



MINETECH

MINETECH RESOURCES BERHAD GROUP

ANNOUNCEMENT PACKAGE

Q2/FY2021

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

Condensed Consolidated Statement Of Comprehensive Income For the Second Quarter Ended 30 September 2020
(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter ended 30 Sep 2020 RM'000	Preceding Year Quarter ended 30 Sep 2019 RM'000	Current Year To Date Ended 30 Sep 2020 RM'000	Preceding Year To Date Ended 30 Sep 2019 RM'000
Continued operations				
Revenue	17,824	18,545	25,891	46,710
Cost of sales	(14,251)	(16,698)	(21,925)	(42,344)
Gross Profit	3,573	1,847	3,966	4,366
Other income	493	3,697	779	4,151
Administrative expenses	(4,616)	(3,988)	(7,225)	(6,810)
Selling and marketing expenses	(103)	(83)	(193)	(217)
Finance costs	(395)	(456)	(598)	(1,056)
Share of associate company's result	(116)	-	(59)	-
(Loss)/Profit before tax	(1,164)	1,017	(3,330)	434
Tax expense	(746)	(184)	(782)	(877)
(Loss)/Profit from continued operations	(1,910)	833	(4,112)	(443)
Discontinued operations				
Loss from discontinued operation, net of tax	(161)	-	(872)	-
Net (Loss)/Profit for the period	(2,071)	833	(4,984)	(443)
Other comprehensive income/(loss)				
Items that are or may be reclassified subsequently to profit or loss				
- Exchange translation differences for foreign operation	-	(3)	-	8
Total comprehensive (loss)/income	(2,071)	830	(4,984)	(435)
(Loss)/Profit attributable to:				
Owners of the Parent	(1,758)	492	(4,288)	(729)
Non-controlling interests	(313)	341	(696)	286
	(2,071)	833	(4,984)	(443)
Total comprehensive (loss)/profit attributable to:				
Owners of the Parent	(1,758)	489	(4,288)	(721)
Non-controlling interests	(313)	341	(696)	286
	(2,071)	830	(4,984)	(435)
(Loss)/Earnings per share (sen)				
- Basic	(0.15)	0.05	(0.37)	(0.08)
- Diluted	(0.15)	0.05	(0.37)	(0.08)

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 30 September 2020

	Unaudited As At 30 September 2020 RM'000	Audited As At 31 March 2020 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	13,143	16,273
Right of use assets	12,766	13,004
Investment properties	10,880	10,944
Inventories	8,065	8,065
Investment in associates	59	118
Quarry development expenditure	-	356
Intangible assets	-	7,320
Other Investment	-	64
Other receivables	342	342
	<u>45,255</u>	<u>56,486</u>
Current assets		
Inventories	2,108	8,388
Contract assets	8,399	3,327
Trade receivables	13,220	28,980
Other receivables	9,886	14,344
Amount due from an associate company	4,434	-
Tax recoverables	155	259
Other investments	4,635	155
Asset held for sale	27,156	-
Fixed deposits with licensed bank	23,944	7,390
Cash and Bank Balance	10,648	10,390
	<u>104,585</u>	<u>73,233</u>
Total assets	<u>149,840</u>	<u>129,719</u>
	Unaudited As At 30 September 2020 RM'000	Audited As At 31 March 2020 RM'000
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the company		
Share capital	166,813	132,527
Less:- Treasury shares, at cost	(48)	(48)
Reserves	<u>(72,073)</u>	<u>(67,785)</u>
	94,692	64,694
Non-controlling interests	1,456	2,152
Total equity	<u>96,148</u>	<u>66,846</u>
Non-current liabilities		
Lease and Borrowings	11,433	10,702
Deferred tax liabilities	<u>2,344</u>	<u>2,329</u>
	<u>13,777</u>	<u>13,031</u>
Current liabilities		
Trade payables	13,981	26,352
Other payables	2,246	11,514
Lease and Borrowings	5,051	11,730
Tax payable	693	246
Liabilities associated to asset held for sale	<u>17,944</u>	<u>-</u>
	39,915	49,842
Total liabilities	<u>53,692</u>	<u>62,873</u>
TOTAL EQUITY AND LIABILITIES	<u>149,840</u>	<u>129,719</u>
Net assets per share (RM)	0.08	0.07

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 30 September 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 2020	132,527	(48)	-	-	-	(67,785)	64,694	2,152	66,846
Loss for the financial period	-	-	-	-	-	(4,288)	(4,288)	(696)	(4,984)
Total comprehensive loss for the financial period	-	-	-	-	-	(4,288)	(4,288)	(696)	(4,984)
Transactions with owners:									
Issuance of share capital	34,286	-	-	-	-	-	34,286	-	34,286
	34,286	-	-	-	-	-	34,286	-	34,286
At 30 September 2020	166,813	(48)	-	-	-	(72,073)	94,692	1,456	96,148

	----- 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
Loss for the financial period	-	-	-	-	-	(729)	(729)	286	(443)
Other comprehensive income	-	-	8	-	-	-	8	-	8
Total comprehensive income/ (loss) for the financial period	-	-	8	-	-	(729)	(721)	286	(435)
Transactions with owners:									
Disposal of non-controlling interest	-	-	-	-	-	572	572	(6,745)	(6,173)
	-	-	-	-	-	572	572	(6,745)	(6,173)
At 30 September 2019	132,527	(48)	79	21,972	(21,972)	(56,783)	75,775	2,425	78,200

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 30 September 2020

(The figures have not been audited)

	6 Months To Date ended 30 September 2020 RM'000	Preceeding period 6 months ended 30 September 2019 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) / Profit before tax	(4,202)	434
Adjustments for:-		
Bad debts written off	-	38
Bad debts recovery	(97)	(986)
Depreciation and amortisation	1,698	5,139
Gain on disposal of property, plant and equipment	-	(1,789)
(Gain)/Loss on disposal of subsidiaries	(28)	1,176
Finance costs	769	964
Unrealised (gain)/loss on foreign exchange	(120)	16
Impairment losses on:		
- receivables	12	8
Property, plant and equipment written off	-	18
Share of associate company's result	59	-
Interest income	(212)	(182)
Operating (loss)/profit before changes in working capital	(2,121)	4,836
Changes in working capital		
Quarry development expenditure	59	28
Inventories	547	(2,839)
Receivables	10,418	(8,681)
Contract assets/ contract liabilities	(5,072)	4,885
Payables	(11,330)	4,557
Net cash (used in)/generated from operations	(7,499)	2,786
Tax paid	(480)	(383)
Tax refund	437	843
Interest paid	(769)	(964)
Interest received	212	182
Net cash (used in)/generated from operating activities	(8,099)	2,464

	6 Months To Date ended 30 September 2020 RM'000	Preceeding period 6 months ended 30 September 2019 RM'000
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(107)	(2,759)
Proceeds from disposal of property, plant and equipment	-	6,342
Changes in inventories	-	6,335
Changes in amount due to associate company	(4,434)	22
Changes in other investments	(4,480)	(661)
Net cash (used in)/generated from investing activities	(9,148)	9,279
CASH FLOW FROM FINANCING ACTIVITIES		
Increased in fixed deposits pledged	(18,443)	1,540
Net changes in short term borrowings	5,159	(2,854)
Drawdown/(Repayment) of term loans	2,985	(463)
Proceeds from finance lease payables	-	350
Repayment of lease liabilities and finance lease payables	(2,130)	(3,109)
Proceeds from issuance of shares	34,286	-
Net cash generated from/(used in) financing activities	21,857	(4,536)
Net Changes in Cash & Cash Equivalents	4,610	7,207
Cash and Cash Equivalents at beginning of the period	4,254	(4,199)
Effects of exchange translation differences on cash and cash equivalents	120	(16)
Cash and Cash Equivalents at the end of period	8,984	2,992
Cash and Cash Equivalents comprises of :		
Fixed deposits with licensed banks	23,944	9,657
Cash and bank balances	10,648	11,721
	34,592	21,378
Bank overdrafts	(1,675)	(8,740)
	32,917	12,638
Less: fixed deposits pledged to licensed banks	(23,933)	(9,646)
	8,984	2,992

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.

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 6 months ended 30 September 2020:

	Quarry Products RM'000	Civil Engineering RM'000	Bituminous Products RM'000	Others RM'000	Elimination RM'000	Total RM'000	Quarry Products (discontinued) RM'000	Consolidation RM'000
Revenue								
Revenue to external customers	1,742	20,715	3,405	29	-	25,891	6,085	31,976
Inter-segment revenue	-	-	-	282	(282)	-	-	-
	1,742	20,715	3,405	311	(282)	25,891	6,085	31,976
Segment results	(200)	3,436	(227)	(5,483)	(258)	(2,732)	(626)	(3,358)
Finance costs						(598)	(246)	(844)
Loss before tax						(3,330)	(872)	(4,202)
Taxation						(782)	-	(782)
Net loss for the period						(4,112)	(872)	(4,984)
Assets								
Segment assets	11,704	48,071	8,610	107,813	(41,227)	134,971	14,869	149,840
Liabilities								
Segment liabilities	36,463	28,411	2,846	29,024	(55,678)	41,066	12,626	53,692

Segmental information for the 6 months ended 30 September 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
Revenue							
Revenue to external customers	16,365	20,940	8,958	168	279	-	46,710
Inter-segment revenue	78	3,793	-	-	-	(3,871)	-
	16,443	24,733	8,958	168	279	(3,871)	46,710
Segment results	3,384	2,394	627	(7)	(3,463)	(1,445)	1,490
Finance costs							(1,056)
Profit before tax							434
Taxation							(877)
Net loss for the period							(443)
Assets							
Segment assets	35,314	43,881	11,636	-	80,111	(28,712)	142,230
Liabilities							
Segment liabilities	55,280	27,181	5,547	-	30,337	(54,316)	64,029

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 30 Sep 2020 RM'000	As at 30 Sep 2019 RM'000
Corporate guarantees	20,133	23,007
Bank guarantees	9,507	4,857
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14. Capital commitments

There was no material capital commitment not provided for as at 30 September 2020.

15. Related party transactions

	Current Quarter Ended 30 Sep 2020 RM'000	Year-to -date Ended 30 Sep 2020 RM'000
Sales of direct material to related companies	(2,027)	(2,853)
Management fees from related companies	(261)	(482)
Commission from from related company	(50)	(73)
Rental Income from related companies	(191)	(372)
Purchase of direct material from related companies	25	25
Office rental paid to related companies	112	210
Management fees paid to related companies	141	282
Transportation charged from related company	68	82
Rental paid to related companies	87	175
Advances to related companies	2,376	2,776
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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 2020	3 months ended 30 Sep 2019	3 months ended 30 Sep 2020	3 months ended 30 Sep 2019
	RM'000	RM'000	RM'000	RM'000
Quarry Products	1,093	5,663	17	4,348
Quarry Products (discontinued)	4,533	-	(39)	-
Civil Engineering	14,566	8,517	3,200	781
Bituminous Products	2,148	4,038	213	181
Others	158	113	(3,997)	(2,454)
Eliminations	(141)	214	(202)	(1,383)
Group	22,357	18,545	(808)	1,473
Less: Finance Costs			(517)	(456)
(Loss)/Profit Before Tax			(1,325)	1,017

The Group's revenue has improved to RM22.36 million and recorded a operating loss of RM1.33 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 RM18.55 million and profit before tax of RM1.02 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 RM5.63 million with an operating loss of RM0.02 million as compared to the previous year's corresponding quarter revenue of RM5.66 million and operating profit of RM4.35 million. Revenue is consistent with second quarter of previous financial year and quarry business continue operation in May 2020 during the phases of the Conditional Movement Control Order ("CMCO") and Recovery Movement Control Order ("RMCO") enforced by the Government.

Civil Engineering

Revenue for the current quarter has increased to RM14.57 million with an operating profit of RM3.2 million compared with the same quarter of the last financial year's revenue of RM8.52 million and operating profit of RM0.78 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 RM6.5 million. Selinsing Gold Mine has also recorded a revenue incremental by RM2.1 million, representing 39.2% increase in comparison to the same preceding year's corresponding quarter. On the other hand, a cost backcharge for MRT Gamuda-Chan Sow Lin Project amounting to RM1.4 million has also increase the earnings of this division during the quarter under review.

Bituminous Products

Revenue recorded for this segment for this reporting quarter was RM2.15 million with an operating profit of RM0.21 million as compared with same quarter of the last financial year's revenue of RM4.04 million and operating profit of RM0.18 million.

The lower revenue recorded for this reporting quarter is mainly due to lower demand from export market caused by the impact of the Covid-19 pandemic. Most of the export customers business resume business in September 2020 with low demand.

Comparison with immediate preceding quarter's results (Q2-FY'21 vs Q1-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	1,093	2,201	(1,108)	-50%
Quarry Products (discontinued)	4,533	-	4,533	100%
Civil Engineering	14,566	6,149	8,417	137%
Bituminous Products	2,148	1,257	891	71%
Others	158	153	5	3%
Eliminations	(141)	(141)	-	0%
Group	22,357	9,619		
Loss Before Tax	(1,325)	(2,877)	1,552	>100%

For the current quarter under review, the quarry products segment's revenue had increased to RM5.63 million compared to RM2.20 million recorded in the immediate preceding quarter as a result of quarry continue business operation is in recovering mode in May 2020 after release of the MCO.

The civil engineering segment's revenue increased to RM14.57 million as compared to RM6.15 million mainly due to major pending activities in Selinsing Gold Mine in the immediate preceding quarter were resumed with extra capacity in order to meet the backlog demand in this current quarter under review.

The bituminous products segment recorded a higher revenue of RM2.15 million as compared to the revenue of RM1.26 million recorded in the immediate preceding quarter due to MCO was imposed by government in 1st Quarter. Local and export business was badly affected when we resumed in early June 2020 due to little demand.

The Group performance has recorded a loss before tax of RM1.33 million as compared to loss before tax of RM2.88 million recorded in the immediate preceding quarter due mainly to continuing of work operations in May 2020 after release of the MCO during Covid-19 pandemic.

17. Prospects

Malaysia's economy grew moderately at 0.7% in the first quarter of 2020 from 4.5% in the same quarter last year (*Malaysian Economic Performance Second Quarter 2020, Department of Statistics Malaysia*), as gross domestic product growth ("GDP") was affected by the Covid-19 pandemic and the implementation of the movement control order ("MCO"). The unprecedented impact of the COVID-19 pandemic and the ensuing imposition of the nationwide several phases of MCO since 18 March 2020 to 3 May 2020 to control the outbreak's spread has brought on major disruption to the Group's operating environment as well as economic crisis worldwide.

However, selective business sector's resumption has been allowed by Government during the Conditional Movement Control Order ("CMCO") and Recovery Movement Control Order ("RMCO") effective from 4 May 2020 to 31 August 2020 has uplifted the businesses of the Group into better position during the reported second quarter under review which have seen that our manufacturing and civil engineering segment recorded better revenue and earnings. On the exchange rate, the ringgit appreciated by 1.1% against the US dollar during the quarter under review, following positive economic responses on the CMCO and RMCO which has ease our manufacturing segment that exposed into overseas purchases for bituminous products.

Overall, the remaining quarters under the financial year will continue to be challenging. The Malaysian economy contracted by 8.3% in the first half of 2020 due to the Covid-19 pandemic, with a decline of 17.1% in the second quarter of this year. 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 resiliency and financial position by exploring interim strategic restructuring initiatives that have seen us embarking into technology & innovation and penetrate into second tier construction activities which are less riskier. In line with this Group's interim strategic restructuring initiatives, we will be re-evaluating our capacity and strengths in FY2020 by reviewing our ready resources and redefining our businesses moving forward. Mitigation plans have been put in place for contracts in hand in order to minimise the project progress interruption from the aspects of operational process, manpower capacity, supply chain and distribution networks, in line with the industry required 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").

ii) 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 28 August 2020, the Board of Directors announced that the MOU with HKMC has expired and the parties involved have decided not to pursue the MOU.

iii) The Company had on 29 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 28 August 2020, the Board of Directors announced that there has been no further material development since the previous announcement.

iv) 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.

v) Konsep Khas Sdn Bhd ("KKSB"), an associate company of the Company had on 10 November 2020 accepted a Letter of Offer from 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 30 September 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	4,018	Within 12 months	5,482	58%	In progress
b) Working capital	3,595	3,490	Within 12 months	105	3%	In progress
c) Estimate expenses in relation to Private Placement	152	144	Within 6 months	8	5%	
Total	22,247	7,652		14,595		

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:

Current tax expense :

- current tax provision

6 months period ended 30 Sep 2020 RM'000	6 months period ended 30 Sep 2019 RM'000
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(782)	(877)
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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:-

Secured

Term loans
Bank Overdrafts
Lease liabilities
Bankers acceptance/Letter of credit

As at 30 September 2020

Long term RM'000	Short term RM'000	Total borrowings RM'000
10,823	1,196	12,019
-	1,675	1,675
610	1,342	1,952
-	838	838
11,433	5,051	16,484

As at 30 September 2019

Long term RM'000	Short term RM'000	Total borrowings RM'000
9,150	1,567	10,717
-	8,740	8,740
2,656	1,166	3,822
-	2,660	2,660
11,806	14,133	25,939

The term loans and finance lease payables for the current quarter ended 30 September 2020 recorded an increase compared to correspondence quarter ended 30 September 2019 due to new drawdown of term loans during current quarter.

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 30 Sep 2020	Year to date ended 30 Sep 2019	Year to date ended 30 Sep 2020	Year to date ended 30 Sep 2019
	Number of Shares			
	('000)	('000)	RM'000	RM'000
Issued and fully paid-up				
<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 30 September	<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. (Loss)/Earnings per share

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months Quarter ended 30 Sep 2020	3 months Quarter ended 30 Sep 2019	Year to date ended 30 Sep 2020	Year to date ended 30 Sep 2019
Basic (loss)/earnings per share				
(Loss)/Profit attributable to owners of the parent (RM'000)	(1,758)	492	(4,288)	(729)
Weighted average number of ordinary shares ('000)	1,107,675	921,575	921,575	921,575
Effect of issuance of shares ('000)	57,939	-	244,039	-
Adjusted weighted average number of ordinary shares ('000)	1,165,614	921,575	1,165,614	921,575
Basic (loss)/earnings per share (sen)	(0.15)	0.05	(0.37)	(0.08)

29. Notes to the Consolidated Statement of Comprehensive Income

	Current Quarter Ended 30 Sep 2020 RM'000	Year-to -date Ended 30 Sep 2020 RM'000
Interest income	(157)	(212)
Interest expense	463	769
Bad debts recovery	(90)	(97)
Unrealised gain on foreign exchange	(53)	(120)
Depreciation and amortisation	805	1,698
Gain on disposal of subsidiary companies	(28)	(28)
Impairment loss on receivables	6	12
Share of associate company's result	116	59

30. Authorised for issuance

The interim financial statements for financial quarter ended 30 September 2020 has been approved by the Board of Directors of MRB on 27 November 2020 for release to the Bursa Securities.