



MINETECH RESOURCES BERHAD GROUP

ANNOUNCEMENT PACKAGE

Q4/FY2020

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

Condensed Consolidated Statement Of Comprehensive Income For the Fourth Quarter Ended 31 March 2020
(The figures have not been audited)

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year Quarter ended 31 Mar 2020 RM'000	Preceding Year Quarter ended 31 Mar 2019 RM'000	Current Year To Date Ended 31 Mar 2020 RM'000	Preceding Year To Date Ended 31 Mar 2019 RM'000
Revenue	21,686	26,202	87,594	135,007
Cost of sales	(20,055)	(25,771)	(79,612)	(124,901)
Gross Profit	1,631	431	7,982	10,106
Other income	597	2,211	5,051	5,490
Administrative expenses	(12,802)	(11,412)	(20,934)	(24,177)
Selling and marketing expenses	(111)	(304)	(505)	(882)
Finance costs	(394)	(765)	(1,780)	(2,889)
Loss before tax	(11,079)	(9,839)	(10,186)	(12,352)
Tax expense	(404)	(339)	(1,515)	(1,943)
Loss for the period/year	(11,483)	(10,178)	(11,701)	(14,295)
Other comprehensive income/(loss)				
Items that are or may be reclassified subsequently to profit or loss				
- Exchange translation differences for foreign operation	(79)	11	(71)	(39)
Total comprehensive loss	(11,562)	(10,167)	(11,772)	(14,334)
Profit/(Loss) attributable to:				
Owners of the Parent	(11,584)	(10,387)	(11,133)	(15,072)
Non-controlling interests	101	209	(568)	777
	(11,483)	(10,178)	(11,701)	(14,295)
Total comprehensive income/(loss) attributable to:				
Owners of the Parent	(11,663)	(10,376)	(11,204)	(15,111)
Non-controlling interests	101	209	(568)	777
	(11,562)	(10,167)	(11,772)	(14,334)
Loss per share (sen)				
- Basic	(1.31)	(1.18)	(1.26)	(1.71)
- Diluted	(1.31)	(1.18)	(1.26)	(1.71)

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 2019.

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

Condensed Consolidated Statement Of Financial Position
As at 31 March 2020

	Unaudited As At 31 March 2020 RM'000	Audited As At 31 March 2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	28,668	47,530
Right of use assets	501	-
Investment properties	10,944	11,072
Inventories	7,113	8,065
Investment in associates	118	-
Quarry development expenditure	356	2,942
Intangible assets	7,320	13,465
Other Investment	64	64
Other receivables	-	615
	<u>55,084</u>	<u>83,753</u>
Current assets		
Inventories	8,182	17,246
Contract assets	5,899	8,983
Trade receivables	27,300	35,340
Other receivables	14,742	12,909
Amount due from associate companies	-	22
Tax recoverables	460	1,837
Other investments	120	839
Fixed deposits with licensed bank	7,424	11,197
Cash and Bank Balance	10,390	4,904
	<u>74,517</u>	<u>93,277</u>
Total assets	<u><u>129,601</u></u>	<u><u>177,030</u></u>
	Unaudited As At 31 March 2020 RM'000	Audited As At 31 March 2019 RM'000
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the company		
Share capital	132,527	132,527
Less:- Treasury shares, at cost	(48)	(48)
Reserves	<u>(67,686)</u>	<u>(56,555)</u>
	64,793	75,924
Non-controlling interests	<u>2,143</u>	<u>8,884</u>
Total equity	<u>66,936</u>	<u>84,808</u>
Non-current liabilities		
Loan and Borrowings	9,930	16,434
Deferred tax liabilities	<u>2,328</u>	<u>2,372</u>
	<u>12,258</u>	<u>18,806</u>
Current liabilities		
Contract liabilities	-	79
Trade payables	15,537	29,719
Other payables	21,916	24,371
Amount due to associate companies	371	-
Loan and Borrowings	12,387	18,598
Tax payable	<u>196</u>	<u>649</u>
	<u>50,407</u>	<u>73,416</u>
Total liabilities	<u>62,665</u>	<u>92,222</u>
TOTAL EQUITY AND LIABILITIES	<u><u>129,601</u></u>	<u><u>177,030</u></u>
Net assets per share (RM)	0.07	0.08

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 2019.

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

Condensed Consolidated Statements of Changes in Equity
For the Financial Year Ended 31 March 2020
(The figures have not been audited)

	----- Attributable to owners of the parent -----								
	Share capital	Treasury shares	Foreign currency translation reserve	Warrant reserve	Other reserve	Accumulated losses	Total	Non-controlling interest	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 April 2019	132,527	(48)	71	21,972	(21,972)	(56,626)	75,924	8,884	84,808
- effects of adoption of the MFRS Framework	-	-	-	-	-	(5)	(5)	-	(5)
Balance as at 1 April 2019 (restated)	132,527	(48)	71	21,972	(21,972)	(56,631)	75,919	8,884	84,803
Loss for the financial year	-	-	-	-	-	(11,133)	(11,133)	(568)	(11,701)
Other comprehensive loss	-	-	(71)	(21,972)	21,972	-	(71)	-	(71)
Total comprehensive loss for the financial year	-	-	(71)	(21,972)	21,972	(11,133)	(11,204)	(568)	(11,772)
Transactions with owners:									
Disposal of non-controlling interest	-	-	-	-	-	78	78	(6,173)	(6,095)
	-	-	-	-	-	78	78	(6,173)	(6,095)
At 31 March 2020	132,527	(48)	-	-	-	(67,686)	64,793	2,143	66,936

	----- 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	-	-	-	-	-	(284)	(284)	-	(284)
Balance as at 1 April 2018 (restated)	110,527	(48)	110	21,972	(21,972)	(41,356)	69,233	6,227	75,460
Loss for the financial year	-	-	-	-	-	(15,072)	(15,072)	777	(14,295)
Other comprehensive loss	-	-	(39)	-	-	-	(39)	-	(39)
Total comprehensive income/ (loss) for the financial year	-	-	(39)	-	-	(15,072)	(15,111)	777	(14,334)
Transactions with owners:									
Issue of ordinary shares	22,000	-	-	-	-	-	22,000	-	22,000
Acquisition on subsidiaries	-	-	-	-	-	-	-	1,682	1,682
Change of ownership	-	-	-	-	-	(198)	(198)	198	-
	22,000	-	-	-	-	(198)	21,802	1,880	23,682
At 31 March 2019	132,527	(48)	71	21,972	(21,972)	(56,626)	75,924	8,884	84,808

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 2019.

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

Condensed Consolidated Statement Of Cash Flows
For the Financial Year Ended 31 March 2020

(The figures have not been audited)

	12 Months To Date ended 31 March 2020 RM'000	Preceeding period 12 months ended 31 March 2019 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before tax	(10,186)	(12,352)
Adjustments for:-		
Bad debts written off	250	6
Bad debts recovery	(1,973)	-
Depreciation and amortisation	5,335	9,496
Deposits written off	-	6
Gain on disposal of property, plant and equipment	(1,482)	(1,288)
Loss on disposal of subsidiaries	1,155	-
Finance costs	1,642	2,847
Unrealised (gain)/loss on foreign exchange	(11)	38
Reversal of inventories written down	-	(41)
Impairment losses on:		
- receivables	92	3,483
- property, plant and equipment	221	1,514
- goodwill on consolidation	-	652
- intangible assets	5,600	-
Property, plant and equipment written off	27	576
Quarry development expenditure written off	-	479
Inventories written off	-	434
Share of associate's result	2	-
Interest income	(301)	(299)
Operating profit before changes in working capital	371	5,551
Changes in working capital		
Quarry development expenditure	87	(1,510)
Inventories	(4,619)	(7,606)
Receivables	(5,173)	5,524
Contract assets/ contract liabilities	3,005	(1,446)
Payables	5,512	9,820
Net cash (used in)/generated from operations	(817)	10,333
Tax paid	(439)	(2,681)
Tax refund	1,472	-
Interest paid	(1,642)	(2,847)
Interest received	301	299
Net cash (used in)/generated from operating activities	(1,125)	5,104

	12 Months To Date ended 31 March 2020 RM'000	Preceeding period 12 months ended 31 March 2019 RM'000
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(2,277)	(1,008)
Proceeds from disposal of property, plant and equipment	7,364	2,080
Net cash inflow from disposal of subsidiary companies	6,335	-
Net cash inflow from acquisition of subsidiary companies	-	1,336
Increase in amount due to associate company	391	127
Changes in other investments	719	687
Net cash generated from investing activities	12,532	3,222
CASH FLOW FROM FINANCING ACTIVITIES		
Increased in fixed deposit pledged	3,773	(7,133)
Net changes in short term borrowings	(2,310)	585
Repayment of term loans	(959)	(8,969)
Proceeds from finance lease	454	-
Repayment of finance lease payables	(3,924)	(4,129)
Proceeds from issuance of shares	-	5,200
Net cash used in financing activities	(2,966)	(14,446)
Net Changes in Cash & Cash Equivalents	8,441	(6,120)
Cash and Cash Equivalents at beginning of the year	(4,199)	1,998
Effects of exchange translation differences on cash and cash equivalents	11	(77)
Cash and Cash Equivalents at the end of year	4,253	(4,199)
Cash and Cash Equivalents comprises of :		
Fixed deposit with licensed banks	7,424	11,197
Cash and bank balances	10,390	4,904
Bank overdrafts	(6,148)	(9,114)
Less: fixed deposits pledged to a licensed banks	(7,413)	(11,186)
	4,253	(4,199)

**12 Months
To Date ended
31 March 2020
RM'000**

Note to net cash outflow from disposal of subsidiary companies:

The effect of disposal of subsidiary companies as follows:-

Cash and bank balances	1,020
Receivables	13,626
Inventories	14,635
Property, plant & equipment	9,846
Quarry development expenditure	2,499
Payables	(22,149)
Borrowings	(4,794)
Non-controlling interest	(6,173)
Net assets of subsidiary companies disposed	<u>8,510</u>
Less: Proceed from disposal of subsidiary companies	<u>(7,355)</u>
Loss on disposal of subsidiary companies	<u><u>1,155</u></u>

Total proceed from disposal of subsidiary companies	7,355
Cash and cash equivalent in subsidiary companies disposed	<u>(1,020)</u>
Net cash inflow on disposal	<u><u>6,335</u></u>

Proceed received from subsidiary companies disposed:-

Gebeng Quarry Sdn bhd	7,000
Minetech PQ Sdn Bhd	255
MRB Land Sdn Bhd	100
	<u><u>7,355</u></u>

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 2019.

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 2019.

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 16	Leases
IC Interpretation 23	Uncertainty Over Income Tax Treatments
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128	Long term Interests in Associates and Joint Ventures

Annual Improvements to MFRSs 2015-2017 Cycle:

Amendments to MFRS 3
Amendments to MFRS 11
Amendments to MFRS 112
Amendments to MFRS 123

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

Standards issued but yet effective

Amendment to References to the Conceptual Framework in MFRS Standards	
Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 101 & 108	Definition of Material
MFRS 17	Insurance Contracts
Amendments to MFRS 10 & 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

3. Auditors' report on preceding annual financial statements

The auditors' report on the Group's financial statements for the financial year ended 31 March 2019 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, cancellation, repurchase, 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 12 months ended 31 March 2020:

	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	27,870	43,804	15,199	168	553	-	87,594
Inter-segment revenue	38	3,793	-	-	-	(3,831)	-
	<u>27,908</u>	<u>47,597</u>	<u>15,199</u>	<u>168</u>	<u>553</u>	<u>(3,831)</u>	<u>87,594</u>
Segment results	2,350	3,605	848	(7)	(2,911)	(12,291)	(8,406)
Finance costs							(1,780)
Loss before tax							(10,186)
Taxation							(1,515)
Net loss for the year							<u>(11,701)</u>
Assets							
Segment assets	<u>27,844</u>	<u>46,771</u>	<u>10,865</u>	<u>-</u>	<u>79,292</u>	<u>(35,171)</u>	<u>129,601</u>
Liabilities							
Segment liabilities	<u>49,186</u>	<u>29,572</u>	<u>4,803</u>	<u>-</u>	<u>29,010</u>	<u>(49,906)</u>	<u>62,665</u>

Segmental information for the 12 months ended 31 March 2019:

	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	69,308	49,311	14,153	2,152	83	-	135,007
Inter-segment revenue	329	4,729	546	-	780	(6,384)	-
	<u>69,637</u>	<u>54,040</u>	<u>14,699</u>	<u>2,152</u>	<u>863</u>	<u>(6,384)</u>	<u>135,007</u>
Segment results	(12,686)	3,000	560	146	(7,611)	7,128	(9,463)
Finance costs							(2,889)
Loss before tax							(12,352)
Taxation							(1,943)
Net loss for the year							<u>(14,295)</u>
Assets							
Segment assets	<u>84,067</u>	<u>43,838</u>	<u>12,478</u>	<u>9,975</u>	<u>84,084</u>	<u>(57,412)</u>	<u>177,030</u>
Liabilities							
Segment liabilities	<u>93,978</u>	<u>28,800</u>	<u>6,783</u>	<u>7,802</u>	<u>30,774</u>	<u>(75,915)</u>	<u>92,222</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 except as reported in Note 18 which is likely to substantially affect the results or the operations of the Group.

12. Changes in composition of the Group

There were no material events subsequent to the end of the reporting period except as reported in Note 18 which is likely to substantially affect the results or the operations of the Group.

13. Changes in contingent assets or contingent liabilities

The changes in contingent liabilities were as below:-

	As at 31 Mar 2020 RM'000	As at 31 Mar 2019 RM'000
Corporate guarantees	13,568	30,242
Bank guarantees	5,753	3,059

14. Capital commitments

There was no material capital commitment not provided for as at 31 March 2020.

15. Related party transactions

	3 Months As at 31 Mar 2020 RM'000	3 Months As at 31 Mar 2019 RM'000
Sales of direct material to substantial shareholder's companies	(1,878)	(1,886)
Management fees from substantial shareholders' companies	(120)	(300)
Commission from substantial shareholders' company	(42)	(42)
Rental Income from substantial shareholders' company	(43)	(132)
Office rental paid to substantial shareholders' company	45	45
Transportation charged from substantial shareholders' company	48	116
Rental paid to substantial shareholders' company	6	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:

Operating Segment	Revenue		Operating Results	
	3 months	3 months	3 months	3 months
	ended 31 Mar	ended 31 Mar	ended 31 Mar	ended 31 Mar
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Quarry and Premix Products	5,361	15,837	(2,648)	(13,622)
Civil Engineering	13,317	9,883	32	199
Bituminous Products	2,873	3,752	182	(170)
Property Development	-	1,394	-	294
Others	135	218	1,786	(3,858)
Eliminations	-	(4,882)	(10,037)	8,083
Group	21,686	26,202	(10,685)	(9,074)
Less: Finance Costs			(394)	(765)
Loss Before Tax			(11,079)	(9,839)

The Group's revenue has decreased to RM21.69 million and operating loss has increased to RM11.08 million in the current reporting quarter as compared with the preceding year's corresponding quarter in which the Group has recorded a total revenue of RM26.2 million and loss before tax of RM9.84 million respectively.

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

Quarry and Premix Products

Revenue for the quarry and premix products segment has decreased to RM5.36 million with an operating loss of RM2.65 million as compared to the previous year's corresponding quarter revenue of RM15.84 million and operating loss of RM13.62 million. Revenue dropped due mainly to disposal of subsidiary companies.

Civil Engineering

Revenue for the current quarter has decreased to RM13.32 million with an operating profit of RM0.03 million compared with the same quarter of the last financial year's revenue of RM9.88 million and operating profit of RM0.2 million.

The higher revenue recorded for this reporting quarter is mainly due to more projects started from the immediate preceding quarter.

Bituminous Products

Revenue recorded for this segment for this reporting quarter was RM2.87 million with an operating profit of RM0.18 million as compared with same quarter of the last financial year's revenue of RM3.75 million and operating loss of RM0.17 million.

The lower revenue recorded for this reporting quarter is mainly due to lower demand from the market, especially for the month of March due to the impact of Covid-19.

Property Development

No revenue reported for property development segment in current quarter due to disposal of a subsidiary since second quarter of this financial year.

Comparison with immediate preceding quarter's results (Q4-FY'20 vs Q3-FY'20)

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

Operating Segment	Current Quarter	Immediate preceding Quarter	Variance	
	RM'000	RM'000	RM'000	%
Quarry and Premix Products	5,361	6,104	(743)	-12%
Civil Engineering	13,317	9,547	3,770	39%
Bituminous Products	2,873	3,368	(495)	-15%
Others	135	139	(4)	-3%
Eliminations	-	40	(40)	-100%
Group	21,686	19,198		
(Loss)/Profit Before Tax	(11,079)	459	(11,538)	>100%

For the current quarter under review, the quarry and premix products segment's revenue had decreased to RM5.36 million compared to RM6.10 million recorded in the immediate preceding quarter as a result of lower demand for quarry products.

The civil engineering segment's revenue increased to RM13.32 million as compared to RM9.55 million in the immediate preceding quarter, due to more works undertaken during the current quarter.

The bituminous products segment recorded a lower revenue of RM2.87 million as compared to the revenue of RM3.37 million recorded in the immediate preceding quarter due to lower demand from the market.

The Group performance has decreased to loss of RM11.08 million as compared to profit before tax of RM0.46 million recorded in the immediate preceding quarter due mainly to impairment of intangible assets and provision for bad debts.

17. Prospects

Overall the coming financial year will continue to be challenging, especially in the first half of the financial year due to the significant impact of the Covid-19 pandemic whereby most businesses were closed under the Movement Control Order by the Government.

We are cautiously optimistic of recovery in the second half of the financial year given the Government's RM35 billion National Economic Recovery Plan to tackle the Covid-19 economic fallout.

18. Significant Events

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

i) The Company announced on 10 January 2020, that Minetech Construction Sdn Bhd ("MCSB"), a wholly-owned subsidiary of the Company had accepted a Letter of Award dated 20 December 2019 from GLM Emerald Square (Cheras) Sdn Bhd appointing MCSB as contractor to undertake and complete the Upgrading Works along Cheras - Kajang Expressway (CKE) for the proposed Emerald 9 Cheras Development on Lot 809 and 810, Mukim Cheras, Daerah Hulu Langat, Selangor Darul Ehsan at a contract value of RM27.688 million ("Contract"). The physical construction work is expected to be completed by second quarter of 2022.

ii) The Company announced on 18 February 2020, that Konsep Khas Sdn Bhd ("KKS"), an associate of the Group had entered into a Distributor Agreement ("Agreement") with Krohne (M) Sdn Bhd to be appointed as a distributor and service partner of the Krohne's products and spare parts to the oil and gas industry in East Malaysia. The Agreement will become effective on 18 February 2020 with a initial term of one (1) year, and at the end of Agreement, both parties may consider entering into negotiation regarding possible extension of the Agreement.

iii) Minetech Construction Sdn Bhd ("MCSB"), a wholly-owned subsidiary of the Company had on 10 August 2018 entered into a MOU with Hong Kong Marine Construction Limited ("HKMC") to establish a cooperative and collaborative relationship with the view to embark into the businesses of land reclamation, industrial property development and port construction in Malaysia which has been approved by the Perak State government and involves the reclamation and the development of approximately 3,400 acres into a heavy industrial development with a sea port to provide logistic facilities. On 26 February 2020, the Board of Directors announced that there has been no further material development since the previous announcement.

iv) The Company announced on 22 April 2020, that Minetech Construction Sdn Bhd ("MCSB"), a wholly-owned subsidiary of the Company had received a Letter of Intent from Bumimaju MTE Engineering Sdn Bhd appointing MCSB as Contractor to undertake civil works related to Pipeline Laying Project in Hulu Grik, Perak Darul Ridzuan ("Project"). The Project is expected to take approximately 12 months from the date of securing the site, whilst the terms and conditions of the Project is to be finalised within 6 months' time.

v) The Company announced on 15 May 2020, that Minetech Construction Sdn Bhd ("MCSB"), a wholly-owned subsidiary of the Company had accepted a Letter of Award dated 12 May 2020 from Mutual Premium Sdn Bhd appointing MCSB as a sub-contractor to undertake and complete the subcontract works in accordance to the Contract Drawings, Bill of Quantities and Specifications for "Pembinaan Sekolah Baharu 36 Bilik Darjah dan Lain-lain Kemudahan di SMK Pelangi Perdana, Parit Buntar, Perak Darul Ridzuan" at a contract value of RM30.4 million ("Project"). The Project is expected to commence on June 2020 and is expected to be completed by February 2021.

19. Warrants

The Company had on 21 October 2019 announced that the Warrants will expire on 27 November 2019 pursuant to the terms and conditions as stipulated in the Deed Poll dated 24 October 2014. The Warrants have since lapsed and become null and void and cease to be valid for any purpose. Accordingly, the Warrants have been removed from the Official List of Bursa Malaysia Securities Berhad with effect from 28 November 2019.

20. Private Placement

The Company had on 12 May 2020 announced a Proposed Private Placement of new ordinary shares in MRB, representing up to ten percent (10%) of the total number of issued shares in MRB. As at 8 May 2020, being the latest practicable date prior to the announcement, the total number of issued shares of MRB is 999,489,900 and the number of the new MRB shares that could be issued under the Proposed Private Placement would be as follow:

(i) Up to 105,938,900 new MRB Shares, representing not more than ten percent (10%) of the Company's enlarged issued share capital, assuming the full exercise of 59,900,000 outstanding SIS options prior to the implementation of the Proposed Private Placement and assuming none of the 285,000 treasury shares are resold in the open market by MRB ("Maximum Scenario"); or

(ii) Up to 99,948,900 new MRB Shares, representing not more than ten percent (10%) of the Company's issued share capital, assuming that none of the outstanding SIS options are exercised prior to the implementation of the Proposed Private Placement and assuming none of the 285,000 treasury shares are resold in the open market by MRB ("Minimum Scenario").

Bursa Malaysia Securities Berhad had, vide its letter dated 19 May 2020, approved the listing and quotation of the proposed Private Placement.

On 15 June 2020, the Company had announced on fixing of issue price for the first tranche of Private Placement at RM0.235 each.

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:

	12 months period ended 31 Mar 2020 RM'000	12 months period ended 31 Mar 2019 RM'000
Current tax expense :		
- current tax provision	(1,559)	(2,023)
- over provision in prior years	-	48
	<u>(1,559)</u>	<u>(1,975)</u>
Current deferred tax		
- relating to origination and reversal of temporary differences	44	113
- under provision in prior years	-	(81)
	<u>(1,515)</u>	<u>(1,943)</u>

23. Status of corporate proposals

The Company had on 3 August 2016 implemented the Share Issuance Scheme ("SIS"). The exercise price of the share options granted under SIS is RM0.05 each.

On 16 April 2020, 28 April 2020 and 15 June 2020, the Company announced on the exercise of option under the SIS, which entailed the issuance and allotment of 38,200,000, 40,000,000 and 59,900,000 ordinary shares in the Company respectively.

24. Group borrowings

The Group's borrowings were as follows:-

	As at 31 March 2020		Total borrowings RM'000
	Long term RM'000	Short term RM'000	
<u>Secured</u>			
Term loans	8,655	1,564	10,219
Bank Overdrafts	-	6,148	6,148
Finance lease payables	1,275	1,836	3,111
Lease liabilities	-	516	516
Bankers acceptance/Letter of credit	-	2,323	2,323
	<u>9,930</u>	<u>12,387</u>	<u>22,317</u>
As at 31 March 2019			
	As at 31 March 2019		Total borrowings RM'000
	Long term RM'000	Short term RM'000	
<u>Secured</u>			
Term loans	10,241	938	11,179
Bank Overdrafts	-	9,114	9,114
Finance lease payables	6,193	5,452	11,645
Bankers acceptance/Letter of credit	-	3,094	3,094
	<u>16,434</u>	<u>18,598</u>	<u>35,032</u>

The term loans and finance lease payables for the current quarter ended 31 March 2020 recorded a decrease compared to correspondence quarter ended 31 March 2019 due to settlement of term loans and finance lease payables from disposal of subsidiary companies.

The Group has adopted MFRS 16 Leases on beginning of 1 April 2019. The Lease liabilities indicated above is supported by corresponding Right of Use Asset of RM0.5 million. The Lease liabilities repayment is on a monthly basis based on the operating lease agreement.

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

25. Derivatives

There were no derivatives for the current quarter under review.

26. 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 Summons 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.

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 2nd July 2020 for both parties to file their respective Supplementary Record of Appeals (if any). The Deputy Registrar of the Court of Appeal will also fix a hearing date for both Appeals (which will be heard together) during the next Case Management.

(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 2nd July 2020 for both parties to file their respective Supplementary Record of Appeals (if any). The Deputy Registrar of the Court of Appeal will also fix a hearing date for both Appeals (which will be heard together) during the next Case Management.

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.

27. Share capital

	Year to date ended 31 Mar 2020	Year to date ended 31 Mar 2019	Year to date ended 31 Mar 2020	Year to date ended 31 Mar 2019
	<u>Number of Shares</u>		<u>RM'000</u>	<u>RM'000</u>
	(<u>'000</u>)	(<u>'000</u>)		
Issued and fully paid-up				
<i>Ordinary shares with no par value</i>				
At 1 April	921,575	731,575	132,527	110,527
Shares issued during financial year	-	70,000	-	5,200
Issued pursuant to acquisition of subsidiary company	-	120,000	-	16,800
At 31 March	921,575	921,575	132,527	132,527

28. Dividends

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

29. Loss per share

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>3 months</u> <u>Quarter</u> <u>ended</u> <u>31 Mar 2020</u>	<u>3 months</u> <u>Quarter ended</u> <u>31 Mar 2019</u>	<u>Year to</u> <u>date ended</u> <u>31 Mar 2020</u>	<u>Year to</u> <u>date ended</u> <u>31 Mar 2019</u>
Basic loss per share				
Loss for the year (RM'000)	(11,584)	(10,387)	(11,133)	(15,072)
Weighted average number of ordinary shares ('000)	881,495	731,575	881,495	731,575
Effect of issuance of shares ('000)	-	150,205	-	150,205
Effect of treasury shares held ('000)	-	(285)	-	(285)
Adjusted weighted average number of ordinary shares ('000)	881,495	881,495	881,495	881,495
Basic loss per share (sen)	(1.31)	(1.18)	(1.26)	(1.71)

30. Notes to the Consolidated Statement of Comprehensive Income

	<u>Current</u> <u>Quarter</u> <u>Ended</u> <u>31 Mar 2020</u> <u>RM'000</u>	<u>Year-to -date</u> <u>Ended</u> <u>31 Mar 2020</u> <u>RM'000</u>
Interest income	(49)	(301)
Interest expense	372	1,642
Bad debts written off	205	250
Bad debts recovery	-	(1,973)
Unrealised gain on foreign exchange	(7)	(11)
Depreciation and amortisation	1,276	5,335
Loss/(Gain) on disposal of property, plant and equipment	540	(1,482)
(Gain)/Loss on disposal of subsidiary companies	(21)	1,155
Property, plant and equipment written off	9	27
Impairment loss on property, plant and equipment	221	221
Impairment loss on intangible assets	5,600	5,600
Impairment loss on receivables	59	92
Share of associate's result	2	2

31. Impact of Covid-19

Our operations are significantly impacted by Covid-19 due to stoppage of production and construction works during the second half of March to end of May 2020. The Group are complying with all the government's Standard Operating Procedures (SOP) to prevent the infection of Covid-19 among staff and visitors at all companies premises and worksites. We have sufficient resources and working capital to continue our operations during this RMCO (Recovery Movement Control Order) period.

32. Authorised for issuance

The interim financial statements for financial year ended 31 March 2020 has been approved by the Board of Directors of MRB on 29 June 2020 for release to the Bursa Securities.