



**ECONPILE HOLDINGS BERHAD**

(Company No. 1017164-M)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS - THIRD QUARTER ENDED 31 MARCH 2015**

**A1. Basis of preparation**

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with the requirements of Paragraph 9.22 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting. This unaudited interim financial report should be read in conjunction with the Group's most recent audited financial statements for the year ended 30 June 2014.

**A2. Significant Accounting Policies**

The accounting policies and method of computation adopted by the Group in this interim financial report are consistent with those adopted in the annual financial statements for the financial year ended 30 June 2014 except for the following new/revised MFRSs and amendments to MFRSs:

		Effective for annual periods beginning on or after
MFRS 14	Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 5	Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)	1 January 2016
Amendments to MFRS 7	Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)	1 January 2016
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 11	Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 116	Property, Plant and Equipment and MFRS 138, Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116	Property, Plant and Equipment and MFRS 141, Agriculture - Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 127	Equity Method in Separate Financial Statement (Annual Improvements to MFRSs 2012 - 2014 Cycle)	1 January 2016
MFRS 15	Revenue from Contracts with Customers	1 January 2017
MFRS 9	Financial Instruments (2014)	1 January 2018
Amendments to MFRS 7	Financial Instruments: Disclosures - Mandatory Effective Date of MFRS 9 and Transition Disclosures	1 January 2018

**A3. Auditors' Report**

The reports of the auditors to the members of Econpile Holdings Berhad and its subsidiary companies on the financial statements for the financial year ended 30 June 2014 were not subject to any qualification and did not include any adverse comments made under subsection (3) of Section 174 of the Companies Act, 1965.

**A4. Seasonality or Cyclicity of Interim Operations**

The Group's results are not materially affected by any seasonal or cyclical factors.

**A5. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows**

There were no items affecting assets, liabilities, equity, net income or cash flows that were unusual in nature, size or incidence during the current quarter and financial period ended 31 March 2015.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS - THIRD QUARTER ENDED 31 MARCH 2015****A6. Material Effect of Changes in Estimates of Amounts Reported in Prior Interim Periods or Prior Financial Years**

There were no changes in estimates of amounts reported in prior interim periods or prior financial years that have a material effect on results for the current period under review.

**A7. Debt and Equity Securities**

There were no issuance, cancellation, repurchase, resale and repayment of debts and equity securities during the current quarter and financial period ended 31 March 2015.

**A8. Dividends Paid**

No dividends were paid by the Company in the current quarter ended 31 March 2015.

**A9. Segmental Reporting**

The Group's financial information analysed by business segment is as follows:

	<b>Piling and Foundation Services RM'000</b>	<b>Investment holding, Property Investment, Rental of Machinery and Sales of Goods RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
<i>Current quarter ended 31 March 2015:</i>				
<b>Revenue</b>				
Revenue from external sales	114,126	-	-	114,126
Inter-segment sales	-	60	(60)	-
	<u>114,126</u>	<u>60</u>	<u>(60)</u>	<u>114,126</u>
<b>Results</b>				
Segment Results	17,367	37	-	17,404
Finance costs	(313)	-	-	(313)
Profit before taxation	<u>17,054</u>	<u>37</u>	<u>-</u>	<u>17,091</u>
Taxation	(4,565)	(15)	-	(4,580)
Profit after taxation	<u>12,489</u>	<u>22</u>	<u>-</u>	<u>12,511</u>
<i>Nine months ended 31 March 2015:</i>				
<b>Revenue</b>				
Revenue from external sales	325,155	-	-	325,155
Inter-segment sales	-	180	(180)	-
	<u>325,155</u>	<u>180</u>	<u>(180)</u>	<u>325,155</u>
<b>Results</b>				
Segment Results	45,829	193	-	46,022
Finance costs	(778)	-	-	(778)
Profit before taxation	<u>45,051</u>	<u>193</u>	<u>-</u>	<u>45,244</u>
Taxation	(12,535)	(39)	-	(12,574)
Profit after taxation	<u>32,516</u>	<u>154</u>	<u>-</u>	<u>32,670</u>

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(Company No. 1017164-M)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS - THIRD QUARTER ENDED 31 MARCH 2015**

	<b>Piling and Foundation Services RM'000</b>	<b>Investment holding, Property Investment, Rental of Machinery and Sales of Goods RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
<i>Nine months ended 31 March 2014:</i>				
<b>Revenue</b>				
Revenue from external sales	318,851	6	-	318,857
Inter-segment sales	10	130	(140)	-
	<u>318,861</u>	<u>136</u>	<u>(140)</u>	<u>318,857</u>
<b>Results</b>				
Segment Results	36,749	112	-	36,861
Finance costs	(1,335)	-	-	(1,335)
Profit before taxation	<u>35,414</u>	<u>112</u>	<u>-</u>	<u>35,526</u>
Taxation	(10,839)	(50)	-	(10,889)
Profit after taxation	<u>24,575</u>	<u>62</u>	<u>-</u>	<u>24,637</u>
<i>As at 31 March 2015</i>				
<b>Segment Assets</b>	<u>291,371</u>	<u>142,857</u>	<u>(108,930)</u>	<u>325,298</u>
<b>Segment Liabilities</b>	<u>150,107</u>	<u>35</u>	<u>(18,930)</u>	<u>131,212</u>
<i>As at 31 March 2014</i>				
<b>Segment Assets</b>	<u>214,940</u>	<u>95,693</u>	<u>(90,121)</u>	<u>220,512</u>
<b>Segment Liabilities</b>	<u>107,240</u>	<u>15</u>	<u>(121)</u>	<u>107,134</u>

**A10. Property, Plant and Equipment**

The fair value adopted at the date of transition to MFRSs has been brought forward, without amendment from the most recent annual financial statements for the financial year ended 30 June 2014.

**A11. Significant Post Balance Sheet Event**

There were no material events as at 13 May 2015, being the date not earlier than 7 days from the date of this announcement, that will affect the financial results of the current financial period under review.

**A12. Changes in Composition of the Group**

There were no changes in the composition of the Group including business combinations, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations during the current quarter and financial period under review.

**A13. Contingent Liabilities and Contingent Assets**

There were no material changes in contingent liabilities and contingent assets since the last audited financial statements for the financial year ended 30 June 2014 to 13 May 2015, being a date not earlier than 7 days from the date of this announcement, save for the following:

	<b>As at 13.05.15 RM'000</b>	<b>As at 30.06.14 RM'000</b>
Contingent Liabilities (Unsecured) Group		
- Guarantees given to contract customers in relation to construction contracts	<u>35,389</u>	<u>43,363</u>
Company		
- Corporate Guarantee given to contract customer in relation to construction contracts	<u>460</u>	<u>-</u>

**ECONPILE HOLDINGS BERHAD**

(Company No. 1017164-M)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS - THIRD QUARTER ENDED 31 MARCH 2015**

**A14. Capital Commitments**

	As at 31.03.15 RM'000	As at 30.06.14 RM'000
Capital expenditure Authorised and contracted for	4,508	8,286

**A15. Significant Related Party Transactions**

There were no significant related party transactions for the current quarter and nine months financial period ended 31 March 2015.

**ECONPILE HOLDINGS BERHAD**

(Company No. 1017164-M)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS - THIRD QUARTER ENDED 31 MARCH 2015****PART B : EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B1. Review of the Performance of the Group**

	<b>Current year quarter 31.03.15 RM'000</b>	<b>Preceding year corresponding quarter 31.03.14 RM'000</b>	<b>Current financial period ended 31.03.15 RM'000</b>	<b>Preceding year corresponding period ended 31.03.14 RM'000</b>
<b>Revenue</b>	114,126	87,596	325,155	318,857
<b>Profit before taxation</b>	17,091	7,596	45,244	35,526

The Group recorded an increase in revenue of RM26.5 million to RM114.1 million in the third quarter ended 31 March 2015 as compared to a revenue of RM87.6 million in the preceding year corresponding quarter ended 31 March 2014 and correspondingly, an improvement of RM9.5 million in profit before taxation for the similar periods. These improvements are line with the on-going and additional order book secured for the period.

The Group recorded a revenue of RM325.2 million for the current nine (9) months financial period ended 31 March 2015 mainly from the piling and foundation services business segment. Revenue contribution from piling and foundation works from property development projects continue to dominate the Group's revenue, amounting to RM301.2 million or 92.6% and the remaining revenue derived from piling and foundation works from infrastructure and other segments amounting to RM24.0 million or 7.4%.

The Group recorded a profit before tax of RM45.2 million for the current nine (9) months financial period ended 31 March 2015, mainly derived from our piling and foundation services being our main revenue stream. Gross profit margin and profit before tax margin stood at 17.7% and 13.9%, respectively for the current financial period ended 31 March 2015.

**B2. Comparison with Preceding Quarter's Results**

	<b>Current quarter ended 31.03.15 RM'000</b>	<b>Preceding quarter ended 31.12.14 RM'000</b>
<b>Revenue</b>	114,126	104,729
<b>Profit before taxation</b>	17,091	14,851

The Group recorded an increase in revenue of RM9.4 million to RM114.1 million in the third quarter ended 31 March 2015 as compared to a revenue of RM104.7 million in the preceding quarter ended 31 December 2014. The increase in revenue was in line with the higher revenue contribution from some projects reaching their significant billing milestones. The piling and foundation works revenue derived from property development projects and infrastructure projects during the current quarter ended 31 March 2015, amounted to RM110.8 million and RM3.4 million respectively, as compared to RM96.2 million and RM8.5 million in the preceding quarter ended 31 December 2014.

The increase in profit before tax for the current quarter ended 31 March 2015 of RM2.2 million as compared to the preceding quarter ended 31 December 2014 is in line with the improvement in overall gross profit margin of 17.5% in second quarter to 18.9% in current third quarter coupled with the higher revenue recorded.

**B3. Prospects**

The Directors expect the overall Group's 2015 performance to improve on the back of the continued growth expected from the piling and foundation services market in Malaysia.

**B4. Profit Forecast or Profit Guarantee**

Not applicable as there was no profit forecast or profit guarantee issued.

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(Company No. 1017164-M)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS - THIRD QUARTER ENDED 31 MARCH 2015****B5. Profit Before Tax**

Profit for the current quarter and six months financial period is stated after charging/(crediting) :-

	<b>Current Current financial period quarter ended 31.03.15 RM'000</b>	<b>Current financial period ended 31.03.15 RM'000</b>
Depreciation of investment properties	6	20
Depreciation of properties, plant and equipments	4,694	12,760
Expenses related to defined benefit plan	78	233
Finance income	(434)	(1,410)
Finance expense	313	778

**B6. Taxation**

	<b>Current Current financial period quarter ended 31.03.15 RM'000</b>	<b>Current financial period ended 31.03.15 RM'000</b>
Current tax expense		
- current year	4,580	12,010
- prior year	-	564
Deferred tax expense	-	-
	<u>4,580</u>	<u>12,574</u>

The effective tax rate for the current quarter and nine months financial period ended 31 March 2015 was higher than the statutory tax rate of 25 percent is primarily due to certain expenses not allowable for tax purposes.

**B7. Status of Corporate Proposal***Status of Utilisation of Proceeds*

The gross proceeds from the Public Issue amounted to RM48.60 million. The status of the utilisation of the proceeds raised from the Public Issue as at 13 May 2015, is as follows:

Details of Utilisation	Proposed Utilisation	Actual Utilisation	Balance	Timeframe for utilisation upon listing
	RM'000	RM'000	RM'000	
(i) Purchase of machinery and equipment	14,580	14,580	-	Within 18 months
(ii) Repayment of bank borrowings	12,150	12,150	-	Within 24 months
(iii) Working capital	18,160	18,160	-	Within 24 months
(iv) Estimated listing expenses	3,710	3,710	-	Upon listing
Total gross proceeds	<u>48,600</u>	<u>48,600</u>	-	

Save as disclosed above, there were no pending corporate proposals up to 13 May 2015, being a date not earlier than 7 days from the date of this announcement.

**B8. Investment in Quoted Securities**

There were no purchases or disposals of quoted securities during the current quarter and nine months financial period ended 31 March 2015.

**B9. Sale of Unquoted Investments and/or Properties**

There were no sale of unquoted investment and/or properties during the current quarter and nine months financial period ended 31 March 2015.

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(Company No. 1017164-M)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS - THIRD QUARTER ENDED 31 MARCH 2015****B10. Group Borrowings and Debt Securities**

The Group's borrowings as at 31 March 2015 are as follows:

	Short Term RM'000	Long Term RM'000	Total RM'000
<b><u>Secured</u></b>			
Bankers acceptances	4,540	-	4,540
Finance lease liabilities	8,248	6,401	14,649
Term loans	100	2,754	2,854
	<u>12,888</u>	<u>9,155</u>	<u>22,043</u>

All borrowings of the Group are denominated in Ringgit Malaysia.

**B9. Realised/Unrealised profits**

	As at 31.03.15 RM'000	As at 30.06.14 RM'000
Total retained earnings of the Company and its subsidiaries		
- realised	145,771	118,215
- unrealised	(691)	(455)
Total retained earnings as per consolidated accounts	<u>145,080</u>	<u>117,760</u>

**B10. Off Balance Sheet Financial Instruments**

Save for below, there were no financial instruments with off balance sheet risks as at 13 May 2015, being a date not earlier than 7 days from the date of this announcement.

	As at 13.05.15 RM'000	As at 30.06.14 RM'000
Group		
Performance guarantees given to contract customers in relation to construction contracts	<u>35,849</u>	<u>43,363</u>

**B11. Material Litigation**

The Group does not have any material litigation as at 13 May 2015, being a date not earlier than 7 days from the date of this announcement.

**B12. Dividend**

The Board of Directors has approved and declared a single-tier second interim dividend of 1.5 sen per ordinary share, amounting to RM8,025,000.15 which is to be paid on 23 June 2015.

**B13. Earnings Per Share**

The earnings per share for the current quarter and nine months financial period ended 31 March 2015 is computed as follows:-

	Current quarter ended 31.03.15 RM'000	Current financial period ended 31.03.15 RM'000
Profit for the quarter/period, attributable to owners of the parent	<u>12,511</u>	<u>32,670</u>
Weighted average number of ordinary shares of RM0.20 each in issue	<u>535,000</u>	<u>535,000</u>
Basic Earnings Per Share (sen)	<u>2.34</u>	<u>6.11</u>

There is no diluted earnings per share as the Company does not have any convertible financial instruments as at the end of the financial period ended 31 March 2015.