



MINETECH RESOURCES BERHAD GROUP

ANNOUNCEMENTS PACKAGE

Q1/FY2016

MINETECH RESOURCES BERHAD (575543-X)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS**Condensed Consolidated Statement Of Comprehensive Income****For the First Quarter Ended 30 June 2015**

(The figures have not been audited)

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year Quarter ended 30 June 2015 RM'000	Preceding Year Corr. Quarter ended 30 June 2014 RM'000	Current Period To Date ended 30 June 2015 RM'000	6 Months Preceding Year Corr. Period ended 30 June 2014 RM'000
Revenue	29,499	42,431	29,499	76,015
Cost of sales	(28,751)	(38,422)	(28,751)	(68,690)
Gross profit	748	4,009	748	7,325
Other operating income/ (loss)	(433)	(151)	(433)	(20)
Administrative expenses	(3,972)	(3,513)	(3,972)	(6,481)
Selling and marketing expenses	(160)	(205)	(160)	(397)
Finance costs	(295)	(387)	(295)	(786)
Profit/ (loss) before tax	(4,112)	(247)	(4,112)	(358)
Tax expense	(91)	(236)	(91)	(340)
Net profit/ (loss) for the period	(4,203)	(483)	(4,203)	(698)
Other comprehensive income / (expenses)				
Foreign currency translation differences	-	(102)	-	16
Total comprehensive income	(4,203)	(585)	(4,203)	(682)
(Loss)/Profit attributable to:				
Owners of the company	(4,007)	(509)	(4,007)	(602)
Non-controlling interests	(196)	26	(196)	(96)
	(4,203)	(483)	(4,203)	(698)
Earning/(Loss) per share (sen)				
- Basic	(0.95)	(0.16)	(0.95)	(0.19)
- Diluted	N/A	N/A	N/A	N/A

N/A - Not Applicable

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 period ended 31 March 2015.

MINETECH RESOURCES BERHAD (575543-X)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS**Condensed Consolidated Statement Of Comprehensive Income****For the First Quarter Ended 30 June 2015****(The figures have not been audited)**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year Quarter ended 30 June 2015 RM'000	Preceding Year Corr. Quarter ended 30 June 2014 RM'000	Current Year To Date ended 30 June 2015 RM'000	6 Months Preceding Year Corr. Period ended 30 June 2014 RM'000
Net profit/ (loss) for the period	(4,203)	(483)	(4,203)	(698)
Other comprehensive income				
Foreign currency translation differences	-	(102)	-	16
Total comprehensive income	<u>(4,203)</u>	<u>(585)</u>	<u>(4,203)</u>	<u>(682)</u>
Comprehensive income attributable to:				
Owners of the company	(4,007)	(509)	(4,007)	(602)
Non-controlling interests	(196)	26	(196)	(96)
	<u>(4,203)</u>	<u>(483)</u>	<u>(4,203)</u>	<u>(698)</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 period ended 31 March 2015.

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

Condensed Consolidated Statement Of Financial Position
As at 30 June 2015.

	Unaudited As At	Audited As At
	30 June 2015	31 March 2015
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	45,614	48,084
Investment properties	1,682	1,655
Investment in associate company	-	-
Quarry development expenditure	10,848	10,671
	<u>58,144</u>	<u>60,411</u>
Current assets		
Inventories	10,600	8,191
Trade and other receivables	46,541	41,995
Cash and bank balances	38,887	55,459
	<u>96,028</u>	<u>105,645</u>
Total assets	<u>154,172</u>	<u>166,056</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Group		
Share capital	99,764	99,764
Less:- Treasury shares, at cost	(48)	(48)
Reserves	(3,627)	(1,002)
	<u>96,089</u>	<u>98,714</u>
Non-controlling interests	608	1,151
Total equity	<u>96,697</u>	<u>99,865</u>
Non-current liabilities		
Borrowings	902	9,449
Deferred tax liabilities	2,870	2,017
	<u>3,772</u>	<u>11,466</u>
Current liabilities		
Trade and other payables	38,147	46,409
Borrowings	14,643	7,729
Taxation	913	587
	<u>53,703</u>	<u>54,725</u>
Total liabilities	<u>57,475</u>	<u>66,191</u>
TOTAL EQUITY AND LIABILITIES	<u>154,172</u>	<u>166,056</u>
Net assets per share (RM)	0.229	0.300

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 period ended 31 March 2015.

MINETECH RESOURCES BERHAD (575543-X)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS

Condensed Consolidated Statements of Changes in Equity

For the First Quarter Ended 30 June 2015

(The figures have not been audited)

	----- Attributable to owners of the parent -----						Total RM'000	Non-Controlling Interest RM'000	Total Equity RM'000	
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Forex Reserve RM'000	Warrant Reserve RM'000	Other Reserve RM'000				Accumulated losses RM'000
At 1 January 2014	66,538	1,921	(48)	218	-	-	(19,471)	49,158	1,711	50,869
Total comprehensive income	-	-	-	-	-	-	(602)	(602)	(96)	(698)
Balance as at 30 June 2014	<u>66,538</u>	<u>1,921</u>	<u>(48)</u>	<u>218</u>	<u>0</u>	<u>0</u>	<u>(20,073)</u>	<u>48,556</u>	<u>1,615</u>	<u>50,171</u>
At 1 April 2015	99,764	791	(48)	401	21,972	(21,972)	(2,194)	98,714	1,151	99,865
Total comprehensive income	-	-	-	-	-	-	(4,203)	(4,203)		(4,203)
Others							1,578	1,578	(543)	1,035
Balance as at 30 June 2015	<u>99,764</u>	<u>791</u>	<u>(48)</u>	<u>401</u>	<u>21,972</u>	<u>(21,972)</u>	<u>(4,819)</u>	<u>96,089</u>	<u>608</u>	<u>96,697</u>

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 period ended 31 March 2015.

MINETECH RESOURCES BERHAD (575543-X)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS**Condensed Consolidated Statement Of Cash Flows**

For the First Quarter Ended 30 June 2015

(The figures have not been audited)

	3 Months To Date ended 30 June 2015 RM'000	3 Months ended 30 June 2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax	(4,112)	(246)
Adjustments for:-		
Depreciation and amortisation	2,443	1,847
Bad debts written off	-	
Construction in Progress charge out to expenses		(243)
Quarry development expenditure written off	(177)	-
Loss/(Gain) on disposal of property, plant and equipment	760	108
Interest expenses	295	295
Property, plant and equipment written off	-	212
Provision for unrealised exchange gain	(121)	-
Share of loss on associate company	-	-
Interest income	-	(10)
Operating profit before changes in working capital	(912)	1,963
Changes in working capital		
(Increase)/Decrease in inventories	(2,409)	3,111
(Increase)/Decrease in current assets	(4,545)	1,052
Increase/ (Decrease) in current liabilities	(8,262)	1,315
Net cash generated from operations	(16,128)	7,441
Tax paid	(326)	(445)
Interest paid	-	(134)
Net cash generated from operating activities	(16,454)	6,862
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(2,093)	(2,042)
Proceeds from disposal of property, plant & equipment	178	124
Investment in associate company		
Minority interest share of loss	862	-
Net Proceeds from disposal of a subsidiary		
Quarry development expenditure incurred	756	
Net cash used in investing activities	(297)	(1,918)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest received/(paid)	145	(152)
Net Drawdown/ (Repayment) of short term borrowings	(1,196)	77
Drawdown of term loans	-	
Repayment of term loans	-	(2,326)
Proceeds from hire-purchase	-	
Decrease in fixed deposits pledged	-	
Share issue expenses	-	
Acquisition of shares	-	(1,470)
Repayment of hire-purchase and lease creditors	(437)	(451)
Net cash generated from financing activities	(1,488)	(4,322)
Net Change in Cash & Cash Equivalents	(18,239)	622
Cash and Cash Equivalents at beginning of period	54,555	10,642
Effect on foreign exchange rate changes	0	(169)
Cash and Cash Equivalents at end of period	36,316	11,095
	Note	
Note		
Fixed deposit with licensed banks	28,756	4,360
Cash and bank balances	10,131	7,155
	38,887	11,515
Bank overdrafts	(2,571)	(420)
	36,316	11,095

The Condensed Consolidated Statement of Cash Flows in Equity should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements and the audited financial statements for financial year ended 31 March 2015.

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 previous financial year end date of the Group from 31 December to 31 March. Accordingly, the comparative financial period end date of the Group under review is for the fifteen months period ended 31st March 2015. The current financial statements of the Group are 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 accordance with MFRS 134: - Interim Financial Reporting issued by the Malaysia Accounting Standards Board (“MASB”) and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”). It should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2015.

These explanatory notes attached to the interim financial reports provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 March 2015.

3. Changes in accounting policies
Adoption of new and amended standards

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

Amendments to MFRS 119 Defined Benefits Plans: Employee Contributions
Annual Improvements to MFRSs 2010 – 2012 Cycle
Annual Improvements to MFRSs 2011 – 2013 Cycle

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

Standards issued but not yet effective

The Group and the Company have 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 and the Company:

3. Changes in accounting policies (cont'd)

		Effective dates for financial periods beginning on or after
MFRS 14	Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations	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
Annual Improvements to MFRSs 2012–2014 Cycle		1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception	1 January 2016
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 and the Company intend to adopt the above MFRSs when they become effective.

The initial application of the abovementioned MFRSs are 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.

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

3. Changes in accounting policies (cont'd)

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 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 period ended 31 March 2015 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.

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.

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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 quarter period ended 30 June 2015:

2016	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	8,703	8,364	9,542	2,620	270	-	29,499
Inter-segment sales	1,641	52	(27)	85	1,551	(3,302)	-
	<u>10,344</u>	<u>8,416</u>	<u>9,515</u>	<u>2,705</u>	<u>1,821</u>	<u>(3,302)</u>	<u>29,499</u>
Results							
Segment results	(1,459)	(775)	396	(1,086)	(710)	(183)	(3,817)
Finance costs							(295)
Share of loss of associated companies							-
Net loss before tax							<u>(4,112)</u>
Taxation							<u>(91)</u>
Net Loss for the financial period							<u><u>(4,203)</u></u>

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

Segment information for the financial year ended 30 June 2014.

2014	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	14,575	11,509	7,876	8,557	1,044	(1,130)	42,431
Inter-segment sales	15,453	7,876	11,432	8,342	464	(43,567)	-
	<u>30,028</u>	<u>19,385</u>	<u>19,308</u>	<u>16,899</u>	<u>1,508</u>	<u>(44,697)</u>	<u>42,431</u>
Results							
Segment results	(207)	1,018	(640)	525	(505)	(51)	140
Finance costs							(387)
Share of loss of associated companies							-
Loss before tax							<u>(247)</u>
Taxation							<u>(236)</u>
Loss for the financial period							<u><u>(483)</u></u>

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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 30 June 2015, except for the following:-

- a) On 01 April 2015, Minetech Resources Berhad ("MRB") subscribed for an additional 1,500,000 shares at RM1.00 each at par in the share capital of KS Chin Minerals Sdn Bhd ("KSCM") by offsetting amount due by "KSCM" to "MRB".
- b) On 01 April 2015, Minetech Construction Sdn Bhd ("MCSB") issue additional 1,500,000 shares at RM1.00 each at par via bonus shares to MRB.

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:

	As At 30 June 2015 RM'000	15 Months As At 31 March 2015 RM'000
Corporate Guarantee	-	-
Bank guarantee	2,844	2,844
	<u>2,844</u>	<u>2,844</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 30 June 2015 were as follows:

	As at 30 June 2015 RM'000	15 Months As at 31 March 2015 RM'000
Approved and contracted for property, plant & equipment and motor vehicles	Nil -----	728 -----

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16. Related party transactions

	3 Months As at 30 June 2015 RM'000	3 Months As at 30 June 2014 RM'000
Rental paid to Choy Sen @ Chin Kim Sang	41	55
Rental paid to Low Choon Lan	15	15
Land rental paid to a director related company - Choy Sen @ Chin Kim Sang	60	60

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

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

1. 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	3 months ended	3 months ended	3 months ended
	30 June 2015 RM'000	30 June 2014 RM'000	30 June 2015 RM'000	30 June 2014 RM'000
Quarry and Building Materials Products	19,859	22,450	(1,063)	(847)
Civil Engineering and Bituminous Products	11,121	20,062	(1,861)	1,543
Others	1,821	1,044	(710)	(505)
Eliminations	(3,302)	(1,125)	(183)	(51)
Group	29,499	42,431	(3,817)	140
Less: Finance Costs			(295)	(387)
Loss Before Tax			(4,112)	(247)

The Group was in a transitional period last financial 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 12-months period versus a 15-month period ending 31 March 2015 for the previous financial year. Accordingly, the comparison figures which cover the financial year ended 31 March 2015, may not be comparable with the current period's financial figures.

The Group recorded revenue of RM29.499 million and loss before tax of RM4.112 million in the current quarter. For the same quarter prior year 30 June 2014, the Group

**17. Review of the performance of the Company and its principal Subsidiaries
(cont'd)**

recorded revenue and loss before tax of RM42.431 million and RM 247,000 respectively.

The decrease in revenue and increase in loss before tax for the 3 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 RM19.859 million and loss before tax of RM1.063 million.

Revenue for this segment has declined by 11.54% , while the loss before taxation has widen by 25.5% versus the same quarter prior year comparative. The decline was attributed to temporary closure of BRQ quarry in the end of last financial period.

Civil Engineering and Bituminous Products Segment

Revenue for the segment was RM 11.121 million and net loss before tax of RM 1.861 million; comparative with same quarter of last financial year's revenue of RM 20.062 million and net profit before tax of RM 1.543 million. The segment revenue has declined by 44.6% with loss before tax widening by 221%.

The decline in this segment were mainly attributable to the Civil Engineering and Bituminous Companies; due to completion most of project works and reduction in export sales.

Others

Revenue for others segment was RM1.820 million with a loss before tax of RM 710,000. For the same quarter last financial year, revenue was RM 1.044 million with loss before tax of RM 505,000.

18. 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, of which oil prices in particular has weaken ,hovering around US\$47-US\$50 per barrel, 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.

18. Prospects (cont'd)

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 (MRT3 & ADIT a & d). The Group currently actively participating in the tendering of projects.

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 and running smoothly.

19. Memorandum of Agreement ("MOA")

The Group had on 19 November 2014 entered into a 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 announced 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 share sales agreement.

20. Memorandum of Understanding ("MOU")

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.

21. Realised and unrealised profits/losses

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

	3 Months As at 30 June 2015 RM'000	15 Months As at 31st March 2015 RM'000
Total accumulated profit / (losses) of the Company and its subsidiaries		
Realised	(4,939)	(2,316)
Unrealised	120	122
Total Group accumulated gain/(losses)	<u>(4,819)</u>	<u>(2,194)</u>

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22. Profit forecast/profit guarantee

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

23. Tax expense

Tax expense is as follows:

	3 Months As at 30 June 2015	3 Months As at 30 June 2014
	RM'000	RM'000
Current tax expense :		
- current quarter/ year-to-date	91	-
- under/(over) provision in prior year	-	132
Current deferred tax	-	-
	91	132
	91	132

The effective tax rate of the Group for the current quarter is higher than the statutory tax rate due principally to the non-allowable unrealized exchange losses and other non-allowable expenses incurred by the Group.

24. 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 **30 June 2015**, 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	(10,000)	-

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Repayment of bank borrowings	Within 12 months	8,631	(6,695)# (b)	1,936
Estimated expenses in relation to the corporate exercise	Within 2 weeks	1,230	(1,230) #	-
		<u>49,861</u>	<u>(17,925)</u>	<u>31,936</u>

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.

(b) In view of working capital's expenses were much higher than estimated original of RM10 million, the shortfall of RM230,000 were adjusted accordingly from the repayment of bank borrowings.

25. Group borrowings

The Group's borrowings are as follows:-

	3 Months As at 30 June 2015 RM'000	15 Months As at 31 March 2015 RM'000
<u>Short term borrowings- secured</u>		
Term loans	48	48
Bank overdrafts	680	904
Finance lease payables	11,392	3,282
<u>Short term borrowings - unsecured</u>		
Trade financing/short term borrowings	2,571	3,495
Total Short Term borrowings	<u>14,643</u>	<u>7,729</u>
	3 Months As at 30 June 2015 RM'000	15 Months As at 31 March 2015 RM'000
<u>Long term borrowings- secured</u>		
Finance lease payables	902	9,449
Total Long Term borrowings	<u>902</u>	<u>9,449</u>

26. 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,

26. Material Litigation (Cont'd)

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 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

26. Material Litigation (Cont'd)

(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.

(b) On 29 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, then on 10 February 2015 to enable the parties to comply with the pre-trial directions.

KSCM has on 15 April 2015 entered into a Settlement Agreement ("SA") with DKSB of which both parties will withdraw their respective claims in respect of the said suit with no liberty to file afresh and with no orders as to costs ("Proposed Settlement").

The salient terms of the SA, amongst others, are as follows:-

- (i) DKSB shall be entitled to retain and KSCM shall waive possession, all rights, ownership and/or interests in all materials and/or stockpiles remaining on the Quarry Lands as defined in the Suit ("Stockpiles");
- (ii) DKSB shall be at liberty to deal with the Stockpiles in any way it deems fit without any liability to a claim from KSCM; and

26. Material Litigation (Cont'd)

- (iii) Each party shall bear their own legal costs and the stamp duty payable on the SA shall borne equally by DKSB and KSCM.
- (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 SdnBhd ("MQSB") and K. S. Chin Minerals SdnBhd ("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

26. Material Litigation (Cont'd)

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.

Subsequent to the case management, the Court has via their letter dated 06 July 2015, fixed the decision / clarification date of the Defendants’ application to strike out the Plaintiffs’ claim (in suit 22NCVC-433-09/2014) to be heard on 01 September 2015.

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

Diman K.S Chin Sdn Bhd (“DKSC”), our wholly-owned subsidiary, at the request of Diman Premix Industries Sdn Bhd (“DPI”) supplied DPI with premix and quarry products. The total outstanding sum which is due and payable to DKSC for the supply of premix and quarry products to DPI is RM471,798.79. DKSC’s solicitors have filed the writ and statement of claim and served on the DPI’s solicitors. DPI’s solicitors have filed a defence and a counter-claim for a sum of RM1,701,106.80 together with interest and costs and also for general damages. DPI’s counter-claim comprises claims for outstanding tribute under the Agreement, late payment interest, loss suffered by DPI for purchasing premix product without discount and for transport charges.

DPI’s solicitors have filed an Originating Summons to transfer the whole proceedings to the High Court on the Sessions Court Judge instructions as the amount in question exceeds the jurisdiction of the Sessions Court which only can hear cases where the amount in question is below RM1,000,000.00. The matter is fixed for Case Management on 27/8/2015 at the High Court.

DKSC solicitors are of the view that DKSC has a reasonable prospect of success in its claim if all necessary supporting documents are tendered to proof its claim. For DPI to succeed in its counter-claim it must also forward all necessary supporting documents to proof its claim. The estimated maximum exposure to liabilities would be in terms of amount claimed by DPI in its counter-claim, cost and expenses incurred in bringing the matter to litigation.

27. Dividends

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

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28. Earnings/Loss per share

	<u>Individual Quarter</u> Current Period Quarter ended 30 June 2015	<u>Cumulative Quarter</u> Current Year To Date ended 30 June 2014
Net (Loss)/Profit attributable to the owners of the company (RM)	(4,203)	(602)
Weighted average number of ordinary share of RM0.15 each ('000)	422,994	309,224
Basic earnings per share (sen)	(0.9937)	(0.19)

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.

29. Notes to the Consolidated Statement of Comprehensive Income

	Current quarter 30 June 2015 RM'000
Depreciation and amortization	2,443
Loss on disposal of property, plant and equipment	760
Realised loss on foreign exchange	9
Unrealised gain on foreign exchange	(121)

30. Authorised for issue

The interim financial statements for financial period ended 30 June 2015 has been seen and approved by the Board of Directors of MRB on 28 August 2015 for release to the Bursa Securities.