



MINETECH

MINETECH RESOURCES BERHAD GROUP

ANNOUNCEMENT PACKAGE

Q3/FY2023

MINETECH RESOURCES BERHAD [200201007880 (575543-X)]

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS

Condensed Consolidated Statement Of Comprehensive Income For the Third Quarter Ended 31 December 2022

(The figures have not been audited)

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year Quarter ended 31 Dec 2022 RM'000	Preceding Year Quarter ended 31 Dec 2021 RM'000	Current Year To Date Ended 31 Dec 2022 RM'000	Preceding Year To Date Ended 31 Dec 2021 RM'000
Continued operations				
Revenue	36,346	22,915	87,337	60,163
Cost of sales	(31,119)	(21,169)	(77,316)	(55,589)
Gross Profit	5,227	1,746	10,021	4,574
Other income	243	296	946	2,549
Administrative expenses	(4,043)	(4,747)	(11,005)	(18,067)
Selling and marketing expenses	(100)	(125)	(305)	(378)
Finance costs	(1,139)	(299)	(2,610)	(877)
Profit/(Loss) before tax	188	(3,129)	(2,953)	(12,199)
Tax expense	(960)	(227)	(887)	(518)
Loss from continued operations	(772)	(3,356)	(3,840)	(12,717)
Discontinued operations				
Profit from discontinued operation, net of tax	-	-	-	7
Net Loss for the period	(772)	(3,356)	(3,840)	(12,710)
Other comprehensive loss				
Items that are or may be reclassified subsequently to profit or loss				
- Exchange translation differences for foreign operation	(52)	(11)	80	(4)
Total comprehensive loss	(824)	(3,367)	(3,760)	(12,714)
Loss attributable to:				
Owners of the Parent	(470)	(3,159)	(3,123)	(10,303)
Non-controlling interests	(302)	(197)	(717)	(2,407)
	(772)	(3,356)	(3,840)	(12,710)
Total comprehensive loss attributable to:				
Owners of the Parent	(522)	(3,170)	(3,043)	(10,307)
Non-controlling interests	(302)	(197)	(717)	(2,407)
	(824)	(3,367)	(3,760)	(12,714)
Loss per share (sen)				
- Basic	(0.03)	(0.27)	(0.21)	(0.88)
- Diluted	(0.02)	(0.18)	(0.15)	(0.59)

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 2022.

MINETECH RESOURCES BERHAD [200201007880 (575543-X)]**(Incorporated in Malaysia)****INTERIM FINANCIAL STATEMENTS****Condensed Consolidated Statement Of Financial Position****As at 31 December 2022**

	Unaudited As At 31 December 2022 RM'000	Audited As At 31 March 2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	68,957	65,475
Right of use assets	4,420	3,959
Investment properties	1,564	1,580
Inventories	6,000	6,000
Quarry development expenditure	61	76
Goodwill on consolidation	3,455	3,455
Trade receivables	177	207
Other receivables	19	202
	<u>84,653</u>	<u>80,954</u>
Current assets		
Inventories	4,448	2,496
Contract assets	16,658	18,176
Trade receivables	50,462	35,203
Other receivables	10,495	16,120
Tax recoverables	23	93
Other investments	1,021	2,510
Asset held for sale	12,000	12,000
Fixed deposits with licensed bank	6,835	6,399
Cash and bank balance	10,474	10,028
	<u>112,416</u>	<u>103,025</u>
Total assets	<u>197,069</u>	<u>183,979</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	105,388	94,050
Less:- Treasury shares, at cost	(48)	(48)
Reserves	(11,273)	(8,230)
	<u>94,067</u>	<u>85,772</u>
Non-controlling interests	(3,386)	(2,669)
Total equity	<u>90,681</u>	<u>83,103</u>
Non-current liabilities		
Lease and borrowings	14,692	14,394
Deferred tax liabilities	1,988	2,804
	<u>16,680</u>	<u>17,198</u>
Current liabilities		
Trade payables	45,884	42,731
Other payables	10,499	6,225
Lease and borrowings	32,894	34,026
Tax payable	431	696
	<u>89,708</u>	<u>83,678</u>
Total liabilities	<u>106,388</u>	<u>100,876</u>
TOTAL EQUITY AND LIABILITIES	<u>197,069</u>	<u>183,979</u>
Net assets per share (RM)	0.06	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 2022.

MINETECH RESOURCES BERHAD [200201007880 (575543-X)]**(Incorporated in Malaysia)****INTERIM FINANCIAL STATEMENTS****Condensed Consolidated Statement Of Cash Flows
For the Financial Period Ended 31 December 2022****(The figures have not been audited)**

	9 Months To Date ended 31 December 2022 RM'000	Preceding period 9 months ended 31 December 2021 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before tax from continuing operations	(2,953)	(12,199)
Profit before tax from discontinued operation	-	7
Loss before tax	(2,953)	(12,192)
Adjustments for:-		
Bad debts recovery	-	(119)
Depreciation and amortisation	1,792	1,386
(Gain)/Loss on disposal of property, plant and equipment	(113)	773
Gain on disposal of associated company		(120)
Gain on disposal of subsidiary company	-	(1,102)
Interest expenses	2,553	721
Unrealised gain on foreign exchange	(72)	(4)
Impairment losses on:		
- receivables	339	4,398
Reversal on impairment losses on property, plant and equipment	-	(464)
Interest income	(207)	(117)
Operating profit/(loss) before changes in working capital	1,339	(6,840)
Changes in working capital		
Quarry development expenditure	15	7
Inventories	(1,952)	(446)
Receivables	(10,346)	(7,171)
Contract assets	1,518	13,048
Payables	6,841	(8,948)
Net cash used in operations	(2,585)	(10,350)
Tax paid	(1,876)	(1,214)
Tax refund	-	24
Interest paid	(2,553)	(721)
Interest received	207	117
Net cash used in operating activities	(6,807)	(12,144)

	9 Months To Date ended 31 December 2022 RM'000	Preceding period 9 months ended 31 December 2021 RM'000
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(6,173)	(21,278)
Proceeds from disposal of property, plant & equipment	567	1,652
Changes in amount due to associate company	-	9,791
Changes in other investments	1,489	(5,027)
Net cash used in investing activities	(4,117)	(14,862)
CASH FLOW FROM FINANCING ACTIVITIES		
Net changes in fixed deposits pledged	(436)	1,127
Drawdown of borrowing	11,699	23,299
Repayment of borrowings	(9,511)	(10,907)
Drawdown of term loans	150	894
Repayment of term loans	(2,919)	(1,810)
Repayment of lease liabilities	(253)	(404)
Proceeds from issuance of shares	11,338	17,480
Net cash generated from financing activities	10,068	29,679
Net Changes in Cash & Cash Equivalents	(856)	2,673
Cash and Cash Equivalents at beginning of the period	7,470	10,840
Effects of exchange translation differences on cash and cash equivalents	72	4
Cash and Cash Equivalents at the end of period	6,686	13,517
Cash and Cash Equivalents comprises of :		
Fixed deposits with licensed banks	6,835	6,366
Cash and bank balances	10,474	15,649
Bank overdrafts	(3,788)	(2,143)
	13,521	19,872
Less: fixed deposits pledged to licensed banks	(6,835)	(6,355)
	6,686	13,517

INTERIM FINANCIAL STATEMENTS

Condensed Consolidated Statements of Changes in Equity

For the Financial Period Ended 31 December 2022

(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	Accumulated losses RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
At 1 April 2022	94,050	(48)	45	(8,275)	85,772	(2,669)	83,103
Loss for the financial period	-	-	-	(3,123)	(3,123)	(717)	(3,840)
Other comprehensive income	-	-	80	-	80	-	80
Total comprehensive income/ (loss) for the financial year	-	-	80	(3,123)	(3,043)	(717)	(3,760)
Transactions with owners:							
Issuance of ordinary shares	11,574	-	-	-	11,574	-	11,574
Exercise of Share Issuance Scheme	226	-	-	-	226	-	226
Share issue expenses	(462)	-	-	-	(462)	-	(462)
Acquisition of new subsidiary	-	-	-	-	-	-	-
Change of ownership	-	-	-	-	-	-	-
Disposal of non-controlling interest	-	-	-	-	-	-	-
	11,338	-	-	-	11,338	-	11,338
At 31 December 2022	105,388	(48)	125	(11,398)	94,067	(3,386)	90,681

	----- Attributable to owners of the parent -----						
	Share capital RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	Accumulated losses RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
At 1 April 2021	166,813	(48)	40	(76,027)	90,778	1,563	92,341
Loss for the financial period	-	-	-	(10,303)	(10,303)	(2,407)	(12,710)
Other comprehensive loss	-	-	4	-	4	-	4
Total comprehensive loss for the financial period	-	-	4	(10,303)	(10,299)	(2,407)	(12,706)
Transactions with owners:							
Right shares issued	17,480	-	-	-	17,480	-	17,480
Share capital reduction	(90,000)	-	-	90,000	-	-	-
Acquisition of new subsidiary	-	-	-	-	-	110	110
Disposal of non-controlling interest	-	-	-	-	-	(1,288)	(1,288)
	(72,520)	-	-	90,000	17,480	(1,178)	16,302
At 31 December 2021	94,293	(48)	44	3,670	97,959	(2,022)	95,937

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 2022.

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, part K of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). The interim financial report is in compliance with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board. It should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2022.

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 2022.

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 MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
Amendments to MFRS 3	Business Combinations
Amendments to MFRS 9	Financial Instruments
Amendments to MFRS 16	Leases
Amendments to MFRS 116	Property, Plant and Equipment
Amendments to MFRS 137	Provision, Contingent Liabilities and Contingent Assets

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

Standards issued but yet effective

Amendments to MFRS 101	Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
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 2022 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.

Food and Beverages : Importing and trading of food 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 9 months ended 31 December 2022:

	Quarry Products RM'000	Civil Engineering RM'000	Bituminous Products RM'000	Services RM'000	Food and Beverages RM'000	Others RM'000	Elimination RM'000	Consolidation RM'000
Revenue								
Revenue to external customers	425	51,863	23,116	5,330	6,144	459	-	87,337
Inter-segment revenue	-	-	-	-	-	1,064	(1,064)	-
	<u>425</u>	<u>51,863</u>	<u>23,116</u>	<u>5,330</u>	<u>6,144</u>	<u>1,523</u>	<u>(1,064)</u>	<u>87,337</u>
Segment results	(436)	4,914	1,988	(276)	123	(13,873)	7,010	(550)
Interest income	-	105	-	95	-	7	-	207
Finance costs								(2,610)
Loss before tax								(2,953)
Taxation								(887)
Net loss for the period								<u>(3,840)</u>
Assets								
Segment assets	<u>3,550</u>	<u>65,562</u>	<u>17,186</u>	<u>26,098</u>	<u>2</u>	<u>163,578</u>	<u>(78,907)</u>	<u>197,069</u>
Liabilities								
Segment liabilities	<u>30,601</u>	<u>36,215</u>	<u>9,373</u>	<u>28,604</u>	<u>1,099</u>	<u>91,743</u>	<u>(91,247)</u>	<u>106,388</u>

Segmental information for the 9 months ended 31 December 2021:

	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
Revenue									
Revenue to external customers	2,932	40,781	10,016	5,859	575	-	60,163	2,785	62,948
Inter-segment revenue	-	-	1	-	1,626	(1,627)	-	-	-
	<u>2,932</u>	<u>40,781</u>	<u>10,017</u>	<u>5,859</u>	<u>2,201</u>	<u>(1,627)</u>	<u>60,163</u>	<u>2,785</u>	<u>62,948</u>
Segment results	(815)	1,954	(90)	(1,504)	(10,683)	(293)	(11,431)	94	(11,337)
Interest income	-	81	-	-	28	-	109	8	117
Finance costs							(877)	(95)	(972)
Loss before tax							(12,199)	7	(12,192)
Taxation							(518)	-	(518)
Net loss for the period							<u>(12,717)</u>	<u>7</u>	<u>(12,710)</u>
Assets									
Segment assets	<u>6,282</u>	<u>58,928</u>	<u>10,520</u>	<u>24,358</u>	<u>162,073</u>	<u>(71,642)</u>	<u>190,519</u>	<u>-</u>	<u>190,519</u>
Liabilities									
Segment liabilities	<u>32,256</u>	<u>33,987</u>	<u>4,533</u>	<u>21,857</u>	<u>77,943</u>	<u>(75,994)</u>	<u>94,582</u>	<u>-</u>	<u>94,582</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 2022 RM'000	As at 31 Dec 2021 RM'000
Corporate guarantees	50,161	17,071
Bank guarantees	4,889	5,993

14. Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements as follow:

	As at 31 Dec 2022 RM'000	As at 31 Dec 2021 RM'000
<u>Approved and contracted for:</u>		
Construction of solar plant	6,849	16,940
<u>Approved but not contracted for:</u>		
Bituminous plant upgrade and decanting	-	-

15. Related party transactions

	Current Quarter Ended 31 Dec 2022 RM'000	Year-to -date Ended 31 Dec 2022 RM'000
Management fees between related companies	324	1,064
Rental payable to related companies	15	64
Advances to related companies	782	2,013

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 2022 RM'000	3 months ended 31 Dec 2021 RM'000	3 months ended 31 Dec 2022 RM'000	3 months ended 31 Dec 2021 RM'000
Quarry Products	-	1,227	(19)	(142)
Civil Engineering	22,051	15,626	3,127	919
Bituminous Products	10,029	4,005	570	41
Services	3,175	2,040	244	(535)
Food and Beverages	1,055	-	20	-
Others	360	569	(9,062)	(3,140)
Eliminations	(324)	(552)	6,447	27
Group	36,346	22,915	1,327	(2,830)
Less: Finance Costs			(1,139)	(299)
Profit/(Loss) Before Tax			188	(3,129)

The Group's revenue has increased to RM36.35 million and recorded a operating income of RM0.19 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 RM22.92 million and loss before tax of RM3.13 million respectively.

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

Quarry Products

No revenue recorded for this segment during current quarter due to closure of quarry operations in April 2022.

Civil Engineering

Revenue for the current quarter has increased to RM22.05 million with an operating profit of RM3.13 million compared with the same quarter of the last financial year's revenue of RM15.63 million and operating profit of RM0.92 million.

A higher revenue was recorded by Selinsing Gold Mine("SGM") of RM15.0 million as compared to the preceding year's corresponding quarter of RM9.92 million resulted from the increase in work volume. Revenue from the Cheras-Kajang Expressway ("CKE") project reduced at RM1.9 million as compared to RM2.6 million in the previous year. In addition, the new projects such as Wangsa Brezza Hill ("WBH") project and GM Emerald Square,Cheras ("GLB") each recorded revenue of RM2.1 million and RM 1.7 million during this quarter.The YTL Electrified Double Track project ("YEDT") drops by RM1.2 million since the project is expected to complete by end of the year.

Bituminous Products

Revenue recorded for this segment for the reporting quarter had increased significantly to RM10.03 million with an operating profit of RM0.57 million as compared to the same quarter of the last financial year's revenue of RM4 million and operating loss of RM0.04 million. This is mainly due to increased in sales of Coating Enamel, Blown Asphalt and Tack Coat products as a result of improvement in demand both from local and oversea.

Services

Revenue for the current quarter increased to RM3.18 million with an operating profit of RM0.24 million compared with the same quarter of the last financial year's revenue of RM2.04 million and operating loss of RM0.54 million due to higher supply of manpower, scaffolding services and storage tank maintenance services.

Food and Beverages

Revenue for this segment contributed RM 1.1 million revenue with an operating profit of RM0.24 million from import and trading of food products.

Comparison with immediate preceding quarter's results (Q3-FY'23 vs Q2-FY'23)

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	-	61	(61)	-100%
Civil Engineering	22,051	16,142	5,909	37%
Bituminous Products	10,029	7,230	2,799	39%
Services	3,175	1,159	2,016	174%
Food and Beverages	1,055	-	1,055	100%
Others	360	2,671	(2,311)	-87%
Eliminations	(324)	(324)	-	0%
Group	36,346	26,939		
Loss Before Tax	188	(1,485)	1,673	-113%

The quarry products segment's do not have revenue due to the closure of quarry operations in April 2022.

The civil engineering segment's revenue has increased to RM22.05 million as compared to RM16.14 million recorded in the immediate preceding quarter mainly due to higher volume in overall works at the Selinsing Gold Mine.

The bituminous products segment recorded a increase in revenue to RM10.03 million as compared to the revenue of RM7.23 million recorded in the immediate preceding quarter due to continuous market share and demand growth especially in sales of Coating Enamel,Blown Asphalt and Tack Coat.

The Group performance has improved at a profit before tax of RM0.19 million as compared to loss before tax of RM1.49 million recorded in the immediate preceding quarter, mainly due to increase in demand of all segment products. The Group recorded a positive EBITDA of RM2.16 million for the quarter.

17. Prospects

Malaysian economy expanded further by 14.2% in the 3Q 2022 (2Q 2022: 8.9%) per the recent announcement by Bank Negara Malaysia (BNM). The quarter saw an improvement in domestic demand as economic activity returns to normal following improvements in the labour market, reopening of the borders as well as various policy assistance.

Improvement can be seen in all economic sectors during the period. Major sector that recorded growth during the review included Services at 16.7% (Q2 2022: 12.0%), Manufacturing at 13.2% (Q2 2022: 9.2%), Construction sector of 15.3% (Q2 2022: 2.4%) and the Mining sector at 9.2% (Q2 2022: -0.5%).

Private consumption recorded positive growth at 9.2% (Q2 2022: 10.1%) as a result of higher spending on necessities and selected discretionary items such as restaurants and hotels, recreational services and household furnishings. In addition, consumer spending is also supported by policy measures. Furthermore, businesses in key sectors have resumed investment projects, in particular in the non-residential segment. There has also been improvement in capital spending in manufacturing and ICT-related machinery and equipment.

Overall, the latest available economic indicators show that growth is on a stronger footing, mainly supported by strengthening domestic demand and sustained export growth. The Government's direction to transition to endemicity on 1 April 2022 further supported economic activity, matched with further easing of restrictions as well as the reopening of international borders.

Yet, risks to growth such as weaker-than-expected global growth, further worsening of geopolitical conflicts and increased supply chain disruptions remain.

The Group will continue to remain vigilant on its capital expenditure and spending. Greater focus will be placed on various cost control measures and cash conservation as well as increased efforts in replenishing order books. 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. These diversified businesses have helped the Group to weather the storm and continue to create values to shareholders and other stakeholders during this difficult time.

18. Significant Events

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

- i) Minetech Asphalt Man International Sdn Bhd, an 85%-owned subsidiary of the Company had on 20 May 2021 entered into a Memorandum of Understanding ("MOU") with Seltrade Sdn Bhd ("Seltrade") to establish joint collaboration by supplying raw material including but not limited to cold mix, hot mix and emulsion to Seltrade for maintenance project of Selangor's state road awarded by Jabatan Kerja Negeri Selangor. On 24 November 2022, the Board of Directors announced that there has been no further material development since the previous announcement.
- ii) With reference to the announcement dated 3 May 2021 in relation to the acceptance of the Letter of Award ("LOA") from Azan Engineering Sdn Bhd ("AESB") to Coral Evergreen Sdn Bhd ("CESB"), an indirect wholly owned subsidiary, to undertake the construction works of the project "Cadangan Pembinaan Fasa Kedua Institusi Kemahiran Islam Sarawak". On 3 November 2022, the Company announced that both parties have mutually agreed to withdraw from and/or terminate the LOA ("Mutual Termination"). Following the Mutual Termination, It has been agreed by AESB and CESB that CESB's appointment under the LOA shall accordingly be mutually withdrawn with immediate effect and there shall be no claims by both AESB and CESB against each other in relation to the termination of the LOA.
- iii) On 15 November 2022, Minetech Asphalt Man International Sdn Bhd ("MAMI"), an 85%-owned subsidiary of Minetech entered into an Original Equipment Manufacturing Agreement ("Agreement") with Cretpaver Asia Sdn Bhd ("CASB") for a collaboration wherein MAMI will be responsible for manufacturing of Emulsion Bitumen ("Bituminous Products"), and CASB will be the exclusive distributor to entail the promotion and sale of the Bituminous Products to the public in Malaysia. The estimated total contract value is approximately RM10.0 million per annum.
- iv) On 30 November 2022, Techmile Resources Sdn Bhd ("TRSB"), a wholly-owned subsidiary of Minetech has accepted a Letter of Award ("LOA") from Empada Sdn Bhd ("Empada") to undertake subcontracting works for provision of storage tank and pressure vessel maintenance services for Labuan Oil Terminal ("Maintenance Contract"). This Maintenance Contract is based on call-out basis and the value of the Maintenance Contract is approximately RM15.0 million, based on the Management's best estimates and the agreed rates as stipulated in the LOA. The overall Maintenance Contract duration shall be two (2) years with effective from 30 November 2022 and is expected to be completed by third quarter of 2024.
- v) With reference to the announcement dated 19 November 2021 in relation to the conditional SPA and Supplementary Agreement ("SPA") entered between MGSB and MRBPSB, a wholly-owned subsidiary of the Company, for the proposed acquisition of a parcel of freehold land held under Geran Mukim 277, Lot 11615, Tempat 4th Mile Ampang Road, Mukim Ampang, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur, measuring approximately 5,612 square metres ("Subject Land") for a purchase consideration of RM60.0 million only. On 2 December 2022, the Company announced that both parties have mutually agreed to terminate the SPA ("Mutual Termination"). Following the Mutual Termination, it has been agreed by MGSB and MRBPSB that the SPA shall accordingly be mutually withdrawn with immediate effect and be of no further force and effect and neither party thereto shall have any claim against the other in respect of the SPA thereafter.
- vi) Techmile Resources Sdn Bhd ("TRSB"), a wholly-owned subsidiary of Minetech had on 9 December 2022 entered into a Memorandum of Understanding ("MOU") with Tesdec Hydropower Sdn Bhd ("TESDEC") to establish a joint collaboration to undertake engineering, procurement, construction and commissioning ("EPC") works for the development of a total of 30MW Mini-Hydro Project in Terengganu. ("Development") ("Joint Collaboration"). On 11 January 2023, TRSB has accepted a Letter of Award ("LOA") from TESDEC on the appointment as a Turnkey Contractor of Engineering, Procurement, Construction & Commissioning for Development of Mini-Hydro Project of 3.0MW at Sungai Pelagat, Besut, Terengganu ("Contract"). The estimated value of the Contract is approximately RM36.71 million. The Contract shall commence in January 2023 and is expected to be completed by May 2027.

19. Profit forecast/profit guarantee

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

20. Tax expense

Tax expenses were as follows:

	9 months period ended 31 Dec 2022 RM'000	9 months period ended 31 Dec 2021 RM'000
Current tax expense :		
- current year tax provision	(789)	(518)
- under provision in prior years	(98)	-
	<u>(887)</u>	<u>(518)</u>

21. Status of corporate proposals

Balance Proceeds pursuant to the Right Issue

Existing	Time frame for utilisation	Proposed Utilisation RM'000	Amount Utilised RM'000	Amount Unutilised RM'000
Expenditure for construction projects	Within 24 months	595	595	-
Repayment of borrowings	Within 24 months	2,857	2,857	-
Development cost for Solar Power Plant	Within 6 months	2,500	2,500	-
Future business investments and/ or acquisitions	Within 24 months	476	-	476
Expansion of quarry division	Within 24 months	714	-	714
Funding of diversification into oil & gas	Within 24 months	714	714	-
Expansion of bituminous products division	Within 24 months	954	954	-
Working capital	Within 24 months	844	844	-
Expenses for corporate exercises	Within 1 month	207	207	-
Funding of Proposed Acquisition	Within 12 months	7,143	-	7,143
Funding of Proposed Diversificatio Within 12 months	Within 12 months	476	476	-
Total		17,480	9,147	8,333

Balance Proceeds pursuant to the Private Placement

Existing	Time frame for utilisation	Proposed Utilisation RM'000	Actual Proceed RM'000	Amount Utilised RM'000	Amount Unutilised RM'000
Expenditure for construction projects	Within 24 months	4,405	912	912	-
Repayment of borrowings	Within 24 months	9,143	1,892	1,892	-
Development cost for Solar Power Plant	Within 6 months	5,500	1,138	1,138	-
Future business investments and/ or acquisitions	Within 24 months	1,524	315	-	315
Expansion of quarry division	Within 24 months	2,286	473	-	473
Funding of diversification into oil & gas	Within 24 months	2,286	473	473	-
Expansion of bituminous products division	Within 24 months	3,046	631	631	-
Working capital	Within 24 months	2,702	559	559	-
Expenses for corporate exercises	Within 1 month	663	138	138	-
Funding of Proposed Acquisition	Within 12 months	22,857	4,728	-	4,728
Funding of Proposed Diversificatio Within 12 months	Within 12 months	1,524	315	315	-
Total		55,936	11,574	6,058	5,516

22. Group lease and borrowings

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

	As at 31 December 2022		
	Long term RM'000	Short term RM'000	Total borrowings RM'000
<u>Secured</u>			
Term loans	8,171	2,337	10,508
Bank Overdrafts	-	3,788	3,788
Lease liabilities	6,521	1,192	7,713
Short term borrowing	-	25,577	25,577
	<u>14,692</u>	<u>32,894</u>	<u>47,586</u>
	As at 31 December 2021		
	Long term RM'000	Short term RM'000	Total borrowings RM'000
<u>Secured</u>			
Term loans	10,742	2,916	13,658
Bank Overdrafts	-	2,143	2,143
Lease liabilities	5,395	665	6,060
Short term borrowing	-	26,343	26,343
	<u>16,137</u>	<u>32,067</u>	<u>48,204</u>

The term loans and finance lease payables for the current quarter ended 31 December 2022 recorded a decrease compared to correspondence quarter ended 31 December 2021 due to repayment of term loans and short term borrowings.

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

23. Derivatives

There were no derivatives for the current quarter under review.

24. Material Litigation

This is an update to the Report previously submitted by Minetech Resources Berhad ("MRB") regarding material litigation cases involving the Group.

The Group is not engaged in any material litigation cases as at the date of this report other than the following:-

(i) Kuala Lumpur High Court Suit No. S-22NCVC-288-04/2013 ("Suit 288")

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

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

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

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

ODSB had filed Notice of Direction to the High Court for the assessment of damages. The Judge ordered for the assessment of damages to be stayed pending the disposal of SMGQ's Appeal.

SMGQ's Appeal was heard on 31st March 2021. The Court of Appeal dismissed SMGQ's Appeal and upheld the High Court's decision in deciding that SMGQ has unlawfully terminated ODSB's contract and the damages should only be given to ODSB.

On 29th April 2021, SMGQ filed a leave application at the Federal Court. On 15 September 2021, the Federal Court dismissed SMGQ's application for leave to appeal with cost of RM15,000.00. Therefore, the High Court's decision in deciding that SMGQ has unlawfully terminated ODSB's contract and the damages should only be given to ODSB is upheld. The Court has fixed 20th September 2022 for Case Management on Notice of Assessment of Damages.

On 18th October 2022, ODSB has submitted the Independent Report on Assessment Damages to the Court. The Court has fixed 22nd November 2022 for Case Management for Defendant's Rebuttal.

On 22nd November 2022 Case Management, the Defendant's Solicitor has requested for more time to finalise and submit their Rebuttal. The Court fixed 13th January 2023 for the next Case Management date. On 13th January 2023, the Defendant's Solicitor has required a further time extension. The Court fixed the next Case Management date on 28th February 2023.

25. Share capital

	Year to date ended 31 Dec 2022	Year to date ended 31 Dec 2021	Year to date ended 31 Dec 2022	Year to date ended 31 Dec 2021
	<u>Number of Shares</u>		<u>RM'000</u>	<u>RM'000</u>
	('000)	('000)		
Issued and fully paid-up				
<i>Ordinary shares with no par value</i>				
At 1 April	1,165,614	1,165,614	76,813	166,813
Shares issued during financial period	349,598	-	11,817	-
Exercise of Share Issuance Scheme options	7,357	-	226	-
Share issue expenses	-	-	(705)	-
Share capital reduction				(90,000)
At 31 December	<u>1,522,569</u>	<u>1,165,614</u>	<u>88,151</u>	<u>76,813</u>
<i>Irredeemable convertible preference shares</i>				
At 1 April	582,664	-	17,237	-
Shares issued during financial period	-	582,664	-	17,480
At 31 December	<u>582,664</u>	<u>582,664</u>	<u>17,237</u>	<u>17,480</u>
Total	<u>2,105,233</u>	<u>1,748,278</u>	<u>105,388</u>	<u>94,293</u>

26. Dividends

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

27. Loss per share

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months Quarter ended 31 Dec 2022	3 months Quarter ended 31 Dec 2021	Year to date ended 31 Dec 2022	Year to date ended 31 Dec 2021
Basic loss per share				
Loss attributable to owners of the parent (RM'000)	(470)	(3,159)	(3,123)	(10,303)
Weighted average number of ordinary shares ('000)	1,188,414	1,165,614	1,165,614	1,165,614
Weighted average number of irredeemable convertible shares ('000)	582,664	-	582,664	-
Effect of ordinary shares issued ('000)	334,155	-	356,955	-
Effect of issuance of irredeemable convertible preference shares ('000)	-	582,664	-	582,664
Adjusted weighted average number of shares ('000)	<u>2,105,233</u>	<u>1,748,278</u>	<u>2,105,233</u>	<u>1,748,278</u>
Basic loss per share (sen)	(0.03)	(0.27)	(0.21)	(0.88)
Diluted loss per share (sen)	<u>(0.02)</u>	<u>(0.18)</u>	<u>(0.15)</u>	<u>(0.59)</u>

There is diluted loss per share due to issuance of irredeemable convertible preference shares.

28. Notes to the Consolidated Statement of Comprehensive Income

	<u>Current Quarter Ended 31 Dec 2022 RM'000</u>	<u>Year-to-date Ended 31 Dec 2022 RM'000</u>
Depreciation and amortisation	629	1,793
Gain on disposal of property, plant and equipment	-	(113)
Impairment loss on receivables	339	339
Interest expense	1,123	2,553
Interest income	(113)	(207)
Realised loss/(gain) on foreign exchange	<u>55</u>	<u>(53)</u>

29. Authorised for issuance

The interim financial statements for financial quarter ended 31 December 2022 has been approved by the Board of Directors of MRB on 23 February 2023 for release to the Bursa Securities.