



**MINETECH RESOURCES BERHAD GROUP**

**ANNOUNCEMENT PACKAGE**

**Q2/FY2017**

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

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

|  | <u>Individual Quarter</u>                              |  | <u>Cumulative Quarter</u>                              |   |
|--|--|--|--|---|
|  | Current Year<br>Quarter ended<br>30 Sep 2016<br>RM'000 | Preceding Year<br>Corr. Quarter ended<br>30 Sep 2015<br>RM'000 | Current Year<br>To Date ended<br>30 Sep 2016<br>RM'000 | Preceding Year<br>Corr. Period ended<br>30 Sep 2015<br>RM'000 |
| Revenue                                  | 23,397   | 31,646   | 46,534   | 61,145  |
| Cost of sales                            | (20,860)   | (28,512)   | (43,409)   | (57,263)  |
| <b>Gross profit</b>                      | <b>2,537</b>   | <b>3,134</b>   | <b>3,125</b>   | <b>3,882</b>  |
| Other operating income                   | 365  | (203)  | 615  | (636)   |
| Administrative expenses                  | (4,435)  | (3,993)  | (8,346)  | (7,965)   |
| Selling and marketing expenses           | (115)  | (160)  | (223)  | (320)   |
| Finance costs                            | (470)  | (313)  | (835)  | (608)   |
| Share of loss in associate companies     | (38)   | (367)  | (79)   | (367)   |
| <b>Loss before tax</b>                   | <b>(2,156)</b>   | <b>(1,902)</b>   | <b>(5,743)</b>   | <b>(6,014)</b>  |
| Tax expense                              | -  | -  | -  | (91)  |
| <b>Loss for the financial period</b>     | <b>(2,156)</b>   | <b>(1,902)</b>   | <b>(5,743)</b>   | <b>(6,105)</b>  |
| <b>Other comprehensive income</b>        |  |  |  |   |
| Foreign currency translation differences | 374  | -  | 374  | -   |
| <b>Total comprehensive income</b>        | <b>(1,782)</b>   | <b>(1,902)</b>   | <b>(5,369)</b>   | <b>(6,105)</b>  |
| <b>Net Loss for the financial period</b> |  |  |  |   |
| <b>attributable to</b>                   |  |  |  |   |
| Owners of the company                    | (1,408)  | (1,446)  | (5,018)  | (5,453)   |
| Non-controlling interests                | (374)  | (456)  | (351)  | (652)   |
|  | <b>(1,782)</b>   | <b>(1,902)</b>   | <b>(5,369)</b>   | <b>(6,105)</b>  |
| Loss per share (sen)                     |  |  |  |   |
| - Basic                                  | (0.20)   | (0.22)   | (0.72)   | (0.82)  |
| - 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 year ended 31 March 2016.

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

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS****Condensed Consolidated Statement Of Comprehensive Income****For the Second Quarter Ended 30 September 2016****(The figures have not been audited)**

|  | <u>Individual Quarter</u>                              |  | <u>Cumulative Quarter</u>                              |   |
|--|--|--|--|---|
|  | Current Year<br>Quarter ended<br>30 Sep 2016<br>RM'000 | Preceding Year<br>Corr. Quarter ended<br>30 Sep 2015<br>RM'000 | Current Year<br>To Date ended<br>30 Sep 2016<br>RM'000 | Preceding Year<br>Corr. Period ended<br>30 Sep 2015<br>RM'000 |
| <b>Net loss for the financial period</b>                               | (2,156)  | (1,902)  | (5,743)  | (6,105)   |
| <b>Other comprehensive income</b>                                      |  |  |  |   |
| Foreign currency translation differences                               | 374  | -  | 374  | 0   |
| <b>Total comprehensive income</b>                                      | <u>(1,782)</u>   | <u>(1,902)</u>   | <u>(5,369)</u>   | <u>(6,105)</u>  |
| <b>Total comprehensive income for the year/period attributable to:</b> |  |  |  |   |
| Owners of the company  | (1,408)  | (1,446)  | (5,018)  | (5,453)   |
| Non-controlling interests  | (374)  | (456)  | (351)  | (652)   |
|  | <u>(1,782)</u>   | <u>(1,902)</u>   | <u>(5,369)</u>   | <u>(6,105)</u>  |

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

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

**Condensed Consolidated Statement Of Financial Position**  
**As at 30 September 2016**

|   | <b>Unaudited As At<br/>30 Sep 2016<br/>RM'000</b> | <b>Audited As At<br/>31 March 2016<br/>RM'000</b> |
|---|---|---|
| <b>ASSETS</b>   |   |   |
| <b>Non-current assets</b>   |   |   |
| Property, plant and equipment   | 57,176  | 44,566  |
| Investment properties   | 12,818  | 1,651   |
| Investment in associate companies   | 86  | 166   |
| Quarry development expenditure  | 12,801  | 10,894  |
|   | <u>82,881</u>                                     | <u>57,277</u>                                     |
| <b>Current assets</b>   |   |   |
| Inventories   | 8,581   | 7,943   |
| Trade receivables   | 19,665  | 20,542  |
| Other receivables   | 10,206  | 18,627  |
| Amount due from customers for contract works                                    | 6,061   | 3,118   |
| Tax Recoverables  | 603   | 650   |
| Other investment  | -   | 14,272  |
| Cash and bank balances  | 15,126  | 15,853  |
|   | <u>60,242</u>                                     | <u>81,005</u>                                     |
| <b>Total assets</b>   | <u><u>143,123</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   | 104,264   | 99,764  |
| Less:- Treasury shares, at cost   | (48)  | (48)  |
| Reserves  | (16,532)  | (11,514)  |
|   | <u>87,684</u>                                     | <u>88,202</u>                                     |
| Non-controlling interests   | (51)  | 299   |
| <b>Total equity</b>   | <u>87,633</u>                                     | <u>88,501</u>                                     |
| <b>Non-current liabilities</b>  |   |   |
| Borrowings  | 7,242   | 9,815   |
| Deferred tax liabilities  | 1,334   | 945   |
|   | <u>8,576</u>                                      | <u>10,760</u>                                     |
| <b>Current liabilities</b>  |   |   |
| Trade payables  | 18,025  | 20,954  |
| Other payables  | 9,264   | 6,903   |
| Amount due to customers for contract works                                      | -   | 228   |
| Borrowings  | 19,625  | 10,936  |
| Taxation  | -   | -   |
|   | <u>46,914</u>                                     | <u>39,021</u>                                     |
| <b>Total liabilities</b>  | <u>55,490</u>                                     | <u>49,781</u>                                     |
| <b>TOTAL EQUITY AND LIABILITIES</b>   | <u><u>143,123</u></u>                             | <u><u>138,282</u></u>                             |
| <b>Net assets per share (RM)</b><br><b>attributable to owners of the parent</b> | <b>0.126</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 year ended 31 March 2016.

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

Condensed Consolidated Statements of Changes in Equity  
For the Second Quarter Ended 30 September 2016  
(The figures have not been audited)

|   | ----- Attributable to owners of the parent ----- |                            |                              |  |                              |                            |                                 | Total<br>RM'000 | Non-Controlling<br>Interests<br>RM'000 | Total<br>Equity<br>RM'000 |
|---|--|----------------------------|------------------------------|--|------------------------------|----------------------------|---------------------------------|-----------------|--|---------------------------|
|   | Share<br>Capital<br>RM'000                       | Share<br>Premium<br>RM'000 | Treasury<br>Shares<br>RM'000 | Foreign<br>Exchange<br>Reserve<br>RM'000 | Warrant<br>Reserve<br>RM'000 | Other<br>Reserve<br>RM'000 | Accumulated<br>losses<br>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  | -  | -                          | -                            | -  | -                            | -                          | (5,453)                         | (5,453)         | (652)                                  | (6,105)                   |
| <b>Balance as at 30 September 2015</b>  | <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>             |
| <b>At 1 April 2016</b>  | 99,764   | 791                        | (48)                         | -  | -                            | (21,972)                   | (12,488)                        | 88,202          | 299                                    | 88,501                    |
| Net Loss for the financial period<br>representing total comprehensive<br>income | -  | -                          | -                            | 183                                      | 21,972                       | -                          | (5,018)                         | (5,018)         | (350)                                  | (5,368)                   |
| Issue of ordinary shares  | 4,500  | -                          | -                            | -  | -                            | -                          | -                               | 4,500           | -                                      | 4,500                     |
| <b>Balance as at 30 September 2016</b>  | <u>104,264</u>                                   | <u>791</u>                 | <u>(48)</u>                  | <u>183</u>                               | <u>21,972</u>                | <u>(21,972)</u>            | <u>(17,506)</u>                 | <u>87,684</u>   | <u>(51)</u>                            | <u>87,633</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 year ended 31 March 2016.

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

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

|   | <b>6 Months<br/>To Date ended<br/>30 September 2016<br/>RM'000</b> | <b>Preceding period<br/>6 months ended<br/>30 Sep 2015<br/>RM'000</b> |
|---|--|---|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                               |  |   |
| Loss before tax   | (5,743)  | (6,014)   |
| Adjustments for:-   |  |   |
| Depreciation and amortisation   | 2,582  | 4,523   |
| Fair value gain on financial assets at fair value through profit or loss. | -  | -   |
| Bad debts written off   | -  | -   |
| Loss/(Gain) on disposal of property, plant and equipment                  | (135)  | 1,827   |
| Interest expenses   | 835  | 560   |
| Property, plant and equipment written off                                 | -  | -   |
| Provision for unrealised exchange gain                                    | -  | (239)   |
| Impairment loss   | -  | -   |
| Share of loss on associate company  | 79   | 367   |
| Interest income   | (61)   | (495)   |
| Unrealised loss on foreign exchange                                       | -  | -   |
| <b>Operating (loss)/profit before changes in working capital</b>          | <b>(2,443)</b>   | <b>529</b>  |
| Changes in working capital  |  |   |
| Increase in inventories   | (638)  | (1,888)   |
| Decrease in current assets  | 9,299  | (6,811)   |
| Decrease in current liabilities   | (3,740)  | (6,334)   |
| <b>Net cash used in operations</b>  | <b>2,478</b>   | <b>(14,504)</b>   |
| Tax paid  | (335)  | (635)   |
| Interest paid   | (835)  | (560)   |
| Interest received   | 61   | -   |
| <b>Net cash from /(used in) operating activities</b>                      | <b>1,369</b>   | <b>(15,699)</b>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                               |  |   |
| Acquisition of subsidiaries, net of cash acquired                         | -  | -   |
| Purchase of property, plant & equipment                                   | (8,536)  | (3,012)   |
| Proceeds from disposal of property, plant & equipment                     | -  | 726   |
| Purchase of investment properties   | (6,603)  | (991)   |
| Purchase of financial assets at fair values through profit & loss         | -  | -   |
| Proceeds from disposal of other investment                                | 14,273   | 37,405  |
| Investment in associate company   | -  | (367)   |
| Minority interest share of loss   | -  | 652   |
| Net Proceeds from disposal of a subsidiary                                | -  | -   |
| Quarry development expenditure incurred                                   | (11,166)   | (75)  |
| <b>Net cash generated from/(used in) investing activities</b>             | <b>(12,032)</b>  | <b>34,338</b>   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                               |  |   |
| Interest received/(paid)  | -  | 495   |
| Net Drawdown/(Repayment ) of short term borrowings                        | (1,886)  | -   |
| Proceeds from hire-purchase   | 1,427  | -   |
| Drawdown of term loans  | 6,637  | -   |
| Repayment of Term loans   | -  | (4,396)   |
| Repayment of hire-purchase and lease creditors                            | (1,460)  | (688)   |
| Proceeds from issuance of shares  | 4,500  | -   |
| Share issues expenses   | -  | -   |
| <b>Net cash generated from /(used in) financing activities</b>            | <b>9,218</b>   | <b>(4,589)</b>  |
| <b>Net Change in Cash &amp; Cash Equivalents</b>                          | <b>(1,445)</b>   | <b>14,050</b>   |
| Cash and Cash Equivalents at beginning of period                          | 9,308  | 18,995  |
| Effect on foreign exchange rate changes                                   | -  | -   |
| <b>Cash and Cash Equivalents at end of period</b>                         | <b>7,863</b>   | <b>33,045</b>   |
| <b>Note</b>   |  |   |
| Fixed deposit with licensed banks   | 3,411  | 27,349  |
| Cash and bank balances  | 11,715   | 9,240   |
|   | 15,126   | 36,589  |
| Bank overdrafts   | (4,459)  | (3,544)   |
|   | 10,667   | 33,045  |
| Less: Fixed deposits pledged to a licensed bank                           | (2,804)  | -   |
|   | 7,863  | 33,045  |

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. 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 2016.

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 2016.

**2. 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:

|  |  |
|--|--|
| MFRS 14                                      | Regulatory Deferral Accounts   |
| Amendments to MFRS 11                        | Accounting for Acquisitions of Interests in Joint Operations         |
| Amendments to MFRS 101                       | Disclosure Initiative  |
| Amendments to MFRS 116 and MFRS 138          | Clarification of Acceptable Methods of Depreciation and Amortisation |
| Amendments to MFRS 116 and MFRS 141          | Agriculture: Bearer Plants   |
| Amendments to MFRS 127                       | Equity Method in Separate Financial Statements                       |
| Annual Improvements to MFRSs 2012–2014 Cycle |  |
| Amendments to MFRS 10, MFRS 12 and MFRS 128  | Investment Entities: Applying the Consolidation Exception            |

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

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

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**2. 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<br>Financial periods<br>Beginning on or<br>After |
|-----------------------------------|---|--|
| Amendments to MFRS 112            | Recognition of Deferred Tax Assets for Unrealised Losses                                | 1 January 2017   |
| Amendments to MFRS107             | Disclosure Initiative   | 1 January 2017   |
| MFRS 9                            | Financial Instruments (IFRS9 issued By IASB in July 2014)                               | 1 January 2018   |
| MFRS 15                           | Revenue from Contracts with Customers   | 1 January 2018   |
| Amendments to MFRS2               | Classification and Measurement of Share-based Payment Transactions                      | 1 January 2018   |
| Amendments to MFRS15              | Classification of MFRS 15   | 1 January 2018   |
| MFRS 16                           | Leases  | 1 January 2018   |
| Amendments to MFRS10 and MFRS 128 | Sales or Contribution of Assets between an Investor and its Associates or Joint Venture | To be announced  |

The Group and the Company intend to adopt the above MFRS when they become effective.

The initial application of the abovementioned MFRS are not expected to have any significant impacts on the financial statements of the Group and the Company except as mentioned below:



## **2. 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.

## **2. 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.

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

The auditors' report on the financial statements for the financial year ended 31 March 2016 was not subject to any qualification.

## **4. 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.

## **5. 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.

## **6. 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.

**7. Issuance of debt**

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

**8. Dividend payment**

There were no dividends paid during the current financial quarter.

**9. 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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**9.Segmental information (Continued)**

Segmental information for the six months ended 30 September 2016:

**FY 2017**

|  | <b>Quarry<br/>products<br/>RM'000</b> | <b>Civil<br/>engineering<br/>RM'000</b> | <b>Premix<br/>products<br/>RM'000</b> | <b>Bituminous<br/>Products<br/>RM'000</b> | <b>Others<br/>RM'000</b> | <b>Elimination<br/>RM'000</b> | <b>Consolidation<br/>RM'000</b> |
|--|---------------------------------------|---|---------------------------------------|---|--------------------------|-------------------------------|---------------------------------|
| <b>Revenue</b>                           |                                       |   |                                       |   |                          |                               |                                 |
| Sales to external customers              | 16,150                                | 15,057                                  | 7,982                                 | 7,248                                     | 97                       | -                             | 46,534                          |
| Inter-segment sales                      | 7,078                                 | 244                                     | 20                                    | 2   | 646                      | (7,990)                       | -                               |
|  | <u>23,228</u>                         | <u>15,301</u>                           | <u>8002</u>                           | <u>7,250</u>                              | <u>743</u>               | <u>(7,990)</u>                | <u>46,534</u>                   |
| <b>Results</b>                           |                                       |   |                                       |   |                          |                               |                                 |
| Segment results                          | (3,848)                               | 908                                     | (1,462)                               | 972                                       | (1,399)                  | -                             | (4,829)                         |
| Finance costs                            |                                       |   |                                       |   |                          |                               | (835)                           |
| Share of loss of associated<br>companies |                                       |   |                                       |   |                          |                               | (79)                            |
| Net loss before tax                      |                                       |   |                                       |   |                          |                               | <u>(5,743)</u>                  |
| Taxation                                 |                                       |   |                                       |   |                          |                               | 0                               |
| Net loss for the financial period        |                                       |   |                                       |   |                          |                               | <u>(5,743)</u>                  |

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**9. Segmental information (Continued)**

Segment information for the six months ended 30 September 2015.

| <b>FY 2016</b>                        | <b>Quarry products<br/>RM'000</b> | <b>Civil engineering<br/>RM'000</b> | <b>Premix products<br/>RM'000</b> | <b>Bituminous Products<br/>RM'000</b> | <b>Others<br/>RM'000</b> | <b>Elimination<br/>RM'000</b> | <b>Consolidation<br/>RM'000</b> |
|---------------------------------------|-----------------------------------|-------------------------------------|-----------------------------------|---------------------------------------|--------------------------|-------------------------------|---------------------------------|
| <b>Revenue</b>                        |                                   |                                     |                                   |                                       |                          |                               |                                 |
| 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>                   |
| <b>Results</b>                        |                                   |                                     |                                   |                                       |                          |                               |                                 |
| 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                              |                                   |                                     |                                   |                                       |                          |                               | (91)                            |
| Net loss for the financial period     |                                   |                                     |                                   |                                       |                          |                               | <u><u>(6,105)</u></u>           |

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**10. 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.

**11. 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.

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

There were no material changes in the composition of the Group for the period ended 30 September 2016, except for the following:-

- (i) On 11 July 2016, Minetech Resources Berhad (“MRB”) had completed the transfer of the entire 500,000 issued and paid-up share capital of Minetech Quarries Sdn Bhd (“MQSB”) from the Company to K.S. Chin Minerals Sdn Bhd (“KSCM”), for an internal restructuring (“Share Transfer”). KSCM is a direct wholly-owned subsidiary of the Company. Prior to the Share Transfer, MQSB is wholly owned by the Company. With the completion of the Share Transfer, MQSB becomes a direct wholly-owned subsidiary of KSCM and an indirect wholly subsidiary of the Company.

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

The changes in contingent liabilities are as follows:

|                | <b>As At<br/>30 September<br/>2016<br/>RM'000</b> | <b>As At<br/>31 March<br/>2016<br/>RM'000</b> |
|----------------|---|---|
| Bank guarantee | 2,951   | 2,844   |
|                | <u>2,951</u>                                      | <u>2,844</u>                                  |

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

**14. Capital commitments**

Capital commitment not provided for as at 30 September 2016 were as follows:

|  | <b>As at<br/>30 Sep<br/>2016<br/>RM'000</b> |
|--|---|
| Approved and contracted for property, plant & equipment and motor vehicles | 200   |
|  | <u>=====</u>                                |

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**15. Related party transactions**

|   | <b>3 Months<br/>As at<br/>30 Sep<br/>2016<br/>RM'000</b> | <b>3 Months<br/>As at<br/>30 Sep<br/>2015<br/>RM'000</b> |
|---|--|--|
| Rental paid to Choy Sen @ Chin Kim Sang                                   | 46   | 46   |
| Rental paid to Low Choon Lan  | 14   | 15   |
| Land rental paid to a director related company - Choy Sen @ Chin Kim Sang | -  | 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**

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

The comparison of the results is tabulated below:

|                                  | <b>Revenue</b>   |  | <b>Operating Results</b>                                 |  |
|----------------------------------|--|--|--|--|
|                                  | <b>3 months<br/>ended<br/>30-Sep<br/>2016<br/>RM'000</b> | <b>3 months<br/>ended<br/>30-Sep<br/>2015<br/>RM'000</b> | <b>3 months<br/>ended<br/>30-Sep<br/>2016<br/>RM'000</b> | <b>3 months<br/>ended<br/>30-Sep<br/>2015<br/>RM'000</b> |
| <b>Operating Segment</b>         |  |  |  |  |
| Quarry Products                  | 13,227   | 14,040   | (939)  | (4,022)  |
| Civil Engineering                | 6,291  | 8,546  | 187  | 2,776  |
| Premix Products                  | 5,468  | 7,542  | (596)  | 347  |
| Bituminous Products              | 2,979  | 2,448  | 252  | 69   |
| Others                           | 228  | 406  | (552)  | (696)  |
| Eliminations                     | (4,796)  | (1,336)  | -  | 304  |
| <b>Group</b>                     | <b>23,397</b>  | <b>31,646</b>  | <b>(1,648)</b>   | <b>(1,222)</b>   |
| Less: Finance Costs              |  |  | (470)  | (313)  |
| Less: Share of loss in associate |  |  | (38)   | (367)  |
| <b>Loss Before Tax</b>           |  |  | <b>(2,156)</b>   | <b>(1,902)</b>   |

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Overall, the Group recorded a total revenue of RM23.397million and loss before tax of RM2.156million in the current quarter. For the preceding year corresponding quarter, the Group recorded revenue and loss before tax of RM31.646million and RM1.902million respectively.

The respective segment's performance is as follows:

Quarry Products Segment

This segment recorded revenue of RM13.227million for the 3 months ended 30 September 2016 compared to RM14.040million for the same period last year, whilst loss for the period decreased to RM0.939million this year, compared to RM4.022million for the same period last year.

Cost cutting measures implemented has reduced the operating loss in this segment.

Civil Engineering Segment

Revenue for the segment was RM6.291million and profit before tax of RM 187,000 comparative with same quarter of last financial year's revenue of RM8.546million and net profit before tax of RM2.776 million. The segment revenue has decreased by 26.39% and profit before tax has decreased by 93.26%.

The decreased in revenue for this segment were mainly attributable to completion of most project works and operating profits are lower in tandem.

Premix Products Segment

This segment recorded revenue of RM5.468million for the 3 months ended 30 September 2016 compared to RM7.542million for the same period last year, whilst loss for the period increased to RM0.596million this year, compared to profit before tax of RM0.347million for the same period last year.

This segment's revenue is affected by the increased in competition in the Klang Valley market. The operating loss is a result of the initial cost of setting up the Premix Plant at Sepang, Selangor, which also have not attained its breakeven sales level.

Bituminous Products Segment

This segment recorded revenue of RM2.979million for the 3 months ended 30 September 2016 compared to RM2.448million for the same period last year, whilst profit for the period increased to RM0.252million this year, compared to RM69,000 for the same period last year.

This increase was mainly due to higher export sales achieved during this quarter.



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**Comparison with immediate preceding quarter's results  
(Q2-FY'17 vs Q1-FY'17)**

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

| <b>Operating Segment</b> | <b>Current<br/>Quarter<br/>RM'000</b> | <b>Immediate<br/>Preceding<br/>Quarter<br/>RM'000</b> | <b>Variance<br/>RM'000</b> | <b>Variance<br/>%</b> |
|--------------------------|---------------------------------------|---|----------------------------|-----------------------|
| Quarry Products          | 13,227                                | 10,001  | 3,226                      | 32.26%                |
| Civil Engineering        | 6,291                                 | 9,010   | (2,719)                    | (30.18%)              |
| Premix Products          | 5,468                                 | 2,534   | 2,934                      | 115.79%               |
| Bituminous Products      | 2,979                                 | 4,271   | (1,292)                    | (30.25%)              |
| Others                   | 228                                   | 2,032   | (1,804)                    | (88.78%)              |
| Eliminations             | (4,796)                               | (4,711)   |                            |                       |
| <b>Group</b>             | <b>23,397</b>                         | <b>23,137</b>   |                            |                       |
| <b>Loss Before Tax</b>   | <b>(2,156)</b>                        | <b>(3,587)</b>  | <b>1,431</b>               | <b>39.89%</b>         |

For the current quarter under review, the quarry products segment generated a higher revenue of RM13.227million compared to the immediate preceding quarter of RM10.001million due to higher revenue contributed from our Perak operations.

The decline of Civil Engineering revenue of RM2.719million (30.18%) was due to completion of most project works.

The higher Premix Products revenue of RM2.934million(115.79%) was due to the additional sales contributed from our newly setup Plant at Sepang.

The decline of Bituminous Products revenue of RM1.292million was due to competitive pricing and lower sales volumes both locally and overseas.

Loss before tax of RM2.156million in the current quarter is lower compared to the RM3.587 million registered in the immediate preceding quarter due to the improved performance of our premix and quarry operations which have reduced the loss for the current quarter.

## **17. Prospects**

The market condition of the Quarry and building materials segment will continue to be challenging in the coming reporting quarters. The construction industry 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 and the overall housing market improves.

The Civil engineering and Bituminous products segment are 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 very competitive 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.

## **18. 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.

The SPA has since become unconditional and the parties are currently undergoing the process of completing the SPA.

**19. 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.

The Group had announced on 24 November 2016 that Bursa Securities has granted an extension of time of six (6) months until 17 May 2017 to the Company to complete the Proposed Private Placement.

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

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

|   | <b>6 Months As at<br/>30-Sep-16<br/>RM'000</b> | <b>12 Months As at<br/>31st March 2016<br/>RM'000</b> |
|---|--|---|
| Total accumulated profit / (losses) of the Company and its subsidiaries |  |   |
| Realised  | (4,939)  | 3,741   |
| unrealised  | -  | (1,846)   |
|   | <u>(4,939)</u>                                 | <u>1,895</u>  |
| Total share of accumulated lossess from associate companies             |  |   |
| -realised   | (79)   | (258)   |
|   | <u>(5,018)</u>                                 | <u>1,637</u>  |
| Consolidated adjustments  | (12,488)                                       | (14,125)  |
| Total Group accumulated gain/(losses)                                   | <u><b>(17,506)</b></u>                         | <u><b>(12,488)</b></u>                                |

**21. Profit forecast/profit guarantee**

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

**22. Tax expense**

Tax expense is as follows:

|  | <b>3Months as<br/>at<br/>30 Sep 2016<br/>RM'000</b> | <b>6 Months as<br/>at<br/>30 Sep 2016<br/>RM'000</b> |
|--|---|--|
| <b>Current tax expense :</b>           |   |  |
| - current quarter                      | -   | -  |
| - under/(over) provision in prior year | -   | -  |
| <b>Current deferred tax</b>            | -   | -  |
|  | <u>-</u>  | <u>-</u>   |
|  | <u><b>-</b></u>                                     | <u><b>-</b></u>                                      |

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**23. Status of corporate proposals**

Rights Issue

As at 30 September 2016, our Group has utilised approximately RM46.801 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             | (20,000)               | -                        |
| Repayment of bank borrowings                             | Within 12 months   | 8,631              | (8,631)                | -                        |
| Estimated expenses in relation to the corporate exercise | Within 2 weeks   | 1,230              | (1,230)                | -                        |
|  |  | <b>49,861</b>      | <b>(46,801)</b>        | <b>3,060</b>             |

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**24. Group borrowings**

The Group's borrowings are as follows:-

|  | 6 Months As<br>At<br>30 Sep 2016<br>RM'000 | 12 Months As<br>at<br>31 March 2016<br>RM'000 |
|--|--|---|
| <u>Short Term borrowing -secured</u>   |  |   |
| Term loans                             | -  | -   |
| Bank Overdrafts                        | -  | 3,741   |
| Finance Lease Payables                 | 15,166                                     | 4,591   |
| <u>Short term borrowings-unsecured</u> |  |   |
| Trade financing/short term borrowings  | 4,459                                      | 2,604   |
| Total Short Term borrowings            | 19,625                                     | 10,936  |
|  | 6 Months As<br>At<br>30 Sep 2016<br>RM'000 | 12 Months As<br>At<br>31 March 2016<br>RM'000 |
| <u>Long term borrowings-secured</u>    |  |   |
| Finance Lease payables                 | 605  | 9,815   |
| Term loans                             | 6,637                                      | -   |
| Total Long Term Borrowings             | 7,242                                      | 9,815   |

**25. 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 1 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.

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

Pursuant to the amendment by way of Court Order dated 1 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 Court of Appeal had fixed case management on 10 November 2016 for the Court of Appeal for the appeals pending the ground of judgment from High Court. At the case management at the Court of Appeal, MRB had informed the Court of Appeal that the conduct of the matter will be taken over by a new solicitor, Messr Ho, Loke and Koh. Further to change of solicitors, the High Court has set case management on 14 December 2016. 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 4 August 2016, MRB appointed Messrs Mathews Hun Lachimanan to represent MRB. On the hearing the Stay of Proceedings application, the Judge has allowed MRB's application for Stay of Proceedings. In the meantime, MRB had 18 August 2016 applied to strike out SMGQ's Counter Claim against MRB.

In the interim, the High Court had fixed for case management on 9 November 2016 to fix a new trial date. At the case management at the High Court, ODSB had informed the High Court that the conduct of the matter will be taken over by a new solicitor, Messr Ho, Loke and Koh. Further to change of solicitors, the High Court has set case management on 2 December 2016.

In view of the recent development of the matter, the trial dates previously fixed on 20 and 21 September 2016 has been vacated to date to be fixed later.



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In addition, ODSB's new 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.

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) **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. On 4<sup>th</sup> October 2016, Out of Court settlement of RM106,000.00 compensation was reached.

**26. Dividends**

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

**27. Earnings/Loss per share**

|   | <b><u>Individual Quarter</u></b><br><b>Current Period</b><br><b>Quarter ended</b><br><b>30 Sep 2016</b> | <b><u>Cumulative Quarter</u></b><br><b>Current Year</b><br><b>To Date ended</b><br><b>30 Sep 2016</b> |
|---|---|---|
| Net loss attributable to the owners of the company (RM'000)     | (1,408)   | (5,018)   |
| Weighted average number of ordinary share of RM0.15 each ('000) | 694,809   | 694,809   |
| Basic earnings per share (sen)                                  | (0.20)  | (0.72)  |

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

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

|   | <b>Current<br/>Quarter<br/>Ended<br/>30 Sep 2016<br/>RM'000</b> | <b>Cumulative<br/>Figures<br/>As at<br/>30 Sep 2016<br/>RM'000</b> |
|---|---|--|
| Interest income                                   | (23)  | (61)   |
| Quarry development expenditure written off        | -   | -  |
| Interest expense                                  | 470   | 835  |
| Depreciation and amortisation                     | 468   | 2,582  |
| Gain on disposal of property, plant and equipment | 135   | 135  |
| Property, plant and equipment written off         | -   | -  |
| Realised (gain)/loss on foreign exchange          | -   | -  |
| Unrealised (gain)/loss on foreign exchange        | -   | -  |
| Share of loss on associate company                | 38  | 79   |
| Provision for and written off trade receivables   | -   | -  |
| Provision for and written off inventories         | -   | -  |

**29. Authorised for issuance**

The interim financial statements for financial period ended 30 September 2016 has been seen and approved by the Board of Directors of MRB on 24 November 2016 for release to the Bursa Securities.