



MINETECH
MINETECH RESOURCES BERHAD GROUP

ANNOUNCEMENT PACKAGE

Q2/FY2022

MINETECH RESOURCES BERHAD [200201007880 (575543-X)]
(Incorporated in Malaysia)
INTERIM FINANCIAL STATEMENTS

Condensed Consolidated Statement Of Comprehensive Income For the Second Quarter Ended 30 September 2021
(The figures have not been audited)

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year Quarter ended 30 Sep 2021 RM'000	Preceding Year Quarter ended 30 Sep 2020 RM'000	Current Year To Date Ended 30 Sep 2021 RM'000	Preceding Year To Date Ended 30 Sep 2020 RM'000
Continued operations				
Revenue	20,430	17,824	37,248	25,891
Cost of sales	(18,927)	(14,251)	(34,420)	(21,925)
Gross Profit	1,503	3,573	2,828	3,966
Other income	375	493	2,253	779
Administrative expenses	(6,182)	(4,616)	(13,320)	(7,225)
Selling and marketing expenses	(128)	(103)	(253)	(193)
Finance costs	(287)	(395)	(578)	(598)
Share of associate company's result	-	(116)	-	(59)
Loss before tax	(4,719)	(1,164)	(9,070)	(3,330)
Tax expense	(199)	(746)	(291)	(782)
Loss from continued operations	(4,918)	(1,910)	(9,361)	(4,112)
Discontinued operations				
(Loss)/Profit from discontinued operation, net of tax	-	(161)	7	(872)
Net Loss for the period	(4,918)	(2,071)	(9,354)	(4,984)
Other comprehensive income/(loss)				
Items that are or may be reclassified subsequently to profit or loss				
- Exchange translation differences for foreign operation	8	-	7	-
Total comprehensive loss	(4,910)	(2,071)	(9,347)	(4,984)
Loss attributable to:				
Owners of the Parent	(3,795)	(1,758)	(7,144)	(4,288)
Non-controlling interests	(1,123)	(313)	(2,210)	(696)
	(4,918)	(2,071)	(9,354)	(4,984)
Total comprehensive loss attributable to:				
Owners of the Parent	(3,787)	(1,758)	(7,137)	(4,288)
Non-controlling interests	(1,123)	(313)	(2,210)	(696)
	(4,910)	(2,071)	(9,347)	(4,984)
Loss per share (sen)				
- Basic	(0.33)	(0.15)	(0.61)	(0.37)
- Diluted	(0.33)	(0.15)	(0.61)	(0.37)

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 2021.

MINETECH RESOURCES BERHAD [200201007880 (575543-X)]
(Incorporated in Malaysia)
INTERIM FINANCIAL STATEMENTS

Condensed Consolidated Statement Of Financial Position
As at 30 September 2021

	Unaudited As At 30 September 2021 RM'000	Audited As At 31 March 2021 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	53,410	36,502
Right of use assets	11,296	11,504
Investment properties	10,752	10,816
Inventories	6,000	6,000
Quarry development expenditure	85	87
Goodwill on consolidation	4,065	3,979
Other receivables	409	582
	<u>86,017</u>	<u>69,470</u>
Current assets		
Inventories	2,202	2,019
Contract assets	25,668	36,222
Trade receivables	30,678	18,287
Other receivables	18,111	3,433
Amount due from an associate company	-	9,791
Tax recoverables	115	128
Other investments	470	466
Asset held for sale	-	31,255
Fixed deposits with licensed bank	5,996	7,493
Cash and bank balance	11,544	15,054
	<u>94,784</u>	<u>124,148</u>
Total assets	<u>180,801</u>	<u>193,618</u>
	Unaudited As At 30 September 2021 RM'000	Audited As At 31 March 2021 RM'000
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	166,813	166,813
Less:- Treasury shares, at cost	(48)	(48)
Reserves	(83,124)	(75,987)
	<u>83,641</u>	<u>90,778</u>
Non-controlling interests	(1,825)	1,563
Total equity	<u>81,816</u>	<u>92,341</u>
Non-current liabilities		
Lease and borrowings	15,260	16,945
Net (loss)/ profit for the period	2,390	2,390
	<u>17,650</u>	<u>19,335</u>
Current liabilities		
Trade payables	42,745	20,088
Other payables	6,121	18,411
Lease and borrowings	30,295	20,187
Tax payable	2,174	2,328
Liabilities associated to asset held for sale	-	20,928
	<u>81,335</u>	<u>81,942</u>
Total liabilities	<u>98,985</u>	<u>101,277</u>
TOTAL EQUITY AND LIABILITIES	<u>180,801</u>	<u>193,618</u>
Net assets per share (RM)	0.07	0.08

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 2021.

MINETECH RESOURCES BERHAD [200201007880 (575543-X)]
(Incorporated in Malaysia)
INTERIM FINANCIAL STATEMENTS

Condensed Consolidated Statement Of Cash Flows
For the Financial Period Ended 30 September 2021

(The figures have not been audited)

	6 Months To Date ended 30 September 2021 RM'000	Preceeding period 6 months ended 30 September 2020 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before tax from continuing operations	(9,070)	(3,330)
Profit/(Loss) before tax from discontinued operation	7	(872)
Loss before tax	<u>(9,063)</u>	<u>(4,202)</u>
Adjustments for:-		
Bad debts recovery	(119)	(97)
Depreciation and amortisation	952	1,698
Loss on disposal of property, plant and equipment	773	-
Gain on disposal of associated company	(120)	-
Gain on disposal of subsidiary company	(1,102)	(28)
Finance costs	516	769
Unrealised gain on foreign exchange	(5)	(120)
Impairment losses on:		
- receivables	4,398	12
Reversal on impairment losses on property, plant and equipment	(464)	-
Share of associate company's result	-	59
Interest income	(62)	(212)
Operating loss before changes in working capital	<u>(4,296)</u>	<u>(2,121)</u>
Changes in working capital		
Quarry development expenditure	2	59
Inventories	(183)	547
Receivables	(6,624)	10,418
Contract assets	10,554	(5,072)
Payables	(2,434)	(11,330)
Net cash used in operations	<u>(2,981)</u>	<u>(7,499)</u>
Tax paid	(457)	(480)
Net (loss)/ profit for the period	24	437
Interest paid	(516)	(769)
Interest received	62	212
Net cash used in operating activities	<u>(3,868)</u>	<u>(8,099)</u>

	6 Months To Date ended 30 September 2021 RM'000	Preceeding period 6 months ended 30 September 2020 RM'000
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(19,538)	(107)
Proceeds from disposal of property, plant and equipment	1,652	-
Net cash inflow from disposal of subsidiary companies	-	(127)
Changes in amount due to associate company	9,791	(4,434)
Changes in other investments	(4)	(4,480)
Net cash generated from/(used in) investing activities	(8,099)	(9,148)
CASH FLOW FROM FINANCING ACTIVITIES		
Net changes in fixed deposits pledged	1,497	(18,443)
Drawdown of borrowing	16,658	5,159
Repayment of borrowings	(5,783)	2,985
Drawdown of term loans	150	-
Repayment of term loans	(927)	-
Repayment of lease liabilities	(1,675)	(2,130)
Proceeds from issuance of shares	-	34,286
Net cash generated from financing activities	9,920	21,857
Net Changes in Cash & Cash Equivalents	(2,047)	4,610
Cash and Cash Equivalents at beginning of the period	10,840	4,254
Effects of exchange translation differences on cash and cash equivalents	5	120
Cash and Cash Equivalents at the end of period	8,798	8,984
Cash and Cash Equivalents comprises of :		
Fixed deposits with licensed banks	5,996	23,944
Cash and bank balances	11,544	10,648
	17,540	34,592
Bank overdrafts	(2,757)	(1,675)
	14,783	32,917
Less: fixed deposits pledged to licensed banks	(5,985)	(23,933)
	8,798	8,984

MINETECH RESOURCES BERHAD [200201007880 (575543-X)]
(Incorporated in Malaysia)
INTERIM FINANCIAL STATEMENTS

Condensed Consolidated Statements of Changes in Equity
For the Financial Period Ended 30 September 2021
(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	Accumulated losses RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
At 1 April 2021	166,813	(48)	40	(76,027)	90,778	1,563	92,341
Loss for the financial period	-	-	-	(7,144)	(7,144)	(2,210)	(9,354)
Other comprehensive income	-	-	7	-	7	-	7
Total comprehensive income/ (loss) for the financial period	-	-	7	(7,144)	(7,137)	(2,210)	(9,347)
Transactions with owners:							
Acquisition of new subsidiary	-	-	-	-	-	110	110
Disposal of non-controlling interest	-	-	-	-	-	(1,288)	(1,288)
	-	-	-	-	-	(1,178)	(1,178)
At 30 September 2021	166,813	(48)	47	(83,171)	83,641	(1,825)	81,816

	----- Attributable to owners of the parent -----						
	Share capital RM'000	Treasury shares RM'000	Foreign currency translation 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	-	-	-	(4,288)	(4,288)	(696)	(4,984)
Total comprehensive loss for the financial period	-	-	-	(4,288)	(4,288)	(696)	(4,984)
Net (loss)/ profit for the period							
Transactions with owners:							
Issuance of share capital	34,286	-	-	-	34,286	-	34,286
	34,286	-	-	-	34,286	-	34,286
At 30 September 2020	166,813	(48)	-	(72,073)	94,692	1,456	96,148

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 2021.

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, part K of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). The interim financial report is in compliance with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board. It should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2021.

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 2021.

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 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract
Annual Improvements to MFRS Standards 2018 - 2020	

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

Standards issued but yet effective

Amendments to MFRS 101	Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies
Amendment to MFRS 108	Definition of Accounting Estimates
Amendment to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
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 2021 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.

Services : Provision of 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 2021:

	Quarry Products RM'000	Civil Engineering RM'000	Bituminous Products RM'000	Services RM'000	Others RM'000	Elimination RM'000	Total RM'000	Quarry Products (discontinued) RM'000	Consolidation RM'000
Revenue									
Revenue to external customers	1,705	25,155	6,011	3,819	558	-	37,248	2,785	40,033
Inter-segment revenue	-	-	1	-	1,074	(1,075)	-	-	-
	<u>1,705</u>	<u>25,155</u>	<u>6,012</u>	<u>3,819</u>	<u>1,632</u>	<u>(1,075)</u>	<u>37,248</u>	<u>2,785</u>	<u>40,033</u>
Segment results	(673)	1,062	(131)	(969)	(7,515)	(320)	(8,546)	94	(8,452)
Interest income	-	54	-	-	-	-	54	8	62
Finance costs							(578)	(95)	(673)
(Loss)/ Profit before tax							(9,070)	7	(9,063)
Taxation							(291)	-	(291)
Net (loss)/ profit for the period							<u>(9,361)</u>	<u>7</u>	<u>(9,354)</u>
Assets									
Segment assets	<u>6,576</u>	<u>56,930</u>	<u>10,226</u>	<u>26,258</u>	<u>145,073</u>	<u>(64,262)</u>	<u>180,801</u>	<u>-</u>	<u>180,801</u>
Liabilities									
Segment liabilities	<u>32,428</u>	<u>32,548</u>	<u>4,201</u>	<u>23,239</u>	<u>75,174</u>	<u>(68,605)</u>	<u>98,985</u>	<u>-</u>	<u>98,985</u>

Segmental information for the 6 months ended 30 September 2020:

	Quarry Products RM'000	Civil Engineering RM'000	Bituminous Products RM'000	Services RM'000	Others RM'000	Elimination RM'000	Total RM'000	Quarry Products (discontinued) RM'000	Consolidation RM'000
Revenue									
Revenue to external customers	1,742	20,715	3,405	-	29	-	25,891	6,085	31,976
Inter-segment revenue	-	-	-	-	282	(282)	-	-	-
	<u>1,742</u>	<u>20,715</u>	<u>3,405</u>	<u>-</u>	<u>311</u>	<u>(282)</u>	<u>25,891</u>	<u>6,085</u>	<u>31,976</u>
Segment results	(200)	3,382	(273)	-	(5,570)	(258)	(2,919)	(651)	(3,570)
Interest income	-	54	46	-	87	-	187	25	212
Finance costs							(598)	(246)	(844)
Loss before tax							(3,330)	(872)	(4,202)
Taxation							(782)	-	(782)
Net loss for the period							<u>(4,112)</u>	<u>(872)</u>	<u>(4,984)</u>
Assets									
Segment assets	<u>11,704</u>	<u>48,071</u>	<u>8,610</u>	<u>-</u>	<u>107,813</u>	<u>(41,227)</u>	<u>134,971</u>	<u>14,869</u>	<u>149,840</u>
Liabilities									
Segment liabilities	<u>36,463</u>	<u>28,411</u>	<u>2,846</u>	<u>-</u>	<u>29,024</u>	<u>(55,678)</u>	<u>41,066</u>	<u>12,626</u>	<u>53,692</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 Sep 2021 RM'000	As at 30 Sep 2020 RM'000
Corporate guarantees	52,524	20,133
Bank guarantees	3,111	9,507

14. Capital commitments

There was no material capital commitment not provided for as at 30 September 2021.

15. Related party transactions

	Current Quarter Ended 30 Sep 2021 RM'000	Year-to -date Ended 30 Sep 2021 RM'000
Rental Income from related companies	(93)	(188)
Management fees between related companies	537	1,074
Rental payable to related companies	19	36
Advances to related companies	100	800

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 2021	3 months ended 30 Sep 2020	3 months ended 30 Sep 2021	3 months ended 30 Sep 2020
	RM'000	RM'000	RM'000	RM'000
Quarry Products	870	1,093	15	17
Quarry Products (discontinued)	-	4,533	-	(39)
Civil Engineering	14,973	14,566	818	3,200
Bituminous Products	2,671	2,148	(137)	213
Services	1,587	-	(418)	-
Others	868	158	(4,631)	(3,997)
Eliminations	(539)	(141)	(79)	(202)
Group	20,430	22,357	(4,432)	(808)
Less: Finance Costs			(287)	(517)
Loss Before Tax			(4,719)	(1,325)

The Group's revenue has decreased to RM20.43 million and recorded operating loss of RM4.72 million in the current reporting quarter as compared with the preceding year's corresponding quarter in which the Group has recorded a total revenue of RM22.36 million and loss before tax of RM1.33 million respectively.

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

Quarry Products

Revenue for the quarry products segment has dropped to RM0.87 million with an operating profit of RM0.02 million as compared to the previous year's corresponding quarter revenue of RM5.63 million and operating profit of RM0.02 million. Revenue has decreased mainly due to closure of quarry site during the Full Movement Control Order ("FMCO") from June to mid of August 2021 as well as the disposal of a subsidiary - Bertam Capital Sdn Bhd which was completed in May 2021.

Civil Engineering

Revenue for the current quarter has increased to RM14.97 million with an operating profit of RM0.82 million compared with the same quarter of the last financial year's revenue of RM14.57 million and operating profit of RM3.2 million.

The higher revenue recorded for this reporting quarter is mainly contributed by Selinsing Gold Mine of RM9.7 million as compared to preceding year's corresponding quarter of RM7.5 million, and Cheras-Kajang Expressway ("CKE") project of RM1.89million as compared to preceding year's corresponding quarter of RM0.93 million. The higher revenue recorded was mainly from the excavation works at the Selinsing Gold Mine which records low margin. During FMCO, only excavation works were allowed at our site. In addition, the last financial year's operating profit was boosted by a cost backcharge relating to a completed project amounting to RM1.4 million.

Bituminous Products

Revenue recorded for this segment for this reporting quarter stood at RM2.67 million with an operating loss of RM0.14 million as compared to the same quarter of the last financial year's revenue of RM2.15 million and operating profit of RM0.21 million. The loss is mainly due to the higher cost incurred for packaging cost, plant & machineries maintenance and overhead cost during this quarter compared to the same quarter of previous financial year.

Services

Revenue is derived from the information-technology services delivered by Uniqa (M) Sdn Bhd. As for Techmile Resources Berhad, no revenue was recorded for this entity mainly due to nature of the contract that is on Call-Out Basis Option of Works as well as the imposition of the Full Movement Control Order ("FMCO") that was announced in June 2021.

Comparison with immediate preceding quarter's results (Q2-FY'22 vs Q1-FY'22)

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

Operating Segment	Current Quarter	Immediate preceding Quarter	Variance	
			RM'000	%
Quarry Products	870	835	35	4%
Quarry Products (discontinued)	-	2,785	(2,785)	-100%
Civil Engineering	14,973	10,182	4,791	47%
Bituminous Products	2,671	3,341	(670)	-20%
Services	1,587	2,232	(645)	-29%
Others	868	764	104	14%
Eliminations	(539)	(536)	(3)	1%
Group	20,430	19,603		
Loss Before Tax	(4,719)	(4,344)	(375)	9%

For the current quarter under review, all active operations have been adversely impacted by the FMCO announced in June 2021.

The quarry products segment's revenue has decreased to RM0.87 million compared to RM3.62 million recorded in the immediate preceding quarter mainly due to the disposal of one subsidiary - Bertam Capital Sdn Bhd in May 2021.

On the other hand, the civil engineering segment's revenue has increased to RM14.97 million as compared to RM10.18 million recorded in the immediate preceding quarter mainly due to higher volume in excavation works at the Selinsing Gold Mine.

The bituminous products segment recorded a decrease of revenue to RM2.67 million as compared to the revenue of RM3.34 million recorded in the immediate preceding quarter due to lower demand in July 2021 from the export market. However there was gradual recovery of sales starting from the month of August 2021.

The Group performance has recorded a loss before tax of RM4.72 million as compared to loss before tax of RM4.34 million recorded in the immediate preceding quarter due mainly due to disrupted operations. In addition, reduced demand from the customers due to the imposition of FMCO resulted in lower revenue. In addition, an impairment loss on receivables from customers at subsidiary level has also been provided amounting to RM2.2 million. However, the Group's active operations recorded a positive EBITDA of RM0.77 million for the quarter.

17. Prospects

The recent announcement by Bank Negara Malaysia (BNM) and the Department of Statistics Malaysia (DOSM) on the expansion of Malaysia's Gross Domestic Product (GDP) by 16.1% year-on-year in the second quarter of 2021 (Q2 2021) indicates a continued recovery trajectory. This expansion followed the smaller decline of 0.5% registered in the preceding quarter (Q1 2021) and a decline of 3.4% during the fourth quarter of 2020 (Q4 2020).

Various key economic indicators reflected encouraging signs of recovery which include an increase of 1.4% of the Industrial Production Index (IPP) in June 2021, supported by 8.7% growth in export-oriented industries, net FDI recorded of RM8.2 billion in Q2 2021 as well as increase in the revenue of the services sector by 20.5%.

As the National COVID-19 Immunisation Programme is accelerated and the NRP thresholds are met for each state, the country's economy is expected to gradually recover. In addition, the Government has also implemented stimulus and assistance packages valued at RM530 billion, targeted to benefit more than 20 million people and 2.4 million businesses.

The Group will continue to remain vigilant on its capital expenditure and spending. Greater focus will be placed on various cost control measures and cash conservation as well as increased efforts in replenishing order books. The Group aims to strengthen our resilience and financial position by exploring strategic restructuring initiatives that have seen us embarking into technology and innovation, and penetration into second-tier construction activities. These diversified businesses have helped the Group to weather the storm and continue to create values to shareholders and other stakeholders during this difficult time.

18. Significant Events

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

i) The Company has on 18 May 2021 entered into a Shares Sale Agreement with Bertam Roadbase Sdn Bhd ("BRSB") for the purpose of disposing of the entire investment of 1,200,000 ordinary shares in Bertam Capital Sdn Bhd ("BCSB"), representing 60% equity interest in BCSB to BRSB for a total consideration of RM10,200,000.00 only. BCSB ceased to be a subsidiary of the Company on 27 July 2021.

ii) Minetech Asphalt Man International Sdn Bhd, an 85%-owned subsidiary of the Company had on 20 May 2021 entered into a MOU with Seltrade Sdn Bhd ("Seltrade") to establish joint collaboration by supplying raw material including but not limited to cold mix, hot mix and emulsion to Seltrade for maintenance project of Selangor's state road awarded by Jabatan Kerja Negeri Selangor. Both parties are in the midst of finalising the supply agreement/ letter of appointment.

iii) The Company had on 26 June 2020 entered into a 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 the Company and HAG identified and jointly agreed to pursue, in the Republic of Kazakhstan and/or in any other countries and region. On 6 August 2021, the Board of Directors announced that the non-binding collaboration between HAG and the Company which shall subsist for one (1) year had lapsed and both parties had no intentions to extend the duration of the MOU. As such, the MOU would no longer subsist.

iv) MCSB had on 11 August 2021 accepted a Letter of Award from Wangsa Keringat Development Sdn Bhd to undertake the design and construction works for project Elevated Road to "Cadangan Pembinaan 4 Block Pangsapuri 22 Tingkat" at a contract value of RM11,300,000 ("Project"). The overall Project duration shall be fifteen (15) months and it is expected to complete by 2 November 2022.

19. Profit forecast/profit guarantee

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

20. Tax expense

Tax expenses were as follows:

	6 months period ended 30 Sep 2021 RM'000	6 months period ended 30 Sep 2020 RM'000
Current tax expense :		
- current tax provision	(291)	(782)

21. Status of corporate proposals

The Company had on 15 March 2021, 18 March 2021 and 22 April 2021 announced multiple corporate proposals as following:-

- Reduction of the Company's issued share capital by RM90 million pursuant to Section 116 of the Companies Act 2016 ("Act") ("Share Capital Reduction");
- Private placement of up to 349,598,600 new ordinary shares in the Company ("Minetech Shares" or "Shares"), representing not more than 30% of the Company's existing number of issued Shares (excluding any treasury shares);
- Renounceable right issue of up to 582,664,400 new irredeemable convertible preference shares in the Company ("ICPS") on the basis of 1 ICPS for every 2 existing Minetech Shares held on an entitlement date to be determined;
- Amendment to the Constitution of the Company to facilitate the issuance of the ICPS;
- Establishment of a share issuance scheme of up to 15% of the total number of issued Shares (excluding any treasury shares) at any one time during the duration of the share issuance scheme;
- Diversification of the existing businesses of the Company and its subsidiaries ("Minetech Group" or "Group") to include the renewable energy business; and
- Diversification of the existing businesses of the Group to include the oil and gas business

The shareholders of the Company has approved the abovementioned corporate proposals in Extraordinary General Meeting held on 28 June 2021. The High Court of Malaya has fixed the hearing date for both the summons for directions and the next case management for the petition of the Share Capital Reduction on 22 September 2021. On 27 October 2021, the High Court of Malaysia had granted the order confirming the Share Capital Reduction and the effective date will be announced in due course.

TA Securities on behalf of the Company had announced that the Right Issue of ICPS has been completed with the listing of and quotation for 582,664,397 ICPS on the Main Market of Bursa Securities on 25 October 2021.

22. Group lease and borrowings

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

	As at 30 September 2021		Total
	Long term	Short term	borrowings
	RM'000	RM'000	RM'000
<u>Secured</u>			
Term loans	10,876	2,920	13,796
Bank Overdrafts	-	2,757	2,757
Lease liabilities	4,384	427	4,811
Short term borrowing	-	24,191	24,191
	<u>15,260</u>	<u>30,295</u>	<u>45,555</u>
	As at 30 September 2020		Total
	Long term	Short term	borrowings
	RM'000	RM'000	RM'000
<u>Secured</u>			
Term loans	10,823	1,196	12,019
Bank Overdrafts	-	1,675	1,675
Lease liabilities	610	1,342	1,952
Short term borrowing	-	838	838
	<u>11,433</u>	<u>5,051</u>	<u>16,484</u>

The term loans and finance lease payables for the current quarter ended 30 September 2021 recorded an increase compared to correspondence quarter ended 30 September 2020 due to new drawdown of term loans and short term borrowings.

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

23. Derivatives

There were no derivatives for the current quarter under review.

24. 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 Notice of Direction to the High Court for the assessment of damages. The Judge ordered for the assessment of damages to be stayed pending the disposal of SMGQ's Appeal.

SMGQ's Appeal was heard on 31st March 2021. The Court of Appeal dismissed SMGQ's Appeal and upheld the High Court's decision in deciding that SMGQ has unlawfully terminated ODSB's contract and the damages should only be given to ODSB.

On 29 April 2021, SMGQ filed a leave application at the Federal Court. On 15 September 2021, the Federal Court dismissed SMGQ's application for leave to appeal with cost of RM15,000.00. Therefore, the High Court's decision in deciding that SMGQ has unlawfully terminated ODSB's contract and the damages should only be given to ODSB is upheld. Now, it is pending the hearing date for the assessment of damages at High Court to be fixed.

(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").

The appeal was heard on 31st March 2021. The Court of Appeal has dismissed the appeal.

The estimated legal fees to be incurred by the Group in the engagement of solicitors to litigate the abovementioned litigation cases is approximately RM50,000.

25. Share capital

	Year to date ended 30 Sep 2021	Year to date ended 30 Sep 2020	Year to date ended 30 Sep 2021	Year to date ended 30 Sep 2020
Issued and fully paid-up				
<i>Ordinary shares with no par value</i>				
	Number of Shares		RM'000	RM'000
	('000)	('000)		
At 1 April	1,165,614	921,575	166,813	132,527
Shares issued during financial period	-	244,039	-	34,286
At 30 September	<u>1,165,614</u>	<u>1,165,614</u>	<u>166,813</u>	<u>166,813</u>

26. Dividends

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

27. Loss per share

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	3 months Quarter ended 30 Sep 2021	3 months Quarter ended 30 Sep 2020	Year to date ended 30 Sep 2021	Year to date ended 30 Sep 2020
Basic loss per share				
Loss attributable to owners of the parent (RM'000)	(3,795)	(1,758)	(7,144)	(4,288)
Weighted average number of ordinary shares ('000)	1,165,614	1,107,675	1,165,614	921,575
Effect of issuance of shares ('000)	-	57,939	-	244,039
Adjusted weighted average number of ordinary shares ('000)	<u>1,165,614</u>	<u>1,165,614</u>	<u>1,165,614</u>	<u>1,165,614</u>
Basic loss per share (sen)	<u>(0.33)</u>	<u>(0.15)</u>	<u>(0.61)</u>	<u>(0.37)</u>

28. Notes to the Consolidated Statement of Comprehensive Income

	Current Quarter Ended 30 Sep 2021 RM'000	Year-to -date Ended 30 Sep 2021 RM'000
Bad debts recovery	(119)	(119)
Depreciation and amortisation	409	952
Gain on disposal of associate company	-	(120)
Gain on disposal of subsidiary companies	-	(1,102)
Impairment loss on receivables	2,161	4,398
Interest expense	270	625
Interest income	(28)	(62)
Loss on disposal of property, plant and equipment	113	773
Reversal of impairment loss on property, plant and equipment	-	(464)
Unrealised gain on foreign exchange	-	(5)

29. Authorised for issuance

The interim financial statements for financial quarter ended 30 September 2021 has been approved by the Board of Directors of MRB on 26 November 2021 for release to the Bursa Securities.