



MINETECH
MINETECH RESOURCES BERHAD GROUP

ANNOUNCEMENT PACKAGE

Q1/FY2022

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

Condensed Consolidated Statement Of Comprehensive Income For the First Quarter Ended 30 June 2021
(The figures have not been audited)

| | <u>Individual Quarter</u> | | <u>Cumulative Quarter</u> | |
|---|--|--|--|--|
| | Current Year Quarter ended 30 Jun 2021 RM'000 | Preceding Year Quarter ended 30 Jun 2020 RM'000 | Current Year To Date Ended 30 Jun 2021 RM'000 | Preceding Year To Date Ended 30 Jun 2020 RM'000 |
| Continued operations | | | | |
| Revenue | 16,818 | 9,619 | 16,818 | 9,619 |
| Cost of sales | (15,493) | (9,385) | (15,493) | (9,385) |
| Gross Profit | 1,325 | 234 | 1,325 | 234 |
| Other income | 1,878 | 567 | 1,878 | 567 |
| Administrative expenses | (7,138) | (3,261) | (7,138) | (3,261) |
| Selling and marketing expenses | (125) | (90) | (125) | (90) |
| Finance costs | (291) | (327) | (291) | (327) |
| Loss before tax | (4,351) | (2,877) | (4,351) | (2,877) |
| Tax expense | (92) | (36) | (92) | (36) |
| Loss from continued operations | (4,443) | (2,913) | (4,443) | (2,913) |
| Discontinued operation | | | | |
| Profit from discontinued operation, net of tax | 7 | - | 7 | - |
| Net Loss for the period | (4,436) | (2,913) | (4,436) | (2,913) |
| Other comprehensive loss | | | | |
| Items that are or may be reclassified subsequently to profit or loss | | | | |
| - Exchange translation differences for foreign operation | (1) | - | (1) | - |
| Total comprehensive loss | (4,437) | (2,913) | (4,437) | (2,913) |
| Loss attributable to: | | | | |
| Owners of the Parent | (3,349) | (2,530) | (3,349) | (2,530) |
| Non-controlling interests | (1,087) | (383) | (1,087) | (383) |
| | (4,436) | (2,913) | (4,436) | (2,913) |
| Total comprehensive loss attributable to: | | | | |
| Owners of the Parent | (3,350) | (2,530) | (3,350) | (2,530) |
| Non-controlling interests | (1,087) | (383) | (1,087) | (383) |
| | (4,437) | (2,913) | (4,437) | (2,913) |
| Loss per share (sen) | | | | |
| - Basic | (0.29) | (0.24) | (0.29) | (0.24) |
| - Diluted | (0.29) | (0.24) | (0.29) | (0.24) |

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 2021.

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

Condensed Consolidated Statement Of Financial Position
As at 30 June 2021

| | Unaudited As At | Audited As At |
|---|------------------------|-----------------------|
| | 30 June 2021 | 31 March 2021 |
| | RM'000 | RM'000 |
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 34,491 | 36,502 |
| Right of use assets | 11,400 | 11,504 |
| Investment properties | 10,784 | 10,816 |
| Inventories | 6,000 | 6,000 |
| Quarry development expenditure | 90 | 87 |
| Goodwill on consolidation | 4,065 | 3,979 |
| Other receivables | 497 | 582 |
| | <u>67,327</u> | <u>69,470</u> |
| Current assets | | |
| Inventories | 1,711 | 2,019 |
| Contract assets | 22,493 | 36,222 |
| Trade receivables | 32,173 | 18,287 |
| Other receivables | 18,440 | 3,433 |
| Amount due from an associate company | - | 9,791 |
| Tax recoverables | 128 | 128 |
| Other investments | 468 | 466 |
| Asset held for sale | - | 31,255 |
| Fixed deposits with licensed bank | 5,797 | 7,493 |
| Cash and bank balance | 14,663 | 15,054 |
| | <u>95,873</u> | <u>124,148</u> |
| Total assets | <u><u>163,200</u></u> | <u><u>193,618</u></u> |
| EQUITY AND LIABILITIES | | |
| Equity attributable to equity holders of the company | | |
| Share capital | 166,813 | 166,813 |
| Less:- Treasury shares, at cost | (48) | (48) |
| Reserves | (79,337) | (75,987) |
| | <u>87,428</u> | <u>90,778</u> |
| Non-controlling interests | (702) | 1,563 |
| Total equity | <u>86,726</u> | <u>92,341</u> |
| Non-current liabilities | | |
| Lease and borrowings | 16,026 | 16,945 |
| Deferred tax liabilities | 2,390 | 2,390 |
| | <u>18,416</u> | <u>19,335</u> |
| Current liabilities | | |
| Trade payables | 24,491 | 20,088 |
| Other payables | 6,315 | 18,411 |
| Lease and borrowings | 25,097 | 20,187 |
| Tax payable | 2,155 | 2,328 |
| Liabilities associated to asset held for sale | - | 20,928 |
| | <u>58,058</u> | <u>81,942</u> |
| Total liabilities | <u>76,474</u> | <u>101,277</u> |
| TOTAL EQUITY AND LIABILITIES | <u><u>163,200</u></u> | <u><u>193,618</u></u> |
| Net assets per share (RM) | 0.08 | 0.08 |

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements and the audited financial statements for financial year ended 31 March 2021.

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

Condensed Consolidated Statements of Changes in Equity
For the Financial Period Ended 30 June 2021
(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 2021 | 166,813 | (48) | 40 | (76,027) | 90,778 | 1,563 | 92,341 |
| Loss for the financial period | - | - | - | (3,349) | (3,349) | (1,087) | (4,436) |
| Other comprehensive loss | - | - | (1) | - | (1) | - | (1) |
| Total comprehensive loss for the financial year | - | - | (1) | (3,349) | (3,350) | (1,087) | (4,437) |
| Transactions with owners: | | | | | | | |
| Acquisition of new subsidiary | - | - | - | - | - | 110 | 110 |
| Disposal of non-controlling interest | - | - | - | - | - | (1,288) | (1,288) |
| | - | - | - | - | - | (1,178) | (1,178) |
| At 30 June 2021 | <u>166,813</u> | <u>(48)</u> | <u>39</u> | <u>(79,376)</u> | <u>87,428</u> | <u>(702)</u> | <u>86,726</u> |

| | ----- 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 2020 | 132,527 | (48) | - | (67,785) | 64,694 | 2,152 | 66,846 |
| Loss for the financial period | - | - | - | (2,530) | (2,530) | (383) | (2,913) |
| Total comprehensive loss for the financial year | - | - | - | (2,530) | (2,530) | (383) | (2,913) |
| Transactions with owners: | | | | | | | |
| Issuance of share capital | 18,185 | - | - | - | 18,185 | - | 18,185 |
| | 18,185 | - | - | - | 18,185 | - | 18,185 |
| At 30 June 2020 | <u>150,712</u> | <u>(48)</u> | <u>-</u> | <u>(70,315)</u> | <u>80,349</u> | <u>1,769</u> | <u>82,118</u> |

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 2021.

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

Condensed Consolidated Statement Of Cash Flows
For the Financial Period Ended 30 June 2021

(The figures have not been audited)

| | 3 Months To Date ended 30 June 2021 RM'000 | Preceding period 3 months ended 30 June 2020 RM'000 |
|--|---|--|
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Loss before tax from continuing operations | (4,351) | (2,877) |
| Profit before tax from discontinued operation | 7 | - |
| Loss before tax | <u>(4,344)</u> | <u>(2,877)</u> |
| Adjustments for:- | | |
| Bad debts recovery | - | (7) |
| Depreciation and amortisation | 543 | 893 |
| Finance costs | 307 | 306 |
| Loss on disposal of property, plant and equipment | 660 | - |
| Gain on disposal of subsidiaries | (1,102) | - |
| Interest income | (34) | (55) |
| Impairment losses on: | | |
| - receivables | 2,237 | 6 |
| Reversal on impairment losses on property, plant and equipment | (464) | - |
| Share of associate company's result | - | (57) |
| Unrealised gain on foreign exchange | (5) | (67) |
| Operating loss before changes in working capital | <u>(2,202)</u> | <u>(1,858)</u> |
| Changes in working capital | | |
| Quarry development expenditure | (3) | 29 |
| Inventories | 308 | 175 |
| Receivables | (10,132) | 8,751 |
| Contract assets | 13,729 | (2,875) |
| Payables | (17,584) | (3,794) |
| Net cash (used in)/generated from operations | <u>(15,884)</u> | <u>428</u> |
| Tax paid | (266) | (302) |
| Tax refund | - | 437 |
| Interest paid | (307) | (306) |
| Interest received | 34 | 55 |
| Net cash (used in)/generated from operating activities | <u>(16,423)</u> | <u>312</u> |

| | 3 Months To Date ended 30 June 2021 RM'000 | Preceding period 3 months ended 30 June 2020 RM'000 |
|---|---|--|
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant & equipment | (36) | (99) |
| Proceeds from disposal of property, plant and equipment | 1,455 | - |
| Changes in amount due from associate company | 9,791 | (4,434) |
| Changes in other investments | (2) | (4,008) |
| Net cash generated from/(used in) investing activities | 11,208 | (8,541) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Net changes in fixed deposits pledged | 1,696 | (48) |
| Drawdown of borrowings | 6,813 | (982) |
| Repayment of borrowings | (2,207) | - |
| Drawdown of term loans | 150 | - |
| Repayment of term loans | (510) | (91) |
| Repayment of lease liabilities | (255) | (259) |
| Proceeds from issuance of shares | - | 18,185 |
| Net cash generated from financing activities | 5,687 | 16,805 |
| Net Changes in Cash and Cash Equivalents | 472 | 8,576 |
| Cash and Cash Equivalents at beginning of the period | 10,840 | 4,254 |
| Effects of exchange translation differences on cash and cash equivalents | (1) | 67 |
| Cash and Cash Equivalents at the end of period | 11,311 | 12,897 |
| Cash and Cash Equivalents comprises of : | | |
| Fixed deposits with licensed banks | 5,797 | 7,438 |
| Cash and bank balances | 14,663 | 19,271 |
| Bank overdrafts | 20,460 | 26,709 |
| | (3,363) | (6,385) |
| | 17,097 | 20,324 |
| Less: fixed deposits pledged to licensed banks | (5,786) | (7,427) |
| | 11,311 | 12,897 |

A. EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN 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 2021.

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 2021.

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 16 | Covid-19-Related Rent Concessions beyond 30 June 2021 |
| Amendments to 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 | |

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 2021 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 3 months ended 30 June 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 | 835 | 10,182 | 3,342 | - | 2,459 | - | 16,818 | 2,785 | 19,603 |
| Inter-segment revenue | - | - | (1) | - | 537 | (536) | - | - | - |
| | 835 | 10,182 | 3,341 | - | 2,996 | (536) | 16,818 | 2,785 | 19,603 |
| Segment results | (688) | 298 | 6 | (359) | (3,110) | (241) | (4,094) | 102 | (3,992) |
| Interest income | 8 | 26 | - | - | - | - | 34 | - | 34 |
| Finance costs | | | | | | | (291) | (95) | (386) |
| (Loss)/Profit before tax | | | | | | | (4,351) | 7 | (4,344) |
| Taxation | | | | | | | (92) | - | (92) |
| Net (loss)/profit for the year | | | | | | | (4,443) | 7 | (4,436) |
| Assets | | | | | | | | | |
| Segment assets | 6,239 | 52,360 | 10,502 | 25,622 | 132,616 | (64,139) | 163,200 | - | 163,200 |
| Liabilities | | | | | | | | | |
| Segment liabilities | 32,047 | 28,439 | 4,317 | 20,186 | 60,044 | (68,559) | 76,474 | - | 76,474 |

Segmental information for the 3 months ended 30 June 2020:

| | Quarry Products RM'000 | Civil Engineering RM'000 | Bituminous Products RM'000 | Services RM'000 | Others RM'000 | Elimination RM'000 | Consolidation RM'000 |
|-------------------------------|------------------------------|--------------------------------|----------------------------------|--------------------|------------------|-----------------------|-------------------------|
| Revenue | | | | | | | |
| Revenue to external customers | 2,201 | 6,149 | 1,257 | - | 12 | - | 9,619 |
| Inter-segment revenue | - | - | - | - | 141 | (141) | - |
| | 2,201 | 6,149 | 1,257 | - | 153 | (141) | 9,619 |
| Segment results | (817) | 209 | (440) | - | (1,501) | (56) | (2,605) |
| Interest income | 13 | 27 | - | - | 15 | - | 55 |
| Finance costs | | | | | | | (327) |
| Loss before tax | | | | | | | (2,877) |
| Taxation | | | | | | | (36) |
| Net loss for the year | | | | | | | (2,913) |
| Assets | | | | | | | |
| Segment assets | 27,387 | 43,319 | 8,789 | - | 96,296 | (35,585) | 140,206 |
| Liabilities | | | | | | | |
| Segment liabilities | 49,741 | 26,015 | 3,188 | - | 29,467 | (50,323) | 58,088 |

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 Jun 2021 RM'000 | As at 30 Jun 2020 RM'000 |
|----------------------|--------------------------------|--------------------------------|
| Corporate guarantees | 33,492 | 15,814 |
| Bank guarantees | 3,111 | 5,753 |
| | <u>3,111</u> | <u>5,753</u> |

14. Capital commitments

There was no material capital commitment not provided for as at 30 June 2021.

15. Related party transactions

| | Current Quarter Ended 30 Jun 2021 RM'000 | Year-to -date Ended 30 Jun 2021 RM'000 |
|---|---|---|
| Rental Income from related companies | (95) | (95) |
| Management fees between related companies | 537 | 537 |
| Rental payable to related companies | 17 | 17 |
| Advances to related companies | 700 | 700 |
| | <u>700</u> | <u>700</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 30 Jun 2021 RM'000 | 3 months ended 30 Jun 2020 RM'000 | 3 months ended 30 Jun 2021 RM'000 | 3 months ended 30 Jun 2020 RM'000 |
| Quarry Products | 835 | 2,201 | (688) | (817) |
| Quarry Products (discontinued) | 2,785 | | 102 | |
| Civil Engineering | 10,182 | 6,149 | 298 | 209 |
| Bituminous Products | 3,341 | 1,257 | 6 | (440) |
| Services | - | - | (359) | - |
| Others | 2,996 | 153 | (3,076) | (1,446) |
| Eliminations | (536) | (141) | (241) | (56) |
| Group | 19,603 | 9,619 | (3,958) | (2,550) |
| Less: Finance Costs | | | (386) | (327) |
| Loss Before Tax | | | (4,344) | (2,877) |

The Group's revenue has increased to RM19.6 million and recorded an operating loss of RM4.34 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 RM9.62 million and loss before tax of RM2.88 million respectively.

Further details for the overall financial performance are described below.

Quarry Products

Revenue for the quarry products segment has decreased to RM0.84 million with an operating loss of RM0.69 million as compared to the previous year's corresponding quarter revenue of RM2.2 million and operating loss of RM0.8 million. Revenue has decreased mainly due to the disposal of a subsidiary - Bertam Capital Sdn Bhd in May 2021.

Civil Engineering

Revenue for the current quarter has increased to RM10.18 million with an operating profit of RM0.3 million compared with the same quarter of the last financial year's revenue of RM6.15 million and operating loss of RM0.24 million.

The higher revenue recorded for this reporting quarter is mainly contributed by the increased revenue from the Selinsing Gold Mine of RM4.3 million as compared to preceding year's corresponding quarter of RM3.5 million, and the Cheras-Kajang Expressway ("CKE") project of RM2.5 million as compared to preceding year's corresponding quarter of RM0.6 million. The improvement in the operating profit is mainly due to the Group's proactive initiatives to ensure that costs are properly managed.

Bituminous Products

Revenue recorded for this segment for this reporting quarter was RM3.34 million with an operating profit of RM0.01 million as compared to same quarter of previous financial year's revenue of RM1.26 million and operating loss of RM0.44 million.

Services

No revenue was recorded for this division mainly due to nature of the contract that is on Call-Out Basis Option of Works as well as the imposition of the Full Movement Control Order ("FMCO") that was announced in June 2021.

Comparison with immediate preceding quarter's results (Q1-FY'22 vs Q4-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 | 835 | 952 | (117) | -12% |
| Quarry Products (discontinued) | 2,785 | 4,116 | (1,331) | -32% |
| Civil Engineering | 10,182 | 18,827 | (8,645) | -46% |
| Bituminous Products | 3,341 | 4,184 | (843) | -20% |
| Services | - | 16,373 | (16,373) | -100% |
| Others | 2,996 | 1,293 | 1,703 | 132% |
| Eliminations | (536) | (761) | 225 | -30% |
| Group | 19,603 | 44,984 | | |
| (Loss)/Profit Before Tax | (4,344) | 7,055 | (11,399) | -162% |

For the current quarter under review, all active operations have been adversely impacted by the FMCO announced in June 2021.

The quarry products segment's revenue had decreased to RM3.62 million compared to RM5.07 million recorded in the immediate preceding quarter mainly due to the disposal of one subsidiary - Bertam Capital Sdn Bhd in May 2021.

The civil engineering segment's revenue had decreased to RM10.18 million as compared to RM18.83 million recorded in the immediate preceding quarter mainly due to temporary suspension of project works attributed to the FMCO as well as intermittent localised Enhanced Movement Control Order ("EMCO") at affected project sites.

The bituminous products segment recorded a decrease of revenue to RM3.34 million as compared to the revenue of RM4.18 million recorded in the immediate preceding quarter due to lower demand in the local market. Operation has also been suspended during the FMCO.

There is no services segment's revenue recorded under the current quarter as compared to RM16.37 million recorded in the immediate preceding quarter mainly due to the nature of the contract that is on Call-Out Basis Option of Works as well as the impact of imposition of the FMCO.

The Group performance has recorded a loss before tax of RM4.34 million as compared to profit before tax of RM7.06 million recorded in the immediate preceding quarter due mainly due to disrupted operations and reduced demand from the customers due to the FMCO resulting in lower revenue. In addition, an impairment loss on receivables from customers at subsidiary level has also been provided amounting to RM2.2 million. However, the Group's active operations recorded a positive EBITDA of RM0.34 million for the quarter.

17. Prospects

The first quarter of 2021 saw an improved performance across all sectors of interest to the Group. The mining sector contracted at a much slower pace of 5.0% in quarter one for 2021 versus -10.4% in quarter four of 2020, amid gradual recovery of demand. Meanwhile, the construction sector contracted by a smaller rate of 10.4% in the first quarter of 2021 versus -13.9% in quarter four of 2020 due to gradual upliftment of restrictions.

Despite the high number of daily cases being recorded, the Group however is optimistic of an improved performance moving forward as the Government has allowed the industries to operate at full capacity subject to the adherence of SOP and vaccination rate within the operational work force.

It is expected that upon a full sector reopening, productivity will improve in tandem with the easing of restrictions. A potential major catalyst would be the reactivation of the MRT3 project which would benefit many construction players.

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 Construction Sdn Bhd ("MCSB"), a wholly-owned subsidiary of the Company had on 13 August 2020 entered into a Memorandum of Understanding ("MOU") with Borneo Oil & Gas Corporation Sdn Bhd ("BOG") to establish joint collaboration to undertake mining works at Hutan Simpan Bukit Ibam, Mukim Keratong, Daerah Rompin, Pahang Darul Makmur. On 2 April 2021, the Board of Directors announced that BOG and MCSB had mutually agreed to terminate the MOU as both MCSB and BOG were unable to finalise the terms of the potential collaboration.

ii) Coral Evergreen Sdn Bhd, an indirect wholly-owned subsidiary of the Company had on 3 May 2021 accepted a Letter of Acceptance dated 3 May 2021 from Azan Engineering Sdn Bhd ("AESB") to undertake the construction works of the project "Cadangan Pembinaan Fasa Kedua Institut Kemahiran Islam Sarawak" at a contract value of RM33,687,910 ("Project"). The Project is expected to commence upon receipt of Official Order to commence with works from AESB and the Project shall be completed on 18 March 2024.

iii) The Company has on 18 May 2021, entered into a Shares Sale Agreement with Bertam Roadbase Sdn Bhd ("BRSB") to dispose off its entire investment of 1,200,000 ordinary shares in Bertam Capital Sdn Bhd ("BCSB"), representing a 60% equity interest in BCSB to BRSB for a total consideration of RM10,200,000. The disposal is part of the Group's restructuring exercise to streamline its operations. The disposal also provides the Group an opportunity to unlock the value and monetise its investment in BCSB.

iv) Minetech Asphalt Man International Sdn Bhd, an 85%-owned subsidiary of the Company had on 20 May 2021 entered into a 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.

v) Konsep Khas Sdn Bhd ("KKS"), a 55%-owned subsidiary of the Company had on 1 June 2021 entered into a Distributor Agreement ("Agreement") with Krohne (M) Sdn Bhd ("Krohne") to be appointed as a distributor and service partner of Krohne's products and spare parts to the general industry (non-oil and gas industry) in the State of Sarawak and Pahang. The Agreement will become effective on 1 June 2021 until 31 May 2022. It shall have an initial terms of one (1) year and another one (1) year of Agreement extension will be offered until 31 May 2023.

vi) KKS had on 11 June 2021 accepted a Letter of Award from Valsa (Sarawak) Sdn Bhd ("Valsa") as a Sub-contractor to Build Towers under the Major Contributor Scheme of Malaysian Communications and Multimedia Commission in Sarawak, Malaysia for the project of Designing, Constructing, Completing, Testing and Commissioning of Telecommunications Structures awarded by Telco to Valsa.

vii) The Company had on 26 June 2020 entered into a 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 the Company and HAG identified and jointly agreed to pursue, in the Republic of Kazakhstan and/or in any other countries and region. On 6 August 2021, the Board of Directors announced that the non-binding collaboration between HAG and the Company which shall subsist for one (1) year had lapsed and both parties had no intentions to extend the duration of the MOU. As such, the MOU would no longer subsist.

viii) MCSB had on 11 August 2021 accepted a Letter of Award from Wangsa Keringat Development Sdn Bhd to undertake the design and construction works for project Elevated Road to "Cadangan Pembinaan 4 Block Pangsapuri 22 Tingkat" at a contract value of RM11,300,000 ("Project"). The overall Project duration shall be fifteen (15) months and it is expected to complete by 2 November 2022.

19. Private Placement

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 June 2021, 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 | 9,000 | Within 24 months | - | 0% | |
| b) Development of Large Scale Solar Photovoltaic Plant ("Solar Plant") | 9,500 | 9,500 | Within 12 months | - | 0% | |
| c) Working capital | 8,729 | 8,729 | Within 12 months | - | 0% | |
| d) Estimate expenses in relation to Private Placement | 152 | 152 | Within 6 month | - | 0% | |
| Total | 27,381 | 27,381 | | - | | |

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 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 29 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. Now, it is pending the hearing date for the assessment of damages at High Court to be fixed.

(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 Chong @ 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").

The appeal was heard on 31st March 2021. The Court of Appeal has dismissed the appeal.

The estimated legal fees to be incurred by the Group in the engagement of solicitors to litigate the abovementioned litigation cases is approximately RM50,000.

26. Share capital

| | Year to date ended 30 Jun 2021 | Year to date ended 30 Jun 2020 | Year to date ended 30 Jun 2021 | Year to date ended 30 Jun 2020 |
|--|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| | <u>Number of Shares</u> | | | |
| | ('000) | ('000) | RM'000 | RM'000 |
| Issued and fully paid-up | | | | |
| <i>Ordinary shares with no par value</i> | | | | |
| At 1 April | 1,165,614 | 921,575 | 166,813 | 132,527 |
| Shares issued during financial period | - | 186,100 | - | 18,185 |
| At 30 June | <u>1,165,614</u> | <u>1,107,675</u> | <u>166,813</u> | <u>150,712</u> |

27. Dividends

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

28. Loss per share

| | <u>Individual Quarter</u> | | <u>Cumulative Quarter</u> | |
|--|--|--|--------------------------------------|--------------------------------------|
| | 3 months Quarter ended 30 Jun 2021 | 3 months Quarter ended 30 Jun 2020 | Year to date ended 30 Jun 2021 | Year to date ended 30 Jun 2020 |
| Basic loss per share | | | | |
| Loss attributable to owners of the parent (RM'000) | (3,349) | (2,530) | (3,349) | (2,530) |
| Weighted average number of ordinary shares ('000) | 1,165,614 | 881,780 | 1,165,614 | 881,780 |
| Effect of issuance of shares ('000) | - | 186,100 | - | 186,100 |
| Effect of treasury shares held ('000) | - | (285) | - | (285) |
| Adjusted weighted average number of ordinary shares ('000) | <u>1,165,614</u> | <u>1,067,595</u> | <u>1,165,614</u> | <u>1,067,595</u> |
| Basic loss per share (sen) | <u>(0.29)</u> | <u>(0.24)</u> | <u>(0.29)</u> | <u>(0.24)</u> |

29. Notes to the Consolidated Statement of Comprehensive Income

| | Current Quarter Ended 30 Jun 2021 RM'000 | Year-to -date Ended 30 Jun 2021 RM'000 |
|--|---|---|
| Depreciation and amortisation | 543 | 543 |
| Gain on disposal of associate company | (120) | (120) |
| Gain on disposal of subsidiary company | (1,102) | (1,102) |
| Reversal of impairment loss on property, plant and equipment | (464) | (464) |
| Impairment loss on receivables | 2,237 | 2,237 |
| Interest expense | 355 | 355 |
| Interest income | (34) | (34) |
| Loss on disposal of property, plant and equipment | 660 | 660 |
| Unrealised gain on foreign exchange | 5 | 5 |

30. Authorised for issuance

The interim financial statements for the financial year ended 30 June 2021 has been approved by the Board of Directors of MRB on 30 September 2021 for release to Bursa Securities.