



MINETECH RESOURCES BERHAD GROUP

ANNOUNCEMENTS PACKAGE

Q5/2015

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

Condensed Consolidated Income Statement
For the Fifth Quarter Ended 31 March 2015
(The figures have not been audited)

	<u>Individual Quarter</u>	<u>Cumulative Quarter</u> 15 Months
	Current Year Quarter ended 31 March 2015 RM'000	Current Period To Date ended 31 March 2015 RM'000
Revenue	30,819	197,328
Cost of sales	(24,526)	(177,949)
Gross profit	6,293	19,379
Other operating income	1,514	4,481
Administrative expenses	(5,457)	(19,904)
Selling and marketing expenses	(347)	(490)
Finance costs	(330)	(1,758)
Profit/ (loss) before tax	1,673	1,708
Tax expense	(931)	(1,110)
Profit/ (loss) for the period	742	598
Profit attributable to:		
Owners of the company	755	611
Non-controlling interests	(13)	(13)
	742	598
Earning/(Loss) per share (sen)		
- Basic	0.11	0.09
- Diluted	N/A	N/A

N/A - Not Applicable

The financial year end of the Company has been changed from 31 December to 31 March to cover the 15 months period from 1 January 2014 to 31 st March 2015 and thereafter , to end on 31 March each year. Accordingly , there are no comparative figures to be presented in this Condensed Consolidated Statements of Comprehensive Income.

MINETECH RESOURCES BERHAD (575543-X)**(Incorporated in Malaysia)****INTERIM FINANCIAL STATEMENTS****Condensed Consolidated Statement Of Comprehensive Income****For the Fifth Quarter Ended 31 March 2015****(The figures have not been audited)**

	<u>Individual</u> <u>Quarter</u>	<u>Cumulative</u> <u>Quarter</u> 15 Months
	Current Year Quarter ended 31 March 2015 RM'000	Current Year To Date ended 31 March 2015 RM'000
Profit/ (loss) for the period	742	598
Total comprehensive income	<hr/> 742 <hr/>	<hr/> 598 <hr/>
Comprehensive income attributable to:		
Owners of the company	755	611
Non-controlling interests	(13)	(13)
	<hr/> 742 <hr/>	<hr/> 598 <hr/>

The financial year end of the Company has been changed from 31 December to 31 March to cover the 15 months period from 1 January 2014 to 31 st March 2015 and thereafter , to end on 31 March each year. Accordingly , there are no comparative figures to be presented in this Condensed Consolidated Statements of Comprehensive Income.

MINETECH RESOURCES BERHAD (575543-X)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS**Condensed Consolidated Statement Of Financial Position****As at 31 March 2015**

	15 Months Unaudited As At 31 March 2015 RM'000	12 months Audited As At 31 Dec 2013 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	48,626	49,917
Investment properties	1,656	1,659
Investment in associate company	31	0
Quarry development expenditure	11,118	7,540
Goodwill arising on consolidation	3	3
	<u>61,434</u>	<u>59,119</u>
Current assets		
Inventories	8,193	7,451
Trade and other receivables	39,528	49,146
Current tax asset	233	144
Cash and bank balances	54,433	15,756
	<u>102,387</u>	<u>72,498</u>
Total assets	<u><u>163,821</u></u>	<u><u>131,617</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Group		
Share capital	99,764	66,538
Less:- Treasury shares, at cost	(48)	(48)
Reserves	(1,670)	(17,332)
	<u>98,046</u>	<u>49,159</u>
Non-controlling interests	594	1,711
Total equity	<u><u>98,640</u></u>	<u><u>50,870</u></u>
Non-current liabilities		
Borrowings	9,058	7,608
Deferred tax liabilities	2,394	2,740
	<u>11,452</u>	<u>10,348</u>
Current liabilities		
Trade and other payables	46,881	55,526
Borrowings	7,245	14,381
Taxation	(397)	493
	<u>53,729</u>	<u>70,400</u>
Total liabilities	<u><u>65,181</u></u>	<u><u>80,748</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>163,821</u></u>	<u><u>131,617</u></u>
Net assets per share (RM)	0.148	0.153

The Condensed Consolidated Balance Sheet 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 Fifth Quarter As At 31 March 2015
(The figures have not been audited)

	Share Capital RM'000	Share Premium RM'000	----- Attributable to owners of the parent -----				Retained Earnings RM'000	Total RM'000
			Treasury Shares RM'000	Forex Reserve RM'000	Warrant Reserve RM'000	Other Reserve RM'000		
At 1 Jan 2013	60,494	1,921	(48)	226	-	-	(11,154)	51,439
Total comprehensive income	-	-	-	(8)	-	-	(8,317)	(8,324)
Issuance of shares pursuant to private placement	6,044	-	-	-	-	-	-	6,044
Balance as at 31 Dec 2013	<u>66,538</u>	<u>1,921</u>	<u>(48)</u>	<u>218</u>	<u>-</u>	<u>-</u>	<u>(19,471)</u>	<u>49,159</u>
At 1 Jan 2014	66,538	1,921	(48)	218	-	-	(19,471)	49,159
Total Comprehensive income	-	-	-	-	-	-	611	611
Disposal of a subsidiary and partial disposal of shares in another subsidiary							(1,583)	(1,583)
Capital reduction	(16,634)	-	-	-	-	-	16,634	(0)
Rights shares issues	49,861	-	-	-	-	-	-	49,861
Issue of warrants	-	-	-	-	26,293	(26,293)	-	0
Balance as at 31 March 2015	<u>99,764</u>	<u>1,921</u>	<u>(48)</u>	<u>218</u>	<u>26,293</u>	<u>(26,293)</u>	<u>(3,809)</u>	<u>98,046</u>

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

Condensed Consolidated Statement Of Cash Flows
For the Fifth Quarter Ended 31 March 2015
(The figures have not been audited)

15 months Current Year
To Date ended
31 March 2015
RM'000

CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before tax		1,708
Adjustments for:-		
Depreciation and amortisation		11,124
Quarry development expenditure written off		(752)
Impairment for receivables		-
(Gain)/ Loss on disposal of property, plant and equipment		(428)
(Gain) on disposal of subsidiary company		(1,958)
Interest expenses		1,309
Property, plant and equipment written off		441
Provision for doubtful debts		1,765
Interest income		700
Operating profit before changes in working capital		13,909
Changes in working capital		
(Increase)/Decrease in inventories		(742)
(Increase)/Decrease in current assets		(5,864)
Increase/ (Decrease) in current liabilities		1,156
Net cash generated from operations		8,459
Tax refunded		-
Tax paid		(1,502)
Interest paid		(354)
Net cash generated from operating activities		6,603
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment		(14,805)
Proceeds from disposal of property, plant & equipment		5,376
Net Proceeds from disposal of a subsidiary		1,700
Quarry development expenditure incurred		(4,744)
Net cash used in investing activities		(12,473)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid		-
Interest received		141
Net Drawdown/ (Repayment) of short term borrowings		(215)
Drawdown of term loans		1,000
Repayment of term loans		(51)
Proceeds from hire-purchase		7,052
Proceeds from issue of share pursuant to Private Placement		-
Proceeds from right issue of shares		49,861
Repayment of hire-purchase and lease creditors		(12,417)
Net cash generated from financing activities		45,370
Net Change in Cash & Cash Equivalents		39,500
Cash and Cash Equivalents at beginning of period		14,933
Effect on foreign exchange rate changes		0
Cash and Cash Equivalents at end of period	Note	54,433
Note		
Fixed deposit with licensed banks		35,385
Cash and bank balances		19,048
Bank overdrafts		0
		54,433

The financial year end of the Company has been changed from 31 December to 31 March to cover the 15 months period from 1st January 2014 to 31 st March 2015 and thereafter , to end on 31 March each year. Accordingly , there are no comparative figures to be presented in this Condensed Consolidated Cash Flow Statements.

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 ended 31st March 2015. The next audited financial statements of the Group 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 Group 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	Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 136	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 Group.

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 Group:

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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 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>		
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investments Entities : Applying the Consolidation exception	<i>1 January 2016</i>
MFRS 15	Revenue from Contracts with Customers	1 January 2017
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018

The Group 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 Group and the Company except as mentioned below:

MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces earlier versions of MFRS 9 and introduces a package of improvements which includes a classification and measurement model, a single forward looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. MFRS 9 when effective will replace MFRS 139 Financial Instruments: Recognition and Measurement.

3. Adoption of Revised Financial Reporting Standards (continued)

MFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss.

The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in MFRS 139. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss.

MFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under MFRS 139.

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

MFRS 15 Revenue from Contracts with Customers

MFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces MFRS 118 Revenue, MFRS 111 Construction Contracts and related IC Interpretations. The Group is in the process of assessing the impact of this Standard.

4. 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.

5. 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.

6. 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.

7. 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.

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8. Issuance of debt

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

9. Dividend payment

There were no dividends paid during the current financial quarter.

10. 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.

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10. Segmental information (Continued)

Segment information for the financial period ended 31 March 2015:

2015	Quarry products RM'000	Civil engineering RM'000	Premix products RM'000	Bituminous Products RM'000	Others RM'000	Elimination RM'000	Consolidation RM'000
Revenue							
Sales to external customers	67,432	70,045	55,663	26,845	9,779	(32,436)	197,328
	<u>67,432</u>	<u>70,045</u>	<u>55,663</u>	<u>26,845</u>	<u>9,779</u>	<u>(32,436)</u>	<u>197,328</u>
Results							
Segment results	(5,703)	9,289	834	642	(570)	(903)	3,589
Finance costs							(1,758)
Share of loss of associated companies							(123)
Net profit before tax							<u>1,708</u>
Taxation							<u>(1,110)</u>
Net Profit for the financial period							<u><u>598</u></u>

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10. Segmental information (Continued)

Segment information for the financial year ended 31 December 2013.

2013	Quarry products RM'000	Civil engineering RM'000	Premix products RM'000	Bituminous Products RM'000	Others RM'000	Elimination RM'000	Consolidation RM'000
Revenue							
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>
Results							
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							<u>2,499</u>
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 March 2015, 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”).

On 20 January 2015, the proposed disposal of 720,000 ordinary shares of RM1.00 each in the share capital of MAMI, representing 15% of the issued and paid-up share capital of MAMI to AMI for a total consideration of RM1,700,000 only has been completed on 31 March 2015. The Company recorded a gain of RM980,000.00 arising thereon.

Subsequent to the above, MAMI became a 85%- owned subsidiary of MRB.

- 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.

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- 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 inclusive of goodwill of RM978,220 (“Sale consideration”).

The completion Date of the disposal of shares and cessation of the 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.

14. Changes in contingent assets or contingent liabilities

The changes in contingent liabilities are as follows:

	15 Months As At 31 March 2015 RM'000	12 Months As At 31 Dec 2013 RM'000
Corporate Guarantee	19,750	84,466
Bank guarantee	8,948	4,204
	28,698	88,670

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 March 2015 were as follows:

	As at 31 March 2015 RM'000
Approved and contracted for property, plant & equipment and motor vehicles	Nil -----

	15 Months As at 31 Mac 2015 RM'000	12 Months As at 31 Dec 2013 RM'000
Related party transactions		
Rental paid to Choy Sen @ Chin Kim Sang	320	162
Rental paid to Low Choon Lan	100	25
Land rental paid to a director related company - Choy Sen @ Chin Kim Sang	400	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.

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

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

The comparison of the results is tabulated below:

Operating Segment	Revenue		Operating Results	
	3 months ended	15 months ended	3 months ended	15 months ended
	31 March 2015 RM'000	31 March 2015 RM'000	31 March 2015 RM'000	31 March 2015 RM'000
Quarry and Building Materials Products	31,657	123,094	(1,988)	(4,869)
Civil Engineering and Bituminous Products	19,218	96,890	3,999	9,931
Others	7,150	9,779	741	(693)
Eliminations	(27,206)	(32,435)	(590)	(903)
Group	<u>30,819</u>	<u>197,328</u>	2,162	3,466
Less: Finance Cost			(489)	(1,758)
			<u>1,673</u>	<u>1,708</u>

The Group is in a transitional period this year to change its financial year end from a 31 December year end to a 31 March year end. As such, the cumulative year to date performance is for a 15-months period versus a 12-month period ending 31 December 2013 for the previous financial year. Accordingly, the comparison figures which cover the financial year ended 31 December 2013, may not be comparable with the current period's financial figures.

The Group recorded revenue of RM30.819 million and profit before tax of RM1.673 million in the current quarter. For the 15 months ended 31 March 2015, the Group recorded revenue and profit before tax of RM 197.328 million and RM1.708 million, respectively.

The increase in revenue and profit before tax for the 15 months were mainly attributable to Civil Engineering and Bituminous Products' segment.

Quarry and Building Materials Products Segment

Revenue for the quarry and buildings materials segment were RM123.094 million and loss before tax of RM4.869 million.

For the current quarter, the segment recorded a revenue of RM31.657 million and loss before tax of RM1.988 million.

Civil Engineering and Bituminous Products Segment

Revenue for the segment was RM 96.890 million and net profit before tax of RM 9.931 million. For the current quarter was Revenue of RM 19.218 million, with a profit before tax of RM 3.999 million.

The improvement in this segment was mainly attributable to the Civil Engineering's Company.

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Others

Revenue for others segment was RM9.779 million with a loss before tax of RM 692,000. For the quarter, revenue was RM 7.150 million with profit before tax of RM 741,000.

17. 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 cements its good reputation due to completion of its scope within budget and time constraints. Other ongoing construction projects are the infrastructure works for a reputable customer in Shah Alam, Selangor .

The Group is also strengthening its quarry business by continuing to search for new quarry sites, which the Group will be able to obtain exclusive rights to extract and sell quarry products. The Pantai Quarry 2 which is located in Mukim Pengkalan Baharu, Daerah Manjung, Perak, have commenced operation in March 2015.

18. 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 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").

On 10th March 2015, the Board of Directors of MRB wishes to announce that the legal and financial due diligence exercise of the Proposed Acquisition is still on-going. Upon the completion of the legal and financial due diligence, the Company will proceed to negotiate and finalise the terms of the Proposed Acquisition

The Company will make further announcements as and when appropriate to update on the progress of the Proposed Acquisition. A detailed announcement on the Proposed Acquisition will be made upon the execution of the SSA

19. 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”).

Further to the announcement made by the Company on 19 November 2014, the Board of Directors of MRB wishes to announce that the MOU has lapsed on 30 April 2015 as information required by MRB was not forthcoming from PT Goldport and thus MRB was unable to conduct its feasibility studies and due diligence in respect of the offshore diamond and gold mining concession. As such, MRB deems it too risky to proceed and the Agreement was not entered into.

20. Realised and unrealised profits/losses

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

	15 Months As at 31 March 2015 RM’000	As at 31 Dec 2013 RM’000
Total accumulated profit / (losses) of the Company and its subsidiaries		
Realised	577	(7,435)
Unrealised	21	-
Total Group accumulated gain/(losses)	598	(7,435)

21. Profit forecast/profit guarantee

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

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22. Tax expense

Tax expense is as follows:

	Current Quarter RM'000	15 Months Current Year-to-date RM'000
Current tax expense :		
- current quarter/ year-to-date	910	910
- under/(over) provision in prior year	457	457
- tax paid		
Current deferred tax	(257)	(257)
	<u>1,110</u>	<u>1,110</u>

23. 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 March 2014, the utilisation of the proceeds of RM49,903,425 from the right share issue are as follows:-

	Time frame for utilisation of proceeds (from 01 Dec 2014)	Utilisation	Amount Utilised	Amount Unutilised
		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) #	-
		<u>49,861</u>	<u>(8,860)</u>	<u>41,001</u>

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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.

24. Group borrowings

The Group's borrowings are as follows:-

	15 Months As at 31 March 2015 RM'000	As at 31 Dec 2013 RM'000
<u>Current liabilities- secured</u>		
Hire purchase creditors	3,702	3,188
Term loans	48	6,165
Trade financing/short term borrowings	3,495	52
<u>Current liabilities- unsecured</u>		
Trade financing/short term borrowings	-	4,976
<u>Non-current liabilities- secured</u>		
Hire purchase creditors	9,058	5,879
Term loans	-	1,729
Total borrowings	16,303	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:

- a) 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, SMGQ, 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, ODSB has been served a Defence and Counter claim by the Defendant, SMGQ. The Defendant contends that ODSB violated the conditions of license by the Forest Office by using lorries with unregistered sub-licenses and gave ODSB 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

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shipped to Singapore for the months of September, October and November 2012 in the sum of RM24,623.50.

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.

The trial dates on 22 and 23 September 2014 have been vacated as there is another suit filed jointly consisting of ODSB, MQSB and K.S. Chin Minerals Sdn Bhd ("KSCM"), our wholly-owned subsidiary, against SMGQ and its shareholders (i.e. Kuala Lumpur High Court Suit No. 22NCVC-433-09/2014). An application to consolidate both these suits is currently being prepared.

SMGQ has also 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. ODSB on obtaining their solicitors advice on both the applications furnished the particulars requested and consented to the amendment application as ODSB will have a right to reply to the amendments in order to save cost and time. ODSB's solicitors are in the midst of preparing the application.

ODSB's solicitors are of the view that ODSB has a reasonable prospect of succeeding in its claim for damages and it is for SMGQ to prove its counter-claim. The exposure of liabilities as a result of this would be the amount claimed in SMGQ's counter claim (in the event that SMGQ's counter claim is allowed with cost and ODSB's claim is dismissed with cost) and the legal fees incurred in ODSB's engagement of the solicitors to litigate this matter amounting to approximately RM500,000.

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- b) On 29th May 2014, KS Chin Minerals Sdn. Bhd. (“KSCM”), a wholly owned subsidiary of the Group, was served a Writ of Summons and Statement of Claim in respect of the suit filed by Diman Kuari Sdn Bhd (“DKSB”).

KSCM's solicitors filed the Memorandum of Appearance on 6 June 2014, and attended the Case Management on 9 June 2014 and obtained directions from the High Court in respect of the conduct of the case. KSCM'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.

During the case management on 15 October 2014, the solicitors were informed to comply with the pre-trial case management directions and a further case management date was fixed on 26 November 2014. The initial trial scheduled on 6 to 8 April 2015 has been vacated and rescheduled to 5 to 7 May 2015.

KSCM's solicitors on 27 Nov '14 informed that the Judge has given another case management date on 10 February 2015 to enable the parties to comply with the pre-trial directions.

KSCM's solicitors are of the opinion that KSCM has a reasonable prospect in succeeding in dismissing DKSB's claim and its counter-claim. The estimated maximum exposure to liabilities is RM1,907,750.00, interest on judgment sum if DKSB is successful together with cost and KSCM's legal cost.

- c) ODSB, MQSB and KSC, our wholly-owned subsidiary (collectively referred to as the “Companies”) had on 19 September 2014 through their solicitors 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 (a) above. However, the reliefs sought herein are different from the above suit described in item (a) above.

This suit is premised on the deceit and misrepresentation that is committed by the Defendants against the Companies and also involving the tort of deceit. This has caused the Companies to suffer loss and damages. This suit is currently awaiting for the filing of the statement of defence. The matter is fixed for the first (1st) case management on 15 October 2014 wherein the directions from the High Court of Malaya is that for the Defendants' solicitors to file their statement of defence on or before 21 October 2014 and the Companies' solicitors to file the statement in reply

on or before 7 November 2014. The matter is then fixed for case management on 27 November 2014.

(i) Optimis Dinamik Sdn Bhd (“ODSB”) vs Sri Manjung Granite Quarry Sdn Bhd (“SMGQ”) (“Suit 1”)

During the case management held on 27 November 2014, the Learned Judge has allowed ODSB, Minetech Quarries Sdn Bhd (“MQSB”) and K. S. Chin Minerals Sdn Bhd (“KSCM”) (collectively referred to as the “Companies”) to consolidate both suits no. 22NCVC-288-04-2013 and 22NCVC-433-09/2014 to be heard together.

The trial dates which were initially fixed on 25, 26 and 27 February 2015 have been vacated. The trial dates are now fixed on 5, 13, 23 and 30 October 2015. The Court has directed all parties to file all relevant documents for the next case management which is fixed on 12 February 2015.

The solicitors of the Companies had on 14 January 2015 informed that SMGQ had filed two (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 (collectively the “Defendants”). A case management is fixed on 21 January 2015 for this matter. Further to that, the Court has allowed Affidavit in Reply to be filed by both parties respectively on or before 13 February 2015. The Court has also directed all parties to file in respective Written Submission for the next case management to be held on 13 March 2015.

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

The Court has yet to fix a hearing date in respect of the Defendants’ application to strike out the Plaintiffs’ claim (in suit 22NCVC-433-09/2014) since the case management that was held on 13 March 2015.

(ii) Diman Kuari Sdn Bhd (“DKSB”) vs KSCM

The Solicitor had on 27 November 2014 informed that the Judge has given another case management date on 10 February 2015 to enable parties to comply with the pre-trial directions.

The Court had then on 11 February 2015 fixed a further case management on 18 March 2015 to enable parties to comply with all case management directions.

DKSB has verbally informed the Management on the out-of-court settlement.

Through further negotiations, KSC has entered a Settlement Agreement with Diman Kuari Sdn Bhd on 15 April 2015.

The Companies’ solicitors are of the view that the Companies have a reasonable prospect of succeeding subject to the fact that the Companies are able to furnish or provide the relevant evidence in respect of the matters averred in the statement

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of claims. In the worst case scenario, the Companies will be liable to the Defendants for costs incurred.

26. Dividends

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

27. Earnings/Loss per share

	<u>Individual Quarter</u> Current Period Quarter ended 31 March 2015	<u>15 Months</u> Cumulative Quarter Current Period To Date ended 31 March 2015
Net Profit attributable to the owners of the company (RM'000)	755	611
Weighted average number of ordinary share of RM0.15 each ('000)	665,094	665,094
Basic earnings per share (sen)	0.11	0.09

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.

28. Notes to the Consolidated Statement of Comprehensive Income

	Current quarter 31.03.2015 RM'000	15 months Ended, 31.03.2015 RM'000
Depreciation	2,496	11,124
Bad debts written off	-	-
Provision for impairment on receivables	1,765	1,765
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	260	428
Gain on disposal of subsidiary companies	1,958	1,958
Fair value adjustment on non-current liabilities	-	-
Unrealised gain on foreign exchange	21,473	21,473

29. Authorised for issue

The interim financial statements for financial period ended 31 March 2015 has been seen and approved by the Board of Directors of MRB on 29 May 2015 for release to the Bursa Securities.

By Order of the Board
Tai Yit Chan (MAICSA 7009143)
Company Secretary
29 MAY 2015