



MINETECH RESOURCES BERHAD GROUP

ANNOUNCEMENT PACKAGE

Q3/FY2017

MINETECH RESOURCES BERHAD (575543-X)
(Incorporated in Malaysia)
INTERIM FINANCIAL STATEMENTS

Condensed Consolidated Statement Of Comprehensive Income
For the Third Quarter Ended 31 Dec 2016
(The figures have not been audited)

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year	Preceding Year	Current Year	9 Months
	Quarter ended	Corr. Quarter ended	To Date ended	Preceding Year
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
	RM'000	RM'000	RM'000	RM'000
Revenue	22,153	24,237	68,687	85,382
Cost of sales	(20,720)	(22,215)	(64,129)	(79,478)
Gross profit	1,433	2,022	4,558	5,904
Other operating income/ (loss)	6	240	622	(396)
Administrative expenses	(3,773)	(4,387)	(12,119)	(12,352)
Selling and marketing expenses	(101)	(107)	(325)	(427)
Finance costs	(560)	(300)	(1,395)	(908)
Share of loss in an associate company	(46)	-	(125)	(367)
Loss before tax	(3,041)	(2,532)	(8,784)	(8,546)
Tax expense	-	-	-	(91)
Loss for the period	(3,041)	(2,532)	(8,784)	(8,637)
Other comprehensive income				
Foreign currency translation differences	60	-	434	-
Total comprehensive income	(2,981)	(2,532)	(8,350)	(8,637)
(Loss)/Profit attributable to:				
Owners of the company	(3,080)	(2,768)	(8,472)	(8,221)
Non-controlling interests	39	236	(312)	(416)
	(3,041)	(2,532)	(8,784)	(8,637)
Earning/(Loss) per share (sen)				
- Basic	(0.46)	(0.42)	(1.25)	(1.24)
- Diluted	N/A	N/A	N/A	N/A

N/A - Not Applicable

The Condensed Consolidated Statement Of Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements and the audited financial statements for financial year ended 31 March 2016.

MINETECH RESOURCES BERHAD (575543-X)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS**Condensed Consolidated Statement Of Comprehensive Income****For the Third Quarter Ended 31 Dec 2016****(The figures have not been audited)**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter ended	Corr. Quarter ended	To Date ended	Corr. Period ended
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
	RM'000	RM'000	RM'000	RM'000
Net loss for the period	(3,041)	(2,532)	(8,784)	(8,637)
Other comprehensive income				
Foreign currency translation differences	60	-	434	-
Total comprehensive income	<u>(2,981)</u>	<u>(2,532)</u>	<u>(8,350)</u>	<u>(8,637)</u>
Comprehensive income attributable to:				
Owners of the company	(3,020)	(2,768)	(8,472)	(8,221)
Non-controlling interests	39	236	(312)	(416)
	<u>(2,981)</u>	<u>(2,532)</u>	<u>(8,350)</u>	<u>(8,637)</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements and the audited financial statements for financial year ended 31 March 2015.

MINETECH RESOURCES BERHAD (575543-X)
(Incorporated in Malaysia)
INTERIM FINANCIAL STATEMENTS

Condensed Consolidated Statement Of Financial Position
As at 31 Dec 2016

	Unaudited As At 31 Dec 2016 RM'000	Audited As At 31 March 2016 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	50,473	44,566
Investment properties	24,589	1,651
Investment in associate company	40	166
Quarry development expenditure	11,709	10,894
	<u>86,811</u>	<u>57,277</u>
Current assets		
Inventories	10,894	7,943
Trade receivables	18,707	20,542
Other receivables	7,554	18,627
Amount due from customers for contract works	3,426	3,118
Tax Recoverables	954	650
Other investment	-	14,272
Cash and bank balances	14,521	15,853
	<u>56,056</u>	<u>81,005</u>
Total assets	<u>142,867</u>	<u>138,282</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Group		
Share capital	104,264	99,764
Less:- Treasury shares, at cost	(48)	(48)
Reserves	<u>(19,552)</u>	<u>(11,514)</u>
	84,664	88,202
Non-controlling interests	4,156	299
Total equity	<u>88,820</u>	<u>88,501</u>
Non-current liabilities		
Borrowings	12,437	9,815
Deferred tax liabilities	1,334	945
	<u>13,771</u>	<u>10,760</u>
Current liabilities		
Trade payables	20,292	20,954
Other payables	8,173	6,903
Amount due to customers for contract works	0	228
Borrowings	11,811	10,936
Taxation	-	-
	<u>40,276</u>	<u>39,021</u>
Total liabilities	<u>54,047</u>	<u>49,781</u>
TOTAL EQUITY AND LIABILITIES	<u>142,867</u>	<u>138,282</u>
Net assets per share (RM)	0.127	0.133
attributable to owners of the parent		

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements and the audited financial statements for financial year ended 31 March 2016.

MINETECH RESOURCES BERHAD (575543-X)
(Incorporated in Malaysia)
INTERIM FINANCIAL STATEMENTS

Condensed Consolidated Statements of Changes in Equity
For the Third Quarter Ended 31 Dec 2016
(The figures have not been audited)

	----- Attributable to owners of the parent -----									
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Forex Reserve RM'000	Warrant Reserve RM'000	Other Reserve RM'000	Accumulated losses RM'000	Total RM'000	Non-Controlling Interest RM'000	Total Equity RM'000
At 1 April 2015	99,764	791	(48)	401	21,972	(21,972)	(2,194)	98,714	1,151	99,865
Total comprehensive income	-	-	-	-	-	-	(8,221)	(8,221)	(416)	(8,637)
Balance as at 31 Dec 2015	99,764	791	(48)	401	21,972.00	-	21,972.00	(10,415)	735	91,228
At 1 April 2016	99,764	791	(48)	183	21,972	(21,972)	(12,488)	88,202	299	88,501
Net Loss for the financial period representing total comprehensive	-	-	-	-	-	-	(8,472)	(8,472)	(312)	(8,784)
Realisation of foreign currency translation reserve				434			0	434	0	434
Issue of ordinary shares	4,500	-	-	-	-	-	-	4,500	-	4,500
Disposal of a subsidiary company								0	4,169	4,169
Balance as at 31 Dec 2016	104,264	791	(48)	617	21,972	(21,972)	(20,960)	84,664	4,156	88,820

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements and the audited financial statements for financial year ended 31 March 2016.

MINETECH RESOURCES BERHAD (575543-X)
(Incorporated in Malaysia)
INTERIM FINANCIAL STATEMENTS

Condensed Consolidated Statement Of Cash Flows
For the Third Quarter Ended 31 Dec 2016
(The figures have not been audited)

	9 Months To Date ended 31 Dec 2016 RM'000	Preceding period To Date ended 31 Dec 2015 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(8,784)	(8,546)
Adjustments for:-		
Depreciation and amortisation	7,387	10,071
Loss on disposal of property, plant and equipment	8	1,842
Interest expenses	1,395	908
Property, plant and equipment written off	-	33
Quarry expenditure incurred	-	(2,905)
Loss on disposal of subsidiary company	105	-
Share of loss on associate company	125	367
Interest income	(735)	(650)
Operating (loss)/profit before changes in working capital	(499)	1,120
Changes in working capital		
Increase in inventories	(2,950)	(1,918)
Increase in current assets	(10,339)	(1,980)
Increase/ (Decrease) in current liabilities	380	(17,515)
Net cash used in operations	(13,408)	(20,293)
Tax paid	(503)	(1,393)
Interest paid	(1,395)	(908)
Interest received	735	650
Net cash used in operating activities	(14,571)	(21,944)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(8,622)	(602)
Proceeds from disposal of property, plant & equipment	-	859
Purchase of investment properties	(5,997)	(1,261)
Proceeds from disposal of other investment	14,273	33,749
Investment in associate company	-	(367)
Net Proceeds from disposal of a subsidiary	4,064	-
Net cash generated from investing activities	3,718	32,378
CASH FLOWS FROM FINANCING ACTIVITIES		
Net (Repayment) / Drawdown of short term borrowings	(1,080)	890
Net Drawdown of term loans	6,594	-
Proceeds from hire-purchase	1,427	2,808
MI share of loss	-	416
Repayment of hire-purchase and lease creditors	(3,444)	(3,031)
Proceeds from issuance of shares	4,500	-
Net cash generated from financing activities	7,997	1,083
Net Change in Cash & Cash Equivalents	(2,856)	11,517
Cash and Cash Equivalents at beginning of period	9,308	18,995
Cash and Cash Equivalents at end of period	6,452	30,512
Note		
Fixed deposit with licensed banks	3,116	16,932
Cash and bank balances	11,405	13,580
	14,521	30,512
Bank overdrafts / bankers acceptance	(5,265)	-
	9,256	30,512
Less: fixed deposits pledged to a licensed bank	(2,804)	-
	6,452	30,512

The Condensed Consolidated Statement of Cash Flows in Equity should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements and the audited financial statements for financial year ended 31 March 2016.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

A. EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134): INTERIM FINANCIAL REPORTING

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with MFRS 134: - Interim Financial Reporting issued by the Malaysia Accounting Standards Board ("MASB") and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). It should be read in conjunction with the audited financial statements of the Group for the financial period ended 31 March 2016.

These explanatory notes attached to the interim financial reports provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial period ended 31 March 2016.

2. Changes in accounting policies
Adoption of new and amended standards

During the financial period, the Group and the Company have adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial period:

MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 101	Disclosure Initiative
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants
Amendments to MFRS 127	Equity Method in Separate Financial Statements
Annual Improvements to MFRSs 2012 – 2014 Cycle	
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception

Adoption of above amendments to MFRSs did not have any significant impact on the financial statements of the Group and the Company.

2. Changes in accounting policies (cont'd)

MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces earlier versions of MFRS 9 and introduces a package of improvements which includes a classification and measurement model, a single forward looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. MFRS 9 when effective will replace MFRS 139 Financial Instruments: Recognition and Measurement.

MFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in MFRS 139. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. MFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under MFRS 139.

The adoption of MFRS 9 will result in a change in accounting policy. The Group is currently examining the financial impact of adopting MFRS 9.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 replaces MFRS 118 Revenue, MFRS 111 Construction Contracts and related IC Interpretations. The Group is in the process of assessing the impact of this Standard. The Standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group is in the process of assessing the impact of this Standard.

2. Changes in accounting policies (cont'd)

MFRS 16 Leases

MFRS 16, which upon the effective date will supersede MFRS 117 Leases, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117.

In respect of the lessor accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The directors of the Company will assess the impact of the application of MFRS 16. For the moment, it is not practicable to provide a reasonable estimate of the effect of the application of MFRS 16 until the Group performs a detailed review.

3. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 March 2016 was not subject to any qualification.

4. Seasonal or cyclical factors

The Group's business operations and performance are not significantly affected by any seasonal or cyclical factors except during the festive season in the month of February, August and the raining season from November to December period. The manufacturing and trading of industrial products will experience a shorter production and trading time during these four (4) months.

5. Unusual items affecting assets, liabilities, equity, net income and cash flows

There were no unusual items affecting assets, liabilities, equity, net income and cash flows during the current quarter under review.

6. Change in accounting estimates

There were no changes in estimates used for accounting estimates which may have a material effect for the current quarter under review.

7. Issuance of debt

There were no issuance, cancellations, repurchases, resale and repayment of debt for the current quarter under review.

8. Dividend payment

There were no dividends paid during the current financial quarter.

9. Segmental information

The Group comprises the following main business segments which are based on the Group's management and internal reporting structure:

Quarry products	:	Provision of turnkey and specialised quarry services and sales and marketing of quarry products
Civil engineering	:	Specialised civil engineering works
Premix products	:	Manufacturing and trading of premix products
Bituminous products	:	Manufacturing and trading bituminous products
Others	:	Investment holding, provision of managerial services, rental of machinery, trading of industrial machinery spare parts

Performance is measured based on the segment revenue and profit before tax, interest, depreciation and amortisation, as included in the internal management reports. Segment profit is used to measure performance as management believes that such information are the most relevant in evaluating the results of the segments relative to other entities.

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(Incorporated in Malaysia)

9. Segmental information (Continued)

Segmental information for 9 months ended 31 December 2016:

	Quarry products RM'000	Civil engineering RM'000	Premix products RM'000	Bituminous Products RM'000	Others RM'000	Elimination RM'000	Consolidation RM'000
Revenue							
Sales to external customers	24,338	21,208	12,899	10,133	109	-	68,687
Inter-segment sales	12,825	569	20	2	6,960	(20,376)	-
	<u>37,163</u>	<u>21,777</u>	<u>12,919</u>	<u>10,135</u>	<u>7,069</u>	<u>(20,376)</u>	<u>68,687</u>
Results							
Segment results	(1,964)	1,265	(1,961)	1,152	(2,170)	(3,586)	(7,264)
Finance costs							(1,395)
Share of loss of associated companies							<u>(125)</u>
Loss before tax							(8,784)
Taxation							<u>-</u>
Net loss for the financial period							<u><u>(8,784)</u></u>

MINETECH RESOURCES BERHAD (575543-X)
(Incorporated in Malaysia)

9. Segmental information (Continued)

Segment information for the 9 months ended 31 December 2015.

	Quarry products RM'000	Civil engineering RM'000	Premix products RM'000	Bituminous Products RM'000	Others RM'000	Elimination RM'000	Consolidation RM'000
Revenue							
Sales to external customers	32,834	22,689	21,299	7,842	717	-	85,382
Inter-segment sales	3,990	136	(28)	96	4,678	(8,872)	-
	<u>36,824</u>	<u>22,825</u>	<u>21,271</u>	<u>7,938</u>	<u>5,395</u>	<u>(8,872)</u>	<u>85,382</u>
Results							
Segment results	(5,795)	2,397	167	(1,405)	(3,144)	509	(7,271)
Finance costs							(908)
Share of loss of associated companies							(367)
Loss before tax							<u>(8,546)</u>
Taxation							<u>(91)</u>
Net Loss for the financial period							<u>(8,637)</u>

10. Valuation of property, plant and equipment

The valuation of property, plant and equipment has been brought forward without any amendments from the previous audited financial statements.

11. Material events not reflected in the financial statements

There were no material events subsequent to the end of the reporting period which is likely to substantially affect the results or the operations of the Group.

12. Changes in composition of the Group

The changes in the composition of the Group for the current quarter ended 31 December 2017 were as below:-

- (i) On 17 November 2016, K. S. Chin Minerals Sdn. Bhd. ("KSCM"), a wholly owned subsidiary, disposed of 4,169,900 ordinary shares of RM1.00 each in the share capital of Genetic Frontier Sdn. Bhd. (Company No. 713599-U) ("GFSB"), representing 49% of the total issued and paid-up share capital of GFSB, for a total cash consideration of RM4.06 million. GFSB became a 51% owned subsidiary of KSCM which in turn a wholly-owned subsidiary of MRB.
- (ii) On 21 November 2016, Minetech Quarries Sdn. Bhd. (Company No.381717-A) ("MQSB"), an indirect wholly-owned subsidiary, acquired the entire two (2) ordinary shares of RM1.00 each in the share capital of Dunia Serbajuta Sdn. Bhd. (Company No.1198764-A) ("DSSB"), representing 100% of the issued and paid-up share capital of DSSB. DSSB became an indirect wholly-owned subsidiary of MRB.

13. Changes in contingent assets or contingent liabilities

The changes in contingent liabilities were as below:-

	As at 31 Dec 2016 RM'000	As at 30 Dec 2015 RM'000
Corporate guarantees	11,483	2,844

14. Capital commitments

There was no material capital commitment not provided for as at 31 December 2016 were as follows:

15. Related party transactions

	3 Months As at 31 Dec 2016 RM'000	3 Months As at 31 Dec 2015 RM'000
Rental paid to Choy Sen @ Chin Kim Sang	53	49
Rental paid to Low Choon Lan	21	19
Land rental paid to a director's related company - Choy Sen @ Chin Kim Sang	-	60

The Board of Directors, save for the interested directors are of the opinion that all business transactions between the Group and the interested directors and interested substantial shareholders and/or persons connected to them are at arm's length basis and on terms not more favourable to the related parties than those generally available to the public.

B. ADDITIONAL DISCLOSURES IN COMPLIANCE WITH THE BURSA SECURITIES LISTING REQUIREMENTS

16. Review of the performance of the Company and its principal Subsidiaries.

The comparisons of the results were tabulated below:

Operating Segment	Revenue		Operating Results	
	3 months ended 31 Dec 2016 RM'000	3 months ended 31 Dec 2015 RM'000	3 months ended 31 Dec 2016 RM'000	3 months ended 31 Dec 2015 RM'000
Quarry and Building Materials Products	16,670	16,655	(2,247)	(859)
Civil Engineering and Bituminous Products	9,359	8,648	539	(561)
Others	789	348	(773)	(769)
Eliminations	(4,665)	(1,414)	(123)	(43)
Group	22,153	24,237	(2,604)	(2,232)
Less: Finance Costs			(559)	(300)
Less: Share of loss in associate			(46)	-
Loss Before Tax			(3,041)	(2,532)

The Group recorded the revenue of RM22.2million and loss before tax of RM3.2million in the current reporting quarter. For the preceding year corresponding quarter, the Group recorded revenue and loss before tax of RM24.2 million and RM1.9million respectively.

The Group registered higher loss for the current quarter was mainly attributed by the Quarry and Building Materials Products Segment.

Quarry and Building Materials Products Segment

Revenue for the quarry and buildings materials segment was marginally higher at RM16.7 million as compared to the previous year's quarter.

The loss before taxation for the current quarter increased by 69% as compared the previous corresponding quarter due to the lower contract production revenue and high overheads, which cannot be immediately reduced.

Civil Engineering and Bituminous Products Segment

Revenue recorded for this segment was RM9.4 million and a profit before tax of RM0.5 million compared with same quarter of last financial year's revenue of RM8.6 million and net loss before tax of RM0.6 million.

The profit before tax registered in this segment was mainly attributed to the completion of a project that has a higher profit margin.

16. Review of the performance of the Company and its principal Subsidiaries (Continued)

Comparison with immediate preceding quarter's results (Q3-FY'17 vs Q2-FY'17)

The Group's performances for the current financial quarter compared to the immediate preceding quarter were as follows:

Operating Segment	Current	Immediate	Variance	
	Quarter	preceding		
	RM'000	Quarter	RM'000	%
Quarry products	11,754	13,227	(1,473)	(11%)
Civil engineering	6,475	6,291	184	3%
Premix products	4,916	5,468	(552)	(10%)
Bituminous Products	2,884	2,979	(95)	(3%)
Others	789	228	(561)	>100%
Eliminations	(4,665)	(4,796)	(131)	(3%)
Group	22,153	23,397		
Loss Before Tax	(3,041)	(2,156)	(1,053)	(49%)

For the current quarter under review, the quarry products segment generated a lower revenue of RM11.8 million compared to RM13.2 million recorded in the immediate preceding quarter mainly due to the lower contract production volume recorded.

Loss before tax of RM3.2 million in the current quarter was higher compared to the RM2.2 million registered in the immediate preceding quarter was primarily due to the lower contract production volume and high overheads, which cannot be immediately reduced.

17. Prospects

The market condition of the Quarry and building materials segment will continue to be challenging in the coming reporting quarter. The construction industry is not expected to improve until the implementation of large infrastructure project in the country such as West Coast Expressway, Mass Rail Transit 2, Light Rail Transit 3 is well underway and the overall housing market improve.

The Civil engineering and Bituminous products segment is expected to remain positive in the coming reporting quarters as more construction contracts are expected to be awarded and exports of bituminous products is expected to be sustained.

Overall, in light of the prevailing competitive market conditions in these business segments, the ongoing cost cutting and reorganisation exercise will hopefully improve the Group's result in the coming quarter.

18. Acquisition of Kinta Land

The Group had on 19 November 2014 entered into a MOA with Mr Mooi Weng Wah and Madam Low Choon Len (“The Parties”) for the purpose of acquiring 2,000,000 ordinary shares of RM1.00 each in the share capital of Glamour Heights Sdn Bhd (“GHSB”), together with 2 existing projects that GHSB is currently undertaking, namely Project 1 – Condo 1 and Project 2 – Meru Dream Park for an estimated total purchase consideration of RM27,450,000 / (“Proposed Acquisition”).

On 10th March 2015, the Board of Directors of MRB announced that the legal and financial due diligence exercise of the Proposed Acquisition is still on-going. Upon the completion of the legal and financial due diligence, the Company will proceed to negotiate and finalise the terms of the Proposed Acquisition.

Further to the MOA, the Group had on 05 October 2015 signed the Sales Purchase Agreement (SPA) and had announced on even date, that acquisition by MRB of a parcel of leasehold land held under PN 349139, Lot 345761, Mukim Hulu Kinta, District of Kinta, State of Perak Darul Ridzuan with an area measuring approximately 7,924 square metres from Glamour Heights Sdn Bhd for a cash consideration of RM6,000,000 (“Proposed Acquisition of Kinta Land”).

The Company had on 5 January 2016 entered into a supplemental agreement with GHSB in relation to the Proposed Acquisition of Kinta Land to extend the “Cut-Off Date” to the day falling six (6) months from the date of the SPA.

The acquisition of Kinta Land was completed on 30 November 2016.

19. Proposed Private Placement

The Group had on 26 April 2016 announced a Proposed Private Placement that entails the issuance of up to 99,749,800 new ordinary shares of RM0.15 each in MRB (“MRB Shares” or “Shares”) (“Placement Shares”), representing not more than ten percent (10%) of the enlarged issued and paid-up share capital of MRB of RM149,624,775 comprising 997,498,500 MRB Shares, after taking into consideration the following:

(i) MRB’s existing issued and paid-up share capital of RM99,721,350 comprising 664,809,000 MRB Shares (i.e., after excluding 285,000 MRB Shares held as treasury shares by the Company (“Treasury Shares”) as at 25 April 2016 (being the latest practicable date prior to this announcement (“LPD”)));

(ii) assuming full exercise of the 332,404,500 outstanding warrants 2014/2019 in MRB (“Warrants 2014/2019”) as at the LPD into 332,404,500 new MRB Shares; and

(iii) assuming the 285,000 Treasury Shares are resold in the open market by MRB, prior to the implementation of the Proposed Private Placement.(collectively known as “Maximum Scenario”).

19. Proposed Private Placement (Continued)

Based on the minimum scenario, the size of the Proposed Private Placement is up to 66,480,900 Placement Shares, representing not more than ten percent (10%) of the existing issued and paid-up share capital of MRB of RM99,721,350 comprising 664,809,000 MRB Shares (i.e., after excluding 285,000 Treasury Shares) as at the LPD, assuming none of the outstanding Warrants 2014/2019 is exercised into new MRB Shares and none of the Treasury Shares is resold in the open market prior to the implementation of the Proposed Private Placement ("Minimum Scenario").

The 30,000,000 new ordinary shares of RM0.15 each in MRB were issued and allotted pursuant to the Private Placement that was announced on 26 April 2016.

On 24 November 2016, Bursa Securities has granted the Company an extension of 6 months period until 17 May 2017 to complete the Private Placement.

20. Realised and unrealised profits/losses

The breakdown of the accumulated losses of the Company and its subsidiary companies was as follows:

	As at 31 Dec 2016 RM'000	As at 31 Mar 2016 RM'000
Realised	(8,054)	3,741
Unrealised	(2,280)	(1,846)
	<u>(10,334)</u>	<u>1,895</u>
Total share of accumulated losses from associate companies -realised	<u>(125)</u>	<u>(258)</u>
	(10,459)	1,637
Consolidated adjustments	(10,501)	(14,125)
Total Group accumulated gain/(losses)	<u>(20,960)</u>	<u>(12,488)</u>

21. Profit forecast/profit guarantee

Not applicable as the Group has not issued any profit forecast or profit guarantee to the public.

22. Tax expense

Tax expenses were as follows:

	Current Quarter ended 31 Dec 2016 RM'000	9 Months period ended 31 Dec 2016 RM'000
Current tax expense :		
- current taxation	-	-
- under/(over) provision in prior year	-	-
Current deferred tax	-	-
	-	-

23. Status of corporate proposals

Rights Issue

As at 31 December 2016, our Group has utilised approximately RM46.801 million from the total Rights Issue Proceeds of RM49.86 million. The details of the Revision of Proceeds Utilisation approved on 16 March 2016 are as follows:-

Existing	Time frame of proceeds utilisation	Proceeds RM'000	Amount Utilised RM'000	Amount Unutilised RM'000
Purchase of quarry sites	Within 24 months	-	-	-
Distribution of heavy machineries (Extended to 16 March 2018)	Within 24 months	20,000	(16,940)	3,060
Working capital	Within 12 months	20,000	(20,000)	-
Repayment of bank borrowings	Within 12 months	8,631	(8,631)	-
Estimated expenses in relation to the corporate exercise	Within 2 weeks	1,230	(1,230)	
		49,861	(46,801)	3,060

24. Group borrowings

The Group's borrowings were as follows:-

	As at 31 Dec 2016 RM'000	As at 31 March 2016 RM'000
<u>Short Term borrowing -secured</u>		
Term loans	188	-
Bank Overdrafts	-	3,741
Finance Lease Payables	6,358	2,604
<u>Short term borrowings-unsecured</u>		
Trade financing/short term borrowings	5,265	2,604
Total Short Term borrowings	<u>11,811</u>	<u>10,936</u>
<u>Long term borrowings-secured</u>		
Finance Lease payables	6,031	9,815
Term loans	6,406	-
Total Long Term Borrowings	<u>12,437</u>	<u>9,815</u>

25. Material Litigation

This is an update to the Report as at 30 November 2016 previously submitted by Minetech Resources Berhad ("MRB") regarding material litigation cases involving the Group.

The Group is not engaged in any material litigation cases as at the date of this report other than the following:-

(i) Kuala Lumpur High Court Suit No. S-22NCVC-288-04/2013 ("Suit 288")

MRB had filed an application to strike out SMGQ's Counterclaim against MRB ("the Striking Out Application").

Thereafter, both MRB and Optimis Dinamik Sdn Bhd ("ODSB") had withdrawn their Appeals to the Court of Appeal on 08 December 2016 and 05 January 2017 respectively in order to proceed with the hearing of the Striking Out Application and the continued trial of the two (2) litigation cases referred to in this Report ("the Litigation Cases").

Following the withdrawal of the Appeals by MRB and ODSB, the Judge had proceeded to hear the Striking Out Application and fixed the same for decision on 21 February 2017. The Judge had also fixed Suit 288 and Suit 433 (which is referred to below) for continued trial on 09 March 2017 and 08, 09, 11, 12, 18 and 19 May 2017.

The Judge had on 21 February 2017 allowed the Striking Out Application and strike out Sri Manjung Granite Quarry Sdn Bhd ("SMGQ")'s counterclaim against MRB with costs of RM3,000 payable by SMGQ to MRB.

25. Material Litigation (Continued)

**(i) Kuala Lumpur High Court Suit No. S-22NCVC-288-04/2013 (“Suit 288”)
(Continued)**

ODSB’s solicitors is of the view that we have a reasonable prospect of succeeding in our claim for damages and it is for SMGQ to prove its counterclaim. The exposure of our liabilities in the worst case scenario should Suit 288 be dismissed and SMGQ’s counterclaim be allowed would be having to pay the amount in SMGQ’s counterclaim as allowed by the Court and costs.

The estimated legal fees to be incurred by ODSB in the engagement of solicitors to litigate this matter is approximately RM500,000.

MRB does not expect the counter claim by SMGQ to materially affect the financial and operational matters of MRB and its Group at this moment.

(ii) Kuala Lumpur High Court Suit No. 22NCVC-433-09/2014 (“Suit 433”)

The Judge had fixed Suit 433 (together with Suit 288) for continued trial on 09 March 2017 and 08, 09, 11, 12, 18 and 19 May 2017. Apart from this, there is no further update on Suit 433.

Although the standard of proof for proving the existence of deceit and fraudulent misrepresentation by SMGQ is much higher than the standard of proof for normal civil claims (that is we must be able to furnish or provide clear evidence in respect of the matters averred in the statement of claims), Suit 433 is necessary to enable ODSB, Minetech Quarries Sdn Bhs and K.S. Chin Minerals Sdn Bhd to recover their losses as a group of companies undertaking the project. The exposure of our liabilities in the worst case scenario would be the dismissal of this Suit if we fail to prove our case and we will be held liable to pay costs to the Defendants.

26. Dividends

No interim dividend has been declared or recommended in respect of the financial quarter under review.

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27. Earnings/Loss per share

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months Quarter ended 31 Dec 16	3 months Quarter ended 31 Dec 15	Year to date ended 31 Dec 16	Year to date ended 31 Dec 15
Basic earnings/(loss) per share				
Loss for the period (RM'000)	(3,080)	(2,768)	(8,472)	(8,221)
Weighted average no of ordinary shares ('000)	672,371	664,809	679,932	664,809
Basic loss per share (sen)	(0.46)	(0.42)	(1.25)	(1.24)

There is no dilute event for the current quarter and year to date. Therefore, the diluted EPS is the same as the basic EPS.

28. Notes to the Consolidated Statement of Comprehensive Income

	Current Quarter Ended 31 Dec 2016 RM'000	Cumulative Year-to-Date Ended 31 Dec 2016 RM'000
Interest income	(35)	(70)
Interest expense	560	1,395
Depreciation and amortisation	2,857	7,387
(Gain)/loss on disposal of property, plant and equipment	(143)	8
Loss on disposal of Subsidiary	105	105
Share of loss on associate company	46	125
Provision for and written off trade receivables	-	-
Provision for and written off inventories	-	-

29. Authorised for issuance

The interim financial statements for financial period ended 31 December 2016 has been seen and approved by the Board of Directors of MRB on 23 February 2017 for release to the Bursa Securities.