

**MINETECH RESOURCES BERHAD (575543-X)**

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS**

**Condensed Consolidated Income Statement**

**For the Fourth Quarter Ended 31 Dec 2014**

(The figures have not been audited)

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year Quarter ended 31 Dec 2014 RM'000	Preceding Year Corr. Quarter ended 31 Dec 2013 RM'000	Current Year To Date ended 31 Dec 2014 RM'000	Preceding Year Corr. Period ended 31 Dec 2013 RM'000
Revenue	43,986	47,489	166,510	201,387
Cost of sales	(41,488)	(53,836)	(153,423)	(193,820)
<b>Gross profit</b>	2,498	(6,348)	13,087	7,566
Other operating income	1,235	694	2,967	1,193
Administrative expenses	(3,509)	(6,719)	(14,448)	(15,669)
Selling and marketing expenses	(48)	(233)	(144)	(903)
Finance costs	(300)	(470)	(1,428)	(2,120)
<b>Profit/ (loss) before tax</b>	(125)	(13,076)	34	(9,934)
Tax expense	477	2,499	-	2,499
<b>Profit/ (loss) for the period</b>	352	(10,578)	34	(7,435)
<b>Profit attributable to:</b>				
Owners of the company	464	(9,446)	67	(8,317)
Non-controlling interests	(112)	(1,131)	(33)	882
	352	(10,577)	34	(7,435)
Earning/(Loss) per share (sen)				
- Basic	0.07	(3.12)	0.01	(2.69)
- Diluted	N/A	N/A	N/A	N/A

**MINETECH RESOURCES BERHAD (575543-X)**

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS****Condensed Consolidated Statement Of Comprehensive Income****For the Third Quarter Ended 30 Sep 2014****(The figures have not been audited)**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year Quarter ended 31 Dec 2014 RM'000	Preceding Year Corr. Quarter ended 31 Dec 2013 RM'000	Current Year To Date ended 31 Dec 2014 RM'000	Preceding Year Corr. Period ended 31 Dec 2013 RM'000
<b>Profit/ (loss) for the period</b>	352	(10,577)	34	(7,435)
<b>Other comprehensive income</b>				
Foreign currency translation differences -	14	89	2	(8)
<b>Total comprehensive income</b>	<u>338</u>	<u>(10,488)</u>	<u>36</u>	<u>(7,443)</u>
<b>Comprehensive income attributable to:</b>				
Owners of the company	450	(9,357)	69	(8,325)
Non-controlling interests	(112)	(1,131)	(33)	882
	<u>338</u>	<u>(10,488)</u>	<u>36</u>	<u>(7,443)</u>

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 December 2013.

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

**Condensed Consolidated Statement Of Financial Position**  
**As at 31 Dec 2014**

	<b>Unaudited As At 31 Dec 2014 RM'000</b>	<b>Audited As At 31 Dec 2013 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	49,823	49,917
Investment properties	1,656	1,659
Quarry development expenditure	9,908	7,540
Goodwill arising on consolidation	3	3
	<u>61,390</u>	<u>59,119</u>
<b>Current assets</b>		
Inventories	8,558	7,451
Trade and other receivables	57,759	49,146
Current tax asset	264	144
Cash and bank balances	42,892	14,933
	<u>109,473</u>	<u>71,674</u>
<b>Total assets</b>	<u><u>170,863</u></u>	<u><u>130,793</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Group</b>		
Share capital	99,764	66,538
Less:- Treasury shares, at cost	(48)	(48)
Reserves	789	(17,332)
	<u>100,505</u>	<u>49,158</u>
Non-controlling interests	34	1,711
<b>Total equity</b>	<u><u>100,539</u></u>	<u><u>50,869</u></u>
<b>Non-current liabilities</b>		
Borrowings	9,494	6,785
Deferred tax liabilities	2,740	2,740
	<u>12,234</u>	<u>9,525</u>
<b>Current liabilities</b>		
Trade and other payables	49,095	55,526
Borrowings	8,954	14,380
Taxation	41	493
	<u>58,090</u>	<u>70,399</u>
<b>Total liabilities</b>	<u>70,324</u>	<u>79,924</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>170,863</u></u>	<u><u>130,793</u></u>
<b>Net assets per share (RM)</b>	<b>0.151</b>	<b>0.153</b>

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 Fourth Quarter Ended 31 December 2014**  
(The figures have not been audited)

	----- Attributable to owners of the parent -----							Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Forex Reserve RM'000	Retained Earnings RM'000	Total RM'000	Non-Controlling Interest RM'000	
<b>At 1 Jan 2013</b>	60,494	1,921	(48)	226	(11,154)	51,439	829	52,268
Total comprehensive income	-	-	-	(8)	(8,317)	(8,325)	882	(7,443)
Issuance of shares pursuant to private placement	6,044					6,044		6,044
<b>Balance as at 31 Dec 2013</b>	<b>66,538</b>	<b>1,921</b>	<b>(48)</b>	<b>218</b>	<b>(19,471)</b>	<b>49,158</b>	<b>1,711</b>	<b>50,868</b>
<b>At 1 Jan 2014</b>	66,538	1,921	(48)	218	(19,471)	49,158	1,711	50,868
Total Comprehensive income	-	-	-	177	67	244	33	277
Disposal of a subsidiary and purchased remaining minority shares in another subsidiary					1,243	1,243	(1,710)	(467)
Capital reduction	(16,634)				16,634	(0)		(0)
Rights shares issues	49,861	-	-	-	-	49,861	-	49,861
<b>Balance as at 31 Dec 2014</b>	<b>99,764</b>	<b>1,921</b>	<b>(48)</b>	<b>395</b>	<b>(1,526)</b>	<b>100,505</b>	<b>34</b>	<b>100,539</b>

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 Fourth Quarter Ended 31 Dec 2014**

(The figures have not been audited)

	<b>Current Year To Date ended 31 Dec 2014 RM'000</b>	<b>Audited As At 31 Dec 2013 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	34	(9,934)
Adjustments for:-		
Depreciation and amortisation	8,628	9,405
Quarry development expenditure written off	640	2,397
Impairment for receivables	-	3,341
(Gain)/ Loss on disposal of property, plant and equipment	(102)	(287)
(Gain) on disposal of subsidiary company	(978)	-
Interest expenses	1,325	1,929
Property, plant and equipment written off	441	895
Interest income	(131)	(96)
<b>Operating profit before changes in working capital</b>	<b>9,857</b>	<b>7,650</b>
Changes in working capital		
(Increase)/Decrease in inventories	0	2,811
(Increase)/Decrease in current assets	(8,612)	(4,825)
Increase/ (Decrease) in current liabilities	(6,431)	18,703
<b>Net cash (used)/ generated from operations</b>	<b>(5,186)</b>	<b>24,339</b>
Tax refunded	0	52
Tax paid	(1,067)	(404)
Interest paid	(354)	(440)
<b>Net cash (used)/generated from operating activities</b>	<b>(6,607)</b>	<b>23,547</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant & equipment	(14,853)	(3,466)
Proceeds from disposal of property, plant & equipment	4,876	512
Investment in associate company	0	-
Net Proceeds from disposal of a subsidiary	978	-
Changes in minority interest in subsidiaries	1,504	-
Purchase of Minority shares in subsidiary	(1,470)	-
Quarry development expenditure incurred	(3,009)	(1)
<b>Net cash used in investing activities</b>	<b>(11,974)</b>	<b>(2,956)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(971)	(1,489)
Interest received	131	96
Net Drawdown/ (Repayment) of short term borrowings	551	(6,244)
Drawdown of term loans	-	1,805
Repayment of term loans	(7,804)	(8,157)
Proceeds from hire-purchase	7,052	(4,936)
Proceeds from issue of share pursuant to Private Placement	-	6,044
Proceeds from right issue of shares	49,861	-
Repayment of hire-purchase and lease creditors	(2,517)	-
<b>Net cash generated/(used) in financing activities</b>	<b>46,303</b>	<b>(12,882)</b>
<b>Net Change in Cash &amp; Cash Equivalents</b>	<b>27,722</b>	<b>7,710</b>
Cash and Cash Equivalents at beginning of period	14,933	7,232
Effect on foreign exchange rate changes	237	(8)
<b>Cash and Cash Equivalents at end of period</b>	<b>42,892</b>	<b>14,933</b>
	<b>Note</b>	
<b>Note</b>		
Fixed deposit with licensed banks	36,180	8,552
Cash and bank balances	8,933	7,205
Bank overdrafts	(2,220)	(823)
	<b>42,892</b>	<b>14,933</b>
<b>Note</b>		
Fixed deposits pledged to a licensed bank	<b>(4,520)</b>	<b>(4,520)</b>

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 2  
Capital commitments  
**31 December 2014**

MRB RM	KSCM RM	MCSB RM	MPSB RM	MAMI RM	MGPSB RM	TOTAL RM
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Approved & contracted for

-	-	-	-	-	-	-
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(Note) - as at 31 December 2014, there were no capital commitments by the Company.

# MINETECH RESOURCES BERHAD

## Operating Segment

	Revenue		Operating Results	
	3 Months	12 Months	3 Months	12 Months
	ended	ended	ended	ended
	31 Dec 2014	31 Dec 2014	31 Dec 2014	31 Dec 2014
	RM'000	RM'000	RM'000	RM'000
Quarry Products	10,496	46,422	(1,044)	(3,456)
Civil Engineering	16,122	54,490	999	5,362
Premix Products	17,209	45,015	831	574
Bituminous Products	3,854	23,182	(264)	570
Others	(2,869)	2,629	(346)	(1,431)
Eliminations	(826)	(5,228)	-	(157)
<b>Group</b>	<b>43,986</b>	<b>166,510</b>	<b>175</b>	<b>1,462</b>
Less : Finance Cost			(300)	(1,428)
(Loss)/Profit Before Tax			(125)	34

Operating Segment	Revenue		Operating Results	
	3 Months	12 Months	3 Months	12 Months
	ended	ended	ended	ended
	31 Dec 2014	31 Dec 2014	31 Dec 2014	31 Dec 2014
	RM'000	RM'000	RM'000	RM'000
Quarry and Building Materials Products	27,705	91,437	(213)	(2,882)
Civil Engineering and Bituminous Products	19,975	77,671	734	5,932
Others	(2,869)	2,629	(346)	(1,431)
Eliminations	(826)	(5,228)	0	(157)
<b>Group</b>	<b>43,986</b>	<b>166,510</b>	<b>175</b>	<b>1,462</b>
Less: Finance Cost			(300)	(1,428)
Profit Before Tax			(125)	34

## Related Party Transaction

	<b>As at 30-Sep-14 RM'000</b>	<b>As at 30-Sep-13 RM'000</b>
Rental paid to Choy Sen @ Chin Kim Sang	192	122
Rental paid to Low Choon Lan	60	41
Land rental paid to a director related company - Choy Sen @ Chin Kim Sang	240	180
	<hr/> <hr/> <b>492</b>	<hr/> <hr/> <b>342</b>



**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**A. EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134): INTERIM FINANCIAL REPORTING**

**1. Change in Financial Year End**

The Board of Directors of Minetech Resources Berhad and its subsidiaries (“the Group”) has changed the financial year end date of the Group from 31 December to 31 March. Accordingly, the financial period end date of the Group under review is for the fifteen months period ending 31<sup>st</sup> March 2015. The next audited financial statements of the Company shall be for a period of 12 months, made up from 1 April 2015 to 31 March 2016.

Thereafter, the subsequent financial years of the Group shall end on 31 March every year.

**2. Basis of preparation**

The interim financial statements are unaudited and have been prepared in according 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 transaction 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.

**3. Adoption of Revised Financial Reporting Standards**

During the financial year, the Company has adopted the following Issues Committee (“IC”) Interpretations and amendments to MFRSs issued by the Malaysian Accounting Standards Board (“MASB”) that are mandatory for the current financial year:

Amendment to MFRS 10, MFRS 12 and MFRS 127	Investment Entities
Amendments to MFRS 132 Amendments to MFRS 136	Offsetting Financial Assets and Financial Liabilities Recoverable Amount Disclosures for Non-Financial Assets
Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies

Adoption of the above amendments to MFRSs and IC Interpretations did not have any significant impact on the financial statements of the Company.

The Company has not applied the following new MFRSs and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Company:

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

Transition Guidance

**3. Adoption of Revised Financial Reporting Standards (continued)**

		Effective date for financial periods beginning on or after
Amendments to MFRS 119	Defined Benefits Plans: Employee Contributions	1 July 2014
<i>Annual Improvements to MFRSs 2010 - 2012 Cycle</i>		<i>1 July 2014</i>
<i>Annual Improvements to MFRSs 2011 - 2013 Cycle</i>		<i>1 July 2014</i>
MFRS 14	Regulating Deferral Account	1 January 2016
Amendments to MFRS 11	Accounting for Acquisition of Interest in Joint Operations	1 January 2016
Amendments to MFRS 101	Disclosure Initiative	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141	Agriculture : Bearer Plants	1 January 2016
Amendments to MFRS 127	Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
<i>Annual Improvements to MFRSs 2012–2014 Cycle</i>		<i>1 January 2016</i>
MFRS 15	Revenue from Contracts with Customers	1 January 2017
MFRS 9	Financial Instruments (IMFRS 9 issued by IASB in July 2014)	1 January 2018

The Company intend to adopt the above MFRSs when they become effective.

The initial application of the abovementioned MFRSs is not expected to have any significant impacts on the financial statements of the Company except as mentioned below:

**3. Adoption of Revised Financial Reporting Standards (continued)**

*MFRS 9 Financial Instruments*

MFRS 9 (IFRS 9 (2009)) introduced new requirements for the classification and measurement of financial assets. It was subsequently amended by MFRS 9 (IFRS 9 (2010)) to include requirements for the classification and measurement of financial liabilities and for derecognition, and MFRS 9 (IFRS 9 as amended by IASB in November 2013) to include new requirements for general hedge accounting. Another version of MFRS 9 (IFRS 9 issued by IASB in July 2014) was issued to include:

- (a) impairment requirements for financial assets; and
- (b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' measurement category for certain simple debt instruments.

*Key requirements of MFRS 9:*

- (a) all recognised financial assets that are within the scope of MFRS 139 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income. All other debt investments and equity investments are measured at their fair value. In addition, under MFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment that is not held for trading in other comprehensive income, with only dividend income generally recognised in profit or loss.
- (b) with regard to the classification and measurement of financial liabilities and derecognition of financial instruments, these requirements have been relocated from MFRS 139, without change, except for financial liabilities that are designated as at fair value through profit or loss. Entities with financial liabilities designated as at fair value through profit or loss recognise changes in the fair value due to changes in the liability's credit risk directly in other comprehensive income, unless it would create or enlarge an accounting mismatch in profit or loss. There is no subsequent recycling of the amounts in other comprehensive income to profit or loss, but accumulated gains or losses may be transferred within equity.

#### **4. Adoption of Revised Financial Reporting Standards (continued)**

- (c) Under MFRS 139, the entire amount of the change in fair value of the financial liabilities designated as at fair value through profit or loss was presented in profit or loss.
- (d) in relation to impairment of financial assets, MFRS 9 requires an expected credit loss model, as opposed to an incurred loss model under MFRS 139. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised. The new general hedge accounting represents a substantial overhaul of hedge accounting that will enable entities to better reflect their risk management activities in their financial statements.

An entity is allowed to change the accounting for financial liabilities that it has elected to measure at fair value, before applying any of the other requirements in MFRS 9.

The adoption of MFRS 9 will result in a change in accounting policy. The Company is currently examining the financial impact of adopting MFRS 9.

##### *MFRS 15 Revenue from Contracts with Customers*

MFRS 15 outlines a single comprehensive model for entities to use in accounting for revenue from contracts with customers. It supersedes current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and related Interpretations. Its core principle is that revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services.

A five-step approach to revenue recognition is required:

- (a) Identify the contract(s) with a customer.
- (b) Identify the performance obligations in the contract.
- (c) Determine the transaction price.
- (d) Allocate the transaction price to the performance obligations in the contract.
- (e) Recognise revenue when (or as) performance obligations are satisfied.

MFRS 15 also includes requirements for accounting for costs related to a contract with a customer. These are recognised as an asset if certain criteria are met. Furthermore, MFRS 15 also significantly expands the current disclosure requirements about revenue recognition. An entity may choose to adopt MFRS 15 retrospectively or through a cumulative effect adjustment as of the start of the first period for which it first applies the Standard. The Company is in the process of assessing the impact of this Standard.

#### **5. Auditors' report on preceding annual financial statements**

The auditors' report on the financial statements for the financial year ended 31 December 2013 was not subject to any qualification.

**6. 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.

**7. 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.

**8. 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.

**9. Issuance of debt**

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

**10. Dividend payment**

There were no dividends paid during the current financial quarter.

**11. 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 and sales and marketing of quarry products
Civil engineering	:	Specialised civil engineering works
Premix products	:	Manufacturing and trading of premix products
Bituminous product	:	Manufacturing and trading bituminous products
Others	:	Investment holding, provision of managerial services, rental of machinery, trading of industrial machinery spare parts

Performance is measured based on the segment revenue and profit before tax, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by the Group Managing Director (the chief operating decision maker). Segment profit is used to measure performance as management believes that such information the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

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

**10. Segmental information (Continued)**

Segment information for the financial period ended 31 December 2014:

<b>2014</b>	<b>Quarry products RM'000</b>	<b>Civil engineering RM'000</b>	<b>Premix products RM'000</b>	<b>Bituminous Products RM'000</b>	<b>Others RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidation RM'000</b>
<b>Revenue</b>							
Sales to external customers	43,179	54,222	45,015	22,185	1,909	-	166,510
Inter-segment sales	3,243	268	-	997	720	(5,228)	-
	<u>46,422</u>	<u>54,490</u>	<u>45,015</u>	<u>23,182</u>	<u>2,629</u>	<u>(5,228)</u>	<u>166,510</u>
<b>Results</b>							
Segment results	(3,456)	5,362	574	570	(1,431)	(157)	1,462
Finance costs							(1,428)
Share of loss of associated companies							-
Net profit before tax							<u>34</u>
Taxation							-
Net Profit for the financial period							<u><u>34</u></u>

**MINETECH RESOURCES BERHAD (575543-X)**  
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**10. Segmental information (Continued)**

Segment information for the financial year ended 31 December 2013.

<b>2013</b>	<b>Quarry products RM'000</b>	<b>Civil engineering RM'000</b>	<b>Premix products RM'000</b>	<b>Bituminous Products RM'000</b>	<b>Others RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidation RM'000</b>
<b>Revenue</b>							
Sales to external customers	55,562	60,414	41,975	43,278	158	-	201,387
Inter-segment sales	13,877	353	-	18	9,339	(23,587)	-
	<u>69,439</u>	<u>60,767</u>	<u>41,975</u>	<u>43,296</u>	<u>9,497</u>	<u>(23,587)</u>	<u>201,387</u>
<b>Results</b>							
Segment results	(15,412)	4,039	1,323	5,005	(32,673)	29,905	(7,813)
Finance costs							(2,120)
Share of loss of associated companies							-
Loss before tax							<u>(9,933)</u>
Taxation							2,499
Loss for the financial year							<u><u>(7,434)</u></u>

**11. 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.

**12. 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.

**13. Changes in composition of the Group**

There were no material changes in the composition of the Group for the period ended 31 December 2014, except for the following:-

- a) On 5 March 2014, the Group announced that it had established a wholly-owned subsidiary known as Minetech Heavy Machineries Sdn. Bhd (“MHMSB”). to undertake the business of distribution of heavy machineries. Mr Choy Sen @ Chin Kim Sang and Mr Chin Leong Choy are the directors and promoters of MHMSB.

On 25 July 2014, the Group acquired 49 ordinary share of RM1.00 each in MHMSB at RM1.00 per share resulting in MHMSB becoming a 51%-owned subsidiary of the Group. The total issued capital of MHMSB now stands at 100 ordinary shares of RM1.00 each and the paid-up capital is RM100.00.

- b) On 17 April 2014, the Group acquired 1,470,000 ordinary shares of RM1.00 each in Minetech Korea Petroleum Industrial Sdn Bhd (“MKPI”) at RM1.00 per share resulting in MKPI becoming a wholly-owned subsidiary of the Group.

On 23 July 2014, MKPI changed its name to Minetech Asphalt Man International Sdn Bhd (“MAMI”).

- c) On 12 June 2014, Minetech Construction Sdn Bhd (“MCSB”), a wholly owned subsidiary of MRB Group, had acquired 49 ordinary shares, representing 49% issued and paid-up share capital of Minetech Builder Sdn Bhd (“MBSB”) at par value of RM1.00 per share. As a result, MBSB became an associate of the Group. MBSB is currently dormant and its intended principal activity is engaged in the provision of specialised civil engineering services.

- d) On 28 November 2014, Minetech Quarries Sabah Sdn Bhd (“MQSSB”), a wholly-owned subsidiary of Minetech Premix Sdn Bhd (“MPSB”) which in turn a wholly-owned subsidiary of the Company had disposed 510,000 ordinary shares of RM1.00 each in the share capital of Minetech Gurun Premix Sdn Bhd (“MGPSB”) (“Sale Shares”) , representing 51% of the total issued and paid-up capital of MGPSB to Laluan Bina Sdn Bhd (“Purchaser”) , for a total cash consideration of RM 3,769,366.70 inclusive of goodwill of RM978,220.8 (“Sale consideration”).

The Completion Date of the disposal of shares and cessation as subsidiary of the Company was on 28 November 2014.

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



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

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**14. Changes in contingent assets or contingent liabilities**

The changes in contingent liabilities are as follows:

	<b>As At 31 Dec 2014 RM'000</b>	<b>As At 31 Dec 2013 RM'000</b>
Corporate Guarantee	64,973	84,466
Bank guarantee	2,844	4,204
	<u>67,817</u>	<u>88,670</u>

There were no contingent assets as at the date of this interim financial report.

**15. Capital commitments**

Capital commitment not provided for as at 31 December 2014 were as follows:

	<b>As at 31 Dec 2014 RM'000</b>
Approved and contracted for property, plant & equipment and motor vehicles	Nil -----

**16. Related party transactions**

	<b>As at 31 Dec 2014 RM'000</b>	<b>As at 31 Dec 2013 RM'000</b>
Rental paid to Choy Sen @ Chin Kim Sang	192	162
Rental paid to Low Choon Lan	60	25
Land rental paid to a director related company - Choy Sen @ Chin Kim Sang	240	210

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.

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

**B. ADDITIONAL DISCLOSURES IN COMPLIANCE WITH THE BURSA SECURITIES LISTING REQUIRMENTS**

**17. Review of the performance of the Company and its principal Subsidiary**

The comparison of the results is tabulated below:

Operating Segment	Revenue		Operating Results	
	3 months ended	12 months ended	3 months ended	12 months ended
	31 Dec 2014 RM'000	31 Dec 2014 RM'000	31 Dec 2014 RM'000	31 Dec 2014 RM'000
Quarry and Building Materials Products	27,705	91,437	(213)	(2,882)
Civil Engineering and Bituminous Products	19,975	77,671	734	5,932
Others	(2,869)	2,629	(346)	(1,431)
Eliminations	(826)	(5,228)	0	(157)
Group	<u>43,986</u>	<u>166,510</u>	175	1,462
Less: Finance Cost			(300)	(1,428)
Loss Before Tax			<u>(125)</u>	<u>34</u>

**(a) Q4/14 vs Q4/13**

The Group's revenue for the fourth quarter ended 31 December 2014 has decreased by 7.4% to RM44 million as compared to RM47.5 million in the previous year corresponding quarter. The Group recorded a net loss before tax ("LBT") of RM 0.125 million for the current quarter ended 31 December 2014 ; an improvement compared to net loss before tax ("LBT") of RM13.1 million in the previous year corresponding quarter.

**Quarry and Building Materials Products Segment**

The revenue for quarry and building materials products segment improved by 15.9% from RM23.9 million to RM27.7 million.

This improvement is consequence of higher improved productivity and market conditions from 3 quarries in 4QFY14. The segment operating profit improved by 93% from a loss of RM8.8 million in the corresponding quarter to the current quarter's loss of RM213,000.

**Civil Engineering and Bituminous Products Segment**

Revenue from civil engineering and bituminous products segment was lower at RM19.9 million, representing a decrease of 8.29% from RM21.7 million in the corresponding quarter largely due to the drop in bituminous products revenue.

This is mainly due to a contract to supply bituminous products in the corresponding quarter; which has subsequently been fulfilled in the subsequent period.

Consequently, the operating profit for the quarter has dropped by 33% to RM 734,000 compared to the corresponding quarter RM1.1 million.

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

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Others

Others refer to the holding, trading and dormant companies of the Group. The revenue contribution from this segment had decrease by 168% from RM4.2 million to negative RM2.9 million. This corresponding quarter's operating profit deteriorated to a loss of RM346,000 from a PBT of RM441,000 in the corresponding quarter ; a decrease of 178%.

Main causes of the deterioration are :-

- (i) Holding company incurring legal and professional fees RM1,280,306 for capital reduction and rights issue corporate exercise.
- (ii) Following the disposal of Minetech Gurun Premix Sdn Bhd, formerly a subsidiary of the Group, its' contribution was removed in the current quarter.

**(b) 12M/2014 vs 12M/2013**

The Group's revenue for the twelve months ended 31 December 2014 ("12M/2014") has decreased by 17.3% to RM166.5 million as compared to RM201.4 million in the previous year corresponding period ("12M/2013"). The Group recorded a profit before tax ("PBT") of RM 0.034 million for the current period ended 31 December 2014 as compared to net loss of RM9.9 million in the previous year corresponding period.

Quarry and Building Materials Products Segment

The revenue for quarry and building materials products segment dropped by 5.4% from RM96.6 million to RM91.4 million. This drop is mainly due to the closure of 2 quarries and disruptions to another due to licensing issues. Segment's operating results improved by 66% from a loss of RM8.6 million to a loss of RM2.9 million; as closure costs were charged out in the corresponding period following the closure of the 2 quarries mentioned above.

Civil Engineering and Bituminous Products Segment

Revenue from civil engineering, premix and bituminous products segment was lower at RM77.7 million, representing a decrease of 25.5% from RM 104.3 million. This was mainly due to :

- (i) Construction projects in 4QFY2013 were completed in earlier part of 2014 (amounting to RM22 million), this is however partially offset by new projects generating a revenue of RM13.1 million in 4QFY2014.
- (ii) Drop in Bituminous Product sales following the fulfillment of a supply contract secured in the corresponding period, earlier in 2014.

In line with the lower revenue, the segment operating profit decreased by 58% from RM14.2 million to RM5.9 million.

Others

This segment encompasses the holding, trading and dormant companies of the Group. The revenue deteriorated by 67% to RM2.6 million from RM7.9 million. The operating results deteriorated by 239% from a profit of RM 1.03 million to a loss of RM1.43 million. This was due to the followings:

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

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- (i) Holding company incurring legal and professional fees of up to RM1.28 million for capital reduction and rights issue corporate exercise.
- (ii) Following the disposal of Minetech Gurun Premix Sdn Bhd, formerly a subsidiary of the Group, its' contribution was removed in the current quarter.

**18. 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 4th quarter ended 31 December 2014 has decreased by 7.4% to RM 44 million as compared to RM 47.5 million in the preceding quarter ended 30 September 2014.

The Group recorded a net loss before tax ("LBT") of RM 125,000 for the current quarter as compared to profit before tax ("PBT") of RM 517k in the preceding quarter ended 30 September 2014. The higher in PBT for the previous quarter as compared to the current quarter is mainly due to bad debt recovery from customers amounting to RM1.2 million.

**19. Prospects**

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

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

Despite the challenges, the Group remains committed to its efforts to actively participate 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.

The Group has already completed the Cochrane Station in the Klang Valley Mass Rapid Transit Project ("MRT Project") and is currently engaged in Maluri Station. The Group aims to continue its participation in the MRT Project for Line 2 and 3 as it has built a good reputation following the completion of its works within budget and time constraints. Other ongoing construction projects are mainly infrastructure works with reputable clients.

The Group is also strengthening its quarry business by continuing to search for new quarry sites, which the Group aims to obtain exclusive rights to extract and sell quarry products.

The Pantai Quarry 2 which is located in Mukim Pengkalan Baharu, Daerah Manjung, Perak, operations is expected to commence after a delay by April 2015.

**20. Memorandum of Agreement ("MOA")**

The Group had on 11 November 2014 entered into a Memorandum of Agreement ("MOA") with Mr Mooi Weng Wah and Madam Low Choon Len ("The Parties") for the purpose of acquiring 2,000,000 ordinary shares of RM1.00 each in the share capital of Glamour Heights Sdn Bhd ("GHSB"), together with 2 existing projects that GHSB is

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

currently undertaking, namely Project 1 – Condo 1 and Project 2 – Meru Dream Park for an estimated total purchase consideration of RM27,450,000. (“Proposed Acquisition”).

Currently the legal and financial due diligence is in progress. The valuation report for the two projects is targeted to be ready before 19<sup>th</sup> February 2015. The Share Sale Agreement has been extended to 10 March 2015, subject to the due diligence report.

**21. Memorandum of Understanding (“MOU”)**

- (a) The Group had on 24 June 2014 entered into a dealership MOU with Sany to act as a dealer of selected Sany’s products, i.e. concrete batching plant, concrete truck mixer, road machineries and asphalt batching plant in Malaysia for a duration of two (2) years commencing from 1 July 2014 to 30 June 2016. Sany is part of the Sany Group Co. Ltd., one of the largest public listed companies in China, and is principally involved in manufacturing of heavy equipment and machinery.
- (b) The Group had on 19 November 2014 entered into a Memorandum of Understanding with P.T. Gold Port Mineral (“PT Goldport) to explore the possibility of collaborating with each other to commence mining works at the offshore diamond and gold mining concession located in Indonesian territory with an aggregate land coverage are of 136.700 hectares with license from the Governor of Indonesia and Badan Koordinasi Penanaman Modal (Foreign Investment Body of Indonesia) (“Concession”). Negotiations are still ongoing.

**22. Realised and unrealised profits/losses**

The breakdown of the accumulated profit/(losses) of the Group is as follows:

	<b>As at 31 Dec 2014 RM’000</b>	<b>As at 31 Dec 2013 RM’000</b>
Total accumulated profit / (losses) of the Company and its subsidiaries		
Realised	789	(17,332)
Unrealised	-	-
Total Group accumulated losses	<u>789</u>	<u>(17,332)</u>

**23. Profit forecast/profit guarantee**

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

**24. Tax expense**

Tax expense is as follows:

	<b>Current Quarter RM’000</b>	<b>Current Year-to-date RM’000</b>
<b>Current tax expense :</b>		
- current quarter/ year-to-date	-	(477)
- under/(over) provision in prior year	-	-
- tax paid		

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

	477	477
<b>Current deferred tax</b>	-	-
	477	-
	477	-

**25. Status of corporate proposals**

Right Share Issue

Issuance of 332,689,500 Rights Shares together with 332,689,500 Warrants on the basis of one (1) Rights Share together with one (1) Warrant for every one (1) existing MRB Share held by the Entitled Shareholders at an issue price of RM0.15 per Rights Share.

As at 31 December 2014, the utilisation of the proceeds of RM49,903,425 from the right share issue are as follows:-

	<b>Time frame for utilisation of proceeds (from 01 Dec 2014)</b>	<b>Utilisation</b>	<b>Amount Utilised</b>	<b>Amount Unutilised</b>
		RM'000	RM'000	RM'000
Purchase of quarry sites	Within 24 months	20,000	-	20,000
Distribution of heavy machineries	Within 24 months	10,000	-	10,000
Working capital	Within 12 months	10,000	(4,180)	5,820
Repayment of bank borrowings	Within 12 months	8,631	(3,450)	5,181
Estimated expenses in relation to the corporate exercise	Within 2 weeks	1,230	(1,230) #	-
		49,861	(8,860)	41,001

# In view of the actual corporate exercise's expenses were much higher than estimated, the shortfall of RM 50,306 is adjusted accordingly from the repayment of bank borrowings.

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

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**26. Group borrowings**

The Group's borrowings are as follows:-

	<b>As at 31 Dec 2014 RM'000</b>	<b>As at 31 Dec 2013 RM'000</b>
<u>Current liabilities- secured</u>		
Hire purchase creditors	4,108	3,188
Term loans	91	6,165
Trade financing/short term borrowings	4,755	52
 <u>Current liabilities- unsecured</u>		
Trade financing/short term borrowings	-	4,976
 <u>Non-current liabilities- secured</u>		
Hire purchase creditors	9,494	5,879
Term loans	-	1,729
 Total borrowings	 <u>18,448</u>	 <u>21,989</u>

**27. Material Litigation**

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

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

Optimis Dinamik Sdn Bhd ("**ODSB**"), our indirect wholly-owned subsidiary, and Sri Manjung Granite Quarry Sdn Bhd ("**SMGQ**") had entered into an agreement dated 28 March 2006 ("**Agreement**") whereby ODSB shall be given an exclusive right to undertake quarry works at quarry sites located in Mukim Pengkalan Baru, Daerah Manjung, Perak ("**Quarry Sites**") as described in the Agreement for a period of fifteen (15) years.

ODSB received a letter dated 20 December 2012 from SMGQ to cease any remaining operation or activity on the Quarry Sites 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.

On 1 April 2013, ODSB served on SMGQ a writ and 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 net book value for its fixed assets (i.e. Kuala Lumpur High Court Suit No. 22NCVC-288-04-2013).

On 30 April 2013, SMGQ had contended that ODSB had violated the conditions of license by the Forest Office by using lorries with unregistered sub-licenses and gave ODSB a period of sixty (60) days to vacate the Quarry Sites and return the Quarry Sites to SMGQ. In addition, SMGQ counter claimed for the tribute of RM256,300.24 for the months of October 2012 and November 2012, respectively and the forwarding agency fee for materials shipped to Singapore for the months of September 2012, October 2012 and November 2012 in the sum of RM24,623.50.

**27. Material litigation (continued)**

There is another suit filed jointly consisting of ODSB, MQSB and K.S. Chin Minerals Sdn Bhd (“**KSC**”), our wholly-owned subsidiary, against SMGQ and its shareholders (i.e. Kuala Lumpur High Court Suit No. 22NCVC-433-09/2014).

SMGQ has filed two (2) further applications recently wherein one (1) is to obtain further and better particulars and the other is to amend their defence and counter-claim.

(ii) Kuala Lumpur High Court Suit No. 22NCVC-433-09/2014

ODSB, MQSB and KSC, our wholly-owned subsidiary (collectively referred to as the “Companies”) had on 19 September 2014 served a statement of claim and writ of summons both dated 15 September 2014 against SMGQ and its shareholders, namely Moo Khean Choong @ Mu Kan Chong, Atma Singh @ Atma Singh Lahre s/o Keer Singh and Low Sow Fong (“Defendants”) in the High Court of Malaya. By this suit, the Companies sought for orders to rescind the agreement dated 28 March 2006 as mentioned in item (i) above, demanded general damages to be assessed by the Senior Assistant Registrar, special damages in the sum of RM4,000,000.00 for the wasted expenditure incurred in developing the Quarry Sites, interest and cost.

The subject matter of this suit is based on the breach of the agreement dated 28 March 2006 as mentioned in item (i) above. However, the reliefs sought herein are different from the above suit described in item (i) above.

On 27 November 2014, the Learned Judge has allowed our application to consolidate both suits no. 22NCVC-288-04-2013 and Suit No. 22NCVC-433-09/2014 to be heard together. The trial dates are fixed on 5, 13, 23 and 30 October 2015.

The Defendants have filed 2 Notice of Applications to strike out the statement of claim and writ of summons both dated 15 September 2014 against SMGQ and its shareholders, namely Moo Khean Choong @ Mu Kan Chong, Atma Singh @ Atma Singh Lahre s/o Keer Singh and Low Sow Fong.

Further to the case management on 12 February 2015, the Learned Judge has directed parties to comply with all Pre-Trial Case Management directions pending the disposal of the Defendants’ striking out application. At same, both parties were directed to file in their Written Submission for the case management on 13 March 2015.

(iii) Kuala Lumpur High Court Suit No. 22 NCVC-252-05/2014

Diman Kuari Sdn Bhd (“DKSB”) had initiated a suit against KSC for breach of two (2) agreements entered between DKSB and KSC namely the Diman Kuari Agreement and Asset Purchase Agreement dated 13 January 2005 (collectively the “Agreements”). Under the Agreements, KSC was to take over the quarry works and operations and acquire the plant and equipment owned by DKSB. The tenure of the Diman Kuari Agreement is from 13 June 2005 until 12 August 2019. KSC further agreed to pay to DKSB a minimum monthly tribute of not less than RM50,000.00 per month. DKSB was to ensure that KSC was entitled to the vacant possession of several lands



**26. Material litigation (continued)**

("Quarry Lands") belonging to third parties for the operations of the quarry works and that the tenure of the Quarry Lands is extended and remains valid throughout the tenure of the Diman Kuari Agreement.

A stop work order was issued on 10 September 2012 to KSC since part of the Quarry Lands' land lease had expired and not renewed where the primary crusher plant operated and the same had to be ceased with immediate effect. On 29 November 2012, KSC terminated the Diman Kuari Agreement due to the fundamental breach committed by DKSB for the non-renewal of the part of the Quarry Lands.

On 21 January 2013, DKSB issued a demand stating KSC breached the Diman Kuari Agreement and demanded amongst others for a sum of RM600,000.00 being the agreed liquidated damages, outstanding tributes and for delivery of vacant possession of the Quarry Land within six (6) months.

On 22 February 2013, KSC's solicitors denied the demand issued by DKSB and instead demanded that DKSB pay a sum of RM600,000.00 being the agreed liquidated damages as they contended that it was DKSB who had breached the agreement.

DKSB subsequently filed a writ of summons and statement of claim on 27 May 2014 and served to KSC on 29 May 2014 stating that KSC had breached the Diman Kuari Agreement and demanded a sum of RM600,000.00 as agreed liquidated damages and for the delivery of vacant possession of the Quarry Lands within six (6) months, RM775,000.00 being the outstanding minimum tribute of RM50,000.00 per month for 15 ½ months from 1 December 2012 to the date of delivery of vacant possession of the Quarry Lands on 15 March 2014, RM115,000.00 being the reinstatement and repair costs of alleged damaged workshop by KSC, interest on pre and post judgement sum and cost via a statement of claim filed by DKSB's solicitors.

KSC's solicitors filed the amended statement of defence and counter-claim against DKSB on 31 July 2014. Further claims for quarry development cost and demobilisation cost are also being tabulated and finalised against DKSB.

The Court has on 11 February 2015, fixed a further case management on 18 March 2015 to enable parties to comply with all Case Management directions.

**28. Dividends**

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

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

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**29. Earnings/Loss per share**

	<u>Individual Quarter</u> Current Year Quarter ended 31 Dec 2014	<u>Cumulative Quarter</u> Current Year To Date ended 31 Dec 2013
Net Profit attributable to the owners of the company (RM'000)	464	67
Weighted average number of ordinary share of RM0.15 each ('000)	665,094	665,094
Basic earnings per share (sen)	0.07	0.01

The Group has dilution in its earnings per ordinary share in the current quarter due to right shares issues in the quarter of 332,689,500 new ordinary shares.

The preceding year there were no dilutive effect due to no potential ordinary shares issued.

**30. Notes to the Consolidated Statement of Comprehensive Income**

	Current quarter 31.12.2014 RM'000	Current Year to date 31.12.2014 RM'000
Depreciation	2,184	8,628
Bad debts written off	-	-
Reversal impairment on receivables	-	-
Impairment of goodwill arising on consolidation	-	-
Impairment on investment property	-	-
Property, plant and equipment written off	71	441
Share based payment	-	-
Gain on disposal of non-current assets classified as held for sale	-	-
Gain/(Loss) on disposal of property, plant and equipment	5	73
Gain on disposal of subsidiary companies	978	978
Fair value adjustment on non-current liabilities	-	-
Unrealised gain / (loss) on foreign exchange	-	(105)

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

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**31. Authorised for issue**

The interim financial statements for financial period ended 31 December 2014 has been seen and approved by the Board of Directors of MRB on 26 February 2015 for release to the Bursa Securities.

By Order of the Board  
Tai Yit Chan ( MAICSA 7009143)  
Company Secretary  
26 FEBRUARY 2015