



**MINETECH RESOURCES BERHAD GROUP**

**ANNOUNCEMENT PACKAGE**

**Q1/FY2017**

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

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS**

**Condensed Consolidated Statement Of Comprehensive Income**

**For the First Quarter Ended 30 June 2016**

(The figures have not been audited)

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year Quarter ended 30 June 2016 RM'000	Preceding Year Corr. Quarter ended 30 June 2015 RM'000	Current Year To Date ended 30 June 2016 RM'000	Preceding Year Corr. Period ended 30 June 2015 RM'000
Revenue	23,137	29,499	23,137	29,499
Cost of sales	(22,549)	(28,751)	(22,549)	(28,751)
<b>Gross profit</b>	<b>588</b>	<b>748</b>	<b>588</b>	<b>748</b>
Other operating income	252	(433)	252	(433)
Administrative expenses	(3,912)	(3,972)	(3,912)	(3,972)
Selling and marketing expenses	(109)	(160)	(109)	(160)
Finance costs	(365)	(295)	(365)	(295)
Share of loss in associate companies	(41)	-	(41)	-
<b>(Loss) before tax</b>	<b>(3,587)</b>	<b>(4,112)</b>	<b>(3,587)</b>	<b>(4,112)</b>
Tax expense	-	(91)	-	(91)
<b>Net (Loss) for the financial period</b>	<b>(3,587)</b>	<b>(4,203)</b>	<b>(3,587)</b>	<b>(4,203)</b>
<b>Other comprehensive income</b>				
Foreign currency translation differences	-	-	-	-
<b>Total comprehensive income</b>	<b>(3,587)</b>	<b>(4,203)</b>	<b>(3,587)</b>	<b>(4,203)</b>
<b>Net (Loss)/Profit for the financial period attributable to</b>				
Owners of the company	(3,610)	(4,007)	(3,610)	(4,007)
Non-controlling interests	23	(196)	23	(196)
	<b>(3,587)</b>	<b>(4,203)</b>	<b>(3,587)</b>	<b>(4,203)</b>
Earning/(Loss) per share (sen)				
- Basic	(0.54)	(0.95)	(0.54)	(0.95)
- 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 2016.

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(Incorporated in Malaysia)  
**INTERIM FINANCIAL STATEMENTS**

**Condensed Consolidated Statement Of Comprehensive Income**  
**For the First Quarter Ended 30 June 2016**  
(The figures have not been audited)

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year Quarter ended 30 June 2016 RM'000	Preceding Year Corr. Quarter ended 30 June 2015 RM'000	Current Year To Date ended 30 June 2016 RM'000	Preceding Year Corr. Period ended 30 June 2015 RM'000
<b>Net loss for the financial period</b>	(3,587)	(4,203)	(3,587)	(4,203)
<b>Other comprehensive income</b>				
Foreign currency translation differences	-	-	-	0
<b>Total comprehensive income</b>	<u>(3,587)</u>	<u>(4,203)</u>	<u>(3,587)</u>	<u>(4,203)</u>
<b>Total comprehensive income for the year/period</b> <b>attributable to:</b>				
Owners of the company	(3,610)	(4,007)	(3,610)	(4,007)
Non-controlling interests	23	(196)	23	(196)
	<u>(3,587)</u>	<u>(4,203)</u>	<u>(3,587)</u>	<u>(4,203)</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 2016.

**MINETECH RESOURCES BERHAD (575543-X)**  
(Incorporated in Malaysia)  
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**Condensed Consolidated Statement Of Financial Position**  
**As at 30 June 2016**

	<b>Unaudited As At 30 June 2016 RM'000</b>	<b>Audited As At 31 March 2016 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	50,959	44,566
Investment properties	19,718	1,651
Investment in associate companies	125	166
Quarry development expenditure	10,382	10,894
	<u>81,184</u>	<u>57,277</u>
<b>Current assets</b>		
Inventories	7,270	7,943
Trade and other receivables	31,767	57,209
Cash and bank balances	14,238	15,853
	<u>53,275</u>	<u>81,005</u>
<b>Total assets</b>	<u><u>134,458</u></u>	<u><u>138,282</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Group</b>		
Share capital	99,764	99,764
Less:- Treasury shares, at cost	(48)	(48)
Reserves	(15,124)	(11,514)
	<u>84,592</u>	<u>88,202</u>
Non-controlling interests	322	299
<b>Total equity</b>	<u>84,914</u>	<u>88,501</u>
<b>Non-current liabilities</b>		
Borrowings	7,225	9,815
Deferred tax liabilities	1,334	945
	<u>8,559</u>	<u>10,760</u>
<b>Current liabilities</b>		
Trade and other payables	22,129	28,085
Borrowings	18,856	10,936
Taxation	-	-
	<u>40,985</u>	<u>39,021</u>
<b>Total liabilities</b>	<u>49,544</u>	<u>49,781</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>134,458</u></u>	<u><u>138,282</u></u>
<b>Net assets per share (RM) attributable to owners of the parent</b>	<b>0.127</b>	<b>0.133</b>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements and the audited financial statements for financial period ended 31 March 2016.

**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 2016**  
(The figures have not been audited)

	----- Attributable to owners of the parent -----							Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Foreign Exchange Reserve RM'000	Warrant Reserve RM'000	Other Reserve RM'000	Accumulated losses RM'000			
<b>At 1 April 2015</b>	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
<b>Balance as at 30 June 2015</b>	<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>
<b>At 1 April 2016</b>	99,764	791	(48)	-	21,972	(21,972)	(12,488)	88,202	299	88,501
Net (Loss)/Profit for the financial period representing total comprehensive income	-	-	-	183	-	-	(3,610)	(3,610)	23	(3,587)
<b>Balance as at 30 June 2016</b>	<u>99,764</u>	<u>791</u>	<u>(48)</u>	<u>183</u>	<u>21,972</u>	<u>(21,972)</u>	<u>(16,098)</u>	<u>84,592</u>	<u>322</u>	<u>84,914</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 2016.

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

**Condensed Consolidated Statement Of Cash Flows**  
**For the First Quarter Ended 30 June 2016**  
(The figures have not been audited)

	<b>3 Months To Date ended 30 June 2016 RM'000</b>	<b>Preceding period 3 months ended 30 June 2015 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss)/Profit before tax	(3,587)	(4,112)
Adjustments for:-		
Depreciation and amortisation	2,091	2,443
Fair value gain on financial assets at fair value through profit or loss.	-	-
Bad debts written off	-	-
Quarry development expenditure written off	163	(177)
Loss/(Gain) on disposal of property, plant and equipment	-	760
Interest expenses	365	295
Property, plant and equipment written off	-	-
Provision for unrealised exchange gain	-	(121)
Impairment loss	-	-
Share of loss on associate company	41	-
Interest income	(38)	-
Unrealised loss on foreign exchange	-	-
<b>Operating profit before changes in working capital</b>	<b>(965)</b>	<b>(912)</b>
Changes in working capital		
(Increase)/Decrease in inventories	673	(2,409)
(Increase)/Decrease in current assets	(4,900)	(4,545)
Increase/ (Decrease) in current liabilities	(7,909)	(8,262)
<b>Net cash used in operations</b>	<b>(13,101)</b>	<b>(16,128)</b>
Tax paid	(168)	(326)
Interest paid	(365)	-
Interest received	38	-
<b>Net cash used in operating activities</b>	<b>(13,596)</b>	<b>(16,454)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of subsidiaries, net of cash acquired	-	-
Purchase of property, plant & equipment	(8,536)	(2,093)
Proceeds from disposal of property, plant & equipment	-	178
Purchase of investment properties	(16,373)	-
Purchase of financial assets at fair values through profit & loss	-	-
Proceeds from disposal of other investment	14,273	-
Investment in associate company	-	-
Minority interest share of loss	-	862
Net Proceeds from disposal of a subsidiary	-	-
Quarry development expenditure incurred	-	756
<b>Net cash generated from/(used in) investing activities</b>	<b>(10,636)</b>	<b>(297)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest received/(paid)	-	145
Net Drawdown/(Repayment ) of short term borrowings	(543)	(1,196)
Proceeds from hire-purchase	1,163	-
Drawdown of term loans	6,620	-
MI share of loss	-	-
Repayment of hire-purchase and lease creditors	(1,285)	(437)
Proceeds from issuance of shares	15,246	-
Share issues expenses	-	-
<b>Net cash generated from financing activities</b>	<b>21,201</b>	<b>(1,488)</b>
<b>Net Change in Cash &amp; Cash Equivalents</b>	<b>(3,031)</b>	<b>(18,239)</b>
Cash and Cash Equivalents at beginning of period	9,308	54,555
Effect on foreign exchange rate changes	-	-
<b>Cash and Cash Equivalents at end of period</b>	<b>6,277</b>	<b>36,316</b>
<b>Note</b>		
Fixed deposit with licensed banks	3,375	28,756
Cash and bank balances	10,863	10,131
Bank overdrafts	(5,157)	(2,571)
	9,081	36,316
Less: Fixed deposits pledged to a licensed bank	(2,804)	-
	<b>6,277</b>	<b>36,316</b>

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 2016.

**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 31<sup>st</sup> 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 period ended 31 March 2016.

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 period ended 31 March 2016.

**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.

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**3. Changes in accounting policies (cont'd)**  
**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:

		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 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
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
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 107	Disclosure Initiative	1 January 2017
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 15	Clarification to MFRS 15	1 January 2018
MFRS 16	Leases	1 January 2019
Amendments to MFRS 10 and MFRS 128	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

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:



### **3. Changes in accounting policies (cont'd)**

#### 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 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 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. The Standard 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 core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group is in the process of assessing the impact of this Standard.

### **3. Changes in accounting policies (cont'd)**

#### MFRS 16 Leases

MFRS 16, which upon the effective date will supersede MFRS 117 Leases, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117.

In respect of the lessor accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The directors of the Company will assess the impact of the application of MFRS 16. For the moment, it is not practicable to provide a reasonable estimate of the effect of the application of MFRS 16 until the Group performs a detailed review.

### **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 products	:	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)**

Segmental information for the financial quarter ended 30 June 2016:

	Quarry products RM'000	Civil engineerin g RM'000	Premix products RM'000	Bituminou s Products RM'000	Others RM'000	Eliminatio n RM'000	Consolidatio n RM'000
<b>Revenue</b>							
Sales to external customers	7,432	8,887	2,514	4,271	33	-	23,137
Inter-segment sales	2,569	123	20	-	1,999	(4,711)	-
	10,001	9,010	2,534	4,271	2,032	(4,711)	23,137
<b>Results</b>							
Segment results	(2,913)	719	(865)	720	(842)	-	(3,181)
Finance costs							(365)
Share of loss of associated companies							(41)
Net loss before tax							(3,587)
Taxation							0
Net loss for the financial period							(3,587)

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**10. Segmental information (Continued)**

Segment information for the financial quarter ended 30 June 2015.

	Quarry products RM'000	Civil engineerin g RM'000	Premix products RM'000	Bituminou s Products RM'000	Others RM'000	Eliminatio n RM'000	Consolidatio n RM'000
<b>Revenue</b>							
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>
<b>Results</b>							
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>

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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 or 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 2016, except for the following:-

- (i) On 4 April 2016, Minetech Resources Berhad (“MRB”) acquired the entire two (2) ordinary shares of RM1.00 each in the share capital of Harapan Iringan Sdn. Bhd. (Company No.673096-T) (“HISB”), representing 100% of the issued and paid-up share capital of HISB from Lee Kwang Ming and Shia Fui Kin, for a total cash consideration of RM7,510,000.00 (“Acquisition”). Upon the Acquisition, HISB became a direct wholly-owned subsidiary of MRB.
- (ii) On 14 April 2016, Minetech Resources Berhad (“MRB”) acquired the entire two (2) ordinary shares of RM1.00 each in the share capital of Medium Visa Sdn. Bhd. (Company No.561332-M) (“MVSB”), representing 100% of the issued and paid-up share capital of MVSB from Choy Sen @ Chin Kim Sang and Low Choon Lan, for a total cash consideration of RM9,430,000.00 (“Acquisition”). Upon the Acquisition, MVSB became a direct wholly-owned subsidiary of MRB.

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

The changes in contingent liabilities are as follows:

	<b>As At 30 June 2016 RM'000</b>	<b>As At 30 June 2015 RM'000</b>
Bank guarantee	2,952	2,844
	<u>2,952</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 June 2016 were as follows:

	<b>As at 30 June 2016 RM'000</b>
Approved and contracted for property, plant & equipment and motor vehicles	261 =====

**16. Related party transactions**

	<b>3 Months As at 30 June 2016 RM'000</b>	<b>3 Months As at 30 June 2015 RM'000</b>
Rental paid to Choy Sen @ Chin Kim Sang	53	41
Rental paid to Low Choon Lan	21	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 June 2016	30 June 2015	30 June 2016	30 June 2015
	RM'000	RM'000	RM'000	RM'000
Quarry and Building Materials Products	12,535	19,859	(3,778)	(1,063)
Civil Engineering and Bituminous Products	13,281	11,121	1,439	(1,861)
Others	2,032	1,821	(842)	(710)
Eliminations	(4,711)	(3,302)	-	(183)
Group	<u>23,137</u>	<u>29,499</u>	<u>(3,181)</u>	<u>(3,817)</u>
Less: Finance Costs			(365)	(295)
Less: Share of loss in associate			(41)	-
Loss Before Tax			<u>(3,587)</u>	<u>(4,112)</u>

The Group recorded a revenue of RM23.137 million and loss before tax of RM3.587 million in the current quarter. For the preceding year corresponding quarter, the Group recorded revenue and loss before tax of RM29.499 million and RM4.112million respectively.

The decrease in revenue for the current quarter were mainly attributable to the Quarry and Building Materials Products Segment and others.

Quarry and Building Materials Products Segment

Revenue for the quarry and buildings materials segment were RM12.535 million and loss before tax of RM3.778 million.

Revenue for this segment has declined by 36.88%, while the loss before taxation has widen by 255.41% versus the comparative quarter of last financial year. The decline was attributed to weak market demand and continued intense price competition.

Civil Engineering and Bituminous Products Segment

Revenue for the segment was RM13.281 million and profit before tax of RM 1.439 million comparative with same quarter of last financial year's revenue of RM11.121 million and net loss before tax of RM1.861 million. The segment revenue has increased by 19.42% and profit before tax has increased by 177%.



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The increased in this segment were mainly attributable to the earthworks project in our mining projects which contributed to our Civil Engineering segment.

Others

Revenue for others segment was RM2.032 million with a loss before tax of RM0.842 million. For the same quarter last financial year, revenue was RM1.821 million with loss before tax of RM0.710 million.

**Comparison with immediate preceding quarter's results**  
**(Q1-FY'17 vs Q4-FY'16)**

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

<b>Operating Segment</b>	<b>Current quarter</b>	<b>Immediate preceding Quarter</b>	<b>Variance</b>	<b>Variance</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
Quarry and Building Materials Products	12,535	13,502	(967)	(7.16%)
Civil Engineering and Bituminous Products	13,281	11,445	1,836	16.04%
Others	2,032	5,136	(3,104)	(60.44%)
Eliminations	(4,711)	(5,184)	473	(9.12%)
<b>Group</b>	<b>23,137</b>	<b>24,899</b>		
<b>Loss Before Tax</b>	<b>(3,587)</b>	<b>(3,333)</b>	<b>(254)</b>	<b>7.62%</b>

For the current quarter under review, the quarry and building materials products segment generated a lower revenue of RM12.535 million compared to the immediate preceding quarter of RM13.502 million due to weak market demand and slow market condition in the region.

Loss before tax of RM3.587 million in the current quarter is higher compared to the RM3.333 million registered in the immediate preceding quarter due to lower gross profit of our quarry and building materials products sold during current quarter.

## **18. Prospects**

The market condition of the Quarry and building materials segment will continue to be challenging in the coming reporting quarters due to the prevailing lower demand for aggregates and premix as a result of the curtailed housing and building activities. This depressed market is not expected to improve until the implementation of the large infrastructure projects in the country is well underway and some notable examples being West Coast Expressway, Mass Rail Transit 2, Light Rail Transit 3.

The Civil engineering and Bituminous products segment is expected to remain positive in the coming reporting quarters as more construction contracts are expected to be awarded and exports of bituminous products is expected to be sustained.

Overall, in light of the prevailing difficult market conditions in the respective business segments, the ongoing cost cutting and reorganisation exercise will hopefully result in an improvement of the Group's result of operation in the following quarters.

## **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 (SPA) 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").

The Company had on 5 January 2016 entered into a supplemental agreement with GHSB in relation to the Proposed Acquisition of Kinta Land to extend the "Cut-Off Date" to the day falling six (6) months from the date of the SPA.

## **20. Proposed Private Placement**

The Group had on 26 April 2016 announced a Proposed Private Placement that entails the issuance of up to 99,749,800 new ordinary shares of RM0.15 each in MRB (“MRB Shares” or “Shares”) (“Placement Shares”), representing not more than ten percent (10%) of the enlarged issued and paid-up share capital of MRB of RM149,624,775 comprising 997,498,500 MRB Shares, after taking into consideration the following:

(i) MRB’s existing issued and paid-up share capital of RM99,721,350 comprising 664,809,000 MRB Shares (i.e., after excluding 285,000 MRB Shares held as treasury shares by the Company (“Treasury Shares”) as at 25 April 2016 (being the latest practicable date prior to this announcement (“LPD”)));

(ii) assuming full exercise of the 332,404,500 outstanding warrants 2014/2019 in MRB (“Warrants 2014/2019”) as at the LPD into 332,404,500 new MRB Shares; and

(iii) assuming the 285,000 Treasury Shares are resold in the open market by MRB, prior to the implementation of the Proposed Private Placement. (collectively known as “Maximum Scenario”).

Based on the minimum scenario, the size of the Proposed Private Placement is up to 66,480,900 Placement Shares, representing not more than ten percent (10%) of the existing issued and paid-up share capital of MRB of RM99,721,350 comprising 664,809,000 MRB Shares (i.e., after excluding 285,000 Treasury Shares) as at the LPD, assuming none of the outstanding Warrants 2014/2019 is exercised into new MRB Shares and none of the Treasury Shares is resold in the open market prior to the implementation of the Proposed Private Placement (“Minimum Scenario”).

The 30,000,000 new ordinary shares of RM0.15 each in MRB were issued and allotted pursuant to the Private Placement that was announced on 26 April 2016.

## **21. 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. The above mentioned dealership MOU was lapsed on 30 June 2016.

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

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

	<b>3 Months As at 30-Jun-16 RM'000</b>	<b>12 Months As at 31st March 2016 RM'000</b>
Total accumulated profit / (losses) of the Company and its subsidiaries		
Realised	(3,569)	3,741
unrealised	-	(1,846)
	<u>(3,569)</u>	<u>1,895</u>
Total share of accumulated lossess from associate companies		
-realised	(41)	(258)
	<u>(3,610)</u>	<u>1,637</u>
Consolidated adjustments	(12,488)	(14,125)
Total Group accumulated gain/(losses)	<u><b>(16,098)</b></u>	<u><b>(12,488)</b></u>

**23. Profit forecast/profit guarantee**

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

**24. Tax expense**

Tax expense is as follows:

	<b>3 Months as at 30 June 2016 RM'000</b>	<b>3 Months as at 30 June 2015 RM'000</b>
<b>Current tax expense :</b>		
- current quarter	-	91
- under/(over) provision in prior year	-	-
<b>Current deferred tax</b>	-	-
	<u>-</u>	<u>91</u>

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**25. Status of corporate proposals**

Rights Issue

As at 30 June 2016, our Group has utilised approximately RM42.801 million from the total Rights Issue Proceeds of RM49.86 million. The details of the Revision of Proceeds Utilisation approved on 16 March 2016 are as follows:-

<b>Existing</b>	<b>Time frame for utilisation<sup>(1)</sup> of proceeds (from 01 Dec 2014)</b>	<b>Utilisation</b>	<b>Amount Utilised</b>	<b>Amount Unutilised</b>
		RM'000	RM'000	RM'000
Purchase of quarry sites	Within 24 months	-	-	-
Distribution of heavy machineries	Within 24 months	20,000	( 16,940)	3,060
Working capital	Within 12 months	20,000	(14,856)	5,144
Repayment of bank borrowings	Within 12 months	8,631	(8,351)	-
Estimated expenses in relation to the corporate exercise	Within 2 weeks	1,230	(1,280)	-
		<b>49,861</b>	<b>(42,801)</b>	<b>8,204</b>

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**26. Group borrowings**

The Group's borrowings are as follows:-

	3 Months As At 30 June 2016 RM'000	12 Months As at 31 March 2016 RM'000
<u>Short Term borrowing -secured</u>		
Term loans	-	-
Bank Overdrafts	-	-
Finance Lease Payables	13,699	13,802
<u>Short term borrowings-unsecured</u>		
Trade financing/short term borrowings	5,157	6,345
Total Short Term borrowings	18,856	20,147
	3 Months As at 30 June 2016 RM'000	12 Months As at 31 March 2016 RM'000
<u>Long term borrowings-secured</u>		
Finance Lease payables	605	605
Term loans	6,620	-
Total Long Term Borrowings	7,225	605

## **27. Material Litigation**

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

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

Optimis Dinamik Sdn Bhd (“ODSB”), our indirect wholly-owned subsidiary, and Sri Manjung Granite Quarry Sdn Bhd (“SMGQ”) had entered into an agreement dated 28 March 2006 (“Agreement”) 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.

On 16 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 October 2015. The Court has fixed 15 February 2016, 3 to 4 March 2016 for continued hearing. This has been further postponed to 11 & 12 August 2016 and 19 to 21 September 2016.

On 01 July 2016, the High Court has allowed SMGQ’s application to amend its defence and counter-claim and to add MRB, the holding company of ODSB and MQSB as the 3<sup>rd</sup> Defendant in the counter-claim.

## **27. Material Litigation (Cont'd)**

Pursuant to the amendment by way of Court Order dated 01 July 2016 (as set out below), SMGQ is now claiming for the followings in addition to their previous claims :-

- Special damages in the sum of RM2,705,198.18
- Alternatively general damages of RM100,000.00 per month (monthly tribute payments) for the period from 20 February 2013 to the date of judgement.

MRB and ODSB filed appeals against the High Court's decision respectively on 20 July 2016. The parties are currently awaiting for the Court of Appeal's direction for the respective appeals. MRB does not expect the counter claim by SMGQ to materially affect the financial and operational matters of MRB and its Group at this moment.

Further, MRB and ODSB had filed their respective applications for a Stay of Proceedings at the High Court on 22 July 2016 pending the disposal of appeals at the Court of Appeal. This matter is now fixed for Hearing on 14 September 2016.

In the interim pending the hearing of the Stay of Proceedings applications, filing of the respective pleadings are to be compiled.

On 04 August 2016, MRB appointed Messrs Mathews Hun Lachimanan to represent MRB.

In view of the recent development of the matter, the trial dates previously fixed in August 2016 have been vacated. The Court has now maintained the continued trial dates on 20 and 21 September 2016.

In addition, 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 RM500,000.00.

### **(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.



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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.

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 was fixed for Case Management on 22/2/2016 with the matter fixed for trial on 9<sup>th</sup> and 10<sup>th</sup> May 2016.

However, an out of court settlement has been reached and a Consent Order was recorded in the High Court on 9 May 2016 with a settlement of RM250,000.00.

(iv) **Kuala Lumpur High Court Case No. 13(25)/4-1104/2015**

Lee Cheng Yew (a former employee of Minetech Resources Berhad) filed a claim for constructive dismissal against Minetech Resources. In her claim, she is claiming for backwages as well as reinstatement (with compensation in lieu of reinstatement).

The contingent liability of Minetech Resources Berhad in the event the Claimant's claim for constructive dismissal is allowed by the Industrial Court is RM215,000.

The case is presently pending in the Industrial Court, whereby both parties have filed their Statement of Case and Statement of Reply respectively. A

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mediation date has been fixed on 26 May 2016 to discuss an out of court settlement.

During the mediation proceeding on 26 May 2016, the Claimant's demanded an excessive compensation claims which was disagreed by Our Company. The next mediation date has been fixed on 15 August 2016. On 15 August 2016, the Claimant's lawyer will write to demand a lower compensation. Our Company will deliberate the proposal before the next case mentioned date on 04<sup>th</sup> October 2016.

**28. Dividends**

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

**29. Earnings/Loss per share**

	<u>Individual Quarter</u> Current Period Quarter ended 30 June 2016	<u>Cumulative Quarter</u> Preceding Year To Date ended 30 June 2015
Net loss attributable to the owners of the company (RM'000)	(3,587)	(4,203)
Weighted average number of ordinary share of RM0.15 each ('000)	664,809	422,994
Basic earnings per share (sen)	(0.54)	(0.99)

There is no dilute event as at 30 June 2016 and 31 Mar 2015. Therefore, the diluted EPS is the same as the basic EPS.

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

	<b>Current Quarter Ended 30 Jun 2016 RM'000</b>	<b>Financial Year-to-Date Ended 31 Mar 2016 RM'000</b>
Interest income	(38)	(808)
Quarry development expenditure written off	163	-
Interest expense	365	1,253
Depreciation and amortisation	2,091	12,792
Loss on disposal of property, plant and equipment	-	1,866
Property, plant and equipment written off	-	33
Realised (gain)/loss on foreign exchange	-	(141)
Unrealised (gain)/loss on foreign exchange	-	(31)
Share of loss on associate company	41	-
Provision for and written off trade receivables	-	1,290
Provision for and written off inventories	-	2,296

**31. Authorised for issuance**

The interim financial statements for financial period ended 30 June 2016 has been seen and approved by the Board of Directors of MRB on 25 August 2016 for release to the Bursa Securities.