



ECONPILE HOLDINGS BERHAD

(Company No. 1017164-M)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FOURTH QUARTER ENDED 30 JUNE 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
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 10 and MFRS 12	Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 11	Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
MFRS 14	Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 101	Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 119	Employee Benefits (Annual Improvements 2012-2014 Cycle)	1 January 2016
Amendments to MFRS 127	Equity Method in Separate Financial Statement	1 January 2016
Amendments to MFRS 134	Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)	1 January 2016
MFRS 15	Revenue from Contracts with Customers	1 January 2017
MFRS 9	Financial Instruments (2014)	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 year ended 30 June 2015.

ECONPILE HOLDINGS BERHAD

(Company No. 1017164-M)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FOURTH QUARTER ENDED 30 JUNE 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 financial year 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 year ended 30 June 2015.

A8. Dividends Paid

The Company paid a single-tier second interim dividend of 1.5 sen per ordinary share in respect of financial year ended 30 June 2015, amounting to RM8,025,000.15 on 23 June 2015.

A9. Segmental Reporting

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

	Piling and Foundation Services RM'000	Investment holding, Property Investment, Rental of Machinery and Sales of Goods RM'000	Elimination RM'000	Total RM'000
<i>Current quarter ended 30 June 2015:</i>				
Revenue				
Revenue from external sales	103,825	-	-	103,825
Inter-segment sales	-	60	(60)	-
	<u>103,825</u>	<u>60</u>	<u>(60)</u>	<u>103,825</u>
Results				
Segment Results	18,074	42	-	18,116
Finance costs	(279)	-	-	(279)
Profit before taxation	<u>17,795</u>	<u>42</u>	<u>-</u>	<u>17,837</u>
Taxation	(3,895)	-	-	(3,895)
Profit after taxation	<u>13,900</u>	<u>42</u>	<u>-</u>	<u>13,942</u>
<i>Financial year ended 30 June 2015:</i>				
Revenue				
Revenue from external sales	428,980	-	-	428,980
Inter-segment sales	-	240	(240)	-
	<u>428,980</u>	<u>240</u>	<u>(240)</u>	<u>428,980</u>
Results				
Segment Results	63,903	235	-	64,138
Finance costs	(1,057)	-	-	(1,057)
Profit before taxation	<u>62,846</u>	<u>235</u>	<u>-</u>	<u>63,081</u>
Taxation	(16,431)	(38)	-	(16,469)
Profit after taxation	<u>46,415</u>	<u>197</u>	<u>-</u>	<u>46,612</u>

ECONPILE HOLDINGS BERHAD

(Company No. 1017164-M)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FOURTH QUARTER ENDED 30 JUNE 2015

<i>Financial year ended 30 June 2014:</i>	Piling and Foundation Services RM'000	Investment holding, Property Investment, Rental of Machinery and Sales of Goods RM'000	Elimination RM'000	Total RM'000
Revenue				
Revenue from external sales	418,682	6	-	418,688
Inter-segment sales	-	240	(240)	-
	<u>418,682</u>	<u>246</u>	<u>(240)</u>	<u>418,688</u>
Results				
Segment Results	47,898	5,455	(6,000)	47,353
Finance costs	(1,759)	-	-	(1,759)
Profit before taxation	46,139	5,455	(6,000)	45,594
Taxation	(14,515)	(59)	-	(14,574)
Profit after taxation	<u>31,624</u>	<u>5,396</u>	<u>(6,000)</u>	<u>31,020</u>
As at 30 June 2015				
Segment Assets	<u>312,273</u>	<u>143,890</u>	<u>(122,630)</u>	<u>333,533</u>
Segment Liabilities	<u>166,109</u>	<u>51</u>	<u>(32,630)</u>	<u>133,530</u>
As at 30 June 2014				
Segment Assets	<u>235,619</u>	<u>148,161</u>	<u>(95,981)</u>	<u>287,799</u>
Segment Liabilities	<u>126,871</u>	<u>143</u>	<u>(5,981)</u>	<u>121,033</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 20 August 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 year 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 year 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 20 August 2015, being a date not earlier than 7 days from the date of this announcement, save for the following:

	As at 20.08.15 RM'000	As at 30.06.14 RM'000
Contingent Liabilities (Unsecured) Group		
- Guarantees given to contract customers in relation to construction contracts	<u>50,742</u>	<u>43,363</u>
Company		
- Corporate Guarantee given to contract customer in relation to construction contracts	<u>4,960</u>	<u>-</u>

ECONPILE HOLDINGS BERHAD

(Company No. 1017164-M)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FOURTH QUARTER ENDED 30 JUNE 2015

A14. Capital Commitments

	As at 30.06.15 RM'000	As at 30.06.14 RM'000
Capital expenditure Authorised and contracted for	1,404	8,286

A15. Significant Related Party Transactions

There were no significant related party transactions for the current quarter and financial year ended 30 June 2015.

ECONPILE HOLDINGS BERHAD

(Company No. 1017164-M)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FOURTH QUARTER ENDED 30 JUNE 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**

	Current year quarter 30.06.15 RM'000	Preceding year corresponding quarter 30.06.14 RM'000	Current financial period ended 30.06.15 RM'000	Preceding year corresponding period ended 30.06.14 RM'000
Revenue	103,825	99,831	428,980	418,688
Profit before taxation	17,837	10,068	63,081	45,594

The Group recorded an increase in revenue of RM4.0 million to RM103.8 million in the fourth quarter ended 30 June 2015 as compared to a revenue of RM99.8 million in the preceding year corresponding quarter ended 30 June 2014 and correspondingly, an improvement of RM7.9 million in profit before taxation for the similar periods. These improvements are line with the on-going projects and additional order book secured during the period.

The Group recorded a revenue of RM428.9 million for the current financial year ended 30 June 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 RM399.8 million or 93.2% and the remaining revenue derived from piling and foundation works from infrastructure and other segments amounting to RM29.1 million or 6.8%.

The Group recorded a profit before tax of RM63.1 million for the current financial year ended 30 June 2015, mainly derived from our piling and foundation services being our main revenue stream. Gross profit margin and profit before tax margin stood at 18.7% and 14.7%, respectively for the current financial year ended 30 June 2015.

B2. Comparison with Preceding Quarter's Results

	Current quarter ended 30.06.15 RM'000	Preceding quarter ended 31.03.15 RM'000
Revenue	103,825	114,126
Profit before taxation	17,837	17,091

The Group recorded a decrease in revenue of RM10.3 million to RM103.8 million in the fourth quarter ended 30 June 2015 as compared to a revenue of RM114.1 million in the preceding quarter ended 31 March 2015. The decrease in revenue was due mainly to slower work-in-progress dampened by higher rain fall at job sites and certain projects still at initial stages of completion. The piling and foundation works revenue derived from property development projects and infrastructure projects during the current quarter ended 30 June 2015, amounted to RM98.7 million and RM5.1 million respectively, as compared to RM110.8 million and RM3.3 million in the preceeding quarter ended 31 March 2015.

The increase in profit before tax for the current quarter ended 30 June 2015 of RM0.7 million as compared to the preceding quarter ended 31 March 2015 is in line with the improvement in overall gross profit margin of 18.9% in third quarter to 21.6% in current fourth quarter set-off by the lower revenue recorded.

B3. Prospects

The Directors expect the Group's 2016 performance to be challenging but sustainable on the back of the continued growth expected from the piling and foundation services in the infrastructure segment and with the cost of raw materials expected to remain stable throughout financial year 2016.

B4. Profit Forecast or Profit Guarantee

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

ECONPILE HOLDINGS BERHAD

(Company No. 1017164-M)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FOURTH QUARTER ENDED 30 JUNE 2015**B5. Profit Before Tax**

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

	Current quarter ended 30.06.15 RM'000	Current financial year ended 30.06.15 RM'000
Depreciation of investment properties	6	27
Depreciation of properties, plant and equipments	5,168	17,928
Expenses related to defined benefit plan	78	311
Finance income	(214)	(858)
Finance expense	279	1,057

B6. Taxation

	Current quarter ended 30.06.15 RM'000	Current financial year ended 30.06.15 RM'000
Current tax expense		
- current year	2,862	14,872
- prior year	(2,197)	(1,633)
Deferred tax expense	3,230	3,230
	<u>3,895</u>	<u>16,469</u>

The effective tax rate for the current quarter and financial year ended 30 June 2015 was lower than the statutory tax rate of 25 percent is primarily due to capital allowances utilised net-off by 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 20 August 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 20 August 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 financial year ended 30 June 2015.

B9. Sale of Unquoted Investments and/or Properties

There were no sale of unquoted investment and/or properties during the current quarter and financial year ended 30 June 2015.

ECONPILE HOLDINGS BERHAD

(Company No. 1017164-M)

NOTES TO THE INTERIM FINANCIAL STATEMENTS - FOURTH QUARTER ENDED 30 JUNE 2015**B10. Group Borrowings and Debt Securities**

The Group's borrowings as at 30 June 2015 are as follows:

	Short Term RM'000	Long Term RM'000	Total RM'000
<u>Secured</u>			
Bankers acceptances	7,540	-	7,540
Finance lease liabilities	7,526	5,267	12,793
Term loans	102	2,728	2,830
	<u>15,168</u>	<u>7,995</u>	<u>23,163</u>

All borrowings of the Group are denominated in Ringgit Malaysia.

B11. Realised/Unrealised profits

	As at 30.06.15 RM'000	As at 30.06.14 RM'000
Total retained earnings of the Company and its subsidiaries		
- realised	154,704	118,215
- unrealised	(3,727)	(455)
Total retained earnings as per consolidated accounts	<u>150,977</u>	<u>117,760</u>

B12. Off Balance Sheet Financial Instruments

Save for below, there were no financial instruments with off balance sheet risks as at 20 August 2015, being a date not earlier than 7 days from the date of this announcement.

	As at 20.08.15 RM'000	As at 30.06.14 RM'000
Group		
Performance guarantees given to contract customers in relation to construction contracts	<u>50,742</u>	<u>43,363</u>

B13. Material Litigation

The Group does not have any material litigation as at 20 August 2015, being a date not earlier than 7 days from the date of this announcement.

B14. Dividend

The Board of Directors has on 19 May 2015, approved and declared a single-tier second interim dividend of 1.5 sen per ordinary share, amounting to RM8,025,000.15 which was paid on 23 June 2015.

B15. Earnings Per Share

The earnings per share for the current quarter and financial year ended 30 June 2015 is computed as follows:-

	Current quarter ended 30.06.15 RM'000	Current financial year ended 30.06.15 RM'000
Profit for the quarter/financial year, attributable to owners of the parent	<u>13,942</u>	<u>46,612</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>2.61</u>	<u>8.71</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 year ended 30 June 2015.