



MINETECH RESOURCES BERHAD GROUP

ANNOUNCEMENT PACKAGE

Q2/FY2020

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

Condensed Consolidated Statement Of Comprehensive Income For the Second Quarter Ended 30 September 2019
(The figures have not been audited)

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year Quarter ended 30 Sep 2019 RM'000	Preceding Year Quarter ended 30 Sep 2018 RM'000	Current Year To Date Ended 30 Sep 2019 RM'000	Preceding Year To Date Ended 30 Sep 2018 RM'000
Revenue	18,545	36,649	46,710	70,210
Cost of sales	(16,698)	(33,324)	(42,344)	(63,212)
Gross Profit	1,847	3,325	4,366	6,998
Other income	3,697	1,228	4,151	2,170
Administrative expenses	(3,988)	(3,986)	(6,810)	(7,793)
Selling and marketing expenses	(83)	(225)	(217)	(398)
Finance costs	(456)	(867)	(1,056)	(1,488)
Profit/(Loss) before tax	1,017	(525)	434	(511)
Tax expense	(184)	(810)	(877)	(1,315)
Profit/(Loss) for the period	833	(1,335)	(443)	(1,826)
Other comprehensive income/(loss)				
Items that are or may be reclassified subsequently to profit or loss				
- Exchange translation differences for foreign operation	(3)	(18)	8	(48)
Total comprehensive income/(loss)	830	(1,353)	(435)	(1,874)
Profit/(Loss) attributable to:				
Owners of the Parent	492	(1,509)	(729)	(2,493)
Non-controlling interests	341	174	286	667
	833	(1,335)	(443)	(1,826)
Total comprehensive income/(loss) attributable to:				
Owners of the Parent	489	(1,527)	(721)	(2,541)
Non-controlling interests	341	174	286	667
	830	(1,353)	(435)	(1,874)
Earning/(Loss) per share (sen)				
- Basic	0.05	(0.21)	(0.08)	(0.34)
- Diluted	0.05	(0.17)	(0.08)	(0.28)

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 2019.

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

Condensed Consolidated Statement Of Financial Position
As at 30 September 2019

	Unaudited As At 30 September 2019 RM'000	Audited As At 31 March 2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	30,968	47,530
Investment properties	11,070	11,072
Inventories	7,113	8,065
Quarry development expenditure	415	2,942
Intangible assets	13,232	13,465
Other Investment	64	64
Other receivables	-	615
	<u>62,862</u>	<u>83,753</u>
Current assets		
Inventories	6,402	17,246
Contract assets	4,019	8,983
Trade receivables	21,880	35,340
Other receivables	23,739	12,909
Amount due from associate companies	-	22
Tax recoverables	450	1,837
Other investments	1,500	839
Fixed deposits with licensed bank	9,657	11,197
Cash and Bank Balance	11,721	4,904
	<u>79,368</u>	<u>93,277</u>
Total assets	<u>142,230</u>	<u>177,030</u>
	Unaudited As At 30 September 2019 RM'000	Audited As At 31 March 2019 RM'000
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the company		
Share capital	132,527	132,527
Less:- Treasury shares, at cost	(48)	(48)
Reserves	<u>(56,704)</u>	<u>(56,555)</u>
	75,775	75,924
Non-controlling interests	2,425	8,884
Total equity	<u>78,200</u>	<u>84,808</u>
Non-current liabilities		
Loan and Borrowings	11,806	16,434
Deferred tax liabilities	2,226	2,372
	<u>14,032</u>	<u>18,806</u>
Current liabilities		
Contract liabilities	-	79
Trade payables	17,339	29,719
Other payables	18,421	24,371
Loan and Borrowings	14,133	18,598
Tax payable	105	649
	<u>49,998</u>	<u>73,416</u>
Total liabilities	<u>64,030</u>	<u>92,222</u>
TOTAL EQUITY AND LIABILITIES	<u>142,230</u>	<u>177,030</u>
Net assets per share (RM)	0.08	0.09

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 2019.

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 2019
(The figures have not been audited)

	----- Attributable to owners of the parent -----								
	Share capital RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	Warrant reserve RM'000	Other reserve RM'000	Accumulated losses RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
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

	----- Attributable to owners of the parent -----								
	Share capital RM'000	Treasury shares RM'000	Foreign currency translation reserve RM'000	Warrant reserve RM'000	Other reserve RM'000	Accumulated losses RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
At 1 April 2018									
- as previously stated	110,527	(48)	110	21,972	(21,972)	(41,072)	69,517	6,227	75,744
- effects of adoption of the MFRS Framework	-	-	-	-	-	(361)	(361)	(39)	(400)
Balance as at 1 April 2018 (restated)	110,527	(48)	110	21,972	(21,972)	(41,433)	69,156	6,188	75,344
Loss for the financial period	-	-	-	-	-	(2,493)	(2,493)	667	(1,826)
Other comprehensive loss	-	-	(48)	-	-	-	(48)	-	(48)
Total comprehensive income/ (loss) for the financial period	-	-	(48)	-	-	(2,493)	(2,541)	667	(1,874)
Transactions with owners:									
Issue of ordinary shares	19,800	-	-	-	-	-	19,800	-	19,800
Acquisition of subsidiary	-	-	-	-	-	-	-	1,697	1,697
	19,800	-	-	-	-	-	19,800	1,697	21,497
At 30 September 2018	130,327	(48)	62	21,972	(21,972)	(43,926)	86,415	8,552	94,967

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 2019.

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

Condensed Consolidated Statement Of Cash Flows
For the Financial Period Ended 30 September 2019

(The figures have not been audited)

	6 Months To Date ended 30 September 2019 RM'000	Preceding period 6 months ended 30 September 2018 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) before tax	434	(511)
Adjustments for:-		
Bad debts written off	38	-
Bad debts recovery	(986)	-
Depreciation and amortisation	5,139	3,796
(Gain)/Loss on disposal of property, plant and equipment	(1,789)	127
Loss on disposal of subsidiaries	1,176	-
Interest expenses	964	1,415
Unrealised loss/(gain) on foreign exchange	16	(11)
Reversal of impairment loss on property, plant and equipment	-	(76)
Impairment losses on:		
- receivables	8	-
- goodwill on consolidation	-	220
Property, plant and equipment written off	18	-
Interest income	(182)	(149)
Operating profit before changes in working capital	4,836	4,811
Changes in working capital		
Quarry development expenditure	28	36
Inventories	(2,839)	(3,265)
Receivables	(8,681)	(10,349)
Contract assets/ contract liabilities	4,885	-
Payables	4,557	871
Net cash generated from/ (used in) operations	2,786	(7,896)
Tax paid	(383)	(1,384)
Tax refund	843	61
Interest paid	(964)	(1,414)
Interest received	182	149
Net cash generated from/ (used in) operating activities	2,464	(10,484)

	6 Months To Date ended 30 September 2019 RM'000	Preceding period 6 months ended 30 September 2018 RM'000
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(2,759)	(914)
Proceeds from disposal of property, plant and equipment	6,342	616
Net cash inflow from disposal of subsidiary companies	6,335	-
Net cash outflow from acquisition of subsidiary companies	-	(4,048)
Amount due from associate companies	22	-
Changes in other investments	(661)	1,482
Net cash generated from/ (used in) investing activities	9,279	(2,864)
CASH FLOW FROM FINANCING ACTIVITIES		
Increased in fixed deposit pledged	1,540	(7,272)
Net changes in short term borrowings	(2,854)	10,010
Repayment of term loans	(463)	(435)
Drawdown from finance lease payables	350	-
Repayment of finance lease payables	(3,109)	(3,177)
Proceeds from issuance of shares	-	3,000
Net cash (used in)/ generated from financing activities	(4,536)	2,126
Net Change in Cash & Cash Equivalents	7,207	(11,222)
Cash and Cash Equivalents at beginning of the period	(4,199)	1,998
Effects of exchange translation differences on cash and cash equivalents	(16)	(37)
Cash and Cash Equivalents at the end of period	2,992	(9,261)
Cash and Cash Equivalents comprises of :		
Fixed deposit with licensed banks	9,657	11,335
Cash and bank balances	11,721	1,872
Bank overdrafts	(8,740)	(11,144)
	12,638	2,063
Less: fixed deposits pledged to a licensed banks	(9,646)	(11,324)
	2,992	(9,261)

Note to net cash inflow from disposal of subsidiary companies:

The effect of disposal of subsidiaries as follows:-

Cash and bank balances	1,020
Receivables	13,626
Inventories	14,635
Property, plant & equipment	9,846
Quarry development expenditure	2,499
Payables	(22,128)
Borrowings	(4,794)
Non-controlling interest	(6,173)
Net assets of subsidiaries disposed	<u>8,531</u>
Less: Proceed from disposal of subsidiaries	<u>(7,355)</u>
Loss on disposal of subsidiary companies	<u><u>1,176</u></u>
Total proceed from disposal of subsidiaries	7,355
Cash and cash equivalent in subsidiaries disposed	<u>(1,020)</u>
Net cash inflow on disposal	<u><u>6,335</u></u>
Proceed received from each subsidiary disposed:-	
Gebeng Quarry Sdn bhd	7,000
Minetech PQ Sdn Bhd	255
MRB Land Sdn Bhd	100
	<u><u>7,355</u></u>

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 2019.

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 2019.

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:

MFRS 16	Leases
IC Interpretation 23	Uncertainty Over Income Tax Treatments
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128	Long term Interests in Associates and Joint Ventures

Annual Improvements to MFRSs 2015-2017 Cycle:

Amendments to MFRS 3
Amendments to MFRS 11
Amendments to MFRS 112
Amendments to MFRS 123

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

Standards issued but yet effective

Amendment to References to the Conceptual Framework in MFRS Standards	
Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 101 & 108	Definition of Material
MFRS 17	Insurance Contracts
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 2019 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 and Premix Products : Provision of turnkey and specialised quarry services, sales and marketing of quarry products, manufacturing and trading of asphaltic premix products.

Civil Engineering : Specialised civil engineering works.

Bituminous Products : Manufacturing and trading of bituminous products.

Property Development : Engages in housing development projects and other real estate development 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 6 months ended 30 September 2019:

	Quarry and Premix 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	-	-	0	(3,871)	-
	<u>16,443</u>	<u>24,733</u>	<u>8,958</u>	<u>168</u>	<u>279</u>	<u>(3,871)</u>	<u>46,710</u>
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							<u>(443)</u>
Assets							
Segment assets	<u>35,314</u>	<u>43,881</u>	<u>11,636</u>	<u>0</u>	<u>80,111</u>	<u>(28,712)</u>	<u>142,230</u>
Liabilities							
Segment liabilities	<u>55,280</u>	<u>27,181</u>	<u>5,547</u>	<u>0</u>	<u>30,337</u>	<u>(54,316)</u>	<u>64,029</u>

Segmental information for the 6 months ended 30 September 2018:

	Quarry and Premix 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	35,487	28,318	6,365	-	40	-	70,210
Inter-segment revenue	195	62	193	-	390	(840)	-
	<u>35,682</u>	<u>28,380</u>	<u>6,558</u>	<u>-</u>	<u>430</u>	<u>(840)</u>	<u>70,210</u>
Segment results	1,378	1,996	526	(174)	(2,617)	(132)	977
Finance costs							(1,488)
Loss before tax							(511)
Taxation							(1,315)
Net loss for the period							<u>(1,826)</u>
Assets							
Segment assets	<u>100,138</u>	<u>41,701</u>	<u>10,176</u>	<u>2,885</u>	<u>85,162</u>	<u>(55,644)</u>	<u>184,418</u>
Liabilities							
Segment liabilities	<u>95,359</u>	<u>26,922</u>	<u>4,318</u>	<u>887</u>	<u>29,106</u>	<u>(67,141)</u>	<u>89,451</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 30 Sep 2019 RM'000	As at 30 Sep 2018 RM'000
Corporate guarantees	23,007	31,779
Bank guarantees	4,857	8,059

14. Capital commitments

There was no material capital commitment not provided for as at 30 September 2019.

15. Related party transactions

	3 Months As at 30 Sep 2019 RM'000	3 Months As at 30 Sep 2018 RM'000
Sales of direct material to substantial shareholder's companies	-	(1,606)
Management fees from substantial shareholders' companies	(180)	(100)
Commission from substantial shareholders' company	-	(92)
Rental Income from substantial shareholders' company	(7)	(10)
Office rental paid to substantial shareholders' company	53	75
Transportation charged from substantial shareholders' company	46	114
Rental paid to substantial shareholders' company	51	10

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:

	Revenue		Operating Results	
	3 months ended 30 Sep 2019	3 months ended 30 Sep 2018	3 months ended 30 Sep 2019	3 months ended 30 Sep 2018
Operating Segment	RM'000	RM'000	RM'000	RM'000
Quarry and Premix Products	5,663	16,782	4,348	380
Civil Engineering	8,517	16,094	781	1,044
Bituminous Products	4,038	4,091	181	281
Property Development	-	-	-	(50)
Others	113	215	(2,454)	(1,044)
Eliminations	214	(533)	(1,383)	(269)
Group	18,545	36,649	1,473	342
Less: Finance Costs			(456)	(867)
Profit/(Loss) Before Tax			1,017	(525)

The Group's revenue has decreased to RM18.55 million and operating results has improved to RM1.02 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 RM36.65 million and loss before tax of RM0.53 million respectively.

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

Quarry and Premix Products

Revenue for the quarry and premix products segment has decreased to RM5.66 million with an operating profit of RM4.35 million as compared to the previous year's corresponding quarter revenue of RM16.78 million and operating profit of RM0.38 million. Revenue dropped due mainly to disposal of subsidiary companies. Operating profit increased due to gain on disposal of plant and equipments and recovery of bad debts.

Civil Engineering

Revenue for the current quarter has decreased to RM8.52 million with an operating profit of RM0.78 million compared with the same quarter of the last financial year's revenue of RM16.09 million and operating profit of RM1.04 million.

The lower revenue recorded for this reporting quarter is mainly due to lesser projects undertaken due to the soft construction sector.

Bituminous Products

Revenue recorded for this segment for this reporting quarter was RM4.04 million with an operating profit of RM0.18 million as compared with same quarter of the last financial year's revenue of RM4.09 million and operating profit of RM0.28 million.

Property Development

No revenue reported for property development segment in current quarter due to disposal of a subsidiary.

Comparison with immediate preceding quarter's results (Q2-FY'20 vs Q1-FY'20)

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

Operating Segment	Current	Immediate	Variance	
	Quarter	preceding	RM'000	%
	RM'000	Quarter	RM'000	
Quarry and Premix Products	5,663	10,780	(5,117)	-47%
Civil Engineering	8,517	16,216	(7,699)	-47%
Bituminous Products	4,038	4,920	(882)	-18%
Property Development	-	168	(168)	-100%
Others	113	166	(53)	-32%
Eliminations	214	(4,085)	4,299	-105%
Group	18,545	28,165		
Profit/(Loss) Before Tax	1,017	(583)	1,600	>100%

For the current quarter under review, the quarry and premix products segment generated a lower revenue of RM5.66 million compared to RM10.78 million recorded in the immediate preceding quarter due mainly to disposal of subsidiaries.

The civil engineering segment's revenue decreased to RM8.52 million as compared to RM16.22 million in the immediate preceding quarter, due to lesser projects undertaken due to the soft construction sector.

The bituminous products segment recorded a lower revenue of RM4.04 million as compared to the revenue of RM4.92 million recorded in the immediate preceding quarter as a result of lower demand.

No revenue reported for property development segment in current quarter due to disposal of a subsidiary.

The Group performance has improved to RM1.02 million as compared to a loss before tax of RM0.58 million recorded in the immediate preceding quarter due mainly to gain on disposal of plant and equipments and recovery of bad debts.

17. Prospects

Overall the remaining financial year will continue to be challenging due to the uncertain market conditions, both locally and globally.

With the expected implementation of government planned projects, the civil engineering segment should remain satisfactory in the remaining financial year.

As for the bituminous products segments, it will remain competitive, but cost rationalisation and operational efficiency should lead to positive operating results.

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 5 August 2019, that K.S. Chin Minerals Sdn Bhd ("KSCM") has entered into a Share Sale Agreement ("SSA") with East Rock Sdn Bhd ("ERSB") for disposing its 4,340,100 ordinary shares in the share capital of Gebeng Quarry Sdn Bhd ("GQSB"), representing 51% of the issued and paid up share capital of Gebeng Quarry Sdn Bhd ("Sale Share") to ERSB for a total consideration of RM7,000,000 only. Upon completion, GQSB shall cease to be a subsidiary of the Company.

ii) The Company announced on 8 August 2019, that the Company has implemented the Share Issuance Scheme ("SIS") with effect from 3 August 2016. Pursuant to Paragraph 9.19(51) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company announced the offering of an option to eligible persons to subscribe for new ordinary shares of RM0.05 each in the Company ("SIS Options") under the SIS.

iii) 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 2019, the Board of Directors announced that there has been no further material development since the previous announcement.

iv) The Minetech Pavement Technologies Sdn Bhd ("MPTSB") on 6 September 2019 has entered into a Share Sale Agreement ("SSA") with Sri Unity Hauling Sdn Bhd ("SUHSB") for disposing its 255,000 ordinary shares, representing 51% of the total issued share capital in Minetech PQ Sdn Bhd ("MPQSB") for a total consideration of RM255,000 only. Upon completion, MPQSB shall cease to be a subsidiary of the Company.

v) The MRB Property Sdn Bhd ("MRBP") on 13 September 2019 has entered into a Share Sale Agreement ("SSA") with Arus Majujaya Sdn Bhd ("AMSB") for disposing its 2,500,000 ordinary shares, representing 100% of the total issued share capital in MRB Land Sdn Bhd ("MRB Land") for a total consideration of RM100,000 only. Upon completion, MRB Land shall cease to be a subsidiary of the Company.

vi) The Company announced on 9 October 2019, that Minetech Construction Sdn Bhd ("MCSB"), a wholly-owned subsidiary of the Company had accepted a Letter of Award dated 26 September 2019 from Syarikat Pembinaan Yeoh Tiong Lay Sdn Bhd appointing MCSB as sub-contractor to undertake and complete the Section 4 Bridge Works - Package 3 of the Electrified Double Track from Gemas to Johor Bahru at a contract value of RM17.9 million ("Sub-Contract Works"). The Sub-Contract Works will commence in October 2019 and is expected to complete by third quarter of 2020.

19. Profit forecast/profit guarantee

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

20. Tax expense

Tax expenses were as follows:

	6 Months period ended 30 Sep 2019 RM'000	6 Months period ended 30 Sep 2018 RM'000
Current tax expense :		
- current taxation	877	1,109
Current deferred tax		
- relating to origination and reversal fo temporary differences	-	206
	<u>877</u>	<u>1,315</u>

21. Status of corporate proposals

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

22. Group borrowings

The Group's borrowings were as follows:-

	As at 30 September 2019		
	Long term RM'000	Short term RM'000	Total borrowings RM'000
<u>Secured</u>			
Term loans	9,150	1,567	10,717
Bank Overdrafts	-	8,740	8,740
Finance lease payables	2,656	1,166	3,822
Bankers acceptance/Letter of credit	-	2,660	2,660
	<u>11,806</u>	<u>14,133</u>	<u>25,939</u>
	As at 30 September 2018		
	Long term RM'000	Short term RM'000	Total borrowings RM'000
<u>Secured</u>			
Term loans	10,039	1,567	11,606
Bank Overdrafts	-	11,144	11,144
Finance lease payables	8,424	5,917	14,341
Bankers acceptance/Letter of credit	-	3,695	3,695
	<u>18,463</u>	<u>22,323</u>	<u>40,786</u>

The term loans and finance lease payables for the current quarter ended 30 September 2019 recorded a decrease compared to correspondence quarter ended 30 September 2018 due to periodical repayment of term loans and finance lease payables and disposal of subsidiary companies.

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 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 for further Case Management on 28th November 2019 pending the availability of the written grounds of decision from the High Court Judge ("the Written Grounds of Decision") for both Suit 288 and Suit 433. The Deputy Registrar of the Court of Appeal will only fix a hearing date for both Appeals (which will be heard together) upon obtaining the Written Grounds of Decision.

(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 for further Case Management on 28th November 2019 pending the availability of the Written Grounds of Decision for both Suit 288 and Suit 433. The Deputy Registrar of the Court of Appeal will only fix a hearing date for both Appeals (which will be heard together) upon obtaining the Written Grounds of Decision.

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.

25. Share capital

	Year to date ended 30 Sep 2019	Year to date ended 30 Sep 2018	Year to date ended 30 Sep 2019	Year to date ended 30 Sep 2018
	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	731,575	132,527	110,527
Shares issued during financial period	-	120,000	-	16,800
Shares issued under private placement	-	30,000	-	3,000
At 30 September	921,575	881,575	132,527	130,327

26. Dividends

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

27. Earning/ (Loss) per share

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>3 months Quarter ended 30 Sep 2019</u>	<u>3 months Quarter ended 30 Sep 2018</u>	<u>Year to date ended 30 Sep 2019</u>	<u>Year to date ended 30 Sep 2018</u>
Basic earning/(loss) per share				
Profit/(Loss) for the period (RM'000)	492	(1,509)	(729)	(2,493)
Weighted average number of ordinary shares ('000)	921,575	731,575	921,575	731,575
Upon issuance of shares ('000)	-	120,000	-	120,000
Upon issuance of shares under private placement ('000)	-	30,000	-	30,000
Adjusted weighted average number of ordinary shares ('000)	921,575	881,575	921,575	881,575
Basic earning/(loss) per share (sen)	0.05	(0.21)	(0.08)	(0.34)
Diluted earning/(loss) per share (sen)	0.05	(0.17)	(0.08)	(0.28)

There is diluted loss per share is due to issuance of shares under private placement.

28. Notes to the Consolidated Statement of Comprehensive Income

	<u>Current Quarter Ended 30 Sep 2019 RM'000</u>	<u>Year-to -date Ended 30 Sep 2019 RM'000</u>
Interest income	(89)	(182)
Interest expense	434	964
Bad debts written off	33	38
Bad debts recover	(664)	(986)
Unrealised loss on foreign exchange	16	16
Depreciation and amortisation	3,278	5,139
Gain on disposal of property, plant and equipment	(1,727)	(1,789)
Loss on disposal of subsidiary companies	1,176	-
Property, plant and equipments written off	18	18
Impairment loss on receivables	8	8

29. Authorised for issuance

The interim financial statements for financial period ended 30 September 2019 has been approved by the Board of Directors of MRB on 27 November 2019 for release to the Bursa Securities.