

THIS ABRIDGED PROSPECTUS (“AP”) IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY. If you have sold or transferred all your shares in Minetech Resources Berhad (“MRB” or the “Company”), you should immediately hand this AP together with the Notice of Provisional Allotment (“NPA”) and Rights Subscription Form (“RSF”) (collectively referred to as “Documents”) to the purchaser or transferee or agent/broker through whom you have effected the sale or transfer for onward transmission to the purchaser or transferee. You should address all enquiries concerning the Rights Issue of Shares with Warrants (as defined herein) to our share registrar, Boardroom Corporate Services (KL) Sdn Bhd (“Share Registrar”) at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan.

The Documents are only despatched to our shareholders (“Entitled Shareholders”) (other than an authorised nominee who has subscribed for Nominee Rights Subscription service (“NRS”)) whose names appear in our Record of Depositors as at 5.00 p.m. on 7 November 2014 (“Entitlement Date”) at their registered addresses in Malaysia. If you are an authorised nominee who has subscribed for NRS with Bursa Malaysia Depository Sdn Bhd (“Bursa Depository”), an electronic copy of this AP and the Rights Issue Entitlement File will be transmitted to you electronically by Bursa Depository through its existing network facility with the Authorised Nominee (as defined herein). The Documents are not intended to be (and will not be) issued, circulated or distributed in any countries or jurisdictions other than Malaysia. No action has been or will be taken to ensure that the Rights Issue of Shares with Warrants or the Documents comply with the laws of any countries or jurisdictions other than the laws of Malaysia. The Documents do not constitute an offer, solicitation or invitation to subscribe for the Rights Issue of Shares with Warrants in any jurisdiction other than Malaysia or to any person to whom it may be unlawful to make such an offer, solicitation or invitation. It shall be the sole responsibility of the Entitled Shareholders and/or their renounees/transferees (if applicable) who are residents in countries or jurisdictions other than Malaysia to consult their legal and/or other professional adviser as to whether their acceptance or renunciation (as the case may be) of his/her entitlement to the Rights Issue of Shares with Warrants would result in the contravention of any laws of such countries or jurisdictions. Such Entitled Shareholders and/or their renounees/transferees (if applicable) should note the additional terms and restrictions as set out in Section 3 of this AP. Neither our Company nor TA Securities Holdings Berhad (“TA Securities”) shall accept any responsibility or liability whatsoever to any party in the event that any acceptance or sale/renunciation made by the Entitled Shareholders, and/or their renounees/transferees (if applicable) is or shall become illegal, unenforceable, voidable or void in any countries or jurisdictions in which the Entitled Shareholder and/or his renounee/transferee (if applicable) is a resident.

A copy of this AP has been registered with the Securities Commission Malaysia (“SC”). The registration of this AP should not be taken to indicate that the SC recommends the Rights Issue of Shares with Warrants or assumes responsibility for the correctness or any statement made or opinion or report expressed in this AP. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of this AP, together with the NPA and RSF, has also been lodged with the Registrar of Companies who takes no responsibility for the contents of these documents.

Our shareholders have approved the Rights Issue of Shares with Warrants at the Extraordinary General Meeting held on 7 August 2014. Bursa Malaysia Securities Berhad (“Bursa Securities”) had vide its letter dated 8 July 2014 approved the admission of the Warrants (as defined herein) to the Official List of the Main Market of Bursa Securities and the listing of and quotation for the Rights Shares (as defined herein), Warrants and the new MRB Shares (as defined herein) to be issued upon the exercise of the Warrants on the Main Market of Bursa Securities. However, this is not an indication that Bursa Securities recommends the Rights Issue of Shares with Warrants. Admission of the Warrants to the Official List of the Main Market of Bursa Securities and the listing of and quotation for the Rights Shares, Warrants and new MRB Shares to be issued upon exercise of the Warrants on the Main Market of Bursa Securities are in no way reflective of the merits of the Rights Issue of Shares with Warrants. Neither Bursa Securities nor the SC takes any responsibility for the correctness of any statement made or opinions expressed in the Documents. The listing of and quotation for the Rights Shares and Warrants will commence after, amongst others, receipt of confirmation from Bursa Depository that all the Central Depository System accounts of the Entitled Shareholders and/or their renounees/transferees (if applicable) have been duly credited and notices of allotment have been despatched to the Entitled Shareholders and/or their renounees/transferees (if applicable).

Our Board of Directors (“Board”) has seen and approved all the documentation relating to this Rights Issue of Shares with Warrants. They collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts which, if omitted, would make any statement in these documents false or misleading.

TA Securities, being the Adviser for the Rights Issue of Shares with Warrants, acknowledges that, based on all available information and to the best of its knowledge and belief, this AP constitutes a full and true disclosure of all material facts concerning the Rights Issue of Shares with Warrants.

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, PLEASE REFER TO “RISK FACTORS” AS SET OUT IN SECTION 6 HEREIN.



MINETECH RESOURCES BERHAD

MINETECH RESOURCES BERHAD

(Company No. 575543-X)

(Incorporated in Malaysia under the Companies Act, 1965)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 332,689,500 NEW ORDINARY SHARES OF RM0.15 EACH IN MRB (“MRB SHARES”) (“RIGHTS SHARES”) TOGETHER WITH UP TO 332,689,500 FREE DETACHABLE WARRANTS (“WARRANTS”) ON THE BASIS OF ONE (1) RIGHTS SHARE TOGETHER WITH ONE (1) WARRANT FOR EVERY ONE (1) EXISTING MRB SHARE HELD AS AT 5.00 P.M. ON 7 NOVEMBER 2014 AT AN ISSUE PRICE OF RM0.15 PER RIGHTS SHARE

Adviser and Joint Underwriter

 **TA SECURITIES**
A MEMBER OF THE TA GROUP
TA SECURITIES HOLDINGS BERHAD (14948-M)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

Joint Underwriters

Inter-Pacific Securities Sdn Bhd (12738-U)
Mercury Securities Sdn Bhd (113193-W)
JF Afip Securities Berhad (47680-X)

IMPORTANT RELEVANT DATES AND TIME

Entitlement date	:	Friday, 7 November 2014 at 5.00 p.m.
Last date and time for:		
Sale of provisional allotment of Rights Shares with Warrants	:	Friday, 14 November 2014 at 5.00 p.m.
Transfer of provisional allotment of Rights Shares with Warrants	:	Wednesday, 19 November 2014 at 4.00 p.m.
Acceptance and payment	:	Monday, 24 November 2014 at 5.00 p.m.*
Excess application and payment	:	Monday, 24 November 2014 at 5.00 p.m.*

* or such later date and time as our Board may decide at its absolute discretion and announce not less than two (2) market days before the stipulated date and time

This Abridged Prospectus is dated 7 November 2014

All terms and abbreviations used herein shall have the same meanings as those defined in the "Definitions" section of this Abridged Prospectus unless stated otherwise.

BURSA SECURITIES HAS APPROVED THE ADMISSION OF THE WARRANTS TO THE OFFICIAL LIST OF THE MAIN MARKET OF BURSA SECURITIES AND THE LISTING OF AND QUOTATION FOR THE RIGHTS SHARES, WARRANTS AND THE NEW SHARES TO BE ISSUED PURSUANT TO THE EXERCISE OF THE WARRANTS ON THE MAIN MARKET OF BURSA SECURITIES AND THE APPROVAL SHALL NOT BE TAKEN TO INDICATE THAT BURSA SECURITIES RECOMMENDS THE RIGHTS ISSUE OF SHARES WITH WARRANTS.

THE SC AND BURSA SECURITIES ARE NOT LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKE NO RESPONSIBILITY FOR THE CONTENTS OF THIS AP, MAKE NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIM ANY LIABILITY WHATSOEVER FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS AP.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS AP ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS AND SERVICES ACT, 2007 ("CMSA").

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE ISSUE FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

WE AND OUR ADVISER HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THIS AP.

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DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this AP and the accompanying appendices:

“5D-VWAP”	:	Five (5)-day volume weighted average market price
“Act”	:	Companies Act, 1965 as amended, modified or re-enacted from time to time
“Announcement”	:	The announcement of, amongst others, the Par Value Reduction and Rights Issue of Shares with Warrants dated 18 June 2014
“AP”	:	This Abridged Prospectus issued by our Company dated 7 November 2014
“ATM”	:	Automated teller machine within Malaysia
“Authorised Nominee”	:	A person who is authorised to act as a nominee as defined under the Rules of Bursa Depository
“Bituminous Products Segment”	:	Manufacturing and trading of bituminous products
“Board”	:	Our Board of Directors
“Bursa Depository”	:	Bursa Malaysia Depository Sdn Bhd
“Bursa Securities”	:	Bursa Malaysia Securities Berhad
“CDS”	:	Central Depository System
“Civil Engineering Segment”	:	Specialised civil engineering works
“CKS” or “Undertaking Shareholder”	:	Choy Sen @ Chin Kim Sang
“Code”	:	Malaysian Code on Take-Overs and Mergers, 2010, as amended from time to time
“Deed Poll”	:	The document constituting the Warrants dated 24 October 2014
“EBITDA”	:	Earnings before interest, taxation, depreciation and amortisation
“EGM”	:	Extraordinary general meeting of our Company held on 7 August 2014
“Electronic Application”	:	Application for the Rights Shares with Warrants through the ATMs of Participating Financial Institution
“Entitled Shareholders”	:	Our shareholders whose names appear in our Company’s Record of Depositors on the Entitlement Date
“Entitlement Date”	:	7 November 2014 at 5.00 p.m. being the date and time on which our shareholders must be registered on the Record of Depositors in order to be entitled to the Rights Issue of Shares with Warrants
“EPS”	:	Earnings per MRB Share
“FYE”	:	Financial year ended 31 December
“GP”	:	Gross profit

DEFINITIONS (CONT'D)

“Internet Application”	:	Application for the Rights Shares with Warrants within Malaysia through an Internet Participating Financial Institution
“Internet Participating Financial Institution”	:	Participating financial institution for the Internet Applications as referred to in Section 3.5.3 of this AP
“IPS”	:	Inter-Pacific Securities Sdn Bhd
“Issue Price”	:	The issue price pursuant to the Rights Issue of Shares with Warrants of RM0.15 per Rights Share
“JF Apex”	:	JF Apex Securities Berhad
“Joint Underwriters”	:	TA Securities, IPS, Mercury Securities and JF Apex, collectively
“LAT”	:	Loss after taxation
“LBT”	:	Loss before taxation
“Listing Requirements”	:	Main Market Listing Requirements of Bursa Securities, including any amendments, modifications and additions thereto
“LPD”	:	14 October 2014, being the latest practicable date prior to the registration of this AP
“LPS”	:	Loss per MRB Share
“Market Day”	:	A day which Bursa Securities is open for the trading of securities
“Maximum Scenario”	:	Assuming all the Treasury Shares are resold in the open market prior to the Entitlement Date and all our shareholders fully subscribe for their entitlements of the Rights Shares with Warrants
“Mercury Securities”	:	Mercury Securities Sdn Bhd
“Minimum Scenario”	:	Assuming none of the Treasury Shares is resold in the open market prior to the Entitlement Date and the Undertaking Shareholder subscribes for his entitlement of the Rights Shares with Warrants while the Joint Underwriters subscribe for the remaining balance of the Rights Shares with Warrants
“MOU”	:	Memorandum of Understanding
“MRB” or “Company”	:	Minetech Resources Berhad
“MRB Group” or “Group”	:	MRB and our subsidiaries, collectively
“MRB Shares” or “Shares”	:	Ordinary shares of RM0.15 each in our Company
“NA”	:	Net assets
“NPA”	:	Notice of Provisional Allotment in relation to the Rights Issue of Shares with Warrants
“NRS”	:	Nominee Rights Subscription service offered by Bursa Depository, at the request of our Company, to Authorised Nominees for electronic subscription of Rights Shares with Warrants through Bursa Depository’s existing network facility with the Authorised Nominees
“NTA”	:	Net tangible assets
“Participating Financial Institution”	:	Participating financial institution for Electronic Applications as referred to in Section 3.5.2 of this AP

DEFINITIONS (CONT'D)

“Par Value Reduction”	:	The reduction of the issued and paid-up share capital of our Company via the cancellation of RM0.05 par value of the ordinary share of RM0.20 each in our Company to RM0.15 each in our Company pursuant to Section 64 of the Act, which was completed on 14 October 2014
“PAT”	:	Profit after taxation
“PBT”	:	Profit before taxation
“Premix Products Segment”	:	Manufacturing and trading of premix products
“Price Fixing Date”	:	24 October 2014, being the date on which the Issue Price of the Rights Shares were determined and announced
“Quarry Products Segment”	:	Provision of turnkey and specialised quarry services and sales and marketing of quarry products
“Recognition of Loss”	:	The recognition of loss in the FYE 2012 relating to our quarry operation in Karimun, Kepulauan Riau, Indonesia amounted to approximately RM4.25 million
“Record of Depositors”	:	A record of securities holders provided by Bursa Depository under the Rules of Bursa Depository
“Rights Issue Entitlement File”	:	An electronic file forwarded by Bursa Depository to an Authorised Nominee who has subscribed for NRS, containing information of such Authorised Nominee’s entitlements under the Rights Issue of Shares with Warrants as at the Entitlement Date, at an issue price of RM0.15 per Rights Share
“Rights Issue of Shares with Warrants”	:	Renounceable rights issue of up to 332,689,500 Rights Shares together with up to 332,689,500 Warrants on the basis of one (1) Rights Share together with one (1) Warrant for every one (1) existing MRB Share held at the Entitlement Date
“Rights Shares”	:	Up to 332,689,500 new MRB Shares to be issued pursuant to the Rights Issue of Shares with Warrants
“Rights Shares Subscription File”	:	An electronic file submitted by an Authorised Nominee who has subscribed for NRS, to Bursa Depository containing information pertaining to such Authorised Nominee’s subscription of the Rights Shares with Warrants
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively
“RSF”	:	Rights Subscription Form in relation to the Rights Issue of Shares with Warrants
“Rules of Bursa Depository”	:	Rules of Bursa Depository including the rules in relation to a central depository as described in Section 2 of the SICDA
“Sany”	:	Sany International Developing (M) Sdn Bhd
“SC”	:	Securities Commission Malaysia
“SGD”	:	Singapore Dollar
“Share Registrar”	:	Boardroom Corporate Services (KL) Sdn Bhd
“SICDA”	:	Securities Industry (Central Depositories) Act, 1991
“Speco”	:	Speco Ltd, an asphalt plant manufacturer in South Korea
“TA Securities”	:	TA Securities Holdings Berhad

DEFINITIONS (CONT'D)

“TERP”	: Theoretical ex-rights price of MRB Shares
“Top-Mech”	: Top-Mech Provincial Sdn Bhd
“Treasury Shares”	: 285,000 MRB Shares which are held as treasury shares by our Company as at the LPD
“Undertaking”	: Irrevocable and unconditional written undertaking dated 18 June 2014 from CKS that he will not dispose any of his MRB Shares following the Announcement up to the completion of the Rights Issue of Shares with Warrants and that he will subscribe in full for his entitlement of Rights Shares with Warrants pursuant to the Rights Issue of Shares with Warrants
“Underwriting”	: Arrangement whereby the Joint Underwriters will severally but not jointly underwrite the Underwritten Shares for which no unconditional and irrevocable written undertaking to subscribe for the Rights Shares and Warrants has been obtained from our other shareholders, pursuant to the Underwriting Agreement
“Underwriting Agreement”	: Underwriting agreement dated 24 October 2014 entered into between MRB and the Joint Underwriters
“Underwritten Shares”	: Up to 243,740,990 Rights Shares, representing approximately 73.26% of the total size of the Rights Issue of Shares with Warrants in the event all the Treasury Shares are resold in the open market prior to the Entitlement Date, underwritten by the Joint Underwriters (severally but not jointly) based on the terms and conditions of the Underwriting Agreement
“USD”	: United States Dollar
“Warrants”	: Up to 332,689,500 free detachable warrants to be issued pursuant to the Rights Issue of Shares with Warrants

Technical terms:

Aggregates	: A range of coarse particulate material that is used in construction. Examples of aggregates include sand, gravel, crushed stone and slag
Asphalt premix	: Asphalt premix is commonly produced by blending aggregates with a binder such as bitumen, and additives such as mineral filler and adhesion or anti-stripping agent
Bitumen	: Bitumen is a semi-solid hydrocarbon product produced by removing the lighter fractions (such as liquid petroleum gas, petrol and diesel) from heavy crude oil during the refining process
Granite	: Granite is a coarse-grained, light-colored igneous rock. It is commonly used as a base material at construction sites, as an aggregate in road construction, railroad ballast, foundations and anywhere that a crushed stone is useful as fill
Hot mix asphalt	: A premix that is produced by heating the aggregates, to remove moisture from the aggregates, and binder before mixing to produce the desired paving mixture. Application of the hot mix asphalt premix has to be conducted while the product remains hot at a temperature of not less than 110 degrees celsius

DEFINITIONS (CONT'D)

All references to “**our Company**” and/or “**MRB**” in this AP are to Minetech Resources Berhad. References to “**our Group**” and/or “**MRB Group**” are to MRB and our subsidiaries and references to “**we**”, “**us**” “**our**” and “**ourselves**” are to MRB and where the context does require, shall include our subsidiaries.

Words incorporating the singular shall, where applicable, include the plural and vice versa. Words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Any reference to persons shall include a corporation, unless otherwise specified.

Any reference in this AP to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of a day in this AP shall be reference to Malaysian time, unless otherwise specified.

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CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name	Address	Age	Nationality	Profession
Choy Sen @ Chin Kim Sang <i>(Executive Chairman cum Group Managing Director)</i>	No. 3, Elitis Bayu Valencia 47000 Sungai Buloh Selangor Darul Ehsan	61	Malaysian	Company Director
Chin Leong Choy <i>(Group Executive Director)</i>	No. 3, Elitis Bayu Valencia 47000 Sungai Buloh Selangor Darul Ehsan	31	Malaysian	Company Director
Ng Kok Hok <i>(Finance Director)</i>	No. 2A, Jalan 52 Taman Bukit Mewah 43000 Kajang Selangor Darul Ehsan	53	Malaysian	Company Director
Phoon Sow Cheng <i>(Independent Non-Executive Director)</i>	No. 73, Jalan SS1/23 47300 Petaling Jaya Selangor Darul Ehsan	60	Malaysian	Company Director
Ahmad Ruslan Zahari Bin Zakaria <i>(Independent Non-Executive Director)</i>	No. 79, Jalan SS3/43, Seaport 47300 Petaling Jaya Selangor Darul Ehsan	53	Malaysian	Company Director
Chin Kong Yaw <i>(Independent Non-Executive Director)</i>	No. 8, Lorong Tempinis Kanan 3 Bangsar 59100 Kuala Lumpur	54	Malaysian	Company Director
Low Choon Lan <i>(Alternate Director to Choy Sen @ Chin Kim Sang)</i>	No. 3, Elitis Bayu Valencia 47000 Sungai Buloh Selangor Darul Ehsan	57	Malaysian	Company Director

AUDIT COMMITTEE

Name	Designation	Directorship
Ahmad Ruslan Zahari Bin Zakaria	Chairman	Independent Non-Executive Director
Phoon Sow Cheng	Member	Independent Non-Executive Director
Chin Kong Yaw	Member	Independent Non-Executive Director

COMPANY SECRETARIES

: Tai Yit Chan (MAICSA 7009143)
 Lot 6.05, Level 6, KPMG Tower
 8 First Avenue, Bandar Utama
 47800 Petaling Jaya
 Selangor Darul Ehsan
 Tel. no. : 03-7720 1188
 Fax. no. : 03-7720 1111

Te Hock Wee (MAICSA 7054787)
 Lot 6.05, Level 6, KPMG Tower
 8 First Avenue, Bandar Utama
 47800 Petaling Jaya
 Selangor Darul Ehsan
 Tel. no. : 03-7720 1188
 Fax. no. : 03-7720 1111

CORPORATE DIRECTORY (CONT'D)

- REGISTERED OFFICE** : Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel. no. : 03-7720 1188
Fax. no. : 03-7720 1111
- HEAD/MANAGEMENT OFFICE/
PRINCIPAL PLACE OF BUSINESS** : Unit G-12, Ground Floor
FAS Business Avenue
Jalan Perbandaran
47301 Petaling Jaya
Selangor Darul Ehsan
Tel. no. : 03-7804 2213
Fax. no. : 03-7804 2216
Website : www.minetech.com.my
E-mail address : enquiry@mrb.com.my
- SHARE REGISTRAR** : Boardroom Corporate Services (KL) Sdn Bhd
Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel. no. : 03-7720 1188
Fax. no. : 03-7720 1111
- AUDITORS FOR THE FYE 2013** : Messrs. RSM Robert Teo, Kuan & Co.
Chartered Accountants
1st Floor, Wisma RKT
Block A, No. 2 Jalan Raja Abdullah
Off Jalan Sultan Ismail
50300 Kuala Lumpur
Tel. no. : 03-2610 2888
Fax. no. : 03-2691 7733
- AUDITORS AND REPORTING
ACCOUNTANTS** : Messrs. UHY
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel. no. : 03-2279 3088
Fax. no. : 03-2279 3099
- SOLICITORS FOR THE RIGHTS
ISSUE OF SHARES WITH
WARRANTS** : Messrs. Peter Ling & van Geyzel
Advocates and Solicitors
B-19-4, Tower B, Northpoint Office Suites
Mid Valley City
No. 1, Medan Syed Putra Utara
59200 Kuala Lumpur
Tel. no. : 03-2282 3080
Fax. no. : 03-2201 9880
- PRINCIPAL BANKER** : Malayan Banking Berhad
Level 37, Menara Maybank
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50050 Kuala Lumpur
Tel. no. : 03- 2070 8833
Fax. no. : 03-2031 0071

CORPORATE DIRECTORY (CONT'D)

ADVISER FOR THE RIGHTS ISSUE OF SHARES WITH WARRANTS : TA Securities Holdings Berhad
32nd Floor, Menara TA One
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50250 Kuala Lumpur
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Fax. no. : 03-2026 0127

JOINT UNDERWRITERS : TA Securities Holdings Berhad
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Fax. no. : 03-2144 4910

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Fax. no. : 03-6203 7117

JF Apex Securities Berhad
6th Floor, Menara Apex
Off Jalan Semenyih
Bukit Mewah
43000 Kajang
Selangor Darul Ehsan
Tel. no. : 03-8736 1118
Fax. No. : 03-8736 2135

STOCK EXCHANGE LISTING : Main Market of Bursa Securities



MINETECH RESOURCES BERHAD

MINETECH RESOURCES BERHAD
(Company No. 575543-X)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office:

Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan

7 November 2014

Our Board of Directors:

Choy Sen @ Chin Kim Sang (*Executive Chairman cum Group Managing Director*)
Chin Leong Choy (*Group Executive Director*)
Ng Kok Hok (*Finance Director*)
Phoon Sow Cheng (*Independent Non-Executive Director*)
Ahmad Ruslan Zahari Bin Zakaria (*Independent Non-Executive Director*)
Chin Kong Yaw (*Independent Non-Executive Director*)
Low Choon Lan (*Alternate Director to Choy Sen @ Chin Kim Sang*)

To: Our Entitled Shareholders

Dear Sir/Madam,

RIGHTS ISSUE OF SHARES WITH WARRANTS

1. INTRODUCTION

Our shareholders had, at the EGM held on 7 August 2014 approved the Rights Issue of Shares with Warrants.

A certified true extract of the ordinary resolution in relation to the Rights Issue of Shares with Warrants passed at the EGM is set out in Appendix I of this AP.

Bursa Securities has vide its letter dated 8 July 2014 approved the following:

- (i) listing of and quotation for the Rights Shares;
- (ii) admission to the Official List of Main Market of Bursa Securities and the listing of and quotation for the Warrants; and
- (iii) listing of and quotation for the new MRB Shares to be issued pursuant to the exercise of the Warrants,

on the Main Market of Bursa Securities.

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The approval of Bursa Securities is subject to the following conditions:

	Conditions imposed	Status of compliance
(i)	Our Company and TA Securities must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue of Shares with Warrants;	To be complied
(ii)	Our Company and TA Securities to inform Bursa Securities upon the completion of the Rights Issue of Shares with Warrants;	To be complied
(iii)	Our Company to furnish Bursa Securities with a written confirmation of our compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue of Shares with Warrants is completed; and	To be complied
(iv)	Payment of additional listing fees pertaining to the exercise of Warrants. In this respect, our Company is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of Warrants as at the end of a quarter together with details of computation of listing fees payable.	To be complied

On 24 October 2014, TA Securities had on our behalf announced that our Board has fixed the issue price of the Rights Shares at RM0.15 per Rights Share and the exercise price of the Warrants of RM0.15 per Warrant.

On 24 October 2014, TA Securities had on our behalf announced that the Entitlement Date has been fixed on 7 November 2014 at 5.00 p.m. and the other relevant dates pertaining to the Rights Issue of Shares with Warrants.

No person is authorised to give any information or to make any representation not contained in this AP in connection with the Rights Issue of Shares with Warrants and if given or made, such information or representation must not be relied upon as having been authorised by us or by TA Securities in connection with the Rights Issue of Shares with Warrants.

If you are in any doubt as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

2. DETAILS OF THE RIGHTS ISSUE OF SHARES WITH WARRANTS

The Rights Issue of Shares with Warrants entails the issuance of up to 332,689,500 Rights Shares together with up to 332,689,500 Warrants on the basis of one (1) Rights Share together with one (1) Warrant for every one (1) existing MRB Share held by the Entitled Shareholders at an issue price of RM0.15 per Rights Share.

The Rights Shares with Warrants which are not taken up or validly taken up shall be made available for excess applications by the Entitled Shareholders and/or their renounees/transferees (if applicable). It is the intention of our Board to allocate the excess Rights Shares in a fair and equitable basis specified under Section 3.8 herein. The entitlements for the Rights Shares with Warrants are renounceable in full or in part. The Warrants will be immediately detached from the Rights Shares upon issuance and will be separately traded. The renunciation of Rights Shares by the Entitled Shareholders will accordingly entail the renunciation of the Warrants to be issued together with the Rights Shares pursuant to the Rights Issue of Shares with Warrants. However, if the Entitled Shareholders decide to accept only part of their Rights Shares entitlements, they shall be entitled to the Warrants in the proportion of their Rights Shares entitlements. Any unsubscribed Rights Shares with the attached Warrants shall be offered to other Entitled Shareholders and/or their renounees/transferees (if applicable) under the excess Rights Shares with Warrants application.

As you are an Entitled Shareholder, your CDS Account will be duly credited with the number of provisional allotted Rights Shares with Warrants, which you are entitled to subscribe for in full or in part under the terms of the Rights Issue of Shares with Warrants. You (other than an Authorised Nominee who has subscribed for NRS) will find enclosed with this AP, the NPA notifying you of the crediting of such provisional Rights Shares with Warrants into your CDS Account and the RSF to enable you to subscribe for the provisional Rights Shares with Warrants, as well as to apply for the excess Rights Shares with Warrants if you choose to.

If you are an Authorised Nominee who has subscribed for NRS with Bursa Depository, an electronic copy of this AP and the Rights Issue Entitlement File will be transmitted to you electronically by Bursa Depository through its existing network facility with the Authorised Nominees. Please refer to Sections 3.5.4 and 3.8.4 of this AP for the procedures for acceptance as well as to apply for excess Rights Shares with Warrants, if you choose to do so.

Any dealing in our securities will be subject to the SICDA and the Rules of Bursa Depository. Accordingly, the Rights Shares with Warrants and new Shares to be issued arising from the exercise of the Warrants will be credited directly to the respective CDS Accounts of the successful applicants and exercising Warrant holders (as the case may be). No physical share certificates and warrant certificates will be issued to the Entitled Shareholders and/or their renounee/transferee, if applicable. A notice of allotment will be despatched to the successful applicants within eight (8) Market Days from the last date of acceptance and payment for the Rights Issue of Shares with Warrants and a notice of allotment will be despatched to the exercising Warrant holders within eight (8) Market Days after the date of receipt of the subscription form together with the requisite payment (for exercise of Warrants) from the date of exercise of the Warrants.

2.1 Basis of determining the Issue Price of the Rights Shares and exercise price of the Warrants

(i) Rights Shares

Our Board had on 24 October 2014 fixed the issue price for the Rights Shares at RM0.15 per Rights Share after taking into consideration the following:

- (a) the 5D-VWAP of MRB Shares up to and including 23 October 2014 (being the last trading date immediately preceding the Price Fixing Date) of RM0.1452;
- (b) the prevailing market sentiments at the point of price fixing;
- (c) the par value of MRB Shares of RM0.15 each; and
- (d) the funding requirements of our Group, details of which are set out in Section 5 of this AP.

The Issue Price of Rights Shares at RM0.15 per Rights Share represents a premium of approximately RM0.0048 or 3.31% to the 5D-VWAP per MRB Share up to and including 23 October 2014 (being the last trading date immediately preceding the Price Fixing Date) of RM0.1452.

(ii) Warrants

The Warrants will be issued at no cost to the Entitled Shareholders who successfully subscribed for the Rights Shares, and are exercisable into new MRB Shares. Each Warrant will entitle its holder to subscribe for one (1) MRB Share at the exercise price of RM0.15 per Warrant.

The exercise price of the Warrants at RM0.15 per Warrant is determined and fixed by our Board on 24 October 2014 after taking into consideration the following:

- (a) the 5D-VWAP of MRB Shares up to and inclusive of 23 October 2014 of RM0.1452;

- (b) the prevailing market sentiments; and
- (c) the par value of MRB Shares of RM0.15 each.

The exercise price of the Warrants at RM0.15 per Warrant represents a premium of approximately RM0.0048 or 3.31% to the 5D-VWAP of MRB Shares up to 23 October 2014 of RM0.1452.

2.2 Ranking of the Rights Shares and the new MRB Shares arising from the exercise of the Warrants

The holders of the Warrants will not be entitled to any voting right or participation in any form of distribution and/or offer of further securities in our Company until and unless such holders of the Warrants exercise their Warrants into new MRB Shares.

The Rights Shares and the new MRB Shares to be issued arising from the exercise of the Warrants shall, upon issuance and allotment, rank *pari passu* in all respects with the then existing MRB Shares, save and except that the Rights Shares and the new MRB Shares shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of issuance and allotment of the Rights Shares and the new MRB Shares arising from the exercise of the Warrants.

2.3 Salient terms of the Warrants

The salient terms of the Warrants are as follows:

Terms	Details
Issue size	: Up to 332,689,500 Warrants.
Form and denomination	: The Warrants which are free will be issued in registered form and will be constituted by the Deed Poll.
Exercise period	: The Warrants may be exercised at any time within five (5) years commencing on and including the date of issuance of the Warrants until 5.00 p.m. on the expiry date. Warrants not exercised during the exercise period will thereafter lapse and cease to be valid.
Exercise price	: The exercise price of the Warrants has been fixed at RM0.15 each, subject to adjustments in accordance with the provisions of the Deed Poll.
Expiry date	: The day falling five (5) years from and including the date of issue of the Warrants, provided that if such day falls on a day which is not a market day, then on the preceding market day.
Exercise rights	: Each Warrant entitles the registered holder to subscribe for one (1) new MRB Share at any time during the exercise period at the exercise price (subject to adjustments in accordance with the provisions of the Deed Poll).
Mode of exercise	: The registered holder of the Warrants is required to lodge an exercise form, as set out in the Deed Poll, with our Company's registrar, duly completed, signed and stamped together with payment of the exercise price for the new MRB Shares subscribed for by banker's draft or cashier's order or money order or postal order in Ringgit Malaysia drawn on a bank or post office operating in Malaysia.

- Board lot : For the purpose of trading on Bursa Securities, one (1) board lot of Warrant shall comprise one hundred (100) Warrants carrying the right to subscribe for one hundred (100) new MRB Shares at any time during the exercise period, or such other denomination as determined by Bursa Securities from time to time.
- Adjustments in the exercise price and/or number of the Warrants : The exercise price and/or number of unexercised Warrants shall be adjusted in the event of alteration to the share capital by reason of any issue of shares, consolidation, subdivision, conversion or capital distribution in accordance with the provisions of the Deed Poll.
- Rights of the Warrants : The Warrant holders are not entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment and issuance of the new MRB Shares upon the exercise of the Warrants. The Warrant holders are not entitled to any voting rights or participation in any form of distribution and/or offer of securities in our Company until and unless such Warrant holders exercise their Warrants into new MRB Shares.
- Rights in the event of winding-up, liquidation, compromise and/or arrangement : If a resolution is passed for a members' voluntary winding up of our Company or there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of our Company or the amalgamation of our Company with one or more companies, then:
- (i) for the purposes of such winding-up, compromise or arrangement (other than a consolidation, amalgamation or merger in which our Company is the continuing corporation) to which the Warrant holder (or some person designated by them for such purpose by special resolution) shall be a party, the terms of such winding up, compromise and arrangement shall be binding on all the Warrant holders; and
 - (ii) in any other case, every Warrant holder shall be entitled upon and subject to the conditions at any time within six (6) weeks after the passing of such resolution for a members' voluntary winding-up of our Company or the granting of the court order approving the compromise or arrangement (as the case may be), to exercise their Warrants by submitting the exercise form duly completed authorising the debiting of his Warrants together with payment of the relevant exercise price to elect to be treated as if he had immediately prior to the commencement of such winding-up exercised the exercise rights to the extent specified in the exercise form(s) and had on such date been the holder of the new Shares to which he would have become entitled pursuant to such exercise and the liquidator of our Company shall give effect to such election accordingly.

Listing status : The Warrants will be listed and traded on the Main Market of Bursa Securities. Approval has been obtained from Bursa Securities for the admission of the Warrants to the Official List of the Main Market of Bursa Securities and the listing of and quotation for the Warrants and the new MRB Shares to be issued pursuant to the exercise of the Warrants on the Main Market of Bursa Securities.

Governing law : The laws of Malaysia.

2.4 Major shareholder's undertaking and Underwriting

The Rights Issue of Shares with Warrants will be undertaken on full subscription basis.

To meet the full subscription level, our Company has obtained a written unconditional and irrevocable undertaking from our major shareholder, namely CKS that he will not dispose any of his MRB Shares following the Announcement up to the completion of the Rights Issue of Shares with Warrants and that he will subscribe in full for his entitlement of the Rights Shares with Warrants.

The Undertaking Shareholder has confirmed that he has sufficient financial resources to subscribe for his entitlement as mentioned above pursuant to the Undertaking. As the adviser for the Rights Issue of Shares with Warrants, TA Securities has verified the confirmation made by the Undertaking Shareholder.

Details of the Undertaking are as follows:

	As at the LPD		Minimum Scenario		Maximum Scenario	
			Rights Shares Entitlement		Rights Shares Entitlement	
	No. of MRB Shares	% ⁽¹⁾	No. of Rights Shares	% ⁽²⁾	No. of Rights Shares	% ⁽³⁾
Undertaking Shareholder						
CKS	88,948,510	26.76	88,948,510	26.76	88,948,510	26.74

Notes:

- (1) Excluding Treasury Shares.
- (2) Percentage calculated based on 332,404,500 Rights Shares available for subscription under the Minimum Scenario.
- (3) Percentage calculated based on 332,689,500 Rights Shares available for subscription under the Maximum Scenario.

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For the remaining portion of the Rights Shares, we have entered into an Underwriting Agreement with the Joint Underwriters to severally but not jointly underwrite up to 243,740,990 Rights Shares representing approximately 73.26% of the Rights Shares under the Minimum Scenario and in the event all the Treasury Shares are resold in the open market prior to the Entitlement Date, for which no unconditional and irrevocable written undertaking to subscribe has been obtained from other shareholders:

Joint Underwriters	No. of Underwritten Shares	% of total Underwritten Shares (%)	No. of Warrants	% of Warrants (%)	Total value (RM)
TA Securities	13,200,000	5.42	13,200,000	5.42	1,980,000
JF Apex	43,874,324	18.00	43,874,324	18.00	6,581,149
Mercury Securities	53,333,333	21.88	53,333,333	21.88	8,000,000
IPS	133,333,333	54.70	133,333,333	54.70	20,000,000
TOTAL	243,740,990	100.00	243,740,990	100.0	36,561,149

The underwriting commission is two per cent (2%) of the value of Underwritten Shares, amounting to approximately RM731,223. The underwriting commission payable to the Joint Underwriters and all other costs in relation to the Underwriting shall be fully borne by our Company.

After considering the Undertaking and the Underwriting, we confirm that the abovementioned subscription of Rights Shares by the Undertaking Shareholder will not give rise to any consequences of mandatory general offer obligation pursuant to the Code. Nevertheless, the Undertaking Shareholder has given his confirmation to observe and comply at all times with the provisions of the Code.

2.5 Details of other corporate exercises

Save for the Rights Issue of Shares with Warrants, there is no outstanding corporate proposal which has been announced but pending completion as at the LPD.

3. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE/TRANSFER AND EXCESS APPLICATION FOR THE RIGHTS ISSUE OF SHARES WITH WARRANTS

3.1 General

As you are an Entitled Shareholder, your CDS Account will be duly credited with the number of provisional Rights Shares with Warrants which you are entitled to subscribe for in full or in part, under the terms of the Rights Issue of Shares with Warrants. You (other than an Authorised Nominee who has subscribed for NRS) will find enclosed with this AP, the NPA notifying you of the crediting of such provisional Rights Shares with Warrants into your CDS Account and the RSF to enable you to subscribe for the provisional Rights Shares with Warrants, as well as to apply for excess Rights Shares with Warrants if you choose to do so.

If you are an Authorised Nominee who has subscribed for NRS with Bursa Depository, an electronic copy of this AP and the Rights Issue Entitlement File will be transmitted to you electronically by Bursa Depository through its existing network facility with the Authorised Nominees. Please refer to Sections 3.5.4 and 3.8.4 of this AP for the procedures for acceptance as well as to apply for excess Rights Shares with Warrants, if you choose to do so.

3.2 NPA

The provisional allotted Rights Shares with Warrants are prescribed securities pursuant to Section 14(5) of the SICDA and therefore, all dealings in the provisional Rights Shares with Warrants will be by book entries through the CDS Accounts and will be governed by the SICDA and the Rules of Bursa Depository. You and/or your renounees/transferees (if applicable) are required to have valid and subsisting CDS Accounts when making your applications.

3.3 Last date and time for acceptance and payment

The last date and time for acceptance and payment for the provisional Rights Shares with Warrants is at **5.00 p.m. on 24 November 2014**, or such extended date and time as our Board may decide at its absolute discretion. Where the closing date of the acceptance is extended from the original closing date, the announcement of such extension will be made not less than two (2) Market Days before the original closing date.

3.4 Methods of application

You may subscribe for such number of Rights Shares with Warrants that you have been provisionally allotted as well as to apply for excess Rights Shares with Warrants, if you so choose, using either of the following methods:

<u>Method of application</u>	<u>Category of Entitled Shareholders</u>
RSF ⁽¹⁾	All Entitled Shareholders
Electronic Application ⁽²⁾ or Internet Application ⁽³⁾	All Entitled Shareholders
NRS	Authorised Nominee who has subscribed for NRS

Notes:

- (1) A copy of the RSF will be enclosed together with this AP. The RSF is also available on the website of Bursa Securities (<http://www.bursamalaysia.com>).
- (2) The following surcharge per Electronic Application will be charged by the Participating Financial Institution:
 - Public Bank Berhad – RM4.00; and
- (3) The following processing fee per Internet Application will be charged by the respective Internet Participating Financial Institution:
 - Public Bank Berhad (<http://www.pbebank.com>) – RM4.00.

3.5 Procedure for full acceptance and payment by Entitled Shareholders and acceptance by renounees/transferees

3.5.1 By way of RSF

If you wish to accept your entitlement to the provisional Rights Shares with Warrants, the acceptance of and payment for the provisional Rights Shares with Warrants must be made on the respective RSF enclosed with this AP and must be completed in accordance with the notes and instructions contained in the RSF. Acceptances which do not conform to the terms of this AP, the NPA or the RSF or the notes and instructions contained in these documents or which are illegible may not be accepted at the absolute discretion of our Board.

Renounees/transferees who wish to accept the provisional Rights Shares with Warrants must obtain a copy of the RSF from their stockbrokers or our Share Registrar or at our Registered Office or from the Bursa Securities' website at <http://www.bursamalaysia.com> and complete the RSF and submit the same together with the remittance to our Share Registrar in accordance with the notes and instructions printed therein.

The procedure for acceptance and payment applicable to the Entitled Shareholders also applies to renounees/transferees who wish to accept the provisional Rights Shares with Warrants.

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL RIGHTS SHARES WITH WARRANTS, EXCESS APPLICATION FOR THE RIGHTS SHARES WITH WARRANTS AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU WISH TO SELL/TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENT ARE SET OUT IN THIS AP AND THE ACCOMPANYING RSF.

YOU AND/OR YOUR RENOUNCEES/TRANSFEREES (IF APPLICABLE) ARE ADVISED TO READ THIS AP, THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.

If you wish to accept your entitlement/acceptance, please complete parts I(A) and II of the RSF in accordance with the notes and instructions provided in the RSF. Thereafter, please send each completed and signed RSF together with the relevant payment by using the envelope provided (at your own risk) to our Share Registrar by **ORDINARY POST** or **DELIVERED BY HAND** at the following address:

Boardroom Corporate Services (KL) Sdn Bhd
Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan

Tel. no.: 03-7720 1188
Fax. no.: 03-7720 1111

so as to arrive **not later than 5.00 p.m. on 24 November 2014**, being the last time and date for acceptance and payment, or such extended time and date as may be determined and announced by our Board.

One (1) RSF can only be used for acceptance of provisional Rights Shares with Warrants standing to the credit of one (1) CDS Account. Separate RSF(s) must be used for separate CDS Account(s). If successful, the Rights Shares with Warrants subscribed for will be credited into your CDS Account(s) as stated in the completed RSF(s).

A reply envelope is enclosed in this AP. In order to facilitate the processing of the RSF by our Share Registrar for the Rights Shares with Warrants, you are advised to use one (1) reply envelope for each completed RSF.

You and/or your renounee/transferee (if applicable) should take note that a trading board lot for the Rights Shares and Warrants comprises one hundred (100) Rights Shares and one hundred (100) Warrants, respectively. Successful applicants of the Rights Shares will be given the Warrants on the basis of one (1) Warrant for every one (1) Rights Share successfully subscribed for. The minimum number of security that can be subscribed for or accepted is one (1) Rights Share, which will be accompanied by one (1) Warrant. The minimum number of Warrant that can be issued and allotted with the accepted Rights Shares is one (1) Warrant.

If acceptance of and payment for the provisional Rights Shares with Warrants is not received by our Share Registrar by **5.00 p.m. on 24 November 2014**, being the last time and date for acceptance of and payment for the provisional Rights Shares with Warrants, or any other extended date and time as may be determined and announced by our Board, you will be deemed to have declined the provisional entitlement made to you and it will be cancelled. In the event that the Rights Shares with Warrants are not fully taken up by such applicants, our Board will then have the right to allot such Rights Shares with Warrants to the applicants who have applied for the excess Rights Shares with Warrants in the manner as set out in Section 3.8 of this AP. Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar. Our Board reserves the right not to accept any application or to accept any application in part only without providing any reason.

If you lose, misplace or for any other reasons require another copy of the RSF, you may obtain additional copies from your stockbrokers, Bursa Securities' website at <http://www.bursamalaysia.com>, our Share Registrar at the address stated above or our Registered Office.

EACH COMPLETED RSF MUST BE ACCOMPANIED BY REMITTANCE IN RM FOR THE FULL AMOUNT IN THE FORM OF BANKER'S DRAFT(S)/ CASHIER'S ORDER(S)/ MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY" AND MADE PAYABLE TO "MRB RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME AND CDS ACCOUNT NUMBER IN BLOCK LETTERS SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE ISSUED BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE RIGHTS ISSUE OF SHARES WITH WARRANTS. HOWEVER, SUCCESSFUL APPLICANTS WILL BE ALLOTTED THEIR RIGHTS SHARES WITH WARRANTS, AND NOTICES OF ALLOTMENT WILL BE ISSUED AND DESPATCHED BY ORDINARY POST TO THEM OR THEIR RENOUNCEES/TRANSFEREES (IF APPLICABLE) AT THEIR OWN RISK TO THE ADDRESS SHOWN IN THE RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY WITHIN EIGHT (8) MARKET DAYS FROM THE LAST DATE AND TIME FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS ISSUE OF SHARES WITH WARRANTS.

APPLICANTS SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

WHERE AN APPLICATION IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO THE APPLICANT WITHIN FIFTEEN (15) MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS ISSUE OF SHARES WITH WARRANTS BY ORDINARY POST TO THE ADDRESS SHOWN ON BURSA DEPOSITORY'S RECORD OF DEPOSITORS AT THE APPLICANTS' OWN RISK.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.

3.5.2 By way of Electronic Application

Please read carefully and follow the terms of this AP, the procedures, terms and conditions for Electronic Application and the procedures set out at the ATMs of the Participating Financial Institution before making an Electronic Application.

(i) Steps for Electronic Applications through a Participating Financial Institution's ATM within Malaysia

The procedures for Electronic Applications at the ATMs of the Participating Financial Institution are set out on the ATM screens of the relevant Participating Financial Institution ("**Steps**"). For illustration purposes, the procedures for Electronic Applications at ATMs are set out below. The Steps set out the actions that you must take at the ATM to complete an Electronic Application. Please read carefully the terms of this AP, the Steps and the Terms and Conditions for Electronic Applications set out below before making an Electronic Application.

- (a) You must have an account with a Participating Financial Institution and an ATM card issued by that Participating Financial Institution to access the account. An ATM card issued by one of the Participating Financial Institution cannot be used to apply for the Rights Share at an ATM belonging to other Participating Financial Institutions;
- (b) You are advised to read and understand this AP **BEFORE** making the application; and
- (c) You shall apply for the Rights Shares with Warrants via the ATM of the Participating Financial Institution by choosing the Electronic Application option. Mandatory statements required in the application are as set out in "**Terms and conditions for Electronic Applications**" (please refer to Section 3.5.2(iii) below). You shall enter at least the following information through the ATM when the instructions on the ATM screen requires you to do so:
 - Personal Identification Number ("**PIN**");
 - Select MRB Rights Issue;
 - CDS Account number;
 - Number of Rights Shares with Warrants applied for and/or the RM amount to be debited from the account;
 - Current contact number (for e.g. your mobile phone number); and
 - Confirmation of several mandatory statements.

Upon the completion of your Electronic Application transaction, you will receive a computer-generated transaction slip ("**Transaction Record**"), confirming the details of your Electronic Application. The Transaction Record is only a record of the completed transaction at the ATM and not a record of the receipt of the Electronic Application or any data relating to such an Electronic Application by the Company or the Share Registrar. The Transaction Record is for your record and is not required to be submitted with your application.

YOU MUST ENSURE THAT YOU USE THE NUMBER OF THE CDS ACCOUNT HELD IN YOUR NAME WHEN MAKING AN ELECTRONIC APPLICATION. IF YOU OPERATE A JOINT BANK ACCOUNT WITH ANY OF THE PARTICIPATING FINANCIAL INSTITUTION, YOU MUST ENSURE THAT YOU ENTER THE NUMBER OF THE CDS ACCOUNT HELD IN YOUR NAME WHEN USING AN ATM CARD ISSUED TO YOU IN YOUR NAME. YOUR APPLICATION WILL BE REJECTED IF YOU FAIL TO COMPLY WITH THE FOREGOING.

(ii) Participating Financial Institution

Electronic Applications may be made through an ATM of the following Participating Financial Institution and its branches within Malaysia:

- Public Bank Berhad

(iii) Terms and conditions of Electronic Applications

The Electronic Application shall be made on, and subject to, the terms of this AP, as well as the terms and conditions of the Participating Financial Institution and those appearing herein:

- (a) You are required to confirm the following statements (by pressing pre-designated keys or buttons on the ATM keyboard) and undertake that the following information given are true and correct:
- (i) You have attained 18 years of age as at the last day for application and payment;
 - (ii) You have read the relevant AP and understood and agreed with the terms and conditions of the application; and
 - (iii) You hereby give consent to our Company, Bursa Depository, our Share Registrar, the relevant Participating Financial Institution, their respective agents and any third party involved in facilitating the application/refund, to disclose information pertaining to yourself and your account with the Participating Financial Institution and Bursa Depository to the relevant authorities and any person as may be necessary or expedient to facilitate the making of the application/refund.

Your application will not be successfully completed and cannot be recorded as a completed transaction at the ATM unless you complete all the steps required by the Participating Financial Institution. By doing so, you shall have confirmed each of the above statements as well as giving consent in accordance with the relevant laws of Malaysia including Section 99(1)(a) of the Banking and Financial Institutions Act, 1989 and Section 45(1)(a) of the SICDA, to the disclosures as described above.

- (b) You confirm that you are not applying for the Rights Shares with Warrants as a nominee of any other person and that any Electronic Application that you make is made by you as the beneficial owner.
- (c) You must have sufficient funds in your account with the relevant Participating Financial Institution at the time you make your Electronic Application, failing which your Electronic Application will not be completed. Any Electronic Application, which does not strictly conform to the instructions set out on the screen of the ATM through which the Electronic Application is being made, will be rejected.

- (d) You agree and undertake to subscribe for or purchase and to accept the number of Rights Shares applied for as stated on the Transaction Record in respect of your Electronic Application. Your confirmation (by your action of pressing the pre-designated keys (or buttons) on the ATM) of the number of Rights Shares with Warrants applied for shall signify, and shall be treated as, your acceptance of the number of Rights Shares with Warrants that may be allotted to you.

Should you encounter any problems in your Electronic Application, please refer to the Participating Financial Institution.

- (e) By making and completing your Electronic Application, you, if successful, requests and authorises our Company to credit the Rights Shares with Warrants allotted to you into your CDS Account.
- (f) You acknowledge that your Electronic Application is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond the control of our Company, our Share Registrar, the Participating Financial Institution or Bursa Depository and irrevocably agrees that if:
- (i) Our Company, our Share Registrar or Bursa Depository does not receive your Electronic Application; or
- (ii) Data relating to your Electronic Application is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to our Company, our Share Registrar or Bursa Depository,

you shall be deemed not to have made an Electronic Application and you shall not make any claim whatsoever against our Company, our Share Registrar, the Participating Financial Institution or Bursa Depository for the Rights Shares with Warrants applied for or for any compensation, loss or damage relating to the application for the Rights Shares with Warrants.

- (g) All of your particulars, including your nationality and place of residence, in the records of the relevant Participating Financial Institution at the time you make your Electronic Application shall be true and correct, and our Company, our Share Registrar, the relevant Participating Financial Institution and Bursa Depository shall be entitled to rely on the accuracy thereof.
- (h) You shall ensure that your personal particulars as recorded by both Bursa Depository and the relevant Participating Financial Institution are correct and identical. Otherwise, your Electronic Application will be rejected. You must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allocation will be sent to your correspondence address last maintained with Bursa Depository.
- (i) By making and completing an Electronic Application, you agree that:
- (i) In consideration of our Company agreeing to allow and accept your application for the Rights Shares with Warrants via the Electronic Application facility established by the Participating Financial Institution at their respective ATMs, your Electronic Application is irrevocable and cannot be subsequently withdrawn;

- (ii) Our Company, the Participating Financial Institution, Bursa Depository and our Share Registrar shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your Electronic Application due to a breakdown or failure of transmission or communication facilities or to any cause beyond our control;
- (iii) Notwithstanding the receipt of any payment by or on behalf of our Company, the notice of successful allocation for prescribed securities issued in respect of the Rights Shares with Warrants for which your Electronic Application has been successfully completed is the only confirmation for the acceptance of this offer to subscribe for and purchase the said Rights Shares with Warrants; and
- (iv) You agree that in relation to any legal action, proceedings or dispute arising out of or in relation with the contract between the parties and/or the Electronic Application and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that you irrevocably submits to the jurisdiction of the Courts of Malaysia.
- (j) Our Share Registrar, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions.
- (k) Notification on the outcome of your application for the Rights Shares with Warrants will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk within the timelines as follows:
 - (i) successful application – a notice of allotment will be despatched within eight (8) Market Days from the last day for application and payment for the Rights Shares with Warrants; or
 - (ii) unsuccessful/partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the last day for application and payment for the Rights Shares with Warrants.

The refund will be credited directly into your bank account from which your Electronic Application was made. Kindly take note of the terms and conditions as stated in Section 3.5.2(iii) of this AP and the required consent in making your Electronic Application.

If the crediting of the refund into your bank account from which your Electronic Application was made is unsuccessful, the refund will then be made via cheque which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk.

3.5.3 By way of Internet Application

Please read carefully and follow the terms of this AP, the procedures, terms and conditions for Internet Application and the procedures set out on the internet financial services website of the Internet Participating Financial Institution before making an Internet Application.

(i) Step 1: Set up of account

Before making an application by way of Internet Application, you **must have all** of the following:

(a) an existing account with access to internet financial services with **Public Bank Berhad** at <http://www.pbebank.com>. Accordingly, you will need to have your user identification and PIN/password for the internet financial services facility; and

(b) a CDS Account held in your name.

(ii) Step 2: Read the AP

You are advised to read and understand this AP **BEFORE** making your application.

(iii) Step 3: Apply through Internet

While we will attempt to provide you with assistance in your application for the Rights Shares with Warrants through Internet Applications, please note that the actual steps for Internet Applications through the internet financial services website of a particular Internet Participating Financial Institution may differ from the steps outlined below. The possible steps set out below are purely for illustration purposes only.

- (i) Connect to the internet financial services website of the Internet Participating Financial Institution with which you have a bank account;
- (ii) Log in to the internet financial services facility by entering your user identification and PIN/password;
- (iii) Navigate to the section of the website on applications in respect of the Rights Shares with Warrants;
- (iv) Select the counter in respect of the Rights Shares with Warrants to launch the terms and conditions of the Internet Application;
- (v) Select the designated hyperlink on the screen to accept the abovementioned terms and conditions, having read and understood such terms and conditions;
- (vi) At the next screen, complete the online application form;
- (vii) Check that the information contained in your online application form, such as the share counter (in this case, MRB Rights Issue Account), your current contact number (for e.g. your mobile phone number), your CDS Account number, number of Rights Shares with Warrants applied for, the amount of payment of subscription monies, the payment of bank charges and the account number to debit are correct. Then select confirm and submit the online application form;
- (viii) As soon as the transaction is completed, a message from the Authorised Financial Institution (as defined below) with details of your application appear on the screen of the website; and
- (ix) You are advised to print out the confirmation screen for your reference and record.

(iv) Terms and conditions of Internet Applications

The Internet Application shall be made on, and subject to, the terms of this AP, as well as the terms and conditions of the Internet Participating Financial Institution and those appearing herein:

- (a) After selecting the designated hyperlink on the screen, you are required to confirm and undertake that the following information given are true and correct:
- (i) You have attained 18 years of age as at the last day for application and payment;
 - (ii) You have, prior to making the Internet Application, received and/or have had access to a printed/electronic copy of this AP, the contents of which you have read and understood;
 - (iii) You agree to all the terms and conditions of the Internet Application as set out in this AP and have carefully considered the risk factors set out in this AP, in addition to all other information contained in this AP, before making the Internet Application;
 - (iv) You authorise the financial institution with which you have a bank account to deduct the full amount payable for the Rights Shares with Warrants (including the processing fee as mentioned in Section 3.4 (Note 3) of this AP) from your bank account with the said financial institution (“**Authorised Financial Institution**”); and
 - (v) You hereby give consent in accordance with the relevant laws of Malaysia (including Section 99(1)(a) of the Banking and Financial Institutions Act, 1989 and Section 45(1)(a) of the SICDA) for the disclosure by our Company, Bursa Depository, our Share Registrar, the relevant Internet Participating Financial Institution, their respective agents and any third party involved in facilitating the application/refund, of information pertaining to yourself, the Internet Application made by you, your account with the Internet Participating Financial Institution and/or the Authorised Financial Institution and Bursa Depository, to the relevant authorities and any person as may be necessary or expedient to facilitate the application/refund.
- (b) You confirm that you are not applying for the Rights Shares with Warrants as a nominee of any other person and that the Internet Application is made in your own name, as beneficial owner and subject to the risks referred to in this AP.
- (c) You agree and undertake to subscribe for or purchase and to accept the number of Rights Shares with Warrants applied for as stated on the Confirmation Screen in respect of your Internet Application. Your confirmation of the number of Rights Shares with Warrants applied for shall signify, and shall be treated as, your acceptance of the number of Rights Shares with Warrants that may be allotted to you.

Should you encounter any problems in your Internet Application, please refer to the Internet Participating Financial Institution.

- (d) By making and completing your Internet Application, you, if successful, requests and authorises our Company to credit the Rights Shares with Warrants allotted to you into your CDS Account.
- (e) You acknowledge that your Internet Application is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond the control of our Company, our Share Registrar, the Internet Participating Financial Institution or Bursa Depository and irrevocably agrees that if:

- (i) Our Company, our Share Registrar or Bursa Depository does not receive your Internet Application; or
- (ii) Data relating to your Internet Application is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to our Company, our Share Registrar or Bursa Depository,

you shall be deemed not to have made an Internet Application and you shall not make any claim whatsoever against our Company, our Share Registrar, the Internet Participating Financial Institution or Bursa Depository for the Rights Shares with Warrants applied for or for any compensation, loss or damage relating to the application for the Rights Shares with Warrants.

- (f) All of your particulars, including your nationality and place of residence, in the records of the relevant Internet Participating Financial Institution at the time you make your Internet Application shall be true and correct, and our Company, our Share Registrar, the relevant Internet Participating Financial Institution and Bursa Depository shall be entitled to rely on the accuracy thereof.
- (g) You shall ensure that your personal particulars as recorded by both Bursa Depository and the relevant Internet Participating Financial Institution are correct and identical. Otherwise, your Internet Application will be rejected. You must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allocation will be sent to your correspondence address last maintained with Bursa Depository.
- (h) By making and completing an Internet Application, you agree that:
 - (i) In consideration of our Company agreeing to allow and accept your application for the Rights Shares with Warrants via the Internet Application facility established by the Internet Participating Financial Institution at its respective internet financial services website, your Internet Application is irrevocable and cannot be subsequently withdrawn;
 - (ii) Our Company, the Internet Participating Financial Institution, Bursa Depository and our Share Registrar shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your Internet Application due to a breakdown or failure of transmission or communication facilities or to any cause beyond our control;
 - (iii) Notwithstanding the receipt of any payment by or on behalf of our Company, the notice of successful allocation for prescribed securities issued in respect of the Rights Shares with Warrants for which your Internet Application has been successfully completed is the only confirmation for the acceptance of this offer to subscribe for and purchase the said Rights Shares with Warrants; and
 - (iv) You agree that in relation to any legal action, proceedings or dispute arising out of or in relation with the contract between the parties and/or the Internet Application and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that you irrevocably submits to the jurisdiction of the Courts of Malaysia.
- (i) Our Share Registrar, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions.

- (j) Notification on the outcome of your application for the Rights Shares with Warrants will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk within the timelines as follows:
- (i) successful application – a notice of allotment will be despatched within eight (8) Market Days from the last day for application and payment for the Rights Shares with Warrants; or
 - (ii) unsuccessful/partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the last day for application and payment for the Rights Shares with Warrants.

The refund will be credited directly into your bank account with the Authorised Financial Institution from which payment of your subscription monies was made. Kindly take note of the terms and conditions as stated in Section 3.5.3(iv) of this AP and the required consent in making your Internet Application.

If the crediting of the refund into your bank account with the Authorised Financial Institution from which payment of your subscription monies was made is unsuccessful, the refund will then be made via cheque which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk.

- (k) A surcharge is imposed on each Internet Application which will be charged by the Internet Participating Financial Institution as mentioned in Section 3.4 (Note 3) of this AP.
- (l) You authorise the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, Bursa Securities or other relevant parties in connection with the Rights Issue of Shares with Warrants, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Application services or if such disclosure is requested or required in connection with the Rights Issue of Shares with Warrants. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information furnished by you to the Internet Participating Financial Institution in connection with the use of the Internet Application services.

3.5.4 By way of NRS

Our Company has appointed Bursa Depository to provide NRS to our shareholders who are Authorised Nominees. Only our Entitled Shareholders who are Authorised Nominees and who have subscribed for NRS with Bursa Depository may apply via NRS.

Please read carefully and follow the terms of this AP, the procedures, terms and conditions for application via NRS and Bursa Depository's terms and conditions for NRS and User Guide for NRS (which are made available to all Authorised Nominees who have subscribed for NRS with Bursa Depository) before making the application.

(i) **Steps for applications via NRS**

- (a) If you are an Entitled Shareholder, and who is an Authorised Nominee who has subscribed for NRS with Bursa Depository, you will not be receiving this AP, the RSF nor the NPA by post.
- (b) Instead, this AP and a Rights Issue Entitlement File will be transmitted electronically to you by Bursa Depository through Bursa Depository's existing network facility with the Authorised Nominees in the manner as set out in Bursa Depository's User Guide for NRS, on the next business day after the Entitlement Date.
- (c) A notification of the delivery of the AP and the Rights Issue Entitlement File will also be sent to you via email using the details you have provided to Bursa Depository when you subscribed for NRS with Bursa Depository.
- (d) You are advised to read carefully, understand and follow the terms of this AP, **BEFORE** making the application.
- (e) You may accept, on behalf of your client, partially or fully, their respective allocation under the Rights Issue of Shares with Warrants.
- (f) To apply for the Rights Shares with Warrants, you will be required to submit your subscription information via a Rights Shares Subscription File which is to be prepared based on the format as set out in Bursa Depository's User Guide for NRS.
- (g) Once completed, you will need to submit the Rights Share Subscription File to Bursa Depository at any time daily before 5.00 p.m., but in any event no later than the last day and time for acceptance and payment.
- (h) Together with the Rights Shares Subscription File, you will also need to submit a confirmation to Bursa Depository of the following information:
 - (i) Confirmation that you have, prior to making the application via NRS, received and/or had access to the electronic copy of this AP, the contents of which you have read, understood and agreed; and
 - (ii) Consent to the disclosure of your information to facilitate electronic refunds where applicable.
- (i) With regards to payment for the Rights Shares with Warrants which you have applied for, you must transfer the amount payable directly to our bank account, the details of which are as follows:

Bank: **OCBC Bank (Malaysia) Berhad**
Account Name: **MRB RIGHTS ISSUE ACCOUNT**
Bank Account No.: **701-144841-2**

prior to submitting the Rights Shares Subscription File to Bursa Depository.

- (j) Upon completion of the transfer/payment, you may receive a transaction slip ("**Transaction Record**") from the transacting financial institution confirming the details of your transfer/payment. The Transaction Record is only a record of the completed transaction and not a record of the receipt of the application via NRS or any data relating to such an application by our Company or Bursa Depository. The Transaction Record is for your record and is not required to be submitted with your application via NRS.

- (k) You will be notified on the outcome of your application for the Rights Shares with Warrants electronically within the timelines as stated below. No physical notice of allotment will be mailed to you.
- (i) successful application – an electronic notification will be sent to you within eight (8) Market Days from the last day for application and payment for the Rights Shares with Warrants; or
 - (ii) unsuccessful/partially successful application – the full amount or the surplus application monies, as the case may be, will be refunded without interest within fifteen (15) Market Days from the last day for application and payment for the Rights Shares with Warrants.

The refund will be credited directly into your bank account(s) from which payment of your subscription monies were made. Kindly take note of the terms and conditions as stated in Section 3.5.4(ii)(a) of this AP and the required consent in making the application via NRS.

If the crediting of the refund into your bank account(s) (as provided by you in the Rights Shares Subscription File) from which payment of your subscription monies were made is unsuccessful, the refund will then be made via cheque(s) which will be despatched to you by ordinary post to the correspondence address as shown on Bursa Depository's record at your own risk.

- (l) Upon crediting of the Rights Shares with Warrants allotted to you into your CDS account(s), you will also receive an electronic confirmation of the crediting from Bursa Depository.
- (m) You should note that all applications made for the Rights Shares with Warrants submitted under NRS will be irrevocable upon submission of the Rights Shares Subscription File to Bursa Depository and cannot be subsequently withdrawn.

(ii) Terms and conditions for applications via NRS

The application via NRS shall be made on, and subject to, the terms of this AP, Bursa Depository's terms and conditions for NRS and Bursa Depository's User Guide for NRS as well as the terms and conditions appearing herein:

- (a) For purposes of making the electronic refund, you hereby give consent in accordance with the relevant laws of Malaysia, including Section 99(1)(a) of the Banking and Financial Institutions Act, 1989 and Section 45(1)(a) of the SICDA, to the disclosure by our Company, Bursa Depository, our Share Registrar, the relevant financial institution, their respective agents and any third party involved in facilitating the payment of refunds to you as the case may be, of information pertaining to yourself and your account with the relevant financial institution and Bursa Depository, to the relevant authorities and any person as may be necessary or expedient to facilitate the making of refunds or for any other purpose in connection with such payments. You will be required to provide confirmation of your consent in the manner prescribed in Bursa Depository's terms and conditions for NRS.
- (b) You agree and undertake to subscribe for or purchase and to accept the number of Rights Shares with Warrants applied for as stated on your Rights Shares Subscription File in respect of your application via NRS. Your application shall signify, and shall be treated as, your acceptance of the number of Rights Shares with Warrants that may be allotted to you.

- (c) You acknowledge that by completing and submitting the Rights Shares Subscription File to Bursa Depository, you, if successful, requests and authorises our Company to credit the Rights Shares with Warrants allotted to you into the respective CDS Account(s) as indicated in the Rights Shares Subscription File.
- (d) You acknowledge that your application via NRS is subject to the risks of electrical, electronic, technical, transmission, communication and computer-related faults and breakdowns, fires and other events beyond the control of our Company, our Share Registrar, the relevant financial institution or Bursa Depository, and irrevocably agree that if:
 - (i) our Company, our Share Registrar or Bursa Depository does not receive your application via NRS; or
 - (ii) the data relating to your application via NRS is wholly or partially lost, corrupted or inaccessible, or not transmitted or communicated to our Company, our Share Registrar or Bursa Depository,

you shall be deemed not to have made your application and you shall not make any claim whatsoever against our Company, Bursa Depository, our Share Registrar or the relevant financial institution for the Rights Shares with Warrants applied for or for any compensation, loss or damage relating to the application for the Rights Shares with Warrants.

- (e) By completing and submitting the Rights Shares Subscription File to Bursa Depository, you agree that:
 - (i) In consideration of our Company agreeing to allow and accept your application for the Rights Shares with Warrants via the NRS facility established by Bursa Depository, your application via NRS is irrevocable and cannot be subsequently withdrawn;
 - (ii) Our Company, the relevant financial institutions, Bursa Depository and our Share Registrar shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your application via NRS due to a breakdown or failure of transmission or communication facilities or to any cause beyond our control;
 - (iii) Notwithstanding the receipt of any payment by or on behalf of our Company, the electronic notification of allotment in respect of the Rights Shares with Warrants issued is the only confirmation for the acceptance of this offer to subscribe for and purchase the said Rights Shares with Warrants; and
 - (iv) You agree that in relation to any legal action, proceedings or dispute arising out of or in relation to with the contract between the parties and/or the application via NRS and/or any terms herein, all rights, obligations and liabilities shall be construed and determined in accordance with the laws of Malaysia and with all directives, rules, regulations and notices from regulatory bodies and that you irrevocably submit to the jurisdiction of the Courts of Malaysia.
- (f) Our Share Registrar and Bursa Depository, on the authority of our Company, reserves the right to reject applications which do not conform to these instructions.

3.6 Procedure for part acceptance by Entitled Shareholders

3.6.1 By way of RSF

You must complete both Part I(A) of the RSF by specifying the number of the Rights Shares with Warrants which you are accepting and Part II of the RSF and deliver the completed and signed RSF together with the relevant payment to our Share Registrar in the manner set out in Section 3.5.1 of this AP.

3.6.2 By way of Electronic Application and Internet Application

If you are an individual who is an Entitled Shareholder and wish to accept part of your provisional Rights Shares with Warrants via Electronic Application or Internet Application, you may do so by following the same steps as set out in Section 3.5.2 and Section 3.5.3, respectively of this AP.

3.6.3 By way of NRS

If you are an Authorised Nominee who has subscribed for NRS with Bursa Depository who is an Entitled Shareholder and wish to accept part of your provisional Rights Shares with Warrants, you may do so by following the same steps as set out in Section 3.5.4 of this AP.

The portion of the provisional Rights Shares with Warrants that have not been accepted shall be allotted to any other persons allowed under the law, regulations or rules to accept the transfer of the provisional Rights Shares with Warrants.

3.7 Procedure for sale/transfer of provisional Rights Shares with Warrants

As the provisional Rights Shares with Warrants are prescribed securities, you may dispose of or transfer all or part of your entitlement to the Rights Shares with Warrants to one (1) or more person(s) through your stockbrokers without first having to request for a split of the provisional Rights Shares with Warrants standing to the credit of your CDS Accounts. To dispose or transfer all or part of your entitlement to the provisional Rights Shares with Warrants, you may sell such entitlement in the open market or transfer such entitlement to such persons as may be allowed pursuant to the Rules of Bursa Depository. If you have sold or transferred only part of the provisional Rights Shares with Warrants, you may still accept the balance of the provisional Rights Shares with Warrants by completing Parts I(A) and II of the RSF. Please refer to Section 3.5 of this AP for the procedure, acceptance and payment.

In disposing/transferring all or part of your provisionally Rights Shares with Warrants, you need not deliver any document including the RSF, to any stockbroker. However, you must ensure that there is sufficient provisional Rights Shares with Warrants standing to the credit of your CDS Accounts that are available for settlement of the sale or transfer.

3.8 Procedure for application of excess Rights Shares with Warrants

3.8.1 By way of RSF

You and/or your renounees/transferees (if applicable) who accepted the provisional Rights Shares with Warrants may apply for excess Rights Shares with Warrants by completing Part I(B) of the RSF (in addition to Parts I(A) and II) and forward it (together with a separate remittance for the full amount payable in respect of the excess Rights Shares with Warrants applied for) to our Share Registrar **not later than 5.00 p.m. on 24 November 2014**, being the last time and date for acceptance and payment, or such extended time and date as may be determined and announced by our Board.

PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS APPLIED FOR SHOULD BE MADE IN THE SAME MANNER AS DESCRIBED IN SECTION 3.5.1 OF THIS AP, WHERE THE BANKER'S DRAFT(S)/CASHIER'S ORDER(S)/MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY" AND MADE PAYABLE TO "MRB EXCESS RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME AND CDS ACCOUNT NUMBER IN BLOCK LETTERS SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR.

It is the intention of our Board to allot the excess Rights Shares with Warrants, if any, on a fair and equitable basis and in the following priority:

- (i) firstly, to minimise the incidence of odd lots;
- (ii) secondly, on the pro-rata basis to our Entitled Shareholders who have applied for the excess Rights Shares with Warrants, taking into consideration their respective shareholdings in our Company as at the Entitlement Date on a board lot basis;
- (iii) thirdly, on a pro-rata basis to our Entitled Shareholders who have applied for excess Rights Shares with Warrants, taking into consideration the quantum of their respective excess application; and
- (iv) lastly, on a pro-rata basis to our transferees and/or renounees who have applied for excess Rights Shares with Warrants, taking into consideration the quantum of their respective excess application.

Nevertheless, our Board reserves the right to allot any excess Rights Shares with Warrants applied for under Part I(B) of the RSF in such manner as it deems fit and expedient and in the best interest of our Company subject always to such allocation being made on a fair and equitable basis and that the intention of our Board as set out in Section 3.8.1 (i) to (iv) above are achieved. Our Board also reserves the right to accept any excess Rights Shares with Warrants application, in full or in part, without assigning any reason.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD.

3.8.2 By way of Electronic Application

If you are an individual who is an Entitled Shareholder and/or a renounee and/or a transferee and/or if you have purchased any provisional Rights Shares with Warrants, and wish to apply for additional Rights Shares with Warrants via Electronic Application in excess of your entitlement, you may do so by following the same steps as set out in Section 3.5.2 of this AP save and except that you shall proceed with the option for Excess Rights Shares Application and the amount payable to be directed to "MRB Excess Rights Issue Account" for the excess Rights Shares with Warrants applied.

It is the intention of our Board to allot the excess Rights Shares with Warrants, if any, on a fair and equitable basis as set out in Section 3.8.1.

The Electronic Application for excess Rights Shares with Warrants shall be made on, and subject to, the same terms and conditions appearing in Section 3.5.2 of this AP.

3.8.3 By way of Internet Application

If you are an Entitled Shareholder and/or a renounee and/or a transferee and/or if you have purchased any provisional Rights Shares with Warrants, and wish to apply for additional Rights Shares with Warrants via Internet Application in excess of your entitlement, you may do so by following the same steps as set out in Section 3.5.3 of this AP save and except that you shall proceed with the option for Excess Rights Shares Application and the amount payable to be directed to “MRB Excess Rights Issue Account” for the excess Rights Shares with Warrants applied.

It is the intention of our Board to allot the excess Rights Shares with Warrants, if any, on a fair and equitable basis as set out in Section 3.8.1.

The Internet Application for excess Rights Shares with Warrants shall be made on, and subject to, the same terms and conditions appearing in Section 3.5.3 of this AP.

3.8.4 By way of NRS

If you are an Authorised Nominee who has subscribed for NRS with Bursa Depository who is an Entitled Shareholder and/or a renounee and/or a transferee and/or if you have purchased any provisional Rights Shares with Warrants, and wish to apply for additional Rights Shares with Warrants via NRS in excess of your entitlement, you may do so by following the same steps as set out in Section 3.5.4 of this AP save and except for the amount payable to be directed to “MRB Excess Rights Issue Account” (Bank Account No. 701-144842-0 with OCBC Bank (Malaysia) Berhad) for the excess Rights Shares with Warrants applied and also that you should complete the details for excess rights application at the designated fields for excess applications in the Rights Shares Subscription File.

It is the intention of our Board to allot the excess Rights Shares with Warrants, if any, on a fair and equitable basis as set out in Section 3.8.1.

The Application for excess Rights Shares with Warrants via NRS shall be made on, and subject to, the same terms and conditions appearing in Section 3.5.4 of this AP, Bursa Depository’s terms and conditions for NRS and User Guide for NRS (which are made available to all Authorised Nominees who wish to register for NRS).

3.9 Notice of allotment

Upon allotment of the Rights Shares with Warrants in respect of your acceptance and/or your renounee’s/transferee’s acceptance (if applicable) and excess Rights Shares with Warrants application (if any), the Rights Shares with Warrants shall be credited directly into the respective CDS Account. No physical share certificates and warrant certificates will be issued in respect of the Rights Shares with Warrants. However, a notice of allotment will be despatched to you and/or your renounees/transferees (who are not an Authorised Nominee who has subscribed for NRS) (if applicable), by ordinary post within eight (8) Market Days from the last date of acceptance and payment for the Rights Shares with Warrants and excess Rights Shares with Warrants application, or such other period as may be prescribed or allowed by Bursa Securities, at the address shown on the Record of Depositors at your own risk.

If you are an Authorised Nominee who has subscribed for NRS with Bursa Depository, an electronic notification will be sent to you within eight (8) Market Days from the last day for application and payment for the Rights Shares with Warrants and excess Rights Shares with Warrants application, or such other period as may be prescribed or allowed by Bursa Securities through Bursa Depository’s existing network facility with the Authorised Nominees in the manner as set out in Bursa Depository’s User Guide for NRS.

Where any application for the Rights Shares with Warrants is not accepted due to non-compliance with the terms of the Rights Issue of Shares with Warrants or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded without interest to you within fifteen (15) Market Days from the last date and time for acceptance and payment of the Rights Shares with Warrants by ordinary post to the address shown on the Record of Depositors at your own risk.

Please note that a completed RSF and the payment thereof once lodged with our Share Registrar for the Rights Issue of Shares with Warrants cannot be withdrawn subsequently.

3.10 Form of issuance

Bursa Securities has prescribed that our Shares listed on the Main Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights Shares with Warrants and the new Shares to be issued arising from the exercise of Warrants are prescribed securities and as such the SICDA and the Rules of Bursa Depository shall apply in respect of the dealings in the Rights Shares with Warrants.

Failure to comply with the specific instructions for applications or inaccuracy in the CDS Account number may result in the application being rejected. Your subscription for the Rights Shares with Warrants shall mean your consent to receiving such Rights Shares with Warrants as deposited securities which will be credited directly into your CDS Account. No physical share certificate or warrant certificate will be issued to you under the Rights Issue of Shares with Warrants. Instead, the Rights Shares with Warrants will be credited directly into your CDS Accounts, and notices of allotment will be sent to you in the manner as stated in Section 3.10.

Any person who has purchased the provisional Rights Shares with Warrants or to whom provisional Rights Shares with Warrants has been transferred and intends to subscribe for the Rights Shares with Warrants must state his/her CDS Account number in the space provided in the RSF. The Rights Shares with Warrants will be credited directly as prescribed or deposited securities into his/her CDS Account upon allotment and issue.

The excess Rights Shares with Warrants, if allotted to the successful applicant who applies for excess Rights Shares with Warrants, will be credited directly as prescribed securities into the CDS Account of the successful applicant. The allocation of the excess Rights Shares with Warrants will be made on a fair and equitable basis as disclosed in Section 3.8 of this AP.

3.11 Laws of foreign jurisdictions

This AP and the accompanying NPA and RSF have not been (and will not be) made to comply with the laws of any foreign jurisdiction and have not been (and will not be) lodged, registered or approved pursuant to or under any legislation (or with or by any regulatory authorities or other relevant bodies) of any foreign jurisdiction. The Rights Issue of Shares with Warrants will not be made or offered for subscription in any foreign jurisdiction.

Accordingly, this AP together with the accompanying documents will not be sent to the foreign Entitled Shareholders and/or their renounees/transferees (if applicable) who do not have a registered address in Malaysia. However, such foreign Entitled Shareholders and/or their renounees/transferees (if applicable) may collect this AP including the accompanying documents from our Share Registrar, in which event our Share Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the documents relating to the Rights Issue of Shares with Warrants.

Foreign Entitled Shareholders and/or their renounees/transferees (if applicable) may only accept or renounce (as the case may be) all or any part of their entitlements and exercise any other rights in respect of the Rights Issue of Shares with Warrants only to the extent that it would be lawful to do so.

TA Securities, our Company and our Directors and officers would not, in connection with the Rights Issue of Shares with Warrants, be in breach of, responsible or liable under the laws of any jurisdiction to which that foreign Entitled Shareholders and/or their renounees/transferees (if applicable) are or may be subject to. He shall solely be responsible to seek advice as to the laws of the jurisdictions to which they are or may be subject to. TA Securities, our Company and our Directors and officers and other professional advisers shall not accept any responsibility or liability in the event that any acceptance or renunciation made by any foreign Entitled Shareholders and/or their renounees/transferees (if applicable), is or shall become unlawful, unenforceable, voidable or void in any such jurisdiction.

The foreign Entitled Shareholders and/or their renounees/transferees (if applicable) will be responsible for payment of any issue, transfer or any other taxes or other requisite payments due in such jurisdiction and our Company shall be entitled to be fully indemnified and held harmless by such foreign Entitled Shareholders and/or their renounees/transferees (if applicable) for any issue, transfer or other taxes or duties as such person may be required to pay. They will have no claims whatsoever against our Company and/or TA Securities in respect of their rights and entitlements under the Rights Issue of Shares with Warrants. Such foreign Entitled Shareholders and/or their renounees/transferees (if applicable) should consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to accept the Rights Issue of Shares with Warrants.

By signing the RSF, the foreign Entitled Shareholders and/or their renounees/transferees (if applicable) are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) TA Securities, our Company and our Directors and officers that:

- (i) our Company would not, by acting on the acceptance or renunciation in connection with the Rights Issue of Shares with Warrants, be in breach of the laws of any jurisdiction to which that foreign Entitled Shareholders or renounees/transferees (if applicable) is or may be subject to;
- (ii) the foreign Entitled Shareholders and/or their renounees/transferees (if applicable) have complied with the laws to which they are or may be subject to in connection with the acceptance or renunciation of the provisional Rights Shares with Warrants;
- (iii) the foreign Entitled Shareholders and/or their renounees/transferees (if applicable) are not a nominee or agent of a person in respect of whom we would, by acting on the acceptance or renunciation of the provisional Rights Shares with Warrants, be in breach of the laws of any jurisdiction to which that person is or may be subject to;
- (iv) the foreign Entitled Shareholders and/or their renounees/transferees (if applicable) are aware that the Rights Shares with Warrants can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;
- (v) the foreign Entitled Shareholders and/or their renounees/transferees (if applicable) have received a copy of this AP and have been provided the opportunity to post such questions to the representatives and receive answers thereto as the foreign Entitled Shareholders and/or their renounees/transferees (if applicable) deem necessary in connection with the foreign Entitled Shareholders and/or their renounees/transferees (if applicable) decision to subscribe for or purchase the Rights Shares with Warrants. However, any information relevant to an investment shall be contained in this AP; and
- (vi) the foreign Entitled Shareholders and/or their renounees/transferees (if applicable) have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares with Warrants, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights Shares with Warrants.

Persons receiving this AP, the NPA and the RSF (including without limitation custodians, nominees and trustees) must not, in connection with the offer, distribute or send it into any jurisdiction where to do so would or might contravene local securities, exchange control or relevant laws or regulations. If this AP, the NPA and the RSF are received by any persons in such jurisdiction, or by the agent or nominee of such a person, he must not seek to accept the offer unless he has complied with and observed the laws of the relevant jurisdiction in connection herewith.

Any person who does forward this AP, the NPA and the RSF to any such jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section and we reserve the right to reject a purported acceptance of the Rights Shares with Warrants from any such application by foreign Entitled Shareholders and/or their renounees/transferees (if applicable) in any jurisdiction other than Malaysia.

Our Company reserves the right, in our absolute discretion, to treat any acceptance of the Rights Shares with Warrants as invalid if it believes that such acceptance may violate any applicable legal or regulatory requirements in Malaysia.

4. RATIONALE FOR THE RIGHTS ISSUE OF SHARES WITH WARRANTS

Taking into cognisance the current financial position of our Group, the details of which are set out in Section 7 of Appendix II of this AP, as well as after due consideration of the various methods of fund raising available for the purposes as stated in Section 5 below, our Board is of the opinion that the Rights Issue of Shares with Warrants is currently an appropriate avenue as:

- (i) it allows our Company to raise capital without incurring interest costs as compared to other means of financing, such as bank borrowings or the issuance of debt instruments;
- (ii) it enables our Group to raise capital for purposes as set out in Section 5 below, such as to fund the purchase of quarry sites, distribution of heavy machineries, repayment of bank borrowings and working capital requirements which are expected to contribute positively to the future earnings of our Group and improve our financial performance;
- (iii) it involves the issuance of new MRB Shares without diluting our existing shareholders' equity interest, assuming all Entitled Shareholders fully subscribe for their respective entitlements and exercise their Warrants subsequently. The Undertaking allows our major shareholder to extend his support for the Rights Issue of Shares with Warrants which will facilitate our Group to raise the necessary funds;
- (iv) it provides an opportunity for our existing shareholders to increase their equity participation in our Company arising from the subscription of the Rights Shares with Warrants;
- (v) the Warrants will increase the attractiveness of the Rights Issue of Shares with Warrants by providing an incentive to our shareholders to subscribe for their entitlements and hence, providing them with the potential capital appreciation arising from the exercise of the Warrants, depending on the future performance of the MRB Shares; and
- (vi) the Warrants will enable our Company to raise further proceeds from the equity market as and when any of the Warrants are exercised while at the same time provide our shareholders with the opportunity to increase their equity participation in our Company at a pre-determined price over the tenure of the Warrants.

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5. UTILISATION OF PROCEEDS

Based on the issue price of RM0.15 per Rights Share, the gross proceeds of up to approximately RM49.90 million will be utilised in the following manner:

Descriptions	Note	Minimum Scenario (RM'000)	Maximum scenario (RM'000)	Expected time frame for utilisation of proceeds (from the date of listing of the Rights Shares)
Purchase of quarry sites	(1)	20,000	20,000	Within 24 months
Distribution of heavy machineries	(2)	10,000	10,000	Within 24 months
Working capital	(3)	10,000	10,000	Within 12 months
Repayment of bank borrowings	(4)	8,631	8,673	Within 12 months
Estimated expenses in relation to the corporate exercises	(5)	1,230	1,230	Within 2 weeks
Total estimated proceeds		49,861	49,903	

Notes:

- (1) *Our Group is currently in the midst of identifying potential new quarry sites to expand our existing business in the Quarry Products Segment. Our Group currently does not own any quarry site and intends to utilise RM20.00 million of the proceeds to purchase two (2) new quarry sites to be identified later and which are expected to be located in Malaysia. By purchasing and owning quarry sites, our Group is expected to improve our profitability from the sales of output from such quarry sites.*

Any surplus or shortfall for the purchase of quarry sites will be adjusted accordingly to/from the repayment of bank borrowings of our Group.

- (2) *Our Group had on 14 February 2014 entered into a MOU with Sany and Top-Mech to explore opportunities available to form a partnership in complementary business fields. Sany is part of the Sany Group Co. Ltd, a company based in China, which is principally involved in manufacturing of heavy equipment and machinery while Top-Mech is involved in the crane business and a dealer for certain Sany's products.*

Our Group had subsequently on 24 June 2014 entered into a dealership MOU with Sany only to act as a dealer of Sany's certain products (i.e. concrete batching plant, concrete truck mixer, road machineries and asphalt batching plant) in Malaysia for a duration of two (2) years commencing from 1 July 2014 to 30 June 2016.

In this regard, our Group intends to utilise RM10.00 million for the distribution of heavy machineries which include the purchasing of land and the building of a service cum distribution centre on such land in relation to Sany's products in Malaysia of which the breakdown for the utilisation cannot be determined at this juncture.

Any surplus or shortfall for the distribution of heavy machineries will be adjusted accordingly to/from the repayment of bank borrowings of our Group.

- (3) *Our Group intends to utilise RM10.00 million of the proceeds for our Group's day-to-day operations to support our Group's existing business operations as follows:*

Details of utilisation	RM'000
Purchase of raw materials	5,000
Machine upkeep and maintenance	3,000
Wages and staff benefits	1,000
Other operating expenses such as water, electricity and sundry expenses	1,000
Total	10,000

The above utilisation for the working capital has taken into account the actual working capital requirement of our Group for the twelve (12) months period after taking into consideration the steps taken by our Group to improve our financial position as detailed in Section 9.1 of this AP as well as the funds to be generated internally by our Group over the same period.

Any surplus or shortfall for the working capital will be adjusted accordingly to/from the repayment of bank borrowings of our Group.

- (4) *Our Group intends to utilise up to RM8.67 million of the proceeds to repay part of our Group's bank borrowings. As at the LPD, our Group's total bank borrowings were approximately RM20.09 million. At the prevailing interest rate of our Group at approximately 5.10% per annum, our Group anticipates an interest saving of approximately RM0.44 million per annum as the result of the repayment of bank borrowings.*
- (5) *The estimated expenses consist of professional fees, fees payable to the relevant authorities, expenses to convene the EGM, printing, advertising and other ancillary expenses. Any surplus or shortfall for the estimated expenses in relation to the corporate exercises will be adjusted accordingly to/from the repayment of bank borrowings of our Group.*

Pending utilisation of the proceeds from the Rights Issue of Shares with Warrants for the abovementioned purposes, the proceeds will be placed in deposits with financial institution or short-term money market instruments as our Board may deem fit. The interest derived from the deposits with the financial institution or any gain arising from the short-term money market instruments will be used as working capital of our Group.

The exact quantum of proceeds that may be raised by our Company pursuant to the exercise of the Warrants will depend upon the actual number of Warrants exercised during the tenure of the Warrants. The proceeds to be raised from the exercise of the Warrants shall be utilised for the working capital and/or capital expenditure of our Group of which the exact timeframe and the breakdown for the utilisation cannot be determined at this juncture.

6. RISK FACTORS

You and/or your renounees/transferees (if applicable) should consider carefully the following risk factors (which may not be exhaustive) which may have an impact on the future performance of our Group, in addition to other information contained elsewhere in this AP, before subscribing for or investing in the Rights Issue of Shares with Warrants.

6.1 Risks relating to our business and industry

(i) Political, economic, regulatory and social conditions

Like all other business entities, adverse developments in political, economic, regulatory and social conditions could materially affect our financial and business prospects. Other political uncertainties that could unfavourably affect us include changes in political leadership, war, economic downturn, financial crisis, expropriation, nationalisation, re-negotiation or nullification of existing contracts, changes in interest rates and methods of taxation.

Much of the above changes are beyond our control. Whilst we practice prudent financial management and efficient operating procedures, there can be no assurance that any adverse economic, political, regulatory and social developments will not materially affect the performance of our Group. The changes in the political, economic, regulatory and social conditions have not adversely impact our business and growth prospects as at the LPD.

(ii) Non-renewal and/or revocation of permits and business licenses

We have obtained certain permits and licenses from various governmental authorities in Malaysia. Some of these permits, approvals, business licenses and accreditations are subject to periodic inspection, changes and/or fulfilment of certain conditions imposed by the relevant authorities. Failure to comply with the conditions imposed by the relevant authorities may cause our Group's permits and business licenses to be revoked/not renewed.

Revocation or non-renewal of our permits, approvals and business licenses may have an adverse effect on our operations, business and reputation as we may lose certain customers and/or projects. This may result in substantial monetary losses, which would materially and adversely impact our Group's profitability.

Notwithstanding the above, we are not aware of any prevailing circumstances that might result in the revocation or non-renewal of our permits, approvals and business licenses. Our Group has not experienced any other non-renewal and/or revocation of permits, approvals and business licenses which will have an adverse impact on our future business operation.

(iii) Competition

Due to the bulky nature of aggregates, our Group does not face substantial competition from importers of aggregates. Our main competition therefore stems from domestic industry players. There are substantial number of quarries in Malaysia which are able to provide an ample supply of aggregates but the barriers to entry is considered to be high due to the high capital investment and technical expertise that is required by a quarry operator.

Our management 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 our Group has in these areas, our management is of the view that we will continue to remain competitive in these areas.

(iv) Dependence on key personnel and other employees

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

Further to the above, approximately twelve percent (12%) of our 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 Government's policy towards foreign workers, our Group will not suffer a loss of the services of these foreign workers in our business operations. Our Directors however are of the view that alternative sources of labour can be sourced domestically should the need arise.

(v) Business risks

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

No assurance can be given that our Group will not be adversely affected by any of these risks or indeed any other risks inherent to the quarrying industry. However, our management is confident that the appropriate steps and measures will be taken by our Group to mitigate these risks as and when they arise. For example, our Group continues to focus on continual upgrading of our facilities and services, prudent management policies, maintaining good relationships with our employees by providing them with relevant skill, training and/or courses as a form of motivation and maintaining good relationships with our customers by responding effectively to their needs and demands.

(vi) Dependence on construction industry

The business of our Group is heavily dependent on the construction industry. The aggregates supplied by our Group represent a base material for building materials such as concrete, a key material for the 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 our Group to supply quarry operation services to quarry owners is dependent on the prospects of the quarry industry which is in turn dependent on the construction industry.

Notwithstanding the above, premised on the overview and outlook of the construction industry in Malaysia as set out in Section 7.2 of this AP, our management believes that the outlook for the construction industry remains positive.

Whilst the above present positive outlook for our business operations, there can be no assurance that any changes in the construction industry will not have a material adverse effect on our operations and financial performance.

(vii) Fluctuation in the price of raw materials

One of the principal raw materials used in the production of our products is bitumen. The price of bitumen generally follows the price trend of, and varies with market conditions for crude petroleum price, which is a commodity and its price fluctuates over time. Bitumen price increases are not always of the same magnitude or directions as the prices that our Group receives for our products. Consequently, any fluctuations in global crude petroleum prices will have an impact on the cost of our raw materials.

In any event, all players in our industry will be similarly affected by price increases of bitumen or other raw materials. Hence this risk is not specific to our Group and no player will have a sustainable advantage over other players in the industry. In addition, our Group seeks to limit the adverse impacts arising from material costs fluctuations by constantly monitoring the market trend of raw materials' prices and plan our purchases of raw materials accordingly.

However, there is no assurance that we will be able to pass on the increases in the prices of our raw materials, whether partially or entirely, to our customers. We will only increase our selling price if we are able to maintain our competitiveness in the market. Thus any material increases in the prices of our raw materials will inevitably affect our profit margins, which may in turn affect our financial performance.

(viii) Adequacy of insurance coverage

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

Although our 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 costs of those assets or any consequential loss arising therefrom. Save for a flood incident that happened during the FYE 2012 which caused our manufacturing plant and a quarry site that we were operating in, namely Tanming Quarry both located in Mukim Duabelas, Daerah Kuala Langat, Selangor to temporarily stop operations for three (3) months and resulted in a total insurance paid of approximately RM0.57 million, we have not experienced any material incident nor incurred any material insurance claim for the past three (3) FYEs 2011 to 2013 and up to and including the LPD which had a significant adverse effect on our operations.

(ix) 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 our Group operates on would be detrimental to our operations. Our Group has ensured that necessary and adequate safety and fire prevention precautions have been taken at these respective quarry sites and that our 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.

(x) Absence of formal long-term contractual agreements with customers

Our Group's contracts for the provision of quarry operation services and other quarry related services and civil engineering works range from (1) year to two (2) years in duration. Whilst this is not an unusual feature of the quarrying industry and/or the construction 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.

Our management is confident that with our good working relationship with our customers, past and present, there will be consistent demand for our quarry operation services and quarry related services.

The main consumables that are used in our Group's operations include diesel fuel, commercial explosives and machinery spare parts. There are no long-term contractual agreements with our 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.

(xi) Technological changes

The technological changes for quarrying and the production of aggregates tend to be piecemeal and are based largely on improvements of existing processes and systems.

Nevertheless, our Group continuously reviews our operations and has a policy of adopting the best practices for each area of our business. Our management also keeps ourselves 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.

(xii) Financial risks

Our Group has maintained trade facilities with local financial institutions for our business. These facilities are interest bearing and hence subject to any future fluctuations in interest rates. These fluctuations may in turn affect our Group's profitability. As at the LPD, our Group has outstanding borrowings amounting to approximately RM20.09 million with various local financial institutions.

Whilst no assurance can be given that our Group will continue to generate sufficient funds to repay the bank borrowings in a timely manner, our Group will ensure that the necessary measures are taken to mitigate this risk by ensuring sufficient funds will be generated and/or raised for the timely repayment of our bank borrowings.

(xiii) Environmental concerns

Whilst the environmental aspects of quarry operation are governed by various statutes and regulation 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.

Our management are of the view that proactive steps are taken in our daily operations to ensure that the adverse impact of our quarry operations on the environment is minimised. These proactive steps also include ensuring that our Group’s operations are continuously in compliance with the prevailing environmental laws and regulations. Ultimately, the operations of the quarries are essential to the building, construction and infrastructure industries which are crucial to the continuing development of Malaysia. We have not experienced any non-compliance with the various statutes and regulation for the past three (3) FYEs 2011 to 2013 and up to and including the LPD which had adversely impacted our business and growth prospects.

(xiv) Material litigation / legal uncertainties

We may be involved from time to time in disputes with various parties such as quarry owners, contractors or our customers. These disputes arising from our business operations may lead to legal and other proceedings.

Save as disclosed in Section 4 of Appendix VII of this AP, as at the LPD, our 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 our Group and our Directors are not aware 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 our Group.

While we have undertaken measures such as conducting appropriate studies on the arrangement with quarry owners on our operations and the creditworthiness of our customers, there can be no assurance that this would not lead to any legal proceedings that could adversely affect the operations and profitability of our Group.

(xv) Security and operations disruption

Our Group’s operations are dependent 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 require skilled technical personnel to operate them. No assurance can be given that a disruption to our 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 breakdown.

Our management takes regular measures to minimise the risk of our operations being disrupted by ensuring our machineries and heavy equipment are regularly serviced and maintained and our technical personnel receive training and proper instructions on how to operate the machineries and heavy equipment properly.

As far as security is concerned, our 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 our machineries and heavy equipment on site.

6.2 Risks relating to the Rights Issue of Shares with Warrants

(i) Investment risk

The market price of the Rights Shares is influenced by, amongst others, the prevailing market sentiments, the volatility of equity markets, the liquidity of MRB Shares, the outlook for the construction industry, changes in regulatory requirements or market conditions, the financial performance and fluctuations in our Group's operating results. In view of this, there can be no assurance that the Rights Shares will trade above the Issue Price for the Rights Shares or TERP upon or subsequent to the listing of and quotation for the Rights Shares on the Main Market of Bursa Securities.

The market price of the Warrants may be influenced by, amongst others, the market price of MRB Shares, and the remaining exercise period of the Warrants and the volatility of MRB Shares. There can be no assurance that the Warrants will be "in-the-money" during the exercise period of the Warrants. In the event the Warrants are not exercised during the exercise period, the unexercised Warrants will lapse and cease thereafter to be valid for any purpose.

(ii) Delay in or failure of the Rights Issue of Shares with Warrants

The Rights Issue of Shares with Warrants is exposed to the risk that it may be aborted or delayed on the occurrence of anyone or more of the following events:

- (a) Force majeure events or circumstances which are beyond the control of our Company arising prior to the implementation of the Rights Issue of Shares with Warrants. Such events or circumstances include inter-alia, natural disasters, adverse developments in political, economic and government policies in Malaysia, including changes in inflation and interest rates, global economic downturn, acts of war, acts of terrorism, riots, expropriations and changes in political leadership; or
- (b) The Undertaking Shareholder as set out in Section 2.4 of this AP who has provided the Undertaking is not able to fulfill his obligation for whatsoever reason, despite TA Securities has verified, to the extent possible, that the Undertaking Shareholder has sufficient financial resources pursuant to his Undertaking; or
- (c) The Underwriters as set out in Section 2.4 of this AP who have entered into the Underwriting Agreement are not able to fulfill their obligation for whatsoever reason.

In this respect, all proceeds arising from the Rights Issue of Shares with Warrants will be refunded without interest to the Entitled Shareholders and/or their renounees/transferees (if applicable) in the event the Rights Issue of Shares with Warrants is aborted and if such monies are not repaid within fourteen (14) days after it becomes liable, we will repay such monies with interest at the rate of ten percent (10%) per annum or such other rate as may be prescribed by the SC in accordance with Section 243(2) of the Capital Markets and Services Act, 2007. Notwithstanding the above, our Company will exercise our best endeavor to ensure the successful implementation of the Rights issue of Shares with Warrants. However, there can be no assurance that the abovementioned factors/events will not cause a delay in or abortion of the Rights Issue of Shares with Warrants.

(iii) Capital market risks

The performance of the local stock market is dependent on the economic and political condition in Malaysia as well as external factors such as, amongst others, the performance of the world bourses, flows of foreign funds and prices of commodities. These factors invariably contribute to the volatility and the liquidity of Bursa Securities, thus adding risk to the market price of the Rights Shares and Warrants.

(iv) Forward-looking statements

Certain statements in this AP are based on historical information, which may not be reflective of the future results, and others are forward-looking in nature, which are subject to uncertainties and contingencies.

All forward-looking statements contained in this AP are based on forecasts and assumptions made by our Company, unless stated otherwise. Although our Board believes that these forward-looking statements are reasonable, the statements are nevertheless 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, amongst others, the risk factors as set out in this section. In view of the above, the inclusion of any forward-looking statements in this AP should not be regarded as a representation or warranty by our Company that the plans and objectives of our Group will be achieved.

7. INDUSTRY OUTLOOK AND FUTURE PROSPECTS OF OUR GROUP

7.1 Overview and outlook of the Malaysian economy

The Malaysian economy expanded by 4.7% in 2013 (2012: 5.6%), driven by the continued strong growth in domestic demand. Despite the weaker external environment in the first (1st) half of the year, domestic demand remained resilient throughout the year, led by robust private sector activity. Private consumption was strong, supported mainly by favourable employment conditions and wage growth. Private investment registered a strong growth in 2013, continuing the momentum from the previous year. Growth was underpinned by capital spending in the mining, services and manufacturing sectors.

Domestic demand remained the key driver of Malaysia's economy, expanding by 7.6% in 2013 (2012: 10.6%). This was attributable to the robust growth in private consumption and investment. Public expenditure growth moderated but remained supportive of overall growth.

Private investment continued to register a double-digit growth rate of 13.6% (2012: 21.9%), well above the average growth rate of 8.8% over 2000 to 2012. Private investment was driven by capital spending by both the domestic and foreign investors in mining, services and manufacturing sectors. Services investments (48% share of private investment in 2013) were underpinned by capital spending in both domestic- and export-oriented services sub-sectors. Mining investment (17% share of private investment) remained strong in 2013, reflecting continued capital spending in major upstream projects, such as the Gumusut-Kakap deepwater field, Enhanced Oil Recovery of the Tapis oil field and the Berantai and Balai marginal fields.

Private consumption continued to register a strong growth of 7.6% in 2013. Spending was underpinned mainly by favourable employment conditions and wage growth. The implementation of the minimum wage policy on 1 January 2013 also contributed to the higher wage levels. The new policy had minimal adverse effects on employment, and was confined mostly to the fourth quarter of 2012, during which, retrenchments were temporarily higher as companies started to implement the policy.

Public investment recorded a small positive growth of 0.7% (2012: 17.1%), following the decline in the Federal Government's development expenditure. Nevertheless, this was offset by higher capital spending by the public enterprises, which were channeled mainly into the oil and gas, transportation and energy sectors. The Federal Government's development expenditure in the economic sector was directed mainly to transportation, and trade and industry, particularly to upgrade infrastructure facilities in industrial areas.

On the supply side, all economic sectors continued to grow in 2013, driven mainly by continued expansion in domestic demand and improving external conditions in the second (2nd) half of the year.

(Source: The 2013 Bank Negara Malaysia Annual Report, Bank Negara Malaysia)

The Malaysian economy registered a strong growth of 6.4% in the second (2nd) quarter of 2014 (1Q 2014: 6.2%). Overall, growth was supported by higher exports and continued strength in private domestic demand. Real exports of goods and services grew at a faster pace while growth in real imports of goods and services moderated, resulting in a significant improvement in net exports. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 1.8% (1Q 2014: 0.8%).

(Source: Economic and Financial Developments in the Malaysian Economy in the Second (2nd) Quarter of 2014, Bank Negara Malaysia)

The Malaysian economy has benefited from several initiatives and reforms taken over the years to enhance its resilience and competitiveness. Consequently, Malaysia is now well placed to gain further from the gradual global recovery with a more broad-based growth. The nation's strengths include: strong macroeconomic fundamentals such as diversified economy; low unemployment; strong international reserves; growing role of the private sector as the driver of growth with its share of investment currently accounting for 68.9% of total investment during the first (1st) half of 2014; and a healthy financial system to support economic activity. Thus, the domestic economy will continue to expand in the second (2nd) half of the year, albeit moderately, mainly due to the high-base effect of export performance from the previous year. For 2014, the economy is projected to grow 5.5% - 6% (2013: 4.7%), which is higher than the initial forecast of 4.5% - 5.5% in early 2014.

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The economic growth momentum in 2014 is expected to continue in 2015 driven by improving external demand and resilient domestic economic activity. Growth will be private-led in line with the Government's efforts to strengthen the private sector's role in the economy. On the supply side, all economic sectors are expected to record positive growth in 2015, with the services and manufacturing sectors remaining the major contributors to growth. Sustained growth in domestic demand, albeit at a moderate pace, is expected to contribute to the expansion in domestic-related activities. Meanwhile, the export-oriented industries, particularly the electronics and electrical subsector will benefit from the improvement in external conditions in line with improving global growth. The agriculture sector is expected to expand on account of higher output of palm oil while the construction sector is expected to record higher growth driven by robust activity in the civil engineering and residential subsectors. Hence, the economy is projected to growth 5% - 6% in 2015.

(Source: Economic Report 2014/2015, Ministry of Finance Malaysia)

7.2 Overview and outlook of construction industry in Malaysia

Growth remained strong in the construction sector (10.9%), owing to robust activity in the residential and civil engineering sub-sectors. Growth in the residential sub-sector was underpinned by the construction of high-end and high-rise properties in the Klang Valley, Penang and Johor. In the civil-engineering sub-sector, activities in infrastructure, and oil and gas-related projects supported growth. Notable projects included Tanjung Bin and Janamanjung power plants, MY Rapid Transit, Sabah Oil and Gas Terminal, Sabah-Sarawak Gas Pipeline and the Kebabangan Oil and Gas project.

The construction sector is expected to continue recording high growth, albeit at a more moderate pace in 2014, as the completion of several large civil engineering projects will more than offset the progress in existing projects in the transport, utility, and oil and gas sectors. Although several highway and power plant projects are expected to commence in 2014, these projects are not expected to provide significant support to overall growth in the construction sector in 2014.

(Source: The 2013 Bank Negara Malaysia Annual Report, Bank Negara Malaysia)

The construction sector continued to register a double-digit growth of 14.3% during the first (1st) half of 2014 (January – June 2013: 12%). During the period, 19,649 construction projects were undertaken with contract value of RM50.1 billion. The civil engineering subsector contributed 33% to the total construction works, followed by the non-residential (32.3%), residential (29.6%) and special trade (5%). The private sector contributed 71.4% to the total value of construction works. Meanwhile, the higher construction activity was led by the residential and non-residential subsectors, while growth in the civil engineering subsector moderated following the completion of some major projects, including Kuala Lumpur International Airport 2, Second Penang Bridge and Manjung coal-power plant. Moving forward, the sector is expected to grow 12.7% in 2014 (2013: 10.9%) and contribute 4% to gross domestic product, supported by ongoing residential, oil and gas and transportation projects.

The construction sector is projected to increase 10.7% in 2015 (2014: 12.7%) supported by commencement of some oil and gas related projects such as Refinery and Petrochemical Integrated Development as well as ongoing transportation-related infrastructure projects. Meanwhile, the residential subsector is expected to remain strong in view of the increased demand for housing, particularly from the middle-income group. Demand for affordable housing will remain favourable amid several Government initiatives such as 1Malaysia Housing Programme, Rumah Idaman Rakyat and Rumah Mesra Rakyat. The non-residential subsector is also expected to remain stable supported by encouraging demand for industrial and commercial buildings. Major commercial building projects such as the 118-storey Menara Warisan and Bukit Bintang City Centre are expected to contribute to the growth of the sector.

(Source: Economic Report 2014/2015, Ministry of Finance Malaysia)

7.3 Prospects of our Group

Our Group is principally involved in the Quarry Products Segment, Civil Engineering Segment, Bituminous Products Segment and Premix Products Segment, of which the products are mainly used in the construction industry. The breakdown of our Group's segmental revenues for the past three (3) audited FYE 2011 to FYE 2013 is as follows:

Segments	← Audited →					
	FYE 2011		FYE 2012		FYE 2013	
	(RM'000)	%	(RM'000)	%	(RM'000)	%
Quarry Products Segment	78,650	64.73	80,709	49.62	69,439	34.48
Civil Engineering Segment	21,718	17.87	38,052	23.40	60,767	30.17
Bituminous Products Segment	10,407	8.57	21,029	12.93	43,296	21.50
Premix Products Segment	12,359	10.17	24,657	15.16	41,975	20.84
Others ⁽¹⁾	6,246	5.14	3,740	2.30	9,497	4.72
	129,380	106.48	168,187	103.41	224,974	111.71
Inter-segment sales	(7,875)	(6.48)	(5,548)	(3.41)	(23,587)	(11.71)
Total revenue	121,505	100.00	162,639	100.00	201,387	100.00

Note:

(1) Comprise investment holding, provision of managerial services, rental of machinery, trading of industrial machinery spare parts.

Going forward, our Group will focus on the above, the details of which are set out below:

(i) Quarry Products Segment

Currently, our Group is operating the following five (5) quarry sites which are located at various states in Peninsular Malaysia:

No.	Location of quarry site	Size of quarry site (hectares)	Mineral	Expiry of agreement	Form of operation
1	Pantai Quarry 2, Mukim Pengkalan Baharu, Daerah Manjung, Perak ⁽¹⁾	85.5	Granite	16 January 2033	Via joint venture company
2	Nusa Potensi Quarry, Mukim Singkir, Daerah Yan, Kedah	40.5	Granite	26 March 2032	Sole operator
3	Tanming Quarry, Mukim Duabelas, Daerah Kuala Langat, Selangor	32.4	Granite	Not applicable ⁽²⁾	Sole operator
4	Yasmin Quarry, Mukim Sungai Karang, Daerah Kuantan, Pahang	18.0	Granite	31 December 2020	Sole operator
5	Bidor Rock Quarry, Kompartmen 28, Hutan Simpanan Bukit Tapah, Perak	14.0	Granite	15 October 2026	Sole operator

Notes:

- (1) *The operations of the quarry are expected to commence by the end of November 2014.*
- (2) *The agreement is auto-renewable yearly.*

Our Group provides turnkey quarry operation services, which include all the activities that are focused on the quarrying of granite for the production of aggregates, to two (2) out of the five (5) quarry sites above (i.e., Nusa Potensi Quarry and Tanming Quarry) whereby the output from each quarry site is purchased by the respective quarry owner at the sales price which are pre-determined and mutually agreed in the agreements entered into between our Group and the respective quarry owners. For the remaining three (3) quarry sites (i.e., Yasmin Quarry, Pantai Quarry 2 and Bidor Rock Quarry), our Group has the exclusive right to extract and sell quarry products from these quarry sites which provides higher profit margin to our Group compared to the provision of turnkey quarry operation services. Our Group does not own any quarry site as at the LPD.

In view of the above and as our management believes that the demand for aggregates remain positive given the outlook of the Malaysian construction industry as set out in Section 7.2 above, we intend to expand our business in this segment in the manner as set out below, thereby reducing our dependency on the provision of turnkey quarry operation services and improving our Group's profit margin:

- (a) increasing the number of quarry sites which provide our Group with exclusive right to extract and sell quarry products by entering into joint ventures with quarry owners and/or ownership of quarries; and
- (b) purchasing and owning quarry sites which will enable our Group to market and sell the output from our own quarry sites at higher profit margin in comparison to the turnkey quarry operation services.

Our Group is in the midst of exploring more new quarry sites for the above purposes and expects to increase the number of quarry sites which provide our Group with exclusive right to extract and sell quarry products to ten (10) whilst the number of quarry sites owned by our Group to two (2) by the end of 2016.

(ii) Civil Engineering Segment

Our Group is also involved in the provision of specialised services which include drilling and blasting for civil engineering works to property development, civil and infrastructure works, building construction and industrialised building system construction.

As at the LPD, our Group's current value of contract work in progress for the civil engineering works of several projects, including main infrastructure works and reconstruction of existing road along Persiaran Multimedia Seksyen 7 in Shah Alam, underground excavation work and rock strengthening works for Mass Rapid Transit Maluri Station and waste removal, ore delivery and associated works for Selinsing Gold Mine Project, was approximately RM95.15 million whilst our balance order book amounted to approximately RM63.50 million as at the LPD. Our Group has also successfully completed over fifteen (15) projects which include infrastructure works for the Manipal International University, drill and blast works for the Mass Rapid Transit Cochrane Station and foundation and substructure works for the Cyberjaya Student Hostel thus far.

Our Group will continue to participate in the tendering of projects and our management expects to secure more projects in view of the various projects undertaken or to be undertaken in the construction industry as highlighted in Section 7.2 above.

(iii) Bituminous Products Segment

Our Group currently has a manufacturing plant with a production capacity of 2,000 tonnes per month, which manufactures bituminous products for both local and overseas markets which include Indonesia, Taiwan, South Korea, The Philippines, Thailand, Brunei, Hong Kong and Singapore. Bituminous products manufactured for the local and overseas markets accounted for approximately 15% and 85% of the total production of bituminous products in the FYE 2013. Our Group has expanded into the Indonesian market in 2012 after receiving approval on our trial samples which led to the securing of sales order from an Indonesian company, namely PT Bredero Shaw Indonesia.

Our Group is currently exploring to expand our existing manufacturing plant which manufactures bituminous products. Such expansion may include the research and development of more innovative and cost effective products and purchase of additional production line(s) to facilitate the production of new products and increase our production capacity. The expansion will allow our Group to increase the variety of products and production of such plant and will facilitate our Group to meet potential increase in the demand of bituminous products to enable our Group to be more competitive in line with the expectations, demands, development and trends in the global market.

(iv) Premix Products Segment

Our Group currently has two (2) manufacturing plants that blend different sizes of aggregates with a pre-determined amount of bitumen and filler or cement for asphalt premix production. These products are primarily used for road construction and maintenance and are sold to the local market. All the plants are accredited with Public Works Department (also known as Jabatan Kerja Raya Malaysia) product standards that enable supply to major federal and state road concessionaires.

Our Group has put in place several initiatives to improve this segment which include qualification of our design mixes to penetrate into the supply to Projek Penyelenggaraan Lebuhraya Berhad, another concessionaire and new design mixes using proprietary technology that is more durable and suitable for use by Kuala Lumpur City Hall (also known as Dewan Bandaraya Kuala Lumpur).

Our Group had on 31 July 2013 entered into an agency agreement with Speco as the exclusive agent of Speco to the introduction, presenting, marketing and the procurement of sales orders of Speco's manufactured hot mix asphalt, and its optional attachment for the whole area of East and West Malaysia for a period of two (2) years, our Group is currently in the midst of promoting Speco's manufactured hot mix asphalt via marketing campaign.

Premised on the above, the prospects of our Group's Civil Engineering Segment and the various projects undertaken or to be undertaken in the construction industry as highlighted in Section 7.2 above, our management expects to secure more sales for our premix products.

(v) Heavy machineries business

As disclosed in Note (3) of Section 5 of this AP, our Group had on 24 June 2014 entered into a dealership MOU with Sany only to act as a dealer of Sany's certain products which are used in the construction industry in Malaysia which is expected to provide a new source of income to our Group in the future. Our Group is currently promoting Sany's products via marketing campaign and in the midst of setting up the operations for the said business.

Premised on the above and taking into account of the outlook of the construction industry moving forward and the current efforts undertaken by our Group, our Board is of the view that the prospects of our Group are expected to be positive in the future.

8. EFFECTS OF THE RIGHTS ISSUE OF SHARES WITH WARRANTS

8.1 Issued and paid-up share capital

The proforma effects of the Rights Issue of Shares with Warrants on our issued and paid-up share capital are as follows:

	Minimum Scenario		Maximum Scenario	
	No. of MRB Shares	RM	No. of MRB Shares	RM
Issued and paid-up share capital as at the LPD	332,689,500	49,903,425	332,689,500	49,903,425
To be issued pursuant to the Rights Issue of Shares with Warrants	332,404,500*	49,860,675	332,689,500	49,903,425
To be issued pursuant to the full exercise of the Warrants	665,094,000	99,764,100	665,379,000	99,806,850
Enlarged issued and paid-up share capital	997,498,500	149,624,775	998,068,500	149,710,275

Note:

* *Excluding subscription from the Treasury Shares.*

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8.2 NA, NTA and gearing

The proforma effects of the Rights Issue of Shares with Warrants on the NA, NTA and gearing of our Group based on the audited consolidated financial statements of our Company as at 31 December 2013 are as follows:

Minimum Scenario

	(Audited) As at 31 December 2013 (RM)	(I) After the Par Value Reduction (RM)	(II) After (I) and the Rights Issue of Shares with Warrants (RM)	(III) After (II) and assuming full exercise of the Warrants ⁽⁴⁾ (RM)
Share capital	66,537,900	49,903,425	99,764,100	149,624,775
Less: Treasury shares, at cost	(47,990)	(47,990)	(47,990)	(47,990)
Share premium	1,920,850	1,920,850	690,850 ⁽¹⁾	690,850
Exchange translation reserve	217,586	217,586	217,586	217,586
Warrants reserve	-	-	26,293,196 ⁽²⁾	-
Other reserve	-	-	(26,293,196) ⁽²⁾	-
Accumulated losses	(19,470,704)	(2,836,229)	(2,836,229)	(2,836,229)
Shareholders' funds / NA	49,157,642	49,157,642	97,788,317	147,648,992
No. of MRB Shares in issue (excluding Treasury Shares)	332,404,500	332,404,500	664,809,000	997,213,500
NA per MRB Share (RM)	0.15	0.15	0.15	0.15
NTA per MRB Share (RM)	0.15	0.15	0.15	0.15
Total borrowings (RM)	21,988,746	21,988,746	13,358,071 ⁽³⁾	13,358,071
Gearing (times)	0.45	0.45	0.14	0.09

Notes:

- (1) Based on the issue price of RM0.15 per Rights Share and after deducting estimated expenses of RM1.23 million for the corporate exercises, which include the Par Value Reduction and Rights Issue of Shares with Warrants.

- (2) Arises from the issuance of Warrants pursuant to the Rights Issue of Shares with Warrants. For illustrative purposes, the Warrants are assumed to have a fair value of RM0.0791 based on the Black Scholes Model. Other reserve is created as correspondence entry to the warrant reserve. The warrant reserve will be transferred to the other reserve upon the exercise or expiry of the Warrants.
- (3) Based on the utilisation of proceeds set out in Section 5 of this AP.
- (4) Assuming an exercise price of RM0.15 per Warrant.

Maximum Scenario

	(Audited) As at 31 December 2013 (RM)	(I) After the Par Value Reduction (RM)	(II) After (I) and the disposal of Treasury Shares in the open market (RM)	(III) After (II) and the Rights Issue of Shares with Warrants (RM)	(IV) After (III) and assuming full exercise of the Warrants ^(b) (RM)
Share capital	66,537,900	49,903,425	49,903,425	99,806,850	149,710,275
Less: Treasury shares, at cost	(47,990)	(47,990)	- ⁽¹⁾	-	-
Share premium	1,920,850	1,920,850	1,920,850	690,850 ⁽²⁾	690,850
Exchange translation reserve	217,586	217,586	217,586	217,586	217,586
Warrants reserve	-	-	-	26,315,739 ⁽³⁾	-
Other reserve	-	-	-	(26,315,739) ⁽³⁾	-
Accumulated losses	(19,470,704)	(2,836,229)	(2,842,523) ⁽¹⁾	(2,842,523)	(2,842,523)
Shareholders' funds / NA	49,157,642	49,157,642	49,199,338	97,872,763	147,776,188
No. of MRB Shares in issue	332,404,500*	332,404,500*	332,689,500	665,379,000	998,068,500
NA per MRB Share (RM)	0.15	0.15	0.15	0.15	0.15
NTA per MRB Share (RM)	0.15	0.15	0.15	0.15	0.15
Total borrowings (RM)	21,988,746	21,988,746	21,988,746	13,315,321 ⁽⁴⁾	13,315,321
Gearing (times)	0.45	0.45	0.45	0.14	0.09

Notes:

* Excluding Treasury Shares.

- (1) *Assuming that all the Treasury Shares are resold in the open market at a price of RM0.1463, being the 5D-VWAP of the MRB Shares up to and including the LPD.*
- (2) *Based on the issue price of RM0.15 per Rights Share and after deducting estimated expenses of RM1.23 million for the corporate exercises, which include the Par Value Reduction and Rights Issue of Shares with Warrants.*
- (3) *Arises from the issuance of Warrants pursuant to the Rights Issue of Shares with Warrants. For illustrative purposes, the Warrants are assumed to have a fair value of RM0.0791 based on the Black Scholes Model. Other reserve is created as correspondence entry to the warrants reserve. The warrants reserve will be transferred to the other reserve upon the exercise or expiry of the Warrants.*
- (4) *Based on the utilisation of proceeds set out in Section 5 of this AP.*
- (5) *Assuming an exercise price of RM0.15 per Warrant.*

8.3 Earnings and EPS

The Rights Issue of Shares with Warrants is not expected to have an immediate material effect on the consolidated earnings and EPS of our Company for the fifteen (15)-month financial period ending 31 March 2015 as the Rights Issue of Shares with Warrants is only expected to be completed in the fourth (4th) quarter of 2014 whilst the proceeds to be raised are expected to be utilised within twenty four (24) months from the date of the listing of the Rights Shares. However, the Rights Issue of Shares with Warrants is expected to contribute positively to the future earnings of our Group when the benefits of the utilisation of proceeds are realised.

However, the EPS of our Group shall be correspondingly diluted as a result of the increase in the number of MRB Shares in issue pursuant to the issuance of the Rights Shares and the new MRB Shares arising from the exercise of the Warrants in the future.

The effect of any exercise of Warrants on our Company's consolidated EPS would be dependent on the returns generated by our Company from the utilisation of proceeds arising from the exercise of the Warrants.

For illustration purposes only, assuming the Rights Issue of Shares with Warrants is completed on 1 January 2013, being the commencement for the FYE 2013, the LPS of our Group shall be as follows:

Minimum Scenario

	(Audited) As at 31 December 2013	(I) After the Par Value Reduction	(II) After (I) and the Rights Issue of Shares with Warrants	(III) After (II) and assuming full exercise of the Warrants
Loss attributable to our equity holders (RM)	8,316,661	8,316,661	8,316,661	8,316,661
No. of MRB Shares in issue*	332,404,500	332,404,500	664,809,000	997,213,500
No. of Warrants in issue	-	-	332,404,500	-
Basic LPS (sen)	2.50	2.50	1.25	0.83
Diluted LPS (sen)	N/A	N/A	0.83	N/A

Notes:

* *Excluding Treasury Shares.*

N/A *Not applicable.*

Maximum Scenario

	(Audited) As at 31 December 2013	(I) After the Par Value Reduction	(II) After (I) and the disposal of Treasury Shares in the open market	(III) After (II) and the Rights Issue of Shares with Warrants	(IV) After (III) and assuming full exercise of the Warrants
Loss attributable to our equity holders (RM)	8,316,661	8,316,661	8,316,661	8,316,661	8,316,661
No. of MRB Shares in issue	332,404,500*	332,404,500*	332,689,500	665,379,000	998,068,500
No. of Warrants in issue	-	-	-	332,689,500	-
Basic LPS (sen)	2.50	2.50	2.50	1.25	0.83
Diluted LPS (sen)	N/A	N/A	N/A	0.83	N/A

Notes:

* *Excluding Treasury Shares.*

N/A *Not applicable.*

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9. ADDITIONAL INFORMATION

9.1 Steps taken by our Group to improve our financial position

Our Group has recorded losses for the FYEs 2012 and 2013, the details of which are disclosed in Section 7 of Appendix II of this AP. Taking cognisance of this, our Group is taking measures to enhance our revenue and profitability in a bid to improve our financial position which include the following:

(i) Sales of manufactured hot mix asphalt

Our Group had on 31 July 2013 entered into an agency agreement with Speco as the exclusive agent of Speco to the introduction, presenting, marketing and the procurement of sales orders of Speco's manufactured hot mix asphalt, and its optional attachment for the whole area of East and West Malaysia for a period of two (2) years. Our Group is currently in the midst of promoting Speco's products via marketing campaign.

(ii) Collaboration with quarry operator to undertake quarrying operations and selling, distributing or disposal of the quarry products and other products to increase our Group's revenue

Our Group had on 31 December 2013 entered into a joint venture agreement with Pantai Quarry Sdn Bhd to form a joint venture company to undertake the business of development of the quarry on the quarry land located in Mukim Pengkalan Baharu, Daerah Manjung, Perak, quarrying operations or activities and sales and marketing for the quarry products and other products, such as dolomites and limestones, and quarry downstream operations including pre-mix operations and ready mixed concrete operations, thereby providing higher profit margin to our Group compared to the provision of turnkey quarry operation services.

Our Company completed a private placement exercise on 10 October 2013 and raised a total net proceeds of approximately RM5.95 million (after deducting the expenses in relation to the private placement exercise of approximately RM0.84 million) for the purpose of financing the leasing, development, operation and maintenance of potential new quarry site(s). As at the LPD, our Group has fully utilised the proceeds in relation to the above.

The operations of the quarry are expected to commence by the end of November 2014.

(iii) Partnership with other industry experts to pursue projects in the heavy machinery business for the construction industry to increase our Group's revenue

Our Group had on 14 February 2014 entered into a MOU for partnership with Sany and Top-Mech to explore opportunities available to form a partnership in complementary business fields. This MOU has subsequently been superseded by the MOU dated 24 June 2014 below.

Our Group had subsequently on 24 June 2014 entered into a dealership MOU with Sany only to act as a non-exclusive dealer of Sany's certain products (i.e., concrete batching plant, concrete truck mixer, road machineries and asphalt batching plant) which are used in the construction industry in Malaysia, the details of which are set out in Note (3) of Section 5 of this AP. Notwithstanding that our dealership for the abovementioned Sany's products is non-exclusive, the said Sany's products will not be marketed and sold in Malaysia by other dealer save for our Group pursuant to the MOU. The MOU aims to facilitate our Group's expansion in complementary business fields and allow Sany to grow its business presence and branding in Malaysia. Our Group is currently promoting Sany's products via marketing campaign and in the midst of setting up the operations for the said business.

(iv) Secure more projects to sustain our Group's revenue

Our Group has been actively participating in the tendering of projects. Some of the major projects successfully secured and currently undertaken by our Group are as follows:

- (a) Provision of main infrastructure works including tunnel construction, pipe culvert drain, underground mechanical and electrical services trunking, water and sewerage reticulation and re-construction of existing road along Persiaran Multimedia Seksyen 7 in Shah Alam, Selangor Darul Ehsan from 24 February 2014 until 23 February 2015 with a total contract sum of RM13.00 million;
- (b) Construction and completion of underground excavation work and rock strengthening works for Maluri station and crossover for "Projek Mass Rapid Transit Lembah Kelang: Jajaran Sungai Buloh – Kajang Underground Works Package" for a period of 570 calendar days commencing from 1 August 2013 with a contract sum of approximately RM25.08 million; and
- (c) Contract works for waste removal, ore delivery and associated works for the open pit mining at Selinsing Gold Mine Project located at Bukit Selinsing, near Kg Sungai Koyan, Pahang for a period of two (2) years commencing from 1 July 2012 until 30 June 2014 with an estimated total contract sum of approximately RM42.37 million. The said contract works have been further extended for a period of two (2) years from 1 July 2014 to 30 June 2016 with an estimated contract value of approximately RM42.37 million per annum.

In addition to the above, our Group is at the exploratory stage of discussion to undertake construction and supply of raw material for a potential development of casino and hotel project in Cambodia and considering to acquire a vessel for the purpose of transporting the bituminous products to the overseas market. Our Group will make the appropriate announcement should there be any further development in respect of the above as and when necessary.

9.2 Impact of the Rights Issue of Shares with Warrants to our Group and value creation to our Group and our shareholders

With the funds to be raised from the Rights Issue of Shares with Warrants, our Group is able to fund the purchase of quarry sites and thus we will be able to sell and market the output from such quarry sites to our customers, which is expected to improve our Group's profitability.

In addition, the Rights Issue of Shares with Warrants allows our Group to have funds available for our day-to-day operations' requirements. The distribution of heavy machineries is expected to provide a new source of income to our Group in the future. The Rights Issue of Shares with Warrants will also enable our Company to raise proceeds to repay the bank borrowings of our Group which is expected to result in savings on the interest expense of our Group.

Premised on the above and after taking into consideration the steps taken by our Group to improve our financial position as mentioned above and the proposed utilisation of proceeds raised from the Proposed Rights Issue of Shares with Warrants as set out in Section 5 of this AP, our management is of the view that the Rights Issue of Shares with Warrants is adequate to address our Group's current financial concerns.

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10. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

10.1 Working capital

Our Board is of the opinion that after taking into consideration the proceeds from the Rights Issue of Shares with Warrants, cash in hand, funds generated from our operation and banking facilities available, our Group will have adequate working capital for the next twelve (12) months from the date of this AP.

10.2 Borrowings

As at the LPD, our Group has total outstanding borrowings of RM20.09 million, all of which are interest-bearing and from local financial institutions, details of which are as follows:

	As at the LPD (RM'000)
Long-term borrowings:	
<u>Secured</u>	
Hire-purchase creditors	9,291
Term loans	1,672
Short-term borrowings:	
<u>Secured</u>	
Bankers' acceptances	976
Hire-purchase creditors	3,284
Term loans	152
<u>Unsecured</u>	
Bank overdrafts	1,332
Bankers' acceptances	2,992
Letter of credit	392
	20,091

There is no non-interest bearing and foreign currency denominated borrowings as at the LPD.

There was no default on payment of either interest or principal sums in respect of any borrowing, throughout the past one (1) FYE 2013, and the subsequent financial period up to the LPD.

10.3 Contingent liabilities

Save as disclosed below, as at the LPD, there is no contingent liability incurred or known to be incurred by our Company or our Group, which upon becoming enforceable, may have a material impact on the financial position of our Group:

	As at the LPD (RM'000)
<u>Secured</u>	
Bank guarantee issued in favour of third parties by certain subsidiaries	3,672
<u>Unsecured</u>	
Corporate guarantee given to financial institutions for credit facilities granted to subsidiaries	30,898
Corporate guarantee given to suppliers of subsidiaries for credit terms granted to subsidiaries	43,075

10.4 Material commitments

Save as disclosed below, as at the LPD, there is no material commitment incurred or known to be incurred by our Company or our Group, which upon becoming enforceable, may have material impact on the financial position of our Group:

	As at the LPD (RM'000)
Capital expenditure in respect of purchase of property, plant and equipment and motor vehicles	
- Approved and contracted for	
• Property, plant and equipment	12,593
• Motor vehicles	1,865

Our Group intends to satisfy the abovementioned material commitments via internally-generated funds.

11. TERMS AND CONDITIONS

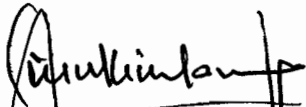
The issuance of the Rights Shares with Warrants pursuant to the Rights Issue of Shares with Warrants is governed by the terms and conditions as set out in this AP, the Deed Poll, the NPA and the RSF enclosed herewith.

12. FURTHER INFORMATION

You are requested to refer to the attached appendices for further information.

Yours faithfully

For and behalf of the Board of
MINETECH RESOURCES BERHAD



CHOY SEN @ CHIN KIM SANG
Executive Chairman cum Group Managing Director

CERTIFIED TRUE EXTRACT OF THE RESOLUTION IN RELATION TO THE RIGHTS ISSUE OF SHARES WITH WARRANTS PASSED AT OUR EGM HELD ON 7 AUGUST 2014

MINETECH RESOURCES BERHAD

(Company No. 575543-X)

CERTIFIED EXTRACT OF THE MINUTES OF THE EXTRAORDINARY GENERAL MEETING HELD ON THURSDAY, 7 AUGUST 2014 AT 10.00 A.M.

SPECIAL RESOLUTION 1

- **REDUCTION OF THE ISSUED AND PAID-UP SHARE CAPITAL OF MRB VIA THE CANCELLATION OF RM0.05 OF THE PAR VALUE OF THE ORDINARY SHARE OF RM0.20 EACH IN MRB TO RM0.15 EACH IN MRB (“MRB SHARE”) PURSUANT TO SECTION 64 OF THE COMPANIES ACT, 1965 (“ACT”) (“PAR VALUE REDUCTION”)**

RESOLVED:-

THAT subject to and conditional upon the passing of Special Resolution 2, the sanction of the High Court of Malaya pursuant to Section 64 of the Act and approvals being obtained from the relevant authorities and parties, approval be and is hereby given to the Company to effect a reduction in the par value of the ordinary share of RM0.20 each in MRB to RM0.15 each in MRB and the credit arising therefrom shall be utilised by the Company to reduce the Company’s accumulated losses.

AND THAT the Board of Directors of the Company (“**Board**”) be and is hereby authorised to do all such acts and things that they may consider necessary or expedient in the best interest of the Company to give effect to the Par Value Reduction with full power to assent to any term, condition, modification, variation and/or amendment as may be imposed or required by the relevant authorities and/or the High Court of Malaya.

SPECIAL RESOLUTION 2

- **AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION (“M&A”) OF MRB TO FACILITATE THE PROPOSED PAR VALUE REDUCTION AND PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL (“AMENDMENTS”)**

RESOLVED:-

THAT subject to and conditional upon the passing of Special Resolution 1 and Ordinary Resolution 2, approval be and is hereby given to the Company to alter, modify, vary and delete the M&A of the Company in the following manner:

CERTIFIED TRUE EXTRACT OF THE RESOLUTION IN RELATION TO THE RIGHTS ISSUE OF SHARES WITH WARRANTS PASSED AT OUR EGM HELD ON 7 AUGUST 2014 (CONT'D)

Page 2

Minetech Resources Berhad (Company No. 575543-X)

Certified Extract of the Minutes of the Extraordinary General Meeting held on 7 August 2014

Existing	Proposed amendments
<p><u>Memorandum of Association</u> Clause 5 The capital of the Company is RM100,000,000 divided into 500,000,000 ordinary shares of RM0.20 each. The shares in the original or any increased capital may be divided into several classes and there may be attached thereto respectively any preferential, deferred or other special rights, privileges, conditions or restrictions as to dividends, capital, voting or otherwise.</p>	<p><u>Memorandum of Association</u> Clause 5 The capital of the Company is RM300,000,000 divided into 2,000,000,000 ordinary shares of RM0.15 each. The shares in the original or any increased capital may be divided into several classes and there may be attached thereto respectively any preferential, deferred or other special rights, privileges, conditions or restrictions as to dividends, capital, voting or otherwise.</p>

Existing	Proposed amendments
<p><u>Articles of Association</u> Article 11 The authorised share capital of the Company is Ringgit Malaysia One Hundred Million (RM100,000,000.00) divided into Five Hundred Million (500,000,000) ordinary shares of Sen Twenty (RM0.20) only each. The Company may from time to time by Ordinary Resolution change its authorised share capital.</p>	<p><u>Articles of Association</u> Article 11 The authorised share capital of the Company is Ringgit Malaysia Three Hundred Million (RM300,000,000) divided into Two Billion (2,000,000,000) ordinary shares of Sen Fifteen (RM0.15) only each. The Company may from time to time by Ordinary Resolution change its authorised share capital.</p>

AND THAT the Board be and is hereby authorised to do or procure to be done all acts, deeds and things and execute, sign and deliver on behalf of the Company, all such documents as it may deem necessary, expedient and/or appropriate to implement, give full effect to the Amendments with full power to assent to any term, condition, modification, variation and/or amendment as the Board may deem fit, necessary, expedient, appropriate and/or as may be required by any relevant authorities in connection with the Amendments.

CERTIFIED TRUE EXTRACT OF THE RESOLUTION IN RELATION TO THE RIGHTS ISSUE OF SHARES WITH WARRANTS PASSED AT OUR EGM HELD ON 7 AUGUST 2014 (CONT'D)

Page 3

*Minetech Resources Berhad (Company No. 575543-X)**Certified Extract of the Minutes of the Extraordinary General Meeting held on 7 August 2014***ORDINARY RESOLUTION 1**

- **RENOUNCEABLE RIGHTS ISSUE OF UP TO 332,689,500 NEW MRB SHARES ("RIGHTS SHARES") TOGETHER WITH UP TO 332,689,500 FREE DETACHABLE WARRANTS ("WARRANTS") ON THE BASIS OF ONE (1) RIGHTS SHARE TOGETHER WITH ONE (1) WARRANT FOR EVERY ONE (1) EXISTING MRB SHARE HELD AFTER THE PROPOSED PAR VALUE REDUCTION ON AN ENTITLEMENT DATE TO BE DETERMINED LATER ("RIGHTS ISSUE OF SHARES WITH WARRANTS")**

RESOLVED:-

THAT subject to and conditional upon the passing of the Special Resolutions 1 and 2, Ordinary Resolution 2 and the approvals of all relevant parties and/or authorities being obtained (where required), the Board be and is hereby authorised:

- (i) to provisionally issue and allot by way of a renounceable rights issue of up to 332,689,500 Rights Shares together with up to 332,689,500 Warrants on the basis of one (1) Rights Share together with one (1) Warrant for every one (1) existing MRB Share held after the Par Value Reduction for every one (1) Rights Share subscribed by the shareholders of MRB whose names appear in the Record of Depositors of the Company as at the close of business on an entitlement date to be determined later by the Board;
- (ii) to determine the final issue price of the Rights Shares after taking into consideration the following:
 - (a) the theoretical ex-rights price ("TERP") of MRB Shares based on the five (5)-day volume weighted average market price ("5D-VWAP") of MRB Shares with a discount to the TERP if deemed appropriate by the Board prior to the price fixing date to be determined later by the Board;
 - (b) the prevailing market sentiments at the point of price fixing;
 - (c) the par value of MRB Shares of RM0.15 each after the Par Value Reduction; and
 - (d) the funding requirements of MRB and its subsidiaries, details of which are set out in Section 2.2.5 of the circular to shareholders dated 16 July 2014 ("**Circular**");
- (iii) to determine the final exercise price of the Warrants after taking into consideration the following:
 - (a) the TERP of MRB Shares;
 - (b) the prevailing market sentiments; and

CERTIFIED TRUE EXTRACT OF THE RESOLUTION IN RELATION TO THE RIGHTS ISSUE OF SHARES WITH WARRANTS PASSED AT OUR EGM HELD ON 7 AUGUST 2014 (CONT'D)

Page 4

*Minetech Resources Berhad (Company No. 575543-X)**Certified Extract of the Minutes of the Extraordinary General Meeting held on 7 August 2014*

- (c) the par value of MRB Shares of RM0.15 each after the Par Value Reduction;
- (iv) to enter into and execute the deed poll in relation to the Rights Issue of Shares with Warrants (“Deed Poll”) and to do all acts, deeds and things as they may deem fit or expedient in order to implement, finalise and give full effect to the aforesaid Deed Poll; and
- (v) to utilise the proceeds to be derived from the Rights Issue of Shares with Warrants in the manner as set out in Section 2.2.5 of the Circular and to vary the manner and/or purpose of utilisation of such proceeds as they may deem fit and in the best interest of the Company.

THAT the Rights Shares with Warrants which are not taken up or validly taken up shall be made available for excess applications by the entitled shareholders and/or their renouncee(s) (if applicable) and such excess Rights Shares with Warrants shall be allocated in a fair and equitable manner on a basis to be determined by the Board and announced later by the Company.

THAT such Warrants are constituted by the terms and conditions of the Deed Poll.

THAT the Company shall allot and issue such appropriate number of new MRB Shares arising from the exercise by the holders of Warrants in accordance with the provisions of the Deed Poll.

THAT the Rights Shares and the new MRB Shares to be issued arising from the exercise of the Warrants shall, upon issuance and allotment, rank *pari passu* in all respects with the then existing MRB Shares, save and except that the Rights Shares and the new MRB Shares shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of issuance and allotment of the Rights Shares and the new MRB Shares arising from the exercise of the Warrants.

AND THAT the Board be and is hereby authorised to take all such necessary steps to give full effect to the Rights Issue of Shares with Warrants with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by any relevant authorities or deemed necessary by the Board, and to take all steps and to do all such acts and matters as they may consider necessary or expedient to implement, finalise and give full effect to the Rights Issue of Shares with Warrants.

CERTIFIED TRUE EXTRACT OF THE RESOLUTION IN RELATION TO THE RIGHTS ISSUE OF SHARES WITH WARRANTS PASSED AT OUR EGM HELD ON 7 AUGUST 2014 (CONT'D)

Page 5

Minetech Resources Berhad (Company No. 575543-X)

Certified Extract of the Minutes of the Extraordinary General Meeting held on 7 August 2014

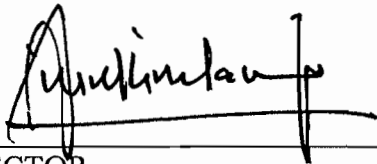
ORDINARY RESOLUTION 2

- **INCREASE IN THE AUTHORISED SHARE CAPITAL OF MRB FROM RM100,000,000 COMPRISING 500,000,000 MRB SHARES TO RM300,000,000 COMPRISING 2,000,000,000 MRB SHARES ("INCREASE IN AUTHORISED SHARE CAPITAL")**

RESOLVED:-

THAT subject to and conditional upon the passing of the Special Resolution 2 and the sanction of the High Court of Malaya on the Par Value Reduction, the authorised share capital of the Company be increased from RM100,000,000 divided into 500,000,000 ordinary shares of RM0.20 each to RM300,000,000 divided into 2,000,000,000 ordinary shares of RM0.15 each by the creation of 1,500,000,000 new ordinary shares of RM0.15 each.

CERTIFIED TRUE COPY:



DIRECTOR
CHOY SEN @ CHIN KIM SANG



DIRECTOR
CHIN LEONG CHOY

INFORMATION ON OUR COMPANY**1. HISTORY AND BUSINESS**

We were incorporated in Malaysia as a private limited company under the Act on 30 March 2002 under the name of Minetech Resources Sdn Bhd and were converted to a public limited company on 12 May 2004.

We were listed on the Second Board of Bursa Securities (*now known as Main Market of Bursa Securities*) on 22 July 2005.

The principal activities of our Company are investment holding and provision of managerial services. Our subsidiary companies are involved in the provision of turnkey and specialised quarry services and sales and marketing of quarry products, specialised civil engineering works, manufacturing and trading of bituminous products, manufacturing and trading of premix products, trading and rental of machinery as well as property investment.

Further details of the principal activities of our subsidiary companies are set out in Section 6 of this Appendix.

2. SHARE CAPITAL

Our authorised and issued and paid-up share capital as at the LPD are as follows:

Type	No. of MRB Shares	Par value RM	Total RM
Authorised share capital	2,000,000,000	0.15	300,000,000
Issued and paid-up share capital	332,689,500	0.15	49,903,425

The changes in our issued and paid-up share capital for the past three (3) years up to the LPD are as follows:

Date of allotment/change	No. of Shares allotted	Par value RM	Description	Cumulative issued and paid-up share capital RM
8 October 2013	30,218,000	0.20	Private placement	66,537,900
14 October 2014	-	0.15	Par value reduction from RM0.20 to RM0.15 each	49,903,425

3. BOARD OF DIRECTORS

Please refer to the Corporate Directory on page 1 of this AP for details of the age, professions, nationalities, designations and addresses of our Board.

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INFORMATION ON OUR COMPANY (CONT'D)

4. DIRECTORS' SHAREHOLDINGS

The proforma effects of the Rights Issue of Shares with Warrants on the shareholdings of our Directors based on their shareholdings as at the LPD are as follows:

Minimum Scenario

Name	As at the LPD		(I) After the Rights Issue of Shares with Warrants		(II) After (I) and assuming full exercise of the Warrants	
	Direct		Direct		Direct	
	No. of MRB Shares ('000)	%*	No. of MRB Shares ('000)	%*	No. of MRB Shares ('000)	%*
CKS	88,949	26.76	177,897	26.76	266,846	26.76
Chin Leong Choy	-	-	-	-	-	-
Ng Kok Hok	-	-	-	-	-	-
Phoon Sow Cheng	476	0.14	476	0.07	476	0.05
Ahmad Ruslan	-	-	-	-	-	-
Zahari Bin Zakaria	-	-	-	-	-	-
Chin Kong Yaw	-	-	-	-	-	-
Low Choon Lan	-	-	-	-	-	-
			88,949 ⁽¹⁾	26.76	177,897 ⁽¹⁾	26.76
					266,846 ⁽¹⁾	26.76

Notes:

* Excluding Treasury Shares.

(1) Deemed interested by virtue of her spouse's shareholding in our Company.

INFORMATION ON OUR COMPANY (CONT'D)

Maximum Scenario

Name	As at the LPD				(I) After disposal of Treasury Shares in open market				(II) After (I) and Rights Issue of Shares with Warrants			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of MRB Shares (^{'000})	%*	No. of MRB Shares (^{'000})	%*	No. of MRB Shares (^{'000})	%	No. of MRB Shares (^{'000})	%	No. of MRB Shares (^{'000})	%	No. of MRB Shares (^{'000})	%
CKS	88,949	26.76	-	-	88,949	26.74	-	-	177,897	26.74	-	-
Chin Leong Choy	-	-	-	-	-	-	-	-	-	-	-	-
Ng Kok Hok	-	-	-	-	-	-	-	-	-	-	-	-
Phoon Sow Cheng	476	0.14	-	-	476	0.14	-	-	952	0.14	-	-
Ahmad Ruslan	-	-	-	-	-	-	-	-	-	-	-	-
Zahari Bin Zakaria	-	-	-	-	-	-	-	-	-	-	-	-
Chin Kong Yaw	-	-	-	-	-	-	-	-	-	-	-	-
Low Choon Lan	-	-	88,949 ⁽¹⁾	26.76	-	-	88,949 ⁽¹⁾	26.74	-	-	177,897 ⁽¹⁾	26.74

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INFORMATION ON OUR COMPANY (CONT'D)

Name	(III) After (II) and assuming full exercise of the Warrants			
	Direct		Indirect	
	No. of MRB Shares ('000)	%	No. of MRB Shares ('000)	%
CKS	266,846	26.74	-	-
Chin Leong Choy	-	-	-	-
Ng Kok Hok	-	-	-	-
Phoon Sow Cheng	1,428	0.14	-	-
Ahmad Ruslan	-	-	-	-
Zahari Bin Zakaria	-	-	-	-
Chin Kong Yaw	-	-	-	-
Low Choon Lan	-	-	266,846 ⁽¹⁾	26.74

Notes:

* Excluding Treasury Shares.

(1) Deemed interested by virtue of her spouse's shareholding in our Company.

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INFORMATION ON OUR COMPANY (CONT'D)

5. SUBSTANTIAL SHAREHOLDER'S SHAREHOLDING

The proforma effects of the Rights Issue of Shares with Warrants on the shareholding of our substantial shareholder based on his shareholding as at the LPD are as follows:

Minimum Scenario

Name	As at the LPD				(I) After the Rights Issue of Shares with Warrants				(II) After (I) and assuming full exercise of the Warrants ⁽³⁾			
	Direct		Indirect		Direct		Indirect		Direct		Indirect	
	No. of MRB Shares ('000)	%*	No. of MRB Shares ('000)	%*	No. of MRB Shares ('000)	%*	No. of MRB Shares ('000)	%*	No. of MRB Shares ('000)	%*	No. of MRB Shares ('000)	%*
CKS ⁽¹⁾	88,949	26.76	-	-	177,897	26.76	-	-	266,846	26.76	-	-
IPS ⁽²⁾	-	-	-	-	133,170	20.02	-	-	266,340	26.70	-	-
Mercury Securities ⁽²⁾	-	-	-	-	53,268	8.01	-	-	106,536	10.68	-	-
JF Apex ⁽²⁾	-	-	-	-	43,822	6.59	-	-	87,644	8.79	-	-

Notes:

* Excluding Treasury Shares.

(1) Director of our Company.

(2) Being Joint Underwriters for the remaining portion of the Rights Shares pursuant to an Underwriting Agreement entered into between our Company and the Joint Underwriters, which will become substantial shareholders of our Company after the Rights Issue of Shares with Warrants.

(3) The public shareholding spread of our Company could potentially reduce to below 25% of the total issued and paid-up share capital of our Company (excluding Treasury Shares) upon full exercise of Warrants by CKS and the underwriters, thus resulting in a non-compliance with paragraph 8.02 of the Listing Requirements, whereby a listed issuer must ensure that at least 25% of its total listing shares (excluding treasury shares) are in the hands of public shareholders.

In view of the above, CKS will observe the abovementioned public shareholding spread requirement prior to the exercise of the Warrants held by him to avoid any shortfall in the public shareholding spread of our Company.

INFORMATION ON OUR COMPANY (CONT'D)

Maximum Scenario

	As at the LPD		(I) After disposal of Treasury Shares in open market		(II) After (I) and Rights Issue of Shares with Warrants	
	Direct	Indirect	Direct	Indirect	Direct	Indirect
	No. of MRB Shares (^{'000})	No. of MRB Shares (^{'000})	No. of MRB Shares (^{'000})	No. of MRB Shares (^{'000})	No. of MRB Shares (^{'000})	No. of MRB Shares (^{'000})
Name	%*	%*	%	%	%	%
CKS ⁽¹⁾	88,949	26.76	-	-	177,897	26.74

	(III) After (II) and assuming full exercise of the Warrants	
	Direct	Indirect
	No. of MRB Shares (^{'000})	No. of MRB Shares (^{'000})
Name	%	%
CKS ⁽¹⁾	266,846	26.74

Notes:

* Excluding Treasury Shares.

(1) Director of our Company.

INFORMATION ON OUR COMPANY (CONT'D)

6. SUBSIDIARY AND ASSOCIATED COMPANIES

The details of our subsidiary companies as at the LPD are as follows:

Company	Date and place of incorporation	Principal activities	Issued and paid-up share capital	Effective equity interest (%)
K.S. Chin Minerals Sdn Bhd	5 March 1984, Malaysia	Provision of turnkey and specialised quarry services and rental of machinery	RM1,000,000	100
Minetech Construction Sdn Bhd	21 July 1989, Malaysia	Provision of specialised civil engineering services and rental of machinery	RM1,000,000	100
Minetech Quarries Sdn Bhd	28 March 1996, Malaysia	Trading of quarry products	RM500,000	100
Minetech Premix Sdn Bhd	9 May 2002, Malaysia	Manufacturing and trading of premix products	RM500,000	100
Minetech Industries Sdn Bhd	7 January 1994, Malaysia	Trading of industrial machinery spare parts and relevant services	RM400,000	100
Minetech Realty Sdn Bhd	3 September 2003, Malaysia	Property investment	RM2	100
Diman KS Chin Sdn Bhd	25 March 2005, Malaysia	Trading of quarry and premix products	RM100	100
Minetech Quarries Singapore Pte Ltd	27 October 2006, Singapore	Sales and marketing of quarry products	SGD1	100
Minetech Asphalt Man International Sdn Bhd (formerly known as Minetech Korea Petroleum Industrial Sdn Bhd)	20 June 2006, Malaysia	Manufacturing and trading of bituminous products	RM4,800,000	100
Popular Trinity Sdn Bhd	9 September 2013, Malaysia	Dormant	RM2	100
Minetech Heavy Machineries Sdn Bhd	5 March 2014, Malaysia	Distribution of heavy machineries	RM100	51 ⁽¹⁾
Subsidiaries of Minetech Quarries Sdn Bhd				
Minetech Pavement Technologies Sdn Bhd	22 September 2005, Malaysia	Inactive	RM2	100
Genetic Frontier Sdn Bhd	24 October 2005, Malaysia	Trading of quarry products	RM2	100

INFORMATION ON OUR COMPANY (CONT'D)

Company	Date and place of incorporation	Principal activities	Issued and paid-up share capital	Effective equity interest (%)
Optimis Dinamik Sdn Bhd	1 December 2005, Malaysia	Trading of quarry products	RM2	100
Minetech M.B. (Huizhou) Building Materials Ltd	18 October 2006, People's Republic of China	Inactive	USD600,000	70 ⁽²⁾
Subsidiary of Minetech Premix Sdn Bhd Minetech Quarries Sabah Sdn Bhd	30 March 2007, Malaysia	Inactive	RM2	100
Subsidiary of Minetech Quarries Sabah Sdn Bhd Minetech Gurun Premix Sdn Bhd	18 October 2011, Malaysia	Manufacturing and trading of premix products	RM1,000,000	51 ⁽³⁾
Subsidiary of Minetech Pavement Technologies Sdn Bhd Minetech PQ Sdn Bhd (formerly known as Cova Gateway Sdn Bhd)	28 June 2013, Malaysia	Extract various quarry products and to process and sell such quarry products	RM2	100

Notes:

- (1) The remaining 49% equity interest in Minetech Heavy Machineries Sdn Bhd are owned by Nariko Okamoto.
- (2) The remaining 30% equity interest in Minetech M.B. (Huizhou) Building Materials Ltd are owned by Huizhou Daya Bay M.B. Industrial Co. Ltd.
- (3) The remaining 49% equity interest in Minetech Gurun Premix Sdn Bhd are owned by Laluan Bina Sdn Bhd.

The details of our associated company as at the LPD are as follows:

Company	Date and place of incorporation	Principal activities	Issued and paid-up share capital	Effective equity interest (%)
Minetech Builders Sdn Bhd	12 June 2014, Malaysia	Civil engineering construction	RM100	49 ⁽¹⁾

Note:

- (1) The remaining 51% equity interest in Minetech Builders Sdn Bhd are owned by Abu Samah Bin Bachik.

INFORMATION ON OUR COMPANY (CONT'D)

7. PROFIT AND DIVIDEND RECORDS

The profit and dividend records based on our Group's audited consolidated financial statements from the FYEs 2011 to 2013 and the unaudited consolidated financial statements for the six (6)-month periods ended 30 June 2013 and 30 June 2014 are as follows:

	← Unaudited →		← Audited →		
	Six (6)-month period ended 30 June 2014 RM'000	Six (6)-month period ended 30 June 2013 RM'000	FYE 2013 RM'000	FYE 2012 RM'000	FYE 2011 RM'000
Revenue	76,015	99,343	201,387	162,639	121,505
GP	7,325	9,478	7,566	10,041	13,815
Other income	(20)	288	1,193	440	687
Administrative expenses	(6,481)	(5,183)	(15,669)	(15,729)	(9,163)
Selling and marketing expenses	(397)	(452)	(903)	(811)	(427)
Finance costs	(786)	(1,115)	(2,120)	(2,835)	(3,569)
PBT / (LBT)	(358)	3,016	(9,934)	(8,894)	1,343
Taxation	(340)	-	2,499	(192)	(326)
PAT / (LAT)	(698)	3,016	(7,435)	(9,086)	1,017
Profit / (Loss) attributable to:					
Equity holders of the Company	(602)	1,591	(8,317)	(9,201)	1,156
Minority interest	(96)	1,425	882	115	(139)
Net profit / (loss) for the financial year	(698)	3,016	(7,435)	(9,086)	1,017
EBITDA	4,333	9,065	1,495	4,537	15,097
Weighted average number of Shares in issue* ('000)	309,224	302,187	309,224	302,187	302,187
Basic EPS / (LPS) (sen)	(0.19)	0.53	(2.69)	(3.04)	0.38
Diluted EPS / (LPS) (sen)	N/A	N/A	N/A	N/A	N/A
GP margin (%)	9.64	9.54	3.76	6.17	11.37
PBT / (LBT) margin (%)	(0.47)	3.04	(4.93)	(5.47)	1.11
PAT / (LAT) margin (%)	(0.92)	3.04	(3.69)	(5.59)	0.84
Dividend (sen)	-	-	-	-	-

Notes:

* Excluding Treasury Shares.

N/A Not applicable as our Company does not have any dilutive potential ordinary shares.

Commentaries on financial performance**Six (6)-month period ended 30 June 2014 compared to six (6)-month period ended 30 June 2013**

Our Group's revenue for the six (6)-month period ended 30 June 2014 decreased by 23.48% from RM99.34 million in the six (6)-month period ended 30 June 2013 to RM76.02 million in the six (6)-month period ended 30 June 2014. The decrease in revenue was mainly due to lower revenue from the following:

- (i) Quarry Products Segment which was mainly attributable to the completion of contract works of a quarry site in Selangor;

INFORMATION ON OUR COMPANY (CONT'D)

- (ii) Civil Engineering Segment mainly due to the completion of the contract works for Cochrane station for Project "Projek Mass Rapid Transit Lembah Kelang: Jajaran Sungai Buloh – Kajang Underground Works Package" in April 2013 and lower order book for our Group in the six (6)-months period ended 30 June 2014 as compared to the six (6)-months period ended 30 June 2013; and
- (iii) Bituminous Products Segment mainly attributable to the completion of the purchase contracts for the supply and delivery of bitumen enamel and primer to PT Bredero Shaw Indonesia and Bredero Shaw Malaysia Sdn Berhad in August 2013 and September 2013, respectively.

Our Group recorded a LAT attributable to the owners of our Company of RM0.60 million in the six (6)-month period ended 30 June 2014 as opposed to a PAT attributable to the owners of our Company of RM1.59 million in the six (6)-month period ended 30 June 2013 mainly due to:

- (i) lower GP amounting to RM7.33 million in the six-(6) month period ended 30 June 2014 compared to RM9.48 million in the six-(6) month period ended 30 June 2013 in line with the lower revenue recorded in the six-(6) month period ended 30 June 2014 as discussed above; and
- (ii) property, plant and equipment written-off of approximately RM0.32 million due to our Group's policy of writing off fixed assets with cost and net book value of less than RM5,000 per unit.

FYE 2013 compared to FYE 2012

Our Group's revenue increased by approximately 23.82% from RM162.64 million in the FYE 2012 to RM201.39 million in the FYE 2013. The increase in revenue was mainly due to higher revenue from the following:

- (i) Premix Products Segment mainly attributable to the supply of premix products for the East Coast Expressway;
- (ii) Bituminous Products Segment mainly due to the purchase contracts secured for the supply and delivery of bitumen enamel and primer to PT Bredero Shaw Indonesia and Bredero Shaw Malaysia Sdn Berhad; and
- (iii) Civil Engineering Segment mainly attributable to the contract works for Selinsing Gold Mine and Cochrane station for Project "Projek Mass Rapid Transit Lembah Kelang: Jajaran Sungai Buloh – Kajang Underground Works Package".

Our Group's GP decreased by approximately 24.65% from RM10.04 million in the FYE 2012 to RM7.57 million in the FYE 2013 mainly as a result of lower revenue generated from Quarry Products Segment which has relatively high fixed costs (comprising repair of machinery due to ageing equipment) that formed part of cost of sales for the Quarry Products Segment. The disproportionate decrease in the revenue generated from the Quarry Products Segment as compared to the cost of sales for the same segment resulted in the decrease of our Group's GP margin by 2.41% from 6.17% in the FYE 2012 to 3.76% in the FYE 2013.

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INFORMATION ON OUR COMPANY (CONT'D)

Notwithstanding the quarry development expenditure written-off of approximately RM2.40 million in relation to the equipment at Sri Manjung Quarry site due to legal dispute of unlawful termination which is currently ongoing, our Group's LAT attributable to the owners of our Company decreased by approximately 9.61% from RM9.20 million in the FYE 2012 to RM8.32 million in the FYE 2013 which was mainly due to:

- (i) higher other income amounting to RM1.19 million in the FYE 2013 compared to RM0.44 million in the FYE 2012 which was mainly due to the profit on disposal of equipment as well as reversal of impairment in trade receivables due to recoverability of Minetech Quarries Singapore Pte Ltd's debtor, namely PT Mirasindo Perdana;
- (ii) lower finance costs of RM2.12 million in the FYE 2013 compared to RM2.83 million in the FYE 2012 due to repayment of term loans by our Group which resulted in lower interest expense for our Group;
- (iii) no other emoluments were paid by our Company to our Directors in the FYE 2013 as compared to RM1.40 million paid in the FYE 2012; and
- (iv) the Recognition of Loss in the FYE 2012.

FYE 2012 compared to FYE 2011

Our Group's revenue increased by approximately 33.85% from RM121.51 million in the FYE 2011 to RM162.64 million in the FYE 2012. The increase in revenue was mainly attributable to the growth in revenue from the following:

- (i) Premix Products Segment mainly due to the supply of premix products for the North South Expressway;
- (ii) Bituminous Products Segment mainly due to the increase demand of bituminous products as a result of the sales of bitumen enamel and primer to PT Bredero Shaw Indonesia; and
- (iii) Civil Engineering Segment mainly due to new contract secured to carry out the infrastructure works and construction of utility service buildings for Manipal International University.

Our Group's GP decreased by approximately 27.32% from RM13.82 million in the FYE 2011 to RM10.04 million in the FYE 2012 mainly due to higher cost of raw material as a result of the rising cost and volatility of the price of bitumen. As a result of the above, our Group's GP margin decreased by 5.20% from 11.37% in the FYE 2011 to 6.17% in the FYE 2012.

Despite the increase in revenue, our Group recorded a significant LAT attributable to the owners of our Company of approximately RM9.20 million in the FYE 2012 as opposed to a PAT attributable to the owners of our Company of approximately RM1.16 million in the FYE 2011 which was mainly due to:

- (i) higher cost of raw material as a result of the rising cost and volatility of the price of bitumen which is the main material for the premix operations;
- (ii) higher impairment loss on trade receivables of RM2.99 million in the FYE 2012 compared to RM0.83 million in the FYE 2011 as a result of provisions for bad debts from the termination of agreement with Batu Ayer Granite Pte. Ltd. to develop and perform quarry operations in Karimun, Indonesia;
- (iii) higher amortisation of quarry development expenditure of RM2.02 million in the FYE 2012 as compared to RM1.13 million in the FYE 2011 as a result of higher output from rock extraction activities; and

INFORMATION ON OUR COMPANY (CONT'D)

- (iv) the Recognition of Loss in view that there was no further development of the status in pursuing the quarry permit for the said land.

8. HISTORICAL PRICES OF MRB SHARES

The monthly high and low transacted market prices of MRB Shares for the past twelve (12) months from October 2013 to September 2014 are as follows:

	High RM	Low RM
2013		
October	0.185	0.160
November	0.170	0.160
December	0.190	0.165
2014		
January	0.240	0.165
February	0.330	0.175
March	0.195	0.140
April	0.160	0.130
May	0.145	0.125
June	0.160	0.125
July	0.165	0.130
August	0.155	0.140
September	0.155	0.140

Last transacted market price on 17 June 2014 (being the last trading date prior to the Announcement) was RM0.150 per MRB Share.

Last transacted market price on 14 October 2014 (being the LPD prior to printing of this AP) was RM0.150 per MRB Share.

Last transacted market price on 4 November 2014 (being the last day on which MRB Shares were traded prior to the ex-date of the Rights Issue of Shares with Warrants) was RM0.160 per MRB Share.

(Source: Bloomberg)

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PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2013 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANT'S LETTER THEREON



UHY (AF1411)
Chartered Accountants
 Suite 11.05, Level 11
 The Gardens South Tower
 Mid Valley City
 Lingkaran Syed Putra
 59200 Kuala Lumpur

**REPORTING ACCOUNTANTS' LETTER ON
 PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
 (Prepared for inclusion in the Abridged Prospectus)**

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29 OCT 2014

The Board of Directors
Minetech Resources Berhad
 Unit G-12, Ground Floor
 FAS Business Avenue,
 Jalan Perbandaran
 47301 Petaling Jaya,
 Selangor Darul Ehsan

Dear Sirs,

**MINETECH RESOURCES BERHAD
 PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31
 DECEMBER 2013**

We have completed our assurance engagement to report on the compilation of the Pro forma Consolidated Statements of Financial Position of Minetech Resources Berhad ("MRB") and its subsidiaries (collectively referred to as "MRB Group") as at 31 December 2013 together with the accompanying notes thereto, for which the Board of Directors of MRB ("Board") is solely responsible as set out in the accompanying statements (which we have stamped for the purpose of identification) prepared for inclusion in the Abridged Prospectus of MRB in relation to the renounceable rights issue of up to 332,689,500 new ordinary shares of RM0.15 each in MRB ("MRB Shares") ("Right Shares") together with up to 332,689,500 free detachable warrants ("Warrants") on the basis of one (1) Rights Share together with one (1) Warrant for every one (1) existing MRB Share held ("Rights Issue of Shares with Warrants"). The applicable criteria on the basis of which the Directors have compiled the Pro forma Consolidated Statements of Financial Position are as described in the Notes to the Pro forma Consolidated Statements of Financial Position ("Applicable Criteria").

The Pro forma Consolidated Statements of Financial Position have been compiled by the Directors to illustrate the impact of the reduction of the issued and paid up share capital of MRB via the cancellation of RM0.05 of the par value of the ordinary share of RM0.20 each in MRB to RM0.15 each in MRB pursuant to Section 64 of the Companies Act, 1965 and Rights Issue of Shares with Warrants on the audited consolidation statements of financial position of the MRB Group as at 31 December 2013 had the aforesaid corporate exercises been affected on that date.

As part of this process, information about the financial position has been extracted by the Directors from the relevant financial statements for the financial year ended 31 December 2013, on which an audit report has been published.

The Directors are responsible for compiling the Pro forma Consolidated Statements of Financial Position on the basis of the Applicable Criteria.

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS
AT 31 DECEMBER 2013 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANT'S
LETTER THEREON (CONT'D)



- 2 -

Our Responsibilities

Our responsibility is to express an opinion about whether the Pro forma Consolidated Statements of Financial Position have been compiled, in all material respects, by the Directors on the basis of the Applicable Criteria.

We conducted our engagement in accordance with the International Standard on Assurance Engagements, ISAE 3420 *Assurance Engagements to Report on the Compilation of Pro forma Financial Information Included in a Prospectus*, issued by the Malaysian Institute of Accountants. This standard requires us to comply with the ethical requirements and plan and perform procedures to obtain reasonable assurance on whether the Directors have compiled, in all material respects, the Pro Forma financial information on the basis of the Applicable Criteria.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro forma Consolidated Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro forma Consolidated Statements of Financial Position.

The purpose of the Pro forma Consolidated Statements of Financial Position included in the Abridged Prospectus of MRB in relation to the Rights Issue of Shares with Warrants is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro forma Consolidated Statements of Financial Position have been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of Pro forma Consolidated Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence on whether:

- (a) The related pro forma adjustments give appropriate effect to those criteria; and
- (b) The Pro forma Consolidated Statements of Financial Position reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Company, the event or transaction in respect of which the Pro forma Consolidated Statements of Financial Position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro forma Consolidated Statements of Financial Position.

We believe that the evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2013 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANT'S LETTER THEREON (CONT'D)



- 3 -

Opinion

In our opinion,

- (i) the Pro forma Consolidated Statements of Financial Position of MRB as at 31 December 2013, which have been prepared by the Directors of MRB, for illustrative purposes only, have been properly compiled on the basis of the Applicable Criteria using financial statements prepared in accordance with Malaysian Financial Reporting Standards in Malaysia, and in a manner consistent with both the format of the consolidated statement of financial position and the accounting policies of MRB; and
- (ii) the adjustments made to the information used in the preparation of the Pro forma Consolidated Statements of Financial Position are appropriate for the purposes of preparing the Pro forma Consolidated Statements of Financial Position.

This report has been prepared for the information of the Board for the purpose of inclusion in the Abridged Prospectus of MRB in respect of the Rights Issue of Shares with Warrants as mentioned above. As such, this report is not to be reproduced, referred to in any other document or used for any other purpose without our prior written consent.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'Uhy', written over the printed 'UHY' logo.

Firm Number: AF 1411
Chartered Accountants

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2013 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANT'S LETTER THEREON (CONT'D)

Minetech Resources Berhad ("MRB")**Pro forma Consolidated Statement of Financial Position as at 31 December 2013**

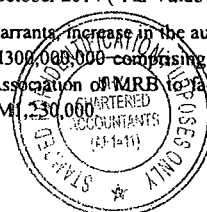
The Pro forma Consolidated Statements of Financial Position as set out below have been prepared for illustrative purposes only to show the effect on the pro forma consolidated statements of financial position of the MRB Group as at 31 December 2013 and also based on the assumptions that the following events had been effected on that date.

Minimum Scenario

		Pro forma I	Pro forma II	Pro forma III
	MRB	After	After	After
	Group Level	Par Value	Rights Issue	full exercise
	31 December 2013	Reduction [^]	of Shares	of Warrants
Note	RM	RM	with Warrants	RM
	RM	RM	RM	RM
NON-CURRENT ASSETS				
Property, plant and equipment	49,916,921	49,916,921	79,916,921	79,916,921
Investment properties	1,659,201	1,659,201	1,659,201	1,659,201
Quarry development expenditure	7,539,690	7,539,690	7,539,690	7,539,690
Goodwill arising on consolidation	3,306	3,306	3,306	3,306
	<u>59,119,118</u>	<u>59,119,118</u>	<u>89,119,118</u>	<u>89,119,118</u>
CURRENT ASSETS				
Inventories	7,451,132	7,451,132	7,451,132	7,451,132
Trade and other receivables	49,146,071	49,146,071	49,146,071	49,146,071
Current tax assets	143,892	143,892	143,892	143,892
Fixed deposits with licensed banks	8,551,982	8,551,982	8,551,982	8,551,982
Cash and bank balances	7,204,586	7,204,586	17,204,586	67,065,261
	<u>72,497,663</u>	<u>72,497,663</u>	<u>82,497,663</u>	<u>132,358,338</u>
	<u>131,616,781</u>	<u>131,616,781</u>	<u>171,616,781</u>	<u>221,477,456</u>
EQUITY				
Share capital	66,537,900	49,903,425	99,764,100	149,624,775
Share premium	1,920,850	1,920,850	690,850 *	690,850 *
Treasury shares	(47,990)	(47,990)	(47,990)	(47,990)
Exchange translation reserves	217,586	217,586	217,586	217,586
Warrants reserve	-	-	26,293,196	-
Other reserve	-	-	(26,293,196)	-
Accumulated losses	(19,470,704)	(2,836,229)	(2,836,229)	(2,836,229)
	<u>49,157,642</u>	<u>49,157,642</u>	<u>97,788,317</u>	<u>147,648,992</u>
Non-controlling interests	1,710,637	1,710,637	1,710,637	1,710,637
	<u>50,868,279</u>	<u>50,868,279</u>	<u>99,498,954</u>	<u>149,359,629</u>
NON-CURRENT LIABILITIES				
Borrowings	7,608,545	7,608,545	7,608,545	7,608,545
Deferred tax liabilities	2,740,554	2,740,554	2,740,554	2,740,554
	<u>10,349,099</u>	<u>10,349,099</u>	<u>10,349,099</u>	<u>10,349,099</u>
CURRENT LIABILITIES				
Trade and other payables	55,525,719	55,525,719	55,525,719	55,525,719
Borrowings	14,380,201	14,380,201	5,749,526	5,749,526
Taxation	493,483	493,483	493,483	493,483
	<u>70,399,403</u>	<u>70,399,403</u>	<u>61,768,728</u>	<u>61,768,728</u>
	<u>131,616,781</u>	<u>131,616,781</u>	<u>171,616,781</u>	<u>221,477,456</u>
No. of shares (Exclude Treasury Shares)	332,404,500	332,404,500	664,809,000	997,213,500
	@ RM0.20 per share	@ RM.15 per share	@ RM0.15 per share	@ RM0.15 per share
Net assets ("NA")	49,157,642	49,157,642	97,788,317	147,648,992
NA per share (RM)	0.15	0.15	0.15	0.15
Net tangible asset ("NTA") per share (RM)	0.15	0.15	0.15	0.15
Borrowings	21,988,746	21,988,746	13,358,071	13,358,071
Gearing (times)	0.45	0.45	0.14	0.09

[^] Reduction of the issued and paid-up share capital of MRB via the cancellation of RM0.05 of the par value of the ordinary share of RM0.20 each in MRB to RM0.15 each in MRB pursuant to Section 64 of the Companies Act, 1965, which was completed on 14 October 2014 ("Par Value Reduction").

* After deducting estimated expenses in relation to the Par Value Reduction, Rights Issue of Shares with Warrants, increase in the authorised share capital of MRB from RM100,000,000 comprising 500,000,000 ordinary shares of RM0.20 each in MRB to RM300,000,000 comprising 2,000,000,000 MRB Shares ("Increase in Authorised Share Capital") and amendments to the Memorandum and Articles of Association of MRB to facilitate the Par Value Reduction and Increase in Authorised Share Capital (collectively referred to as "Corporate Exercises") of RM130,000,000.



PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2013 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANT'S LETTER THEREON (CONT'D)

Minetech Resources Berhad ("MRB")

Pro forma Consolidated Statement of Financial Position as at 31 December 2013

The Pro forma Consolidated Statements of Financial Position as set out below have been prepared for illustrative purposes only to show the effect on the pro forma consolidated statements of financial position of the MRB Group as at 31 December 2013 and also based on the assumptions that the following events had been effected on that date.

Maximum Scenario

	Note	MRB Group Level 31 December 2013 RM	Pro forma I After Par Value Reduction RM	Pro forma II After Disposal of Treasury Shares in the open market RM	Pro forma III After Rights Issue of Shares with Warrants RM	Pro forma IV After full exercise of Warrants RM
NON-CURRENT ASSETS						
Property, plant and equipment	4	49,916,921	49,916,921	49,916,921	79,916,921	79,916,921
Investment properties		1,659,201	1,659,201	1,659,201	1,659,201	1,659,201
Quarry development expenditure		7,539,690	7,539,690	7,539,690	7,539,690	7,539,690
Goodwill arising on consolidation		3,306	3,306	3,306	3,306	3,306
		<u>59,119,118</u>	<u>59,119,118</u>	<u>59,119,118</u>	<u>89,119,118</u>	<u>89,119,118</u>
CURRENT ASSETS						
Inventories		7,451,132	7,451,132	7,451,132	7,451,132	7,451,132
Trade and other receivables		49,146,071	49,146,071	49,146,071	49,146,071	49,146,071
Current tax assets		143,892	143,892	143,892	143,892	143,892
Fixed deposits with licensed banks		8,551,982	8,551,982	8,551,982	8,551,982	8,551,982
Cash and bank balances	5	7,204,586	7,204,586	7,246,282	17,246,282	67,149,707
		<u>72,497,663</u>	<u>72,497,663</u>	<u>72,539,359</u>	<u>82,539,359</u>	<u>132,442,784</u>
		<u>131,616,781</u>	<u>131,616,781</u>	<u>131,658,477</u>	<u>171,658,477</u>	<u>221,561,902</u>
EQUITY						
Share capital		66,537,900	49,903,425	49,903,425	99,806,850	149,710,275
Share premium		1,920,850	1,920,850	1,920,850	690,850 *	690,850 *
Treasury shares		(47,990)	(47,990)	-	-	-
Exchange translation reserves		217,586	217,586	217,586	217,586	217,586
Warrants reserve		-	-	-	26,315,739	-
Other reserve		-	-	-	(26,315,739)	-
Accumulated losses		(19,470,704)	(2,836,229)	(2,842,523)	(2,842,523)	(2,842,523)
		<u>49,157,642</u>	<u>49,157,642</u>	<u>49,199,338</u>	<u>97,872,763</u>	<u>147,776,188</u>
Non-controlling interests		1,710,637	1,710,637	1,710,637	1,710,637	1,710,637
		<u>50,868,279</u>	<u>50,868,279</u>	<u>50,909,975</u>	<u>99,583,400</u>	<u>149,486,825</u>
NON-CURRENT LIABILITIES						
Borrowings		7,608,545	7,608,545	7,608,545	7,608,545	7,608,545
Deferred tax liabilities		2,740,554	2,740,554	2,740,554	2,740,554	2,740,554
		<u>10,349,099</u>	<u>10,349,099</u>	<u>10,349,099</u>	<u>10,349,099</u>	<u>10,349,099</u>
CURRENT LIABILITIES						
Trade and other payables		55,525,719	55,525,719	55,525,719	55,525,719	55,525,719
Borrowings		14,380,201	14,380,201	14,380,201	5,706,776	5,706,776
Taxation		493,483	493,483	493,483	493,483	493,483
		<u>70,399,403</u>	<u>70,399,403</u>	<u>70,399,403</u>	<u>61,725,978</u>	<u>61,725,978</u>
		<u>131,616,781</u>	<u>131,616,781</u>	<u>131,658,477</u>	<u>171,658,477</u>	<u>221,561,902</u>
No. of shares		332,404,500 # @ RM0.20 per share	332,404,500 # @ RM.15 per share	332,689,500 @ RM0.15 per share	665,379,000 @ RM0.15 per share	998,068,500 @ RM0.15 per share
NA		<u>49,157,642</u>	<u>49,157,642</u>	<u>49,199,338</u>	<u>97,872,763</u>	<u>147,776,188</u>
NA per share (RM)		<u>0.15</u>	<u>0.15</u>	<u>0.15</u>	<u>0.15</u>	<u>0.15</u>
NTA per share (RM)		<u>0.15</u>	<u>0.15</u>	<u>0.15</u>	<u>0.15</u>	<u>0.15</u>
Borrowings		<u>21,988,746</u>	<u>21,988,746</u>	<u>21,988,746</u>	<u>13,315,321</u>	<u>13,315,321</u>
Gearing (times)		<u>0.45</u>	<u>0.45</u>	<u>0.45</u>	<u>0.14</u>	<u>0.09</u>

* After deducting estimated expenses in relation to the Corporate Exercises of RM1,230,000.

Excluding Treasury Shares



PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2013 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANT'S LETTER THEREON (CONT'D)

**MINETECH RESOURCES BERHAD
(Incorporated in Malaysia)**

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

Basis of Preparation

The Pro forma Consolidated Statements of Financial Position of which the directors of MRB are solely responsible have been prepared for illustrative purposes only, for the inclusion in the Abridged Prospectus, based on the accounting policies and bases which are consistent with those adopted in the preparation of the audited financial statements of MRB Group as at 31 December 2013 on the assumption that the following events had taken place on 31 December 2013.

Fair value of Warrants

The fair value of the Warrants is estimated using Black Scholes Model from Bloomberg Finance based on the following key assumptions:

a) Exercise Price	RM0.15 per Warrant
b) 5-day volume weighted average market price up to and including 14 October 2014	RM0.1463
c) Borrowing cost	5.10% per annum
d) Expected dividend yield	Nil
e) Tenure of Warrants	5 years from date of issuance of Warrants
f) Expected share price volatility	87.414 % (MRB determined the expected share price volatility based on 365 days volatility of the historical stock price of MRB)

Based on the assumptions and basis described above and applying all the inputs into the Black Scholes Model, the fair value of the Warrant is assumed to approximately RM0.0791 per Warrant for the purpose of the Pro forma Consolidated Statements of Financial Position as at 31 December 2013.



PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2013 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANT'S LETTER THEREON (CONT'D)

**MINETECH RESOURCES BERHAD
(Incorporated in Malaysia)**

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 (CONT'D)

1. Minimum Scenario

The minimum scenario assumes that:

- (i) None of the 285,000 MRB Shares held as treasury shares by MRB ("Treasury Shares") is resold in the open market prior to the entitlement date; and
- (ii) The Rights Issue of Shares with Warrants will be implemented on full subscription basis based on the undertaking letter procured from Choy Sen @ Chin Kim Sang (the substantial shareholder and Director of MRB) and underwriting arrangements.

1.1 Pro forma I

Par Value Reduction

Pro forma I incorporated the reduction of MRB's existing issued and paid-up share capital involving the cancellation of RM0.05 par value of all existing ordinary shares of RM0.20 each thus reducing the issued and paid-up share capital from RM66,537,900 comprising 332,689,500 ordinary shares of RM0.20 each to RM49,903,425 comprising 332,689,500 ordinary shares of RM0.15 each. The RM16,634,475 arising from the Par Value Reduction will be utilised to reduce the accumulated losses of MRB.

1.2 Pro forma II

After Pro forma I and Rights Issue of Shares with Warrants

Pro forma II incorporated the effect of Pro forma I and the renounceable rights issue of 332,404,500 Rights Shares together with 332,404,500 Warrants on the basis of one (1) Rights Share together with one (1) Warrant for every one (1) existing Share held in MRB after the Par Value Reduction (excluding Treasury Shares), at an issue price of RM0.15 per Rights Share.

It is also assumed that the fair value of Warrants is RM0.0791 per Warrant. The actual quantum of Warrants Reserve only will be determined upon issuance of the Warrants. As such, the actual quantum may differ from the indicative fair value of Warrants.

The fair value recognised in reserves would be as follows:

Total Warrants (no. of Warrants)	332,404,500
Fair value per Warrant (RM)	0.0791
Total fair value (RM)	<u>26,293,196</u>



PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2013 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANT'S LETTER THEREON (CONT'D)

MINETECH RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 (CONT'D)

1.2 Pro forma II (Cont'd)

The proceeds arising from the Rights Issue of Shares with Warrants are proposed to be utilised as follows:

	RM'000
Purchase of quarry sites ⁽¹⁾	20,000
Distribution of heavy machineries ⁽²⁾	10,000
Working capital ⁽³⁾	10,000
Repayment of bank borrowings ⁽⁴⁾	8,631
Estimated expenses in relation to the Corporate Exercises ⁽⁵⁾	1,230
	<u>49,861</u>

Notes:

- (1) *The MRB Group is currently in the midst of identifying potential new quarry sites to expand its existing business in the provision of turnkey and specialised quarry services and sales and marketing of quarry products ("Quarry Products Segment"). The MRB Group currently does not own any quarry site and intends to utilise RM20.00 million of the proceeds to purchase two (2) new quarry sites to be identified later and which are expected to be located in Malaysia. By purchasing and owning quarry sites, the MRB Group is expected to improve its profitability from the sales of output from such quarry sites.*

Any surplus or shortfall for the purchase of quarry sites will be adjusted accordingly to/from the repayment of bank borrowings of the MRB Group.

- (2) *The MRB Group had on 14 February 2014 entered into a Memorandum of Understanding ("MOU") with Sany International Developing (M) Sdn Bhd ("Sany") and Top-Mech Provincial Sdn Bhd ("Top-Mech") to explore opportunities available to form a partnership in complementary business fields. Sany is part of the Sany Group Co. Ltd, a company based in China, which is principally involved in manufacturing of heavy equipment and machinery while Top-Mech is involved in the crane business and a dealer for certain Sany's products.*

The MRB Group had subsequently on 24 June 2014 entered into a dealership MOU with Sany only to act as a dealer of Sany's certain products (i.e. concrete batching plant, concrete truck mixer, road machineries and asphalt batching plant) in Malaysia for a duration of two (2) years commencing from 1 July 2014 to 30 June 2016.

In this regard, the MRB Group intends to utilise RM10.00 million for the distribution of heavy machineries which include the purchasing of land and the building of a service cum distribution centre on such land in relation to Sany's products in Malaysia of which the breakdown for the utilisation cannot be determined at this juncture.

Any surplus or shortfall for the distribution of heavy machineries will be adjusted accordingly to/from the repayment of bank borrowings of the MRB Group.



PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2013 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANT'S LETTER THEREON (CONT'D)

**MINETECH RESOURCES BERHAD
(Incorporated in Malaysia)**

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 (CONT'D)

1.2 Pro forma II (Cont'd)

Notes: (Cont'd)

- (3) *The MRB Group intends to utilise RM10.00 million of the proceeds for the MRB Group's day-to-day operations to support the MRB Group's existing business operations as follows:*

<i>Details of utilisation</i>	<i>RM'000</i>
<i>Purchase of raw materials</i>	<i>5,000</i>
<i>Machine upkeep and maintenance</i>	<i>3,000</i>
<i>Wages and staff benefits</i>	<i>1,000</i>
<i>Other operating expenses such as water, electricity and sundry expenses</i>	<i>1,000</i>
Total	10,000

The above utilisation for the working capital has taken into account the actual working capital requirement of the MRB Group for the twelve (12) months period after taking into consideration the steps taken by the MRB Group to improve its financial position as detailed in Section 9.1 of the Abridged Prospectus as well as the funds to be generated internally by the MRB Group over the same period.

Any surplus or shortfall for the working capital will be adjusted accordingly to/from the repayment of bank borrowings of the MRB Group.

- (4) *The MRB Group intends to utilise RM8.63 million of the proceeds to repay part of the MRB Group's bank borrowings. As at 14 October 2014, the MRB Group's total bank borrowings were approximately RM20.09 million. At the prevailing interest rate of the MRB Group at approximately 5.10% per annum, the MRB Group anticipates an interest saving of approximately RM0.44 million per annum as the result of the repayment of bank borrowings.*
- (5) *The estimated expenses consist of professional fees, fees payable to the relevant authorities, expenses to convene the extraordinary general meeting ("EGM"), printing, advertising and other ancillary expenses. Any surplus or shortfall for the estimated expenses in relation to the Corporate Exercises will be adjusted accordingly to/from the repayment of bank borrowings of the MRB Group.*

1.3 Pro forma III

After Pro forma II and Full Exercise of Warrants

Pro forma III incorporated the effect of Pro forma II and the full exercise of Warrants at an exercise price of RM0.15 into 332,404,500 new Shares in MRB.

The quantum of proceeds to be received by the Company pursuant to the Warrants would depend upon the actual number of Warrants exercised.



PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2013 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANT'S LETTER THEREON (CONT'D)

MINETECH RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 (CONT'D)

The movements of the issued and paid-up share capital, share premium and reserves of MRB are as follows:

Minimum Scenario	Number of shares	Share capital RM	Share premium RM	Treasury shares RM	Exchange translation reserves RM	Warrants reserve RM	Other reserve RM	Accumulated losses RM	Total RM	Non-controlling interests RM	Total RM
As at 31 December 2013	332,689,500	66,537,900	1,920,850	(47,990)	217,586	-	-	(19,470,704)	49,157,642	1,710,637	50,868,279
Par Value Reduction	-	(16,634,475)	-	-	-	-	-	16,634,475	-	-	-
Pro forma I	332,689,500	49,903,425	1,920,850	(47,990)	217,586	-	-	(2,836,229)	49,157,642	1,710,637	50,868,279
Rights Issues of Shares with Warrants	332,404,500	49,860,675	(1,230,000)	-	-	26,293,196	(26,293,196)	-	48,630,675	-	48,630,675
Pro forma II	665,094,000	99,764,100	690,850	(47,990)	217,586	26,293,196	(26,293,196)	(2,836,229)	97,788,317	1,710,637	99,498,954
Full Exercise of Warrants	332,404,500	49,860,675	-	-	-	(26,293,196)	26,293,196	-	49,860,675	-	49,860,675
Pro forma III	997,498,500	149,624,775	690,850	(47,990)	217,586	-	-	(2,836,229)	147,648,992	1,710,637	149,359,629



PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2013 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANT'S LETTER THEREON (CONT'D)

**MINETECH RESOURCES BERHAD
(Incorporated in Malaysia)**

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 (CONT'D)

2. Maximum Scenario

The maximum scenario assumes that:

- (i) All the Treasury Shares are resold in the open market prior to the entitlement date; and
- (ii) The Rights Issue of Shares with Warrants will be implemented on full subscription basis assuming all the shareholders fully subscribe for their entitlements of the Right Shares with Warrants.

2.1 Pro forma I

Par Value Reduction

Pro forma I incorporated the reduction of MRB's existing issued and paid-up share capital involving the cancellation of RM0.05 par value of all existing ordinary shares of RM0.20 each thus reducing the issued and paid-up share capital from RM66,537,900 comprising 332,689,500 ordinary shares of RM0.20 each to RM49,903,425 comprising 332,689,500 ordinary shares of RM0.15 each. The RM16,634,475 arising from the Par Value Reduction will be utilised to reduce the accumulated losses of MRB.

2.2 Pro forma II

After Pro forma I and Disposal of Treasury Shares in the Open Market

Pro forma II incorporated the effect of Pro forma I and assumed that all Treasury Shares are resold in the open market prior to the entitlement date at an assumed selling price of RM0.1463.

2.3 Pro forma III

After Pro forma II and Rights Issue of Shares with Warrants

Pro forma III incorporated the effect of Pro forma II and the renounceable rights issue of 332,689,500 Rights Shares together with 332,689,500 Warrants on the basis of one (1) Rights Share together with one (1) Warrant for every one (1) existing Share held in MRB after the Par Value Reduction, at an issue price of RM0.15 per Rights Share.

It is also assumed that the fair value of Warrants is RM0.0791 per Warrant. The actual quantum of Warrants Reserve only will be determined upon issuance of the Warrants. As such, the actual quantum may differ from the indicative fair value of Warrants.



PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2013 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANT'S LETTER THEREON (CONT'D)

MINETECH RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 (CONT'D)

2.3 Pro forma III (Cont'd)

The fair value recognised in reserves would be as follows:

Total Warrants (no. of Warrants)	332,689,500
Fair value per Warrant (RM)	0.0791
Total fair value (RM)	<u>26,315,739</u>

The proceeds arising from the Rights Issue of Shares with Warrants are proposed to be utilised as follows:

	RM'000
Purchase of quarry sites ⁽¹⁾	20,000
Distribution of heavy machineries ⁽²⁾	10,000
Working capital ⁽³⁾	10,000
Repayment of bank borrowings ⁽⁴⁾	8,673
Estimated expenses in relation to the Corporate Exercises ⁽⁵⁾	<u>1,230</u>
	<u>49,903</u>

Notes:

- (1) The MRB Group is currently in the midst of identifying potential new quarry sites to expand its existing business in the Quarry Products Segment. The MRB Group currently does not own any quarry site and intends to utilise RM20.00 million of the proceeds to purchase two (2) new quarry sites to be identified later and which are expected to be located in Malaysia. By purchasing and owning quarry sites, the MRB Group is expected to improve its profitability from the sales of output from such quarry sites.

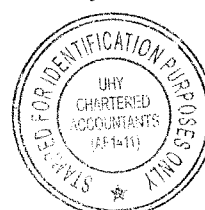
Any surplus or shortfall for the purchase of quarry sites will be adjusted accordingly to/from the repayment of bank borrowings of the MRB Group.

- (2) The MRB Group had on 14 February 2014 entered into a MOU with Sany and Top-Mech to explore opportunities available to form a partnership in complementary business fields. Sany is part of the Sany Group Co. Ltd, a company based in China, which is principally involved in manufacturing of heavy equipment and machinery while Top-Mech is involved in the crane business and a dealer for certain Sany's products.

The MRB Group had subsequently on 24 June 2014 entered into a dealership MOU with Sany only to act as a dealer of Sany's certain products (i.e. concrete batching plant, concrete truck mixer, road machineries and asphalt batching plant) in Malaysia for a duration of two (2) years commencing from 1 July 2014 to 30 June 2016.

In this regard, the MRB Group intends to utilise RM10.00 million for the distribution of heavy machineries which include the purchasing of land and the building of a service cum distribution centre on such land in relation to Sany's products in Malaysia of which the breakdown for the utilisation cannot be determined at this juncture.

Any surplus or shortfall for the distribution of heavy machineries will be adjusted accordingly to/from the repayment of bank borrowings of the MRB Group.



PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2013 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANT'S LETTER THEREON (CONT'D)

**MINETECH RESOURCES BERHAD
(Incorporated in Malaysia)**

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 (CONT'D)

2.3 Pro forma III (Cont'd)

Notes: (Cont'd)

- (3) *The MRB Group intends to utilise RM10.00 million of the proceeds for the MRB Group's day-to-day operations to support the MRB Group's existing business operations as follows:*

<i>Details of utilisation</i>	<i>RM'000</i>
<i>Purchase of raw materials</i>	<i>5,000</i>
<i>Machine upkeep and maintenance</i>	<i>3,000</i>
<i>Wages and staff benefits</i>	<i>1,000</i>
<i>Other operating expenses such as water, electricity and sundry expenses</i>	<i>1,000</i>
Total	10,000

The above utilisation for the working capital has taken into account the actual working capital requirement of the MRB Group for the twelve (12) months period after taking into consideration the steps taken by the MRB Group to improve its financial position as detailed in Section 9.1 of the Abridged Prospectus as well as the funds to be generated internally by the MRB Group over the same period.

Any surplus or shortfall for the working capital will be adjusted accordingly to/from the repayment of bank borrowings of the MRB Group.

- (4) *The MRB Group intends to utilise RM8.67 million of the proceeds to repay part of the MRB Group's bank borrowings. As at 14 October 2014, the MRB Group's total bank borrowings were approximately RM20.09 million. At the prevailing interest rate of the MRB Group at approximately 5.10% per annum, the MRB Group anticipates an interest saving of approximately RM0.44 million per annum as the result of the repayment of bank borrowings.*
- (5) *The estimated expenses consist of professional fees, fees payable to the relevant authorities, expenses to convene the EGM, printing, advertising and other ancillary expenses. Any surplus or shortfall for the estimated expenses in relation to the Corporate Exercises will be adjusted accordingly to/from the repayment of bank borrowings of the MRB Group.*

2.4 Pro forma IV

After Pro forma III and Full Exercise of Warrants

Pro forma IV incorporated the effect of Pro forma III and the full exercise of Warrants at an exercise price of RM0.15 into 332,689,500 new Shares in MRB.

The quantum of proceeds to be received by the Company pursuant to the Warrants would depend upon the actual number of Warrants exercised.



PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2013 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANT'S LETTER THEREON (CONT'D)

MINETECH RESOURCES BERHAD
(Incorporated in Malaysia)

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 (CONT'D)

The movements of the issued and paid-up share capital, share premium and reserves of MRB are as follows:

Maximum Scenario	Number of shares	Share capital RM	Share premium RM	Treasury shares RM	Exchange translation reserves RM	Warrants reserve RM	Other reserve RM	Accumulated losses RM	Total RM	Non-controlling interests RM	Total RM
As at 31 December 2013	332,689,500	66,537,900	1,920,850	(47,990)	217,586	-	-	(19,470,704)	49,157,642	1,710,637	50,868,279
Par Value Reduction	-	(16,634,475)	-	-	-	-	-	16,634,475	-	-	-
Pro forma I	332,689,500	49,903,425	1,920,850	(47,990)	217,586	-	-	(2,836,229)	49,157,642	1,710,637	50,868,279
Disposal of treasury shares in open market	-	-	-	47,990	-	-	-	(6,294)	41,696	-	41,696
Pro forma II	332,689,500	49,903,425	1,920,850	-	217,586	-	-	(2,842,523)	49,199,338	1,710,637	50,909,975
Rights Issues of Shares with Warrants	332,689,500	49,903,425	(1,230,000)	-	-	26,315,739	(26,315,739)	-	48,673,425	-	48,673,425
Pro forma III	665,379,000	99,806,850	690,850	-	217,586	26,315,739	(26,315,739)	(2,842,523)	97,872,763	1,710,637	99,583,400
Full Exercise of Warrants	332,689,500	49,903,425	-	-	-	(26,315,739)	26,315,739	-	49,903,425	-	49,903,425
Pro forma IV	998,068,500	149,710,275	690,850	-	217,586	-	-	(2,842,523)	147,776,188	1,710,637	149,486,825



PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2013 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANT'S LETTER THEREON (CONT'D)

**MINETECH RESOURCES BERHAD
(Incorporated in Malaysia)**

NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 (CONT'D)

4 Property, Plant and Equipment

The movements in the property, plant and equipment are as follows:

	Minimum Scenario RM	Maximum Scenario RM
As at 31 December 2013 (Audited)	49,916,921	49,916,921
Rights Issues of Shares with Warrants	30,000,000	30,000,000
As per Pro forma II/III	<u>79,916,921</u>	<u>79,916,921</u>

5 Cash and Bank Balances

The movements in the cash and bank balances are as follows:

	Minimum Scenario RM	Maximum Scenario RM
As at 31 December 2013 (Audited)	7,204,586	7,204,586
Proceeds from disposal of the Treasury Shares	-	41,696
As per Pro forma I/II	<u>7,204,586</u>	<u>7,246,282</u>
Proceeds from Rights Issue of Shares with Warrants	49,860,675	49,903,425
Utilisation of proceeds from the Rights Issue of Share with Warrants:		
- Purchase of quarry sites	(20,000,000)	(20,000,000)
- Heavy machineries business	(10,000,000)	(10,000,000)
- Repayment of bank borrowings	(8,630,675)	(8,673,425)
- Estimated expenses related to the Corporate Exercises	(1,230,000)	(1,230,000)
As per Pro forma II/III	<u>17,204,586</u>	<u>17,246,282</u>
Full Exercise of Warrants	49,860,675	49,903,425
As per Pro forma III/IV	<u>67,065,261</u>	<u>67,149,707</u>

For illustrative purposes, the proceeds for working capital is included in cash and bank balances when received.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON

CERTIFIED TRUE COPY



Tan Yen Fen
Partner

RSM Robert Teo, Kuan & Co.
AF: 0768
Chartered Accountants

MINETECH RESOURCES BERHAD
(575543-X)
(Incorporated in Malaysia)

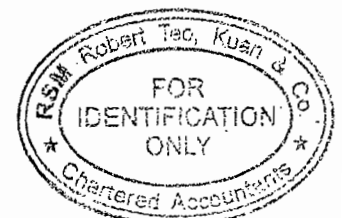
REPORTS AND FINANCIAL STATEMENTS
31 DECEMBER 2013

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

MINETECH RESOURCES BERHAD (575543-X)
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS
31 DECEMBER 2013

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AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

MINETECH RESOURCES BERHAD (575543-X)
(Incorporated in Malaysia)

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The Company's principal activities are investment holding and provision of managerial services.

The principal activities of the subsidiaries are set out in Note 9 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

FINANCIAL RESULTS

	Group RM	Company RM
Net loss for the financial year	<u>7,434,988</u>	<u>24,392,780</u>
Attributable to:		
Equity holders of the Company	8,316,661	24,392,780
Minority interest	<u>(881,673)</u>	<u>-</u>
	<u>7,434,988</u>	<u>24,392,780</u>

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

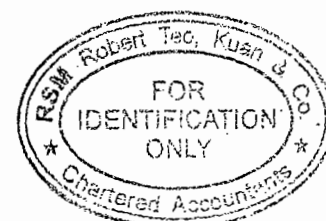
RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those stated in the financial statements.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid up share capital of the Company was increased from RM60,494,300 to RM66,537,900 by way of private placement of 30,218,000 new ordinary shares of RM0.20 each.

The Company did not issue any debentures during the financial year.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

TREASURY SHARES

The Company repurchased 57,000 ordinary shares of RM1.00 each of its issued share capital from the open market in year 2008 at an average price of approximately RM0.84 per share. The total consideration paid for the shares repurchased was RM47,990. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965. These shares have been subsequently subdivided into 285,000 ordinary shares of RM0.20 each on 21 January 2008. None of the treasury shares has been resold, cancelled or distributed as share dividends during the financial year.

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year. The directors do not recommend any dividend for the current financial year.

OPTION GRANTED OVER UNISSUED SHARES

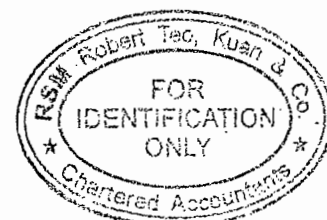
No options were granted to any person to take up unissued shares of the Company during the financial year.

DIRECTORS

The directors in office since the date of the last report are:-

Choy Sen @ Chin Kim Sang	(Redesignated as Executive Chairman cum Group Managing Director on 28 January 2014)
Chin Leong Choy	
Phoon Sow Cheng	
Chai Woon Chew	
Ma JinLiang	(Appointed on 10 February 2014)
Ahmad Ruslan Zahari Bin Zakaria	(Appointed on 21 February 2014)
Ng Kok Hok	(Appointed on 21 February 2014)
Chin Sheong Choy	(Appointed as Alternate Director to Low Choon Lan on 22 August 2013 and resigned on 28 February 2014)
Chin Yee Teng	(Resigned as Alternate Director to Low Choon Lan on 12 July 2013)
Datuk Lye Ek Seang	(Resigned on 12 January 2014)
Dato' Shamsudin Bin Md Dubi	(Resigned on 15 January 2014)
Low Choon Lan	(Resigned and reappointed as Alternate Director to Choy Sen @ Chin Kim Sang on 28 February 2014)

During and at the end of the financial year, the Company was not a party to any arrangement whose object is to enable the directors to acquire benefits through the acquisition of shares in, or debentures of, the Company or any other body corporate.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

DIRECTORS' INTERESTS IN SHARES

The directors holding office at the end of the financial year and their beneficial interest in the ordinary shares of the Company and its related corporations during the financial year ended 31 December 2013 as recorded in the Register of Directors' shareholdings kept by the Company under Section 134 (3) of the Companies Act 1965, were as follows:-

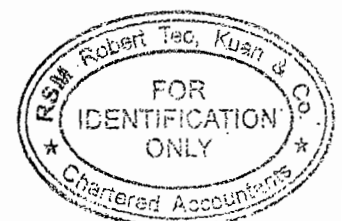
	Number of ordinary shares of RM0.20 each			Balance as at 31.12.2013
	Balance as at 1.1.2013	Bought	(Sold)	
SHARES IN THE COMPANY				
Direct interests				
Dato' Shamsudin Bin Md Dubi*	15	-	-	15
Choy Sen @ Chin Kim Sang	88,148,510	800,000	-	88,948,510
Low Choon Lan	28,522,760	-	-	28,522,760
Datuk Lye Ek Seang	17,436,000	-	(13,736,000)	3,700,000
Phoon Sow Cheng	398,000	78,000	-	476,000
Indirect interests				
Dato' Shamsudin Bin Md Dubi*	1,640	-	-	1,640
Choy Sen @ Chin Kim Sang^	28,522,760	-	-	28,522,760
Low Choon Lan^	88,148,510	800,000	-	88,948,510
Datuk Lye Ek Seang^	6,891,500	-	-	6,891,500

* Deemed interested by virtue of shareholding held by his spouse and children.

^ Deemed interested by virtue of shareholding held by spouse.

By virtue of their interests in the ordinary shares of the Company, Choy Sen @ Chin Kim Sang and Low Choon Lan are also deemed to have interests in the ordinary shares of all the subsidiaries to the extent that the Company has an interest.

None of the other directors in office at the end of the financial year held any interest in the shares of the Company and its related corporations.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors have received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivables by the directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with a director or with a firm of which a director is a member or with a company in which the director has a substantial financial interest other than the following:-

- (i) remuneration received by certain directors as directors/executives of the Company and subsidiaries; and
- (ii) rental expense paid to directors.

OTHER STATUTORY INFORMATION

- (a) Before the statements of financial position and statements of profit or loss and other comprehensive income of the Group and of the Company were made out, the directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and had satisfied themselves that there were no known bad debts to be written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances:
 - (i) which would render the amount written off for bad debts and the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) In the opinion of the directors:
 - (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to substantially affect the financial results of the Group or of the Company for the current financial year.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

OTHER STATUTORY INFORMATION (continued)

- (d) At the date of this report, there does not exist:
- (i) charges on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) contingent liabilities of the Group or of the Company which has arisen since the end of the financial year; or
 - (iii) any circumstances not otherwise dealt with in the report of financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

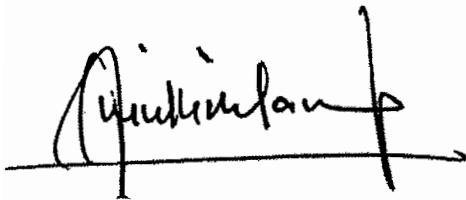
SIGNIFICANT EVENTS

The significant events during the financial year are disclosed in Note 35 to the financial statements.

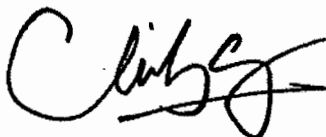
AUDITORS

The retiring auditors, Messrs RSM Robert Teo, Kuan & Co., have expressed their intention not to seek re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:



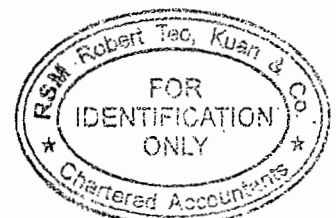
CHOY SEN @ CHIN KIM SANG



CHIN LEONG CHOY

Kuala Lumpur

23 April 2014

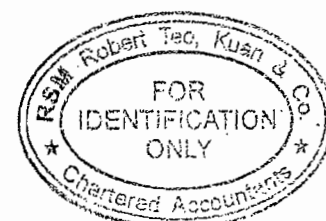


AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

MINETECH RESOURCES BERHAD (575543-X)
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

	Note	GROUP			COMPANY	
		31.12.2013 RM	31.12.2012 (restated) RM	1.1.2012 (restated) RM	31.12.2013 RM	31.12.2012 RM
ASSETS						
NON CURRENT ASSETS						
Property, plant and equipment	6	49,916,921	52,222,548	57,988,461	45,030	51,021
Investment properties	7	1,659,201	1,658,407	5,126,868	-	-
Quarry development expenditure	8	7,539,690	10,595,129	12,098,781	-	-
Investment in subsidiaries	9	-	-	-	40,453,456	48,330,100
Goodwill arising on consolidation	10	3,306	3,306	3,306	-	-
		59,119,118	64,479,390	75,217,416	40,498,486	48,381,121
CURRENT ASSETS						
Inventories	11	7,451,132	10,422,294	12,834,535	-	-
Trade and other receivables	12	49,146,071	47,662,756	45,166,348	8,482,603	31,622,821
Current tax assets		143,892	196,377	204,068	-	16,797
Fixed deposits with licensed banks	14	8,551,982	1,792,605	4,636,642	6,788,064	701,713
Cash and bank balances		7,204,586	5,701,752	4,520,684	394,126	389,305
		72,497,663	65,775,784	67,362,277	15,664,793	32,730,636
TOTAL ASSETS		131,616,781	130,255,174	142,579,693	56,163,279	81,111,757
EQUITY						
Share capital	15	66,537,900	60,494,300	60,494,300	66,537,900	60,494,300
Less: Treasury shares, at cost	15	(47,990)	(47,990)	(47,990)	(47,990)	(47,990)
Reserves	16	(17,332,268)	(9,007,662)	(54,361)	(17,504,800)	6,887,980
		49,157,642	51,438,648	60,391,949	48,985,110	67,334,290
Minority interest		1,710,637	828,964	225,097	-	-
TOTAL EQUITY		50,868,279	52,267,612	60,617,046	48,985,110	67,334,290



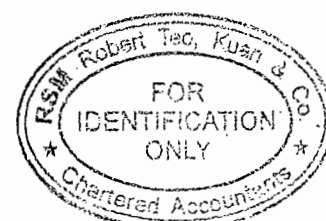
AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

MINETECH RESOURCES BERHAD (575543-X)
(Incorporated in Malaysia)

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 (CONTINUED)

	Note	GROUP			COMPANY	
		31.12.2013 RM	31.12.2012 (restated) RM	1.1.2012 (restated) RM	31.12.2013 RM	31.12.2012 RM
LIABILITIES						
NON CURRENT LIABILITIES						
Borrowings	17	7,608,545	12,262,032	20,229,367	-	5,600,000
Deferred tax liabilities	20	2,740,554	6,133,058	5,982,758	-	-
		10,349,099	18,395,090	26,212,125	-	5,600,000
CURRENT LIABILITIES						
Trade and other payables	21	55,525,719	36,822,883	33,098,737	1,562,249	577,467
Borrowings	17	14,380,201	22,765,414	22,651,785	5,600,000	7,600,000
Taxation		493,483	4,175	-	15,920	-
		70,399,403	59,592,472	55,750,522	7,178,169	8,177,467
TOTAL LIABILITIES		80,748,502	77,987,562	81,962,647	7,178,169	13,777,467
TOTAL EQUITY AND LIABILITIES		131,616,781	130,255,174	142,579,693	56,163,279	81,111,757

The annexed notes form an integral part of the financial statements.

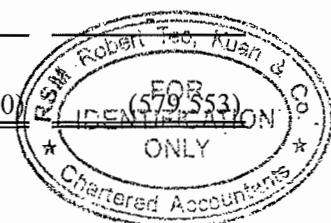


AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

MINETECH RESOURCES BERHAD (575543-X)
(Incorporated in Malaysia)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Note	GROUP		COMPANY	
		2013 RM	2012 RM	2013 RM	2012 RM
Revenue	22	201,386,576	162,639,244	4,542,797	4,040,261
Cost of sales		<u>(193,820,362)</u>	<u>(152,598,254)</u>	<u>-</u>	<u>-</u>
Gross profit		7,566,214	10,040,990	4,542,797	4,040,261
Other income		1,193,298	440,193	-	-
Administrative expenses		(15,669,456)	(15,729,114)	(28,174,343)	(3,379,971)
Selling and marketing expenses		(903,490)	(810,902)	-	-
Finance costs	23	<u>(2,120,485)</u>	<u>(2,834,789)</u>	<u>(730,834)</u>	<u>(1,230,248)</u>
Loss before tax	24	(9,933,919)	(8,893,622)	(24,362,380)	(569,958)
Taxation	26	<u>2,498,931</u>	<u>(192,057)</u>	<u>(30,400)</u>	<u>(9,595)</u>
Net loss for the financial year		<u>(7,434,988)</u>	<u>(9,085,679)</u>	<u>(24,392,780)</u>	<u>(579,553)</u>
Other comprehensive income					
- (Loss)/Gain on foreign currency translation		<u>(7,945)</u>	<u>246,245</u>	<u>-</u>	<u>-</u>
Other comprehensive (expense)/income for the financial year	27	<u>(7,945)</u>	<u>246,245</u>	<u>-</u>	<u>-</u>
Total comprehensive expense for the financial year		<u>(7,442,933)</u>	<u>(8,839,434)</u>	<u>(24,392,780)</u>	<u>(579,553)</u>
Loss attributable to:					
Equity holders of the Company		(8,316,661)	(9,200,682)	(24,392,780)	(579,553)
Minority interest		<u>881,673</u>	<u>115,003</u>	<u>-</u>	<u>-</u>
Net loss for the financial year		<u>(7,434,988)</u>	<u>(9,085,679)</u>	<u>(24,392,780)</u>	<u>(579,553)</u>



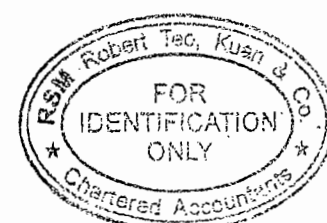
AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**MINETECH RESOURCES BERHAD (575543-X)
(Incorporated in Malaysia)**

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)**

	Note	GROUP		COMPANY	
		2013 RM	2012 RM	2013 RM	2012 RM
Total comprehensive expense attributable to:					
Equity holders of the Company		(8,324,606)	(8,953,301)	(24,392,780)	(579,553)
Minority interest		881,673	113,867	-	-
		<u>(7,442,933)</u>	<u>(8,839,434)</u>	<u>(24,392,780)</u>	<u>(579,553)</u>
Basic loss per ordinary share attributable to equity holders of the Company (sen)					
	28	<u>(2.69)</u>	<u>(3.04)</u>		

The annexed notes form an integral part of the financial statements.

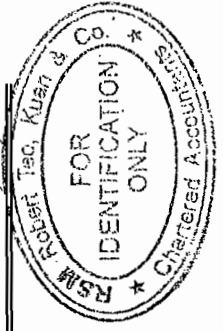


AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

MINETECH RESOURCES BERHAD (575543-X)
(Incorporated in Malaysia)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

GROUP	Share capital RM	Share premium RM	Treasury shares RM	Exchange translation reserve RM	Accumulated losses RM	Total RM	Minority interest RM	Total equity RM
Balance as at 1.1.2012	60,494,300	1,920,850	(47,990)	(21,850)	(1,953,361)	60,391,949	225,097	60,617,046
Total comprehensive expense	-	-	-	247,381	(9,200,682)	(8,953,301)	113,867	(8,839,434)
Changes in ownership interest in a subsidiary	-	-	-	-	-	-	490,000	490,000
Balance as at 31.12.2012	60,494,300	1,920,850	(47,990)	225,531	(11,154,043)	51,438,648	828,964	52,267,612
Balance as at 1.1.2013	60,494,300	1,920,850	(47,990)	225,531	(11,154,043)	51,438,648	828,964	52,267,612
Total comprehensive expense	-	-	-	(7,945)	(8,316,661)	(8,324,606)	881,673	(7,442,933)
Issuance of shares pursuant to private placement	6,043,600	-	-	-	-	6,043,600	-	6,043,600
Balance as at 31.12.2013	66,537,900	1,920,850	(47,990)	217,586	(19,470,704)	49,157,642	1,710,637	50,868,279

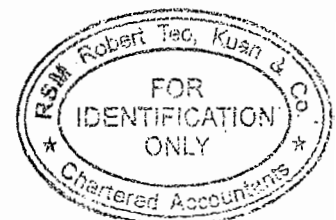


AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)**

	Share capital RM	Share premium RM	Treasury shares RM	Retained earnings/ (Accumulated losses) RM	Total RM
COMPANY					
Balance as at 1.1.2012	60,494,300	1,920,850	(47,990)	5,546,683	67,913,843
Total comprehensive expense	-	-	-	(579,553)	(579,553)
Balance as at 31.12.2012	<u>60,494,300</u>	<u>1,920,850</u>	<u>(47,990)</u>	<u>4,967,130</u>	<u>67,334,290</u>
Balance as at 1.1.2013	60,494,300	1,920,850	(47,990)	4,967,130	67,334,290
Total comprehensive expense	-	-	-	(24,392,780)	(24,392,780)
Issuance of shares pursuant to private placement	<u>6,043,600</u>	-	-	-	<u>6,043,600</u>
Balance as at 31.12.2013	<u><u>66,537,900</u></u>	<u><u>1,920,850</u></u>	<u><u>(47,990)</u></u>	<u><u>(19,425,650)</u></u>	<u><u>48,985,110</u></u>

The annexed notes form an integral part of the financial statements.

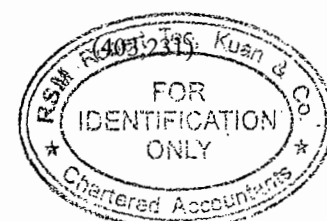


AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

MINETECH RESOURCES BERHAD (575543-X)
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax	(9,933,919)	(8,893,622)	(24,362,380)	(569,958)
Adjustments for:				
Amortisation of quarry development expenditure	659,433	2,019,972	-	-
Amount due from subsidiaries written off	-	-	16,842,684	-
Depreciation of investment properties				
- current financial year	3,362	9,740	-	-
- over provision in prior financial year	(4,156)	-	-	-
Depreciation of property, plant and equipment	8,746,080	8,566,040	6,202	4,738
Impairment loss on other receivables	205,510	-	-	-
Impairment loss on trade receivables	3,135,872	711,144	-	-
Impairment loss on investment in subsidiaries	-	-	7,876,646	-
Interest expenses	1,928,533	2,573,014	729,247	1,280,261
Interest income	(96,071)	-	(792,797)	(1,228,226)
Loss on disposal of property, plant and equipment	5,190	310,581	-	-
Loss on net asset of foreign operation	-	4,245,385	-	-
Gain on disposal of:				
- property, plant and equipment	(292,580)	-	-	-
- investment properties	-	(390,975)	-	-
Property, plant and equipment written off	895,122	71,931	3,316	-
Quarry development expenditure written off	2,397,452	-	-	-
Operating profit/(loss) before working capital changes	7,649,828	9,223,210	302,918	(513,185)
Decrease in inventories	2,810,601	813,152	-	-
(Increase)/Decrease in trade and other receivables	(4,824,697)	(6,273,117)	6,297,534	(18,610)
Increase in trade and other payables	18,702,836	10,388,412	984,782	128,564
Cash generated from/(used in) operations	24,338,568	14,151,657	7,585,234	

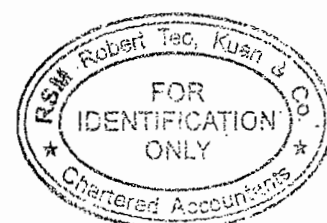


AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

MINETECH RESOURCES BERHAD (575543-X)
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)				
Tax refund	52,072	3,926	4,604	-
Tax paid	(403,852)	(33,817)	(2,287)	(8,450)
Interest paid	(439,525)	(476,953)	-	-
Net cash generated from/ (used in) operating activities	23,547,263	13,644,813	7,587,551	(411,681)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment (Note 6)	(3,465,906)	(5,042,136)	(3,527)	(23,127)
Addition of quarry development expenditure	(1,446)	(1,121,837)	-	-
Acquisition of a subsidiary, net of proceeds received	-	-	(2)	(1,800,000)
Proceeds from disposal of:				
- property, plant and equipment	511,591	1,228,027	-	-
- investment properties	-	3,849,696	-	-
Net cash used in investing activities	(2,955,761)	(1,086,250)	(3,529)	(1,823,127)
CASH FLOWS FROM FINANCING ACTIVITIES				
Interest paid	(1,489,008)	(2,096,061)	(729,247)	(1,280,261)
Interest received	96,071	-	792,797	1,228,227
Net repayment from subsidiaries (Repayment)/Proceeds of short term borrowings	-	-	-	7,101,023
Drawdown of term loans	(6,244,132)	825,916	-	-
Repayment of term loans	1,805,000	-	-	-
Repayment of hire-purchase creditors	(8,156,882)	(6,869,878)	(7,600,000)	(6,400,000)
Repayment of hire-purchase creditors	(4,935,954)	(6,419,955)	-	-
Proceeds from changes in ownership interest in subsidiary	-	490,000	-	-
Proceeds from issue of share pursuant to private placement	6,043,600	-	6,043,600	-
Net cash (used in)/from financing activities	(12,881,305)	(14,069,978)	(1,492,850)	648,989



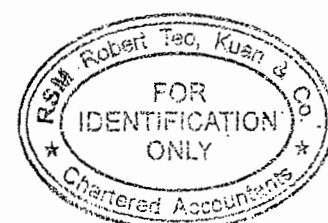
AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

MINETECH RESOURCES BERHAD (575543-X)
(Incorporated in Malaysia)

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)**

	GROUP		COMPANY	
	2013 RM	2012 RM	2013 RM	2012 RM
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	7,710,197	(1,511,415)	6,091,172	(1,585,819)
EFFECTS OF EXCHANGE RATE CHANGES	(7,945)	92,295	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	<u>7,231,224</u>	<u>8,650,344</u>	<u>1,091,018</u>	<u>2,676,837</u>
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR (NOTE 29)	<u><u>14,933,476</u></u>	<u><u>7,231,224</u></u>	<u><u>7,182,190</u></u>	<u><u>1,091,018</u></u>

The annexed notes form an integral part of the financial statements.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**MINETECH RESOURCES BERHAD (575543-X)**
(Incorporated in Malaysia)**NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013****1. PRINCIPAL ACTIVITIES**

The Company's principal activities are investment holding and provision of managerial services.

The principal activities of the subsidiaries are set out in Note 9 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

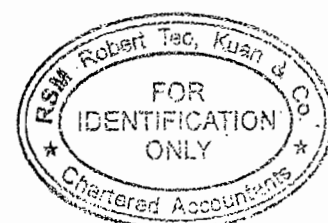
2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved Malaysian Financial Reporting Standards ("MFRSs") issued by the Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia except that Note 40 has been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive issued by Bursa Malaysia Securities Berhad.

3. SIGNIFICANT ACCOUNTING POLICIES**3.1 Basis of accounting**

The financial statements of the Group and of the Company have been prepared under the historical cost convention.

The preparation of financial statements requires the directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities. In addition, the directors are also required to exercise their judgements in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 5 to the financial statements. Although these estimates and assumptions are based on the directors' best knowledge of events and actions, actual results could differ from those estimates.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****3.2 Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiaries made up to the end of the financial year using the purchase method of accounting.

Under the purchase method of accounting, the cost of business combination is measured at the aggregate of fair values at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued plus any costs directly attributable to the business combination.

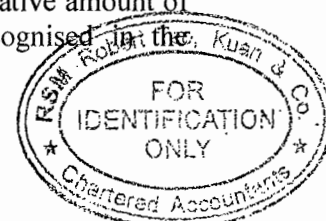
At the acquisition date, the cost of business combination is allocated to identifiable assets, liabilities and contingent liabilities in the business combination which are measured initially at their fair values at the acquisition date. The excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill. If the cost of business combination is less than the interest in the net fair value of the identifiable assets, liabilities and contingent liabilities, the Group will:

- (a) reassess the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the combination; and
- (b) recognise immediately in profit or loss any excess remaining after that reassessment.

Subsidiaries are consolidated from the acquisition date, which is the date on which the Group effectively obtains control, until the date on which the Group ceases to control the subsidiaries. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are exercisable are taken into account.

Intragroup balances, transactions and unrealised gains and losses on intragroup transactions are eliminated in full. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. If a subsidiary uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to its financial statements in preparing the consolidated financial statements.

The gain or loss on disposal of a subsidiary, which is the difference between the net disposal proceeds and the Group's share of its net assets as of the date of disposal including the carrying amount of goodwill and the cumulative amount of any exchange differences that relate to the subsidiary, is recognised in the consolidated statement of comprehensive income.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Basis of consolidation (continued)

The assets and liabilities of foreign operations are translated into RM using exchange rates at the reporting date. The components of shareholders' equity are stated at historical value.

Average exchange rates for the period are used to translate income and expense items of foreign operations. However, if exchange rates fluctuate significantly, the exchange rates at the dates of the transactions are used.

All resulting exchange differences are recognised in other comprehensive income and accumulated in a separate component of equity.

Minority interests is that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the Group. It is measured at the minority's share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minority's share of changes in the subsidiaries' equity since that date.

Where losses applicable to the minority in a subsidiary exceed the minority's interest in the equity of that subsidiary, the excess and any further losses applicable to the minority are allocated against the Group's interest except to the extent that the minority has a binding obligation and is able to make additional investment to cover the losses. If the subsidiary subsequently reports profits, such profits are allocated to the Group's interest until the minority's share of losses previously absorbed by the Group has been recovered.

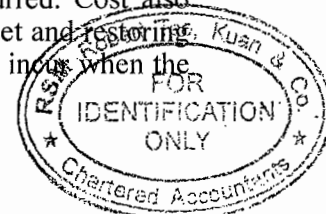
Minority interests is presented in the consolidated statement of financial position within equity and is presented in the consolidated statement of changes in equity separately from equity attributable to equity holders of the Company.

Minority interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the total profit or loss for the financial year between minority interests and equity holders of the Company.

3.3 Property, plant and equipment

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Property, plant and equipment (continued)

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has different useful life, is depreciated separately.

After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives.

The principal depreciation periods and rates are as follows:

Buildings and improvements	50 - 99 years or 10%
Plant and machinery	10%
Motor vehicles	20%
Furniture, fittings and office equipment	10% - 20%
Workshop cum site office	2% - 4.46%
Access road	7 - 9 years

Freehold land is not depreciated.

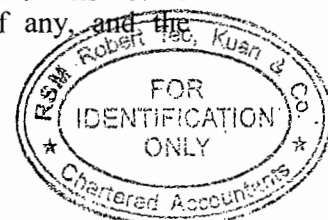
Capital work-in-progress represents plant and machinery under installation and construction which are not depreciated until such time when the asset is available for its intended use.

Spare parts which are held for use in the production or supply of goods are expected to be used during more than one period, and thus are classified under property, plant and equipment. The cost will be charged out to profit or loss when utilised.

At each reporting date, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 3.9 to the financial statements on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at each financial year end to ensure that the residual values, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****3.4 Leases and hire-purchase****(a) Finance leases and hire-purchase**

Assets acquired under finance leases and hire-purchase which transfer substantially all the risks and rewards of ownership to the Group are recognised initially at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases, if this is practicable to determine; if not, the Group's incremental borrowing rate is used. Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

The minimum lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges are recognised in profit or loss over the period of the lease term so as to produce a constant periodic rate of interest on the remaining lease and hire-purchase liabilities.

(b) Operating leases

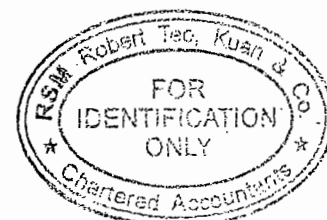
A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Lease payments under operating leases are recognised as an expense on a straight line basis over the lease term.

3.5 Construction contracts

Contract costs comprise costs related directly to the specific contract and those that are attributable to the contract activity in general and can be allocated to the contract and such other costs that are specifically chargeable to the customer under the terms of the contract.

When the total costs incurred on construction contracts plus recognised profits (less recognised losses), exceeds progress billings, the balance is classified as amount due from customers for contract works. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is classified as amount due to customers for contract works.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)**3.6 Investment properties**

Investment properties are properties which are held to earn rentals or for capital appreciation or for both and are not occupied by the Group. Investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged to the profit or loss on a straight line basis over the estimated useful lives of the investment properties of 50 to 99 years.

Investment properties are derecognised when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The gains or losses arising from the retirement or disposal of investment properties is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and is recognised in profit or loss in the period of the retirement or disposal.

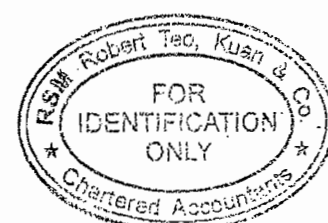
3.7 Quarry development expenditure

Quarry development expenditure comprises direct cost of development, cost of site infrastructure and other related expenses. Quarry development expenditure is amortised upon commencement of rock extraction activities. Amortisation is calculated by reference to the output for the year over the total estimated reserve, which will be extracted during the duration of the quarry contract, so as to write off the quarry development expenditure. The quarry development expenditure is written off immediately to profit or loss to the extent that the unamortised balance is no longer probable of being recovered.

3.8 Investment in subsidiaries

A subsidiary is an entity in which the Group and the Company has power to control the financial and operating policies so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

An investment in subsidiary, which is eliminated on consolidation, is stated at the Company's separate financial statements at cost less impairment losses, if any. On disposal of such an investment, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Impairment of non-financial assets

The carrying amount of assets, except for financial assets (excluding investment in subsidiaries and associate), inventories, assets arising from construction contract, deferred tax assets and non-current assets held for sale are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset is estimated for an individual asset. Where it is not probable to estimate the recoverable amount of the individual asset, the impairment test is carried out on the cash generating unit ("CGU") to which the asset belongs.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in the profit or loss when the carrying amount of the asset or the CGU exceeds the recoverable amount of the asset or the CGU.

The impairment loss is recognised in the profit or loss immediately. An impairment loss is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

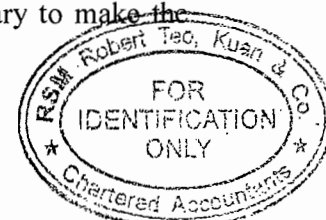
An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Such reversals are recognised as income immediately in the profit or loss.

3.10 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined using the first-in first-out method. The cost of raw and packaging materials, spare parts and consumables comprise the original cost of purchase plus the cost of bringing the inventories to their present location and condition. The cost of inventories of quarry and bituminous products includes cost of raw materials, direct labour and production overheads.

Net realisable value represents the estimated selling price in the ordinary course of business less all estimated costs less the estimated costs necessary to make the sale.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Financial assets

(a) Initial recognition and measurement

A financial asset is recognised on the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. When the financial asset is recognised initially, it is measured at fair value which is normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

(b) Subsequent measurement

Subsequent measurement of financial assets depends on the classification of the financial assets on initial recognition and the purpose for which the financial assets were acquired. The Group and the Company determine the classification at initial recognition and classify the financial assets as loans and receivables.

Loans and receivables

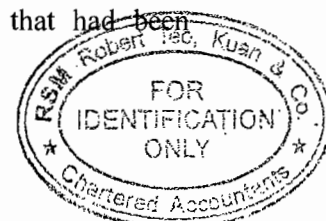
Financial assets with fixed or determined payments that are not quoted in an active market are classified as loans and receivables. Assets that are for sale immediately or in the near term are not classified in this category.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method except that short term duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significantly minus any reduction for impairment or uncollectibility. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(c) Derecognition of financial assets

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****3.11 Financial assets (continued)****(d) Regular way purchases or sales**

Regular way purchases or sales are purchases or sales of financial asset that require delivery of assets within the period generally established by regulation or convention in the market place concerned. All regular way purchases or sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

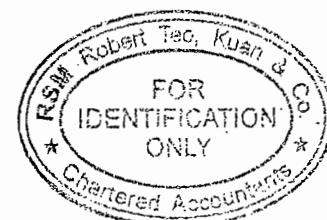
(e) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Trade and other receivables and other financial assets carried at amortised cost

An impairment loss is established when there is objective evidence that the Group and the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, a breach of contract or adverse changes in the payment status of the debtor are considerations to determine whether there is any objective evidence that the trade receivable is impaired. To the extent possible, impairment is determined individually for each item. In cases where that process is not possible, a collective evaluation of impairment is performed. As a consequence, the way individual and collective evaluation is carried out and the timing relating to the identification of objective evidence of impairment require significant judgment and may materially affect the carrying amount of receivables at each reporting date.

The amount of impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the profit or loss within 'Administrative expenses'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in the profit or loss.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Financial liabilities

(a) Initial recognition and measurement

A financial liability is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. On initial recognition, the financial liability is recognised at fair value. The fair value is normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date. Financial liabilities including bank and other borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting date.

The Group and the Company classified their financial liabilities as other financial liabilities.

(b) Subsequent measurement

Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

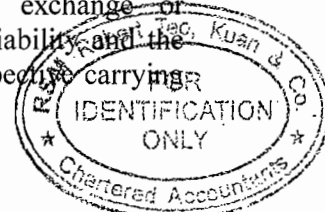
Trade and other payables are recognised initially at fair value plus directly attributable transaction costs, and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

(c) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Financial guarantee contracts

A financial guarantee contracts is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are classified as deferred income and are amortised to profit or loss using straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

3.14 Provisions

Provisions are recognised when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material, the amount of a provision will be discounted to its present value at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision will be reversed.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

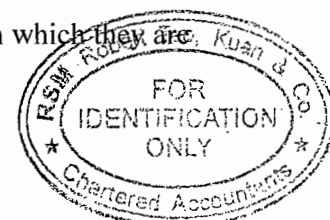
3.15 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity.

Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to the profit or loss.

Dividends to shareholders are recognised in equity in the period in which they are declared.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Treasury shares

If the Company reacquires its own equity instruments, the consideration paid, including any attributable transaction costs is deducted from equity as treasury shares until they are cancelled. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Where such shares are reissued or resale, the difference between the sales consideration and the carrying amount is shown as a movement in equity.

3.17 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to the profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.18 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, net of discounts and rebates.

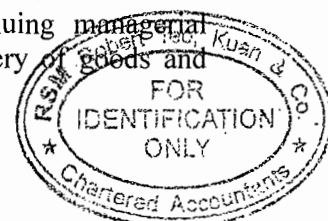
Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the Group's activities as follows:

(a) Turnkey quarry services

Revenue from the provision of turnkey quarry services is recognised in the profit or loss by reference to the quantity of stockpiles produced.

(b) Sales of goods

Revenue from sales of goods is recognised in the profit or loss when significant risks and rewards of ownership have been transferred to the customers and where the Group retains neither continuing managerial involvement over the goods, which coincides with delivery of goods and acceptance by customers.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**3. SIGNIFICANT ACCOUNTING POLICIES (continued)****3.18 Revenue recognition (continued)****(c) Construction contracts**

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs associated with the construction contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the reporting date. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable and contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as amounts due from customers on construction contracts under current assets. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amounts due to customers on construction contracts under current liabilities.

(d) Rental income

Revenue from rental of machinery and premises are recognised on accrual basis unless collectibility is in doubt.

(e) Interest income

Interest income is recognised on a time proportion basis using the effective interest rate method.

(f) Management fees

Management fees are recognised when services are rendered.

(g) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 Income tax

Income taxes include all domestic and foreign taxes on taxable profit. Income taxes also include other taxes such as withholding taxes which are payable by foreign subsidiaries and associate on distribution to the Group and Company and real property gains taxes payable on disposal of properties, if any.

Taxes in the profit or loss comprise current tax and deferred tax.

(a) Current tax

Current tax is the amount of income taxes payable or receivable in respect of the taxable profit or loss for a period.

Current tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that have been enacted or substantively enacted by the reporting date.

(b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statement of financial position and its tax base.

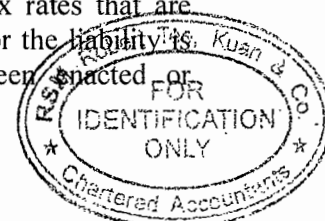
Deferred tax is recognised for all temporary differences, unless the deferred tax arises from goodwill or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

A deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amount of a deferred tax asset is reviewed at each reporting date. If it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reductions will be reversed to the extent of the taxable profit.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax will be recognised as income or expense and included in the profit or loss for the period unless the tax relates to items that are credited or charged, in the same or a different period, directly to equity, in which case the deferred tax will be charged or credited directly to equity.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.20 Employee benefits

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the financial period when employees have rendered their services.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees rendered services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(b) Defined contribution plans

The Company and its subsidiaries incorporated in Malaysia make contributions to a statutory provident fund and the foreign subsidiaries make contributions to their respective countries' statutory pension schemes. The contributions are recognised as a liability after deducting any contribution already paid and as an expense in the period in which the employees render their services.

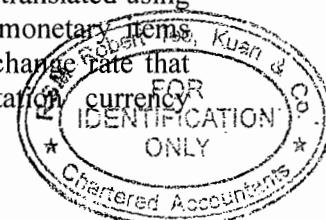
3.21 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

(b) Foreign currency transactions and translations

Transactions in foreign currencies are converted into Ringgit Malaysia at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the reporting date are translated into Ringgit Malaysia at rates of exchange ruling at that date unless hedged by forward foreign exchange contracts, in which case the rates specified in such a forward contracts are used. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition, and non-monetary items which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation purposes.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.21 Foreign currencies (continued)

(c) Foreign operations

Financial statements of foreign operations are translated at financial year end exchange rates with respect to the assets and liabilities, and at exchange rates at the dates of the transactions with respect to the profit or loss. All resulting translation differences are recognised as a separate component of equity.

In the consolidated financial statements, exchange differences arising from the translation of net investment in foreign operations are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, the cumulative amount of exchange differences that were recorded in the statement of comprehensive income are recognised in profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments to the assets and liabilities arising from the acquisition of a foreign operation are treated as assets and liabilities of the acquired entity and translated at the exchange rate ruling at the reporting date.

3.22 Contingent liabilities and contingent assets

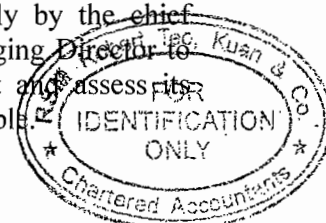
A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a probable asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but disclose its existence where inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date, irrespective of the extent of any minority interest.

3.23 Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Group Managing Director, to make decisions about resources to be allocated to the segment and assess its performance, and do which discrete financial information is available.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.24 Cash and cash equivalents

Cash and cash equivalents include cash and bank balances, bank overdraft, deposits and other short term, highly liquid investments with original maturities of three (3) months or less, which are readily convertible to cash and are subject to insignificant risk of changes in value.

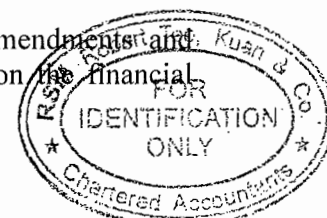
4. ADOPTION OF MFRSs, AMENDMENTS TO MFRSs AND INTERPRETATIONS

4.1 MFRSs, Amendments to MFRSs and Interpretations adopted

For the preparation of the financial statements, the following accounting standards, amendments and interpretations of the MFRS framework issued by the MASB are mandatory for the first time for the financial year beginning 1 January 2013:

- MFRS 10 *Consolidated Financial Statements*
- MFRS 11 *Joint Arrangements*
- MFRS 12 *Disclosure of Interests in Other Entities*
- MFRS 13 *Fair Value Measurement*
- MFRS 119 *Employee Benefits* (2011)
- MFRS 127 *Separate Financial Statements* (2011)
- MFRS 128 *Investments in Associates and Joint Ventures* (2011)
- IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*
- Amendments to MFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 1 *First-time Adoption of Financial Reporting Standards – Government Loans*
- Amendments to MFRS 1 *First-time Adoption of Financial Reporting Standards (Improvements to MFRSs (2012))*
- Amendments to MFRS 101 *Presentation of Financial Statements (Improvements to MFRSs (2012))*
- Amendments to MFRS 116 *Property, Plant and Equipment (Improvements to MFRSs (2012))*
- Amendments to MFRS 132 *Financial Instruments: Presentation (Improvements to MFRSs (2012))*
- Amendments to MFRS 134 *Interim Financial Reporting (Improvements to MFRSs (2012))*
- Amendments to MFRS 10 *Consolidated Financial Statements: Transition Guidance*
- Amendments to MFRS 11 *Joint Arrangements: Transition Guidance*
- Amendments to MFRS 12 *Disclosure of Interests in Other Entities: Transition Guidance*
- Amendments to IC Interpretation 2 *Members' Shares in Co-operative Entities and Similar Instruments (Annual Improvement 2009-2011 Cycle)*

The adoption of the above mentioned accounting standards, amendments and interpretations are not expected to have any significant impact on the financial statements of the Group and of the Company.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

4. ADOPTION OF MFRSs, AMENDMENTS TO MFRSs AND INTERPRETATIONS (continued)

4.2 New/Revised MFRSs, Amendments to MFRSs and Interpretations not adopted

The following are accounting standards, amendments and interpretations of the MFRS framework that have been issued by the MASB but have not been adopted by the Group and the Company:

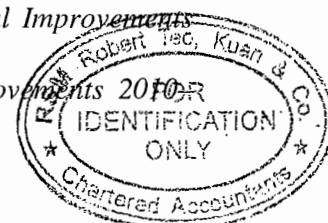
MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014

- Amendments to MFRS 10 *Consolidated Financial Statements – Investment Entities*
- Amendments to MFRS 12 *Disclosure of Interests in Other Entities – Investment Entities*
- Amendments to MFRS 127 *Separate Financial Statements – Investment Entities*
- Amendments to MFRS 132 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*
- Amendments to MFRS 136 *Impairment of Assets – Recoverable Amount Disclosures for Non – Financial Assets*
- Amendments to MFRS 139 *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*
- IC Interpretation 21 *Levies*

The directors anticipate that the above mentioned accounting standards, amendments and interpretations will be adopted by the Group and the Company when they become effective.

MFRSs, Amendments to MFRSs and Interpretations effective for annual periods beginning on or after 1 July 2014

- Amendments to MFRS 119 *Employee Benefits – Defined Benefit Plans: Employee Contributions*
- Amendments to MFRS 2 *Share-based Payment (Annual Improvements 2010–2012 Cycle)*
- Amendments to MFRS 3 *Business Combinations (Annual Improvements 2010–2012 Cycle)*
- Amendments to MFRS 8 *Operating Segments (Annual Improvements 2010–2012 Cycle)*
- Amendments to MFRS 13 *Fair Value Measurement (Annual Improvements 2010–2012 Cycle)*
- Amendments to MFRS 116 *Property, Plant and Equipment (Annual Improvements 2010–2012 Cycle)*
- Amendments to MFRS 124 *Related Party Disclosure (Annual Improvements 2010–2012 Cycle)*
- Amendments to MFRS 138 *Intangible Assets (Annual Improvements 2010–2012 Cycle)*



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

4. ADOPTION OF MFRSs, AMENDMENTS TO MFRSs AND INTERPRETATIONS (continued)

4.2 New/ Revised MFRSs, Amendments to MFRSs and Interpretations not adopted (continued)

MFRSs, Amendments to MFRSs and Interpretations effective for annual periods beginning on or after 1 July 2014 (continued)

- Amendments to MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011-2013 Cycle)*
- Amendments to MFRS 3 *Business Combinations (Annual Improvements 2011-2013 Cycle)*
- Amendments to MFRS 13 *Fair Value Measurement (Annual Improvements 2011-2013 Cycle)*
- Amendments to MFRS 140 *Investment Property (Annual Improvements 2011-2013 Cycle)*

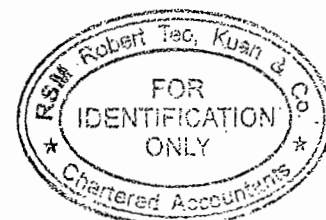
MFRSs, Amendments to MFRSs and Interpretations effective for a date yet to be confirmed

- MFRS 9 *Financial Instruments* (2009)
- MFRS 9 *Financial Instruments* (2010)
- MFRS 9 *Financial Instruments (Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139)*

The Group and of the Company have assessed, where practicable, the potential impact of all these accounting standards, amendments and interpretations that will be effective in future period, as below:

Amendments to MFRS 10 Consolidated Financial Statements – Investment Entities, Amendments to MFRS 12 Disclosure of Interests in Other Entities – Investment Entities and Amendments to MFRS 127 Separate Financial Statements – Investment Entities

The amendments define “investment entities” and provide them an exemption from the consolidation of subsidiaries; instead, an investment entity is required to measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with MFRS 9 / MFRS 139 (the exception does not apply to subsidiaries that provide services relating to the investment entity’s investment activities). An investment entity is required to account for its investment in a relevant subsidiary in the same way in its consolidated and separate financial statements, and additional disclosures are introduced. The amendments are effective for annual periods beginning on or after 1 January 2014, retrospectively with some transitional provisions.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

4. ADOPTION OF MFRSs, AMENDMENTS TO MFRSs AND INTERPRETATIONS (continued)

4.2 New/ Revised MFRSs, Amendments to MFRSs and Interpretations not adopted (continued)

Amendments to MFRS 132 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*

The amendments address inconsistencies in current practice when applying the offsetting criteria in MFRS 132, mainly by clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement. They are effective for annual periods beginning on or after 1 January 2014, with retrospective application.

Amendments to MFRS 136 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*

The amendments reduce the circumstances in which the recoverable amount of assets or cash-generating units are required to be disclosed, clarify the disclosures required, and introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. They are effective for annual periods beginning on or after 1 January 2014.

Amendments to MFRS 139 – *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*

The amendments permit the continuation of hedge accounting in a situation where the counterparty to a derivative designated as a hedging instrument is replaced by a new central counterparty (known as ‘novation of derivatives’), as a consequence of laws or regulations, if specific conditions are met. They are effective for annual periods beginning on or after 1 January 2014.

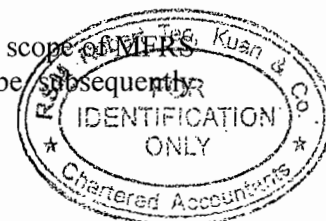
IC Interpretation 21 *Levies*

The interpretation provides guidance on when to recognise a liability for a levy imposed by a government. The obligating event for the recognition of a liability is the activity that triggers the payment of the levy in accordance with the relevant legislation. It also provides guidance on recognition of a liability to pay levies: the liability is recognised either progressively if the obligating event occurs over a period of time, or when the minimum threshold is reached if an obligation is triggered on reaching that minimum threshold. The interpretation is effective for annual periods beginning on or after 1 January 2014.

MFRS 9 *Financial Instruments (2009 and 2010)*

This standard introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition.

MFRS 9 requires all recognised financial assets that are within the scope of MFRS 139 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

4. ADOPTION OF MFRSs, AMENDMENTS TO MFRSs AND INTERPRETATIONS (continued)

4.2 New/ Revised MFRSs, Amendments to MFRSs and Interpretations not adopted (continued)

MFRS 9 *Financial Instruments (2009 and 2010)*(continued)

Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting period.

The most significant effect of MFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under MFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Currently, under MFRS 139, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss is recognised in profit or loss.

The derecognition provisions are carried over almost unchanged from MFRS 139.

MFRS 9 is effective for a date yet to be confirmed, by which time it will include requirements and guidance on impairment and hedge accounting. The directors anticipate that MFRS 9 will be adopted in the Group's and the Company's financial statements when it becomes mandatory and that the application of the new standard might have a significant impact on amounts reported in respect of the Groups' and the Company's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing its financial statements, the Group and the Company have made significant judgements, estimates and assumptions that impact on the carrying value of certain assets and liabilities, income and expenses as well as other information reported in the notes. The Group and the Company periodically monitor such estimates and assumptions and makes sure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(a) Recognition of revenue from construction contracts

The Group recognises contract revenue to the extent of contract costs incurred where it is probable that those costs will be recoverable and based on the stage of completion method. The stage of completion is measured by reference to the contract costs incurred to date against the estimated total costs for the contract.

Significant judgement is required in determining the stage of completion, the extent of the contract cost incurred, the estimated total contract revenue and costs, as well as the recoverability of the contracts. Total contract revenue also includes an estimation of the recoverable variation works that are recoverable from the customers. In making the judgement, the Group relies on past experience and the work of specialists.

(b) Depreciation of property, plant and equipment

Depreciation of property, plant and equipment is calculated using the straight line method to write off the cost of assets to its estimated residual values over its estimated useful lives as disclosed in Note 3.3 to the financial statements.

The estimates of the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors.

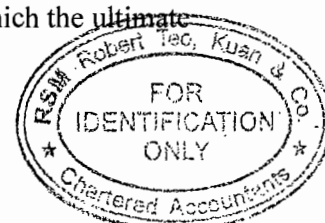
Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(c) Property, plant and equipment and quarry development expenditure

The Group's property, plant and equipment and quarry development expenditure are stated at carrying value of RM49,916,921 and RM7,539,690 (2012: RM52,222,548 and RM10,595,129) respectively. An assessment is made at each reporting date whether there is any indication that the asset may be impaired. If any such indication exists, an estimate is made of the recoverable amount of the asset. The recoverable amounts of cash generating units have been determined based on the value in use of the property, plant and equipment and quarries. These calculations require the use of estimates. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from assumptions could require a material adjustment to the carrying amount of the balances affected.

(d) Income tax and deferred tax estimation

Management judgement is required in determining the provision for income taxes, deferred tax assets and liabilities and the extent to which deferred tax assets can be recognised. There are certain transactions and computations for which the ultimate tax determined may be different from the initial estimate.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(d) Income tax and deferred tax estimation (continued)

The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provision in the period in which such determination is made. As at 31 December 2013, the carrying amounts of the Group's current tax assets, current tax liabilities and deferred tax liabilities are amounted to RM143,892, RM493,483 and RM2,740,554 (2012: RM196,377, RM4,175 and RM6,133,058) respectively.

A deferred tax asset is recognised if it is probable that sufficient taxable income will available in the future against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Management also considers future taxable income and tax planning strategies in assessing whether deferred tax assets should be recognised in order to reflect changed circumstances as well as tax regulations. As a result, due to their inherent nature, it is likely that deferred tax calculation related to complex fact patterns for which assessment of likelihood are judgmental and not susceptible to precise determination.

(e) Impairment of loans and receivables

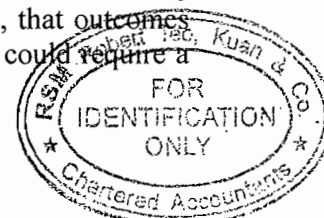
The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

At the end of the reporting year, the trade receivables' carrying amount of RM44,861,841 (2012: RM30,435,963) approximates its fair value and the carrying amounts might change materially within the next financial period but these changes would not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year.

(f) Estimated impairment of subsidiaries

When a subsidiary is in net equity deficit and has operating losses, a test is made whether the investment in the investee has suffered any impairment, in accordance with the stated accounting policy. This determination requires significant judgement. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, and operational and financing cash flow. It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from assumptions could require a material adjustment to the carrying amount of the asset.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(g) Net realisable value of inventories

The determination of provisions for inventories involves an estimation process. The carrying cost of inventories is written down to their estimated realisable value when their cost may no longer be recoverable such as when inventories are damaged or become wholly or partly obsolete or their selling prices have declined. In any case, the realisable value represents the best estimate of the recoverable amount, is based on the most reliable evidence available at the reporting date and inherently involves estimates regarding the future expected realisable value. The benchmarks for determining the amount of provision or write-down include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and may materially affect the carrying amount of inventories at the reporting date (as reflected in Note 11).

(h) Fair value of unquoted investments

If the market for a financial asset is not active or not readily available, the Group and the Company establish fair value by using valuation techniques which include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models refined to reflect the issuer's specific circumstances. This valuation requires the Group and the Company to select among a range of different valuation methodologies and to make estimates about expected future cash flows and discount rates.

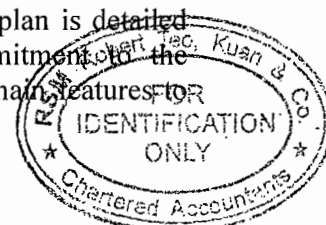
(i) Provisions

Provisions can be distinguished from other liabilities because there is uncertainty about the timing or amount of settlement. The more common provisions recorded by the Group and the Company arise from obligations in relation to manufacturer's warranties, refunds, guarantees, onerous contracts, outstanding litigation and business restructuring.

The recognition and measurement of provisions require the Group and the Company to make significant estimates with regard to the probability (if the event is more likely than not to occur) that an outflow of resources will be required to settle the obligation and make assumptions whether a reliable estimate can be made of the amount of the obligation.

Moreover, the Group's accounting policy requires recognition of the best estimate of the amount that would be required to settle an obligation and the estimate may be based on information that produces a range of amounts. Since the measurement is based on present value, it involves making estimates around the appropriate discount rate in order to reflect the risks specific to the liability.

In particular, as far as restructuring provisions are concerned, considerable judgement is required to determine whether an obligating event has occurred. All the available evidence must be assessed to determine whether a plan is detailed enough to create a valid expectation of management's commitment to the restructuring by starting to implement the plan or announce its main features to those affected by it.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

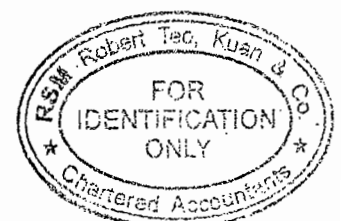
(j) Contingencies

Contingent liabilities of the Group and of the Company are not recognised but disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent liabilities represent possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. They are not recognised because it is not probable that an outflow of resources will be required to settle the obligation and the amount of the obligation cannot be measured with sufficient reliability.

Inevitably, the determination that the possibility that an outflow of resources embodying economic benefits is remote and that the occurrence or non-occurrence of one or more uncertain future events is not wholly within the control of the Group requires significant judgement.

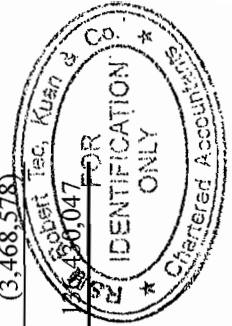
Contingent asset is not recognised in the financial statements but is disclosed where the inflow of the economic benefits is probable.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

6. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Buildings and improvements RM	Plant and machinery RM	Motor vehicles RM	Furniture, fittings and office equipment RM	Workshop cum office RM	Access road RM	Spare parts RM	Capital work-in-progress RM	Total RM
Cost										
At 1 January 2012 (as previously stated)	1,793,698	4,048,672	111,499,842	4,822,858	1,720,889	448,857	638,125	-	3,818,984	128,791,925
Effect of adopting the amendments to MFRS 116	-	-	-	-	-	-	-	1,110,027	-	1,110,027
At 1 January 2012 (restated)	1,793,698	4,048,672	111,499,842	4,822,858	1,720,889	448,857	638,125	1,110,027	3,818,984	129,901,952
Additions	-	55,577	6,374,076	417,702	241,743	8,420	-	-	2,798,678	9,896,196
Reclassification	-	-	-	-	-	-	-	64,273	-	64,273
Disposal	-	-	(4,503,011)	-	-	-	-	-	-	(4,503,011)
Written off	-	-	(701,317)	(50,301)	(12,861)	-	-	-	-	(764,479)
Translation adjustments	-	-	114,473	(920)	451	6,030	10,399	-	90,254	220,687
At 31 December 2012 / 1 January 2013 (restated)	1,793,698	4,104,249	112,784,063	5,189,339	1,950,222	463,307	648,524	1,174,300	6,707,916	134,815,618
Additions	-	190,150	4,559,534	1,481,796	210,379	-	-	-	957,356	7,399,215
Reclassification	-	-	-	-	-	-	-	160,561	-	160,561
Disposals	-	-	(2,071,401)	(375,000)	(30,368)	-	-	-	-	(2,476,769)
Written off	-	(110,000)	(2,752,047)	(21,303)	(185,423)	(91,103)	-	-	(308,702)	(3,468,578)
At 31 December 2013	1,793,698	4,184,399	112,520,149	6,274,832	1,944,810	372,204	648,524	1,334,861	7,356,570	128,791,925



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

6. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Freehold land RM	Buildings and improvements RM	Plant and machinery RM	Motor vehicles RM	Furniture, fittings and office equipment RM	Workshop cum office RM	Access road RM	Spare parts RM	Capital work-in-progress RM	Total RM
Accumulated depreciation										
At 1 January 2012	-	792,192	64,775,512	4,338,172	1,349,471	184,828	473,316	-	-	71,913,491
Charge for the financial year	-	93,472	8,076,790	185,108	121,417	38,543	50,710	-	-	8,566,040
Disposals	-	-	(2,866,560)	(188,213)	(8)	-	-	-	-	(3,054,781)
Written off	-	-	(632,361)	(49,753)	(10,434)	-	-	-	-	(692,548)
Impairment loss	-	-	1,840,636	-	7,714	67,581	116,915	-	3,746,338	5,779,184
Translation adjustments	-	-	70,131	(720)	288	4,402	7,583	-	-	81,684
Accumulated depreciation	-	885,664	69,423,512	4,284,594	1,460,734	227,773	531,609	-	-	76,813,886
Accumulated impairment loss	-	-	1,840,636	-	7,714	67,581	116,915	-	3,746,338	5,779,184
At 31 December 2012 / 1 January 2013	-	885,664	71,264,148	4,284,594	1,468,448	295,354	648,524	-	3,746,338	82,593,070



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

6. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Freehold land RM	Buildings and improvements RM	Plant and machinery RM	Motor vehicles RM	Furniture, fittings and office equipment RM	Workshop cum office RM	Access road RM	Spare parts RM	Capital work-in-progress RM	Total RM
Accumulated depreciation (continued)										
Charge for the financial year	-	106,282	8,163,237	323,120	144,137	9,304	-	-	-	8,746,080
Disposals	-	-	(1,914,495)	(313,750)	(24,323)	-	-	-	-	(2,252,568)
Written off	-	(110,000)	(2,252,175)	(19,733)	(166,727)	(24,821)	-	-	-	(2,573,456)
Accumulated depreciation	-	881,946	73,420,079	4,274,231	1,413,821	212,256	531,609	-	-	80,733,942
Accumulated impairment loss	-	-	1,840,636	-	7,714	67,581	116,915	-	3,746,338	5,779,184
At 31 December 2013	-	881,946	75,260,715	4,274,231	1,421,535	279,837	648,524	-	3,746,338	86,513,126
Net book value										
At 1 January 2012 (restated)	1,793,698	3,256,480	46,724,330	484,686	371,418	264,029	164,809	1,110,027	3,818,984	57,988,461
At 31 December 2012 / 1 January 2013 (restated)	1,793,698	3,218,585	41,519,915	904,745	481,774	167,953	-	1,174,300	2,961,578	52,222,548
At 31 December 2013	1,793,698	3,302,453	37,259,434	2,000,601	523,275	92,367	-	1,334,861	3,610,232	49,916,921



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

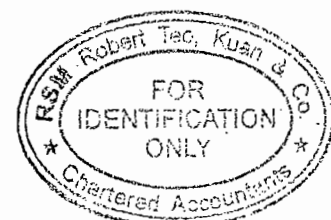
6. PROPERTY, PLANT AND EQUIPMENT (continued)

Company

	Motor vehicles RM	Furniture, fittings and office equipment RM	Total RM
Cost			
At 1 January 2012	178,683	38,941	217,624
Additions	-	23,127	23,127
At 31 December 2012/1 January 2013	178,683	62,068	240,751
Additions	-	3,527	3,527
Written off	-	(4,498)	(4,498)
At 31 December 2013	178,683	61,097	239,780
Accumulated depreciation			
At 1 January 2012	160,814	24,178	184,992
Charge for the financial year	-	4,738	4,738
At 31 December 2012/1 January 2013	160,814	28,916	189,730
Charge for the financial year	-	6,202	6,202
Written off	-	(1,182)	(1,182)
At 31 December 2013	160,814	33,936	194,750
Net book value			
At 1 January 2012	17,869	14,763	32,632
At 31 December 2012/1 January 2013	17,869	33,152	51,021
At 31 December 2013	17,869	27,161	45,030

- (a) The carrying amount of the property, plant and equipment which have been acquired by way of hire-purchase arrangements are as follows:

	Group	
	2013 RM	2012 RM
Plant and machinery	8,195,549	23,341,886
Motor vehicles	887,488	338,541
	<u>9,083,037</u>	<u>23,680,427</u>



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

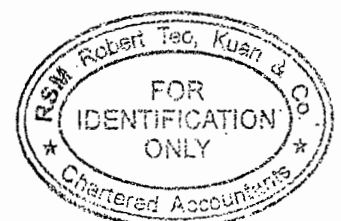
6. PROPERTY, PLANT AND EQUIPMENT (continued)

- (b) The carrying amount of the property, plant and equipment which have been charged to licensed financial institutions for credit facilities granted to the Group are as follows:

	Group	
	31.12.2013 RM	31.12.2012 RM
Freehold land	1,793,698	1,793,698
Buildings and improvements	1,863,496	1,863,496
Plant and machinery	3,350,407	3,350,407
	<u>7,007,601</u>	<u>7,007,601</u>

- (c) During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:

	Group		Company	
	31.12.2013 RM	31.12.2012 RM	31.12.2013 RM	31.12.2012 RM
Purchase of property, plant and equipment	7,399,215	9,896,196	3,527	23,127
Financed by hire-purchase arrangements	<u>(3,933,309)</u>	<u>(4,854,060)</u>	-	-
Cash payments on purchase of property, plant and equipment	<u>3,465,906</u>	<u>5,042,136</u>	<u>3,527</u>	<u>23,127</u>

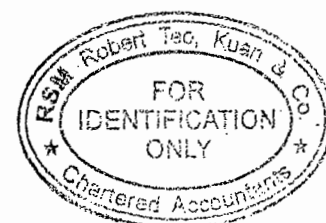


AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

7. INVESTMENT PROPERTIES

	Group	
	2013 RM	2012 RM
Carrying amount		
Buildings		
At beginning of the financial year	1,658,407	5,126,868
Depreciation		
- current financial year	(3,362)	(9,740)
- overprovision in prior financial year	4,156	-
Disposal	-	(3,458,721)
At end of the financial year	1,659,201	1,658,407

The buildings consist of commercial shophots and residential properties. The fair value of the investment properties of the Group estimated by the directors based on current price in an active market as at 31 December 2013 amounted to RM2.52 million (2012: RM2.54 million).



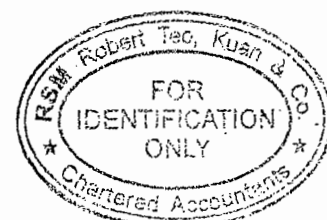
AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

9. INVESTMENT IN SUBSIDIARIES

	Company	
	2013 RM	2012 RM
At cost		
Unquoted equity shares	48,330,102	48,330,100
Less : Impairment loss	(7,876,646)	-
	<u>40,453,456</u>	<u>48,330,100</u>

The details of the subsidiaries are as follows:

<u>Name of company</u>	<u>Country of incorporation</u>	<u>Effective equity interest</u>		<u>Principal activities</u>
		<u>2013</u> %	<u>2012</u> %	
<u>Direct subsidiaries</u>				
K.S. Chin Minerals Sdn. Bhd. ("KSC")	Malaysia	100	100	Provision of turnkey and specialised quarry services and rental of machinery
Minetech Construction Sdn. Bhd. ("MCSB")	Malaysia	100	100	Provision of specialised civil engineering services and rental of machinery
Minetech Quarries Sdn. Bhd. ("MQSB")	Malaysia	100	100	Sales and marketing of quarry products
Minetech Premix Sdn. Bhd. ("MPSB")	Malaysia	100	100	Manufacturing and trading of premix products
Minetech Industries Sdn. Bhd. ("MISB")	Malaysia	100	100	Trading of industrial machinery spare parts and any relevant services
Minetech Realty Sdn. Bhd. ("MRSB")	Malaysia	100	100	Property investment holding
Diman KS Chin Sdn. Bhd. ("DKSC")	Malaysia	100	100	Inactive
*Minetech Quarries Singapore Pte. Ltd. ("MQS")	Singapore	100	100	Sales and marketing of quarry products
Minetech Korea Petroleum Industrial Sdn. Bhd. ("MKPI")	Malaysia	69	69	Manufacturing and trading of bituminous products
#Popular Trinity Sdn. Bhd. ("PTSB")	Malaysia	100	-	Dormant

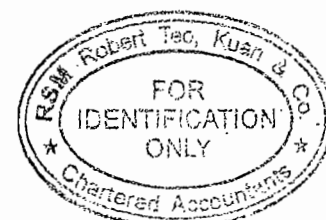


AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

9. INVESTMENT IN SUBSIDIARIES (continued)

<u>Name of company</u>	<u>Country of incorporation</u>	<u>Effective equity interest</u>		<u>Principal activities</u>
		<u>2013</u> %	<u>2012</u> %	
<u>Subsidiaries of MCSB</u>				
Minetech Pavement Technologies Sdn. Bhd. ("MPTSB")	Malaysia	-	100	Inactive
<u>Subsidiaries of MQSB</u>				
Genetic Frontier Sdn. Bhd. ("GFSB")	Malaysia	100	100	Sales and marketing of quarry products
Optimis Dinamik Sdn. Bhd. ("ODSB")	Malaysia	100	100	Inactive
*Minetech M.B. (Huizhou) Building Materials Ltd. ("MMBM")	People's Republic of China	70	70	Inactive
Minetech Pavement Technologies Sdn. Bhd. ("MPTSB")	Malaysia	100	-	Inactive
<u>Subsidiary of MPSB</u>				
Minetech Quarries Sabah Sdn. Bhd. ("MQSSB")	Malaysia	100	100	Inactive
<u>Subsidiary of MQSSB</u>				
Minetech Gurun Premix Sdn. Bhd. ("MGPSB")	Malaysia	51	51	Manufacturing and trading of premix products
<u>Subsidiary of MPTSB</u>				
#Minetech PQ Sdn. Bhd. (formerly known as Cova Gateway Sdn. Bhd.) ("MPQSB")	Malaysia	51	-	Dormant

*Subsidiaries not audited by RSM Robert Teo, Kuan & Co., Malaysia
Consolidated based on management accounts



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

10. GOODWILL ARISING ON CONSOLIDATION

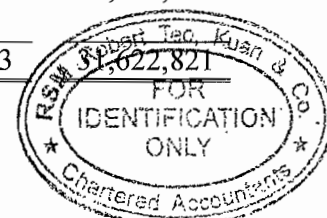
	Group	
	2013 RM	2012 RM
Cost		
At beginning/end of financial year	3,306	3,306

11. INVENTORIES

	31.12.2013	Group 31.12.2012 (restated)	1.1.2012 (restated)
	RM	RM	RM
At cost			
Raw and packaging materials	750,151	2,072,249	408,939
Consumables	3,799,527	2,624,407	2,382,994
Quarry and bituminous products	4,436,270	7,260,454	10,042,602
	8,985,948	11,957,110	12,834,535
Less : Impairment loss	(1,534,816)	(1,534,816)	-
	7,451,132	10,422,294	12,834,535

12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Trade receivables				
Trade receivables	50,603,558	35,731,021	-	-
Amounts due from customers for contract works (Note 13)	1,671,209	9,413,148	-	-
	52,274,767	45,144,169	-	-
Less: Impairment loss	(5,741,717)	(5,295,058)	-	-
	46,533,050	39,849,111	-	-
Other receivables				
Other receivables	709,694	3,667,558	7,313	10,275
Deposits paid	819,756	2,296,697	2,393	2,050
Prepayments	1,289,081	1,849,390	12,982	16,544
Amounts due by subsidiaries	-	-	8,459,915	31,593,952
	2,818,531	7,813,645	8,482,603	31,622,821
Less: Impairment loss	(205,510)	-	-	-
	2,613,021	7,813,645	8,482,603	31,622,821
	49,146,071	47,662,756	8,482,603	31,622,821



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

12. TRADE AND OTHER RECEIVABLES (CONTINUED)

- (a) Trade receivables are non-interest bearing and the normal credit terms offered by the Group range from 30 to 180 days from the date of invoices.
- (b) Included in trade receivables of the Group are retention sums for contract works amounting to RM3,654,958 (2012: RM5,039,721).

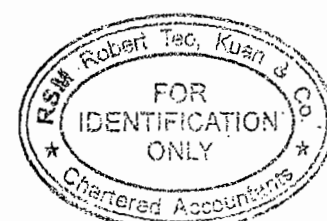
The retention sums are unsecured, interest-free and are expected to be collected as follows:

	Group	
	2013 RM	2012 RM
Within one (1) year	2,779,545	3,248,827
Within two (2) years	875,413	1,790,444
	<u>3,654,958</u>	<u>5,039,271</u>

- (c) Amounts owing by subsidiaries represent advances and payments on behalf which are unsecured, interest-free and repayable on demand, except for advances amounting to RM5.6 million (2012: RM13.2 million), which represents the proceeds from term loan drawdown on behalf by the Company, bearing interest at rate of 7.55% (2012: 7.55%) per annum.

13. AMOUNTS DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORKS

	Group	
	2013 RM	2012 RM
Aggregate costs incurred to date	85,074,474	94,135,193
Add: Attributable profits	30,862,064	28,593,573
	<u>115,936,538</u>	<u>122,728,766</u>
Less: Progress billings	<u>(118,225,423)</u>	<u>(113,315,618)</u>
	<u>(2,288,885)</u>	<u>9,413,148</u>
Represented by:		
Amount due from customers for contract works (Note 12)	<u>1,671,209</u>	<u>9,413,148</u>
Amount due to customers for contract works (Note 21)	<u>(3,960,094)</u>	<u>-</u>



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

14. FIXED DEPOSITS WITH LICENSED BANKS

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Fixed deposits with licensed banks	<u>8,551,982</u>	<u>1,792,605</u>	<u>6,788,064</u>	<u>701,713</u>

(a) Included in the fixed deposits of the Group and of the Company are amount of RM4,519,549 and RM2,241,894 (2012: RM590,892 and Nil) respectively pledged as security for credit facilities granted to a subsidiary.

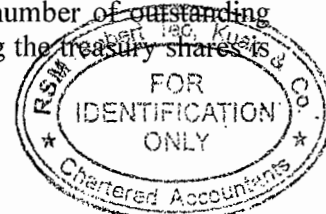
(b) Information on financial risk of fixed deposits are disclosed in Note 32.

15. SHARE CAPITAL

	Group and Company					
	← Number of shares	2013 Par value RM	→ RM	← Number of shares	2012 Par value RM	→ RM
Authorised:						
Balance as at 1 January/31 December	<u>500,000,000</u>	0.20	<u>100,000,000</u>	<u>500,000,000</u>	0.20	<u>100,000,000</u>
Issued and fully paid up:						
Balance as at 1 January	302,471,500	0.20	60,494,300	302,471,500	0.20	60,494,300
Creation of additional 30,218,000 ordinary shares	<u>30,218,000</u>	0.20	<u>6,043,600</u>	-	-	-
Balance as at 31 December	<u>332,689,500</u>	0.20	<u>66,537,900</u>	<u>302,471,500</u>	0.20	<u>60,494,300</u>

During the financial year, the issued and paid up capital of the Company was increased from RM60,494,300 to RM66,537,900 by way of private placement of 30,218,000 new ordinary shares of RM0.20 each.

On 31 December 2013, a total of 285,000 (2012: 285,000) ordinary shares at cost of RM47,990 (2012: RM47,990) are held as treasury shares by the Company. The number of outstanding ordinary shares of RM0.20 (2012: RM0.20) each in issue after deducting the treasury shares is 332,404,500 (2012: 302,186,500) as at 31 December 2013.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

16. RESERVES

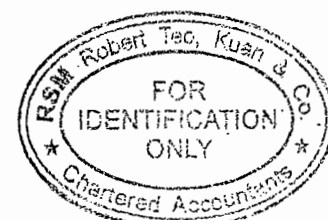
	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Non-distributable				
Share premium	1,920,850	1,920,850	1,920,850	1,920,850
Exchange translation reserve	217,586	225,531	-	-
	<u>2,138,436</u>	<u>2,146,381</u>	<u>1,920,850</u>	<u>1,920,850</u>
Distributable				
(Accumulated losses)/				
Retained earnings	<u>(19,470,704)</u>	<u>(11,154,043)</u>	<u>(19,425,650)</u>	<u>4,967,130</u>
	<u>(17,332,268)</u>	<u>(9,007,662)</u>	<u>(17,504,800)</u>	<u>6,887,980</u>

(a) Share premium

Share premium represent proceeds in excess of the nominal value of shares issued.

(b) Exchange translation reserve

The exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

17. BORROWINGS

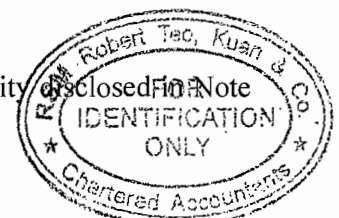
	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Non-current liabilities				
<u>Secured</u>				
Hire-purchase creditors	5,878,839	6,129,770	-	-
Term loans	1,729,706	6,132,262	-	5,600,000
	7,608,545	12,262,032	-	5,600,000
Current liabilities				
<u>Secured</u>				
Bank overdrafts	51,940	263,133	-	-
Bankers' acceptances	-	1,448,000	-	-
Hire-purchase creditors	3,187,953	3,939,667	-	-
Term loans	6,164,753	8,114,079	5,600,000	7,600,000
	9,404,646	13,764,879	5,600,000	7,600,000
<u>Unsecured</u>				
Bank overdrafts	771,152	-	-	-
Bankers' acceptances	3,800,950	7,345,397	-	-
Trust receipts	403,453	1,655,138	-	-
	4,975,555	9,000,535	-	-
	14,380,201	22,765,414	5,600,000	7,600,000
	21,988,746	35,027,446	5,600,000	7,600,000
Total borrowings				
Bank overdrafts (Note 29)	823,092	263,133	-	-
Bankers' acceptances	3,800,950	8,793,397	-	-
Trust receipts	403,453	1,655,138	-	-
Hire-purchase creditors (Note 18)	9,066,792	10,069,437	-	-
Term loans (Note 19)	7,894,459	14,246,341	5,600,000	13,200,000
	21,988,746	35,027,446	5,600,000	13,200,000

(a) The bank overdrafts, bankers' acceptances and trust receipts bear interest at rates ranging from 1.50% to 3.50% (2012: 1.75% to 3.00%) per annum above the base lending rates of the banks.

(b) The bank overdrafts, bankers' acceptances and trust receipts are secured by the following:

- (i) Fixed and floating charge over certain property, plant and equipment of subsidiaries (Note 6);
- (ii) Fixed deposits with a licensed bank of a subsidiary (Note 14);
- (iii) Debenture over all the fixed and floating assets of a subsidiary;
- (iv) Facilities Agreement of a subsidiary for the sum of RM3.09 million; and
- (v) Corporate guarantee provided by the Company

(c) Information on finance risk of borrowings and its remaining maturity is disclosed in Note 32.

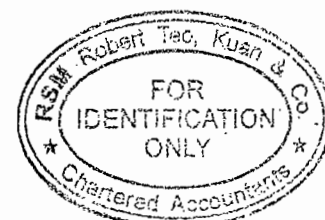


AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

18. HIRE PURCHASE CREDITORS

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Minimum hire-purchase payments:				
- not later than one (1) year	3,688,761	4,503,372	-	-
- later than one (1) year and not later than five (5) years	<u>6,443,600</u>	<u>6,739,084</u>	-	-
	10,132,361	11,242,456	-	-
Less: Future interest charges	<u>(1,065,569)</u>	<u>(1,173,019)</u>	-	-
Present value of hire-purchase liabilities	<u>9,066,792</u>	<u>10,069,437</u>	-	-
Repayable as follows:				
Current liabilities:				
- not later than one (1) year	3,187,953	3,939,667	-	-
Non-current liabilities:				
- later than one (1) year and not later than five (5) years	<u>5,878,839</u>	<u>6,129,770</u>	-	-
	<u>9,066,792</u>	<u>10,069,437</u>	-	-

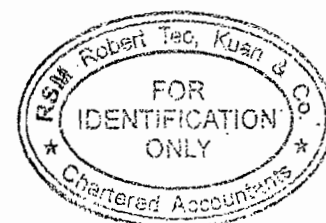
The hire-purchase liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

19. TERM LOANS

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Term loan I repayable by monthly instalment of varying amounts over a period of eight (8) years commencing in 2008	302,061	489,236	-	-
Term loan II repayable by monthly instalment of varying amounts over a period of eight (8) years commencing in 2008	231,142	372,448	-	-
Term loan III repayable by monthly instalment of varying amounts over a period of eight (8) years commencing in 2008	6,007	184,657	-	-
Term loan IV repayable over a period of five (5) years commencing in 2012 and is repayable in monthly instalments as follows:				
(i) First year RM300,000 per instalment				
(ii) Second year RM400,000 per instalment				
(iii) Third year RM500,000 per instalment				
(iv) Fourth year RM600,000 per instalment				
(v) Fifth year RM700,000 per instalment	5,600,000	13,200,000	5,600,000	13,200,000
Term loan V repayable over period of 7 years commencing in 2013	1,755,249	-	-	-
	<u>7,894,459</u>	<u>14,246,341</u>	<u>5,600,000</u>	<u>13,200,000</u>

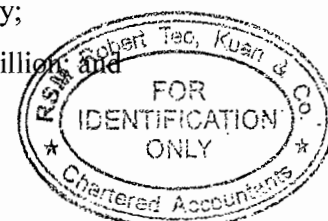


AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

19. TERM LOANS (CONTINUED)

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Repayable as follows:				
Current liabilities:				
- not later than one (1) year	6,164,753	8,114,079	5,600,000	7,600,000
Non-current liabilities:				
- later than one (1) year and not later than five (5) years	1,485,689	6,132,262	-	5,600,000
- later than five (5) years	244,017	-	-	-
	<u>1,729,706</u>	<u>6,132,262</u>	<u>-</u>	<u>5,600,000</u>
	<u>7,894,459</u>	<u>14,246,341</u>	<u>5,600,000</u>	<u>13,200,000</u>

- (a) Term loans I, II and III bear interest at rate of 3.99% per annum for the first year, 5.00% for the second year and thereafter 0.80% per annum above the bank's base lending rate ("BLR"). Term loans I to III are secured by the following:
- Fixed and floating charge over certain property, plant and equipment of subsidiaries (Note 6);
 - Debenture over all the fixed and floating assets of a subsidiary;
 - Facilities Agreement of a subsidiary for the sum of RM3.09 million;
 - Specific debenture on those machineries or equipment charged to the Bank for a subsidiary;
 - Loan Agreement to be stamped for RM560,000 as Principal Instrument of a subsidiary; and
 - Corporate guarantee provided by the Company.
- (b) Term loan IV bears interest at rate of 1.25% above the bank's cost of fund ("COF") per annum for the first year, 1.50% above the bank's COF for the second and third years and thereafter 1.75% per annum above the bank's COF. Term loan IV is secured by the following:
- Assignment by the Company or its subsidiaries of certain Ringgit proceeds of its quarry operation service; and
 - Assignment over a sinking fund account.
- (c) Term loan V bears interest rate of 1.25% per annum above the base financing rate ("BFR"). It is secured by the following:
- Fixed and floating charge over certain property, plant and equipment of subsidiary (Note 6);
 - Debenture over all the fixed and floating assets of a subsidiary;
 - Facilities Agreement of a subsidiary for the sum of RM3.2 million; and
 - Corporate guarantee provided by the Company.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

20. DEFERRED TAX LIABILITIES

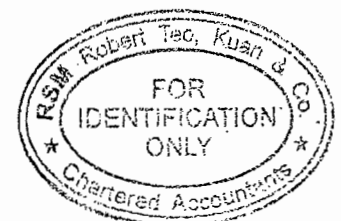
(a) The deferred tax assets and liabilities are made up of the following:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Balance as at 1 January	6,133,058	5,982,758	-	-
Recognised in profit or loss (Note 26)	(3,392,504)	150,300	-	-
Balance as at 31 December	<u>2,740,554</u>	<u>6,133,058</u>	<u>-</u>	<u>-</u>
Presented after appropriate offsetting:				
Deferred tax assets	(4,613,221)	(2,125,842)	(5,600)	(5,600)
Deferred tax liabilities	<u>7,353,775</u>	<u>8,258,900</u>	<u>5,600</u>	<u>5,600</u>
	<u>2,740,554</u>	<u>6,133,058</u>	<u>-</u>	<u>-</u>

(b) The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets

	Unabsorbed capital allowances RM	Unused tax losses RM	Others RM	Total RM
Group				
As at 1 January 2013	1,360,227	765,615	-	2,125,842
Recognised in profit or loss	<u>3,007,552</u>	<u>(630,101)</u>	<u>109,928</u>	<u>2,487,379</u>
As at 31 December 2013	<u>4,367,779</u>	<u>135,514</u>	<u>109,928</u>	<u>4,613,221</u>
As at 1 January 2012	2,182,041	371,394	-	2,553,435
Recognised in profit or loss	<u>(821,814)</u>	<u>394,221</u>	<u>-</u>	<u>(427,593)</u>
As at 31 December 2012	<u>1,360,227</u>	<u>765,615</u>	<u>-</u>	<u>2,125,842</u>



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

20. DEFERRED TAX LIABILITIES (CONTINUED)

Deferred tax liabilities

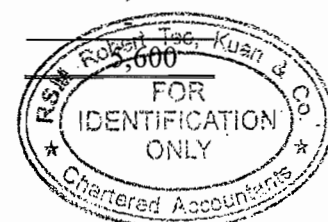
	Property, plant and equipment RM	Quarry development expenditure RM	Total RM
Group			
As at 1 January 2013	6,474,900	1,784,000	8,258,900
Recognised in profit or loss	<u>(422,125)</u>	<u>(483,000)</u>	<u>(905,125)</u>
As at 31 December 2013	<u>6,052,775</u>	<u>1,301,000</u>	<u>7,353,775</u>
As at 1 January 2012	6,246,493	2,289,700	8,536,193
Recognised in profit or loss	<u>228,407</u>	<u>(505,700)</u>	<u>(277,293)</u>
As at 31 December 2012	<u>6,474,900</u>	<u>1,784,000</u>	<u>8,258,900</u>

Deferred tax asset

	Unused tax losses RM
Company	
As at 1 January 2013	5,600
Recognised in profit or loss	-
As at 31 December 2013	<u>5,600</u>
As at 1 January 2012	5,600
Recognised in profit or loss	-
As at 31 December 2012	<u>5,600</u>

Deferred tax liability

	Property, plant and equipment RM
Company	
As at 1 January 2013	5,600
Recognised in profit or loss	-
As at 31 December 2013	<u>5,600</u>
As at 1 January 2012	5,600
Recognised in profit or loss	-
As at 31 December 2012	<u>5,600</u>



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

20. DEFERRED TAX LIABILITIES (CONTINUED)

- (c) The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Unabsorbed capital allowances	121,168	1,012,088	22,050	-
Unused tax losses	4,258,599	6,294,316	499,650	514,600
	<u>4,379,767</u>	<u>7,306,404</u>	<u>521,700</u>	<u>514,600</u>

Deferred tax assets have not been recognised in respect of the above items as it is not probable that taxable profit of the Company and certain subsidiaries will be available against which the deductible temporary differences can be utilised.

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Trade payables				
Trade payables	42,981,120	31,176,932	-	-
Amount due to customers for contract works (Note 13)	3,960,094	-	-	-
	<u>46,941,214</u>	<u>31,176,932</u>	<u>-</u>	<u>-</u>
Other payables				
Other payables	1,784,966	1,577,213	36,454	4,214
Deposits received	31,064	37,770	-	-
Accruals	5,440,975	4,030,968	858,466	573,253
Amount due to subsidiaries	-	-	667,329	-
Amount due to non-controlling interest	1,327,500	-	-	-
	<u>8,584,505</u>	<u>5,645,951</u>	<u>1,562,249</u>	<u>577,467</u>
	<u>55,525,719</u>	<u>36,882,883</u>	<u>1,562,249</u>	<u>577,467</u>

- (i) Trade payables are non-interest bearing and normal credit terms granted to the Group range from 30 to 150 days from the date of invoices.
- (ii) Amounts owing to subsidiaries represent advances and payments on behalf of which are unsecured, interest-free and repayable on demand.



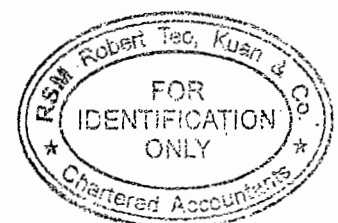
AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

22. REVENUE

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Turnkey quarry services	48,204,996	40,611,379	-	-
Sale of goods	104,439,953	83,985,204	-	-
Contract revenue	48,418,191	37,673,090	-	-
Rental income	259,390	343,930	-	-
Interest income	64,046	25,641	792,797	1,280,261
Management fees	-	-	3,750,000	2,760,000
	<u>201,386,576</u>	<u>162,639,244</u>	<u>4,542,797</u>	<u>4,040,261</u>

23. FINANCE COSTS

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Bank charges	179,549	261,775	1,587	2,021
Bank guarantee charges	4,395	10,507	-	-
Commitment fees	8,008	21,396	-	-
Interest expenses on:				
- bank overdrafts	21,005	5,795	-	-
- bankers' acceptances/ trust receipts	430,646	435,319	-	-
- hire-purchase creditors	687,003	764,736	-	-
- late payment	197	1,662	-	-
- term loans	788,800	1,325,530	728,751	1,228,227
- others	882	8,069	496	-
	<u>2,120,485</u>	<u>2,834,789</u>	<u>730,834</u>	<u>1,230,248</u>

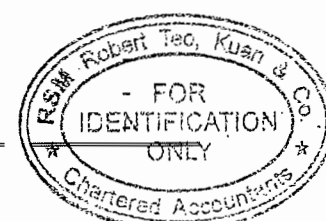


AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

24. LOSS BEFORE TAX

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Loss before tax is arrived at after charging:				
Amortisation of quarry development expenditure	659,433	2,019,972	-	-
Amount due by subsidiaries written off	-	-	16,842,684	-
Auditors' remuneration				
- current financial year	109,000	122,211	21,000	25,000
- non-statutory	5,000	5,000	5,000	5,000
Bad debts written off	-	18,000	-	18,000
Depreciation of investment properties				
- current financial year	3,362	9,740	-	-
- over provision in prior financial year	(4,156)	-	-	-
Depreciation of property, plant and equipment	8,746,080	8,566,040	6,202	4,738
Directors' remuneration paid to the directors of the Company:				
- fees paid by the Company	102,000	102,000	102,000	102,000
- other emoluments paid by the Company	-	1,399,533	-	1,399,533
Impairment loss on investment in subsidiaries	-	-	7,876,646	-
Impairment loss on other receivables	205,510	-	-	-
Impairment loss on trade receivables	3,135,872	2,987,701	-	-
Loss on disposal of property, plant and equipment	5,190	310,581	-	-
Loss on net asset of foreign operation	-	4,245,385	-	-
Property, plant and equipment written off	895,122	71,931	3,316	-
Quarry development expenditure written off	2,397,452	-	-	-
Realised loss on foreign exchange	-	69,880	-	-
Rental expenses:				
- access road	24,600	38,900	-	-
- land	673,100	656,170	-	-
- motor vehicles, plant and machinery	4,070,691	1,377,538	-	-
- premises	307,660	-	-	-
- site office	7,600	-	-	-

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AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

24. LOSS BEFORE TAX (continued)

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
And crediting:				
Bad debts recovered	3,700	-	-	-
Gain on disposal of:				
- property, plant and equipment	292,580	-	-	-
- investment properties	-	390,975	-	-
Interest income				
- subsidiaries	-	-	728,751	1,254,620
- others	96,071	-	64,046	25,641
Rental income:				
- equipment	43,200	57,600	-	-
- investment properties	30,912	-	-	-
- premises	48,000	-	-	-

25. EMPLOYEE BENEFITS

The total employee benefits recognised in the statements of comprehensive income are as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Wages, salaries and bonus	15,845,596	13,481,641	2,640,873	1,955,382
Defined contribution plan	1,698,331	1,440,480	341,979	267,281
Other employee benefits	754,294	624,037	106,781	74,993
	<u>18,298,221</u>	<u>15,546,158</u>	<u>3,089,633</u>	<u>2,297,656</u>

Included in employee benefits are Executive Directors' remuneration of the Group and of the Company amounting to RM2,521,135 (2012: RM2,150,665) and RM1,877,886 (2012: RM1,597,302) respectively.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

26. TAXATION

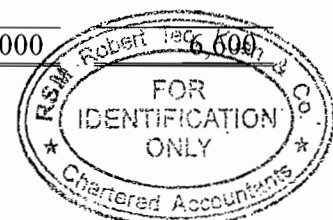
	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Current financial year				
- income tax	896,000	24,200	37,000	6,600
- deferred tax	(3,028,306)	825,985	-	-
	(2,132,306)	850,185	37,000	6,600
(Over)/Under provision in prior financial years				
- income tax	(2,427)	17,557	(6,600)	2,995
- deferred tax	(364,198)	(675,685)	-	-
	(366,625)	(658,128)	(6,600)	2,995
Total tax (credit)/expenses	(2,498,931)	192,057	30,400	9,595

The Malaysia income tax is calculated at the statutory rate of 25% (2012: 25%) of the estimated taxable profit for the fiscal year.

Tax expense for other taxation authorities is calculated at the rates prevailing in those respective jurisdictions.

The reconciliation of income tax expenses on loss before tax with the applicable tax rate of the Group and of the Company are as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Loss before tax	(9,933,919)	(8,893,622)	(24,362,380)	(569,958)
Income tax at statutory tax rate of 25% (2012: 25%)	(2,483,479)	(2,223,406)	(6,090,595)	(142,490)
Tax effects in respect of:				
Non-allowable expenses	1,122,646	2,344,353	6,255,794	64,257
Non-taxable income	(54,857)	(47,474)	-	-
Deferred tax assets not recognised	1,022,730	983,286	-	84,833
Different tax rate in foreign jurisdiction	25,746	(22,836)	-	-
Utilisation of previously unrecognised deferred tax assets	(1,764,841)	(172,310)	(128,199)	-
Others	(251)	(11,428)	-	-
Total tax (credit)/expenses	(2,132,306)	850,185	37,000	6,600



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

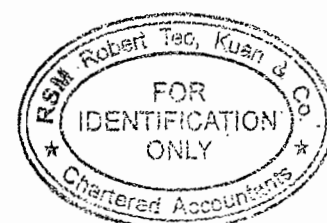
26. TAXATION (CONTINUED)

Subject to the agreement from the Malaysian Inland Revenue Board and provisions of tax laws applicable to the foreign subsidiary, the Group has unused tax losses, unabsorbed capital allowances and unutilised reinvestment allowance amounting to approximately RM14,717,000 (2012: RM11,437,800), RM6,500,000 (2012: RM5,490,000) and RM505,000 (2012: RM963,000) respectively, which are available for set-off against future taxable income.

The Company has unabsorbed capital allowances and unused tax losses of approximately RM2,109,000 (2012: RM2,081,000) which are available to set-off against future taxable income.

27. OTHER COMPREHENSIVE (EXPENSES)/INCOME

Group	Gross RM	2013		2012		Net RM
		Tax RM	Net RM	Gross RM	Tax RM	
(Loss)/Gain on foreign currency translation	<u>(7,945)</u>	<u>-</u>	<u>(7,945)</u>	<u>246,245</u>	<u>-</u>	<u>246,245</u>



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

28. LOSS PER ORDINARY SHARE

Basic loss per ordinary share:

Basic profit per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to ordinary equity holders of the Company by the number of ordinary shares outstanding during the financial year.

	Group	
	2013	2012
	RM	RM
Loss attributable to equity holders of the Company	<u>(8,316,661)</u>	<u>(9,200,682)</u>
Weighted average number of ordinary shares:-		
Number of ordinary shares of RM0.20 each in issue at 1 January (net of treasury shares)	302,186,500	302,186,500
Effect of shares issued under private placement	<u>7,037,068</u>	<u>-</u>
Weighted number of ordinary shares at 31 December	<u>309,223,568</u>	<u>302,186,500</u>
Basic loss per ordinary share (sen)	<u>(2.69)</u>	<u>(3.04)</u>

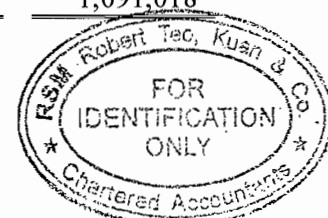
Diluted earnings per ordinary share:

The Company does not have any dilutive potential ordinary shares.

29. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following statements of financial position amounts:

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Fixed deposits with licensed banks	8,551,982	1,792,605	6,788,064	701,713
Cash and bank balances	7,204,586	5,701,752	394,126	389,305
	15,756,568	7,494,357	7,182,190	1,091,018
Bank overdrafts (Note 17)	(823,092)	(263,133)	-	-
	14,933,476	7,231,224	7,182,190	1,091,018
Less: Fixed deposits pledged to a licensed bank (Note 14)	(4,519,549)	(590,892)	(2,241,894)	-
	<u>10,413,927</u>	<u>6,640,332</u>	<u>4,940,296</u>	<u>1,091,018</u>



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

30. OPERATING SEGMENTS

The Group comprises the following main business segments which are based on the Group's management and internal reporting structure:

Quarry products	:	Provision of turnkey and specialised quarry services and sales and marketing of quarry products
Civil engineering	:	Specialised civil engineering works
Premix products	:	Manufacturing and trading of premix products
Bituminous product	:	Manufacturing and trading bituminous products
Others	:	Investment holding, provision of managerial services, rental of machinery, trading of industrial machinery spare parts

Performance is measured based on the segment revenue and profit before tax, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by the Group Managing Director (the chief operating decision maker). Segment profit is used to measure performance as management believes that such information the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment asset is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group Managing Director. Segment total asset is used to measure the return of assets of each segment.

Segment liabilities

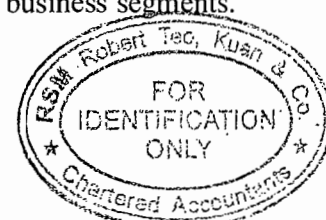
The total of segment liability is measured based on all liabilities of a segment, as include in the internal management reports that are reviewed by the Group Managing Director.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment, prepaid lease payment and investment properties and intangible assets other than goodwill.

Allocation basis and inter-segment pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Inter-segment prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfer between business segments. These segments are eliminated on consolidation.



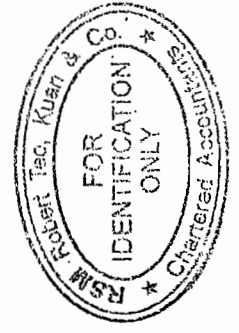
AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

30. OPERATING SEGMENTS (CONTINUED)

Business segments

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segments:

2013	Quarry products RM	Civil engineering RM	Premix products RM	Bituminous Products RM	Others RM	Elimination RM	Consolidation RM
Revenue							
Sales to external customers	55,561,808	60,413,599	41,974,747	43,278,010	158,412	-	201,386,576
Inter-segment sales	13,877,065	353,368	-	17,830	9,338,912	(23,587,175)	-
	<u>69,438,873</u>	<u>60,766,967</u>	<u>41,974,747</u>	<u>43,295,840</u>	<u>9,497,324</u>	<u>(23,587,175)</u>	<u>201,386,576</u>
Results							
Segment results	(15,411,553)	4,039,393	1,322,946	5,004,765	(32,673,487)	29,904,502	(7,813,434)
Finance costs							(2,120,485)
Loss before tax							(9,933,919)
Taxation							2,498,931
Loss for the financial year							<u>(7,434,988)</u>



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

30. OPERATING SEGMENTS (CONTINUED)

Business segments

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segments:

2012	Quarry products RM	Civil Engineering RM	Premix products RM	Bituminous products RM	Others RM	Elimination RM	Consolidation RM
Revenue							
Sales to external customers	79,275,555	37,673,090	24,656,723	20,998,950	34,926	-	162,639,244
Inter-segment sales	1,433,030	379,389	-	30,360	3,705,446	(5,548,225)	-
	<u>80,708,585</u>	<u>38,052,479</u>	<u>24,656,723</u>	<u>21,029,310</u>	<u>3,740,372</u>	<u>(5,548,225)</u>	<u>162,639,244</u>
Results							
Segment results	(3,939,003)	(1,655,269)	(451,152)	643,689	759,317	(1,416,415)	(6,058,833)
Finance costs							(2,834,789)
Loss before tax							(8,893,622)
Taxation							(192,057)
Loss for the financial year							<u>(9,085,679)</u>



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

30. OPERATING SEGMENTS (CONTINUED)

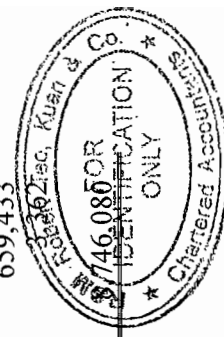
Business segments

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segments:

2013	Quarry products RM	Civil engineering RM	Premix products RM	Bituminous products RM	Others RM	Elimination RM	Consolidation RM
Assets							
Segment assets	63,419,140	27,366,625	25,325,597	14,039,055	59,997,122	(58,674,650)	131,472,889
Unallocated assets							143,892
- Current tax asset							<u>131,616,781</u>
Total assets							
Liabilities							
Segment liabilities	39,562,698	20,480,295	19,483,656	5,972,478	5,850,576	(35,823,984)	55,525,719
Unallocated liabilities							25,222,783
- Current tax payable							493,483
- Borrowings							21,988,746
- Deferred tax liabilities							2,740,554
Total liabilities							<u>80,748,502</u>
Other segment information							
Capital expenditure	3,385,709	290,034	1,901,300	1,873,729	29,674	-	7,480,446
Amortisation of quarry development expenditure	659,433	-	-	-	-	-	659,433
Depreciation of investment properties	-	3,362	-	-	-	-	-
Depreciation of property, plant and equipment	5,897,083	1,165,989	1,200,588	444,404	38,016	-	-

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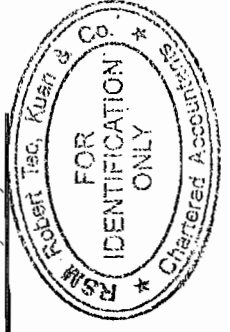
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AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

30. OPERATING SEGMENTS (CONTINUED)

2012	Quarry products RM	Civil engineering RM	Premix products RM	Bituminous products RM	Others RM	Elimination RM	Consolidation RM
Assets							
Segment assets	83,415,372	25,943,091	17,379,362	8,923,854	89,146,972	(94,749,854)	130,058,797
Unallocated assets							196,377
- Current tax asset							<u>130,255,174</u>
Total assets							
Liabilities							
Segment liabilities	36,709,055	21,162,953	13,140,704	3,402,298	8,081,625	(45,673,752)	36,822,883
Unallocated liabilities							41,164,679
- Current tax payable							4,175
- Borrowings							35,027,446
- Deferred tax liabilities							6,133,058
Total liabilities							<u>77,987,562</u>
Other segment information							
Capital expenditure	3,584,389	3,310,129	43,250	203,925	2,754,503	-	9,896,196
Amortisation of quarry development expenditure	2,019,972	-	-	-	-	-	2,019,972
Depreciation of investment properties	-	9,740	-	-	-	-	9,740
Depreciation of property, plant and equipment	6,634,575	737,552	765,259	391,546	37,108	-	8,566,040



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

31. CONTINGENT LIABILITIES

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
<u>Secured</u>				
Bank guarantee issued in favour of third parties by certain subsidiaries	4,204,098	3,327,763	-	-
<u>Unsecured</u>				
Corporate guarantee given to financial institutions for credit facilities granted to subsidiaries	-	-	45,390,937	78,540,528
Corporate guarantee given to suppliers of subsidiaries for credit terms granted to subsidiaries	-	-	39,075,477	96,033,833
	<u>4,204,098</u>	<u>3,327,763</u>	<u>84,466,414</u>	<u>174,574,361</u>

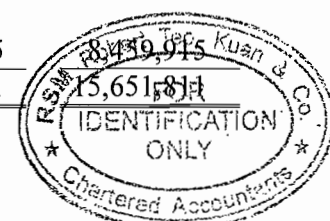
32. FINANCIAL INSTRUMENTS

(a) Classification of financial assets and liabilities

The following table summarises the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

- (i) Loans and receivables ("L & R"); and
- (ii) Other liabilities measured at amortised cost ("AC")

	Group		Company	
	Carrying amount RM	L & R RM	Carrying amount RM	L & R RM
2013				
<u>Financial assets</u>				
Cash and cash equivalents	15,756,568	15,756,568	7,182,190	7,182,190
Trade receivables	44,861,841	44,861,841	-	-
Amount due from customers for contract works	1,671,209	1,671,209	-	-
Other receivables	504,184	504,184	7,313	7,313
Deposits paid	819,756	819,756	2,393	2,393
Amount owing by subsidiaries	-	-	8,459,915	8,459,915
	<u>63,613,558</u>	<u>63,613,558</u>	<u>15,651,811</u>	<u>15,651,811</u>



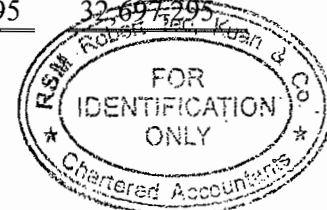
AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

32. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Classification of financial assets and liabilities (continued)

2013	Group		Company	
	Carrying amount RM	AC RM	Carrying amount RM	AC RM
<u>Financial liabilities</u>				
Bank overdrafts	823,092	823,092	-	-
Bankers' acceptances	3,800,950	3,800,950	-	-
Trust receipts	403,453	403,453	-	-
Hire purchase creditor	9,066,792	9,066,792	-	-
Term loans	7,894,459	7,894,459	5,600,000	5,600,000
Trade payables	42,981,120	42,981,120	-	-
Amount due to customers for contract works	3,960,094	3,960,094	-	-
Other payables	1,784,966	1,784,966	36,454	36,454
Deposits received	31,064	31,064	-	-
Accruals	5,440,975	5,440,975	858,466	858,466
Amount due to subsidiaries	-	-	667,329	667,329
Amount due to non-controlling interest	1,327,500	1,327,500	-	-
	<u>77,514,465</u>	<u>77,514,465</u>	<u>7,162,249</u>	<u>7,162,249</u>

2012	Group		Company	
	Carrying amount RM	L & R RM	Carrying amount RM	L & R RM
<u>Financial assets</u>				
Cash and cash equivalents	7,494,357	7,494,357	1,091,018	1,091,018
Trade receivables	30,435,963	30,435,963	-	-
Amount due from customers for contract works	9,413,148	9,413,148	-	-
Other receivables	3,667,558	3,667,558	10,275	10,275
Deposits paid	2,296,697	2,296,697	2,050	2,050
Amount due by subsidiaries	-	-	31,593,952	31,593,952
	<u>53,307,723</u>	<u>53,307,723</u>	<u>32,697,295</u>	<u>32,697,295</u>



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

32. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Classification of financial assets and liabilities (continued)

2012	Group		Company	
	Carrying amount RM	AC RM	Carrying amount RM	AC RM
<u>Financial liabilities</u>				
Bank overdrafts	263,133	263,133	-	-
Bankers' acceptances	8,793,397	8,793,397	-	-
Trust receipts	1,655,138	1,655,138	-	-
Hire purchase creditor	10,069,437	10,069,437	-	-
Term loans	14,246,341	14,246,341	13,200,000	13,200,000
Trade payables	31,176,932	31,176,932	-	-
Other payables	1,577,213	1,577,213	4,214	4,214
Deposits received	37,770	37,770	-	-
Accruals	4,030,969	4,030,969	573,253	573,253
	<u>71,850,330</u>	<u>71,850,330</u>	<u>13,777,467</u>	<u>13,777,467</u>

(b) Financial risk management objectives and policies

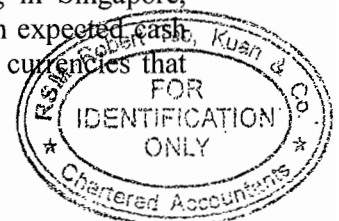
The Group's financial risk management objective is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

The Group operates within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors and does not trade in derivative financial instruments. Financial risk management is carried out through risk review programmes, internal control systems, insurance programmes and adherence to the Group financial risk management policies.

The Group is exposed mainly to foreign currency risk, liquidity risk, interest rate risk and credit risk. Information on the management of the related exposures are detailed below.

(i) Foreign currency risk

The Group is exposed to currency exchange risk as a result of the foreign currency denominated transactions entered into by the Group during the course of business. The currencies involved are primarily Singapore Dollar and Chinese Renminbi. In addition, subsidiaries operating in Singapore, Indonesia and China have assets and liabilities together with expected cash flows from anticipated transactions denominated in foreign currencies that give rise to foreign exchange exposure.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

32. FINANCIAL INSTRUMENTS (CONTINUED)

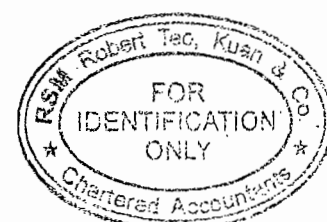
(b) Financial risk management objectives and policies (continued)

(i) Foreign currency risk (continued)

The Group monitors the movement in foreign currency exchange rates closely to ensure its exposures are minimised. The Group does not enter into any hedging contract to hedge this risk. The directors are of the view that there is no material impact and hence no sensitivity analysis could be presented.

The net unhedged financial assets and financial liabilities of the Group and of the Company that are not denominated in their functional currencies are as follows:-

Group	Net financial assets/(liabilities) held in non-functional currencies
	Singapore Dollar RM
Functional currencies	
At 31 December 2013	
<u>Trade receivables</u> Ringgit Malaysia	<u>13,517</u>
<u>Trade payables</u> Ringgit Malaysia	<u>783,997</u>
At 31 December 2012	
<u>Trade receivables</u> Ringgit Malaysia	<u>145,738</u>
<u>Trade payables</u> Ringgit Malaysia	<u>1,323,472</u>



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

32. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

(i) Foreign currency risk (continued)

Company	Net financial assets held in non-functional currencies
Functional currencies	Singapore Dollar RM
At 31 December 2013	
<u>Amount owing by a subsidiary</u>	
Ringgit Malaysia	<u>1,310,300</u>
At 31 December 2012	
<u>Amount owing by a subsidiary</u>	
Ringgit Malaysia	<u>487,451</u>

(ii) Liquidity risk

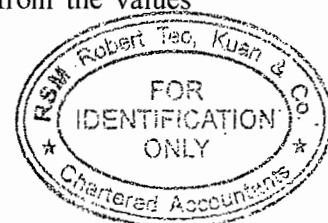
The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the Group's activities. In addition, the Group maintains sufficient banking facilities to meet its operational needs.

(iii) Credit risk

Cash deposits and receivables may give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. It is the Group's policy to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk. The maximum exposure to credit risk is the fair value of the financial instruments at the end of the reporting period.

Credit risk concentration

The Group has no major concentration of credit risk as at reporting date other than an amount of RM23,365,547 (2012: RM11,550,925) owing from six major trade receivables. The Group does not anticipate the carrying amounts at the reporting date to be significantly different from the values that would eventually be received.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

32. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

(iii) Credit risk (continued)

Credit risk concentration (continued)

Ageing analysis of trade receivables

	Group	
	2013 RM	2012 RM
Neither past due nor impaired	16,330,547	12,050,232
Past due but not impaired		
1 to 30 days past due	11,337,680	6,721,899
31 to 60 days past due	9,593,831	4,408,834
61 to 90 days past due	2,880,640	1,340,014
Past due more than 90 days	4,719,143	5,914,984
	<u>28,531,294</u>	<u>18,385,731</u>
	<u>44,861,841</u>	<u>30,435,963</u>

The movement of the impairment loss is as follows:

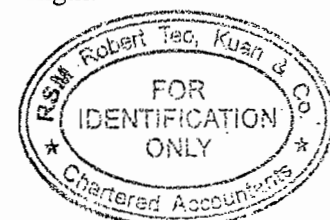
	Group	
	2013 RM	2012 RM
At beginning of financial year	5,295,058	2,307,357
Impairment written off	(2,689,213)	-
Impairment loss recognised	3,135,872	2,987,701
At end of financial year	<u>5,741,717</u>	<u>5,295,058</u>

Financial assets that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Deposits with banks and other financial institutions that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default. The Directors believe that the possibility of non-performance of these financial institutions is remote on the basis of their financial strength.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

32. FINANCIAL INSTRUMENTS (CONTINUED)**(b) Financial risk management objectives and policies (continued)****(iii) Credit risk (continued)****Financial assets that are past due but not impaired**

The Group has trade receivables amounting to RM28,531,294 (2012: RM18,385,731) that are past due as at 31 December 2013 but not impaired.

Including in the trade receivables that past due for more than 120 days as at 31 December 2013 but not impaired are as follows:

- (i) retention sum of approximately RM3,654,958 (2012: RM5,039,271) which is pending the release of the final certificate of completion.
- (ii) an amount of RM1,198,886 (2012: RM833,353) which is personally guaranteed by the customers' directors.
- (iii) a total amount of RM2,249,962 (2012: RM3,211,794) was subsequently collected after the reporting date.

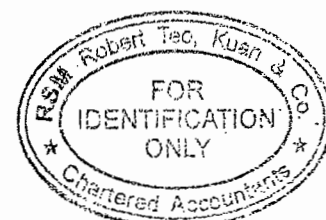
The receivables that are past due but not impaired are not secured by any collateral.

Other receivables

Other receivables are normally with no fixed terms and therefore there is no maturity.

Amounts due from subsidiaries

The balances due from subsidiaries are monitored on an ongoing basis.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

32. FINANCIAL INSTRUMENTS (CONTINUED)

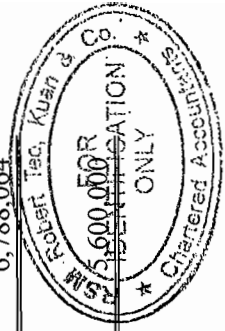
(b) Financial risk management objectives and policies (continued)

(iv) Interest rate risk

The following table sets out the carrying amounts, the weighted average effective interest rates ("WAEIR") as at the reporting date and the remaining maturities of the Group's and of the Company's financial instruments that are exposed to interest rate risk:

As at 31 December 2013

Group	WAEIR %	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
Fixed rate								
Fixed deposits with licensed banks	2.95	8,551,982	-	-	-	-	-	8,551,982
Hire-purchase creditors	8.51	3,182,525	1,940,607	1,667,648	1,410,173	584,782	281,057	9,066,792
Floating rate								
Bank overdrafts	5.10	823,092	-	-	-	-	-	823,092
Bankers' acceptances	5.10	3,800,950	-	-	-	-	-	3,800,950
Trust receipts	8.35	403,453	-	-	-	-	-	403,453
Term loans	6.81	6,666,442	246,000	246,000	246,000	246,000	244,017	7,894,459
Company								
Fixed rate								
Fixed deposit with a licensed bank	3.00	6,788,064	-	-	-	-	-	6,788,064
Floating rate								
Term loans	6.75	5,600,000	-	-	-	-	-	5,600,000



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

32. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

(iv) Interest rate risk (continued)

The following table sets out the carrying amounts, the weighted average effective interest rates ("WAEIR") as at the reporting date and the remaining maturities of the Group's and of the Company's financial instruments that are exposed to interest rate risk:

	WAEIR %	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
Group								
Fixed rate								
Fixed deposits with licensed banks	2.10	1,792,605	-	-	-	-	-	1,792,605
Hire-purchase creditors	8.10	3,939,667	2,633,261	1,680,792	1,125,537	649,724	40,456	10,069,437
Floating rate								
Bank overdrafts	4.13	263,133	-	-	-	-	-	263,133
Bankers' acceptances	6.32	8,793,397	-	-	-	-	-	8,793,397
Trust receipts	17.43	1,655,138	-	-	-	-	-	1,655,138
Term loans	13.10	8,114,075	6,132,262	-	-	-	-	14,246,337
Company								
Fixed rate								
Fixed deposit with a licensed bank	2.43	701,713	-	-	-	-	-	701,713
Floating rate								
Term loans	13.02	7,600,000	5,600,000	-	-	-	-	13,200,000



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

32. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management objectives and policies (continued)

(iv) Interest rate risk (continued)

The Group borrows for its operations at variable rates to finance its capital expenditure and working capital requirements. The Management monitors the prevailing interest rates at regular intervals.

The Group also earns interest income derived from the replacement of short-term deposits with licensed banks and financial institutions.

Sensitivity analysis for interest rate risk:

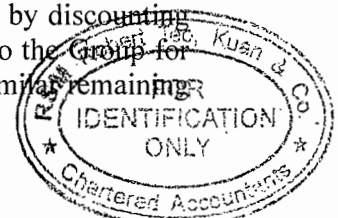
At the reporting date, if interest rates had been 50 basis points lower/higher, with all other variables held constant, the Group's profit after tax would have been RM64,000 higher/lower, arising mainly as a result of lower/higher interest expenses on floating interest rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(c) Fair values

The carrying amounts of the financial assets and liabilities of the Group and of the Company at the reporting date approximate their fair values due to the relatively short term maturity of the financial instruments except as set out below:-

	Group		Company	
	Carrying Amount RM	Fair value RM	Carrying amount RM	Fair value RM
As at 31 December 2013				
Hire-purchase creditors	9,066,792	7,545,999	-	-
As at 31 December 2012				
Hire-purchase creditors	10,069,437	8,536,732	-	-

The fair values of hire-purchase and lease creditors are estimated by discounting future contractual cash flows at the current market rate available to the Group for similar types of lending and borrowing arrangements and of the similar remaining maturities.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

32. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair values (continued)

Fair value of financial guarantees is determined based on probability weighted discounted cash flow method. The probability has been estimated and assigned for the following key assumptions:

- a. The likelihood of the guaranteed party defaulting within the guaranteed period;
- b. The exposure on the portion that is not expected to be recovered due to the guaranteed party's default; and
- c. The estimated loss exposure if the party guaranteed were to default.

Disclosures of fair value are not made when the carrying amount of current financial instrument is a reasonable approximation of fair value.

33. CAPITAL MANAGEMENT

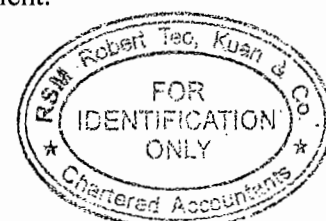
The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern in order to support its business and maximise shareholder value.

The Group monitors capital using a gearing ratio which is calculated as total borrowings (including current and non-current borrowings) divided by total equity. The Group's policy is to maintain the gearing ratio below 1.2. The gearing ratio as at 31 December 2013 and 2012 are as follows:

	Group	
	2013	2012
	RM	RM
Total borrowings	21,988,746	35,027,446
Total equity attributable to equity holders	49,157,642	51,438,648
Gearing ratio	0.45	0.68

There was no change in the Group's approach to capital management during the financial year.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than 25% of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less RM40 million. The Company has complied with this requirement.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

34. RELATED PARTY DISCLOSURES

(a) Identity of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be an individual or an entity.

The Company has controlling related party relationship with its direct and indirect subsidiaries.

(b) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:-

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Subsidiaries:				
Management fees received	-	-	3,750,000	2,760,000
Interest income	-	-	728,751	1,254,620
Rental expenses paid to directors	397,000	360,000	-	-

The related party transactions described above were entered into the normal course of business and are based on negotiated and mutually agreed terms.

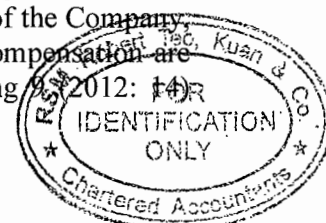
(c) Compensation of key management personnel

The remuneration of directors and other key management personnel during the financial year was as follows:-

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Fees	102,000	132,000	102,000	132,000
Emoluments other than fees	2,137,464	1,904,450	1,559,544	1,384,450
Defined contribution plan	262,930	242,613	215,132	193,652
Other short term employee benefits	18,741	3,602	1,210	19,200
	<u>2,521,135</u>	<u>2,282,665</u>	<u>1,877,886</u>	<u>1,729,302</u>

The estimated monetary value of benefits-in-kind received by the directors otherwise than in cash from the Group and the Company amounted to RM18,117 (2012: RM33,100) and RM4,000 (2012: RM19,200) respectively.

Key management personnel are directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The above amounts for key management compensation are for all the directors and other key management personnel totaling RM18,117 (2012: RM33,100) and RM4,000 (2012: RM19,200) respectively.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

35. SIGNIFICANT EVENTS

- (a) On 15 January 2013, a subsidiary of the Company, Minetech Korea Petroleum Industrial Sdn. Bhd. ("MKPI") entered into purchase contracts with PT Bredero Shaw Indonesia located at Jl. Hang Kesturi Kav.3A1, Kawasan Industri Terpadu Kabil, Batam 29467 Indonesia and Bredero Shaw Malaysia Sdn Bhd located at 25KM Kuantan-Kemaman, Kuantan, Pahang Darul Makmur for the supply and delivery of bitumen enamel and primer ("The Contracts") for the contract sum as follows :-

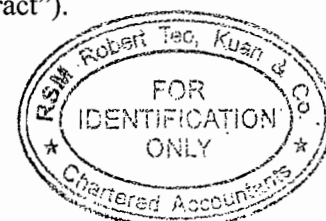
<u>Name of Buyer</u>	<u>Contract sum</u> RM
PT Bredero Shaw Indonesia	27,265,100
Bredero Shaw Malaysia Sdn. Bhd.	<u>7,704,600</u>

These contracts had been completed during the financial year.

- (b) On 22 February 2013, a wholly owned subsidiary of the Company, Minetech Construction Sdn. Bhd. ("MCSB") accepted the Letter of Award from Oasis Sdn. Bhd. ("OSB") to carry out site clearance, pond reclamation and earthworks, ground treatment and shoreline protection, instrumentation and monitoring of reclamation works for the proposed housing and business development located at Mukim Dengkil, Sepang, Selangor Darul Ehsan for approximately 92.0 acres ("the Contract").

The duration of the Contract is for one (1) year from 1 March 2013 to 30 April 2014 and the estimated value of the Contract is approximately RM12.5 million.

- (c) On 19 June 2013, Minetech Pavement Technologies Sdn. Bhd. ("MPTSB"), a wholly owned subsidiary of Minetech Quarries Sdn Bhd, which in turn is a wholly owned subsidiary of the Company, entered into a Memorandum of Understanding for Quarry Joint Venture ("MOU") with Pantai Quarry Sdn. Bhd. ("PQSB") whereby both parties are negotiating exclusively to jointly develop one plot of land located at Tapak Perindustrian Segari, Mukim of Pengkalan Bharu, District of Manjung, Perak measuring in total approximately 85.54 acres ("Land"), vide a joint-venture company ("JVC") and undertake the quarry operations inter-alia to win and extract various quarry products and to process such quarry products and sell the same for financial profits ("Proposed Joint Development").
- (d) On 24 July 2013, a wholly owned subsidiary of the Company, Minetech Construction Sdn. Bhd. ("MCSB") had accepted a letter of award dated 16 July 2013 from Gamuda Engineering Sdn. Bhd. ("GESB") for the construction and completion of underground excavation works and rock strengthening for Maluri Station and Crossover for "Project Mass Rapid Lembah Kelang : Jajaran Sungai Buloh – Kajang Underground Works Package" ("Trade Sub-Contract").



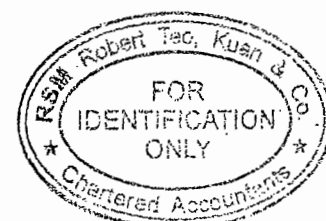
AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)**35. SIGNIFICANT EVENTS (CONTINUED)**

- (e) On 23 August 2013, a wholly owned subsidiary of Minetech Quarries Sdn. Bhd., Minetech Pavement Technologies Sdn. Bhd. ("MPTSB"), acquired two (2) ordinary shares of RM1.00 each in the capital of Minetech PQ Sdn. Bhd. (MPQSB) (formerly known as Cova Gateway Sdn. Bhd.), representing the entire issued and paid up of MPQSB for a total cash consideration of RM2.00 ("Acquisition"). With the acquisition, MPQSB has become a sub-subsiary of the Company.

MPQSB is presently dormant and its proposed nature of business is to undertake quarry operations inter-alia to win and extract various quarry products and to process and sell such quarry products.

- (f) On 10 October 2013, the Company completed a private placement ("the placement") of 30,218,000 new ordinary shares of RM0.20 each in the Company ("MRB Shares" or "Shares") representing not more than ten percent (10%) of the issued and paid up share capital of the Company (excluding treasury shares) with the listing of 30,218,000 new MRB Shares pursuant to the placement on the Bursa Malaysia Securities Berhad.
- (g) On 18 December 2013, the Company announced the acquisition of two (2) ordinary shares of RM1.00 each of Popular Trinity Sdn. Bhd. ("PTSB"), representing the entire issued and paid up share capital of PTSB for a total consideration of RM2.00 ("Acquisition"). With the acquisition, PTSB has become a wholly owned subsidiary of the Company.

PTSB is presently dormant and its proposed nature of business is to be involved in asphalt trading.



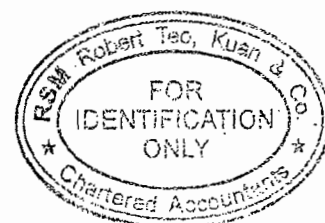
AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

35. SIGNIFICANT EVENTS (CONTINUED)

- (h) On 31 December 2013, Minetech Pavement Technologies Sdn. Bhd. ("MPTSB"), the wholly owned subsidiary of Minetech Quarry Sdn. Bhd. ("MQSB"), which in turn a wholly owned subsidiary of the Company entered into a Joint-Venture Agreement ("JV Agreement") with Pantai Quarry Sdn. Bhd. (PQSB) ("Proposed Joint Venture").

The salient features the Joint-Venture Agreement ("JVA") are as follows:-

- (i) Subject to the terms and conditions set out in the JVA, the Parties are desirous of incorporating a company in Malaysia to be named Minetech PQ Sdn. Bhd. ("MPQSB"), to carry on the business. MPQSB shall have an initial issued and paid up share capital of RM500,000.00 divided into 500,000 Ordinary Shares of RM1.00 each;
- (ii) the JVC shall be 51% owned by MPTSB and 49% owned by PQSB;
- (iii) that all PQSB's obligations and particularly PQSB's payment obligations contained in the DOMA shall assumed and undertaken by the JVC;
- (iv) Quarry Land – quarry land located on all that land held under H.S. (D) 36565, Lot PT 18536, Mukim Pengkalan Baharu, Daerah Manjung, Negeri Perak measuring approximately 346.185 square meters with the following conditions:-
- A. Kategori penggunaan Tanah : Perusahaan;
 - B. Syarat-syarat nyata : Perusahaan Ringan;
 - C. Sekatan-sekatan Kepentingan: Tanah ini boleh dipindah milik atau dipajak dengan kebenaran bertulis oleh Pihak Berkuasa Negeri; and
 - D. 99 years leasehold expiring on 18 December 2111.
- (v) that PQSB shall assign all its rights, title and interest in the DOMA as mentioned below to the JVC; and
- (vi) that the parties shall cause the JVC to contract with K.S.Chin Minerals Sdn. Bhd., a wholly owned subsidiary of the Company, or such other nominee of MPTSB for the purpose of undertaking the entire Quarry Operations on the Quarry Land excluding the selling, distributing or disposal of the Quarry Products or the Quarry Downstream Operations.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

36. LITIGATION AND CLAIMS MATTER

- (a) On 27 January 2011, K.S. Chin Minerals Sdn. Bhd. ("KSC") served a notice of termination to Batu Ayer Granite Pte. Ltd. ("BAG"), the quarry owner to terminate the Karimun Quarry Agreement and Asset Purchase Agreement both dated 14 December 2006 ("Agreements") and to claim for the refund and compensation amounting to RM10,292,422 (SGD4,313,853). On 23 February 2011, KSC received a written reply from BAG, requesting KSC to withdraw the letter of termination and allow an extension up to end of 2011 in order for them to pursue the quarry permit. The Karimun quarry permit was issued by Gubernur of Riau in 1998 and subsequently renewed and issued by Bupati Karimun (Regent of Karimun, the local authority) in 2005. However, the Ministry of Forestry of Indonesia has suspended the quarry operations since November 2007 pending the approval of the Master Plan of Riau Province.

Subsequently, on 6 April 2011, BAG sent in a letter requesting KSC to settle the outstanding balance of the assets purchase consideration and other balances owing to BAG amounting to RM7,135,595 (SGD2,990,735), of which RM6,929,692 (SGD2,904,435) has been taken up in the books of KSC. KSC replied on 18 April 2011 mentioning that KSC does not admit the claim and is prepared to meet BAG's request to extend the time period until end of 2011 for BAG to pursue the quarry permit.

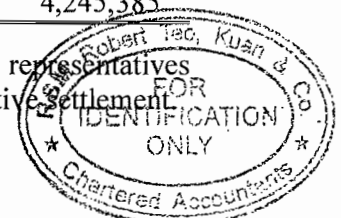
Bupati Karimun had via a letter dated 14 February 2012 mentioned that after taking into consideration the results of studies by the Kepala Dinas Pertanian dan Kehutanan Kabupaten Karimun (Agriculture and Forestry Office of the District of Karimun), it supports the investment in principle and may issue the quarry permit subject to the execution of certain statutes to change the status (rezone) of the area from forest reserve land to quarry land.

As at 31 December 2012, the net assets of the Group relating to this quarry amounted to RM4,245,385 (SGD1,696,058). In view that there is no further development of the status since then, the Board of Directors has decided to recognise the loss for the net assets in the financial statement for the year ended 31 December 2012.

The breakdown of the net assets is as follows:

	31.12.2012
	RM
Property, plant and equipment	5,779,184
Quarry development expenditure	620,464
Inventories	1,534,816
Trade and other receivables	2,975,187
Trade and other payables	(6,664,266)
Total	<u>4,245,385</u>

On 13 December 2013, a meeting was held in Singapore between representatives from KSC and BAG and both parties are working towards a definitive settlement.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

36. LITIGATION AND CLAIMS MATTER (CONTINUED)

- (b) Optimis Dinamik Sdn. Bhd. ("ODSB"), a wholly owned subsidiary of Minetech Quarries Sdn. Bhd., received a letter dated 20 December 2012 from Sri Manjung Granite Quarry Sdn. Bhd. ("SMGQ"), the owner of quarry sites located at Mukim Pengkalan Baru, Daerah Manjung, Perak ("Quarry Site") on 24 December 2012, giving 60 days' notice to cease any remaining operation or activity on the Quarry Site and to dismantle and remove all plant and machinery and vacate all buildings and structures at the Quarry Sites and return the Quarry Sites to SMGQ.

Based on the advice given by the legal counsels, the subsidiary is strongly contesting the purported termination as it was wrongful and without any valid bases. The subsidiary immediately initiate all necessary legal actions to challenge the purported termination of contract by issuing notices of demand to SMGQ for a revised amount of RM43,397,367 (2012: RM58,200,000) being the estimated losses incurred arisen from the unlawful termination of the agreement entered between the parties dated 28 March 2006.

The said demand of estimated losses was derived upon the estimated loss of profit of the remaining 9 years of the Agreement and the carrying value of the Fixed Assets for Manjung Quarry.

As at 31 December 2013, the Quarry Development Expenditure capitalised of RM2,397,452 in K.S.Chin Minerals Sdn. Bhd. had been written off to profit or loss for the financial year ended 31 December 2013.

37. SUBSEQUENT EVENTS

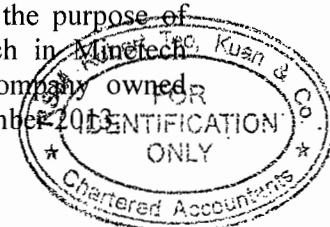
- (a) A wholly owned subsidiary of the Company, Minetech Construction Sdn.Bhd. ("MCSB") had on 20 February 2014 accepted the Letter of Award dated 28 January 2014 from i-City Properties Sdn. Bhd. ("i-City") for provision of main infrastructure works along Persiaran Multimedia Seksyen 7, 40000 Shah Alam, Selangor Darul Ehsan.

The total contract sum is RM13,000,000. The contract period shall be executed and completed in the following periods:-

- | | | |
|------|--------------------------------|--------------------|
| (i) | Date of possession of the site | - 24 February 2014 |
| (ii) | Date of completion | - 23 February 2015 |

- (b) On 5 March 2014, the Company had established a new wholly-owned subsidiary known as Minetech Heavy Machineries Sdn. Bhd. ("MHMSB") to undertake the business of distribution of heavy machineries. Mr. Choy Sen @ Chin Kim Sang and Mr. Chin Leong Choy, both directors of the Group are the directors and promoters of MHMSB, holding one ordinary share of RM1.00 each, for and on behalf of the Company.

- (c) On, 17 April 2014, the Company had entered into a Sale and Purchase Agreement ("SPA") with Korea Petroleum Industrial Co. Ltd. ("KPI") for the purpose of acquiring additional 1,470,000 ordinary shares of RM1.00 each in Minetech Korea Petroleum Industrial Sdn. Bhd. ("MKPI") which the Company owned approximately 69% of its issued and paid up capital as at 31 December 2013.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

38. COMPARATIVE FIGURES

Certain comparative figures in the financial statements have been reclassified to conform with the presentation in the current financial period. The reclassifications made are as follows:

Consolidated statement of financial position as at 1 January 2012

	As previously reported RM	Reclassification MFRS 116 RM	As restated RM
Non-current assets			
Property, plant and equipment	56,878,434	1,110,027	57,988,461
Current assets			
Inventories	13,944,562	(1,110,027)	12,834,535

Consolidated statement of financial position as at 31 December 2012

	As previously reported RM	Reclassification MFRS 116 RM	As restated RM
Non-current assets			
Property, plant and equipment	51,048,248	1,174,300	52,222,548
Current assets			
Inventories	11,596,594	(1,174,300)	10,422,294

39. OTHER INFORMATION

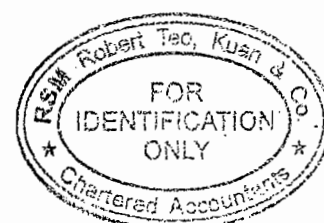
(a) The Company is a public limited liabilities company, incorporated and domiciled in Malaysia.

(b) The registered office is situated at:

10th Floor, Menara Hap Seng
No. 1 & 3, Jalan P.Ramlee
50250 Kuala Lumpur

Subsequent to the financial year ended, the registered office has been moved to:

Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800, Petaling Jaya
Selangor Darul Ehsan



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

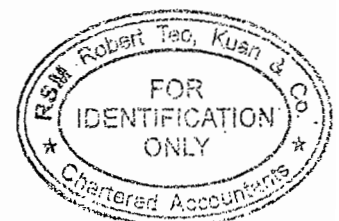
39. OTHER INFORMATION (continued)

- (c) The principal place of business is situated at:

G12, Ground Floor, FAS Business Avenue
Jalan Perbandaran
47301 Petaling Jaya
Selangor Darul Ehsan

- (d) The financial statements are expressed in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

- (e) The financial statements were authorised for issue by the Board of Directors in accordance with a resolution passed by the directors on 23 April 2014.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

40. SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

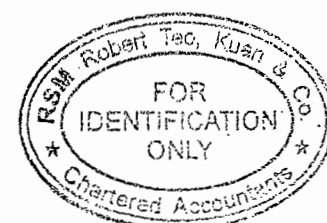
On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or losses as at the end of the reporting date, into realised and unrealised profits or losses.

The determination of realised and unrealised profits or losses is based on the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by Malaysian Institute of Accountants on 20 December 2010.

Pursuant to the directive, the amounts of realised and unrealised profits or losses included in the (accumulated losses)/retained earnings of the Group and of the Company are as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Total (accumulated losses)/ retained earnings				
- realised	(19,470,704)	(5,235,678)	(19,425,650)	4,967,130
- unrealised	-	(5,918,365)	-	-
	<u>(19,470,704)</u>	<u>(11,154,043)</u>	<u>(19,425,650)</u>	<u>4,967,130</u>

The disclosure of realised and unrealised (losses)/profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purpose.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)

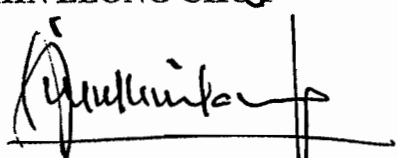
STATEMENTS BY DIRECTORS

We, the undersigned, being the directors of **MINETECH RESOURCES BERHAD (575543-X)** do hereby state that, in the opinion of the directors, the financial statements set out on pages 6 to 90 are drawn up in accordance with the approved Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2013 and of the financial results and the cash flow of the Group and of the Company for the financial year ended 31 December 2013.

In the opinion of the directors, the information set out in note 40 on page 90 to the financial statements has been compiled in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:


CHIN LEONG CHOY


CHOY SEN @ CHIN KIM SANG

Kuala Lumpur

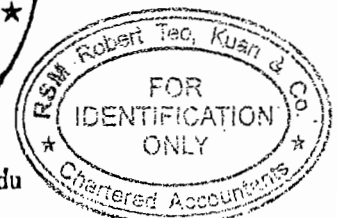
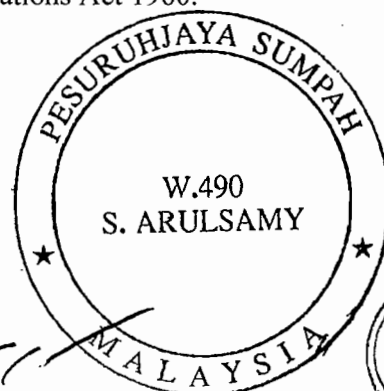
23 April 2014

STATUTORY DECLARATION

I, **NG KOK HOK**, being the officer primarily responsible for the financial management of **MINETECH RESOURCES BERHAD (575543-X)** do solemnly and sincerely declare that the financial statements set out on pages 6 to 90 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.


NG KOK HOK

Subscribed and solemnly declared
by the abovenamed at Kuala Lumpur
in the Federal Territory on 23 April 2014
Before me



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)



RSM Robert Teo, Kuan & Co. (AF: 0768)
Chartered Accountants

RSM Robert Teo, Kuan & Co. (AF:0768)
Chartered Accountants
1st Floor, Wisma RKT, Block A, No.2, Jalan Raja Abdullah
Off Jalan Sultan Ismail, 50300 Kuala Lumpur, Malaysia
T +603 2610 2888 F+603 2698 6600
www.rsmrktgroup.com

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

MINETECH RESOURCES BERHAD

We have audited the financial statements of Minetech Resources Berhad, which comprise the statements of financial position as at 31 December 2013 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statement of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 6 to 89.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

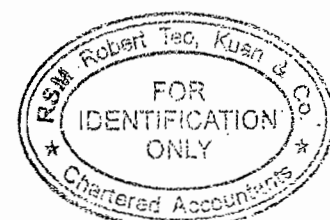
Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)



RSM Robert Teo, Kuan & Co. (AF: 0768)
Chartered Accountants

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
MINETECH RESOURCES BERHAD (CONTINUED)**

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2013 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

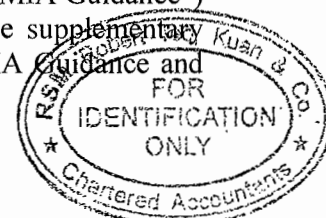
Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 ("Act") in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' report of all the subsidiary companies of which we have not acted as auditors, which are indicated in Note 9 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the financial statements of the subsidiary companies did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 40 on page 90 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.



AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 TOGETHER WITH THE AUDITORS' REPORT THEREON (CONT'D)



RSM Robert Teo, Kuan & Co. (AF: 0768)
Chartered Accountants

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
MINETECH RESOURCES BERHAD (CONTINUED)**

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

RSM Robert Teo, Kuan & Co.

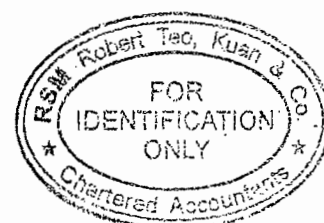
RSM Robert Teo, Kuan & Co.
AF: 0768
Chartered Accountants

Kuala Lumpur

23 April 2014

A handwritten signature in black ink, appearing to be 'Tan Yen Fen', written over a circular stamp.

Tan Yen Fen
2145/06/15(J)
Chartered Accountant



**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE SIX (6)-
MONTH PERIOD ENDED 30 JUNE 2014**

MINETECH RESOURCES BERHAD (575543-X)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS**Condensed Consolidated Statement Profit and Loss And Other Comprehensive Income**

For the Second Quarter Ended 30 June 2014

(The figures have not been audited)

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year Quarter ended 30 Jun 2014 RM'000	Preceding Year Corr. Quarter ended 30 Jun 2013 RM'000	Current Year To Date ended 30 Jun 2014 RM'000	Preceding Year Corr. Period ended 30 Jun 2013 RM'000
Revenue	42,431	54,105	76,015	99,343
Cost of sales	(38,422)	(49,510)	(68,690)	(89,865)
Gross Profit/ (Loss)	4,009	4,595	7,325	9,478
Other operating income/ (Loss)	(151)	155	(20)	288
Administrative expenses	(3,513)	(2,629)	(6,481)	(5,183)
Selling and marketing expenses	(205)	(205)	(397)	(452)
Finance costs	(387)	(520)	(786)	(1,115)
Profit/ (Loss) before tax	(247)	1,396	(358)	3,016
Tax expense	(236)	-	(340)	-
Profit/ (Loss) for the period	(483)	1,396	(698)	3,016
Other comprehensive income/ (expense)				
Foreign currency translation differences	(102)	(126)	16	(86)
Total comprehensive income	(585)	1,270	(682)	2,930
Profit/ (Loss) attributable to:				
Owners of the company	(509)	413	(602)	1,591
Non-controlling interests	26	983	(96)	1,425
	(483)	1,396	(698)	3,016
Comprehensive income/ (expense) attributable to:				
Owners of the company	(518)	145	(586)	1,364
Non-controlling interests	(67)	1,125	(96)	1,566
	(585)	1,270	(682)	2,930
Earning/ (Loss) per share (sen)				
- Basic	(0.16)	0.14	(0.19)	0.53
- Diluted	N/A	N/A	N/A	N/A

N/A - Not Applicable

The Condensed Consolidated Statement of Profit and Loss And Other Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements and the audited financial statements for financial year ended 31 December 2013.

CERTIFIED TRUE COPY

TE Hock Wee
TE HOCK WEE - Secretary
MAICSA 7054787

26 AUG 2014

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE SIX (6)-MONTH PERIOD ENDED 30 JUNE 2014 (CONT'D)

MINETECH RESOURCES BERHAD (575543-X)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS

Condensed Consolidated Statement Of Financial Position

As at 30 June 2014

	Unaudited As At 30 Jun 2014 RM'000	Audited As At 31 Dec 2013 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	46,084	49,917
Investment properties	1,658	1,659
Quarry development expenditure	7,935	7,540
Goodwill arising on consolidation	3	3
	<u>55,680</u>	<u>59,119</u>
Current assets		
Inventories	8,632	7,451
Trade and other receivables	41,079	49,146
Current tax asset	22	144
Cash and bank balances	11,095	15,757
	<u>60,828</u>	<u>72,498</u>
Total assets	<u>116,508</u>	<u>131,617</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Group		
Share capital	66,538	66,538
Less:- Treasury shares, at cost	(48)	(48)
Reserves	(17,918)	(17,332)
	<u>48,572</u>	<u>49,158</u>
Non-controlling interests	1,615	1,711
Total equity	<u>50,187</u>	<u>50,869</u>
Non-current liabilities		
Borrowings	5,656	7,609
Deferred tax liabilities	2,740	2,740
	<u>8,396</u>	<u>10,349</u>
Current liabilities		
Trade and other payables	47,922	55,526
Borrowings	9,602	14,380
Taxation	401	493
	<u>57,925</u>	<u>70,399</u>
Total liabilities	<u>66,321</u>	<u>80,748</u>
TOTAL EQUITY AND LIABILITIES	<u>116,508</u>	<u>131,617</u>
Net assets per share (RM)	0.151	0.153

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements and the audited financial statements for financial year ended 31 December 2013.

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE SIX (6)- MONTH PERIOD ENDED 30 JUNE 2014 (CONT'D)**MINETECH RESOURCES BERHAD (575543-X)**
(Incorporated in Malaysia)
INTERIM FINANCIAL STATEMENTS**Condensed Consolidated Statements of Changes in Equity**
For the Second Quarter Ended 30 June 2014
(The figures have not been audited)

	----- Attributable to equity holders of the parent -----							Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Forex Reserve RM'000	Retained Earnings RM'000	Total RM'000	Non-Controlling Interest RM'000	
At 1 Jan 2013	60,494	1,921	(48)	225	(11,154)	51,438	829	52,267
Total comprehensive income	-	-	-	(226)	1,591	1,364	1,566	2,930
Balance as at 30 June 2013	60,494	1,921	(48)	(1)	(9,563)	52,802	2,395	55,197
At 1 Jan 2014	66,538	1,921	(48)	218	(19,471)	49,158	1,711	50,869
Total Comprehensive income/(expense)	-	-	-	16	(602)	(586)	(96)	(682)
Balance as at 30 Jun 2014	66,538	1,921	(48)	234	(20,073)	48,572	1,615	50,187

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements and the audited financial statements for financial year ended 31 December 2013.

**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE SIX (6)-
MONTH PERIOD ENDED 30 JUNE 2014 (CONT'D)**

MINETECH RESOURCES BERHAD (575543-X)
(Incorporated in Malaysia)
INTERIM FINANCIAL STATEMENTS
Condensed Consolidated Statement Of Cash Flows
For the Second Quarter Ended 30 June 2014
(The figures have not been audited)

	Current Year To Date ended 30 Jun 2014 RM'000	Unaudited As At 31 Jun 2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	(358)	3,016
Adjustments for:-		
Depreciation and amortisation	3,994	4,979
Construction in Progress charge out to expenses	(195)	-
Loss on disposal of property, plant and equipment	78	(111)
Interest expenses	651	999
Property, plant and equipment written off	212	-
Interest income	(89)	(45)
Operating profit before changes in working capital	4,294	8,839
Changes in working capital		
Decrease in inventories	101	186
Decrease in current assets	5,277	1,641
(Increase) in current liabilities	(3,171)	3,700
Net cash flow from operations	6,500	14,366
Tax paid	(132)	164
Interest paid	(168)	(213)
Net cash flow from operating activities	6,200	14,317
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(2,145)	(1,456)
Proceeds from disposal of property, plant & equipment	172	184
Net cash flow (used in)/ generated from investing activities	(1,973)	(1,272)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(483)	(785)
Interest received	89	45
Net Drawdown/ (Repayment) of short term borrowings	(404)	(3,264)
Drawdown of term loans	0	500
Repayment of term loans	(4,534)	(3,849)
Repayment of hire-purchase and lease creditors	(1,212)	(2,163)
Acquisition of shares	(1,470)	-
Proceeds from issue of share capital	(0)	-
Net cash flow used in financing activities	(8,014)	(9,516)
Net Change in Cash & Cash Equivalents	(3,786)	3,529
Cash and Cash Equivalents at beginning of period	14,788	7,232
Effect on foreign exchange rate changes	93	(256)
Cash and Cash Equivalents at end of period	11,095	10,505
Note	RM'000	RM'000
Fixed deposit with licensed banks	4,360	4,242
Cash and bank balances	7,155	7,953
Bank overdrafts	(420)	(69)
	11,095	12,126
Less: Fixed deposits pledged to a licensed bank	-	(1,621)
	11,095	10,505

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements and the audited financial statements and the financial statements for financial year ended 31 December 2013.

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE SIX (6)-MONTH PERIOD ENDED 30 JUNE 2014 (CONT'D)

MINETECH RESOURCES BERHAD (575543-X)
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS
A. EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARD 134 (FRS 134): INTERIM FINANCIAL REPORTING
1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with MFRS 134: - Interim Financial Reporting issued by the Malaysia Accounting Standards Board ("MASB") and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). It should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2013.

These explanatory notes attached to the interim financial reports provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2013.

2. Adoption of Revised Financial Reporting Standards
Effective for annual periods commencing on and after 1 July 2012

Amendments to MFRS 101 Presentation of Items of Other Comprehensive Income

Effective for annual periods commencing on or after 1 January 2013

MFRS 3	Business Combinations
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits (revised)
MFRS 127	Consolidated and Separate Financial Statements (revised)
MFRS 128	Investments in Associates and Joint Ventures (revised)
Amendments to MFRS 1	Government Loans
Amendments to MFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10, MFRS 11 and MFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guidance
Amendments to MFRS 1, MFRS 101, MFRS 116, MFRS 132 and MFRS 134	Annual Improvements 2009-2011 Cycle

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE SIX (6)-MONTH PERIOD ENDED 30 JUNE 2014 (CONT'D)

MINETECH RESOURCES BERHAD (575543-X)
(Incorporated in Malaysia)

2. Adoption of Revised Financial Reporting Standards (continued)

IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine
Amendments to IC Interpretation 2	Annual Improvements 2009-2011 Cycle

The adoption of the above standards and IC interpretations did not have any significant impact on the financial performance of the Group.

MFRSs, Amendments and IC Interpretations were issued but not yet effective:

At the date of authorization of this interim report, the following MFRSs, Amendments to MFRSs and IC interpretation were issued but not yet effective and have not been applied by the Group:

		Effective for annual periods beginning on and after
MFRS 9	Financial Instruments	1 January 2015
Amendments to MFRS 10, MFRS 12 and MFRS 127	Investment Entities	1 January 2014
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21	Levies	1 January 2014

3. Preceding year's audit report

The annual audited financial statements for the financial year ended 31 December 2013 were not subject to any qualification.

4. Seasonal or cyclical factors

The Group's business operations and performance are not significantly affected by any seasonal or cyclical factors except during the festive season in the month of February, August and the raining season from November to December period. The manufacturing and trading of industrial products will experience a shorter production and trading time during these four (4) months.

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE SIX (6)-MONTH PERIOD ENDED 30 JUNE 2014 (CONT'D)**MINETECH RESOURCES BERHAD (575543-X)**
(Incorporated in Malaysia)**5. Unusual items affecting assets, liabilities, equity, net income and cash flows**

There were no unusual items affecting assets, liabilities, equity, net income and cash flows during the current quarter under review other than the following:

Optimis Dinamik Sdn Bhd ("ODSB"), a wholly owned subsidiary of MRB Group, received a letter dated 20 December 2012 from Sri Manjung Granite Quarry Sdn Bhd ("SMGQ"), the owner of quarry sites located at Mukim Pengkalan Baru, Daerah Manjung, Perak ("Quarry Site") on 24 December 2012, giving 60 days' notice to cease any remaining operation or activity on the Quarry Site and to dismantle and remove all plant and machinery and vacate all buildings and structures at the Quarry Sites and return the Quarry Sites to SMGQ.

Based on the advice given by our legal counsel, we are strongly contesting the purported termination as it is wrongful and without any valid basis. The subsidiary immediately initiated all necessary legal actions to challenge the purported termination of contract by issuing notices of demand to SMGQ for an amount of RM58,200,000 being the estimated losses incurred arisen from the unlawful termination of the agreement entered between the parties dated 28 March 2006.

The said demand of estimated losses was derived from the estimated loss of profit of the remaining 9 years of the Agreement and the carrying value of the Fixed Assets for Manjung Quarry.

As at 31 December 2013, the Quarry Development Expenditure capitalised of RM1,198,428 had been written off to statement of profit and loss and other comprehensive income for the financial year ended 31 December 2013.

6. Change in accounting estimates

There were no changes in estimates used for accounting estimates which may have a material effect for the current quarter under review.

7. Issuance of debt and equity securities

There were no issuance, cancellations, repurchases, resale and repayment of debt and equity securities for the current quarter under review.

8. Dividend payment

There were no dividends paid during the current financial quarter.

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE SIX (6)-MONTH PERIOD ENDED 30 JUNE 2014 (CONT'D)

MINETECH RESOURCES BERHAD (575543-X)
(Incorporated in Malaysia)

9. Segmental information

Operating Segment	Revenue		Operating Results	
	3 months ended 30 Jun 2014 RM'000	6 months ended 30 Jun 2014 RM'000	3 months ended 30 Jun 2014 RM'000	6 months ended 30 Jun 2014 RM'000
Quarry and Building Materials Products	22,450	40,300	(847)	(1,316)
Civil Engineering and Bituminous Products	20,062	36,677	1,543	2,425
Others	1,044	1,889	(505)	(531)
Eliminations	(1,125)	(2,851)	(51)	(150)
Group	42,431	76,015	140	428
Less: Finance Cost			(387)	(786)
Loss Before Tax			(247)	(358)

10. Valuation of property, plant and equipment

The valuation of property, plant and equipment has been brought forward without any amendments from the previous audited financial statements.

11. Material events not reflected in the financial statements

There were no material events subsequent to the end of the reporting period which is likely to substantially affect the results of the operations of the Group.

12. Changes in composition of the Group

On 5th March 2014, the Group announced that it had established a wholly-owned subsidiary known as Minetech Heavy Machineries Sdn. Bhd. to undertake the business of distribution of heavy machineries. Mr Choy Sen @ Chin Kim Sang and Mr Chin Leong Choy are the directors and promoters of Minetech Heavy Machineries Sdn. Bhd.

The above establishment does not have any material effect on the earnings per share, gearing and net assets per share of the Minetech Group.

13. Contingent liabilities

The changes in contingent liabilities are as follows:

	As At 30 Jun 2014 RM'000	As At 31 Dec 2013 RM'000
Corporate Guarantee	104,664	84,466
Bank guarantee	3,519	4,204
	108,183	88,670

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE SIX (6)-MONTH PERIOD ENDED 30 JUNE 2014 (CONT'D)

MINETECH RESOURCES BERHAD (575543-X)
(Incorporated in Malaysia)

14. Capital commitments

Capital expenditure in respect of purchase of property, plant & equipment and motor vehicles:

	As at 30 Jun 2014 RM'000
Approved and contracted for	13,516

15. Related party transactions

	As at 30 Jun 2014 RM'000	As at 30 Jun 2013 RM'000
Rental paid to Choy Sen @ Chin Kim Sang	96	91
Rental paid to Low Choon Lan	30	8
Land rental paid to a director related company - Choy Sen @ Chin Kim Sang	120	90
Professional fees paid to Chai Woon Chew	13	11

The Board of Directors, save for the interested directors are of the opinion that all business transactions between the Group and the interested directors and interested substantial shareholders and/or persons connected to them are at arm's length basis and on terms not more favourable to the related parties than those generally available to the public.

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE SIX (6)-MONTH PERIOD ENDED 30 JUNE 2014 (CONT'D)

MINETECH RESOURCES BERHAD (575543-X)
 (Incorporated in Malaysia)

B. ADDITIONAL DISCLOSURES IN COMPLIANCE WITH THE BURSA SECURITIES LISTING REQUIREMENTS
16. Review of the performance of the Company and its principal Subsidiary
(a) Q2/14 vs Q2/13

The Group's revenue for the 2nd quarter ended 30 June 2014 has decreased by 21.6% to RM42.4 million as compared to RM54.1 million in the previous year corresponding quarter. The Group recorded a loss before tax ("LBT") of RM 0.2 million for the current quarter ended 30 June 2014 as compared to profit before tax ("PBT") of RM1.4 million in the previous year corresponding quarter.

Quarry and Building Materials Products Segment

The revenue for quarry and building materials products segment decreased by 2.2% from RM23.0 million to RM22.5 million. This was mainly due to one quarry that was operational in 2QFY2013 was no longer operational in 2014. The segment operating loss was decreased by 52.9% from RM1.7 million to RM0.8 million.

Civil Engineering and Bituminous Products Segment

Revenue from civil engineering and bituminous products segment was lower at RM20.1 million, representing a decrease of 36.2% from RM31.5 million. It was mainly due to the decrease in bituminous product sales, and construction projects in 2QFY2013 that have already been completed. In line with lower revenue, the segment operating profit was decreased by 57.1% from RM3.5 million to RM1.5 million.

Others

Others refer to the holding, trading and dormant companies of the Group. The revenue decreased by 16.7% from RM1.2 million to RM1 million. The others segment operating results decreased by 266.7% from profit of RM0.3 million to loss of RM0.5 million. This was mainly due asset written off, legal and professional fees for capital reduction and rights issue corporate exercise.

(b) 6M/2014 vs 6M/2013

The Group's revenue for the six months ended 30 June 2014 ("6M/2014") has decreased by 23.5% to RM76.0 million as compared to RM99.3 million in the previous year corresponding quarter ("6M/2013"). The Group recorded a loss before tax ("LBT") of RM 0.4 million for the current quarter ended 30 June 2014 as compared to profit before tax ("PBT") of RM3.0 million in the previous year corresponding quarter.

Quarry and Building Materials Products Segment

The revenue for quarry and building materials products segment decreased by 12.3% from RM46.0 million to RM40.3 million. This was mainly due to one quarry that was operational in 2QFY2013 and provided revenue of RM4 million was no longer operational in 2014. The segment operating loss was decreased by 43.5% from RM2.3 million to RM1.3 million.

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE SIX (6)-MONTH PERIOD ENDED 30 JUNE 2014 (CONT'D)

MINETECH RESOURCES BERHAD (575543-X)
(Incorporated in Malaysia)

16. Review of the performance of the Company and its principal Subsidiary (continued)
(b) 6M/2014 vs 6M/2013 (continued)
Civil Engineering and Bituminous Products Segment

Revenue from civil engineering and bituminous products segment was lower at RM36.7 million, representing a decrease of 32.4% from RM54.3 million. This was mainly due to the followings:

- (i) Construction projects in 2QFY2013 that have already been completed and not recurring in 2014 amounting to RM11.4 million, which was partially offset by new projects of RM5.1 million in 2QFY2014.
- (ii) Decrease in Bituminous Product sales.

In line with lower revenue, the segment operating profit decreased by 60.7% from RM6.1 million to RM2.4 million.

Others

Others refer to the holding, trading and dormant companies of the Group. The revenue decreased by 24.0% from RM2.5 million to RM1.9 million. The others segment operating results decreased by 171.4% from profit of RM0.7 million to loss of RM0.5 million. This was mainly due to the followings:

- (i) Asset written off of RM0.3 million for the group due to the Group's policy of writing off fixed asset with cost and net book value of less than RM5,000 per unit.
- (ii) Holding company incurring legal and professional fees of up to RM0.3 million for capital reduction and rights issue corporate exercise.
- (iii) Holding company incurred additional consultancy fees of RM0.09 million in 2QFY2014

17. Explanatory comments on any material change in the profit before tax for the quarter reported on as compared with preceding quarter

The Group's revenue for the 2nd quarter ended 30 June 2014 has increased by 26.2% to RM 42.4 million as compared to RM 33.6 million in the preceding quarter ended 31 March 2014.

The Group recorded a LBT of RM 247,000 for the current quarter as compared to LBT of RM 112,000 in the preceding quarter ended 31 March 2014. The increase in LBT for the current quarter as compared to immediate preceding quarter are mainly due to loss on disposal of fixed asset and high operating expenses from asset written off and legal and professional fees for capital reduction and right issue corporate exercise.

18. Prospects

Going forward, the Group will continue with its on-going expansion plan to collaborate with other industry experts to improve the existing asphalt products and to expand the range of asphalt products to other regions in Malaysia and other countries.

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE SIX (6)-MONTH PERIOD ENDED 30 JUNE 2014 (CONT'D)

MINETECH RESOURCES BERHAD (575543-X)
(Incorporated in Malaysia)

18. Prospects (continued)

However, there is still volatility of global raw material prices as well as bitumen prices and the Ringgit's weakening against the Singapore Dollar continues to pose as a challenge to the Group's profitability.

Despite the challenges, the Group remains committed to its efforts to actively participate in the tendering of projects in Malaysia and projects to be rolled-out under the on-going implementation of infrastructure project from the Government's Economic Transformation Programme ("ETP") throughout Malaysia to further enhance shareholder's value.

The Group has already completed the Cochrane Station in the Klang Valley Mass Rapid Transit Project ("MRT Project") and is currently engaged in Maluri Station. The Group aims to continue its participation in the MRT Project for Line 2 and 3 as it cements its good reputation due to completion of its scope within budget and time constraints. Other ongoing construction projects are the infrastructure works for I-City in Shah Alam, Selangor.

The Group is also strengthening its quarry business by continuing to search for new quarry sites, which the Group will be able to obtain exclusive rights to extract and sell quarry products. The Group has a new joint venture operations with Pantai Quarry 2 which is located in Mukim Pengkalan Baharu, Daerah Manjung, Perak where the operations is expected to commence in September 2014.

19. Memorandum of Understanding ("MOU")

The Group had on 24 June 2014 entered into a dealership MOU with Sany to act as a dealer of selected Sany's products, i.e. concrete batching plant, concrete truck mixer, road machineries and asphalt batching plant in Malaysia for a duration of two (2) years commencing from 1 July 2014 to 30 June 2016. Sany is part of the Sany Group Co. Ltd., one of the largest public listed companies in China, and is principally involved in manufacturing of heavy equipment and machinery.

20. Realised and unrealised profits/losses

The breakdown of the accumulated losses of the Group is as follows:

	As at 30 Jun 2014 RM'000	As at 31 Dec 2013 RM'000
Total accumulated losses of the Company and its subsidiaries		
Realised	(20,073)	(19,471)
Unrealised	-	-
Total Group accumulated losses	<u>(20,073)</u>	<u>(19,471)</u>

21. Profit forecast/profit guarantee

Not applicable.

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE SIX (6)-MONTH PERIOD ENDED 30 JUNE 2014 (CONT'D)

MINETECH RESOURCES BERHAD (575543-X)
(Incorporated in Malaysia)

22. Tax expense

Tax expense is as follows:

	Current Quarter RM'000	Current Year-to-date RM'000
Current tax expense :		
- current quarter/ year-to-date	104	208
- under/(over) provision in prior year	132	132
Current deferred tax	-	-
	236	340

23. Status of corporate proposals

There is no corporate proposal announced but not completed as at the date of this announcement except for the following:

As at 31 December 2013, the utilisation of the proceeds of RM6,043,600 from the Private Placement is as follows:-

	Time frame for utilisation of proceeds (from 10 October 2013)	Proposed Utilisation RM'000	Amount Utilised RM'000	Amount Unutilised RM'000	
To finance the leasing, development, operation and maintenance of potential new quarry site(s)	Within 12 months	5,860	2,500	3,360	*
Estimated expenses in relation to the Private Placement	Within 1 month	184	94	90	#
		6,044	2,594	3,450	

*Pending the full utilisation of such proceeds, MRB had placed the proceeds (including accrued interest) or the balance thereof in interest-bearing deposit account(s) with licensed financial institution.

In view of the actual Private Placement expenses were lower than estimated, the excess shall be utilised to finance the leasing, development, operation and maintenance of potential new quarry site(s).

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE SIX (6)-MONTH PERIOD ENDED 30 JUNE 2014 (CONT'D)

MINETECH RESOURCES BERHAD (575543-X)
(Incorporated in Malaysia)

24. Group borrowings

The Group's borrowings are as follows:-

	As at 30 Jun 2014 RM'000	As at 31 Dec 2013 RM'000
<u>Current liabilities- secured</u>		
Hire purchase creditors	2,731	3,188
Term loans	3,072	6,165
Trade financing/short term borrowings	420	52
<u>Current liabilities- unsecured</u>		
Trade financing/short term borrowings	3,800	4,976
<u>Non-current liabilities- secured</u>		
Hire purchase creditors	5,331	5,879
Term loans	289	1,729
Total borrowings	15,643	21,989

25. Material litigation

The Group is not engaged in any material litigation as at the date of this report other than the following:

- a) Status update on the Writ of Summons dated 1 April 2013 served by the Company's wholly owned subsidiary, Optimis Dinamik Sdn Bhd ("ODSB") to Sri Manjung Granite Quarry Sdn Bhd ("SMGQ"):-

On 1 April 2013, the Company through its Advocates, Messrs CK Oon & Co. served on the Defendant, SMGQ, through its Advocates, Messrs Gan Partnership, and submitted to the Arbitrator and the High Court of Kuala Lumpur, Commercial Division for Arbitration its Statement of Claim for the sum of RM43,397,367 being the loss of profit calculated from 2013 to 2021 and sum of RM14,818,447 being the NBV for fixed assets.

On 16 April 2013 Case Management, ODSB has been served a Defence and Counter claim by the Defendant, SMGQ. The Defendant contends that ODSB violated the conditions of license by the Forest Office by using lorries with unregistered sub-licenses and gave ODSB a period of 60 days to vacate the quarry and return the quarry to the Defendant via Defendant's solicitors' letter dated 20 Dec 2012. In addition, the Defendant counter claim for the tribute of RM256,300.24 for the months of October and November 2012, respectively for RM169,095.35 and RM87,204.89 and the forwarding agency fee for materials shipped to Singapore for the months of September, October and November 2012 in the sum of RM24,623.50.

On 15 May 2013 Case Management, the learned judge informed both parties that she would like to deal with the Defendant's injunction application first. In any event, the judge has fixed a hearing date for the Defendant's injunction application on 29 May 2013.

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE SIX (6)-MONTH PERIOD ENDED 30 JUNE 2014 (CONT'D)

MINETECH RESOURCES BERHAD (575543-X)
(Incorporated in Malaysia)

25. Material litigation (continued)

On 29 May 2013 Defendant's injunction, the learned Judge has directed the plaintiff to deliver vacant possession of the site to the Defendant on or before 12 July 2013. On the remaining stockpiles, both parties have agreed to conduct a joint survey to determine the value of the remaining stockpiles. The joint survey on the stockpile was postponed and carried out on 22 July 2013.

On 19 July 2013 Case Management, the learned judge instructed both parties to file, amongst other things, the Common Bundle of Documents on the next case management

On 19 September 2013 Case Management, the learned judge has fixed another Case Management on 19 November 2013.

The Case Management was postponed to 9 December 2013, and then further postponed to 15 January 2014.

The Trial of the matter initially scheduled on 24 and 25 March 2014 has been vacated and a new trial date will be fixed upon disposal of the application to amend the Statement of Claim.

A new trial date has been tentatively scheduled as at 23rd and 24th September 2014.

The legal opinion given by the Company's lawyers is that the Defendant's termination is unlawful and the claim is without basis.

- b) On 29th May 2014, KS Chin Minerals Sdn. Bhd. ("KSCM"), a wholly owned subsidiary of the Group, was served a Writ of Summons and Statement of Claim in respect of the suit filed by Diman Kuari Sdn Bhd.

KSCM's solicitors filed the Memorandum of Appearance on 6 June 2014, and attended the Case Management on 9 June 2014 and obtained directions from the High Court in respect of the conduct of the case. The High Court fixed a further Case Management date on 17 July 2014.

The Directors of the Group are of the opinion that the amount claimed is not expected to have any financial or operational impact on the Group.

The Group has sought legal advice on the matter and will make the announcement on further developments accordingly.

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE SIX (6)-MONTH PERIOD ENDED 30 JUNE 2014 (CONT'D)

MINETECH RESOURCES BERHAD (575543-X)
(Incorporated in Malaysia)

26. Dividend

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

27. Provision for and write off of receivables.

There were no provisions for and write off of receivables in respect of the financial quarter under review.

28. Provision for and write off of inventories

There were no provisions for and write off of inventories in respect of the financial quarter under review.

29. Gain or loss on disposal of quoted or unquoted investments or properties

There were no gain or loss on disposal of quoted or unquoted investments or properties in respect of the financial quarter under review.

30. Impairment of assets

There was no impairment of assets in respect of the financial quarter under review.

31. Gain or loss on derivatives

There were no gain or loss on disposal of quoted or unquoted investments or properties in respect of the financial quarter under review.

32. Loss per share

	<u>Individual Quarter</u> Current Year Quarter ended 30 Jun 2014	<u>Cumulative Quarter</u> Current Year To Date ended 30 Jun 2014
Net Profit attributable to the owners of the company (RM'000)	(509)	(602)
Weighted average number of ordinary share of RM0.20 each ('000)	309,224	309,224
Basic earnings per share (sen)	(0.16)	(0.19)

The Group has no dilution in its earnings per ordinary share in the current quarter and the preceding year as there are no dilutive potential ordinary shares.

**UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE SIX (6)-
MONTH PERIOD ENDED 30 JUNE 2014 (CONT'D)**

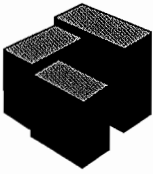
MINETECH RESOURCES BERHAD (575543-X)
(Incorporated in Malaysia)

33. Authorised for issue

The interim financial statements for financial period ended 30 June 2014 has been seen and approved by the Board of Directors of MRB on 22 August 2014 for release to the Bursa Securities.

By Order of the Board
Tai Yit Chan (MAICSA 7009143)
Company Secretary
22 August 2014

DIRECTORS' REPORT

**MINETECH RESOURCES BERHAD** (575543-X)**Registered Office:**

Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan

29 OCT 2014

To: Shareholders of Minetech Resources Berhad (“MRB” or “Company”)

Dear Sir/Madam,

On behalf of the Board of Directors of MRB (“Board”), I wish to report that after making due enquiries in relation to our Company and subsidiary companies (“Group”) during the period between 31 December 2013 (being the date on which the latest audited consolidated financial statements have been made up) to the date thereof, being a date not earlier than fourteen (14) days before the date of this Abridged Prospectus that:

- (i) in the opinion of the Board, the business of our Group has been satisfactorily maintained;
- (ii) in the opinion of the Board, no circumstances have arisen since the last audited consolidated financial statements of our Group which have adversely affected the trading or the value of the assets of our Group;
- (iii) the current assets of our Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (iv) save as disclosed in this Abridged Prospectus, there are no material contingent liabilities which have arisen by reason of any guarantees or indemnities given by our Group;
- (v) since the last audited consolidated financial statements of our Group, there has been no default or any known event that could give rise to a default situation, in respect of payment of either interest and/or principal sums in relation to any borrowings; and
- (vi) save as disclosed in this Abridged Prospectus, there have been no material changes in the published reserves or any unusual factors affecting the results of our Group since the last audited consolidated financial statements of our Group.

Yours faithfully

For and behalf of the Board of
MINETECH RESOURCES BERHAD

CHOY SEN @ CHIN KIM SANG

Executive Chairman cum Group Managing Director

ADDITIONAL INFORMATION

1. SHARE CAPITAL

- 1.1 Save for the Rights Shares, Warrants and new Shares to be issued pursuant to the exercise of the Warrants, no securities in our Company will be allotted or issued on the basis of this AP later than twelve (12) months after the date of the issuance of this AP.
- 1.2 As at the date of this AP, there is no founder, management, deferred shares or preference shares in the share capital of our Company. There is only one (1) class of shares in our Company, namely ordinary shares of RM0.15 each, all of which rank *pari passu* with one another.
- 1.3 Save for the Entitled Shareholders who will be allotted the provisional Rights Shares with Warrants under the Rights Issue of Shares with Warrants, no person has been or is entitled to be granted an option to subscribe for any of our securities as at the LPD.

2. REMUNERATION OF DIRECTORS

The provisions in our Articles of Association in respect of the arrangements for the remuneration of Directors are as follows:

Article 108

Subject to these Articles, the fee of the Directors shall from time to time be determined by the Company in general meeting but:

- (1) Directors' fees payable to Directors not holding any executive office in the Company shall be a fixed sum and shall not be payable by a commission on or percentage of profits or turnover;
- (2) salaries payable to Directors holding executive office in the Company may not include a commission on or a percentage of turnover;
- (3) all fees payable to Directors shall be deemed to accrue from day to day;
- (4) fees payable to Directors shall not be increased except pursuant to a resolution passed by the Company in general meeting, where notice of the proposed increase has been given in the notice convening the meeting; or
- (5) any fee paid to an alternate Director shall be agreed between him and his appointor and shall be deducted from his appointor's remuneration.

Article 109

The Directors may be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of Directors or general or other meetings of the Company or in connection with the business of the Company.

Article 110

The Directors may grant special remuneration to any Director who (on request by the Directors) is willing to:

- (1) render any special or extra services to the Company; or
- (2) to go or reside outside his country of domicile or residence in connection with the conduct of any of the Company's affairs.

ADDITIONAL INFORMATION (CONT'D)

Such special remuneration may be paid to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be paid in a lump sum or by way of salary, or by a percentage of profits (other than non-executive directors), or by all or any of such methods but shall not include (where such special remuneration is paid by way of salary) a commission on or a percentage of turnover.

3. MATERIAL CONTRACTS

Save as disclosed below, neither we nor our subsidiary companies have entered into any material contracts, (not being contracts entered into in the ordinary course of business) within two (2) years immediately preceding the date of this AP:

- (i) the Deed Poll dated 24 October 2014 executed by our Company constituting the Warrants; and
- (ii) Underwriting Agreement dated 24 October 2014 entered into between our Company and the Joint Underwriters to underwrite severally but not jointly up to 243,740,990 Rights Shares, representing approximately 73.26% of the total size of the Rights Issue of Shares with Warrants for an underwriting commission of approximately RM731,223 representing two percent (2%) of the total value of the Rights Shares underwritten.

4. MATERIAL LITIGATION

Save as disclosed below, as at the LPD, neither our Company nor our subsidiary companies are engaged in any material litigation, claims or arbitration either as plaintiff or defendant, which has a material effect on the financial position of our Company and our Group and our Board is not aware of any proceedings pending or threatened, or of any facts likely to give rise to any proceedings, which might materially and adversely affect the business or financial position of our Group:

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

Optimis Dinamik Sdn Bhd (“ODSB”), our indirect wholly-owned subsidiary, and Sri Manjung Granite Quarry Sdn Bhd (“SMGQ”) had entered into an agreement dated 28 March 2006 (“Agreement”) whereby ODSB shall be given an exclusive right to undertake quarry works at quarry sites located in Mukim Pengkalan Baru, Daerah Manjung, Perak (“Quarry Sites”) as described in the Agreement for a period of fifteen (15) years.

ODSB received a letter dated 20 December 2012 from SMGQ, the owner of the Quarry Sites, giving sixty (60) days’ notice to cease any remaining operation or activity on the Quarry Sites and to dismantle and remove all plant and machinery and vacate all buildings and structures at the Quarry Sites and return the Quarry Sites to SMGQ.

On 1 April 2013, ODSB through its solicitors filed and thereafter served on SMGQ through SMGQ’s solicitors a writ and statement of claim for the sum of RM43,397,367 being the loss of profit calculated from 2013 to 2021 and sum of RM14,818,447 being the net book value for its fixed assets.

On 30 April 2013, ODSB was served with the defence and counter claim by SMGQ. In the defence, SMGQ had contended that ODSB had violated the conditions of license by the Forest Office by using lorries with unregistered sub-licenses and gave ODSB a period of sixty (60) days to vacate the Quarry Sites and return the Quarry Sites to SMGQ. In addition, SMGQ counter claimed for the tribute of RM256,300.24 for the months of October 2012 and November 2012, respectively and the forwarding agency fee for materials shipped to Singapore for the months of September 2012, October 2012 and November 2012 in the sum of RM24,623.50.

ADDITIONAL INFORMATION (CONT'D)

On 15 May 2013, the learned judge has fixed a hearing date for SMGQ's injunction application on 29 May 2013. On 29 May 2013, the learned judge has directed ODSB to deliver vacant possession of the Quarry Sites to SMGQ on or before 12 July 2013. ODSB has fully evacuated the Quarry Sites on 9 July 2013.

SMGQ by way of an amended statement of defence and amended counter-claim dated 20 March 2014 added Minetech Quarries Sdn Bhd ("**MQSB**"), our wholly-owned subsidiary, as a party to the amended counter-claim by reason of a performance guarantee dated 28 March 2006 in favour of SMGQ.

The trial dates on 22 and 23 September 2014 have been vacated as there is another suit filed jointly consisting of ODSB, MQSB and K.S. Chin Minerals Sdn Bhd ("**KSC**"), our wholly-owned subsidiary, against SMGQ and its shareholders (i.e. Kuala Lumpur High Court Suit No. 22NCVC-433-09/2014). An application to consolidate both these suits is currently being prepared.

SMGQ has also filed two (2) further applications recently wherein one (1) is to obtain further and better particulars and the other is to amend their defence and counter-claim. ODSB on obtaining their solicitors advice on both the applications furnished the particulars requested and consented to the amendment application as ODSB will have a right to reply to the amendments in order to save cost and time. ODSB's solicitors are in the midst of preparing the application.

ODSB's solicitors are of the view that ODSB has a reasonable prospect of succeeding in its claim for damages and it is for SMGQ to prove its counter-claim. The exposure of liabilities as a result of this would be the amount claimed in SMGQ's counter claim (in the event that SMGQ's counter claim is allowed with cost and ODSB's claim is dismissed with cost) and the legal fees incurred in ODSB's engagement of the solicitors to litigate this matter amounting to approximately RM500,000.

(iA) Kuala Lumpur High Court Suit No. 22NCVC-433-09/2014

ODSB, MQSB and KSC, our wholly-owned subsidiary (collectively referred to as the "**Companies**") had on 19 September 2014 through their solicitors served a statement of claim and writ of summons both dated 15 September 2014 against SMGQ and its shareholders, namely Moo Khean Choong @ Mu Kan Chong, Atma Singh @ Atma Singh Lahre s/o Keer Singh and Low Sow Fong ("**Defendants**") in the High Court of Malaya. By this suit, the Companies sought for orders to rescind the agreement dated 28 March 2006 as mentioned in item (i) above, demanded general damages to be assessed by the Senior Assistant Registrar, special damages in the sum of RM4,000,000.00 for the wasted expenditure incurred in developing the Quarry Sites, interest and cost.

The subject matter of this suit is based on the breach of the agreement dated 28 March 2006 as mentioned in item (i) above. However, the reliefs sought herein are different from the above suit described in item (i) above.

This suit is premised on the deceit and misrepresentation that is committed by the Defendants against the Companies and also involving the tort of deceit. This has caused the Companies to suffer loss and damages. This suit is currently awaiting for the filing of the statement of defence. The matter is fixed for the first (1st) case management on 15 October 2014 wherein the directions from the High Court of Malaya is that for the Defendants' solicitors to file their statement of defence on or before 21 October 2014 and the Companies' solicitors to file the statement in reply on or before 7 November 2014. The matter is then fixed for case management on 27 November 2014.

An application to consolidate this suit and the suit described in item (i) above is currently being prepared as it relates to the same subject matter.

ADDITIONAL INFORMATION (CONT'D)

The Companies' solicitors are of the view that the Companies have a reasonable prospect of succeeding subject to the fact that the Companies are able to furnish or provide the relevant evidence in respect of the matters averred in the statement of claims. In the worst case scenario, the Companies will be liable to the Defendants for costs incurred.

(ii) Kuala Lumpur Sessions Court Suit No. B52NCC-111-02/2014

Minetech Premix Sdn Bhd ("MPSB"), our wholly-owned subsidiary, filed a writ and statement of claim dated 21 February 2014 claiming for the sum of RM388,353.65 against AVB Constructions Sdn Bhd ("1st Defendant") and two (2) others, namely Anandan a/l Krishnasamy and Vijayakumari a/p P. Krishna ("2nd and 3rd Defendants") for non-payment of the goods sold and delivered to the 1st Defendant and for which the payment for the same was guaranteed by the 2nd and 3rd Defendants.

MPSB had obtained a judgement in default against the 1st Defendant on 11 April 2014 whilst judgment in default of appearance against the 2nd and 3rd Defendants was obtained on 10 July 2014. MPSB will proceed with bankruptcy proceedings against the 2nd and 3rd Defendants.

(iii) Kuala Lumpur High Court Suit No. 22 NCVC-252-05/2014

Diman Kuari Sdn Bhd ("DKSB") had initiated a suit against KSC for breach of two (2) agreements entered between DKSB and KSC namely the Diman Kuari Agreement and Asset Purchase Agreement dated 13 January 2005 (collectively the "Agreements"). Under the Agreements, KSC was to take over the quarry works and operations and acquire the plant and equipment owned by DKSB. The tenure of the Diman Kuari Agreement is from 13 June 2005 until 12 August 2019. KSC further agreed to pay to DKSB a minimum monthly tribute of not less than RM50,000.00 per month. DKSB was to ensure that KSC was entitled to the vacant possession of several lands ("Quarry Lands") belonging to third parties for the operations of the quarry works and that the tenure of the Quarry Lands is extended and remains valid throughout the tenure of the Diman Kuari Agreement.

Based on the Diman Kuari Agreement, KSC deposited a refundable sum of RM60,000.00 as security deposit. KSC had also advanced a sum of RM110,000.00 to DKSB.

A stop work order was issued on 10 September 2012 to KSC since part of the Quarry Lands' land lease had expired and not renewed where the primary crusher plant operated and the same had to be ceased with immediate effect. On 29 November 2012, KSC terminated the Diman Kuari Agreement due to the fundamental breach committed by DKSB for the non-renewal of the part of the Quarry Lands.

On 21 January 2013, DKSB issued a demand stating KSC breached the Diman Kuari Agreement and demanded amongst others for a sum of RM600,000.00 being the agreed liquidated damages, outstanding tributes and for delivery of vacant possession of the Quarry Land within six (6) months.

On 22 February 2013, KSC's solicitors denied the demand issued by DKSB and instead demanded that DKSB pay a sum of RM600,000.00 being the agreed liquidated damages as they contended that it was DKSB who had breached the agreement.

ADDITIONAL INFORMATION (CONT'D)

DKSB subsequently filed a writ of summons and statement of claim on 27 May 2014 and served to KSC on 29 May 2014 stating that KSC had breached the Diman Kuari Agreement and demanded a sum of RM600,000.00 as agreed liquidated damages and for the delivery of vacant possession of the Quarry Lands within six (6) months, RM775,000.00 being the outstanding minimum tribute of RM50,000.00 per month for 15 ½ months from 1 December 2012 to the date of delivery of vacant possession of the Quarry Lands on 15 March 2014, RM115,000.00 being the reinstatement and repair costs of alleged damaged workshop by KSC, interest on pre and post judgement sum and cost via a statement of claim filed by DKSB's solicitors.

KSC's solicitors filed the memorandum of appearance on 6 June 2014 and attended the case management on 9 June 2014 and obtained directions from the High Court in respect of the conduct of the case. KSC's solicitors filed the amended statement of defence and counter-claim against DKSB on 31 July 2014. Further claims for quarry development cost and demobilisation cost are also being tabulated and finalised against DKSB.

During the case management on 15 October 2014, the solicitors were informed to comply with the pre-trial case management directions and a further case management date was fixed on 26 November 2014. The initial trial scheduled on 6 to 8 April 2015 has been vacated and rescheduled to 5 to 7 May 2015.

KSC's solicitors are of the opinion that KSC has a reasonable prospect in succeeding in dismissing DKSB's claim and its counter-claim. The estimated maximum exposure to liabilities is RM1,907,750.00, interest on judgment sum if DKSB is successful together with cost and KSC's legal cost.

(iv) Shah Alam Sessions Court Suit No. A52NCC-225-11/2013

MPSB had on 27 November 2013 filed a suit against Seri Vickness Asphalt Construction (M) Sdn Bhd and Vickneswaran a/l K Suppermaniam ("the Defendants") due to non-payment of the goods sold and delivered to Seri Vickness Asphalt Construction (M) Sdn Bhd. On 22 January 2014 a consent judgment was recorded in the Shah Alam Sessions Court that the Defendants will pay a sum of RM192,670.61 together with cost of RM5,000.00 to be paid to MPSB within one (1) month from 21 January 2014, failing which the Defendants are to pay the MPSB a sum of RM234,065.76 with interest at 5% per annum on RM234,065.76 from 22 January 2014 till the date of full realisation.

MPSB's solicitors informed that the Defendants have proposed a settlement schedule to settle the judgment debt which has been accepted by MPSB.

(v) Kuala Lumpur High Court Suit No. 22NCVC-365-07/2014

Minetech Construction Sdn Bhd ("MCSB"), our wholly-owned subsidiary, had via its solicitors issued a letter of demand dated 23 May 2014 to Oaxis Sdn Bhd ("Oaxis") to demand for a sum of RM4,950,519.04 being balance of monies due and owing in respect of goods and services rendered to Oaxis at their request and order. The demand was based on:

- (a) Outstanding sum of RM4,369,691.04 based on the Interim Payment Certificates No. 7, 8, 9, 10A and 11 which had been issued and certified by G & P Infra Sdn Bhd, a consultant appointed by Oaxis; and
- (b) Outstanding sum of RM580,828.00 being the idling costs from 9 January 2014 until 15 March 2014 of which Oaxis' clerk-of-work has certified a list of plant and machinery report as well as the manpower report due to the Engineer's Instruction to stop work dated 8 January 2014.

ADDITIONAL INFORMATION (CONT'D)

The letter of demand was for the outstanding sum of RM4,950,519.04 together with the legal cost of RM150.00 to be settled by Oasis within fourteen (14) days from 23 May 2014.

MCSB received a reply letter through Oasis's solicitors on 16 June 2014 disputing the amount owed to MCSB. MCSB's solicitors filed the writs of summon and statements of claims against Oasis on 22 July 2014 and attended the case management on 8 October 2014. The Court has fixed a further case management date on 10 November 2014.

MCSB's solicitors are of the view that MCSB has a reasonable prospect in succeeding in its claim against Oasis. The estimated maximum exposure to liabilities would be in terms of cost and expenses incurred in bringing the matter to litigation.

(vi) Letter of Demand to RSE Trade & Resources

MPSB had via its solicitors issued a letter of demand dated 5 March 2014 to RSE Trade & Resources ("RSE") to demand the outstanding payment in the sum of RM414,958.82 within seven (7) days from the date of the said letter, being monies due and owing in respect of goods sold and delivered to RSE.

MPSB's solicitors have finalised the preparation of the writ and statement of claim to claim against RSE in respect of the abovementioned non-payment of the goods sold and delivered to RSE. However, filing of the same has been requested to be deferred as RSE has proposed a settlement in respect of the outstanding sum which is currently being discussed between MPSB and RSE.

MPSB's solicitors are of the opinion that MPSB has a reasonable prospect of succeeding in its claim if all necessary documents to support the claim are tendered. The estimated maximum exposure to liabilities would be in terms of cost and expenses incurred in bringing the matter to litigation.

(vii) Diman K.S Chin Sdn Bhd v Diman Premix Industries Sdn Bhd

Diman K.S Chin Sdn Bhd ("DKSC"), our wholly-owned subsidiary, at the request of Diman Premix Industries Sdn Bhd ("DPI") supplied DPI with premix and quarry products. The total outstanding sum which is due and payable to DKSC for the supply of premix and quarry products to DPI is RM481,798.79. DKSC's solicitors are currently preparing the writ and statement of claim for the outstanding amount due from DPI.

The solicitors are of the view that DKSC has a reasonable prospect of succeeding in its claim if all necessary documents to support the claim are tendered. The estimated maximum exposure to liabilities would be in terms of cost and expenses incurred in bringing the matter to litigation.

5. GENERAL

- 5.1 There is no existing or proposed service contract entered or to be entered into by our Company with any Director or proposed Director, other than those which are expiring or determinable by the employing company without payment of compensation (other than statutory compensation) within one (1) year from the date of this AP.
- 5.2 Save as disclosed in this AP and to the best knowledge of our Board, the financial conditions and operations of our Group are not affected by any of the following:
- (i) known trends or demands, commitments, events or uncertainties that will result in or are reasonably likely to result in our Group's liquidity increasing or decreasing in any material way;

ADDITIONAL INFORMATION (CONT'D)

- (ii) material commitments for capital expenditure of our Group;
- (iii) unusual or infrequent events or transactions or significant economic changes that will materially affect the amount of reported income from operations;
- (iv) known trends or uncertainties that have had or that our Group reasonably expects will have, a material favourable or unfavourable impact on our Group's revenue or operating income;
- (v) substantial increase in revenues; and
- (vi) material information, including trading factors or risks, which are unlikely to be known or anticipated by the general public and which could materially affect our profits.

6. CONSENTS

The Adviser, Company Secretaries, Principal Banker, Share Registrar, Joint Underwriters, Solicitors for the Rights Issue of Shares with Warrants and Bloomberg Finance LP have given and have not subsequently withdrawn their written consents to the inclusion in this AP of their names and all references thereto in the form and context in which they appear in this AP.

The written consent of our Reporting Accountants and Auditors to the inclusion in this AP of their names and letter relating to the proforma consolidated statements of financial position of our Group as at 31 December 2013 and the audited consolidated financial statements of our Group for the FYE 2013 respectively, and all references thereto in the form and context in which they appear have been given before the issuance of this AP and have not subsequently been withdrawn.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at our Registered Office at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan during normal business hours from 8.30 a.m. to 5.30 p.m. from Monday to Friday (excluding public holidays) for the period of twelve (12) months from the date of this AP:

- (i) our Memorandum and Articles of Association;
- (ii) our audited financial statements for the past two (2) FYE 2012 and FYE 2013 and our latest unaudited consolidated financial statements for the six (6)-month period ended 30 June 2014;
- (iii) the proforma consolidated statements of financial position as at 31 December 2013 and the Reporting Accountants' letter thereon as set out in Appendix III of this AP;
- (iv) the Undertaking referred to in Section 2.4 of this AP;
- (v) the Underwriting Agreement referred to in Section 2.4 of this AP and Section 3 above;
- (vi) Directors' Report referred to as Appendix VI of this AP;
- (vii) the Deed Poll;
- (viii) the writ and relevant cause papers in relation to the material litigation matters as set out in Section 4 above; and
- (ix) the letters of consent referred to in Section 6 above.

ADDITIONAL INFORMATION (CONT'D)

8. RESPONSIBILITY STATEMENT

This AP together with its accompanying documents have been seen and approved by our Board and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any statement herein false or misleading.

TA Securities, being the Adviser for the Rights Issue of Shares with Warrants, acknowledges that, based on all available information and to the best of its knowledge and belief, this AP constitutes a full and true disclosure of all material facts concerning this Rights Issue of Shares with Warrants.

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