

## 1. INFORMATION SUMMARY

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THE SUMMARY INFORMATION IS ONLY A SUMMARY OF THE SALIENT INFORMATION ABOUT THE GROUP AND INVESTORS SHOULD READ AND UNDERSTAND THE WHOLE PROSPECTUS PRIOR TO DECIDING WHETHER OR NOT TO INVEST IN THE SHARES OF THE COMPANY. THE SUMMARY INFORMATION SET OUT BELOW IS DERIVED FROM THIS PROSPECTUS AND SHOULD BE READ IN CONJUNCTION WITH THE FULL TEXT OF THIS PROSPECTUS.

### 1.1 HISTORY AND BUSINESS

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 core business of the Group is the provision of turnkey quarry operation services and the provision of specialised services such as drilling and blasting, loading and haulage, rock crushing and loading of finished aggregates for the quarrying industry and to civil engineering works. The Group has also diversified into downstream activities including the sale and marketing of aggregates, the manufacturing and trading of premix products and in the trading of industrial machinery parts.

The Group's founder and Executive Chairman, Choy Sen @ Chin Kim Sang has almost thirty (30) years of experience in the provision of services to the quarrying industry and to civil engineering works. As a result of his contribution, the MRB Group has grown from a drilling and blasting contractor to become one of the major turnkey quarrying operators in the quarrying industry.

The Group's history can be traced back to the establishment of Chin Construction, a sole proprietorship, in 1977. Chin Construction was primarily involved in the provision of drilling and blasting contracting services. KSC was established in 1984 to assume the business operations of Chin Construction. As part of the Group's intention to capitalise on its expertise, AT was established in 1989 to provide specialised civil engineering services focusing on rock excavation and infrastructure development projects.

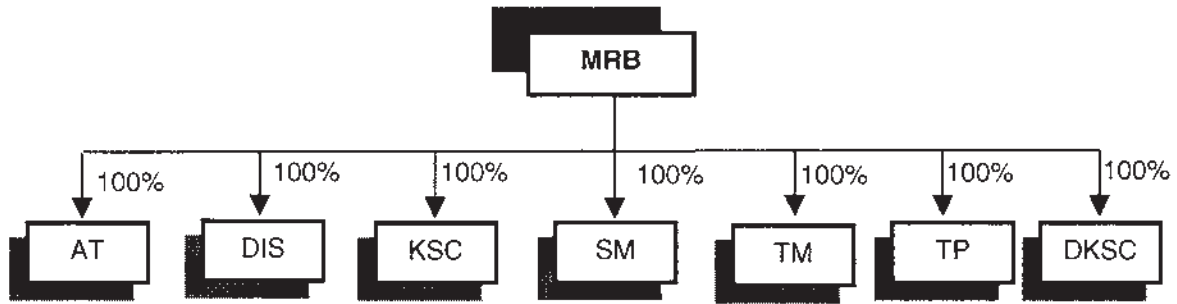
The Group's operations were further expanded when its first crushing plant for the processing of aggregates was established in 1996 for the Batu Tiga Quarry project in Penang. The first turnkey project undertaken by the Group which is inclusive of the sale and marketing of aggregates was in 1998 for the project quarry in the development of Mutiara Damansara in Selangor wherein the Group was responsible for providing complete turnkey quarry operation services to the quarry site including drilling and blasting, loading and haulage, production of aggregates, loading of finished aggregates and the sales and marketing of aggregates. In the same year, TM was established as a marketing arm to focus on quarry products for the Group.

As part of the Group's intention to expand into value-added quarry products, the Group established TP in 2002 to focus on the manufacturing and trading of premix products such as asphalt premix for the road construction and maintenance industry.

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**1. INFORMATION SUMMARY (Cont'd)**

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



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

Name	Date / Place of Incorporation	Issued and paid-up share capital (RM)	Equity Interest (%)	Principal Activities
<b>Subsidiary Companies</b>				
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

Further details on the history and business of the Group are set out in Section 4 of this Prospectus.

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**1. INFORMATION SUMMARY (Cont'd)****1.2 PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT OF THE MRB GROUP**

The direct and indirect shareholdings of the Promoters, substantial shareholders, Directors and key management of the Group are as follows: -

Name	Designation	No. of Shares Held in MRB After the IPO <sup>^</sup>			
		Direct	(%)	Indirect	(%)
<b>Promoters</b>					
Choy Sen @ Chin Kim Sang	Executive Chairman	17,129,700	31.14	5,704,552*	10.37
Low Choon Lan	Executive Director	5,704,552	10.37	17,129,700*	31.14
<b>Substantial Shareholders</b>					
Choy Sen @ Chin Kim Sang	Executive Chairman	17,129,700	31.14	5,704,552*	10.37
Low Choon Lan	Executive Director	5,704,552	10.37	17,129,700*	31.14
Dato' Shamsudin Bin Mohd Dubi	-	158,583	0.29	8,369,870**	15.22
Datin Norhaliza Bt Abdullah	Non-Independent Non-Executive Director	5,356,791	9.74	3,171,662**	5.77
Kerjaya E-Khidmat Sdn Bhd	-	3,013,079	5.48	-	-
Dato' Haji Wan Zaki bin Haji Wan Muda	-	5,563,731	10.12	-	-
Ramelle Ashram Bin Tan Sri Ramli	-	2,781,865	5.06	-	-
<b>Directors</b>					
Choy Sen @ Chin Kim Sang	Executive Chairman	17,129,700	31.14	5,704,552*	10.37
Lee Kah Keng @ Lee Kah Heng	Group Managing Director	-	-	-	-
Loh Yee Kwan	Group Deputy Managing Director	419,207	0.76	498,010 <sup>^</sup>	0.91
Low Choon Lan	Executive Director	5,704,552	10.37	17,129,700*	31.14
Datin Norhaliza Bt Abdullah	Non-Independent Non-Executive Director	5,356,791	9.74	3,171,662**	5.77
Phoon Sow Cheng	Independent Non-Executive Director	-	-	-	-
Chai Woon Chew	Independent Non-Executive Director	-	-	-	-
<b>Key Management</b>					
Choy Sen @ Chin Kim Sang	Executive Chairman	17,129,700	31.14	5,704,552*	10.37
Lee Kah Keng @ Lee Kah Heng	Group Managing Director	-	-	-	-
Loh Yee Kwan	Group Deputy Managing Director	419,207	0.76	498,010 <sup>^</sup>	0.91
Low Choon Lan	Executive Director	5,704,552	10.37	17,129,700*	31.14
Low Choon Yen	Executive Director <sup>^^</sup>	498,010	0.91	419,207 <sup>^</sup>	0.76
Choo Kang Ngee	Executive Director <sup>^^</sup>	399,206	0.73	-	-
Loh Poh Im	Group Financial Controller	-	-	-	-
Liew Tsun Fong	General Manager	20,000	0.04	-	-
Foo Tai Wah @ Robert Foo Tai Wah	General Manager	57,000	0.10	-	-
Tan Keat Hock	General Manager	130,000	0.24	-	-
Lai Yuen Pheng	Assistant General Manager	165,000	0.30	-	-
Chin Chee Choy	Assistant General Manager	165,000	0.30	-	-
Aw Lay Hwa	Account and Administrative Manager	-	-	-	-

Notes:-

\* 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

<sup>^</sup> Shareholdings include Pink Form entitlements

<sup>^^</sup> Executive directors of subsidiary companies of the Group

Details of the Promoters, substantial shareholders, Directors and key management of the MRB Group are set out in Section 5 of this Prospectus.

**1. INFORMATION SUMMARY (Cont'd)****1.3 FINANCIAL HIGHLIGHTS**

The following table sets out a summary of the proforma consolidated results of the Group for the past five (5) financial years ended 31 December 2004. The proforma consolidated results are prepared for illustrative purposes only and should be read in conjunction with the accompanying notes included in the Accountants' Report set in Section 10 of this Prospectus.

Financial year ended 31 December	2000 (RM'000)	2001 (RM'000)	2002 (RM'000)	2003 (RM'000)	2004 (RM'000)
Revenue	80,450	78,610	85,706	96,604	92,013
EBIDTA	14,153	10,680	9,754	14,638	14,889
Interest expense	(2,208)	(2,425)	(2,576)	(2,115)	(2,126)
Depreciation	(488)	(674)	(730)	(686)	(925)
Amortisation	-	-	-	-	-
Exceptional items	-	-	-	-	-
PBT	11,457	7,581	6,448	11,837	11,838
Share of profits of associated company and joint ventures	-	-	-	-	-
Taxation	(2,790)	(1,753)	(2,319)	(3,156)	(3,551)
Profits from ordinary activities	8,667	5,828	4,129	8,681	8,287
Extraordinary items	-	-	-	-	-
MI	-	-	-	-	-
Net profits	8,667	5,828	4,129	8,681	8,287
Enlarged no. of shares assumed in issue ('000)	45,000	45,000	45,000	45,000	45,000
Basic EPS:-					
Gross EPS (RM) <sup>(note vii)</sup>	0.25	0.17	0.14	0.26	0.26
Net EPS (RM) <sup>(note viii)</sup>	0.19	0.13	0.09	0.19	0.18
Diluted EPS	-	-	-	-	-

**Notes:-**

(i) The Proforma Consolidated Income Statements of MRB for the financial years ended 31 December 2000 to 2004 have been prepared for illustrative purposes after making such adjustments considered necessary on the audited financial statements of MRB, KSC, AT, TM, TP, DIS and SM and assuming that the MRB Group has been in existence throughout the financial years under review.

(ii) The Proforma Income Statements of the following subsidiary companies have been time apportioned in order to be coterminous with the financial year end of the MRB Group:-

Company	Financial year end
AT	31 August 2000 to 31 August 2001 and 16-month period ended 31 December 2002
TM	30 April 2000 to 30 April 2001 and 20-month period ended 31 December 2002

Consequently, the results of AT and TM have been adjusted on a time apportionment basis to arrive at the above results.

(iii) MRB's equity interest in the subsidiary companies is assumed as follows for the Proforma Consolidated Income Statements for the financial years ended 31 December 2000 to 2004:-

Company	Equity interest (%)
KSC	100
AT	100
TM	100
TP	100
DIS	100
SM	100

(iv) The Proforma Consolidated Income Statements have been prepared based on bases and accounting principles consistent with those previously adopted in the preparation of the audited financial statements of the respective subsidiary companies.

**1. INFORMATION SUMMARY (Cont'd)**

- (v) There were no amortisation, share of profits of associated company and joint ventures, extraordinary or exceptional items during the relevant financial years under review.
- (vi) Tax expense has been adjusted for any under or overprovision where relevant.
- (vii) The proforma gross EPS is computed by dividing the PBT by the number of ordinary shares assumed in issue of 45,000,000 Shares of MRB after the Acquisitions but before the Public Issue.
- (viii) The proforma net EPS is computed by dividing the PAT by the number of ordinary shares assumed in issue of 45,000,000 Shares of MRB after the Acquisitions but before the Public Issue.
- (ix) All significant intra-group transactions are eliminated on consolidation and the consolidated results reflect external transactions only.
- (x) In 2000, the Group's revenue from the turnkey quarry operation increased in line with the intensive development projects and infrastructure works in the areas surrounding the quarry sites of the Group. Specialised civil engineering works also registered higher income following the intensive housing development projects in Klang Valley and Selangor.
- The Group's revenue for 2001 decreased slightly due to the drop in contract income from specialised civil engineering works. Quarry sales surged in line with the intensive development in the areas surrounding the quarry sites.
- In 2002, the Group's revenue increased due to the higher quarry sales together with the new sales generated from the premix products through TP.
- In 2003, the Group reported improvement in total revenue due to the significant increase in contract income from specialised civil engineering works following the completion of certain major civil engineering projects. In addition, the sales of premix product increased significantly as a result of market demand.
- In 2004, the Group's revenue decreased marginally mainly due to the expiry of certain turnkey quarry contracts. Contract income from specialised civil engineering works remained consistent with prior year.
- (xi) In 2000, pre-tax profit increased in-line with the increased in revenue.
- In 2001, pre-tax profit slipped due mainly to the bad debts written off amounting to RM2.4 million and higher finance costs resulting from hire-purchase and lease arrangements for the acquisitions of new plant and machinery.
- In 2002, the pre-tax profit dropped marginally due to the higher depreciation charge, higher upkeep of plant and machinery and machinery parts consumed.
- In 2003, the pre-tax profit improved mainly due to the better cost control and higher profit margin earned from the quarry sales as a result of better selling price.
- In 2004, the pre-tax profit remained fairly consistent despite the decrease in revenue due to the more stringent cost control imposed.
- (xii) In 2000 and 2001, the effective tax rates were lower than the statutory tax rate due mainly to the tax exempt foreign income from Karimun Project in accordance with the Income Tax (Exemption) (No. 48) Order 1997.
- In 2002, the effective tax rate for the year increased significantly due mainly to the taxable income on the disposal of certain plant and machinery. In addition, the profits were derived mainly from the local sales following the completion of overseas project.
- In 2003, the effective tax rate was slightly lower than the statutory tax rate mainly due to the non-taxable capital gain on disposal of plant and machinery.
- In 2004, the effective tax rate was marginally higher than the statutory tax rate mainly due to the taxable income on the disposal of certain plant and machinery and non-allowable expenses.

**Audit Qualifications in the Audited Financial Statements for the Past Financial Years**

The financial statements of the MRB Group for the past five (5) financial years ended 31 December 2004 have been reported without any audit qualification.

**1. INFORMATION SUMMARY (Cont'd)****1.4 PROFORMA CONSOLIDATED BALANCE SHEETS OF THE MRB GROUP AS AT 31 DECEMBER 2004**

The Proforma Consolidated Balance Sheets as at 31 December 2004 set out below has been prepared for illustrative purposes only to show the effects on the audited balance sheet of MRB, had the listing scheme been effected on that date.

	Audited as at 31 December 2004 RM'000	Proforma I RM'000	Proforma II RM'000
<b>ASSETS EMPLOYED</b>			
Property, plant and equipment	-	55,715	60,615
Quarry Development Expenditure	-	1,804	1,804
<b>CURRENT ASSETS</b>			
Inventories	-	9,482	9,482
Trade receivables	-	18,695	18,695
Other receivables, deposits and prepayments	570	6,096	6,096
Amounts owing by customers for contract work	-	3,697	3,697
Tax recoverable	-	259	259
Fixed deposits with licensed banks	-	1,351	1,351
Cash and bank balances	-	3,797	6,797
	570	43,377	46,377
<b>CURRENT LIABILITIES</b>			
Trade payables	-	11,205	11,205
Other payables and accruals	419	5,699	5,699
Hire-purchase and lease creditors	-	3,697	3,697
Amounts owing to Directors	164	2,472	2,472
Short term borrowings - secured	-	5,507	2,507
Term loans-secured	-	1,227	727
Taxation	-	919	919
	583	30,726	27,226
<b>NET CURRENT (LIABILITIES)/ASSETS</b>	(13)	12,651	19,151
	(13)	70,170	81,570
<b>FINANCED BY</b>			
Share capital	*	45,000	55,000
Share premium	-	-	1,400
Accumulated losses	(13)	(13)	(13)
Reserve on consolidation	-	8,434	8,434
Shareholders' (deficiency)/equity	(13)	53,421	64,821
<b>LONG TERM AND DEFERRED LIABILITIES</b>			
Hire-purchase and lease creditors	-	8,479	8,479
Term loans-secured	-	2,563	2,563
Deferred tax	-	5,707	5,707
	(13)	70,170	81,570
<b>(Net Liabilities)/NTA</b>	(13)	51,617	63,017
<b>(Net Liabilities)/NTA per Share (RM)</b>	(6,500)	1.15	1.15

Notes:-

\* Represent RM2

Proforma I After the Acquisitions

Proforma II Incorporated Proforma I, Public Issue, Utilisation of proceeds and after adjusting for estimated listing expenses of RM1.6 million against the Share Premium Account.

Detailed Proforma Consolidated Balance Sheets and the Reporting Accountants' letter thereon are set out in Sections 9.11 and 9.12 of this Prospectus respectively.



## 1. INFORMATION SUMMARY (Cont'd)

### 1.5 MATERIAL RISK FACTORS

An investment in the shares listed/to be listed on the Bursa Securities involves a number of risks, some of which, including market, industry, liquidity, credit, operational, legal and regulatory risks could be substantial and inherent in the business of the Group.

Prospective investors should rely on their own evaluations and carefully consider the risk factors before buying any of the IPO Shares, which are the subject of this Prospectus. The risk factors that should be considered include, but are not limited to, the following:-

- (a) Political, Social and Economic Considerations;
- (b) Government Policies, Law and Regulation;
- (c) Competition;
- (d) No Prior Market for MRB Shares;
- (e) Dependence on Key Personnel and Other Employees;
- (f) Business Risks;
- (g) Dependence on Certain Industries;
- (h) Control by Promoters;
- (i) Adequacy of Insurance Coverage;
- (j) Breakout of Fire, Occurrence of Natural Disasters and any other forms of crises;
- (k) Rapid or Over Expansion;
- (l) Capital Market Risk;
- (m) Failure of the Listing;
- (n) Absence of Formal Long Term Contractual Agreements with Customers/ Suppliers;
- (o) Forward Looking Statements;
- (p) Technological Changes;
- (q) Financial Risks;
- (r) Environmental Concerns;
- (s) Material Litigation/ Legal Uncertainties;
- (t) Related Party Transactions/ Conflicts of Interest;
- (u) Security and Operations Disruption; and
- (v) Profit Forecast.

Further details of the risk factors are set out in Section 3 of this Prospectus.

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**1. INFORMATION SUMMARY (Cont'd)****1.6 PROFIT AND DIVIDEND RECORD****CONSOLIDATED PROFIT FORECAST**

<b>Financial Year Ending 31 December</b>	<b>Forecast 2005 RM'000</b>
Revenue	115,547
Consolidated PBT	12,910
Taxation	(3,779)
Consolidated PAT	9,131
MI	-
Consolidated PAT after MI	9,131
Enlarged issued share capital ('000)	55,000
Gross EPS (sen)	23.47
Net EPS (sen)	16.60
Gross PE Multiple (times)*	5.54
Net PE Multiple (times)*	7.83

Note:-

\* Based on IPO Price

**DIVIDEND FORECAST**

<b>Financial Year Ending 31 December</b>	<b>Forecast 2005</b>
Gross dividend per share (sen)	6.94
Gross dividend yield (%)*	5.34
Net dividend per share (sen)	5.00
Net dividend yield (%)*	3.85
Net dividend cover (times)	3.32

Note:-

\* Based on IPO Price

**1.7 PROFORMA GROUP NTA AS AT 31 DECEMBER 2004**

	<b>Proforma Group NTA (RM'000)</b>	<b>NTA per ordinary Share (RM)</b>
Proforma consolidated NTA (after taking into account the Acquisitions, Public Issue and proposed utilisation of proceeds)	63,017	1.15

The above proforma consolidated NTA is based on the enlarged issued and paid-up share capital of 55,000,000 Shares in MRB. Detailed calculations of the proforma consolidated NTA are set out in Section 9.11 of this Prospectus.



**1. INFORMATION SUMMARY (Cont'd)****1.8 PRINCIPAL STATISTICS RELATING TO THE IPO****1.8.1 Share Capital**

The following statistics relating to the IPO are derived from the full text of the Prospectus and should be read in conjunction with the text.

	Number of Shares	Share capital (RM)
<b>AUTHORISED SHARE CAPITAL</b>	100,000,000	100,000,000
<b>ISSUED AND FULLY PAID-UP SHARE CAPITAL:</b>		
• Existing ordinary shares	45,000,000	45,000,000
• New ordinary shares to be issued pursuant to Public Issue	10,000,000	10,000,000
<b>ENLARGED SHARE CAPITAL</b>	55,000,000	55,000,000
• Existing ordinary shares to be offered pursuant to the Offer For Sale	4,600,000	4,600,000

The IPO Price is RM1.30 per Share payable in full upon application, subject to the terms and conditions of this Prospectus.

**1.8.2 Class of Shares**

There is only one class of shares in the Company namely ordinary shares of RM1.00 each, all of which rank pari passu with one another. The IPO Shares 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.

**1.9 PROPOSED UTILISATION OF PROCEEDS**

The total gross proceeds arising from the Public Issue will be utilised by the Group in the following manner: -

	Forecast timeframe for utilisation of listing proceeds	Amount (RM'000)
Repayment of Bank Borrowings	By end-2005	3,500
Purchase of Plant and Equipment	By end-2005	4,900
Working Capital	Immediately	3,000
Estimated Share Issue Expenses	Within 3 months from Listing date	1,600
<b>Total proceeds</b>		<b>13,000</b>

Further details of the utilisation are set out in Section 2.7 of this Prospectus.

**1. INFORMATION SUMMARY (Cont'd)****1.10 MATERIAL LITIGATION, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS****(i) Material Litigation**

Save as disclosed below and as at 31 May 2005 (being the latest practicable date prior to the printing of this Prospectus), the MRB Group is not engaged whether as plaintiff or defendant in any legal action, proceeding, arbitration or prosecution for any criminal offence which has a material effect on the financial position of the Group and the Directors do not know of any proceedings pending or threatened or any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of the MRB Group:-

*High Court Winding Petition No. 28-13-2002*

KSC has vide its solicitors filed a petition against Khas Teguh Sdn Bhd ("**Khas Teguh**") in the Seremban High Court via Winding-Up Petition No. 28-13-2002. KSC is claiming for the sum of RM2,873,913.53 being outstanding fees with regards the work done for Khas Teguh. Khas Teguh has subsequently filed an application for an injunction and to strike out KSC's petition. The Court has dismissed Khas Teguh's application for the injunction and the application to strike out KSC's petition. The parties are required to file written submissions to the Court by 7 July 2005. The winding-up petition is also fixed for mention on 7 July 2005.

The solicitors for KSC are of the opinion that Khas Teguh will not be able to injunct or strike out KSC's petition.

**(ii) Borrowings**

As at 31 May 2005, (being the latest practicable date prior to the printing of this Prospectus) the Group has total borrowings amounting to approximately RM23.06 million arising from various credit facilities granted by several financial institutions in Malaysia. Of this amount, approximately RM10.22 million is in the form of long term interest bearing borrowings, whilst the remainder of RM12.84 million is in the form of short term interest bearing borrowings.

The Group has not defaulted in any of its payment of either interest and/or principal sums in respect of any borrowings through out the past one (1) financial year and the financial period thereof immediately preceding the date of this Prospectus.

**(iii) Contingent Liabilities**

Save as disclosed below and as at 31 May 2005 (being the latest practicable date prior to the printing of this Prospectus), MRB Group does not have any contingent liabilities:-

A former employee of DIS, has filed a claim against the company for a sum of approximately RM70,000.00 for liquidated damages and for general damages to be assessed by the court pursuant to injury arising from personal accident during working hours. The solicitors for DIS had on 9 May 2005 obtained an order from the court to amend its defence to include Section 31 of the Employees Social Security Act 1969. Upon filing of the amended statement of defence, the solicitors of DIS' will file an application to strike out the matter. Based on the legal advice, the Board of Directors are of the opinion that no provision is required as DIS has valid grounds to succeed in defending this litigation.

**1. INFORMATION SUMMARY (Cont'd)****(iv) Material Commitments**

Save as disclosed below and as at 31 May 2005 (being the latest practicable date prior to the printing of this Prospectus), there were no material commitments for capital expenditure incurred or known to be incurred by the Group, which may have a substantial impact on the financial position of the Group:-

<b>Capital Commitments</b>	<b>RM'000</b>
Capital expenditures in respect of purchase of property, plant and equipment	
- approved and contracted for	7,007
- approved but not contracted for	550
<b>Total</b>	<b>7,557</b>

Please refer to Section 9.5 of this Prospectus for further details on the Group's borrowings, contingent liabilities and material commitments.

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## 2. PARTICULARS OF THE IPO

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This Prospectus is dated 30 June 2005.

A copy of this Prospectus has been registered with the SC and lodged with the ROC who takes no responsibility for its contents.

**The approval of the SC obtained vide its letter dated 17 November 2004 shall not be taken to indicate that the SC recommends the IPO and that investors should rely on their own evaluation to assess the merits and risks of the IPO.**

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, the Bursa Securities has prescribed the securities of MRB, which are required to be deposited into the CDS. In consequence thereof, the Shares offered through this Prospectus will be deposited directly with the Depository and any dealings in these Shares will be carried out in accordance with the Securities Industry (Central Depositories) Act, 1991 and the Rules of the Depository.

Application has been made to the Bursa Securities for admission to the Official List and for the listing of and quotation for the entire enlarged issued and fully paid-up share capital of MRB on the Second Board of the Bursa Securities. These Shares will be admitted to the Official List on the Second Board of the Bursa Securities and official quotation will commence upon receipt of confirmation from the Issuing House that all CDS Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to all successful applicants.

Acceptance of Applications for the IPO Shares will be conditional upon permission being granted by the Bursa Securities to deal in and for the quotation of the entire enlarged issued and fully paid-up Shares on the Second Board of the Bursa Securities. Accordingly, monies paid in respect of any application accepted from the IPO will be returned without interest if the said permission for listing is not granted within six (6) weeks from the date of issue of this Prospectus (or such longer period as may be specified by the SC) provided that the Company is notified by or on behalf of the Bursa Securities within the aforesaid timeframe.

Pursuant to the Listing Requirements of the Bursa Securities, at least 25% of the issued and paid-up share capital of the Company must be held by a minimum number of 1,000 public shareholders holding not less than 100 Shares each at the point of listing. In the event that the above requirement is not met pursuant to the IPO, the Company may not be allowed to proceed with its listing on the Second Board of the Bursa Securities.

The SC and Bursa Securities assumes no responsibility for the correctness of any statements made or opinions or report expressed in this Prospectus. Admission to the Official List of the Second Board of the Bursa Securities is not to be taken as an indication of the merits of the Company or of its Shares.

Applicants of the IPO Shares must have a CDS account. In the case of an applicant by way of Application Form, an applicant should state his/her CDS account number in the space provided in the Application Form. In the case of an applicant by way of Electronic Share Application, only an applicant who is an individual and has a CDS account can make an Electronic Share Application and the applicant shall furnish his/her CDS account number to the Participating Financial Institutions by keying his/her CDS account number if the instructions on the ATM screen at which he/she enters his/her Electronic Share Application requires him to do so. A corporation or institution cannot apply for the Shares by way of Electronic Share Application.

No person is authorised to give any information or to make any representation not contained herein in connection with the IPO and if given or made, such information or representation must not be relied upon as having been authorised by MRB. Neither the delivery of this Prospectus nor any IPO made in connection with this Prospectus shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of MRB since the date hereof.

**2. PARTICULARS OF THE IPO (Cont'd)**

The distribution of this Prospectus and the making of the IPO in certain other jurisdictions outside Malaysia may be restricted by law. Persons who may come into possession of this Prospectus are required to inform themselves of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an invitation to subscribe for the IPO Shares in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

**If you are unsure of any information contained in this Prospectus, you should consult your stockbroker, bank manager, solicitor, accountant, or other professional advisers.**

**2.1 SHARE CAPITAL**

	Number of Shares	Share capital (RM)
<b>AUTHORISED SHARE CAPITAL</b>	100,000,000	100,000,000
<b>ISSUED AND FULLY PAID-UP SHARE CAPITAL:</b>		
• Existing ordinary shares	45,000,000	45,000,000
• New ordinary shares to be issued pursuant to Public Issue	10,000,000	10,000,000
<b>ENLARGED SHARE CAPITAL</b>	55,000,000	55,000,000
• Existing ordinary shares to be offered pursuant to the Offer For Sale	4,600,000	4,600,000

The IPO Price is RM1.30 per Share payable in full upon application, subject to the terms and conditions of this Prospectus.

There is only one class of shares in the Company, namely, ordinary shares of RM1.00 each, all of which rank pari passu with one another. The IPO Shares will rank pari passu in all respects with the other existing 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.

Subject to any special rights attaching to any Shares which may be issued by the Company in the future, the holders of Shares in the Company shall, in proportion to the amount paid-up on the Shares held by them, be entitled to share in the whole of the profits paid out by the Company as dividends and other distributions and the whole of any surplus in the event of the liquidation of the Company, in accordance with its Articles of Association.

Each ordinary shareholder shall be entitled to vote at any general meeting of the Company in person or by proxy or by attorney or by a duly authorised representative and on a show of hands, every person present who is a shareholder or representative or proxy or attorney of a shareholder shall have one vote, and, on a poll, every shareholder present in person or by proxy or by attorney or other duly authorized representative shall have one vote for each ordinary share held.

An ordinary shareholder may appoint up to two (2) proxies to attend on the same occasion. A proxy may but need not be a shareholder of the Company. If the proxy is not a shareholder, the proxy need not be an advocate, an approved company auditor or a person approved by the ROC. If a shareholder appoints up to two (2) proxies, the appointments shall be invalid unless he specifies the proportions of his holding to be represented by each proxy.



**2. PARTICULARS OF THE IPO (Cont'd)****2.2 OPENING AND CLOSING OF APPLICATION**

The Applications for the IPO will open at 10.00 a.m. on 30 June 2005 and will close at 5.00 p.m. on 12 July 2005 or for such further period or periods as the Directors and/or Offerors of MRB together with the Managing Underwriter in their absolute discretion may decide. Late applications will not be accepted.

**2.3 CRITICAL DATES OF THE IPO**

<b>Events</b>	<b>Tentative Date</b>
Issue of Prospectus / Opening date of the IPO	30 June 2005
Closing date of the IPO	12 July 2005
Tentative date for balloting of applications	14 July 2005
Tentative date of despatch of notice of allotment of the ordinary shares of MRB to successful applicants	21 July 2005
Tentative listing date	22 July 2005

Should the closing date of the aforesaid application be extended, the dates for the balloting, the dates for balloting and listing of MRB's entire issued and paid-up capital on the Second Board of Bursa Securities might be extended accordingly. Any changes to the application period for the IPO will be notified to the public via an advertisement in a widely circulated daily Bahasa Malaysia newspaper and English newspaper.

**2.4 BASIS OF ARRIVING AT THE IPO PRICE**

The IPO Price of RM1.30 per Share was determined and agreed upon by the Company, the Offerors and AmMerchant Bank as Adviser and Managing Underwriter based on various factors including the following:-

- (i) The Group's financial operating history and conditions and financial position as outlined in Sections 9.1 to 9.3 of this Prospectus;
- (ii) The future growth of the industry in which the Group operates as outlined Sections 4.4.5 of this Prospectus;
- (iii) The forecast net PE Multiple of 7.83 times based on the forecast net EPS of 16.60 sen for the financial year ending 31 December 2005 based on the enlarged issued and paid-up share capital of 55,000,000 Shares; and
- (iv) The Proforma Consolidated NTA of MRB as at 31 December 2004 of RM1.15 per Share based on the enlarged issued and paid-up share capital of 55,000,000 Shares.

The shareholders should also note that the market price of the MRB Shares upon listing on Bursa Securities are subject to the vagaries of the market and other uncertainties which may affect the price of the MRB Shares being traded. Investors should form their own views on the valuation of the IPO Shares before deciding to invest in the IPO Shares.

**2. PARTICULARS OF THE IPO (Cont'd)****2.5 DETAILS OF THE IPO****Public Issue**

The Public Issue of 10,000,000 new 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;
- (b) Job position;
- (c) Length of service; and
- (d) Non-Malaysian citizens are not eligible.

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

<b>Name of Directors</b>	<b>Designation</b>	<b>Pink Form Allocation</b>
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) Places**

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

**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).



**2. PARTICULARS OF THE IPO (Cont'd)**

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
<b>Total</b>	<b>10,000,000</b>	<b>4,600,000</b>	<b>14,600,000</b>

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.

**2.6 PURPOSES OF THE IPO**

The purposes of the IPO are as follows: -

- (i) to provide additional funds to meet the present and future working capital requirements of the Group and to facilitate an expansion of the Group's production capacity;
- (ii) to repay part of the Group's bank borrowings which shall result in interest cost savings for the Group;
- (iii) to facilitate the listing of and quotation for the entire enlarged issued and paid-up share capital of the Company on the Second Board of the Bursa Securities;
- (iv) to enable the Group to gain recognition and certain stature through its listing status and further enhance its corporate reputation and assist the Group in expanding its customer base;
- (v) to enable the Group to gain access to the capital market to raise funds for future expansion and continued growth of the Group; and
- (vi) to provide the opportunity for the eligible employees and Directors of the Group and the Malaysian investing public and institutions to participate in the equity and continuing growth of the Group.

**2. PARTICULARS OF THE IPO (Cont'd)****2.7 PROPOSED UTILISATION OF PROCEEDS**

The Public Issue is expected to raise gross proceeds of RM13 million which shall accrue to the Company.

The Company intends to utilise the proceeds raised in the following manner: -

	Forecast timeframe for utilisation of listing proceeds	Note	Amount (RM'000)
Repayment of Bank Borrowings	By end-2005	(i)	3,500
Purchase of Plant and Equipment	By end-2005	(ii)	4,900
Working Capital	Immediately	(iii)	3,000
Estimated Share Issue Expenses	Within 3 months from Listing date	(iv)	1,600
<b>Total proceeds</b>			<b>13,000</b>

The Company will bear all expenses and fees incidental to the listing of and quotation for the entire issued and paid-up share capital of MRB on the Second Board of the Bursa Securities, which include underwriting commission, placement fees, brokerage, professional fees, authorities fees, advertising and other fees the aggregate of which is estimated to be RM1.6 million.

The Offer for Sale will raise gross proceeds of RM5.980 million. This amount shall accrue entirely to the Offerors and no part of the proceeds shall be receivable by the Company. The Offerors shall bear all expenses such as underwriting commission, placement fees, brokerage, stamp duty, registration and share transfer fees relating to the Offer Shares.

There is no minimum subscription to be raised from the IPO as the IPO Shares are fully underwritten except for those IPO Shares made available to identified placees.

Notes: -

**(i) Repayment of Bank Borrowings**

As at 31 May 2005, the Group has total borrowings amounting to approximately RM23.06 million. The Group will utilise RM3.5 million arising from the Public Issue to repay the following bank borrowings:-

Lender	Type of Facility	Repayment Amount (RM)	Interest Rate(%) (p.a.)
United Overseas Bank (Malaysia) Bhd	Overdraft	500,000	BLR + 1.75%
EON Bank Bhd	Term Loan and Overdraft	1,200,000	BLR + 1.8%
Bumiputra Commerce Bank Bhd	Overdraft	700,000	BLR + 1.5%
Hong Leong Bank Berhad	Overdraft	600,000	BLR+1.8%
OCBC Bank (Malaysia) Berhad	Overdraft	500,000	BLR + 1.75%
			- 2.25%
<b>Total</b>		<b>3,500,000</b>	

The Group anticipates that interest savings based on the average interest rate of 7.7% as a result of these repayments will be approximately RM270,000 per annum.

**2. PARTICULARS OF THE IPO (Cont'd)****(ii) Purchase of Plant and Equipment**

The Group intends to purchase additional plant and equipment for the purpose of upgrading its existing quarrying works equipment. The details of the equipment are as follows:-

Equipment	Unit	Amount (RM)
New Hydraulic Excavator	1	510,000
Reconditioned Hydraulic Excavator	1	480,000
Reconditioned Wheel Loader	1	380,000
Upgrading used crushing & screening plant	1	3,530,000
<b>Total</b>		<b>4,900,000</b>

The machinery will be sourced locally and overseas. The Company anticipates that with the above additional machinery, the Group's quarrying operations will be performed more efficiently and production levels will improve.

**(iii) Working Capital**

RM3,000,000 will be used as general working capital of the Group which includes the purchase of stock, raw materials, payment to subcontractor, machinery parts, payment of employees' salaries and other operating expenses.

**(iv) Estimated Share Issue Expenses**

The estimated share issue expenses for the listing of and quotation for the enlarged share capital of 55,000,000 Shares in MRB on the Second Board of the Bursa Securities are as follows: -

Estimated share issue expenses	Amount (RM)
Fees to authorities	73,000
Professional fees #	820,000
Underwriting, placement and brokerage fees	315,000
Printing, advertising and other miscellaneous expenses @	392,000
<b>Total</b>	<b>1,600,000</b>

Notes: -

# Includes fees for the Adviser, Reporting Accountants, Solicitors and other professional advisors.

@ Any unutilised amount shall be used for working capital purposes of the Group.

**2.8 BROKERAGE AND UNDERWRITING COMMISSION**

The Underwriters as mentioned in Section 1 of this Prospectus, have agreed to underwrite the 8,000,000 Issue Shares to be issued/offered to the Malaysian public, eligible employees and Directors of the Group. Underwriting commission is payable by the Company in respect of the Public Issue at the rate of 1.5% of the total underwritten shares of 8,000,000 at the IPO Price of RM1.30 per Share to the respective Underwriters.

## 2. PARTICULARS OF THE IPO (Cont'd)

Brokerage is payable by the Company in respect of the Public Issue made available for application by the Malaysian public at the rate of 1.0% of the IPO Price of RM1.30 per Share in respect of successful applications which bear the stamp of AmMerchant Bank, member companies of the Bursa Securities, members of the Association of Banks in Malaysia, members of the Association of Merchant Banks in Malaysia or MIDFCCS.

### 2.9 SALIENT TERMS OF THE UNDERWRITING AGREEMENT

Note: Unless stated, all capitalised terms shall bear the same meanings as prescribed in the Underwriting Agreement.

The following is an extract of the salient clauses contained in the Underwriting Agreement dated 18 April 2005, inclusive of certain clauses which would allow the underwriters to withdraw from their respective obligations under the Underwriting Agreement after the opening of the offer:-

#### Clause 2.2

The obligation of each Underwriter is several and no Underwriter shall be responsible for any failure by any other Underwriter to meet its obligation nor shall such failure relieve the Company, or the other Underwriter of their respective obligations and further, nothing in this Agreement shall be construed as constituting or evidencing a partnership between the Managing Underwriter, the Underwriters or any of them.

#### Condition Precedent

#### Clause 5.1

Unless waived by the Underwriters (in which case any condition precedent or any part thereof so waived shall be deemed to have been satisfied) the obligations of the Underwriters under this Agreement shall be conditional upon the fulfilment and/or satisfaction of the following:-

- (a) the Bursa Securities having agreed in principle to the listing of and quotation for (on terms satisfactory to the Underwriters) the entire issued and paid-up share capital of the Company on the Second Board of the Bursa Securities;
- (b) the subscription for and the issuance of the Issue Shares pursuant to and in accordance with the provisions hereof and in the Prospectus not being prohibited by any statute, order, rule, regulation, directive or guideline (whether or not having the force of law) promulgated or issued by any agency, legislative, executive or regulatory body or authority of Malaysia (including the Bursa Securities);
- (c) the approval from the SC in respect of the Prospectus and registration of the Prospectus with the SC pursuant to the SC Act and subsequent lodgement of the Prospectus with the Companies Commission of Malaysia;
- (d) all other necessary approvals and consents required in relation to the Public Issue, the Offer for Sale, the Issue Shares and the Sale Shares including but not limited to governmental approvals having been obtained and are in full force and effect;
- (e) the issue of the Issue Shares having been approved by the shareholders of the Company in an extraordinary general meeting;

**2. PARTICULARS OF THE IPO (Cont'd)**

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- (f) there having been, on or prior to the Closing Date or the Extended Closing Date, as the case may be, no breach of any representation, warranty, covenant, undertaking or obligation of the Company in this Agreement or which is contained in any certificate, statement, or notice provided under or in connection with this Agreement or which proves to be incorrect in any material respect;
- (g) there having been, on or prior to the Closing Date or the Extended Closing Date, as the case may be, no material adverse change, or any development involving a prospective material adverse change, in the financial condition or business or operations of the Group or business or operations of the Company or its subsidiaries or in the prospects or future financial condition or business or operations of the Company or its subsidiaries (which in the reasonable opinion of the Underwriters, is or will be material in the context of the Public Issue and Offer for Sale and the sale of any Underwritten Shares) from that set forth in the Prospectus, nor the occurrence of any event nor the discovery of any fact rendering inaccurate, untrue or incorrect to such extent which is or will be material in any of the representations, warranties, covenants and undertakings and obligations of the Company herein contained; and
- (h) the Underwriters receiving a copy certified by a director or secretary of the Company to be a true resolution of the Board of Directors of the Company approving this Agreement and authorising a person or persons to sign on behalf of the Company this Agreement.

Clause 5.2

In the event any of the conditions set forth in Clause 5.1 of the Underwriting Agreement are not satisfied within three (3) months from the date of this Agreement, the Underwriters shall, subject as mentioned below in this clause, be entitled to forthwith terminate this Agreement by notice in writing given to the Company whereupon the following shall take place within three (3) Market Days of the receipt of such notice:

- (a) the Company shall make payment of the Underwriting Commission to the Underwriters; and
- (b) each party shall return all other moneys (in the case of the Underwriters, after deducting the Underwriting Commission due and owing to the Underwriters hereunder) paid to the other under this Agreement (except for monies paid by the Company for the payment of the expenses as provided hereunder);

and thereafter, this Agreement shall become null and void and of no further force and effect and none of the parties shall have a claim against the other save and except in respect of any antecedent breaches.

Payment of Underwriting Commission

Clause 10.1

The Underwriting Commission (as set out in Column 4 of the Schedule) shall be paid by or on behalf of the Company to the Underwriters within five (5) Market Days from the date of listing of and quotation for the entire issued and paid-up share capital of the Company on the Second Board of the Bursa Securities provided that any amount thereof that remains outstanding and owing to any Underwriter when such Underwriter is required to make a remittance in accordance with Clause 8 of the Underwriting Agreement, may be deducted by such Underwriter from the amount which such Underwriter would otherwise be required to remit.



**2. PARTICULARS OF THE IPO (Cont'd)**

## Termination

## Clause 12.1

Notwithstanding anything herein contained, the Underwriters and/or the Managing Underwriter, as the case may be, may by notice in writing to the Company given at any time before the Closing Date, terminate, cancel and withdraw their commitment to underwrite the Underwritten Shares if:-

- (a) in the event that the approval of the Bursa Securities for the admission of the Company to the official list of the Second Board of the Bursa Securities or for the listing of and quotation for the entire issued and paid-up share capital of the Company on the Second Board of the Bursa Securities is withdrawn or procured but subject to the conditions not acceptable to the Underwriters;
- (b) there is any breach by the Company of any of the representations, warranties or undertakings contained in Clauses 3 and 4 of the Underwriting Agreement, which is not capable of remedy or, if capable of remedy, is not remedied within such number of days as stipulated in the notice given to the Company; or
- (c) there is failure on the part of the Company to perform any of its obligations herein contained; or
- (d) there is withholding of information of a material nature from the Underwriters which is required to be disclosed pursuant to this Agreement which, in the reasonable opinion of the Underwriters, would have or can reasonably be expected to have, a material adverse effect on the business or operations of the Group, the success of the Public Issue, or the distribution or sale of the Issue Shares; or
- (e) there shall have occurred, or happened any material and adverse change in the business or financial condition of the Group; or
- (f) there shall have occurred, or happened any of the following circumstances: -
  - (i) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions (including but not limited to conditions on the stock market, in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or foreign exchange controls or the occurrence of any combination of any of the foregoing; or
  - (ii) any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of the Underwriters (including without limitation, acts of God, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents);

which, would have or can reasonably be expected to have, a material adverse effect on, and/or materially prejudice the business or the operations of the Group as a whole, the success of the Public Issue which has or is likely to have the effect of making any material part of this Agreement incapable of performance in accordance with its terms.

**2. PARTICULARS OF THE IPO (Cont'd)**

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- (g) in the reasonable opinion of any Underwriters that the success of the Public Issue is seriously and/or materially jeopardised by the Kuala Lumpur Composite Index falling below seven hundred (700) points and remaining below seven hundred (700) points for three (3) consecutive Market Days at any time between the date of this Agreement and up to and including the Closing Date;

Clause 12.2

In the event that this Agreement is terminated pursuant to Clause 12.1 of the Underwriting Agreement, the Underwriters and the Company may confer with a view to deferring the Public Issue by amending the terms of this Agreement and enter into a new underwriting agreement accordingly, but neither the Underwriters nor the Company shall be under any obligation to enter into a fresh agreement.

Clause 12.3

Upon any such notice(s) being given pursuant to Clause 12.1 of the Underwriting Agreement, the Underwriters shall be released and discharged from their obligations hereunder whereupon the following shall take place within three (3) Market Days of the receipt of such notice:

- (a) the Company shall make payment of the Underwriting Commission to the Underwriters; and
- (b) each party shall return all other moneys (in the case of the Underwriters, after deducting the Underwriting Commission due and owing to the Underwriters hereunder) paid to the other under this Agreement (except for monies paid by the Company for the payment of the expenses as provided hereunder);

and thereafter, this Agreement shall become null and void and of no further force and effect and none of the parties shall have a claim against the other save and except in respect of any antecedent breaches.

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**3. RISK FACTORS**

In evaluating an investment in the IPO Shares, prospective applicants should carefully consider all information contained in this Prospectus including but not limited to the general and specific risks of the following risk factors:-

**(a) Political, Social and Economic Considerations**

Adverse developments in the political, social and economic conditions of Malaysia could materially and adversely affect the future growth and level of profitability of the Group. A discussion of the industry overview of the Group's business is set out in Section 4.4.4 of this Prospectus.

Other political, social and economic uncertainties include, inter alia, risks of war, expropriation, nationalisation, renegotiations or nullification of existing contracts, changes in interest rates and methods of taxation. The Group will continue to take effective measures such as prudent financial management, market diversification and efficient operating procedure to mitigate such risks. However, no assurance can be given by the Directors of MRB that such adverse political, social and economic conditions would not have a material effect on the Group.

**(b) Government Policies, Law and Regulation**

All commercial quarries (except project quarry for development projects) shall be carried on quarry land with title under a land use category specific for quarry industry. All operators are required to apply for permits from the land office for the extraction of rock.

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.

There can be no assurance that should there be changes in the governments' policies, laws and regulations towards commercial quarries, the business of the Group will not be materially affected.

A discussion of the relevant Government Policies and Regulation is set out in Sections 4.4.6 and 4.4.7 of this Prospectus.

**(c) Competition**

Due to the bulky nature of aggregates, the Group does not face substantial competition from importers of aggregates. Its main competition therefore stems from domestic industry players. There are a substantial number of quarries in Malaysia which are able to provide an ample supply of aggregates but the barriers of entry into this industry are considered to be high due to the high capital investment and technical expertise that is required by an operator in this industry. Furthermore competition will also be dependant on the location of the quarry and the presence of other competing quarries again, due to the relative high cost involved in the transportation of aggregates.

Insofar as the provision of quarry services is concerned, competition is considered to be low. Opportunities for providers of quarry services are limited as there are many quarry owners who are also operators. Large consumers of aggregates do tend to lease quarries and operate them for their own use. Furthermore the initial set-up cost for a competitor is substantial and these costs are specific to that particular quarry in which it is providing quarry services for. Technical expertise also plays a key role in the successful provision of quarry services.

**3. RISK FACTORS (Cont'd)**

The management of the MRB Group cannot give any assurance that the competition for the supply of aggregates or for the provision of quarry services will not intensify or that there will not be new entrants into these areas. However with the many years of experience which the Group has in these areas, the management is of the view that they will continue to remain competitive in these areas.

**(d) No Prior Market for MRB Shares**

Prior to this Issue/Offer, there has been no public market for MRB shares. There can be no assurance that an active market for MRB shares will develop upon its listing on the Second Board of the Bursa Securities or, if developed, that such market will be sustained. The IPO price of RM1.30 per Share for the IPO Shares has been determined after taking into consideration a number of factors, including but not limited to, the Company's financial and operating history and conditions, its prospects and the prospects for the industry in which the Company operates, the management of the Company and the prevailing market conditions at the time the application for MRB listing was submitted to the SC. There can be no assurance that the IPO price will correspond to the price at which MRB shares will trade on the Second Board of the Bursa Securities upon or subsequent to its listing or that an active market for MRB shares will develop and continue upon or subsequent to its listing.

**(e) Dependence on Key Personnel and Other Employees**

MRB believes that the continuing success of the Company will depend to a significant extent on the abilities and continued effort of its existing Directors and senior management. The loss of any of the key members of the Company's Directors and senior management could have an adverse effect on the Group. However, every effort is presently being made by the senior management team to groom the younger members of the management team to ensure a smooth transition in the management team and that the management of the Group will remain competent and efficient.

Further to the above, approximately twenty percent (20%) of the Group's employees are foreigners. They are primarily employed as skilled, semi-skilled and unskilled site workers. No assurance can be given that should there be a change in the Governments' policy towards foreign workers, the Group will not suffer a loss of the services of these foreign workers in their business operations. The Directors however are of the view that alternative sources of labour can be sourced domestically should the need arise.

**(f) Business Risks**

Other than the risks highlighted in this section, the Group may be faced with other risks which are inherent to the quarrying industry. These risks may include a shortage or increase in the cost of skilled labour and/or a tightening of credit conditions.

No assurance can be given that the Group will not be adversely affected by any of these risks or indeed any other risks inherent to the quarrying industry. However the management of MRB is confident that the appropriate steps and measures will be taken by the Group to mitigate these risks as and when they arise. Hence for example, the Group continues to focus on maintaining good relationships with its employees by providing them with relevant skill, training and/or courses as a form of motivation to mitigate the risk of there being a shortage of skilled labour.

**3. RISK FACTORS (Cont'd)****(g) Dependence on Certain Industries**

The business of the Group is heavily dependant on the building and construction industry and road infrastructure development. The aggregates supplied by the Group represent a base material for building materials such as concrete, a key material for the building and construction industry. Aggregates are also used as a base material for the construction of roads and as a premix product for road surface construction.

Similarly, the ability of the Group to supply quarry operation services to quarry owners is dependant on the health of the quarry industry which is in turn dependant on the building and construction industry and road infrastructure development.

Should there be a downturn in the building and construction industry or should there be a slowdown in the development of road infrastructure, the business of the Group will be adversely affected. Given this inherent risk, the management of MRB is confident that the appropriate measures to mitigate and minimise the impact of these risks such as expanding its operations overseas to widen its market and revenue base.

**(h) Control by Promoters**

Upon the completion of the Listing, the Promoters of MRB namely Choy Sen @ Chin Kim Sang and Low Choon Lan will collectively own approximately 41.51% of the enlarged issued and paid-up capital of MRB.

These Promoters will be able to exercise their voting rights on matters such as the election of directors and other significant matters of the Company which requires the approval of the shareholders of MRB unless they are required to abstain from voting by law, covenants and/or by the relevant authorities.

**(i) Adequacy of Insurance Coverage**

The MRB Group is aware of the adverse consequences arising from inadequate insurance coverage of its assets. Necessary measures have therefore been taken to ensure that the MRB Group's assets in particular its quarrying machinery are adequately insured and the adequacy of this insurance coverage is reviewed on a regular basis. The Directors are of the opinion that the Group have adequate insurance coverage of its assets.

Although the Group has taken the necessary measures as mentioned above, there can be no assurance that the insurance coverage would be adequate to compensate for the replacement cost of those assets or any consequential loss arising therefrom.

**(j) Breakout of Fire, Occurrence of Natural Disasters and any other forms of crises**

The breakout of fire, natural disaster and any forms of crises especially on the quarry sites in which the Group operates on would be detrimental to its operations. The Group has ensured that necessary and adequate safety and fire prevention precautions have been taken at these respective quarry sites and that its employees are adequately protected from the inherent dangers that exist on these quarry sites and that all relevant safety laws and regulations are adhered to at all times.

**(k) Rapid or Over Expansion**

The quarrying industry is a mature industry. Development and technological changes, if any, do occur on a piecemeal basis. Any expansion by the Group will be largely dependant on the health of the building and construction industry and the pace of road infrastructure development. Therefore any plans to expand the capacity of the Group's aggregate production will depend, inter alia, on the health of these areas.

### 3. RISK FACTORS (Cont'd)

The management is confident that given its industry experience and familiarity with the cycles and trends of quarrying industry and these two areas, any decision to expand will be in the best interests of the Group's long-term future.

#### (l) Capital Market Risk

As an investor of MRB, it is to be noted that MRB will be listed on the Second Board of the Bursa Securities. The performance of our local bourse is very much dependent on external factors such as the performance of the regional and world bourses and the inflow or outflow of foreign funds. Sentiments are also largely driven by internal factors such as the economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors will invariably contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risk to the market price of the Shares of MRB to be listed on the Bursa Securities. Nevertheless, it shall be noted the profitability of MRB Group is not dependent on the performance of the Bursa Securities.

#### (m) Failure of the Listing

The success of the Listing is exposed to the risk that it may fail or be delayed should the following events occur:-

- (i) the Company or the Underwriters fail to honour their obligations under the underwriting agreement;
- (ii) the Underwriters, in honouring their obligations become a shareholder holding 5% or more of the Shares in the Company;
- (iii) the Company is unable to meet the public spread requirement, that is at least 25% of the issued and paid-up share capital of the Company must be held by at least 1,000 public shareholders holding not less than 100 Shares each at the point of Listing; and
- (iv) the placees under the private placement fail to subscribe/acquire the IPO Shares allocated to them.

The Directors and Promoters of the MRB Group will endeavour to ensure compliance by MRB of the various Bursa Securities listing requirements including, inter alia, the abovementioned. However no assurance can be given that the abovementioned factors will not cause a delay in or abortion of the Listing.

#### (n) Absence of Formal Long-Term Contractual Agreements with Customers/Suppliers

##### **Customers**

With the exception of three (3) contracts which exceed five (5) years in duration each, the Group's contracts for the provision of quarry operation services and other quarry related services such as drilling, blasting, loading and hauling do not exceed five (5) years in duration. Whilst this is not an unusual feature of the quarrying industry, no assurance can be given that these contracts will be extended for further periods or new contracts will be entered into either with existing customers or new customers.

The management is confident that with its reputation within the industry and its good working relationship with its customers, past and present, there will be consistent demand for its quarry operation services and quarry related services.



**3. RISK FACTORS (Cont'd)**

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**Suppliers**

The main consumables that are used in the Group's operations include diesel fuel, commercial explosives and machinery spare parts. There are no long-term contractual agreements with the Group's suppliers for these consumables. With the exception of commercial explosives, diesel fuel and machinery spare parts are widely available from a variety of suppliers.

The Company's three (3) subsidiary companies, TM, TP and DKSC, are dependant on a regular supply of quarry products for its operations. Almost all of its quarry products comes from three (3) of the Group's quarry operations wherein it has the exclusive right to sell the stockpile of quarry extracted from these quarry operations. However, it is only in respect of two (2) of these quarry operations, where the Group has a contractual agreement exceeding five (5) years in duration. No assurance can therefore be given that TM, TP and DKSC will have a consistent and adequate supply of quarry products for its operations from these quarries in the future. However these quarry products could be sourced from alternative suppliers should the need arise.

In the above instances, the Group has in the past maintained a good working relationship with its suppliers and the management is confident that no foreseeable supply problems will arise in the near future.

**(o) Forward Looking Statements**

All forward looking statements are based on forecast and assumptions made by the Board of Directors of the Company, and although believed to be reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward looking statements.

Such factors include, inter-alia, general economic and business conditions, competition, the impact of new laws and regulations affecting the MRB Group and the industry and changes in interest rates. In the light of these uncertainties, the inclusion of forward looking statements in this Prospectus should not be regarded as a representation or warranty by the MRB Group or its advisers that the plans and objectives of the Group will be achieved.

**(p) Technological Changes**

As mentioned, the quarrying industry is a mature one wherein any technological changes tend to be piecemeal and are based largely on improvements of existing processes and systems.

Nevertheless the Group continuously reviews its operations and has a policy of adopting the best practices for each area of its business. The management also keeps itself abreast with the latest developments in quarrying, the production of aggregates and in the formulation of premix products by regularly attending trade fairs and exhibitions abroad.

**(q) Financial Risks**

The MRB Group has maintained trade facilities with local financial institutions for its business. These facilities are interest bearing and hence subject to any future fluctuations in interest rates. These fluctuations may in turn affect the Group's profitability. As at 31 May 2005 (being the latest practicable date prior to the printing of this Prospectus), the MRB Group has outstanding borrowings amounting to approximately RM23.06 million with various local financial institutions.

**3. RISK FACTORS (Cont'd)**

Whilst no assurance can be given that the performance of the MRB Group will continue to remain favourable in the event of fluctuations in changes in the interest rates, the MRB Group's prudent approach towards cash management should ensure that sufficient funds will be generated to ensure the timely repayment of its bank borrowings.

**(r) Environmental Concerns**

Whilst the environmental aspects of quarry operations are governed by various statues and regulations including the Environmental Quality Act, 1974, the nature of quarrying is such that it will ultimately have an adverse impact on the environment. This adverse impact does also include the removal of 'overburden' which refers to the vegetation and topsoil that has to be removed in order for rock to be exposed before drilling and blasting operations can commence. This effectively removes the ecosystem that existed before such quarry operations commenced and in the long term the absence of topsoil results in a process of regeneration which is slow to occur. Thus, concerned groups may stage various forms of protest. Arising from this the Government may impose additional conditions on the operation of quarries.

The management of MRB are of the view that proactive steps are taken in their daily operations to ensure that the adverse impact of their operations on the environment is minimised. These proactive steps do also include ensuring that the Group's operations are continuously in compliance with the prevailing environmental laws and regulations. Ultimately the operation of these quarries are essential to the building, construction and infrastructure industries which are crucial to the continuing development of Malaysia.

**(s) Material Litigation / Legal Uncertainties**

Save as disclosed in the Prospectus, and as at 31 May 2005, the MRB Group is not engaged either as plaintiff or defendant in any legal action, proceeding, arbitration or prosecution for any criminal offence, which has a material effect on the financial position of the MRB Group and the Directors do not know of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of any company within the MRB Group.

**(t) Related Party Transactions/ Conflicts of Interest**

As disclosed in Section 7.1 of this Prospectus, there are certain related party transactions involving Directors and substantial shareholders and/or persons connected to the directors and substantial shareholders of MRB. The Directors are of the opinion that all business transactions between the Group and the Directors and substantial shareholders and/or persons connected to them are on terms not more favourable to the related parties than those generally available to the public.

**(u) Security and Operations Disruption**

The Group's operations are dependant on various machinery and heavy equipment necessary for purposes including the extraction, crushing and loading and haulage of rocks and aggregates. These machineries and heavy equipment do in turn require skilled technical personnel to operate them. No assurance can be given that a disruption to the Group's operations will not arise should there be a failure in the proper operation of these machineries and heavy equipment or should such machineries and heavy equipment break down.

The management of MRB take regular measures to minimise the risk of its operations being disrupted by ensuring that its machineries and heavy equipment are regularly serviced and maintained and its technical personnel receive training and proper instructions on how to operate the machinery and heavy equipment properly.

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**3. RISK FACTORS (Cont'd)**

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Insofar as security is concerned, as the Group's operations are located in various quarry sites, security measures in the form of having security guards on these sites are undertaken to prevent any theft or malicious damage of and to its machinery and heavy equipment.

**(v) Profit Forecast**

This Prospectus contains a profit forecast for the Group for the financial year ending 31 December 2005. It has been based on certain estimates and assumptions made by the Directors of MRB and which the Directors believe are reasonable. Nevertheless the profit forecast and assumptions are subject to uncertainties and contingencies which may materially affect the achievability of the profit forecast and there may be material differences between what has been contained in the profit forecast and what has actually resulted.

Potential investors should note that due to these inherent uncertainties and contingencies, no assurance can be given that the profit forecast and accompanying assumptions will be realised and that the same will not differ from the actual results for the financial year ending 31 December 2005. Potential investors should refer to Section 9.6 and 9.7 of this Prospectus which contains the profit forecast for the financial year ending 31 December 2005, the accompanying assumptions to the profit forecast and the comments by the Reporting Accountants in their letter.

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