



**MINETECH RESOURCES BERHAD GROUP**

**ANNOUNCEMENT PACKAGE**

**Q1/FY2019**

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

**Condensed Consolidated Statement Of Comprehensive Income For The First Quarter Ended 30 June 2018**  
**(The figures have not been audited)**

|   | <u>Individual Quarter</u>   |   | <u>Cumulative Quarter</u>   |  |
|---|---|---|---|--|
|   | <b>Current Year<br/>Quarter ended<br/>30 June 2018<br/>RM'000</b> | <b>Preceding Year<br/>Quarter ended<br/>30 June 2017<br/>RM'000</b> | <b>Current Year<br/>To Date ended<br/>30 June 2018<br/>RM'000</b> | <b>Preceding Year<br/>Year ended<br/>30 June 2017<br/>RM'000</b> |
| Revenue   | 33,561  | 27,579  | 33,561  | 27,579   |
| Cost of sales   | (29,888)  | (26,562)  | (29,888)  | (26,562)   |
| <b>Gross profit</b>   | <b>3,673</b>  | <b>1,017</b>  | <b>3,673</b>  | <b>1,017</b>   |
| Other income  | 942   | 1,135   | 942   | 1,135  |
| Administrative expenses                                     | (3,807)   | (3,075)   | (3,807)   | (3,075)  |
| Selling and marketing expenses                              | (173)   | (167)   | (173)   | (167)  |
| Finance costs   | (621)   | (418)   | (621)   | (418)  |
| Share of loss in an associate company                       | -   | -   | -   | -  |
| <b>Profit/(loss) before tax</b>                             | <b>14</b>   | <b>(1,508)</b>  | <b>14</b>   | <b>(1,508)</b>   |
| Tax expense   | (505)   | (42)  | (505)   | (42)   |
| <b>Loss for the financial period</b>                        | <b>(491)</b>  | <b>(1,550)</b>  | <b>(491)</b>  | <b>(1,550)</b>   |
| <b>Other comprehensive income</b>                           |   |   |   |  |
| <b>Items that are or may be reclassified</b>                |   |   |   |  |
| <b>subsequently to profit or loss</b>                       |   |   |   |  |
| - Exchange translation differences<br>for foreign operation | (30)  | -   | (30)  | -  |
| <b>Total comprehensive income</b>                           | <b>(521)</b>  | <b>(1,550)</b>  | <b>(521)</b>  | <b>(1,550)</b>   |
| <b>Profit/(loss) attributable to:</b>                       |   |   |   |  |
| Owners of the parent  | (984)   | (1,674)   | (984)   | (1,674)  |
| Non-controlling interests                                   | 493   | 124   | 493   | 124  |
|   | <b>(491)</b>  | <b>(1,550)</b>  | <b>(491)</b>  | <b>(1,550)</b>   |
| <b>Total comprehensive income</b>                           |   |   |   |  |
| <b>attributable to:</b>                                     |   |   |   |  |
| Owners of the parent  | (1,014)   | (1,674)   | (1,014)   | (1,674)  |
| Non-controlling interests                                   | 493   | 124   | 493   | 124  |
|   | <b>(521)</b>  | <b>(1,550)</b>  | <b>(521)</b>  | <b>(1,550)</b>   |
| Loss per share (sen)  |   |   |   |  |
| - Basic   | (0.12)  | (0.23)  | (0.12)  | (0.23)   |
| - Diluted   | (0.12)  | (0.23)  | (0.12)  | (0.23)   |

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 2018.

**MINETECH RESOURCES BERHAD (575543-X)**  
**(Incorporated in Malaysia)**  
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**Condensed Consolidated Statement Of Financial Position As at 30 June 2018**

|  | <b>Unaudited As At</b> | <b>Audited As At</b> |
|--|------------------------|----------------------|
|  | <b>30 June 2018</b>    | <b>31 March 2018</b> |
|  | <b>RM'000</b>          | <b>RM'000</b>        |
| <b>ASSETS</b>                                |                        |                      |
| <b>Non-current assets</b>                    |                        |                      |
| Property, plant and equipment                | 54,615                 | 51,083               |
| Investment properties                        | 11,074                 | 11,075               |
| Other Investment                             | 64                     | -                    |
| Inventories                                  | 8,768                  | 8,550                |
| Quarry development expenditure               | 3,072                  | 3,191                |
| Investment in associate company              | -                      | -                    |
| Goodwill on consolidation                    | 11,533                 | -                    |
|  | <hr/>                  | <hr/>                |
|  | 89,126                 | 73,899               |
| <b>Current assets</b>                        |                        |                      |
| Inventories                                  | 11,099                 | 7,272                |
| Trade receivables                            | 35,760                 | 27,316               |
| Other receivables                            | 19,993                 | 21,888               |
| Amount due from customers for contract works | 7,514                  | 7,477                |
| Amount due from associate companies          | 149                    | 149                  |
| Tax recoverables                             | 1,675                  | 1,222                |
| Other investments                            | 1,532                  | 1,527                |
| Deposit, cash and bank balances              | 14,229                 | 8,399                |
|  | <hr/>                  | <hr/>                |
|  | 91,951                 | 75,250               |
|  | <hr/>                  | <hr/>                |
| <b>Total assets</b>                          | <b>181,077</b>         | <b>149,149</b>       |

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

**Condensed Consolidated Statement Of Financial Position As at 30 June 2018 (Continued)**

|   | <b>Unaudited As At</b> | <b>Audited As At</b> |
|---|------------------------|----------------------|
|   | <b>30 June 2018</b>    | <b>31 March 2018</b> |
|   | <b>RM'000</b>          | <b>RM'000</b>        |
| <b>EQUITY AND LIABILITIES</b>   |                        |                      |
| <b>Equity attributable to equity holders of the company</b>           |                        |                      |
| Share capital   | 130,327                | 110,527              |
| Less:- Treasury shares, at cost                                       | (48)                   | (48)                 |
| Reserves  | (42,337)               | (40,962)             |
|   | <u>87,942</u>          | <u>69,517</u>        |
| Non-controlling interests   | 6,681                  | 6,227                |
| <b>Total equity</b>   | <u>94,623</u>          | <u>75,744</u>        |
| <b>Non-current liabilities</b>  |                        |                      |
| Borrowings  | 18,778                 | 19,516               |
| Deferred tax liabilities  | 2,394                  | 2,472                |
|   | <u>21,172</u>          | <u>21,988</u>        |
| <b>Current liabilities</b>  |                        |                      |
| Trade payables  | 25,722                 | 31,047               |
| Other payables  | 17,292                 | 8,708                |
| Amount due to customers for contract works                            | -                      | 18                   |
| Borrowings  | 21,520                 | 10,904               |
| Tax payable   | 748                    | 740                  |
|   | <u>65,282</u>          | <u>51,417</u>        |
| <b>Total liabilities</b>  | <u>86,454</u>          | <u>73,405</u>        |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                   | <u>181,077</u>         | <u>149,149</u>       |
| <b>Net assets per share (RM) attributable to owners of the parent</b> | <b>0.10</b>            | <b>0.10</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 2018.

**MINETECH RESOURCES BERHAD (575543-X)**  
**(Incorporated in Malaysia)**  
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**Condensed Consolidated Statements of Changes In Equity For The First Quarter Ended 30 June 2018**  
**(The figures have not been audited)**

|   | ----- Attributable to owners of the parent ----- |                 |                                      |                 |                 |                    |               |                          |               |
|---|--|-----------------|--------------------------------------|-----------------|-----------------|--------------------|---------------|--------------------------|---------------|
|   | Share capital                                    | Treasury shares | Foreign currency translation reserve | Warrant reserve | Other reserve   | Accumulated losses | Total         | Non-controlling interest | Total equity  |
|   | RM'000   | RM'000          | RM'000                               | RM'000          | RM'000          | RM'000             | RM'000        | RM'000                   | RM'000        |
| <b>At 1 April 2017</b>                    | 109,555  | (48)            | (45)                                 | 21,972          | (21,972)        | (38,147)           | 71,315        | 4,702                    | 76,017        |
| Loss for the financial period             | -  | -               | -                                    | -               | -               | (1,674)            | (1,674)       | 124                      | (1,550)       |
| Other comprehensive income                | -  | -               | -                                    | -               | -               | -                  | -             | -                        | -             |
| <b>Total comprehensive income/ period</b> | -  | -               | -                                    | -               | -               | (1,674)            | (1,674)       | 124                      | (1,550)       |
| <b>Transactions with owners:</b>          |  |                 |                                      |                 |                 |                    |               |                          |               |
| Issue of ordinary shares                  | 972  | -               | -                                    | -               | -               | -                  | 972           | -                        | 972           |
| <b>At 30 June 2017</b>                    | <b>110,527</b>                                   | <b>(48)</b>     | <b>(45)</b>                          | <b>21,972</b>   | <b>(21,972)</b> | <b>(39,821)</b>    | <b>70,613</b> | <b>4,826</b>             | <b>75,439</b> |

**MINETECH RESOURCES BERHAD (575543-X)**  
**(Incorporated in Malaysia)**  
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**Condensed Consolidated Statements of Changes In Equity For The First Quarter Ended 30 June 2018**  
**(The figures have not been audited) (Continued)**

|   | ----- Attributable to owners of the parent ----- |                 |                                      |                 |               |                    |         |                          |              |
|---|--|-----------------|--------------------------------------|-----------------|---------------|--------------------|---------|--------------------------|--------------|
|   | Share capital                                    | Treasury shares | Foreign currency translation reserve | Warrant reserve | Other reserve | Accumulated losses | Total   | Non-controlling interest | Total equity |
|   | RM'000   | RM'000          | RM'000                               | RM'000          | RM'000        | RM'000             | RM'000  | RM'000                   | RM'000       |
| <b>At 1 April 2018</b>                                |  |                 |                                      |                 |               |                    |         |                          |              |
| - as previously stated                                | 110,527  | (48)            | 110                                  | 21,972          | (21,972)      | (41,072)           | 69,517  | 6,227                    | 75,744       |
| - effects of adoption of the MFRS Framework           | -  | -               | -                                    | -               | -             | (361)              | (361)   | (39)                     | (400)        |
| Balance as at 1 April 2018 (restated)                 | 110,527  | (48)            | 110                                  | 21,972          | (21,972)      | (41,433)           | 69,156  | 6,188                    | 75,344       |
| Loss for the financial period                         | -  | -               | -                                    | -               | -             | (984)              | (984)   | 493                      | (491)        |
| Other comprehensive income                            | -  | -               | (30)                                 | -               | -             | -                  | (30)    | -                        | (30)         |
| <b>Total comprehensive income/ period</b>             | -  | -               | (30)                                 | -               | -             | (984)              | (1,014) | 493                      | (521)        |
| <b>Transactions with owners:</b>                      |  |                 |                                      |                 |               |                    |         |                          |              |
| Issue of ordinary shares                              | 19,800   | -               | -                                    | -               | -             | -                  | 19,800  | -                        | 19,800       |
| Changes in ownership interest in a subsidiary company |  |                 |                                      |                 |               |                    |         |                          |              |
| Issue of ordinary shares                              | 19,800   | -               | -                                    | -               | -             | -                  | 19,800  | -                        | 19,800       |
| <b>At 30 June 2018</b>                                | 130,327  | (48)            | 80                                   | 21,972          | (21,972)      | (42,417)           | 87,942  | 6,681                    | 94,623       |

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 2018.

**MINETECH RESOURCES BERHAD (575543-X)**  
**(Incorporated in Malaysia)**  
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**Condensed Consolidated Statement Of Cash Flows For The First Quarter Ended 30 June 2018**  
**(The figures have not been audited)**

|   | <b>3 Months<br/>To Date ended<br/>30 June 2018<br/>RM'000</b> | <b>Preceeding period<br/>3 months ended<br/>30 June 2017<br/>RM'000</b> |
|---|---|---|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                    |   |   |
| Profit/(Loss) before tax                                      | 14  | (1,508)   |
| Adjustments for:-   |   |   |
| Depreciation and amortisation                                 | 1,869   | 2,084   |
| Loss/(Gain) on disposal of property, plant and equipment      | 4   | (324)   |
| Interest expenses   | 560   | 397   |
| Unrealised loss on foreign exchange                           | (30)  | -   |
| Reversal of impairment loss on property, plant and equipment  | (76)  | -   |
| Reversal of impairment loss on Inventories                    | -   | (32)  |
| Reversal of impairment loss on receivables                    | (32)  | -   |
| Interest income   | (74)  | (27)  |
| <b>Operating profit before changes in working capital</b>     | <b>2,235</b>  | <b>590</b>  |
| Changes in working capital                                    |   |   |
| Quarry development expenditure                                | 119   | (846)   |
| Inventories   | (1,769)   | 330   |
| Receivables   | 2,483   | (7,840)   |
| Customers for contract works                                  | (55)  | -   |
| Payables  | (391)   | 5,404   |
| <b>Net cash generated from/(used in) operations</b>           | <b>2,622</b>  | <b>(2,362)</b>  |
| Tax paid  | (757)   | (137)   |
| Tax refund  | -   | 17  |
| Interest paid   | (560)   | (397)   |
| Interest received   | 74  | 27  |
| <b>Net cash generated from/(used in) operating activities</b> | <b>1,379</b>  | <b>(2,852)</b>  |

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

**Condensed Consolidated Statement Of Cash Flows For The First Quarter Ended 30 June 2018**  
**(The figures have not been audited) (Continued)**

|   | <b>3 Months<br/>To Date ended<br/>30 June 2018<br/>RM'000</b> | <b>Preceding period<br/>3 months ended<br/>30 June 2017<br/>RM'000</b> |
|---|---|--|
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>                    |   |  |
| Purchase of property, plant & equipment                       | (112)   | (6,923)  |
| Proceeds from disposal of property, plant & equipment         | 138   | 1,180  |
| Purchase of investment properties                             | -   | (9)  |
| Changes in Inventories  | -   | (600)  |
| Net cash inflow from acquisition of subsidiary companies      | 1,836   | -  |
| Acquisition of other investments                              | (5)   | -  |
| <b>Net cash used in investing activities</b>                  | <b>1,857</b>  | <b>(6,352)</b>   |
| <b>CASH FLOW FROM FINANCING ACTIVITIES</b>                    |   |  |
| Increased in fixed deposit pledged                            | (7,386)   | -  |
| Net changes in short term borrowings                          | (4,055)   | (336)  |
| Proceeds from finance lease                                   | -   | 6,241  |
| Repayment of term loans                                       | (217)   | -  |
| Repayment of finance lease payables                           | (1,618)   | (1,326)  |
| Proceeds from issuance of shares                              | 3,000   | 972  |
| <b>Net cash (used in)/generated from financing activities</b> | <b>(10,276)</b>   | <b>5,551</b>   |
| <b>Net Change in Cash &amp; Cash Equivalents</b>              | <b>(7,040)</b>  | <b>(3,653)</b>   |
| Cash and Cash Equivalents at beginning of the financial year  | 1,998   | 9,940  |
| Effect on foreign exchange rate changes                       | (62)  | -  |
| <b>Cash and Cash Equivalents at the end of financial year</b> | <b>(5,104)</b>  | <b>6,287</b>   |
| <b>Cash and Cash Equivalents comprises of :</b>               |   |  |
| Fixed deposit with licensed banks                             | 11,449  | 8,127  |
| Cash and bank balances  | 2,780   | 5,699  |
|   | 14,229  | 13,826   |
| Bank overdrafts   | (7,895)   | (4,735)  |
|   | 6,334   | 9,091  |
| Less: fixed deposits pledged to a licensed bank               | (11,438)  | (2,804)  |
|   | <b>(5,104)</b>  | <b>6,287</b>   |

The Condensed Consolidated Statement of Cash Flows 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 2018.



(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

**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 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 2018.

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 2018.

**2. Changes in accounting policies**

**Adoption of new and amended standards**

During the financial period, the Group have adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards Board (“MASB”) that are mandatory for current financial period:

|                        |   |
|------------------------|---|
| MFRS 9                 | Financial Instruments (IFRS 9 issued by IASB in July 2014)            |
| MFRS 15                | Revenue from Contracts with Customers                                 |
| Amendments to MFRS 2   | Classification and Measurement of Share-based Payment Transactions    |
| Amendments to MFRS 15  | Classification to MFRS 15   |
| Amendments to MFRS 140 | Transfers of Investment Property                                      |
| Amendments to MFRS 4   | Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts |

Annual Improvements to MFRSs 2014 – 2016 Cycle:

|                        |   |
|------------------------|---|
| Amendments to MFRS 1   |   |
| Amendments to MFRS 128 |   |
| IC interpretation 22   | Foreign Currency Translations and Advance Consideration |

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

## **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.

### 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.

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

The auditors' report on the Group's financial statements for the financial year ended 31 March 2018 was not subject to any qualification.

## **3. 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.

## **4. 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.

## **5. 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.

## **6. Issuance of debt**

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

## **7. Dividend payment**

There were no dividends paid during the current financial quarter.

## **8. 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.

Property : Property development.

Others : Investment holding and provision of managerial services.

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.

### **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 period to acquire property, plant and equipment and for quarry development expenditure.

Segmental information for the 3 months ended 30 June 2018:

|  | Quarry and<br>Premix<br>Products<br>RM'000 | Civil Engineering<br>Engineering<br>RM'000 | Bituminous<br>Products<br>RM'000 | Others<br>RM'000 | Property<br>Development<br>RM'000 | Elimination<br>RM'000 | Consolidation<br>RM'000 |
|--|--|--|----------------------------------|------------------|-----------------------------------|-----------------------|-------------------------|
| <b>Revenue</b>                                   |  |  |                                  |                  |                                   |                       |                         |
| Revenue to<br>external customers                 | 18,794                                     | 12,286                                     | 2,461                            | 20               | -                                 | -                     | 33,561                  |
| Inter-segment<br>revenue                         | 106  | -  | 6                                | 195              | -                                 | (307)                 | -                       |
|  | <u>18,900</u>                              | <u>12,286</u>                              | <u>2,467</u>                     | <u>215</u>       | <u>-</u>                          | <u>(307)</u>          | <u>33,561</u>           |
| Segment results                                  | 998  | 952  | 245                              | (1,573)          | (124)                             | 137                   | 635                     |
| Finance costs                                    |  |  |                                  |                  |                                   |                       | (621)                   |
| Share of profit of<br>of associated<br>companies |  |  |                                  |                  |                                   |                       | -                       |
| Profit before tax                                |  |  |                                  |                  |                                   |                       | <u>14</u>               |
| Taxation   |  |  |                                  |                  |                                   |                       | (505)                   |
| Net loss for the<br>financial year               |  |  |                                  |                  |                                   |                       | <u>(491)</u>            |
| <b>Assets</b>                                    |  |  |                                  |                  |                                   |                       |                         |
| Segment assets                                   | <u>107,962</u>                             | <u>38,756</u>                              | <u>9,968</u>                     | <u>2,159</u>     | <u>84,444</u>                     | <u>(62,212)</u>       | <u>181,077</u>          |
| <b>Liabilities</b>                               |  |  |                                  |                  |                                   |                       |                         |
| Segment liabilities                              | <u>101,651</u>                             | <u>24,648</u>                              | <u>4,324</u>                     | <u>111</u>       | <u>27,317</u>                     | <u>(71,597)</u>       | <u>86,454</u>           |

Segmental information for the 3 months ended 30 June 2017:

|                                       | <b>Quarry and<br/>Premix<br/>Products</b> | <b>Civil Engineering</b> | <b>Bituminous<br/>Products</b> | <b>Others</b> | <b>Property<br/>Development</b> | <b>Elimination</b> | <b>Consolidation</b>  |
|---------------------------------------|---|--------------------------|--------------------------------|---------------|---------------------------------|--------------------|-----------------------|
|                                       | RM'000                                    | RM'000                   | RM'000                         | RM'000        | RM'000                          | RM'000             | RM'000                |
| <b>Revenue</b>                        |   |                          |                                |               |                                 |                    |                       |
| Revenue to external customers         | 18,732                                    | 5,757                    | 3,059                          | 31            | -                               | -                  | 27,579                |
| Inter-segment revenue                 | 23  | 42                       | -                              | 59            | -                               | (124)              | -                     |
|                                       | <u>18,755</u>                             | <u>5,799</u>             | <u>3,059</u>                   | <u>90</u>     | <u>-</u>                        | <u>(124)</u>       | <u>27,579</u>         |
| Segment results                       | 394                                       | 230                      | 106                            | (1,717)       | -                               | (103)              | (1,090)               |
| Finance costs                         |   |                          |                                |               |                                 |                    | (418)                 |
| Share of loss of associated companies |   |                          |                                |               |                                 |                    | -                     |
| Loss before tax                       |   |                          |                                |               |                                 |                    | <u>(1,508)</u>        |
| Taxation                              |   |                          |                                |               |                                 |                    | <u>(42)</u>           |
| Net loss for the financial year       |   |                          |                                |               |                                 |                    | <u><u>(1,550)</u></u> |
| <b>Assets</b>                         |   |                          |                                |               |                                 |                    |                       |
| Segment assets                        | <u>92,693</u>                             | <u>27,575</u>            | <u>12,334</u>                  | <u>61,968</u> | <u>-</u>                        | <u>(54,482)</u>    | <u>140,088</u>        |
| <b>Liabilities</b>                    |   |                          |                                |               |                                 |                    |                       |
| Segment liabilities                   | <u>93,652</u>                             | <u>15,531</u>            | <u>7,445</u>                   | <u>18,193</u> | <u>-</u>                        | <u>(70,172)</u>    | <u>64,649</u>         |

## 9. 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.

## 10. 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.

## 11. Changes in composition of the Group

On 30 April 2018, the Company has announced its acquisition of 1,200,000 ordinary shares representing 60% of the total share capital of Bertam Capital Sdn Bhd ("BCSB") for a total consideration of RM16,800,000. Upon the completion of the Acquisition, BCSB became 60% owned subsidiary of the Company.

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

## 12. Changes in contingent assets or contingent liabilities

The changes in contingent liabilities were as below:-

|                      | <b>As at<br/>30 Jun 2018<br/>RM'000</b> | <b>As at<br/>30 Jun 2017<br/>RM'000</b> |
|----------------------|---|---|
| Corporate guarantees | 32,506                                  | 19,891                                  |

## 13. Capital commitments

There was no material capital commitment not provided for as at 30 June 2018.

## 14. Related party transactions

|  | <b>3 Months<br/>As at<br/>30 Jun 2018<br/>RM'000</b> | <b>3 Months<br/>As at<br/>30 Jun 2017<br/>RM'000</b> |
|--|--|--|
| Legal fees   | -  | 13   |
| Rental paid to Choy Sen @ Chin Kim Sang                          | -  | 53   |
| Rental paid to a director's related company - Chan Toong San     | 180  | -  |
| Management fees from substantial shareholders' companies         | (40)   | -  |
| Commission from substantial shareholders' company                | (40)   | -  |
| Rental Income from substantial shareholders' company             | (4)  | -  |
| Office rental paid to substantial shareholders' company          | 30   | -  |
| Purchased of raw material from substantial shareholders' company | 677  | -  |
| Rental paid to substantial shareholders' company                 | 4  | -  |

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

### 15. Review of the performance of the Company and its principal Subsidiaries.

The comparisons of the results are tabulated below:

|                                  | Revenue                    |                            | Operating Results          |                            |
|----------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
|                                  | 3 months ended 30 Jun 2018 | 3 months ended 30 Jun 2017 | 3 months ended 30 Jun 2018 | 3 months ended 30 Jun 2017 |
| Operating Segment                | RM'000                     | RM'000                     | RM'000                     | RM'000                     |
| Quarry and Premix Products       | 18,900                     | 18,755                     | 998                        | 394                        |
| Civil Engineering                | 12,286                     | 5,799                      | 952                        | 230                        |
| Bituminous Products              | 2,467                      | 3,059                      | 245                        | 106                        |
| Property Development             | -                          | -                          | (124)                      | -                          |
| Others                           | 215                        | 90                         | (1,573)                    | (1,717)                    |
| Eliminations                     | (307)                      | (124)                      | 137                        | (103)                      |
| Group                            | 33,561                     | 27,579                     | 635                        | (1,090)                    |
| Less: Finance Costs              |                            |                            | (621)                      | (418)                      |
| Less: Share of loss in associate |                            |                            | -                          | -                          |
| Profit/(Loss) Before Tax         |                            |                            | 14                         | (1,508)                    |

The Group performance has improved with an increase of its total revenue to RM33.6 million and a profit before tax of RM0.01 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 RM27.6 million and a loss before tax of RM1.5 million respectively.

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

#### Quarry and Premix Products

Revenue for the quarry and asphaltic premix products segment is slightly higher at RM18.9 million as compared to the previous year's quarter of RM18.8 million is mainly due to full production and additional line of production in the existing subsidiaries as well as contribution from a newly acquired quarry subsidiary company to the Group.

Operating profit for this year's quarter is recorded at RM1.0 million when compared to the previous corresponding year's quarter at RM0.4 million is mainly due to higher quarry sales with better profit margin from existing and new subsidiary company.

However, two (2) premix plants operations were discontinued to reduce losses due to the very price competitive market.

#### Civil Engineering

Revenue for this segment is recorded at RM12.3 million with an operating profit of RM1.0 million compared with the same quarter of the last financial year's revenue of RM5.8 million and operating profit of RM0.2 million respectively.

The higher revenue and higher operating profit recorded for this reporting quarter is mainly due to additional two (2) projects captured in this quarter as compared to the same quarter of the last financial year.

## Bituminous Products

Revenue recorded for this segment for this reporting quarter is RM2.5 million with an operating profit of RM0.2 million as compared with same quarter of the last financial year's revenue of RM3.1 million and operating profit of RM0.1 million respectively.

The lower revenue are mainly due to the lower demand from local and export market. The higher operating profit are due to effective cost saving on production.

## **Comparison with immediate preceding quarter's results (Q1-FY2019 vs Q4-FY2018)**

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

| <b>Operating Segment</b>   | <b>Current</b> | <b>Immediate</b> | <b>Variance</b> |          |
|----------------------------|----------------|------------------|-----------------|----------|
|                            | <b>Quarter</b> | <b>preceding</b> |                 |          |
|                            | <b>RM'000</b>  | <b>Quarter</b>   | <b>RM'000</b>   | <b>%</b> |
| Quarry and Premix Products | 18,900         | 15,648           | 3,252           | 21%      |
| Civil Engineering          | 12,286         | 8,801            | 3,485           | 40%      |
| Bituminous Products        | 2,467          | 3,536            | (1,069)         | -30%     |
| Property Development       | -              | -                | -               | -        |
| Others                     | 215            | 20               | 195             | 975%     |
| Eliminations               | (307)          | 1,360            | (1,667)         | -123%    |
| Group                      | <u>33,561</u>  | <u>29,365</u>    |                 |          |
| Profit Before Tax          | <u>14</u>      | <u>3,293</u>     | (3,279)         | -100%    |

For the current quarter under review, the quarry and asphaltic premix products segment generated a higher revenue of RM18.9 million compared to RM15.6 million recorded in the immediate preceding quarter.

The revenue increase in quarry products was mainly due to the addition of a subsidiary quarry company to the group in the current quarter and the impact of the festival season in the immediate preceding quarter.

The civil engineering segment recorded a revenue of RM12.3 million compared to RM8.8 million in the immediate preceding quarter, which was mainly due to the commencement of a new property construction project and a higher rate of work done on the other projects undertaken.

The bituminous products segment recorded a lower revenue of RM2.5 million as compared to the revenue of RM3.5 million recorded in the immediate preceding quarter which was mainly due to lower demand both in the local and oversea market.

The Group's profitability in this reporting quarter is lower by recording a profit before tax of RM0.014 million as compared to a RM3.3 million recorded in the immediate preceding quarter, mainly due to the preceding quarter having had a substantial gain on disposal of machineries.



## **16. Prospects**

Overall the financial year will be challenging due to the uncertainty in the implementation of certain mega infrastructure projects, that are being reviewed or to be cancelled by the Government. The property development market is expected to remain soft in the near future.

The operating results of the quarry operations are expected to be satisfactory in the coming reporting quarters, however, the asphaltic premix operations is expected to be weak or non-performing.

Notwithstanding the above, the civil engineering segment is expected to perform satisfactorily.

As for the bituminous products segment, it is expected to be competitive, but cost control measures had been put in place to ensure positive operating results.

## **17. Private Placement**

The company had on 19 June 2018 submitted an application to Bursa securities seeking its approval for an extension of time of six (6) month from 9 July to 2018 to 8 January 2019 for the Company to complete the implementation of the Private placement.

On 6 July 2018, the Company announced the approval for the extension of time to complete the implementation of the private placement.

## **18. Subscription Agreement**

On 31 May 2018, the Company announced, that on 25 May 2018, the Company had executed a Subscription Agreement (“SA”) with Canadian Solar Energy Holding Company Limited, Coral Power Sdn Bhd (“CPSB”), a 70%-owned subsidiary company of the Company, Jot Seng Keong and Dato’ Sri Md Zin Bin Baharom for the purpose of subscribing Redeemable Convertible Preference Shares (“RCPS”) in CPSB subject to the fulfilment of the conditions precedent as set out in the SA. The subscription of RCPS will be for the purpose of the funding of the development of the solar photovoltaic energy generating facility with a capacity of 9.99 MWa.c. to be located at PT18535, Persiaran Segari, Mukim Pengkalan Baharu, Daerah Manjung, Perak.

## **19. Land reclamation, industrial property development and port construction in Malaysia**

The Company announced on 10 August 2018, that all parties, namely Minetech Construction Sdn Bhd, a wholly-owned subsidiary of the Company and Hong Kong Marine Construction Limited, had on 10 August 2018, executed a Memorandum of Understanding to establish a cooperative and collaborative relationship with the view to embark into the businesses of land reclamation, industrial property development and port construction in Malaysia.

The Project has been approved by the Perak State government and involves the reclamation and the development of approximately 3,400 acres into a heavy industrial development with a sea Port to provide logistic facilities.

## **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:

|  | <b>3 Months period<br/>ended<br/>30 June 2018<br/>RM'000</b> | <b>3 Months period<br/>ended<br/>30 June 2017<br/>RM'000</b> |
|--|--|--|
| <b>Tax expense</b> recognised in profit or loss :            |  |  |
| - Current tax provision                                      | (583)  | (42)   |
| <b>Deferred tax:</b>   |  |  |
| - Relating to origination and reversal of timing differences | 78   | -  |
|  | <u>(505)</u>   | <u>(42)</u>  |

## 22. Status of corporate proposals

There were no corporate proposal for the current quarter under review.

## 23. Group borrowings

The Group's borrowings were as follows:-

|                                     | <b>As at 30 June 2018</b>   |                              |  |
|-------------------------------------|-----------------------------|------------------------------|--|
|                                     | <b>Long term<br/>RM'000</b> | <b>Short term<br/>RM'000</b> | <b>Total<br/>borrowings<br/>RM'000</b> |
| <u>Secured</u>                      |                             |                              |  |
| Term loans                          | 10,259                      | 1,567                        | 11,826                                 |
| Finance lease payables              | 8,403                       | 7,498                        | 15,901                                 |
| Bank overdrafts                     | -                           | 7,895                        | 7,895                                  |
| Bankers acceptance/Letter of credit | -                           | 4,676                        | 4,676                                  |
|                                     | <u>18,662</u>               | <u>21,636</u>                | <u>40,298</u>                          |
|                                     |                             |                              |  |
|                                     | <b>As at 30 June 2017</b>   |                              |  |
|                                     | <b>Long term<br/>RM'000</b> | <b>Short term<br/>RM'000</b> | <b>Total<br/>borrowings<br/>RM'000</b> |
| <u>Secured</u>                      |                             |                              |  |
| Term loans                          | 6,030                       | 471                          | 6,501                                  |
| Bank Overdrafts                     | -                           | -                            | -                                      |
| Finance lease payables              | 400                         | 18,237                       | 18,637                                 |
| Bankers acceptance/Letter of credit | -                           | 4,735                        | 4,735                                  |
|                                     | <u>6,430</u>                | <u>23,443</u>                | <u>29,873</u>                          |

The term loan for the current quarter of RM11.8 million compared to RM6.5 million for the corresponding period is mainly due to a drawdown of RM4.0 million in last quarter.

Finance lease payables decreased due to repayment of instalments.

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

## 24. Derivatives

There were no derivatives for the current quarter under review.

## 25. Material Litigation

This is an update to the Report as at 28 August 2018 previously submitted by The Company 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 23, 24, 25 and 26 October 2017, 13 and 23 November 2017.

The Judge had on 20 April 2018 found the termination by Sri Manjung Granite Quarry Sdn Bhd (“SMGQ”) to be unlawful and had ordered SMGQ to pay damages to Optimis Dinamik Sdn Bhd (“ODSB”) (the quantum of damages is to be assessed by the Court Registrar) together with interest thereon at the rate of 5% per annum from the date of the Writ of Summons dated 1 April 2013 until full payment and costs of RM80,000.

As regards to SMGQ’s Counterclaim, the High Court only allowed SMGQ’s counterclaim for the outstanding tribute payment of RM256,300.24 owing by ODSB which is to be deducted (set-off) from the damages assessed to be paid by SMGQ to ODSB. The Counterclaim of RM256,300.24 allowed by the High Court in Suit 288 should have no financial impact on the Group as it is to be deducted (set-off) against damages to be paid by SMGQ to ODSB.

On 15<sup>th</sup> May 2018, SMGQ filed their appeal against the High Court’s decision in Suit 288 (“SMGQ’s Appeal”).

ODSB had filed a Notice of Direction to the High Court for the assessment of damages, and on 5 July 2018, the Judge, by consent, ordered that the assessment of damages proceedings be stayed pending the disposal of SMGQ’s Appeal.

On 23 July 2018, the Deputy Registrar of the Court of Appeal had fixed both ODSB’s Appeal (as defined hereinbelow) and SMGQ’s Appeal for further Case Management on 28 September 2018 pending the availability of the written grounds of decision from the High Court Judge (“**the Written Grounds of Decision**”) for both Suit 288 and Suit 433. The Deputy Registrar of the Court of Appeal will only fix a hearing date for both Appeals (which will be heard together) upon obtaining the Written Grounds of Decision.

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

As stated above, Suit 433 and Suit 288 were tried together.

The Judge had on 20 April 2018 dismissed ODSB, Minetech Quarries Sdn Bhd and K.S. Chin Minerals Sdn Bhd’s claim against SMGQ and its 3 Directors, namely Mr. Moo Khean Choong @ Mu Kan Chong, Ms. Low Sow Fong and Mr. Atma Singh @ Atma Singh Lahre s/o Keer Singh, with costs of RM50,000.

ODSB, Minetech Quarries Sdn Bhd and K.S. Chin Mineral Sdn Bhd had on 18 May 2018 filed an appeal to the Court of Appeal against the High Court’s decision in Suit 433 (“ODSB’s Appeal”).

As stated above, the Deputy Registrar of the Court of Appeal had fixed both ODSB’s Appeal and SMGQ’s Appeal for further Case Management on 28 September 2018 pending the availability of the Written Grounds

of Decision for both Suit 288 and Suit 433. The Deputy Registrar of the Court of Appeal will only fix a hearing date for both Appeals (which will be heard together) upon obtaining the Written Grounds of Decision.

## 26. Dividends

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

## 27. Earning/(Loss) per share

|  | <u>Individual Quarter</u>                              |  | <u>Cumulative Quarter</u>                      |  |
|--|--|--|--|--|
|  | <b>3 months<br/>Quarter<br/>ended<br/>30 June 2018</b> | <b>3 months<br/>Quarter<br/>ended<br/>30 June 2017</b> | <b>Year to<br/>date ended<br/>30 June 2018</b> | <b>Year to<br/>date ended<br/>30 June 2017</b> |
| <b>Basic Earning/(loss) per share</b>                |  |  |  |  |
| Profit /(loss) for the period (RM'000)               | (984)  | (1,674)  | (984)  | (1,674)  |
| Weighted average number of<br>ordinary shares ('000) | 836,784  | 731,575  | 836,784  | 731,575  |
| Basic earning /(loss) per share (sen)                | <u>(0.12)</u>  | <u>(0.23)</u>  | <u>(0.12)</u>                                  | <u>(0.23)</u>                                  |

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

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

|   | <b>Current Quarter<br/>Ended<br/>30 June 2018<br/>RM'000</b> | <b>Year-to -date<br/>Ended<br/>30 June 2018<br/>RM'000</b> |
|---|--|--|
| Interest income   | (74)   | (74)   |
| Interest expense  | 560  | 560  |
| Depreciation and amortisation                                 | 1,869  | 1,869  |
| Loss on disposal of property, plant and equipment             | 4  | 4  |
| Reversal of impairment loss on receivables                    | (32)   | (32)   |
| Reversal on impairment loss on property , plant and machinery | <u>(76)</u>  | <u>(76)</u>  |

## 29. Authorised for issuance

The interim financial statements for financial period ended 30 June 2018 has been approved by the Board of Directors of MRB on 28 August 2018 for release to the Bursa Securities.