



MINETECH RESOURCES BERHAD GROUP

ANNOUNCEMENT PACKAGE

Q1/FY2018

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

Condensed Consolidated Statement Of Comprehensive Income
For the First Quarter Ended 30 June 2017
(The figures have not been audited)

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year Quarter ended 30 Jun 2017 RM'000	Preceding Year Corr. Quarter ended 30 Jun 2016 RM'000	Current Year To Date ended 30 Jun 2017 RM'000	Preceding Year Corr. Year ended 30 Jun 2016 RM'000
Revenue	27,579	23,137	27,579	23,137
Cost of sales	(26,562)	(22,549)	(26,562)	(22,549)
Gross profit	1,017	588	1,017	588
Other income	1,135	252	1,135	252
Administrative expenses	(3,075)	(3,912)	(3,075)	(3,912)
Selling and marketing expenses	(167)	(109)	(167)	(109)
Finance costs	(418)	(365)	(418)	(365)
Share of loss in an associate company	0	(41)	0	(41)
Loss before tax	(1,508)	(3,587)	(1,508)	(3,587)
Tax expense	(42)	-	(42)	-
Loss for the period	(1,550)	(3,587)	(1,550)	(3,587)
Other comprehensive income				
Foreign currency translation differences	0	-	0	-
Total comprehensive income	(1,550)	(3,587)	(1,550)	(3,587)
(Loss)/Profit attributable to:				
Owners of the company	(1,674)	(3,610)	(1,674)	(3,610)
Non-controlling interests	124	23	124	23
	(1,550)	(3,587)	(1,550)	(3,587)
Loss per share (sen)				
- Basic	(0.23)	(0.54)	(0.23)	(0.54)
- 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 2017.

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

Condensed Consolidated Statement Of Comprehensive Income
For the First Quarter Ended 30 June 2017
(The figures have not been audited)

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year Quarter ended 30 Jun 2017 RM'000	Preceding Year Corr. Quarter ended 30 Jun 2016 RM'000	Current Year To Date ended 30 Jun 2017 RM'000	Preceding Year Corr. Year ended 30 Jun 2016 RM'000
Net loss for the period	(1,550)	(3,587)	(1,550)	(3,587)
Other comprehensive income				
Foreign currency translation differences	-	-	-	-
Total comprehensive income	<u>(1,550)</u>	<u>(3,587)</u>	<u>(1,550)</u>	<u>(3,587)</u>
Total comprehensive income attributable to:				
Owners of the company	(1,674)	(3,610)	(1,674)	(3,610)
Non-controlling interests	124	23	124	23
	<u>(1,550)</u>	<u>(3,587)</u>	<u>(1,550)</u>	<u>(3,587)</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 2017.

MINETECH RESOURCES BERHAD (575543-X)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS**Condensed Consolidated Statement Of Financial Position****As at 30 June 2017**

	Unaudited As At 30 June 2017 RM'000	Audited As At 31 March 2017 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	67,158	46,064
Investment properties	1,657	1,648
Inventories	6,000	22,899
Investment in associate company	-	-
Property development expenditure	600	-
Quarry development expenditure	3,614	3,231
Premix development expenditure	250	-
Goodwill	1,517	1,517
	<u>80,796</u>	<u>75,359</u>
Current assets		
Inventories	7,769	8,067
Trade receivables	26,830	19,569
Other receivables	5,368	5,765
Amount due from customers for contract works	3,974	3,589
Tax Recoverables	1,525	934
Cash and bank balances	13,826	17,479
	<u>59,292</u>	<u>55,403</u>
Total assets	<u>140,088</u>	<u>130,762</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Group		
Share capital	110,527	109,555
Less:- Treasury shares, at cost	-	(48)
Reserves	(39,866)	(38,192)
	<u>70,661</u>	<u>71,315</u>
Non-controlling interests	4,826	4,702
Total equity	<u>75,487</u>	<u>76,017</u>
Non-current liabilities		
Borrowings	6,430	15,314
Deferred tax liabilities	1,923	2,060
	<u>8,353</u>	<u>17,374</u>
Current liabilities		
Trade payables	27,697	22,657
Other payables	4,992	4,529
Amount due to customers for contract works	-	6
Borrowings	23,443	9,980
Tax payable	164	199
	<u>56,297</u>	<u>37,371</u>
Total liabilities	<u>64,649</u>	<u>54,745</u>
TOTAL EQUITY AND LIABILITIES	<u>140,136</u>	<u>130,762</u>
Net assets per share (RM) attributable to owners of the parent	0.10	0.10

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 2017.

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

Condensed Consolidated Statements of Changes in Equity
For the First Quarter Ended 30 June 2017
(The figures have not been audited)

	----- Attributable to owners of the parent -----							Total RM'000	Non-Controlling Interest RM'000	Total Equity RM'000
	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			
At 1 April 2016	99,764	791	(48)	183	21,972	(21,972)	(12,488)	88,202	299	88,501
Net (loss)/profit for the financial period	-	-	-	-	-	-	(3,610)	(3,610)	23	(3,587)
Balance as at 30 June 2016	99,764	791	(48)	183	21,972	(21,972)	(16,098)	84,592	322	84,914
At 1 April 2017	109,555	0	(48)	(45)	21,972	(21,972)	(38,147)	71,315	4,702	76,017
Net (loss)/profit for the financial period	-	-	-	-	-	-	(1,674)	(1,674)	124	(1,550)
Issue of ordinary shares	972	-	-	-	-	-	-	972	-	972
Balance as at 30 June 2017	110,527	0	(48)	(45)	21,972	(21,972)	(39,821)	70,613	4,826	75,439

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 2017.

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

Condensed Consolidated Statement Of Cash Flows
For the First Quarter Ended 30 June 2017
(The figures have not been audited)

	3 Months To Date ended 30 Jun 2017 RM'000	Preceeding period 3 months ended 30 Jun 2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(1,508)	(3,587)
Adjustments for:-		
Depreciation and amortisation	2,084	2,091
Reversal of impairment loss on inventories	(32)	-
Gain on disposal of property, plant and equipment	(324)	-
Interest expenses	397	365
Quarry development expenditure written off	-	163
Share of loss on associate company	-	41
Interest income	(27)	(38)
Operating profit / (loss) before changes in working capital	590	(965)
Changes in working capital		
Increase in quarry development expenditure	(574)	-
Increase in premix expenditure	(272)	-
Decrease in inventories	330	673
Increase in receivables	(7,840)	(4,900)
Increase in payables	5,404	(7,909)
Net cash used in operations	(2,362)	(13,101)
Tax paid	(137)	(168)
Tax refund	17	-
Interest paid	(397)	(365)
Interest received	27	38
Net cash used in operating activities	(2,852)	(13,596)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(6,923)	(8,536)
Proceeds from disposal of property, plant & equipment	1,180	-
Purchase of investment properties	(9)	(16,373)
Purchase of property held for future development	(600)	-
Proceeds from disposal of other investments	-	14,273
Net cash used in investing activities	(6,352)	(10,636)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Repayment of short term borrowings	(336)	(543)
Drawdown of term loans	-	6,620
Proceeds from hire-purchase	6,241	1,163
Repayment of hire-purchase and lease creditors	(1,326)	(1,285)
Proceeds from issuance of shares	972	15,246
Net cash generated from financing activities	5,551	21,201
Net Change in Cash & Cash Equivalents	(3,653)	(3,031)
Cash and Cash Equivalents at beginning of the period	9,940	9,308
Cash and Cash Equivalents at end of period	6,287	6,277
	Note	
Note		
Fixed deposit with licensed banks	8,127	3,375
Cash and bank balances	5,699	10,863
	13,826	14,238
Bank overdrafts / bankers acceptance	(4,735)	(5,157)
	9,091	9,081
Less: fixed deposits pledged to a licensed bank	(2,804)	(2,804)
	6,287	6,277

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 2017.

**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 year ended 31 March 2017.

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 year ended 31 March 2017.

2. Changes in accounting policies

Adoption of new and amended standards

During the financial year, 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 year:

Amendments to MFRS 107	Disclosure Initiative
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to MFRSs 2014 – 2016 Cycle:	
Amendments to MFRS 12 <i>Disclosure of Interests in Other Entities</i>	

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

Standards issued but yet effective

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 without subsequent recycling to profit or loss. 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 uses 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 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

Adoption of new and amended standards (Continued)

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 impact of the MFRS, amendments and improvements to published standard on the financial statements of the Group and of the Company are currently being assessed by management.

3. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 March 2017 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, June 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 and Premix Products : In the provision of turnkey and specialised quarry services, sales and marketing of quarry products, manufacturing and sale of asphaltic premix products.

Civil Engineering : In the undertaking of civil engineering contract works.

Bituminous Products : In the manufacture and sale of bituminous products.

Others : In the business of investment holding and provision of managerial services.

Performance is measured based on the segment revenue and profit before tax and interest as presented 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.

9. Segmental information (Continued)

Segment assets

The total of segment asset is measured based on all assets (including goodwill) of a segment. Segment total asset is used to measure the return of assets of each segment.

Segment liabilities

The total of segment liability is measured based on all liabilities of a segment.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment and for quarry development expenditure.

Segmental information for the year ended 30 June 2017:

	Quarry and Premix Products RM'000	Civil Engineering RM'000	Bituminous Products RM'000	Others RM'000	Elimination RM'000	Consolidation RM'000
Revenue						
Sales to external customers	18,732	5,757	3,059	31	-	27,579
Inter-segment sales	23	42	0	59	(124)	-
	<u>18,755</u>	<u>5,799</u>	<u>3,059</u>	<u>90</u>	<u>(124)</u>	<u>27,579</u>
Segment results	394	230	106	(1,717)	(103)	(1,090)
Finance costs						(418)
Share of loss of associated companies						-
Loss before tax						(1,508)
Taxation						(42)
Net loss for the year						<u>(1,550)</u>
Assets						
Segment assets	<u>92,693</u>	<u>27,575</u>	<u>12,334</u>	<u>61,968</u>	<u>(54,482)</u>	<u>140,088</u>
Liabilities						
Segment liabilities	<u>93,652</u>	<u>15,531</u>	<u>7,445</u>	<u>18,193</u>	<u>(70,172)</u>	<u>64,649</u>

Segmental information for the year ended 30 June 2016:

	Quarry and Premix Products RM'000	Civil Engineering RM'000	Bituminous Products RM'000	Others RM'000	Elimination RM'000	Consolidation RM'000
Revenue						
External customers	9,946	8,887	4,271	33	-	23,137
Inter-segment sales	2,589	123	-	1,999	(4,711)	-
	<u>12,535</u>	<u>9,010</u>	<u>4,271</u>	<u>2,032</u>	<u>(4,711)</u>	<u>23,137</u>
Segment results	(3,778)	719	720	(842)	0	(3,181)
Finance costs						(365)
Share of loss of associated companies						(41)
Loss before tax						(3,587)
Taxation						-
Net loss for the financial year						<u>(3,587)</u>
Assets						
Segment assets	<u>68,177</u>	<u>33,658</u>	<u>12,589</u>	<u>106,070</u>	<u>(86,729)</u>	<u>133,765</u>
Liabilities						
Segment liabilities	<u>62,071</u>	<u>21,911</u>	<u>7,413</u>	<u>16,887</u>	<u>(59,430)</u>	<u>48,852</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

There was no changes in the composition of the Group for the current quarter ended 30 June 2017.

13. Changes in contingent assets or contingent liabilities

The changes in contingent liabilities were as below:-

	As at 30 Jun 2017 RM'000	As at 30 Jun 2016 RM'000
Corporate guarantees	23,327	2,952

14. Capital commitments

There was no material capital commitment not provided for as at 31 March 2017.

15. Related party transactions

	3 Months As at 30 Jun 2017 RM'000	3 Months As at 30 Jun 2016 RM'000
Legal fees	13	-
Rental paid to Choy Sen @ Chin Kim Sang	53	53
Rental paid to Low Choon Lan	14	21
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 are tabulated below:

Operating Segment	Revenue		Operating Results	
	3 months ended 30 Jun 2017 RM'000	3 months ended 30 Jun 2016 RM'000	3 months ended 30 Jun 2017 RM'000	3 months ended 30 Jun 2016 RM'000
Quarry and Premix Products	18,755	12,535	394	(3,778)
Civil Engineering	5,799	9,010	230	719
Bituminous Products	3,059	4,271	106	720
Others	90	2,032	(1,717)	(842)
Eliminations	(124)	(4,711)	(103)	-
Group	27,579	23,137	(1,090)	(3,181)
Less: Finance Costs			(418)	(365)
Less: Share of loss in associate			-	(41)
Loss Before Tax			(1,508)	(3,587)

The Group recorded a revenue of RM27.6 million and loss before tax of RM1.5 million in the current reporting quarter. For the preceding year corresponding quarter, the Group recorded revenue and loss before tax of RM23.1 million and RM3.6 million respectively.

The Group registered loss for the current quarter was mainly attributed to the operating expenses in the Others Segment.

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

The comparisons of the results are tabulated below:

Quarry and Premix Products

Revenue for the quarry and asphaltic premix products segment was higher at RM18.7 million as compared to the previous year's quarter mainly due to higher sales of quarry and asphaltic premix products.

Operating profit at RM0.4 million for the current quarter as compared to the previous corresponding quarter operating loss at RM3.8 million was mainly due to higher sales and control over the cost of sales by sub-contracting of certain quarry operations to lower cost operators.

Civil Engineering

Revenue recorded for this segment was RM5.8 million and an operating profit of RM0.2 million compared with same quarter of last financial year's revenue of RM9.0 million and operating profit of RM0.7 million.

The operating profit is lower than corresponding period in tandem with the lower turnover which is mainly due to some projects which are completed during the quarter and new projects are just starting off.

Bituminous Products

Revenue recorded for this segment was RM3.1 million and an operating profit of RM0.1 million compared with same quarter of last financial year's revenue of RM4.3 million and operating profit of RM0.7 million.

The operating profit is lower than corresponding period mainly due to lower oversea sales which also have better margins.

Comparison with immediate preceding quarter's results (Q1-FY'18 vs Q4-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	Quarter	
	RM'000	RM'000	RM'000	%
Quarry and Premix Products	18,755	12,151	6,604	54%
Civil Engineering	5,799	7,274	(1,475)	-20%
Bituminous Products	3,059	2,816	243	9%
Others	90	892	(802)	-90%
Eliminations	(124)	(332)	208	-63%
Group	<u>27,579</u>	<u>22,800</u>		
Loss Before Tax	<u>(1,508)</u>	<u>(15,343)</u>	13,835	>100%

For the current quarter under review, the quarry and premix products segment generated a higher revenue of RM18.8 million compared to RM12.1 million recorded in the immediate preceding quarter, mainly due to the higher contract production volume recorded in quarry operation and additional two (2) premix plants.

The civil engineering segment recorded a turnover of RM5.8 million compared to RM7.3 million in the immediate preceding quarter, mainly due to completion of certain projects.

The bituminous products recorded RM3.1 million compared to RM2.8 million in the immediate preceding quarter, as sales are predominantly local and overseas sales has not improved yet.

Group Loss before tax of RM1.5 million in the current quarter was lower compared to the RM15.3 million registered in the immediate preceding quarter. In the immediate preceding quarter, other than the operating loss of RM5.3 million, there are also inventories written down of RM1.5 million, impairment on quarry development expenditure of RM7.3 million and plant and machineries written off of RM1.2 million.

17. Prospects

The market condition of the quarry and asphaltic premix segment will continue to be satisfactory in the coming reporting quarters. The civil engineering and bituminous products segment is expected to remain positive in the coming reporting quarters as more construction projects are expected to be implemented and exports of bituminous products is expected to improve. Overall, the prevailing market conditions remains competitive in all the business segments therefore increasing turnover will be challenging and the ongoing cost cutting and reorganisation of our operations exercise will hopefully lead to further improvement in the Group's operating result in the coming quarters.

18. Realised and unrealised profits/losses

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

	As at 30 Jun 2017 RM'000	As at 31 March 2017 RM'000
Realised	(76,049)	(74,520)
Unrealised	(1,924)	(2,221)
	<u>(77,973)</u>	<u>(76,741)</u>
Total share of accumulated losses from associate companies -realised	12	227
	<u>(77,961)</u>	<u>(76,514)</u>
Consolidated adjustments	38,140	38,367
Total Group accumulated losses	<u>(39,821)</u>	<u>(38,147)</u>

19. Profit forecast/profit guarantee

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

20. Tax expense

Tax expenses were as follows:

	3 Months period ended 30 Jun 2017 RM'000	3 Months period ended 30 Jun 2016 RM'000
Current tax expense :		
- current taxation	42	-
- under/(over) provision in prior year	-	-
	<u>42</u>	<u>-</u>
Current deferred tax		
- relating to origination and reversal fo temporary differences	-	-
- relating to changes in tax rate	-	-
- under provision in prior year	-	-
	<u>-</u>	<u>-</u>
	<u>42</u>	<u>-</u>

21. Status of corporate proposals

Rights Issue

As at 30 June 2017, 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	Amount	Amount Unutilised		Explanations (if the deviation is 5% or more)
		RM'000	Utilised RM'000	RM'000	%	
Purchase of quarry sites	Within 24 months	-	-	-		
Distribution of heavy machineries	Within 24 months	20,000	(16,940)	3,060	15%	Extended utilisation till 16 March 2018
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)	-		
		<u>49,861</u>	<u>(46,801)</u>	<u>3,060</u>	6%	

22. Group borrowings

The Group's borrowings were as follows:-

	As at 30 Jun 2017		
	Long term	Short term	Total borrowings
	RM'000	RM'000	RM'000
<u>Secured</u>			
Term loans	6,030	471	6,501
Bank Overdrafts	-	-	-
Finance Lease Payables	400	18,237	18,637
Bankers acceptance/Letter of credit	-	4,735	4,735
<u>Unsecured</u>			
Finance Lease Payables	-	-	-
	<u>6,430</u>	<u>23,443</u>	<u>29,873</u>
	As at 30 Jun 2016		
	Long term	Short term	Total borrowings
	RM'000	RM'000	RM'000
<u>Secured</u>			
Term loans	6,620	-	6,620
Bank Overdrafts	-	-	-
Finance Lease Payables	605	13,699	14,304
Bankers acceptance/Letter of credit	-	-	-
<u>Unsecured</u>			
Bankers acceptance/Letter of credit	-	5,157	5,157
	<u>7,225</u>	<u>18,856</u>	<u>26,081</u>

The term loan for the current quarter of RM6.5 million compare to RM6.6 million correspondence period mainly due to repayment of term loan.

Finance Lease payable increase due to draw down for finance acquisition of property plant and machinery.

The Group does not have any borrowings denominated in foreign currency.

23. Material Litigation

This is an update to the Report as at 24 August 2017 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")

The Kuala Lumpur High Court ("KLHC") had on 21st February 2017, on the application of MRB, struck out Sri Manjung Granite Quarry Sdn Bhd ("SMGQ")'s counterclaim against MRB with costs of RM3,000 payable by SMGQ to MRB ("the Striking Out").

Following that SMGQ appealed to the Court of Appeal ("COA") on 16th March 2017 ("the Appeal") against the Striking Out. Unfortunately, the COA on 21st August 2017 allowed SMGQ's Appeal with cost in the cause (i.e. cost to follow the outcome of the trial).

Our Solicitor is of the opinion that we should not appeal against the COA's decision as it may further delay the proceedings and should just concentrate on the continued trial.

SMGQ had also filed an application for stay of proceedings in KLHC on 20th March 2017 (that is to stay the Continued Trial of Suit 288 and Suit 433 stated hereinbelow) pending the disposal of the Appeal ("the Application For Stay of Proceedings"). The High Court Judge has not decided on the Application For Stay of Proceedings.

The Continued Trial for Suit 288 (to be heard together with Suit 433) has been fixed on 7th, 8th, 9th, 10th and 11th August 2017. The earlier Continued Trial dates on 9th March 2017 and 8th, 9th, 11th, 12th, 18th and 19th May 2017 were vacated by the KLHC Judge because SMGQ's counsel is on medical leave after he suffered a heart attack in early March 2017.

23. Material Litigation (Continued)

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

The new Judge appointed to the case had on 20th July 2017 during the case management, vacated the Continued Trial dates fixed on 7th till 11th August 2017. She has fixed the new Continued Trial dates on 23rd till 26th October 2017 and indicated that she has been directed by her superior to complete the trial by this year.

Our solicitors are cautiously optimistic that the Appeal (when heard) will be decided in MRB's favour and that continued trial of both Suit 288 and Suit 433 will proceed on 23rd till 26th October 2017.

For Suit 288, our 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 counter-claim. 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.

We do 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")

Apart from the fact that the Continued Trial for Suit 433 (to be heard together with Suit 288) has now been fixed on 23rd till 26th October 2017, there is no further update on Suit 433. As explained above, the earlier Continued Trial dates on 9th March 2017 and 8th, 9th, 11th, 12th, 18th and 19th May 2017 were vacated by the KLHC Judge because SMGQ's counsel is on medical leave in early March 2017. The new judge appointed to the case also vacated the Continued Trial dates fixed on 7th till 11th August 2017 as she has to hear other trials on those dates.

As we have reported earlier, 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 maximum exposure of our liabilities in Suit 433 in the worst case scenario would be the dismissal of this Suit with costs to the Defendants should Suit 433 be decided against us.

The estimated legal fees to be incurred by the Group in the engagement of solicitors to litigate the abovementioned litigation cases is approximately RM1 million

24. Dividends

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

25. Earnings/Loss per share

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>3 months Quarter ended 30 Jun 17</u>	<u>3 months Quarter ended 30 Jun 16</u>	<u>Year to date ended 30 Jun 17</u>	<u>Year to date ended 30 Jun 16</u>
Basic earnings/(loss) per share				
Loss for the period (RM'000)	(1,674)	(3,610)	(1,674)	(3,610)
Weighted average no of ordinary shares ('000)	731,575	664,809	731,575	664,809
Basic loss per share (sen)	<u>(0.23)</u>	<u>(0.54)</u>	<u>(0.23)</u>	<u>(0.54)</u>

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

26. Notes to the Consolidated Statement of Comprehensive Income

	<u>Current Quarter Ended 30 Jun 17 RM'000</u>	<u>Year-to -date Ended 30 Jun 17 RM'000</u>
Interest income	(27)	(38)
Interest expense	397	365
Depreciation and amortisation	2,084	2,091
(Gain)/loss on disposal of property, plant and equipment	(324)	-
Reversal on impairment loss on Inventories	(32)	-
Share of loss on associate company	-	41
Quarry development costs written off	-	163

27. Authorised for issuance

The interim financial statements for financial period ended 30 June 2017 has been seen and approved by the Board of Directors of MRB on 24 August 2017 for release to the Bursa Securities.