



MINETECH RESOURCES BERHAD GROUP

ANNOUNCEMENT PACKAGE

Q3/FY2024

INTERIM FINANCIAL STATEMENTS

Condensed Consolidated Statement Of Comprehensive Income For the Third Quarter Ended 31 December 2023

(The figures have not been audited)

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year Quarter ended 31 Dec 2023 RM'000	Preceding Year Quarter ended 31 Dec 2022 RM'000	Current Year To Date Ended 31 Dec 2023 RM'000	Preceding Year To Date Ended 31 Dec 2022 RM'000
Revenue	34,953	36,346	94,671	87,337
Cost of sales	(30,748)	(31,119)	(83,313)	(77,316)
Gross Profit	4,205	5,227	11,358	10,021
Other income	714	243	1,863	946
Administrative expenses	(3,563)	(4,043)	(10,102)	(11,005)
Selling and marketing expenses	(108)	(100)	(371)	(305)
Finance costs	(1,203)	(1,139)	(3,033)	(2,610)
Profit/(Loss) before tax	45	188	(285)	(2,953)
Tax expense	(837)	(960)	(1,898)	(887)
Loss for the period	(792)	(772)	(2,183)	(3,840)
Other comprehensive loss				
Items that are or may be reclassified				
subsequently to profit or loss				
- Exchange translation differences for foreign operation	-	(52)	-	80
Total comprehensive loss	(792)	(824)	(2,183)	(3,760)
Loss attributable to:				
Owners of the Parent	(167)	(470)	(1,087)	(3,123)
Non-controlling interests	(625)	(302)	(1,096)	(717)
	(792)	(772)	(2,183)	(3,840)
Total comprehensive loss				
attributable to:				
Owners of the Parent	(167)	(522)	(1,087)	(3,043)
Non-controlling interests	(625)	(302)	(1,096)	(717)
	(792)	(824)	(2,183)	(3,760)
Loss per share (sen)				
- Basic	(0.01)	(0.03)	(0.07)	(0.21)
- Diluted	(0.01)	(0.02)	(0.05)	(0.15)

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 31 December 2023**

	Unaudited As At 31 December 2023 RM'000	Audited As At 31 March 2023 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	87,699	81,732
Right of use assets	3,922	4,291
Investment properties	1,544	1,559
Inventories	6,000	6,000
Trade receivables	-	175
	<u>99,165</u>	<u>93,757</u>
Current assets		
Inventories	3,580	4,067
Contract assets	13,639	17,146
Trade receivables	53,043	56,287
Other receivables	7,209	16,192
Tax recoverables	86	202
Other investments	434	427
Fixed deposits with licensed bank	7,058	6,877
Cash and bank balance	7,825	7,575
	<u>92,874</u>	<u>108,773</u>
Total assets	<u><u>192,039</u></u>	<u><u>202,530</u></u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	105,959	105,518
Less:- Treasury shares, at cost	(48)	(48)
Reserves	(22,207)	(18,868)
	<u>83,704</u>	<u>86,602</u>
Non-controlling interests	(6,335)	(3,941)
Total equity	<u>77,369</u>	<u>82,661</u>
Non-current liabilities		
Lease and borrowings	16,134	14,847
Deferred tax liabilities	2,208	2,111
	<u>18,342</u>	<u>16,958</u>
Current liabilities		
Trade payables	46,404	53,682
Other payables	15,203	15,736
Lease and borrowings	34,643	33,285
Tax payable	78	208
	<u>96,328</u>	<u>102,911</u>
Total liabilities	<u>114,670</u>	<u>119,869</u>
TOTAL EQUITY AND LIABILITIES	<u><u>192,039</u></u>	<u><u>202,530</u></u>
Net assets per share (RM)	0.05	0.06

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 31 December 2023****(The figures have not been audited)**

	9 Months To Date ended 31 December 2023 RM'000	Preceding period 9 months ended 31 December 2022 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before tax from continuing operations	(285)	(2,953)
Adjustments for:-		
Depreciation and amortisation	3,807	1,792
Gain on disposal of property, plant and equipment	(48)	(113)
Interest expenses	2,993	2,553
Interest income	(473)	(207)
Unrealised loss/(gain) on foreign exchange	64	(72)
Impairment losses on:		
- receivables	1,729	339
Operating profit before changes in working capital	7,787	1,339
Changes in working capital		
Quarry development expenditure	-	15
Inventories	487	(1,952)
Receivables	10,500	(10,346)
Contract assets	3,507	1,518
Payables	(7,985)	6,841
Net cash generated from/(used in) operations	14,296	(2,585)
Tax paid	(1,817)	(1,876)
Tax refund	13	-
Interest paid	(2,993)	(2,553)
Interest received	473	207
Net cash generated from/(used in) operating activities	9,972	(6,807)

	9 Months To Date ended 31 December 2023 RM'000	Preceding period 9 months ended 31 December 2022 RM'000
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(9,509)	(6,173)
Proceeds from disposal of property, plant & equipment	167	567
Net cash outflow from acquisition of subsidiary company	(2,252)	-
Changes in other investments	(7)	1,489
Net cash used in investing activities	(11,601)	(4,117)
CASH FLOW FROM FINANCING ACTIVITIES		
Movement in fixed deposits pledged	(181)	(436)
Drawdown of borrowing	7,893	11,699
Repayment of borrowings	(3,831)	(9,511)
Drawdown of term loans	-	150
Repayment of term loans	(445)	(2,919)
Repayment of lease liabilities	(972)	(253)
Proceeds from issuance of shares	441	11,338
Net cash generated from financing activities	2,905	10,068
Net Changes in Cash & Cash Equivalents	1,276	(856)
Cash and Cash Equivalents at beginning of the period	3,531	7,470
Effects of exchange translation differences on cash and cash equivalents	(64)	72
Cash and Cash Equivalents at the end of period	4,743	6,686
Cash and Cash Equivalents comprises of :		
Fixed deposits with licensed banks	7,058	6,835
Cash and bank balances	7,825	10,474
	14,883	17,309
Bank overdrafts	(3,082)	(3,788)
	11,801	13,521
Less: fixed deposits pledged to licensed banks	(7,058)	(6,835)
	4,743	6,686

INTERIM FINANCIAL STATEMENTS

Condensed Consolidated Statements of Changes in Equity

For the Financial Period Ended 31 December 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
At 1 April 2023	105,518	(48)	-	(18,868)	86,602	(3,941)	82,661
Loss for the financial period	-	-	-	(1,087)	(1,087)	(1,096)	(2,183)
Total comprehensive loss for the financial period	-	-	-	(1,087)	(1,087)	(1,096)	(2,183)
Transactions with owners:							
Exercise of employee option scheme	387	-	-	-	387	-	387
Conversion of ICPS to Ordinary Shares	54	-	-	-	54	-	54
Changes of ownership	-	-	-	(2,252)	(2,252)	(1,298)	(3,550)
	441	-	-	(2,252)	(1,811)	(1,298)	(3,109)
At 31 December 2023	105,959	(48)	-	(22,207)	83,704	(6,335)	77,369

	----- 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 2022	94,050	(48)	45	(8,275)	85,772	(2,669)	83,103
Loss for the financial period	-	-	-	(3,123)	(3,123)	(717)	(3,840)
Other comprehensive profit	-	-	80	-	80	-	80
Total comprehensive income/ (loss) for the financial period	-	-	80	(3,123)	(3,043)	(717)	(3,760)
Transactions with owners:							
Issuance of ordinary shares	11,574	-	-	-	11,574	-	11,574
Exercise of Share Issuance Scheme	226	-	-	-	226	-	226
Share issue expenses	(462)	-	-	-	(462)	-	(462)
	11,338	-	-	-	11,338	-	11,338
At 31 December 2022	105,388	(48)	125	(11,398)	94,067	(3,386)	90,681

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 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 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 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 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:

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 9 months ended 31 December 2023:

	Civil Engineering RM'000	Bituminous Products RM'000	Services RM'000	Energy RM'000	Others RM'000	Elimination RM'000	Consolidation RM'000
Revenue							
Revenue to external customers	68,889	21,561	1,219	2,901	101	-	94,671
Inter-segment revenue	-	-	-	-	1,371	(1,371)	-
	<u>68,889</u>	<u>21,561</u>	<u>1,219</u>	<u>2,901</u>	<u>1,472</u>	<u>(1,371)</u>	<u>94,671</u>
Segment results	6,001	2,511	(1,358)	(557)	(4,362)	-	2,235
Interest income	182	3	25	-	263	-	473
Finance costs							<u>(2,993)</u>
Loss before tax							<u>(285)</u>
Taxation							<u>(1,898)</u>
Net loss for the period							<u><u>(2,183)</u></u>
Assets							
Segment assets	<u>78,135</u>	<u>19,896</u>	<u>18,617</u>	<u>66,341</u>	<u>92,867</u>	<u>(83,817)</u>	<u>192,039</u>
Liabilities							
Segment liabilities	<u>44,282</u>	<u>10,350</u>	<u>26,292</u>	<u>70,964</u>	<u>58,756</u>	<u>(95,974)</u>	<u>114,670</u>

Segmental information for the 9 months ended 31 December 2022:

	Quarry Products RM'000	Civil Engineering RM'000	Bituminous Products RM'000	Services RM'000	Others RM'000	Elimination RM'000	Consolidation RM'000
Revenue							
Revenue to external customers	425	51,863	23,116	5,330	6,603	-	87,337
Inter-segment revenue	-	-	-	-	1,064	(1,064)	-
	<u>425</u>	<u>51,863</u>	<u>23,116</u>	<u>5,330</u>	<u>7,667</u>	<u>(1,064)</u>	<u>87,337</u>
Segment results	(436)	4,914	1,988	(276)	(13,750)	7,010	(550)
Interest income	-	105	-	95	7	-	207
Finance costs							<u>(2,610)</u>
Loss before tax							<u>(2,953)</u>
Taxation							<u>(887)</u>
Net loss for the period							<u><u>(3,840)</u></u>
Assets							
Segment assets	<u>3,550</u>	<u>65,562</u>	<u>17,186</u>	<u>26,098</u>	<u>163,580</u>	<u>(78,907)</u>	<u>197,069</u>
Liabilities							
Segment liabilities	<u>30,601</u>	<u>36,215</u>	<u>9,373</u>	<u>28,604</u>	<u>92,842</u>	<u>(91,247)</u>	<u>106,388</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 31 Dec 2023 RM'000	As at 31 Dec 2022 RM'000
Corporate guarantees	59,937	50,161
Bank guarantees	4,452	4,889
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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 31 Dec 2023 RM'000	As at 31 Dec 2022 RM'000
<u>Approved and contracted for:</u>		
Construction of solar plant	-	6,849
<u>Approved but not contracted for:</u>		
Bituminous plant upgrade and decanting	115	-
Bituminous plant scrubber system overhaul	600	-
Machineries for drilling and blasting works	2,300	-
Motor vehicles for construction sites	-	-
Remittance system upgrade	893	-
Office equipments and renovation works	218	-
	<hr/>	<hr/>
	4,126	-
	<hr/>	<hr/>

15. Related party transactions

	Current Quarter Ended 31 Dec 2023 RM'000	Year-to -date Ended 31 Dec 2023 RM'000
Management fees between related companies	690	1,368
Rental payable to related companies	106	231
Advances to related companies	40	590
	<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 31 Dec 2023	3 months ended 31 Dec 2022	3 months ended 31 Dec 2023	3 months ended 31 Dec 2022
	RM'000	RM'000	RM'000	RM'000
Civil Engineering	25,911	22,051	3,037	3,127
Bituminous Products	7,694	10,029	849	570
Services	30	3,175	134	244
Energy	1,273	-	(295)	-
Others	736	1,415	(2,486)	(9,061)
Eliminations	(691)	(324)	-	6,447
Group	34,953	36,346	1,239	1,327
Less: Finance Costs			(1,194)	(1,139)
Profit Before Tax			45	188

The Group's revenue has decreased to RM34.95 million and recorded an operating profit of RM0.05 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 RM36.35 million and profit before tax of RM0.19 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 RM25.91 million with an operating profit of RM3.04 million compared with the same quarter of the last financial year's revenue of RM22.05 million and operating profit of RM3.13 million.

A higher revenue was recorded by Selinsing Gold Mine ("SGM") of RM22.69 million as compared to the preceding year's corresponding quarter of RM15 million resulted from the increase in work volume. In addition, a new road and drainage works project in Banting Industrial Park contributed an additional RM2.14 million revenue.

Bituminous Products

Revenue recorded for this segment for the reporting quarter had decreased to RM7.69 million with an operating profit of RM0.85 million as compared to the same quarter of the last financial year's revenue of RM10.03 million and operating income of RM0.57 million. This is mainly due to there was a one-off local contract of Coating Enamel throughout the preceding year's quarter 3 & 4.

Services

Revenue for the current quarter decreased to RM0.03 million with an operating profit of RM0.13 million compared with the same quarter of the last financial year's revenue of RM3.18 million and operating profit of RM0.24 million. Lower revenue for the quarter is due to lesser 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 RM1.27 million in the current quarter after achieving its commercial operation date at the end of May 2023.

Comparison with immediate preceding quarter's results (Q3-FY'24 vs Q2-FY'24)

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	RM'000	RM'000	%
Civil Engineering	25,911	25,452	459	2%
Bituminous Products	7,694	6,301	1,393	22%
Services	30	317	(287)	-91%
Energy	1,273	1,216	57	-100%
Others	736	295	441	149%
Eliminations	(691)	(341)	(350)	103%
Group	34,953	33,240		
Profit Before Tax	45	791	(746)	-94%

The civil engineering segment's revenue has increased to RM25.91 million as compared to RM25.45 million recorded in the immediate preceding quarter. There was increase in production volume for Selinsing Gold Mine ("SGM") project and also closure of few minor projects.

The bituminous products segment recorded an increased in revenue to RM7.69 million as compared to the revenue of RM6.30 million recorded in the immediate preceding quarter due to higher demand for the Coating Enamel products.

The services segment recorded a decrease in revenue to RM0.03 million as compared to the revenue of RM0.32 million recorded in the immediate preceding quarter due to lesser supply of manpower, storage tank maintenance services.

The new energy segment, recorded an increase in revenue to RM1.27 million as compared to RM1.22 million recorded in the immediate preceding quarter.

The Group has recorded a profit before tax of RM0.05 million as compared to profit before tax of RM0.79 million recorded in the immediate preceding quarter, mainly due to additional cost incurred in one of the infrastructure projects and additional drilling & overhaul works in SGM. The Group recorded a positive adjusted EBITDA of RM2.2 million for the quarter.

17. Prospects

Malaysian economy registered a grew in GDP of 3.3% in the 3Q 2023 (2Q 2023: 2.9%) per the recent announcement by Bank Negara Malaysia (BNM). The quarter saw a further expansion in household spending, export of services and also higher construction activity.

Further improvement can be seen in most economic sectors during the period. Major sector that recorded lower growth during the review included Services at 5% (2Q 2023: 4.7%), Manufacturing at -0.1% (2Q 2023: 0.1%) and Construction sector at 7.2% (2Q 2023: 6.2%).

Private consumption recorded growth at 4.6% (2Q 2023: 4.3%) due to improvement in both necessities and discretionary spending by households.

Meanwhile, Malaysia's inflation rate moderated but remained elevated at 2.5% in 3Q 2023 (2Q 2023: 3.4%) 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 11 October 2023, the Board of Directors announced that Seltrade and MAMI had mutually agreed to terminate the MOU due to the supply services by MAMI has not been active for the past two years. In accordance with the MOU dated 20 May 2021 between Seltrade and MAMI, the Parties had mutually agreed to terminate the MOU in writing. Hence, the MOU shall cease to be valid and effective from 11 October 2023. On 12 October 2023, Minetech wishes to clarify that the supply services by MAMI has not been active for the past 2 years was due to unsuccessful attempts to formalise a supply agreement and other potential collaborations on premix projects with Seltrade. As such, it has led to the Parties to mutually agree on the termination of the MOU.

ii) Minetech Construction Sdn Bhd ("MCSB"), a wholly-owned subsidiary of the Company has on 31 January 2024 entered into an agreement with Able Return Sdn Bhd [Registration No. 200101013874 (549631-D)] and Damar Consolidated Exploration Sdn Bhd [Registration No. 199101019355 (229692-V)] in connection with the renewal of contract for waste removal, ore deliveries and associated works for open pit mining in respect of Selinsing Gold Mine Project for a further period of 36 months commencing from 1 January 2024 to 31 December 2026 with an estimated total contract value of approximately RM230.0 million ("Contract"). On 5 February 2024, the Company wishes to further clarify that while Minetech Construction Sdn Bhd continues to adhere to the same scope of work arising from the renewed contract, the production volume has increased by approximately 220% due to the expansion of mining area as well as increase of price in additional materials and services, i.e. diesel, explosive, spare part, repair and maintenance, etc., which resulted in a higher estimated total contract value.

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:

	9 months period ended 31 Dec 2023 RM'000	9 months period ended 31 Dec 2022 RM'000
Current tax expense :		
- current tax provision	(1,922)	(789)
- under provision in prior years	24	(98)
	<u>(1,898)</u>	<u>(887)</u>

For the current quarter, the Group effective tax rate is higher than the statutory tax rate. This is mainly due to tax losses in certain subsidiaries unavailable to set off against profitable subsidiaries with the Group and certain expenses not allowable for tax deduction.

21. Status of corporate proposals

Balance Proceeds pursuant to the Rights Issue

Existing	Time frame for utilisation	Proposed Utilisation	Amount Utilised	Amount Unutilised
		RM'000	RM'000	RM'000
Expenditure for construction projects	Within 24 months	3,648	3,648	-
Repayment of borrowings	Within 24 months	2,857	2,857	-
Development cost for Solar Power Plant	Within 6 months	2,500	2,500	-
Funding of diversification into oil & gas	Within 24 months	714	714	-
Expansion of bituminous products division	Within 24 months	3,954	3,954	-
Working capital	Within 24 months	3,124	3,124	-
Expenses for corporate exercises	Within 1 month	207	207	-
Funding of Proposed DiversificatiWithin 12 months	Within 12 months	476	476	-
Total		17,480	17,480	-

Balance Proceeds pursuant to the Private Placement

Existing	Time frame for utilisation	Proposed Utilisation	Actual Proceed	Amount Utilised	Amount Unutilised
		RM'000	RM'000	RM'000	RM'000
Expenditure for construction projects	Within 24 months	4,405	6,428	6,428	-
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	-	-	-
Expansion of quarry division	Within 24 months	2,286	-	-	-
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	-	-	-
Funding of Proposed DiversificatiWithin 12 months	Within 12 months	1,524	315	315	-
Total		55,936	11,574	11,574	-

On 28 Dec 2023, a total of 9,571,700 Options under Share Issuance Scheme ("SIS") was exercised at a price of RM0.0307 each.

On 28 Dec 2023, a total of 1,867,300 new ordinary shares in the capital of the Company was issued pursuant to the conversion of 7,469,200 Irredeemable Convertible Preference Shares ("ICPS") to 1,867,300 new ordinary shares by way of conversion of four (4) ICPS for one (1) new ordinary share.

On 03 Jan 2024, a total of 1,590,000 new ordinary shares in the capital of the Company was issued pursuant to the conversion of 6,360,000 Irredeemable Convertible Preference Shares ("ICPS") to 1,590,000 new ordinary shares by way of conversion of four (4) ICPS for one (1) new ordinary share.

On 04 Jan 2024, a total of 375,000 Options under Share Issuance Scheme ("SIS") was exercised at a price of RM0.0307 each. A total of 150,000 Options under Share Issuance Scheme ("SIS") was exercised at a price of RM0.0593 each.

On 10 Jan 2024, a total of 4,532,500 new ordinary shares of the Company ("Shares") were issued pursuant to the conversion of 18,130,000 Irredeemable Convertible Preference Shares ("ICPS") to 4,532,500 new Shares by way of conversion of four (4) ICPS for one (1) new Share. A total of 5,380,000 new Shares were issued pursuant to the conversion of 5,380,000 ICPS to 5,380,000 new Shares by way of conversion of one (1) ICPS together with cash payment of RM0.09 for one (1) new Share. The conversion price for the ICPS is RM0.12 for one (1) new Share.

On 12 Jan 2024, a total of 41,868,300 Options under Share Issuance Scheme ("SIS") was exercised at a price of RM0.0307 each. A total of 22,099,387 Options under Share Issuance Scheme ("SIS") was exercised at a price of RM0.0593 each.

On 15 Jan 2024, a total of 200,000 new ordinary shares of the Company ("Shares") were issued pursuant to the conversion of 800,000 Irredeemable Convertible Preference Shares ("ICPS") to 200,000 new Shares by way of conversion of four (4) ICPS for one (1) new Share. A total of 25,835,000 new Shares were issued pursuant to the conversion of 25,835,000 ICPS to 25,835,000 new Shares by way of conversion of one (1) ICPS together with cash payment of RM0.09 for one (1) new Share. The conversion price for the ICPS is RM0.12 for one (1) new Share.

On 15 Jan 2024, a total of 75,669,820 Options under Share Issuance Scheme ("SIS") was exercised at a price of RM0.0307 each. A total of 43,581,903 Options under Share Issuance Scheme ("SIS") was exercised at a price of RM0.0593 each.

On 18 Jan 2024, a total of 584,700 new ordinary shares of the Company ("Shares") were issued pursuant to the conversion of 584,700 Irredeemable Convertible Preference Shares ("ICPS") to 584,700 new Shares by way of conversion of one (1) ICPS together with cash payment of RM0.09 for one (1) new Share. The conversion price for the ICPS is RM0.12 for one (1) new Share.

On 23 Jan 2024, a total of 11,107,000 Options under Share Issuance Scheme ("SIS") was exercised at a price of RM0.0307 each. A total of 2,500,000 Options under Share Issuance Scheme ("SIS") was exercised at a price of RM0.0593 each.

On 24 Jan 2024, a total of 250,000 new ordinary shares of the Company ("Shares") were issued pursuant to the conversion of 250,000 Irredeemable Convertible Preference Shares ("ICPS") to 250,000 new Shares by way of conversion of one (1) ICPS together with cash payment of RM0.09 for one (1) new Share. The conversion price for the ICPS is RM0.12 for one (1) new Share.

On 31 Jan 2024, a total of 7,433,500 Options under Share Issuance Scheme ("SIS") was exercised at a price of RM0.0307 each. A total of 500,000 Options under Share Issuance Scheme ("SIS") was exercised at a price of RM0.0593 each.

22. Group lease and borrowings

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

	As at 31 December 2023		Total borrowings RM'000
	Long term RM'000	Short term RM'000	
<u>Secured</u>			
Term loans	7,381	2,549	9,930
Bank Overdrafts	-	3,082	3,082
Lease liabilities	8,753	2,112	10,865
Short term borrowing	-	26,900	26,900
	<u>16,134</u>	<u>34,643</u>	<u>50,777</u>
	As at 31 December 2022		Total borrowings RM'000
	Long term RM'000	Short term RM'000	
<u>Secured</u>			
Term loans	8,171	2,337	10,508
Bank Overdrafts	-	3,788	3,788
Lease liabilities	6,521	1,192	7,713
Short term borrowing	-	25,577	25,577
	<u>14,692</u>	<u>32,894</u>	<u>47,586</u>

The term loans and finance lease payables for the financial period ended 31 December 2023 recorded an increase compared to correspondence financial period ended 31 December 2022 due to accumulating of term loan interest and addition of new hire purchases.

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:-

a. 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.

The Court has fixed a further Case Management date on 11th March 2024 for the parties to finalise the marking and categorisation of all documents intended to be relied on during the assessment of damages proceeding and the preparation of the List of Witnesses.

b. Shah Alam High Court Suit No. BA-22NCC-95-07/2023

Coral Power Sdn Bhd ("CPSB") had received Writ of Summons and Statement of Claim ("Claims") dated 31 July 2023 from ManagePay Resources Sdn Bhd ("MPAY"). MPAY claims of the total amounting to RM5,610,011.47 for the overdue interest under the loan agreement and an interest at a rate of 8% per annum on late interest payments.

The Board of Directors had obtained a preliminary view from its solicitors who considers that Minetech and CPSB have a reasonably good prospect of defending the Claim and has made a counterclaim against the Plaintiff accordingly.

On 10 October 2023, the Company and CPSB had filed a Defence and Counterclaim ("Counterclaim") suit against the Plaintiff for failing to comply with the drawdown schedule in accordance to the Offer Letter and Loan Agreement, and had instead drawdown periodically via 59 tranches, which had caused material development and financial delays on the Project.

The counterclaim consists of compensation for general damages due to breach of the Offer Letter and Loan Agreement to be assessed by the High Court based on the costs incurred by CPSB and/or estimated damages amounting to RM20,742,738.71 and interest at the rate of 5% per annum on the amount of damages from the date of filing the Counterclaim until full settlement. The Court has fixed the trial on 10th - 12th June 2024.

25. Share capital

	Year to date ended 31 Dec 2023	Year to date ended 31 Dec 2022	Year to date ended 31 Dec 2023	Year to date ended 31 Dec 2022
	<u>Number of Shares</u>		<u>RM'000</u>	<u>RM'000</u>
	('000)	('000)		
Issued and fully paid-up				
<i>Ordinary shares with no par value</i>				
At 1 April	1,526,822	1,165,614	88,281	76,813
Shares issued during financial period	11,932	356,955	387	12,043
Conversion of ICPS to Ordinary Shares	1,867	-	54	-
Share issue expenses	-	-	-	(705)
At 31 December	1,540,621	1,522,569	88,722	88,151
<i>Irredeemable convertible preference shares ("ICPS")</i>				
At 1 April	582,664	582,664	17,237	17,237
Conversion of ICPS to Ordinary Shares	(1,867)	-	-	-
At 31 December	580,797	582,664	17,237	17,237
Total	2,121,418	2,105,233	105,959	105,388

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>	
	<u>3 months</u> <u>Quarter ended</u> <u>31 Dec 2023</u>	<u>3 months</u> <u>Quarter ended</u> <u>31 Dec 2022</u>	<u>Year to</u> <u>date ended</u> <u>31 Dec 2023</u>	<u>Year to</u> <u>date ended</u> <u>31 Dec 2022</u>
Basic loss per share				
Loss attributable to owners of the parent (RM'000)	(167)	(470)	(1,087)	(3,123)
Weighted average number of ordinary shares ('000)	1,526,822	1,188,414	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)	13,799	334,155	13,799	356,955
Effect of issuance of irredeemable convertible preference shares ('000)	(1,867)	-	(1,867)	-
Adjusted weighted average number of shares ('000)	2,121,418	2,105,233	2,121,418	2,105,233
Basic loss per share (sen)	(0.01)	(0.03)	(0.07)	(0.21)
Diluted loss per share (sen)	(0.01)	(0.02)	(0.05)	(0.15)

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

28. Notes to the Consolidated Statement of Comprehensive Income

	<u>Current Quarter</u> <u>Ended</u> <u>31 Dec 2023</u> <u>RM'000</u>	<u>Year-to -date</u> <u>Ended</u> <u>31 Dec 2023</u> <u>RM'000</u>
Depreciation and amortisation	1,592	3,807
Gain on disposal of property, plant and equipment	(82)	(48)
Impairment loss on receivables	934	1,729
Interest expense	1,194	2,993
Interest income	(82)	(473)
Realised loss on foreign exchange	36	71
Unrealised loss on foreign exchange	1	64

29. Authorised for issuance

The interim financial statements for financial quarter ended 31 December 2023 has been approved by the Board of Directors of MRB on 27 February 2024 for release to the Bursa Securities.