



MINETECH RESOURCES BERHAD GROUP

ANNOUNCEMENT PACKAGE

Q2/FY2019

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

Condensed Consolidated Statement Of Comprehensive Income
For the Second Quarter Ended 30 September 2018
(The figures have not been audited)

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year Quarter ended 30 Sep 2018 RM'000	Preceding Year Quarter ended 30 Sep 2017 RM'000	Current Year To Date ended 30 Sep 2018 RM'000	Preceding Year Year ended 30 Sep 2017 RM'000
Revenue	36,649	32,881	70,210	60,460
Cost of sales	(33,324)	(30,071)	(63,212)	(56,633)
Gross profit	3,325	2,810	6,998	3,827
Other income	1,228	629	2,170	1,764
Administrative expenses	(3,986)	(3,611)	(7,793)	(6,686)
Selling and marketing expenses	(225)	(203)	(398)	(370)
Finance costs	(867)	(498)	(1,488)	(916)
Share of results in associate companies	-	-	-	-
Loss before tax	(525)	(873)	(511)	(2,381)
Tax expense	(810)	(272)	(1,315)	(314)
Loss for the period	(1,335)	(1,145)	(1,826)	(2,695)
Other comprehensive income				
Items that are or may be reclassified subsequently to profit or loss				
- Exchange translation differences for foreign operation	(18)	-	(48)	-
Total comprehensive income	(1,353)	(1,145)	(1,874)	(2,695)
Profit/(loss) attributable to:				
Owners of the Company	(1,509)	(1,803)	(2,493)	(3,477)
Non-controlling interests	174	658	667	782
	(1,335)	(1,145)	(1,826)	(2,695)
Total comprehensive income attributable to:				
Owners of the Company	(1,527)	(1,803)	(2,541)	(3,477)
Non-controlling interests	174	658	667	782
	(1,353)	(1,145)	(1,874)	(2,695)
Loss per share (sen)				
- Basic	(0.17)	(0.25)	(0.28)	(0.48)
- Diluted	(0.17)	N/A	(0.28)	N/A

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)
INTERIM FINANCIAL STATEMENTS

Condensed Consolidated Statement Of Financial Position
As at 30 September 2018

	Unaudited As At 30 September 2018 RM'000	Audited As At 31 March 2018 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	52,815	51,083
Investment properties	11,075	11,075
Other Investment	64	-
Inventories	9,615	8,550
Quarry development expenditure	3,155	3,191
Goodwill on consolidation	14,034	-
	<u>90,758</u>	<u>73,899</u>
Current assets		
Inventories	11,748	7,272
Trade receivables	39,416	27,316
Other receivables	19,477	21,888
Amount due from customers for contract works	7,924	7,477
Amount due from associate companies	149	149
Tax recoverables	1,694	1,222
Other investments	45	1,527
Deposit, cash and bank balances	13,207	8,399
	<u>93,660</u>	<u>75,250</u>
Total assets	<u><u>184,418</u></u>	<u><u>149,149</u></u>
	Unaudited As At 30 September 2018 RM'000	Audited As At 31 March 2018 RM'000
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the company		
Share capital	130,327	110,527
Less:- Treasury shares, at cost	(48)	(48)
Reserves	(43,864)	(40,962)
	<u>86,415</u>	<u>69,517</u>
Non-controlling interests	8,552	6,227
Total equity	<u>94,967</u>	<u>75,744</u>
Non-current liabilities		
Loan and Borrowings	18,463	19,516
Deferred tax liabilities	2,678	2,472
	<u>21,141</u>	<u>21,988</u>
Current liabilities		
Trade payables	22,821	31,047
Other payables	22,432	8,708
Amount due to customers for contract works	-	18
Loan and Borrowings	22,323	10,904
Tax payable	734	740
	<u>68,310</u>	<u>51,417</u>
Total liabilities	<u>89,451</u>	<u>73,405</u>
TOTAL EQUITY AND LIABILITIES	<u><u>184,418</u></u>	<u><u>149,149</u></u>
Net assets per share (RM) attributable to owners of the parent	0.10	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 2018.

MINETECH RESOURCES BERHAD (575543-X)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS

Condensed Consolidated Statements of Changes in Equity

For the Second Quarter Ended 30 September 2018

(The figures have not been audited)

	----- Attributable to owners of the parent -----								
	Share capital	Treasury shares	Foreign 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
At 1 April 2017	109,555	(48)	(45)	21,972	(21,972)	(38,147)	71,315	4,702	76,017
Loss for the financial period	-	-	-	-	-	(3,477)	(3,477)	782	(2,695)
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income/ (loss) for the financial period	-	-	-	-	-	(3,477)	(3,477)	782	(2,695)
Transactions with owners:									
Issue of ordinary shares	972	-	-	-	-	-	972	-	972
Changes in ownership interest in a subsidiary company	-	-	-	-	-	-	-	-	-
Issue of ordinary shares	972	-	-	-	-	-	972	-	972
At 30 September 2017	110,527	(48)	(45)	21,972	(21,972)	(41,624)	68,810	5,484	74,294

	----- Attributable to owners of the parent -----								
	Share capital	Treasury shares	Foreign 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
At 1 April 2018									
- 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	-	-	-	-	-	(2,493)	(2,493)	667	(1,826)
Other comprehensive income	-	-	(48)	-	-	-	(48)	-	(48)
Total comprehensive income/ (loss) for the financial period	-	-	(48)	-	-	(2,493)	(2,541)	667	(1,874)
Transactions with owners:									
Issue of ordinary shares	19,800	-	-	-	-	-	19,800	-	19,800
Acquisition of subsidiary company	-	-	-	-	-	-	-	1,697	1,697
Issue of ordinary shares	19,800	-	-	-	-	-	19,800	1,697	21,497
At 30 September 2018	130,327	(48)	62	21,972	(21,972)	(43,926)	86,415	8,552	94,967

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)
INTERIM FINANCIAL STATEMENTS

Condensed Consolidated Statement Of Cash Flows
For the Second Quarter Ended 30 September 2018

(The figures have not been audited)

	6 Months To Date ended 30 September 2018 RM'000	Preceding period 6 months ended 30 September 2017 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before tax	(511)	(2,381)
Adjustments for:-		
Depreciation and amortisation	3,796	4,265
Loss/(Gain) on disposal of property, plant and equipment	127	(416)
Interest expenses	1,415	878
Property, plant and equipment written off	-	61
Unrealised loss on foreign exchange	(11)	-
Reversal of impairment loss on property, plant and equipment	(76)	-
Reversal of impairment loss on Inventories	-	(32)
Impairment of Goodwill	220	-
Interest income	(149)	(94)
Operating profit before changes in working capital	4,811	2,281
Changes in working capital		
Quarry development expenditure	36	(1,387)
Inventories	(3,265)	9
Receivables	(10,349)	(20,521)
Payables	871	15,141
Net cash used in operations	(7,896)	(4,477)
Tax paid	(1,384)	(383)
Tax refund	61	18
Interest paid	(1,415)	(878)
Interest received	149	94
Net cash used in operating activities	(10,485)	(5,626)

	6 Months To Date ended 30 September 2018 RM'000	Preceding period 6 months ended 30 September 2017 RM'000
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(914)	(9,804)
Proceeds from disposal of property, plant & equipment	616	2,702
Purchase of property held for future development	-	(3,048)
Net cash outflow from acquisition of subsidiary companies	(4,048)	-
Withdrawn of other investments	1,482	-
Net cash used in investing activities	(2,864)	(10,150)
CASH FLOW FROM FINANCING ACTIVITIES		
Increased in fixed deposit pledged	(7,272)	(897)
Net changes in bank overdraft	8,796	7,068
Net changes in short term borrowings	1,214	1,652
Repayment of term loans	(435)	(639)
Repayment of finance lease payables	(3,177)	(2,873)
Proceeds from issuance of shares	3,000	972
Net cash generated from financing activities	2,126	5,283
Net Change in Cash & Cash Equivalents	(11,222)	(10,493)
Cash and Cash Equivalents at beginning of the period	1,998	12,695
Effect on foreign exchange rate changes	(37)	-
Cash and Cash Equivalents at the end of period	(9,261)	2,202
Cash and Cash Equivalents comprises of :		
Fixed deposit with licensed banks	11,335	4,039
Cash and bank balances	1,872	5,143
	13,207	9,182
Bank overdrafts	(11,144)	(2,951)
	2,063	6,231
Less: fixed deposits pledged to a licensed bank	(11,324)	(4,029)
	(9,261)	2,202

Note to Net cash outflow from acquisition of subsidiary companies:

Acquisition of subsidiary, net cash acquired:-

Cash and bank balances	(4,048)
Receivables	9,264
Inventories	2,276
Property, plant & equipment	5,180
Other investment	64
Payables	(4,627)
Borrowings	(3,866)
Non-controlling interest	(1,697)
	<hr/>
	2,546
Goodwill on combination	14,254
	<hr/>
Total purchase considerations	16,800
Less: Equity instruments issue	(16,800)
Less: Cash of subsidiary acquired	(4,048)
	<hr/>
	(4,048)

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

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 Translation 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 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.

3. 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.

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.

Property Development : Engages in housing development projects and other real estate development services.

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 year to acquire property, plant and equipment and for quarry development expenditure.

Segmental information for the 6 months ended 30 September 2018:

	Quarry and Premix Products RM'000	Civil Engineering RM'000	Bituminous Products RM'000	Property Development RM'000	Others RM'000	Elimination RM'000	Consolidation RM'000
Revenue							
Revenue to external customers	35,487	28,318	6,365	-	40	-	70,210
Inter-segment revenue	195	62.00	193	-	390	(840)	-
	<u>35,682</u>	<u>28,380</u>	<u>6,558</u>	<u>-</u>	<u>430</u>	<u>(840)</u>	<u>70,210</u>
Segment results	1,378	1,996	526	(174)	(2,617)	(132)	977
Finance costs							(1,488)
Share of results in associate companies							-
Profit before tax							(511)
Taxation							(1,315)
Net loss for the period							<u>(1,826)</u>
Assets							
Segment assets	<u>100,138</u>	<u>41,701</u>	<u>10,176</u>	<u>2,885</u>	<u>85,162</u>	<u>(55,644)</u>	<u>184,418</u>
Liabilities							
Segment liabilities	<u>95,359</u>	<u>26,922</u>	<u>4,318</u>	<u>887</u>	<u>29,106</u>	<u>(67,141)</u>	<u>89,451</u>

Segmental information for the 6 months ended 30 September 2017:

	Quarry and Premix Products RM'000	Civil Engineering RM'000	Bituminous Products RM'000	Property Development RM'000	Others RM'000	Elimination RM'000	Consolidation RM'000
Revenue							
Revenue to external customers	41,724	11,921	6,772	-	43	-	60,460
Inter-segment revenue	508	84	-	-	63	(655)	-
	<u>42,232</u>	<u>12,005</u>	<u>6,772</u>	<u>-</u>	<u>106</u>	<u>(655)</u>	<u>60,460</u>
Segment results	1,558	481	191	-	(3,551)	(144)	(1,465)
Finance costs							(916)
Share of results in associate companies							-
Loss before tax							(2,381)
Taxation							(314)
Net loss for the period							<u>(2,695)</u>
Assets							
Segment assets	<u>99,504</u>	<u>29,519</u>	<u>9,480</u>	<u>-</u>	<u>65,913</u>	<u>(61,647)</u>	<u>142,769</u>
Liabilities							
Segment liabilities	<u>99,845</u>	<u>17,374</u>	<u>4,576</u>	<u>-</u>	<u>19,209</u>	<u>(72,529)</u>	<u>68,475</u>

10. Valuation of property, plant and equipment

The valuation of property, plant and equipment has been brought forward without any amendments from the previous audited financial statements.

11. Material events not reflected in the financial statements

There were no material events subsequent to the end of the reporting period which is likely to substantially affect the results or the operations of the Group.

12. Changes in composition of the Group

There were no 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 30 Sep 2018 RM'000	As at 30 Sep 2017 RM'000
Corporate guarantees	31,779	21,941
Bank guarantees	<u>8,059</u>	<u>-</u>

14. Capital commitments

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

15. Related party transactions

	3 Months As at 30 Sep 2018 RM'000	3 Months As at 30 Sep 2017 RM'000
Legal fees	-	7
Rental paid to Choy Sen @ Chin Kim Sang	30	52
Rental paid to a director's related company - Chan Toong San	360	-
Sales of direct material to substantial shareholder's companies	(1,606)	-
Management fees from substantial shareholders' companies	(100)	-
Commission from substantial shareholders' company	(92)	-
Rental Income from substantial shareholders' company	(10)	-
Office rental paid to substantial shareholders' company	75	-
Transportation charged from substantial shareholders' company	114	-
Rental paid to substantial shareholders' company	<u>10</u>	<u>-</u>

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:

Operating Segment	Revenue		Operating Results	
	3 months ended 30 Sep 2018	3 months ended 30 Sep 2017	3 months ended 30 Sep 2018	3 months ended 30 Sep 2017
	RM'000	RM'000	RM'000	RM'000
Quarry and Premix Products	16,782	23,477	380	1,164
Civil Engineering	16,094	6,206	1,044	251
Bituminous Products	4,091	3,713	281	85
Property Development	-	-	(50)	-
Others	215	16	(1,044)	(1,834)
Eliminations	(533)	(531)	(269)	(41)
Group	36,649	32,881	342	(375)
Less: Finance Costs			(867)	(498)
Less: Share of result in associate			-	-
Profit/(Loss) Before Tax			(525)	(873)

The Group performance has improved with an increase of its total revenue to RM36.6 million and reduce losses before tax to RM0.5 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 RM32.9 million and a loss before tax RM0.9 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 has decreased to RM16.8 million as compared to the previous year's quarter of RM23.5 million and is mainly due to the substantially lower sales from the premix business.

Operating profit for current quarter ended 30 September 2018 is recorded at RM0.4 million when compared to operating profit for the previous corresponding year's quarter ended 30 September 2017 at RM1.2 million which is mainly due to increase of operating expenses from acquisition of Bertam Capital Sdn Bhd and increase of finance cost.

Civil Engineering

For current quarter ended 30 September 2018, revenue for this segment is recorded at RM16.1 million with an operating profit of RM1.0 million compared with the same quarter of the last financial year's revenue of RM6.2 million and operating profit of RM0.3 million respectively.

The higher operating profit recorded for this reporting quarter is mainly due to reclassification of depreciation from cost of good sold to operating expenses.

Bituminous Products

Revenue recorded for this segment for this reporting quarter ended 30 September 2018 is RM4.1 million with an operating profit of RM0.3 million as compared with same quarter of the last financial year's revenue of RM3.7 million and operating profit of RM0.09 million respectively.

The higher revenue and operating profit are due to selling more high margin product (BA) and also due to reclassification of some office manpower cost from cost of sales to operating expenses.

Property Development

No revenue recorded for this reporting quarter ended 30 September 2018 with operating loss of RM0.05 million.

The operating loss is mainly due to office rental and finance costs.

Comparison with immediate preceding quarter's results (Q2-FY'19 vs Q1-FY'19)

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

Operating Segment	Current	Immediate	Variance	
	Quarter	preceding	RM'000	%
	RM'000	Quarter	RM'000	
Quarry and Premix Products	16,782	18,900	(2,118)	-11%
Civil Engineering	16,094	12,286	3,808	31%
Bituminous Products	4,091	2,467	1,624	66%
Property Development	-	-	-	0%
Others	215	215	-	0%
Eliminations	(533)	(307)	(226)	74%
Group	<u>36,649</u>	<u>33,561</u>		
Profit Before Tax	<u>(525)</u>	<u>14</u>	(539)	>100%

For the current quarter under review, the quarry and premix products segment generated a lower revenue of RM16.8 million compared to RM18.9 million recorded in the immediate preceding quarter, mainly due to the prevailing competitive market and reduced quarry production as difficulty in underground extractions.

The civil engineering segment recorded a revenue of RM16.1 million compared to RM12.3 million in the immediate preceding quarter, which is mainly due a higher rate of work of the projects undertaken.

The bituminous products segment recorded a higher revenue of RM4.1 million as compared to the revenue of RM2.5 million recorded in the immediate preceding quarter is mainly due to higher selling price and margin of BA product.

The Group profitability in this reporting quarter has deteriorate by recording a loss before tax of RM0.5 million as compared to a profit before tax of RM0.01 million recorded in the immediate preceding quarter as a result of the purchase additional vehicle and increase of bank overdraft interest.

17. Prospects

Overall the financial year will be challenging due to uncertainty in the implementation of certain mega infrastructure projects, that are being reviewed 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 segments, it is expected to be competitive, but cost control measures had been put in place to ensure positive operating results.

18. Private Placement

The Company had obtained the approval from Bursa Securities for the extension of time from 9 July 2018 to 8 January 2019 to complete the implementation of the private placement.

Hence, the Company had commenced the placement as follows.

First tranche placed 30,000,000 new MRB Shares at RM0.10 per Placement Share.

Second tranche placed 10,000,000 new MRB Shares at RM0.055 per Placement Share on 16 November 2018 and completed on 22 November 2018.

Third tranche placed 12,500,000 new MRB Shares at RM0.055 per Placement Share on 19 November 2018 and completed on 27 November 2018.

19. Subscription Agreement

The Company announced on 31 May 2018, the Company, had on 25 May 2018, 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.

On 1 October 2018, Bank Negara Malaysia had approved CPSB's application for Canadian Solar to subscribe to the RCPS.

20. 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 whollyowned 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.

21. Contract for Infrastructure works located at Klang, Selangor

The Company announced on 14 November 2018, that Minetech Construction Sdn Bhd ("MCSB"), a wholly-owned subsidiary of MRB, had on 13 November 2018, accepted the Letter of Award ("LOA") to supply labour and material inclusive of all necessary plant, machinery and equipment to construct and complete the infrastructure works located at Klang, Selangor Darul Ehsan at a contract value of RM11,000,000.00 ("Sub-Contract").

The Sub-Contract commenced from 19 October 2018 and is expected to complete by 18 July 2019.

22. Extension of Contracts Works for Selinsing Gold Mine Project

The Company announced on 23 November 2018, that Minetech Construction Sdn Bhd ("MCSB"), a wholly-owned subsidiary of MRB, had on 23 November 2018, entered into an agreement with Able Return Sdn Bhd (Company No. 549631-D) and Damar Consolidated Exploration Sdn Bhd (Company No. 229692-V) in connection with the renewal of contract for waste removal, ore delivery and associated works for open pit mining in respect of Selinsing Gold Mine Project.

The project estimate to commence from 1 July 2018 to 30 June 2020 with an estimated total contract value of approximately RM28.8 million ("Contract").

23. Profit forecast/profit guarantee

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

24. Tax expense

Tax expenses were as follows:

	6 Months period ended 30 Sep 2018 RM'000	6 Months period ended 30 Sep 2017 RM'000
Current tax expense :		
- current taxation	1,109	(314)
- under/(over) provision in prior year	-	-
	<u>1,109</u>	<u>(314)</u>
Current deferred tax		
- relating to origination and reversal fo temporary differences	206	-
	<u>206</u>	<u>-</u>
	<u>1,315</u>	<u>(314)</u>

25. Status of corporate proposals

i) Internal Reorganisation

The Board of Directors of the Company announced on 27 August 2018 that the Company and its wholly-owned subsidiary, MRB Land Sdn Bhd ("MRBL") had completed internal reorganisation exercise which involved, amongst others, the following:-

- i) Disposal of MRBL of its entire equity interest in MRB Property Sdn Bhd ("Formerly known as Balance Property Sdn Bhd")("MRBP") to MRB;
- ii) Disposal of MRBL of its entire equity interest in Konsep Khas Sdn Bhd ("KKSB") to MRBP;
- iii) Disposal of MRBL of its entire equity interest in Integral Housing Development Sdn Bhd ("IHDSB") to MRBP; and
- iv) Disposal of MRB of its entire equity interest in MRBL to MRBP.

ii) Incorporation of a new subsidiary company, MRB MajuConstruct Sdn Bhd

The Board of Directors of the Company announced on that the Company's wholly-owned subsidiary, Minetech Construction Sdn Bhd had on 24 October 2018 incorporated a new 80%-owned subsidiary company in Malaysia under Companies Act 2016, known as MRB MajuConstruct Sdn Bhd ("MMCSB").

The share capital and number of issued share of MMCSB is RM10.00 comprising 10 ordinary shares. Its intended principal activity is provision of specialised civil engineering services.

The Directors of MMCSB are Mr Chin Kong Yaw ("CKY") and Mr Chin Sheong Choy ("CSC").

iii) Acquisition of shares in Minetech Builders Sdn. Bhd. by Minetech Construction Sdn. Bhd.

The Board of Directors of the Company announced on 1 November 2018 that Company's wholly-owned subsidiary, Minetech Construction Sdn. Bhd. ("MCSB") acquired 510,000 ordinary shares, representing 51% of the total issued share capital of Minetech Builders Sdn. Bhd. ("MBSB"), for a total consideration of RM510,000.00 only. Consequent thereto, MBSB will become an indirect wholly-owned subsidiary of MRB.

(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 20th 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 18th 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 28th January 2019 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.

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.

29. Dividends

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

30. Earning / (Loss) per share

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months Quarter ended 30 Sep 2018	Quarter ended 30 Sep 2017	Year to date ended 30 Sep 2018	Year to date ended 30 Sep 2017
Basic Earning/ (loss) per share				
Profit / (loss) for the period (RM'000)	(1,509)	(1,803)	(2,493)	(3,477)
Weighted average number of ordinary shares ('000)	881,575	731,575	881,575	731,575
Basic earning / (loss) per share (sen)	<u>(0.17)</u>	<u>(0.25)</u>	<u>(0.28)</u>	<u>(0.48)</u>

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

31. Notes to the Consolidated Statement of Comprehensive Income

	Current Quarter Ended 30 Sep 2018 RM'000	Year-to -date Ended 30 Sep 2018 RM'000
Interest income	(75)	(149)
Interest expense	855	1,415
Depreciation and amortisation	1,927	3,796
Loss on disposal of property, plant and equipment	123	127
Impairment of Goodwill	132	220
Reversal on impairment loss on property , plant and machinery	<u>-</u>	<u>(76)</u>

32. Authorised for issuance

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