MINETECH RESOURCES BERHAD GROUP

ANNOUNCEMENT PACKAGE

Q3/FY2019

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

Condensed Consolidated Statement Of Comprehensive Income
For the Third Quarter Ended 31 December 2018
(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter ended 31 Dec 2018 RM'000	**Preceding Year Quarter ended 31 Dec 2017 RM'000**	**Current Year To Date ended 31 Dec 2018 RM'000**	**Preceding Year Year ended 31 Dec 2017 RM'000**
Revenue	38,595	32,386	108,805	92,846
Cost of sales	(35,918)	(31,179)	(99,130)	(87,812)
Gross profit	2,677	1,207	9,675	5,034
Other income	1,109	2,710	3,279	4,474
Administrative expenses	(4,972)	(3,123)	(12,765)	(9,809)
Selling and marketing expenses	(181)	(225)	(579)	(595)
Finance costs	(636)	(463)	(2,124)	(1,379)
Loss before tax	(2,002)	106	(2,513)	(2,275)
Tax expense	(289)	(757)	(1,604)	(1,071)
Loss for the period	(2,291)	(651)	(4,117)	(3,346)
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss				
- Exchange translation differences for foreign operation	(2)	-	(50)	-
Total comprehensive income	(2,293)	(651)	(4,167)	(3,346)
Profit/(loss) attributable to:				
Owners of the Company	(2,192)	(1,118)	(4,685)	(4,595)
Non-controlling interests	(99)	467	568	1,249
	(2,291)	(651)	(4,117)	(3,346)
Total comprehensive income attributable to:				
Owners of the Company	(2,194)	(1,118)	(4,735)	(4,595)
Non-controlling interests	(99)	467	568	1,249
	(2,293)	(651)	(4,167)	(3,346)
Loss per share (sen)				
- Basic	(0.30)	(0.15)	(0.64)	(0.63)
- Diluted	(0.24)	(0.15)	(0.51)	(0.63)

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 2018.

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

Condensed Consolidated Statement Of Financial Position
As at 31 December 2018

	Unaudited As At 31 December 2018 RM'000	Audited As At 31 March 2018 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	50,776	51,083
Investment properties	11,075	11,075
Other Investment	64	-
Inventories	13,040	8,550
Quarry development expenditure	2,996	3,191
Goodwill on consolidation	13,902	-
	91,854	73,899
Current assets		
Inventories	12,367	7,272
Trade receivables	36,850	27,316
Other receivables	19,338	21,888
Amount due from customers for contract works	9,754	7,477
Amount due from associate companies	18	149
Tax recoverables	1,881	1,222
Other investments	2,048	1,527
Deposit, cash and bank balances	17,227	8,399
	99,482	75,250
Total assets	191,336	149,149

	Unaudited As At 31 December 2018 RM'000	Audited As At 31 March 2018 RM'000
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the company		
Share capital	132,527	110,527
Less:- Treasury shares, at cost	(48)	(48)
Reserves	(46,058)	(40,962)
	86,421	69,517
Non-controlling interests	8,453	6,227
Total equity	94,874	75,744
Non-current liabilities		
Loan and Borrowings	16,937	19,516
Deferred tax liabilities	2,602	2,472
	19,539	21,988
Current liabilities		
Trade payables	23,430	31,047
Other payables	28,771	8,708
Amount due to customers for contract works	1,391	18
Loan and Borrowings	22,649	10,904
Tax payable	681	740
	76,922	51,417
Total liabilities	96,462	73,405
TOTAL EQUITY AND LIABILITIES	191,336	149,149
Net assets per share (RM) attributable to owners of the parent	**0.09**	**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 2018.

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

Condensed Consolidated Statements of Changes in Equity
For the Third Quarter Ended 31 December 2018
(The figures have not been audited)

	Attributable to owners of the parent								
	Share capital RM'000	Treasury shares RM'000	Foreign currency translation 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 2017	109,555	(48)	(45)	21,972	(21,972)	(38,147)	71,315	4,702	76,017
Loss for the financial period	-	-	-	-	-	(4,595)	(4,595)	1,249	(3,346)
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income/ (loss) for the financial period	-	-	-	-	-	(4,595)	(4,595)	1,249	(3,346)
Transactions with owners:									
Issue of ordinary shares	972	-	-	-	-	-	972	-	972
Changes in ownership interest in a subsidiary company	-	-	-	-	-	-	-	-	-
Issue of ordinary shares	972	-	-	-	-	-	972	-	972
At 31 December 2017	110,527	(48)	(45)	21,972	(21,972)	(42,742)	67,692	5,951	73,643

	Attributable to owners of the parent								
	Share capital RM'000	Treasury shares RM'000	Foreign currency translation 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 2018									
- as previously stated	110,527	(48)	110	21,972	(21,972)	(41,072)	69,517	6,227	75,744
- effects of adoption of the MFRS Framework	-	-	-	-	-	(361)	(361)	(39)	(400)
Balance as at 1 April 2018 (restated)	110,527	(48)	110	21,972	(21,972)	(41,433)	69,156	6,188	75,344
Loss for the financial period	-	-	-	-	-	(4,685)	(4,685)	568	(4,117)
Other comprehensive income	-	-	(50)	-	-	-	(50)	-	(50)
Total comprehensive income/ (loss) for the financial period	-	-	(50)	-	-	(4,685)	(4,735)	568	(4,167)
Transactions with owners:									
Issue of ordinary shares	22,000	-	-	-	-	-	22,000	-	22,000
Acquisition of subsidiary company	-	-	-	-	-	-	-	1,697	1,697
Issue of ordinary shares	22,000	-	-	-	-	-	22,000	1,697	23,697
At 31 December 2018	132,527	(48)	60	21,972	(21,972)	(46,118)	86,421	8,453	94,874

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 2018.

MINETECH RESOURCES BERHAD (575543-X)
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INTERIM FINANCIAL STATEMENTS

Condensed Consolidated Statement Of Cash Flows
For the Third Quarter Ended 31 December 2018

(The figures have not been audited)

	9 Months To Date ended 31 December 2018	Preceeding period 9 months ended 31 December 2017
	RM'000	**RM'000**
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before tax	(2,513)	(2,275)
Adjustments for:-		
Depreciation and amortisation	5,479	7,752
Gain on disposal of property, plant and equipment	(98)	(1,088)
Interest expenses	2,008	1,320
Property, plant and equipment written off	262	66
Unrealised loss on foreign exchange	(2)	-
Reversal of impairment loss on property, plant and equipment	(76)	-
Reversal of impaiment loss on Inventories	-	(32)
Written off of Goodwill	653	-
Impairment of Goodwill	352	-
Interest income	(247)	(294)
Operating profit before changes in working capital	**5,818**	**5,449**
Changes in working capital		
Quarry development expenditure	195	(1,578)
Inventories	(7,309)	53
Receivables	(9,243)	(18,724)
Payables	7,671	11,028
Net cash used in operations	**(2,868)**	**(3,773)**
Tax paid	(213)	(865)
Tax refund	62	38
Interest paid	(2,008)	(1,320)
Interest received	247	294
Net cash used in operating activities	**(4,780)**	**(5,624)**

	9 Months To Date ended 31 December 2018 RM'000	Preceeding period 9 months ended 31 December 2017 RM'000
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(882)	(8,068)
Proceeds from disposal of property, plant & equipment	904	4,476
Purchase of inventories	-	(3,347)
Net cash outflow from acquisition of subsidiary companies	(3,044)	-
Purchase of other investments	(521)	-
Net cash used in investing activities	**(3,543)**	**(6,938)**
CASH FLOW FROM FINANCING ACTIVITIES		
Increased in fixed deposit pledged	(7,620)	(570)
Net changes in bank overdraft	7,083	-
Net changes in short term borrowings	3,378	3,324
Repayment of term loans	(645)	(353)
Proceeds from finance lease	102	7,068
Repayment of finance lease payables	(4,720)	(5,353)
Proceeds from issuance of shares	5,200	972
Net cash generated from financing activities	**2,778**	**5,088**
Net Change in Cash & Cash Equivalents	**(5,545)**	**(7,474)**
Cash and Cash Equivalents at beginning of the period	1,998	12,695
Effect on foreign exchange rate changes	(50)	-
Cash and Cash Equivalents at the end of period	**(3,597)**	**5,221**
Cash and Cash Equivalents comprises of :		
Fixed deposit with licensed banks	11,333	3,713
Cash and bank balances	5,894	6,635
	17,227	10,348
Bank overdrafts	(9,501)	(1,425)
	7,725	8,923
Less: fixed deposits pledged to a licensed bank	(11,322)	(3,702)
	(3,597)	**5,221**

Note to Net cash outflow from acquisition of subsidiary companies:

Acquisition of subsidiary, net cash acquired:-	
Cash and bank balances	(4,044)
Receivables	9,265
Inventories	2,276
Property, plant & equipment	5,180
Other investment	64
Payables	(4,775)
Borrowings	(3,866)
Non-controlling interest	(1,697)
	2,403
Goodwill on combination	15,397
Total purchase considerations	17,800
Less: Equity instruments issued	(16,800)
Less: Cash of subsidiary acquired	(4,044)
	(3,044)

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

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in according 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 2018.

These explanatory notes attached to the interim financial reports provide an explanation of events and transaction 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 2018.

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

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

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)
MFRS 15	Revenue from Contracts with Customers
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 15	Classification to MFRS 15
Amendments to MFRS 140	Transfers of Investment Property
Amendments to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
Annual Improvements to MFRSs 2014-2016 Cycle:	
Amendments to MFRS 1	
Amendments to MFRS 128	
IC interpretation 22	Foreign Currency Translation and Advance Consideration

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

Standards issued but yet effective

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.

3. Auditors' report on preceding annual financial statements

The auditors' report on the Group's financial statements for the financial year ended 31 March 2018 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 : Provision of turnkey and specialised quarry services, sales and marketing of quarry products, manufacturing and trading of asphaltic premix products.

Civil Engineering : Specialised civil engineering works.

Bituminous Products : Manufacturing and trading of bituminous products.

Property Development : Engages in housing development projects and other real estate development services.

Others : Investment holding and provision of managerial services.

Performance is measured based on the segment revenue and profit before tax, interest depreciation and amortisation, 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 certain segments relative to other entities that operate within these industries.

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 9 months ended 31 December 2018:

	Quarry and Premix Products RM'000	Civil Engineering RM'000	Bituminous Products RM'000	Property Development RM'000	Others RM'000	Elimination RM'000	Consolidation RM'000
Revenue							
Revenue to external customers	53,694	44,157	10,942	758	450	(1,195)	108,805
Inter-segment revenue	106	-	6	-	195	(307)	-
	53,800	44,157	10,947	758	645	(1,502)	108,805
Segment results	936	2,801	730	(148)	(3,753)	(955)	(389)
Finance costs							(2,124)
Loss before tax							(2,513)
Taxation							(1,604)
Net loss for the period							(4,117)
Assets							
Segment assets	100,639	43,505	11,943	5,147	89,220	(59,117)	191,336
Liabilites							
Segment liabilites	96,808	28,419	6,020	3,123	32,295	(70,203)	96,462

Segmental information for the 9 months ended 31 December 2017:

	Quarry and Premix Products RM'000	Civil Engineering RM'000	Bituminous Products RM'000	Property Development RM'000	Others RM'000	Elimination RM'000	Consolidation RM'000
Revenue							
Revenue to external customers	63,193	18,483	11,109	-	61	-	92,846
Inter-segment revenue	595	126	-	-	84	(805)	-
	63,788	18,609	11,109	-	145	(805)	92,846
Segment results	2,477	1,335	586	-	(5,204)	(90)	(896)
Finance costs							(1,379)
Loss before tax							(2,275)
Taxation							(1,071)
Net loss for the period							(3,346)
Assets							
Segment assets	95,361	31,945	12,190	-	66,589	(62,337)	143,748
Liabilites							
Segment liabilites	95,539	19,241	6,937	-	21,652	(73,264)	70,105

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

i) Incorporation of a new subsidiary company, MRB MajuConstruct Sdn Bhd

The Board of Directors of the Company announced that the Company's wholly-owned subsidiary, Minetech Construction Sdn Bhd had, on 24 October 2018 incorporated a new 80%-owned subsidiary company in Malaysia under Companies Act 2016, known as MRB MajuConstruct Sdn Bhd ("MMCSB").

The share capital and number of issued share of MMCSB is RM10 comprising 10 ordinary shares. Its intended principal activity is the provision of specialised civil engineering services.

The Directors of MMCSB are Mr Chin Kong Yaw ("CKY") and Mr Chin Sheong Choy ("CSC").

ii) Acquisition of shares in Minetech Builders Sdn. Bhd. by Minetech Construction Sdn. Bhd.

The Board of Directors of the Company announced on 1 November 2018 that Company's wholly-owned subsidiary, Minetech Construction Sdn. Bhd. ("MCSB") acquired 510,000 ordinary shares, representing 51% of the total issued share capital of Minetech Builders Sdn. Bhd. ("MBSB"), for a total consideration of RM510,000 only. Consequent thereto, MBSB will become 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 2018 RM'000	As at 31 Dec 2017 RM'000
Corporate guarantees	32,001	27,598
Bank guarantees	8,059	-

14. Capital commitments

There was no material capital commitment not provided for as at 31 December 2018.

15. Related party transactions

	3 Months As at 31 Dec 2018 RM'000	3 Months As at 31 Dec 2017 RM'000
Rental paid to Choy Sen @ Chin Kim Sang	15	46
Rental paid to a director's related company - Chan Toong San	180	-
Sales of direct material to substantial shareholder's companies	(1,395)	
Management fees from substantial shareholders' companies	(60)	-
Commission from substantial shareholders' company	(40)	-
Rental Income from substantial shareholders' company	(43)	-
Purchase of direct material from substantial shareholder's companies	549	-
Office rental paid to substantial shareholders' company	45	-
Transportation charged from substantial shareholders' company	100	-
Rental paid to substantial shareholders' company	6	-

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:

	Revenue		Operating Results	
Operating Segment	3 months ended 31 Dec 2018 RM'000	3 months ended 31 Dec 2017 RM'000	3 months ended 31 Dec 2018 RM'000	3 months ended 31 Dec 2017 RM'000
Quarry and Premix Products	18,118	21,556	(442)	919
Civil Engineering	15,777	6,604	805	854
Bituminous Products	4,389	4,337	204	395
Property Development	758	-	26	-
Others	215	39	(1,136)	(1,653)
Eliminations	(662)	(150)	(823)	54
Group	38,595	32,386	(1,366)	569
Less: Finance Costs			(636)	(463)
Profit/(Loss) Before Tax			(2,002)	106

The Group's revenue has improved to RM38.6 million and loss before tax increased to RM2.00 million in the current reporting quarter as compared with the preceding year's corresponding quarter in which the Group had recorded a total revenue of RM32.39 million and profit before tax of RM0.1 million respectively.

Further details for the overall improvement in the financial results are described below.

Quarry and Premix Products

Revenue for the quarry and asphaltic premix products segment is decreased to RM18.12 million as compared to the previous year's quarter of RM21.56 million.

Therefore the operating loss for current quarter ended 31 December 2018 is recorded at RM0.44 million when compared to operating profit for the previous corresponding year's quarter ended 31 December 2017 at RM0.92 million and is mainly due to the all premix operation had been ceased operation since June 2018.

Civil Engineering

For current quarter ended 31 December 2018, revenue for this segment is recorded at RM15.78 million with an operating profit of RM0.81 million compared with the same quarter of the last financial year's revenue of RM6.6 million and operating profit of RM0.85 million respectively.

The higher revenue recorded for this reporting quarter is mainly due to new project awarded during this financial year.

Bituminous Products

Revenue recorded for this segment for this reporting quarter ended 31 December 2018 is RM4.39 million with an operating profit of RM0.2 million as compared with same quarter of the last financial year's revenue of RM4.34 million and operating profit of RM0.4 million respectively.

The higher revenue is due to selling more lower margin products.

Property Development

Revenue for property development segment is recorded of RM0.76 million in current quarter as the housing development project had been commenced.

Comparison with immediate preceding quarter's results (Q3-FY'19 vs Q2-FY'19)

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

	Current Quarter	Immediate preceding Quarter	Variance	
Operating Segment	RM'000	RM'000	RM'000	%
Quarry and Premix Products	18,118	16,782	1,336	8%
Civil Engineering	15,777	16,094	(317)	-2%
Bituminous Products	4,389	4,091	298	7%
Property Development	758	-	N/A	N/A
Others	215	215	0	0%
Eliminations	(662)	(533)	(129)	24%
Group	38,595	36,649		
Profit Before Tax	(2,002)	(525)	(1,477)	>100%

For the current quarter under review, the quarry and premix products segment generated a higher revenue of RM18.12 million compared to RM16.78 million recorded in the immediate preceding quarter, mainly due to increased sales volume in quarry production during current quarter.

The civil engineering segment recorded a revenue of RM15.78 million compared to RM16.09 million in the immediate preceding quarter, which is due to completion of a project.

The bituminous products segment recorded a higher revenue of RM4.39 million as compared to the revenue of RM4.09 million recorded in the immediate preceding quarter is mainly due to selling of higher margin of products.

The property development segment started to contribute revenue of RM0.76 million during current quarter as the housing development project had been commenced.

The Group profitability in this reporting quarter has deteriorate by recording a loss before tax of RM2.0 million as compared to a loss before tax of RM0.53 million recorded in the immediate preceding quarter as a result of goodwill impairment of RM0.13 million and goodwill written off of RM0.65 million from acquisition of subsidiaries.

17. Prospects

Overall, the financial year will remain challenging due to uncertainty in the implementation of mega infrastructure projects. The property development market is expected to remain soft in the near future.

The operating results of the quarry operations and civil engneering segment should remain satisfactory in the coming reporting quarter,

As for the bituminous products segments, it will remain competitive, but cost control measures will continue to be put in place to ensure positive operating results.

18. Significant Events

During the financial period, the following significant events took place for the Company and its subsidiaries companies:

i) The Company had, on 6 July 2018, obtained the approval from Bursa Securities for the extension of time from 9 July 2018 to 8 January 2019 to complete the implementation of the private placement.

The Company completed the private placement as follows.
First tranche placed 30,000,000 new MRB Shares at RM0.10 per Placement Share completed on 20 April 2018.
Second tranche placed 10,000,000 new MRB Shares at RM0.055 per Placement Share completed on 22 November 2018.
Third tranche placed 12,500,000 new MRB Shares at RM0.055 per Placement Share completed on 27 November 2018.
Last tranche placed 17,500,000 new MRB Shares at RM0.055 per Placement Share completed on 31 December 2018.

As compared to the proposed private placement which had been submitted to Bursa, the number and issued prices of such shares had changed respectively from 73 million shares at RM0.15 to 70 million shares at the range of RM0.055 to RM0.10. The variation in gross proceeds raised is due to difference in the issue price and number of Placement Shares been placed.

ii) The Company announced on 31 May 2018 that the Company had, on 25 May 2018, executed a Subscription Agreement ("SA") with Canadian Solar Energy Holding Company Limited, Coral Power Sdn Bhd ("CPSB"), a 70%-owned subsidiary company of the Company, Jot Seng Keong and Dato' Sri Md Zin Bin Baharom for the purpose of subscribing Redeemable Convertible Preference Shares ("RCPS") in CPSB subject to the fulfilment of the conditions precedent as set out in the SA. The subscription of RCPS will be for the purpose of the funding of the development of the solar photovoltaic energy generating facility with a capacity of 9.99 MWa.c. to be located at PT18535, Persiaran Segari, Mukim Pengkalan Baharu, Daerah Manjung, Perak.

On 1 October 2018, Bank Negara Malaysia had approved CPSB's application for Canadian Solar to subscribe to the RCPS.

iii) The Company announced on 14 November 2018, that Minetech Construction Sdn Bhd ("MCSB"), a wholly-owned subsidiary of MRB, had, on 13 November 2018, accepted the Letter of Award ("LOA") from JSK Industries Sdn Bhd to supply labour and material inclusive of all necessary plant, machinery and equipment to construct and complete the infrastructure works located at Klang, Selangor Darul Ehsan at a contract value of RM11,000,000.

The Sub-Contract commenced from 19 October 2018 and is expected to be completed by 18 July 2019.

iv) The Company announced on 23 November 2018, that Minetech Construction Sdn Bhd ("MCSB"), a wholly-owned subsidiary of MRB, had, on 23 November 2018, entered into an agreement with Able Return Sdn Bhd (Company No. 549631-D) and Damar Consolidated Exploration Sdn Bhd (Company No. 229692-V) in connection with the renewal of contract for waste removal, ore delivery and associated works for open pit mining in respect of Selinsing Gold Mine Project for a further period of two (2) years commencing from 1 July 2018 to 30 June 2020 with an estimated total contract value of approximately RM28.8 million.

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:

	9 Months period ended 31 Dec 2018 RM'000	9 Months period ended 31 Dec 2017 RM'000
Current tax expense :		
- current taxation	(1,437)	(1,071)
	(1,437)	(1,071)
Current deferred tax		
- relating to origination and reversal fo temporary differences	(131)	-
Tax Adjustment	(36)	-
	(167)	-
	(1,604)	(1,071)

21. Status of corporate proposals

There were no corporate proposal for the current quarter under review.

22. Group borrowings

The Group's borrowings were as follows:-

	As at 31 December 2018		
	Long term RM'000	Short term RM'000	Total borrowings RM'000
Secured			
Term loans	9,831	1,567	11,398
Bank Overdrafts	-	9,501	9,501
Finance lease payables	7,106	5,692	12,799
Bankers acceptance/Letter of credit	-	5,888	5,888
	16,937	22,649	39,586

	As at 31 December 2017		
	Long term RM'000	Short term RM'000	Total borrowings RM'000
Secured			
Term loans	5,941	471	6,412
Bank Overdrafts	-	1,425	1,425
Finance lease payables	9,895	6,366	16,261
Bankers acceptance/Letter of credit	-	5,882	5,882
	15,836	14,144	29,980

The term loans and bank overdrafts for the current quarter ended 31 December 2018 compare to correspondence quarter ended 31 December 2017,which increased significantly due to acquisition of a subsidiary.

However, finance lease payable recorded a decrease due to periodical repayment of finance lease.

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

23. Derivatives

There were no derivatives for the current quarter under review.

24. Material Litigation

This is an update to the Report 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 Trial for Suit 288 and the below stated Suit 433 had proceeded at the Kuala Lumpur High Court before Y.A. Datin Hajah Azizah on 23rd, 24th, 25th and 26th October 2017, 13th and 23rd November 2017.

The Judge had on 20th April 2018 found the termination by Sri Manjung Granite Quarry Sdn Bhd ("SMGQ") to be unlawful and had ordered SMGQ to pay damages to Optimis Dinamik Sdn Bhd ("ODSB") (the quantum of damages is to be assessed by the Court Registrar) together with interest thereon at the rate of 5% per annum from the date of the Writ of Summon dated 1 April 2013 until full payment and costs of RM80,000.

As regards to SMGQ's Counterclaim, the High Court only allowed SMGQ's counterclaim for the outstanding tribute payment of RM256,300 owing by ODSB which is to be deducted (set-off) from the damages assessed to be paid by SMGQ to ODSB. The Counterclaim of RM256,300 allowed by the High Court in Suit 288 should have no financial impact on the Group as it is to be deducted (set-off) against damages to be paid by SMGQ to ODSB.

On 15th May 2018, SMGQ filed their appeal against the High Court's decision in Suit 288 ("SMGQ's Appeal").

ODSB had filed a Notice of Direction to the High Court for the assessment of damages, and on 5th July 2018, the Judge, by consent, ordered that the assessment of damages proceedings be stayed pending the disposal of SMGQ's Appeal.

On 28th January 2019, the Deputy Registrar of the Court of Appeal had fixed both ODSB's Appeal (as defined hereinbelow) and SMGQ's Appeal for further Case Management on 14th March 2019 pending the availability of the written grounds of decision from the High Court Judge ("the Written Grounds of Decision") for both Suit 288 and Suit 433. The Deputy Registrar of the Court of Appeal will only fix a hearing date for both Appeals (which will be heard together) upon obtaining the Written Grounds of Decision.

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

As stated above, Suit 433 and Suit 288 were tried together.

The Judge had on 20th April 2018 dismissed ODSB, Minetech Quarries Sdn Bhd and K.S. Chin Minerals Sdn Bhd's claim against SMGQ and its 3 Directors, namely Mr. Moo Khean Choong @ Mu Kan Chong, Ms. Low Sow Fong and Mr. Atma Singh @ Atma Singh Lahre s/o Keer Singh, with costs of RM50,000.

ODSB, Minetech Quarries Sdn Bhd and K.S. Chin Mineral Sdn Bhd had on 18th May 2018 filed an appeal to the Court of Appeal against the High Court's decision in Suit 433 ("ODSB's Appeal").

As stated above, the Deputy Registrar of the Court of Appeal had fixed both ODSB's Appeal and SMGQ's Appeal for further Case Management on 14th March 2019 pending the availability of the Written Grounds of Decision for both Suit 288 and Suit 433. The Deputy Registrar of the Court of Appeal will only fix a hearing date for both Appeals (which will be heard together) upon obtaining the Written Grounds of Decision.

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.

25. Share capital

	Year to date ended 31 Dec 2018	Year to date ended 31 Dec 2017	Year to date ended 31 Dec 2018	Year to date ended 31 Dec 2017
	Number of Shares		RM'000	RM'000
Issued and fully paid-up				
Ordinary shares with no par value				
At 1st April	731,575	725,094	110,527	109,555
Shares issued durng financial period	120,000	6,481	16,800	972
Shares issued under private placement	70,000	-	5,200	-
At 31st December	921,575	731,575	132,527	110,527

26. Dividends

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

27. Loss per share

	Individual Quarter		Cumulative Quarter	
	3 months Quarter ended 31 Dec 2018	3 months Quarter ended 31 Dec 2017	Year to date ended 31 Dec 2018	Year to date ended 31 Dec 2017
Basic loss per share				
Loss for the period (RM'000)	(2,192)	(1,118)	(4,685)	(4,595)
Weighted average number of ordinary shares ('000)	731,575	725,094	731,575	725,094
Upon issuance of shares ('000)	120,000	6,481	120,000	6,481
Upon issuance of shares under private placement ('000)	70,000	-	70,000	-
Adjusted weighted average number of ordinary shares ('000)	921,575	731,575	921,575	731,575
Basic loss per share (sen)	(0.30)	(0.15)	(0.64)	(0.63)
Diluted loss per share (sen)	(0.24)	(0.15)	(0.51)	(0.63)

There is dilute loss per share is due to issuance of shares under private placement.

28. Status of Utilisation of Proceeds from Placement Shares

The actual proceeds from private placement of four tranches amounted to RM5.2 million instead of RM10.9 million as estimated in the proposed private placement.

As at 31 December 2018, the Group had utilised the proceeds from the private placement in the following manner:-

Details of Utilisation	Proposed Utilisation	Actual Utilisation	Intended Timeframe for Utilisation	Deviation Amount		Explanations (if the deviation is 5% or more)
	RM'000	RM'000		RM'000	%	
Proceeds from Private Placement of four tranches						
a) Property development expenditure	2,600	2,600	Within 24 months	-	-	
b) Working capital	2,542	2,542	Within 12 months	-	-	
c) Estimate expenses in relation to Private Placement	58	58	Within 6 months	-	-	
Total	5,200	5,200		-	-	

29. Notes to the Consolidated Statement of Comprehensive Income

	Current Quarter Ended 31 Dec 2018 RM'000	Year-to -date Ended 31 Dec 2018 RM'000
Interest income	(98)	(247)
Interest expense	593	2,008
Depreciation and amortisation	1,683	5,479
Gain on disposal of property, plant and equipment	(225)	(98)
Impairment of Goodwill	132	352
Written off of Goodwill	653	653
Property, plant and equipments written off	262	262
Reversal on impairment loss on property , plant and machinery	-	(76)

30. Authorised for issuance

The interim financial statements for financial perod ended 31 December 2018 has been approved by the Board of Directors of MRB on 25 February 2019 for release to the Bursa Securities.