



MINETECH RESOURCES BERHAD GROUP

ANNOUNCEMENT PACKAGE

Q1/FY2021

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

Condensed Consolidated Statement Of Comprehensive Income For the First Quarter Ended 30 June 2020
(The figures have not been audited)

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year Quarter ended 30 Jun 2020 RM'000	Preceding Year Quarter ended 30 Jun 2019 RM'000	Current Year To Date Ended 30 Jun 2020 RM'000	Preceding Year To Date Ended 30 Jun 2019 RM'000
Revenue	9,619	28,165	9,619	28,165
Cost of sales	(9,385)	(25,646)	(9,385)	(25,646)
Gross Profit	234	2,519	234	2,519
Other income	567	1,493	567	1,493
Administrative expenses	(3,261)	(3,861)	(3,261)	(3,861)
Selling and marketing expenses	(90)	(134)	(90)	(134)
Finance costs	(327)	(600)	(327)	(600)
Loss before tax	(2,877)	(583)	(2,877)	(583)
Tax expense	(36)	(693)	(36)	(693)
Loss for the period	(2,913)	(1,276)	(2,913)	(1,276)
Other comprehensive income/(loss)				
Items that are or may be reclassified subsequently to profit or loss				
- Exchange translation differences for foreign operation	-	11	-	11
Total comprehensive loss	(2,913)	(1,265)	(2,913)	(1,265)
Loss attributable to:				
Owners of the Parent	(2,530)	(1,221)	(2,530)	(1,221)
Non-controlling interests	(383)	(55)	(383)	(55)
Total comprehensive loss attributable to:				
Owners of the Parent	(2,530)	(1,210)	(2,530)	(1,210)
Non-controlling interests	(383)	(55)	(383)	(55)
Loss per share (sen)				
- Basic	(0.24)	(0.14)	(0.24)	(0.14)
- Diluted	(0.24)	(0.14)	(0.24)	(0.14)

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 2020.

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

Condensed Consolidated Statement Of Financial Position
As at 30 Jun 2020

	Unaudited As At	Audited As At
	30 June 2020	31 March 2020
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	15,699	16,273
Right of use assets	12,942	13,004
Investment properties	10,912	10,944
Inventories	8,065	8,065
Investment in associates	175	118
Quarry development expenditure	327	356
Intangible assets	7,194	7,320
Other Investment	64	64
Other receivables	342	342
	<u>55,720</u>	<u>56,486</u>
Current assets		
Inventories	8,213	8,388
Contract assets	6,202	3,327
Trade receivables	20,437	28,980
Other receivables	14,137	14,344
Amount due from an associate company	4,434	-
Tax recoverables	191	259
Other investments	4,163	155
Fixed deposits with licensed bank	7,438	7,390
Cash and Bank Balance	19,271	10,390
	<u>84,486</u>	<u>73,233</u>
Total assets	<u>140,206</u>	<u>129,719</u>
	Unaudited As At	Audited As At
	30 June 2020	31 March 2020
	RM'000	RM'000
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the company		
Share capital	150,712	132,527
Less:- Treasury shares, at cost	(48)	(48)
Reserves	(70,315)	(67,785)
	<u>80,349</u>	<u>64,694</u>
Non-controlling interests	1,769	2,152
Total equity	<u>82,118</u>	<u>66,846</u>
Non-current liabilities		
Lease and Borrowings	10,143	10,702
Deferred tax liabilities	2,329	2,329
	<u>12,472</u>	<u>13,031</u>
Current liabilities		
Trade payables	22,690	26,352
Other payables	11,382	11,514
Lease and Borrowings	11,207	11,730
Tax payable	337	246
	<u>45,616</u>	<u>49,842</u>
Total liabilities	<u>58,088</u>	<u>62,873</u>
TOTAL EQUITY AND LIABILITIES	<u>140,206</u>	<u>129,719</u>
Net assets per share (RM)	0.07	0.07

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 2020.

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

Condensed Consolidated Statements of Changes in Equity
For the Financial Period Ended 30 June 2020
(The figures have not been audited)

	----- Attributable to owners of the parent -----								
	Share capital 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 2020	132,527	(48)	-	-	-	(67,785)	64,694	2,152	66,846
Loss for the financial period	-	-	-	-	-	(2,530)	(2,530)	(383)	(2,913)
Other comprehensive loss	-	-	-	-	-	-	-	-	-
Total comprehensive loss for the financial period	-	-	-	-	-	(2,530)	(2,530)	(383)	(2,913)
Transactions with owners:									
Issuance of share capital	18,185	-	-	-	-	-	18,185	-	18,185
	18,185	-	-	-	-	-	18,185	-	18,185
At 30 June 2020	150,712	(48)	-	-	-	(70,315)	80,349	1,769	82,118

	----- Attributable to owners of the parent -----								
	Share capital 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 2019	132,527	(48)	71	21,972	(21,972)	(56,626)	75,924	8,884	84,808
Loss for the financial period	-	-	-	-	-	(1,221)	(1,221)	(55)	(1,276)
Other comprehensive income	-	-	11	-	-	-	11	-	11
Total comprehensive income/ (loss) for the financial period	-	-	11	-	-	(1,221)	(1,210)	(55)	(1,265)
At 30 June 2019	132,527	(48)	82	21,972	(21,972)	(57,847)	74,714	8,829	83,543

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 2020.

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

Condensed Consolidated Statement Of Cash Flow
For the Financial Period Ended 30 June 2020

(The figures have not been audited)

	3 Months To Date ended 30 June 2020 RM'000	Preceding period 3 months ended 30 June 2019 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before tax	(2,877)	(583)
Adjustments for:-		
Bad debts written off	-	5
Bad debts recovery	(7)	-
Depreciation and amortisation	893	1,861
Gain on disposal of property, plant and equipment	-	(62)
Finance costs	306	530
Unrealised gain on foreign exchange	(67)	-
Reversal of impairment loss on receivable	-	(322)
Impairment losses on		
- receivables	6	-
- property, plant and equipment	-	1,039
Share of associate's result	(57)	-
Interest income	(55)	(93)
Operating (loss)/profit before changes in working capital	(1,858)	2,375
Changes in working capital		
Quarry development expenditure	29	(2)
Inventories	175	3,116
Receivables	8,751	7,028
Contract assets/ contract liabilities	(2,875)	4,426
Payables	(3,794)	(4,486)
Net cash generated from operation:	428	12,457
Tax paid	(302)	(151)
Tax refund	437	737
Interest paid	(306)	(530)
Interest received	55	93
Net cash generated from operating activities	312	12,606

	3 Months To Date ended 30 June 2020 RM'000	Preceding period 3 months ended 30 June 2019 RM'000
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(99)	(474)
Proceeds from disposal of property, plant and equipment	-	1,235
Changes in inventories	-	(6,434)
Changes in amount due to associate company	(4,434)	22
Changes in other investment:	(4,008)	345
Net cash used in investing activities:	(8,541)	(5,306)
CASH FLOW FROM FINANCING ACTIVITIES		
Increased in fixed deposits pledged	(48)	(1,129)
Net changes in short term borrowings:	(982)	(1,557)
Repayment of term loans	(91)	(230)
Proceeds from finance lease payable:	-	452
Repayment of lease liabilities and finance lease payable	(259)	(2,765)
Proceeds from issuance of shares	18,185	-
Net cash generated from/(used in) financing activities:	16,805	(5,229)
Net Changes in Cash & Cash Equivalent:	8,576	2,071
Cash and Cash Equivalents at beginning of the period	4,254	(4,199)
Effects of exchange translation differences on cash and cash equivalents	67	11
Cash and Cash Equivalents at the end of period	12,897	(2,117)
Cash and Cash Equivalents comprises of :		
Fixed deposits with licensed banks	7,438	12,326
Cash and bank balances	19,271	5,025
	26,709	17,351
Bank overdrafts	(6,385)	(7,153)
	20,324	10,198
Less: fixed deposits pledged to licensed banks	(7,427)	(12,315)
	12,897	(2,117)

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 2020.

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 2020.

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 year:

Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 101 & 108	Definition of Material

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 17	Insurance Contracts
Amendments to MFRS 10 & 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

3. Auditors' report on preceding annual financial statements

The auditors' report on the Group's financial statements for the financial year ended 31 March 2020 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, cancellation, repurchase, resale and repayment of debt for the current quarter under review.

8. Dividend payment

There were no dividends paid during the current financial quarter.

9. Segmental information

The Group comprises the following main business segments which are based on the Group's management and internal reporting structure:

Quarry Products : Provision of turnkey and specialised quarry services, sales and marketing of quarry products.

Civil Engineering : Specialised civil engineering works.

Bituminous Products : Manufacturing and trading of bituminous products.

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 3 months ended 30 June 2020:

	Quarry 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	2,201	6,149	1,257	-	12	-	9,619
Inter-segment revenue	0	-	-	-	141	(141)	-
	<u>2,201</u>	<u>6,149</u>	<u>1,257</u>	<u>-</u>	<u>153</u>	<u>(141)</u>	<u>9,619</u>
Segment results	(804)	236	(440)	0	(1,486)	(56)	(2,550)
Finance costs							(327)
Loss before tax							(2,877)
Taxation							(36)
Net loss for the period							<u>(2,913)</u>
Assets							
Segment assets	<u>27,387</u>	<u>43,319</u>	<u>8,789</u>	<u>-</u>	<u>96,296</u>	<u>(35,585)</u>	<u>140,206</u>
Liabilities							
Segment liabilities	<u>49,741</u>	<u>26,015</u>	<u>3,188</u>	<u>-</u>	<u>29,467</u>	<u>(50,323)</u>	<u>58,088</u>

Segmental information for the 3 months ended 30 June 2019:

	Quarry 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	10,646	12,280	4,920	168	151	-	28,165
Inter-segment revenue	134	3,936	-	-	15	(4,085)	-
	<u>10,780</u>	<u>16,216</u>	<u>4,920</u>	<u>168</u>	<u>166</u>	<u>(4,085)</u>	<u>28,165</u>
Segment results	(964)	1,613	446	(7)	(1,009)	(62)	17
Finance costs							(600)
Loss before tax							(583)
Taxation							(693)
Net loss for the period							<u>(1,276)</u>
Assets							
Segment assets	<u>67,098</u>	<u>46,600</u>	<u>12,227</u>	<u>7,722</u>	<u>82,577</u>	<u>(47,877)</u>	<u>168,347</u>
Liabilities							
Segment liabilities	<u>78,560</u>	<u>30,386</u>	<u>6,234</u>	<u>5,616</u>	<u>30,341</u>	<u>(66,333)</u>	<u>84,804</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 except as reported in Note 18 which is likely to substantially affect the results or the operations of the Group.

12. Changes in composition of the Group

There were no material events subsequent to the end of the reporting period except as reported in Note 18 which is likely to substantially affect the results or the operations of the Group.

13. Changes in contingent assets or contingent liabilities

The changes in contingent liabilities were as below:-

	As at 30 Jun 2020 RM'000	As at 30 Jun 2019 RM'000
Corporate guarantees	15,814	33,600
Bank guarantees	5,753	4,857

14. Capital commitments

There was no material capital commitment not provided for as at 30 June 2020.

15. Related party transactions

	3 Months As at 30 Jun 2020 RM'000	3 Months As at 30 Jun 2019 RM'000
Sales of direct material to substantial shareholder's companies	(826)	(2,014)
Management fees from substantial shareholders' companies	(120)	(120)
Commission from substantial shareholders' company	(23)	(47)
Rental Income from substantial shareholders' company	(43)	(73)
Office rental paid to substantial shareholders' company	45	45
Transportation charged from substantial shareholders' company	14	46
Rental paid to substantial shareholders' company	6	6

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	3 months	3 months	3 months
	ended 30 Jun	ended 30 Jun	ended 30 Jun	ended 30 Jun
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Quarry Products	2,201	10,780	(804)	(964)
Civil Engineering	6,149	16,216	236	1,613
Bituminous Products	1,257	4,920	(440)	446
Property Development	-	168	-	(7)
Others	153	166	(1,486)	(1,009)
Eliminations	(141)	(4,085)	(56)	(62)
Group	9,619	28,165	(2,550)	17
Less: Finance Costs			(327)	(600)
Loss Before Tax			(2,877)	(583)

The Group's revenue has decreased to RM9.62 million and operating loss has increased to RM2.88 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 RM28.17 million and loss before tax of RM0.58 million respectively. The adverse performance is principally due to the Movement Control Order("MCO") enforced by the Government effective of 18th March 2020.

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

Quarry Products

Revenue for the quarry products segment has decreased to RM2.2 million with an operating loss of RM0.8 million as compared to the previous year's corresponding quarter revenue of RM10.78 million and operating loss of RM0.96 million. Revenue dropped due to the MCO, as well as disposal of subsidiary companies since second quarter of previous financial year.

Civil Engineering

Revenue for the current quarter has decreased to RM6.15 million with an operating profit of RM0.24 million compared with the same quarter of the last financial year's revenue of RM16.22 million and operating profit of RM1.61 million.

The lower revenue recorded for this reporting quarter is mainly due to temporary suspension of project works caused by the MCO.

Bituminous Products

Revenue recorded for this segment for this reporting quarter was RM1.26 million with an operating loss of RM0.44 million as compared with same quarter of the last financial year's revenue of RM4.92 million and operating profit of RM0.45 million.

The lower revenue recorded for this reporting quarter is mainly due to lower demand from the market caused by the impact of the Covid-19 pandemic.

Property Development

No revenue reported for property development segment in current quarter due to disposal of the subsidiary since second quarter of previous financial year.

Comparison with immediate preceding quarter's results (Q1-FY'21 vs Q4-FY'20)

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	Quarter	RM'000	%
Quarry Products	2,201	5,361	(3,160)	-59%
Civil Engineering	6,149	13,317	(7,168)	-54%
Bituminous Products	1,257	2,873	(1,616)	-56%
Others	153	135	18	13%
Eliminations	(141)	-	(141)	-100%
Group	9,619	21,686		
Loss Before Tax	(2,877)	(11,079)	8,202	>100%

For the current quarter under review, the quarry products segment's revenue had decreased to RM2.2 million compared to RM5.36 million recorded in the immediate preceding quarter as a result of lower demand for quarry products during the Covid-19 pandemic.

The civil engineering segment's revenue decreased to RM6.15 million as compared to RM13.32 million in the immediate preceding quarter, due to suspension of project works undertaken caused by the MCO enforced by the Government.

The bituminous products segment recorded a lower revenue of RM1.26 million as compared to the revenue of RM2.87 million recorded in the immediate preceding quarter due to lower demand from the market during the Covid-19 pandemic.

The Group performance has recorded a loss before tax of RM2.88 million as compared to loss before tax of RM11.08 million recorded in the immediate preceding quarter due mainly to impairment of intangible assets and provision for bad debts in previous quarter.

17. Prospects

Overall the coming financial year will continue to be challenging. The massive contraction of 17.1% in gross domestic product in the second quarter of 2020 is the worst double-digit quarterly contraction since the Asian financial crisis in 1997 following the unprecedented impact of the Movement Control Order ("MCO") to contain and control the Covid-19 pandemic.

For the year 2020, the Malaysian economy is forecasted to contract within the range of 3.5% to 5.5%.

Economic activity in Malaysia is expected to pick up again over the second half of 2020, in line with the relaxing of MCO that are expected to be further eased over the coming months.

We are cautiously optimistic of recovery in the second half of the financial year given the Government's Stimulus Packages to tackle the Covid-19 economic fallout.

Mitigation plans have been put in place for contracts in hand in order to minimise the project progress interruption from the aspects of operational process, manpower capacity, supply chain and distribution networks, in line with the industry required SOP.

18. Significant Events

During the financial period, the following significant events took place for the Company and its subsidiaries companies:

i) The Company announced on 22 April 2020, that Minetech Construction Sdn Bhd ("MCSB"), a wholly-owned subsidiary of the Company had received a Letter of Intent from Bumimaju MTE Engineering Sdn Bhd appointing MCSB as Contractor to undertake civil works related to Pipeline Laying Project in Hulu Grik, Perak Darul Ridzuan ("Project"). The Project is expected to take approximately 12 months from the date of securing the site.

ii) The Company announced on 15 May 2020, that Minetech Construction Sdn Bhd ("MCSB"), a wholly-owned subsidiary of the Company had accepted a Letter of Award dated 12 May 2020 from Mutual Premium Sdn Bhd appointing MCSB as a sub-contractor to undertake and complete the subcontract works in accordance to the Contract Drawings, Bill of Quantities and Specifications for "Pembinaan Sekolah Baharu 36 Bilik Darjah dan Lain-lain Kemudahan di SMK Pelangi Perdana, Parit Buntar, Perak Darul Ridzuan" at a contract value of RM30.4 million ("Project"). The Project is expected to commence on June 2020 and is expected to be completed by February 2021.

iii) The Company announced on 29 June 2020, entered into a Memorandum of Understanding ("MOU") with Hadid Oil & Gas LLP ("HAG") to collaboratively engage in potential business opportunities, particularly in the field of Oil & Gas, construction and any other sectors where both Parties identified and jointly agreed to pursue, in the Republic of Kazakhstan and/or in any other countries and region.

iv) Minetech Construction Sdn Bhd ("MCSB"), a wholly-owned subsidiary of the Company had on 10 August 2018 entered into a MOU with Hong Kong Marine Construction Limited ("HKMC") 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 which 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. On 30 June 2020, the Board of Directors announced that there has been no further material development since the previous announcement.

v) The Company announced on 13 August 2020, Minetech Construction Sdn Bhd ("MCSB"), a wholly-owned subsidiary of the Company had entered into a Memorandum of Understanding ("MOU") with Borneo Oil & Gas Corporation Sdn Bhd to establish joint collaboration to undertake mining works at Hutan Simpan Bukit Ibam, Mukim Keratong, Daerah Rompin, Pahang Darul Makmur ("Land") ("Joint Collaboration").

19. Private Placement

The Company had on 12 May 2020 announced a Proposed Private Placement of new ordinary shares in MRB, representing up to ten percent (10%) of the total number of issued shares in MRB. As at 8 May 2020, being the latest practicable date prior to the announcement, the total number of issued shares of MRB is 999,489,900 and the number of the new MRB shares that could be issued under the Proposed Private Placement would be as follow:

(i) Up to 105,938,900 new MRB Shares, representing not more than ten percent (10%) of the Company's enlarged issued share capital, assuming the full exercise of 59,900,000 outstanding SIS options prior to the implementation of the Proposed Private Placement and assuming none of the 285,000 treasury shares are resold in the open market by MRB ("Maximum Scenario"); or

(ii) Up to 99,948,900 new MRB Shares, representing not more than ten percent (10%) of the Company's issued share capital, assuming that none of the outstanding SIS options are exercised prior to the implementation of the Proposed Private Placement and assuming none of the 285,000 treasury shares are resold in the open market by MRB ("Minimum Scenario").

Bursa Malaysia Securities Berhad had, vide its letter dated 19 May 2020, approved the listing and quotation of the proposed Private Placement.

The Company has made placements as follows:

- (i) First tranche Private Placement of 48,000,000 new MRB Shares at RM0.235 each on 15 June 2020 and completed on 25 June 2020
- (ii) Second tranche Private Placement of 30,000,000 new MRB Shares at RM0.275 each on 7 July 2020 and completed on 20 July 2020
- (iii) Third tranche Private Placement of 27,938,900 new MRB Shares at RM0.281 each on 30 July 2020 and completed on 12 August 2020

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:

	3 months period ended 30 Jun 2020 RM'000	3 months period ended 30 Jun 2019 RM'000
Current tax expense :		
- current tax provision	(36)	(693)

22. Status of corporate proposals

The Company had on 3 August 2016 implemented the Share Issuance Scheme ("SIS"). The exercise price of the share options granted under SIS is RM0.05 each. The SIS has been fully exercised by 15 June 2020.

23. Group lease and borrowings

The Group's lease and borrowings were as follows:-

	As at 30 June 2020		
	Long term RM'000	Short term RM'000	Total borrowings RM'000
<u>Secured</u>			
Term loans	8,746	1,567	10,313
Bank Overdrafts	-	6,385	6,385
Lease liabilities	1,397	1,909	3,306
Bankers acceptance/Letter of credit	-	1,346	1,346
	10,143	11,207	21,350
	As at 30 June 2019		
	Long term RM'000	Short term RM'000	Total borrowings RM'000
<u>Secured</u>			
Term loans	9,384	1,567	10,951
Bank Overdrafts	-	7,153	7,153
Lease liabilities	6,208	3,132	9,340
Bankers acceptance/Letter of credit	-	3,488	3,488
	15,592	15,340	30,932

The term loans and finance lease payables for the current quarter ended 30 June 2020 recorded a decrease compared to correspondence quarter ended 30 June 2019 due to settlement of term loans and lease liabilities from disposal of subsidiary companies in previous financial year.

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 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.

The Judge had on 20th 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 Summon 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 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 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 15th 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 5th July 2018, the Judge, by consent, ordered that the assessment of damages proceedings be stayed pending the disposal of SMGQ's Appeal.

The Deputy Registrar of the Court of Appeal had fixed both ODSB's Appeal (as defined hereinbelow) and SMGQ's Appeal to be heard together on 31st March 2021.

(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 to be heard together on 31st March 2021.

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.

26. Share capital

	Year to date ended 30 Jun 2020	Year to date ended 30 Jun 2019	Year to date ended 30 Jun 2020	Year to date ended 30 Jun 2019
	Number of Shares			
	('000)	('000)	RM'000	RM'000
Issued and fully paid-up				
<i>Ordinary shares with no par value</i>				
At 1 April	921,575	921,575	132,527	132,527
Shares issued during financial period	186,100	-	18,185	-
At 30 June	<u>1,107,675</u>	<u>921,575</u>	<u>150,712</u>	<u>132,527</u>

27. Dividends

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

28. Loss per share

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months Quarter ended 30 Jun 2020	3 months Quarter ended 30 Jun 2019	Year to date ended 30 Jun 2020	Year to date ended 30 Jun 2019
Basic loss per share				
Loss for the year (RM'000)	(2,530)	(1,221)	(2,530)	(1,221)
Weighted average number of ordinary shares ('000)	881,780	881,780	881,780	881,780
Effect of issuance of shares ('000)	186,100	-	186,100	-
Effect of treasury shares held ('000)	(285)	(285)	(285)	(285)
Adjusted weighted average number of ordinary shares ('000)	1,067,595	881,495	1,067,595	881,495
Basic loss per share (sen)	(0.24)	(0.14)	(0.24)	(0.14)

29. Notes to the Consolidated Statement of Comprehensive Income

	Current Quarter Ended 30 Jun 2020 RM'000	Year-to -date Ended 30 Jun 2020 RM'000
Interest income	(55)	(55)
Interest expense	306	306
Bad debts recovery	(7)	(7)
Unrealised gain on foreign exchange	(67)	(67)
Depreciation and amortisation	893	893
Impairment loss on receivables	6	6
Share of associate's result	(57)	(57)

30. Impact of Covid-19

Our operations are significantly impacted by Covid-19 due to stoppage of production and construction works during the second half of March to end of May 2020. The Group are complying with all the government's Standard Operating Procedures (SOP) to prevent the infection of Covid-19 among staff and visitors at all companies premises and worksites. We have sufficient resources and working capital to continue our operations during this RMCO (Recovery Movement Control Order) period.

31. Authorised for issuance

The interim financial statements for financial quarter ended 30 June 2020 has been approved by the Board of Directors of MRB on 24 August 2020 for release to the Bursa Securities.