



# **MINETECH RESOURCES BERHAD GROUP**

## **ANNOUNCEMENT PACKAGE**

**Q2/FY2018**

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

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

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year Quarter ended 30 Sep 2017 RM'000	Preceding Year Corr. Quarter ended 30 Sep 2016 RM'000	Current Year To Date ended 30 Sep 2017 RM'000	Preceding Year Corr. Year ended 30 Sep 2016 RM'000
Revenue	32,881	23,397	60,460	46,534
Cost of sales	(30,071)	(20,860)	(56,633)	(43,409)
<b>Gross profit</b>	<b>2,810</b>	<b>2,537</b>	<b>3,827</b>	<b>3,125</b>
Other income	629	365	1,764	615
Administrative expenses	(3,611)	(4,435)	(6,686)	(8,346)
Selling and marketing expenses	(203)	(115)	(370)	(223)
Finance costs	(498)	(470)	(916)	(835)
Share of loss in an associate company	-	(38)	-	(79)
<b>Loss before tax</b>	<b>(873)</b>	<b>(2,156)</b>	<b>(2,381)</b>	<b>(5,743)</b>
Tax expense	(272)	-	(314)	-
<b>Loss for the period</b>	<b>(1,145)</b>	<b>(2,156)</b>	<b>(2,695)</b>	<b>(5,743)</b>
<b>Other comprehensive income</b>				
Foreign currency translation differences	-	374	-	374
<b>Total comprehensive income</b>	<b>(1,145)</b>	<b>(1,782)</b>	<b>(2,695)</b>	<b>(5,369)</b>
<b>(Loss)/Profit attributable to:</b>				
Owners of the company	(1,803)	(1,782)	(3,477)	(5,392)
Non-controlling interests	658	(374)	782	(351)
	<b>(1,145)</b>	<b>(2,156)</b>	<b>(2,695)</b>	<b>(5,743)</b>
Loss per share (sen)				
- Basic	(0.25)	(0.26)	(0.48)	(0.78)
- 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 Second Quarter Ended 30 September 2017**  
(The figures have not been audited)

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year Quarter ended 30 Sep 2017 RM'000	Preceding Year Corr. Quarter ended 30 Sep 2016 RM'000	Current Year To Date ended 30 Sep 2017 RM'000	Preceding Year Corr. Year ended 30 Sep 2016 RM'000
<b>Net loss for the period</b>	(1,145)	(2,156)	(2,695)	(5,743)
<b>Other comprehensive income</b>				
Foreign currency translation differences	-	374	-	374
<b>Total comprehensive income</b>	<u>(1,145)</u>	<u>(1,782)</u>	<u>(2,695)</u>	<u>(5,369)</u>
<b>Total comprehensive income attributable to:</b>				
Owners of the company	(1,803)	(1,408)	(3,477)	(5,018)
Non-controlling interests	658	(374)	782	(351)
	<u>(1,145)</u>	<u>(1,782)</u>	<u>(2,695)</u>	<u>(5,369)</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 September 2017**

	<b>Unaudited As At 30 September 2017 RM'000</b>	<b>Audited As At 31 March 2017 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	49,958	46,064
Investment properties	1,648	1,648
Inventories	22,899	22,899
Investment in associate company	-	-
Property development expenditure	3,048	-
Quarry and premix development expenditure	3,917	3,231
Goodwill	1,517	1,517
	<u>82,987</u>	<u>75,359</u>
<b>Current assets</b>		
Inventories	8,090	8,067
Trade receivables	33,485	19,569
Other receivables	8,008	5,765
Amount due from customers for contract works	6,068	3,589
Tax Recoverables	630	934
Cash and bank balances	9,182	17,479
	<u>65,463</u>	<u>55,403</u>
<b>Total assets</b>	<u>148,450</u>	<u>130,762</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Group</b>		
Share capital	110,527	109,555
Less:- Treasury shares, at cost	(48)	(48)
Reserves	(41,669)	(38,192)
	<u>68,810</u>	<u>71,315</u>
Non-controlling interests	5,484	4,702
<b>Total equity</b>	<u>74,294</u>	<u>76,017</u>
<b>Non-current liabilities</b>		
Borrowings	6,386	15,314
Deferred tax liabilities	1,923	2,060
	<u>8,309</u>	<u>17,374</u>
<b>Current liabilities</b>		
Trade payables	31,800	22,657
Other payables	10,670	4,529
Amount due to customers for contract works	-	6
Borrowings	23,377	9,980
Tax payable	-	199
	<u>65,847</u>	<u>37,371</u>
<b>Total liabilities</b>	<u>74,156</u>	<u>54,745</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>148,450</u>	<u>130,762</u>
<b>Net assets per share (RM)</b> <b>attributable to owners of the parent</b>	<b>0.09</b>	<b>0.10</b>

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 Second Quarter Ended 30 September 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			
<b>At 1 April 2016</b>	99,764	791	(48)	183	21,972	(21,972)	(12,488)	88,202	299	88,501
Net loss for the financial period representing total comprehensive income	-	-	-	-	-	-	(5,018)	(5,018)	(351)	(5,369)
Issue of ordinary shares	4,500	-	-	-	-	-	-	4,500	-	4,500
<b>Balance as at 30 September 2016</b>	<b>104,264</b>	<b>791</b>	<b>(48)</b>	<b>183</b>	<b>21,972</b>	<b>(21,972)</b>	<b>(17,506)</b>	<b>87,684</b>	<b>(52)</b>	<b>87,632</b>
<b>At 1 April 2017</b>	109,555	-	(48)	(45)	21,972	(21,972)	(38,147)	71,315	4,702	76,017
Net loss for the financial period representing total comprehensive income	-	-	-	-	-	-	(3,477)	(3,477)	782	(2,695)
Issue of ordinary shares	972	-	-	-	-	-	-	972	-	972
<b>Balance as at 30 September 2017</b>	<b>110,527</b>	<b>0</b>	<b>(48)</b>	<b>(45)</b>	<b>21,972</b>	<b>(21,972)</b>	<b>(41,624)</b>	<b>68,810</b>	<b>5,484</b>	<b>74,294</b>

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 Second Quarter Ended 30 September 2017**

(The figures have not been audited)

	<b>6 Months To Date ended 30 Sep 2017 RM'000</b>	<b>Preceding period 6 months ended 30 Sep 2016 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before tax	(2,381)	(5,743)
Adjustments for:-		
Depreciation and amortisation	4,265	2,582
Gain on disposal of property, plant and equipment	(416)	(135)
Interest expenses	878	835
Property, plant and equipment written off	61	-
Share of loss on associate company	-	79
Reversal of impairment loss on Inventories	(32)	-
Interest income	(94)	(61)
<b>Operating profit / (loss) before changes in working capital</b>	<b>2,281</b>	<b>(2,443)</b>
Changes in working capital		
Increase in quarry and primix development expenditure	(1,387)	(11,166)
Decrease in inventories	9	(638)
Increase in receivables	(20,521)	9,299
Increase in payables	15,141	(3,740)
<b>Net cash used in operations</b>	<b>(4,477)</b>	<b>(8,688)</b>
Tax paid	(383)	(335)
Tax refund	18	-
Interest paid	(878)	(835)
Interest received	94	61
<b>Net cash used in operating activities</b>	<b>(5,626)</b>	<b>(9,797)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant & equipment	(9,804)	(8,536)
Proceeds from disposal of property, plant & equipment	2,702	-
Purchase of investment properties	-	(6,603)
Purchase of property held for future development	(3,048)	-
Proceeds from disposal of other investments	-	14,273
<b>Net cash used in investing activities</b>	<b>(10,150)</b>	<b>(866)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increasedd in fixed deposit pledged	(897)	-
Net Repayment of short term borrowings	1,652	(1,886)
Drawdown of term loans	-	6,637
Proceeds from hire-purchase	7,068	1,427
Repayment of term loans	(639)	-
Repayment of hire-purchase and lease creditors	(2,873)	(1,460)
Proceeds from issuance of shares	972	4,500
<b>Net cash generated from financing activities</b>	<b>5,283</b>	<b>9,218</b>
<b>Net Change in Cash &amp; Cash Equivalents</b>	<b>(10,493)</b>	<b>(1,445)</b>
Cash and Cash Equivalents at beginning of the period	12,695	9,308
Effect on foreign exchange rate changes	-	-
<b>Cash and Cash Equivalents at end of period</b>	<b>2,202</b>	<b>7,863</b>
<b>Note</b>		
Fixed deposit with licensed banks	4,039	3,411
Cash and bank balances	5,143	11,715
Bank overdrafts	(2,951)	(4,459)
Less: fixed deposits pledged to a licensed bank	6,231	10,667
	(4,029)	(2,804)
	<b>2,202</b>	<b>7,863</b>

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 use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under MFRS 139.

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.

## **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 6 months ended 30 September 2017:

	Quarry and Premix Products RM'000	Civil Engineering RM'000	Bituminous Products RM'000	Others RM'000	Elimination RM'000	Consolidation RM'000
<b>Revenue</b>						
Sales to external customers	41,724	11,921	6,772	43	-	60,460
Inter-segment sales	508	84	-	63	(655)	-
	<u>42,232</u>	<u>12,005</u>	<u>6,772</u>	<u>106</u>	<u>(655)</u>	<u>60,460</u>
Segment results	1,558	481	191	(3,551)	(144)	(1,465)
Finance costs						(916)
Share of loss of associated companies						-
Loss before tax						<u>(2,381)</u>
Taxation						<u>(314)</u>
Net loss for the financial period						<u><u>(2,695)</u></u>
<b>Assets</b>						
Segment assets	<u>99,504</u>	<u>29,519</u>	<u>9,480</u>	<u>65,913</u>	<u>(61,647)</u>	<u>142,769</u>
<b>Liabilities</b>						
Segment liabilities	<u>99,845</u>	<u>17,374</u>	<u>4,576</u>	<u>19,209</u>	<u>(72,529)</u>	<u>68,475</u>

Segmental information for the 6 months ended 30 September 2016:

	Quarry and Premix Products RM'000	Civil Engineering RM'000	Bituminous Products RM'000	Others RM'000	Elimination RM'000	Consolidation RM'000
<b>Revenue</b>						
External customers	24,132	15,057	7,248	97	-	46,534
Inter-segment sales	7,098	244	2	646	(7,990)	-
	<u>31,230</u>	<u>15,301</u>	<u>7,250</u>	<u>743</u>	<u>(7,990)</u>	<u>46,534</u>
Segment results	(5,310)	908	972	(1,399)	-	(4,829)
Finance costs						(835)
Share of loss of associated companies						(79)
Loss before tax						<u>(5,743)</u>
Taxation						-
Net loss for the financial period						<u><u>(5,743)</u></u>
<b>Assets</b>						
Segment assets	<u>72,811</u>	<u>30,883</u>	<u>13,757</u>	<u>112,324</u>	<u>(86,652)</u>	<u>143,123</u>
<b>Liabilities</b>						
Segment liabilities	<u>65,862</u>	<u>19,252</u>	<u>8,366</u>	<u>26,948</u>	<u>(64,938)</u>	<u>55,490</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 September 2017.

## 13. Changes in contingent assets or contingent liabilities

The changes in contingent liabilities were as below:-

	As at 30 Sep 2017 RM'000	As at 30 Sep 2016 RM'000
Corporate guarantees	21,941	27,065

## 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 Sep 2017 RM'000	3 Months As at 30 Sep 2016 RM'000
Legal fees	7	-
Rental paid to Choy Sen @ Chin Kim Sang	52	46
Rental paid to Low Choon Lan	-	14

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 Sep 2017 RM'000	3 months ended 30 Sep 2016 RM'000	3 months ended 30 Sep 2017 RM'000	3 months ended 30 Sep 2016 RM'000
Quarry and Premix Products	23,477	18,695	1,164	(1,532)
Civil Engineering	6,206	6,291	251	189
Bituminous Products	3,713	2,979	85	252
Others	16	(1,289)	(1,834)	(557)
Eliminations	(531)	(3,279)	(41)	-
Group	32,881	23,397	(375)	(1,648)
Less: Finance Costs			(498)	(470)
Less: Share of loss in associate			-	(38)
Loss Before Tax			(873)	(2,156)

The Group recorded a revenue of RM32.9 million and loss before tax of RM0.9 million in the current reporting quarter. For the preceding year corresponding quarter, the Group recorded revenue and loss before tax of RM23.4 million and RM2.2 million respectively.

The detailed description of each operation segment are shown below.

## 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 RM23.5 million as compared to the previous year's quarter mainly due to higher sales of quarry and asphaltic premix products.

Operating profit at RM1.2 million for the current quarter as compared to the previous corresponding quarter operating loss at RM1.5 million was mainly due to higher sales and control over the cost of sales.

### Civil Engineering

Revenue recorded for this segment was RM6.2 million and an operating profit of RM0.3 million compared with same quarter of last financial year's revenue of RM6.3 million and operating profit of RM0.2 million.

The operating profit is higher than corresponding period is mainly due to saving in operating expenses.

### Bituminous Products

Revenue recorded for this segment was RM3.7 million and an operating profit of RM0.1 million compared with same quarter of last financial year's revenue of RM3.0 million and operating profit of RM0.3 million.

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

### **Comparison with immediate preceding quarter's results (Q2-FY'18 vs Q1-FY'18)**

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

Operating Segment	Current	Immediate	Variance	
	Quarter	preceding		
	RM'000	Quarter	RM'000	%
Quarry and Premix Products	23,477	18,755	4,722	25%
Civil Engineering	6,206	5,799	407	7%
Bituminous Products	3,713	3,059	654	21%
Others	16	90	(74)	-82%
Eliminations	(531)	(124)	(407)	328%
Group	<u>32,881</u>	<u>27,579</u>		
Loss Before Tax	<u>(873)</u>	<u>(1,508)</u>	635	>100%

For the current quarter under review, the quarry and premix products segment generated a higher revenue of RM23.5 million compared to RM18.8 million recorded in the immediate preceding quarter, mainly due to the higher contract production volume recorded in quarry operation as well as premix sales.

The civil engineering segment recorded a turnover of RM6.2 million compared to RM5.8 million in the immediate preceding quarter, mainly due to higher rate of work at a project.

The bituminous products recorded RM3.7 million compared to RM3.1 million in the immediate preceding quarter, as overseas sales has improved.

Group Loss before tax of RM0.9 million in the current quarter was lower compared to the RM1.5 million registered in the immediate preceding quarter is mainly due to higher revenue achieved.

## 17. Prospects

The market condition of the quarry operations is expected to be satisfactory in the coming reporting quarters. However, the asphaltic premix segment is facing a challenging price environment with thin profit margin, as a result. 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 improvements 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 September 2017 RM'000	As at 31 March 2017 RM'000
Realised	(67,817)	(74,520)
Unrealised	(1,924)	(2,221)
	<u>(69,741)</u>	<u>(76,741)</u>
Total share of accumulated losses from associate companies -realised	12	227
	<u>(69,729)</u>	<u>(76,514)</u>
Consolidated adjustments	28,105	38,367
Total Group accumulated losses	<u>(41,624)</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:

	6 Months period ended 30 Sep 2017 RM'000	6 Months period ended 30 Sep 2016 RM'000
<b>Current tax expense :</b>		
- current taxation	(314)	-
- under/(over) provision in prior year	-	-
	<u>(314)</u>	<u>-</u>
<b>Current deferred tax</b>		
- relating to origination and reversal fo temporary differences	-	-
- relating to changes in tax rate	-	-
- under provision in prior year	-	-
	<u>-</u>	<u>-</u>
	<u>(314)</u>	<u>-</u>

## 21. Status of corporate proposals

### Rights Issue

As at 30 September 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 September 2017		
	Long term RM'000	Short term RM'000	Total borrowings RM'000
<u>Secured</u>			
Term loans	5,986	471	6,457
Bank Overdrafts	-	2,951	2,951
Finance Lease Payables	400	17,518	17,918
Bankers acceptance/Letter of credit	-	2,437	2,437
	<u>6,386</u>	<u>23,377</u>	<u>29,763</u>
	As at 30 September 2016		
	Long term RM'000	Short term RM'000	Total borrowings RM'000
<u>Secured</u>			
Term loans	6,637	-	6,637
Finance Lease Payables	605	15,166	15,771
Bank Overdrafts	-	1,137	1,137
<u>Unsecured</u>			
Bankers acceptance/Letter of credit	-	4,459	4,459
	<u>7,242</u>	<u>20,762</u>	<u>28,004</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 23 November 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 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 and 13th November 2017. The Trial is scheduled to continue for one more day on 23rd November 2017, after which the Judge will fix dates for both parties' counsels to file their respective written submissions (on the facts deduced from the Trial and the applicable questions of law). This will usually be followed by the Judge fixing a date for both parties' counsels to make oral submission and thereafter the Judge will deliver her decision, most probably sometime in January or February 2018.

As the Trial is confined to the finding of liability, should the Judge decides Suit 288 in our favour, then the Court will fix further date(s) to assess the damages payable by SMGQ to us.

Our solicitors are cautiously optimistic that Suit 288 (in particular the question of wrongful termination of the Quarry Agreement by SMGQ) will be decided in our favour.

The exposure of our liabilities in the worst case scenario should Suit 288 be dismissed and SMGQ's counterclaim be allowed would be us 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")**

As stated above, Suit 433 and Suit 288 are tried together. Hence the continued Trial date on 23rd November 2017 and the need for the Judge to fix dates for both parties' counsels to file their respective written submissions, to do oral submission and for decision are equally applicable here.

Suit 433 was undertaken to enhance our suit 288. 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 Sep 17</u>	<u>3 months Quarter ended 30 Sep 16</u>	<u>Year to date ended 30 Sep 17</u>	<u>Year to date ended 30 Sep 16</u>
<b>Basic earnings/(loss) per share</b>				
Loss for the period (RM'000)	(1,803)	(1,782)	(3,477)	(5,392)
Weighted average no of ordinary shares ('000)	731,575	694,809	731,575	694,809
Basic loss per share (sen)	<u>(0.25)</u>	<u>(0.26)</u>	<u>(0.48)</u>	<u>(0.78)</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 Sep 17 RM'000</u>	<u>Year-to -date Ended 30 Sep 17 RM'000</u>
Interest income	(67)	(94)
Interest expense	481	878
Depreciation and amortisation	2,181	4,265
Gain on disposal of property, plant and equipment	(92)	(416)
Property, plant and machineries written off	61	61
Reversal on impairment loss on Inventories	<u>-</u>	<u>(32)</u>

## 27. Authorised for issuance

The interim financial statements for financial period ended 30 September 2017 has been seen and approved by the Board of Directors of MRB on 23 November 2017 for release to the Bursa Securities.