

MINETECH RESOURCES BERHAD (575543-X)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS**Condensed Consolidated Statement Profit and Loss And Other Comprehensive Income****For the First Quarter Ended 31 March 2014****(The figures have not been audited)**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year Quarter ended 31 Mar 2014	Preceding Year Corr. Quarter ended 31 Mar 2013	Current Year To Date ended 31 Mar 2014	Preceding Year Corr. Period ended 31 Mar 2013
	RM'000	RM'000	RM'000	RM'000
Revenue	33,584	45,238	33,584	45,238
Cost of sales	(30,268)	(40,355)	(30,268)	(40,355)
Gross (Loss)/Profit	3,316	4,883	3,316	4,883
Other operating income	131	133	131	133
Administrative expenses	(2,968)	(2,554)	(2,968)	(2,554)
Selling and marketing expenses	(192)	(247)	(192)	(247)
Finance costs	(399)	(595)	(399)	(595)
Loss before tax	(112)	1,620	(112)	1,620
Tax expense	(104)	-	(104)	-
Loss for the period	(216)	1,620	(216)	1,620
Other comprehensive income (expense)				
Foreign currency translation differences	118	40	118	40
Total comprehensive expense	(98)	1,660	(98)	1,660
(Loss)/Profit attributable to:				
Owners of the company	(93)	1,178	(93)	1,178
Non-controlling interests	(123)	442	(123)	442
	(216)	1,620	(216)	1,620
Comprehensive (expense)/income attributable to:				
Owners of the company	(68)	1,219	(68)	1,219
Non-controlling interests	(30)	441	(30)	441
	(98)	1,660	(98)	1,660
Loss per share (sen)				
- Basic	(0.03)	0.39	(0.03)	0.39
- Diluted	N/A	N/A	N/A	N/A

N/A - Not Applicable

The Condensed Consolidated Statement of Profit and Loss And Other 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 December 2013.

MINETECH RESOURCES BERHAD (575543-X)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS**Condensed Consolidated Statement Of Financial Position****As at 31 March 2014****(The figures have not been audited)**

	Unaudited As At 31 Mar 2014 RM'000	Audited As At 31 Dec 2013 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	46,778	49,917
Investment properties	1,658	1,659
Quarry development expenditure	7,438	7,540
Goodwill arising on consolidation	3	3
	<u>55,877</u>	<u>59,119</u>
Current assets		
Inventories	11,743	7,451
Trade and other receivables	43,548	49,146
Current tax asset	164	144
Cash and bank balances	10,642	15,757
	<u>66,097</u>	<u>72,498</u>
Total assets	<u><u>121,974</u></u>	<u><u>131,617</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Group		
Share capital	66,538	66,538
Less:- Treasury shares, at cost	(48)	(48)
Reserves	(17,400)	(17,332)
	<u>49,090</u>	<u>49,158</u>
Non-controlling interests	1,681	1,711
Total equity	<u>50,771</u>	<u>50,869</u>
Non-current liabilities		
Borrowings	5,441	7,609
Deferred tax liabilities	2,741	2,740
	<u>8,182</u>	<u>10,349</u>
Current liabilities		
Trade and other payables	50,363	55,526
Borrowings	12,239	14,380
Taxation	419	493
	<u>63,021</u>	<u>70,399</u>
Total liabilities	<u>71,203</u>	<u>80,748</u>
TOTAL EQUITY AND LIABILITIES	<u><u>121,974</u></u>	<u><u>131,617</u></u>
Net assets per share (RM)	0.153	0.153

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 December 2013.

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

Condensed Consolidated Statements of Changes in Equity
For the First Quarter Ended 31 March 2014
(The figures have not been audited)

	Share Capital RM'000	----- Attributable to equity holders of the parent -----				Total RM'000	Non-Controlling Interest RM'000	Total Equity RM'000
		Share Premium RM'000	Treasury Shares RM'000	Forex Reserve RM'000	Accumulated losses RM'000			
At 1 Jan 2013	60,494	1,921	(48)	226	(11,154)	51,439	829	52,268
Total comprehensive expenses	-	-	-	(8)	(8,317)	(8,325)	882	(7,443)
Issuance of shares pursuant to private placement	6,044	-	-	-	-	6,044	-	6,044
Balance as at 31 Mar 2013	66,538	1,921	(48)	218	(19,471)	49,158	1,711	50,869
At 1 Jan 2014	66,538	1,921	(48)	218	(19,471)	49,158	1,711	50,869
Total Comprehensive expenses				25	(93)	(68)	(30)	(98)
Balance as at 31 Mar 2014	66,538	1,921	(48)	243	(19,564)	49,090	1,681	50,771

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 December 2013.

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

Condensed Consolidated Statement Of Cash Flows
For the First Quarter Ended 31 March 2014
(The figures have not been audited)

	Unaudited As at 31 Mar 2014 RM'000	Unaudited As At 31 Mar 2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before tax	(112)	1,620
Adjustments for:-		
Depreciation and amortisation	2,147	2,208
Construction In Progress charge out to expenses	48	-
Loss/(Gain) on disposal of property, plant and equipment	(30)	(49)
Interest expenses	356	535
Interest income	(79)	(12)
Operating profit before changes in working capital	2,330	4,302
Changes in working capital		
Decrease in inventories	(3,010)	(200)
Decrease in current assets	4,225	4,657
Decrease in current liabilities	(4,486)	(4,162)
Net cash flow from operations	(941)	4,597
Tax paid	313	5
Interest paid	(34)	(114)
Net cash flow from operating activities	(662)	4,488
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(103)	(558)
Proceeds from disposal of property, plant & equipment	48	-
Proceeds from disposal of investment properties	-	105
Acquisition of a subsidiary, net of proceeds received	0 *	-
Quarry development expenditure incurred	-	(1,122)
Net cash flow (used in)/ generated from investing activities	(55)	(1,575)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(321)	(421)
Interest received	79	12
(Repayment)/Net Drawdown of short term borrowings	(481)	(1,108)
Repayment of term loans	(2,208)	(1,924)
Repayment of hire-purchase and lease creditors	(761)	(1,387)
Net cash flow used in financing activities	(3,692)	(4,828)
Net Change in Cash & Cash Equivalents	(4,409)	(1,915)
Cash and Cash Equivalents at beginning of period	14,933	7,231
Effect on foreign exchange rate changes	118	1,157
Cash and Cash Equivalents at end of period	10,642	6,473
	Note	
Note	RM'000	RM'000
Fixed deposit with licensed banks	5,106	3,618
Cash and bank balances	5,736	3,766
Bank overdrafts	(200)	(911)
	10,642	6,473
Less: Fixed deposits pledged to a licensed bank	-	-
	10,642	6,473

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements and the audited financial statements and the audited financial statements for financial year ended 31 December 2013.

Note :

* Amount less than RM1,000

NOTES TO THE INTERIM FINANCIAL STATEMENTS

A. EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 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 December 2013.

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 December 2013.

2. Adoption of Revised Financial Reporting Standards

Effective for annual periods commencing on and after 1 July 2012

Amendments to MFRS 101 Presentation of Items of Other Comprehensive Income

Effective for annual periods commencing on or after 1 January 2013

MFRS 3	Business Combinations
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (revised)
MFRS 127	Consolidated and Separate Financial Statements (revised)
MFRS 128	Investments in Associates and Joint Ventures (revised)
Amendments to MFRS 1	Government Loans
Amendments to MFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10, MFRS 11 and MFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guidance
Amendments to MFRS 1, MFRS 101, MFRS 116, MFRS 132 and MFRS 134	Annual Improvements 2009-2011 Cycle

MINETECH RESOURCES BERHAD (575543-X)
(Incorporated in Malaysia)

2. Adoption of Revised Financial Reporting Standards (continued)

IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to IC Interpretation 2	Annual Improvements 2009-2011 Cycle

The adoption of the above standards and IC interpretations did not have any significant impact on the financial performance of the Group.

MFRSs, Amendments and IC Interpretations were issued but not yet effective:

At the date of authorization of this interim report, the following MFRSs, Amendments to MFRSs and IC interpretation were issued but not yet effective and have not been applied by the Group:

		Effective for annual periods beginning on and after
MFRS 9	Financial Instruments	1 January 2015
Amendments to MFRS 10, MFRS 12 and MFRS 127	Investment Entities	1 January 2014
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21	Levies	1 January 2014

3. Preceding year's audit report

The annual audited financial statements for the financial year ended 31 December 2013 were 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, August 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 other than the following:

Optimis Dinamik Sdn Bhd (“ODSB”), a wholly owned subsidiary of MRB Group, received a letter dated 20 December 2012 from Sri Manjung Granite Quarry Sdn Bhd (“SMGQ”), the owner of quarry sites located at Mukim Pengkalan Baru, Daerah Manjung, Perak (“Quarry Site”) on 24 December 2012, giving 60 days’ notice to cease any remaining operation or activity on the Quarry Site and to dismantle and remove all plant and machinery and vacate all buildings and structures at the Quarry Sites and return the Quarry Sites to SMGQ.

Based on the advice given by our legal counsels, we are strongly contesting the purported termination as it is wrongful and without any valid bases. The subsidiary immediately initiated all necessary legal actions to challenge the purported termination of contract by issuing notices of demand to SMGQ for an amount of RM58,200,000 being the estimated losses incurred arisen from the unlawful termination of the agreement entered between the parties dated 28 March 2006.

The said demand of estimated losses was derived from the estimated loss of profit of the remaining 9 years of the Agreement and the carrying value of the Fixed Assets for Manjung Quarry.

As at 31 December 2013, the Quarry Development Expenditure capitalised of RM1,198,428 had been written off to statement of profit and loss and other comprehensive income for the financial year ended 31 December 2013.

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 and equity securities

There were no issuance, cancellations, repurchases, resale and repayment of debt and equity securities for the current quarter under review.

8. Dividend payment

There were no dividends paid during the current financial quarter.

MINETECH RESOURCES BERHAD (575543-X)
(Incorporated in Malaysia)

9. Segmental information

Operating Segment	Revenue		Operating Results	
	3 months ended 31 Mar 2014 RM'000	3 months ended 31 Mar 2013 RM'000	3 months ended 31 Mar 2014 RM'000	3 months ended 31 Mar 2013 RM'000
Quarry and Building Materials Products	17,850	22,945	(470)	(595)
Civil Engineering and Bituminous Products	16,615	22,810	881	2,620
Others	845	1,252	(25)	421
Eliminations	(1,726)	(1,769)	(99)	(231)
Group	33,584	45,238	287	2,215
Less: Finance Cost			(399)	(595)
Loss Before Tax			(112)	1,620

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 which is likely to substantially affect the results of the operations of the Group.

12. Changes in composition of the Group

On 5th March 2014, the Group announced that it had established a wholly-owned subsidiary known as Minetech Heavy Machineries Sdn. Bhd. to undertake the business of distribution of heavy machineries. Mr Choy Sen @ Chin Kim Sang and Mr Chin Leong Choy, both directors of Minetech are the directors and promoters of Minetech Heavy Machineries Sdn. Bhd., holding one ordinary share of RM1.00 each, for and on behalf of the Company.

The above establishment does not have any material effects on the earnings per share, gearing and net assets per share of the Minetech Group.

The Board of Directors of Minetech is of the opinion that the above establishment of subsidiary is in the best interest of Minetech.

13. Contingent liabilities

The changes in contingent liabilities are as follows:

	As at 31 Mar 2014 RM'000	As at 31 Mar 2013 RM'000
Bank guarantee issued in favour of third parties by certain subsidiaries	4,334	3,328

MINETECH RESOURCES BERHAD (575543-X)
(Incorporated in Malaysia)

14. Capital commitments

Capital expenditure in respect of purchase of property, plant & equipment and motor vehicles:

	As at 31 March 2014 RM'000
Approved and contracted for	1,612

15. Related party transactions

	As at 31 Mar 2014 RM'000	As at 31 Mar 2013 RM'000
Rental paid to Choy Sen @ Chin Kim Sang	41	40
Rental paid to Low Choon Lan	15	13
Land rental paid to a director related company - Choy Sen @ Chin Kim Sang	60	45

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 Subsidiary

The Group's revenue for the 1st quarter ended 31 March 2014 has decreased by 25.8% to RM33.6 million as compared to RM45.3 million in the previous year corresponding quarter.

The Group recorded a loss before tax ("LBT") of RM112,000 for the current quarter ended 31 March 2014 as compared to profit before tax ("PBT") of RM1.6 million in the previous year corresponding quarter. The significant decrease of RM1.73 million as compared to previous corresponding quarter was mainly due to disruption of quarry site production in the month of January 2014 due to licensing issues which were promptly resolved in the following month.

MINETECH RESOURCES BERHAD (575543-X)
(Incorporated in Malaysia)

17. Explanatory comments on any material change in the profit before tax for the quarter reported on as compared with preceding quarter

The Group's revenue for the 1st quarter ended 31 March 2014 has decreased by 29.6% to RM33.6 million as compared to RM47.7 million in the preceding quarter ended 31 December 2013.

The Group recorded a LBT of RM112,000 for the current quarter as compared to LBT of RM12.8 million in the preceding quarter ended 31 December 2013. The decrease in LBT for the current quarter as compared to immediate preceding quarter are mainly due to high loss from quarry division, write-off of stockpile, quarry development expenditure and property, plant and equipment.

18. Prospects

Going forward, the Group will continue with its on-going expansion plan to collaborate with other industry expert to improve the existing asphalt products and to expand the range of asphalt products to other regions in Malaysia and other countries.

However, there is still volatility of global raw material prices as well as bitumen prices and the Ringgit's weakening against the Singapore Dollar continue to pose as a challenge to the Group's profitability.

Despite the challenges, the Group remains committed to its efforts to actively participating in the tendering of projects in Malaysia and projects to be rolled out under the on-going implementation of infrastructure project from the Government's Economic Transformation Programme (ETP) throughout Malaysia to further enhance shareholder's value.

19. Memorandum of Understanding

The Group had on 14th February 2014 entered into a Memorandum of Understanding for Partnership ("MOU") with Sany International Developing (M) Sdn Bhd ("SANY") and Top-Mech Provincial Sdn Bhd ("TOPMECH") to explore opportunities available to form a win-win partnership including to pursue projects jointly.

20. Realised and unrealised profit/(loss)

The breakdown of the accumulated losses of the Group is as follows:

	As at 31 Mar 2014 RM'000	As at 31 Dec 2013 RM'000
Total accumulated losses of the Company and its subsidiaries		
Realised	(16,823)	(19,471)
Unrealised	(2,741)	-
Total Group accumulated losses	<u>(19,564)</u>	<u>(19,471)</u>

21. Profit forecast/profit guarantee

MINETECH RESOURCES BERHAD (575543-X)
(Incorporated in Malaysia)

Not applicable.

22. Tax expense

Tax expense is as follows:

	Current Quarter RM'000	Current Year-to-date RM'000
Current tax expense :		
- current quarter/ year-to-date	104	104
- (under)/over provision in prior year	-	-
Current deferred tax	-	-
	<u>104</u>	<u>104</u>

23. Status of corporate proposals

There is no corporate proposal announced but not completed as at the date of this announcement except for the following:

As at 31 December 2013, the utilisation of the proceeds of RM6,043,600 from the Private Placement is as follows:-

	Time frame for utilisation of proceeds (from 10 October 2013)	Proposed Utilisation RM'000	Amount Utilised RM'000	Amount Unutilised RM'000	
To finance the leasing, development, operation and maintenance of potential new quarry site(s)	Within 12 months	5,860	2,500	3,360	*
Estimated expenses in relation to the Private Placement	Within 1 month	184	94	90	#
		<u>6,044</u>	<u>2,594</u>	<u>3,450</u>	

*Pending the full utilisation of such proceeds, MRB had placed the proceeds (including accrued interest) or the balance thereof in interest-bearing deposit account(s) with licensed financial institution.

In view of the actual Private Placement expenses were lower than estimated, the excess shall be utilised to finance the leasing, development, operation and maintenance of potential new quarry site(s).

MINETECH RESOURCES BERHAD (575543-X)
(Incorporated in Malaysia)

24. Group borrowings

The Group's borrowings are as follows:-

	As at 31 Mar 2014 RM'000	As at 31 Dec 2013 RM'000
<u>Current liabilities- secured</u>		
Hire purchase creditors	3,295	3,188
Term loans	5,220	6,165
Trade financing/short term borrowings	200	52
<u>Current liabilities- unsecured</u>		
Trade financing/short term borrowings	3,724	4,976
<u>Non-current liabilities- secured</u>		
Hire purchase creditors	5,010	5,879
Term loans	431	1,729
Total borrowings	17,880	21,989

25. Material litigation

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

Status update on the Writ of Summons dated 1 April 2013 served by the Company's wholly owned subsidiary, Optimis Dinamik Sdn Bhd ("ODSB") to Sri Manjung Granite Quarry Sdn Bhd ("SMGQ"):-

On 1 April 2013, the Company through its Advocates, Messrs CK Oon & Co. served on the Defendant, Sri Manjung Granite Quarry Sdn Bhd, through its Advocates, Messrs Gan Partnership, and submitted to the Arbitrator and the High Court of Kuala Lumpur, Commercial Division for Arbitration its Statement of Claim for the sum of RM43,397,367 being the loss of profit calculated from 2013 to 2021 and sum of RM14,818,447 being the NBV for fixed assets.

On 16 April 2013 Case Management, the Company has been served a Defence and Counter claim by the Defendant, SMGQ. The Defendant contends that the Company violated the conditions of license by the Forest Office by using lorries with unregistered sub-licenses and gave the Company a period of 60 days to vacate the quarry and return the quarry to the Defendant via Defendant's solicitors' letter dated 20 Dec 2012. In addition, the Defendant counter claim for the tribute of RM256,300.24 for the months of October and November 2012, respectively for RM169,095.35 and RM87,204.89 and the forwarding agency fee for materials shipped to Singapore for the months of September, October and November 2012 in the sum of RM24,623.50.

25. Material litigation (continued)

On 15 May 2013 Case Management, the learned judge informed both parties that she would like to deal with the Defendant's injunction application first. In any event, the judge has fixed a hearing date for the Defendant's injunction application on 29 May 2013.

On 29 May 2013 Defendant's injunction, the learned Judge has directed the plaintiff to deliver vacant possession of the site to the defendant on or before 12 July 2013. On the remaining stockpiles, both parties have agreed to conduct a joint survey to determine the value of the remaining stockpiles. The joint survey on the stockpile was postponed and carried out on 22 July 2013.

On 19 July 2013 Case Management, the learned judge instructed both parties to file, amongst other things, the Common Bundle of Documents on the next case management.

On 19 September 2013 Case Management, the learned judge has fixed another Case Management on 19 November 2013.

The Case Management was postponed to 9 December 2013, and then further postponed to 15 January 2014.

The Trial of the matter initially scheduled on 24 and 25 March 2014 has been vacated and a new trial date will be fixed upon disposal of the application to amend the Statement of Claim.

A new trial date has been tentatively scheduled as at 23rd and 24th September 2014.

The legal opinion given by the Company's lawyers is that the Defendant's termination is unlawful and the claim is without basis.

26. Dividend

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

27. Provision for and write off of receivables.

There were no provisions for and write off of receivables in respect of the financial quarter under review.

28. Provision for and write off of inventories

There were no provisions for and write off of inventories in respect of the financial quarter under review.

29. Gain or loss on disposal of quoted or unquoted investments or properties

There were no gain or loss on disposal of quoted or unquoted investments or properties in respect of the financial quarter under review.

30. Impairment of assets

There was no impairment of assets in respect of the financial quarter under review.

MINETECH RESOURCES BERHAD (575543-X)
(Incorporated in Malaysia)

31. Gain or loss on derivatives

There were no gain or loss on disposal of quoted or unquoted investments or properties in respect of the financial quarter under review.

32. Loss per share

	<u>Individual Quarter</u> Current Year Quarter ended 31 Mar 2014	<u>Cumulative Quarter</u> Current Year To Date ended 31 Mar 2014
Net Loss attributable to the owners of the company (RM'000)	(93)	(93)
Weighted average number of ordinary share of RM0.20 each ('000)	309,224	309,224
Basic loss per share (sen)	(0.03)	(0.03)

The Group has no dilution in its earnings per ordinary share in the current quarter and the preceding year as there are no dilutive potential ordinary shares

33. Authorised for issue

The interim financial statements for financial period ended 31 March 2014 has been seen and approved by the Board of Directors of MRB on 29 May 2014 for release to the Bursa Securities.

By Order of the Board
Tai Yit Chan (MAICSA 7009143)
Company Secretary
29 May 2014