MINETECH RESOURCES BERHAD GROUP

ANNOUNCEMENT PACKAGE

Q3/FY2018

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

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter ended 31 Dec 2017 RM'000	Preceding Year Corr.Quarter ended 31 Dec 2016 RM'000	Current Year To Date ended 31 Dec 2017 RM'000	Preceding Year Corr. Year ended 31 Dec 2016 RM'000
Revenue	32,386	22,153	92,846	68,687
Cost of sales	(31,179)	(20,720)	(87,812)	(64,129)
Gross profit	1,207	1,433	5,034	4,558
Other income	2,710	7	4,474	622
Administrative expenses	(3,123)	(3,773)	(9,809)	(12,119)
Selling and marketing expenses	(225)	(102)	(595)	(325)
Finance costs	(463)	(560)	(1,379)	(1,395)
Share of loss in an associate company	-	(46)	-	(125)
Profit/ (Loss) before tax	106	(3,041)	(2,275)	(8,784)
Tax expense	(757)	-	(1,071)	-
Loss for the period	(651)	(3,041)	(3,346)	(8,784)
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss				
- Exchange translation differences for foreign operation	-	60	-	434
Total comprehensive income	(651)	(2,981)	(3,346)	(8,350)
(Loss)/Profit attributable to:				
Owners of the parent	(1,118)	(3,080)	(4,595)	(8,472)
Non-controlling interests	467	39	1,249	(312)
	(651)	(3,041)	(3,346)	(8,784)
Loss per share (sen)				
- Basic	(0.15)	(0.46)	(0.63)	(1.25)
- Diluted	(0.15)	(0.46)	(0.63)	(1.25)

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 2017.

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

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

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter ended 31 Dec 2017 RM'000	Preceding Year Corr.Quarter ended 31 Dec 2016 RM'000	Current Year To Date ended 31 Dec 2017 RM'000	Preceding Year Corr. Year ended 31 Dec 2016 RM'000
Net loss for the period	(651)	(3,041)	(3,346)	(8,784)
Other comprehensive income				
Foreign currency translation differences	-	60	-	434
Total comprehensive income	(651)	(2,981)	(3,346)	(8,350)
Total comprehensive income attributable to:				
Owners of the company	(1,118)	(3,020)	(4,595)	(8,038)
Non-controlling interests	467	39	1,249	(312)
	(651)	(2,981)	(3,346)	(8,350)

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 2017.

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

Condensed Consolidated Statement Of Financial Position
As at 31 December 2017

	Unaudited As At 31 December 2017 RM'000	Audited As At 31 March 2017 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	44,462	46,064
Investment properties	1,646	1,648
Inventories	26,246	22,899
Investment in associate company	-	-
Quarry and premix development expenditure	3,501	3,231
Goodwill	1,517	1,517
	77,372	75,359
Current assets		
Inventories	8,046	8,067
Trade receivables	30,757	19,569
Other receivables	10,274	5,765
Amount due from customers for contract works	6,616	3,589
Tax Recoverables	335	934
Cash and bank balances	10,348	17,479
	66,376	55,403
Total assets	143,748	130,762
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Group		
Share capital	110,527	109,555
Less:- Treasury shares, at cost	(48)	(48)
Reserves	(42,787)	(38,192)
	67,692	71,315
Non-controlling interests	5,951	4,702
Total equity	73,643	76,017
Non-current liabilities		
Borrowings	15,836	15,314
Deferred tax liabilities	1,905	2,060
	17,741	17,374
Current liabilities		
Trade payables	30,920	22,657
Other payables	7,300	4,529
Amount due to customers for contract works	-	6
Borrowings	14,144	9,980
Tax payable	-	199
	52,364	37,371
Total liabilities	70,105	54,745
TOTAL EQUITY AND LIABILITIES	143,748	130,762
Net assets per share (RM) attributable to owners of the parent	**0.09**	**0.10**

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 2017.

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

Condensed Consolidated Statements of Changes in Equity
For the Third Quarter Ended 31 December 2017
(The figures have not been audited)

	----- Attributable to owners of the parent -----									
	Share capital RM'000	**Share premium RM'000**	**Treasury shares RM'000**	**Foreign currency translation reserve RM'000**	**Warrant reserve RM'000**	**Other reserve RM'000**	**Accumulated losses RM'000**	**Total RM'000**	**Non-controlling interest RM'000**	**Total equity RM'000**
At 1 April 2016	99,764	791	(48)	183	21,972	(21,972)	(12,488)	88,202	299	88,501
Net loss for the financial period representing total comprehensive income	-	-	-	-	-	-	(8,472)	(8,472)	(312)	(8,784)
Realisation of foreign currency transalation reserve	-	-	-	434	-	-	-	434	-	434
Issue of ordinary shares	4,500	-	-	-	-	-	-	4,500	-	4,500
Disposal of subsidiary company	-	-	-	-	-	-	-	-	4,169	4,169
Balance as at 31 December 2016	104,264	791	(48)	617	21,972	(21,972)	(20,960)	84,664	4,156	88,820
At 1 April 2017	109,555	-	(48)	(45)	21,972	(21,972)	(38,147)	71,315	4,702	76,017
Net loss for the financial period representing total comprehensive income	-	-	-	-	-	-	(4,595)	(4,595)	1,249	(3,346)
Issue of ordinary shares	972	-	-	-	-	-	-	972	-	972
Balance as at 31 December 2017	110,527	-	(48)	(45)	21,972	(21,972)	(42,742)	67,692	5,951	73,643

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 2017.

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

Condensed Consolidated Statement Of Cash Flows
For the Third Quarter Ended 31 December 2017
(The figures have not been audited)

		9 Months To Date ended 31 December 2017 RM'000	Preceeding period 9 months ended 31 December 2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(2,275)	(8,784)
Adjustments for:-			
Depreciation and amortisation		7,752	7,387
(Gain)/loss on disposal of property, plant and equipment		(1,088)	8
Interest expenses		1,320	1,395
Property, plant and equipment written off		66	-
Loss on disposal of subsidiary company			105
Share of loss on associate company		-	125
Reversal of impaiment loss on Inventories		(32)	-
Interest income		(294)	(735)
Operating profit / (loss) before changes in working capital		**5,449**	**(499)**
Changes in working capital			
Increase in quarry and primix development expenditure		(1,578)	-
Decrease/(Increase) in inventories		53	(2,950)
Increase in receivables		(18,724)	(10,339)
Increase in payables		11,028	380
Net cash used in operations		**(3,773)**	**(13,408)**
Tax paid		(865)	(503)
Tax refund		38	-
Interest paid		(1,320)	(1,395)
Interest received		294	735
Net cash used in operating activities		**(5,624)**	**(14,571)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant & equipment		(8,068)	(8,622)
Proceeds from disposal of property, plant & equipment		4,476	-
Purchase of investment properties		-	(5,997)
Purchase of Inventories		(3,347)	-
Proceeds from disposal of other investments		-	14,273
Net proceeds from disposal of a subsidiary		-	4,064
Net cash (used in)/from investing activities		**(6,938)**	**3,718**
CASH FLOWS FROM FINANCING ACTIVITIES			
Increased in fixed deposit pledged		(570)	-
Net repayment of short term borrowings		3,324	(1,080)
Drawdown of term loans		-	6,594
Proceeds from finance lease		7,068	1,427
Repayment of term loans		(353)	-
Repayment of finance lease payables		(5,353)	(3,444)
Proceeds from issuance of shares		972	4,500
Net cash generated from financing activities		**5,088**	**7,997**
Net Change in Cash & Cash Equivalents		**(7,474)**	**(2,856)**
Cash and Cash Equivalents at beginning of the period		12,695	9,308
Effect on foreign exchange rate changes		-	-
Cash and Cash Equivalents at end of period	**Note**	**5,221**	**6,452**

Note

Fixed deposit with licensed banks	3,713	3,116
Cash and bank balances	6,635	11,405
	10,348	14,521
Bank overdrafts	(1,425)	(5,265)
	8,923	9,256
Less: fixed deposits pledged to a licensed bank	(3,702)	(2,804)
	5,221	**6,452**

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 2017.

A. EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (MFRS 134): INTERIM FINANCIAL REPORTING

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in according with MFRS 134: - Interim Financial Reporting issued by the Malaysia Accounting Standards Board ("MASB") and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). It should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2017.

These explanatory notes attached to the interim financial reports provide an explanation of events and transaction that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 March 2017.

2. Changes in accounting policies

Adoption of new and amended standards

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

Amendments to MFRS 107	Disclosure Initiative
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses

Annual Improvements to MFRSs 2014 – 2016 Cycle:
Amendments to MFRS 12 *Disclosure of Interests in Other Entities*

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

Standards issued but yet effective

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 without subsequent recycling to profit or loss. 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.

MFRS 15 Revenue from contracts with Customers

MFRS 15 replaces MFRS 118 Revenue, MFRS 111 Construction Contracts and related IC Interpretations. 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.

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 impact of the MFRS, amendments and improvements to published standard on the financial statements of the Group and of the Company are currently being assessed by management.

3. Auditors' report on preceding annual financial statements

The auditors' report on the Group's financial statements for the financial year ended 31 March 2017 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, June 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 and Premix Products : Provision of turnkey and specialised quarry services, sales and marketing of quarry products, manufacturing and trading of asphaltic premix products.

Civil Engineering : Specialised civil engineering works.

Bituminous Products : Manufacturing and trading of bituminous products.

Others : Investment holding, provision of managerial services and property development.

Performance is measured based on the segment revenue and profit before tax, interest depreciation and amortisation, as presented 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 certain segments relative to other entities that operate within these industries.

9. Segmental information (Continued)

Segment assets

The total of segment asset is measured based on all assets (including goodwill) of a segment. Segment total asset is used to measure the return of assets of each segment.

Segment liabilities

The total of segment liability is measured based on all liabilities of a segment.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment and for quarry development expenditure.

Segmental information for the 9 months ended 31 December 2017:

	Quarry and Premix Products RM'000	Civil Engineering RM'000	Bituminous Products RM'000	Others RM'000	Elimination RM'000	Consolidation RM'000
Revenue						
Sales to external customers	63,193	18,483	11,109	61	-	92,846
Inter-segment sales	595	126	-	84	(805)	-
	63,788	18,609	11,109	145	(805)	92,846
Segment results	2,477	1,335	586	(5,204)	(90)	(896)
Finance costs						(1,379)
Share of profit of associated companies						-
Loss before tax						(2,275)
Taxation						(1,071)
Net loss for the financial period						(3,346)
Assets						
Segment assets	95,361	31,945	12,190	66,589	(62,337)	143,748
Liabilites						
Segment liabilites	95,539	19,241	6,937	21,652	(73,264)	70,105

Segmental information for the 9 months ended 31 December 2016:

	Quarry and Premix Products RM'000	Civil Engineering RM'000	Bituminous Products RM'000	Others RM'000	Elimination RM'000	Consolidation RM'000
Revenue						
External customers	37,237	21,208	10,133	109	-	68,687
Inter-segment sales	12,845	569	2	6,960	(20,376)	-
	50,082	21,777	10,135	7,069	(20,376)	68,687
Segment results	(3,925)	1,265	1,152	(2,170)	(3,586.00)	(7,264)
Finance costs						(1,395)
Share of loss of associated companies						(125)
Loss before tax						(8,784)
Taxation						-
Net loss for the financial period						(8,784)
Assets						
Segment assets	94,078	29,632	13,540	108,893	(103,276)	142,867
Liabilites						
Segment liabilites	80,759	17,955	8,029	20,588	(73,284)	54,047

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

The Group had announced acquisition of subsidiaries during the quarter as below:

(i) On 13 October 2017 the Company had incorporated a new wholly-owned subsidiary company in Malaysia under the Companies Act 2016, known as MRB FTZ Development Sdn Bhd ("MFDSB"). The share capital and number of issued share of MFDSB is RM1.00 comprising 1 ordinary share.

(ii) On 13 October 2017, the Company's wholly-owned subsidiary, MRB Land Sdn Bhd ("MLSB") has on 13 October 2017 acquired the entire one (1) ordinary share in the share capital of MRB Property Sdn Bhd (formerly known as Balance Property Sdn Bhd ("BPSB")), representing 100% of the total issued share capital of BPSB for a total cash consideration of RM1.00 only. Upon the completion of the Acquisition, BPSB will become an indirect wholly-owned subsidiary of MRB.

(iii) On 29 November 2017, the Company's wholly-owned subsidiary, MRB Land Sdn Bhd ("MLSB") had on 22 November 2017 acquired the entire one (1) ordinary share in the share capital of Konsep Khas Sdn Bhd ("KKSB"), representing 100% of the total issued share capital of KKSB for a total cash consideration of RM1.00 only. Upon the completion of the Acquisition, KKSB will become an indirect wholly-owned subsidiary of MRB.

There were no other changes in the composition of the Group during the current quarter under review.

13. Changes in contingent assets or contingent liabilities

The changes in contingent liabilities were as below:-

	As at 31 Dec 2017 RM'000	As at 31 Dec 2016 RM'000
Corporate guarantees	27,598	25,006

14. Capital commitments

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

15. Related party transactions

	3 Months As at 31 Dec 2017 RM'000	3 Months As at 31 Dec 2016 RM'000
Rental paid to Choy Sen @ Chin Kim Sang	46	53
Rental paid to Low Choon Lan	-	21

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 are tabulated below:

	Revenue		Operating Results	
Operating Segment	**3 months ended 30 Dec 2017 RM'000**	**3 months ended 30 Dec 2016 RM'000**	**3 months ended 30 Dec 2017 RM'000**	**3 months ended 30 Dec 2016 RM'000**
Quarry and Premix Products	21,556	18,852	919	1,385
Civil Engineering	6,604	6,476	854	357
Bituminous Products	4,337	2,885	395	180
Others	39	6,326	(1,653)	(771)
Eliminations	(150)	(12,386)	54	(3,586)
Group	32,386	22,153	569	(2,435)
Less: Finance Costs			(463)	(560)
Less: Share of loss in associate			-	(46)
Profit/(Loss) Before Tax			106	(3,041)

The Group performance has improve substantially with an increase of its total revenue to RM32.4 million and a profit before tax of RM0.1 million in the current reporting quarter as compared with the preceding year's corresponding quarter in which the Group has recorded a total revenue of RM22.2 million and and a loss before tax RM3.0 million respectively.

Further details for the overall improvement in the financial results are described below.

<u>Quarry and Premix Products</u>

Revenue for the quarry and asphaltic premix products segment is higher at RM21.6 million as compared to the previous year's quarter of RM18.9 million and is mainly due to the substantially higher sales from the quarry business.

Operating profit for this year's quarter is recorded at a lower RM0.9 million when compared to the previous corresponding year's quarter at RM1.4 million which is mainly due to the lower margin from the asphaltic premix products and also due to the additional cost incurred for the relocation of the premix plant at Sepang, Selangor.

<u>Civil Engineering</u>

Revenue for this segment is recorded at RM6.6 million with an operating profit of RM0.9 million compared with the same quarter of the last financial year's revenue of RM6.5 million and operating profit of RM0.4 million respectively.

The higher operating profit recorded for this reporting quarter is mainly due to the higher margins of the new contracts undertaken and lower overhead expenses.

<u>Bituminous Products</u>

Revenue recorded for this segment for this reporting quarter is RM4.3 million with an operating profit of RM0.4 million as compared with same quarter of the last financial year's revenue of RM2.9 million and operating profit of RM0.2 million respectively.

The higher revenue and operating profit are mainly due to higher sales in the overseas markets.

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

Comparison with immediate preceding quarter's results (Q3-FY'18 vs Q2-FY'18)

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

Operating Segment	Current Quarter RM'000	Immediate preceding Quarter RM'000	Variance RM'000	Variance %
Quarry and Premix Products	21,556	23,477	(1,921)	-8%
Civil Engineering	6,604	6,206	398	6%
Bituminous Products	4,337	3,713	624	17%
Others	39	16	23	144%
Eliminations	(150)	(531)	381	-72%
Group	32,386	32,881		
Profit /(Loss) Before Tax	106	(873)	979	>100%

For the current quarter under review, the quarry and asphaltic premix products segment generated a lower revenue of RM21.6 million compared to RM23.5 million recorded in the immediate preceding quarter, mainly due to the prevailing competitive market and because of the reduced asphaltic premix products operations.

The civil engineering segment recorded a revenue of RM6.6 million compared to RM6.2 million in the immediate preceding quarter, which is mainly due to a higher rate of work of the projects undertaken.

The bituminous products segment recorded a higher revenue of RM4.3 million as compared to the revenue of RM3.7 million recorded in the immediate preceding quarter is mainly due to improved overseas sales.

The Group profitability in this reporting quarter has improved by recording a profit before tax of RM0.1 million as compared to a loss before tax of RM0.9 million recorded in the immediate preceding quarter as a results of the cost control and business reorganization exercises implemented.

17. Prospects

The overall market condition is expected to remain competitive due to the supply overcapacity in the construction industry and is expected to remain as such until the building and infrastructure construction activities improves substantially.

The operating results of the quarry operations are expected to be satisfactory in the coming reporting quarters, however, the asphaltic premix operations will face a very challenging price environment with thin profit margin as a result.

The operating results of the civil engineering segment is expected to remain positive in the coming reporting quarters as more construction projects are expected to be implemented.

As for the bituminous products segment, exports of bituminous products is expected to be at least stable, if not improving and therefore should continue to post positive operating results.

18. Proposed Acquisition of Bertam Capital Sdn Bhd

The Group had announced on 13 December 2017 a Proposed Acquisition of 1,200,000 ordinary shares in Bertam Capital Sdn Bhd ("BCSB"), representing 60% of the entire issued share capital in BCSB, for a purchase consideration of RM16,800,000 to be fully satisfied via the allotment and issuance of 120,000,000 new ordinary shares in MRB ("MRB shares") at an issue price of RM0.14 per MRB share ("Proposed Acquisition"). Upon completion of the Proposed Acquisition, BCSB will become a subsidiary of the Company.

On 17 January 2018, The Group had announced that the application in relation to the Proposed Acquisition has been submitted to Bursa Malaysia Securities Berhad.

19. Proposed Private Placement

The Group had on 28 December 2017 announced a Proposed Private Placement of up to 106,397,940 new ordinary shares in MRB, representing up to ten percent (10%) of the total number of issued shares of MRB. After taking into account the Company's issue share capital as at 6 December 2017, being the latest practicable date prior to the announcement ("LPD") of 731,289,900 MRB shares (i.e. excluding 285,000 treasury shares), as well as the 332,404,500 outstanding warrants 2014/2019 of MRB ("Warrant(s)"), the number of the new MRB Shares that could be issued under the Proposed Private Placement would be:

(i) Up to 106,379,940 new MRB Shares, representing up to ten percent (10%) of the Company's enlarged issued share capital, assuming that the outstanding Warrants are fully exercised into new MRB Shares prior to the implementation of the Proposed Private Placement and assuming the 285,000 treasury shares resold in the open market by MRB ("Maximum Scenario"); or

(ii) Up to 73,128,990 new MRB Shares, representing up to ten percent (10%) of the Company's issued share capital, assuming that none of the outstanding Warrants are exercised into new MRB Shares prior to the implementation of the Proposed Private Placement and assuming none of the 285,000 treasury shares resold in the open market by MRB ("Minimum Scenario").

There was no issuance of MRB shares pursuant to the private placement since the announcement on 28 December 2017.

20. Joint Venture Agreement

The Group had on 27 November 2017 announced that MRB Land Sdn Bhd ("MLSB"), a wholly-owned subsidiary of the Company has entered into a Joint Venture Agreement ("JVA") with Cheong See Weng ("CSW"), Chong Moey Loy ("CML") and Chong Thin Choy ("CTC") ("the Landowner") to appoint MLSB as developer for the development of all that parcel of freehold land held under Geran Mukim 697 No. Lot 7033 in Tempat Batu 1 ½ Jalan Cheroh, Raub, Mukim Gali, Daerah Raub, Negeri Pahang measuring approximately 1.955 hectres ("the Land") into a housing development project ("the Project") on a joint-venture basis whereby:-

(a) the Landowner is to contribute the Land free from all liens charge and encumbrances caveats restrains whatsoever; and

(b) MLSB is to make such other arrangement, financial or otherwise, as MLSB shall deem fit and to contribute the entire cost of erecting the building units thereon and all other amenities and facilities serving the entire project in accordance with the plans to be approved by the relevant authorities.

21. Realised and unrealised profits/losses

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

	As at 31 December 2017 RM'000	**As at 31 March 2017 RM'000**
Realised	(68,816)	(74,520)
Unrealised	(1,852)	(2,221)
	(70,668)	(76,741)
Total share of accumulated losses from associate companies -realised	232	227
	(70,436)	(76,514)
Consolidated adjustments	27,694	38,367
Total Group accumulated losses	(42,742)	(38,147)

22. Profit forecast/profit guarantee

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

23. Tax expense

Tax expenses were as follows:

	9 Months period ended 31 Dec 2017 RM'000	9 Months period ended 31 Dec 2016 RM'000
Current tax expense :		
- current taxation	(1,071)	-
- under/(over) provision in prior year	-	-
	(1,071)	-
Current deferred tax		
- relating to origination and reversal fo temporary differences	-	-
- relating to changes in tax rate	-	-
- under provision in prior year	-	-
	-	-
	(1,071)	-

24. Status of corporate proposals

Rights Issue
As at 31 December 2017, 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 on16 March 2016 are as follows:-

Existing	Time frame of proceeds utilisation	Proceeds RM'000	Amount Utilised RM'000	Amount Unutilised RM'000	%	Explanations (if the deviation is 5% or more)
Purchase of quarry sites	Within 24 months	-	-	-		
Distribution of heavy machineries	Within 24 months	20,000	(16,940)	3,060	15%	Extended utilisation till 16 March 2018
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)	-		
		49,861	(46,801)	3,060	6%	

25. Group borrowings

The Group's borrowings were as follows:-

	As at 31 December 2017		
	Long term RM'000	Short term RM'000	Total borrowings RM'000
Secured			
Term loans	5,941	471	6,412
Finance Lease Payables	9,895	6,366	16,261
Bank Overdrafts	-	1,425	1,425
Bankers acceptance/Letter of credit	-	5,882	5,882
	15,836	14,144	29,980

	As at 31 December 2016		
	Long term RM'000	Short term RM'000	Total borrowings RM'000
Secured			
Term loans	6,406	188	6,594
Finance Lease Payables	6,031	6,358	12,389
Bank Overdrafts		1,019	1,019
Unsecured			
Bankers acceptance/Letter of credit	-	4,246	4,246
	12,437	11,811	24,248

The term loan for the current quarter of RM6.4 million compare to RM6.6 million correspondence period mainly due to repayment of term loan.

Finance Lease payable increase due to draw down for finance acquisition of property plant and machinery.

The Group does not have any borrowings denominated in foreign currency.

26. Derivatives

There were no derivatives for the current quarter under review.

27. Material Litigation

This is an update to the Report as at 27 February 2018 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 Trial for Suit 288 and the below stated Suit 433 had proceeded at the Kuala Lumpur High Court before Y.A. Datin Hajah Azizah on 23rd, 24th, 25th and 26th October 2017, 13th and 23rd November 2017. Written submission was filed by both parties on 15th January 2018 and written reply to each other's written submission was filed on 5th February 2018 by both parties. The Court has also heard both parties oral submission on 8th February 2018 before the Judge. The Judge has fixed 11th April 2018 for decision.

As the Trial is confined to the finding of liability, should the Judge decides Suit 288 in our favour, then the Court will fix further date(s) to assess the damages payable by SMGQ to us.

Our solicitors are cautiously optimistic that Suit 288 (in particular the question of wrongful termination of the Quarry Agreement by SMGQ) will be decided in our favour.

The exposure of our liabilities in the worst case scenario should Suit 288 be dismissed and SMGQ's counterclaim be allowed would be us 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.

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

As stated above, Suit 433 and Suit 288 are tried together. hence written submission was filed by both parties on 15th January 2018 and written reply to each other's written submission was filed on 5th February 2018 by both parties. The Court has also heard both parties oral submission on 8th February 2018 before the Judge. The Judge has fixed 11th April 2018 for decision.

It is much harder to prove our claim in Suit 433 because the standard of proof for proving the existence of deceit and fraudulent misrepresentation by SMGQ is much higher than the usual standard of proof for normal civil claims. However, it is necessary for us to file and proceed with Suit 433 to enable ODSB, Minetech Quarries Sdn Bhd 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.

28. Dividends

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

29. Loss per share

	Individual Quarter		Cumulative Quarter	
	3 months Quarter ended 31 Dec 17	3 months Quarter ended 31 Dec 16	Year to date ended 31 Dec 17	Year to date ended 31 Dec 16
Basic loss per share				
Loss for the period (RM'000)	(1,118)	(3,080)	(4,595)	(8,472)
Weighted average no of ordinary shares ('000)	731,575	672,371	731,575	679,932
Basic loss per share (sen)	(0.15)	(0.46)	(0.63)	(1.25)

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

30. Notes to the Consolidated Statement of Comprehensive Income

	Current Quarter Ended 31 Dec 17 RM'000	Year-to -date Ended 31 Dec 17 RM'000
Interest income	(200)	(294)
Interest expense	442	1,320
Depreciation and amortisation	3,487	7,752
Gain on disposal of property, plant and equipment	(672)	(1,088)
Property, plant and equipment written off	5	66
Reversal on impaiment loss on Inventories	-	(32)

31. Authorised for issuance

The interim financial statements for financial period ended 31 December 2017 has been seen and approved by the Board of Directors of MRB on 27 February 2018 for release to the Bursa Securities.