



**MINETECH**

**MINETECH RESOURCES BERHAD GROUP**

**ANNOUNCEMENT PACKAGE**

**Q1/FY2024**

MINETECH RESOURCES BERHAD [200201007880 (575543-X)]

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS

Condensed Consolidated Statement Of Comprehensive Income For the First Quarter Ended 30 June 2023

(The figures have not been audited)

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year Quarter ended 30 Jun 2023 RM'000	Preceding Year Quarter ended 30 Jun 2022 RM'000	Current Year To Date Ended 30 Jun 2023 RM'000	Preceding Year To Date Ended 30 Jun 2022 RM'000
Revenue	26,478	24,052	26,478	24,052
Cost of sales	(23,554)	(22,111)	(23,554)	(22,111)
<b>Gross Profit</b>	<b>2,924</b>	<b>1,941</b>	<b>2,924</b>	<b>1,941</b>
Other income	131	455	131	455
Administrative expenses	(3,415)	(3,616)	(3,415)	(3,616)
Selling and marketing expenses	(158)	(122)	(158)	(122)
Finance costs	(603)	(314)	(603)	(314)
<b>Loss before tax</b>	<b>(1,121)</b>	<b>(1,656)</b>	<b>(1,121)</b>	<b>(1,656)</b>
Tax expense	(347)	(300)	(347)	(300)
<b>Loss for the period</b>	<b>(1,468)</b>	<b>(1,956)</b>	<b>(1,468)</b>	<b>(1,956)</b>
<b>Other comprehensive loss</b>				
<b>Items that are or may be reclassified</b>				
<b>subsequently to profit or loss</b>				
- Exchange translation differences for foreign operation	-	56	-	56
<b>Total comprehensive loss</b>	<b>(1,468)</b>	<b>(1,900)</b>	<b>(1,468)</b>	<b>(1,900)</b>
<b>Loss attributable to:</b>				
Owners of the Parent	(1,268)	(1,875)	(1,268)	(1,875)
Non-controlling interests	(200)	(81)	(200)	(81)
	<b>(1,468)</b>	<b>(1,956)</b>	<b>(1,468)</b>	<b>(1,956)</b>
<b>Total comprehensive loss</b>				
<b>attributable to:</b>				
Owners of the Parent	(1,268)	(1,819)	(1,268)	(1,819)
Non-controlling interests	(200)	(81)	(200)	(81)
	<b>(1,468)</b>	<b>(1,900)</b>	<b>(1,468)</b>	<b>(1,900)</b>
Loss per share (sen)				
- Basic	(0.08)	(0.16)	(0.08)	(0.16)
- Diluted	(0.06)	(0.11)	(0.06)	(0.11)

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 2023.

**MINETECH RESOURCES BERHAD [200201007880 (575543-X)]****(Incorporated in Malaysia)****INTERIM FINANCIAL STATEMENTS****Condensed Consolidated Statement Of Financial Position****As at 30 June 2023**

	<b>Unaudited As At 30 Jun 2023 RM'000</b>	<b>Audited As At 31 March 2023 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	83,656	81,732
Right of use assets	4,162	4,291
Investment properties	1,554	1,559
Inventories	6,000	6,000
Trade receivables	265	175
	<u>95,637</u>	<u>93,757</u>
<b>Current assets</b>		
Inventories	4,133	4,067
Contract assets	14,368	17,146
Trade receivables	54,165	56,287
Other receivables	16,033	16,192
Tax recoverables	495	202
Other investments	429	427
Fixed deposits with licensed bank	6,975	6,877
Cash and bank balance	6,982	7,575
	<u>103,580</u>	<u>108,773</u>
<b>Total assets</b>	<u><u>199,217</u></u>	<u><u>202,530</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	105,518	105,518
Less:- Treasury shares, at cost	(48)	(48)
Reserves	(20,136)	(18,868)
	<u>85,334</u>	<u>86,602</u>
Non-controlling interests	(4,141)	(3,941)
<b>Total equity</b>	<u>81,193</u>	<u>82,661</u>
<b>Non-current liabilities</b>		
Lease and borrowings	14,885	14,847
Deferred tax liabilities	2,207	2,111
	<u>17,092</u>	<u>16,958</u>
<b>Current liabilities</b>		
Trade payables	51,979	53,682
Other payables	15,379	15,736
Lease and borrowings	33,454	33,285
Tax payable	120	208
	<u>100,932</u>	<u>102,911</u>
<b>Total liabilities</b>	<u>118,024</u>	<u>119,869</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>199,217</u></u>	<u><u>202,530</u></u>
<b>Net assets per share (RM)</b>	<b>0.06</b>	<b>0.07</b>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements and the audited financial statements for financial year ended 31 March 2023.

**MINETECH RESOURCES BERHAD [200201007880 (575543-X)]****(Incorporated in Malaysia)****INTERIM FINANCIAL STATEMENTS****Condensed Consolidated Statement Of Cash Flows****For the Financial Period Ended 30 June 2023****(The figures have not been audited)**

	<b>3 Months To Date ended 30 Jun 2023 RM'000</b>	<b>Preceding period 3 months ended 30 Jun 2022 RM'000</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss before tax from continuing operations	(1,121)	(1,656)
Adjustments for:-		
Depreciation and amortisation	973	526
Gain on disposal of property, plant and equipment	-	(81)
Interest expenses	588	291
Interest income	(90)	(31)
Unrealised gain on foreign exchange	62	(56)
Impairment losses on:		
- receivables	398	-
<b>Operating profit/(loss) before changes in working capital</b>	<b>810</b>	<b>(1,007)</b>
Changes in working capital		
Quarry development expenditure	-	5
Inventories	(66)	(732)
Receivables	1,280	(1,340)
Contract assets	2,778	(1,228)
Payables	(2,574)	(979)
<b>Net cash used in operations</b>	<b>2,228</b>	<b>(5,281)</b>
Tax paid	(536)	(826)
Interest paid	(588)	(291)
Interest received	90	31
<b>Net cash used in operating activities</b>	<b>1,194</b>	<b>(6,367)</b>

	<b>3 Months To Date ended 30 Jun 2023 RM'000</b>	<b>Preceding period 3 months ended 30 Jun 2022 RM'000</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant & equipment	(2,769)	(896)
Proceeds from disposal of property, plant & equipment	6	309
Changes in other investments	(2)	1,994
<b>Net cash used in investing activities</b>	<b>(2,765)</b>	<b>1,407</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Movement in fixed deposits pledged	(98)	(1,373)
Drawdown of borrowing	2,435	2,124
Repayment of borrowings	(1,728)	378
Drawdown of term loans	-	150
Repayment of term loans	(137)	(451)
Repayment of lease liabilities	(363)	(279)
Proceeds from issuance of shares	-	1,022
<b>Net cash generated from financing activities</b>	<b>109</b>	<b>1,571</b>
<b>Net Changes in Cash &amp; Cash Equivalents</b>	<b>(1,462)</b>	<b>(3,389)</b>
Cash and Cash Equivalents at beginning of the period	3,531	7,470
Effects of exchange translation differences on cash and cash equivalents	(62)	56
<b>Cash and Cash Equivalents at the end of period</b>	<b>2,007</b>	<b>4,137</b>
<b>Cash and Cash Equivalents comprises of :</b>		
Fixed deposits with licensed banks	6,975	7,772
Cash and bank balances	6,982	8,018
	13,957	15,790
Bank overdrafts	(4,975)	(3,881)
	8,982	11,909
Less: fixed deposits pledged to licensed banks	(6,975)	(7,772)
	<b>2,007</b>	<b>4,137</b>

## INTERIM FINANCIAL STATEMENTS

## Condensed Consolidated Statements of Changes in Equity

For the Financial Period Ended 30 June 2023

(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
<b>At 1 April 2023</b>	105,518	(48)	-	(18,868)	86,602	(3,941)	82,661
Loss for the financial period	-	-	-	(1,268)	(1,268)	(200)	(1,468)
<b>Total comprehensive loss for the financial period</b>	-	-	-	(1,268)	(1,268)	(200)	(1,468)
<b>At 30 June 2023</b>	105,518	(48)	-	(20,136)	85,334	(4,141)	81,193

	----- 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
<b>At 1 April 2022</b>	94,050	(48)	45	(8,275)	85,772	(2,669)	83,103
Loss for the financial period	-	-	-	(1,875)	(1,875)	(81)	(1,956)
Other comprehensive loss	-	-	56	-	56	-	56
<b>Total comprehensive income/ (loss) for the financial period</b>	-	-	56	(1,875)	(1,819)	(81)	(1,900)
<b>Transactions with owners:</b>							
Issuance of ordinary shares	1,436	-	-	-	1,436	-	1,436
Share issue expenses	(414)	-	-	-	(414)	-	(414)
	1,022	-	-	-	1,022	-	1,022
<b>At 30 June 2022</b>	95,072	(48)	101	(10,150)	84,975	(2,750)	82,225

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 2023.

**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 2023.

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 2023.

**2. Changes in accounting policies**

**Adoption of new and amended standards**

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

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

Adoption of the 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 7 & 107	Supplier Finance Arrangements
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current and Non-Current Liabilities with Covenants
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 2023 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 issuances, cancellations, repurchases, resales and repayments 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:

Civil Engineering	: Specialised civil engineering works.
Bituminous Products	: Manufacturing and trading of bituminous products.
Services	: Provision of services.
Energy	: Solar plant operator
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 2023:

	Civil Engineering RM'000	Bituminous Products RM'000	Services RM'000	Energy RM'000	Others RM'000	Elimination RM'000	Consolidation RM'000
<b>Revenue</b>							
Revenue to external customers	17,526	7,566	872	412	102	-	26,478
Inter-segment revenue	-	-	-	-	339	(339)	-
	<u>17,526</u>	<u>7,566</u>	<u>872</u>	<u>412</u>	<u>441</u>	<u>(339)</u>	<u>26,478</u>
<b>Segment results</b>	567	1,088	(540)	(337)	(1,401)	-	(623)
Interest income	52	1	25	-	12	-	90
Finance costs	-	-	-	-	-	-	(588)
Loss before tax	-	-	-	-	-	-	(1,121)
Taxation	-	-	-	-	-	-	(347)
Net loss for the period	-	-	-	-	-	-	<u>(1,468)</u>
<b>Assets</b>							
Segment assets	<u>74,763</u>	<u>17,753</u>	<u>18,656</u>	<u>67,110</u>	<u>99,030</u>	<u>(78,095)</u>	<u>199,217</u>
<b>Liabilities</b>							
Segment liabilities	<u>44,665</u>	<u>9,194</u>	<u>22,337</u>	<u>69,805</u>	<u>65,875</u>	<u>(93,852)</u>	<u>118,024</u>

Segmental information for the 3 months ended 30 June 2022:

	Civil Engineering RM'000	Bituminous Products RM'000	Services RM'000	Energy RM'000	Others RM'000	Elimination RM'000	Consolidation RM'000
<b>Revenue</b>							
Revenue to external customers	13,670	5,857	996	-	3,529	-	24,052
Inter-segment revenue	-	-	-	-	416	(416)	-
	<u>13,670</u>	<u>5,857</u>	<u>996</u>	<u>-</u>	<u>3,945</u>	<u>(416)</u>	<u>24,052</u>
<b>Segment results</b>	726	583	(332)	-	(2,363)	13	(1,373)
Interest income	26	-	-	-	5	-	31
Finance costs	-	-	-	-	-	-	(314)
Loss before tax	-	-	-	-	-	-	(1,656)
Taxation	-	-	-	-	-	-	(300)
Net loss for the period	-	-	-	-	-	-	<u>(1,956)</u>
<b>Assets</b>							
Segment assets	<u>58,230</u>	<u>12,513</u>	<u>24,479</u>	<u>-</u>	<u>163,761</u>	<u>(75,517)</u>	<u>183,466</u>
<b>Liabilities</b>							
Segment liabilities	<u>32,375</u>	<u>5,673</u>	<u>27,158</u>	<u>-</u>	<u>118,896</u>	<u>(82,861)</u>	<u>101,241</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 2023 RM'000	As at 30 Jun 2022 RM'000
Corporate guarantees	54,375	50,394
Bank guarantees	6,250	6,687
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#### 14. Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements as follow:

	As at 30 Jun 2023 RM'000	As at 30 Jun 2022 RM'000
<u>Approved and contracted for:</u>		
Construction of solar plant	-	8,195
<u>Approved but not contracted for:</u>		
Bituminous plant upgrade and decanting	-	1,126
Bituminous plant scrubber system overhaul	715	-
Machineries for drilling and blasting works	4,200	-
Motor vehicles for construction sites	450	-
Remittance system upgrade	894	-
Office equipments and renovation works	243	-
	<hr/>	<hr/>
	6,502	1,126

#### 15. Related party transactions

	Current Quarter Ended 30 Jun 2023 RM'000	Year-to -date Ended 30 Jun 2023 RM'000
Management fees between related companies	339	339
Rental payable to related companies	74	74
Advances to related companies	550	550
	<hr/>	<hr/>

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 Jun 2023	3 months ended 30 Jun 2022	3 months ended 30 Jun 2023	3 months ended 30 Jun 2022
	RM'000	RM'000	RM'000	RM'000
Civil Engineering	17,526	13,670	619	752
Bituminous Products	7,566	5,857	1,089	583
Services	872	996	(515)	(332)
Energy	412	-	(337)	-
Others	441	3,945	(1,389)	(2,358)
Eliminations	(339)	(416)	-	13
Group	26,478	24,052	(533)	(1,342)
Less: Finance Costs			(588)	(314)
Loss Before Tax			(1,121)	(1,656)

The Group's revenue has increased to RM26.48 million and recorded a operating loss of RM1.12 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 RM24.05 million and loss before tax of RM1.66 million respectively.

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

**Civil Engineering**

Revenue for the current quarter has increased to RM17.53 million with an operating profit of RM0.62 million compared with the same quarter of the last financial year's revenue of RM13.67 million and operating profit of RM0.75 million.

A higher revenue was recorded by Selinsing Gold Mine("SGM") of RM12.89 million as compared to the preceding year's corresponding quarter of RM7.25 million resulted from the increase in work volume. Further, the infrastructural work at Emerald 9,Cheras ("GLE") project also contributed to the high revenue with RM1.37 million as compared to the preceding year's corresponding quarter of of RM0.2 million.

**Bituminous Products**

Revenue recorded for this segment for the reporting quarter had increased significantly to RM7.57 million with an operating profit of RM1.09 million as compared to the same quarter of the last financial year's revenue of RM5.86 million and operating income of RM0.58 million. This is mainly due to increase in sales of Coating Enamel to the local market. The operating income increase is mainly due to increase in production efficiency.

**Services**

Revenue for the current quarter decreased to RM0.87 million with an operating loss of RM0.52 million compared with the same quarter of the last financial year's revenue of RM1 million and operating loss of RM0.33 million. Lower revenue for the quarter is due to lower supply of manpower,storage tank maintenance services and lower number of remittance transactions.

**Energy**

The new energy segment, particularly the solar power plant project, has made a revenue contribution of RM0.41 million after achieving its commercial operation date at the end of May 2023.

**Comparison with immediate preceding quarter's results (Q1-FY'24 vs Q4-FY'23)**

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

Operating Segment	Current Quarter RM'000	Immediate preceding Quarter RM'000	Variance	
			RM'000	%
Civil Engineering	17,526	23,423	(5,897)	-25%
Bituminous Products	7,566	8,616	(1,050)	-12%
Services	872	384	488	127%
Energy	412	-	412	-100%
Others	441	4,768	(4,327)	-91%
Eliminations	(339)	(325)	(14)	4%
Group	26,478	36,866		
Loss Before Tax	(1,121)	(7,216)	6,095	-84%

The civil engineering segment's revenue has decreased to RM17.53 million as compared to RM23.42 million recorded in the immediate preceding quarter mainly due to completion of two major projects in FY2023 namely the Cheras-Kajang Expressway ("CKE") project and the YTL Electrified Double Track ("YEDT") project.

The bituminous products segment recorded a decrease in revenue to RM7.57 million as compared to the revenue of RM8.62 million recorded in the immediate preceding quarter due to slightly lower demand for the coating enamel products.

The services segment recorded an increase in revenue to RM0.87 million as compared to the revenue of RM0.38 million recorded in the immediate preceding quarter due to completion in workdone for the supply of manpower,storage tank maintenance services.

The new energy segment, recorded revenue totaling RM0.41 million during the one-month period commencing in June 2023.

The Group performance has recorded at a loss before tax of RM1.12 million as compared to loss before tax of RM7.22million recorded in the immediate preceding quarter, mainly due to improvement in certain revenue segments especially services and energy.The Group recorded a positive adjusted EBITDA of RM0.71 million for the quarter.

## 17. Prospects

Malaysian economy registered a GDP of 5.6% in the 1Q 2023 (4Q 2022: 7.0%) per the recent announcement by Bank Negara Malaysia (BNM). The quarter saw a further expansion of household spending, continued investment activities across all sectors, improving labour market conditions; and higher tourism activities.

Further improvement can be seen in all economic sectors during the period. Major sector that recorded lower growth during the review included Services at 7.3% (4Q 2022: 8.9%), Manufacturing at 3.2% (4Q 2022: 3.9%), Construction sector at 7.4% (4Q 2022: 10.1%) and the Mining sector at 2.4% (4Q 2022: 6.8%).

Private consumption recorded growth at 5.9% (4Q 2022: 7.4%) due to healthier labour market conditions and policy measures such as higher minimum wage and continued cash transfers.

Meanwhile, Malaysia's inflation rate moderated but remained elevated at 3.9% in 1Q 2023 (4Q 2022: 4.2%) due to the existing price controls and fuel subsidies. With the current Overnight Policy Rate (OPR) BNM is optimistic on its impact to accommodate the current economy.

The Group will continue to remain vigilant on its capital expenditure and its strategic ventures. The Group focuses to continuously improve efficiency in bituminous productions and electricity generations.

## 18. Significant Events

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

i) Minetech Asphalt Man International Sdn Bhd, an 85%-owned subsidiary of the Company had on 20 May 2021 entered into a Memorandum of Understanding ("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. On 30 May 2023, the Board of Directors announced that there has been no further material development since the previous announcement.

ii) Minetech Construction Sdn Bhd ("MCSB"), a wholly-owned subsidiary of Minetech had on 8 May 2023 accepted a Letter of Award ("LOA") from Aspect Synergy Sdn Bhd ("ASSB") to undertake the proposed construction and completion of road, drain and other ancillary works serving to Phase 3 at PT 20814 HSD 241561, Taman Iringan Bayu, Mukim Rantau, Daerah Seremban, Negeri Sembilan Darul Khusus at a contract value of approximately RM2.56 million ("Contract"). The overall Contract duration shall be four (4) months with effective from 9 May 2023 and is expected to be completed by 8 September 2023.

iii) Minetech Resources Berhad had on 15 June 2023 entered into a Shares Sale Agreement ("SSA") with Ms Shia Fui Kin ("Vendor") for the purpose of acquisition of 720,000 ordinary shares in Minetech Asphalt Man International Sdn Bhd ("MAMI") representing 15% of the issued and paid-up share capital of MAMI ("Sale Shares") for a total purchase consideration of RM3.55 million only ("Purchase Consideration") ("Acquisition"). Upon completion, MAMI shall become a wholly-owned subsidiary of the Company.

iv) Minetech Construction Sdn Bhd ("MCSB"), a wholly-owned subsidiary of Minetech had on 22 June 2023 accepted a Letter of Award ("LOA") from VED Engineers Sdn Bhd ("VED") (which act on behalf of its employer, i.e. Harbour Home Sdn Bhd, a subsidiary of Lion Group) to undertake the proposed construction and completion of road and drainage system including other related ancillaries for Banting Industrial Park (Part of Phase 1) on Lot 74463, Mukim Tanjung Duabelas, Daerah Kuala Langat, Selangor Darul Ehsan at a contract value of approximately RM6.75 million ("Contract"). The Contract shall commence on 19 June 2023 and is expected to be completed within five (5) months from the commencement date.

v) Techmile Resources Sdn Bhd ("TRSB"), a wholly-owned subsidiary of Minetech had on 9 December 2022 entered into a Memorandum of Understanding ("MOU") with Tesdec Hydropower Sdn Bhd ("TESDEC") to establish a joint collaboration to undertake engineering, procurement, construction and commissioning ("EPCC") works for the development of a total of 30MW Mini-Hydro Project in Terengganu ("Development") ("Joint Collaboration"). On 11 January 2023, TRSB has accepted a Letter of Award ("LOA") from TESDEC on the appointment as a Turnkey Contractor of Engineering, Procurement, Construction & Commissioning for Development of Mini-Hydro Project of 3.0MW at Sungai Pelagat, Besut, Terengganu ("Contract"). The estimated value of the Contract is approximately RM36.71 million. The Contract shall commence in January 2023 and is expected to be completed by May 2027. The LOA shall now supersede the MOU entered between TRSB and TESDEC on 9 December 2022 which the MOU would no longer subsist.

vi) On 29th May 2023, Coral Power Sdn Bhd's 9.99MV floating solar plant achieved its Commercial Operation Date ("COD") via a letter dated 2nd August 2023 from the Energy Commission ("EC"). As a result, the floating solar power plant is able to generate revenue for the Group.

## 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:

	3 months period ended 30 Jun 2023 RM'000	3 months period ended 30 Jun 2022 RM'000
<b>Current tax expense :</b>		
- current tax provision	347	300

## 21. Status of corporate proposals

The shareholders in the EGM held on 28th August 2023 has approved the following variation.

### Balance Proceeds pursuant to the Rights Issue

Existing	Time frame for utilisation	Proposed Utilisation RM'000	Amount Utilised RM'000	Amount Unutilised RM'000	Proposed Variation RM'000	Amount after Variation RM'000
Expenditure for construction projects	Within 24 months	595	595	-	3,053	3,053
Repayment of borrowings	Within 24 months	2,857	2,857	-	-	-
Development cost for Solar Power Plant	Within 6 months	2,500	2,500	-	-	-
Future business investments and/ or acquisitions	Within 24 months	476	-	476	(476)	-
Expansion of quarry division	Within 24 months	714	-	714	(714)	-
Funding of diversification into oil & gas	Within 24 months	714	714	-	-	-
Expansion of bituminous products division	Within 24 months	954	954	-	3,000	3,000
Working capital	Within 24 months	844	844	-	2,280	2,280
Expenses for corporate exercises	Within 1 month	207	207	-	-	-
Funding of Proposed Acquisition	Within 12 months	7,143	-	7,143	(7,143)	-
Funding of Proposed Diversificati Within 12 months	Within 12 months	476	476	-	-	-
<b>Total</b>		<b>17,480</b>	<b>9,147</b>	<b>8,333</b>	<b>-</b>	<b>8,333</b>

### Balance Proceeds pursuant to the Private Placement

Existing	Time frame for utilisation	Proposed Utilisation RM'000	Actual Proceed RM'000	Amount Utilised RM'000	Amount Unutilised RM'000	Proposed Variation RM'000	Amount after Variation RM'000
Expenditure for construction projects	Within 24 months	4,405	912	912	-	5,516	5,516
Repayment of borrowings	Within 24 months	9,143	1,892	1,892	-	-	-
Development cost for Solar Power Plant	Within 6 months	5,500	1,138	1,138	-	-	-
Future business investments and/ or acquisitions	Within 24 months	1,524	315	-	315	(315)	-
Expansion of quarry division	Within 24 months	2,286	473	-	473	(473)	-
Funding of diversification into oil & gas	Within 24 months	2,286	473	473	-	-	-
Expansion of bituminous products division	Within 24 months	3,046	631	631	-	-	-
Working capital	Within 24 months	2,702	559	559	-	-	-
Expenses for corporate exercises	Within 1 month	663	138	138	-	-	-
Funding of Proposed Acquisition	Within 12 months	22,857	4,728	-	4,728	(4,728)	-
Funding of Proposed Diversificati Within 12 months	Within 12 months	1,524	315	315	-	-	-
<b>Total</b>		<b>55,936</b>	<b>11,574</b>	<b>6,058</b>	<b>5,516</b>	<b>-</b>	<b>5,516</b>

## 22. Group lease and borrowings

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

	As at 30 June 2023		
	Long term RM'000	Short term RM'000	Total borrowings RM'000
<u>Secured</u>			
Term loans	7,737	25,188	32,925
Bank Overdrafts	-	4,975	4,975
Lease liabilities	6,897	1,307	8,204
Short term borrowing	-	2,235	2,235
	<u>14,634</u>	<u>33,705</u>	<u>48,339</u>

  

	As at 30 June 2022		
	Long term RM'000	Short term RM'000	Total borrowings RM'000
<u>Secured</u>			
Term loans	10,254	2,892	13,146
Bank Overdrafts	-	3,881	3,881
Lease liabilities	6,677	818	7,495
Short term borrowing	-	25,820	25,820
	<u>16,931</u>	<u>33,411</u>	<u>50,342</u>

The term loans and finance lease payables for the financial period ended 30 June 2023 recorded an increase compared to correspondence financial period ended 30 June 2022 due to increase in 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:-

### **Kuala Lumpur High Court Suit No. S-22NCVC-288-04/2013 ("Suit 288")**

The Trial for Suit 288 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 29th 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. The Court has fixed 20th September 2022 for Case Management on Notice of Assessment of Damages.

On 18th October 2022, ODSB has submitted the Independent Report on Assessment Damages to the Court. The Court has fixed 22nd November 2022 for Case Management for Defendant's Rebuttal.

On 22nd November 2022 Case Management, the Defendant's Solicitor has requested for more time to finalise and submit their Rebuttal. The Court fixed 13th January 2023 for the next Case Management date. On 13th January 2023, the Defendant's Solicitor has required a further time extension. The Court fixed the next Case Management date on 31st October 2023. ODSB had engaged an external accountant, Messrs BDO, to prepare a Report to calculate ODSB's loss of profit for the purpose of the Assessment Proceedings.

## 25. Share capital

	Year to date ended 30 Jun 2023	Year to date ended 30 Jun 2022	Year to date ended 30 Jun 2023	Year to date ended 30 Jun 2022
<b>Issued and fully paid-up</b>				
<i>Ordinary shares with no par value</i>				
	<b>Number of Shares (‘000)</b>	<b>(‘000)</b>	<b>RM’000</b>	<b>RM’000</b>
At 1 April	1,526,822	1,165,614	88,281	76,813
Shares issued during financial period	-	22,800	-	1,436
Share issue expenses	-	-	-	(414)
At 31 March	<u>1,526,822</u>	<u>1,188,414</u>	<u>88,281</u>	<u>77,835</u>
<i>Irredeemable convertible preference shares</i>				
At 1 April	582,664	582,664	17,237	17,237
Shares issued during financial period	-	-	-	-
At 31 March	<u>582,664</u>	<u>582,664</u>	<u>17,237</u>	<u>17,237</u>
Total	<u>2,109,486</u>	<u>1,771,078</u>	<u>105,518</u>	<u>95,072</u>

## 26. Dividends

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

## 27. Loss per share

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	3 months Quarter ended 30 Jun 2023	3 months Quarter ended 30 Jun 2022	Year to date ended 30 Jun 2023	Year to date ended 30 Jun 2022
<b>Basic loss per share</b>				
Loss attributable to owners of the parent (RM’000)	(1,268)	(1,875)	(1,268)	(1,875)
Weighted average number of ordinary shares (‘000)	1,526,822	1,165,614	1,526,822	1,165,614
Weighted average number of irredeemable convertible shares (‘000)	582,664	582,664	582,664	582,664
Effect of ordinary shares issued (‘000)	-	22,800	-	22,800
Adjusted weighted average number of shares (‘000)	<u>2,109,486</u>	<u>1,771,078</u>	<u>2,109,486</u>	<u>1,771,078</u>
Basic loss per share (sen)	(0.08)	(0.16)	(0.08)	(0.16)
Diluted loss per share (sen)	(0.06)	(0.11)	(0.06)	(0.11)

There is diluted loss per share due to issuance of irredeemable convertible preference shares.

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

	<b>Current Quarter Ended 30 Jun 2023 RM’000</b>	<b>Year-to -date Ended 30 Jun 2023 RM’000</b>
Depreciation and amortisation	973	973
Impairment loss on receivables	398	398
Interest expense	588	588
Interest income	(90)	(90)
Realised loss on foreign exchange	7	7
Unrealised loss on foreign exchange	<u>62</u>	<u>62</u>

## 29. Authorised for issuance

The interim financial statements for financial quarter ended 30 June 2023 has been approved by the Board of Directors of MRB on 28 August 2023 for release to the Bursa Securities.