported by explanatory documentation to members of the AC prior to each meeting.

The Secretary shall also prepare the written minutes of the AC meetings and distribute to each member for confirmation. The minutes of AC meetings shall be kept under the custody of the Secretary.

3.4 Authority

The AC shall, in accordance with a procedure to be determined by the Board and at the expense of the Company:-

- a. be authorised to investigate any activity within its terms of reference;
- b. have direct communication channels with both the external auditors and internal auditors as well as employees of the Group;
- c. have full and unrestricted access to any information pertaining to the Company or the Group;
- d. obtain outside legal or other independent professional advice and secure the attendance of outsiders with relevant experience and expertise if it deems necessary;
- e. be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and management, if necessary; and
- f. be able to make relevant reports when necessary to the relevant authorities if a breach of the Listing Requirements occurs.

REPORT OF THE AUDIT COMMITTEE

3. TERMS OF REFERENCE (CONT'D)

3.5 Duties and Responsibilities

a. Risk Management & Internal Control

- to review the adequacy and effectiveness of the risk management, Group's internal control system and management information system;
- to review the extent of compliance with established internal policies, standards, plans, procedures, laws and regulations;
- to recommend to the Board steps to improve the system of internal control derived from the findings of the internal and external auditors and as recommended by the AC itself;

b. Financial Reporting Review

To review the quarterly and annual financial statements prior to the approval by the Board, focusing particularly on:-

- any changes in or implementation of new accounting policies and practices;
- significant matters highlighted including financial reporting issues, significant judgments made by management, significant and unusual events or transactions, and how these matters are addressed;
- compliance with the applicable approved accounting standards, other statutory and legal requirements;
- the going concern assumption;
- whether finance function is carried out by the right personnel, and its functions are equipped with adequate resources and the right infrastructure to support the financial reporting process;

c. External Audit

- to review with the external auditors the nature and scope of the audit plan;
- to assess the performance and effectiveness of the external auditors and make recommendations to the Board on their appointment and removal;
- to review and monitor the suitability and independence of the external auditors and their services, including non-audit services;
- to carry out an annual review of the performance of the external auditors, including assessment of their independence in the performance of their obligations as external auditors;
- to review external auditors' findings arising from audits, particularly any comments and responses in management letters as well as the assistance given by the employees of the Group in order to be satisfied that appropriate action is being taken;
- to review with the external auditors the Statement on Risk Management and Internal Control of the Group for inclusion in the annual report;

d. Internal Audit

- to review with the internal auditors the nature and scope of the audit plan;
- to review the competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
- to review and evaluate factors related to the independence of internal auditors and assist them in preserving their independence;
- to review internal audit programmes and findings arising from audits;

REPORT OF THE AUDIT COMMITTEE

3. TERMS OF REFERENCE (CONT'D)

3.5 Duties and Responsibilities (Cont'd)

d. Internal Audit (Cont'd)

- to review the performance of the internal audit function and report to the Board when necessary;
- to carry out a formal evaluation to review any appraisal or assessment of the performance of members of the internal audit function;
- to approve annual audit plan and Internal Audit Charter;

e. Audit Reports

To review the internal and external audit reports to ensure that appropriate and adequate remedial actions are taken by management on significant lapses in controls and procedures that are identified;

f. Related Party Transactions

To review any related party transaction and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity;

g. Other Matters

- to prepare the annual AC report to the Board which includes the composition of the AC, its terms of reference, number of meetings held, a summary of its activities and the existence of an internal audit function and a summary of the activities of internal audit function for inclusion in the annual report; and
- to carry out any other function that may be assigned by the Board when deemed necessary and appropriate.

4. POLICY ON APPOINTMENT OF FORMER KEY AUDIT PARTNER AS MEMBER OF AUDIT COMMITTEE

It is the Group's policy that require a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the AC, if any.

5. SUMMARY OF ACTIVITIES

During the financial year under review, the AC carried out its duties as set out in the terms of reference and the activities are summarised as follows:-

a. Risk Management & Internal Control

- i) Deliberated on the Directors' Statement on Risk Management and Internal Control ("SRMIC"), which was reviewed by the external auditor, for publication in the Annual Report.

The SRMIC was supported by assurance statement by the Chief Executive Officer ("CEO") and the Senior Manager, Finance & Treasury Division on effectiveness of Risk Management and Internal Control.

- ii) Deliberated on the quarterly reports, on actions taken by Management to resolve significant internal control and accounting issues highlighted by the internal and external auditors.
- iii) Updates and development on corporate governance and best business practices, statutory and regulatory requirements, compliance with accounting standards and other business guidelines.

REPORT OF THE AUDIT COMMITTEE

5. SUMMARY OF ACTIVITIES (CONT'D)

b. Financial Reporting

The following matters were reviewed by the AC before being recommended to the Board for approval:-

- i) Reviewed the unaudited quarterly financial statements of the Group, among others, any change in accounting policies, significant matters highlighted, the going concern assumption, and compliance with accounting standards and regulatory requirements. AC also reviewed the draft announcements of the unaudited financial statements to Bursa Securities, to ensure compliance with regulatory requirements.
- ii) Reviewed the annual audited financial statements of the Group for the financial year and concluded that the financial reports presented a true and fair view of the Group's and Company's financial performance for the financial year and was in compliance with the Financial Reporting Standards.
- iii) Reviewed the significant matters highlighted by the auditors in the financial statements and significant judgements made by Management.

c. External Audit

- i) Reviewed the external auditor's report for the financial year ended 31 March 2019 and SRMIC before recommending to the Board for approval.
- ii) Reviewed the external auditor's audit plan for the Group, encompassing the proposed work blueprint, nature and scope for the financial year's audit and engagement strategy prior to its implementation.
- iii) Reviewed the terms of engagement of the external auditor for the statutory audit.
- iv) Reviewed the overall performance and, upon satisfactory assessment of the effectiveness of the external auditor for the Group, recommended their re-appointment and fees payable in respect of the scope of work performed for the Board's approval.

- v) Reviewed the independence status of the external auditor and recommended that they be appointed for the ensuing year. AC secures written assurance from the external auditor confirming their independence throughout their term of engagement for the financial year.
- vi) The External Auditors policies and procedures was approved for adoption in February 2015. It outlines the guidelines and procedures for the AC to assess and monitor the external auditors.
- vii) The assessment of the performance and independence of the external auditor was conducted by AC annually. In the assessment, the calibre of external audit firm, quality processes/ performance, audit team, independence & objectivity, audit scope & planning, audit communications and audit fees were assessed.
- viii) AC also exercised its right to hold meetings with the external auditor without the Management's presence. During the financial year, two private sessions were held on 28 May 2018 and 5 July 2018.

d. Internal Audit

- i) Reviewed and approved the Annual Internal Audit Plan to ensure adequate scope and comprehensive coverage of the Group's activities.
- ii) Deliberated on the internal audit reports, audit recommendations and Management's action plan regarding these recommendations.
- iii) Kept updated on Management's implementation of the internal audit recommendations on outstanding issues on a quarterly basis via Audit Findings Tracking Register.
- iv) Reviewed and approved the proposed revision of the Internal Audit Charter in order to align the Charter with the Institute of Internal Auditors' requirements involving areas of responsibility, audit business plan and quality assessment review.
- v) Performed annual evaluation on the Internal Audit function.
- vi) Head of Internal Audit confirmed the organisational independence of the internal audit activity to the AC.

REPORT OF THE AUDIT COMMITTEE

5. SUMMARY OF ACTIVITIES (CONT'D)

e. Related Party Transactions (“RPTs”)

- i) Reviewed the RPTs or Recurrent Related Party Transactions (“RRPTs”) during each quarter.
- ii) Reviewed the estimated RRPT Mandate for the ensuing year and Circular to Shareholders on the Renewal of Shareholders’ Mandate for RRPT, and recommended the same for Board’s approval.

6. INTERNAL AUDIT FUNCTION

The Internal Audit Function is carried out by Group Internal Audit Department (“Group IAD”) of MTD Group. Group IAD assists the AC in discharging its duties and responsibilities, and is independent of the activities they audit.

The purpose, authority and responsibility of the Group IAD as well as the nature of the assurance and consultancy activities provided by the function are articulated in the internal audit charter.

Group IAD reports directly to the AC who reviews and approves the IAD’s annual plan, and reports administratively to the Chief Operating Officer to allow an appropriate degree of independence from the operations.

During the financial year, the Group IAD had carried out audits according to the internal audit plan which had been approved by the AC using risk based approach. The Group IAD evaluated the adequacy and effectiveness of key controls in responding to risks within the organisation’s governance, operations and information systems regarding the:-

- Reliability and integrity of financial and operational information;
- Effectiveness and efficiency of operations;
- Safeguarding of assets; and
- Compliance with relevant laws, regulations and contractual obligations.

Internal audit reports, incorporating audit recommendations and management’s responses were issued to the AC and the management of the respective operations. The Management is responsible for ensuring that corrective actions are taken within the required time frame. All findings identified by Group IAD are tracked and followed up on a quarterly basis and the status of the implementation is reported to the AC accordingly.

The total cost incurred for the internal audit function of the Group in respect of the financial year ended 31 March 2019 amounted to RM 327,893 (included SST).

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors of the Company (“Board”) is committed in maintaining a sound risk management framework and internal control system and is pleased to provide the following statement on the scope and nature of risk management and internal control for the Company and its subsidiaries (“Group”) for the financial year ended 31 March 2019.

BOARD RESPONSIBILITY

The Board acknowledges that it is responsible for the Group’s Risk Management and Internal Control system (“Group RMIC System”) to safeguard shareholder’s investments and the Group’s assets and for reviewing the adequacy and integrity of the system. The Group RMIC System is for the purpose of managing the risk of the Group but does not eliminate the risk of failure to achieve business objectives. It provides only reasonable but not absolute assurance against material misstatement, loss or fraud.

The Board has implemented an ongoing process, for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives throughout the period. The process is regularly reviewed by the Board and accords with the Statement on Risk Management & Internal Control: Guidelines for Directors of Public Listed Companies.

Management assists the Board in the implementation of the Board’s policies and procedures on risk and control by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks.

The Board is of the view that the risk management and internal control system in place for the year under review and up to the date of issuance of the financial statements is adequate and effective to safeguard the shareholders’ investment, the interest of customers, employees and other stakeholders, and the Group’s assets.

KEY RISK MANAGEMENT AND INTERNAL CONTROL PROCESSES

Enterprise Risk Management Statement

The Group has established an Enterprise Risk Management (“ERM”) framework to proactively identify, evaluate and manage key risks to an optimal level. In line with the Group’s commitment to deliver sustainable value, this framework aims to provide an integrated and organised approach entity-wide. It outlines the ERM methodology which is in line with the ISO31000, mainly promoting the risk ownership and continuous monitoring of key risks identified.

MTD ACPI Engineering Berhad (“MTD ACPI”) has implemented and enhanced its ERM framework and processes which has been adopted for implementation throughout the Group. This was conducted in line with the Principles and Guidelines of ISO31000: Risk Management. The enhanced ERM framework has incorporated a well-structured systematic process to identify, analyse and manage risks to an acceptable level for the achievement of MTD ACPI’s strategic objectives.

The context within which the Group manages the risks and key focus of accountability is as follows:

Strategic risks are risks primarily caused by events that are external to the Group, but have a significant impact on its strategic decisions or activities. Accountability for managing strategic risks therefore rests with the Board and CEO. The benefit of effectively managing strategic risks is that the Group can better forecast and quickly adapt to the changing demands that are placed upon the Group. It also means that the Group is less likely to be affected by some external event that calls for significant change.

Operational risks are inherent in the ongoing activities within the different Divisions of the Group. Typically, some of the risks cover costing management, credit, competency, quality, etc. Senior management needs ongoing assurance that operational risks are identified and managed. Accountability for managing operational risks rests specifically with the Heads of Divisions. In this context, ERM aligns MTD ACPI’s strategy, processes, people, technology and knowledge with the purpose of evaluating and managing the risks that the Group faces as it creates value.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Management Committee of MTD ACPI has assumed the role of the Risk Management Committee (“RMC”). The principal responsibilities of the RMC include the following:

- Communicate requirements of the ERM Policy and ensure continuous enhancement of ERM;
- Formulate and implement ERM mechanism to accomplish requirements of the ERM Policy;
- Articulate and challenge risk ratings, control effectiveness, risk treatment options and risk action plans identified by Risk Owners; and
- Ensure that the ERM reports prepared are submitted to the Board in a timely manner, and flash reports are submitted in the event of any risk(s) that require urgent attention.

The RMC is assisted by the Head of the Group Strategic Planning and Investment who facilitates the risk assessment process, by performing independent enquiry on risk identification and risk ratings determination by the respective process owners (line managers). The Head of the Group Strategic Planning and Investment also assists in the facilitation process for the development of action plans to address key risks of the Group. Heads of Divisions are responsible for identifying, analysing and evaluating risks, as well as developing, implementing and monitoring risk action plans and reporting all major risks to the RMC.

During the year, the status of key risk action plans of the Group and the respective Divisions were presented to the Board of Directors (“Board”) on a half-yearly basis. The Board has assumed the oversight and strategic role for ERM.

Audit Committee

The Audit Committee (“AC”), which is chaired by a Senior Independent Non-Executive Director deliberates on findings and recommendations for improvement proposed by the internal and external auditors. The AC also evaluates the adequacy and effectiveness of the Group’s risk management and system of internal control. Apart from reviewing the annual audit plan, the AC assesses the scope and quality of audit performed.

Further details on the AC are set out in the AC Report.

Internal Audit Function

The Internal Audit Function is carried out by the Group Internal Audit Department (“Group IAD”) of MTD Group. Group IAD independently carries out its function and provides the AC and the Board with the assurance on the adequacy and integrity of the system of internal control.

Group IAD reviews the internal control systems and procedures of the Group’s businesses based on the annual audit plan. The annual audit plan is reviewed and approved by the AC and the findings of the audits are submitted to the AC for review at their periodic meetings. Group IAD adopts a risk-based approach when establishing its audit plan and strategy. Responses from Management and action plans are regularly reviewed and followed up by Group IAD and the AC.

Other Key Elements of Internal Control

Apart from the above, the other key elements of the Group RMIC System include:

- Limits of authority are established to govern the management of financial and non financial approval limits;
- Formal operating structure in place with clearly defined lines of responsibility and accountability;
- Board Committees have been established to assist the Board in discharging its duties. The committee are:
 - Audit Committee
 - Nomination and Remuneration Committee
 - Management Committee
 - Risk Management Committee
- Management Committee meets regularly to oversee the day-to-day operation and business affairs of the Group as well as guiding, directing and monitoring the activities to achieve the corporate objectives and goals of the Group;
- Policies and procedures for key processes are documented to provide guidance to all levels of staff. The policies and procedures are reviewed and regularly updated when necessary;
- Where appropriate, certain companies have the ISO accreditation for their operational processes;
- Comprehensive operation and financial reviews by the Board vide the quarterly financial reports;
- Strategic Business Plan and Annual Operating Budget for business review of current financial year performance compared to the budget and previous financial year results, and projected three (3) years Strategic Business Plan and Annual Operating Budget of MTD ACPI Group are presented to the Board annually, for review, approval and adoption;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- Provisions of regular and comprehensive information to management and employees;
- Key Performance Indicators (“KPIs”) are used to measure staff performance annually;
- Proper guidelines for hiring and termination of staff, and annual performance appraisal system are in place;
- Training and development programmes are identified for employees to acquire the necessary knowledge and competency to meet their performance and job expectations;
- Whistle blowing policy is established to provide an avenue and a structured mechanism for employees to raise or report concerns on any suspected wrongful activities or wrongdoing and to protect the value of integrity, transparency and accountability in where the Group conducts its business and affairs;
- A Confidential Information Policy is established to manage, control and protect confidential information used by the Group to avoid leakage and its improper use;
- Adequate insurance coverage protects against any material loss or damage of assets and resources of the Group insured; and
- Regular visits to operating units by senior management and internal auditors.

The Board is of the view that the system of risk management and internal control instituted throughout the Group is sound and sufficient. All internal control weaknesses identified during the financial year under review have been or are being addressed. Notwithstanding this, reviews of all control procedures will be continuously carried out to ensure the ongoing effectiveness and adequacy of the system of risk management and internal control, so as to safeguard shareholders’ investment and the Group’s assets.

ASSURANCE FROM MANAGEMENT

For the financial year under review, the Board has received a written assurance from the Chief Executive Officer (“CEO”) and the Senior Manager, Finance & Treasury Division that the Group’s risk management and internal control system, in all material aspects, is operating adequately and effectively. There were no material control failures or adverse compliance events that have directly resulted in any material loss to the Group.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the Listing Requirements of Bursa Securities, the external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the annual report of the Group for the financial year ended 31 March 2019. As set out in their terms of engagement, the said review procedures were performed in accordance with the Audit and Assurance Practice Guide 3 [“AAPG 3”] issued by the Malaysian Institute of Accountants. The External Auditors’ procedures have been conducted to assess whether the Statement on Risk Management and Internal Control is supported by the documentation prepared by or for the Directors and that it is an appropriate reflection of the process adopted by the Directors in reviewing the adequacy and integrity of the system of internal control for the Group.

AAPG 3 does not require the external auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group’s risk and control procedures. Based on their procedures performed, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is factually inaccurate. This statement is approved by the Board of Directors on 15 July 2019.

ANALYSIS OF SHAREHOLDINGS

As at 1 July 2019

SHARE CAPITAL

Total Number of Issued Shares	: 231,632,798 ordinary shares
Total Issued Share Capital	: RM339,770,686
Number of Treasury Shares held	: 637,000 ordinary shares
Voting Right	: One vote per ordinary share on a poll
Number of Shareholders	: 4,628

DISTRIBUTION OF SHAREHOLDERS

Size of Holdings	No. of Shareholders	*% of Shareholders	No. of Issued Shares	*% of Issued Shares
Less than 100 shares	269	5.81	8,668	#
100 to 1,000 shares	1,932	41.75	878,701	0.38
1,001 to 10,000 shares	1,596	34.49	7,108,310	3.08
10,001 to 100,000 shares	711	15.36	22,900,099	9.91
100,001 to less than 5% of issued shares	117	2.53	45,549,411	19.72
5% and above of issued shares	3	0.06	154,550,609	66.91
Total	4,628	100.00	230,995,798	100.00

SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	Direct Interest		Indirect Interest	
	No. of Issued Shares	*%	No. of Issued Shares	*%
MTD Equity Sdn Bhd (MTD Equity)	88,000,000	38.10	-	-
Metacorp Berhad (Metacorp)	27,254,610	11.80	-	-
Alloy Capital Sdn Bhd (ACSB)	39,295,999	17.01	117,269,410 ⁽¹⁾	50.77
Lambang Simfoni Sdn Bhd (Lambang Simfoni)	-	-	27,254,610 ⁽²⁾	11.80
MTD Capital Bhd (MTD)	2,014,800	0.87	115,254,610 ⁽³⁾	49.90
Nikvest Sdn Bhd (Nikvest)	-	-	117,269,410 ⁽⁴⁾	50.77
Alloy Consolidated Sdn Bhd (Alloy)	-	-	156,565,409 ⁽⁵⁾	67.78
Tan Sri Dr. Nik Hussain bin Abdul Rahman	-	-	156,565,409 ⁽⁶⁾	67.78
Dato' Nik Faizul bin Tan Sri Nik Hussain	-	-	117,278,660 ⁽⁷⁾	50.77

Notes:

Negligible

* Based on 230,995,798 ordinary shares (Total number of issued shares of 231,632,798 ordinary shares less Treasury Shares of 637,000).

(1) Deemed interested by virtue of its shareholding in MTD.

(2) Deemed interested by virtue of its shareholding in Metacorp.

(3) Deemed interested by virtue of the interests of its wholly-owned subsidiaries namely, MTD Equity and Metacorp.

(4) Deemed interested by virtue of its shareholding in MTD.

(5) Deemed interested by virtue of the interests of its subsidiaries namely, MTD and ACSB. Alloy has direct shareholding of 26.01% and indirect shareholding of 51.18% in MTD through its wholly-owned subsidiaries, ACSB (47.78%) and Alloy Concrete Engineering Sdn Bhd (3.40%).

(6) Deemed interested by virtue of his interests in MTD through his children's shareholdings in Nikvest and his shareholding in Alloy.

(7) Deemed interested by virtue of his spouse's shareholding in MTD ACPI Engineering Berhad and his shareholding in Nikvest.

ANALYSIS OF SHAREHOLDINGS

As at 1 July 2019

DIRECTORS' SHAREHOLDINGS

Name of Directors	Direct Interest		Indirect Interest	
	No. of Issued Shares	*%	No. of Issued Shares	*%
Dato' Ir. Kalid bin Alias	-	-	-	-
Dato' Ir. Wan Razali bin Wan Muda	-	-	-	-
Nik Din bin Nik Sulaiman	-	-	-	-
Keith George Cowling	-	-	-	-
Nik Faeruz binti Tan Sri Nik Hussain	-	-	-	-

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Issued Shares	*%
1	MTD Equity Sdn Bhd	88,000,000	38.10
2	Alloy Capital Sdn Bhd	39,295,999	17.01
3	Metacorp Berhad	27,254,610	11.80
4	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Kian Aik (8058967)	4,048,400	1.75
5	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Kian Chuan (8059299)	2,406,500	1.04
6	Tan Eng Hai	2,141,800	0.93
7	Chua Hock Chin	2,062,411	0.89
8	MTD Capital Bhd	2,014,800	0.87
9	Subramaniam Pillai A/L Sankaran Pillai	1,500,000	0.65
10	Choong Yean Yaw	1,373,600	0.59
11	Koh Kwee Hooi	1,105,800	0.48
12	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chong Khong Shoong	1,000,000	0.43
13	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teh Shiou Cherng (J D B Tunggal BR-CL)	1,000,000	0.43
14	Koay Teng Liang	941,400	0.41
15	Cheah Yow Wah	824,200	0.36
16	Zuraida binti Md Adib	750,000	0.32
17	Wong Hok Yim	700,000	0.30
18	Ooi Siew Hong	687,800	0.30

ANALYSIS OF SHAREHOLDINGS

As at 1 July 2019

LIST OF THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)

No.	Name of Shareholders	No. of Issued Shares	*%
19	HLIB Nominees (Tempatan) Sdn Bhd Hong Leong Bank Bhd for Teh Shiou Cherng	635,600	0.28
20	Tan Kian Ling	618,700	0.27
21	Teh Shiou Cherng	576,000	0.25
22	Chan Thye Thian	565,400	0.24
23	Soon Khiat Voon	560,000	0.24
24	Maybank Nominees (Tempatan) Sdn Bhd Chung Chit Min	555,000	0.24
25	Teh Bee Gaik	544,000	0.24
26	Tan Kian Aik	529,000	0.23
27	Koay Teng Kheong	526,000	0.23
28	Chew Swee Seng	505,000	0.22
29	Loh Kwok Yee	496,700	0.22
30	Khoo Yew Nean	400,000	0.17
Total		183,618,720	79.49

Note:

* Based on 230,995,798 ordinary shares (Total number of issued shares of 231,632,798 ordinary shares less Treasury Shares of 637,000).



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DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2019.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and project management. The principal activities of the subsidiaries are disclosed in Note 7 to the financial statements. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

RESULTS

	Group RM'000	Company RM'000
Loss for the financial year	(6,820)	(10,583)
Attributable to:		
Owners of the parent	(4,686)	(10,583)
Non-controlling interests	(2,134)	-
	(6,820)	(10,583)

DIVIDEND

No dividend has been paid, declared or proposed by the Company since the end of the previous financial year. The Directors do not recommend the payment of any final dividend in respect of the financial year ended 31 March 2019.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year have been disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

DIRECTORS

The Directors who have held office during the financial year and up to the date of this report are as follows:

MTD ACPI Engineering Berhad

Dato' Ir. Kalid bin Alias
 Nik Din bin Nik Sulaiman
 Keith George Cowling
 Dato' Ir. Wan Razali bin Wan Muda
 Nik Faeruz binti Tan Sri Nik Hussain
 Nik Fadzrina binti Tan Sri Nik Hussain

(Appointed on 18 February 2019)
 (Resigned on 18 February 2019)

DIRECTORS' REPORT

DIRECTORS (CONT'D)

Subsidiaries of MTD ACPI Engineering Berhad (excluding those who are already listed above)

Md. Rijaluddin bin Mohd. Salleh	
Radzimah binti Mohd Radzi	
Tan Sri Dr. Nik Hussain bin Abdul Rahman	
Dato' Nik Fauzi bin Tan Sri Nik Hussein	
Dato' Nik Faizul bin Tan Sri Nik Hussain	
Ahmad Tarmizi bin Ismail	
Tee Kim Siew	
Vijayaraj A/L Govindarajoo	
Isaac S. David	
Gil A. Talingdan II	
Oscar S. Rayo	
Zaim Husni bin Omar	(Appointed on 18 February 2019)
Dr. Nik Faizah binti Tan Sri Nik Hussein	(Appointed on 18 February 2019)
Abu Bakar Al Siddik bin Mohd Noh	(Resigned on 31 October 2018)
Low Chong Boon @ Harry Low	(Resigned on 19 February 2019)
Tan Boon Fong	(Resigned on 19 February 2019)

DIRECTORS' INTERESTS

According to Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, none of the Directors holding office at the end of financial year held any beneficial interests in ordinary shares in the Company and of its related corporations during the financial year ended 31 March 2019.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than those as disclosed in Note 34 to the financial statements.

There were no arrangements made during and at the end of the financial year, to which the Company is a party, which had the object of enabling Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REMUNERATION

Details of Directors' remuneration are set out in Note 28 to the financial statements.

INDEMNITY AND INSURANCE FOR OFFICERS AND AUDITORS

The Group and the Company effected Directors' liability insurance during the financial year to protect the Directors of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors.

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and the officers of the Group and of the Company are RM10,000,000 and RM18,062 respectively.

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (c) The Directors are not aware of any circumstances:
 - (i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
 - (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
 - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

DIRECTORS' REPORT

ULTIMATE HOLDING COMPANY

The Directors regard Alloy Consolidated Sdn. Bhd., a company incorporated in Malaysia, as the ultimate holding company.

AUDITORS

The auditors, BDO PLT (LLP0018825-LCA & AF 0206), have expressed their willingness to continue in office.

The details of auditors' remuneration of the Company and its subsidiaries for the financial year ended 31 March 2019 are disclosed in Note 25 to the financial statements.

BDO PLT (LLP0018825-LCA & AF 0206) was registered on 2 January 2019 and with effect from that date, BDO (AF 0206), a conventional partnership was converted to a limited liability partnership.

Signed on behalf of the Board in accordance with a resolution of the Directors.

Nik Faeruz binti Tan Sri Nik Hussain

Director

Batu Caves, Selangor Darul Ehsan
15 July 2019

Keith George Cowling

Director

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 67 to 137 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2019 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

Nik Faeruz binti Tan Sri Nik Hussain
Director

Batu Caves, Selangor Darul Ehsan
15 July 2019

Keith George Cowling
Director

STATUTORY DECLARATION

I, Noor Baizurah binti Hamzah (CA 21174), being the officer primarily responsible for the financial management of MTD ACPI Engineering Berhad, do solemnly and sincerely declare that the financial statements set out on pages 67 to 137 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly
declared by the abovenamed at
Kuala Lumpur this
15 July 2019

Noor Baizurah binti Hamzah

Before me:

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MTD ACPI ENGINEERING BERHAD (INCORPORATED IN MALAYSIA)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of MTD ACPI Engineering Berhad, which comprise the statements of financial position as at 31 March 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 67 to 137.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2019, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters for the Group

1. *Revenue recognition from construction contracts*

We refer to Note 14 and Note 22 to the financial statements on the recognition of revenue in accordance with MFRS 15 *Revenue from Contracts with Customers*.

We determined this to be a key audit matter because it requires management to exercise significant judgement in determining performance obligations, transaction price allocation and costs in applying the output method to recognise revenue over time.

In estimating the progress toward complete satisfaction of performance obligations, the Group considers the completeness and accuracy of its estimated total contract sum, including contract variations, claims and contingencies.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MTD ACPI ENGINEERING BERHAD (INCORPORATED IN MALAYSIA)

Key Audit Matters (Cont'd)

Key Audit Matters for the Group (Cont'd)

1. *Revenue recognition from construction contracts (Cont'd)*

Audit response

Our audit procedures included the following:

- a. Assessed estimated total costs to complete through inquiries of operational and financial personnel of the Group;
- b. Inspected documentation to support cost estimates made including contract variations and cost contingencies;
- c. Compared contract budgets to actual outcomes to assess reliability of management budgeting process and controls; and
- d. Inspected correspondences from sub-contractors in relation to variations and claims to corroborate key judgement applied by management.

2. *Recoverability of trade receivables of the Group*

With reference to Note 10 to the financial statements, the trade receivables of the Group were recorded as RM117.4 million as at 31 March 2019.

We determined this to be key audit matter because it requires management to exercise significant judgement in determining the probability of default by trade receivables, appropriate forward looking information and estimated cash flows recoverable in worst-case scenarios.

Audit response

Our audit procedures included the following:

- a. Recomputed the probability of default using historical data and forward looking information adjustment applied by the Group;
- b. Recomputed the correlation coefficient between the macroeconomic indicators used by the Group and historical losses to determine the appropriateness of the forward-looking information used by the Group; and
- c. Inquiries of management to assess the rationale underling the relationship between the forward-looking information and expected credit losses.

Key Audit Matters for the Company

We have determined that there are no key audit matters to communicate in our report in respect of the audit of the financial statements of the Company.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MTD ACPI ENGINEERING BERHAD (INCORPORATED IN MALAYSIA)

Information Other than the Financial Statements and Auditors' Report Thereon (Cont'd)

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRSs, IFRSs and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of the Group and of the Company.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MTD ACPI ENGINEERING BERHAD (INCORPORATED IN MALAYSIA)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 7 to the financial statements.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO PLT
LLP0018825-LCA & AF 0206
Chartered Accountants

Kuala Lumpur
15 July 2019

Rejeesh A/L Balasubramaniam
02895/08/2020 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	6	133,808	116,608	7,058	3,990
Investments in subsidiaries	7	-	-	42,845	42,845
Investments in associates	8	522	559	-	-
Other investments	9	161	161	161	161
Trade and other receivables	10	40,201	20,028	40,579	-
Deferred tax assets	11	2,484	7,008	-	-
		177,176	144,364	90,643	46,996
Current assets					
Inventories	12	21,327	23,845	-	-
Other investments	9	38	53	-	-
Trade and other receivables	10	108,191	197,882	26,357	73,643
Contract assets	14	32,614	-	-	-
Current tax assets		6,248	6,038	569	590
Cash and bank balances	15	31,457	22,534	286	1,353
		199,875	250,352	27,212	75,586
TOTAL ASSETS		377,051	394,716	117,855	122,582
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	16	339,771	339,771	339,771	339,771
Treasury shares	16	(1,905)	(1,905)	(1,905)	(1,905)
Reserves	17	91,077	76,673	5,207	2,252
Accumulated losses		(350,607)	(334,298)	(399,919)	(381,995)
		78,336	80,241	(56,846)	(41,877)
Non-controlling interests		13,429	14,863	-	-
TOTAL EQUITY/(CAPITAL DEFICIENCY)		91,765	95,104	(56,846)	(41,877)

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MARCH 2019

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
LIABILITIES					
Non-current liabilities					
Trade and other payables	18	19,487	6,065	96,077	-
Provisions	19	7,242	6,944	-	-
Borrowings	20	463	281	-	-
Deferred tax liabilities	11	5,012	3,395	269	114
		32,204	16,685	96,346	114
Current liabilities					
Trade and other payables	18	182,433	227,384	73,499	159,493
Contract liabilities	14	7,876	-	-	-
Provisions	19	1,884	2,551	-	-
Borrowings	20	60,889	52,516	4,856	4,852
Current tax liabilities		-	476	-	-
		253,082	282,927	78,355	164,345
TOTAL LIABILITIES		285,286	299,612	174,701	164,459
TOTAL EQUITY AND LIABILITIES		377,051	394,716	117,855	122,582

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue	22	249,817	274,155	-	-
Cost of sales	23	(232,002)	(234,791)	-	-
Gross profit		17,815	39,364	-	-
Other operating income	24	17,939	13,807	870	21,159
Selling and marketing expenses		(6,380)	(6,619)	-	-
Administrative and other expenses	25	(23,849)	(31,291)	(4,456)	(27,245)
Finance costs	26	(6,869)	(6,293)	(6,997)	(6,320)
Share of results of associates, net of tax	8(e)	(37)	34	-	-
(Loss)/Profit before tax		(1,381)	9,002	(10,583)	(12,406)
Tax expense	29	(5,439)	(2,263)	-	-
(Loss)/Profit for the financial year		(6,820)	6,739	(10,583)	(12,406)
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translations		(618)	(11,927)	-	-
Items that will not be reclassified subsequently to profit or loss					
Revaluation surplus on property, plant and equipment		15,781	-	2,955	-
Total other comprehensive income/(loss), net of tax		15,163	(11,927)	2,955	-
Total comprehensive income/(loss)		8,343	(5,188)	(7,628)	(12,406)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
(Loss)/Profit for the financial year attributable to:					
Owners of the parent		(4,686)	7,161	(10,583)	(12,406)
Non-controlling interests		(2,134)	(422)	-	-
		(6,820)	6,739	(10,583)	(12,406)
Total comprehensive income/(loss) attributable to:					
Owners of the parent		9,777	(1,871)	(7,628)	(12,406)
Non-controlling interests		(1,434)	(3,317)	-	-
		8,343	(5,188)	(7,628)	(12,406)
(Loss)/Profit per ordinary share attributable to equity holders of the Company (sen)					
Basic and diluted (loss)/earnings per ordinary share (sen)					
(Loss)/Profit for the financial year	30	(2)	3		

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

Group	Non-distributable					Total attributable to owners of the parent RM'000	Non- controlling interests RM'000	Total RM'000
	Share capital RM'000	Treasury shares RM'000	Exchange translation reserve RM'000	Revaluation reserve RM'000	Other reserves RM'000			
Balance as at 1 April 2017	339,771	(1,905)	9,260	47,190	29,255	(341,459)	18,180	100,292
Profit/(Loss) for the financial year	-	-	-	-	-	7,161	(422)	6,739
Foreign currency translations	-	-	(9,032)	-	-	-	(2,895)	(11,927)
Total comprehensive (loss)/ income	-	-	(9,032)	-	-	7,161	(3,317)	(5,188)
Balance as at 31 March 2018	339,771	(1,905)	228	47,190	29,255	(334,298)	14,863	95,104

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

Group	Note	Non-distributable					Total attributable to owners of the parent	Non-controlling interests	Total	
		Share capital	Treasury shares	Exchange translation reserve	Revaluation reserve	Other reserves				Accumulated losses
Balance as at 1 April 2018, as previously reported		339,771	(1,905)	228	47,190	29,255	(334,298)	80,241	14,863	95,104
Effects of adoption of MFRS 9	35	-	-	-	-	-	(11,552)	(11,552)	-	(11,552)
Effects of adoption of MFRS 15	35	-	-	-	-	-	(130)	(130)	-	(130)
Balance as at 1 April 2018, as restated		339,771	(1,905)	228	47,190	29,255	(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 of property, plant and equipment		-	-	-	15,781	-	-	15,781	-	15,781
Total comprehensive (loss)/income		-	-	(1,318)	15,781	-	(4,686)	9,777	(1,434)	8,343
Realisation of revaluation reserves		-	-	-	(59)	-	59	-	-	-
Balance as at 31 March 2019		339,771	(1,905)	(1,090)	62,912	29,255	(350,607)	78,336	13,429	91,765

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

Company	Note	Non-distributable				Accumulated losses RM'000	Total RM'000
		Share capital RM'000	Treasury shares RM'000	Revaluation reserve RM'000	Other reserve RM'000		
Balance as at 1 April 2017		339,771	(1,905)	2,162	90	(369,589)	(29,471)
Loss for the financial year		-	-	-	-	(12,406)	(12,406)
Other comprehensive income, net of tax		-	-	-	-	-	-
Total comprehensive loss		-	-	-	-	(12,406)	(12,406)
Balance as at 31 March 2018		339,771	(1,905)	2,162	90	(381,995)	(41,877)
Balance as at 1 April 2018, as previously reported		339,771	(1,905)	2,162	90	(381,995)	(41,877)
Effects of adoption of MFRS 9	35	-	-	-	-	(7,341)	(7,341)
Balance as at 1 April 2018, as restated		339,771	(1,905)	2,162	90	(389,336)	(49,218)
Loss for the financial year		-	-	-	-	(10,583)	(10,583)
Other comprehensive income, net of tax		-	-	-	-	-	-
Revaluation of property, plant and equipment		-	-	2,955	-	-	2,955
Total comprehensive income/(loss)		-	-	2,955	-	(10,583)	(7,628)
Balance as at 31 March 2019		339,771	(1,905)	5,117	90	(399,919)	(56,846)

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/Profit before tax		(1,381)	9,002	(10,583)	(12,406)
Adjustments for:					
Bad debts written off		-	8	-	-
Depreciation of property, plant and equipment	6	4,602	3,519	47	8
Dividend income from other investments		(4)	(5)	-	-
Fair value adjustments on other investments, net		15	37	-	-
Finance costs	26	6,869	6,293	6,997	6,320
Gain on disposal of property, plant and equipment, net		(262)	(331)	-	(3)
Impairment losses on:					
- property, plant and equipment	6	14	-	-	-
- trade and other receivables	10(j)	4,475	7,431	230	22,008
- contract assets	14	106	-	-	-
Retirement benefits provision	19(a)	572	1,100	-	-
Interest income		(210)	(53)	(7)	(6)
Inventories written back	12	-	(521)	-	-
Inventories written off	12	68	66	-	-
Inventories written down	12	1,330	-	-	-
Property, plant and equipment written off	6	39	79	-	-
Reversal of:					
- out-of-court settlement and others	19	(895)	(205)	-	-
- foreseeable losses		-	(2,050)	-	-
Reversal of impairment losses on:					
- trade and other receivables	10(j)	(8,646)	(2,864)	(150)	(716)
- investments in subsidiaries		-	-	-	(20,434)
Share of results of associates	8(e)	37	(34)	-	-
Unrealised foreign exchange gain, net		(3,271)	(2,159)	-	-
Operating profit/(loss) before changes in working capital		3,458	19,313	(3,466)	(5,229)
Inventories		1,120	(1,887)	-	-
Trade and other receivables		30,408	(859)	(223)	(294)
Trade and other payables		5,306	(22,604)	(23)	(1,992)
Cash from/(used in) operations		40,292	(6,037)	(3,712)	(7,515)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONT'D)					
Cash from/(used in) operations (Cont'd)		40,292	(6,037)	(3,712)	(7,515)
Contributions paid for retirement benefit obligations	19(a)	(50)	(1,981)	-	-
Tax paid		(4,454)	(7,108)	(121)	(3,031)
Tax refunded		2,141	256	142	-
Net cash from/(used in) operating activities		37,929	(14,870)	(3,691)	(10,546)
CASH FLOWS FROM INVESTING ACTIVITIES					
Advances from subsidiaries		-	-	40,304	15,722
Advances from a related party		89	17	-	-
(Repayments to)/Advances from related companies		(27,666)	(3,003)	(30,689)	740
Placement of deposits pledged to licensed banks		(56)	(1,233)	(6)	(189)
Dividends received from:					
- an associate		-	22,560	-	-
- other investments		4	5	-	-
Interest received		210	53	7	6
Proceeds from disposal of property, plant and equipment		301	345	-	3
Purchase of property, plant and equipment	6	(3,268)	(4,283)	(5)	-
Net cash (used in)/from investing activities		(30,386)	14,461	9,611	16,282
CASH FLOWS FROM FINANCING ACTIVITIES					
Drawdown/(Repayments) of short term borrowings, net		8,299	(1,350)	-	-
Repayments of hire purchase creditors		(118)	(21)	-	-
Interest paid		(6,869)	(6,293)	(6,997)	(6,320)
Net cash from/(used in) financing activities		1,312	(7,664)	(6,997)	(6,320)
Net increase/(decrease) in cash and cash equivalents		8,855	(8,073)	(1,077)	(584)
Effects of exchange rate changes on cash and cash equivalents		13	(807)	-	-
Cash and cash equivalents at the beginning of financial year		12,504	21,384	(2,208)	(1,624)
Cash and cash equivalents at the end of financial year	15(b)	21,372	12,504	(3,285)	(2,208)

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

1. CORPORATE INFORMATION

MTD ACPI Engineering Berhad (“the Company”) is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company is located at Menara MTD, 1, Jalan Batu Caves, 68100 Batu Caves, Selangor Darul Ehsan, Malaysia.

The immediate and ultimate holding company of the Company are MTD Capital Bhd. and Alloy Consolidated Sdn. Bhd., both of which are incorporated and domiciled in Malaysia.

The consolidated financial statements for the financial year ended 31 March 2019 comprise the Company and its subsidiaries and the interests of the Group in associates. These financial statements are presented in Ringgit Malaysia (“RM”), which is also the functional currency of the Company. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 15 July 2019.

2. PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and project management. The principal activities of the subsidiaries are disclosed in Note 7 to the financial statements. There have been no significant changes in the nature of these activities of the Group and of the Company during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards (“IFRSs”) and the provisions of the Companies Act 2016 in Malaysia.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs adopted during the financial year are disclosed in Note 35.1 to the financial statements.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements and on the basis of accounting principles applicable to a going concern.

During the financial year ended 31 March 2019, the Group and the Company recorded net losses of RM6,820,000 and RM10,583,000 respectively and as of that date, the Company had capital deficiency of RM56,846,000 and the current liabilities of the Group and of the Company exceeded current assets by RM53,207,000 and RM51,143,000 respectively. The Group and the Company carried out monthly cash flows review for the next twelve (12) months to ensure that the business operations have sufficient funds available to meet their obligations as and when they fall due.

Historical results of the treasury management show that the Group and the Company have the ability to meet their obligations as and when they fall due and the Group and the Company have not defaulted on any obligations due or payable to financial institutions or creditors. In addition, the immediate and ultimate holding companies, MTD Capital Bhd. and Alloy Consolidated Sdn. Bhd. have indicated their intentions to provide continuous financial support to the Group and the Company so as to enable the Group and the Company to meet their obligations as and when they fall due and to operate as going concerns in the foreseeable future. In addition, these holding companies have agreed not to demand repayment of the amounts owing to them by the Group and the Company within the next twelve (12) months from the end of reporting period.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

3. BASIS OF PREPARATION (CONT'D)

On 10 July 2019, the Company has announced to Bursa Malaysia Securities Berhad (“Bursa Malaysia”) that it had entered into a Heads of Agreement (“HOA”) with Putrajaya Perdana Berhad and Putra Perdana Development Sdn. Bhd., on the following proposed acquisitions:

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

The parties shall execute shares sales and purchase agreements for the acquisitions of Orangebeam Construction Sdn. Bhd. and Orangebeam Development Sdn. Bhd. (collectively known as “Shares Sale and Purchase Agreements”) within three (3) months from the date of the HOA or such other period as may be mutually agreed by the Parties (“Exclusivity Period”).

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

In view of the foregoing, the Directors consider that it is appropriate to prepare the financial statements of the Group and of the Company on a going concern basis, and accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded assets amount, or to amounts or classification of liabilities that may be necessary, should the going concern basis for the preparation of the financial statements of the Group and of the Company be not appropriate.

4. OPERATING SEGMENTS

MTD ACPI Engineering Berhad and its subsidiaries are principally engaged in investment holding and project management.

MTD ACPI Engineering Berhad has arrived at three (3) reportable segments that are organised and managed separately based on information reported internally to the management and the Board of Directors. The reportable segments are summarised as follows:

- (i) Civil Engineering and Construction - Constructing and marketing of heavy element precast products for viaducts, elevated highways, light rail transit guideways, bridges, building system products, contracting in the fields of environmental systems and providing specialist contracting services.
- (ii) Manufacturing and related services - Manufacturing and marketing of industrial products, project management, manufacturing, marketing, licensing and franchising of precast and engineered products and investment holding.
- (iii) Others - Holding of investments in the shares of subsidiaries, associates and other investments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

4. OPERATING SEGMENTS (CONT'D)

Segment assets exclude tax assets. Segment liabilities exclude tax liabilities. Even though borrowings arise from financing activities rather than operating activities, they are allocated to the segments based on relevant factors. Details are provided in the reconciliations from segment assets and liabilities to the position of the Group.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one (1) period for each reportable segment.

2019	Civil Engineering and Construction RM'000	Manufacturing RM'000	Others RM'000	Total RM'000	Adjustments and elimination RM'000	Note	Per consolidated financial statements Total RM'000
Revenue							
External customers	187,318	62,499	-	249,817	-		249,817
Inter-segment	-	6	6,828	6,834	(6,834)	A	-
Total revenue	187,318	62,505	6,828	256,651	(6,834)		249,817
Results							
Interest income	3,176	47	8	3,231	(3,021)	A	210
Finance costs	(2,691)	(202)	(6,997)	(9,890)	3,021	A	(6,869)
Depreciation of property, plant and equipment	(68)	(4,436)	(98)	(4,602)	-		(4,602)
Impairment losses on amounts owing by subsidiaries	-	-	(5)	(5)	5		-
Reversal of impairment losses on amount owing by a subsidiary	-	-	150	150	(150)		-
Share of results of associates	(37)	-	-	(37)	-		(37)
Other material non-cash (expenses)/income	(1,833)	(12,461)	(1,596)	(15,890)	22,196	B	6,306
Tax expense	(4,333)	(1,106)	-	(5,439)	-		(5,439)
Segment profit/(loss)	15,353	(26,938)	(11,985)	(23,570)	22,189		(1,381)
Segment assets	314,591	176,380	131,496	622,467	(254,148)		368,319
Segment liabilities	233,876	271,884	183,970	689,730	(409,456)		280,274
Investments in associates	522	-	-	522	-		522
Capital expenditure	270	3,351	21	3,642	-	C	3,642

NOTES TO THE FINANCIAL STATEMENTS**31 MARCH 2019****4. OPERATING SEGMENTS (CONT'D)**

2018	Civil Engineering and Construction RM'000	Manufacturing RM'000	Others RM'000	Total RM'000	Adjustments and elimination RM'000	Note	Per consolidated financial statements Total RM'000
Revenue							
External customers	186,370	87,785	-	274,155	-		274,155
Inter-segment	-	58	7,918	7,976	(7,976)	A	-
Total revenue	186,370	87,843	7,918	282,131	(7,976)		274,155
Results							
Interest income	4	43	6	53	-	A	53
Finance costs	(2,325)	(95)	(6,320)	(8,740)	2,447	A	(6,293)
Depreciation of property, plant and equipment	(77)	(4,579)	(31)	(4,687)	1,168		(3,519)
Impairment losses on amounts owing by subsidiaries	-	-	(21,728)	(21,728)	21,728		-
Reversal of impairment losses on investment in a subsidiary	-	-	20,434	20,434	(20,434)		-
Share of results of associates	34	-	-	34	-		34
Other material non-cash income/ (expense)	(4,873)	(4,029)	(277)	(9,179)	7,557	B	(1,622)
Tax expense	(2,358)	58	37	(2,263)	-		(2,263)
Segment profit/(loss)	19,912	(8,512)	(12,410)	(1,010)	10,012		9,002
Segment assets	304,058	195,804	131,661	631,523	(249,853)		381,670
Segment liabilities	224,019	275,472	175,278	674,769	(379,028)		295,741
Investments in associates	559	-	-	559	-		559
Capital expenditure	287	4,084	207	4,578	-	C	4,578

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

4. OPERATING SEGMENTS (CONT'D)

A Inter-segment revenues, interest income and finance costs are eliminated on consolidation.

B Other material non-cash (expenses)/income consist of the following items:

	2019 RM'000	2018 RM'000
Impairment losses on trade and other receivables	(4,475)	(7,431)
Inventories written off	(68)	(66)
Inventories written down	(1,330)	-
Inventories written back	-	521
Unrealised loss on foreign exchange	(407)	(483)
Unrealised gain on foreign exchange	3,678	2,642
Gain on disposal of property, plant and equipment	262	331
Reversal of impairment losses on trade and other receivables	8,646	2,864
	6,306	(1,622)

C Capital expenditure consists of additions of:

	2019 RM'000	2018 RM'000
Property, plant and equipment	3,642	4,578

(a) Reconciliations of reportable segment assets and liabilities to the corresponding amounts of the Group are as follows:

	2019 RM'000	2018 RM'000
Assets		
Total assets for reportable segments	368,319	381,670
Tax assets	8,732	13,046
Assets of the Group per consolidated statements of financial position	377,051	394,716
Liabilities		
Total liabilities for reportable segments	280,274	295,741
Tax liabilities	5,012	3,871
Liabilities of the Group per consolidated statements of financial position	285,286	299,612

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

4. OPERATING SEGMENTS (CONT'D)

C Capital expenditure consists of additions of (Cont'd):

(b) Geographical information

Revenue and non-current assets information based on geographical location of its customers and assets respectively are as follows:

	Revenue		Non-current assets*	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Malaysia	249,817	266,936	133,808	116,608
Philippines	-	7,219	-	-
	249,817	274,155	133,808	116,608

* Non-current assets information presented above consist of the following item as presented in the consolidated statements of financial position:

	2019 RM'000	2018 RM'000
Property, plant and equipment	133,808	116,608

(c) Major customers

The following are major customers with revenue equal to or more than ten percent (10%) of the Group:

	Revenue 2019	2018
- Customer A	-	30%
- Customer B	60%	27%

The major customers of the Group are derived from the construction contracts.

5. CAPITAL AND FINANCIAL RISK MANAGEMENT

(a) Capital management

The primary objective of the capital management of the Group is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise its shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 March 2019 and 31 March 2018.

NOTES TO THE FINANCIAL STATEMENTS

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5. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Capital management (Cont'd)

The Group monitors capital using a gearing ratio, which is net debt divided by total capital. Net debt includes current and non-current loans and borrowings less deposits, cash and bank balances. Capital is the equity attributable to owners of the parent less the above mentioned restricted reserve fund.

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Borrowings (Note 20)	61,352	52,797	4,856	4,852
Less: Cash and bank balances (Note 15)	(31,457)	(22,534)	(286)	(1,353)
	29,895	30,263	4,570	3,499
Equity attributable to the owners of the parent	78,336	80,241	(56,846)	(41,877)
Less: Other reserves (Note 17)	(29,255)	(29,255)	(90)	(90)
Total capital/(Capital deficiency)	49,081	50,986	(56,936)	(41,967)
Gearing ratio	0.61	0.59	N/A	N/A

(b) Financial risk management objectives and policies

The financial risk management objective of the Group is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from credit risk, liquidity and cash flow risk, interest rate risk and foreign currency risk.

Financial risk management is carried out through risk review programmes, internal control systems and adherence to the Group's financial risk management policies. The Board regularly reviews these risks and approves such policies that cover the management of these risks. The audit committee provides independent oversight to the effectiveness of the risk management process.

(i) Credit risk

Cash deposits and trade receivables could give rise to credit risk, which requires the loss to be recognised if a counter party fails to perform as contracted. The counter parties are major international institutions and reputable multinational organisations. It is the policy of the Group to monitor the financial standing of these counter parties on an on-going basis to ensure that the Group is exposed to minimal credit risk.

The primary exposure of the Group to credit risk arises through its trade receivables. The trading terms of the Group with its customers are mainly on credit, except for new customers, where deposits in advance are normally required. The credit period is generally for a period of one month, extending up to two months for major customers. Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables via a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

The credit risk concentration profiles have been disclosed in Note 10 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

5. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity and cash flow risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group. The immediate and ultimate holding companies, MTD Capital Bhd. and Alloy Consolidated Sdn. Bhd. have provided letter of financial support to the Group and the Company and agreed not to demand repayment of the amounts owing to them by the Group and the Company within the next twelve (12) months from the end of reporting period.

The analysis of financial instruments by remaining contractual maturities has been disclosed in Note 18 and Note 20 to the financial statements respectively.

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group and of the Company would fluctuate because of changes in market interest rates.

The income and operating cash flows of the Group are independent of changes in market interest rates. Interest rate exposure arises mainly from the bank borrowings of the Group and is managed through effective negotiation with financial institutions for best available rates.

The interest rate profile and sensitivity analysis of interest rate risk have been disclosed in Note 15, Note 18 and Note 20 to the financial statements respectively.

(iv) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk when the Company or its subsidiaries enter into transactions that are not denominated in their functional currencies. The Group's foreign currency exposure as at the end of the reporting period related mainly to receivables denominated in Singapore Dollar. Foreign currency exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

The Group maintains a natural hedge, where possible, by borrowing in the currency of the country in which the investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

The sensitivity analysis for foreign currency risk has been disclosed in Note 10 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

6. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.4.2018 RM'000	Additions RM'000	Revaluation RM'000	Disposals RM'000	Written off RM'000	Depreciation charges for the financial year RM'000	Impairment losses RM'000	Balance as at 31.3.2019 RM'000
Carrying amount								
Freehold land	77,910	-	9,860	-	-	-	-	87,770
Leasehold land	1,481	-	8,439	-	-	(108)	-	9,812
Buildings	15,742	-	-	-	-	(742)	-	15,000
Plant and machinery	20,022	2,943	-	(39)	-	(3,529)	-	19,397
Equipment, furniture and fittings	707	298	-	-	-	(129)	(4)	872
Motor vehicles	551	98	-	-	(39)	(141)	(10)	459
Capital work-in-progress	195	303	-	-	-	-	-	498
	116,608	3,642	18,299	(39)	(39)	(4,649)	(14)	133,808

← At 31 March 2019 →			
	Cost/ Valuation RM'000	Accumulated depreciation and impairment RM'000	Carrying amount RM'000
Freehold land, at valuation	87,770	-	87,770
Leasehold land, at valuation	11,218	(1,406)	9,812
Buildings	51,754	(36,754)	15,000
Plant and machinery	122,505	(103,108)	19,397
Equipment, furniture and fittings	7,038	(6,166)	872
Motor vehicles	4,384	(3,925)	459
Capital work-in-progress	498	-	498
	285,167	(151,359)	133,808

NOTES TO THE FINANCIAL STATEMENTS**31 MARCH 2019****6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

Group	Balance as at 1.4.2017 RM'000	Additions RM'000	Disposals RM'000	Written off RM'000	Depreciation charges for the financial year RM'000	Reclassification RM'000	Balance as at 31.3.2018 RM'000
Carrying amount							
Freehold land	77,910	-	-	-	-	-	77,910
Leasehold land	1,531	-	-	-	(50)	-	1,481
Buildings	16,484	-	-	-	(742)	-	15,742
Plant and machinery	18,773	3,912	(14)	(79)	(2,570)	-	20,022
Equipment, furniture and fittings	420	128	-	-	(63)	222	707
Motor vehicles	237	422	-	-	(108)	-	551
Capital work-in-progress	301	116	-	-	-	(222)	195
	115,656	4,578	(14)	(79)	(3,533)	-	116,608

	← At 31 March 2018 →		
	Cost/ Valuation RM'000	Accumulated depreciation and impairment RM'000	Carrying amount RM'000
Freehold land, at valuation	77,910	-	77,910
Leasehold land	2,779	(1,298)	1,481
Buildings	51,754	(36,012)	15,742
Plant and machinery	129,331	(109,309)	20,022
Equipment, furniture and fittings	6,931	(6,224)	707
Motor vehicles	5,526	(4,975)	551
Capital work-in-progress	195	-	195
	274,426	(157,818)	116,608

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Balance as at 1.4.2018 RM'000	Additions RM'000	Revaluation RM'000	Depreciation charges for the financial year RM'000	Balance as at 31.3.2019 RM'000
Carrying amount					
Freehold land	3,690	-	3,110	-	6,800
Equipment, furniture and fittings	220	-	-	(46)	174
Motor vehicles	1	-	-	(1)	-
Capital work-in-progress	79	5	-	-	84
	3,990	5	3,110	(47)	7,058

	← At 31 March 2019 →		
	Cost/ Valuation RM'000	Accumulated depreciation RM'000	Carrying amount RM'000
Freehold land, at valuation	6,800	-	6,800
Equipment, furniture and fittings	999	(825)	174
Motor vehicles	55	(55)	-
Capital work-in-progress	84	-	84
	7,938	(880)	7,058

Company	Balance as at 1.4.2017 RM'000	Disposals RM'000	Depreciation charges for the financial year RM'000	Reclassification RM'000	Balance as at 31.3.2018 RM'000
Carrying amount					
Freehold land	3,690	-	-	-	3,690
Equipment, furniture and fittings	5	-	(7)	222	220
Motor vehicles	2	*	(1)	-	1
Capital work-in-progress	301	-	-	(222)	79
	3,998	-	(8)	-	3,990

* Amount is less than RM1,000.

NOTES TO THE FINANCIAL STATEMENTS**31 MARCH 2019****6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

	← At 31 March 2018 →		
	Cost/ Valuation	Accumulated depreciation	Carrying amount
	RM'000	RM'000	RM'000
Freehold land, at valuation	3,690	-	3,690
Equipment, furniture and fittings	999	(779)	220
Motor vehicles	55	(54)	1
Capital work-in-progress	79	-	79
	4,823	(833)	3,990

- (a) All items of property, plant and equipment are initially measured at cost. After initial recognition, property, plant and equipment except for freehold land and leasehold land are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land and leasehold land are stated at valuation, which is the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Freehold land and leasehold land are revalued at least every one (1) to three (3) years to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of each reporting period. The surplus arising from such revaluations is credited to shareholders' equity as a revaluation reserve, net of deferred tax, if any, and any subsequent deficit is offset against such surplus to the extent of a previous increase for the same property. In all other cases, the deficit would be charged to profit or loss. For a revaluation increase subsequent to a revaluation deficit of the same asset, the surplus is recognised as income to the extent that it reverses the deficit previously recognised as an expense with the balance of increase credited to revaluation reserve.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal depreciation periods and annual rates are as follows:

Leasehold land	up to 99 years
Buildings	1.6% - 2.5%
Plant and machinery	10% - 20%
Equipment, furniture and fittings	15% - 40%
Motor vehicles	20%

Freehold land has unlimited useful life and is not depreciated. Capital work-in-progress represents equipment, furniture and fittings under installation. Capital work-in-progress is stated at cost and is not depreciated until such time when the asset is available for use.

The useful lives and residual values of property, plant and equipment are also estimated based on common life expectancies and commercial factors applied in the various respective industries.

Changes in expected level of usage and economic development could impact the economic useful lives and the residual values of these assets, and hence future depreciation charges on such assets could be revised.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(b) The fair value of freehold land and leasehold land (at valuation) of the Group and of the Company are categorised as follows:

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2019				
Freehold land	-	87,770	-	87,770
Leasehold land	-	11,218	-	11,218
2018				
Freehold land	-	77,910	-	77,910
Company				
2019				
Freehold land	-	6,800	-	6,800
2018				
Freehold land	-	3,690	-	3,690

- (i) There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 31 March 2019 and 31 March 2018.
- (ii) Level 2 fair value of freehold land and leasehold land (at valuation) was determined by an external and independent property valuer, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.
- (iii) The fair value measurements of the freehold land and leasehold land (at valuation) are based on the highest and best use, which does not differ from their actual use.
- (iv) The fair value of freehold land and leasehold land (at valuation) was estimated based on comparison approach to value where reference is made to recent market sale transactions and asking prices of similar properties in the vicinity. This approach estimates the land value of the lands by analysing market sales of similar properties and by making the necessary adjustments for dissimilarities (legal, economic and physical) between each comparable and the lands under consideration.

(c) During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Purchase of property, plant and equipment	3,642	4,578	5	-
Financed by hire purchase arrangements	(374)	(295)	-	-
Cash payments on purchase of property, plant and equipment	3,268	4,283	5	-

NOTES TO THE FINANCIAL STATEMENTS**31 MARCH 2019****6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

(d) The depreciation charges for the financial year are allocated as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Recognised in profit or loss	4,602	3,519	47	8
Capitalised in construction contract cost	47	14	-	-
	4,649	3,533	47	8

(e) The carrying amount of property, plant and equipment of the Group under finance leases at the end of the reporting period are as follows:

	Group	
	2019 RM'000	2018 RM'000
Plant and machinery	829	419

(f) Freehold land and leasehold land of the Group were revalued on 30 November 2018 by the Directors based on a valuation exercise carried out in November 2018 by an independent professional valuer using the open market value basis.

Had the freehold land and leasehold land been carried at cost and at cost less accumulated depreciation respectively, the carrying amounts would have been:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Freehold land	28,236	28,236	1,414	1,414
Leasehold land	1,431	1,481	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

7. INVESTMENTS IN SUBSIDIARIES

	Company	
	2019	2018
	RM'000	RM'000
Unquoted shares, at cost	141,583	141,583
Less: Impairment losses	(98,738)	(98,738)
	42,845	42,845

- (a) Investments in subsidiaries are stated in the separate financial statements at cost less accumulated impairment losses, if any.
- (b) All components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.
- (c) The details of the subsidiaries are as follows:

Name of company	Country of incorporation	Effective interest in equity		Principal activities
		2019	2018	
		%	%	
ACP Technologies Sdn. Bhd.	Malaysia	100	100	Investment holding
ACPI Engineering Sdn. Bhd.	Malaysia	100	100	Steel fabrication and manufacturing, construction management and contracting in the field of environmental systems engineering
Gandaan Unik Sdn. Bhd. ("GUSB")	Malaysia	100	100	Investment holding
Makin Permata Sdn. Bhd.	Malaysia	100	100	Provision of consultancy and management services
Persys Engineering Sdn. Bhd.	Malaysia	100	100	Construction, manufacturing and marketing of precast concrete system products
MTD Construction Sdn. Bhd. ("MTDC")	Malaysia	100	100	Civil engineering and construction works
ACP (Tracks) Sdn. Bhd. ("ACP Tracks")	Malaysia	100	100	Investment holding

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(c) The details of the subsidiaries are as follows (Cont'd):

Name of company	Country of incorporation	Effective interest in equity		Principal activities
		2019 %	2018 %	
Subsidiaries of MTDC				
MTD Tunneltech Sdn. Bhd.	Malaysia	60	60	Source, secure and undertake pipe-jacking, micro-tunneling, direct drillings, curve jacking and manholes sewer and utilities rehabilitation and provision of consultancy, turnkey and project management services (temporarily ceased operations)
MTD Construction (Philippines), Inc. *	Philippines	60	60	Civil engineering and construction works
Subsidiaries of ACP Tracks				
Acentis Engineering Sdn. Bhd.	Malaysia	100	100	Construction and provision of infrastructure and services for water and waste water treatment (temporarily ceased operations)
ASC Tiles Sdn. Bhd.	Malaysia	100	100	Manufacturing of concrete roof tiles
Associated Structural Concrete Sdn. Bhd.	Malaysia	100	100	Manufacturing of building system products (temporarily ceased operations)
C & G Fabricators Sdn. Bhd.	Malaysia	100	100	Manufacturing and marketing of metal based products for building and construction industry (temporarily ceased operations)
Universal Building Products Sdn. Bhd.	Malaysia	100	100	Manufacturing and marketing of metal and timber based products for building and construction industry (temporarily ceased operations)
Associated Concrete Products (Malaysia) Sdn. Bhd. ("ACPM")	Malaysia	100	100	Manufacturing and marketing of precast concrete products
Subsidiaries of ACPM				
ACP Marketing Sdn. Bhd.	Malaysia	100	100	Marketing of precast concrete products
Precast Solutions Sdn. Bhd.	Malaysia	100	100	Project management, construction works, licensing and franchising of precast concrete products (temporarily ceased operations)

* Subsidiary audited by a BDO member firm.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(d) Subsidiary with material non-controlling interest ("NCI") is as follows:

(i) Summarised statement of financial position

	MTD Construction (Philippines), Inc.	
	2019 RM'000	2018 RM'000
NCI percentage of ownership interest and voting interest	40%	40%
Non-current assets	-	4,168
Current assets	50,465	55,671
Total assets	50,465	59,839
Non-current liabilities	11	92
Current liabilities	16,450	22,163
Total liabilities	16,461	22,255
Net assets	34,004	37,584
Equity attributable to owners of the parent	20,402	22,551
Non-controlling interest	13,602	15,033
	34,004	37,584

(ii) Summarised statement of comprehensive income

	MTD Construction (Philippines), Inc.	
	2019 RM'000	2018 RM'000
Revenue	-	7,219
Loss for the financial year	(5,331)	(629)
Total comprehensive loss	(3,580)	(7,867)
Loss attributable to:		
- owners of the parent	(3,199)	(377)
- non-controlling interest	(2,132)	(252)
Total comprehensive loss attributable to:		
- owners of the parent	(2,146)	(4,720)
- non-controlling interest	(1,434)	(3,147)

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(d) Subsidiary with material non-controlling interest ("NCI") is as follows (Cont'd):

(iii) Summarised statement of cash flows

	MTD Construction (Philippines), Inc.	
	2019 RM'000	2018 RM'000
Net cash from/(used in) operating activities	682	(9,604)
Net cash (used in)/from financing activities	(387)	378
Net increase/(decrease) in cash and cash equivalents	295	(9,226)
Effects of foreign exchange rates changes	13	(807)
Cash and cash equivalents at beginning of financial year	268	10,301
Cash and cash equivalents at end of financial year	576	268

8. INVESTMENTS IN ASSOCIATES

	Group	
	2019 RM'000	2018 RM'000
Unquoted shares, at cost	10,737	10,737
Share of post-acquisition reserves, net of Group's dividends	(5,665)	(5,628)
Less: Impairment losses	(4,550)	(4,550)
	522	559

(a) Investments in associates are stated at cost less impairment losses, if any, in the separate financial statements while investments in associates are accounted for using the equity method of accounting in the consolidated financial statements.

(b) The details of the associates are as follows:

Name of company	Country of incorporation	Effective interest in equity		Principal activities
		2019 %	2018 %	
Associate of GUSB				
Modal Ehsan Sdn. Bhd. *	Malaysia	49	49	Property development
Associate of MTDC				
Intraxis Engineering Sdn. Bhd. ** ⁽¹⁾	Malaysia	40	40	Civil works for hydroelectric project

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

8. INVESTMENTS IN ASSOCIATES (CONT'D)

(b) The details of the associates are as follows (Cont'd):

* Associate audited by BDO Malaysia.

** Associate audited by firms of auditors other than BDO.

(i) The financial statements of the associate is not coterminous with that of the Group, which have a financial year end of 31 December 2018. For the purpose of applying the equity method of accounting, the unaudited financial statements of the associate as at 31 March 2019 have been used as there have been no significant transactions between the reporting date of their last audited financial statements and 31 March 2019.

(c) The summarised statements of financial position

	Intraxis Engineering Sdn. Bhd. RM'000	Modal Ehsan Sdn. Bhd. RM'000	Total RM'000
As at 31 March 2019			
Assets and liabilities			
Current assets	3,845	46,457	50,302
Non-current assets	-	23,404	23,404
Total assets	3,845	69,861	73,706
Current liabilities/Total liabilities	2,541	65,178	67,719
Net assets	1,304	4,683	5,987
As at 31 March 2018 (restated)			
Assets and liabilities			
Current assets	6,785	38,916	45,701
Non-current assets	-	23,410	23,410
Total assets	6,785	62,326	69,111
Current liabilities/Total liabilities	5,388	57,191	62,579
Net assets	1,397	5,135	6,532

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

8. INVESTMENTS IN ASSOCIATES (CONT'D)

(d) The summarised statements of comprehensive income

	Intraxis Engineering Sdn. Bhd. RM'000	Modal Ehsan Sdn. Bhd. RM'000	Total RM'000
For the financial year ended 31 March 2019			
Results			
Revenue	-	13,380	13,380
Loss for the financial year	(93)	(452)	(545)
For the financial year ended 31 March 2018 (restated)			
Results			
Revenue	-	630	630
Profit/(Loss) for the financial year	85	(3,566)	(3,481)

(e) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associates:

	Intraxis Engineering Sdn. Bhd. RM'000	Modal Ehsan Sdn. Bhd. RM'000	Total RM'000
At 31 March 2019			
Group's share of net assets	522	4,550	5,072
Less: Impairment losses	-	(4,550)	(4,550)
Carrying amount of Group's interest in associates	522	-	522
Group's share of results of associates	(37)	-	(37)
At 31 March 2018 (restated)			
Group's share of net assets	559	4,550	5,109
Less: Impairment losses	-	(4,550)	(4,550)
Carrying amount of Group's interest in associates	559	-	559
Group's share of results of associates	34	-	34

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

8. INVESTMENTS IN ASSOCIATES (CONT'D)

- (f) The Group has not recognised its share of losses of the associate, Modal Ehsan Sdn. Bhd., during the financial year because the Group's cumulative share of losses exceeds its interest in that entity and the Group has no obligation in respect of those losses. The unrecognised results are as follows:

	2019 RM'000	2018 RM'000 (Restated)
Loss for the financial year	(221)	(1,747)
Accumulated losses	(2,255)	(2,033)

9. OTHER INVESTMENTS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Non-current				
Financial assets at fair value through profit or loss				
- club memberships, unquoted	161	261	161	261
Less: Impairment loss	-	(100)	-	(100)
	161	161	161	161
Current				
Financial assets at fair value through profit or loss				
- quoted shares in Malaysia	38	53	-	-
Total other investments	199	214	161	161

- (a) Prior to 1 April 2018, the club memberships were classified as available-for-sale financial assets pursuant to MFRS 139 *Financial Instruments: Recognition and Measurement*.
- (b) A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting.
- (c) The fair value of quoted investments in Malaysia is determined by reference to the exchange quoted market bid prices at the close of the business on the end of the reporting period. The fair value of club memberships is estimated based on references to current available quotation of the same investment.
- (d) The fair value of quoted shares of the Group is categorised as Level 1 in the fair value hierarchy. The fair value of club memberships of the Group and of the Company is categorised as Level 3 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

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10. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Non-current				
Trade receivables				
Retention sums on contracts:				
- third parties	23,732	19,786	-	-
- related companies	2,347	242	-	-
	26,079	20,028	-	-
Less: Impairment losses				
Retention sums - third parties	(89)	-	-	-
Retention sums - related companies	(11)	-	-	-
	(100)	-	-	-
	25,979	20,028	-	-
Other receivables				
Amount owing by a subsidiary	-	-	47,920	-
Amount owing by a related company	2,954	-	-	-
Amount owing by an associate	14,343	-	-	-
	17,297	-	47,920	-
Less: Impairment losses				
Subsidiary	-	-	(7,341)	-
Related company	(235)	-	-	-
Associate	(2,840)	-	-	-
	(3,075)	-	-	-
	14,222	-	40,579	-
	40,201	20,028	40,579	-

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

10. TRADE AND OTHER RECEIVABLES (CONT'D)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Current				
Trade receivables				
Third parties	58,892	73,918	-	-
Amounts owing by related companies	34,301	64,587	-	-
Retention sums on contracts:				
- third parties	11,047	13,889	-	-
- related companies	6,142	10,875	-	-
Trade receivables	110,382	163,269	-	-
Less: Impairment losses				
Third parties	(15,078)	(20,988)	-	-
Retention sums - third parties	(3,677)	(5,064)	-	-
Retention sums - related companies	(35)	-	-	-
Amounts owing by related companies	(198)	-	-	-
	(18,988)	(26,052)	-	-
Gross amounts due from customers for contracts (Note 13)	-	13,404	-	-
Total trade receivables	91,394	150,621	-	-
Other receivables				
Third parties	12,035	25,131	1,109	889
Amounts owing by subsidiaries	-	-	196,324	244,041
Amounts owing by related companies	9,518	10,058	571	282
Amount owing by an associate	-	14,343	-	-
Deposits	1,875	1,944	430	430
	23,428	51,476	198,434	245,642
Less: Impairment losses				
Third parties	(5,246)	(4,592)	(1,103)	(883)
Related companies	(1,945)	(88)	(4)	-
Subsidiaries	-	-	(170,993)	(171,137)
Deposits	(15)	-	-	-
	(7,206)	(4,680)	(172,100)	(172,020)
	16,222	46,796	26,334	73,622

NOTES TO THE FINANCIAL STATEMENTS**31 MARCH 2019****10. TRADE AND OTHER RECEIVABLES (CONT'D)**

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Prepayments				
Prepayments	575	465	23	21
	108,191	197,882	26,357	73,643
Total trade and other receivables	148,392	217,910	66,936	73,643

- (a) Total trade and other receivables are classified as financial assets measured at amortised cost. The carrying amounts of total trade and other receivables, net of prepayments as at the reporting date approximate their fair values.
- (b) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group ranged from 30 to 60 days (2018: 30 to 60 days) from date of invoice. Retention sums are receivable at the expiry period of 12 to 24 months (2018: 12 to 24 months) after completion of respective construction contracts. They are recognised at their original invoice amounts which represent their fair values on initial recognition.
- (c) Non-trade amounts owing by subsidiaries and related companies represent advances and payments made on behalf which are unsecured, payable within next twelve months in cash and cash equivalents and non-interest bearing.
- (d) Non-trade amount owing by an associate represent advances and payments made on behalf which are unsecured, non-interest bearing and not payable within next twelve months in cash and cash equivalents.
- (e) Included in retention sums on contracts of the Group are:
- (i) Retention sums on construction contracts amounting to RM33,707,000 (2018: RM35,288,000); and
- (ii) Retention sums on manufacturing contracts amounting to RM5,749,000 (2018: RM4,440,000).
- (f) The currency exposure profile of trade and other receivables, excluding prepayments is as follows:

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Singapore Dollar	2,125	3,103	-	-

- (g) Sensitivity analysis of RM against foreign currency at the end of the reporting period is not presented as change in interest rates would not materially affect profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

10. TRADE AND OTHER RECEIVABLES (CONT'D)

- (h) Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised in the statement of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectible, the gross carrying value of the asset would be written off against the associated impairment.

It requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward looking information in assessing the expected credit allowance and estimated cash flows recoverable in worst-case scenarios.

- (i) The ageing analysis of trade receivables of the Group is as follows:

Group	Gross carrying amount RM'000	Impairment loss/credit impaired RM'000	Net carrying amount RM'000
2019			
Current	115,637	(2,151)	113,486
1 to 90 days	2,524	(81)	2,443
More than 91 days	18,300	(16,856)	1,444
	136,461	(19,088)	117,373
2018			
Current	145,742	-	145,742
1 to 90 days	5,762	-	5,762
More than 91 days	31,793	(26,052)	5,741
	183,297	(26,052)	157,245

NOTES TO THE FINANCIAL STATEMENTS**31 MARCH 2019****10. TRADE AND OTHER RECEIVABLES (CONT'D)**

- (j) The reconciliation of movements of impairment loss for trade and other receivables at the end of each reporting period are as follows:

Group	Lifetime ECL allowance RM'000	Credit impaired RM'000	Total allowances RM'000
2019			
Trade receivables			
At 1 April 2018 under MFRS 139	-	26,052	26,052
Effects of adoption of MFRS 9	8,758	-	8,758
Opening impairment losses of trade receivables in accordance with MFRS 9	8,758	26,052	34,810
Written off	-	(8,703)	(8,703)
Reversal of impairment losses	(8,630)	(16)	(8,646)
Charge for the financial year	1,599	28	1,627
At 31 March 2019	1,727	17,361	19,088
Other receivables			
At 1 April 2018 under MFRS 139	-	4,680	4,680
Effects of adoption of MFRS 9	2,794	-	2,794
Opening impairment losses of other receivables in accordance with MFRS 9	2,794	4,680	7,474
Written off	-	(41)	(41)
Charge for the financial year	593	2,255	2,848
At 31 March 2019	3,387	6,894	10,281
2018			
Trade receivables			
At 1 April 2017 under MFRS 139	-	21,853	21,853
Reversal of impairment losses	-	(2,864)	(2,864)
Charge for the financial year	-	7,063	7,063
At 31 March 2018 under MFRS 139	-	26,052	26,052
Other receivables			
At 1 April 2017 under MFRS 139	-	4,573	4,573
Written off	-	(261)	(261)
Charge for the financial year	-	368	368
At 31 March 2018 under MFRS 139	-	4,680	4,680

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

10. TRADE AND OTHER RECEIVABLES (CONT'D)

- (j) The reconciliation of movements of impairment loss for trade and other receivables at the end of each reporting period are as follows (Cont'd):

Company	Lifetime ECL allowance RM'000	Credit impaired RM'000	Total allowances RM'000
2019			
Other receivables			
At 1 April 2018 under MFRS 139	-	172,020	172,020
Effects of adoption of MFRS 9	-	7,341	7,341
Opening impairment losses of other receivables in accordance with MFRS 9	-	179,361	179,361
Reversal of impairment losses	-	(150)	(150)
Charge for the financial year	-	230	230
At 31 March 2019	-	179,441	179,441
2018			
Other receivables			
At 1 April 2017 under MFRS 139	-	150,728	150,728
Reversal of impairment losses	-	(716)	(716)
Charge for the financial year	-	22,008	22,008
At 31 March 2018 under MFRS 139	-	172,020	172,020

- (k) The Group determines concentration of credit risk by monitoring the country customers' profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the trade receivables of the Group at the end of each reporting period are as follows:

Group	2019		2018	
	RM'000	% of total	RM'000	% of total
By country:				
Malaysia	81,092	69%	115,633	74%
Philippines	34,156	29%	38,509	24%
Singapore	2,125	2%	3,103	2%
	117,373	100%	157,245	100%

At the end of each reporting period, approximately 44% (2018: 49%) of the trade and other receivables of the Group are due from related companies while almost all of the receivables of the Company are balances with related companies.

NOTES TO THE FINANCIAL STATEMENTS**31 MARCH 2019****II. DEFERRED TAX (ASSETS)/LIABILITIES**

(a) Deferred tax assets and liabilities are made up of the following:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Balance as at 1 April	(3,613)	(3,073)	114	114
Recognised in profit or loss (Note 29)	3,812	(1,318)	-	-
Recognised in other comprehensive income	2,518	-	155	-
Exchange differences	(189)	778	-	-
Balance as at 31 March	2,528	(3,613)	269	114
Presented after appropriate offsetting:				
Deferred tax assets	(2,484)	(7,008)	-	-
Deferred tax liabilities	5,012	3,395	269	114
	2,528	(3,613)	269	114

(b) The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Group	Balance	Recognised	Recognised	Exchange	Balance
	as at				in profit
2019	1.4.2018	or loss	comprehensive		31.3.2019
	RM'000	RM'000	income	RM'000	RM'000
Deferred tax assets					
Unused tax losses and unabsorbed capital allowances	(3,280)	449	-	-	(2,831)
Accrued liabilities and others	(8,946)	2,736	-	(190)	(6,400)
Offsetting	5,218	1,529	-	-	6,747
	(7,008)	4,714	-	(190)	(2,484)
Deferred tax liabilities					
Property, plant and equipment	6,109	637	2,025	-	8,771
Freehold land	2,370	-	493	-	2,863
Others	134	(10)	-	1	125
Offsetting	(5,218)	(1,529)	-	-	(6,747)
	3,395	(902)	2,518	1	5,012
	(3,613)	3,812	2,518	(189)	2,528

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

II. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D)

(b) The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows (Cont'd):

Group	Balance as at 1.4.2017 RM'000	Recognised in profit or loss RM'000	Exchange differences RM'000	Balance as at 31.3.2018 RM'000
2018				
Deferred tax assets				
Unused tax losses and unabsorbed capital allowances	(4,673)	1,393	-	(3,280)
Accrued liabilities and others	(7,525)	(2,204)	783	(8,946)
Offsetting	6,632	(1,414)	-	5,218
	<u>(5,566)</u>	<u>(2,225)</u>	<u>783</u>	<u>(7,008)</u>
Deferred tax liabilities				
Property, plant and equipment	6,658	(549)	-	6,109
Freehold land	2,370	-	-	2,370
Others	97	42	(5)	134
Offsetting	(6,632)	1,414	-	(5,218)
	<u>2,493</u>	<u>907</u>	<u>(5)</u>	<u>3,395</u>
	<u>(3,073)</u>	<u>(1,318)</u>	<u>778</u>	<u>(3,613)</u>
Company				
	Balance as at 1.4.2018 RM'000	Recognised in profit or loss RM'000	Recognised in other comprehensive income RM'000	Balance as at 31.3.2019 RM'000
2019				
Deferred tax liabilities				
Freehold land	<u>114</u>	<u>-</u>	<u>155</u>	<u>269</u>
		Balance as at 1.4.2017 RM'000	Recognised in profit or loss RM'000	Balance as at 31.3.2018 RM'000
2018				
Deferred tax assets				
Accrued liabilities and others		(222)	222	-
Deferred tax liabilities				
Property, plant and equipment		222	(222)	-
Freehold land		114	-	114
		<u>336</u>	<u>(222)</u>	<u>114</u>
		<u>114</u>	<u>-</u>	<u>114</u>

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

11. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D)

- (c) The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Unused tax losses	42,289	40,069	-	-
Unabsorbed capital allowances	35,768	42,788	-	-
Other temporary differences	364,203	326,705	270,190	270,152
	442,260	409,562	270,190	270,152

Deferred tax assets of the Company and certain subsidiaries have not been recognised in respect of these items as it is not probable that future taxable profits of the Company and its subsidiaries would be available against which the deductible temporary differences could be utilised.

Certain subsidiaries of the Group are entitled to claim reinvestment allowances under Schedule 7A Income Tax Act, 1967. As at the end of the reporting period, the balance of reinvestment allowances not claimed amounted to RM40,075,000 (2018: RM40,075,000).

The amount and availability of these items to be carried forward are subject to the agreement of the respective local tax authorities.

12. INVENTORIES

	Group	
	2019 RM'000	2018 RM'000
At cost		
Raw materials	4,710	5,721
Finished goods	16,617	18,124
	21,327	23,845

- (a) Inventories are stated at the lower of cost and net realisable value. The costs of raw materials and finished goods are determined on the weighted average basis.
- (b) During the financial year, inventories recognised as cost of sales of the Group amounted to RM30,608,000 (2018: RM39,258,000).
- (c) Inventories written off and written down during the financial year amounted to RM68,000 (2018: RM66,000) and RM1,330,000 (2018: Nil) respectively and recognised as cost of sales of the Group.
- (d) In the previous financial year, inventories of the Group amounted to RM521,000 were written back due to sales of inventories previously written off.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

13. GROSS AMOUNTS DUE FROM/(TO) CUSTOMERS FOR CONTRACTS

	Group 2018 RM'000
Construction contract costs incurred to date	2,296,445
Attributable profits	55,097
Less: Provision for foreseeable losses	(406)
	<u>2,351,136</u>
Less: Progress billings	(2,342,587)
	<u>8,549</u>
Presented as:	
Gross amounts due from customers for contracts (Note 10)	13,404
Gross amounts due to customers for contracts (Note 18)	(4,855)
	<u>8,549</u>

14. CONTRACT ASSETS/(LIABILITIES)

	Group 2019 RM'000
Construction contract costs incurred to date	2,401,611
Attributable profits	69,431
Less: Impairment losses	(106)
	<u>2,470,936</u>
Less: Progress billings	(2,446,198)
	<u>24,738</u>
Presented as:	
Contract assets	32,614
Contract liabilities	(7,876)
	<u>24,738</u>

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

14. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

- (a) Contract assets and contract liabilities from construction contracts represent the timing differences in revenue recognition and the milestone billings. The milestone billings are structured and/or negotiated with customers to reflect physical completion of the contracts.

Contract assets are transferred to receivables when the rights to economic benefits become unconditional. This usually occurs when the Group issues billing to the customer. Contract liabilities are recognised as revenue when performance obligations are satisfied.

Significant changes in the contract assets and contract liabilities balances during the financial year are mainly due to reclassification of comparative figures to conform with current year presentation.

- (b) The amount of RM4,754,000 recognised in contract liabilities at the beginning of the financial year has been recognised as revenue for the financial year ended 31 March 2019.
- (c) Contract value yet to be recognised as revenue

Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, are as follows:

	2020 RM'000	Group 2021 RM'000	Total RM'000
Deferred income	7,775	101	7,876

Impairment for contract assets that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses as disclosed in Note 10(h) to the financial statements.

The reconciliation of movement in allowance for impairment in contract assets is as follows:

	Group 2019 RM'000	2018 RM'000
At 1 April	-	-
Charge for the financial year	106	-
At 31 March	106	-

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

15. CASH AND BANK BALANCES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash and bank balances	28,711	19,844	71	1,144
Deposits with licensed banks	2,746	2,690	215	209
	31,457	22,534	286	1,353

- (a) Cash and bank balances are classified as financial assets measured at amortised cost.
- (b) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash and bank balances	28,711	19,844	71	1,144
Deposits with licensed banks	2,746	2,690	215	209
As reported in statements of financial position	31,457	22,534	286	1,353
Bank overdrafts (Note 20)	(7,339)	(7,340)	(3,356)	(3,352)
Deposits pledged to licensed bank	(2,744)	(2,688)	(215)	(209)
Deposit with a licensed bank with maturity of over three (3) months	(2)	(2)	-	-
As reported in statements of cash flows	21,372	12,504	(3,285)	(2,208)

- (c) Deposits with licensed banks are for varying periods of between one (1) month and six (6) months depending on the immediate cash requirements of the Group and of the Company, and earn interests at the respective short-term deposit rates. The weighted average effective interest rates as at 31 March 2019 of the Group and of the Company were 2.95% (2018: 3.07%) and 2.96% (2018: 3.13%) per annum respectively.
- (d) Deposits with licensed banks of the Group and of the Company amounting to RM2,744,000 (2018: RM2,688,000) and RM215,000 (2018: RM209,000) respectively are pledged as securities for bank facilities as disclosed in Note 32 to the financial statements.
- (e) Included in cash and bank balances of the Group is an amount of RM490 (2018: RM495) and RM462 (2018: RM494) secured as Escrow accounts and sinking funds respectively.
- (f) At the end of the reporting period, the interest rate profile of the cash and bank balances was:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Fixed rate	2,746	2,690	215	209

Sensitivity analysis for fixed rate cash and bank balances at the end of the reporting period is not presented as changes in interest rates would not materially affect profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

15. CASH AND BANK BALANCES (CONT'D)

- (g) No expected credit losses were recognised arising from cash at banks and deposits with licensed banks because the probability of default by these financial institutions were negligible.

16. SHARE CAPITAL AND TREASURY SHARES

- (a) Share capital

	Group and Company			
	2019	2018		
	Number of shares ('000)	RM'000	Number of shares ('000)	RM'000
Issued and fully paid				
At 1 April/31 March	231,633	339,771	231,633	339,771

The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

- (b) Treasury shares

	Group and Company			
	2019	2018		
	Number of shares ('000)	RM'000	Number of shares ('000)	RM'000
At 1 April/31 March	637	1,905	637	1,905

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale of issuance during the financial year. There were no treasury shares purchased during the financial year.

The shares repurchased were held as treasury shares in accordance with Section 127 of the Companies Act 2016. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance. None of the treasury shares were re-sold or cancelled during the financial year.

17. RESERVES

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Non-distributable				
Exchange translation reserve	(1,090)	228	-	-
Revaluation reserve	62,912	47,190	5,117	2,162
Other reserves	29,255	29,255	90	90
	91,077	76,673	5,207	2,252

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

17. RESERVES (CONT'D)

(a) Exchange translation reserve

The exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

(b) Revaluation reserve

The revaluation reserve arose from the revaluation of freehold land and leasehold land of the Group and of the Company.

(c) Other reserves

Included in other reserves are:

- (i) Capital reserve arising from a subsidiary's bonus issue capitalised from retained earnings.
- (ii) Capital gains from the disposal of property, plant and equipment and investments of certain foreign subsidiaries maintained for future appropriation of dividends.

18. TRADE AND OTHER PAYABLES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Non-current				
Trade payables				
Retention sums on contracts:				
- third parties	19,487	6,065	-	-
Other payables				
Amounts owing to subsidiaries	-	-	96,077	-
Current				
Trade payables				
Third parties	117,708	116,791	-	-
Amounts owing to related companies	-	890	-	-
Amount owing to an associate	784	784	-	-
Retention sums on contracts:				
- third parties	13,058	22,631	-	-
- a related company	-	1,626	-	-
Trade payables	131,550	142,722	-	-
Gross amounts due to customers for contracts (Note 13)	-	4,855	-	-
Total trade payables	131,550	147,577	-	-

NOTES TO THE FINANCIAL STATEMENTS**31 MARCH 2019****18. TRADE AND OTHER PAYABLES (CONT'D)**

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Other payables				
Third parties	9,936	7,926	24	54
Accrued liabilities	5,627	6,570	124	118
Amounts owing to subsidiaries	-	-	44,943	100,513
Amounts owing to related companies	35,214	65,294	28,408	58,808
Amount owing to a related party	106	17	-	-
	50,883	79,807	73,499	159,493
	182,433	227,384	73,499	159,493
Total trade and other payables	201,920	233,449	169,576	159,493

- (a) Trade and other payables are classified as financial liabilities measured at amortised cost. The carrying amounts of trade and other payables as at the reporting date approximate their fair values.
- (b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group ranged from 30 to 120 days (2018: 30 to 120 days) from date of invoice.
- (c) Non-trade amounts owing to subsidiaries, related companies and a related party represent advances and payments made on behalf which are unsecured, payable within next twelve months in cash and cash equivalents and interest-free except for advances of RM56,668,000 (2018: RM54,042,000) from a related company which bear interest of 6.50% (2018: 6.50%) per annum and advances of RM46,640,000 (2018: RM45,580,000) from subsidiaries which bear interests ranging from 5% to 6.52% (2018: from 5% to 6.52%) per annum.
- (d) Included in trade payables of the Group are advances received on contracts of RM20,689,000 (2018: RM22,028,000) to be recovered against future progress billings by applying a certain formula as stated in the contracts.
- (e) Included in retention sums on contracts of the Group are:
- Retention sums on construction contracts amounting to RM32,329,000 (2018: RM30,106,000); and
 - Retention sums on manufacturing contracts amounting to RM216,000 (2018: RM216,000).
- (f) At the end of the reporting period, the interest rate profile of the trade and other payables was:

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Fixed rate	56,668	54,042	103,308	99,622

Sensitivity analysis for fixed rate trade and other payables at the end of the reporting period is not presented as change in interest rates would not materially affect profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

18. TRADE AND OTHER PAYABLES (CONT'D)

(g) The maturity profile of the trade and other payables of the Group and of the Company (excluding gross amounts due to customers for contracts and advances received on contracts) at the end of the reporting period based on contractual undiscounted repayment obligations is summarised in the table below:

	On demand or within one year RM'000	One to five years RM'000	Total RM'000
Group			
At 31 March 2019			
Trade and other payables	161,744	19,487	181,231
At 31 March 2018			
Trade and other payables	200,501	6,065	206,566
Company			
At 31 March 2019			
Trade and other payables	73,499	96,077	169,576
At 31 March 2018			
Trade and other payables	159,493	-	159,493

19. PROVISIONS

	Retirement benefit obligations RM'000
Group	
Non-current	
2019	
At 1 April 2018	6,944
Charge during the financial year	298
At 31 March 2019	7,242
2018	
At 1 April 2017	7,387
Reversal during the financial year	(443)
At 31 March 2018	6,944

NOTES TO THE FINANCIAL STATEMENTS**31 MARCH 2019****19. PROVISIONS (CONT'D)**

Group	Retirement benefit obligations RM'000	Provision for out-of-court settlement and others RM'000	Total RM'000
Current			
2019			
At 1 April 2018	1,235	1,316	2,551
Reversal during the financial year	(27)	(895)	(922)
Charge during the financial year	255	-	255
At 31 March 2019	1,463	421	1,884

Group	Retirement benefit obligations RM'000	Provision for liquidated and ascertained damages RM'000	Provision for out-of-court settlement RM'000	Total RM'000
Current				
2018				
At 1 April 2017	1,695	815	706	3,216
Reversal during the financial year	(460)	-	(205)	(665)
At 31 March 2018	1,235	815	501	2,551

(a) Retirement benefit obligations

The Group operates unfunded defined retirement benefit scheme for its eligible employees. Provision for the unfunded retirement benefit obligations is made in accordance with the terms stipulated in the Collective Agreement for all eligible employees. This is calculated based on the employees' current emoluments and the length of their service with the subsidiaries within the Group and the Company.

The actuarial valuation dated 6 March 2017 was conducted by a professional actuary, which covered a three years estimation from 31 March 2017 to 31 March 2019.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

19. PROVISIONS (CONT'D)

(a) Retirement benefit obligations (Cont'd)

(i) The amounts recognised in the statements of financial position are determined as follows:

Group	2019 RM'000	2018 RM'000
Present value of unfunded retirement benefit obligations	8,705	8,179
Analysed as follows:		
Current liabilities:		
- not later than one (1) year	1,463	1,235
Non-current liabilities:		
- later than one (1) year and not later than five (5) years	6,672	6,477
- later than five (5) years	570	467
	8,705	8,179

(ii) The following table sets out the reconciliation of retirement benefit obligations:

Group	2019 RM'000	2018 RM'000
At 1 April	8,179	9,082
Current service cost	244	624
Interest cost	328	476
Included in profit or loss (Note 27)	572	1,100
Remeasurement:		
Exchange difference	4	(22)
Included in other comprehensive income	4	(22)
Benefit paid	(50)	(1,981)
At 31 March	8,705	8,179

(iii) The principal actuarial assumptions used are as follows:

Group	2019 %	2018 %
Discount rate	4.7	4.7
Expected rate of salary increases	6.0	6.0

NOTES TO THE FINANCIAL STATEMENTS**31 MARCH 2019****19. PROVISIONS (CONT'D)**

(a) Retirement benefit obligations (Cont'd)

(iv) The following table demonstrates the sensitivity analysis of the Group if the significant actuarial assumptions at the end of the reporting period changed by 1% with all other variables held constant:

	Group	
	2019	2018
	RM'000	RM'000
A 1.0% increase/decrease in discount rate will decrease/increase the retirement benefit obligations by:	<u>(296)</u>	<u>(333)</u>
A 1.0% increase/decrease in expected rate of salary increases will increase/decrease the retirement benefit obligations by:	<u>210</u>	<u>245</u>

The sensitivity analysis presented above may not be representative of the actual change in retirement benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some assumptions may be correlated.

(b) In the previous financial year, provision for liquidated and ascertained damages of RM815,000 was in respect of construction projects undertaken by certain subsidiaries. The provision was recognised for expected liquidated damages claims based on the terms of the contracts.

Significant judgement is required in determining the expected date of hand over of the properties. In making the estimation, the Group evaluated by relying on the work of the specialists.

(c) Provision for out-of-court settlement of RM501,000 was in respect of a legal case of which the Group is a party and the provision recognised previously represented the expected settlement based on the management's best estimate.

20. BORROWINGS

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Current liabilities				
<u>Secured</u>				
Bank overdrafts	2,994	2,991	-	-
Revolving credits	10,000	10,000	-	-
Hire purchase creditors (Note 21)	150	76	-	-
<u>Unsecured</u>				
Bank overdrafts	4,345	4,349	3,356	3,352
Revolving credits	43,400	35,100	1,500	1,500
	<u>60,889</u>	<u>52,516</u>	<u>4,856</u>	<u>4,852</u>

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

20. BORROWINGS (CONT'D)

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Non-current liabilities				
<u>Secured</u>				
Hire purchase creditors (Note 21)	463	281	-	-
Total borrowings				
Bank overdrafts	7,339	7,340	3,356	3,352
Revolving credits	53,400	45,100	1,500	1,500
Hire purchase creditors (Note 21)	613	357	-	-
	61,352	52,797	4,856	4,852

- (a) All borrowings are denominated in Ringgit Malaysia.
- (b) The bank borrowings of the Group and of the Company (other than hire purchase creditors as further disclosed in Note 21 to the financial statements) are secured by means of:
- Respective contract proceeds of MTD Construction Sdn. Bhd.;
 - Corporate guarantee issued by the Company; and
 - Negative pledge from subsidiaries' assets, both present and future.
- (c) For the purpose of the statements of cash flows, the reconciliation of liabilities arising from financing activities as follows:

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Borrowings at 1 April *	45,457	46,533	1,500	1,500
Cash flows	8,182	(1,371)	-	-
Non-cash flows:				
- Acquisition of property, plant and equipment	374	295	-	-
Borrowings at 31 March	54,013	45,457	1,500	1,500

* Borrowings exclude bank overdrafts.

NOTES TO THE FINANCIAL STATEMENTS**31 MARCH 2019****20. BORROWINGS (CONT'D)**

- (d) The weighted average interest rates per annum of borrowings that were effective at the end of the reporting period were as follows:

	Group		Company	
	2019	2018	2019	2018
	%	%	%	%
Bank overdrafts	7.37	7.46	7.72	7.98
Revolving credits	5.71	5.84	5.80	5.99
Hire purchase creditors	3.51	3.60	-	-

- e) At the end of the reporting period, the interest rate profile of the borrowings was:

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Fixed rate	613	357	-	-
Variable rate	60,739	52,440	4,856	4,852

Sensitivity analysis for fixed rate borrowings at the end of the reporting date is not presented as changes in interest rates would not materially affect profit or loss.

A change of 100 basis points in interest rates, assuming all other variables remained constant, at the end of the reporting period would result in the (loss)/profit after tax of the Group and of the Company to be higher/(lower) by RM462,000 (2018: RM399,000) and RM37,000 (2018: RM37,000) respectively.

- (f) The carrying amounts of bank overdrafts and revolving credits are reasonable approximations of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of each reporting period.

The fair value of hire purchase creditors is estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the end of reporting period.

The fair value of hire purchase creditors is categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

- (g) The maturity profile of the borrowings of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations is summarised in the table below:

	On demand or within one year RM'000	One to five years RM'000	Total RM'000
Group			
At 31 March 2019	60,915	544	61,459
At 31 March 2018	52,529	332	52,861
Company			
At 31 March 2019	4,856	-	4,856
At 31 March 2018	4,852	-	4,852

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

21. HIRE PURCHASE CREDITORS

	Group	
	2019	2018
	RM'000	RM'000
Minimum hire purchase payments:		
- not later than one (1) year	176	89
- later than one (1) year and not later than five (5) years	544	332
Total minimum hire purchase payments	720	421
Less: Future interest charges	(107)	(64)
Present value of hire purchase creditors	613	357
Repayable as follows:		
Current:		
- not later than one (1) year	150	76
Non-current:		
- later than one (1) year and not later than five (5) years	463	281
	613	357

22. REVENUE

	Group	
	2019	2018
	RM'000	RM'000
Revenue from contract with customers:		
Revenue from construction contracts	187,318	186,370
Sales of goods	62,499	87,785
	249,817	274,155
Timing of revenue recognition:		
Transferred over time	187,318	186,370
Transferred at a point in time	62,499	87,785
	249,817	274,155

Disaggregation of revenue from contract with customers has been presented in the operating segments, Note 4 to the financial statements, which has been organised into business units based on their products and services from which the sales transactions originated.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

22. REVENUE (CONT'D)

(a) Revenue from construction contracts

Revenue from contract works are recognised over the period of the contracts by reference to the progress towards complete satisfaction of that performance obligation. Progress is determined on the proportion of construction contract costs incurred for work performed to date against total estimated construction contract costs where the outcome of the project can be estimated reliably.

Significant judgements are required in determining the stage of completion, the extent of construction costs incurred, the estimated total construction revenue and costs. In making the judgements, the Group evaluates based on past experience and by relying on the work of specialists.

The Group identifies performance obligations that are distinct and material, which is judgmental in the context of contract. Transaction prices were determined based on estimated margins prior to its allocation to the identified performance obligation. The Group also estimated total contract costs in applying the input method to recognise revenue over time.

(b) Sales of goods

Revenue from sale of goods is recognised at a point in time when the goods have been transferred to the customer and coincide with the delivery of goods and acceptance by customers.

23. COST OF SALES

	Group	
	2019	2018
	RM'000	RM'000
Construction contract costs	170,047	158,081
Cost of inventories sold	61,955	76,710
	232,002	234,791

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

24. OTHER OPERATING INCOME

Included in other operating income are:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Dividend income from other investments	4	5	-	-
Gain on disposal of property, plant and equipment	262	331	-	3
Gain on foreign exchange:				
- realised	-	2	-	-
- unrealised	3,678	2,642	-	-
Interest income from:				
- deposits with licensed banks	56	53	7	6
- advances to a related company	154	-	-	-
Inventories written back	-	521	-	-
Rental income	-	21	-	-
Reversal of impairment losses on:				
- trade and other receivables	8,646	2,864	150	716
- investments in subsidiaries	-	-	-	20,434

(a) Interest income

Interest income is recognised as it accrues using the effective interest method.

(b) Dividend income

Dividend income is recognised when the right to receive payment is established.

(c) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate cost of incentives provided to the lessees is recognised as a reduction of rental income over the lease term on a straight line basis.

NOTES TO THE FINANCIAL STATEMENTS**31 MARCH 2019****25. ADMINISTRATIVE AND OTHER EXPENSES**

Included in administrative and other expenses are:

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration:				
- statutory audit	353	342	75	72
- other services	17	-	17	-
Bad debts written off	-	8	-	-
Depreciation of property, plant and equipment	4,602	3,519	47	8
Fair value adjustments on other investments	15	37	-	-
Impairment losses on:				
- amounts owing by subsidiaries	-	-	6	-
- property, plant and equipment	14	-	-	-
- trade and other receivables	4,475	7,431	230	22,008
- contract assets	106	-	-	-
Inventories written off	68	66	-	-
Inventories written down	1,330	-	-	-
Management fees	-	155	1,662	2,007
Loss on foreign exchange:				
- realised	5	44	-	-
- unrealised	407	483	-	-
Property, plant and equipment written off	39	79	-	-
Rental of:				
- buildings	2,530	2,557	1,485	1,485
- motor vehicles	404	243	-	-
- equipment, plant and machinery	36	101	-	-

26. FINANCE COSTS

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Interest expense on:				
- amount owing to related companies	3,623	3,543	6,644	5,990
- revolving credits	2,730	2,349	87	86
- bank overdrafts	395	314	264	239
- others	121	87	2	5
	6,869	6,293	6,997	6,320

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

27. EMPLOYEE BENEFITS

	Group	
	2019	2018
	RM'000	RM'000
Wages, salaries and bonuses	19,685	22,330
Retirement benefit obligations (Note 19(a))	572	1,100
Defined contribution plan	2,153	2,481
Social security contributions	234	434
Other benefits	854	993
	23,498	27,338

Included in the employee benefits of the Group and of the Company are Executive Directors' remuneration as disclosed in Note 28 to the financial statements.

28. DIRECTORS' REMUNERATION

The details of remuneration receivable by Directors of the Group and of the Company during the financial year are as follows:

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Executive Directors' remuneration:				
- Fees				
- Company	36	50	36	50
- Subsidiaries	-	15	-	-
	36	65	36	50
- Other emoluments				
- Company	24	33	24	33
- Subsidiaries	441	785	-	-
	465	818	24	33
Total Executive Directors' remuneration	501	883	60	83
Non-Executive Directors' remuneration of the Company:				
- Fees	161	198	161	198
- Other emoluments	31	48	31	48
Total Non-Executive Directors' remuneration	192	246	192	246
Total Directors' remuneration	693	1,129	252	329

The estimated benefits-in-kind of the Group amounted to RM4,329 (2018: RM10,800).

NOTES TO THE FINANCIAL STATEMENTS**31 MARCH 2019****29. TAX EXPENSE**

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Current tax expense based on profit for the financial year:				
- income tax	4,744	3,584	-	-
- real property gains tax	(66)	-	-	-
- over provision in prior years	(3,051)	(3)	-	-
	1,627	3,581	-	-
Deferred tax (Note 11):				
Relating to origination and reversal of temporary differences				
	3,787	(1,237)	-	-
Under/(Over) provision in prior years	25	(81)	-	-
	3,812	(1,318)	-	-
	5,439	2,263	-	-

- (a) Malaysian income tax is calculated at the statutory tax rate of 24% (2018: 24%) of the estimated taxable profits for the fiscal year.
- (b) Tax expense for other taxation jurisdictions are calculated at the rates prevailing in those respective jurisdictions.
- (c) Tax on each component of other comprehensive income is as follows:

	Before tax	Tax effect	After tax
	RM'000	RM'000	RM'000
Group			
2019			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translations	(618)	-	(618)
Revaluation surplus on property, plant and equipment	18,299	(2,518)	15,781
2018			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translations	(11,927)	-	(11,927)
Company			
2019			
Items that may be reclassified subsequently to profit or loss			
Revaluation surplus on property, plant and equipment	3,110	(155)	2,955

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

29. TAX EXPENSE (CONT'D)

(d) The numerical reconciliation between the tax expense and the product of accounting (loss)/profit multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
(Loss)/Profit before tax	(1,381)	9,002	(10,583)	(12,406)
Tax at Malaysian statutory tax rate of 24% (2018: 24%)	(331)	2,160	(2,540)	(2,977)
Different tax rates in other countries	(58)	(51)	-	-
Tax effects in respect of:				
- non-allowable expenses	2,361	2,566	2,740	7,848
- non-taxable income	(1,298)	(954)	(209)	(5,078)
- utilisation of previously unrecognised deferred tax assets	(1,500)	(4,044)	-	-
- deferred tax assets not recognised	9,348	2,678	9	207
- share of results of associates	9	(8)	-	-
- real property gains tax	(66)	-	-	-
	8,465	2,347	-	-
Over provision of tax expenses in prior years	(3,051)	(3)	-	-
Under/(Over) provision of deferred tax in prior years	25	(81)	-	-
	5,439	2,263	-	-

30. (LOSS)/EARNINGS PER SHARE

(a) Basic

Basic loss per ordinary share for the financial year is calculated by dividing the consolidated loss for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year after deducting the treasury shares.

	Group	
	2019	2018
(Loss)/Profit attributable to equity holders of the parent (RM'000)	(4,686)	7,161
Weighted average number of ordinary shares outstanding (adjusted for treasury shares) ('000)	230,996	230,996
(Loss)/Profit for the financial year	(2)	3

NOTES TO THE FINANCIAL STATEMENTS**31 MARCH 2019****30. (LOSS)/EARNINGS PER SHARE (CONT'D)**

(b) Diluted

Diluted loss per ordinary share equals basic loss per ordinary share as there were no dilutive potential ordinary shares.

31. COMMITMENTSOperating lease commitments

(a) The Group and the Company as lessees

The Group and the Company have entered into non-cancellable lease agreements for premises, resulting in future rental commitments which can, subject to certain terms in the agreements, be revised annually based on prevailing market rates.

The Group and the Company have aggregate future minimum lease commitment as at the end of each reporting period as follows:

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Not later than one (1) year	20	139	-	-
Later than one (1) year and not later than five (5) years	9	4	-	-
	29	143	-	-

(b) The Group as a lessor

The Group has entered into lease agreements on motor vehicles.

The Group has aggregate future minimum lease commitment as at the end of each reporting period as follows:

	Group	
	2019	2018
	RM'000	RM'000
Not later than one (1) year	-	*

* Amount is less than RM1,000.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

32. CONTINGENT LIABILITIES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Secured				
Corporate guarantees given to financial institutions for credit facilities granted to subsidiaries	-	-	208,470	209,020
Bank guarantees given by financial institutions for:				
- performance bonds	62,803	63,133	-	-
- working capital	30,463	30,549	20	20
	93,266	93,682	208,490	209,040

- (a) The Group designates guarantees given to third parties as insurance contracts as defined in MFRS 4 *Insurance Contracts*. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At the reporting date, the Group assesses whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities are only removed from the statement of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

The determination of treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies for matters in the ordinary course of the business.

The Directors are of the view that the chances of the third parties to call upon the guarantees are remote.

- (b) In compliance to the terms of the various contracts, the Group and the Company are required to give bank guarantees or performance bonds to clients.
- (c) The bank guarantees of the Group and of the Company are secured by means of:
- (i) Corporate guarantee issued by the Company;
 - (ii) Respective contract proceeds of MTD Construction Sdn. Bhd.; and
 - (iii) Deposits with licensed banks of the Group and of the Company as disclosed in Note 15 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

33. MATERIAL LITIGATIONS

- (a) In the matter of an arbitration between MTD Construction Sdn. Bhd. and Kerajaan Malaysia

MTD Construction Sdn. Bhd. (“Claimant”), a wholly-owned subsidiary of the Company has entered into a formal contract (“Contract”) with the Kerajaan Malaysia (“GOM” or “Respondent”), wherein the Claimant has been appointed by the GOM to undertake the design and construction of Projek Jalan Raya Simpang Pulai-Lojing-Gua Musang ke Kuala Berang, Pakej 2 (dari Pos Selim, Perak Darul Ridzuan ke Ladang Blue Valley, Kampung Raja, Cameron Highlands, Pahang Darul Makmur) (“Project”), subject to the terms and provisions of the Contract. Pursuant to an agreement between the Superintendent Officer (“S.O”) of the Project (acting as the representative of the Respondent), the Claimant had provided a retention bond of RM14.1 million pursuant to a bank guarantee (“Retention Guarantee”) in lieu of the retention monies to be withheld by the Respondent in accordance to the terms and provisions of the Contract. The Respondent had issued a demand notice to HSBC Bank Malaysia Berhad (“HSBC”), demanding the pay out of the Retention Guarantee on the grounds of breach of Contract by the Claimant and the Claimant had filed an application to restrain the GOM from making a demand for the Retention Guarantee and receive payment from HSBC for the said Retention Guarantee, and to restrain HSBC from releasing the money until the final disposal of the matter in respect of the Project. HSBC had paid out the Retention Guarantee to the Respondent following the judgement from the High Court on 15 March 2011.

The Claimant had filed an application for an injunction at the High Court to restrain among others, the Respondent from making a demand for the Retention Guarantee. The application for the injunction was heard on 18 February 2011 and the Learned Judge dismissed the application for the injunction with costs. An application for an injunction pending the hearing of the appeal was also dismissed by the Learned Judge.

In addition to the above, the S.O has continuously demanded the Claimant to rectify the slope at Chainage (Ch.) 26+000 of the Project which has shown distress.

In view of the foregoing and to safeguard the interest of the Claimant, the Claimant had on 14 June 2011 issued the Notice of Dispute and Notice of Arbitration pursuant to the provision of Clause 52 of the Conditions of Contract and required the matter to be referred to Arbitration for the disputes which is not limited to the following:

- (i) that the Respondent had wrongly demanded the paid out of the Retention Guarantee and that the amount so paid out of the Respondent on the Retention Guarantee ought to be refunded to the Claimant;
- (ii) that the S.O ought to issue a Certificate of Making Good Defects to the Claimant; and
- (iii) a declaration by the arbitral tribunal that the Claimant was not liable to rectify the distress on the slope at Ch.26+000 of the Project and the Claimant would not be responsible for any failures on any part of the Project.

On 9 August 2012, an arbitrator has been appointed by the Kuala Lumpur Regional Centre of Arbitration.

The hearing of this matter had already begun since 17 September 2013 and few hearing dates had been fixed and proceeded up to 10 February 2014.

However, the continued hearing of this matter had been postponed pending the disposal of Respondent’s application to amend their Points of Defence which was filed on 28 February 2014. Hearing for this application together with the Claimant’s rebuttal was held on 7 March 2014 and the Arbitrator accepted the Respondent’s contentions to support its application vide order dated 14 March 2014 except on the issue of whether the Respondent’s application is time barred. The Arbitrator had given further directions on 17 April 2014 for parties to file their respective affidavits and written submissions by 13 June 2014 and date for the oral submissions will be fixed by the Arbitrator. The Claimant vide its lawyer had thereafter requested for the filing of the documents to be deferred to 30 June 2014 due to the witness of the Claimant being on long medical leave post-surgery.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

33. MATERIAL LITIGATIONS (CONT'D)

(a) In the matter of an arbitration between MTD Construction Sdn. Bhd. and Kerajaan Malaysia (Cont'd)

The Claimant's solicitor vide an email dated 17 November 2014 to the Arbitrator requesting the Arbitrator to reconsider his partial decision on the Respondent's application to amend its Defence and Counterclaim as the amendments concerns the addition of new dispute, i.e. the claim for the alleged failure at CH 23+650 – CH24 + 100 LHS; and the substantial increase in the quantum of the counterclaim. The Claimant's solicitor further state that the learned Senior Federal Counsel has confirmed that the counterclaim is by way of a counterclaim and not set-off. This is thus a new cause of action that has not previously been referred to and be part of the Arbitrator's jurisdiction. Further, the Claimant's notice of dispute which states 'including but not limited to' should be construed as that from the Claimant's perspective.

The Arbitrator responded via his email dated 2 December 2014 that he had in his Order dated 14 March 2014, given his ruling on the issue of jurisdiction after considering all the issues raised by the parties. Hence he declined the Claimant's request to reconsider the Order.

On 9 February 2015, the parties agreed to proceed accordingly with the hearing of the matter proper. The Claimant requested for the time barred issue to be deliberated in the hearing proper and for the Arbitrator to decide this matter at the end of the arbitration proceeding. The Arbitrator handed out further directions as follows:

- (i) the Claimant to file in Reply to Amended Defence by 16 March 2015;
- (ii) the Respondent to file their reply to defence to counterclaim on 17 April 2015; and
- (iii) amended witness statement to be filed on 18 May 2015.

The Claimant's Amended Reply to Defence and Amended Defence to Counterclaim has been filed on 9 June 2015 and the matter had been fixed for continued hearing on 6, 7, 13 and 14 July 2015.

However, the Respondent only filed their Reply to Amended Reply to Defence and Amended Defence to Counter Claim on 3 July 2015. The Arbitrator upon agreement by both parties vacated the trial dates fixed on 6, 7, 13 and 14 July 2015.

On meeting with Arbitrator dated 20 October 2015, the following directions were given:

- (i) additional Witness Statement of the Claimant and additional documents for the parties shall be filed on 1 December 2015;
- (ii) continued hearing for factual witness fixed on 21 and 22 December 2015 and continued on 21, 22 and 25 January 2016; and
- (iii) hearing for expert witness fixed on 29 February 2016 continued on 3, 10, 11 and 14 March 2016.

The continued hearing on 21 and 22 December 2015 however was vacated. The additional witness statement duly filed on 11 January 2016.

The cross-examination on Original Witness Statement had been concluded on 21 January 2016. The Arbitrator on even date provided directions as follows:

- (i) original hearing dates of 22 and 25 January, 29 February and 11 March 2016 are vacated and the next tentative hearing dates have been fixed as 16, 17 and 18 February 2016. All dates in March fixed earlier are retained;
- (ii) respondent to submit their witness statement on or before 5 February 2016; and
- (iii) tentative hearing dates for expert witness is fixed on 18, 19, 25 and 26 May 2016 replacing the earlier dates.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

33. MATERIAL LITIGATIONS (CONT'D)

- (a) In the matter of an arbitration between MTD Construction Sdn. Bhd. and Kerajaan Malaysia (Cont'd)

The continued hearing dates then proceeded on 16 and 17 February 2016 with the conclusion of testimonies given by the Claimant's factual witness and the hearing for the Respondent's expert witnesses to give their testimonies has been heard on 3, 4, 10, 11 and 28 March 2016 and 4 April 2016.

Hearing further fixed on 30 June 2016 to cross and re-examine the expert witness. The cross examination and re-examination of the Respondent's expert witness was concluded on 30 June 2016 hence the hearing completed.

The Arbitrator had given the following instructions to the parties:

- (i) All submissions by the Parties must be submitted on or before 28 February 2017; and
- (ii) Decision will be delivered within 1-2 months thereafter.

The Parties have, with the consent of the Arbitrator for extensions of time for the submissions, made the following submissions to the Arbitrator:-

- (i) the Claimant filed its written submissions on 31 October 2017;
- (ii) the Respondent filed its submission in reply on 6 July 2018; and
- (iii) the Claimant filed its submission in reply on 24 February 2019.

Upon the submissions by the Parties, the Arbitrator has informed the Parties that the Arbitrator expect to be able to deliver the award by the 1st quarter of the financial year ending 31 March 2020. As of the date of this report, the Arbitrator has yet to deliver the award to the parties. The arbitration proceeding does not have any material impact on the operational and financial position of the Group for the financial year ended 31 March 2019.

- (b) Persys Engineering Sdn. Bhd. ("PESB") v Waterize Resources Sdn. Bhd. ("Waterize")

On 5 May 2014, PESB, a wholly-owned subsidiary of the Company, filed a Writ of Summons and Statement of Claim against Waterize for the outstanding sum of RM1,901,620.10 for works done arising from the Contract of Site Clearance, Earthworks, Retaining Walls, and Drainage Works for Cadangan Pembangunan di Atas Lot 48731 (PT 45264), Mukim Petaling, Daerah Petaling, Selangor Darul Ehsan. Waterize had also on 2 June 2014 filed a counterclaim for the sum of RM1,095,874.63 being alleged losses and damages suffered by Waterize. The Reply to Defence and Counterclaim has been filed by PESB on 27 June 2014. On 27 June 2014, PESB proceeded with filing an application for Summary Judgment.

The Court had on 10 October 2014 allowed the Summary Judgment for the sum of RM1,853,345.10 against Waterize with costs of RM5,000.00 ("Order").

On 21 October 2014, Waterize filed their notice of appeal to the Court of Appeal, appealing against the Order ("Appeal") and the same has been fixed for hearing on 16 March 2015.

Waterize then on 27 October 2014 proceeded to file an application for stay of execution of the Order ("Stay of Execution") pending the disposal of Waterize's counterclaim against PESB. As such, PESB then filed an application to strike out Waterize's counterclaim ("Striking Out") on 12 November 2014. Both the Stay of Execution and Striking Out applications fixed for hearing on 23 January 2015.

On 23 January 2015, the learned Judge allowed PESB's Striking Out with costs of RM2,500.00 and dismissed Waterize's Stay of Execution with costs of RM2,500.00 ("Orders").

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

33. MATERIAL LITIGATIONS (CONT'D)

- (b) Persys Engineering Sdn. Bhd. ("PESB") v Waterize Resources Sdn. Bhd. ("Waterize") (Cont'd)

In view of the Orders, Waterize had on 6 March 2015 filed a notice of discontinuance of the Appeal.

PESB had on 21 April 2015 and 18 May 2015 served statutory demand pursuant to Section 218 of the Companies Act, 1965 to Waterize.

As there was no response from Waterize, PESB had then proceeded with winding-up petition against Waterize.

On the hearing of the winding-up petition dated 2 November 2015, the learned Judge had granted PESB an order in terms, as follows:

- (i) that Waterize be wound up;
- (ii) that the Director General of Insolvency be appointed as Liquidator of Waterize; and
- (iii) that the costs of this Petition of RM5,000.00 be paid out of the assets of Waterize.

PESB had then filed with the Malaysian Department of Insolvency ("MDI") a proof of debt on 15 December 2015 and now waiting for a creditors' meeting to be fixed by the MDI.

As of 29 June 2016, PESB has been informed by the MDI that the winding-up process is ongoing and that there is no possibility for any dividends can be declared as at 29 June 2018. The legal proceeding does not have any material impact on the operational and financial position of the Group for the financial year ended 31 March 2019.

34. RELATED PARTY DISCLOSURES

- (a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties could be individuals or other entities.

Related parties of the Group include:

- (i) Alloy Consolidated Sdn. Bhd., the ultimate holding company;
- (ii) MTD Capital Bhd., the immediate holding company;
- (iii) Direct and indirect subsidiaries, associates or joint ventures of the ultimate and immediate holding companies;
- (iv) Direct and indirect subsidiaries as disclosed in Note 7 to the financial statements;
- (v) Associates as disclosed in Note 8 to the financial statements; and
- (vi) Key management personnel which comprises persons (including all Directors of the Group) having authority and responsibility for planning, directing and controlling the activities of the Group either directly and indirectly.

NOTES TO THE FINANCIAL STATEMENTS**31 MARCH 2019****34. RELATED PARTY DISCLOSURES (CONT'D)**

(b) Significant related party transactions

In addition to transactions disclosed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group	
	2019 RM'000	2018 RM'000
Contract revenue from related companies	(26,479)	(12,581)
Progress billings charged to related companies	(29,877)	(4,264)
Contract cost charged to related companies	-	9,755
Management fee payable to a related company	-	155
Insurance expense paid to a related party	243	318
Interest receivable from a related company	(154)	-
Interest payable to a related company	3,623	3,543
Internal audit fees payables to a related company	316	503
Rental receivable from a related company	*	(21)
Rental payable to related companies	3,356	3,374
Security service fee paid and payable to a related company	-	494

* Amount is less than RM1,000.

	Company	
	2019 RM'000	2018 RM'000
Management fees payable to a subsidiary	1,662	2,007
Insurance expense paid to a related party	36	20
Internal audit fees payable to immediate holding company	316	301
Interest expense payable to:		
- immediate holding company	3,623	3,543
- subsidiaries	3,021	2,447
Rental payable to a related company	1,485	1,485

The related party transactions described above were carried out on agreed contractual terms and conditions and in the ordinary course of business between the related parties of the Group and the Company.

Information regarding the outstanding balances arising from related party transactions as at 31 March 2019 is disclosed in Note 10 and Note 18 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

34. RELATED PARTY DISCLOSURES (CONT'D)

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Directors (whether executive or otherwise) of the Group and the Company.

The remuneration of Directors and other key management personnel during the financial year was as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Short-term employee benefits	1,234	1,714	55	81
Contributions to defined contribution plan	113	136	-	-
	1,347	1,850	55	81

35. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

35.1 New MFRSs adopted during the financial year

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
Amendments to MFRS 1 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
Clarification to MFRS 15	1 January 2018
MFRS 9 <i>Financial Instruments (IFRS as issued by IASB in July 2014)</i>	1 January 2018
Amendments to MFRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to MFRS 128 <i>Annual Improvements to MFRS Standards 2014 - 2016 Cycle</i>	1 January 2018
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
Amendments to MFRS 140 <i>Transfers of Investment Property</i>	1 January 2018
Amendments to MFRS 4 <i>Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts</i>	See MFRS 4 Paragraphs 46 and 48

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

35. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (CONT'D)

35.1 New MFRSs adopted during the financial year (Cont'd)

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company except for the adoption of MFRS 9 and MFRS 15 described in the following sections.

(i) Adoption of MFRS 9

MFRS 9 replaces MFRS 139 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, encompassing all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

The Group applied MFRS 9 prospectively, with an initial application date of 1 April 2018. The Group has not restated the comparative information, which continues to be reported under MFRS 139. Differences arising from the adoption of MFRS 9 have been recognised directly in retained earnings and other components of equity.

(a) Classification and measurement

The Group and the Company classify their financial assets into the following measurement categories depending on the business model of the Group and the Company for managing the financial assets and the terms of contractual cash flows of the financial assets:

- Those to be measured at amortised cost; and
- Those to be measured subsequently at fair value either through other comprehensive income or through profit or loss.

The following summarises the key changes:

- The Available-For-Sale (AFS), Held-To-Maturity (HTM) and Loans and Receivables (L&R) financial asset categories were removed.
- A new financial asset category measured at Amortised Cost (AC) was introduced. This applies to financial assets with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by collecting contractual cash flows.
- A new financial asset category measured at Fair Value Through Other Comprehensive Income (FVTOCI) was introduced. This applies to debt instruments with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- A new financial asset category for non-traded equity investments measured at FVTOCI was introduced.

MFRS 9 largely retains the existing requirements in MFRS 139 for the classification of financial liabilities.

However, under MFRS 139 all fair value changes of liabilities designated as FVTPL are recognised in profit or loss, whereas under MFRS 9 these fair value changes are generally presented as follows:

- Amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in Other Comprehensive Income; and
- The remaining amount of change in the fair value is presented in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

35. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (CONT'D)

35.1 New MFRSs adopted during the financial year (Cont'd)

(i) Adoption of MFRS 9 (Cont'd)

(a) Classification and measurement (Cont'd)

Reclassification of the financial assets and financial liabilities as follows:

Group	Existing under MFRS 139	New under MFRS 9
Financial assets		
Other investments	AFS, FVTPL	FVTPL
Trade and other receivables, net of prepayments	L&R	AC
Cash and bank balances	L&R	AC
Financial liabilities		
Trade and other payables	OFL*	AC
Borrowings	OFL*	AC
	Existing under MFRS 139	New under MFRS 9
Company		
Financial assets		
Other investments	AFS	FVTPL
Other receivables	L&R	AC
Cash and bank balances	L&R	AC
Financial liabilities		
Other payables	OFL*	AC
Borrowings	OFL*	AC

* Other financial liabilities

NOTES TO THE FINANCIAL STATEMENTS**31 MARCH 2019****35. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (CONT'D)****35.1 New MFRSs adopted during the financial year (Cont'd)**

(i) Adoption of MFRS 9 (Cont'd)

(a) Classification and measurement (Cont'd)

The following tables are reconciliations of the carrying amount of the statement of financial position of the Group and of the Company from MFRS 139 to MFRS 9 as at 1 April 2018:

	Existing under MFRS 139 Carrying amount as at 31 March 2018 RM'000	Reclassifi- cation RM'000	Remeasure- ment RM'000	New under MFRS 9 Carrying amount as at 1 April 2018 RM'000
Group				
Other investments - AFS	161	(161)	-	-
Other investments - FVTPL	-	161	-	161
Trade and other receivables:				
Opening balance	204,506	-	-	204,506
Increase in impairment loss	-	-	(11,552)	(11,552)
Total trade and other receivables	204,506	-	(11,552)	192,954
Accumulated losses:				
Opening balance	(334,298)	-	-	(334,298)
Increase in impairment loss	-	-	(11,552)	(11,552)
Total accumulated losses	(334,298)	-	(11,552)	(345,850)
Company				
Trade and other receivables:				
Opening balance	73,643	-	-	73,643
Increase in impairment loss	-	-	(7,341)	(7,341)
Total trade and other receivables	73,643	-	(7,341)	66,302
Accumulated losses:				
Opening balance	(381,995)	-	-	(381,995)
Increase in impairment loss	-	-	(7,341)	(7,341)
Total accumulated losses	(381,995)	-	(7,341)	(389,336)

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

35. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (CONT'D)

35.1 New MFRSs adopted during the financial year (Cont'd)

- (i) Adoption of MFRS 9 (Cont'd)
- (b) Impairment of financial assets

The adoption of MFRS 9 has fundamentally changed the accounting for impairment losses for financial assets of the Group by replacing the incurred loss approach of MFRS 139 with a forward-looking expected credit loss approach. MFRS 9 requires the Group to record an allowance for expected credit losses for all debt financial assets not held at fair value through profit or loss.

Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The estimate of expected cash shortfall shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms. The shortfall is then discounted at an approximation to the asset's original effective interest rate of the asset.

Impairment for trade receivables and contract assets that do not contain a significant financing component are recognised based on the simplified approach within MFRS 9 using the lifetime expected credit losses.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within administrative expenses in the consolidated statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

Impairment for receivables other than those recognised based on simplified approach within MFRS 9 are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

- (ii) Adoption of MFRS 15

MFRS 15 establishes a comprehensive framework for revenue recognition and measurement. It replaces MFRS 118 Revenue, MFRS 111 Construction Contracts, and related Interpretations. Under MFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control, at a point in time or over time, requires significant judgement.

The Group adopted MFRS 15 using the modified retrospective method (without practical expedients), with the effect of initially applying this Standard at the date of initial application of 1 April 2018. The cumulative effect of initially applying MFRS 15 is recognised at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under MFRS 111, MFRS 118 and related Interpretations.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2019

35. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (CONT'D)

35.1 New MFRSs adopted during the financial year (Cont'd)

(ii) Adoption of MFRS 15 (Cont'd)

The following table summarises the impact, net of tax, of transition to MFRS 15 on retained earnings at 1 April 2018:

Group	Existing under MFRS 118 Carrying amount as at 31 March 2018 RM'000	Remeasurement RM'000	New under MFRS 15 Carrying amount as at 1 April 2018 RM'000
Trade and other payables	(233,449)	(130)	(233,579)
Accumulated losses	(334,298)	(130)	(334,428)

35.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2018

The following are Standards of the MFRS Framework that have been issued by MASB but have not been early adopted by the Group and the Company:

Title	Effective Date
MFRS 16 <i>Leases</i>	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 3 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 11 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 112 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 123 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 119 <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3 <i>Definition of a Business</i>	1 January 2020
Amendments to MFRS 101 and MFRS 108 <i>Definition of Material</i>	1 January 2020
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards since the effects would only be observable for the future financial years.

LIST OF PROPERTIES

HELD BY THE GROUP AS AT 31 MARCH 2019

Item	Location	Owner	Description and existing use	Tenure	Land area (sq ft)	Built-up area (sq ft)	Approximate age of building	Net Book Value (RM'000)
1	PTD No. 34735 Lot 9041 Mukim of Ampangan District of Seremban Negeri Sembilan Darul Khusus	MTD ACPI Engineering Berhad	Land	Freehold	616,844	-	-	6,800
2	PTD 18415 Lot No.9019, PTD 18416 Lot No.9020, PTD 18417 Lot No.9021, PTD 18418 Lot No.9022 and PTD 18419 Lot No.9023 Mukim Ampangan District of Seremban Negeri Sembilan Darul Khusus	Associated Concrete Products (Malaysia) Sdn. Bhd.	Office and factory building	Freehold	2,132,008	190,531	24 years	46,508
3	Lot No.676 & 677 Mukim of Jeram Batu District of Pontian Johor Darul Takzim	Associated Concrete Products (Malaysia) Sdn. Bhd.	Office and factory building	Freehold	926,098	254,307	15 years	28,392
4	H.S.(M) No.P.T.8209K and H.S.(D) 4418 No.P.T.14711K Mukim of Kuala Nerus District of Terengganu Terengganu Darul Iman	Associated Concrete Products (Malaysia) Sdn. Bhd.	Office and factory building	60-year leases expiring on 29.06.2045 and 13.06.2052 respectively	464,570	17,606	38 years	10,743
5	Lot 10073 (previously PT 4438) Mukim of Batang Kali District of Ulu Selangor Selangor Darul Ehsan	Associated Concrete Products (Malaysia) Sdn. Bhd.	Office and factory building	Freehold	2,134,483	419,381	25 years	34,598
6	A1/4A-0019 No17, Jalan Kenangasari 2A Bandar Sg. Buaya 48010 Rawang Selangor Darul Ehsan	Persys Engineering Sdn. Bhd.	Double storey shop office	99-year leases expiring on 04.01.2095	1,651	3,058	23 years	-

LIST OF PROPERTIES

HELD BY THE GROUP AS AT 31 MARCH 2019

Item	Location	Owner	Description and existing use	Tenure	Land area (sq ft)	Built-up area (sq ft)	Approximate age of building	Net Book Value (RM'000)
7	A1/12DS-0120 No. 27, Jalan Melatisari 2E Bandar Sg. Buaya 48010 Rawang Selangor Darul Ehsan	Persys Engineering Sdn. Bhd.	Double storey terrace house	99-year leases expiring on 04.01.2095	1,644	1,460	23 years	-
8	A1/16-0008 No.15, Jalan Inaisari 3 Bandar Sg. Buaya 48010 Rawang Selangor Darul Ehsan	Persys Engineering Sdn. Bhd.	One and half storey terrace house	99-year leases expiring on 04.01.2095	3,029	1,743	23 years	-
9	Unit B02-15 Meranti Park Bukit Tinggi 28750 Bentong Pahang Darul Makmur	MTD Construction Sdn. Bhd.	Apartment	Leasehold expiring in 2091	-	525	20 years	94
10	Unit C03-10 Meranti Park Bukit Tinggi 28750 Bentong Pahang Darul Makmur	MTD Construction Sdn. Bhd.	Apartment	Leasehold expiring in 2091	-	805	20 years	86

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Sixth Annual General Meeting of MTD ACPI Engineering Berhad (“the Company”) will be held at the Registered Office of the Company at Menara MTD, 1, Jalan Batu Caves, 68100 Batu Caves, Selangor Darul Ehsan on **Thursday, 5 September 2019** at **9.30 a.m.** for the following purposes:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 March 2019 together with the Reports of the Directors and Auditors thereon.
(Please refer to Explanatory Note 1)
2. To approve the payment of additional Directors’ allowance (excluding Directors’ fees) of RM9,000 payable for the period from 6 September 2018 to 4 September 2019. **Ordinary Resolution 1**
(Please refer to Explanatory Note 2)
3. To approve the payment of Directors’ fees and allowance of up to an aggregate amount of RM303,000 payable for the period from 5 September 2019 until the next Annual General Meeting of the Company. **Ordinary Resolution 2**
(Please refer to Explanatory Note 2)
4. To re-elect Nik Din bin Nik Sulaiman who retires by rotation in accordance with Article 85 of the Constitution of the Company. **Ordinary Resolution 3**
5. To re-elect Nik Faeruz binti Tan Sri Nik Hussain who retires in accordance with Article 92 of the Constitution of the Company. **Ordinary Resolution 4**
(Please refer to Explanatory Note 3)
6. To re-appoint Messrs. BDO PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. **Ordinary Resolution 5**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following Ordinary and Special Resolutions:

7. **Continuation in Office as Independent Non-Executive Director**
 - i) “That subject to the passing of Ordinary Resolution 3, Nik Din bin Nik Sulaiman who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years since 31 October 2008, be and is hereby retained as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting of the Company.” **Ordinary Resolution 6**
(Please refer to Explanatory Note 4)
 - ii) “That Dato’ Ir. Kalid bin Alias who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years since 15 August 2006, be and is hereby retained as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting of the Company.” **Ordinary Resolution 7**
(Please refer to Explanatory Note 4)

NOTICE OF ANNUAL GENERAL MEETING

8. **Authority to Issue and Allot Shares Pursuant to Sections 75 and 76 of the Companies Act 2016** **Ordinary Resolution 8**

“That subject to Sections 75 and 76 of the Companies Act 2016, the Constitution of the Company, requirements of Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and relevant laws, the Directors of the Company be and are hereby empowered to issue and allot shares in the Company at any time, to such persons and upon such terms and conditions for such purposes as the Directors of the Company may in their absolute discretion deem fit and expedient in the best interest of the Company, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being and that the Directors be and are hereby further empowered to obtain the approval from Bursa Securities for the listing of and quotation for the additional shares so issued on Bursa Securities, and that such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company.”

(Please refer to Explanatory Note 5)

9. **Proposed Renewal of Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature** **Ordinary Resolution 9**

“That subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be given to the Company and/or its subsidiaries companies (“the Group”) to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Group, with those related parties as set out in Section 2.3 of the Circular to Shareholders dated 31 July 2019, subject to the following:

- a) the transactions are in the ordinary course of business on normal commercial terms which are not more favourable to the related parties than those generally available to the public; and
- b) disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to this mandate during the financial year.

And That the authority conferred by this mandate shall commence immediately upon the passing of this ordinary resolution and continue to be in force until:

- a) the conclusion of the next Annual General Meeting (“AGM”) of the Company at which time the authority will lapse, unless by a resolution passed at a general meeting of the Company, the authority is renewed;
- b) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Companies Act 2016 (“Act”) (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

And That the Directors be and are hereby authorised to complete and do all such acts and things including, executing all such documents as may be required, to give effect to the transactions contemplated and/or authorised by this resolution.”

(Please refer to Explanatory Note 6)

NOTICE OF ANNUAL GENERAL MEETING

10. **Proposed Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature** **Ordinary Resolution 10**

"That subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be given to the Company and/or its subsidiaries companies ("the Group") to enter into additional recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Group, with those related parties as set out in Section 2.3 of the Circular to Shareholders dated 31 July 2019, subject to the following:

- a) the transactions are in the ordinary course of business on normal commercial terms which are not more favourable to the related parties than those generally available to the public; and
- b) disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to this mandate during the financial year.

And That the authority conferred by this mandate shall commence immediately upon the passing of this ordinary resolution and continue to be in force until:

- a) the conclusion of the next Annual General Meeting ("AGM") at which time the authority will lapse, unless by a resolution passed at a general meeting of the Company, the authority is renewed;
- b) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- c) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earlier.

And That the Directors be and are hereby authorised to complete and do all such acts and things including, executing all such documents as may be required, to give effect to the transactions contemplated and/or authorised by this resolution."

(Please refer to Explanatory Note 6)

11. **Proposed Adoption of New Constitution of the Company ("Proposed New Constitution")**

Special Resolution

"That approval be and is hereby given to revoke the existing Memorandum and Articles of Association of the Company with immediate effect and in place thereof, to adopt the Proposed New Constitution of the Company, as set out in 'Annexure A'.

And That the Directors of the Company be and are hereby authorised to do all acts and things as they may deem necessary to give full effect to the Proposed New Constitution with full power to assent to any modifications and/or amendments in any manner as may be required by any relevant authorities."

(Please refer to Explanatory Note 7)

12. To transact any other ordinary business of which due notice shall have been given.

By Order of the Board

Chan Bee Kuan (MAICSA 7003851)
Cheong Wei Ling (MAICSA 7009208)
Company Secretaries

Selangor Darul Ehsan
31 July 2019

NOTICE OF ANNUAL GENERAL MEETING

Notes:

- (a) In respect of deposited securities, only members whose names appear in the Record of Depositors on 30 August 2019 shall be eligible to attend the meeting or appoint proxy(ies) to attend, speak and/or vote on his behalf.
- (b) A member entitled to attend and vote at the meeting is entitled to appoint up to two (2) proxies to attend, speak and vote in his stead. A proxy need not be a member of the Company and there shall be no restriction as to the qualification of the proxy.
- (c) Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (d) Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”) as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- (e) The instrument appointing a proxy in the case of an individual member, shall be in writing under the hand of the appointer or his attorney duly authorised in writing or in the case of a corporate member, shall be either under its common seal or under the hand of an officer or attorney, duly authorised.
- (f) Where a member / authorised nominee appoints two (2) proxies or an exempt authorised nominee appoints multiple proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
- (g) The instrument appointing a proxy must be deposited at the Registered Office of the Company at Menara MTD, 1, Jalan Batu Caves, 68100 Batu Caves, Selangor Darul Ehsan, not less than twenty-four (24) hours before the time set for the meeting, i.e. latest by **Wednesday, 4 September 2019 at 9.30 a.m.** and in default, the instrument of proxy shall not be treated as valid and the person so named shall not be entitled to vote in respect thereof.
- (h) Registration will commence at 8.30 a.m. and close at 9.30 a.m. on the day of the meeting. Members and proxies are advised to be punctual. For verification purposes, members and proxies are required to produce their original identity card at the registration counter.
- (i) Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the notice of general meeting will be put to vote by way of poll. Poll Administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.

Explanatory Notes:

1. **Audited Financial Statements for the financial year ended 31 March 2019**
The Audited Financial Statements under Agenda 1 are laid in accordance with Section 340(1) of the Companies Act 2016 (“Act”), for discussion. This Agenda does not require the approval of the shareholders and **will not be put forward for voting.**
2. **Ordinary Resolution 1 & 2 - Payment of Directors’ fees and allowance**
Section 230(1) of the Act provide amongst others, that “fees” and “benefits” payable to the directors of a listed company shall be approved at a general meeting.

The Company is seeking shareholders’ approval for the following:-

- Resolution 1 on additional Directors’ allowance (excluding Directors’ fees) of RM9,000 payable to the Risk Management Committee (“RMC”) members for the period from 6 September 2018 to 4 September 2019.

The RMC was established on 28 August 2018 and comprised 3 members. Each RMC member is entitled to RMI,000 per meeting. The proposed amount payable reflect the meeting allowance for 3 meetings scheduled from 6 September 2018 to 4 September 2019.

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

2. Ordinary Resolution 1 & 2 - Payment of Directors' fees and allowance (Cont'd)

- Resolution 2 on the payment of Directors' fees and allowance of up to an aggregate amount of RM303,000 for the period from 5 September 2019 until the next Annual General Meeting ("AGM") of the Company to be held in 2020, to be made payable on a monthly basis and as when incurred.

The estimated amount payable for Directors' fees of RM234,000 and allowance of RM69,000 are based on the same amount for the existing Board composition of the Company and provision for one (1) additional director to be appointed. In the event the estimated amount is insufficient due to more meetings or enlarged Board size, approval will be sought at the next AGM for the additional fees and allowance to meet the shortfall.

Monthly Directors' fees and allowance payable to each Director are set out below.

	Non-Executive Chairman (RM)	Senior Independent Director (RM)	Each Other Directors (RM)
Directors' fee	4,000	3,500	3,000

	Executive Director (RM)	Chairman of Audit Committee (RM)	Each Member of Audit Committee (RM)
Directors' Allowance	2,000	1,000	500

Board Committee Meeting allowance payable for each meeting to the Chairman of Board Committee and its member are set out below.

	Chairman/ Each Member (RM)
Board Committee	
Nomination and Remuneration Committee	1,000
Risk Management Committee	1,000

3. Ordinary Resolution 4 – Re-election of Director in accordance to Article 92 of the Constitution of the Company

Article 92 of the Constitution of the Company provides that any Director appointed by the Board of Directors to fill a casual vacancy, shall hold office until the next following AGM of the Company, and shall be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.

Accordingly, Puan Nik Faeruz binti Tan Sri Nik Hussain, the newly appointed Director of the Company shall hold office until the Twenty-Sixth AGM and shall then be eligible for re-election pursuant to Article 92 of the Constitution of the Company.

NOTICE OF ANNUAL GENERAL MEETING

4. **Ordinary Resolution 6 & 7 – Continuation in Office as Independent Directors**

The Malaysian Code on Corporate Governance provides that the tenure of an independent director does not exceed a cumulative term limit of nine (9) years. If the Board intends to retain an independent director beyond nine (9) years, it should justify and seek annual shareholders' approval. In addition, if the Board continues to retain the independent director after twelve (12) years, the Board should seek annual shareholders' approval through a two-tier voting process.

The proposed ordinary resolution 6 & 7, if passed, will allow Nik Din bin Nik Sulaiman and Dato' Ir. Kalid bin Alias to continue to act as Independent Non-Executive Director of the Company, until the conclusion of the next AGM of the Company.

The Board through the Nomination and Remuneration Committee conducted assessment of their independence notwithstanding, they have served as independent director for a cumulative term exceeding nine (9) years based on the following justifications:

- a) They fulfilled the criteria of independence contained in the Corporate Governance Guide issued by Bursa Malaysia Securities Berhad; and
- b) Their long service do not affect their independence and they continue to actively participate in the Board and Board Committee meetings, challenged and guided the management in an effective manner without compromising their independent judgement and objectivity in the best interest of the Company.

Dato' Ir. Kalid bin Alias who has served the Company as an Independent Director for a cumulative term exceeding twelve (12) years would be subject to shareholders' approval through a two-tier voting process i.e. Tier 1 : voting by large shareholders and Tier 2 : voting by other shareholders.

5. **Ordinary Resolution 8 – Authority to Issue and Allot Shares Pursuant to Sections 75 and 76 of the Companies Act 2016**

Sections 75 and 76 of the Companies Act 2016 provides amongst others, our Directors are empowered to issue and allot new ordinary shares in the Company at any time, up to an aggregate amount not exceeding ten percent (10%) of the issued shares of the Company (excluding treasury shares), for such purposes as our Directors deem necessary and in the best interest of the Company, without having to convene a general meeting. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM.

This mandate will provide flexibility to our Directors to undertake any corporate exercise or fund raising activities, including but not limited to placement of shares for the purpose of funding current or future investments, working capital and/or acquisitions, which involves issuance of new shares.

As at the date of this Notice, the Company has not issued any new shares pursuant to the shareholders' mandate obtained on 6 September 2018, which will lapse upon the conclusion of this AGM.

6. **Ordinary Resolution 9 & 10 – Proposed Shareholders' Mandate for Recurrent Related Party Transactions**

Further information in relation to the shareholders' mandate for proposed renewal and additional recurrent related party transactions are set out in the Circular to Shareholders dated 31 July 2019, which is despatched together with the Company's 2019 Annual Report.

NOTICE OF ANNUAL GENERAL MEETING

7. Special Resolution – Proposed Adoption of New Constitution of the Company (“Proposed New Constitution”)

The Special Resolution, if passed, will streamline the Constitution of the Company with the Companies Act 2016 (which came into effect on 31 January 2017) and the revised Main Market Listing Requirements of Bursa Malaysia Securities Berhad as well as, the Malaysian Code on Corporate Governance.

The Board proposed that the existing Memorandum and Articles of Association of the Company be revoked in its entirety and be replaced thereof with a new Constitution in view of the substantial amendments to the Memorandum and Articles of Association of the Company.

The Proposed New Constitution will take effect upon the passing of the Special Resolution by a majority of not less than seventy-five percent (75%) of such members, who attended and are entitled to vote in person or in proxy at the meeting.

The Proposed New Constitution as set out in ‘Annexure A’ is despatched together with the Company’s 2019 Annual Report and is available on the Company’s website at www.mtdacpi.com.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting (“AGM”) of the Company and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “Purposes”), (ii) warrants that where the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member’s breach of warranty.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

Details of individuals who are standing for election as Directors (excluding Directors standing for a re-election)

No individual is seeking election as a Director at the Twenty-Sixth Annual General Meeting of the Company.

FORM OF PROXY



Number of shares held	CDS Account No.

MTD ACPI ENGINEERING BERHAD (258836-V)

*I/We, *NRIC No./Company No

(FULL NAME IN BLOCK LETTERS)

of

(FULL ADDRESS)

being a *member/members of **MTD ACPI ENGINEERING BERHAD**, hereby appoint:

(1) NRIC No

(FULL NAME OF PROXY IN BLOCK LETTERS)

of (.....)

(FULL ADDRESS)

(NO. OF SHARES REPRESENTED)

(2) NRIC No

(FULL NAME OF PROXY IN BLOCK LETTERS)

of (.....)

(FULL ADDRESS)

(NO. OF SHARES REPRESENTED)

or failing *him/her, the *CHAIRMAN OF THE MEETING as *my/our proxy to attend and vote for *me/us and on *my/our behalf at the Twenty-Sixth Annual General Meeting of the Company to be held at the Registered Office of the Company at Menara MTD, 1, Jalan Batu Caves, 68100 Batu Caves, Selangor Darul Ehsan on **Thursday, 5 September 2019 at 9.30 a.m.** and at any adjournment thereof to vote as indicated below:

(Please indicate with an "X" in the spaces provided below as how you wish your votes to be cast. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at *his/her discretion)

NO.	RESOLUTIONS	FOR	AGAINST
1.	To approve the payment of additional Directors' allowance		
2.	To approve the payment of Directors' fees and allowance		
3.	To re-elect Nik Din bin Nik Sulaiman		
4.	To re-elect Nik Faeruz binti Tan Sri Nik Hussain		
5.	To re-appoint Messrs. BDO PLT as Auditors of the Company		
6.	Continuation in Office as Independent Director – Nik Din bin Nik Sulaiman		
7.	Continuation in Office as Independent Director – Dato' Ir. Kalid bin Alias		
8.	Authority to Issue and Allot Shares Pursuant to Sections 75 and 76 of the Companies Act 2016		
9.	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
10.	Proposed Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature		
11.	Proposed Adoption of New Constitution of the Company		

* Strike out whichever not applicable.

As witness *my/our hand(s) this day of, 2019.

.....
Signature of Member

Notes:

- (a) In respect of deposited securities, only members whose names appear in the Record of Depositors on **30 August 2019** shall be eligible to attend the meeting or appoint proxy(ies) to attend, speak and/or vote on his behalf.
- (b) A member entitled to attend and vote at the meeting is entitled to appoint up to two (2) proxies to attend, speak and vote in his stead. A proxy need not be a member of the Company and there shall be no restriction as to the qualification of the proxy.
- (c) Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (d) Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- (e) The instrument appointing a proxy in the case of an individual member, shall be in writing under the hand of the appointer or his attorney duly authorised in writing or in the case of a corporate member, shall be either under its common seal or under the hand of an officer or attorney, duly authorised.
- (f) Where a member / authorised nominee appoints two (2) proxies or an exempt authorised nominee appoints multiple proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
- (g) The instrument appointing a proxy must be deposited at the Registered Office of the Company at Menara MTD, 1, Jalan Batu Caves, 68100 Batu Caves, Selangor Darul Ehsan, not less than twenty-four (24) hours before the time set for the meeting, i.e. latest by **Wednesday, 4 September 2019 at 9.30 a.m.** and in default, the instrument of proxy shall not be treated as valid and the person so named shall not be entitled to vote in respect thereof.
- (h) Registration will commence at 8.30 a.m. and close at 9.30 a.m. on the day of the meeting. Members and proxies are advised to be punctual. For verification purposes, members and proxies are required to produce their original identity card at the registration counter.
- (i) Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the notice of general meeting will be put to vote by way of poll. Poll Administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.

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AFFIX
STAMP

THE COMPANY SECRETARIES

MTD ACPI ENGINEERING BERHAD (258836-V)

Menara MTD
1, Jalan Batu Caves
68100 Batu Caves
Selangor Darul Ehsan
Malaysia

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MTD ACPI ENGINEERING BERHAD (258836-V)

Menara MTD, 1, Jalan Batu Caves, 68100 Batu Caves, Selangor Darul Ehsan, Malaysia
Tel : 603-6195 1111 **Fax :** 603-6188 0101

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