



MINETECH RESOURCES BERHAD GROUP

ANNOUNCEMENTS PACKAGE

Q2/FY2016

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

Condensed Consolidated Statement Of Comprehensive Income
For the Second Quarter Ended 30 Sep 2015
(The figures have not been audited)

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year Quarter ended 30 Sep 2015 RM'000	Preceding Year Corr. Quarter ended 30 Sep 2014 RM'000	Current Period To Date ended 30 Sep 2015 RM'000	9 Months Preceding Year Corr. Period ended 30 Sep 2014 RM'000
Revenue	31,646	46,510	61,145	122,525
Cost of sales	(28,512)	(43,245)	(57,263)	(111,935)
Gross profit	3,134	3,265	3,882	10,590
Other operating income/ (loss)	(203)	1,752	(636)	1,732
Administrative expenses	(3,993)	(4,121)	(7,965)	(10,939)
Selling and marketing expenses	(160)	36.00	320.00	(96)
Finance costs	(313)	(343)	(608)	(1,128)
Share of loss in an associate company	(367)	-	(367)	-
Profit/ (loss) before tax	(1,902)	517	(6,014)	159
Tax expense	-	(137)	(91)	(477)
Net profit/ (loss) for the period	(1,902)	380	(6,105)	(318)
Other comprehensive income / (expenses)				
Foreign currency translation differences	-	-	-	16
Total comprehensive income	(1,902)	380	(6,105)	(302)
(Loss)/Profit attributable to:				
Owners of the company	(1,446)	205	(5,453)	(381)
Non-controlling interests	(456)	175	(652)	79
	(1,902)	380	(6,105)	(302)
Earning/(Loss) per share (sen)				
- Basic	(0.22)	0.07	(0.82)	(0.13)
- 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.

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(Incorporated in Malaysia)
INTERIM FINANCIAL STATEMENTS

Condensed Consolidated Statement Of Comprehensive Income
For the Second Quarter Ended 30 Sep 2015
(The figures have not been audited)

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year Quarter ended 30 Sep 2015 RM'000	Preceding Year Corr. Quarter ended 30 Sep 2014 RM'000	Current Year To Date ended 30 Sep 2015 RM'000	9 Months Preceding Year Corr. Period ended 30 Sep 2014 RM'000
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Other comprehensive income				
Foreign currency translation differences	-	-	-	16
Total comprehensive income	<u>(1,902)</u>	<u>380</u>	<u>(6,105)</u>	<u>(302)</u>
Comprehensive income attributable to:				
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Non-controlling interests	(456)	175	(652)	79
	<u>(1,902)</u>	<u>380</u>	<u>(6,105)</u>	<u>(302)</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 Sep 2015.

	Unaudited As At	Audited As At
	30 Sep 2015	31 March 2015
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	44,283	48,085
Investment properties	2,698	1,655
Investment in associate company	-	-
Quarry development expenditure	10,746	10,671
	<u>57,727.00</u>	<u>60,411.40</u>
Current assets		
Inventories	10,080	8,191
Trade and other receivables	48,808	41,995
Cash and bank balances	36,589	55,459
	<u>95,477</u>	<u>105,645</u>
Total assets	<u><u>153,204</u></u>	<u><u>166,056</u></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	(6,455)	(1,002)
	<u>93,261</u>	<u>98,714</u>
Non-controlling interests	499	1,151
Total equity	<u>93,760</u>	<u>99,865</u>
Non-current liabilities		
Borrowings	857	9,449
Deferred tax liabilities	2,870	2,017
	<u>3,727</u>	<u>11,466</u>
Current liabilities		
Trade and other payables	40,075	46,409
Borrowings	14,729	7,729
Taxation	913	587
	<u>55,717</u>	<u>54,725</u>
Total liabilities	<u>59,444</u>	<u>66,191</u>
TOTAL EQUITY AND LIABILITIES	<u><u>153,204</u></u>	<u><u>166,056</u></u>
Net assets per share (RM)	0.141	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 Second Quarter Ended 30 Sep 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	-	-	-	16	-	-	(397)	(381)	79	(302)
Balance as at 30 Sep 2014	<u>66,538</u>	<u>1,921</u>	<u>(48)</u>	<u>234</u>	<u>-</u>	<u>-</u>	<u>(19,868)</u>	<u>48,777</u>	<u>1,790</u>	<u>50,567</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	-	-	-	-	-	-	(5,453)	(5,453)	(652)	(6,105)
Balance as at 30 Sep 2015	<u>99,764</u>	<u>791</u>	<u>(48)</u>	<u>401</u>	<u>21,972</u>	<u>(21,972)</u>	<u>(7,647)</u>	<u>93,261</u>	<u>499</u>	<u>93,760</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 Second Quarter Ended 30 Sep 2015
(The figures have not been audited)

	6 Months To Date ended 30 Sep 2015 RM'000	Preceeding period ended 30 Sept 2014 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax	(6,014)	159
Adjustments for:-		
Depreciation and amortisation	4,523	7,231
Construction in Progress charge out to expenses	-	(1,185)
Loss/(Gain) on disposal of property, plant and equipment	1,827	73
Interest expenses	560	974
Property, plant and equipment written off	-	370
Provision for unrealised exchange gain	(239)	-
Share of loss on associate company	367	-
Interest income	(495)	(97)
Operating profit before changes in working capital	529	7,525
Changes in working capital		
(Increase)/Decrease in inventories	(1,888)	127
(Increase)/Decrease in current assets	(6,811)	2,613
Increase/ (Decrease) in current liabilities	(6,334)	2,268
Net cash generated from operations	(14,504)	12,533
Tax paid	(635)	(950)
Interest paid	(560)	(255)
Net cash generated from operating activities	(15,699)	11,328
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(3,012)	(7,428)
Proceeds from disposal of property, plant & equipment	726	172
Purchase of investment properties	(991)	-
Proceeds from disposal of other investment	37,405	-
Investment in associate company	(367)	-
Minority interest share of loss	652	-
Quarry development expenditure incurred	(75)	(1,669)
Net cash used in investing activities	34,338	(8,925)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest received	495	97
Interest paid	-	(719)
Net Drawdown/ (Repayment) of short term borrowings	-	156
Repayment of term loans	(4,396)	(6,088)
Proceeds from hire-purchase	-	6,067
Repayment of hire-purchase and lease creditors	(688)	(2,515)
Net cash generated from financing activities	(4,589)	(3,002)
Net Change in Cash & Cash Equivalents	14,050	(599)
Cash and Cash Equivalents at beginning of period	18,995	14,788
Effect on foreign exchange rate changes	-	93
Cash and Cash Equivalents at end of period	33,045	14,282
	Note	
Note		
Fixed deposit with licensed banks	27,349	4,466
Cash and bank balances	9,240	11,291
	36,589	15,757
Bank overdrafts	(3,544)	(1,475)
	33,045	14,282

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 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 March 2015.

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 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

3. Changes in accounting policies (cont'd)

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 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.

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 six months ended 30 Sep 2015:

FY 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	21,623	16,868	17,085	5,057	512	-	61,145
Inter-segment sales	2,761	94	(28)	96	3,125	(6,048)	-
	<u>24,384</u>	<u>16,962</u>	<u>17,057</u>	<u>5,153</u>	<u>3,637</u>	<u>(6,048)</u>	<u>61,145</u>
Results							
Segment results	(5,007)	1,733	642	(1,017)	(1,626)	236	(5,039)
Finance costs							(608)
Share of loss of associated companies							(367)
Net loss before tax							<u>(6,014)</u>
Taxation							<u>(91)</u>
Net Loss for the financial period							<u><u>(6,105)</u></u>

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

10. Segmental information (Continued)

Segment information for the financial year ended 30 Sep 2014.

FY 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	33,196	38,148	27,806	18,347	5,028	-	122,525
Inter-segment sales	2,729	220	-	981	471	(4,401)	-
	<u>35,925</u>	<u>38,368</u>	<u>27,806</u>	<u>19,328</u>	<u>5,499</u>	<u>(4,401)</u>	<u>122,525</u>
Results							
Segment results	(2,412)	4,363	(257)	834	(1,084)	(157)	1,287
Finance costs							(1,128)
Share of loss of associated companies							-
Loss before tax							<u>159</u>
Taxation							<u>(477)</u>
Loss for the financial period							<u><u>(318)</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 Sep 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.
- c) On 14 September 2015, Minetech Resources Berhad (“MRB”) acquired the entire two (2) ordinary shares of RM1.00 each in the share capital of Popular Trinity Sdn. Bhd. (Company No.1061325-P) (“PTSB”), representing 100% of the issued and paid-up share capital of PTSB from K.S. Chin Minerals Sdn Bhd, a wholly-owned subsidiary of the Company for a total cash consideration of RM2.00 only (“Acquisition”). Upon the Acquisition, PTSB became a direct wholly-owned subsidiary of 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 Sep 2015 RM'000	15 Months As At 31 March 2015 RM'000
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.

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15. Capital commitments

Capital commitment not provided for as at 30 Sep 2015 were as follows:

	As at 30 Sep 2015 RM'000
Approved and contracted for property, plant & equipment and motor vehicles	5,868 -----

16. Related party transactions

	3 Months As at 30 Sep 2015 RM'000	3 Months As at 30 Sep 2014 RM'000
Rental paid to Choy Sen @ Chin Kim Sang	46	48
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.

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

17. 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 Sep 2015 RM'000	30 Sep 2014 RM'000	30 Sep 2015 RM'000	30 Sep 2014 RM'000
Quarry and Building Materials Products	21,581	23,431	(3,675)	(1,353)
Civil Engineering and Bituminous Products	10,995	21,020	2,845	2,773
Others	406	3,610	(696)	(554)
Eliminations	(1,336)	(1,551)	304	(6)
Group	<u>31,646</u>	<u>46,510</u>	<u>(1,222)</u>	<u>860</u>
Less: Finance Costs			(313)	(343)
Less: Share of loss in associate			(367)	-
Loss Before Tax			<u>(1,902)</u>	<u>517</u>

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 31.646 million and loss before tax of RM1.902 million in the current quarter. For the same quarter prior year 30 Sep 2014, the Group recorded revenue and profit before tax of RM46.510 million and RM 517,000 respectively.

The decrease in revenue for the 3 months were mainly attributable to Civil Engineering and Bituminous Products' segment. The increase in loss before tax for the 3 months were mainly attributable to Quarry and Building Material Products' segment.

Quarry and Building Materials Products Segment

Revenue for the quarry and buildings materials segment were RM21.581 million and loss before tax of RM3.675 million.

Revenue for this segment has declined by 7.9% , while the loss before taxation has widen by 171.6% versus the same quarter prior year comparative. The decline was attributed to temporary closure of BRQ quarry in the end of last financial period.

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

Civil Engineering and Bituminous Products Segment

Revenue for the segment was RM 10.995 million and profit before tax of RM 2.845 million; comparative with same quarter of last financial year's revenue of RM 21.020 million and net profit before tax of RM 2.773 million. The segment revenue has declined by 47.7% and profit before tax has improved by 2.6%.

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 RM1.816 million with a loss before tax of RM 696,000. For the same quarter last financial year, revenue was RM 3.610 million with loss before tax of RM 554,000.

Comparison with immediate preceding quarter's results

The Group's performance for the current financial quarter compared to the immediate preceding quarter is as follow;

	Current quarter	Immediate preceding quarter	Variance	Variance
Operating Segment	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>%</u>
Quarry and Building Materials Products	21,581	19,859	1,722	8.67
Civil Engineering and Bituminous Products	10,995	11,121	(126)	(1.13)
Others	406	1,821	(1,415)	(77.70)
Eliminations	<u>(1,336)</u>	<u>(3,302)</u>	1,966	59.54
Group	<u>31,646</u>	<u>29,499</u>		
Loss Before Tax	(1,902)	(4,112)	2,210	53.75%

For the current quarter under review, the quarry registered a higher revenue of RM21.581 million compared to the immediate preceding quarter of RM19.859 million due to higher quantity sold at Tanming Quarry Site.

Loss before tax of RM1.902 million in the current quarter is lower compared to the RM4.112 million registered loss in the immediate preceding quarter due to full completion of MRT2 and ICT projects. The final certificates issued for the two (2) projects have contributed to a better PBT of RM2.716 million in Q2-FY'16.

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 weakened, 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. 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.

The Board of Directors of MRB has on 05 Oct 2015 announced the following:-

(i) proposed acquisition by MRB of two (2) ordinary shares of RM1.00 each in Medium Visa Sdn Bhd ("MVSB"), representing 100% of the equity interest in MVSB, from Choy Sen @ Chin Kim Sang and Low Choon Lan for a cash consideration of RM9,430,000 ("Proposed Acquisition of MVSB");

(ii) proposed acquisition by MRB of two (2) ordinary shares of RM1.00 each in Harapan Irgan Sdn Bhd ("HISB"), representing 100% of the equity interest in HISB, from Lee Kwan Ming and Shia Fui Kin for a cash consideration of RM7,510,000 ("Proposed Acquisition of HISB");

(iii) proposed acquisition by MRB of a parcel of leasehold land held under PN 349139, Lot 345761, Mukim Hulu Kinta, District of Kinta, State of Perak Darul Ridzuan with an area measuring approximately 7,924 square metres from Glamour Heights Sdn Bhd for a cash consideration of RM6,000,000 ("Proposed Acquisition of Kinta Land");

Upon completion of the Proposed Acquisition of MVSB and Proposed Acquisition of HISB, MVSB and HISB will become our wholly-owned subsidiaries. MVSB and HISB's future plans will be in line with our intention to expand our Group's existing quarry and construction activities to include complementary business fields and providing a new source of income to our Group.

The Proposed Acquisition of Kinta Land is intended to mark our Group's diversification into the property development industry. The Proposed Acquisition of Kinta Land would enable our Group to co-develop the ongoing Glamour Avenue Project by utilising the existing building plans, permits and licenses already approved by the relevant authorities for GHSB as the original developer.

19. Acquisition of Kinta Land

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.

Further to the MOA, the Group had on 05 October 2015 signed the Sales Purchase Agreement and had announced on even date, that acquisition by MRB of a parcel of leasehold land held under PN 349139, Lot 345761, Mukim Hulu Kinta, District of Kinta, State of Perak Darul Ridzuan with an area measuring approximately 7,924 square metres from Glamour Heights Sdn Bhd for a cash consideration of RM6,000,000 (“Proposed Acquisition of Kinta Land”);).

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:

	6 Months As at 30 Sep 2015 RM’000	15 Months As at 31st March 2015 RM’000
Total accumulated profit / (losses) of the Company and its subsidiaries		
Realised	(7,886)	(2,316)
Unrealised	239	122
Total Group accumulated gain/(losses)	<u><u>(7,647)</u></u>	<u><u>(2,194)</u></u>

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:

	Current Quarter RM'000	Financial Year-to-Date 30 Sep 2015 RM'000
Current tax expense :		
- current quarter	-	91
- under/(over) provision in prior year	-	-
Current deferred tax	-	-
	<u>-</u>	<u>91</u>

The effective tax rate of the Group for the financial year-to-date 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

Rights 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.

Our Company raised gross proceeds of RM49.86 million from the Rights Issue 2014. Our Company is proposing to reallocate RM20.00 million of the Rights Issue Proceeds, originally allocated for purchase of quarry sites, to be used to fund our Group's distribution of heavy machineries and working capital requirements.

While our Group remains interested in purchasing new quarry sites, we presently have yet to identify any viable target quarry sites. Following the Proposed Revision of Proceeds Utilisation, our Group intends to use our internally-generated funds and/or bank borrowings for any future acquisition of quarry sites.

As at the 30 Sep 2015, our Group has utilised approximately RM19.36 million from the total Rights Issue Proceeds of RM49.86 million. The details of the Proposed Revision of Proceeds Utilisation are as follows:-

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24. Status of corporate proposals (Cont'd)

Existing	Time frame for utilisation ⁽¹⁾ 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	(10,230) ⁽²⁾	-
Repayment of bank borrowings	Within 12 months	8,631	(7,846) ⁽²⁾⁽³⁾	505
Estimated expenses in relation to the corporate exercise	Within 2 weeks	1,230	(1,280) ⁽³⁾	-
		<u>49,861</u>	<u>(19,356)</u>	<u>30,505</u>

Notes:

(1) As disclosed in our Company's circular to the shareholders dated 16 July 2014 and abridged prospectus dated 7 November 2014.

(2) The actual amount utilised for the working capital of our Group were RM10.23 million, with the excess RM0.23 million taken from the allocation for the repayment of bank borrowings.

(3) The actual expenses for the Rights Issue 2014 amounted to RM1.28 million, with the excess RM0.05 million taken from the allocation for the repayment of bank borrowings.

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25. Group borrowings

The Group's borrowings are as follows:-

	As at 30 Sep 2015 RM'000
<u>Short term borrowings- secured</u>	
Term loans	-
Bank overdrafts	974
Finance lease payables	11,185
<u>Short term borrowings - unsecured</u>	
Trade financing/short term borrowings	2,570
Total Short Term borrowings	<u>14,729</u>
	As at 30 Sep 2015 RM'000
<u>Long term borrowings- secured</u>	
Finance lease payables	857
Total Long Term borrowings	<u>857</u>

26. 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") for ODSB to be given the 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, the owner of the Quarry Sites, giving sixty (60) days' notice 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 through its solicitors filed and thereafter served on SMGQ through SMGQ's solicitors 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.

26. Material Litigation (Cont'd)

On 30 April 2013, ODSB was served with the defence and counter claim by SMGQ. In the defence, 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.

At the hearing date for SMGQ's injunction application on 29 May 2013, ODSB was directed to deliver vacant possession of the Quarry Sites to SMGQ on or before 12 July 2013. ODSB fully evacuated the Quarry Sites on 9 July 2013.

SMGQ by way of an amended statement of defence and amended counter-claim dated 20 March 2014 added Minetech Quarries Sdn Bhd ("MQSB"), our wholly-owned subsidiary, as a party to the amended counter-claim by reason of a performance guarantee dated 28 March 2006 in favour of SMGQ.

The trial of the above matter commenced on 30/10/2015. The Court has fixed 15/2/2016, 3/3/2016 and 4/3/2016 for continued hearing.

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.

(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 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 (i) above. However, the reliefs sought herein are different from the above suit described in item (i) above.

26. Material Litigation (Cont'd)

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 will be heard together with Kuala Lumpur High Court Suit No. S-22NCVC-288-04/2013. As such, the trial dates for both the suits are the same.

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

(iii) **Shah Alam High Court Suit No. 22NCVC-560-10/2015**

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 filed an action at the Sessions Court for the sum payable. DPI on the other hand counter claimed against the Plaintiff, amongst others, for Special Damages in the sum of RM 1,701,106.80 and General Damages.

On 28/7/2015, DPI filed an Originating Summons vide Shah Alam High Court Originating Summons No. 24-904-07/2015 to transfer the Sessions Court Suit to the High Court in light of their counter claim. On 1/9/2015, the High Court allowed DPI's application. The Suit is now registered as Shah Alam High Court Suit No. 22NCVC-560-10/2015 and the matter is now fixed for Case Management on 26/11/2015.

The solicitors are of the view that DKSC has a reasonable prospect of succeeding in its claim if all necessary documents to support the claim are tendered. The estimated maximum exposure to liabilities would be in terms of 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 Sep 2015	<u>Cumulative Quarter</u> Current Year To Date ended 30 Sep 2015
Net (Loss)/Profit attributable to the owners of the company (RM)	(1,446)	(5,453)
Weighted average number of ordinary share of RM0.15 each ('000)	665,379	665,379
Basic earnings per share (sen)	(0.22)	(0.82)

There is no dilute event as at 30 Sep 2015 and 30 Sep 2014. Therefore, the diluted EPS is the same as the basic EPS

29. Notes to the Consolidated Statement of Comprehensive Income

	Current quarter 30 Sep 2015 RM'000
Depreciation and amortization	4,523
Loss on disposal of property, plant and equipment	1,827
Realised loss on foreign exchange	10
Unrealised gain on foreign exchange	(239)
Interest Income	495

30. Authorised for issue

The interim financial statements for financial period ended 30 September 2015 has been seen and approved by the Board of Directors of MRB on 23 November 2015 for release to the Bursa Securities.