



MINETECH RESOURCES BERHAD GROUP

ANNOUNCEMENT PACKAGE

Q4/FY2017

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

Condensed Consolidated Statement Of Comprehensive Income
For the Forth Quarter Ended 31 Mar 2017
(The figures have not been audited)

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year Quarter ended 31 Mar 2017 RM'000	Preceding Year Corr. Quarter ended 31 Mar 2016 RM'000	Current Year To Date ended 31 Mar 2017 RM'000	Preceding Year Corr. Year ended 31 Mar 2016 RM'000
Revenue	22,800	24,899	91,481	105,107
Cost of sales	(26,043)	(25,628)	(91,388)	(99,275)
Gross profit/(loss)	(3,243)	(729)	93	5,832
Other operating income	1,784	1,326	3,622	5,864
Administrative expenses	(13,403)	(3,653)	(25,522)	(21,542)
Selling and marketing expenses	(92)	(98)	(415)	(490)
Finance costs	(350)	(344)	(1,745)	(1,254)
Share of loss in an associate company	(40)	165	(165)	(202)
Loss before tax	(15,343)	(3,333)	(24,132)	(11,792)
Tax expense	0	(317)	(279)	594
Loss for the period	(15,343)	(3,650)	(24,411)	(11,198)
Other comprehensive income				
Foreign currency translation differences	(57)	-	378	-
Total comprehensive income	(15,400)	(3,650)	(24,033)	(11,198)
(Loss)/Profit attributable to:				
Owners of the company	(16,098)	(2,266)	(24,854)	(10,295)
Non-controlling interests	755	(1,384)	443	(903)
	(15,343)	(3,650)	(24,411)	(11,198)
Earning/(Loss) per share (sen)				
- Basic	(2.33)	(0.34)	(3.60)	(1.55)
- 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 Forth Quarter Ended 31 Mar 2017**

(The figures have not been audited)

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year Quarter ended 31 Mar 2017 RM'000	Preceding Year Corr. Quarter ended 31 Mar 2016 RM'000	Current Year To Date ended 31 Mar 2017 RM'000	Preceding Year Corr. Year ended 31 Mar 2016 RM'000
Net loss for the period	(15,343)	(3,650)	(24,411)	(11,198)
Gross (loss)/profit				
Foreign currency translation differences	(57)	-	378	-
Total comprehensive income	<u>(15,400)</u>	<u>(3,650)</u>	<u>(24,033)</u>	<u>(11,198)</u>
Comprehensive income attributable to:				
Owners of the company	(16,155)	(2,266)	(24,476)	(10,295)
Non-controlling interests	755	(1,384)	443	(903)
	<u>(15,400)</u>	<u>(3,650)</u>	<u>(24,033)</u>	<u>(11,198)</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 31 March 2017

	Unaudited As At 31 Mar 2017 RM'000	Audited As At 31 March 2016 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	43,812	44,566
Investment properties	1,648	1,651
Investment in associate company	-	166
Land held for property development	22,940	-
Quarry development expenditure	3,120	10,894
Goodwill	1,516	-
	<u>73,037</u>	<u>57,277</u>
Current assets		
Inventories	7,554	7,943
Trade receivables	20,820	20,542
Other receivables	6,961	18,627
Amount due from customers for contract works	3,582	3,118
Tax Recoverables	990	650
Other investment	-	14,272
Cash and bank balances	17,485	15,853
	<u>57,392</u>	<u>81,005</u>
Total assets	<u><u>130,429</u></u>	<u><u>138,282</u></u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Group		
Share capital	108,764	99,764
Less:- Treasury shares, at cost	(48)	(48)
Reserves	(35,612)	(11,514)
	<u>73,104</u>	<u>88,202</u>
Non-controlling interests	4,912	299
Total equity	<u>78,016</u>	<u>88,501</u>
Non-current liabilities		
Borrowings	9,987	9,815
Deferred tax liabilities	2,405	945
	<u>12,392</u>	<u>10,760</u>
Current liabilities		
Trade payables	20,058	20,954
Other payables	5,506	6,903
Amount due to customers for contract works	-	228
Borrowings	14,458	10,936
Taxation	-	-
	<u>40,022</u>	<u>39,021</u>
Total liabilities	<u>52,414</u>	<u>49,781</u>
TOTAL EQUITY AND LIABILITIES	<u><u>130,430</u></u>	<u><u>138,282</u></u>
Net assets per share (RM) attributable to owners of the parent	0.10	0.13

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 Forth Quarter Ended 31 March 2017
(The figures have not been audited)

	----- Attributable to owners of the parent -----							Total RM'000	Non-Controlling Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Forex Reserve RM'000	Warrant Reserve RM'000	Other Reserve RM'000	Accumulated losses RM'000			
At 1 April 2015	99,764	791	(48)	401	21,972	(21,972)	(2,194)	98,714	1,151	99,865
Net loss for the financial year	-	-	-	-	-	-	(10,294)	(10,294)	(904)	(11,198)
Foreign exchange translation reserve				(178)				(178)		(178)
Disposal of a subsidiary and purchased remaining minority shares in another subsidiary	-	-	-	(40)	-	-	-	(40)	52	12
Balance as at 31 March 2016	99,764	791	(48)	183	21,972	(21,972)	(12,488)	88,202	299	88,501
At 1 April 2016	99,764	791	(48)	183	21,972	(21,972)	(12,488)	88,202	299	88,501
Net (loss)/profit for the financial year	-	-	-	-	-	-	(24,476)	(24,476)	443	(24,033)
Realisation of foreign currency translation reserve	-	-	-	378	-	-	-	378	-	378
Issue of ordinary shares	9,000	-	-	-	-	-	-	9,000	-	9,000
Net change in non-controlling interest	-	-	-	-	-	-	-	-	4,170	4,170
Balance as at 31 March 2017	108,764	791	(48)	561	21,972	(21,972)	(36,964)	73,104	4,912	78,016

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 Forth Quarter Ended 31 March 2017

(The figures have not been audited)

	12 Months Year ended 31 Mar 2017 RM'000	Preceding year To Date ended 31 Mar 2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(24,132)	(11,792)
Adjustments for:-		
Depreciation and amortisation	9,451	9,592
Inventories written down	1,088	2,077
Inventories written off	-	560
Impairment loss on trade receivables	346	1,290
Reversal of impairment loss on trade receivables	(1,350)	(1,793)
(Gain)/Loss on disposal of property, plant and equipment	(3,723)	1,895
Gain on disposal of subsidiary companies	-	(91)
Interest expenses	1,745	1,062
Property, plant and equipment written off	2,397	33
Bad debts written off	116	-
Quarry development expenditure written off	7,250	-
Fair value gain on financial assets	-	(763)
Unrealised exchange gain	-	(138)
Share of loss on associate company	165	203
Interest income	(121)	(164)
Operating (loss)/profit before changes in working capital	(6,768)	1,971
Changes in working capital		
(Decrease)/Increase in inventories	389	(2,389)
Decrease in current assets	13,259	(2,765)
(Decrease) in current liabilities	(2,988)	(16,331)
Net cash used in operations	3,892	(19,515)
Tax paid	(671)	(1,714)
Interest paid	(1,745)	(1,062)
Interest received	121	164
Net cash used in operating activities	1,597	(22,127)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(9,349)	(2,339)
Proceeds from disposal of property, plant & equipment	-	913
Purchase of property held for future development	(6,000)	-
Proceeds from disposal of other investments	14,274	18,650
Investment in associate company	-	(367)
Net Proceeds from disposal of a subsidiary	4,064	4
Acquisition of subsidiaries	(16,940)	-
Net cash generated from investing activities	(13,951)	16,861
CASH FLOWS FROM FINANCING ACTIVITIES		
Net (Repayment) / Drawdown of short term borrowings	(1,319)	(891)
Net Drawdown of term loans	6,545	(48)
Proceeds from hire-purchase	1,912	-
Decrease in fixed deposits pledged	-	596
Repayment of hire-purchase and lease creditors	(3,445)	(4,062)
Proceeds from issuance of shares	9,000	-
Net cash generated from financing activities	12,693	(4,405)
Net Change in Cash & Cash Equivalents	339	(9,671)
Cash and Cash Equivalents at beginning of the year	9,309	18,995
Effect on foreign exchange rate changes	-	(16)
Cash and Cash Equivalents at end of year	9,648	9,309
	Note	
Note		
Fixed deposit with licensed banks	3,144	2,814
Cash and bank balances	14,341	13,039
	17,485	15,853
Bank overdrafts / bankers acceptance	(5,033)	(3,740)
	12,452	12,113
Less: fixed deposits pledged to a licensed bank	(2,804)	(2,804)
	9,648	9,309

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.

**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.

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

Adoption of new and amended standards (Continued)

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. Segment profit is used to measure performance as management believes that such information are the most relevant in evaluating the results of the segments relative to other entities.

9. Segmental information (Continued)

Segmental information for the year ended 31 March 2017:

	Quarry products RM'000	Civil engineering RM'000	Premix products RM'000	Bituminous Products RM'000	Others RM'000	Elimination RM'000	Consolidation RM'000
Revenue							
Sales to external customers	33,151	28,257	16,993	12,950	130	-	91,481
Inter-segment sales	12,068	793	20	(0)	7,832	(20,713)	0
	<u>45,219</u>	<u>29,050</u>	<u>17,013</u>	<u>12,950</u>	<u>7,962</u>	<u>(20,713)</u>	<u>91,481</u>
Segment results	(15,393)	1,574	(4,072)	731	(1,253)	(3,809)	(22,222)
Finance costs							(1,745)
Share of loss of associated companies							(165)
Loss before tax							<u>(24,132)</u>
Taxation							(279)
Net loss for the year							<u>(24,411)</u>

Segmental information for the year ended 31 March 2016:

	Quarry products RM'000	Civil engineering RM'000	Premix products RM'000	Bituminous Products RM'000	Others RM'000	Elimination RM'000	Consolidation RM'000
Revenue							
External customers	37,466	30,178	24,465	12,032	966	-	105,107
Inter-segment sales	4,986	-	-	509	9,709	(15,204)	-
	<u>42,452</u>	<u>30,178</u>	<u>24,465</u>	<u>12,541</u>	<u>10,675</u>	<u>(15,204)</u>	<u>105,107</u>
Segment results	(7,578)	1,673	721	(2,520)	(2,949)	160	(10,493)
Interest Income							156
Finance costs							(1,254)
Share of loss of associated companies							(202)
Loss before tax							<u>(11,793)</u>
Taxation							594
Net loss for the financial year							<u>(11,199)</u>

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 was no changes in the composition of the Group for the current quarter ended 31 March 2017.

13. Changes in contingent assets or contingent liabilities

The changes in contingent liabilities were as below:-

	As at 31 Mar 2017 RM'000	As at 31 Mar 2016 RM'000
Corporate guarantees	13,483	2,844

14. Capital commitments

There was no material capital commitment not provided for as at 31 March 2017.

15. Related party transactions

	As at 31 Mar 2017 RM'000	As at 31 Mar 2016 RM'000
Legal fees		-
Rental paid to Choy Sen @ Chin Kim Sang	53	49
Rental paid to Low Choon Lan	21	19
Land rental paid to a director's 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 comparisons of the results were tabulated below:

Operating Segment	Revenue		Operating Results	
	3 months ended 31 Mar 2017 RM'000	3 months ended 31 Mar 2016 RM'000	3 months ended 31 Mar 2017 RM'000	3 months ended 31 Mar 2016 RM'000
Quarry and Building Materials Products	12,151	13,502	(15,501)	(2,929)
Civil Engineering and Bituminous Products	10,089	11,445	(113)	(1,350)
Others	892	5,136	917	(462)
Eliminations	(332)	(5,184)	(256)	1,587
Group	22,800	24,899	(14,953)	(3,154)
Less: Finance Costs			(350)	(344)
Less: Share of loss in associate			(40)	165
Loss Before Tax			(15,343)	(3,333)

The Group recorded a revenue of RM22.8million and loss before tax of RM15.3million in the current reporting quarter. For the preceding year corresponding quarter, the Group recorded revenue and loss before tax of RM24.9 million and RM3.3million respectively.

The Group registered higher loss for the current quarter was mainly attributed to the inventories written down RM1.1 million, quarry development cost written off RM7.3 million and plant and machineries written off RM2.4 million.

Quarry and Building Materials Products Segment

Revenue for the quarry and building materials segment was lower at RM12.2 million as compared to the previous year's quarter mainly due to lower sales of quarry products.

High operating loss for the current quarter as compared to the previous corresponding quarter was mainly due to the inventories written down RM0.9 million, quarry development cost written off RM7.3 million and plant and machineries written off RM2.3 million.

Civil Engineering and Bituminous Products Segment

Revenue recorded for this segment was RM10.1 million and an operating loss of RM0.1 million compared with same quarter of last financial year's revenue of RM11.4 million and operating loss of RM1.4 million.

The operating loss for the quarter of last financial year included the impairment of inventories of RM1.78 million.

16. Review of the performance of the Company and its principal Subsidiaries (Continued)

Comparison with immediate preceding quarter's results (Q4-FY'17 vs Q3-FY'17)

The Group's performances for the current financial quarter compared to the immediate preceding quarter were as follows:

Operating Segment	Current	Immediate	Variance	
	Quarter	preceding	Quarter	
	RM'000	Quarter	RM'000	%
Quarry products	8,057	11,754	(3,697)	-31%
Civil engineering	7,274	6,475	799	12%
Premix products	4,094	4,916	(822)	-17%
Bituminous Products	2,816	2,884	(68)	-2%
Others	892	789	103	13%
Eliminations	(332)	(4,665)	4,333	-93%
Group	<u>22,800</u>	<u>22,153</u>		
Loss Before Tax	<u>(15,343)</u>	<u>(3,041)</u>	(12,302)	>100%

For the current quarter under review, the quarry products segment generated a lower revenue of RM8.1 million compared to RM11.8 million recorded in the immediate preceding quarter, mainly due to the lower contract production volume recorded.

Loss before tax of RM15.3 million in the current quarter was higher compared to the RM3.0 million registered in the immediate preceding quarter was primarily due to the inventories written down RM0.9 million, quarry development cost written off RM7.3 million and plant and machineries written off RM2.3 million..

17. Prospects

The market condition of the Quarry and building materials segment will continue to be challenging in the coming reporting quarter. 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 competitive market conditions in these business segments, the ongoing cost cutting and reorganisation exercise will hopefully improve the Group's result in the coming quarters.

18. 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.

On 24 November 2016, Bursa Securities has granted the Company an extension of 6 months period until 17 May 2017 to complete the Private Placement.

The Company had on 21 March 2017 and 15 May 2017 further issued and allotted new ordinary shares of 30,000,000 and 6,480,900 at RM0.15 each pursuant to the Private Placement. The Private Placement was completed on 15 May 2017.

19. Realised and unrealised profits/losses

The breakdown of the accumulated losses of the Company and its subsidiary companies was as follows:

	As at 31 Mar 2017 RM'000	As at 31 Mar 2016 RM'000
Realised	(17,292)	3,741
Unrealised	(1,924)	(1,846)
	<u>(19,216)</u>	<u>1,895</u>
Total share of accumulated losses from associate companies -realised	(490)	(258)
	<u>(19,706)</u>	<u>1,637</u>
Consolidated adjustments	(17,258)	(14,125)
Total Group accumulated gain/(losses)	<u><u>(36,964)</u></u>	<u><u>(12,488)</u></u>

20. Profit forecast/profit guarantee

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

21. Tax expense

Tax expenses were as follows:

	Current year ended 31 Mar 2017 RM'000	Year ended 31 Mar 2016 RM'000
Current tax expense :		
- current taxation	414	634
- under/(over) provision in prior year	(135)	(156)
	<u>279</u>	<u>478</u>
Current deferred tax		
- relating to origination and reversal fo temporary differences	-	(2,097)
- relating to changes in tax rate	-	(126)
- under provision in prior year	-	1,151
	<u>-</u>	<u>(1,072)</u>
	<u>279</u>	<u>(594)</u>

22. Status of corporate proposals

Rights Issue

As at 31 December 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:-

Existing	Time frame of proceeds utilisation	Proceeds RM'000	Amount Utilised RM'000	Amount Unutilised RM'000
Purchase of quarry sites	Within 24 months	-	-	-
Distribution of heavy machineries (Extended to 16 March 2018)	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)	-
		<u>49,861</u>	<u>(46,801)</u>	<u>3,060</u>

23. Group borrowings

The Group's borrowings were as follows:-

	As at 31 March 2016 RM'000	As at 31 March 2016 RM'000
<u>Short Term borrowing -secured</u>		
Term loans	139	-
Bank Overdrafts	1,658	3,741
Finance Lease Payables	4,815	4,590
<u>Short term borrowings-unsecured</u>		
Trade financing/short term borrowings	3,375	2,605
Total Short Term borrowings	<u>9,987</u>	<u>10,936</u>
<u>Long term borrowings-secured</u>		
Finance Lease payables	8,052	9,815
Term loans	6,406	-
Total Long Term Borrowings	<u>14,458</u>	<u>9,815</u>

24. Material Litigation

This is an update to the Report as at 24 May 2017 previously submitted by Minetech Resources Berhad ("MRB") regarding material litigation cases involving the Group.

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

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

The Kuala Lumpur High Court ("KLHC") had on 21st February 2017, on the application of MRB, struck out Sri Manjung Granite Quarry Sdn Bhd ("SMGQ")'s counterclaim against MRB with costs of RM3,000 payable by SMGQ to MRB ("the Striking Out").

SMGQ had appealed to the Court of Appeal ("COA") on 16th March 2017 ("the Appeal") against the Striking Out. The Appeal has yet to be fixed for hearing as the COA is still waiting for the KLHC Judge to provide her written grounds/reasons for the Striking Out.

SMGQ had also filed an application for stay of proceedings in KLHC on 20th March 2017 (that is to stay the Continued Trial of Suit 288 and Suit 433 stated hereinbelow) pending the disposal of the Appeal ("the Application For Stay of Proceedings"). The High Court Judge has not decided on the Application For Stay of Proceedings.

The Continued Trial for Suit 288 (to be heard together with Suit 433) is now fixed on 7th, 8th, 9th, 10th and 11th August 2017. The earlier Continued Trial dates on 9th March 2017 and 8th, 9th, 11th, 12th, 18th and 19th May 2017 were vacated by the KLHC Judge because SMGQ's counsel is on medical leave after he suffered a heart attack in early March 2017.

Our solicitors are cautiously optimistic that the Appeal (when heard) will be decided in MRB's favour and that continued trial of both Suit 288 and Suit 433 will proceed on 7th, 8th, 9th, 10th and 11th August 2017.

For Suit 288, our solicitors is of the view that we have a reasonable prospect of succeeding in our claim for damages and it is for SMGQ to prove its counter-claim. The exposure of our liabilities in the worst case scenario should Suit 288 be dismissed and SMGQ's counterclaim be allowed would be having to pay the amount in SMGQ's counterclaim as allowed by the Court and costs.

We do not expect the counter claim by SMGQ to materially affect the financial and operational matters of MRB and its Group at this moment.

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

ODSB's solicitors is of the view that we have a reasonable prospect of succeeding in our claim for damages and it is for SMGQ to prove its counter-claim. The exposure of our liabilities in the worst case scenario should Suit 288 be dismissed and SMGQ's counterclaim be allowed would be having to pay the amount in SMGQ's counterclaim as allowed by the Court and costs.

The estimated legal fees to be incurred by ODSB in the engagement of solicitors to litigate this matter is approximately RM500,000.

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.

24. Material Litigation (Continued)

(ii) Kuala Lumpur High Court Suit No. 22NCVC-433-09/2014 (“Suit 433”)

Apart from the fact that the Continued Trial for Suit 433 (to be heard together with Suit 288) has now been fixed on 7th, 8th, 9th, 10th and 11th August 2017, there is no further update on Suit 433. As explained above, the earlier Continued Trial dates on 9th March 2017 and 8th, 9th, 11th, 12th, 18th and 19th May 2017 were vacated by the KLHC Judge because SMGQ’s counsel is on medical leave after he suffered a heart attack in early March 2017.

As we have reported earlier, although the standard of proof for proving the existence of deceit and fraudulent misrepresentation by SMGQ is much higher than the standard of proof for normal civil claims (that is we must be able to furnish or provide clear evidence in respect of the matters averred in the statement of claims), Suit 433 is necessary to enable ODSB, Minetech Quarries Sdn Bhs and K.S. Chin Minerals Sdn Bhd to recover their losses as a group of companies undertaking the project. The maximum exposure of our liabilities in Suit 433 in the worst case scenario would be the dismissal of this Suit with costs to the Defendants should Suit 433 be decided against us.

The estimated legal fees to be incurred by the Group in the engagement of solicitors to litigate the abovementioned litigation cases is approximately RM1 million.

25. Dividends

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

26. Earnings/Loss per share

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>3 months</u> <u>Quarter</u> <u>ended</u> <u>31 Mar 17</u>	<u>3 months</u> <u>Quarter</u> <u>ended</u> <u>31 Mar 16</u>	<u>Year to</u> <u>date ended</u> <u>31 Mar 17</u>	<u>Year to</u> <u>date ended</u> <u>31 Mar 16</u>
Basic earnings/(loss) per share				
Loss for the period (RM'000)	(16,098)	(2,266)	(24,854)	(10,295)
Weighted average no of ordinary shares ('000)	689,877	664,809	689,877	664,809
Basic loss per share (sen)	<u>(2.33)</u>	<u>(0.34)</u>	<u>(3.60)</u>	<u>(1.55)</u>

There is no dilute event for the current quarter and year to date. Therefore, the diluted EPS is the same as the basic EPS.

27. Notes to the Consolidated Statement of Comprehensive Income

	<u>Quarter</u> <u>Ended</u> <u>31 Mar 17</u> <u>RM'000</u>	<u>Year-to -date</u> <u>Ended</u> <u>31 Mar 17</u> <u>RM'000</u>
Interest income	(51)	(121)
Interest expense	350	1,745
Depreciation and amortisation	2,064	9,451
(Gain)/loss on disposal of property, plant and equipment	(3,731)	(3,723)
Loss on disposal of Subsidiary	-	105
Share of loss on associate company	41	165
Impairment loss on trade receivables	-	346
Reversal on impairment loss on trade receivables	-	(1,350)
Inventories written down	1,088	1,088
Quarry development costs written off	7,250	7,250
Property, plant and machineries written off	<u>2,397</u>	<u>2,397</u>

28. Authorised for issuance

The interim financial statements for financial year ended 31 March 2017 has been seen and approved by the Board of Directors of MRB on 25 May 2017 for release to the Bursa Securities.