

4. INFORMATION ON THE MRB GROUP

4.1 BACKGROUND

4.1.1 Incorporation

MRB was incorporated as a private limited company in Malaysia under the Companies Act, 1965 on 30 March 2002 as Minetech Resources Sdn Bhd. The Company was converted into a public limited company on 12 May 2004. MRB is principally an investment holding company. The Company commenced its operations on 1 January 2005.

The principal activities of MRB's subsidiary companies are as follows:-

Name	Date and Place of Incorporation	Issued and paid-up share capital (RM)	Equity Interest %	Principal Activities
Subsidiary Companies				
AT	21.07.1989/ Malaysia	1,000,000	100.0	Provision of specialised civil engineering services and rental of machinery
DIS	07.01.1994/ Malaysia	400,000	100.0	Trading of industrial machinery spare parts
KSC	05.03.1984/ Malaysia	1,000,000	100.0	Provision of turnkey and specialised quarry services including drilling and blasting, loading and hauling, rock crushing, loading of finished aggregates and rental of machinery
SM	03.09.2003/ Malaysia	2	100.0	Property investment holding
TM	28.03.1996/ Malaysia	2	100.0	Sales and marketing of aggregates
TP	09.05.2002/ Malaysia	2	100.0	Manufacturing and trading of premix products
DKSC	25.03.2005/ Malaysia	100	100.0	Sales and marketing of aggregates

4.1.2 Share Capital And Changes In Share Capital

The present authorised share capital of MRB is RM100,000,000 comprising 100,000,000 Shares.

Details of the changes in the issued and paid-up share capital of the Company since its incorporation are as follows:

Date of Allotment	No. Of Ordinary Shares Allotted	Par Value (RM)	Consideration	Total Issued And Paid-up Share Capital (RM)
30.03.2002	2	1.00	Subscribers' shares	2
01.01.2005	44,999,998	1.00	Shares issued pursuant to the Acquisitions	45,000,000
To be issued pursuant to the Listing of MRB	10,000,000	1.00	Public Issue	55,000,000

4. INFORMATION ON THE MRB GROUP (Cont'd)**4.1.3 Listing Scheme**

In conjunction with, and as an integral part of the listing and quotation for the entire issued and paid-up share capital of MRB on the Second Board of Bursa Securities, the Company undertook a listing scheme which involved the following exercises:-

(a) The Acquisitions

In conjunction with and as an integral part of the listing and quotation for the entire issued and paid-up share capital of MRB on the Second Board of Bursa Securities, the Company undertook the following acquisitions:-

(i) Acquisition of AT

On 15 June 2004, MRB had entered into a conditional share sale agreement whereby MRB acquired the entire issued and paid-up share capital of AT comprising 1,000,000 Shares from its existing shareholders for a purchase consideration of RM10,546,173 based on its adjusted audited NTA as at 31 December 2003 of RM10,546,173 after taking into account the payment of interim dividend amounting to RM576,000 (net of tax) paid on 21 May 2004. The purchase consideration of RM10,546,173 is to be satisfied by the issuance of 10,546,173 Shares in MRB at an issue price of RM1.00 per Share as follows:-

Shareholders	No. of shares held in AT	% interest in AT	Purchase Consideration RM	No. of MRB Shares issued
Choy Sen @ Chin Kim Sang	387,100	38.7	4,082,424	4,082,424
Low Choon Lan	120,000	12.0	1,265,541	1,265,541
Datin Norhaliza Bt Abdullah	492,900	49.3	5,198,208	5,198,208
Total	1,000,000	100.0	10,546,173	10,546,173

The Acquisition on AT was completed on 1 January 2005.

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4. INFORMATION ON THE MRB GROUP (Cont'd)**(ii) Acquisition of DIS**

On 15 June 2004, had entered into a conditional share sale agreement whereby MRB acquired the entire issued and paid-up share capital of DIS comprising 400,000 Shares from its existing shareholders for a purchase consideration of RM1,044,379 based on its adjusted audited NTA as at 31 December 2003 of RM1,044,379 after taking into account the payment of interim dividend amounting to RM504,000 (net of tax) paid on 30 April 2004. The purchase consideration of RM1,044,379 is to be satisfied by the issuance of 1,044,379 Shares in MRB at an issue price of RM1.00 per Share as follows:-

Shareholders	No. of shares held in DIS	% interest in DIS	Purchase Consideration RM	No. of MRB Shares issued
Choy Sen @ Chin Kim Sang	100,000	25.0	261,095	261,095
Low Choon Yen	275,000	68.7	718,010	718,010
Mooi Weng Wah	25,000	6.3	65,274	65,274
Total	400,000	100.0	1,044,379	1,044,379

The Acquisition on DIS was completed on 1 January 2005.

(iii) Acquisition of KSC

On 15 June 2004, MRB had entered into a conditional share sale agreement whereby MRB acquired the entire issued and paid-up share capital of KSC comprising 1,000,000 Shares from its existing shareholders for a purchase consideration of RM31,716,626 based on its audited NTA as at 31 December 2003 of RM31,716,626. The purchase consideration of RM31,716,626 is to be satisfied by the issuance of 31,716,626 Shares in MRB at an issue price of RM1.00 per Share as follows:-

Shareholders	No. of shares held in KSC	% interest in KSC	Purchase Consideration RM	No. of MRB Shares issued
Choy Sen @ Chin Kim Sang	496,868	49.7	15,758,977	15,758,977
Low Choon Lan	135,002	13.5	4,281,808	4,281,808
Dato' Shamsudin Bin Mohd Dubi	5,000	0.5	158,583	158,583
Datin Norhaliza Bt Abdullah	5,000	0.5	158,583	158,583
Kerjaya E-Khidmat Sdn Bhd	95,000	9.5	3,013,079	3,013,079
Dato' Haji Wan Zaki Bin Haji Wan Muda	175,420	17.5	5,563,731	5,563,731
Ramelle Ashram Bin Tan Sri Ramli	87,710	8.8	2,781,865	2,781,865
Total	1,000,000	100.0	31,716,626	31,716,626

4. INFORMATION ON THE MRB GROUP (Cont'd)

The Acquisition on KSC was completed on 1 January 2005.

(iv) Acquisition of SM

On 15 June 2004, MRB had entered into a conditional share sale agreement whereby MRB acquired the entire issued and paid-up share capital of SM comprising 2 Shares from its existing shareholders for a purchase consideration of RM2 based on its audited NTL as at 31 December 2003 of RM2,848. The purchase consideration of RM2 is to be satisfied by the issuance of 2 Shares in MRB at an issue price of RM1.00 per Share as follows:-

Shareholders	No. of shares held in SM	% interest in SM	Purchase Consideration RM	No. of MRB Shares issued
Choy Sen @ Chin Kim Sang	1	50.0	1	1
Loh Yee Kwan	1	50.0	1	1
Total	2	100.0	2	2

The Acquisition on SM was completed on 1 January 2005.

(v) Acquisition of TM

On 15 June 2004, MRB had entered into a conditional share sale agreement whereby MRB acquired the entire issued and paid-up share capital of TM comprising 2 Shares from its existing shareholders for a purchase consideration of RM1,054,406 based on its adjusted audited NTA as at 31 December 2003 of RM1,054,406 after taking into account the payment of interim dividend amounting to RM432,000 (net of tax) paid on 30 April 2004. The purchase consideration of RM1,054,406 is to be satisfied by the issuance of 1,054,406 Shares in MRB at an issue price of RM1.00 per Share as follows:-

Shareholders	No. of shares held in TM	% interest in TM	Purchase Consideration RM	No. of MRB Shares issued
Choy Sen @ Chin Kim Sang	1	50.0	527,203	527,203
Low Choon Lan	1	50.0	527,203	527,203
Total	2	100.0	1,054,406	1,054,406

The Acquisition on TM was completed on 1 January 2005.

4. INFORMATION ON THE MRB GROUP (Cont'd)**(vi) Acquisition of TP**

On 15 June 2004, MRB had entered into a conditional share sale agreement whereby MRB acquired the entire issued and paid-up share capital of TP comprising 2 Shares from its existing shareholders for a purchase consideration of RM638,412 based on its audited NTA as at 31 December 2003 of RM638,412. The purchase consideration of RM638,412 is to be satisfied by the issuance of 638,412 Shares in MRB at an issue price of RM1.00 per Share as follows:-

Shareholders	No. of shares held in TP	% interest in TP	Purchase Consideration RM	No. of MRB Shares issued
Choo Kang Ngee	1	50.0	319,206	319,206
Loh Yee Kwan	1	50.0	319,206	319,206
Total	2	100.0	638,412	638,412

The Acquisition on TP was completed on 1 January 2005.

The new MRB Shares issued by MRB for the Acquisitions shall rank pari passu in all respects with the other existing issued and paid-up ordinary shares of the Company including voting rights and rights to all dividends and distributions that may be declared subsequent to the date of allotment thereof.

(b) Public Issue

The Public Issue of 10,000,000 Shares at an IPO Price of RM1.30 are payable in full on application upon such terms and conditions as set out in this Prospectus and will be allocated and allotted in the following manner: -

(i) Malaysian Public

5,000,000 Public Issue Shares will be made available for application by Malaysian citizens, companies, societies, co-operatives and institutions, of which at least 30% is to be set aside strictly for Bumiputera individuals, companies, societies, co-operatives and institutions.

(ii) Eligible Employees and Directors of the Group

3,000,000 Public Issue Shares will be reserved for the 183 eligible employees and 5 Directors of the Group.

These shares have been allocated to the eligible employees and Directors of the Group based on the following criteria as approved by the Company's Board of Directors:-

- (a) At least eighteen (18) years old;
- (a) Job position;
- (b) Length of service; and
- (c) Non-Malaysian citizens are not eligible.

4. INFORMATION ON THE MRB GROUP (Cont'd)

Details of the Directors' employees' pink form allocation are as follows: -

Name of Directors	Designation	Pink Form Allocation
Choy Sen @ Chin Kim Sang	Executive Chairman	300,000
Loh Yee Kwan	Group Deputy Managing Director	100,000
Low Choon Lan	Executive Director	130,000
Low Choon Yen	Executive Director^	80,000
Choo Kang Ngee	Executive Director^	80,000

Note:-

^ Executive directors of subsidiary companies of the Group

(iii) Placees

2,000,000 Public Issue Shares are reserved for private placement to potential investors (who are deemed public).

(c) Offer For Sale

The Offer For Sale of 4,600,000 Shares at an IPO price of RM1.30 are payable in full on application upon such terms and conditions as set out in this Prospectus and will be allocated and allotted via private placement to potential investors (who are deemed public).

In summary, the IPO Shares will be allocated and allotted in the following manner: -

	Public Issue Shares	Offer Shares	Total IPO Shares
Malaysian public	5,000,000	-	5,000,000
Eligible employees and Directors of the Group	3,000,000	-	3,000,000
Placees	2,000,000	4,600,000	6,600,000
Total	10,000,000	4,600,000	14,600,000

All the IPO Shares available for application by the Malaysian public and the eligible employees and Directors of the Group have been fully underwritten. The IPO Shares available for application by identified placees are not underwritten. The Placement Agent has received irrevocable undertakings from the identified placees to take up the IPO Shares available for application under the private placement.

Any IPO Shares which are not taken up by eligible employees and/or Directors of the Group will be made available for application by the Malaysian public and/or identified placees via private placement. Any remaining IPO Share not subscribed for will be made available for subscription by the underwriters in the proportion specified in the Underwriting Agreement dated 18 April 2005.

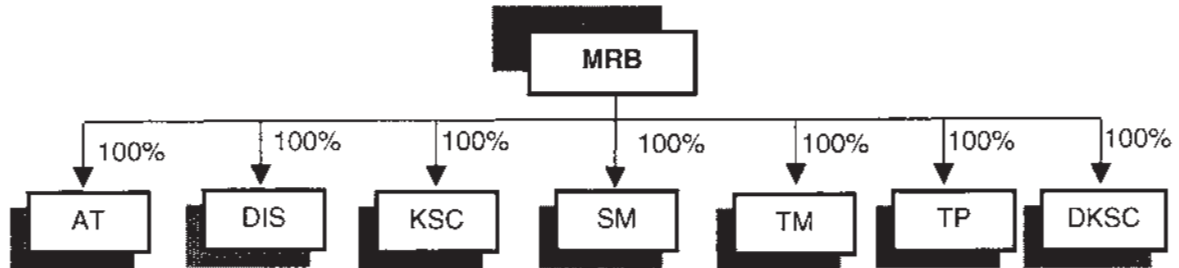
In the event of an under-subscription of the Malaysian public portion of the IPO Shares, the unsubscribed portion will be made available to identified placees via private placement if the private placement is oversubscribed and vice versa. Any remaining IPO Share not subscribed for will be made available for subscription by the underwriters in the proportion specified in the Underwriting Agreement dated 18 April 2005.

4. INFORMATION ON THE MRB GROUP (Cont'd)

4.2 BUSINESS

4.2.1 Group Structure

An overview of the MRB Group's corporate structure is set out as below:-



4.2.2 Types of Products and/or Services

The Group's business activities are as follows:-

- the provision of turnkey quarry operation services;
- the provision of specialised services for the quarrying industry and civil engineering works;
- sales and marketing of aggregates;
- manufacturing and trading of premix products; and
- trading of industrial machinery spare parts and rental of machinery.

(a) Provision of Turnkey Quarry Operation Services

Turnkey quarry operation services include all the activities that are focused on the production of aggregates which include the following:-

- rock drilling and blasting for the excavation of rocks;
- loading of rocks to dumpers for transportation to the crushing plant;
- rock crushing and screening of rocks to produce different sizes of aggregates; and
- loading of finished aggregates onto customers' lorries.

The Group's turnkey quarry operation services are undertaken by its wholly-owned subsidiary company, KSC. Since its commenced business, KSC has undertaken turnkey quarry operation service contracts worth approximately RM234.6 million. As at 31 May 2005, KSC is operating fourteen (14) turnkey quarry operation services located at various states in Peninsular Malaysia. For the financial year ended 31 December 2004, its production output amounted to approximately 7.9 million tonnes.

With the exception of three (3) quarry sites which are located in the Selangor, Perak and Terengganu respectively, the output from each quarry site on which KSC provides its turnkey quarry operation services is purchased by the respective quarry owner. KSC has the exclusive right to extract and sell quarry products from these three (3) quarry sites. Almost all of the output from two (2) out of these three (3) quarry sites, being Selangor and Perak, were, for the financial year ended 31 December 2004, sold to MRB's other wholly-owned subsidiary companies, TM and TP. As for the quarry site in Terengganu, it has commenced operations in May 2005. The output from the quarry site in Terengganu is currently sold to DKSC. Both TM and TP are engaged in the trading of quarry products and in the manufacturing and trading of premix products for infrastructure works respectively.

4. INFORMATION ON THE MRB GROUP (Cont'd)

The Group also supplies crushing plants at the quarry owner's site for the production of aggregates. In total, the Group has 6 sets of crusher plants comprising 17 crusher units, of which 2 sets are mobile for ease and speed of setting-up the plant at the quarry site. The main advantage of a mobile crusher plant is that it takes approximately 1 week to set-up compared to 4-6 months for a fixed crusher plant. This enables the Group to commence production of aggregates almost immediately on the quarry site of which two of them incorporate sales and marketing of aggregates.

The following is a list of quarry sites which, as at 31 May 2005, KSC currently provides turnkey quarry operation services for:-

Customer	Location of Quarry Site
Tanming Quarry Sdn Bhd	Tanming Quarry, Mukim Tanjung Duabelas, Daerah Kuala Langat, Selangor
Sg. Jan Kuari Sdn Bhd	Sg. Jan Quarry, Mukim Tembeling, Jerantut, Pahang
Kuari Sg. Perangin Sdn Bhd	Sg. Perangin Quarry, Mukim Hulu Bernam, Daerah Batang Padang, Perak
Narajaya Sdn Bhd	Project Quarry at Bandar Mahkota Cheras, Mukim Hulu Langat, Daerah Hulu Langat, Selangor
Jaksa Quarry Sdn Bhd	Jaksa Quarry, Mukim Labu, Daerah Seremban, Negeri Sembilan
Nusa Potensi Quarry Sdn Bhd	Nusa Potensi Quarry, Mukim Singkir, Daerah Yan, Kedah
Batu Tiga Quarry Sdn Bhd	Penanti I Quarry, Mukim 20, Daerah Seberang Perai Tengah, Pulau Pinang
Batu Tiga Quarry Sdn Bhd	Penanti II Quarry, Mukim 20, Daerah Seberang Perai Tengah, Pulau Pinang
Batu Tiga Quarry Sdn Bhd	Berapit Quarry, Mukim 17, Berapit, Daerah Seberang Perai Tengah, , Pulau Pinang
Kenneison Quarries Sdn Bhd	Kenneison Quarry, Mukim Hulu Langat, Daerah Hulu Langat, Selangor
Lateral Development Sdn Bhd	Lean Seng Chan Quarry, Mukim 12, Dearah Seberang Prai Tengah, Pulau Pinang
Lateral Development Sdn Bhd	Romila Jaya Quarry, Mukim Labu, Daerah Seremban
Diman Kuari Sdn Bhd	Diman Quarry, Mukim Penghulu Diman, Daerah Kuala Terengganu
Anekon Porcelain Distributions (M) Sdn Bhd	Grik Quarry, Taman Desa Mutiara, Gerik, Perak

4. INFORMATION ON THE MRB GROUP (Cont'd)

(b) The Provision of Specialised Services for the Quarrying Industry and Civil Engineering Works

The provision of specialised services refers to the provision of one or more of the abovementioned services provided by the Group in the capacity of a provider of turnkey quarry operation services. These activities are performed again by KSC and also by MRB's other wholly-owned subsidiary company, AT. KSC provides these specialised services to the quarrying industry whereas AT provides the same for specialised civil engineering works.

Insofar as the provision of specialised services for civil engineering works is concerned, AT has provided its specialised services to both housing and road infrastructure developments. The type of specialised services provided by AT represent variants of the same services provided by KSC in the quarrying industry. For example, AT does also provide drilling and blasting services. However, compared to drilling and blasting in the quarrying industry, drilling and blasting for civil engineering works often requires controlled blasting to minimise the potential damage to existing structures in the immediate vicinity.

Since its commenced business operations, AT has secured contracts for its specialised services amounting to approximately RM135 million. Some of the more notable specialised civil engineering works undertaken by AT in the past include the following:-

- New Klang Valley Expressway at Bukit Lanjan Interchange and Damansara-Sungai Buloh section (*drilling and blasting works*);
- North-South Expressway at the Gopeng-Gua Tempurong and Alor Pongsu-Bukit Merah sections (*drilling and blasting works*);
- Kuala Lumpur International Airport at Hill 33 and Satellite Building (*rock excavation works*);
- Bandar Sunway Water Theme Park (*drilling and blasting works*);
- Nilai New Town (*rock excavation works*);
- B15 highway project between Putrajaya and Cyberjaya (*rock excavation works*);
- Nilai Spring Golf Resort (*rock excavation works*);
- Emville Golf Course & Resort (*rock excavation works*);
- Mutiara Damansara (*earthworks and rock excavation works*);
- Saujana Puchong (*earthworks and rock excavation works*);
- Bandar Baru Batu Arang (*rock excavation works*);
- Damansara Perdana (*civil engineering works*); and
- Kajang Traffic Dispersal Ring Road (*earthworks, rock excavation and blasting works*)

To-date, the Group has successfully completed over 42 specialised civil engineering works undertaken mainly through its subsidiary company, AT.

(c) Sales and Marketing of Aggregates

The Group's sales and marketing of aggregates is currently undertaken by the Group's wholly-owned subsidiary companies, TM and DKSC. This represents a value-adding downstream business activity for the Group given its many years of experience in the quarrying industry. As mentioned, almost all of TM's and DKSC's aggregate supply is sourced from quarry sites at which KSC provides turnkey quarry operation services.

4. INFORMATION ON THE MRB GROUP (Cont'd)

The types of aggregates sold and marketed by the Group are as follows:-

Type of Aggregates	Size of Aggregates	Usage and Applications
Crusher run	2 inches and below	Base material for road construction and sometimes used as filler.
Aggregate	¾ inch, 3/8, 1 inch and 1.5 inches	Base material used in concrete, mortar, roadstone and asphalt premix.
Armour Block	1 foot to 6 feet	Used for reclamation and break water works
Quarry Dust	Dust form	Base material for Premix Products, used as a filler and substitute for sand
Quarry Waste	By-Product of quarrying	Base material for housing platform, used as a filler and substitute for sand
Ballast	2 inch by 3 inch	Coarse stone or gravel laid to form a bed in railway track construction
Stone Column	2 inch by 3 inch	Used in the filling of stone columns to increase the tolerance of stress and liquefaction of subsurface soils
6 by 9 Block	6 inch by 9 inch	Used for rubble retaining and drainage walls

(Source: Business Overview of Minetech Resources Berhad, Vital Factor Consulting)

The consumers of these aggregates are domestic and the applications for these aggregates include the development and maintenance of road infrastructure, the building and construction industry and in railway infrastructure development and maintenance.

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4. INFORMATION ON THE MRB GROUP (Cont'd)**(d) Manufacturing and Trading of Premix Products**

TP, a wholly-owned subsidiary company of MRB, is the company currently undertaking the manufacturing and trading of premix products. The primary product currently being manufactured by TP are as follows:-

- Asphaltic Concrete Binder Coarse
- Asphaltic Concrete Wearing Coarse
- Bituminous Macadam Binder Coarse
- Bituminous Macadam Wearing Coarse

The Group has a manufacturing plant that blends different sizes of aggregates with a pre-determined amount of bitumen and filler or cement for asphalt premix production. The premix products are sold to the local market.

This premix plant is located at Sungai Perangin Quarry, Tanjong Malim, Perak.

This premix plant is currently owned by AT and it has a production capacity of 400,000 metric tonnes per year.

The premix products manufactured by TP are used primarily for road construction and maintenance.

(e) Trading of Industrial Machinery Spare Parts and Rental of Machinery

The trading of machinery spare parts is currently being undertaken by MRB's other wholly-owned subsidiary, DIS. These machinery spare parts are for quarry and construction related machineries. Whilst DIS does provide the other companies within the Group with machinery spare parts for their respective operations, DIS does also supply to third parties. For the financial year ended 31 December 2004, approximately 6% of its revenue was derived from the supply of machinery spare parts to third parties.

Other than providing turnkey quarry operation services, KSC and AT do also engage in the rental of its machinery to the quarry and construction industry. Customers that typically rent its machinery are engaged in quarry and construction related activities and the rental periods undertaken for such machinery are on a monthly basis.

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4. INFORMATION ON THE MRB GROUP (Cont'd)

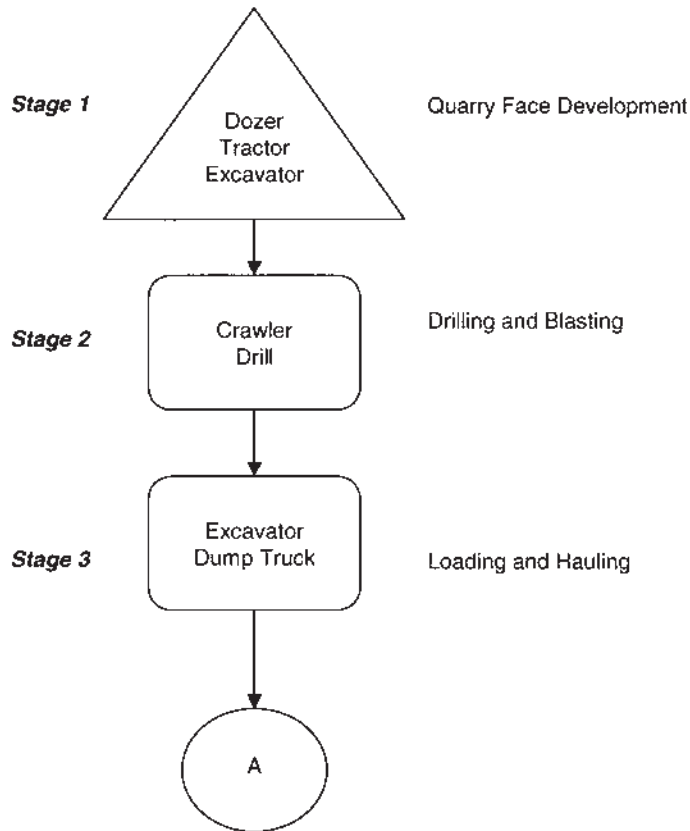
4.2.3 Manufacturing processes

(a) Provision of Turnkey Quarry Operation Services

A quarry operation can be segregated into five (5) main stages. They include the following stages:-

- Stage 1 - Quarry face development
- Stage 2 - Drilling and blasting
- Stage 3 - Loading and hauling
- Stage 4 - Crushing
- Stage 5 - Sales loading

The process flow for the first three (3) stages are as follows:-



Stage 1 – Quarry face development

Quarry operation begins with the process of removing the overburden (clearing of vegetation and top soil) from the earth's surface to expose the underlying bedrock for quarrying. This process is performed using excavators and dumpers. Overburden removal is usually carried out simultaneously with quarry face development.

Quarry face development involves creating adequate working platforms or benches in the bedrock to provide access for the proposed quarrying activities. It requires careful planning and subsequent execution to ensure that suitable working area is created for the operation of heavy quarrying machinery and equipment, such as drilling machines, excavators and dump trucks.

4. INFORMATION ON THE MRB GROUP (Cont'd)

Stage 2 – Drilling and blasting

Upon completion of quarry face development, drilling machines are used to drill holes in the bedrock. Key considerations include nature and type of rock as well as the spacing, depth and size of the drill holes. The specifications must be in accordance to those determined by the quarry manager. The drill holes are normally 3 inches to 5 inches in diameter, about 50 feet deep and usually spaced at about 8 feet to 10 feet apart.

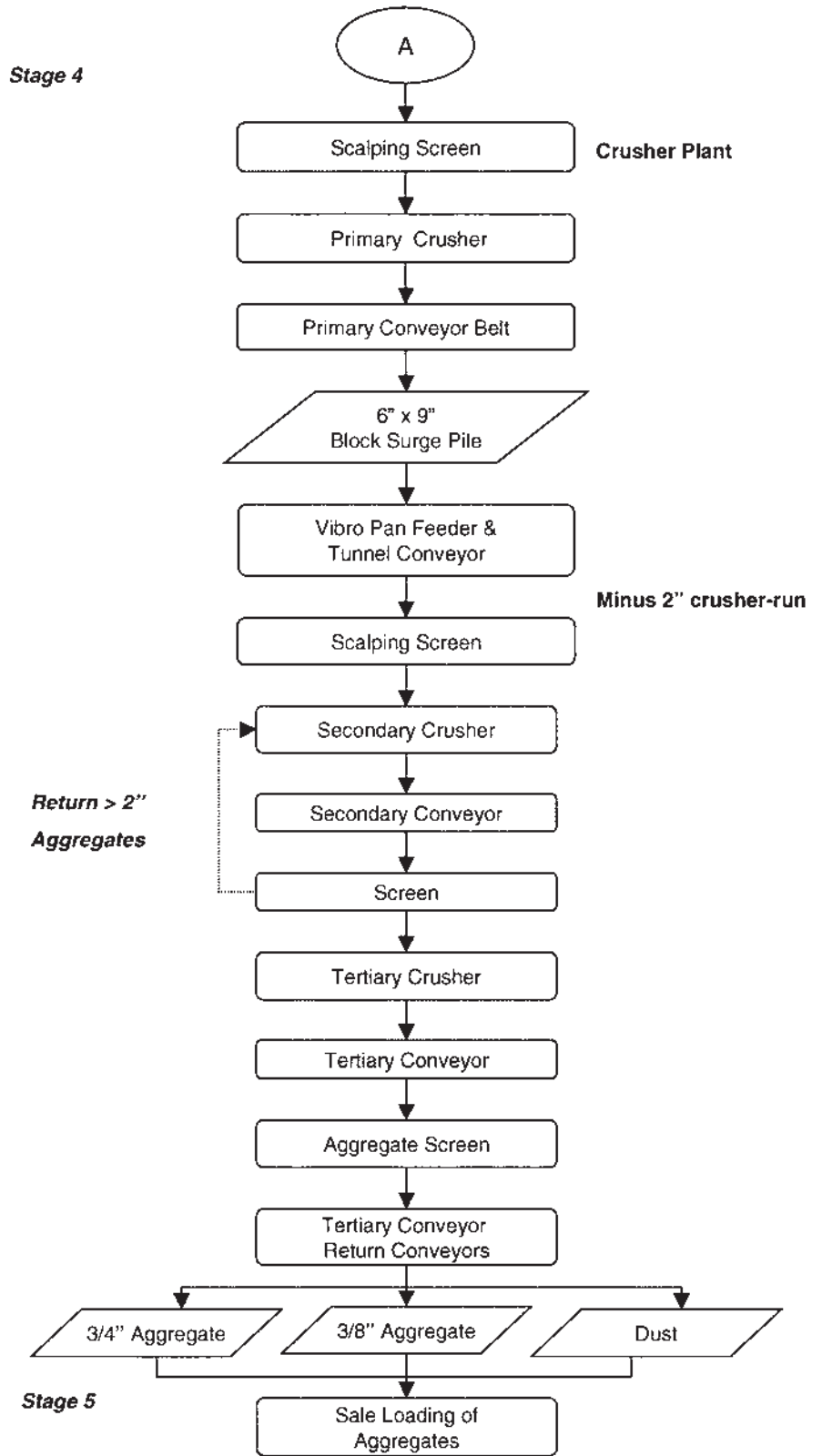
Explosives are then employed by a licensed shot-firer and then discharged by blasting. The blasting produces fragments or coarse rocks of a maximum size of 30 inches for crushing. The type of explosives and detonators used by the shot-firer and the sequence of the initiation is critical to the success of the blasting exercise. Rocks, which are too big for crushing, are either blasted again or broken down into smaller sizes with a hydraulic breaker.

Stage 3 – Loading and hauling

The blasted stone blocks are then dug out and loaded by hydraulic excavators or wheel loaders into dump trucks and transported to the crushing plant.

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4. INFORMATION ON THE MRB GROUP (Cont'd)



4. INFORMATION ON THE MRB GROUP (Cont'd)

Stage 4 – Crushing

At the crusher plant, blasted rocks up to 30 inches in size are reduced to the desired sizes. The crusher plant usually comprises 3 sections, i.e., primary, secondary and tertiary. The primary crusher crushes the blasted rocks to about 6 inches to 9 inches whilst the secondary crusher reduces the rock further down to below 2 inches. Finally, the tertiary crusher produces the finished products of either ¾ inches or ¾ inches or quarry dust.

The crushing process involves the following steps:

- (i) Rocks from the quarry site are unloaded at the crusher plant into the dump hopper;
- (ii) A reciprocating/vibrating feeder then conveys the rocks to the primary crusher for crushing;
- (iii) The crushed blocks are then transferred by conveyor belt to a surge pile;
- (iv) At the surge pile, vibrating feeders, attached to the surge tunnel, feed the blocks into another conveyor belt, which transports the rocks to the secondary crusher; and
- (v) After secondary crushing, the stones are either screened out as crusher-run materials or fed to the tertiary crusher for production of smaller aggregates.

Screens are used to separate the stones into uniform size classes in accordance to their end use, such as roads or building construction.

Stage 5 – Sales Loading

The final stage involves the loading of the finished aggregates into lorries by wheel loaders for delivery to the customers.

(Source: Business Overview of Minetech Resources Berhad, Vital Factor Consulting)

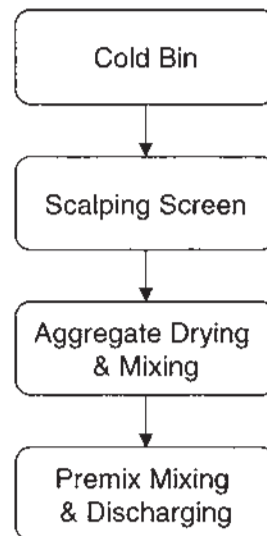
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4. INFORMATION ON THE MRB GROUP (Cont'd)**(b) Premix Manufacturing**

The manufacturing process of asphalt premix can be divided into the following four (4) stages:-

Stage 1 – Cold Bin;
Stage 2 – Scalping Screen;
Stage 3 – Aggregate Drying and Mixing; and
Stage 4 – Premix Mixing and Discharging.

The following depicts the flow of the manufacturing process of asphalt premix within the MRB Group:

**Stage 1 – Cold Bin**

Aggregates are placed in a cold bin. The cold bin is a storage bin that holds aggregates of designated sizes ready for discharge for premix production.

Each cold bin stores different nominal sizes of coarse and fine aggregates, each with an automated feed conveyor system.

The speed of conveyors discharging aggregates is automatically regulated based on the required amount of stones for each type of mix.

Stage 2 – Scalping Screen

The aggregates are then passed through a scalping screen. The scalping screen acts as a filter layer in eliminating oversized material from contaminating the premix.

The aperture opening for scalping screen will scalp out unwanted material as well as allow sufficient material to enter into the next production stage.

4. INFORMATION ON THE MRB GROUP *(Cont'd)*

Stage 3 – Aggregate Drying and Mixing

Aggregate drying is then carried out in the upper half of the mixing drum. Aggregates are dried by heat generated from direct flame of a burner. Aggregates that are fully dried will proceed to the bitumen mixing stage.

Stage 4 – Premix Mixing and Discharging

The bitumen and cement, where required are sprayed onto incoming aggregates and stirred to produce a well-balanced mix. The mix is then pushed out from the mixing drum onto a hot conveyor that channels it to a hot-storage bin. The premix is then discharged from the hot bin into waiting lorries.

(Source: Business Overview of Minetech Resources Berhad, Vital Factor Consulting)

4.2.4 Marketing and Distribution

(a) Marketing

The major thrust of the Group's marketing strategy is to position itself as an integrated turnkey quarry operation service provider with end-to-end solutions. The Group also utilises the following strategies to sustain and expand its businesses:-

- Cultivating customer loyalty through excellence in product quality and services to ensure continuous business; and
- Establishing a close working relationship with its customers to win incremental sales in other areas.

The Group undertakes sales and marketing activities through the following subsidiaries:-

- KSC is responsible for the sales and marketing of its turnkey quarry operation services and specialised services for the quarry industry;
- AT is responsible for the sales and marketing of specialised services for the civil engineering works;
- TM is responsible for the sales and marketing of aggregates;
- TP is responsible for the sales and marketing of premix products;
- DIS is responsible for the sale and marketing of machinery spare parts; and
- DKSC is responsible for the sales and marketing of aggregates.

As at 31 May 2005, the Group has seven (7) sales and marketing personnel focusing on business development.

4. INFORMATION ON THE MRB GROUP (Cont'd)**(b) Distribution**

The distribution channel strategy of the Group is based on direct distribution whereby the Group undertakes most of its local sales and marketing activities directly. This is due to the following factors:-

- The provision of quarrying and civil engineering services is a specialised industry that requires a certain level of technical knowledge to be able to market the benefits of the Group's products and services effectively;
- Similarly, technical knowledge is also required for the sales and marketing of aggregates whereby different types of aggregates are only appropriate for certain user-industry applications; and
- Due to the differences in specifications and requirements of customers in provision of products and services, it is difficult for a third party to market the Group's products and services effectively.

In addition, the direct sales approach enables the Group to work closely with its customers to evaluate and attain a better understanding of their requirements to serve as a feedback mechanism for continuous product and service improvement.

(Source: Prospects and Future Plans of Minetech Resources Berhad, Vital Factor Consulting)

4.2.5 Raw Materials/Suppliers

As the Group's core business is in the provision of turnkey quarry operation services and in the provision of specialised services for the quarrying industry and civil engineering works, the Group does not utilise any raw materials in its operations with the exception of the production of asphalt premix and consumables for the operation of machinery and equipment.

For the production of asphalt premix, aggregates are supplied internally by subsidiary company, KSC, whilst bitumen and fillers are purchased externally.

However some of the consumables required for the operations of the Group include:-

- Bitumen
- Diesel;
- Machinery spare parts;
- Explosives; and
- Lubricants

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4. INFORMATION ON THE MRB GROUP (Cont'd)

The following are the raw material and consumables based on 31 December 2004:-

Raw Materials and Consumables	Value of Purchases (RM'000)	Percentage of Total Group Purchases (%)	Sources of Supply	
			Local (%)	Import (%)
Bitumen	5,799	22	100	-
Diesel	6,630	25	100	-
Machinery spare parts	5,068	19	100	-
Explosives	4,815	18	100	-
Lubricants	4,333	16	100	-
Total	26,645	100	100	-

As these consumables and raw material are available from local producers and in abundant supply, the threat of shortages or interruption in supply of consumables and raw material is minimised. Thus far, management has not experienced any shortages in the supply of these consumables and raw material.

(Source: Business Overview of Minetech Resources Berhad, Vital Factor Consulting)

4.2.6 Industry Players and Competition

Generally all companies within the aggregate quarrying industry operate under normal competitive conditions. Competition exists predominantly in the domestic market as imports of aggregates are low due to its bulky nature.

(a) Production and Sale of Aggregates

Competition for the production and sales of aggregates is moderate. This is due to the fact that there are a number of aggregate quarries in Malaysia which ensures that there is an ample supply of aggregates in the country. Furthermore due to the bulkiness of quarry products, competition from imported quarry products is very low and the sale of domestic aggregates tends to be localised. Competition in this respect therefore is dependent on the location and presence of operating quarries.

Another factor that moderates competition for the production and sales of aggregates is the fact that a high level of capital investment is also required to operate a quarry.

(Source: Business Overview of Minetech Resources Berhad, Vital Factor Consulting)

4. INFORMATION ON THE MRB GROUP (Cont'd)

(b) Turnkey Quarry Operation Services

As with most free enterprise environments, competition for the provision of turnkey quarry operation services is based on a number of factors including the following:-

- Quality of services/ products (in terms of consistency in size);
- Cost competitiveness;
- Capacity;
- Timeliness in delivery; and
- Track record and market reputation.

The factors that increase the intensity of competition for the provision of turnkey quarry operation services includes the existence of many quarry owners who are also operators of their own quarries. High consumers of aggregates do also lease quarries and operate them for their own usage. All these imply that there are fewer opportunities for service providers in this area.

Conversely, the factors that moderate competition include the low number of providers of turnkey quarry operations services. There are approximately ten (10) providers of turnkey quarry operation services. On this basis and given that there are a relatively high number of quarries in Malaysia, the intensity of competition is reduced.

An additional factor that moderates competition is the high capital investment required to become a provider of turnkey quarry operation services. The high capital investment required is specific to a particular quarry site where turnkey quarry operation services are provided and are therefore multiplied by the number of quarry sites at which a provider is providing turnkey quarry operation services on.

Technical expertise is another factor that moderates the competition for the provision of turnkey quarry operation services. A certain level of skills, expertise and experience is required in the operation of a quarry. Among others, the key technical personnel that are required are shot-firers for blasting purposes and machine operators and maintenance personnel. Problems in this area typically arise when a provider of turnkey quarry operation services operates at more than one (1) quarry site and hence the demand for technical personnel is correspondingly multiplied.

Other than the MRB Group, the other providers of turnkey quarry operation services include Poly Quarry Works Sdn Bhd, Dayalam Industries Sdn Bhd, QS Systems Sdn Bhd, Saroma Engineering Sdn Bhd, Spring Energy Sdn Bhd, Burnitra Blastec Sdn Bhd, NPH Sdn Bhd, Gallacon Sdn Bhd and D.C. Chan Sdn Bhd.

(Source: Business Overview of Minetech Resources Berhad, Vital Factor Consulting)

4. INFORMATION ON THE MRB GROUP (*Cont'd*)

The competitive advantages of the MRB Group include the following:-

- Integrated provider of quarrying services and facilities;
- Quality products and services;
- Market reputation and established track record;
- Sales and marketing capabilities;
- Established customer base;
- Financial stability; and
- Economies of scale.

Integrated Provider of Quarrying Services and Facilities

The MRB Group is a turnkey provider of quarrying operation services and facilities including drilling and blasting, loading and hauling, rock crushing plant and facilities, loading of finished aggregates and sales and marketing of aggregates. This enables the Group to provide a comprehensive range of services and facilities to meet the needs of quarry owners and other customers.

Quality Products and Services

The MRB Group places significant emphasis on the quality of its services and this is reflected in the internal quality control procedures from blasting works to the production of aggregates. The Group has to comply to international quality standards such as British Standard BS 882: 1998 and BS 882: 1992 and Jabatan Kerajaan Raya specifications for roadworks.

The quarry products shall comply with the standards set out in BS 882: 1992 which shall include but not limited to the following:-

- Tables 3 and 4 of BS 882:1992
- Flakiness index shall not exceed 40
- Clay, silt contents shall be as per Table 6 of BS 882: 1992 i.e. whereby the percentage (%) mass passing 75 microns shall not exceed 4%.

Market Reputation and Established Track Record

With almost 20 years of experience as a service provider of quarrying and civil engineering services, the MRB Group has successfully established a reputable track record associated with quality and service reliability. Hence, the Group can use its established track record as a reference site to win new customers.

Sales and Marketing Capabilities

As part of its turnkey quarrying services, the MRB Group has the capabilities to sell and market aggregates to customers in various user-industries including building and construction, building material suppliers, road infrastructure development and maintenance and others. This has enabled the Group to optimise its profitability from the sales of aggregates.

Established Customer Base

The MRB Group has developed a long-term business relationship with its customers. This is substantiated by the fact that approximately 35% of its top 20 customers have been dealing with the Group for 4 or more years.

4. INFORMATION ON THE MRB GROUP (Cont'd)

Financial Stability

As a result of prudent management, the MRB Group has been profitable since it began operations in 1984, including seeing through the 1997 Asian Financial Crisis. The Group's financial stability provides the platform for growth and the ability to sustain the business in the future.

Economies of Scale

As the MRB Group are the largest buyers of explosives and owns the largest fleet of hydraulic crawler drills, they can benefit from economies of scale, thus lowering the costs in deployment and set-up of turnkey quarry operations.

(Source: Prospects and Future Plans of Minetech Resources Berhad, Vital Factor Consulting)

4.2.7 Market Size and Share

(a) Market Size and Share for the Provision of Quarry Operation Services

In 2004, the market size for the provision of quarry operation services is estimated at RM155 million in Malaysia.

For 2004, the market share of the Group for the provision of quarry operation services is estimated at 27%.

(Source: Assessment of the Aggregate Quarrying Industry, Vital Factor Consulting)

(b) Domestic Aggregate Production

In 2004, the market size of local aggregate production in Malaysia was 80 million tonnes.

The market share of MRB Group is estimated at 10% based on total aggregate production in Malaysia in 2004.

(Source: Assessment of the Aggregate Quarrying Industry, Vital Factor Consulting)

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4. INFORMATION ON THE MRB GROUP (Cont'd)

4.2.8 Approvals, Major Licences and Permits Obtained

Details of the approvals obtained by the Company for the Listing from the SC and MITI together with the conditions imposed by these authorities and status of compliance are set out in Section 6.1 of this Prospectus. Other approvals, major licences and permits obtained by the Group are as follows: -

Authority	Type of License/ Approval/ Permit	Held by	Date of Issuance / Expiry	Equity Conditions / Conditions Affecting Operations	Compliance
Ibu Pejabat Polis Kontinjen Diraja Malaysia Pathang	Approval to carry on blasting work at Lot 1675, Kampung Bahru, Jerantut with the following: (i) Emulate - 1,400 kg (ii) Detonator - 2,600 rds (iii) Cordtex Fuse - 1,200 m (iv) Safety Fuse - 2,000 m	KSC	15.04.2005 to 14.04.2006	KSC shall: a. carry out the blasting operations by way of "Control Blasting"; b. prevent any flying rock incident; c. use the minimum explosive so as to prevent the flying rock incident; d. record each explosion operation; e. provide a schedule as to when explosion will be carried out; f. ensure that all explosion must be carried out by a licenced shortfirer of KSC; g. ensure that all rules with regards safety in relation to carrying/using of explosives are followed; and h. shall ensure all left over explosives must be destroyed.	Complied
Ibu Pejabat Polis Kontinjen Selangor Diraja Shah Malaysia Alam	Approval to purchase, carry and use explosive materials for year 2005.	AT	01.01.2005 to 31.12.2005	The explosive materials are to be used at the following venues only: i) Lot 6980, Mukim Tg. Dua Belas, Daerah Kuala Langat; ii) PT 31428, 31429, 31430, 41432, Mukim Sg. Buloh, Petaling Jaya; iii) Bandar Mahkota, 10 th Mile, Cheras, Mukim Hulu Langat; iv) Kajang Traffic Dispersal Ring Road; and v) Lot 30 & Lot 51171, Jln. PJS, Pusat Bandar Sunway, Daerah Petaling, Selangor.	Complied

4. INFORMATION ON THE MRB GROUP (Cont'd)

Authority	Type of License/ Approval/ Permit	Held by	Date of Issuance / Expiry	Equity Conditions / Conditions Affecting Operations	Compliance
Pejabat Daerah/Tanah, Hulu Langat	Approval for renewal of permit to excavate rocks (Batu Kuari) at hakmilik E.M.R 3009, Lot 1144, E.M.R 3043, Lot 1145 dan E.M.R 3044, Lot 1146, Mukim Cheras.	KSC	01.01.2005 to 30.06.2005	The permit holder is not allowed to mortgage, rent the permit or conduct third party operations without the approval of the District Land Administrator. The licence will expire either on the expiry date (30.6.2005) of the licence or when the production has reached the maximum quantity allowable (19,000 cubic meter), whichever is earlier.	Complied
CIDB Malaysia	Acknowledgement of Registration Registration No. 1000523-WP056470 Registration of grade G5 not exceeding RM5,000,000 – CE, CE21, CE25	KSC	14.06.2004 to 13.06.2007	1. The contractor must abide by the terms under Lembaga Pembangunan Industri Pembinaan Malaysia 1994 Act. 2. The contractor is not permitted to undertake building projects that exceed the value in the grade category and to undertake projects outside the grade category.	Complied Complied
Jabatan Mineral & Geosains Selangor/Wilayah Persekutuan	Letter of Authority to Quarry	KSC	02.08.2004 to 01.08.2005	1. The ground vibration from any blasting operation must not exceed 120 dB(L) at any occupied permanent structures. 2. No quarrying or blasting operation shall be carried out within 152 meters from any occupied permanent structures. 3. The Quarry Monthly statement must be submitted to the Inspector of Quarry, every month in two copies not later than the 7 th day of the following month. 4. A record of blasting operations shall be kept daily and such report shall contain such details and such record shall be submitted every month through the consultant to the Inspector within such time as specified by the Inspector.	Complied Complied Complied Complied

4. INFORMATION ON THE MRB GROUP (Cont'd)

Authority	Type of License/ Approval/ Permit	Held by	Date of Issuance / Expiry	Equity Conditions / Conditions Affecting Operations	Compliance
Ibu Pejabat Polis Kontinjen Negeri Sembilan	Approval for the renewal of permit to possess/use explosive materials, daily, in relation to the rock blasting works by Angkasa Tegas Sdn Bhd at HS(D) 71904 No. PT 4902 dan HS(D) 74834 Lot 6013 Mukim Labu, Negeri Sembilan.	AT	26.02.2004 to 30.06.2005	5. Whenever there is a change in the geological formation and rocks structure which might affect the stability of quarry face, all blasting operation at the said face shall immediately cease and blasting operation shall not resume without the permission of the Senior Inspector of Quarry Selangor.	Complied
CIDB Malaysia	Approval for the renewal of permit to possess/use explosive materials, daily, in relation to the rock blasting works by Angkasa Tegas Sdn Bhd at HS(D) 71904 No. PT 4902 dan HS(D) 74834 Lot 6013 Mukim Labu, Negeri Sembilan.	AT	26.02.2004 to 30.06.2005	Usage is limited according to the following : i) Detonators – 250 butir ii) Detonating Cord – 500 meter iii) Safety Fuse – 500 meter iv) Emulite – 100 lbs	Complied
CIDB Malaysia	Acknowledgement of Registration Registration No. 1000724-WP057308 Registration of grade G7 No limit – CE CE21, CE25, CE01	AT	10.03.2005 to 09.03.2008	1. Contractor must abide by Lembaga Pembinaan Industri Pembinaan Malaysia 1994 Act, rules and regulations set by the board from time to time.	Complied
CIDB Malaysia	Acknowledgement of Registration Registration No. 0120020918-WP075049 Registration of grade G1 not exceeding: RM200,000 – B B04 RM200,000 – CE CE21 RM200,000 – ME M05	DIS	06.12.2004 to 5.12.2007	1. Contractor must abide by the terms under Lembaga Pembinaan Industri Pembinaan Malaysia 1994 Act, rules and regulations set by the board from time to time. 2. Contractor is prohibited from contracting jobs above the value of the grade stated under the grade and outside the registered category.	Complied

4. INFORMATION ON THE MRB GROUP (Cont'd)

Authority	Type of License/ Approval/ Permit	Held by	Date of Issuance / Expiry	Equity Conditions / Conditions Affecting Operations	Compliance
Majlis Daerah Tanjong Malim	Business Trade and Industry Licence	TM	11.02.2004 to 31.12.2004 The Company has submitted an application for renewal and is pending approval. The management does not foresee any problems in obtaining the renewal of this licence.	None.	-

4.2.9 Interruptions in Business for the Past Twelve (12) Months

There have been no interruptions in the form of trade disputes or major operational breakdown occurring within and outside the Group that may significantly impair the Group's business performance during the past twelve (12) months.

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4. INFORMATION ON THE MRB GROUP (Cont'd)

4.2.10 Employees

As at 31 May 2005, the MRB Group employed a total of three hundred and sixteen (316) people in the following positions:-

Category	No. of Employees	Average Years in Service
Managerial and Professional	29	5.2
Sales and Marketing	7	3.2
Technical Professionals	45	6.8
Clerical and related occupations (e.g. clerks, typist, stenographers, personal secretaries and sales executives)	33	1.8
Site workers:		
(a) Skilled	47	3.2
(b) Semi-skilled	77	4.1
(c) Unskilled	78	4.0
TOTAL	316	

As at 31 May 2005, the Group has 61 foreign workers under contracts. The Group does not have any employees who are members of any unions and the employees enjoy a cordial relationship with the management. There has been no major industrial dispute in the past between the management and the employees of the Group.

The management recognises the importance of continuous training in the employee's career development and relevant employees undergo training on operation and maintenance of equipment.

4.2.11 Production Capacities and Output

The production capacity and output of aggregate and pre mix products for the Group for the financial year ended 31 December 2004 are as follows:-

Product	Annual Capacity (Tonnes)	Output for year ended 31 December 2004 (Tonnes)
Aggregate Premix products	14.3 million 400,000	7.9 million 162,000

4.3 SUBSIDIARY COMPANIES

4.3.1 AT

(a) History and Background

AT was incorporated as a private limited company in Malaysia under the Companies Act, 1965 on 21 July 1989 and commenced business in the same year.

(b) Principal Activities and Products/Services

AT is principally engaged in the provision of specialised civil engineering services and rental of machinery.

4. INFORMATION ON THE MRB GROUP (Cont'd)**(c) Substantial Shareholders**

The substantial shareholders of AT are as follows: -

Name	Direct Interest		Indirect Interest	
	No. of shares	(%)	No. of shares [^]	(%)
MRB	1,000,000	100.0	-	-
Choy Sen @ Chin Kim Sang	-	-	1,000,000*	100.0
Low Choon Lan	-	-	1,000,000*	100.0
Dato' Shamsudin Bin Mohd Dubi	-	-	1,000,000**	100.0
Datin Norhaliza Bt Abdullah	-	-	1,000,000**	100.0

Notes:-

[^] By virtue of Section 6A of the Companies Act, 1965 whereby the indirect shareholders are deemed to have an interest in the shares of AT as they control not less than 15 % of the voting shares of MRB

* Deemed to have an indirect interest through his / her spouse's shareholdings in MRB

** Deemed to have an indirect interest through his / her spouse's and Kerjaya E-Khidmat Sdn Bhd's shareholdings in MRB

(d) Share Capital

The authorised share capital of AT is RM1,000,000 comprising 1,000,000 Shares. The issued and paid-up share capital is RM1,000,000 comprising 1,000,000 Shares.

The changes in AT's issued and paid-up share capital since incorporation are as follows: -

Date Issued	No. of shares allotted	Par value (RM)	Consideration	Cumulative issued and paid-up share capital (RM)
21.07.1989	2	1.00	Subscribers' shares	2
17.08.1989	299,998	1.00	Cash allotment at RM1.00 per share	300,000
08.05.2000	700,000	1.00	Cash allotment at RM1.00 per share	1,000,000

(e) Subsidiary/ Associated Company

AT does not have any subsidiary or associated company.

4.3.2 DIS**(a) History and Background**

DIS was incorporated as a private limited company in Malaysia under the Companies Act, 1965 on 7 January 1994 and commenced business in the same year.

4. INFORMATION ON THE MRB GROUP (Cont'd)**(b) Principal Activities and Products/Services**

DIS is principally engaged in the trading of industrial machinery spare parts.

(c) Substantial Shareholders

The substantial shareholders of DIS are as follows: -

Name	Direct Interest		Indirect Interest	
	No. of shares	(%)	No. of shares [^]	(%)
MRB	400,000	100.0	-	-
Choy Sen @ Chin Kim Sang	-	-	400,000*	100.0
Low Choon Lan	-	-	400,000*	100.0
Dato' Shamsudin Bin Mohd Dubi	-	-	400,000**	100.0
Datin Norhaliza Bt Abdullah	-	-	400,000**	100.0

Notes:-

[^] By virtue of Section 6A of the Companies Act, 1965 whereby the indirect shareholders are deemed to have an interest in the shares of DIS as they control not less than 15 % of the voting shares of MRB

* Deemed to have an indirect interest through his / her spouse's shareholdings in MRB

** Deemed to have an indirect interest through his / her spouse's and Kerjaya E-Khidmat Sdn Bhd's shareholdings in MRB

(d) Share Capital

The authorised share capital of DIS is RM500,000 comprising 500,000 Shares. The issued and paid-up share capital is RM400,000 comprising of 400,000 Shares.

The changes in DIS's issued and paid-up share capital since incorporation are as follows: -

Date Issued	No. of shares allotted	Par value (RM)	Consideration	Cumulative issued and paid-up share capital (RM)
07.01.1994	2	1.00	Subscribers' shares	2
26.04.1996	49,998	1.00	Cash allotment at RM1.00 per share	50,000
29.05.2000	250,000	1.00	Cash allotment at RM1.00 per share	300,000
08.12.2000	100,000	1.00	Cash allotment at RM1.00 per share	400,000

(e) Subsidiary/ Associated Company

DIS does not have any subsidiary or associated company.

4. INFORMATION ON THE MRB GROUP (Cont'd)**4.3.3 KSC****(a) History and Background**

KSC was incorporated as a private limited company in Malaysia under the Companies Act, 1965 on 5 March 1984 under the name of K.S. Chin Construction Sdn Bhd. On 6 September 2000, the Company changed its name to its current name. KSC commenced business in 1984.

(b) Principal Activities and Products/Services

KSC is principally engaged in the provision of turnkey and specialised quarry services including drilling and blasting, loading and hauling, rock crushing, loading of finished aggregates and rental of machinery.

(c) Substantial Shareholders

The substantial shareholders of KSC are as follows: -

Name	Direct Interest		Indirect Interest	
	No. of shares	(%)	No. of shares [^]	(%)
MRB	1,000,000	100.0	-	-
Choy Sen @ Chin Kim Sang	-	-	1,000,000*	100.0
Low Choon Lan	-	-	1,000,000*	100.0
Dato' Shamsudin Bin Mohd Dubi	-	-	1,000,000**	100.0
Datin Norhaliza Bt Abdullah	-	-	1,000,000**	100.0

Notes:-

[^] By virtue of Section 6A of the Companies Act, 1965 whereby the indirect shareholders are deemed to have an interest in the shares of KSC as they control not less than 15 % of the voting shares of MRB

* Deemed to have an indirect interest through his / her spouse's shareholdings in MRB

** Deemed to have an indirect interest through his / her spouse's and Kerjaya E-Khidmat Sdn Bhd's shareholdings in MRB

(d) Share Capital

The authorised share capital of KSC is RM1,000,000 comprising 1,000,000 Shares. The issued and paid-up share capital is RM1,000,000 comprising 1,000,000 Shares.

The changes in KSC's issued and paid-up share capital since incorporation are as follows: -

Date Issued	No. of shares allotted	Par value (RM)	Consideration	Cumulative issued and paid-up share capital (RM)
05.03.1984	4	1.00	Subscribers' shares	4
27.09.1984	450,000	1.00	Otherwise than for cash	450,004
16.03.2000	549,996	1.00	Cash allotment at RM1.00 per share	1,000,000

4. INFORMATION ON THE MRB GROUP (Cont'd)**(e) Subsidiary/ Associated Company**

KSC does not have any subsidiary or associated company.

4.3.4 SM**(a) History and Background**

SM was incorporated as a private limited company in Malaysia under the Companies Act, 1965 on 3 September 2003. SM commenced business in 2004.

(b) Principal Activities and Products/Services

The principal activity of SM is that of property investment holding.

(c) Substantial Shareholders

The substantial shareholders of SM are as follows: -

Name	Direct Interest		Indirect Interest	
	No. of shares	(%)	No. of shares [^]	(%)
MRB	2	100.0	-	-
Choy Sen @ Chin Kim Sang	-	-	2*	100.0
Low Choon Lan	-	-	2*	100.0
Dato' Shamsudin Bin Mohd Dubi	-	-	2**	100.0
Datin Norhaliza Bt Abdullah	-	-	2**	100.0

Notes:-

[^] By virtue of Section 6A of the Companies Act, 1965 whereby the indirect shareholders are deemed to have an interest in the shares of SM as they control not less than 15 % of the voting shares of MRB

* Deemed to have an indirect interest through his / her spouse's shareholdings in MRB

** Deemed to have an indirect interest through his / her spouse's and Kerjaya E-Khidmat Sdn Bhd's shareholdings in MRB

(d) Share Capital

The authorised share capital of SM is RM100,000 comprising 100,000 Shares. The issued and paid-up share capital is RM2.00 comprising of 2 Shares.

The are no changes in SM's issued and paid-up share capital since incorporation.

(e) Subsidiary/ Associated Company

SM does not have any subsidiary or associated company.

4.3.5 TM**(a) History and Background**

TM was incorporated as a private limited company in Malaysia under the Companies Act, 1965 on 28 March 1996. TM commenced business in 1998.

4. INFORMATION ON THE MRB GROUP (Cont'd)**(b) Principal Activities and Products/Services**

TM is principally engaged in the sales and marketing of aggregates.

(c) Substantial Shareholders

The substantial shareholders of TM are as follows: -

Name	Direct Interest		Indirect Interest	
	No. of shares	(%)	No. of shares [^]	(%)
MRB	2	100.0	-	-
Choy Sen @ Chin Kim Sang	-	-	2*	100.0
Low Choon Lan	-	-	2*	100.0
Dato' Shamsudin Bin Mohd Dubi	-	-	2**	100.0
Datin Norhaliza Bt Abdullah	-	-	2**	100.0

Notes:-

[^] By virtue of Section 6A of the Companies Act, 1965 whereby the indirect shareholders are deemed to have an interest in the shares of TM as they control not less than 15 % of the voting shares of MRB

* Deemed to have an indirect interest through his / her spouse's shareholdings in MRB

** Deemed to have an indirect interest through his / her spouse's and Kerjaya E-Khidmat Sdn Bhd's shareholdings in MRB

(d) Share Capital

The authorised share capital of TM is RM100,000 comprising 100,000 Shares. The issued and paid-up share capital is RM2.00 comprising of 2 Shares.

There are no changes in TM's issued and paid-up share capital since incorporation.

(e) Subsidiary/ Associated Company

TM does not have any subsidiary or associated company.

4.3.6 TP**(a) History and Background**

TP was incorporated as a private limited company in Malaysia under the Companies Act, 1965 on 9 May 2002 and commenced business in the same year.

(b) Principal Activities and Products/Services

TP is principally engaged in the manufacturing and trading of premix products.

4. INFORMATION ON THE MRB GROUP (Cont'd)**(c) Substantial Shareholders**

The substantial shareholders of TP are as follows: -

Name	Direct Interest		Indirect Interest	
	No. of shares	(%)	No. of shares [^]	(%)
MRB	2	100.0	-	-
Choy Sen @ Chin Kim Sang	-	-	2*	100.0
Low Choon Lan	-	-	2*	100.0
Dato' Shamsudin Bin Mohd Dubi	-	-	2**	100.0
Datin Norhaliza Bt Abdullah	-	-	2**	100.0

Notes:-

[^] By virtue of Section 6A of the Companies Act, 1965 whereby the indirect shareholders are deemed to have an interest in the shares of TP as they control not less than 15 % of the voting shares of MRB

* Deemed to have an indirect interest through his / her spouse's shareholdings in MRB

** Deemed to have an indirect interest through his / her spouse's and Kerjaya E-Khidmat Sdn Bhd's shareholdings in MRB

(d) Share Capital

The authorised share capital of TP is RM100,000 comprising of 100,000 Shares. The issued and paid-up share capital is RM2.00 comprising of 2 Shares.

There are no changes in TP's issued and paid-up share capital since incorporation.

(e) Subsidiary/ Associated Company

TP does not have any subsidiary or associated company.

4.3.7 DKSC**(a) History and Background**

DKSC was incorporated as a private limited company in Malaysia under the Companies Act, 1965 on 25 March 2005 and recently commenced business in May 2005.

(b) Principal Activities and Products/Services

DKSC is principally engaged in the sales and marketing of aggregates.

4. INFORMATION ON THE MRB GROUP (Cont'd)**(c) Substantial Shareholders**

The substantial shareholders of DKSC are as follows: -

Name	Direct Interest		Indirect Interest	
	No. of shares	(%)	No. of shares [^]	(%)
MRB	100	100.0	-	-
Choy Sen @ Chin Kim Sang	-	-	100*	100.0
Low Choon Lan	-	-	100*	100.0
Dato' Shamsudin Bin Mohd Dubi	-	-	100**	100.0
Datin Norhaliza Bt Abdullah	-	-	100**	100.0

Notes:-

[^] By virtue of Section 6A of the Companies Act, 1965 whereby the indirect shareholders are deemed to have an interest in the shares of DKSC as they control not less than 15 % of the voting shares of MRB

* Deemed to have an indirect interest through his / her spouse's shareholdings in MRB

** Deemed to have an indirect interest through his / her spouse's and Kerjaya E-Khidmat Sdn Bhd's shareholdings in MRB

(d) Share Capital

The authorised share capital of DKSC is RM100,000 comprising of 100,000 Shares. The issued and paid-up share capital is RM100 comprising of 100 Shares.

There are no changes in DKSC's issued and paid-up share capital since incorporation.

(e) Subsidiary/ Associated Company

DKSC does not have any subsidiary or associated company.

4.4 INDUSTRY OVERVIEW**4.4.1 Overview of the Malaysian Economy**

Malaysia's growth momentum continues into 2004 after recording a strong growth in 2003. Unlike 2003, when the global economy was affected by the war in Iraq and Severe Acute Respiratory Syndrome (SARS) the external environment in 2004 has improved markedly with upswing in the global electronics demand as well as favourable commodity prices. This enabled the Malaysian economy to expand steadily from 7.6% in the first quarter of 2004 to 8% in the second quarter, the highest since the third quarter of 2000.

The manufacturing sector registered a solid growth of 12.3% during the first half of 2004, while the services sector expanded strongly by 6.8% in the same period. With the Leading Index pointing towards further expansion in the second half of the year, both sectors are envisaged to contribute significantly to the economic growth. The build-up in international reserves arising from larger current account surplus and inflows of foreign capital continues to strengthen Malaysia's macroeconomic fundamentals. Given this favourable scenario, the Malaysian economy is set to surpass its earlier estimate of 6.0 - 6.5% and post a stronger growth of 7% in 2004 (2003:5.3%).

4. INFORMATION ON THE MRB GROUP (Cont'd)

Entrenched domestic economic activities, coupled with a fairly favourable external environment, are expected to drive growth into 2005. Strong output growth is expected to emanate from all sectors, led by manufacturing and services with an increasingly higher contribution from private sector expenditure. Consequently, Malaysia is set to achieve another year of healthy growth of 6% in 2005. With an estimated population of 26.1 million, per capita income in current prices is projected at RM16,693 (2004: RM16,098). In terms of purchasing power parity, it is estimated at USD10,560 (2004: USD10,163).

(Source: Economic Report 2004/2005)

4.4.2 Overview of the Global Economy

World output, projected to grow by 4.6% in 2004, is close to matching the strong global growth of 4.7% at the beginning of the new millennium, the highest in the last two decades. The global economy recovered from the adverse effects of the 11 September incident, which drove the world into recession in 2001, and the subsequent fallout from the Severe Acute Respiratory Syndrome (SARS) epidemic, as well as the war in Iraq to attain broad-based growth. This recovery was supported by the accommodative monetary and fiscal policies pursued by major economies which revived confidence to fuel global growth.

The continued strengthening of the global economy is mainly driven by sustained consumption and export growth in the United States (US) and Japanese economies. Elsewhere, the vibrant economies in the Asia-Pacific region, in particular China and to a lesser extent India, further supported the strengthening of global growth. Amidst this optimistic development, world inflation continued to remain benign despite concerns over rising oil prices.

The growth momentum in the global economy in 2005 is expected to decelerate slightly as major economies tighten monetary policy to contain inflationary pressures. Concerns over the possibility of higher oil prices and the slowing down of China's economy are other factors that can dampen growth.

(Source: Economic Report 2004/2005)

4.4.3 Overview of the Infrastructure and Construction Sector

The construction sector recorded a marginal decline of 0.6% during the first half of 2004 largely due to lower public sector construction activity, especially in infrastructure projects. However, higher residential construction activity following stronger growth of housing starts of 36.8% during the second half of 2003 and some on-going infrastructure projects will provide sufficient support for the sector to record a positive growth of 0.5% in 2004 (2003: 1.9%).

The completion of several large infrastructure projects and the accelerated completion of the 8MP projects, coupled with a lower number of new contracts awarded by the Government have contributed to slower activity in civil engineering works. Among the infrastructure projects completed in 2004 are Phase One of the East Coast Highway, SILK Highway, Penchala Link, New Pantai Expressway and Guthrie Corridor Expressway. Ongoing projects include the power station in Tanjung Bin, Johor, Bakun Hydro-Electric power project in Sarawak, Integrated Customs, Immigration and Quarantine (CIQ) Complex and Stormwater Management and Road Tunnelling (SMART) for flood mitigation and traffic dispersal in Kuala Lumpur.

4. INFORMATION ON THE MRB GROUP (Cont'd)

The construction sector is forecast to increase by 1.8% (2004: 0.5%), contributed partly by the civil-engineering sub-sector, following the implementation of new and on-going infrastructure projects such as the Phase Two of the East Coast Highway and Tanjung Bin Power Station in Johor.

(Source: Economic Report 2004/2005)

4.4.4 Overview of the Aggregate Quarrying Industry

The aggregate quarrying industry has contributed significantly to the local economy. This is because the aggregate quarrying industry provides one of the critical raw materials for the building, construction and infrastructure industries. Some of these include the following:-

Infrastructure:-

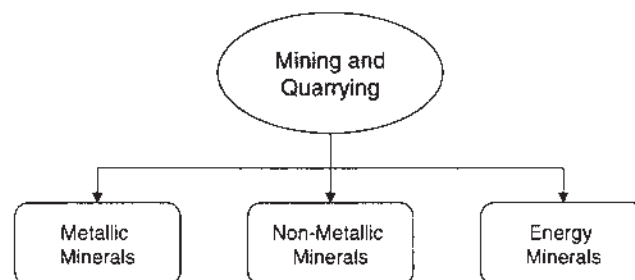
- Roads
- Bridges
- Dams
- Airports
- Seaports
- Coastal developments

Building and construction:-

- Commercial buildings
- Industrial buildings
- Residential buildings
- Institutional buildings
- Structures
- Monuments

The aggregate quarrying industry is part of the stone quarrying industry, which in turn is under the larger umbrella of the mining and quarrying industry. Mining and quarrying is taken to mean the extraction, dressing and beneficiating of minerals occurring naturally as solids, liquids and gases. All supplementary activities aimed at preparing the crude materials for marketing, done generally near or at the mine site such as crushing, screening, washing, clearing, grading, milling, floatation, melting, pelleting and topping are also included.

Mining and quarrying can be segmented into three categories as follows:



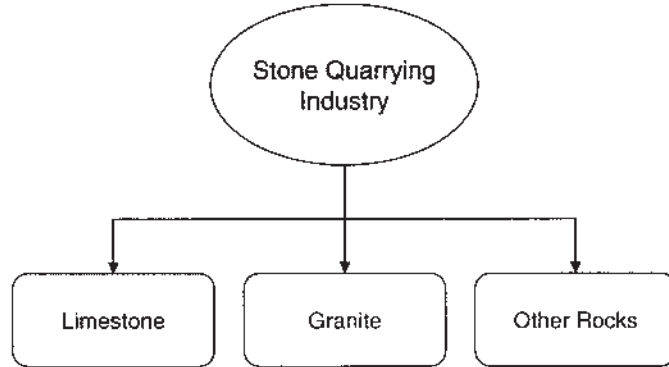
Metallic minerals includes the mining of metallic minerals, such as gold, silver, tin, metal and uranium. Energy minerals encompasses the mining of energy-related minerals, such as coals, petroleum and natural gasses. Non-metallic minerals covers a diverse range of products categorised under stones or rocks, sand and clay.

4. INFORMATION ON THE MRB GROUP (Cont'd)

The stone quarrying industry comes under the non-metallic minerals of the mining and quarrying industry. Stone quarrying is the extraction from the earth of:

- Building and monumental stone;
- Cement rock and dimension stone; and
- Other rock materials.

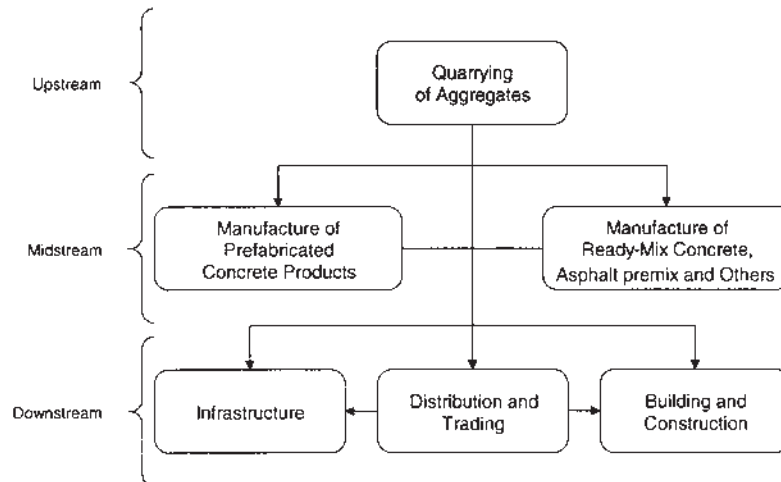
The structure of the stone Quarrying industry is as follows:-



Limestone includes dolomite and marble. Other rocks include sandstone, quartzite, slate, alunite, argillite, shale (mudstone), serpentinite, syenite, rhyolite, andesite, tuff, basalt, diorite, granodiorite, pottery stone and masonry stone. Aggregates are made from either limestone or granite.

The MRB Group is mainly involved in the quarrying of granite for the purpose of aggregates. Aggregates are commonly used as road metal and construction materials.

The vertical structure of the Aggregate Quarrying Industry is as follows:



The aggregate quarrying industry can be vertically extended to include upstream, midstream and downstream activities.

4. INFORMATION ON THE MRB GROUP (Cont'd)

Upstream

The quarrying of aggregates is an upstream activity. This includes the preliminary activity of exploration and accessing the commercial viability of target sites.

Supporting activities within the upstream activity also clearing of overburden, drilling and blasting, haulage, crushing and screening of the aggregates before they are transported to the customer or user sites.

Midstream

The mid-stream activity associated with the aggregates includes using the aggregates to manufacture intermediate pre-fabricated products. These include concrete products, ready-mix concrete, pre-mix asphalt and other related products. These intermediate pre-fabricated products are primarily used for the building and construction industries and infrastructure projects.

Downstream

The main downstream activity of the Aggregate Quarrying Industry is the use of aggregates by the building, construction and infrastructure industries. One secondary downstream activity is the distribution and trading of aggregates to users.

(Source: Assessment of the Aggregate Quarrying Industry, Vital Factor Consulting)

4.4.5 Future Growth of the Aggregate Quarrying Industry

The outlook for the aggregate quarrying industry is dependent on the following factors:-

Local Production of Aggregates

The production value of aggregates grew by an average annual rate of 13.5% between 2000 and 2003. In 2003, the production value of aggregates grew by 10.0% amounting to RM1.3 billion.

Between 1999 and 2003, the production quantity of aggregates grew at an average rate of 9.8% per annum. In 2003, production quantity of Aggregates increased by 0.2% to reach 85.1 million tonnes over the previous year.

The general positive growth trend of the aggregate quarrying industry indicates the robustness of the Industry that will provide the platform for sustainability and continuing growth.

Performance of User Industries

The sales value of cement and concrete products experienced an average annual growth rate of 13.9% from 1999 to 2003. In 2003, the sales value increased by 9.6% to reach RM2.7 billion compared to the previous year. For the eleven months of 2004, the sales value of Cement and Concrete Products declined by 7.1% to RM2.3 billion compared to the same period in 2003.

The production quantity of ready mix concrete experienced an average annual growth rate of 17.6% from 1999 to 2003. In 2003, the production quantity grew by 19.5% to reach a high of 11.2 million cubic metres compared to the previous year.

4. INFORMATION ON THE MRB GROUP (Cont'd)

The production quantity of earthen bricks and cement roofing experienced an average annual growth rate of 15.9% from 1999 to 2003. In 2003, the production quantity increased by 20.0% to reach a high of 1.6 billion units over the previous year.

Between 1999 and 2003, the Construction Industry grew at an average annual rate of 1.6%. In 2003, the Construction Industry recorded growth of 2.1%. In 2003, GDP of the Construction Industry (at current prices) amounted to RM14.9 billion at current prices.

The growth of user industries and the large size of the construction industry will continue to provide growth opportunities to operators within the aggregate quarrying industry.

Future Growth Potential

Under the Eighth Malaysia Plan, an allocation of RM12.8 billion was initially set aside for infrastructure and utility development for the period 2001 to 2005. During the mid-term review of the Eighth Malaysia Plan, the amount was revised and has been increased to RM32.6 billion, representing an increase of 154.7% over the initial allocation. These revisions were as follows:-

- Rail : from RM4.081 billion to RM6.301 billion
- Ports : from RM1.5 billion to RM3.041 billion
- Airport : from RM0.933 billion to RM2.055 billion
- Sewerage : from RM1.564 to RM1.666 billion

The increase in budget allocation for user industries will act as a strong driver of growth for the aggregate quarrying industry.

(Source: Prospects and Future Plans of Minetech Resources Berhad, Vital Factor Consulting)

4.4.6 Government Policy, Laws and Regulations

Government Policies and Laws on Quarries

Quarries normally extract rock materials from land not addressed by the state mining enactments and are therefore dealt with under a Combined Temporary Occupation License and Permit to Remove Rock Material or a Permit to Remove Rock Material under the National Land Code Act 1965. State mining enactments and acts are only enforced on quarries that are located in mining designated land.

The National Land Code Act 1965 (Act 56) provides the State Authority the right to authorise the extraction and removal of rock material from a land, and to issue a temporary occupation licence for the transport of the rock material.

As such, any operators within the Aggregate Quarrying Industry that undertakes quarrying activities throughout Malaysia is governed by the State Authority which it operate in.

(Source: Business Overview of Minetech Resources Berhad, Vital Factor Consulting)

4. INFORMATION ON THE MRB GROUP (Cont'd)**Government Regulations**

All commercial quarries (except project quarry for development projects) shall be carried on quarry land with title under land use category specific for quarry industry.

All operators are required to apply for permit from the land office for the extraction of rock.

MRB Group has obtained the permit for one of the project quarry operations for Mahkota Cheras quarry. The permit for other quarries are issued and obtained under the quarry land owners or quarry lease owner's name.

(Source: Business Overview of Minetech Resources Berhad, Vital Factor Consulting)

Regulatory Requirements for Explosives

Explosives are employed in quarries and mines for blasting purposes. The purchase, transport, storage and use of explosives are governed by the Explosives Act 1957 & Explosive Rules 1923.

A permit with one-month validity is required for the purchase of explosives.

The MRB Group through subsidiary AT and KSC have the permits to purchase, transport and use of explosives as follows:

Subsidiaries	Issuing Authority
AT	Polis Kontinjen Selangor Polis Daerah Seremban
KSC	Polis Kontinjen Pahang

In addition, the permit for purchase, transport and use of explosives are also sometimes provided by the customer/quarry land owners/lease owners.

In addition, a Shortfirer/Blaster certificate is also required for operators within the Aggregate Quarrying Industry. The Shotfirer/Blaster certificate is issued by the Department of Mineral and Geoscience, and Polis Diraja Malaysia. It is a certificate of competency for a person handling explosive and carrying out blasting works. Prior to the issuance of the certificate, a person has to pass both the theory and practical examinations on explosive handling.

The theory exam is conducted from time to time at least once a year. However, the exam date will be announced to the quarry fraternity through the quarry associations or by the Department of Mineral and Geoscience in the respective states.

The certificate holder has to be at least 21 years old. He or she must be healthy and mentally fit. He or she must also undergo security screening conducted by the Police department. The certificate is valid for 3 years and is renewable.

4. INFORMATION ON THE MRB GROUP (Cont'd)

As at 31 May 2005, the Group has 15 Shotfirers/Blasters within its employees that are certified to handle explosive and carrying out blasting works. Those certified are held personally by Mr Choy Seng @ Chin Kim Sang, the Executive Chairman of MRB Group and its personnel. These certificates are issued by the Department of Mineral and Geoscience and the Polis Diraja Malaysia.

(Source: Business Overview of Minetech Resources Berhad, Vital Factor Consulting)

4.4.7 Environmental Regulations

The environmental aspects of Mining and Quarrying are regulated by the amendment to the Environmental Quality Act of 1974, Environmental Quality (Prescribed Activities) (Environmental Impact Assessment) Order 1987.

Prescribed activities pertaining to quarries include the proposed quarrying of aggregate, limestone, silica, quartzite, sandstone, marble and decorative building stone within 3 kilometres of any existing residential, commercial or industrial areas, or any area for which a licence, permit or approval has been granted for development.

Regulation 25 of the Environmental Quality Act, 1974 and Environmental Quality (Clean Air) Regulations 1978 regulates the levels of emission of dust or other solid particles from operations such as stone quarrying and rock processing works.

The Environmental Quality Act, Regulation 21 and 23 regulates the noise impact arising from construction-related activities. Special attention is to be given to sensitive areas such as schools, hospitals and residential areas.

Regulations 25 and 29 of the Environmental Quality Act, 1974 regulates pollutants arising from road construction projects, including suspended solids, organic and inorganic waste.

The Occupational Safety and Health Act and Regulations, Act 514 of 1994 secures the safety, health and welfare of persons at work and protects others against risks to safety or health in relation to work, and establishes the National Council for Occupational Safety and Health.

(Source: Business Overview of Minetech Resources Berhad, Vital Factor Consulting)

4.4.8 Demand and Supply Conditions

Demand

Demand and demand dependencies of the aggregate quarrying industry will come primarily from the manufacturing of non-metallic products sector and ultimately from the building, construction and infrastructure industries.

As mentioned in Section 4.4.4 of this Prospectus, some of the major usage and applications of aggregates for the purpose of building, construction and infrastructure development include the following:

4. INFORMATION ON THE MRB GROUP (Cont'd)

Infrastructure:-

- Roads
- Bridges
- Dams
- Airports
- Seaports
- Coastal developments

Building and Construction:-

- Commercial buildings
- Industrial buildings
- Residential buildings
- Institutional buildings
- Structures
- Monuments

Supply

Between 1999 and 2003, the production quantity of aggregates grew at an average rate of 9.8% per annum. In 2003, production quantity of aggregates increased by 0.2% to reach 85.1 million tonnes compared to the previous year.

In 2003, there were 314 aggregate quarries in Malaysia. The number of aggregate quarries grew at an average rate of 0.7% per annum from 1999 to 2003. Selangor and Kuala Lumpur represented the highest production areas for aggregates, accounting for 31.6% of total production. Perak produced 15.3% followed by Sarawak and Sabah, which accounted for 11.4% and 9.8% of total production respectively.

(Source: Assessment of the Aggregate Quarrying Industry, Vital Factor Consulting)

4.4.9 Substitute Products/Services

There are no substitutes for the provision of turnkey quarry operation services. The only exception is that quarry owners perform the rock extraction and related services themselves in place of sub-contracting these services to an external party. As for aggregates, the threats of substitutes vary depending on applications. There are substitutes for the use of aggregates in concrete for example steel or wooden structures in place of concrete products.

There are no substitute products for aggregates used as a base for road construction such as crusher run or the tar used for road surface construction such as asphalt premix. Similarly there are also no substitute products for aggregates used for land reclamation, retaining wall and break water works.

(Source: Prospects and Future Plans of Minetech Resources Berhad, Vital Factor Consulting)

4.4.10 Prospects and Outlook

As mentioned in Section 4.4.5 of this Prospectus, the outlook for the aggregate quarrying industry is dependent on various factors, including local production of aggregates, performance of user industries and future growth potential. In broader terms, the following factors will have an effect on the prospects of the aggregate quarrying industry:-

- Demographic changes such as population growth, urbanisation and increasing affluence will stimulate demand for housing, community amenities and infrastructure which will in turn drive demand for aggregates.

4. INFORMATION ON THE MRB GROUP (Cont'd)

- Growth of end-user industries, such as building, construction and infrastructure and related industries will drive the demand for aggregates.
- Increasing government allocation for major infrastructure projects, especially those set out in the Mid-Term Review of the Eighth Malaysia Plan.
- A robust local economy will stimulate local consumption, which will in turn increase demand for property and property related products and improved social amenities.

(Source: Prospects and Future Plans of Minetech Resources Berhad, Vital Factor Consulting)

4.4.11 Reliance on and Vulnerability to Imports

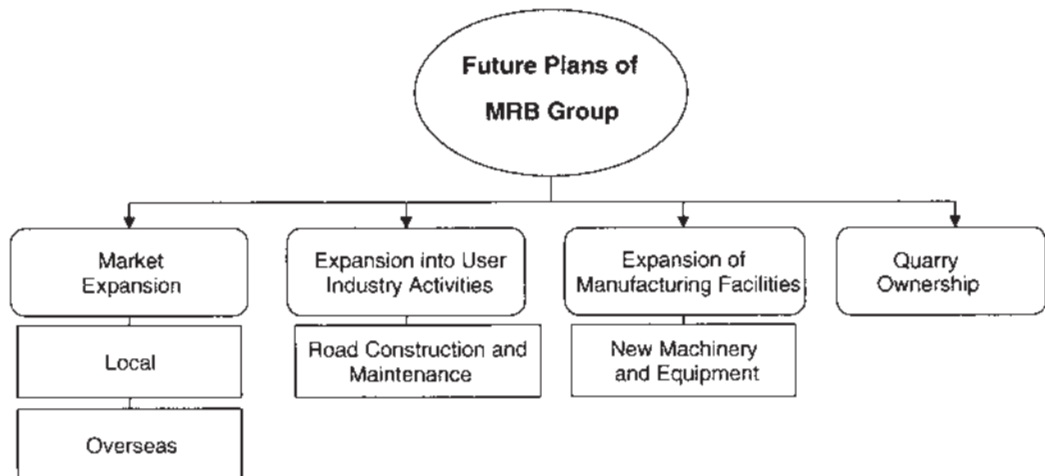
The aggregate quarrying industry faces the threat of competition from countries that produce aggregates for the export markets but which have the advantage of lower labour costs and abundant quarrying areas. These countries include Indonesia, China and India. These countries have certain added advantages over Malaysia. For instance, Indonesia can take advantage of the low value of its currency, the Rupiah to ensure that its' aggregates are competitively priced.

However as mentioned earlier, aggregates are bulky products. the added cost of transportation is a major constraint to imports of aggregates into Malaysia. This is substantiated by the fact that imports of aggregates represented only 0.8% of total production in tonnage terms for 2003.

(Source: Prospects and Future Plans of Minetech Resources Berhad, Vital Factor Consulting)

4.4.12 Future Plans of the Group

The future plans of the Group are focused in four (4) key areas as depicted below:-



4. INFORMATION ON THE MRB GROUP (Cont'd)**(a) Market Expansion***Local Market*

MRB Group has successfully gained access into the local market. For the financial year ended 31 December 2004, local sales accounted for 100% of total revenue of MRB Group. Selangor accounted for the highest revenue contribution at 48% of total Group revenue. The next largest markets are Perak, Penang and Negeri Sembilan at 26%, 14% and 7% respectively. The remaining 5% of the local revenue is distributed among Pahang and Federal Territory. Part of the Group's future plans is to continue expanding its operations into the following new markets for its turnkey quarry operation services:-

- Southern of Peninsular Malaysia by 2006; and
- East Coast of Peninsular Malaysia by 2006.

KSC had on 13 January 2005 entered into an agreement with Diman Kuari Sdn Bhd for the provision of turnkey operation services located in Mukim Penghulu Diman, Daerah Kuala Terengganu.

Overseas Market

MRB Group's business is primarily focused on the local market. However the Group has undertaken Turnkey Quarry Operation Services overseas specifically in Indonesia. With the Group's extensive industry experience, it is poised to address opportunities in overseas countries, particularly in China. The Group is currently exploring a joint-venture arrangement with a local quarry operator to provide Turnkey Quarry Operation Services to customers in the China market. The Group intends to expand into China by 2006.

(b) Expansion into User-Industry Activities*Road Construction and Maintenance*

Part of MRB Group's future activities is to expand into road construction and maintenance. This is in line with the Group's expertise and experience in the provision of Specialised Services for the Civil Engineering Industry. The Group is already undertaking earthworks, rock excavation and drainage work in the construction of highways.

The expansion on road maintenance activities is in synergy with the Group's manufacturing of asphalt premix products. This will enable the Group to integrate its activities in the road construction and maintenance from the provision of Specialised Services to the supply of premix products. The Group plans to expand into road construction and maintenance by 2007.

(c) Expansion of Manufacturing Facilities*Purchase of New Machinery and Equipment*

The Group plans to purchase new machinery and equipment to cater for its future growth in turnkey quarry operation services and premix manufacturing activities.

4. INFORMATION ON THE MRB GROUP (Cont'd)

Details of the major machinery and equipment to be purchased include:-

- 1 units of wheel loader
- 1 unit of dumper truck
- 2 lines of crushing and screening plants
- 5 units of excavators
- 1 unit of crawler drill
- 2 units of shovel

The Group intends to purchase the above new machinery and equipment by 2005/2006.

(d) Quarry Ownership

Part of MRB Group's future plans is to focus on vertical integration and expansion of business activities whereby the Group intends to expand into the ownership of quarries. The Group intends to embark on this plan by 2006.

(Source: Prospects and Future Plans of Minetech Resources Berhad, Vital Factor Consulting)

4.4.13 Prospects of the MRB Group

According to management of the MRB Group, the prospects of the MRB Group are in light with the following factors:-

- Between 2000 and 2004, the Group's revenue grew at an average annual rate of 3.4%. Despite the downturn in the Malaysian economy in 2001, the Group continued to be profitable. As such, the resilience of the Group to an economic downturn and its historical performance provides the basis for the Group to grow in the future.
- In addition, MRB Group ranked first among Quarry Operation Service Providers in Malaysia based on turnover in 2004. *(Source: Assessment of the Aggregate Quarrying Industry, Vital Factor Consulting)*
- The ability of the Group to provide turnkey services that are focused on the production of aggregates including drilling and blasting, loading and hauling, rock crushing and loading of finished aggregates, will ensure that the Group is positioned well to address opportunities in the market.

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4. INFORMATION ON THE MRB GROUP (Cont'd)**4.5 MAJOR CUSTOMERS**

Based on the Group's financial information for the financial year ended 31 December 2004, the top ten (10) customers of the Group are as follows: -

Customers	Range of Products/Services Sold	Percentage of Turnover as at 31 December 2004 (%)	Length of relationship (Years)
Batu Tiga Quarry Sdn Bhd	Turnkey quarry services	10.9	8
Kenneison Quarry Sdn Bhd	Turnkey quarry services	10.5	11
Sunway Construction Bhd	Civil engineering works	10.4	14
Tanming Quarry Sdn Bhd	Turnkey quarry services	7.2	6
Jaksa Quarry Sdn Bhd	Turnkey quarry services	6.4	11
Saujana Triangle Sdn Bhd	Civil engineering works	4.8	5
Sugu Construction Sdn Bhd	Premix products and crusher run	3.3	2
Sungai Jan Kuari Sdn Bhd	Turnkey quarry services	3.1	5
Emrail Sdn Bhd	Sub Ballast	2.5	2
Hasrat Usaha Sdn Bhd	Civil engineering works	2.0	1

Based on the above table, the MRB Group is not dependant on any single customer for its business. MRB Group has established a wide customer base comprising a total of approximately 380 customers.

(Source: Business Overview of Minetech Resources Berhad, Vital Factor Consulting)

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4. INFORMATION ON THE MRB GROUP (Cont'd)**4.6 MAJOR SUPPLIERS**

Based on the Group's financial information for the financial year ended 31 December 2004, the top ten (10) suppliers of the Group are as follows:

Suppliers	Products/Services Purchased	Level of Purchases as at 31 December 2004 (%)	Length of relationship (Years)
Shell Malaysia Trading Sdn Bhd	Diesel	11.2	9
Iptisan Sdn Bhd	Bitumen and diesel	9.1	3
Can Quarry Industries Sdn Bhd	Operation and maintenance of crushing plant and sale loading	9.0	2
Tenaga Kimia Berhad	Explosives	6.3	9
Qastalani Sdn Bhd	Bitumen and diesel	3.6	1
Ken Blast Engineering	Drilling and blasting	3.3	1.5
Nikma Engineering	Loading and hauling	2.6	2.5
Sandvik Mining & Construction (M) Sdn Bhd	Drilling accessories	2.5	1
Mo-More Petroleum Sdn Bhd	Diesel	2.5	2
Fruitation Sdn Bhd	Subcontractor for civil engineering works	1.6	1

As indicated above, the MRB Group is not dependent on any single supplier.

(Source: Business Overview of Minetech Resources Berhad, Vital Factor Consulting)

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4. INFORMATION ON THE MRB GROUP (Cont'd)**4.7 OTHER MATTERS**

Certain subsidiary companies of the Group are currently under tax investigation by the Inland Revenue Board ("IRB"). The queries raised by the IRB are summarised as follows:-

Subsidiary company	Queries raised
ATSB	(i) to confirm if Real Property Gains Tax ("RPGT") had been paid for assets that were disposed off; (ii) to explain why waiver year (1999) income was higher than income for year 1998; and (iii) IRB requested for the year end journal entries for financial years 1999-2002.
KSC	(i) to explain the source of fund for the RM1.5 million loan from director; (ii) to clarify whether expenses for overseas operation had been charged to local projects; (iii) to reconcile the turnover as per sales report for the years ended 31 December 1999 and 31 December 2000; (iv) to confirm the nature and proof of payment to Encik Ramelle Ashram; and (v) to go through the income statements of the following projects for the months of October, November and December 1998:- <ul style="list-style-type: none"> • Jaksa project • Golden plus project • Bandar Sungai Long project • Bukit Bayu project • Emkay, Bukit Lanjan project.
TMSB	(i) To reconcile the turnover as per sales report for the year ended 30 March 1999.

The Group's tax consultant has replied and submitted supporting documents to IRB on the above queries raised by the IRB vide letters dated 30 March 2005 and 15 April 2005. Subsequent to the replies and discussions held between the Group's tax consultant and IRB, the IRB has made a proposed tax settlement of RM228,000 to the MRB Group in respect of the year of assessment 1999. The Directors of MRB are currently considering this proposal prior to final settlement with the IRB. The Directors are of the opinion that the additional tax liability is not material to the Group and therefore, the financial effects of tax liability has not been included in the consolidated profit forecast and cashflow for the financial year ending 31 December 2005. To the best knowledge of the Board, it is not aware of any material additional tax liability in respect of other years of assessment arising from the tax investigation, as at the latest practicable date prior to the printing of this Prospectus.