



**MINETECH**

**MINETECH RESOURCES BERHAD GROUP**

**ANNOUNCEMENT PACKAGE**

**Q3/FY2021**

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

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

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<b>Current Year Quarter ended 31 Dec 2020</b>	<b>Preceding Year Quarter ended 31 Dec 2019</b>	<b>Current Year To Date Ended 31 Dec 2020</b>	<b>Preceding Year To Date Ended 31 Dec 2019</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Continued operations</b>				
Revenue	28,261	19,198	54,152	65,908
Cost of sales	(24,223)	(17,213)	(46,148)	(59,557)
<b>Gross Profit</b>	<b>4,038</b>	<b>1,985</b>	<b>8,004</b>	<b>6,351</b>
Other income	1,456	2,875	2,235	7,026
Administrative expenses	(4,267)	(3,894)	(11,492)	(10,704)
Selling and marketing expenses	(106)	(177)	(299)	(394)
Finance costs	(396)	(330)	(994)	(1,386)
Share of associate company's result	70	-	11	-
<b>Profit/(Loss) before tax</b>	<b>795</b>	<b>459</b>	<b>(2,535)</b>	<b>893</b>
Tax expense	(441)	(234)	(1,223)	(1,111)
<b>Profit/(Loss) from continued operations</b>	<b>354</b>	<b>225</b>	<b>(3,758)</b>	<b>(218)</b>
<b>Discontinued operation</b>				
Loss from discontinued operation, net of tax	(33)	-	(905)	-
<b>Net Profit/(Loss) for the period</b>	<b>321</b>	<b>225</b>	<b>(4,663)</b>	<b>(218)</b>
<b>Other comprehensive income/(loss)</b>				
<b>Items that are or may be reclassified subsequently to profit or loss</b>				
- Exchange translation differences for foreign operation	3	-	3	8
<b>Total comprehensive income/(loss)</b>	<b>324</b>	<b>225</b>	<b>(4,660)</b>	<b>(210)</b>
<b>Profit/(Loss) attributable to:</b>				
Owners of the Parent	232	1,180	(4,056)	451
Non-controlling interests	89	(955)	(607)	(669)
	<b>321</b>	<b>225</b>	<b>(4,663)</b>	<b>(218)</b>
<b>Total comprehensive profit/(loss) attributable to:</b>				
Owners of the Parent	235	1,180	(4,053)	459
Non-controlling interests	89	(955)	(607)	(669)
	<b>324</b>	<b>225</b>	<b>(4,660)</b>	<b>(210)</b>
Earnings/(Loss) per share (sen)				
- Basic	0.02	0.13	(0.35)	0.05
- Diluted	0.02	0.13	(0.35)	0.05

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 2020.

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

**Condensed Consolidated Statement Of Financial Position**  
**As at 31 December 2020**

	<b>Unaudited As At 31 December 2020 RM'000</b>	<b>Audited As At 31 March 2020 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	17,041	16,273
Right of use assets	12,530	13,004
Investment properties	10,848	10,944
Inventories	8,065	8,065
Investment in associates	129	118
Quarry development expenditure	-	356
Intangible assets	-	7,320
Other investment	-	64
Other receivables	342	342
	<u>48,955</u>	<u>56,486</u>
<b>Current assets</b>		
Inventories	1,858	8,388
Contract assets	16,666	3,327
Trade receivables	18,640	28,980
Other receivables	9,501	14,344
Amount due from an associate company	6,576	-
Tax recoverables	154	259
Other investments	4,458	155
Asset held for sale	27,959	-
Fixed deposits with licensed bank	7,395	7,390
Cash and bank balance	16,862	10,390
	<u>110,069</u>	<u>73,233</u>
<b>Total assets</b>	<u>159,024</u>	<u>129,719</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the company</b>		
Share capital	166,813	132,527
Less:- Treasury shares, at cost	(48)	(48)
Reserves	(71,838)	(67,785)
	<u>94,927</u>	<u>64,694</u>
Non-controlling interests	1,545	2,152
<b>Total equity</b>	<u>96,472</u>	<u>66,846</u>
<b>Non-current liabilities</b>		
Lease and borrowings	15,474	10,702
Deferred tax liabilities	2,345	2,329
	<u>17,819</u>	<u>13,031</u>
<b>Current liabilities</b>		
Trade payables	17,651	26,352
Other payables	2,298	11,514
Lease and borrowings	5,334	11,730
Tax payable	921	246
Liabilities associated to asset held for sale	18,529	-
	<u>44,733</u>	<u>49,842</u>
<b>Total liabilities</b>	<u>62,552</u>	<u>62,873</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>159,024</u>	<u>129,719</u>
<b>Net assets per share (RM)</b>	<b>0.08</b>	<b>0.07</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 2020.**

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

Condensed Consolidated Statements of Changes in Equity  
For the Financial Period Ended 31 December 2020  
(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
<b>At 1 April 2020</b>	132,527	(48)	-	-	-	(67,785)	64,694	2,152	66,846
Loss for the financial period	-	-	-	-	-	(4,056)	(4,056)	(607)	(4,663)
Other comprehensive income	-	-	3	-	-	-	3	-	3
<b>Total comprehensive loss for the financial period</b>	-	-	3	-	-	(4,056)	(4,053)	(607)	(4,660)
<b>Transactions with owners:</b>									
Issuance of share capital	34,286	-	-	-	-	-	34,286	-	34,286
	34,286	-	-	-	-	-	34,286	-	34,286
<b>At 31 December 2020</b>	<b>166,813</b>	<b>(48)</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>(71,841)</b>	<b>94,927</b>	<b>1,545</b>	<b>96,472</b>

	----- 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
<b>At 1 April 2019</b>	132,527	(48)	71	21,972	(21,972)	(56,626)	75,924	8,884	84,808
Loss for the financial period	-	-	-	-	-	451	451	(669)	(218)
Other comprehensive income	-	-	8	-	-	-	8	-	8
<b>Total comprehensive income/ (loss) for the financial period</b>	-	-	8	-	-	451	459	(669)	(210)
<b>Transactions with owners:</b>									
Disposal of non-controlling interest	-	-	-	-	-	572	572	(6,745)	(6,173)
	-	-	-	-	-	572	572	(6,745)	(6,173)
<b>At 31 December 2019</b>	<b>132,527</b>	<b>(48)</b>	<b>79</b>	<b>21,972</b>	<b>(21,972)</b>	<b>(55,603)</b>	<b>76,955</b>	<b>1,470</b>	<b>78,425</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 2020.

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

**Condensed Consolidated Statement Of Cash Flows**  
**For the Financial Period Ended 31 December 2020**

**(The figures have not been audited)**

	<b>9 Months To Date ended 31 December 2020 RM'000</b>	<b>Preceding period 9 months ended 31 December 2019 RM'000</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
(Loss) / Profit before tax from continuing operations	(2,535)	893
Loss before tax from discontinued operation	(905)	-
(Loss) / Profit before tax	<u>(3,440)</u>	<u>893</u>
Adjustments for:-		
Bad debts written off	-	45
Bad debts recovery	(1,040)	(2,811)
Depreciation and amortisation	3,013	4,059
Gain on disposal of property, plant and equipment	(227)	(2,022)
(Gain)/Loss on disposal of subsidiaries	(28)	1,176
Finance costs	1,258	1,270
Unrealised gain on foreign exchange	(117)	(4)
Impairment losses on:		
- receivables	902	33
Property, plant and equipment written off	-	18
Share of associate company's result	(11)	-
Interest income	(298)	(252)
<b>Operating profit before changes in working capital</b>	<u><b>12</b></u>	<u><b>2,405</b></u>
Changes in working capital		
Quarry development expenditure	88	57
Inventories	(1,129)	(2,259)
Receivables	6,157	(4,447)
Contract assets	(13,339)	4,459
Payables	(6,147)	(764)
<b>Net cash used in operations</b>	<u><b>(14,358)</b></u>	<u><b>(549)</b></u>
Tax paid	(781)	(992)
Tax refund	437	1,435
Interest paid	(1,258)	(1,270)
Interest received	298	252
<b>Net cash used in operating activities</b>	<u><b>(15,662)</b></u>	<u><b>(1,124)</b></u>

	<b>9 Months To Date ended 31 December 2020 RM'000</b>	<b>Preceding period 9 months ended 31 December 2019 RM'000</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant & equipment	(188)	(593)
Proceeds from disposal of property, plant and equipment	340	7,659
Changes in inventories	-	6,335
Changes in amount due to associate company	(6,576)	22
Changes in other investments	(4,303)	(672)
<b>Net cash (used in)/generated from investing activities</b>	<b>(10,833)</b>	<b>12,751</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Net changes in fixed deposits pledged	(1,906)	3,339
Net changes in borrowings	3,512	(1,373)
Drawdown/(Repayment) of term loans	3,046	(700)
Proceeds from finance lease payables	-	454
Repayment of lease liabilities and finance lease payables	(1,340)	(3,491)
Proceeds from issuance of shares	34,286	-
<b>Net cash generated from/(used in) financing activities</b>	<b>37,598</b>	<b>(1,771)</b>
<b>Net Changes in Cash and Cash Equivalents</b>	<b>11,103</b>	<b>9,856</b>
Cash and Cash Equivalents at beginning of the period	4,254	(4,199)
Effects of exchange translation differences on cash and cash equivalents	117	4
<b>Cash and Cash Equivalents at the end of period</b>	<b>15,474</b>	<b>5,661</b>
<b>Cash and Cash Equivalents comprises of :</b>		
Fixed deposits with licensed banks	7,395	7,858
Cash and bank balances	16,862	14,179
	24,257	22,037
Bank overdrafts	(1,399)	(8,529)
	22,858	13,508
Less: fixed deposits pledged to licensed banks	(7,384)	(7,847)
	<b>15,474</b>	<b>5,661</b>

**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 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 2020.

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 2020.

**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:

Amendments to Reference to the Conceptual Framework in MFRS Standards	
Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 7, 9 & 139	Interest Rate Benchmark Reform
Amendments to MFRS 101 & 108	Definition of Material
Amendments to MFRS 16	Covid-19-Related Rent Concessions
MFRS 4	Extension of the Temporary Exemption from Applying MFRS 9 (Amendments to MFRS 4 Insurance Contracts)

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 3	Reference to the Conceptual Framework
Amendment to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendment to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract
Annual Improvement to MFRS Standards 2018 - 2020	
MFRS 17	Insurance Contracts
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
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 2020 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 Products : Provision of turnkey and specialised quarry services, sales and marketing of quarry products.

Civil Engineering : Specialised civil engineering works.

Bituminous Products : Manufacturing and trading of bituminous products.

Services : Provision of 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 2020:

	Quarry Products RM'000	Civil Engineering RM'000	Bituminous Products RM'000	Services RM'000	Others RM'000	Elimination RM'000	Total RM'000	Quarry Products (discontinued) RM'000	Consolidation RM'000
<b>Revenue</b>									
Revenue to external customers	2,815	36,633	7,217	7,440	47	-	54,152	10,905	65,057
Inter-segment revenue	-	-	-	-	1,003	(1,003)	-	-	-
	<u>2,815</u>	<u>36,633</u>	<u>7,217</u>	<u>7,440</u>	<u>1,050</u>	<u>(1,003)</u>	<u>54,152</u>	<u>10,905</u>	<u>65,057</u>
Segment results	157	4,978	113	481	(5,792)	(1,478)	(1,541)	(541)	(2,082)
Finance costs							(994)	(364)	(1,358)
Loss before tax							(2,535)	(905)	(3,440)
Taxation							(1,223)	-	(1,223)
Net loss for the period							<u>(3,758)</u>	<u>(905)</u>	<u>(4,663)</u>
<b>Assets</b>									
Segment assets	<u>11,001</u>	<u>52,366</u>	<u>9,905</u>	<u>6,960</u>	<u>110,206</u>	<u>(47,820)</u>	<u>142,618</u>	<u>16,406</u>	<u>159,024</u>
<b>Liabilities</b>									
Segment liabilities	<u>35,785</u>	<u>31,610</u>	<u>3,854</u>	<u>6,595</u>	<u>30,939</u>	<u>(60,050)</u>	<u>48,733</u>	<u>13,819</u>	<u>62,552</u>

Segmental information for the 9 months ended 31 December 2019:

	Quarry Products RM'000	Civil Engineering RM'000	Bituminous Products RM'000	Property Development RM'000	Others RM'000	Elimination RM'000	Consolidation RM'000
<b>Revenue</b>							
Revenue to external customers	22,509	30,487	12,326	168	418	-	65,908
Inter-segment revenue	38	3,793	-	-	-	(3,831)	-
	<u>22,547</u>	<u>34,280</u>	<u>12,326</u>	<u>168</u>	<u>418</u>	<u>(3,831)</u>	<u>65,908</u>
Segment results	4,998	3,573	666	(7)	(4,697)	(2,254)	2,279
Finance costs							(1,386)
Profit before tax							893
Taxation							(1,111)
Net loss for the period							<u>(218)</u>
<b>Assets</b>							
Segment assets	<u>31,283</u>	<u>43,285</u>	<u>11,413</u>	<u>-</u>	<u>77,719</u>	<u>(26,273)</u>	<u>137,427</u>
<b>Liabilities</b>							
Segment liabilities	<u>49,717</u>	<u>25,823</u>	<u>5,345</u>	<u>-</u>	<u>29,185</u>	<u>(51,068)</u>	<u>59,002</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 Dec 2020 RM'000	As at 31 Dec 2019 RM'000
Corporate guarantees	17,658	23,549
Bank guarantees	6,863	5,753
	<u>6,863</u>	<u>5,753</u>

#### 14. Capital commitments

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

#### 15. Related party transactions

	Current Quarter Ended 31 Dec 2020 RM'000	Year-to -date Ended 31 Dec 2020 RM'000
Sales of direct material to related companies	(3,476)	(5,503)
Management fees from related companies	(742)	(1,003)
Commission from from related company	(98)	(148)
Rental Income from related companies	(65)	(256)
Purchase of direct material from related companies	47	72
Office rental paid to related companies	27	139
Management fees paid to related companies	862	1,003
Transportation charged from related company	65	133
Rental paid to related companies	30	117
Advances to related companies	-	1,656
	<u>-</u>	<u>1,656</u>

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 31 Dec 2020	3 months ended 31 Dec 2019	3 months ended 31 Dec 2020	3 months ended 31 Dec 2019
	RM'000	RM'000	RM'000	RM'000
Quarry Products	1,074	6,104	164	1,614
Quarry Products (discontinued)	4,819	-	278	-
Civil Engineering	15,918	9,547	1,542	1,179
Bituminous Products	3,812	3,368	340	39
Services	7,440	-	481	-
Others	739	139	(309)	(1,234)
Eliminations	(721)	40	(1,220)	(809)
Group	33,081	19,198	1,276	789
Less: Finance Costs			(514)	(330)
Profit Before Tax			762	459

The Group's revenue has improved to RM33.08 million and recorded a operating profit of RM0.76 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 RM19.2 million and profit before tax of RM0.46 million respectively.

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

#### Quarry Products

Revenue for the quarry products segment has decreased to RM5.89 million with an operating profit of RM0.44 million as compared to the previous year's corresponding quarter revenue of RM6.10 million and operating profit of RM1.61 million. Lower of revenue is due to replacement of quarry subcontractor which result in lesser productions.

#### Civil Engineering

Revenue for the current quarter has increased to RM15.92 million with an operating profit of RM1.54 million compared with the same quarter of the last financial year's revenue of RM9.54 million and operating profit of RM1.18 million.

The higher revenue recorded for this reporting quarter is mainly due to new projects undertaken namely, YTL Electrified Double Track (YEDT), YEDT2 and Cheras-Kajang Expressway with total combined revenue contribution of RM9.2 million. On the other hand, the revenue recorded for Selinsing Gold Mine has been consistent with the preceding year's corresponding quarter at approximately RM6 million.

#### Bituminous Products

Revenue recorded for this segment for this reporting quarter was RM3.81 million with an operating profit of RM0.34 million as compared with same quarter of the last financial year's revenue of RM3.37 million and operating profit of RM0.04 million. The higher revenue is due to more local and export demand of the products after MCO was imposed by government in first reporting quarter.

#### Services

This newly segment under current quarter contributed revenue and operating profit of RM7.44 million and RM0.48 million respectively, which is generated through contract awarded to a newly incorporated subsidiary.

### Comparison with immediate preceding quarter's results (Q3-FY'21 vs Q2-FY'21)

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 Products	1,074	1,093	(19)	-2%
Quarry Products (discontinued)	4,819	4,533	286	6%
Civil Engineering	15,918	14,566	1,352	9%
Bituminous Products	3,812	2,148	1,664	77%
Services	7,440	-	7,440	0%
Others	739	158	581	368%
Eliminations	(721)	(141)	(580)	0%
Group	33,081	22,357		
Profit/(Loss) Before Tax	762	(1,325)	2,087	>100%

For the current quarter under review, the quarry products segment's revenue had increased to RM5.89 million compared to RM5.63 million recorded in the immediate preceding quarter as a result of quarry business operation is in full recovering mode in current quarter after release of the Movement Control Order ("MCO").

The civil engineering segment's revenue increased to RM15.92 million as compared to RM14.57 million mainly due to increase of capacity in order to meet the backlog demand in previous first quarter.

The bituminous products segment recorded a increase of revenue to RM3.81 million as compared to the revenue of RM2.15 million recorded in the immediate preceding quarter due to more local and export demand of the products after MCO was imposed by government in first reporting quarter.

The new services segment under current quarter contributed revenue of RM7.4million which is generated through contract awarded to a newly incorporated subsidiary.

The Group performance has recorded a profit before tax of RM0.76 million as compared to loss before tax of RM1.33 million recorded in the immediate preceding quarter due mainly to recovery of work operations after relaxation of MCO.

## 17. Prospects

Malaysia's economy posted a smaller decline of 2.7% in the third quarter of 2020, an improvement compared to the double-digit decline of 17.1% in the second quarter of 2020 (*Malaysian Economic Performance Third Quarter 2020, Department of Statistics Malaysia*) as the economy continues to recover from the impact of the Covid-19 pandemic and the various phases of Movement Control Order ("MCO").

Selective business sectors resumption allowed by the Government during the Conditional Movement Order has helped the Group into better position during the third quarter under review which have seen improved revenue and earnings from our civil engineering, bituminous products and services segments.

The remaining quarters under the financial year will continue to be challenging. For the year 2020, World Bank revises Malaysia's 2020 GDP forecast to larger 4.9% contraction. Malaysia's GDP nonetheless is expected to grow between 6.5% and 7.5% in year 2021 (*Economic Report 2020/2021, The Edge Malaysia Weekly on November 9-15, 2020 & Chong Jin Hun, theedgemarkets.com on September 29, 2020*).

As we continue to tackle a myriad of challenges in our business environment due to the global and domestic economic slowdown, the Group aims to strengthen our resilience and financial position by exploring strategic restructuring initiatives that have seen us embarking into technology and innovation, and penetration into second-tier construction activities. In line with the Group's strategic restructuring initiatives, we are re-evaluating our capacity and strengths. We continue to ensure minimal interruption to the existing projects from all aspects: operation, manpower, supply chain and distribution networks, in line with the Government imposed SOP.

In a prudent approach we are optimistic of the recovery in the remaining quarters of the financial year given the Government's Stimulus Packages to tackle the Covid-19 economic fallout and the progress in the vaccination exploration to cure Covid-19 throughout the world.

## 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 13 August 2020, Minetech Construction Sdn Bhd ("MCSB"), a wholly-owned subsidiary of the Company had entered into a Memorandum of Understanding ("MOU") with Borneo Oil & Gas Corporation Sdn Bhd to establish joint collaboration to undertake mining works at Hutan Simpan Bukit Ibam, Mukim Keratong, Daerah Rompin, Pahang Darul Makmur ("Land") ("Joint Collaboration"). On 27 November 2020, the Board of Directors announced that there has been no further material development since the previous announcement.

ii) The Company had on 26 June 2020, entered into a Memorandum of Understanding ("MOU") with Hadid Oil & Gas LLP ("HAG") to collaboratively engage in potential business opportunities, particularly in the field of oil & gas, construction and any other sectors where both Parties identified and jointly agreed to pursue, in the Republic of Kazakhstan and/or in any other countries and region. On 27 November 2020, the Board of Directors announced that there has been no further material development since the previous announcement.

iii) Techmile Resources Sdn Bhd ("TRSB"), a wholly-owned subsidiary of the Company had on 27 October 2020 accepted a Letter of Award dated 19 October 2020 ("LOA") from ARNN Technologies Sdn Bhd ("ATSB") appointing TRSB as a contractor to undertake and complete the contract works for "Merekabentuk, membangun, membekal, memasang, mengkonfigurasi, menguji dan mentauliah Pusat Data Bersepadu" at a contract value of RM37,462,130, on a Call Out Basis Option for Works ("Works"). The Works will commence upon acceptance of service order and is expected to be completed within 24 months from the commencement date with any extension period obtained from the project owner to be added to the completion date.

iv) Konsep Khas Sdn Bhd ("KKSB"), an associate company of the Company had on 10 November 2020 accepted a Letter of Offer form K.H. Communication Sdn Bhd for the sub-contract works in relation to the provision of construction services for the supply, delivery and installation of traffic signs and overhead signboards for development and upgrading of Pan Borneo Highway in Sarawak - Phase 1 (Project) for Serian, Sri Aman, Bintulu and Miri Stretches at a contract value of RM15,040,000 ("Project"). The Project is expected to start effective from 2 November 2020 which shall take approximately twelve (12) months from the date of commencement, and the Project shall be completed on 1 November 2021.

## 19. 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.

The Company has made placements as follows:

(i) First tranche Private Placement of 48,000,000 new MRB Shares at RM0.235 each on 15 June 2020 and completed on 25 June 2020

(ii) Second tranche Private Placement of 30,000,000 new MRB Shares at RM0.275 each on 7 July 2020 and completed on 20 July 2020

(iii) Third tranche Private Placement of 27,938,900 new MRB Shares at RM0.281 each on 30 July 2020 and completed on 12 August 2020

## 19. Private Placement (Cont'd)

### Status of Utilisation of Proceeds from Placement Shares

The proceeds from private placement of three tranches are RM27.38 million after the corporate exercise of the private placement.

As at 31 December 2020, the Group had utilised the proceeds from 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 three tranches						
a) Construction Projects Expenditure	9,000	-	Within 24 months	9,000	100%	In progress
b) Development of Large Scale Solar Photovoltaic Plant ("Solar Plant")	9,500	4,202	Within 12 months	5,298	56%	In progress
c) Working capital	8,729	5,643	Within 12 months	3,086	35%	In progress
d) Estimate expenses in relation to Private Placement	152	152	Within 6 months	-	-	
<b>Total</b>	<b>27,381</b>	<b>9,997</b>		<b>17,384</b>		

## 20. Profit forecast/profit guarantee

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

## 21. Tax expense

Tax expenses were as follows:

	9 months period ended 31 Dec 2020 RM'000	9 months period ended 31 Dec 2019 RM'000
<b>Current tax expense :</b>		
- current tax provision	(1,223)	(1,111)

## 22. Status of corporate proposals

There were no corporate proposal as at the date of this report.

## 23. Group lease and borrowings

The Group's lease and borrowings were as follows:-

	As at 31 December 2020		
	Long term RM'000	Short term RM'000	Total borrowings RM'000
<u>Secured</u>			
Term loans	10,545	1,605	12,150
Bank overdrafts	-	1,399	1,399
Lease liabilities	4,929	710	5,639
Bankers acceptance/Letter of credit	-	1,620	1,620
	15,474	5,334	20,808
	As at 31 December 2019		
	Long term RM'000	Short term RM'000	Total borrowings RM'000
<u>Secured</u>			
Term loans	8,914	1,567	10,481
Bank overdrafts	-	8,529	8,529
Lease liabilities	2,984	560	3,544
Bankers acceptance/Letter of credit	-	2,620	2,620
	11,898	13,276	25,174

The term loans and finance lease payables for the current quarter ended 31 December 2020 recorded an decrease compared to correspondence quarter ended 31 December 2019 due to reclassification of term loans and lease liabilities from subsidiary companies to liabilities associated for asset held for sale.

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

## 24. Derivatives

There were no derivatives for the current quarter under review.

## 25. 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 to be heard together on 31st March 2021.

### **(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 to be heard together on 31st March 2021.

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.

## 26. Share capital

	Year to date ended 31 Dec 2020	Year to date ended 31 Dec 2019	Year to date ended 31 Dec 2020	Year to date ended 31 Dec 2019
	<b>Number of Shares</b>			
	<b>('000)</b>	<b>('000)</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Issued and fully paid-up</b>				
<i>Ordinary shares with no par value</i>				
At 1 April	921,575	921,575	132,527	132,527
Shares issued during financial period	244,039	-	34,286	-
At 31 December	<u>1,165,614</u>	<u>921,575</u>	<u>166,813</u>	<u>132,527</u>

## 27. Dividends

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

**28. Earnings/(Loss) per share**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>3 months</u>	<u>3 months</u>	<u>Year to</u>	<u>Year to</u>
	<u>Quarter</u>	<u>Quarter</u>	<u>date</u>	<u>date</u>
	<u>ended</u>	<u>ended</u>	<u>ended</u>	<u>ended</u>
	<u>31 Dec 2020</u>	<u>31 Dec 2019</u>	<u>31 Dec 2020</u>	<u>31 Dec 2019</u>
<b>Basic earnings/(loss) per share</b>				
Profit/(Loss) attributable to owners of the parent (RM'000)	232	1,180	(4,056)	451
Weighted average number of ordinary shares ('000)	1,165,614	921,575	921,575	921,575
Effect of issuance of shares ('000)	-	-	244,039	-
Adjusted weighted average number of ordinary shares ('000)	1,165,614	921,575	1,165,614	921,575
Basic earnings/(loss) per share (sen)	0.02	0.13	(0.35)	0.05

**29. Notes to the Consolidated Statement of Comprehensive Income**

	<u>Current Quarter</u>	<u>Year-to -date</u>
	<u>Ended</u>	<u>Ended</u>
	<u>31 Dec 2020</u>	<u>31 Dec 2020</u>
	<u>RM'000</u>	<u>RM'000</u>
Interest income	(86)	(298)
Interest expense	489	1,258
Bad debts recovery	(943)	(1,040)
Unrealised loss/(gain) on foreign exchange	3	(117)
Depreciation and amortisation	1,315	3,013
Gain on disposal of property, plant and equipment	(227)	(227)
Gain on disposal of subsidiary companies	-	(28)
Impairment loss on receivables	890	902
Share of associate company's result	(70)	(11)

**30. Authorised for issuance**

The interim financial statements for financial quarter ended 31 December 2020 has been approved by the Board of Directors of MRB on 23 February 2021 for release to the Bursa Securities.