



MINETECH

MINETECH RESOURCES BERHAD GROUP

ANNOUNCEMENT PACKAGE

Q2/FY2023

MINETECH RESOURCES BERHAD [200201007880 (575543-X)]

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS

Condensed Consolidated Statement Of Comprehensive Income For the Second Quarter Ended 30 September 2022

(The figures have not been audited)

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year Quarter ended 30 Sep 2022 RM'000	Preceding Year Quarter ended 30 Sep 2021 RM'000	Current Year To Date Ended 30 Sep 2022 RM'000	Preceding Year To Date Ended 30 Sep 2021 RM'000
Continued operations				
Revenue	26,939	20,430	50,991	37,248
Cost of sales	(24,086)	(18,927)	(46,197)	(34,420)
Gross Profit	2,853	1,503	4,794	2,828
Other income	248	375	703	2,253
Administrative expenses	(3,346)	(6,182)	(6,962)	(13,320)
Selling and marketing expenses	(83)	(128)	(205)	(253)
Finance costs	(1,157)	(287)	(1,471)	(578)
Loss before tax	(1,485)	(4,719)	(3,141)	(9,070)
Tax expense	373	(199)	73	(291)
Loss from continued operations	(1,112)	(4,918)	(3,068)	(9,361)
Discontinued operations				
Profit from discontinued operation, net of tax	-	-	-	7
Net Loss for the period	(1,112)	(4,918)	(3,068)	(9,354)
Other comprehensive loss				
Items that are or may be reclassified subsequently to profit or loss				
- Exchange translation differences for foreign operation	76	8	132	7
Total comprehensive loss	(1,036)	(4,910)	(2,936)	(9,347)
Loss attributable to:				
Owners of the Parent	(778)	(3,795)	(2,653)	(7,144)
Non-controlling interests	(334)	(1,123)	(415)	(2,210)
	(1,112)	(4,918)	(3,068)	(9,354)
Total comprehensive loss attributable to:				
Owners of the Parent	(702)	(3,787)	(2,521)	(7,137)
Non-controlling interests	(334)	(1,123)	(415)	(2,210)
	(1,036)	(4,910)	(2,936)	(9,347)
Loss per share (sen)				
- Basic	(0.07)	(0.33)	(0.22)	(0.61)
- Diluted	(0.04)	(0.33)	(0.15)	(0.61)

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 30 September 2022**

	Unaudited As At 30 September 2022 RM'000	Audited As At 31 March 2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	66,216	65,475
Right of use assets	4,507	3,959
Investment properties	1,569	1,580
Inventories	6,000	6,000
Quarry development expenditure	66	76
Goodwill on consolidation	3,455	3,455
Trade receivables	188	207
Other receivables	64	202
	<u>82,065</u>	<u>80,954</u>
Current assets		
Inventories	4,115	2,496
Contract assets	15,490	18,176
Trade receivables	42,112	35,203
Other receivables	12,359	16,120
Tax recoverables	570	93
Other investments	518	2,510
Asset held for sale	12,000	12,000
Fixed deposits with licensed bank	6,803	6,399
Cash and bank balance	10,136	10,028
	<u>104,103</u>	<u>103,025</u>
Total assets	<u><u>186,168</u></u>	<u><u>183,979</u></u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	95,060	94,050
Less:- Treasury shares, at cost	(48)	(48)
Reserves	<u>(10,751)</u>	<u>(8,230)</u>
	84,261	85,772
Non-controlling interests	<u>(3,084)</u>	<u>(2,669)</u>
Total equity	<u>81,177</u>	<u>83,103</u>
Non-current liabilities		
Lease and borrowings	15,188	14,394
Deferred tax liabilities	<u>1,988</u>	<u>2,804</u>
	<u>17,176</u>	<u>17,198</u>
Current liabilities		
Trade payables	42,813	42,731
Other payables	10,356	6,225
Lease and borrowings	34,379	34,026
Tax payable	<u>267</u>	<u>696</u>
	<u>87,815</u>	<u>83,678</u>
Total liabilities	<u>104,991</u>	<u>100,876</u>
TOTAL EQUITY AND LIABILITIES	<u><u>186,168</u></u>	<u><u>183,979</u></u>
Net assets per share (RM)	0.07	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 30 September 2022

(The figures have not been audited)

	6 Months To Date ended 30 September 2022 RM'000	Preceding period 6 months ended 30 September 2021 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before tax from continuing operations	(3,141)	(9,070)
Profit before tax from discontinued operation	-	7
Loss before tax	<u>(3,141)</u>	<u>(9,063)</u>
Adjustments for:-		
Bad debts recovery	-	(119)
Depreciation and amortisation	1,162	952
(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	1,430	516
Unrealised gain on foreign exchange	(14)	(5)
Impairment losses on:		
- receivables	-	4,398
Reversal on impairment losses on property, plant and equipment	-	(464)
Interest income	(96)	(62)
Operating loss before changes in working capital	<u>(772)</u>	<u>(4,296)</u>
Changes in working capital		
Quarry development expenditure	10	2
Inventories	(1,619)	(183)
Receivables	(3,680)	(6,624)
Contract assets	2,686	10,554
Payables	3,524	(2,434)
Net cash generated from/(used in) operations	<u>149</u>	<u>(2,981)</u>
Tax paid	(1,635)	(457)
Tax refund	-	24
Interest paid	(1,430)	(516)
Interest received	96	62
Net cash used in operating activities	<u>(2,820)</u>	<u>(3,868)</u>

	6 Months To Date ended 30 September 2022 RM'000	Preceding period 6 months ended 30 September 2021 RM'000
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(2,890)	(19,538)
Proceeds from disposal of property, plant & equipment	563	1,652
Changes in amount due to associate company	-	9,791
Changes in other investments	1,992	(4)
Net cash used in investing activities	(335)	(8,099)
CASH FLOW FROM FINANCING ACTIVITIES		
Net changes in fixed deposits pledged	(404)	1,497
Drawdown of borrowing	8,643	16,658
Repayment of borrowings	(4,268)	(5,783)
Drawdown of term loans	150	150
Repayment of term loans	(2,718)	(927)
Repayment of lease liabilities	(660)	(1,675)
Proceeds from issuance of shares	1,010	-
Net cash generated from financing activities	1,753	9,920
Net Changes in Cash & Cash Equivalents	(1,402)	(2,047)
Cash and Cash Equivalents at beginning of the period	7,470	10,840
Effects of exchange translation differences on cash and cash equivalents	132	5
Cash and Cash Equivalents at the end of period	6,200	8,798
Cash and Cash Equivalents comprises of :		
Fixed deposits with licensed banks	6,803	5,996
Cash and bank balances	10,136	11,544
Bank overdrafts	(3,936)	(2,757)
Less: fixed deposits pledged to licensed banks	(6,803)	(5,985)
	6,200	8,798

INTERIM FINANCIAL STATEMENTS

Condensed Consolidated Statements of Changes in Equity

For the Financial Period Ended 30 September 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	-	-	-	(2,653)	(2,653)	(415)	(3,068)
Other comprehensive income	-	-	132	-	132	-	132
Total comprehensive income/ (loss) for the financial year	-	-	132	(2,653)	(2,521)	(415)	(2,936)
Transactions with owners:							
Issuance of ordinary shares	1,436	-	-	-	1,436	-	1,436
Share issue expenses	(426)	-	-	-	(426)	-	(426)
	1,010	-	-	-	1,010	-	1,010
At 30 September 2022	95,060	(48)	177	(10,928)	84,261	(3,084)	81,177

	----- 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	-	-	-	(7,144)	(7,144)	(2,210)	(9,354)
Other comprehensive loss	-	-	7	-	7	-	7
Total comprehensive loss for the financial period	-	-	7	(7,144)	(7,137)	(2,210)	(9,347)
Transactions with owners:							
Acquisition on subsidiary	-	-	-	-	-	110	110
Disposal of non-controlling interest	-	-	-	-	-	(1,288)	(1,288)
	-	-	-	-	-	(1,178)	(1,178)
At 30 September 2021	166,813	(48)	47	(83,171)	83,641	(1,825)	81,816

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.

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 2022:

	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	425	29,812	13,087	2,155	5,512	-	50,991
Inter-segment revenue	-	-	-	-	740	(740)	-
	<u>425</u>	<u>29,812</u>	<u>13,087</u>	<u>2,155</u>	<u>6,252</u>	<u>(740)</u>	<u>50,991</u>
Segment results							
Interest income	(417)	1,788	1,418	(520)	(4,411)	376	(1,766)
Finance costs	-	64	-	26	6	-	96
Loss before tax							(1,471)
Taxation							(3,141)
Net loss for the period							<u>73</u>
							<u>(3,068)</u>
Assets							
Segment assets	<u>3,605</u>	<u>62,177</u>	<u>13,312</u>	<u>23,911</u>	<u>163,687</u>	<u>(80,524)</u>	<u>186,168</u>
Liabilities							
Segment liabilities	<u>30,615</u>	<u>35,079</u>	<u>5,818</u>	<u>26,699</u>	<u>94,209</u>	<u>(87,429)</u>	<u>104,991</u>

Segmental information for the 6 months ended 30 September 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	1,705	25,155	6,011	3,819	558	-	37,248	2,785	40,033
Inter-segment revenue	-	-	1	-	1,074	(1,075)	-	-	-
	<u>1,705</u>	<u>25,155</u>	<u>6,012</u>	<u>3,819</u>	<u>1,632</u>	<u>(1,075)</u>	<u>37,248</u>	<u>2,785</u>	<u>40,033</u>
Segment results									
Interest income	(673)	1,062	(131)	(969)	(7,515)	(320)	(8,546)	94	(8,452)
Finance costs	-	54	-	-	-	-	54	8	62
Loss before tax							(578)	(95)	(673)
Taxation							(9,070)	7	(9,063)
Net loss for the period							<u>(291)</u>	<u>-</u>	<u>(291)</u>
							<u>(9,361)</u>	<u>7</u>	<u>(9,354)</u>
Assets									
Segment assets	<u>6,576</u>	<u>56,930</u>	<u>10,226</u>	<u>26,258</u>	<u>145,073</u>	<u>(64,262)</u>	<u>180,801</u>	<u>-</u>	<u>180,801</u>
Liabilities									
Segment liabilities	<u>32,428</u>	<u>32,548</u>	<u>4,201</u>	<u>23,239</u>	<u>75,174</u>	<u>(68,605)</u>	<u>98,985</u>	<u>-</u>	<u>98,985</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 2022 RM'000	As at 30 Sep 2021 RM'000
Corporate guarantees	49,926	52,524
Bank guarantees	4,889	3,111
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14. Capital commitments

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

	As at 30 Sep 2022 RM'000	As at 30 Sep 2021 RM'000
<u>Approved and contracted for:</u>		
Construction of solar plant	6,913	-
<u>Approved but not contracted for:</u>		
Bituminous plant upgrade and decanting	1,126	-
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15. Related party transactions

	Current Quarter Ended 30 Sep 2022 RM'000	Year-to -date Ended 30 Sep 2022 RM'000
Management fees between related companies	324	740
Rental payable to related companies	137	166
Advances to related companies	35	215
	<hr/>	<hr/>

The Board of Directors, save for the interested directors, are of the opinion that all business transactions between the Group and the interested directors and interested substantial shareholders and/or persons connected to them are at arm's length basis and on terms not more favourable to the related parties than those generally available to the public.

B. ADDITIONAL DISCLOSURES IN COMPLIANCE WITH THE BURSA SECURITIES LISTING REQUIREMENTS

16. Review of the performance of the Company and its principal subsidiaries.

The comparisons of the results are tabulated below:

Operating Segment	Revenue		Operating Results	
	3 months ended 30 Sep 2022 RM'000	3 months ended 30 Sep 2021 RM'000	3 months ended 30 Sep 2022 RM'000	3 months ended 30 Sep 2021 RM'000
Quarry Products	61	870	(66)	7
Civil Engineering	16,142	14,973	1,100	792
Bituminous Products	7,230	2,671	835	(137)
Services	1,159	3,819	(162)	(610)
Others	2,671	(1,364)	(2,398)	(4,405)
Eliminations	(324)	(539)	363	(79)
Group	26,939	20,430	(328)	(4,432)
Less: Finance Costs			(1,157)	(287)
Loss Before Tax			(1,485)	(4,719)

The Group's revenue has increased to RM26.94 million and recorded a operating loss of RM1.49 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 RM20.43 million and loss before tax of RM4.72 million respectively.

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

Quarry Products

Revenue for the quarry products segment has dropped to RM0.06 million with an operating loss of RM0.06 million as compared to the previous year's corresponding quarter revenue of RM0.87 million and operating loss of RM0.02 million. Revenue has decreased mainly due to closure of quarry operations in April 2022.

Civil Engineering

Revenue for the current quarter has increased to RM16.14 million with an operating profit of RM1.10 million compared with the same quarter of the last financial year's revenue of RM14.97 million and operating profit of RM0.79 million.

A higher revenue was recorded by Selinsing Gold Mine ("SGM") of RM11.1 million as compared to the preceding year's corresponding quarter of RM9.7 million resulted from the increase in work volume. Revenue from the Cheras-Kajang Expressway ("CKE") project inched higher at RM2.9 million as compared to RM1.8 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 RM0.9 million and RM 0.8 million during this quarter. The YTL Electrified Double Track project ("YEDT") drops by RM1.7 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 RM7.23 million with an operating profit of RM0.84 million as compared to the same quarter of the last financial year's revenue of RM2.67 million and operating loss of RM0.14 million. This is mainly due to increased in sales of Coating Enamel and Blown Asphalt products as a result of improvement in demand both from local and oversea.

Services

Revenue for the current quarter decreased to RM1.16 million with an operating loss of RM0.16 million compared with the same quarter of the last financial year's revenue of RM1.59 million and operating loss of RM0.42 million due to the completion of project to supply of manpower, scaffolding services and storage tank maintenance services in June 2022.

Comparison with immediate preceding quarter's results (Q2-FY'23 vs Q1-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	364	(303)	-83%
Civil Engineering	16,142	13,670	2,472	18%
Bituminous Products	7,230	5,857	1,373	23%
Services	1,159	996	163	16%
Others	2,671	3,581	(910)	-25%
Eliminations	(324)	(416)	92	-22%
Group	26,939	24,052		
Loss Before Tax	(1,485)	(1,656)	171	-10%

The quarry products segment's revenue has decreased to RM0.06 million compared to RM0.36 million recorded in the immediate preceding quarter mainly due to the closure of quarry operations in Q2FY23.

The civil engineering segment's revenue has increased to RM16.14 million as compared to RM13.67 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 RM7.23 million as compared to the revenue of RM5.86 million recorded in the immediate preceding quarter due to continuous market share and demand growth especially in sales of blown grade and coating enamel.

The Group performance has recorded a loss before tax of RM1.49 million as compared to loss before tax of RM1.66 million recorded in the immediate preceding quarter, mainly due to increase in margins and cost-cutting initiatives. The Group's active operations recorded a positive EBITDA of RM0.43 million for the quarter.

17. Prospects

Malaysian economy expanded further by 8.9% in the 2Q 2022 (1Q 2022: 5.0%) 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 12.0% (Q1 2022: 6.5%), Manufacturing at 9.2% (Q1 2022: 6.6%) and the Construction sector of 2.4% (Q1 2022: -62%). On the other hand, the Mining sector is recovering, registering a smaller decline at -0.5% (Q1 2022: -1.1%).

Private consumption recorded higher growth at 10.1% (Q1 2022: 3.3%) 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 such as Bantuan Keluarga Malaysia. 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 25 August 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 15 May 2020 in relation to the acceptance of the Letter of Award ("LOA") from Mutual Premium Sdn Bhd ("MPSB") to Minetech Construction Sdn Bhd ("MCSB"), a wholly owned subsidiary, as a sub-contractor to undertake and complete the subcontract works in accordance to the Contract Drawings, Bill of Quantities and Specifications (including remedying of defects if any) for the Project. On 8 July 2022, the Company announced that both parties have mutually agreed to terminate the LOA ("Mutual Termination"). Following the Mutual Termination, It has been agreed by MPSB and MCSB that MCSB's appointment under the LOA shall accordingly be mutually withdrawn with immediate effect and there shall be no claims by both MPSB and MCSB against each other in relation to the termination of the LOA.
- iii) 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.
- iv) 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.

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 2022 RM'000	6 months period ended 30 Sep 2021 RM'000
Current tax expense :		
- current year tax provision	(691)	(291)
- over provision in prior years	764	-
	<u>73</u>	<u>(291)</u>

21. Status of corporate proposals

The Company had on 15 March 2021, 18 March 2021 and 22 April 2021 announced multiple corporate proposals as following:-

- (i) Reduction of the Company's issued share capital by RM90 million pursuant to Section 116 of the Companies Act 2016 ("Act") ("Share Capital Reduction");
- (ii) Private placement of up to 349,598,600 new ordinary shares in the Company ("Minetech Shares" or "Shares"), representing not more than 30% of the Company's existing number of issued Shares (excluding any treasury shares);
- (iii) Renounceable right issue of up to 582,664,400 new irredeemable convertible preference shares in the Company ("ICPS") on the basis of 1 ICPS for every 2 existing Minetech Shares held on an entitlement date to be determined;
- (iv) Amendment to the Constitution of the Company to facilitate the issuance of the ICPS;
- (v) Establishment of a share issuance scheme of up to 15% of the total number of issued Shares (excluding any treasury shares) at any one time during the duration of the share issuance scheme ("SIS");
- (vi) Diversification of the existing businesses of the Company and its subsidiaries ("Minetech Group" or "Group") to include the renewable energy business; and
- (vii) Diversification of the existing businesses of the Group to include the oil and gas business

The shareholders of the Company has approved the abovementioned corporate proposals in Extraordinary General Meeting held on 28 June 2021. The Right Issue of ICPS has been completed with the listing of and quotation for 582,664,397 ICPS on the Main Market of Bursa Securities on 25 October 2021.

The Company had on 29 December 2021 received a notice dated 23 December 2021 issued by the Registrar of Companies confirming all requirements for the Share Capital Reduction had been complied with on 24 November 2021. Accordingly, the Share Capital Reduction is effective on 24 November 2021.

The Company had also announced the effective date for the implementation of the SIS is 18 November 2021, which is the date of full compliance of the SIS in accordance with Paragraph 6.43 of the Listing Requirements.

On 6 May 2022, the Company issued 22,800,000 new ordinary shares at an issue price of RM0.063 each for a total consideration of RM1,436,400 via Private Placement for working capital purposes.

On 10 May 2022, Bursa Securities has granted the Company an extension of time of 6 months until 19 November 2022 to complete the implementation of the Private Placement.

On 7 October 2022, the Company offered of options to eligible persons to subscribe for new ordinary shares at price of RM0.0307 each under Share Issuance Scheme ("SIS").

On 18 October 2022, the Company issued 80,000,000 new ordinary shares at discounted price of RM0.028 each for a total consideration of RM 2,240,000 via Private Placement for working capital purposes.

On 16 November 2022, the Company has completed the Private Placement exercise by issuing 246,798,600 new ordinary shares at discounted price of RM 0.032 each for a total consideration of RM 7,897,555.20.

On 22 November 2022, a total of 3,780,000 Options under Share Issuance Scheme ("SIS") was exercised at a price of RM0.0307 each.

22. Group lease and borrowings

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

	As at 30 September 2022		
	Long term RM'000	Short term RM'000	Total borrowings RM'000
<u>Secured</u>			
Term loans	8,414	2,296	10,710
Bank Overdrafts	-	3,936	3,936
Lease liabilities	6,774	1,119	7,893
Short term borrowing	-	27,028	27,028
	<u>15,188</u>	<u>34,379</u>	<u>49,567</u>
	As at 30 September 2021		
	Long term RM'000	Short term RM'000	Total borrowings RM'000
<u>Secured</u>			
Term loans	10,876	2,920	13,796
Bank Overdrafts	-	2,757	2,757
Lease liabilities	4,384	427	4,811
Short term borrowing	-	24,191	24,191
	<u>15,260</u>	<u>30,295</u>	<u>45,555</u>

The term loans and finance lease payables for the current quarter ended 30 September 2022 recorded an increase compared to correspondence quarter ended 30 September 2021 due to new drawdown 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.

25. Share capital

	Year to date ended 30 Sep 2022	Year to date ended 30 Sep 2021	Year to date ended 30 Sep 2022	Year to date ended 30 Sep 2021
	Number of Shares		RM'000	RM'000
	('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	22,800	-	1,436	-
Share issue expenses	-	-	(426)	-
At 31 March	1,188,414	1,165,614	77,823	166,813
<i>Irredeemable convertible preference shares</i>				
At 1 April	582,664	-	17,237	-
Shares issued during financial period	-	-	-	-
At 31 March	582,664	-	17,237	-
Total	1,771,078	1,165,614	95,060	166,813

26. Dividends

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

27. Loss per share

	Individual Quarter		Cumulative Quarter	
	3 months Quarter ended 30 Sep 2022	3 months Quarter ended 30 Sep 2021	Year to date ended 30 Sep 2022	Year to date ended 30 Sep 2021
Basic loss per share				
Loss attributable to owners of the parent (RM'000)	(778)	(3,795)	(2,653)	(7,144)
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)	-	-	22,800	-
Adjusted weighted average number of shares ('000)	1,771,078	1,165,614	1,771,078	1,165,614
Basic loss per share (sen)	(0.07)	(0.33)	(0.22)	(0.61)
Diluted loss per share (sen)	(0.04)	(0.33)	(0.15)	(0.61)

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

28. Notes to the Consolidated Statement of Comprehensive Income

	Current Quarter Ended 30 Sep 2022 RM'000	Year-to -date Ended 30 Sep 2022 RM'000
Depreciation and amortisation	623	1,171
Gain on disposal of property, plant and equipment	(32)	(113)
Interest expense	1,139	1,430
Interest income	(65)	(96)
Realised gain on foreign exchange	(46)	(108)

29. Authorised for issuance

The interim financial statements for financial quarter ended 30 September 2022 has been approved by the Board of Directors of MRB on 24 November 2022 for release to the Bursa Securities.

Press Release

For Immediate Distribution

Minetech Records 32% Increase in Revenue for 2Q

Company's loss before tax continues to narrow on higher revenue contribution from civil engineering and manufacturing divisions

KUALA LUMPUR, 24 NOVEMBER 2022 – Civil engineering specialist and bituminous products manufacturer **Minetech Resources Berhad** ("Minetech" or the "Company") today reported that the Company recorded a 31.9% rise in revenue to RM26.9 million for the second quarter ended 30 September 2022 ("2Q FY2023") compared with RM20.4 million in the corresponding quarter of the last financial year ("2Q FY2022").

The Company registered a loss before tax ("LBT") of RM1.5 million for the quarter under review compared with LBT of RM4.7 million in 2Q FY2022.

On a segmental basis, the civil engineering division recorded a 8.1% rise in revenue to RM16.1 million in 2Q FY2023 compared with RM14.9 million in 2Q FY2022. The manufacturing division, which produces bituminous products for pipe coating, waterproofing and sealing, posted a 166.7% increase in revenue to RM7.2 million compared with RM2.7 million in the same quarter of the previous financial year.

For the first-half of the financial year ended 30 September 2023 ("1H FY2023"), Minetech registered a 36.9% increase in revenue to RM50.9 million compared with RM37.2 million in 1H FY2022. The Company recorded LBT of RM3.1 million in the period under review compared with RM9.1 million in 1H FY2022.



Matt Chin, Executive
Director of Minetech
[\(Link\)](#)

Matt Chin, Executive Director of Minetech, said, "We continue to see our financial performance improve with narrower losses on higher revenue contribution from the civil engineering division's Selinsing Gold Mine due to increase in work volume as well as from the Cheras-Kajang Highway, Wangsa Brezza Hill and GM Emerald Square."

"We have seen a significant increase in revenue contribution from the manufacturing division mainly due to the rise in sales of coating enamel and blown asphalt products as a result of improved demand from both domestic and overseas markets."

"While economic growth is on a stronger footing based on Malaysia's third-quarter GDP figures, we note the increased risks of a slowdown in 2023 as global uncertainties stemming from the Russia-Ukraine conflict, China's slowdown and inflationary pressure continue to weigh on sentiments. We continue to emphasise various cost-control measures and cash conservation and at the same time exploring opportunities that have seen us venturing into technology and innovation and penetrating into second-tier construction activities. These

initiatives have helped us weather the storm and continue to create value for shareholders and other stakeholders.”

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ABOUT MINETECH RESOURCES BERHAD

Minetech Resources Berhad (“Minetech” or the “Company”) is primarily a civil engineering specialist and bituminous products manufacturer that has diversified into renewable energy, oil and gas services, financial technology and food and beverage distribution. The Company is a registered solar photovoltaic investor with the Sustainable Energy Development Authority Malaysia and owns a 9.99MW AC floating solar power plant. For more information, visit minetech.com.my.