MRB

(575543-X)

MINETECH RESOURCES BERHAD

ANNUAL REPORT 2017

VISION

To be the **BEST** in whatever we do

MISSION

We are committed:-

- To implement the best corporate practice culture in the organisation;
- To retain, grow and develop competent Human Capital and provide growth opportunities;
- To meet customers' expectation and provide service excellence.

CONTENTS

CORPORATE STRUCTURE

As At 30 June 2017

MRB (575543-X)
MINETECH RESOURCES BERHAD

QUARRY

- 100% K.S. CHIN MINERALS SDN BHD
  - 100% MINETECH QUARRIES SDN BHD
    - 100% MINETECH PAVEMENT TECHNOLOGIES SDN BHD
      - 51% MINETECH PQ SDN BHD
    - 100% OPTIMIS DINAMIK SDN BHD
    - 100% MINETECH BIDOR QUARRY SDN BHD (formerly known as Dunia Serbajuta Sdn Bhd)
  - 51% GEBENG QUARRY SDN BHD (formerly known as Genetic Frontier Sdn Bhd)
  - 49% HEBAT ASET SDN BHD

CONSTRUCTION

- 100% MINETECH CONSTRUCTION SDN BHD
  - 49% MINETECH BUILDERS SDN BHD

PROPERTY DEVELOPMENT

- 100% MRB LAND SDN BHD
- 100% HARAPAN IRINGAN SDN BHD
- 100% MEDIUM VISA SDN BHD
- 100% MINETECH REALTY SDN BHD

PREMIX

- 100% MINETECH PREMIX SDN BHD
  - 100% MINETECH QUARRIES SABAH SDN BHD

MANUFACTURING

- 85% MINETECH ASPHALT MAN INTERNATIONAL SDN BHD

OTHERS

- 100% MINETECH INDUSTRIES SDN BHD
- 100% DIMAN KS CHIN SDN BHD
- 51% MINETECH HEAVY MACHINERIES SDN BHD
- 100% MINETECH QUARRIES SINGAPORE PTE. LTD.

CORPORATE INFORMATION

BOARD OF DIRECTORS

1. **Choy Sen @ Chin Kim Sang**
   Non-Independent Non-Executive Chairman
2. **Chin Kong Yaw**
   Chief Executive Officer
3. **Chin Leong Choy**
   Group Executive Director
4. **Dato' Sri Chai Chow Sang**
   Non-Independent Non-Executive Director
   (Appointed on 23 March 2017)
5. **Chan Toong San**
   Non-Independent Non-Executive Director
6. **Chong Jun Heng**
   Non-Independent Non-Executive Director
7. **Ahmad Ruslan Zahari Bin Zakaria**
   Independent Non-Executive Director
8. **Peter Ling Sie Wuong**
   Independent Non-Executive Director
9. **Ahmad Rahizal Bin Dato' Ahmad Rasidi**
   Independent Non-Executive Director
   (Appointed on 28 October 2016)
10. **Chai War Ren**
    Alternate Director to Dato' Sri Chai Chow Sang
    (Appointed on 23 March 2017)

AUDIT COMMITTEE

1. **Ahmad Ruslan Zahari Bin Zakaria**
   Chairman
2. **Peter Ling Sie Wuong**
3. **Chan Toong San**
   (Appointed on 28 October 2016)

NOMINATION COMMITTEE

1. **Peter Ling Sie Wuong**
   Chairman
2. **Ahmad Ruslan Zahari Bin Zakaria**
3. **Chong Jun Heng**
   (Appointed on 28 October 2016)

REMUNERATION COMMITTEE

1. **Ahmad Ruslan Zahari Bin Zakaria**
   Chairman
2. **Choy Sen @ Chin Kim Sang**
3. **Peter Ling Sie Wuong**

RISK MANAGEMENT COMMITTEE

1. **Ahmad Rahizal Bin Dato' Ahmad Rasidi**
   Chairman
2. **Ahmad Ruslan Zahari Bin Zakaria**
3. **Chong Jun Heng**

COMPANY SECRETARIES

Tai Yit Chan *(MAICSA 7009143)*
Te Hock Wee *(MAICSA 7054787)*

REGISTERED OFFICE

Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel No. : 603-7720 1188
Fax No. : 603-7720 1111

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. : 603-7720 1188
Fax No. : 603-7720 1111

PRINCIPAL BANKERS

Malayan Banking Berhad
(Company No. 3813-K)

AUDITORS

Messrs UHY
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel No. : 603-2279 3088
Fax No. : 603-2279 3099

STOCK EXCHANGE LISTING

Main Market of
Bursa Malaysia Securities Berhad
Stock Short Name: MINETEC / MINETEC-WA
Stock Code: 7219 / 7219WA

CHOY SEN @ CHIN KIM SANG
Non-Independent Non-Executive Chairman, Aged 64, Male

Choy Sen @ Chin Kim Sang is the founder and Non-Independent Non-Executive Chairman. He was appointed as the Executive Chairman of the Company on 28 January 2005 and subsequently, was re-designated as Executive Vice-Chairman on 15 December 2010 and Executive Vice-Chairman cum Group Managing Director on 16 April 2013. On 28 January 2014, he was re-designated as Executive Chairman cum Group Managing Director.

On 28 October 2016, he was re-designated in his present position of Non-Independent Non-Executive Chairman. He is also a member of the Remuneration Committee of the Company.

He received his Masters in Business Administration from the Southern Pacific University, United States in 2004. He is also an Associate of the Institute of Quarrying Malaysia and a registered Shot-Firer with the Jabatan Mineral dan Geosains Malaysia and Polis Diraja Malaysia. He is a Deputy President of Green Purchasing Network Malaysia.

He has over 40 years of experience in the provision of quarrying services and specialised services for the quarrying and civil engineering industries.

After getting the requisite experiences in drilling and blasting works, in 1984, he incorporated K.S. Chin Construction Sdn Bhd (now known as K.S. Chin Minerals Sdn Bhd) to take over the business operations of Chin Construction. In 1989, he expanded his business to incorporate Minetech Construction Sdn Bhd, to provide specialised drilling and blasting, loading and haulage services focusing on rock excavation and infrastructure development projects. Subsequently, he established Minetech Industries Sdn Bhd in 1994 to support the Group's operations in trading of heavy machineries and industrial machinery spare parts. In 1998, Minetech Quarries Sdn Bhd commenced operations focusing on the sales and marketing of aggregates. As part of his intentions to provide value-added products using aggregates, he established Minetech Premix Sdn Bhd to provide asphalt premix to the road construction and maintenance industry.

As the founder, he has been the main driving force behind the development, growth and expansion of the MRB Group. Some of his main contributions include the Group's strategic diversification into long-term quarry operations in 1991. The Group flourished under his leadership and was listed on the Second Board of the Bursa Malaysia Securities Berhad ("Bursa Securities") on 22 July 2005. Subsequently, on 3 August 2008, the counter was elevated to Bursa Securities' Main Board. Presently, he leads the Board on overseeing the management and ensures the smooth functioning of the Board.

Other than MRB, he is not a director of any other public company and listed issuer. He is a director in several private limited companies.

He is a major shareholder of MRB. He has no conflict of interest with the MRB Group other than that which has been disclosed in the Audited Financial Statements contained in this Annual Report.

CHIN KONG YAW
Chief Executive Officer, Aged 57, Male

Chin Kong Yaw was appointed as an Independent Non-Executive Director of the Company on 13 August 2014. On 1 August 2016, he was re-designated as an Executive Director and then as Chief Executive Officer on 24 November 2016.

He holds a Bachelor of Economics degree with a major in Accounting from Monash University, Melbourne, Australia and he is a member of CPA Australia.

He started his career with several accounting firms in Kuala Lumpur and was involved with audits (1984-1987), Finance Manager of Kimara Securities Sdn Bhd (Stock and Share Brokers), Seremban and was in charge of the operations of the Accounting and Finance Department (1987-1988), Financial Controller of Setegap Berhad (1989-1997), Executive Director of Setegap Berhad (1997-2006), Chief Operating Officer of KYM Holdings Bhd (2006-2014) and Executive Director of H2Advance Builders Sdn Bhd, a subsidiary company of Ho Hup Construction Company Berhad (2015-2016).

Other than MRB, he is not a director of any other public company and listed issuer. He sits on the boards of several private limited companies.

He has no conflict of interest with the MRB Group.

CHIN LEONG CHOY
Group Executive Director, Aged 34, Male

Chin Leong Choy was appointed to the Board of Directors of MRB as Executive Director on 21 January 2010. He was re-designated as Group Executive Director on 6 March 2013.

He received his Master in Business Administration (General Management) from Stichting Euregio University College, Belgium and Master in Business Administration (Property Management) from Tbilisi Teaching University Gorgasali, Georgia. He is a registered Shot-Firer with the Jabatan Mineral and Geosains Malaysia.

In 2003, he joined Minetech Construction Sdn Bhd in-charge of control blasting and infrastructure work. He then transferred to Minetech Quarries Sdn Bhd as Sales Executive in 2005 and Planning & Development Executive of K.S. Chin Minerals Sdn Bhd in 2006. During his tenure between 2007 to 2009, he was the Personal Assistant to Executive Chairman of MRB.

As Group Executive Director, his main responsibilities include the overall performance and management of various companies in MRB Group, business expansion and ensuring that all business goals are achieved.

Other than MRB, he is not a director of any other public company and listed issuer. He sits on the boards of several private limited companies.

He has no conflict of interest with the MRB Group.

DATO' SRI CHAI CHOW SANG
Non-Independent Non-Executive Director, Aged 54, Male

Dato' Sri Chai Chow Sang was appointed as Non-Independent Non-Executive Director of the Company on 23 March 2017. Dato' Sri Chai has built his name in several successful timber related business including sawmilling, logging and timber trading. In addition, he has also ventured into other businesses such as quarrying and property development.

After completing his higher school education, Dato' Sri Chai ventured into the automobile related industry with his first business venture being a tyre dealership. Following that he branched out into timber-related and other businesses.

Dato' Sri Chai was awarded the Darjah Kebesaran Sultan Ahmad Shah Pahang Yang Amat Di Mulia – Peringkat Pertama by the Sultan of Pahang in 2012. He serves various associations and has been appointed to senior positions including Chairman of the Chinese Chamber of Commerce Raub, Deputy Chairman of the Associated Chinese Chambers of Commerce and Industry Pahang, President of Persatuan Chiyang Pahang, Deputy President of Persekutuan Persatuan Chiyang Malaysia and Treasurer for the MCA Pahang Liason Committee.

Other than MRB, he is not a director of any other public company and listed issuer. He also sits on the board of several private companies.

He has no conflict of interest with the MRB Group.

CHAN TOONG SAN
Non-Independent Non-Executive Director, Aged 64, Male

Chan Toong San was appointed as Non-Independent Non-Executive Director of the Company on 29 June 2016. He is also a member of the Audit Committee of the Company.

He received his Masters in Business Administration from Heriot-Watt University and Diploma in Banking from the Chartered Institute of Bankers in United Kingdom.

He built a successful career in the banking and finance industry spanning over 20 years. He was the General Manager of Operations for a leading finance institution and managed more than 80 branches in East and West Malaysia.

He ventured into the quarrying business in 2001 and has been instrumental for the growth and expansion of a medium sized quarry covering the local and overseas market.

He holds 49% of deemed interest via Pantai Quarry Sdn Bhd in Minetech PQ Sdn Bhd, a subsidiary company of MRB.

Other than MRB, he is not a director of any other public company and listed issuer. He sits on the boards of several private limited companies.

He has no conflict of interest with the MRB Group.

CHONG JUN HENG
Non-Independent Non-Executive Director, Aged 54, Male

Chong Jun Heng was appointed as Non-Independent Non-Executive Director on 29 June 2016. He is also a member of the Nomination Committee and Risk Management Committee of the Company.

He received his Masters in Business Administration from the University of Strathclyde and Management Diploma from the Malaysian Institute of Management.

He began his career with Shell Malaysia working there from 1982 to 1991 involved in sales, communications, branding, network management, network development and other marketing activities.

Subsequently, he joined a conglomerate involved in property, food and gaming where he stayed until 2003. He then joined Tebrau Teguh Bhd (now known as Iskandar Waterfront City Berhad), a company listed on Bursa Malaysia as General Manager.

In 2008, he co-founded Cabaran Roadbase Sdn Bhd, a company producing asphaltic concrete mixes for road construction where he has since served as Executive Director.

Other than MRB, he is not a director of any other public company and listed issuer. He sits on the boards of several private limited companies.

He has no conflict of interest with the MRB Group.

AHMAD RUSLAN ZAHARI BIN ZAKARIA
Independent Non-Executive Director, Aged 56, Male

Ahmad Ruslan was appointed as Independent Non-Executive Director of the Company on 21 February 2014. He is also the Chairman of the Audit Committee and Remuneration Committee and a member of the Nomination Committee and Risk Management Committee of the Company.

He graduated from the University of Newcastle-upon-Tyne, England in 1984 with a Bachelor of Arts in Economic Studies (Accounting & Financial Analysis). After graduation, he trained as a Chartered Accountant at a firm in London and in 1986, he joined Merchants Business Growth Consulting, a pan European marketing consulting company, as its Group Financial Controller.

In 1993, he left Europe and joined what is now CIMB Investment Bank Berhad in the Corporate Finance Department. In 1997, he assisted in the formation of Commerce Asset Ventures, the venture capital arm of CIMB Group. In 2000, he joined Clear Channel Communications, Inc., the leading global media organisation listed on the New York Stock Exchange as ASEAN Regional Director/Managing Director of Malaysian operations.

In 2005, he was appointed as the Chief Executive Officer of Terengganu Incorporated, the strategic investment holding company for the Terengganu state. In 2008, he joined, as CEO, Armstrong Marine & Offshore Sdn. Bhd., the official representative of Armstrong Corporation Holdings in Asia and the Pacific Rim, a company involved in offshore and shipping investments, oil trading, finance and project development. Since 2010, he is the Chief Executive Officer of Sungai Temau Mining (M) Sdn. Bhd., an iron ore mining company.

He is also an Independent Non-Executive Chairman and Audit Committee Chairman of Spring Gallery Berhad which is listed on Bursa Securities. Additionally, he is a director of several private limited companies.

He has no conflict of interest with the MRB Group.

PETER LING SIE WUONG
Independent Non-Executive Director, Aged 43, Male

Peter Ling was appointed as Independent Non-Executive Director of the Company on 8 January 2015. He is also the Chairman of the Nomination Committee, a member of the Audit Committee and Remuneration Committee of the Company.

He graduated from the University of East London in 1995, and commenced a career in the legal publishing industry, serving as Managing Editor of LexisNexis Malaysia.

In 2005, he moved into active legal practice, joining the partnership of a medium-sized corporate and commercial practice. In 2013, he set up PETER LING & VAN GEYZEL ("PLVG").

His legal practice is focused on corporate and commercial law. This includes mergers and acquisitions, corporate restructuring, foreign investments, initial public offerings, takeovers, and joint ventures. He also advises on tax and employment law and corporate governance. He is editorially mentioned in Legal 500's 2016 edition as a leading individual for capital markets, corporate merger and acquisition transactions and PLVG is named Legal 500's 2016 edition as Asia Pacific 2016 Leading Law Firm and was awarded "Rising Law Firm of the Year" at the ALB, Thomson Reuters' Malaysian Law Awards 2016.

He has been a member of the Corporate Governance Group, 2011 Securities Commission Corporate Governance Blue Print, the Corporate Law Reform Committee, Working Group C (Directors' Duties and Corporate Governance), and Independent Malaysian Legal Consultant to the World Bank Report on Corporate Governance Observance 2006.

He authored the publications "Sheridan and Grooves, The Constitution of Malaysia, Lexis Nexis", "Chan & Koh, Malaysian Company Law – Principles and Practice, Thomson", and "The Malaysian Precedents & Forms, Volume B – Corporations, LexisNexis".

Other than MRB, he is not a director of any other public company and listed issuer. He sits on the boards of several private limited companies.

He has no conflict of interest with the MRB Group.

AHMAD RAHIZAL BIN DATO’ AHMAD RASIDI
Independent Non-Executive Director, Aged 34, Male

Ahmad Rahizal was appointed as Independent Non-Executive Director on 28 October 2016. He is also the Chairman of the Risk Management Committee of the Company.

He graduated from Sunway College in 2006 with a Degree in Business Information Technology.

He began his career as a Director in Noble Signet Sdn Bhd in 2008, an IT developer catering for the banking industry. From 2009 – 2012, he was appointed as Chairman of UQ Holiday Sdn Bhd which chartered flights for pilgrims to perform the Umrah. In 2012, he joined AutoMasterCop Sdn Bhd as Chief Executive Officer, a position which he holds until today. AutomasterCop provides electronic payment systems as an alternative delivery channel for banks and other financial institutions.

He is also involved in property development in the Klang Valley, Melaka and Johor through Tres Industry Sdn Bhd and the JM Group. He is also involved in politics and now serves as Deputy Youth Chief for UMNO Cheras.

He is also a Senior Independent Non-Executive Director of Acoustech Bhd. He also sits on the board of several private companies.

He has no conflict of interest with the MRB Group.

CHAI WAR REN
Alternate Director to Dato’ Sri Chai Chow Sang, Aged 27, Male

Chai War Ren was appointed as Alternate Director to Dato’ Sri Chai Chow Sang on 23 March 2017.

He graduated from Monash University, Melbourne, in 2011 with a Bachelor of Business (Accounting and Finance). He is also an associate member of the Certified Practicing Accountants (Australia).

Since 2012, he has been involved in various capacities in his family’s business of sawmilling, logging, timber trading and property development.

Other than MRB, he is not a director of any other public company and listed issuer. He sits on the board of several private companies and belongs to several trade and social associations.

He has no conflict of interest with the MRB Group.

SENIOR/KEY OFFICER'S PROFILE

NG KOK HOK
Chief Financial Officer, Aged 56, Male

Ng Kok Hok joined MRB as Finance Advisor in November 2013. On 21 February 2014, he was appointed as Finance Director. He resigned from the Board before taking up new position as Chief Financial Officer on 23 March 2017.

He is a Chartered Accountant with the Malaysian Institute of Accountants, a Chartered Global Management Accountant, an Associate Member of the Chartered Institute of Management Accountants and a Member of the Financial Planning Association of Malaysia.

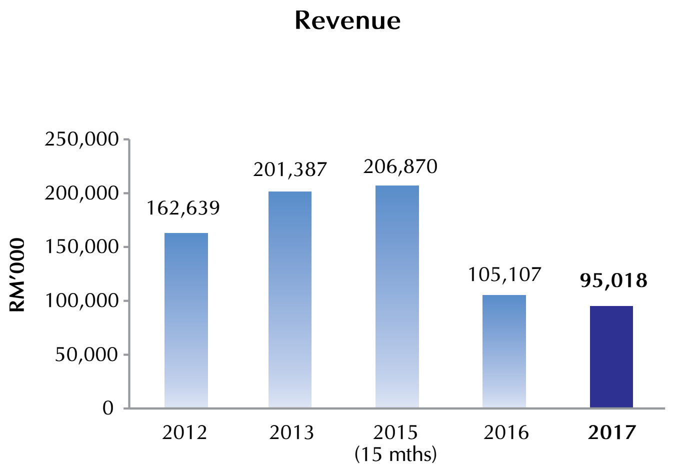
Prior to joining MRB, he held the position of an Accountant in several private limited companies involved in telecommunications, manufacturing and trading businesses. He has also served as an Accountant and was later promoted to be a Financial Controller for Kuala Lumpur Mutual Fund Berhad (now known as Public Mutual Berhad). He then joined as General Manager of TA Unit Trust Management Berhad and progressed to the role as Chief Executive Officer.

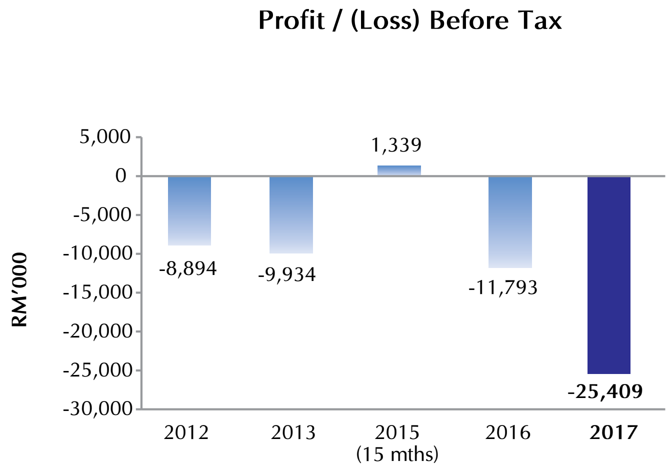
He has no directorship in any public company or listed issuer but sits on the board of a private limited company.

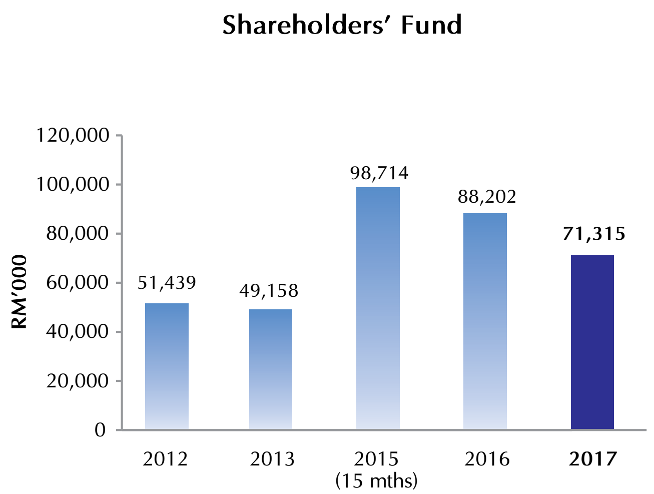
He has no conflict of interest in any business arrangement involving the MRB Group.

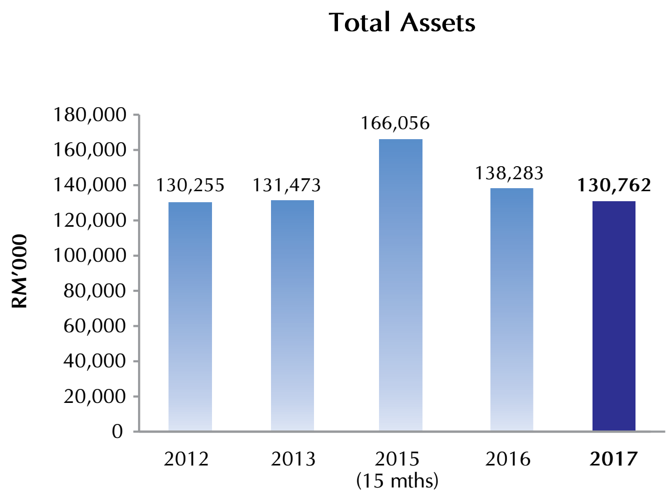
Notes:

1. All the Directors and senior/key officer of MRB are Malaysian.
2. Save as otherwise disclosed, none of the Directors and senior/key officer of MRB have any convictions for offences within the past five (5) years other than traffic offences, if any.
3. None of the Directors and senior/key officer of MRB have any family relationship with any other directors and/or major shareholders except the following:-
   (i) Mr Chin Leong Choy is the son of Mr Choy Sen @ Chin Kim Sang, the Non-Independent Non-Executive Chairman and major shareholder of MRB; and
   (ii) Mr Chai War Ren is the son of Dato' Sri Chai Chow Sang, the Non-Independent Non-Executive Director of MRB.
4. The details of Directors' attendance of Board Meetings during the financial year ended 31 March 2017 are disclosed in page 35 of this Annual Report.


Revenue
RM'000
250,000
200,000
150,000
100,000
50,000
0
162,639
201,387
206,870
105,107
95,018
2012
2013
2015 (15 mths)
2016
2017


Profit / (Loss) Before Tax
RM'000
5,000
0
-5,000
-10,000
-15,000
-20,000
-25,000
-30,000
-8,894
-9,934
1,339
-11,793
-25,409
2012
2013
2015 (15 mths)
2016
2017


Shareholders' Fund
RM'000
120,000
100,000
80,000
60,000
40,000
20,000
0
51,439
49,158
98,714
88,202
71,315
2012
2013
2015 (15 mths)
2016
2017


Total Assets
RM'000
180,000
160,000
140,000
120,000
100,000
80,000
60,000
40,000
20,000
0
130,255
131,473
166,056
138,283
130,762
2012
2013
2015 (15 mths)
2016
2017

Dear Valued Shareholders,

This financial year ended 31 March 2017, Minetech Resources Berhad ("Group" or "Minetech"), recorded Group revenue of RM95.02 million, representing a decrease of RM10.09 million or 9.60% as compared to the previous financial year. Further thereto, the Group recorded a loss before taxation of RM25.41 million, representing an increase in loss of 115.47% from the previous year. Approximately half of the loss or RM10.61 million was attributable to a one-off write down of inventories by RM1.5 million, RM7.3 million of impairment on quarry development cost and RM1.8 million of writen off property, plant and equipment ("write down"). The write down provided in this financial year is a result of the undertaking of a restructuring and rationalisation exercise with the aim of returning the Group to profitability.

Quarry Division

The first part of the exercise to be implemented is in the quarry division which involved several components, the more significant being, reducing overhead costs and the "cleaning up" of the balance sheet.

The quarry division recorded revenue of RM41.42 million for the financial year ended 31 March 2017 and a segmental loss of RM17.30 million. This was attributable to the currently competitive market conditions in addition to the restructuring and cost rationalization exercise.

Within this division, the restructuring exercise includes the outsourcing of the quarrying operations to the previous Management and staff who are now engaged as independent operators and who also acquire the relevant plants and machineries from the Group. This will allow the Group to reduce its overall cost structure and become asset lighter.

In addition, during the year the Group disposed of 49% equity interest in Gebeng Quarry Sdn Bhd ("GQSB", previously known as Genetic Frontier Sdn Bhd) to East Rock Sdn Bhd for a cash consideration of RM4.1 million. GQSB operates a quarry located in Gebeng, Kuantan, Pahang and this disposal paved the way for the establishment of a partnership between member of the group and East Rock Sdn Bhd for the quarry operations, in addition to raising cash for the Company. I am happy to note that since the involvement of this partner, the Company has improved on their operating results and have also invested in a new RM7.3 million quarry plant to double their production capacity in anticipation of the expanding business environment in that area.

We will continue to explore further partnership for this division to improve on its performance and sustainability in the coming year.

Civil Engineering Division

Mainly involved in infrastructure construction and building construction works, the Group is able to transfer its expertise of excavation and controlled blasting to the construction industry and offer its specialised services. The civil engineering segment recorded segmental revenue of RM28.30 million and a segmental profit of RM1.48 million during the financial year. This division is expected to continue to perform satisfactorily in the next financial year.

Asphalt Premix Products Division

The Group has significantly increased the asphaltic premix manufacturing facilities with the commencement of operations of four (4) new plants located in Sepang, Hulu Langat, Bidor and Pantai Remis. However as three of these plants were only commissioned in May and June 2017, the results from the new operations will only be seen during the financial year ending 31 March 2018. This division recorded segmental revenue of RM17.01 million and segmental losses of RM4.24 million, mainly due to set-up costs for the new premix plants.

Bituminous Products Division

The Group's bituminous products manufacturing division recorded segmental revenue of RM13.05 million and segmental profits of RM0.82 million. The Group's bituminous products are mainly used for pipe coating, water proofing and sealing for building works and bituminous products for road construction. With products being sold locally and overseas, the Group will continue to monitor the market demand in each region to develop products which are suitable and, in turn better received in the respective regions.

Other significant event

In order to raise fresh funds, we announced a private placement of new shares of up to 10% of Minetech's issued and paid-up share capital in April 2016. I was pleased to inform that the entire issuance was successfully placed out in several tranches to investors at an issue price of 15 sen per share, which is higher than the respective prevailing quoted price, raising a total of RM9.97 million.

Future prospects

The market conditions in the construction, building materials and property development industry which the Group is reliant upon are expected to continue to be challenging for the foreseeable future. As such, the Group will continue to implement its restructuring and rationalisation exercise towards achieving a more efficient operational structure while seeking new business opportunities.

Notwithstanding the above, it is noted that with the upcoming mega infrastructure development projects to be undertaken by the Government, the Management is cautiously optimistic that the Group will be able to benefit through the securing of contracts for sales and services which the Group is competent in. Nonetheless, the financial year ahead is still expected to be challenging.

Acknowledgement

On behalf of the Board, I am pleased to welcome Mr Chin Kong Yaw as our Chief Executive Officer. Mr Chin has served as an Independent Non-Executive Director since 2014 before being redesignated to his current position. With his considerable experience in the road construction, finance and property development, he has the capability to lead the management team forward.

Our Board of Directors has grown during the financial year with the addition of two new members who brings with them their experience and acumen in various sectors to the Group. A warm welcome goes out to Dato Sri' Chai Chow Sang and his alternate, Mr. Chai War Ren as well as Encik Ahmad Rahizal bin Dato' Ahmad Rasidi to the Board of Directors.

We would like to thank Mr. Peter Ling Sie Wuong, who is not seeking reelection at the forthcoming Annual General Meeting for his invaluable dedication and contribution to the Board during his tenure and also our thanks to Mr Ng Kok Hok who has resigned as a member of the Board and is continuing his services as the Chief Financial Officer of the Group.

I wish to express my gratitude to my fellow Directors, key management and all employees for your contributions. Your efforts have been of paramount importance to the Group's ability to deal with past adversity and face future challenges.

Last but not least, I would like to extend our sincerest appreciation to our shareholders, suppliers, bankers, customers and government authorities for your ongoing support.

MANAGEMENT DISCUSSION AND ANALYSIS
FYE 31 MARCH 2017

OVERVIEW OF GROUP'S BUSINESS AND OPERATIONS

Business and operations

Minetech Resources Berhad (MRB)

MRB and its group of companies (MRB Group) is principally involved in the production of quarry products, civil engineering works, production of asphalt premix products and production of bituminous products.

Presently, the MRB Group operates 5 quarries and 5 premix manufacturing facilities, all of which are located throughout West Malaysia. Based on the principal activities of the MRB Group, the operations of the MRB Group are dependent on the property development and construction industries. As such, due to the current adverse climate of the property development and construction industries, the MRB Group is presently faced with challenging times. Notwithstanding that, in order to continue to create value for its shareholders and consolidate its market position, the management of the MRB Group is constantly on the lookout for viable new locations which may have the demand for quarry operations or to enter into new profitable partnerships.

The ensuing sections set out further information on the business activities of the MRB Group:

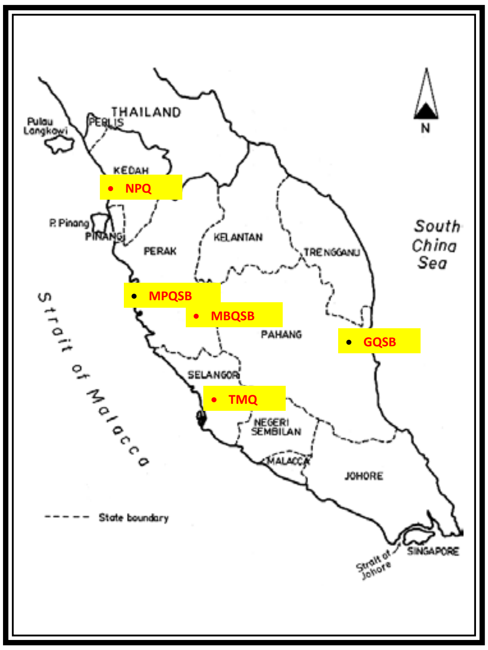
1. Quarrying

This division is involved either in the extraction and the sale of granite quarry products (in the industry these are commonly referred to as aggregates and comprising of various sizes) or only in the extraction of quarry products, as a contractor. These products are generally sold to customers for the manufacture of concrete mix in the building and infrastructure industries or the manufacture of asphaltic or bituminous premix for road construction or directly to road contractors. This division represents the core competency of the MRB Group.

Our quarry operations (granite stones) are located at the locations indicated below and their principal markets are generally within a radius of 50 kilometers. According to the Institute of Quarrying Malaysia, in the respective states in which we are operating , there are 21 quarries in Kedah, 39 quarries in Perak, 29 quarries in Selangor and 28 quarries in Pahang.

The locations of our quarries are shown below:

- Puchong, Selangor (TMQ), operated by K.S. Chin Minerals Sdn Bhd, a 100% subsidiary company involved in the extraction of quarry products as a contractor;
- Bidor, Perak (MBQSB), operated by Minetech Bidor Quarry Sdn Bhd (formerly known as Dunia Serbajuta Sdn Bhd), a 100% subsidiary company involved in the extraction and sale of quarry products;
- Pantai Remis, Perak (MPQSB) owned operated under Minetech PQ Sdn Bhd, a 51%-owned subsidiary company, involved in the extraction and sale of quarry products;
- Yan, Kedah (NPQ) operated by K.S. Chin Minerals Sdn Bhd, a 100% subsidiary company, involved in the extraction of quarry products as a contractor;
- Kuantan, Pahang (GQSB) operated by Gebeng Quarry Sdn Bhd (formerly known as Genetic Frontier Sdn Bhd), a 51%-owned subsidiary company, involved in the extraction and sale of quarry products.



Business and operations (cont'd)

Quarry operation at Pantai Remis, Perak

Quarry operation at Gebeng, Kuantan, Pahang

Quarry operation at Puchong, Selangor

2. Civil engineering

This division, under Minetech Construction Sdn Bhd (a 100% subsidiary company), is principally involved mainly in infrastructure construction works with certain instances of building construction works. They have also carried out specialty works involving underground excavation by using controlled blasting e.g. the recently completion of the new Mass Rapid Transport (MRT) underground stations at Cochrane and Maluri, Kuala Lumpur. Through the experience and know-how built up by the MRB Group in its quarry operations, it is able to apply its expertise in controlled blasting and excavation to the construction industry. This also allows the MRB Group to enjoy better efficiency for utilisation of equipment and engineers as they can be deployed to construction sites when they are required. In addition, being involved in civil engineering also creates a potential demand for the products produced by the MRB Group's quarry and bituminous products division.

Drill and Blast operations at a gold mine in Pahang

Construction of an elevated road at Cheras, Kuala Lumpur

Excavation works with controlled blasting to construct an underground station for MRT.

3. Asphalt premix products

This division is involved in the production and sale of asphalt premix products used in the road construction industry. These products are mainly sold to road contractors undertaking contracts for housing estates, municipal councils, State or Federal road contracts and highway concessionaires.

The location of our asphalt premix manufacturing facilities are listed below whilst their customers are generally within a radius of 50 - 80 kilometers of its operations. Management estimates that there are currently 150 asphalt premix plants operating in Peninsular Malaysia.

- Puchong, Selangor (commenced operations in December 2010)– under Minetech Premix Sdn Bhd (a 100% subsidiary company),
- Sepang, Selangor (commenced operations in August 2016) – under Minetech Premix Sdn Bhd (a 100% subsidiary company),
- Hulu Langat, Selangor (commenced operations in June 2017) - under Minetech Premix Sdn Bhd (a 100% subsidiary company),
- Bidor, Perak (commenced operations in May 2017) – under Minetech Bidor Quarry Sdn Bhd (formerly known as Dunia Serbajuta Sdn Bhd, a 100% subsidiary company),
- Pantai Remis, Perak (commenced operations in May 2017) – under Minetech PQ Sdn Bhd (a 51%-owned subsidiary company).

The raw material used at the MRB Group's plants located at Puchong, Selangor, Bidor and Pantai Remis, Perak are purchased from the MRB Group's quarry division while the Sepang and Hulu Langat, Selangor plants obtain raw material from third party quarries.

Business and operations (cont'd)

200 metric ton per hour capacity batch plant at Sepang, Selangor

100 metric ton per hour capacity drum plant at Puchong, Selangor

180 metric ton per hour capacity batch plant at Ulu Langat, Selangor

4. Bituminous products

This division, which operates under Minetech Asphalt Man International Sdn Bhd (a 85%-owned subsidiary company), is involved in the production and sale of bituminous products for pipe coating, water proofing and sealing mainly for building works and bituminous products for road construction.

Our manufacturing plant is located at Ulu Yam, Selangor and its products are sold locally and overseas, currently selling to countries in the region such as Philippines, Indonesia, Taiwan and Thailand.

Production facility located at Ulu Yam, Selangor

Tankage used in the production process

Tankage used in the production process

Objectives and strategies

Short Term and Long Term Goals

Overall, our business environment continues to be highly competitive due to the slowdown in the property development sector as well as the infrastructure construction sector. Although there are many "mega" projects being implemented in Malaysia, it will take time for it to filter down to our level either by business sector or by geographical location and recovery is also dependent on the absorption rate of the over production capacity of construction materials.

In the past year, a review of the Group's cost of operations was carried out which indicated that the cost structure of the Quarry division required a significant revamp in order for this division to achieve a reasonable and sustainable level of profitability. This ongoing process involves a reduction in the number of staffs employed, re-arrangement of the management team and the reduction in the ownership of plants and machineries which will result in a reduction in overheads and operational cost and cash out flow. As for our other divisions, although not as critical, cost management has been placed as the key focus for their respective management teams in order to maintain a competitive and sustainable business. This revamp is targeted to be completed by the first quarter of the financial year ending 2018.

Turnover levels are expected to be maintainable at present levels but due to very keen price competition, margins are not expected to improve substantially. We believe that it is important that the Group maintains its presence in the market, improves on its product delivery, innovate its products and processes and be ready to take on any new challenges in the market.

For the longer term, we intend to explore potential partnerships with businesses or persons that can result in improvement in local knowledge, broadening the market or clientele, management expertise and assets to enhance and expand our businesses. There will also be more resources applied to develop and improve on our human capital, protection of the environment, health and safety practices and training, innovative practices and product quality.

In carrying on its business, the Group is subject to its set of risks. Management has established a framework to identify and regularly review the threats and mitigating actions to be implemented. The prevailing major risks identified are changes in local authority policies and directives; credit and interest risks; succession planning; ageing equipment and stiff market competition. Please refer to the ensuing section in this report on "Anticipated or Known Risks".

REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION

Financial highlights for the MRB Group for the past 5 financial years are as follows:

	FYE 31 March 2017 RM'000	FYE 31 March 2016 RM'000	15-month FPE 31 March 2015 RM'000	FYE 31 December 2013 RM'000	FYE 31 December 2012 RM'000
Revenue	95,018	105,107	206,870	201,387	162,639
(Loss)/Profit before interest, taxes, depreciation and amortization	(14,080)	(1,138)	16,939	1,590	4,275
(Loss)/Profit before taxation	(25,409)	(11,793)	1,339	(9,934)	(8,894)
(Loss)/Profit after taxation	(25,780)	(11,198)	553	(7,435)	(9,086)
Net assets ("**NA**")	76,017	88,502	99,865	50,868	52,268
Total assets	130,762	138,283	166,056	131,473	130,255
Borrowings	25,293	20,751	17,178	21,989	35,027
Gearing (times)	0.33	0.23	0.17	0.45	0.68
(Loss)/Earnings per share (sen)	(3.58)	(1.55)	0.15	(2.69)	(3.04)
NA per share (sen)	10.48	13.31	15.02	14.78	17.01
Dividend per share (RM)	-	-	-	-	-

In addition to the above, the MRB Group's segmental revenue for the FYE 2017 and FYE 2016 are as follows:

Segmental revenue	**FYE 31 March 2017 RM'000**	**FYE 31 March 2016 RM'000**
Quarry products	41,417	42,452
Civil engineering	28,301	30,178
Asphalt premix products	17,013	24,465
Bituminous products	13,049	12,541
Others	8,039	10,675
Sub-total	107,819	120,311
(-) Inter-company elimination	(12,801)	(15,204)
Total	**95,018**	**105,107**

REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION (cont'd)

The MRB Group recorded revenue of RM95.02 million for the FYE 2017 as compared to revenue of RM105.11 million for the FYE 2016, representing a decrease of RM10.09 million or 9.60%. The decrease in revenue was mainly due to the decrease in revenue recognised from all segments save for bituminous products. The decrease in revenue can be primarily attributable to the overall slowdown in the property development and construction industries, which has had an adverse flow through effect on the overall demand for the products of the MRB Group. In addition, due to the competitive nature of the segments in which the MRB Group is involved in, in certain instances management has decided to match selling prices of the MRB Group's products in order to preserve its market share.

The MRB Group recognised a loss before taxation of RM25.41 million for the FYE 2017 as compared to a loss before taxation of RM11.79 million for the FYE 2016, representing an increase of RM13.62 million or 115.47%. Apart from operating losses of RM23.52 million, it includes the group-wide rationalisation exercise involving write-downs of assets of RM10.61 million comprising written-off property, plant and equipment, impairment on quarry development expenditure and written down of inventories where book values were not reflective of their true values, income generating capability or recoverability. Although this exercise has had a significant negative impact to the Group's accounts, this is a one-off exercise and deemed necessary to enable the Group to turn the corner and return to profitability. In addition, overhead and recurring expenses were reviewed culminating in the reduction in the number of staff employed and divestment in the ownership of plants and machineries.

As at 31 March 2017, the MRB Group had recorded total assets of RM130.76 million and total liabilities of RM54.74 million as compared to total assets of RM138.28 million and total liabilities of RM49.78 million as at 31 March 2016. The decrease in total assets of RM7.52 million or 5.44% was mainly due to decrease in current assets from RM81.01 million as at 31 March 2016 to RM55.40 million as at 31 March 2017. This decrease was mainly due to the realisation of unit trust fund amounting to RM14.27 million during the FYE 2017 as well as the decrease in other receivables of RM12.86 million, from RM18.63 million as at 31 March 2016 to RM5.77 million as at 31 March 2017.

The Board of Directors has in May 2017 also approved a plan to restructure the quarrying sub-contracting business in the manner as explained earlier. In line with the trend to migrate operations uptream at quarries to focus on sales of quarry products rather than production, the Company is progressively disposing off its plants and equipment to other companies, within the Group or to third parties. This restructuring is expected to result in a reduction of overhead expenses and will lead to an improvement in profitability for this business in the coming years.

The reduction in assets is partly offset by the increase in non-current assets from RM57.28 million as at 31 March 2016 to RM75.36 million as at 31 March 2017. This was due to the MRB Group's foray into property development and its subsequent accumulation of land held for development of RM22.90 million as at 31 March 2017. During the financial year ended 31 March 2017, the Group completed the acquisition of 100% interest in Medium Visa Sdn Bhd and Harapan Iringan Sdn Bhd for a cash consideration of RM9.18 million and RM5.68 million respectively on 21 April 2016 and 4 April 2016 respectively. These acquisitions gave rise to goodwill on consolidation of RM1.52 million. The principal assets of these companies are their holding of a contiguous 55 acres of land held for property development within the vicinity of Proton City, Tanjung Malim, Perak. These acquisitions are in line with the strategic objective to diversify the earnings base of the Group.

The increase in total liabilities was mainly due to the increase in loans and borrowings, namely term loans drawn down for working capital purposes. Notwithstanding the increase in borrowings, the management is of the opinion that based on the gearing of 0.33 times as at 31 March 2017, the debt levels of the MRB Group remains manageable.

REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION (cont'd)

Minetech Resources Berhad	FYE2017 (1.4.2016 to 31.3.2017)	FYE2016 (1.4.2015 to 31.3.2016)	FYE2015 (1.1.2014 to 31.3.2015)	FYE2013 (1.1.2013 to 31.12.2013)	FY2012 (1.1.2012 to 31.12.2012)
Current Assets	RM'000	RM'000	RM'000	RM'000	RM'000
Inventories	8,067	7,943	8,191	7,451	10,422
Trade receivables	23,158	23,660	29,004	46,533	39,849
Other receivables	6,699	19,276	12,992	2,613	8,010
Cash and bank deposits	17,479	30,126	55,459	15,757	7,495
	55,403	81,005	105,646	72,354	65,776
Current Liabilities					
Trade payables	22,663	21,184	38,416	46,941	31,177
Other payables	4,728	6,901	8,580	8,935	5,650
Loans and borrowings	9,980	10,936	7,729	14,380	22,765
	37,371	39,021	54,725	70,256	59,592
Net current Assets	18,032	41,984	50,921	2,098	6,184

The Group has maintained a positive net current assets position for the last 5 financial year. The substantial improvement in this position is due to the implementation of a Rights Issue in 2014 and Private Placement in 2016. The monies raised were utilised for the acquisition of assets, repayment of loans and working capital.

The annual source and utilisation of cash is illustrated by the Consolidated Statement of Cash Flow below:

Minetech Resources Berhad	FYE2017 (1.4.2016 - 31.3.2017)	FYE2016 (1.4.2015 - 31.3.2016)	FYE2015 (1.1.2014 - 31.3.2015)	FYE2013 (1.1.2013 - 31.12.2013)	FY2012 (1.1.2012 - 31.12.2012)
CASH FLOWS FROM OPERATING ACTIVITIES	RM'000	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before tax	(25,409)	(11,792)	1,339	(9,934)	(8,894)
Operating (loss)/profit before changes in working capital	**(5,750)**	**1,971**	**17,188**	**7,650**	**9,223**
Net cash from/(used) in operating activities	**3,477**	**(22,126)**	**9,679**	**22,152**	**13,644**
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant & equipment	(2,832)	(2,339)	(11,310)	(3,466)	(5,042)
Proceeds from disposal of property, plant & equipment	2,973	913	4,384	512	1,228
Proceeds from disposal of investment properties	-	-	-	-	3,850
Addition of quarry development expenditure	-	-	-	-	(1,122)
Purchase of property held for future development	(6,000)	-	-	-	-
Proceeds from disposal of other investments	14,273	18,650	(32,000)	-	-
Investment in associate company	-	(367)	(123)	-	-
Net Proceeds from disposal of a subsidiary	4,065	4	(1,237)	-	-
Acquisition of subsidiaries	(14,748)	-	-	-	-

REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION (cont'd)

Minetech Resources Berhad	FYE2017 (1.4.2016 - 31.3.2017)	FYE2016 (1.4.2015 - 31.3.2016)	FYE2015 (1.1.2014 - 31.3.2015)	FYE2013 (1.1.2013 - 31.12.2013)	FY2012 (1.1.2012 - 31.12.2012)
CASH FLOWS FROM INVESTING ACTIVITIES (CONT'D)					
Investment in subsidiary companies by non-controlling interests	-	-	475	-	-
Net cash (used in)/from investing activities	**(2,269)**	**16,861**	**(39,811)**	**(2,954)**	**(1,086)**
CASH FLOWS FROM FINANCING ACTIVITIES					
Net (Repayment)/Drawdown of short term borrowings	770	(891)	(710)	(6,244)	826
Repayment of term loans	(828)	(48)	(6,292)	(8,157)	(8,966)
Drawdown of term loans	-	-	-	1,805	-
Proceeds from changes in ownership interest in subsidiary	-	-	-	-	490
(Decrease)/increase in fixed deposits pledged	(328)	596	1,119	(3,929)	-
Repayment of hire-purchase and lease creditors	(6,369)	(4,062)	(4,440)	(4,936)	(6,420)
Proceeds from issuance of shares	9,000	-	49,861	6,044	-
Share issues expenses	-	-	(1,130)	-	-
Net cash from/(used in) financing activities	**2,245**	**(4,405)**	**38,408**	**(15,417)**	**(14,070)**
Net increase/(decrease) in cash and cash equivalents	**3,454**	**(9,671)**	**8,275**	**3,782**	**(1,511)**
Cash and cash equivalents at end of the financial year	**12,695**	**9,309**	**18,995**	**10,414**	**7,231**

Save for the financial year ended 31 March 2017, the Group generated positive cash flow from operations, however, the net cash used in operations after changes in working capital remains positive as a result of higher trade receivables levels due to the longer collection period. Credit extension and collection of receivables are closely monitored to avoid any write off or bad debts.

Major investments in assets include the acquisition of a 4 storeys shop office as a new office costing RM7.3 million and a new asphalt premix plant costing RM4.02 million. Another RM22.90 million was used to acquire land for property development.

Other than those as disclosed in this report, for the financial year ending 31 March 2018, the Group has not planned to make any significant acquisition by cash and should there be any, it would be substantially be by way of external funding.

CAPITAL REQUIREMENTS, STRUCTURE & RESOURCES

Capital expenditure requirements

The Group currently has no plans for any major capital expenditure for the next twelve months other than the following :

Gebeng Quarry Sdn Bhd (formerly known as Genetic Frontier Sdn Bhd) has recently purchased a new 350 metric tons per hour production capacity quarry plant for RM7.3 million and is funded by 10% internal funds and 90% by a lease. This plant is expected to be in production in July 2017 and increase monthly production from 50,000 metric tons per month to 100,000 metric tons to meet with the demand for aggregates in the greater Kuantan region which is fueled by the upgrading of the Kuantan port, foreign investment in heavy and light industries and the accompanying general property development.

It is to be noted that the business reorganisation of the quarry products division has seen certain capital equipment being redistributed amongst the companies in that division which does not result in any additional production capacity.

The Group as an ongoing process is exploring a few new business proposals, details of which will be announced in due course, and when successful is expected to require investment in new plants and equipment.

Capital structure and capital resources

The Group is in the midst of reviewing its cost structure as well as its business operations with the intentions of turning around the performance of the MRB Group. The primary source of working capital would be from internally generated funds. In the event of an insufficiency of internally generated funds, the MRB Group would then prioritize fund raising through new debt before contemplating fund raising methods through the issuance of new equity.

In order to strengthen its capital base and raise new funds, MRB announced a private placement of new shares in April 2016 following which a total of 60 million new shares were issued at 15 sen per share raising a total of RM9.0 million during the financial year ended 31 March 2017.

Taking into account of the above, the MRB Group intends to renew its private placement of up to 10% of the issued capital at the coming Annual General Meeting expected in August 2017 and to increase its working capital requirements by way of bank loans.

Known trends and events

Except for the general market trends observed in the construction and property development industry, there are no known trends or events, including balance sheet conditions, income or cash flow items that may affect the Group's operations, performance, financial condition and liquidity.

REVIEW OF OPERATING ACTIVITIES

Operating activities

Commentary are contained in other sections of this report.

Status of acquisitions or projects undertaken that may impact the operating activities

Minetech Premix Sdn Bhd's two new asphalt batch premix plants in Sepang and Hulu Langat, Selangor commenced operations in August 2016 and June 2017 respectively. The timing of its installation unfortunately coincided with the downturn of the property development and construction market and has not contributed to the profitability of the Group. Plans are being considered to relocate at least one of the plants to another location with stronger demand for our premix products. Management is presently in the midst of conducting preliminary analysis and studies to identify such locations.

The acquisition of the land at Tanjung Malim is being planned for development, however, due to the recent reported acquisition of Proton by a Chinese investor, the present development plans are being delayed and may be amended to cater for the requirements of a project known as Proton City, situated in the vicinity of our new property. Planning submission is expected to be done in the first or second quarter of 2018 as more details of Proton City development is made public.

ANTICIPATED OR KNOWN RISKS

Anticipated or known risks and plans/strategies to mitigate such risks

The Group's Risk Management Committee have identified the following as the top 5 risk areas:

1. Changes in local authorities' policies and directives which is mainly applicable to the quarrying division. Examples of these risks include :-
   a. local authorities implementing unexpected changes in rates and tributes payable for the extraction of rocks which will have a direct impact to operating profits until these cost can be passed on quickly;
   b. delays in operating license renewals which will significantly affect turnover; and
   c. limitation to operating hours and/or capacity which will also significantly affect turnover.

2. Credit risk – the provision of credit for customers, which is the norm in our business, has its inherent risk in collection and cost of funding.
3. Succession planning – the tight employment market especially at management level remains a risk in terms of employment of and retaining talent.
4. Ageing equipment – all the businesses of the Group are machinery intensive and therefore aging machines are a concern due to higher maintenance cost as they age and in the event of breakdowns which will reduce efficiency. Cost of replacement is high and therefore as part of the cost restructuring exercise, the Group has adopted an outsourcing policy to transfer ownership of machineries to third parties and engage them as contractors.
5. Stiff market competition – the present slowdown in the construction and property development industry has increased the intensity of competition coupled with excess capacity leading to stiff price competition. The Group looks towards minimising overhead cost and explore new areas of sales to withstand the current challenging market.

The products produced by the MRB Group are mainly sold to developers or contractors in the property development or construction sectors. As such, any such downturn experienced by these 2 sectors, as currently experienced, will result in an adverse effect on the MRB Group's financial performance. Management intends to explore further acquisition of businesses to expand capacity and/or to increase turnover by venturing geographically to other markets either locally or overseas.

FORWARD-LOOKING STATEMENT

Trend and outlook

The current strategy adopted by the Group is to consolidate by reducing overheads and exposure to business risk. The Group also intends to look at further growth via the increase in business partnerships where the Group is able to leverage off the expertise and experience of these partners. The management of the MRB Group expects the above mentioned strategies to be in place when the market ends its negative down cycle and move into its upcycle in order for the MRB Group to capitalise during the said upturn.

Basis of preparation

As mentioned in Bank Negara Malaysia's Annual Report 2016, the construction sector recorded moderate growth in 2016 (7.4%; 2015: 8.2%). Activity in the residential sub-sector is presently being supported by launches in prior years. Growth in the non-residential sub-sector was also weighted down by slower activity in the commercial property segment amid the oversupply of office and retail spaces. The MRB Group has been adversely affected by the reduced growth as the majority of products produced by the MRB Group are sold to the construction sector.

The Malaysia construction industry is supported by the goverment plan to improve infrastructure requirement in the country and also in their prioritisation of affordable housing, however, the current low oil prices has dampened the government capacity to invest in its plan to roll out their projects.

Dividend policy

No dividend has been paid or declared by the Company since the end of the previous financial year.

In view of the challenging economic climate and the current financial performance of the MRB Group, the Board has decided that it would serve the Group well to adopt a strategy of conserving working capital. As such, the Board does not recommend the payment of any dividend in respect of the current financial year.

MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee ("AC") comprises three (3) members, all of whom are non-executive directors.

The composition of the AC is as follows:

Encik Ahmad Ruslan Zahari Bin Zakaria (Chairman)
Independent Non-Executive Director

Mr Peter Ling Sie Wuong (Member)
Independent Non-Executive Director

Mr Chan Toong San (Member)
Non-Independent Non-Executive Director
(Appointed as a member of the AC on 28 October 2016)

Mr Chin Kong Yaw
(Ceased as a member of the AC on 1 August 2016 following his re-designation as Executive Director)

The AC meets the requirements of Paragraph 15.09(1) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

The duties and responsibilities of the AC are spelt out in the Terms of Reference of the AC, a copy of which is available in the Company's website www.minetech.com.my.

ATTENDANCE OF AC MEETINGS

A total of five (5) meetings were held during the financial year ended 31 March 2017. The details of attendance of each member at the AC meetings held during the tenure of office of the members are as follows:-

Name	Attendance
Encik Ahmad Ruslan Zahari Bin Zakaria	5/5
Mr Peter Ling Sie Wuong	5/5
Mr Chan Toong San (Appointed on 28 October 2016)	2/2
Mr Chin Kong Yaw (Ceased on 1 August 2016)	2/2

SUMMARY OF ACTIVITIES OF THE AC

The activities undertaken by the AC during the financial year in discharging of its duties and responsibilities include:-

Financial Reporting

(a) Reviewed the unaudited quarterly financial results and annual audited financial statements including the announcements pertaining thereto before recommending to the Board of Directors for approval for release to Bursa Securities and Securities Commission. The review focused primarily on:
- major judgmental areas, significant and unusual events;
- significant adjustments resulting from audit;
- the going concern assumptions;
- compliance with the Malaysian Financial Reporting Standards ("MFRS") and other applicable approved accounting standards in Malaysia; and
- compliance with Paragraph 9.22 and Appendix 9B of the MMLR of Bursa Securities and other regulatory requirements.

External Audit

(a) Reviewed the external auditor's reports in relation to audit and accounting issues arising from the audit and the management's response.
(b) Reviewed and discussed with external auditors regarding the audit planning memorandum, audit review memorandum and issues arising from the statutory audit of the Group.
(c) Met with the external auditors on 24 May 2016, 28 June 2016 and 23 February 2017 respectively without the presence of Executive Directors and Management to ensure there were no restrictions on the scope of their audit and to discuss any items that the external auditors did not wish to raise in the presence of Management.
(d) Evaluated the independence and effectiveness of the external auditors and recommended to the Board of Directors on their re-appointment and audit fee.

Related Party Transactions

(a) Reviewed and monitored compliance of related party transactions with the MMLR of Bursa Securities and conflict of interest situation that may arise within the Group.

Risk Management and Internal Control

(a) Assessed the risk and control environment of the Group through the quarterly Enterprise Risk Management reports.
(b) Assessed the overall effectiveness of the risk management and internal control system of the Group.
(c) Reviewed the Statement on Risk Management and Internal Control prior to the recommendation to the Board of Directors for approval for inclusion in the 2016 Annual Report.

Internal Audit

(a) Reviewed and approved the annual audit plan to ensure adequate scope and comprehensive coverage of the Group's activities.
(b) Reviewed and discussed with the internal auditors regarding the internal audit process, internal audit findings and issues arising from the internal audit report of K.S. Chin Minerals Sdn Bhd in relation to the Exploration and Deposit Management and Repair and Maintenance of Tanming Quarry, Puchong.
(c) Monitored the implementation of mitigating actions by Management on outstanding issues to ensure all key risks and control weaknesses are properly addressed.
(d) Met with the internal auditors on 24 May 2016 without the presence of Executive Directors and Management for discussions on internal audit related matters.
(e) Reviewed the adequacy of the scope, functions, competency and resources of the internal audit functions.

Others

(a) Reviewed the revised Terms of Reference of AC prior to the recommendation to the Board of Directors for adoption.
(b) Reviewed the Corporate Governance Statement and Audit Committee Report prior to the recommendation to the Board of Directors for approval for inclusion in the 2016 Annual Report.
(c) Reviewed the Statement to Shareholders on the Proposed Renewal of Share Buy-Back Authority prior to the recommendation to the Board of Directors for approval.

INTERNAL AUDIT FUNCTION

Details on the internal audit function are set out in the Statement on Risk Management and Internal Control of this Annual Report.

MEMBERS OF THE NOMINATION COMMITTEE

The composition of the Nomination Committee ("NC") is as follows:

Mr Peter Ling Sie Wuong (Chairman)
Independent Non-Executive Director

Encik Ahmad Ruslan Zahari Bin Zakaria (Member)
Independent Non-Executive Director

Mr Chong Jun Heng (Member)
Non-Independent Non-Executive Director
(Appointed as a member of the NC on 28 October 2016)

Mr Chin Kong Yaw (Member)
(Ceased as a member of the NC on 1 August 2016 following his re-designation as Executive Director)

The Board is of the view that all Independent Directors of the Company are always within reach of the shareholders and issues are discussed openly at meetings, thus shareholders may approach any of the Independent Directors of the Company. In view thereof, the Board did not nominate a Senior Independent Non-Executive Director at this juncture.

With its diversity of skill and professions, the Board had been able to provide effective collective leadership to the Group and strategies to ensure that high standards of conduct and integrity are practised at the Company.

The duties and responsibilities of the NC are spelt out in the Terms of Reference of the NC, a copy of which is available in the Company's website. www.minetech.com.my.

ATTENDANCE OF NC MEETINGS

A total of three (3) meetings were held during the financial year ended 31 March 2017. The details of attendance of each member at the NC meetings held during the tenure of office of the members are as follows:-

Name	Attendance
Mr Peter Ling Sie Wuong	3/3
Encik Ahmad Ruslan Zahari Bin Zakaria	3/3
Mr Chong Jun Heng (Appointed on 28 October 2016)	1/1
Mr Chin Kong Yaw (Ceased on 1 August 2016)	2/2

SUMMARY OF ACTIVITIES OF THE NC

During the financial year under review, the activities undertaken by the NC include:

(a) Recommended to the Board the appointment of Mr Chan Toong San, Mr Chong Jun Heng and Dato' Sri Chai Chow Sang as Non-Independent Non-Executive Directors and Encik Ahmad Rahizal Bin Dato' Ahmad Rasidi as Independent Non-Executive Director after considered, amongst others, the following factors:-
- education background;
- skills, knowledge, expertise and experience; and
- possibility of conflict-of-interests.

(b) Recommended to the Board the re-designation of Mr Chin Kong Yaw as Executive Director, followed by Chief Executive Officer after considered his qualification, character, experience, integrity, competency and time commitment.
(c) Reviewed and recommended to the Board the re-designation of Mr Choy Sen @ Chin Kim Sang as Non-Independent Non-Executive Chairman.
(d) Reviewed and recommended to the Board the appointment of NC and Audit Committee Members.
(e) Reviewed and recommended to the Board the appointment of Chief Financial Officer.
(f) Reviewed and recommended to the Board the appointment of Mr Chai War Ren as Alternate Director to Dato' Sri Chai Chow Sang having received the letter of nomination from Dato' Sri Chai Chow Sang.
(g) Assessed and was satisfied with the effectiveness of the Board as a whole and the Board committees and the contribution of each Director.
(h) Reviewed and was satisfied with the mix of skills, knowledge, expertise and experience, composition and size of the Board.
(i) Assessed the independence of Independent Directors and concluded that the Independent Directors have complied with the criteria of independence as set out in Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").
(j) Assessed and was satisfied with the character, experience, integrity, competence and time commitment of Directors and Chief Executive Officer and Chief Financial Officer.
(k) Reviewed and was satisfied with the term of office and performance of the Audit Committee.
(l) Evaluated the performance of Mr Chin Leong Choy and Encik Ahmad Ruslan Zahari Bin Zakaria and recommended their re-election at the Fourteenth Annual General Meeting ("AGM") of the Company to the Board.
(m) Reviewed the details of trainings accomplished by the Directors of the Company and recommended for trainings relating to financial and legal aspects to ensure the Board to keep abreast of regulatory changes and other developments.
(n) Reviewed and recommended to the Board the revised Terms of Reference of the NC in line with the amendments to the MMLR of Bursa Securities.
(o) Reviewed the NC Statement for incorporation into the 2016 Annual Report of the Company for recommendation to the Board of Directors for approval.

APPOINTMENT

The NC is empowered by the Board and its Terms of Reference to bring to the Board candidates of all directorships. The NC will identify and recommend candidates to the Board if there is any vacancy arising from resignation, retirement or any other reasons or if there is a need to appoint additional Director with the required skill or profession to the Board as to close the competency gap in the Board identified by the NC. The potential candidate may be proposed by the existing Director, senior management staff or shareholders.

The NC will review the candidate's resume, curriculum vitae and other biographical information as well as the suitability of candidates, inter-alia, the skills, knowledge, character, integrity, expertise and experience, competency, commitment (including time commitment) and where appropriate, the independence of candidates for appointment as Independent Non-Executive Directors.

Upon completion of assessment and evaluation of the proposed candidate, the NC would recommend to the Board. Based on the recommendation of the NC, the Board would evaluate and decide on the appointment of the proposed candidate.

ANNUAL ASSESSMENT

The NC reviews and evaluates the performance of individual Director including Independent Non-Executive Directors, Board as a whole and Board Committees on an annual basis with the aim of providing individual contribution, effectiveness of the Board and its Committees, identify gaps, maximise strengths and address weaknesses of the Board.

The assessment criteria used in the assessment of Board, Board Committees and individual Director include mix of skills and experience and size of the Board, quality of inputs, understanding of their roles, duties and responsibilities and etc.

The assessment of the Independent Directors is in accordance with the criteria as set out in the Board Charter and MMLR.

The evaluation process is led by the NC Chairman and supported by the Company Secretaries. The evaluation process is conducted via questionnaires to review the effectiveness of the Board and its Committees, and self-review assessment. The NC reviews the outcome of the assessment and report to the Board, in particular, areas for improvement and also used as the basis of recommending relevant Director for re-election at the AGM.

RE-ELECTION

In accordance with the Company's Articles of Association, an election of Directors shall take place each year at an AGM and one-third (1/3) of the Directors are subject to retirement by rotation, in any event, each Director shall retire from office once in every three (3) years. The Directors to retire in each year are the Directors who have been longest in office since their last appointment or re-election. The Directors appointed by the Board during the financial year are subject to retirement at the next AGM held following their appointments in accordance with the Company's Articles of Association. All retiring Directors are eligible for re-election. The re-election of each Director is voted on separate resolution during the AGM of the Company.

Based on the schedule of rotation, the following Directors are subject to retirement by rotation pursuant to the Company's Articles of Association at the forthcoming Fifteenth AGM:-

i) Mr Peter Ling Sie Wuong (Article 125)
ii) Mr Chin Kong Yaw (Article 125)
iii) Encik Ahmad Rahizal Bin Dato' Ahmad Rasidi (Article 130)
iv) Dato' Sri Chai Chow Sang (Article 130)

The aforesaid Directors have expressed their intention to seek for re-election at the forthcoming AGM except for Mr Peter Ling Sie Wuong who has decided not to seek for re-election.

Further, pursuant to the Malaysian Code of Corporate Governance, the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. The Board must justify and seek shareholders' approval should the Board wishes to retain such Director as an Independent Director.

None of the Independent Directors of the Company has served as Independent Director for a cumulative term of nine (9) years as at to-date.

The Board of Directors of Minetech Resources Berhad ("Board") is committed to ensuring the highest standards of corporate governance throughout the Group so that the affairs of the Group are conducted with integrity and professionalism with the objective of safeguarding shareholders' investment and ultimately enhancing shareholders' value.

The following paragraphs describe how the Group has applied the Principles of the Malaysian Code on Corporate Governance 2012 ("Code") and the extent to which it has complied with the Recommendations of the Code throughout the financial year ended 31 March 2017 and up to the date of this Annual Report.

THE BOARD OF DIRECTORS

A. THE BOARD AND ITS ROLES AND RESPONSIBILITIES

The Board has established clear functions reserved for the Board and those delegated to Management. The Board retains full and effective control of the Group. The Board is bestowed with the duties and responsibilities to ensure the interests of the shareholders are protected.

In fulfilling its fiduciary and leadership functions, the Board ensures that there are appropriate systems and procedures in place to manage the Company's strategic plans, business conduct, significant risks, succession planning and internal controls system.

In line with the practice of good corporate governance, the Board has established and implemented various processes to assist members of the Board in discharging their roles and responsibilities. The Board's roles and responsibilities, amongst others, are:

a. Review and adopt a strategic plan for the Company to promote sustainability of the business of the Company;

   The Board undertakes to play an active role in reviewing and adopting the Company's strategic plans by reviewing, discussing at length, and approving any of the Management's proposals such as acquisition and disposal, as well as material agreements when the same is presented by the Management.

   The Board as a whole is able to bring about objective judgements and advice drawing from their respective knowledge, expertise and experience. The presence of the non-executive directors is essential to provide unbiased and independent view, advice and judgement, as well as to safeguard the interest of all stakeholders.

   In May of every year, the Board will discuss and approve the budget for the ensuing financial year at the Board Meeting.

b. Reviewing the Code of Conduct of the Company and implementing appropriate internal systems to support, promote and ensure its compliance;

   In line with the Company's mission to implement the best corporate practice in the organisation, the Board is committed in maintaining a corporate culture which engenders ethical conduct. Ethical standards are formalised through a set of Directors' Code of Ethics and Employees' Discipline & Conduct respectively which are abided by the Directors, Management and employees of the Company and its subsidiaries. The Employees' Discipline & Conduct also includes appropriate communication and feedback channels which facilitate whistleblowing.

A. THE BOARD AND ITS ROLES AND RESPONSIBILITIES (cont'd)

c. Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed;

The Board ensures it oversees the performance of Management to determine whether the business is being properly managed. The Group Executive Director/Chief Executive Officer is responsible to keep the Board informed on all matters which may materially affect the Company and its business. As the Group Executive Director/Chief Executive Officer is accountable to the Board for the achievement of the Company's goals and the observance of Management's limitations, the Group Executive Director/Chief Executive Officer periodically reports to the Board on operational matters.

d. Reviewing, ratifying and monitoring systems of risk management, internal control, ethical and legal compliance;

The Board acknowledges the importance of a sound system of risk management and internal control and its overall responsibility for maintaining the Group's system of internal control and risk management (the "system"), as well as for reviewing the adequacy and integrity of the system. This includes establishing sound risk management framework, reviewing procedures to identify the main risks associated with the Company's businesses and the implementation of appropriate systems to manage these risks;

e. Reviewing the procedures for appointment, training, fixing compensation of senior management and Directors and ensuring that succession planning is in place;

The Board will establish a succession plan for Chairman of each Board Committees, Chairman of the Board and C-suites. The main goal is to smooth the transition and ensures that the positions are filled and skills gaps are addressed.

The Board has delegated to the Nomination Committee ("NC") with the responsibility to review Board and senior management succession plans. With this, the NC assesses and recommends to the Board candidates for directorships and nominees to all the seats on Board Committees in line with the Terms of Reference of the NC. Where there are key management positions to be appointed, the Board will also discuss on the same to ensure that the candidates appointed or employed are of sufficient caliber.

f. Establishing an internal audit function which reports directly to the Audit Committee ("AC");

The Board has delegated to AC to assist the Board in overseeing the internal audit function as to discharge its functions effectively. The AC outsourced the Group's internal audit function to an independent professional firm to independently assess the adequacy and effectiveness of the corporate governance and internal control system and provide an independent and objective report on its observations.

g. Ensuring there is a sound framework of reporting on internal controls and regulatory compliance

The Board has established an internal control framework that encapsulates the key features of the Group's internal control system. Information on the Company's internal control system is presented in the Statement on Risk Management and Internal Control of this Annual Report.

h. Ensuring its members have access to information, appropriate continuing education programmes and has the rights to seek independent professional advice at the Company's expense, subject to the approval of the Chief Executive Officer or in his absence, the Group Executive Director.

A. THE BOARD AND ITS ROLES AND RESPONSIBILITIES (cont'd)

i. Overseeing the development and implementation of a shareholder communications policy for the Company

The Board respects the rights of the Company's shareholders and to facilitate the effective exercise of those rights, the Board ensures the Company is committed to communicate effectively with shareholders.

It ensures regular release of the financial information including quarterly financial results and annual reports, circular, notices of meetings and outcome of the general meetings and all other Company's announcements on its website.

A shareholder may request a hard copy of the Company's annual report to be posted to them.

The Board consists of competent individuals with appropriate specialised skills and knowledge to successfully direct, supervise and manage the Group's business as a going concern, which encompassed issues of setting strategic business directions, overseeing conducts and affairs and have continuous oversight over risk management, internal controls and compliance matters involving the Company.

The Board delegates and confers some of its authorities and discretion on the Non-Independent Non-Executive Chairman, Executive Directors, Chief Executive Officer and Management as well as on properly constituted Board Committees. A number of formal structures and committees are put in place to assist the Board in carrying out its duties. The Terms of Reference of each committee were approved by the Board. All Board Committees report to the Board.

The roles and responsibilities of the Board, Non-Independent Non-Executive Chairman, Chief Executive Officer, Management and Board Committees are clearly set out in the Board Charter, which is available on the Group's website at www.minetech.com.my. The Board Charter is reviewed and revised as and when necessary. The Board had on 25 May 2017 reviewed the Board Charter and approved the revised Board Charter on the same day.

B. ROLE OF NON-INDEPENDENT NON-EXECUTIVE CHAIRMAN, CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTORS

The Non-Independent Non-Executive Chairman is responsible to ensure smooth functioning of the Board, whilst the Chief Executive Officer and Executive Directors are responsible to ensure that the Board's decisions are implemented and the directions are responded to as well as ensuring the day-to-day business affairs of the Company are effectively managed.

C. ROLE OF NON-EXECUTIVE/INDEPENDENT DIRECTORS

The Non-Executive/Independent Directors, in general are independent from management. Their roles, inter alia, are to constructively challenge Management and contribute to the development of the business strategy and direction of the Company. They ensure effective checks and balances on the Board. They have free and direct contact with Management and they engage with the external and internal auditors to address matters concerning Management.

D. ROLE OF MANAGEMENT

The role of Management is to support the Executive Directors and Chief Executive Officer in implementing and running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board. The Management team prepares and guides the development of the Group's processes and business operations and the Group's common functions. The Management team handles, in particular, the Company's strategy, budget, major procurements and projects, the Group's structure and organisation as well as major policies of administration and the HR policy issues.

E. CODE OF CONDUCT

The Board is committed in maintaining a corporate culture which ensures ethical standards, proper conduct and its compliance through the internal control and policies within the Group. Ethical standards are formalised through the Directors' Code of Ethics and the Company's employee handbook ("the Codes") which governs the ethics and conduct of the Directors, Management and employees of the Group. The Board members are required to observe the Directors' Code of Ethics includes compliance at all times with this Code of Ethics and the Board Charter as well as to observe high standards of corporate governance at all times. The Board members are required to declare any personal, professional or business interests that may conflict with directors' responsibilities.

Employees' discipline and conduct categorised into minor or major misconduct. Minor misconducts are generally less serious or first offence. Major misconduct warrants a more severe form of punitive action. Appropriate communication and feedback channels that facilitate whistleblowing are also included.

To ensure its implementation and effectiveness, the Codes are made reference to new Directors and employees upon induction. This serves as a way to ensure Directors and employees understand the importance of ethics and require adherence to the Company's standards. The Codes are also reviewed as and when necessary as to ensure its relevance.

The summary of the Codes is available on the Group's website at www.minetech.com.my.

F. COMPOSITION AND BOARD BALANCE

To-date, the Board comprises of nine (9) members headed by the Non-Independent Non-Executive Chairman, one (1) Group Executive Director, one (1) Chief Executive Officer, three (3) Non-Independent Non-Executive Directors and three (3) Independent Non-Executive Directors. The Board will take the necessary step to recruit suitable women candidates to the Board as and when the opportunity arises to reach 30% of board composition. The profile of each Board member is entailed in this Annual Report.

In spite of the Chairman not being an Independent Director, the Board believes that the interests of the shareholders and the Company are protected by the strong presence of Independent Directors on the Board who neither have any family relationship with any Director and/or major shareholders of the Company and have no conflict of interest with the Company.

The Directors together bring a wide range of business, financial, industrial and legal experience to lead the Group in the area of business strategies, performance and utilisation of resources and standards of conduct.

There is a separation of roles and responsibilities of the Chairman and Chief Executive Officer as set out in Board Charter. The Non-Independent Non-Executive Chairman leads the Board on overseeing of Management. The Chief Executive Officer and Group Executive Director are responsible for carrying out the day-to-day operational functions as well as business development of the Group.

The Non-Executive/Independent Directors play the supporting role by contributing their knowledge and experience in the business strategic plans and offering their unbiased independent view, advice and judgment in the best interest of the Group. The Board is of the view that it is not necessary to identify a Senior Independent Non-Executive Director to whom other directors may bring their concerns to, as all Directors believes that they can freely express their views at Board Meeting and always within the reach of the shareholders.

Where areas of conflict of interest arise, the Director concerned will have to declare his/her interest and abstain from participating in the decision making process.

G. INDEPENDENCE OF DIRECTORS

The Independent Directors fulfilled the criteria of "Independence" as prescribed under the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"). The Board composition complies with the MMLR which requires that at least two (2) Directors or one-third (1/3) of the Board of the Company, whichever is higher, to be Independent Directors.

The Board is committed in undertaking an assessment of its Independent Directors annually and assesses the independence of its Independent Directors based on the criteria as prescribed in the Board Charter and the MMLR and applies these criteria upon admission, annually and when any new interest or relationship develops.

The Board is aware that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years as stated in Recommendation 3.2 of the Code. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board as a Non-Independent Director. In the event the Board wishes to retain such director as an Independent Director, the Board will justify and seek shareholders' approval.

In justifying the decision, the NC is entrusted to assess and justify the candidate's suitability to continue as an Independent Director and the reasons for maintaining him as Independent Director would be disclosed in the Notice of Annual General Meeting.

As at to-date, all Independent Directors have not attained the cumulative nine (9) years of service.

H. DIVERSITY POLICY

The Board had adopted the Diversity Policy which set out the Board's approach to promote diversity of the Group.

The Company recognises and embraces the benefits of having a diverse Board, and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage. The Board has no immediate plans to appoint a woman Director nor set any target or undertake any specific measures in view that the Board membership is dependent on each candidate's skills, knowledge, expertise and other qualities. However, the Board will take the necessary step to recruit suitable women candidates to the Board as and when the opportunity arises to reach 30% of board composition. There are no barriers by reason of an individual's gender, race, religion and age.

The Diversity Policy is available on the Group's website at www.minetech.com.my.

A truly diverse Board comprises member with diverse skills, regional and industry experience, background, age, race, gender and other qualities. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately.

The Group appreciates the benefits of having gender diversity in the boardroom as a mix-gendered board would offer different viewpoints, ideas and market insights which enables better problem solving to gain competitive advantage in serving an increasingly diverse customer base than the boardroom that dominated by one gender.

The NC reviews and assesses Board composition and recommends the appointment of new Directors. It also oversees the conduct of the annual assessment of Board effectiveness.

In reviewing the Board composition, the NC will consider the benefits of all aspects of diversity in order to maintain an appropriate range and balance of skills, experience and background on the Board.

Details of Board nomination and election process and Board assessments are set out in the Nomination Committee Statement of this Annual Report.

I. COMMITMENT TO THE BOARD

Each member of the Board is expected to devote sufficient time and attention to the affairs of the Company. The Directors should notify the Chairman of the Board before accepting any new directorship, including an indication of time that will be spent on the new appointment.

Each Board member is allowed to sit on the Board of five (5) listed issuers and must in attendance of at least fifty percent (50%) of the total Board meetings held in a financial year.

J. BOARD MEETINGS

The Board meets on a regular and scheduled basis, at least four (4) times a year with additional meetings held as and when urgent issues warrant matters to be attended to. During the financial year under review, the Board met five (5) times. The details of attendance of each Board member at the Board of Directors' meetings held during the financial year are as follows:

Name of Director	Designation	Total meetings attended	%
Choy Sen @ Chin Kim Sang	Non-Independent Non-Executive Chairman	5/5	100
Chin Leong Choy	Group Executive Director	5/5	100
Chin Kong Yaw	Chief Executive Officer	5/5	100
Chan Toong San	Non-Independent Non-Executive Director (Appointed on 29 June 2016)	3/3	100
Chong Jun Heng	Non-Independent Non-Executive Director (Appointed on 29 June 2016)	3/3	100
Dato' Sri Chai Chow Sang	Non-Independent Non-Executive Director (Appointed on 23 March 2017)	*N/A	*N/A
Ahmad Ruslan Zahari Bin Zakaria	Independent Non-Executive Director	5/5	100
Peter Ling Sie Wuong	Independent Non-Executive Director	5/5	100
Ahmad Rahizal Bin Dato' Ahmad Rasidi	Independent Non-Executive Director (Appointed on 28 November 2016)	1/2	50

*N/A – Not applicable

All Directors attended at least 50% of the Board meetings held during the financial year and have complied with MMLR of Bursa Securities in terms of attendance.

The Board is satisfied with the time commitment given by the Board members in carrying out their responsibilities which is shown in the above attendance except for Dato' Sri Chai Chow Sang who was appointed on 23 March 2017. There was no Board meeting held subsequent to his appointment.

K. SUSTAINABILITY POLICY

The Board recognises the goal of sustainable development is to "meet the needs of the present without compromising the ability of future generations to meet their own needs". The Board's commitment to sustainability is outcome-based, innovative and founded on the belief that the Group has a responsibility for its contribution to have a lasting impact on the environment. Sustainability is about creating a lasting legacy for the planet and community. The Sustainability Policy will be developed in due course.

L. SUPPLY OF INFORMATION

The Directors whether as a full board or in their individual capacity, will have full and unrestricted access to all information of the Group's business and affairs to enable them to discharge their duties.

All Directors are provided with an agenda and a set of Board papers at least five (5) working days in advance of each Board meetings. This ensures that Directors have sufficient time to appreciate issues deliberated at the Board meetings and expedite the decision making process. Generally, the Board papers circulated include minutes of the previous Board meeting and Board Committees' meetings, quarterly and/or annual financial statements, corporate development, acquisition and disposal proposals, updates from Bursa Securities, list of directors' resolutions passed and summary of directors' dealings in securities during the relevant reported period, if any. The Chairman of the relevant Board Committees reported to the Board on the key issues deliberated at Board Committee's meetings. All proceedings of the Board meetings are minuted, signed by the Chairman of the meeting and documented appropriately.

The Board is supported by the Company Secretaries who facilitate overall compliance with the MMLR and the Companies Act 2016 and other relevant laws and regulations.

The Board is regularly updated and advised by the Company Secretaries who are qualified, experienced and competent on new statutory and regulatory requirements, and the resultant implications to the Company and Directors in relation to their duties and responsibilities. The Company Secretaries, who support the Board in ensuring adherence to Board policies and procedures, brief the Board on the proposed contents and timing of material announcements to be made to regulators. The Company Secretaries attend all Board and Board Committee meetings and ensure that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly. The Company Secretaries also assist with the provision of information to the Board and Board Committees, and between Non-Executive Directors and Management from time to time.

The removal of Company Secretaries, if any, is a matter for the Board to decide collectively. Every Director has also unhindered access to the advice and dedicated support services of the Company Secretaries.

Where considered necessary, the Board as a whole or in their individual capacity may also engage the service of independent professionals on specialised issues in the furtherance of its duties at the Company's expense, subject to the approval of the Chief Executive Officer or in his absence, the Group Executive Director. The Board may also invite external parties such as external auditors, solicitors and consultants as and when the need arises.

M. BOARD COMMITTEES

The Board has established the following Board Committees to assist the Board in discharging its duties:

- AC
- Risk Management Committee ("RMC")
- NC
- Remuneration Committee ("RC")

M. BOARD COMMITTEES (cont'd)

AC

The AC reviews issues of accounting policies, works closely with the internal and external auditors and maintains a transparent professional relationship with them.

Whenever the need arises, the AC can have access to the RMC and their reports.

The report of the AC is on pages 25 to 26 of this Annual Report.

RMC

The RMC which was formed on 21 June 2017 comprising:

- Encik Ahmad Rahizal Bin Dato' Ahmad Rasidi – Chairman
  (Independent Non-Executive Director)
- Ahmad Ruslan Zahari Bin Zakaria
  (Independent Non-Executive Director)
- Mr Chong Jun Heng
  (Non-Independent Non-Executive Director)

The RMC assists the Board in establishing a sound internal control framework to manage risks with the overall responsibility for overseeing the risk management activities of the Group and approving the appropriate risk management procedures and measurement methodologies across the Group.

The principal roles and functions of the RMC are:-

(a) To champion and promote the Enterprise Risk Management and to ensure that the risk management process and culture are embedded throughout the Group.

(b) To ensure the implementation of the objectives outlined in the Risk Management Policy and compliance with them.

(c) Identifying and communicating to the Board the critical risks (present or potential) the Group faces, their changes and the management action plans to manage the risks.

(d) Providing guidance to the business units on the Group's and business unit's risk appetite and capacity and other criteria, which when exceeded, trigger an obligation to report upward to the Board.

(e) To provide routine quarterly reporting and update the Board on key management issues.

NC

The NC is responsible to advise the Board on the nomination of new Board members and/or Board Committee members and assessment of the effectiveness of the Board as a whole, the Committees of the Board, to conduct annual assessment and evaluation on the contribution of each individual Director and effectiveness of the AC. The NC is also responsible for reviewing the Board composition, gender diversity and right mix of skills and balance as well as considering the Board's succession planning and making recommendations for new appointment of Directors and Board Committees as well as identifying training programmes for the Board.

The NC Statement is on pages 27 to 29 of this Annual Report.

M. BOARD COMMITTEES (cont'd)

RC

The composition of the RC is as follows:

- Ahmad Ruslan Zahari Bin Zakaria - Chairman
  (Independent Non-Executive Director)
- Choy Sen @ Chin Kim Sang - Member
  (Non-Independent Non-Executive Chairman)
- Peter Ling Sie Wuong - Member
  (Independent Non-Executive Director)

The RC is responsible for reviewing and recommending the remuneration packages of Executive Director, Non-Executive Director and Senior/Key Officer as well as to review the general remuneration policy and procedures of the Group. The individual Director concern abstains from discussion of his/her own remuneration. The aggregate total of Directors' fees is subject to shareholders' approval at the Annual General Meeting. During the financial year under review, one (1) meeting was held to review the remuneration packages of the Directors.

Generally, the remuneration package will be structured according to the skills, experience and performance of the Executive Directors to ensure that the Group attracts and retains the Directors needed to run the Group successfully. The remuneration package of the Non-Executive Directors will depend on their contribution to the Group in terms of their knowledge and experience.

Although the Company had at its 12th Annual General Meeting held on 28 May 2014 obtained shareholders' mandate for the payment of Directors' fees not exceeding RM250,000 for each financial year, the Company will seek specific shareholders' approval should there is any increase in Director's fees in line with Paragraph 7.24 of the MMLR. During the financial year under review, the remuneration package for the Non-Independent Non-Executive Chairman has been revised, whereas the remuneration packages of the Executive Directors, Senior/Key Officers as well as Independent Non-Executive Directors remain unchanged.

The aggregate remuneration of Directors of the Company who served during the financial year ended 31 March 2017 are as follows:

	The Group		The Company	
	Executive Directors	Non-Executive Director	Executive Directors	Non-Executive Director
Fees (RM'000)	20	273	-	228
Salaries & EPF (RM'000)	-	-	1,601	-
Benefit-in-kind (RM'000)	-	-	52	2
Remuneration Bands				
Below RM50,000	1	1	-	6
RM100,000 – RM150,000	-	-	-	1
RM250,000 – RM300,000	-	-	1	-
RM300,000 – RM350,000	-	-	1	-
RM500,000 – RM550,000	-	-	1	-
RM550,000 – RM600,000	-	-	1	-
RM900,000 – RM1,000,000	-	-	-	-

The Board is of the opinion that the transparency and accountability aspects of corporate governance as applicable to Directors' remuneration are appropriately served by the disclosure made above and the current remuneration level is sufficient to attract, retain and motivate qualified Directors to serve on the Board.

The duties and responsibilities of the RC are spelt out in its Terms of Reference, a copy of which is available at the Company's website, www.minetech.com.my.

N. DIRECTORS' TRAINING

All Directors have successfully completed the Mandatory Accreditation Programme prescribed by Bursa Securities. The Directors will continue to identify and attend other training courses to equip themselves effectively to discharge their duties as Director on a continuous basis in compliance with Paragraph 15.08 of the MMLR of Bursa Securities.

The Board, via the NC, assesses the training needs of each of its Directors on an annual basis in accordance with the NC's Terms of Reference, by determining areas that would best strengthen their contributions to the Board. Review of the trainings accomplished by the Directors and determination of the training needs of each Director was conducted in May 2017 by the NC. From the assessment, the NC concluded that the Directors (save for Dato' Sri Chai Chow Sang as he has not identified any training courses that were of particular benefit to his role as Non-Independent Non-Executive Director of the Company since his appointment on 23 March 2017) have attended adequate trainings enabling them to discharge their responsibilities.

Amongst the training programmes, seminars and briefings attended by the Directors during the financial year ended 31 March 2017 are as follows:

Name of Directors	Conferences, Seminars and/or Training
Choy Sen @ Chin Kim Sang	• Update on Companies Bill 2015 • Updates on new Companies Act 2016
Chin Leong Choy	• Update on Companies Bill 2015 • Identifying, Evaluating, Structuring, Sourcing & Financing Successful Property Development Projects • International Greentech & Eco Products Exhibition and Conference Malaysia • Updates on new Companies Act 2016
Chin Kong Yaw	• Update on Companies Bill 2015 • Identifying, Evaluating, Structuring, Sourcing & Financing Successful Property Development Projects • International Greentech & Eco Products Exhibition and Conference Malaysia • IQM Conex Global Partnership in Quarrying GPQ 2016 • Updates on new Companies Act 2016
Chan Toong San	• Updates on new Companies Act 2016
Chong Jun Heng	• Updates on new Companies Act 2016
Ahmad Ruslan Zahari Bin Zakaria	• Update on Companies Bill 2015 • Dawn Raids – The Cup of Morning Coffee That I Do Not Need • CG Breakfast Series For Directors: "Future of Auditor Reporting – The Game Changer For Boardroom" • Amendments To Bursa Malaysia's Listing Requirements - With Latest Cases On Directors Duties • Updates on new Companies Act 2016

N. DIRECTORS' TRAINING (cont'd)

Name of Directors	Conferences, Seminars and/or Training
Peter Ling Sie Wuong	• Risk Management And Internal Control Workshop: Is Our Line of Defence Adequate And Effective? • Update on Companies Bill 2015 • CG Breakfast Series For Directors: "Future of Auditor Reporting – The Game Changer For Boardroom" • Updates on new Companies Act 2016
Ahmad Rahizal Bin Dato' Ahmad Rasidi	• Updates on new Companies Act 2016

All Directors are encouraged to continue to identify and attend appropriate seminars, conferences and courses to keep abreast with the developments in the business environment as well as the current changes in the laws and regulations to enhance their knowledge and skills.

The Company Secretaries also facilitate the organisation of internal training programmes and keep Directors informed of relevant external training programmes. The Company Secretaries circulate the relevant guidelines on statutory and regulatory requirements from time to time for the Board's reference and brief the Board quarterly on these updates at Board meetings. The External Auditors also briefed the Board members on any changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements during the year.

O. RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

The Annual General Meeting ("AGM") remains the principal forum for dialogue with the shareholders. Notice of AGM together with a copy of the Company's Annual Report were issued to shareholders at least twenty one (21) days before the meeting. Notice of the AGM is also advertised in national circulated daily newspaper. Members of the Board as well as the External Auditors will be present to answer questions relevant to the resolution being proposed, financial performance, business operations or corporate governance of the Company and other matters affecting the Company's shareholders' interest.

The Notice of the AGM provides information to the shareholders with regard to details of the AGM, their entitlement to attend and vote in the AGM and the right to appoint a proxy.

At the AGM, shareholders are encouraged to raise any questions that they may have pertaining to any issues regarding the Group.

During the last AGM, a question and answer session was held where the Chairman of the Meeting invited shareholders to raise questions with responses from the Board. All the resolutions set out in the Notice of the 14th AGM were put to vote by way of poll in line with the MMLR which require all resolutions of general meeting held on or after 1 July 2016 to be voted by poll. The outcome of the 14th AGM was announced to Bursa Securities on the same meeting day. An independent scrutineer was appointed to validate the vote cast at the 14th AGM and the Minutes of the 14th AGM was posted onto the Company's website.

O. RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS (cont'd)

Corporate Disclosure Policy

The disclosure of corporate information of the Company is guided by the Corporate Disclosure Guideline issued by Bursa Securities and the Company is applying the corporate disclosure guide, where applicable. The Corporate Disclosure Policies is in place to raise awareness and provide guidance to the Board of Directors, Management, officers and employees on the Company's disclosure requirements and practices.

Leverage on Information Technology for Effective Dissemination of Information

Shareholders, investors and the general public can obtain information on the Company such as latest corporate, financial and market information by accessing the Company's website at www.minetech.com.my.

This website enhances the Investor Relations (IR) function by including share price information, all announcements made by the Company, latest news of the Company, annual reports as well as the corporate governance section.

Notice of general meetings and outcome of the general meetings are also made available on the website for the benefit of shareholders.

To keep the shareholders and investors informed on the Group's latest business and corporate development, information is also disseminated via annual report, circular to shareholders, press releases, quarterly financial results and various announcements made from time to time to Bursa Securities.

P. ACCOUNTABILITY AND AUDIT

Financial Reporting

In preparing the annual financial statements and quarterly announcements, the Board aims to present a clear, balanced and understandable assessment of the Group's position and prospects. The AC has assessed whether suitable accounting policies have been adopted and whether Management has made appropriate judgements and estimates.

Throughout the financial year, the finance team has worked closely with the external auditors to ensure that significant issues in relation to the financial statements were addressed whilst being mindful of matters that may be business sensitive.

The external auditors attended three (3) out of five (5) of the AC meetings held in the first (1st) and second (2nd) quarter of the financial year 2017 to present their audit plan and audit findings. The AC also discussed key concerns and obtained feedback from the external auditors on the matter relating to the Company's affairs during both meetings without the presence of the Management.

Related Party Transactions

The AC reviews on quarterly basis all related party transactions and conflict of interests that may arise within the Group. The details of related party transactions are set out in the Audited Financial Statements of this Annual Report.

P. ACCOUNTABILITY AND AUDIT (cont'd)

Risk Management and Internal Control

The Board recognises the importance of establishing and maintaining a sound system of internal controls which cover risk management, financial, organisational, operational and compliance controls. The Board acknowledges its responsibility and accountability for the Company's system of internal controls and for reviewing the effectiveness, adequacy and integrity of the system. The Board has delegated the implementation and monitoring of the internal control system to the Management of the Company and has appointed an independent consultant to carry out the internal audit functions. The AC assists the Board in overseeing this function.

The Board exercises due care to identify, evaluate and manage significant risks faced by the Group. Accordingly, the Board has established an on-going process for identifying, evaluating and managing the significant risks faced by the Group and that this process has been in place.

A Risk Management Committee headed by Encik Ahmad Rahizal Bin Dato' Ahmad Rasidi, the Independent Non-Executive Director, has been set up in ensuring the implementation of appropriate systems to manage risks.

The Group maintains the three lines of defence approach in its risk management practices. The first line of defence is the line departments, which address the risks on the ground and are responsible for identifying, mitigating, controlling and monitoring risks within their area of operations. The second line of defence comprises the 8 Risk Management Units which perform risk oversight and review the business units' risk profiles, namely manufacturing and sales and marketing of bituminous products, quarry operation, premix operation, sales and marketing of quarry and premix products, civil engineering, procurement and store, human resources, information technology, administration and finance. Practical action plans are recommended and carried out to address any potential weaknesses identified. The third line of defence resides within the function of internal audit. The risk management reports record the changes in the risk profiles and the corresponding action plans are reviewed and discussed at the Board Meetings on quarterly basis.

The Board has reviewed the risk management and internal control system of the Group and is of the view that during the financial year and up to the date of issuance of this Statement, there were no material losses, contingencies or uncertainties arising as a result of weaknesses in the internal control system which would require separate disclosure in this Annual Report.

Information on the Company's risk management framework and internal control system is presented in the Statement on Risk Management and Internal Control of this Annual Report.

Internal Audit Function

The internal audit function is in place to assist the AC to discharge its functions effectively. The Company outsourced the Group's internal audit function to an independent professional firm, namely Audex Governance Sdn Bhd. The Internal Audit function reports directly to the AC.

During the financial year ended 31 March 2017, internal audits were carried out in accordance with the risk based internal audit plan approved by the AC. The business processes reviewed during the financial year were Exploration and Deposit Management and Repair and Maintenance of K.S. Chin Minerals Sdn Bhd.

The results of the audit reviews were discussed with Senior Management and subsequently, the audit findings, including the recommendations for improvement were reported to the AC at the quarterly meetings. In addition, follow-up reviews on previous audit areas of Minetech Asphalt Man International Sdn Bhd and K.S. Chin Minerals Sdn Bhd were also carried out to ensure that corrective actions have been implemented in a timely manner and the results of the follow-up reviews were also reported to the AC in the quarterly meetings.

Details of the Company's internal control system and framework are set out in the Statement on Risk Management and Internal Control of this Annual Report.

P. ACCOUNTABILITY AND AUDIT (cont'd)

Relationship with Auditors

The Board via the AC, maintains an appropriate and transparent relationship with the Group's external and internal auditors.

The AC also monitors the independence and qualification of external auditors and obtains written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The external auditors provide mainly audit-related services to the Company. Due to their strong knowledge, the external auditors also undertake certain non-audit services such as interim reviews, regulatory reviews and reporting, and other services.

The AC carried out an annual review of the performance of external auditors, including assessment on their independence in performing their obligations, adequacy of experience and resources of the firm and professional staff assigned to the audit, and the level of non-audit services rendered by the external auditors to the Group during the financial year. Based on the annual evaluation, the AC was satisfied with the external auditors' technical competency and audit independence and further recommended to the Board the re-appointment of Messrs UHY as external auditors of the Company for the ensuing year.

A summary of the activities of the AC during the year under review are set out in the AC Report of this Annual Report.

STATEMENT ON DIRECTORS' RESPONSIBILITIES

The Board is required under Paragraph 15.26(a) of the MMLR to issue a statement explaining its responsibility for preparing the annual audited financial statements.

The Board is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group as at the financial year end and of the results and cash flows of the Company and of the Group for the financial year ended.

The Board considers that, in preparing the financial statements of the Company and of the Group for the financial year ended 31 March 2017 as set out in this Annual Report, the Company and the Group have used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates. The Directors also consider that all applicable approved accounting standards in Malaysia have been followed and confirmed that the financial statements have been prepared on a going concern basis.

The Board is responsible for ensuring that the Company keeps accounting records which disclose the financial position of the Company with reasonable accuracy at any time which enabled them to ensure that the financial statements comply with the provisions of the Companies Act 2016.

The Board is also responsible for taking such steps that are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

This Statement was made in accordance with a resolution of the Board dated 4 July 2017.

ADDITIONAL COMPLIANCE INFORMATION

Utilisation of Proceeds

A total of approximately RM49.90 million were raised from the issuance of 332,689,500 new Ordinary Shares of RM0.15 each in the Company together with 332,689,500 free detachable Warrants in December 2014 ("Rights Issue 2014").

The Company had at the Extraordinary General Meeting held on 16 March 2016 obtained shareholders' approval on the revision of intended utilisation of proceeds arising from Rights Issue 2014 in which a total of RM20.0 million, originally allocated for purchase of quarry sites would be used to fund the Group's distribution of heavy machineries and working capital requirements.

As at 31 March 2017, our Group has utilised approximately RM46.80 million from the total proceeds arising from Rights Issue 2014, mainly for distribution of heavy machineries, working capital and repayment of bank borrowings.

The Company also had issued and allotted a total of 60,000,000 new Ordinary Shares at the subscription price of RM0.15 per Ordinary Share pursuant to the private placement. Details of the allotment during the financial year ended 31 March 2017 are as follows:-

Date	Number of Shares Allotted	Proceeds Raised
13 July 2016	30,000,000	RM4,500,000.00
15 March 2017	30,000,000	RM4,500,000.00
Total	60,000,000	RM9,000,000.00

The proceeds would be utilised as working capital and defraying of expenses incidental to the private placement.

Audit and Non-Audit Fees

The audit and non-audit fees paid to the external auditors by the Company and the Group for the financial year ended 31 March 2017 are as follows:-

	Company (RM)	Group (RM)
Audit services rendered	38,000	196,684
Non-audit services rendered	13,500	13,500
Total	51,500	210,184

Material Contracts involving Interest of the Directors, Chief Executive and Major Shareholders

There were no material contracts entered into by the Company and its subsidiaries involving interest of Directors, Chief Executive and major shareholders, for the financial year ended 31 March 2017.

Share Issuance Scheme

The Company had at the Extraordinary General Meeting held on 16 March 2016 obtained its shareholders' approval to establish a Share Issuance Scheme ("Scheme") of up to 15% of the issued and paid-up share capital of the Company (excluding treasury shares) at any one time during the duration of the Scheme for the eligible Directors and employees of the Group. The Company had on 3 August 2016 implemented the Scheme but yet to grant the options as at the date of this Annual Report.

CORPORATE SOCIAL RESPONSIBILITY

Minetech Resources Berhad recognises Corporate Social Responsibility as an open and transparent business practice that is based on ethical values and respect for Environment, Workplace (employees), Community and The Marketplace (shareholders, customers, suppliers and stakeholders).

The Group has for the immediate term identified the following factors as its key focus and priority areas as regards to the industry it is in and has committed to strive to achieve the following:

Environment

Commitment to ensure control and monitoring improvement for environmental impact.

In this aspect, the Group acknowledges responsibilities for care of the environment. The Group considers environmental factors in operations, strive to implement stringent monitoring of water, noise and dust pollution in the quarries to ensure that they are within the allowable limits and meet the regulatory requirements.

To alleviate general public perception of the quarry industry as damaging and polluting the environment, we are committed to the concept of "Green Quarry" by planting various types of trees/plants to trap the dust, camouflage from the surrounding and to create a greener environment.

The Group encourages and supports the efforts to further enhance environmental protection through more efficient use of natural resources, minimising the production of waste and to reuse and recycle materials whenever feasible.

Workplace

The Group values human capital as its greatest asset. The Group continues to care for the welfare of all employees and is committed to providing an inclusive workplace that embraces and promotes diversity. The Group's diversity encompasses differences in ethnicity, gender, language, age, religion, socio-economic status, physical and mental ability, thinking styles, experience, and education. The Group believes that the wide array of perspectives that results from such diversity promotes innovation and business success.

The Group is also committed to continuous staff development by providing continuous training, education and development to upgrade their skills and advancement in their careers based on performance and academic qualification. The Group also organises local and overseas trips, annual get-togethers for its employees through team building programme and dinners where they can know each other better outside the workplace. This indirectly can enhance their workplace relationship.

The Group's Diversity Policy framework is also aimed towards improving employment and career development opportunities for women.

Community

As a good and responsible corporate citizen, the Group believes in carrying out its duties with integrity, transparency and good governance and contributing towards the well-being of the society. As in the past, the Group provides industrial training and employment opportunities to graduates in disciplines that are relevant to the Group's operations. The Group also continues to contribute to various organisations and charities.

The Marketplace (shareholders)

The Group continues to strive to meet the expectation of its shareholders by enhancing its value.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors (the "Board") recognises the importance of a sound system of risk management and internal control to safeguard shareholders' investment and the Group's assets. The Board is pleased to provide the following statement on the state of internal control of the Group in accordance with Paragraph 15.26(b) of the MMLR of Bursa Securities, taking into consideration the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers", for the financial year ended 31 March 2017.

BOARD RESPONSIBILITY

The Board acknowledges the importance of a sound system of risk management and internal control and its overall responsibility for maintaining the Group's system of internal control and risk management (the "system"), as well as for reviewing the adequacy and integrity of the system. In view of the limitations that are inherent in any system of internal control, the system is designed to manage rather than eliminate risk of failure to achieve the Group's corporate objectives. Accordingly, it can only provide reasonable, but not absolute, assurance against the risk of material misstatement of management and financial information and records or against financial losses or fraud.

RISK MANAGEMENT

The Board also recognises that risk management is an integral part of the business operation and, as such, exercises due care to identify, evaluate and manage significant risks faced by the Group. Accordingly, the Board has established an on-going process for identifying, evaluating and managing the significant risks faced by the Group and that this process has been in place up to the date of approval of this statement for inclusion in the annual report and reviewed by the Board.

The Board is assisted by Management in the implementation of risk management processes within the Group. A Risk Management Committee headed by Encik Ahmad Rahizal Bin Dato' Ahmad Rasidi, the Independent Non-Executive Director, has been set up in ensuring the implementation of appropriate systems to manage risks.

The Group maintains the three lines of defence approach in its risk management practices. The first line of defence is the line departments, which address the risks on the ground and are responsible for identifying, mitigating, controlling and monitoring risks within their area of operations. The second line of defence comprises the 8 Risk Management Units which perform risk oversight and review the business units' risk profiles, namely manufacturing and sales and marketing of bituminous products, quarry operation, premix operation, sales and marketing of quarry and premix products, civil engineering, procurement and store, human resources, information technology, administration and finance. Practical action plans are recommended and carried out to address any potential weaknesses identified. The third line of defence resides within the function of internal audit. The risk management reports record the changes in the risk profiles and the corresponding action plans are reviewed and discussed at the Board Meetings on quarterly basis. Nevertheless, the Audit Committee ("AC") can raise any queries to the Risk Management Committee.

INTERNAL CONTROL

The Board has established an internal control framework that encapsulates the following key features of the Group's internal control system:

1. The Group has a well-defined organisational structure with formally defined lines of responsibilities, delegation of authorities and a process of hierarchical reporting to ensure proper identification of accountabilities and segregation of duties;
2. There are operational approval limits imposed on Management in respect of day-to-day operations and authorised signatories for major operating functions and transactions;
3. The Group maintains formalised policies and procedures which highlight the standard operating procedures for key processes, terms and conditions of employment, benefits and compensation, disciplinary rules and regulations which are relevant across the Group's operations;

INTERNAL CONTROL (cont'd)

4. Key functions, such as finance, tax, treasury, corporate and legal matters, are controlled centrally;
5. Training and development programmes are conducted to enhance staff competencies and to maintain a risk conscious culture;
6. An annual budgeting and business planning process is formalised to establish plans and targets for each operating unit. The performance of each operating unit is monitored through the monthly management reports. Actual performance, which is compared with budget, is reviewed quarterly by the Board with explanations provided by Management on any major variances noted;
7. Head of Department Meetings and Management meetings are carried out regularly to review the monthly performance, monitor the business development, discuss and resolve key operational and management issues. The financial performance of each subsidiary is reviewed periodically and significant variances or fluctuations against the business plan and budget, if any, are discussed and explained comprehensively. Management also regularly highlights to the Board significant issues and changes in the business environment, major policy matters and external environment affecting the Group;
8. The Board and AC review risk management and internal control issues identified by the internal auditors and the external auditors; and
9. The AC reviews the quarterly financial results and yearly financial statements prior to approval by the Board for release to Bursa Securities. The Board reviews the minutes of the AC meetings.

The Board has received assurance from the Group Executive Director, Chief Executive Officer and Chief Financial Officer that the Group's system of risk management and internal control is operating adequately and effectively in all material aspects.

INTERNAL AUDIT FUNCTION

The internal audit function is in place to assist the AC discharge its functions effectively. It is considered an integral part of the assurance framework to provide assurance on the adequacy and effectiveness of the risk management and internal control system of the Group. For the financial year under review, the AC outsourced the Group's internal audit function to an independent professional firm to independently assess the adequacy and effectiveness of the corporate governance and internal control system and provide an independent and objective report on its observations. The internal audit function highlighted its findings, including recommendations to address the findings noted, via the issuance of internal audit reports directly to the AC. The internal audit reports, incorporating findings, recommendations, Management comments and action plans with regard to the weaknesses and observations in the corporate governance and internal control system, were tabled at AC meetings and thereafter to the Board for further deliberation. The internal auditors also followed up with Management on the implementation of the agreed recommendations and reported the status thereof to the AC.

For the financial year ended 31 March 2017, the total costs incurred for the internal audit function amounted to approximately RM34,030.

CONCLUSION

The Board has reviewed the risk management and internal control system of the Group and is of the view that during the financial year and up to the date of issuance of this Statement, there were no material losses, contingencies or uncertainties arising as a result of weaknesses in the internal control system which would require separate disclosures in this Annual Report. Cognizant of the need to maintain a robust risk management and internal control system in meeting the needs of the Group, the Board will take ongoing measures to enhance this system from time to time.

Pursuant to Paragraph 15.23 of the MMLR, the external auditors have reviewed this Statement for inclusion in the 2017 Annual Report.

This Statement is made in accordance with a resolution of the Board dated 4 July 2017.

CONTENTS

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2017.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of managerial services. The principal activities of its subsidiary companies are disclosed in Note 8 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	25,779,943	61,535,255
Attributable to:		
Owners of the Parent	25,659,136	61,535,255
Non-controlling interests	120,807	-
	25,779,943	61,535,255

RESERVES AND PROVISIONS

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

DIVIDENDS

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year. The Board of Directors does not recommend any dividend in respect of the current financial year.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 60,000,000 new ordinary shares of RM0.15 each for a total cash consideration of RM9,000,000 for working capital purposes.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

There was no issuance of debentures during the financial year.

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 127 of the Companies Act, 2016. 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.

As at 31 March 2017, the Company held 285,000 treasury shares out of the total 725,094,000 issued ordinary shares. Further details are disclosed in Note 19 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

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

WARRANT RESERVES

The Warrants 2014/2019 were constituted under the Deed Poll dated 24 October 2014.

As at 31 March 2017, the total numbers of Warrants that remain unexercised were 332,404,500 warrants.

The salient terms of Warrants are disclosed in Note 18 to the financial statements.

DIRECTORS

The Directors in office during the financial year until the date of this report are as follows:

Ahmad Ruslan Zahari Bin Zakaria	
Choy Sen @ Chin Kim Sang	
Chin Leong Choy	
Chin Kong Yaw	
Peter Ling Sie Wuong	
Chan Toong San	
Chong Jun Heng	
Ahmad Rahizal Bin Dato' Ahmad Rasidi	(Appointed on 28 October 2016)
Dato' Sri Chai Chow Sang	(Appointed on 23 March 2017)
Chai War Ren (Alternate director to Dato' Sri Chai Chow Sang)	(Appointed on 23 March 2017)
Ng Kok Hok	(Resigned on 23 March 2017)
Low Choon Lan (Alternate director to Choy Sen @ Chin Kim Sang)	(Resigned on 1 June 2017)

DIRECTORS' INTERESTS

The interests and deemed interests in the shares and warrants of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end (including their spouses or children) according to the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.4.2016	Addition	Disposed	At 31.3.2017
Direct interests				
Choy Sen @ Chin Kim Sang	172,897,020	-	-	172,897,020
Dato' Sri Chai Chow Sang	-	30,000,000	-	30,000,000
Indirect interests				
Low Choon Lan (*)	172,897,020	-	-	172,897,020

(*) Deemed interest pursuant to Section 59(11)(c) of the Companies Act, 2016 by virtue of the shares held by his/her spouse.

By virtue of their interests in the shares of the Company, Choy Sen @ Chin Kim Sang and Low Choon Lan are also deemed interested in the shares of all the subsidiary companies during the financial year to the extent that the Company has an interest under Section 8(4) of the Companies Act, 2016.

None of the other Directors in office at the end of the financial year had any interest in the shares of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in Note 31 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INDEMNITY AND INSURANCE COSTS

During the financial year, the total insurance premium amount of indemnity for Directors and Officers of the Company are RM18,800 and RMNil respectively.

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps :

   (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance 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 amounts written off for bad debts or the amount of the allowance 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) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or

   (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(c) At the date of this report, there does not exist:

   (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liability of any other person; or

   (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(d) 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 and of the Company to meet its obligations as and when they fall due;

   (ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

   (iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

SUBSIDIARY COMPANIES

The details of the subsidiary companies are disclosed in Note 8 to the financial statements.

AUDITORS' REMUNERATION

The details of auditors' remuneration are disclosed in Note 26 to the financial statements.

SIGNIFICANT EVENTS

The significant events are disclosed in Note 36 to the financial statements.

SUBSEQUENT EVENTS

The subsequent events are disclosed in Note 37 to the financial statements.

AUDITORS

The Auditors, Messrs UHY, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 18 July 2017.

CHIN KONG YAW **CHIN LEONG CHOY**

KUALA LUMPUR

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 59 to 144 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2017 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in Note 40 to the financial statements on page 145 have been compiled 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 and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 18 July 2017.

CHIN KONG YAW

CHIN LEONG CHOY

KUALA LUMPUR

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT, 2016

I, Ng Kok Hok, being the Officer primarily responsible for the financial management of Minetech Resources Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 59 to 145 are 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.

Subscribed and solemnly declared by the)
abovenamed at Kuala Lumpur in the)
Federal Territory on 18 July 2017)

NG KOK HOK

Before me,

NO. W710
MOHAN A.S. MANIAM
COMMISSIONER FOR OATHS

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Minetech Resources Berhad, which comprise the statements of financial position as at 31 March 2017 of the Group and of the Company, and the statements of profit and loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 59 to 144.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2017, and of their financial performance and their 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, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Requirements

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

	Key audit matters	How you addressed the key audit matters
1.	**Impairment of quarry development expenditure** We noted that the Group is making loss on the quarry segment. In accordance with MFRS 136 *Impairment of Assets*, the Directors are required to perform a review for impairment of non-financial assets at any time an indicator of impairment exists. We consider the carrying value of quarry development expenditure and the risk over potential impairment to be a significant audit risk because of the inherent uncertainty involved in forecasting and discounting future cash flows, which are the basis of the assessment of recoverability.	We have assessed the methodology used by management to estimate the recoverable value of each cash generating unit (CGU) to ensure that this is consistent with the accounting standards. We have assessed the reasonableness of each key assumption used in management's cash flow forecasts and the recoverable values calculation, in particular: • We have verified the reserves and resources quantities underpinning the quarry to the estimated reserves audited by the specialist engaged by the management. • We assessed the professional competence, objectivity and capabilities of the specialist engaged by management as required by auditing standards. • We assessed the reasonableness of the relevant production profiles by benchmarking to existing quarry production rates and considered the forecasted growth rates of each quarry site. • We evaluated the reasonableness of the estimated capital and operating costs by benchmarking to the historical and current quarry costing, growth rate and quarry production.

Key Audit Matters (Cont'd)

	Key audit matters	How you addressed the key audit matters
2.	**Impairment of trade receivables** The Group has material credit exposures in its trade receivables. Given the nature of these assets, the assessment of impairment involves significant estimation uncertainty, subjective assumptions and the application of significant judgement.	The focus of our work involved auditing the Group's credit analyses and associated impairment assessments of trade receivables that were either in default or significantly overdue as at 31 March 2017. We obtained and evaluated the Group's credit risk policy, and tested the associated processes used by management to assess the credit exposures, assignment of internal credit ratings and regular reporting to the appropriate level of governance to ensure they worked as designed. We developed our understanding of the monitoring of significant credit exposures which were significantly overdue, deemed to be in default, or were on watch through review of credit reports produced by the credit department and analysis of aged receivables. We reviewed certain overdue receivables to assess the reasonableness of impairment provided for the identified exposures. We also assessed the adequacy of the related disclosures in the notes to the financial statements.

Information Other than the financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current finance year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiary companies of which we have not acted as auditors, are disclosed in Note 8 to the financial statements.

Other Reporting Responsibilities

The supplementary information set out in Note 40 on page 145 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.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

UHY
Firm Number: AF 1411
Chartered Accountants

CHONG HOU NIAN
Approved Number: 03105/11/2018 J
Chartered Accountant

KUALA LUMPUR
18 July 2017

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2017

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Non-Current Assets					
Property, plant and equipment	4	46,064,018	44,565,810	1,070,476	1,218,715
Investment properties	5	1,648,271	1,651,634	-	-
Inventories	6	22,898,736	-	6,000,000	-
Quarry development expenditure	7	3,230,930	10,893,941	-	-
Investment in subsidiary companies	8	-	-	26,209,492	45,203,505
Investment in associate companies	9	-	165,636	-	-
Goodwill on consolidation	10	1,517,193	-	-	-
		75,359,148	57,277,021	33,279,968	46,422,220
Current Assets					
Inventories	6	8,066,841	7,942,967	-	-
Trade receivables	11	19,569,142	20,541,926	-	-
Other receivables	12	5,765,526	18,626,694	773,111	2,485,664
Amount due from customers for contract works	13	3,588,540	3,117,758	-	-
Amount due by subsidiary companies	14	-	-	7,748,393	36,083,939
Tax recoverable		933,683	650,266	46,316	39,449
Other investment	15	-	14,272,772	-	14,272,772
Fixed deposits with licensed banks	16	3,143,860	2,814,176	-	-
Cash and bank balances		14,335,000	13,039,115	7,839,027	3,181,135
		55,402,592	81,005,674	16,406,847	56,062,959
Total Assets		130,761,740	138,282,695	49,686,815	102,485,179
Equity					
Share capital	17	109,554,727	99,764,100	109,554,727	99,764,100
Reserves	18	(38,191,629)	(11,513,931)	(65,891,832)	(3,565,950)
Treasury shares	19	(47,990)	(47,990)	(47,990)	(47,990)
Equity attributable to owners of the parent		71,315,108	88,202,179	43,614,905	96,150,160
Non-controlling interests		4,702,176	299,695	-	-
Total Equity		76,017,284	88,501,874	43,614,905	96,150,160

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Non-Current Liabilities					
Loans and borrowings	20	15,313,537	9,815,548	399,848	628,018
Deferred tax liabilities	21	2,060,128	944,900	-	-
		17,373,665	10,760,448	399,848	628,018
Current Liabilities					
Trade payables	22	22,657,194	20,954,818	-	-
Other payables	23	4,528,254	6,901,183	290,241	661,192
Amount due to customers for contract works	13	6,241	228,724	-	-
Amount due to subsidiary companies	14	-	-	5,039,058	4,655,529
Loans and borrowings	20	9,979,651	10,935,648	342,763	390,280
Tax payable		199,451	-	-	-
		37,370,791	39,020,373	5,672,062	5,707,001
Total Liabilities		54,744,456	49,780,821	6,071,910	6,335,019
Total Equity and Liabilities		130,761,740	138,282,695	49,686,815	102,485,179

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Revenue	24	95,018,313	105,106,795	3,760,000	5,645,436
Cost of sales		(98,320,600)	(99,275,263)	-	-
Gross (loss)/profit		(3,302,287)	5,831,532	3,760,000	5,645,436
Other income		7,202,584	5,864,212	1,256,495	924,542
Administrative expenses		(26,856,382)	(21,541,906)	(66,495,451)	(8,166,708)
Selling and marketing expenses		(568,298)	(490,166)	-	-
Finance costs	25	(1,719,005)	(1,254,299)	(56,299)	(76,826)
Share of results of associate companies		(165,636)	(201,913)	-	-
Loss before taxation	26	(25,409,024)	(11,792,540)	(61,535,255)	(1,673,556)
Taxation	27	(370,919)	594,467	-	(47,044)
Net loss for the financial year		(25,779,943)	(11,198,073)	(61,535,255)	(1,720,600)
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss					
- Exchange translation differences for foreign operations		(227,935)	(177,669)	-	-
Total comprehensive income for the financial year		(26,007,878)	(11,375,742)	(61,535,255)	(1,720,600)
Loss for the financial year attributable to:					
Owners of the parent		(25,659,136)	(10,294,474)	(61,535,255)	(1,720,600)
Non-controlling interests		(120,807)	(903,599)	-	-
		(25,779,943)	(11,198,073)	(61,535,255)	(1,720,600)
Total comprehensive income attributable to:					
Owners of the parent		(25,887,071)	(10,472,143)	(61,535,255)	(1,720,600)
Non-controlling interests		(120,807)	(903,599)	-	-
		(26,007,878)	(11,375,742)	(61,535,255)	(1,720,600)
Loss per share					
Basic (sen)	28	(3.58)	(1.55)		
Diluted (sen)	28	(3.58)	(1.55)		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Attributable to Owners of the Parent									
		Non-distributable								
	Share capital RM	Share premium RM	Treasury shares RM	Foreign currency translation reserve RM	Warrant reserve RM	Other reserve RM	Accumulated losses RM	Total RM	Non-controlling interests RM	Total equity RM
Group										
At 1 April 2015	99,764,100	790,627	(47,990)	401,103	21,971,937	(21,971,937)	(2,193,648)	98,714,192	1,151,113	99,865,305
Net loss for the financial year	-	-	-	-	-	-	(10,294,474)	(10,294,474)	(903,599)	(11,198,073)
Other comprehensive income:										
Foreign exchange translation reserve	-	-	-	(177,669)	-	-	-	(177,669)	-	(177,669)
Total comprehensive income	-	-	-	(177,669)	-	-	(10,294,474)	(10,472,143)	(903,599)	(11,375,742)
Transactions with owners:										
Disposal of a subsidiary company	-	-	-	(39,870)	-	-	-	(39,870)	52,181	12,311
At 31 March 2016	99,764,100	790,627	(47,990)	183,564	21,971,937	(21,971,937)	(12,488,122)	88,202,179	299,695	88,501,874

		Attributable to Owners of the Parent									
		Non-distributable									
	Note	Share capital RM	Share premium RM	Treasury shares RM	Foreign currency translation reserve RM	Warrant reserve RM	Other reserve RM	Accumulated losses RM	Total RM	Non-controlling interests RM	Total equity RM
Group											
At 1 April 2016		99,764,100	790,627	(47,990)	183,564	21,971,937	(21,971,937)	(12,488,122)	88,202,179	299,695	88,501,874
Net loss for the financial year		-	-	-	-	-	-	(25,659,136)	(25,659,136)	(120,807)	(25,779,943)
Other comprehensive income:											
Foreign exchange translation reserve		-	-	-	(227,935)	-	-	-	(227,935)	-	(227,935)
Total comprehensive income		-	-	-	(227,935)	-	-	(25,659,136)	(25,887,071)	(120,807)	(26,007,878)
Transactions with owners:											
Issue of ordinary shares	17	9,000,000	-	-	-	-	-	-	9,000,000	-	9,000,000
Adjustments for effect of Companies Act 2016	17	790,627	(790,627)	-	-	-	-	-	-	-	-
Change in ownership interest in a subsidiary company	8(d)	-	-	-	-	-	-	-	-	4,523,288	4,523,288
		9,790,627	(790,627)	-	-	-	-	-	9,000,000	4,523,288	13,523,288
At 31 March 2017		109,554,727	-	(47,990)	(44,371)	21,971,937	(21,971,937)	(38,147,258)	71,315,108	4,702,176	76,017,284

	Note	Non-distributable						
		Share capital RM	Share premium RM	Treasury shares RM	Warrant reserve RM	Other reserve RM	Accumulated losses RM	Total equity RM
Company								
At 1 April 2015		99,764,100	790,627	(47,990)	21,971,937	(21,971,937)	(2,635,977)	97,870,760
Net loss for the financial year representing total comprehensive loss for the financial year		-	-	-	-	-	(1,720,600)	(1,720,600)
At 31 March 2016		99,764,100	790,627	(47,990)	21,971,937	(21,971,937)	(4,356,577)	96,150,160
At 1 April 2016		99,764,100	790,627	(47,990)	21,971,937	(21,971,937)	(4,356,577)	96,150,160
Net loss for the financial year, representing total comprehensive loss for the financial year		-	-	-	-	-	(61,535,255)	(61,535,255)
Transactions with owners:								
Issue of ordinary shares	17	9,000,000	-	-	-	-	-	9,000,000
Adjustments for effect of Companies Act 2016	17	790,627	(790,627)	-	-	-	-	-
		9,790,627	(790,627)	-	-	-	-	9,000,000
At 31 March 2017		109,554,727	-	(47,990)	21,971,937	(21,971,937)	(65,891,832)	43,614,905

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Cash Flows From Operating Activities				
Loss before taxation	(25,409,024)	(11,792,540)	(61,535,255)	(1,673,556)
Adjustments for:				
Amortisation of quarry development expenditure	969,364	759,916	-	-
Bad debts written off	364,577	469	-	-
Depreciation of investment properties	3,363	3,363	-	-
Depreciation of property, plant and equipment	8,819,697	8,829,547	348,239	347,350
Fair value gain on financial assets at fair value through profit or loss	-	(763,454)	-	(763,454)
Loss/(Gain) on disposal of subsidiary companies	458,777	(91,081)	-	-
Impairment loss on:				
- other receivables	195,498	-	1,542	-
- trade receivables	152,578	1,290,173	-	-
- subsidiary companies	-	-	33,855,191	-
- amount owing by subsidiary companies	-	-	26,344,324	-
- quarry development expenditure	7,250,318	-	-	-
- property, plant and equipment	1,156,185	-	-	-
Interest expenses	1,537,028	1,062,205	54,953	74,586
Interest income	(176,518)	(164,592)	(60,180)	(5,436)
Inventories written down	1,523,043	2,077,281	-	-
Inventories written off	-	560,429	-	-
Loss/(Gain) on disposal of property, plant and equipment	(397,775)	1,895,192	-	-
Property, plant and equipment written off	1,839,180	33,100	-	-
Reversal of accrual - tribute	(800,000)	-	-	-
Reversal of inventories written down	(1,789,608)	-	-	-
Reversal of impairment loss on trade receivables	(1,452,334)	(1,793,028)	-	-
Reversal of impairment loss on investment in subsidiary company	-	-	(1,054,406)	-
Share of loss on associate companies	165,636	201,913	-	-
Unrealised gain on foreign exchange	(160,812)	(137,998)	(141,833)	(161,088)
Operating (loss)/profit before working capital changes	(5,750,827)	1,970,895	(2,187,425)	(2,181,598)

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Change in working capital:					
Quarry development expenditure		(556,671)	(1,058,908)	-	-
Inventories		142,691	(2,389,374)	-	-
Trade receivables		1,907,963	7,704,768	-	-
Other receivables		12,665,670	(5,634,332)	1,711,011	(2,267,168)
Customers for contract works		(693,265)	(3,775,935)	-	-
Trade payables		1,702,376	(15,345,928)	-	-
Other payables		(3,807,926)	(985,364)	(370,951)	134,273
Subsidiary companies		-	-	3,570,990	(9,286,722)
		11,360,838	(21,485,073)	4,911,050	(11,419,617)
Cash generated/(used in) from operations		5,610,011	(19,514,178)	2,723,625	(13,601,215)
Interest received		176,518	164,592	60,180	5,436
Interest paid		(1,537,028)	(1,062,205)	(54,953)	(74,586)
Tax paid		(884,465)	(1,714,767)	(15,882)	(100,047)
Tax refund		111,880	-	9,015	-
		(2,133,095)	(2,612,380)	(1,640)	(169,197)
Net cash from/(used in) operating activities		3,476,916	(22,126,558)	2,721,985	(13,770,412)
Cash Flows From Investing Activities					
Purchase of property, plant and equipment	4(c)	(2,831,674)	(2,338,726)	-	(46,603)
Purchase of inventories		(6,000,000)	-	(6,000,000)	-
Acquisition of subsidiary companies		-	-	(14,861,178)	(2,499,998)
Net cash outflow from acquisition of subsidiary companies	8(b)	(14,748,004)	-	-	-
Investment in associate companies		-	(367,549)	-	-
Proceeds from disposal of property, plant and equipment		2,973,239	913,313	-	-
Proceed from disposal of subsidiary companies	8(c)	4,064,511	4,224	-	-
Proceed/(Purchase) of financial assets at fair value through profit or loss		14,272,772	18,650,000	14,272,772	18,650,000
Net cash (used in)/from investing activities		(2,269,156)	16,861,262	(6,588,406)	16,103,399

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Cash Flows From Financing Activities				
(Increase)/Decrease in fixed deposits pledged	(328,124)	596,028	-	-
Repayment of term loans	(827,731)	(48,041)	-	-
Repayment of finance lease payables	(6,368,777)	(4,062,429)	(475,687)	(404,800)
Net changes on short term borrowings	770,451	(890,780)	-	-
Proceeds from issuance of shares	9,000,000	-	9,000,000	-
Net cash from/(used in) financing activities	2,245,819	(4,405,222)	8,524,313	(404,800)
Net increase/(decrease) in cash and cash equivalents	3,453,579	(9,670,518)	4,657,892	1,928,187
Effects of exchange rate changes	(67,123)	(15,998)	-	-
Cash and cash equivalents at the beginning of the financial year	9,308,239	18,994,755	3,181,135	1,252,948
Cash and cash equivalents at the end of the financial year	12,694,695	9,308,239	7,839,027	3,181,135
Cash and cash equivalents at the end of the financial year comprises:				
Cash and bank balances	14,335,000	13,039,115	7,839,027	3,181,135
Fixed deposits with licensed banks	3,143,860	2,814,176	-	-
Bank overdrafts	(1,651,852)	(3,740,863)	-	-
	15,827,008	12,112,428	7,839,027	3,181,135
Less: Fixed deposits pledged to licensed banks	(3,132,313)	(2,804,189)	-	-
	12,694,695	9,308,239	7,839,027	3,181,135

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

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal place of business of the Company is located at Level 5, Wisma Miramas, No. 1, Jalan 2/109E, Taman Desa, Jalan Klang Lama, 58100 Kuala Lumpur.

The registered office of the Company is located at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan.

The principal activities of the Company are those of investment holding and provision of managerial services. The principal activities of its subsidiary companies are disclosed in Note 8 to the financial statements.There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year.

2. BASIS OF PREPARATION

(a) Statement of Compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

Adoption of new and amended standards

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

MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception
Amendments to MFRS 101	Disclosure Initiative
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants
Amendments to MFRS 127	Equity Method in Separate Financial Statements
Annual Improvements to MFRSs 2012–2014 Cycle	

Adoption of above amendments to MFRSs did not have any significant impact on the financial statements of the Group and of the Company.

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of Compliance (cont'd)

Standards issued but not yet effective

The Group and the Company have not applied the following new MFRSs, new interpretation and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and for the Company:

		Effective dates for financial periods beginning on or after
Amendment to MFRS 107	Disclosure Initiative	1 January 2017
Amendments to MFRS 112	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Annual Improvements to MFRSs 2014 – 2016 Cycle:		
• Amendments to MFRS 12 *Disclosure of Interests in Other Entities*		1 January 2017
• Amendments to MFRS 1 *First time Adoption of Malaysian Financial Reporting Standards*		1 January 2018
• Amendments to MFRS 128 *Investments in Associates and Joint Ventures*		1 January 2018
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 2	Classification and measurement of Share-based payment Transactions	1 January 2018
Amendments to MFRS 15	Clarifications to MFRS 15	1 January 2018
Amendments to MFRS 140	Transfers of Investment Property	1 January 2018
Amendments to MFRS 4	Applying MFRS 9 *Financial Instruments* with MFRS 4 *Insurance Contracts*	1 January 2018*
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
MFRS 16	Leases	1 January 2019
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

Note:
* *Entities that meet the specific criteria in MFRS 4, paragraph 20B, may choose to defer the application of MFRS 9 until that earlier of the application of the forthcoming insurance contracts standard or annual periods beginning before 1 January 2021.*

The Group and the Company intend to adopt the above MFRSs when they become effective.

The initial application of the abovementioned MFRSs are not expected to have any significant impacts on the financial statements of the Group and of the Company except as mentioned below:

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of Compliance (cont'd)

Standards issued but not yet effective (cont'd)

MFRS 9 *Financial Instruments (IFRS 9 issued by IASB in July 2014)*

MFRS 9 (IFRS 9 issued by IASB in July 2014) replaces earlier versions of MFRS 9 and introduces a package of improvements which includes a classification and measurement model, a single forward looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. MFRS 9 when effective will replace MFRS 139 *Financial Instruments: Recognition and Measurement*.

MFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income without subsequent recycling to profit or loss. There is now a new expected credit losses model that replaces the incurred loss impairment model used in MFRS 139. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. MFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under MFRS 139.

MFRS 15 *Revenue from Contracts with Customers*

MFRS 15 replaces MFRS 118 *Revenue*, MFRS 111 *Construction Contracts* and related IC Interpretations. The Standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

2. BASIS OF PREPARATION (CONT'D)

(a) Statement of Compliance (cont'd)

Standards issued but not yet effective (cont'd)

MFRS 16 *Leases*

MFRS 16, which upon the effective date will supersede MFRS 117 *Leases*, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under MFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, MFRS 117.

In respect of the lessor accounting, MFRS 16 substantially carries forward the lessor accounting requirements in MFRS 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The impact of the new MFRSs, amendments and improvements to published standard on the financial statements of the Group and of the Company are currently being assessed by management.

(b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM") which is the Group's and the Company's functional currency and all values have been rounded to the nearest RM except when otherwise stated.

(c) Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

2. BASIS OF PREPARATION (CONT'D)

(c) Significant accounting judgements, estimates and assumptions (cont'd)

Judgments

There are no significant areas of critical judgment in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below:

Useful lives of property, plant and equipment and investment properties

The Group and the Company regularly review the estimated useful lives of property, plant and equipment and investment properties based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment and investment properties would increase the recorded depreciation and decrease the value of property, plant and equipment and investment properties.

The carrying amount at the reporting date for property, plant and equipment and investment properties are disclosed in Notes 4 and 5 respectively.

Impairment of property, plant and equipment and quarry development expenditure

The Group assesses whether there is any indication that property, plant and equipment and quarry development expenditure are impaired at the end of each reporting period. Impairment is measured by comparing the carrying amount of an asset with its recoverable amount. The recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flow derived from that asset discounted at an appropriate discount rate. Projected future cash flows are calculated based on historical, sector and industry trends, general market and economic conditions, changes in technology and other available information. Changes to any of these assumptions would affect the amount of impairment.

The key assumptions used to determine the recoverable amounts are disclosed in Notes 4 and 7 respectively.

2. BASIS OF PREPARATION (CONT'D)

(c) Significant accounting judgements, estimates and assumptions (cont'd)

Key sources of estimation uncertainty (cont'd)

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group and the Company estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's and the Company's products, the Group and the Company might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 6.

Impairment of investment in subsidiary companies

The Company reviews its investments in subsidiary companies when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to determine a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount at the reporting date for investments in subsidiary companies is disclosed in Note 8.

Impairment of goodwill on consolidation

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use amount requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions used to determine the value-in- use is disclosed in Note 10.

Impairment of loans and receivables

The Group assesses at end of each reporting period whether there is any objective evidence that a receivable 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 receivable 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. The carrying amounts at the reporting date for loans and receivables are disclosed in Notes 11, 12 and 14 respectively.

2. BASIS OF PREPARATION (CONT'D)

(c) Significant accounting judgements, estimates and assumptions (cont'd)

Key sources of estimation uncertainty (cont'd)

Construction Contracts

The Group recognises construction contracts revenue and expenses in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that construction costs incurred for work performed to date bear to the estimated total construction costs.

Significant judgement is required in determining the stage of completion, the extent of the construction costs incurred, the estimated total construction revenue and costs, as well as the recoverability of the construction projects. In making the judgement, the Group evaluates based on experience and by relying on the work of specialists. The details of construction contracts are disclosed in Notes 13.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Details of deferred tax assets are disclosed in Note 21.

Income taxes

Judgment is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group and the Company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 31 March 2017, the Group and the Company have tax recoverable of RM933,683 (2016: RM650,266) and RM46,316 (2016: RM39,449) respectively and tax payable of RM199,451 (2016: RM Nil) and RM Nil (2016: RM Nil) respectively.

Contingent liabilities

Determination of the treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting legal counsel for litigation cases and internal and external experts to the Group, for matters in the ordinary course of business. Details of contingent liabilities are disclosed in Note 30.

2. BASIS OF PREPARATION (CONT'D)

(c) Significant accounting judgements, estimates and assumptions (cont'd)

Key sources of estimation uncertainty (cont'd)

Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the Note 33(c) regarding financial assets and liabilities. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary company is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed off in profit or loss as incurred.

If the business combination is achieved in stages, previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 139 *Financial Instruments: Recognition and Measurement*, is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

(i) Subsidiary companies (cont'd)

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(n) to the financial statements on impairment of non-financial assets.

(ii) Changes in ownership interests in subsidiary companies without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiary companies

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

(iv) Goodwill on consolidation

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (ie. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. See accounting policy Note 3(n)(i) to the financial statements on impairment of non-financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Investments in associate companies

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

On acquisition of an investment in an associate, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of associate's profit or loss for the period in which the investment is acquired.

An associate is accounted for either at cost or equity method as described in MFRS 128 from the date on which the investee becomes an associate. Under the equity method, on initial recognition the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the associate after the date of acquisition. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Profits or losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the assets transferred.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group applies MFRS 139 to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 *Impairment of Assets* as a single asset, by comparing its recoverable amount (higher of value-in-use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Company's separate financial statements, investments in associates are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(n) to the financial statements on impairment of non-financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Foreign currency translation

(i) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the reporting period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at the rate of exchange prevailing at the reporting date, except for goodwill and fair value adjustments arising from business combinations before 1 January 2012 (the date of transition to MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly owned subsidiary company, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed off such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary company that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(n).

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Capital work-in-progress consists of buildings and plant and machinery under construction / installation for intended use as production facilities. The amount is stated at cost until the property, plant and equipment are ready for their intended use.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in the profit or loss on straight line basis to write off the cost of each asset to its residual value over its estimated useful life. Freehold land is not depreciated. Leased assets are depreciated over the shorter of the lease term and their useful lives. Property, plant and equipment under construction are not depreciated until the assets are ready for its intended use.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Property, plant and equipment (cont'd)

(iii) Depreciation (cont'd)

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Buildings and improvements	50 - 99 years
Plant and machinery	10 years
Motor vehicles	5 years
Furniture, fittings and office equipment	5 - 10 years
Workshop cum site office	22 - 50 years
Access road	7 - 9 years

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.

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

(e) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or asset or the arrangement conveys a right to use the asset, even if that right is not explicitly specific in an arrangement.

As lessee

(i) Finance lease

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as a property, plant and equipment.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Leases (cont'd)

As lessee (cont'd)

(ii) Operating lease

Leases, where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statements of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid land lease payments.

As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(f) Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are measured at cost, including transaction costs, less any accumulated depreciation and impairment losses.

The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

Investment properties are depreciated on a straight-line basis to write down the cost of each asset to their residual values over their estimated useful lives. The principal annual depreciation rates are:

Leasehold buildings	Over the remaining period of the lease

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(n) to the financial statements on impairment of non-financial assets.

Investment properties are derecognised upon disposal or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. Upon disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) 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.

(h) Financial assets

Financial assets are recognised on the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately in profit or loss.

The Group and the Company classify their financial assets depends on the purpose for which the financial assets were acquired at initial recognition, into the following categories:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets that are designated into this category upon initial recognition. A financial asset is classified in this category if it is acquired principally for the purpose of selling it in the near term. Derivatives, including separated embedded derivatives, are also categorised as held for trading unless they are designated as effective hedging instruments. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

After initial recognition, financial assets in this category are measured at fair value with any gains or losses arising from changes in the fair values recognised in profit or loss in the period in which the changes arise.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those maturing later than 12 months after the end of the reporting period which are classified as non-current assets.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) Financial assets (cont'd)

(ii) Loans and receivables (cont'd)

After initial recognition, financial assets categorised as loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

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

A financial asset is derecognised when the contractual rights to receive cash flows from the financial asset has expired or has been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount and the sum of consideration received and any cumulative gains or loss that had been recognised in equity is recognised in profit or loss.

(i) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of financial liabilities.

Financial liabilities are recognised on the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

The Group and the Company classify their financial liabilities at initial recognition, into the following categories:

(i) Other financial liabilities measured at amortised cost

The Group's and the Company's other financial liabilities comprise trade and 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 has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Gains and losses on financial liabilities measured at amortised cost are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) Financial liabilities (cont'd)

(ii) Financial guarantee contracts

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

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. 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.

(j) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

(k) Inventories

(i) Sales of goods

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

Cost is determined on a first-in-first out basis. Cost of raw and packaging materials, spare parts and consumables consists of purchase price plus the cost of bringing the inventories to their present location and condition. The cost of quarry and bituminous products includes cost of direct material, direct labour and an appropriate proportion of production overheads (based on normal operating capacity).

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(ii) Land held for property development

The costs of land held for property development is stated at the lower of historical cost and net realisable value. The cost of land held for property development consists of the purchase price of the land, professional fees, stamp duties, commissions, conversion fees, other relevant levies and direct development cost incurred in preparing the land for development.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated cost necessary to make the sale. If net realisable value cannot be determined reliably, these inventories will be stated at the lower of cost or fair value less costs to sell. Fair value is the amount the inventory can be sold in an arm's length transaction.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Inventories (cont'd)

(ii) Land held for property development (cont'd)

Land held for property development for which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle, is classified as non-current asset.

Land held for property development is transferred to property development costs (under current assets) when development activities have commenced and where development activities can be completed within the Group's normal operating cycle.

(l) Construction contracts

Construction contracts are contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised over the period of contract as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period. The stage of completion method is determined by the proportion that contract costs incurred for work performed to date bear to the estimated total contract cost.

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

Irrespective whether the outcome of a construction contract can be estimated reliably, when it is probable that contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probably that they will result in revenue and they are capable of being reliably measured.

The aggregate of the costs incurred and the profit or loss recognised on each contract is compared against the progress billings up to the reporting period end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is presented as amounts due from contract customers. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is presented as amounts due to contract customers.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdraft and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories, amount due from contract customers and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs of disposal. In assessing value-in-use, the estimated future cash flows 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 or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognized in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

(ii) Financial assets

All financial assets, other than investments in subsidiary companies and associates are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

<u>Financial assets carried at amortised cost</u>

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with defaults on receivables.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Impairment of assets (cont'd)

(ii) Financial assets (cont'd)

Financial assets carried at amortised cost (cont'd)

If any such evidence exists, the amount of impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of impairment loss is recognised in profit or loss. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised in profit or loss, the impairment loss is reversed, to the extent that the carrying amount of the asset does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of reversal is recognised in profit or loss.

(o) Share capital

(i) Ordinary shares

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the nominal value of shares issued. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

(ii) Treasury shares

When issued share of the Company are repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares in the statement of changes in equity. No gain or loss is recognised in profit or loss on the sale, re-issuance or cancellation of the treasury shares.

When treasury shares are distributed as share dividends, the cost of the treasury shares is applied as a reduction of the share premium account or the distributable retained earnings or both.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

(q) Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employee Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

(r) Revenue recognition

(i) 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.

(ii) Sale of goods

Revenue is measured at the fair value of consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue from sale of goods is recognised when significant risks and rewards of ownership of the goods have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods.

(iii) Construction contracts

Revenue from construction contracts is accounted in accordance to the accounting policies as described in Note 3(l) to the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(r) Revenue recognition (cont'd)

(iv) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(v) Interest income

Interest income is recognised on accruals basis using the effective interest method.

(vi) Management fee

Management fee is recognised on accrual basis when services are rendered.

(vii) Dividend income

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

(s) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for theirs intended use or sale, are capitalised as part of the cost of those assets. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(t) Income taxes

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Income taxes (cont'd)

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

(u) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

4. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM	Buildings and improvements RM	Plant and machinery RM	Motor vehicles RM	Furniture fittings and office equipment RM	Workshop cum site office RM	Access road RM	Total RM
Group								
2017								
Cost								
At 1 April 2016	1,793,698	4,040,506	117,297,625	6,676,047	2,795,041	395,804	648,524	133,647,245
Additions	-	7,373,032	6,795,269	1,363,560	330,143	26,730	-	15,888,734
Disposals	-	-	(7,526,026)	(840,001)	-	-	-	(8,366,027)
Written off	-	-	(11,803,866)	(89,701)	(839,468)	(250,300)	(648,524)	(13,631,859)
Reclassification	-	503,738	-	-	(503,738)	-	-	-
At 31 March 2017	1,793,698	11,917,276	104,763,002	7,109,905	1,781,978	172,234	-	127,538,093
Accumulated depreciation								
At 1 April 2016	-	641,308	81,875,324	4,128,502	1,488,345	299,432	648,524	89,081,435
Charge for the financial year	-	135,140	7,379,866	980,847	313,255	10,589	-	8,819,697
Disposals	-	-	(4,965,077)	(825,486)	-	-	-	(5,790,563)
Written off	-	-	(10,016,224)	(89,700)	(787,931)	(250,300)	(648,524)	(11,792,679)
Reclassification	-	422,094	-	-	(422,094)	-	-	-
At 31 March 2017	-	1,198,542	74,273,889	4,194,163	591,575	59,721	-	80,317,890
Accumulated impairment loss								
At 1 April 2016	-	-	-	-	-	-	-	-
Charge fot the financial year	-	-	1,146,251	9,934	-	-	-	1,156,185
At 31 March 2017	-	-	1,146,251	9,934	-	-	-	1,156,185
Carrying amount								
At 31 March 2017	1,793,698	10,718,734	29,342,862	2,905,808	1,190,403	112,513	-	46,064,018

4. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM	Buildings and improvements RM	Plant and machinery RM	Motor vehicles RM	Furniture fittings and office equipment RM	Workshop cum site office RM	Access road RM	Capital work-in -progress RM	Total RM
Group									
2016									
Cost									
At 1 April 2015	1,793,698	3,452,297	120,039,540	6,737,201	2,609,151	395,804	648,524	664,709	136,340,924
Additions	-	-	7,102,515	788,120	185,890	-	-	-	8,076,525
Disposals	-	-	(9,665,953)	(849,274)	-	-	-	-	(10,515,227)
Written off	-	-	(331,000)	-	-	-	-	-	(331,000)
Reclassification	-	588,209	76,500	-	-	-	-	(664,709)	-
Reclassified from quarry development expenditure (Note 7)	-	-	76,023	-	-	-	-	-	76,023
At 31 March 2016	1,793,698	4,040,506	117,297,625	6,676,047	2,795,041	395,804	648,524	-	133,647,245
Accumulated depreciation									
At 1 April 2015	-	583,252	81,360,848	4,171,383	1,203,233	289,270	648,524	-	88,256,510
Charge for the financial year	-	58,056	7,725,162	751,055	285,112	10,162	-	-	8,829,547
Disposals	-	-	(6,912,786)	(793,936)	-	-	-	-	(7,706,722)
Written off	-	-	(297,900)	-	-	-	-	-	(297,900)
At 31 March 2016	-	641,308	81,875,324	4,128,502	1,488,345	299,432	648,524	-	89,081,435
Carrying amount									
At 31 March 2016	1,793,698	3,399,198	35,422,301	2,547,545	1,306,696	96,372	-	-	44,565,810

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	MOTOR VEHICLES RM	COMPUTER RM	OFFICE EQUIPMENT RM	TOTAL RM
COMPANY				
2017				
COST				
AT 1 APRIL 2016	934,654	769,372	37,413	1,741,439
ADDITIONS	200,000	-	-	200,000
AT 31 MARCH 2017	1,134,654	769,372	37,413	1,941,439
ACCUMULATED DEPRECIATION				
AT 1 APRIL 2016	287,896	228,367	6,461	522,724
CHARGE FOR THE FINANCIAL YEAR	193,598	150,900	3,741	348,239
AT 31 MARCH 2017	481,494	379,267	10,202	870,963
CARRYING AMOUNT				
AT 31 MARCH 2017	653,160	390,105	27,211	1,070,476
2016				
COST				
AT 1 APRIL 2015	934,654	747,272	12,910	1,694,836
ADDITIONS	-	22,100	24,503	46,603
AT 31 MARCH 2016	934,654	769,372	37,413	1,741,439
ACCUMULATED DEPRECIATION				
AT 1 APRIL 2015	95,144	76,895	3,335	175,374
CHARGE FOR THE FINANCIAL YEAR	192,752	151,472	3,126	347,350
AT 31 MARCH 2016	287,896	228,367	6,461	522,724
CARRYING AMOUNT				
AT 31 MARCH 2016	646,758	541,005	30,952	1,218,715

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) The carrying amount of leased property, plant and equipment of the Group and of the Company acquired under finance lease are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Furniture fittings, and office equipment	371,483	515,283	371,483	515,283
Motor vehicles	3,047,853	2,341,814	653,161	646,758
Plant and machinery	12,831,544	13,774,278	-	-
	16,250,880	16,631,375	1,024,644	1,162,041

Leased assets are pledged as security for the related finance lease liabilities.

(b) The carrying amount of property, plant and equipment of the Group pledged as securities to licensed banks for credit facilities granted as disclosed in Note 20 to the financial statements are as follows:

	Group	
	2017 RM	2016 RM
Freehold land	1,793,698	1,793,698
Buildings and improvements	9,566,662	2,314,857
	11,360,360	4,108,555

(c) The aggregate additional cost for the property, plant and equipment of the Group and of the Company under finance lease financing, term loan financing and cash payments are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Aggregate costs	15,888,734	8,076,525	200,000	46,603
Less: Finance lease financing	(5,684,028)	(5,737,799)	(200,000)	-
Less: Term loan financing	(7,373,032)	-	-	-
Cash payment	2,831,674	2,338,726	-	46,603

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(d) Impairment loss

During the financial year, the Group has assessed the recoverable amount of related product line. The Group tested the related product line for impairment and recognised an impairment loss of RM1,156,185 (2016: RM Nil) with respect to the condition of the plant and machinery.

(e) Change in estimates

During the financial year, the Group conducted an operational efficiency review on its plant and machinery, which resulted in changes in the expected usage of certain items of plant and machinery. Certain machineries, which management previously intended to sell after ten years of use, is now expected to remain in production for ten years with refurbishment, other machinery without refurbishment will now expected to remain in production for 4 to 8 years from the date of transfers. As a result, the expected useful lives of these assets increased and their estimated residual values decreased.

The effect of these changes on depreciation expense, recognised in cost of sales, in current and future periods is as follows:

	2017 RM	2018 RM	2019 RM	2020 RM	Later RM
(Decrease) / Increase in depreciation charges	(55,660)	(2,347)	330,681	767,670	2,662,423

5. INVESTMENT PROPERTIES

	Group 2017 RM	Group 2016 RM
Cost		
At 1 April/ 31 March	1,711,329	1,711,329
Accumulated depreciation		
At 1 April	59,695	56,332
Charge for the financial year	3,363	3,363
At 31 March	63,058	59,695
Carrying amount	1,648,271	1,651,634
Fair value	3,315,000	2,470,000

5. INVESTMENT PROPERTIES (CONT'D)

(a) Investment properties under leases

Investment properties comprise leasehold commercial offices that are leased to third parties. The remaining lease period for the said properties range from 79 to 84 years (2016: 80 to 85 years).

(b) Fair value basis of investment properties

Fair value of investment properties was estimated by the Directors based on internal appraisal of market value of comparable properties. The fair values are within Level 3 of the fair value hierarchy.

(c) Income and expenses recognised in profit or loss

The following are recognised in profit or loss in respect of investment properties:

	Group	
	2017	**2016**
	RM	**RM**
Rental income	112,500	132,800
Direct operating expenses		
- income generating investment properties	23,301	31,940

6. INVENTORIES

	GROUP 2017 RM	GROUP 2016 RM	COMPANY 2017 RM	COMPANY 2016 RM
Non-current				
Land held for development (Note (a))	22,898,736	-	6,000,000	-
Current				
Raw materials and packaging materials	1,289,064	931,431	-	-
Spare parts and consumables	1,783,496	2,378,898	-	-
Quarry and bituminous products	4,994,281	4,632,638	-	-
	8,066,841	7,942,967	-	-
	30,965,577	7,942,967	6,000,000	-
At cost:				
Raw materials and packaging materials	1,289,064	931,431	-	-
Spare parts and consumables	1,783,496	2,378,898	-	-
Quarry and bituminous products	4,994,281	3,606,956	-	-
Land held for development	22,898,736	-	6,000,000	-
	30,965,577	6,917,285	6,000,000	-
At net realisable value:				
Quarry and bituminous products	-	1,025,682	-	-
	30,965,577	7,942,967	6,000,000	-
Recognised in profit or loss:				
Inventories recognised in cost of sales	36,254,599	38,251,489	-	-
Inventories written down	1,523,043	2,077,281	-	-
Inventories written off	-	560,429	-	-
Reversal of inventories written down	(1,789,608)	-	-	-

The reversal of inventories written down was made during the financial year when the related inventories were sold above their carrying amounts.

(a) Land held for development

	GROUP 2017 RM	GROUP 2016 RM	COMPANY 2017 RM	COMPANY 2016 RM
Land held for development				
At 1 April	-	-	-	-
Addition	6,000,000	-	6,000,000	-
Arising from acquisition of subsidiary companies	16,898,736	-	-	-
At 31 March	22,898,736	-	6,000,000	-

7. QUARRY DEVELOPMENT EXPENDITURE

	GROUP	
	2017	2016
	RM	RM
Cost		
At 1 April	17,606,306	16,623,421
Additions	556,671	1,058,908
Reclassified to property, plant and equipment (Note 4)	-	(76,023)
At 31 March	18,162,977	17,606,306
Accumulated amortisation		
At 1 April	5,200,924	4,441,008
Charge for the financial year	969,364	759,916
At 31 March	6,170,288	5,200,924
Accumulated impairment		
At 1 April	1,511,441	1,511,441
Impairment loss	7,250,318	-
At 31 March	8,761,759	1,511,441
Carrying amount	3,230,930	10,893,941

8. INVESTMENT IN SUBSIDIARY COMPANIES

	COMPANY	
	2017	2016
	RM	RM
Unquoted shares, at cost		
In Malaysia	66,886,921	53,080,149
Outside Malaysia	2	2
Less: Impairment loss	(40,677,431)	(7,876,646)
	26,209,492	45,203,505

The movement in the allowance for impairment losses are as follows:

	COMPANY	
	2017	2016
	RM	RM
At 1 April	7,876,646	7,876,646
Impairment losses recognised	33,855,191	-
Reversal of impairment losses no longer required	(1,054,406)	-
At 31 March	40,677,431	7,876,646

8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Details of the subsidiaries companies are as follows:

Name of company	Country of incorporation	Effective interest 2017 %	Effective interest 2016 %	Principal activities
Direct holding:				
K.S. Chin Minerals Sdn. Bhd. ("KSCM")	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 Premix Sdn. Bhd. ("MPSB")	Malaysia	100	100	Manufacturing and trading of premix products
Minetech Quarries Sdn. Bhd. ("MQSB")	Malaysia	-	100	Sales and marketing of quarry products
Minetech Industries Sdn. Bhd. ("MISB")	Malaysia	100	100	Trading of industria machinery spare parts
Diman KS Chin Sdn. Bhd. ("DKSCSB")	Malaysia	100	100	Inactive
Minetech Realty Sdn. Bhd. ("MRSB")	Malaysia	100	100	Property investment
Minetech Quarries Singapore Pte. Ltd. ("MQS")*	Singapore	100	100	Inactive
Minetech Asphalt Man International Sdn. Bhd. ("MAMI")	Malaysia	85	85	Manufacturing and trading of bituminous products International
Minetech Heavy Machineries Sdn. Bhd. ("MHMSB")	Malaysia	51	51	Trading of heavy machineries
MRB Land Sdn. Bhd. ("MRBL")	Malaysia	100	100	Dormant
Harapan Iringan Sdn. Bhd ("HISB")	Malaysia	100	-	Property development
Medium Visa Sdn. Bhd ("MVSB")	Malaysia	100	-	Property development

8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Name of company	Country of incorporation	Effective equity interest 2017 %	2016 %	Principal activities
Subsidiary companies of KSCM:				
Minetech Quarries Sdn. Bhd. ("MQSB")	Malaysia	100	-	Sales and marketing of quarry products
Gebeng Quarry Sdn. Bhd. ("GQSB") (formerly known as Genetic Frontier Sdn. Bhd. ("GFSB"))	Malaysia	51	-	Sales and marketing of quarry products
Subsidiary companies of MQSB:				
Gebeng Quarry Sdn. Bhd. ("GQSB") (formerly known as Genetic Frontier Sdn. Bhd. ("GFSB"))	Malaysia	-	100	Sales and marketing of quarry products
Optimis Dinamik Sdn. Bhd. ("ODSB")	Malaysia	100	100	Inactive
Minetech Pavement Technologies Sdn. Bhd. ("MPTSB")	Malaysia	100	100	Inactive
Minetech Bidor Quarry Sdn. Bhd. ("MBQSB")	Malaysia	100	-	Dormant
Subsidiary company of MPSB:				
Minetech Quarries Sabah Sdn. Bhd. ("MQSSB")	Malaysia	100	100	Inactive
Subsidiary company of MPTSB:				
Minetech PQ Sdn. Bhd. ("MPQSB")	Malaysia	51	51	Sales and marketing of quarry products

** Subsidiary companies not audited by UHY Chartered Accountants*

8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(a) Impairment loss

During the financial year, the Company conducted a review of the recoverable amounts of its investments in certain subsidiary companies of which its carrying amount of investments exceeded net assets of the respective subsidiary companies at the reporting date.

The review gave rise to the recognition of an impairment loss of investment in subsidiary company of RM33,855,191 (2016: RM Nil). The recoverable amounts are determined using the fair value less costs of disposal approach, and this is derived using adjusted net assets of the respective subsidiary companies as at the end of the reporting period. The fair values are within level 3 of the fair value hierarchy.

The impairment loss was recognised in the administrative expenses in the statements of profit or loss and other comprehensive income.

(b) Acquisition of subsidiary companies during the financial year

On 1 April 2016, KSCM has increased its issued and paid-up share capital from 2,500,000 to 2,500,100 ordinary shares of RM1.00 each. The Company has subscribed for an additional of 100 ordinary share of RM1.00 each in KSCM by way of cash. Consequently, KSCM remained a wholly-owned subsidiary company of the Company.

On 1 April 2016, MCSB has increased its issued and paid-up share capital from 2,500,000 to 2,500,100 ordinary shares of RM1.00 each. The Company has subscribed for an additional of 100 ordinary share of RM1.00 each in MCSB by way of cash. Consequently, MCSB remained a wholly-owned subsidiary company of the Company.

On 4 April 2016, the Company acquired the entire two (2) ordinary shares of RM1.00 each in the share capital of HISB for a cash consideration of RM5,678,641 with novation of RM1,831,359. Consequently, HISB become a wholly-owned subsidiary company of the Company.

On 21 April 2016, the Company acquired the entire two (2) ordinary shares of RM1.00 each in the share capital of MVSB for a cash consideration of RM9,182,337 with novation of RM247,663. Consequently, MVSB become a wholly-owned subsidiary company of the Company.

On 21 November 2016, MQSB, a wholly-owned subsidiary company of the Company acquired the entire two (2) ordinary shares of MBQSB for a cash consideration of RM2. Consequently, MBQSB become a wholly-owned subsidiary company of the MQSB.

The following summarises the major classes of consideration transferred, and the recognised amount of assets acquired and liabilities assumed at the acquisition date:

	2017 RM
Identifiable assets acquired and liabilities assumed	
Land held for development	16,898,736
Cash and bank balances	112,976
Other payables	(2,234,997)
Tax payable	9,000
Deferred taxation	(1,441,928)
Total identifiable assets and liabilities	13,343,787

8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(b) Acquisition of subsidiary companies during the financial year (cont'd)

Net cash outflow arising from the acquisition as follows:

	2017 RM
Purchase consideration settled in cash	14,860,980
Cash and bank balances	(112,976)
	14,748,004

Goodwill arising from business combination
Goodwill was recognised as a result of the acquisition as follows:

	2017 RM
Fair value of consideration transferred	14,860,980
Fair value of identifiable assets acquired and liabilities assumed	(13,343,787)
Goodwill	1,517,193

The goodwill recognised on the acquisition is attributable mainly to the lands being located in a developing area where housing developments are to be launched over the next 1 to 5 years.

Acquisition-related costs

The Group incurred acquisition-related costs of RM101,684 related to external legal fees and due diligence costs. The expenses have been included in administrative expenses in the profit or loss.

Impact of the acquisition on the Statement of Profit or Loss and Other Comprehensive Income

From the date of acquisition, acquired subsidiary companies has contributed RM78,000 and RM167,322 to the Group's revenue and loss for the financial year respectively. If the combination had taken place at the beginning of the financial year, the Group's revenue and loss for the financial year from its continuing operations would have been RM78,000 and RM167,322 respectively.

There was no acquisition in the previous financial year.

(c) Disposal of subsidiary companies during the financial year

On 11 July 2016, the Company had completed the transfer of the entire 500,000 issued and paid-up share capital of MQSB from the Company to KSCM, for an internal restructuring of Share Transfer. KSCM is a direct wholly-owned subsidiary of the Company. Prior to the Share Transfer, MQSB is wholly owned by the Company. With the completion of the Share Transfer, MQSB becomes a direct wholly-owned subsidiary of KSCM and an indirect wholly-owned subsidiary of the Company.

8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(d) Change in equity interest in a subsidiary company

On 17 November 2016, KSCM, a wholly-owned subsidiary company of the Company disposed 4,169,900 ordinary shares of RM1.00 each in the share capital of GQSB, representing 49% equity interest in GQSB for a cash consideration of RM4,064,511. Consequently, GQSB become 51% owned subsidiary company of the KSCM.

The effect of changes in the equity interest in GQSB that is attributable to owners of the Company:

	RM
Carrying amount of non-controlling interest disposed	458,777
Consideration received from non-controlling interest	4,064,511
Increase in parent's equity	4,523,288

(e) Material partly owned subsidiary companies

The summarised financial information of the Group's subsidiary companies that have material non-controlling interests (amounts before inter-company elimination) is as follows:

Name of company	Proportion of ownership interests and voting rights held by non-controlling interests		Profit/(Loss) allocated to non-controlling interests		Accumulated non-controlling interests	
	2017	2016	2017	2016	2017	2016
	%	%	RM	RM	RM	RM
MAMI	15	15	33,682	(332,983)	727,917	694,235
GQSB	49	-	121,878	-	4,655,957	-
					5,383,874	694,235
Individually immaterial subsidiary companies with non-controlling interests					(681,698)	(394,540)
Total non-controlling interests					4,702,176	299,695

8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(e) Material partly owned subsidiary companies (cont'd)

(i) Summarised Statements of Financial Position

	MAMI 2017 RM	MAMI 2016 RM	GQSB 2017 RM	GQSB 2016 RM
Non-current assets	6,181,588	6,827,611	7,013,288	-
Current assets	6,405,844	6,949,274	6,463,476	-
Non-current liabilities	(502,742)	(283,267)	(176,513)	-
Current liabilities	(7,231,909)	(8,865,381)	(3,820,319)	-
Net assets	4,852,781	4,628,237	9,479,932	-
Equity attributable to:				
Owners of the Parent	4,124,864	3,934,002	4,823,975	-
Non-controlling interests	727,917	694,235	4,655,957	-
Total Equity	4,852,781	4,628,237	9,479,932	-

(ii) Summarised Statements of Profit or Loss and Other Comprehensive Income

	MAMI 2017 RM	MAMI 2016 RM	GQSB 2017 RM	GQSB 2016 RM
Revenue	13,049,570	12,031,927	10,519,735	-
Total comprehensive income / (loss) for the financial year	224,544	(2,219,889)	1,019,071	-

(iii) Summarised Statements of Cash Flows

	MAMI 2017 RM	MAMI 2016 RM	GQSB 2017 RM	GQSB 2016 RM
Net cash (used in) / generated from operating activities	(62,350)	(950,566)	(2,513,253)	736,861
Net cash (used in) / generated from investing activities	(60,000)	293,549	2,851,606	(803,583)
Net cash generated from / (used in) financing activities	1,685,674	(587,834)	-	-
Net increase / (decrease) in cash and cash equivalents	1,563,324	(1,244,851)	338,353	(66,722)

8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(f) There are no significant restrictions on the ability of the subsidiary companies to transfer funds to the Group in the form of cash dividends or repayment of loans and advances. Generally, for all subsidiary companies which are not wholly-owned by the Company, non-controlling shareholders hold protective rights restricting the Company's ability to use the assets of the subsidiary companies and settle the liabilities of the Group, unless approval is obtained from the non-controlling shareholders.

9. INVESTMENT IN ASSOCIATE COMPANIES

(a) Investment in associate companies

	GROUP	
	2017 RM	**2016 RM**
In Malaysia		
Unquoted shares, at cost	490,049	490,049
Share of post-acquisition reserve	(490,049)	(324,413)
	-	165,636

(b) Details of the associate companies and shareholdings therein are as follows:

Name of the company	Country of incorporation	Effective interest (%) 2017	2016	Principal activities
Indirect holding				
Associate company of MCSB:				
Minetech Builders Sdn. Bhd. ("MBSB")	Malaysia	49	49	Civil Engineering Construction
Associate company of KSCM:				
Hebat Asset Sdn. Bhd. ("HASB")	Malaysia	49	49	Dormant

(c) The summarised financial information of the associate company is as follows:

	GROUP	
	2017 RM	**2016 RM**
Total assets	154,160	194,215
Total liabilities	293,893	287,064
Net loss for the financial year	(376,556)	(342,849)

9. INVESTMENT IN ASSOCIATE COMPANIES (CONT'D)

(d) The unrecognised share of losses of the associate companies are as follows:

	GROUP	
	2017 RM	2016 RM
At 1 April	48,858	45,496
Addition during the financial year	18,876	3,362
At 31 March	67,734	48,858

10. GOODWILL ON CONSOLIDATION

	GROUP	
	2017 RM	2016 RM
Cost		
At 1 April	-	-
Acquisition through business combination	1,517,193	-
At 31 March	1,517,193	-

Goodwill on consolidation arose upon the acquisition of a subsidiary company principally engaged in property development.

(a) Recoverable amount on value in use

For the purpose of impairment testing, the recoverable amount of goodwill as at the end of the financial year was determined based on a value-in-use calculation by discounting the future cash flows generated from the continuing use of the cash generating unit ("CGU") and was based on the following assumptions:

(i) Pre-tax cash flow projections based on the most recent financial budgets covering a five (5) years period.

(ii) The anticipated annual revenue growth rate used in the financial budgets and plans of the CGU is 10%.

(iii) Pre-tax discount rate of 8% per annum has been applied in determining the recoverable amount of the CGU. The discount rate was estimated based on the Group's weighted average cost of capital.

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external sources and internal sources.

The management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the units to materially exceed their recoverable amounts.

10. GOODWILL ON CONSOLIDATION (CONT'D)

(b) Sensitivity to changes in assumptions

The management believes that a reasonably possible changes in the key assumptions on which management has based on its determination of the CGU's recoverable amount would not cause the CGU's carrying amount to exceed its recoverable amount.

11. TRADE RECEIVABLES

	GROUP 2017 RM	GROUP 2016 RM
Trade receivables	20,563,632	22,849,309
Less: Allowance for impairment losses	(994,490)	(2,307,383)
	19,569,142	20,541,926

The Group's normal trade credit terms range from 30 to 180 days (2016: 30 to 180 days). Other credit terms are assessed and approved on a case by case basis. Trade receivables are recognised at their original invoice amounts which represent their fair value on initial recognition.

Included in trade receivables of the Group are retention sums amounting to RM1,382,817 (2016: RM1,316,567).

Movements in the allowance for impairment losses of trade receivables are as follows:

	GROUP 2017 RM	GROUP 2016 RM
At 1 April	2,307,383	5,638,915
Impairment losses recognised	152,578	1,290,173
Reversal of impairment losses no longer required	(1,452,334)	(1,793,028)
Written off	(13,137)	(2,828,677)
At 31 March	994,490	2,307,383

11. TRADE RECEIVABLES (CONT'D)

Analysis of the trade receivables ageing as at the end of the financial year is as follows:

	GROUP	
	2017 RM	2016 RM
Neither past due nor impaired	9,743,860	5,966,785
Past due not impaired:		
Less than 30 days	4,429,322	3,875,028
31 to 60 days	2,141,555	3,712,391
61 to 90 days	1,110,863	902,974
More than 90 days	2,143,542	6,084,748
	9,825,282	14,575,141
	19,569,142	20,541,926
Impaired	994,490	2,307,383
	20,563,632	22,849,309

Trade receivables that are neither past due nor impaired are creditworthy receivables 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.

As at 31 March 2017, trade receivables of RM9,825,282 (2016: RM14,575,141) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default.

The trade receivables of the Group that are individually assessed to be impaired amounting to RM994,490 (2016: RM2,307,383), related to customers that are in financial difficulties, have defaulted on payments and/or have disputed on the billings. These balances are expected to be recovered through the debts recovery process.

12. OTHER RECEIVABLES

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Other receivables	2,975,962	5,545,901	409,521	39,631
Less: Accumulated impairment losses	(223,498)	(181,606)	(1,542)	-
	2,752,464	5,364,295	407,979	39,631
Deposits	1,056,419	10,534,375	167,172	2,396,222
Prepayments	1,956,643	2,728,024	197,960	49,811
	5,765,526	18,626,694	773,111	2,485,664

12. OTHER RECEIVABLES (CONT'D)

Movements in the allowance for impairment losses of other receivables are as follows:

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
At 1 April	181,606	181,606	-	-
Impairment losses recognised	195,498	-	1,542	-
Written off	(153,606)	-	-	-
At 31 March	223,498	181,606	1,542	-

Other receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments.

13. AMOUNT DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORKS

	GROUP	
	2017 RM	2016 RM
Aggregate costs incurred to date	152,821,388	158,247,386
Add: Attributable profits	29,351,907	34,444,294
	182,173,295	192,691,680
Less: Progress billings	(178,590,996)	(189,802,646)
	3,582,299	2,889,034
Represented by:		
Amount due from customers for contract works	3,588,540	3,117,758
Amount due to customers for contract works	(6,241)	(228,724)
	3,582,299	2,889,034

Included in progress billings is retention sum of RM386,630 (2016: RM1,269,660).

14. AMOUNT DUE BY/(TO) SUBSIDIARY COMPANIES

(a) Amount due by subsidiary companies

	COMPANY	
	2017 RM	2016 RM
Amount due by subsidiary companies	34,092,717	36,083,939
Less: Accumulated impairment losses	(26,344,324)	-
	7,748,393	36,083,939

14. AMOUNT DUE BY/(TO) SUBSIDIARY COMPANIES (CONT'D)

(a) Amount due by subsidiary companies (cont'd)

Movements in impairment on amount due by subsidiary companies are as follows:

	COMPANY 2017 RM	COMPANY 2016 RM
At 1 April	-	-
Impairment losses recognised	26,344,324	-
At 31 March	26,344,324	-

Amount due by subsidiary companies are unsecured, non-interest bearing advance and repayable on demand.

(b) Amount due to subsidiary companies

Amount due to subsidiary companies are unsecured, non-interest bearing advance and repayable on demand.

15. OTHER INVESTMENT

	GROUP 2017 RM	GROUP 2016 RM	COMPANY 2017 RM	COMPANY 2016 RM
Current				
Financial assets at fair value through profit or loss:				
Unit trust fund	-	14,272,772	-	14,272,772

16. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits with licensed banks of the Group amounting to RM3,132,313 (2016: RM2,804,189) are pledged to licensed banks as securities for credit facilities granted to a subsidiary company as disclosed in Note 20.

The weighted average interest rate of fixed deposits at the end of the reporting period is 3.10% (2016: 3.02%) per annum and the maturities of deposits ranging from 30 to 365 days (2016: 30 to 365 days).

17. SHARE CAPITAL

	Group and Company			
	Number of Shares		Share Capital	
	2017 Units	2016 Units	2017 RM	2016 RM
Ordinary share with no par value (2016: RM0.15 each)				
Authorised				
At 1 April/ At 31 March	2,000,000,000	2,000,000,000	300,000,000	300,000,000
Issued and fully paid				
At 1 April	665,094,000	665,094,000	99,764,100	99,764,100
Shares issued during financial year	60,000,000	-	9,000,000	-
Adjustments for effect of Companies Act 2016	-	-	790,627	-
At 31 March	725,094,000	665,094,000	109,554,727	99,764,100

The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets. In respect of the Company's treasury shares that are held by the Group, all rights are suspended until those shares are reissued.

The new Companies Act 2016 (the "Act"), which come into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account of RM790,627 become part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM790,627 for purposes as set out in Sections 618(3). There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

18. RESERVES

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Non distributable:				
Foreign currency translation reserve	(44,371)	183,564	-	-
Share premium	-	790,627	-	790,627
Warrant reserve	21,971,937	21,971,937	21,971,937	21,971,937
Other reserve	(21,971,937)	(21,971,937)	(21,971,937)	(21,971,937)
Accumulated losses	(38,147,258)	(12,488,122)	(65,891,832)	(4,356,577)
	(38,191,629)	(11,513,931)	(65,891,832)	(3,565,950)

18. RESERVES (CONT'D)

(a) Foreign currency translation reserve

The foreign currency translation reserve represents 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.

(b) Share premium

	GROUP/COMPANY	
	2017 RM	2016 RM
At 1 April	790,627	790,627
Less: Adjustments for effect of Companies Act 2016	(790,627)	-
At 31 March	-	790,627

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares. For financial year under review, this has been reclassified into share capital as required by Companies Act 2016.

(c) Warrant reserve

Warrants reserve represents reserve allocated to free detachable warrants issued with right issue.

On 28 November 2014, the Company has issued 332,404,500 free detachable warrants to all the entitled shareholders of the Company on the basis of one (1) warrant for every one existing ordinary shares held in the Company.

The salient term of the warrants are as follows:

(i) Each warrant entitles the holder to subscribe for one new ordinary share of RM0.15 each in the Company at the exercise price of RM0.15 per ordinary share;

(ii) The warrants may be exercised at any time up to 27 November 2019. Any warrants which have not been exercised at date of maturity will lapse and cease to be valid for any purpose.; and

(iii) The shares arising from the exercise of warrants shall rank pari passu in all respects with the existing ordinary shares of the Company, save and except that the new shares shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the allotment date of the new shares.

As at 31 March 2017, the total number of Warrants that remain unexercised was 332,404,500 (2016: 332,404,500).

(d) Other reserve

Other reserve represents the fair value allocated to the detachable warrants issued in conjunction with rights issue as disclose in Note 18(c) above.

19. TREASURY SHARES

	GROUP/COMPANY			
	Number of Shares		Amount	
	2017 Units	2016 Units	2017 RM	2016 RM
At 1 April/ 31 March	285,000	285,000	47,990	47,990

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

The Company does not repurchased any of its issued shares from the open market during the financial year.

The Directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares.

20. LOANS AND BORROWINGS

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Secured				
Term loans (Note a)	6,545,301	-	-	-
Bank overdrafts (Note a)	1,651,852	3,740,863	-	-
Bankers acceptance (Note a)	2,394,947	2,604,000	-	-
Letter of credit	979,504	-	-	-
Finance lease payables (Note b)	13,721,584	14,406,333	742,611	1,018,298
	25,293,188	20,751,196	742,611	1,018,298
Non-current				
Term loans	6,366,665	-	-	-
Finance lease payables	8,946,872	9,815,548	399,848	628,018
	15,313,537	9,815,548	399,848	628,018
Current				
Term loans	178,636	-	-	-
Bank overdrafts	1,651,852	3,740,863	-	-
Bankers acceptance	2,394,947	2,604,000	-	-
Letter of credit	979,504	-	-	-
Finance lease payables	4,774,712	4,590,785	342,763	390,280
	9,979,651	10,935,648	342,763	390,280
	25,293,188	20,751,196	742,611	1,018,298

20. LOANS AND BORROWINGS (CONT'D)

(a) Bank borrowings

The term loans, bankers' acceptance and bank overdrafts are secured by the following:

(i) first legal charge over freehold land and building of a subsidiary company as disclosed in Note 4;
(ii) fixed and floating charge over certain property, plant and equipment of a subsidiary company;
(iii) pledge of fixed deposits of the Group as disclosed in Note 16;
(iv) debenture over all the fixed and floating assets of a subsidiary company;
(v) guarantee provided by the Government of Malaysia; and
(vi) corporate guarantee provided by the Company.

Maturity of bank borrowings is as follows:

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Within one year	5,204,939	6,344,863	-	-
Between one to two years	185,793	-	-	-
Between two to five years	606,679	-	-	-
After five years	5,574,193	-	-	-
	11,571,604	6,344,863	-	-

The ranges of interest rates at the reporting date are as follows:

	GROUP		COMPANY	
	2017 %	2016 %	2017 %	2016 %
Term loans	6.95	-	-	-
Bank overdrafts	8.10	8.15	-	-
Bankers acceptance	5.20 - 8.35	5.58 - 5.65	-	-
Letter of credit	8.15	-	-	-

20. LOANS AND BORROWINGS (CONT'D)

(b) Finance lease payables

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Minimum lease payments				
Within one year	6,234,749	5,348,610	392,796	479,385
Later than one year and not later than two years	4,215,615	4,525,497	219,744	355,776
Later than two year and not later than five years	4,645,944	6,182,466	207,094	288,016
Later than five years	-	5,849	-	-
	15,096,308	16,062,422	819,634	1,123,177
Less: Future finance charges	(1,374,724)	(1,656,089)	(77,023)	(104,879)
Present value of minimum lease payments	13,721,584	14,406,333	742,611	1,018,298
Present value of minimum lease payments				
Within one year	4,774,712	4,590,785	342,763	390,280
Later than one year and not later than two years	4,016,247	4,045,716	203,085	342,810
Later than two year and not later than five years	4,930,625	5,764,049	196,763	285,208
Later than five years	-	5,783	-	-
	13,721,584	14,406,333	742,611	1,018,298

The effective interest rate of finance lease payables range from 4.05% to 9.23% (2016: 3.85% to 9.23%) per annum.

The Group leases motor vehicles and plant and machinery under finance lease [Note 4(a)]. At the end of the lease term, the Group has the option to acquire the assets at a nominal price deemed to be a bargain purchase option. There are no restrictive covenants imposed by the lease agreement and no arrangements have been entered into for contingent rental payments.

21. DEFERRED TAX LIABILITIES

	GROUP 2017 RM	GROUP 2016 RM	COMPANY 2017 RM	COMPANY 2016 RM
At 1 April	944,900	2,017,200	-	-
Recognised in profit or loss (Note 27)	(326,700)	(1,072,300)	-	-
Acquisition of subsidiary companies	1,441,928	-	-	-
At 31 March	2,060,128	944,900	-	-

The net deferred tax assets and liabilities shown on the statements of financial position after appropriate offsetting are as follows:

	GROUP 2017 RM	GROUP 2016 RM	COMPANY 2017 RM	COMPANY 2016 RM
Deferred tax liabilities	5,315,128	7,932,240	65,439	79,051
Deferred tax assets	(3,255,000)	(6,987,340)	(65,439)	(79,051)
	2,060,128	944,900	-	-

The components and movements of deferred tax liabilities and assets are as follows:

Deferred tax liabilities of the Group

	Accelerated capital allowances RM	Quarry development expenditure RM	Total RM
At 1 April 2016	5,604,040	2,328,200	7,932,240
Recognised in profit or loss	(1,730,840)	(2,328,200)	(4,059,040)
Acquisition of subsidiary companies	1,441,928	-	1,441,928
At 31 March 2017	5,315,128	-	5,315,128
At 1 April 2015	5,224,440	2,648,700	7,873,140
Recognised in profit or loss	379,600	(320,500)	59,100
At 31 March 2016	5,604,040	2,328,200	7,932,240

21. DEFERRED TAX LIABILITIES (CONT'D)

Deferred tax assets of the Group

	Unutilised capital allowances RM	Unutilised tax losses RM	Unutilised reinvestment allowances RM	Total RM
At 1 April 2016	4,123,250	2,782,290	81,800	6,987,340
Recognised in profit or loss	(3,471,480)	(188,200)	(72,660)	(3,732,340)
At 31 March 2017	651,770	2,594,090	9,140	3,255,000
At 1 April 2015	3,338,240	2,272,600	245,100	5,855,940
Recognised in profit or loss	785,010	509,690	(163,300)	1,131,400
At 31 March 2016	4,123,250	2,782,290	81,800	6,987,340

Deferred tax liability of the Company

	Accelerated capital allowances RM
At 1 April 2016	79,051
Recognised in profit or loss	(13,612)
At 31 March 2017	65,439
At 1 April 2015	180,400
Recognised in profit or loss	(101,349)
At 31 March 2016	79,051

Deferred tax asset of the Company

	Unutilised capital allowances RM
At 1 April 2016	79,051
Recognised in profit or loss	(13,612)
At 31 March 2017	65,439
At 1 April 2015	180,400
Recognised in profit or loss	(101,349)
At 31 March 2016	79,051

21. DEFERRED TAX LIABILITIES (CONT'D)

Deferred tax assets have not been recognised in respect of the following items:

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Unabsorbed capital allowances	688,051	277,339	224,824	108,382
Unutilised tax losses	26,752,979	7,626,507	2,046,351	647,587
	27,441,030	7,903,846	2,271,175	755,969

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiary companies that have a recent history of losses.

22. TRADE PAYABLES

The Group's normal trade credit terms range from 30 to 150 days (2016: 30 to 150 days). Other credit terms are assessed and approved on a case to case basis.

23. OTHER PAYABLES

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Other payables	986,919	2,086,356	134,564	468,733
Deposits	120,100	26,384	-	-
Accruals	3,421,235	4,788,443	155,677	192,459
	4,528,254	6,901,183	290,241	661,192

Included in other payables of the Group and of the Company is an amount of RM Nil (2016: RM30,000) owing to certain Directors of a subsidiary company.

24. REVENUE

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Turnkey quarry services	13,966,476	26,699,838	-	-
Sales of goods	53,028,725	48,039,039	-	-
Contract revenue	27,777,141	29,348,418	-	-
Rental income	245,971	1,014,064	-	-
Interest income	-	5,436	-	5,436
Management fees	-	-	3,760,000	5,640,000
	95,018,313	105,106,795	3,760,000	5,645,436

25. FINANCE COSTS

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Bank charges	181,977	192,094	1,346	2,240
Interest expenses on:				
Bank overdrafts	3,788	9,285	-	-
Banker acceptance/Trust receipts	135,249	191,964	-	-
Finance lease	1,022,994	858,117	54,953	74,586
Term loans	261,599	839	-	-
Others	113,398	2,000	-	-
	1,537,028	1,062,205	54,953	74,586
	1,719,005	1,254,299	56,299	76,826

26. LOSS BEFORE TAXATION

Loss before taxation is derived at after charging/(crediting):

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Amortisation of quarry development expenditure	969,364	759,916	-	-
Auditors' remuneration				
- statutory audit	199,676	185,107	38,000	38,000
- non-statutory	45,178	70,000	-	70,000
- (over)/underprovision in prior years	(2,500)	17,500	-	11,750
Bad debts written off	364,577	469	-	-
Bad debts recovered	(198,835)	-	-	-
Depreciation of :				
- investment properties	3,363	3,363	-	-
- property, plant and equipment	8,819,697	8,829,547	348,239	347,350
Foreign exchange gain:				
- realised	(167,068)	(204,894)	-	-
- unrealised	(160,812)	(137,998)	(141,833)	(161,088)
Impairment loss on :				
- other receivables	195,498	-	1,542	-
- trade receivables	152,578	1,290,173	-	-
- quarry development expenditure	7,250,318	-	-	-
- property, plant and equipment	1,156,185	-	-	-
- investment in subsidiary companies	-	-	33,855,191	-
- amount owing by subsidiary companies	-	-	26,344,324	-
Inventories written down	1,523,043	2,077,281	-	-
Inventories written off	-	560,429	-	-
(Gain)/Loss on disposal of property, plant and equipment	(397,775)	1,895,192	-	-

26. LOSS BEFORE TAXATION (CONT'D)

Loss before taxation is derived at after charging/(crediting): (cont'd)

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Non-executive Directors'remunerations				
- Fees	272,500	101,435	272,500	101,435
Property, plant and equipment written off	1,839,180	33,100	-	-
Reversal of inventories written down	(1,789,608)	-	-	-
Reversal of accrual				
- tribute	(800,000)	-	-	-
Rental expenses:				
- access road	31,800	30,250	-	-
- land	1,115,750	726,000	-	-
- motor vehicles, plant and machinery	1,715,790	831,652	178,024	-
- office equipment	2,101	-	-	-
- premises	124,984	652,196	90,000	-
- workshop	748,800	-	-	-
- warehouse	432,000	669,100	-	-
Rental income:				
- plant	(227,218)	-	-	-
- equipment	(45,325)	-	-	-
fair value gain on financial asset at fair value through profit or loss	-	(763,454)	-	(763,454)
Loss/(Gain) on disposal of subsidiary companies	458,777	(91,081)	-	-
Interest income	(176,518)	(164,592)	(60,180)	(5,436)
Reversal of impairment loss on trade receivables	(1,452,334)	(1,793,028)	-	-
Reversal of impairment loss on investment in subsidiary companies	-	-	(1,054,406)	-

27. TAXATION

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Tax expenses recognised in profit or loss:				
Current tax provision	709,800	634,300	-	-
(Over)/Under provision in prior year	(12,181)	(156,467)	-	47,044
	697,619	477,833	-	47,044

27. TAXATION (CONT'D)

	GROUP 2017 RM	GROUP 2016 RM	COMPANY 2017 RM	COMPANY 2016 RM
Deferred tax:				
Relating to origination and reversal of temporary differences	(1,020,700)	(2,096,851)	-	(11,051)
Relating to changes in tax rate	-	(126,760)	-	(460)
Under provision in prior year	694,000	1,151,311	-	11,511
	(326,700)	(1,072,300)	-	-
	370,919	(594,467)	-	47,044

Malaysian income tax is calculated at the statutory tax rate of 24% (2016: 24%) of the estimated assessable profits for the financial year.

A reconciliation of income tax expenses applicable to loss before taxation at the statutory tax rate to income tax expenses at the effective income tax of the Group and of the Company are as follows:

	GROUP 2017 RM	GROUP 2016 RM	COMPANY 2017 RM	COMPANY 2016 RM
Loss before taxation	(25,409,024)	(11,792,540)	(61,535,255)	(1,673,556)
Taxation at statutory tax rate of 24% (2016: 24%)	(6,098,166)	(2,830,210)	(14,768,461)	(401,653)
Expenses not deductible for tax purposes	2,100,578	808,842	14,691,909	521,839
Effect of changes in tax rate	-	(126,760)	-	(460)
Income not subject to tax	(1,002,203)	(258,321)	(287,098)	(218,482)
Deferred tax assets not recognised	5,172,349	940,355	363,650	87,245
Utilisation of previously unrecognised deferred tax assets	(483,458)	(126,184)	-	-
Different tax rate in foreign jurisdication	-	2,967	-	-
(Over)/Under provision of income tax expense in prior year	(12,181)	(156,467)	-	47,044
Under provision of deferred tax in prior year	694,000	1,151,311	-	11,511
Tax expenses for the financial year	370,919	(594,467)	-	47,044

27. TAXATION (CONT'D)

The Group and the Company have the following estimated unutilised tax losses and unutilised capital allowances available for set-off against future taxable profit. The said amounts are subject to approval by the tax authorities.

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Unutilised capital allowances	13,636,171	15,701,007	484,952	429,019
Unutilised tax losses	28,021,127	19,812,867	2,046,351	647,587
Unutilised reinvestment allowances	38,094	38,094	-	-
	41,695,392	35,551,968	2,531,303	1,076,606

28. LOSS PER SHARE

(a) Basic loss per share

The basic loss per share are calculated based on the consolidated loss for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	GROUP	
	2017 RM	2016 RM
Loss attributable to owners of the parent	(25,659,136)	(10,294,474)
Weighted average number of ordinary shares:		
Issued ordinary shares at 1 April	665,094,000	665,094,000
Effect of ordinary shares issued during the financial year	51,534,247	-
Effect of treasury shares held	(285,000)	(285,000)
Weighted number of ordinary shares at 31 March	716,343,247	664,809,000
Basic loss per ordinary share (sen)	(3.5820)	(1.5485)

(b) Fully diluted loss per share

The Group and the Company have no dilution in their loss per ordinary share as there are no dilutive potential ordinary shares. There have been no other transactions involving ordinary shares or potential ordinary shares since the end of the financial year and before the authorisation of these financial statements.

29. STAFF COSTS

	GROUP 2017 RM	GROUP 2016 RM	COMPANY 2017 RM	COMPANY 2016 RM
Fees	440,500	38,103	227,500	-
Salaries, wages and other emoluments	14,580,152	14,888,652	3,116,237	4,061,826
Defined contribution plan	1,485,234	1,633,000	410,679	564,628
Social security contributions	140,277	116,255	18,237	17,253
Other benefits	750,634	1,252,021	431,892	828,678
	17,396,797	17,928,031	4,204,545	5,472,385

Included in staff costs is aggregate amount of remuneration received and receivable by the Executive Directors of the Company and of the subsidiary companies during the financial year as below:

	GROUP 2017 RM	GROUP 2016 RM	COMPANY 2017 RM	COMPANY 2016 RM
Fees	440,500	38,103	227,500	-
Salaries, wages and other emoluments	1,680,000	2,148,354	1,402,500	2,148,354
Defined contribution plan	249,930	326,807	217,350	326,807
Estimated money value of benefits-in-kind	76,400	66,900	56,550	66,900
	2,446,830	2,580,164	1,903,900	2,542,061

30. CONTINGENT LIABILITIES

	GROUP 2017 RM	GROUP 2016 RM	COMPANY 2017 RM	COMPANY 2016 RM
Secured				
Bank guarantee issued in favour of third parties by certain subsidiary companies	2,720,000	2,952,000	-	-
Unsecured				
Corporate guarantee given to financial institutions for credit facilities granted to subsidiary companies	-	-	56,647,900	30,719,000
Corporate guarantee given to suppliers of subsidiaries for credit terms granted to subsidiary companies	-	-	26,700,000	22,200,000
	2,720,000	2,952,000	83,347,900	52,919,000

31. RELATED PARTIES

(a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities directly or indirectly.

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the transactions detailed elsewhere in the financial statements, the significant related party transactions of the Group and of the Company are as follows:

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Transactions with subsidiary companies				
Management fees received	-	-	3,760,000	5,640,000
Rental expenses	-	-	304,424	110,972
Transactions with Directors				
Legal fees	79,417	86,982	79,417	86,982
Rental expenses	294,000	999,000	-	-

(c) Compensation of key management personnel

Remuneration of Directors and other members of key management are as follows:

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Salary and other emoluments	2,730,555	3,800,473	1,402,500	2,148,354
- Fees	713,000	139,538	500,000	101,435
- EPF	373,278	516,255	217,350	326,807
- Benefits in kind	122,558	119,283	56,550	66,900
	3,939,391	4,575,549	2,176,400	2,643,496

32. 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 products	: Manufacturing and trading bituminous products
Others	: Investment holding, provision of managerial services, rental of machinery, trading of industrial machinery spare parts and property development

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 Executive 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 Executive Director.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment and for quarry development expenditure.

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. Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial years.

32. OPERATING SEGMENTS (CONT'D)

	Quarry products RM	Civil engineering RM	Premix products RM	Bituminous products RM	Others RM	Elimination RM	Consolidation RM
Group							
2017							
Revenue							
External customers	33,090,962	27,782,924	17,012,724	13,048,375	4,083,328	-	95,018,313
Inter-segment	8,326,552	517,911	-	1,195	3,955,455	(12,801,113)	-
Total revenue	41,417,514	28,300,835	17,012,724	13,049,570	8,038,783	(12,801,113)	95,018,313
Results							
Segment results	(17,297,627)	1,475,820	(4,242,025)	820,951	(65,773,089)	61,315,069	(23,700,901)
Interest income							176,518
Finance costs							(1,719,005)
Share of loss on associate companies							(165,636)
Loss before taxation							(25,409,024)
Taxation							(370,919)
Net loss for the financial year							(25,779,943)
Assets							
Capital expenditure	14,065,093	8,536,592	5,263,715	60,000	200,000	(11,679,995)	16,445,405
Segment assets	61,352,573	27,998,760	17,403,617	12,587,432	69,110,400	(57,691,042)	130,761,740
Liabilities							
Segment liabilities	63,606,008	16,036,544	19,069,145	7,734,651	21,781,840	(73,483,732)	54,744,456

32. OPERATING SEGMENTS (CONT'D)

	Quarry products RM	Civil engineering RM	Premix products RM	Bituminous products RM	Others RM	Elimination RM	Consolidation RM
Group							
2016							
Revenue							
External customers	37,466,197	30,177,779	24,465,385	12,031,927	965,507	-	105,106,795
Inter-segment	4,985,514	-	-	509,167	9,709,000	(15,203,681)	-
Total revenue	42,451,711	30,177,779	24,465,385	12,541,094	10,674,507	(15,203,681)	105,106,795
Results							
Segment results	(7,578,149)	1,673,274	721,358	(2,519,971)	(2,949,019)	159,983	(10,492,524)
Interest income							156,196
Finance costs							(1,254,299)
Share of loss on associate companies							(201,913)
Profit before taxation							(11,792,540)
Taxation							594,467
Net loss for the financial year							(11,198,073)
Assets							
Capital expenditure	1,472,288	1,226,107	6,279,120	210,478	181,333	(233,893)	9,135,433
Segment assets	71,807,568	23,114,130	15,806,665	13,776,885	113,540,408	(99,762,961)	138,282,695
Liabilities							
Segment liabilities	64,735,755	11,903,420	13,203,131	9,148,648	22,526,783	(71,736,916)	49,780,821

32. OPERATING SEGMENTS (CONT'D)

	Quarry products RM	Civil engineering RM	Premix products RM	Bituminous products RM	Others RM	Elimination RM	Consolidation RM
Group							
2017							
Other non-cash items							
Amortisation of quarry development expenditure	969,364	-	-	-	-	-	969,364
Bad debts written off	-	-	-	350,156	14,421	-	364,577
Depreciation of investment properties	-	3,363	-	-	-	-	3,363
Depreciation of property, plant and equipment	5,380,231	1,388,982	1,159,015	706,023	366,745	(181,299)	8,819,697
Loss/(Gain) on disposal of property, plant and equipment	(4,105,093)	(5,002)	144,897	-	(10,000)	3,577,423	(397,775)
Impairment loss on:							
- trade receivables	-	44,773	107,805	-	-	-	152,578
- other receivables	-	-	193,956	-	1,542	-	195,498
- investment in subsidiary companies	1,054,406	-	-	-	33,855,191	(34,909,597)	-
- property, plant and equipments	1,156,185	-	-	-	-	-	1,156,185
- quarry development expenditure	7,250,318	-	-	-	-	-	7,250,318
- amount owing by subsidiary companies	96,553	-	-	-	26,344,324	(26,440,877)	-
Property, plant and equipment written off	1,799,422	39,758	-	-	-	-	1,839,180
Inventories written down	1,523,043	-	-	-	-	-	1,523,043
Gain on disposal of a subsidiary company	105,389	-	-	-	-	353,388	458,777
Reversal of accrual - tribute	-	-	-	-	(800,000)	-	(800,000)
Reversal of allowance for doubtful debts	(16,343)	(1,336,761)	-	-	(99,230)	-	(1,452,334)
Reversal of impairment loss on investment in subsidiaries	-	-	-	-	(1,054,406)	1,054,406	-
Reversal of inventory written down	-	-	-	(1,789,608)	-	-	(1,789,608)
Unrealised foreign exchange gain	(6,549)	-	-	(12,430)	(141,833)	-	(160,812)

32. OPERATING SEGMENTS (CONT'D)

	Quarry products RM	Civil engineering RM	Premix products RM	Bituminous products RM	Others RM	Elimination RM	Consolidation RM
Group							
2016							
Other non-cash items							
Amortisation of quarry development expenditure	759,916	-	-	-	-	-	759,916
Bad debts written off	-	-	469	-	-	-	469
Depreciation of investment properties	-	3,363	-	-	-	-	3,363
Depreciation of property, plant and equipment	6,043,147	1,131,245	600,853	683,335	370,967	-	8,829,547
Loss/(Gain) on disposal of property, plant and equipment	1,955,520	(84,661)	24,333	-	-	-	1,895,192
Impairment loss on trade receivables	73,566	1,216,607	-	-	-	-	1,290,173
Property, plant and equipment written off	33,100	-	-	-	-	-	33,100
Inventories written off	560,429	-	-	-	-	-	560,429
Inventories written down	287,674	-	-	1,789,607	-	-	2,077,281
Fair value gain on financial asset at fair value through profit or loss	-	-	-	-	(763,454)	-	(763,454)
Gain on disposal of a subsidiary company	(4,224)	-	-	-	-	(86,857)	(91,081)
Reversal of allowance for doubtful debts	-	(1,067,033)	(657,749)	-	(68,246)	-	(1,793,028)
Unrealised foreign exchange (gain)/loss	(7,811)	-	-	30,901	(161,088)	-	(137,998)

33. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of the financial instruments are measured and how income and expenses including fair values gain or loss are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned and therefore by the measurement basis:

	Fair value through profit or loss - held for trading RM	Loans and receivables RM	Financial liabilities measured at amortised cost RM	Total RM
Group				
2017				
Financial assets				
Trade receivables	-	19,569,142	-	19,569,142
Other receivables	-	3,808,883	-	3,808,883
Fixed deposits with licensed banks	-	3,143,860	-	3,143,860
Cash and bank balances	-	14,335,000	-	14,335,000
Total financial assets	-	40,856,885	-	40,856,885
Financial liabilities				
Trade payables	-	-	22,657,194	22,657,194
Other payables	-	-	4,528,254	4,528,254
Loan and borrowings	-	-	25,293,188	25,293,188
Total financial liabilities	-	-	52,478,636	52,478,636
2016				
Financial assets				
Trade receivables	-	20,541,926	-	20,541,926
Other receivables	-	15,898,670	-	15,898,670
Other investments	14,272,772	-	-	14,272,772
Fixed deposits with licensed banks	-	2,814,176	-	2,814,176
Cash and bank balances	-	13,039,115	-	13,039,115
Total financial assets	14,272,772	52,293,887	-	66,566,659
Financial liabilities				
Trade payables	-	-	20,954,818	20,954,818
Other payables	-	-	6,901,183	6,901,183
Loan and borrowings	-	-	20,751,196	20,751,196
Total financial liabilities	-	-	48,607,197	48,607,197

33. FINANCIAL INSTRUMENTS (CONT'D)

(a) Classification of financial instruments (cont'd)

	Fair value through profit or loss - held for trading RM	Loans and receivables RM	Financial liabilities measured at amortised cost RM	Total RM
Company				
2017				
Financial assets				
Other receivables	-	575,151	-	575,151
Amount due by subsidiary companies	-	7,748,393	-	7,748,393
Cash and bank balances	-	7,839,027	-	7,839,027
Total financial assets	-	16,162,571	-	16,162,571
Financial liabilities				
Other payables	-	-	290,241	290,241
Amount due to subsidiary companies	-	-	5,039,058	5,039,058
Loan and borrowings	-	-	742,611	742,611
Total financial liabilities	-	-	6,071,910	6,071,910
2016				
Financial assets				
Other receivables	-	2,435,853	-	2,435,853
Amount due by subsidiary companies	-	36,083,939	-	36,083,939
Other investments	14,272,772	-	-	14,272,772
Cash and bank balances	-	3,181,135	-	3,181,135
Total financial assets	14,272,772	41,700,927	-	55,973,699
Financial liabilities				
Other payables	-	-	661,192	661,192
Amount due to subsidiary companies	-	-	4,655,529	4,655,529
Loan and borrowings	-	-	1,018,298	1,018,298
Total financial liabilities	-	-	6,335,019	6,335,019

33. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its credit, liquidity, foreign currency and interest rate risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposits with banks. The Company's exposure to credit risk arises principally from loans and advances to subsidiary companies and financial guarantees given to banks for credit facilities granted to subsidiary companies.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provides unsecured loans and advances to subsidiary companies. It also provides unsecured financial guarantees to banks for banking facilities granted to certain subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represent the Group's and the Company's maximum exposure to credit risk except for corporate guarantees provided to banks and suppliers for banking facilities and credit terms granted to certain subsidiary companies. The Company's maximum exposure in this respect is RM83,347,900 (2016: RM52,919,000). There was no indication that any subsidiary company would default on repayment as at the end of the reporting period.

The Group has no significant concentration of credit risk as its exposure spread over a large number of customers. The Company has no significant concentration of credits risks except for loans to its subsidiary companies where risks of default have been assessed to be low.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

The table in the next page analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

33. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (cont'd)

(ii) Liquidity risk (cont'd)

	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Group						
2017						
Financial liabilities						
Trade payables	22,657,194	-	-	-	22,657,194	22,657,194
Other payables	4,528,254	-	-	-	4,528,254	4,528,254
Finance lease payables	6,234,749	4,215,615	4,645,944	-	15,096,308	13,721,584
Bank borrowings	5,496,943	470,640	470,640	9,033,778	15,472,001	11,571,604
	38,917,140	4,686,255	5,116,584	9,033,778	57,753,757	52,478,636
2016						
Financial liabilities						
Trade payables	20,954,818	-	-	-	20,954,818	20,954,818
Other payables	6,901,183	-	-	-	6,901,183	6,901,183
Finance lease payables	5,348,610	4,525,497	6,182,466	5,849	16,062,422	14,406,333
Bank borrowings	4,447,121	-	-	-	4,447,121	6,344,863
	37,651,732	4,525,497	6,182,466	5,849	48,365,544	48,607,197

33. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (cont'd)

(ii) Liquidity risk (cont'd)

	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Company						
2017						
Financial liabilities						
Other payables	290,241	-	-	-	290,241	290,241
Amount due to subsidiary companies	5,039,058	-	-	-	5,039,058	5,039,058
Bank borrowings	392,796	219,744	207,094	-	819,634	742,611
	5,722,095	219,744	207,094	-	6,148,933	6,071,910
2016						
Financial liabilities						
Other payables	661,192	-	-	-	661,192	661,192
Amount due to subsidiary companies	4,655,529	-	-	-	4,655,529	4,655,529
Bank borrowings	479,385	479,385	643,793	-	1,602,563	1,018,298
	5,796,106	479,385	643,793	-	6,919,284	6,335,019

33. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (cont'd)

(iii) Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group manages the interest rate risk of its deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long term deposits.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

The carrying amounts of the Group's and of the Company's financial instruments that are exposed to interest rate risk are as follows:

	2017 RM	2016 RM
Group		
Fixed rate instruments		
Fixed deposits with licensed banks	3,143,860	2,814,176
Finance lease payables	13,721,584	14,406,333
Floating rate instruments		
Bank overdraft	1,651,852	3,740,863
Bankers acceptance	2,394,947	2,604,000
Letter of credit	979,504	-
Term loans	6,545,301	-
Company		
Fixed rate instrument		
Finance lease payables	742,611	1,018,298

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for floating rate instruments

A change in 1% interest rate at the end of the reporting period would have increased/(decreased) the Group and the Company's (loss)/profit before taxation by RM115,716 and RMNil (2016: RM63,400 and RMNil) respectively, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

33. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management objectives and policies (cont'd)

(iv) Foreign currency exchange risk

The Company is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currency giving rise to this risk is primarily Singapore Dollar (SGD).

The carrying amounts of the Company's foreign currency denominated financial assets at the end of the reporting period are as follows:

	Denominated in SGD RM
Company	
2017	
Amount due by a subsidiary company	1,724,954
2016	
Amount due by a subsidiary company	1,524,084

Foreign currency risk sensitivity

Foreign currency risk arises from Group entities which have a RM functional currency. The exposure to currency risk of Group entities which do not have a RM functional currency is not material and hence, sensitivity analysis is not presented.

A 10% strengthening of Ringgit Malaysia against the following foreign currencies at the end of the reporting period would increase/(decrease) the (loss)/profit before taxation and other comprehensive income by the amounts shown below. This analysis assumes that all other variables remain unchanged.

	Effect on profit before taxation RM
Company	
2017	
SGD	172,495
2016	
SGD	152,408

33. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair values of financial instruments

(i) Financial instrument at fair value

The fair value of other investment in unit trust fund is within Level 1 of the fair value hierarchy.

(ii) Financial instrument other than those carried at fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of short term receivables and payable, cash and cash equivalents and short term borrowings approximate their fair value due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

Financial instruments that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The carrying amounts of the financial liabilities of the Group and of the Company at the reporting date reasonably approximate their fair values except as follows:

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Financial liabilities				
Finance lease payables (Level 2)				
- Carrying amount (non-current)	8,946,872	9,815,548	399,848	628,018
- Fair value	16,764,188	10,444,335	758,374	647,964

(iii) Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between levels during current and previous financial years.

(iv) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

33. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair values of financial instruments (cont'd)

(v) Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Non-derivative financial instruments

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. In respect of the liability component of RCPS, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option.

(vi) Level 3 fair value

Level 3 fair values for the financial assets and liabilities are estimated using unobservable inputs.

34. CAPITAL COMMITMENT

	GROUP	
	2017 RM	2016 RM
Capital expenditure		
Authorised and contracted for:		
- purchase of property, plant and equipment	6,900,000	11,300,000
- acquisition of new subsidiary companies	-	15,246,000
	6,900,000	26,546,000

35. CAPITAL MANAGEMENT

The Group's and the Company's objectives when managing capital are to safeguard the Group's and the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group and the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

35. CAPITAL MANAGEMENT (CONT'D)

The Group and the Company monitor capital using a gearing ratio. The Group's and the Company's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirement. The gearing ratios at end of the reporting period are as follows:

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Total loans and borrowings	25,293,188	20,751,196	742,611	1,018,298
Less: Cash and cash equivalents (exclude bank overdrafts)	(14,346,547)	(13,049,102)	(7,839,027)	(3,181,135)
Total net debts/ (excess fund)	10,946,641	7,702,094	(7,096,416)	(2,162,837)
Total equity attributable to owners of the parent	71,315,108	88,202,179	43,614,905	96,150,160
Gearing ratio (%)	15.35%	8.73%	*	*

* Gearing ratio is not applicable as the cash and cash equivalents were sufficient to cover the entire borrowing obligation.

There were no changes in the Group's and the Company's approach to capital management during the financial year.

36. SIGNIFICANT EVENTS

During the financial year, the following significant events took place for the Company and its subsidiary company:

(a) The Company has on 7 April 2016 announced the mutual termination of the Sales and Purchase Agreement ("SPA") dated 30 March 2015 between its wholly-owned subsidiary company, MCSB and Monofield Sdn Bhd, the Vendor in respect of the acquisition of one (1) unit of double storey terrace shop office in Taman Bercham Jaya, Ipoh. In tandem with the termination, the SPA shall be of no further effect.

(b) The Company has on 26 April 2016 announced a Proposed Private Placement that entails the issuance of up to 99,749,800 new ordinary shares of RM0.15 each in MRB ("MRB Shares" or "Shares")("Placement Shares"), representing not more than ten percent (10%) of the enlarged issued and paid-up share capital of MRB of RM149,624,775 comprising 997,498,500 MRB Shares, after taking into consideration the following:

(i) MRB's existing issued and paid-up share capital of RM99,721,350 comprising 664,809,000 MRB Shares (i.e., after excluding 285,000 MRB Shares held as treasury shares by the Company ("Treasury Shares") as at 25 April 2016 (being the latest practicable date prior to this announcement ("LPD"));

(ii) assuming full exercise of the 332,404,500 outstanding warrants 2014/2019 in MRB ("Warrants 2014/2019") as at the LPD into 332,404,500 new MRB Shares; and

(iii) assuming the 285,000 Treasury Shares are resold in the open market by MRB, prior to the implementation of the Proposed Private Placement (collectively known as "Maximum Scenerio").

36. SIGNIFICANT EVENTS (CONT'D)

Based on the minimum scenario, the size of the Proposed Private Placement is up to 66,480,900 Placement Shares, representing not more than ten percent (10%) of the existing issued and paid-up share capital of MRB of RM99,721,350 comprising 664,809,000 MRB Shares (i.e., after excluding 285,000 Treasury Shares) as at the LPD, assuming none of the outstanding Warrants 2014/2019 is exercised into new MRB Shares and none of the Treasury Shares is resold in the open market prior to the implementation of the Proposed Private Placement ("Minimum Scenario").

On 18 May 2016, MRB announced that Bursa Securities has, vide its letter dated 18 May 2016, resolved to approve the listing and quotation of up to 99,749,800 new Placement Shares to be issued pursuant to the Proposed Private Placement.

On 1 July 2016, MRB announced that the Board has fixed the issue price for the first (1st) placement tranche of 30,000,000 Placement Shares at RM0.15 each ("Issue Price"). The Issue Price is the same as the par value of MRB Shares and is at a premium of approximately RM0.0607 or 67.97% to the five (5)-day volume weighted average market price of the MRB Shares up to and including 30 June 2016, being the last market day immediately preceding the Price-fixing Date, of RM0.0893.

During the financial year, the following significant events took place for the Company and its subsidiary company: (cont'd)

(c) On 21 September 2016, Minetech Construction Sdn Bhd ("MCSB"), a wholly-owned subsidiary of the Company has accepted the Letter of Acceptance from PJD Regency Sdn Bhd appointing MCSB as the prime contractor for "Cadangan Pembinaan Jejambat daripada Cadangan Pembangunan Youcity ke Lebuhraya Grand Saga dan Menaiktaraf Jalan Kinabalu, Jalan Kijang, Jalan Taman Suntex di Mukim Cheras, Daerah Hulu Langat, Selangor Darul Ehsan" for a contract period of 20 months, commencing from 15 September 2016 and to be completed on 14 May 2018 at a contract sum of RM16,100,000.

(d) On 4 October 2016, MCSB has accepted the Letter of Award from Gamuda Engineering Sdn Bhd appointing MCSB as the sub-contractor to perform reinforced concrete structure and associated works for the project "Cadangan Pembangunan Rumah Selangorku (714 unit) RSKU".

37. SUBSEQUENT EVENTS

Subsequent to the financial year, the following subsequent events took place for the Company and its subsidiary companies:

(a) On 12 May 2017, the Company announced a Proposed Private Placement that entails the issuance of up to 6,480,900 new ordinary shares of RM0.15 each in the Company, representing not more than ten percent (10%) of the enlarged issued and paid-up share capital of the Company.

(b) On 31 May 2017, Gebeng Quarry Sdn Bhd (formerly known as Genetic Frontier Sdn Bhd) ("GQSB"), a 51%-owned subsidiary of the Company has entered into an Extended Quarry Agreement with Yasmin Hayati Binti Mohd Muda to further extend the term of the Quarry Agreement entered on 5 January 2006 for another period of 5 years commencing from 1 January 2021 where such period is extendable to a maximum period of 10 years and to grant GQSB extended sole and exclusive right to set up, operate and manage a quarry and/or to takeover the existing quarry activities at Bukit Penggorak, Kuantan.

38. LITIGATION AND CLAIMS MATTER

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

ODSB the indirect wholly-owned subsidiary company of MRB, and SMGQ had entered into an agreement dated 28 March 2006 ("Agreement") for ODSB to be given the 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, 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 net book value for fixed assets.

On 16 April 2013 Case Management, ODSB has been served a Defence and Counter claimed 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 December 2012. In addition, the Defendant counter claim for the tribute of RM256,300 for the months of October and November 2012, respectively for RM169,095 and RM87,205 and the forwarding agency fee for materials shipped to Singapore for the months of September, October and November 2012 in the sum of RM24,624.

At the hearing date for SMGQ's injunction application on 29 May 2013, ODSB was directed to deliver vacant possession of the Quarry Sites to SMGQ on or before 12 July 2013. ODSB 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 company, as a party to the amended counter-claim by reason of a performance guarantee dated 28 March 2006 in favour of SMGQ.

The trial of the above matter commenced on 30 October 2015. The Court has fixed 15 February 2016, 3 to 4 March 2016 for continued hearing. This has been further postponed to 11 and 12 August 2016 and 19 to 21 September 2016.

On 1 July 2016, the High Court has allowed SMGQ's application to amend its defence and counter-claim and to add MRB, the holding company of ODSB and MQSB as the 3rd Defendant in the counter-claim.

38. LITIGATION AND CLAIMS MATTER (CONT'D)

(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") (Kuala Lumpur High Court Suit No. S-22NCVC-288-04/2013) (cont'd)

Pursuant to the amendment by way of Court Order dated 01 July 2016, SMGQ is now claiming for the followings in addition to their previous claims :-

- Special damages in the sum of RM2,705,198.18

- Alternatively general damages of RM100,000.00 per month (monthly tribute payments) for the period from 20 February 2013 to the date of judgement.

MRB and ODSB filed appeals against the KLHC's decision respectively on 20 July 2016. Further, MRB and ODSB had filed their respective applications for a Stay of Proceedings at the KLHC on 22 July 2016 pending the disposal of appeals at the Court of Appeal. This matter has fixed for Hearing on 14 September 2016.

In the interim pending the hearing of the Stay of Proceedings applications, filing of the respective pleadings are to be compiled.

The trial dates previously fixed in August 2016 have been vacated. The Court has maintained the continued trial dates on 20 and 21 September 2016.

MRB had filed an application to strike out SMGQ's Counterclaim against MRB ("the Striking Out Application"). Thereafter, both MRB and ODSB had withdrawn their Appeals to the Court of Appeal on 08 December 2016 and 05 January 2017 respectively in order to proceed with the hearing of the Striking Out Application and the continued trial of the two (2) litigation cases referred to in this Report ("the Litigation Cases"). Following the withdrawal of the Appeals by MRB and ODSB, the Judge had proceeded to hear the Striking Out Application and fixed the same for decision on 21 February 2017. The Judge had also fixed Suit 288 and Suit 433 (which is referred to below) for continued trial on 09 March 2017 and 08, 09, 11, 12, 18 and 19 May 2017.

The Judge had on 21 February 2017 allowed the Striking Out Application and strike out SMGQ's counterclaim against MRB with costs of RM3,000 payable by SMGQ to MRB.

SMGQ had appealed to the Court of Appeal ("COA") on 16 March 2017 ("the Appeal") against the Striking Out. The Appeal has been fixed for hearing on 27 July 2017 and both parties are supposed to deliver their respective Written Submission and Bundle of Authorities in respect of the Appeal to the Deputy Registrar on the Case Management date on 13 July 2017.

SMGQ had also filed an application for stay of proceedings in KLHC on 20 March 2017 (that is to stay the Continued Trial of Suit 288 and Suit 433 stated hereinbelow) pending the disposal of the Appeal ("the Application For Stay of Proceedings"). KLHC Judge had on 2 June 2017 dismissed SMGQ's application.

The Continued Trial for Suit 288 (to be heard together with Suit 433) is now fixed on 7, 8, 9, 10 and 11 August 2017. The earlier Continued Trial dates on 9 March 2017 and 8, 9, 11, 12, 18 and 19 May 2017 were vacated by the KLHC Judge because SMGQ's counsel is on medical leave after he suffered a heart attack in early March 2017.

Our solicitors are cautiously optimistic that the Appeal (when heard) will be decided in MRB's favour and that continued trial of both Suit 288 and Suit 433 will proceed on 7, 8, 9, 10 and 11 August 2017.

38. LITIGATION AND CLAIMS MATTER (CONT'D)

(b) ODSB, Minetech Quarries Sdn Bhd ("MQSB") and K.S Chin Minerals Sdn Bhd ("KSCM") vs SMGQ, Moo Khean Choong @ Mu Kan Chong, Atma Singh @ Atma Singh Lahre s/o Keer Singh and Low Sow Fong (Kuala Lumpur High Court Suit No. 22NCVC-433-09/2014)

ODSB, MQSB and KSCM, the wholly-owned subsidiary companies of MRB (collectively referred to as the "Subsidiary 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 Subsidiary Companies sought for orders to rescind the agreement dated 28 March 2006 as mentioned in Note 38(a) above, demanded general damages to be assessed by the Senior Assistant Registrar, special damages in the sum of RM4,000,000 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 Note 38(a) above. However, the reliefs sought herein are different from the above suit described in Note 38(a) above.

This suit is premised on the deceit and misrepresentation that is committed by the Defendants against the Subsidiary Companies and also involving the tort of deceit. This has caused the Subsidiary Companies to suffer loss and damages.

This suit will be heard together with Kuala Lumpur High Court Suit No. S- 22NCVC-288-04/2013. As such, the trial dates for both the suits are the same.

The Judge had fixed Suit 433 (together with Suit 288) for continued trial on 9 March 2017 and 8, 9, 11, 12, 18 and 19 May 2017. The Continued Trial for Suit 433 (to be heard together with Suit 288) has now been fixed on 7, 8, 9, 10 and 11 August 2017, as the earlier Continued Trial dates on 9 March 2017 and 8, 9, 11, 12, 18 and 19 May 2017 were vacated by the KLHC Judge because SMGQ's counsel is on medical leave after he suffered a heart attack in early March 2017.

As we have reported earlier, although the standard of proof for proving the existence of deceit and fraudulent misrepresentation by SMGQ is much higher than the standard of proof for normal civil claims (that is we must be able to furnish or provide clear evidence in respect of the matters averred in the statement of claims), Suit 433 is necessary to enable ODSB, MQSB and KSCM to recover their losses as a group of companies undertaking the project. The maximum exposure of our liabilities in Suit 433 in the worst case scenario would be the dismissal of this Suit with costs to the Defendants should Suit 433 be decided against us.

The estimated legal fees to be incurred by the Group in the engagement of solicitors to litigate the abovementioned Litigation Cases is approximately RM1 million.

38. LITIGATION AND CLAIMS MATTER (CONT'D)

(c) Diman KS Chin Sdn Bhd ("DKSCSB") vs Diman Premix Industries Sdn Bhd ("DPI") (Shah Alam High Court Suit No. 22NCVC-560-10/2015)

DKSCSB, the wholly-owned subsidiary company of MRB, at the request of DPI supplied DPI with premix and quarry products. The total outstanding sum which is due and payable to DKSCSB for the supply of premix and quarry products to DPI is RM471,798.79.

DKSCSB filed an action at the Sessions Court for the sum payable. DPI on the other hand counter claimed against the Plaintiff, amongst others, for Special Damages in the sum of RM1,701,106.80 and General Damages.

On 28 July 2015, DPI filed an Originating Summons vide Shah Alam High Court Originating Summons No. 24-904-07/2015 to transfer the Sessions Court Suit to the High Court in light of their counter claim. On 1 September 2015, the High Court allowed DPI's application. The Suit is now registered as Shah Alam High CourtSuit No. 22NCVC-560-10/2015 and the matter was fixed for Case Management on 22 February 2016 with the matter fixed for trial on 9 and 10 May 2016.

However, an out of court settlement has been reached and a Consent Order was recorded in the High Court on May 2016 with a settlement of RM250,000.

(d) Lee Cheng Yew vs Minetech Resources Berhad ("MRB") (Kuala Lumpur High Court Case No. 13(25)/4-1104/2015)

Lee Cheng Yew (a former employee of MRB) filed a claim for constructive dismissal against MRB. In her claim, she is claiming for backwages as well as reinstatement (with compensation in lieu of reinstatement).

The contingent liability of MRB in the event the Claimant's claim for constructive dismissal was allowed by the Industrial Court was RM215,000.

The case is presently pending in the Industrial Court, whereby both parties have filed their Statement of Case and Statement of Reply respectively. A mediation date has been fixed on 26 May 2016 to discuss an out of Court settlement.

During the mediation proceeding on 26 May 2016, the Claimant's demanded an excessive compensation claims which was disagreed by our Company. The next mediation date has been fixed on 15 August 2016. On 15 August 2016, the Claimant's lawyer will write to demand a lower compensation. Our Company will deliberate the proposal before the next case mentioned date on 4 October 2016, out of Court settlement of RM106,000 compensation was reached.

39. DATE OF AUTHORISATION FOR ISSUE

The financial statements of the Group and of the Company for the financial year ended 31 March 2017 were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 18 July 2017.

40. SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

The following analysis of realised and unrealised accumulated losses of the Group and of the Company as at the reporting date is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared 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, as issued by the Malaysian Institute of Accountants.

	GROUP		COMPANY	
	2017 RM	2016 RM	2017 RM	2016 RM
Total accumulated losses of the Company and its subsidiary companies				
- realised	(74,520,123)	3,741,503	(65,891,832)	(4,356,577)
- unrealised	(2,220,940)	(1,846,352)	-	-
	(76,741,063)	1,895,151	(65,891,832)	(4,356,577)
Total share of accumulated losses from associate companies				
- realised	226,770	(257,745)	-	-
	(76,514,293)	1,637,406	(65,891,832)	(4,356,577)
Consolidation adjustments	38,367,035	(14,125,528)	-	-
	(38,147,258)	(12,488,122)	(65,891,832)	(4,356,577)

The disclosure of realised and unrealised profits or losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purposes.

LIST OF PROPERTIES
AS AT 31 MARCH 2017

No	Name of Registered Owner/ Postal Address/Title Identification	Approximate Age of Building/Tenure/Date of Expiry of Lease	Description and Existing Use/Date of Acquisition	Approximate Land Area/ Built Up Area (square metres)	Net Book Value @ 31 March 2017 (RM)
	Minetech Resources Bhd				
1	Lot 345761 (formerly known as PT 183213) held under Master Title No. PN 349139 **Mukim of Hulu Kinta District of Kinta Perak Darul Ridzuan**	99 years leasehold/ Expiring on 16 June 2101	Vacant residential development land 30 November 2016	7,924	6,000,000
	Medium Visa Sdn Bhd				
1.	Lot PT 17209 held under Title No. HSD 15403 **Mukim Hulu Bernam Timur District Batang Padang Perak Darul Ridzuan**	99 years leasehold/ Expiring on 8 December 2107	Vacant industrial lands 21 April 2016	7,001.7	600,000
2.	Lot PT 17211 held under Title No. HSD 15405 **Mukim Hulu Bernam Timur District Batang Padang Perak Darul Ridzuan**	99 years leasehold/ Expiring on 8 December 2107	Vacant industrial lands 21 April 2016	117,135	8,830,000
	Harapan Iringan Sdn Bhd				
1.	Lot PT 17210 held under Title No. HSD 15404 **Mukim Hulu Bernam Timur District Batang Padang Perak Darul Ridzuan**	99 years leasehold/ Expiring on 8 December 2107	Vacant industrial lands 4 April 2016	99,730	7,468,736
	Minetech Construction Sdn Bhd				
1	Unit A6-02 and A6-04 Plaza Dwitasik No. 21 Jalan 5/106 Bandar Seri Permaisuri 56000 Kuala Lumpur **Phase 1, Level 6 Unit No. 13.2 and 14.2 Storey Level 6 Block A Plaza Dwitasik PN 27024 Lot 51975 Mukim Kuala Lumpur Daerah Kuala Lumpur**	15 years/99 years leasehold/Expiring on 11 January 2095	2 commercial office units currently rented to third parties 18 January 1996	- 879	269,924
2.	Unit 123-523, Unit 223A-523A FAS Business Avenue Jalan Perbandaran 47301 Petaling Jaya Selangor Darul Ehsan **Unit 12A-121 HS (D) 85220 PT 14532 Mukim Damansara Daerah Petaling***	19 years/99 years leasehold/Expiring on 6 December 2092	9 units 5 storeys commercial shop lots 22 November 1994	- 720	1,039,515
3.	D-G-5 – D-5-5 & M-5, Ground Floor to Fifth Floor, Block D Parklane, Commercial Hub @ Kelana Jaya Selangor Darul Ehsan **HS(D) 259689, P.T. No. 14532, Mukim of Damansara, Daerah Petaling Negeri Selangor Darul Ehsan***	4 years/99 years leasehold/Expiring on 6 December 2092	6 1/2 units commercial shop office 2 February 2016	- 1,178	7,304,771

No	Name of Registered Owner/ Postal Address/Title Identification	Approximate Age of Building/Tenure/Date of Expiry of Lease	Description and Existing Use/Date of Acquisition	Approximate Land Area/ Built Up Area (square metres)	Net Book Value @ 31 March 2017 (RM)
Minetech Realty Sdn Bhd					
1.	SA-SM23, SA-SG23, SA-SG25, SA-SG26, SA-SG29 Ukay Perdana **HS(M) 12614 PT 643 and HS(M) 12615 PT 644 both in Bandar Ulu Kelang Tempat Batu 7 Ulu Kelang (Ukay Perdana) Daerah Gombak Negeri Selangor***	6 years/99 years leasehold/Expiring on 4 October 2100	5 units commercial shoplots currently rented to third parties 4 units were acquired on 30 April 2004 SA-SG26 was acquired on 10 May 2004	- 731	1,378,347
Minetech Asphalt Man International Sdn Bhd					
1.	Lot 1414 Mukim Ulu Yam District of Hulu Selangor Selangor Darul Ehsan Title: GM 5739	Freehold land and factory building	Freehold land / factory building 27 February 2007	14,416.9	4,055,589
	Grand Total				**36,946,882**

Note:-

* The land title particulars disclosed are the particulars of the master titles registered under the names of the respective developers. The respective strata titles of properties in Ukay Perdana, FAS Business Avenue and Parklane to the individual commercial shop lots/offices have yet to be issued.

ANALYSIS OF SHAREHOLDINGS
AS AT 30 JUNE 2017

Issued Shares	:	731,574,900 ordinary shares (including shares held as treasury shares)
Treasury Shares	:	285,000 Ordinary Shares
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per share

ANALYSIS OF SHAREHOLDINGS
Distribution of shareholdings according to size:

Size of Holdings	No. of Shareholders/ Depositors	% of Shareholders/ Depositors	No. of Shares Held	% of Issued Capital*
1 - 99	8	0.29	190	0.00
100 - 1,000	329	12.06	168,610	0.02
1,001 - 10,000	446	16.36	3,144,700	0.43
10,001 - 100,000	1,347	49.39	68,311,440	9.34
100,001 to less than 5% of issued shares	596	21.86	501,616,450	68.60
5% and above of issued shares	1	0.04	158,048,510	21.61
Total	2,727	100.00	731,289,900*	100.00

* Excluding a total of 285,000 shares bought-back by the Company and retained as treasury shares as per the Record of Depositors as at 30 June 2017.

SUBSTANTIAL SHAREHOLDERS
(As per Register of Substantial Shareholders)

	<------------- Direct	------------->	<------------- Indirect	------------->
Name of Shareholders	No. of Shares Held	% of Issued Capital#	No. of Shares Held	% of Issued Capital#
Choy Sen @ Chin Kim Sang	172,897,020	23.64	-	-

\# Excluding a total of 285,000 shares bought-back by the Company and retained as treasury shares.

SHAREHOLDINGS OF DIRECTORS
(As per Register of Directors' Shareholdings)

Name of Directors	Direct No. of Shares Held	Direct % of Issued Capital#	Indirect No. of Shares Held	Indirect % of Issued Capital#
Choy Sen @ Chin Kim Sang	172,897,020	23.64	-	-
Chin Kong Yaw	-	-	-	-
Chin Leong Choy	-	-	-	-
Dato' Sri Chai Chow Sang	30,000,000	4.10	-	-
Chan Toong San	-	-	-	-
Chong Jun Heng	-	-	-	-
Ahmad Ruslan Zahari Bin Zakaria	-	-	-	-
Peter Ling Sie Wuong	-	-	-	-
Ahmad Rahizal Bin Dato' Ahmad Rasidi	-	-	-	-
Chai War Ren *(Alternate Director to Dato' Sri Chai Chow Sang)*	-	-	-	-

Excluding a total of 285,000 shares bought-back by the Company and retained as treasury shares.

THIRTY (30) LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares Held	% of Issued Capital#
1.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Choy Sen @ Chin Kim Sang	158,048,510	21.612
2.	Dato' Sri Chai Chow Sang	30,000,000	4.102
3.	Keluarga Ukhwah Berhad	30,000,000	4.102
4.	Yeoh Keat Chuan	16,000,000	2.188
5.	Choy Sen @ Chin Kim Sang	14,848,510	2.031
6.	Tan Seow Leng	12,100,000	1.655
7.	Lee Kwan Ming	9,760,400	1.335
8.	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goh Juai Hian (100378)	7,006,600	0.958
9.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mak Bonleo	7,001,200	0.957
10.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Viannie Undikai	6,891,500	0.942
11.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Shum Thin Woon	6,700,000	0.916
12.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Low Chee Eng	6,480,900	0.886

THIRTY (30) LARGEST SHAREHOLDERS (cont'd)

No.	Name of Shareholders	No. of Shares Held	% of Issued Capital#
13.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chia Kee Mong	6,000,000	0.821
14.	Lee Fong Kuan	5,800,000	0.793
15.	Liew Vooi Fong	5,796,300	0.793
16.	Wong Chee Kin	5,709,000	0.781
17.	Hong Foh Nyok	5,567,000	0.761
18.	Tan Eu Hye	5,400,000	0.738
19.	Ng Chong Yow	5,261,000	0.719
20.	Chew Soon Fatt	5,152,100	0.705
21.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Phua Yee Chan (E-KTU/CKI)	5,042,900	0.690
22.	Shia Fui Kin	5,010,700	0.685
23.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Tan Po Ong (MY0703)	5,000,000	0.684
24.	See Eng Leong	5,000,000	0.684
25.	Leong Mun Cheon	4,492,100	0.614
26.	Wong Chee Kin	4,433,000	0.606
27.	Choo Kee Leng	3,850,000	0.527
28.	Liew Hun Fung	3,580,600	0.490
29.	Hong Hsien Tsai	3,229,000	0.442
30.	Ho Ban Fatt	3,000,000	0.410
	Total	392,161,320	53.627

Excluding a total of 285,000 shares bought-back by the Company and retained as treasury shares.

ANALYSIS OF WARRANT HOLDINGS
AS AT 30 JUNE 2017

Total Number of Outstanding Warrants A	:	332,404,500
Issue Date	:	28 November 2014
Expiry Date	:	27 November 2019
Exercise Price of Warrants A	:	RM0.15

ANALYSIS OF WARRANT HOLDINGS
Distribution of warrant holdings according to size:

Size of Warrant Holdings	No. of Warrant Holders/ Depositors	% of Warrant Holders/ Depositors	No. of Warrants Held	% of Issued Warrants
1 - 99	2	0.23	35	0.00
100 - 1,000	35	4.07	20,400	0.01
1,001 - 10,000	96	11.16	693,900	0.21
10,001 - 100,000	400	46.51	23,533,700	7.08
100,001 to less than 5% of issued warrants	326	37.91	290,156,465	87.29
5% and above of issued warrants	1	0.12	18,000,000	5.41
Total	**860**	**100.00**	**332,404,500**	**100.00**

WARRANT HOLDINGS OF DIRECTORS
(As per Register of Directors' Warrants Holdings)

	<------------- Direct -------------->		<------------- Indirect ------------>	
Name of Directors	**No. of Warrants held**	**% of Issued Warrants**	**No. of Warrants held**	**% of Issued Warrants**
Choy Sen @ Chin Kim Sang	-	-	-	-
Chin Kong Yaw	-	-	-	-
Chin Leong Choy	-	-	-	-
Dato' Sri Chai Chow Sang	-	-	-	-
Chan Toong San	-	-	-	-
Chong Jun Heng				
Ahmad Ruslan Zahari Bin Zakaria	-	-	-	-
Peter Ling Sie Wuong	-	-	-	-
Ahmad Rahizal Bin Dato' Ahmad Rasidi	-	-	-	-
Chai War Ren *(Alternate Director to Dato' Sri Chai Chow Sang)*	-	-	-	-

THIRTY (30) LARGEST WARRANT HOLDERS

No.	Name of Warrant Holders	No. of Warrants Held	% of Issued Warrants
1.	Yeoh Keat Chuan	18,000,000	5.415
2.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Noorazian Binti Zainal Abidin	15,101,000	4.543
3.	Leow Choon Yim	15,000,200	4.513
4.	Ng Chong Yow	11,700,000	3.520

THIRTY (30) LARGEST WARRANT HOLDERS (cont'd)

No.	Name of Warrant Holders	No. of Warrants Held	% of Issued Warrants
5.	Lok Kwee Reng	10,000,000	3.008
6.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Shum Thin Woon	8,720,000	2.623
7.	Lim Kian Leong	7,100,000	2.136
8.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Jega Devan A/L M Nadchatiram	6,837,000	2.057
9.	Lee Kue Lian	6,000,000	1.805
10.	Mohd Ariff Bin Baharudin	5,142,000	1.547
11.	Ng See Bee	4,335,700	1.304
12.	Lee Seow Chun	4,300,000	1.294
13.	Lee Kwan Ming	4,299,000	1.293
14.	Hiew Yuen Loy	4,000,000	1.203
15.	Lee Teck Keong	3,500,000	1.053
16.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Kian Leong (E-KLG)	3,086,800	0.929
17.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Choong Foong Ming (021)	3,080,000	0.923
18.	Lee Siew Hwa	3,000,000	0.903
19.	Mah Yuet Ching	3,000,000	0.903
20.	Tan Boon Peng	3,000,000	0.903
21.	Wong Chee Kin	2,924,000	0.880
22.	Maybank Nominees (Tempatan) Sdn Bhd Lam Choy Choo	2,800,000	0.842
23.	Liew Hun Fung	2,700,000	0.812
24.	Chew Soon Fatt	2,585,100	0.778
25.	Kenanga Nominees (Tempatan) Sdn Bhd Ng Geok Mun	2,500,000	0.752
26.	Maybank Nominees (Tempatan) Sdn Bhd Chew Soon Fatt	2,460,000	0.740
27.	Wong Chee Kin	2,090,000	0.629
28.	Hong Foh Nyok	2,078,100	0.625
29.	Inter-Pacific Equity Nominees (Asing) Sdn Bhd Pledged Securities Account for Lim Yan Ling	2,003,700	0.603
30.	Lee Min Shan	2,000,300	0.602
	Total	163,342,900	49.138

NOTICE IS HEREBY GIVEN THAT the Fifteenth Annual General Meeting of MINETECH RESOURCES BERHAD (the "Company" or "MRB") will be held at Tioman Room, Bukit Jalil Golf & Country Resort, Berjaya Golf Resort Berhad, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur, Wilayah Persekutuan on Thursday, 24 August 2017 at 9.00 a.m. for the following purposes:

A G E N D A

As Ordinary Business

1.	To receive the Audited Financial Statements for the financial year ended 31 March 2017 together with the Reports of the Directors and Auditors thereon.	**(Please refer to Note 1 of the Explanatory Notes)**
2.	To approve the payment of Directors' Fees and benefits payable to the Directors for the financial year ended 31 March 2017.	**Ordinary Resolution 1**
3.	To approve the payment of Directors' Fees and benefits payable to the Directors up to an aggregate amount of RM750,000.00 for the financial year ending 31 March 2018.	**Ordinary Resolution 2**
4.	To re-elect Mr Chin Kong Yaw who is retiring pursuant to Article 125 of the Company's Articles of Association.	**Ordinary Resolution 3**
	Mr Peter Ling Sie Wuong who retires by rotation pursuant to Article 125 of the Company's Articles of Association, has expressed his intention not to seek for re-election and hence, he will retain office until the conclusion of the Fifteenth Annual General Meeting.	**(Please refer to Note 2 of the Explanatory Notes)**
5.	To re-elect the following Directors of the Company who are retiring pursuant to Article 130 of the Company's Articles of Association:-	
	i) Encik Ahmad Rahizal Bin Dato' Ahmad Rasidi	**Ordinary Resolution 4**
	ii) Dato' Sri Chai Chow Sang	**Ordinary Resolution 5**
6.	To re-appoint Messrs UHY as Auditors of the Company and to authorise the Directors to fix their remuneration.	**Ordinary Resolution 6**

As Special Business

To consider and, if thought fit, to pass the following resolutions:

7.	**Authority under Section 76 of the Companies Act 2016 for the Directors to allot and issue shares**	**Ordinary Resolution 7**
	"THAT pursuant to Section 76 of the Companies Act 2016, the Directors be and are hereby authorised to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being, subject always to the approval of all relevant regulatory bodies being obtained for such allotment and issuance."	

8. **Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares** **Ordinary Resolution 8**

"THAT subject to the Companies Act 2016 ("Act"), the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of all relevant governmental and/or regulatory authorities (if any), the Company be and is hereby authorised to purchase such amount of ordinary shares in the Company ("Proposed Renewal of Share Buy-Back Authority") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the best interest of the Company provided that the aggregate number of shares purchased and/or held pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company and an amount not exceeding the Company's retained profits be allocated by the Company for the Proposed Renewal of Share Buy-Back Authority.

THAT authority be and is hereby given to the Directors of the Company to decide at their absolute discretion to either retain the shares so purchased as treasury shares (as defined in Section 127 of the Act) and/or to cancel the shares so purchased and if retained as treasury shares, may resell the treasury shares and/or to distribute them as share dividend and/or subsequently cancel them.

THAT the authority conferred by this resolution will be effective immediately upon the passing of this resolution and will expire at:-

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time the said authority will lapse unless by an ordinary resolution passed at a general meeting of the Company, the authority is renewed, either unconditionally or subject to conditions;

(ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or

(iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first, but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and/or any other relevant governmental and/or regulatory authorities (if any).

AND THAT the Directors of the Company be authorised to take all steps necessary to implement, complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of Share Buy-Back Authority as may be agreed or allowed by any relevant governmental and/or regulatory authority."

9. **Proposed Amendments to the By-Laws Governing the Share Issuance Scheme** **Ordinary Resolution 9**

"THAT the proposed amendments to the By-Laws governing the Share Issuance Scheme as set out in Appendix A of the Notice of Annual General Meeting be and is hereby approved AND THAT the Directors of the Company be and are hereby authorised to do all things and acts necessary to effect the amendments to the By-Laws governing the Share Issuance Scheme"

10. **Proposed Granting of Share Issuance Scheme ("SIS") Options to Dato' Sri Chai Chow Sang** **Ordinary Resolution 10**

"THAT the Board be and is hereby authorised, at any time and from time to time during the existence of the SIS, to offer and grant to Dato' Sri Chai Chow Sang, being the Non-Independent Non-Executive Director of the Company, options to subscribe for new ordinary shares in MRB ("MRB Shares") and if such options are accepted and exercised, to allot and issue such number of new MRB Shares as may be required to be issued to him under the SIS, in accordance with the provisions of the By-Laws, provided that not more than ten percent (10%) of the total number of shares available under the SIS shall be allocated to Dato' Sri Chai Chow Sang, as long as Dato' Sri Chai Chow Sang either singly or collectively through persons connected with him (as defined in the Main Market Listing Requirements of Bursa Securities), holds twenty percent (20%) or more of the total number of issued shares (excluding treasury shares) of MRB subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws."

11. **Proposed Granting of SIS Options to Chan Toong San** **Ordinary Resolution 11**

"THAT the Board be and is hereby authorised, at any time and from time to time during the existence of the SIS, to offer and grant to Chan Toong San, being the Non-Independent Non-Executive Director of the Company, options to subscribe for new MRB Shares and if such options are accepted and exercised, to allot and issue such number of new MRB Shares as may be required to be issued to him under the SIS, in accordance with the provisions of the By-Laws, provided that not more than ten percent (10%) of the total number of shares available under the SIS shall be allocated to Chan Toong San, as long as Chan Toong San either singly or collectively through persons connected with him (as defined in the Main Market Listing Requirements of Bursa Securities), holds twenty percent (20%) or more of the total number of issued shares (excluding treasury shares) of MRB subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws."

12. **Proposed Granting of SIS Options to Chong Jun Heng** **Ordinary Resolution 12**

"THAT the Board be and is hereby authorised, at any time and from time to time during the existence of the SIS, to offer and grant to Chong Jun Heng, being the Non-Independent Non-Executive Director of the Company, options to subscribe for new MRB Shares and if such options are accepted and exercised, to allot and issue such number of new MRB Shares as may be required to be issued to him under the SIS, in accordance with the provisions of the By-Laws, provided that not more than ten percent (10%) of the total number of shares available under the SIS shall be allocated to Chong Jun Heng, as long as Chong Jun Heng either singly or collectively through persons connected with him (as defined in the Main Market Listing Requirements of Bursa Securities), holds twenty percent (20%) or more of the total number of issued shares (excluding treasury shares) of MRB subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws."

13. **Proposed Granting of SIS Options to Ahmad Rahizal Bin Dato' Ahmad Rasidi** **Ordinary Resolution 13**

"THAT the Board be and is hereby authorised, at any time and from time to time during the existence of the SIS, to offer and grant to Ahmad Rahizal Bin Dato' Ahmad Rasidi, being the Independent Non-Executive Director of the Company, options to subscribe for new MRB Shares and if such options are accepted and exercised, to allot and issue such number of new MRB Shares as may be required to be issued to him under the SIS, in accordance with the provisions of the By-Laws, provided that not more than ten percent (10%) of the total number of shares available under the SIS shall be allocated to Ahmad Rahizal Bin Dato' Ahmad Rasidi, as long as Ahmad Rahizal Bin Dato' Ahmad Rasidi either singly or collectively through persons connected with him (as defined in the Main Market Listing Requirements of Bursa Securities), holds twenty percent (20%) or more of the total number of issued shares (excluding treasury shares) of MRB subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws."

14. **Proposed Amendments to Article 107 of the Articles of Association of the Company** **Special Resolution**

"THAT the existing Article 107 be deleted in its entirety and replaced with the new Article 107 which shall be read as follows:-

The number of Directors shall be at least two (2) (unless otherwise determined by the Company in general meeting).

AND THAT the Directors of the Company be and are hereby authorised to do all things and acts necessary to effect the amendments to the Articles of Association of the Company."

15. To transact any other business for which due notice shall have been given.

BY ORDER OF THE BOARD

TAI YIT CHAN (MAICSA 7009143)
TE HOCK WEE (MAICSA 7054787)
Company Secretaries

Selangor Darul Ehsan
Date: 31 July 2017

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy/proxies to attend and vote for him but his attendance shall automatically revoke the proxy's authority. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.

2. A member may appoint up to two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

4. The instrument appointing a proxy shall be in writing, executed by or on behalf of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.

5. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Registered Office of the Company at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting, otherwise the instrument of proxy shall not be treated as valid.

6. In respect of deposited securities, only members whose names appear on the Record of Depositors on 17 August 2017 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

EXPLANATORY NOTES ON SPECIAL BUSINESS

1. **To receive the Audited Financial Statements**

   The Audited Financial Statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 for discussion only under Agenda 1. They do not require shareholders' approval and hence, will **not be put for voting**.

2. Mr Peter Ling Sie Wuong who is retiring pursuant to Article 125 of the Company's Articles of Association has expressed his intention not to seek for re-election. Hence, he will retire upon the conclusion of the Fifteenth Annual General Meeting.

3. **Ordinary Resolution 7 on the Authority under Section 76 of the Companies Act 2016 for the Directors to allot and issue shares**

   The Company had, during its Fourteenth Annual General Meeting held on 25 August 2016, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to Section 132D of the Companies Act, 1965. As at the date of this Notice, the Company had issued 36,480,900 ordinary shares at the subscription price of RM0.15 per share pursuant to this mandate obtained. The proceeds of RM5,472,135.00 raised from the private placement would be utilitised as working capital and defraying of expenses incidental to the private placement.

   The Ordinary Resolution 7 proposed under item 7 of the Agenda is a renewal of the general mandate for issuance of shares by the Company under Section 76 of the Companies Act 2016. The mandate, if passed, will provide flexibility for the Company and empower the Directors to allot and issue new shares speedily in the Company up to an amount not exceeding in total 10% of the total number of issued shares of the Company for purpose of funding the working capital or strategic development of the Group. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting.

   At this juncture, there is no decision to issue new shares. If there should be a decision to issue new shares after the general mandate is sought, the Company will make an announcement in respect thereof.

4. **Ordinary Resolution 8 on Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares**

   The proposed Ordinary Resolution 8, if passed, will give the Directors of the Company authority to take all such steps as are necessary or expedient to implement, finalise, complete and/or to effect the purchase(s) of shares by the Company as the Directors may deem fit and expedient in the best interest of the Company. The authority will, unless revoked or varied by the Company in a general meeting, continue to be in force until the conclusion of the next Annual General Meeting of the Company or the expiry of the period within which the next Annual General Meeting of the Company is required by law to be held.

   For further information on Ordinary Resolution 8, please refer to the Statement to Shareholders dated 31 July 2017 accompanying the Annual Report of the Company for the financial year ended 31 March 2017.

5. **Ordinary Resolution 9 on Proposed Amendments to the By-Laws Governing the Share Issuance Scheme**

   The proposed Ordinary Resolution 9, if passed, will render the By-Laws governing the Share Issuance Scheme to be in line with the Companies Act 2016 and Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

6. **Ordinary Resolutions 10 to 13**
   Proposed Granting of SIS Options to Dato' Sri Chai Chow Sang
   Proposed Granting of SIS Options to Chan Toong San
   Proposed Granting of SIS Options to Chong Jun Heng
   Proposed Granting of SIS Options to Ahmad Rahizal Bin Dato' Ahmad Rasidi

   In accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, Ordinary Resolutions 10 to 13 are to seek shareholders' approval for the Company to offer and grant Options to the Directors of the Company, to participate in the SIS.

   The Directors of the Company namely Dato' Sri Chai Chow Sang, Chan Toong San, Chong Jun Heng and Ahmad Rahizal Bin Dato' Ahmad Rasidi are deemed interested in the respective resolutions pertaining to the grant of SIS Options to each of them and accordingly have abstained and shall continue to abstain from deliberation and voting in respect of their direct and indirect interest in the Company and will ensure that persons connected with them will abstain from voting in respect of their direct and indirect interest in the Company, in the respecive allocation to them.

7. **Special Resolution on Proposed Amendments to Article 107 of the Articles of Association of the Company**

   The proposed Special Resolution, if passed, will enable the Directors to appoint an additional Director(s) as and when they deem necessary, to ensure that the Board continues to have the right balance of skills, knowledge and experience.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the **"Purposes"***), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.*

PROPOSED AMENDMENTS TO THE BY-LAWS GOVERNING THE SHARE ISSUANCE SCHEME		
Reference No.	**Existing By-Laws**	**Amended By-Laws**
3.1	Definitions and Interpretation "Maximum Limit" The maximum number of Shares that may be offered under the SIS which shall not exceed fifteen per centum (15%) of the total issued and paid-up share capital of the Company (excluding treasury shares) at any point of time during the existence of the SIS as stipulated in By-Law 4.2 "Shares" Ordinary shares of RM0.15 each in MRB	Definitions and Interpretation "Maximum Limit" The maximum number of Shares that may be offered under the SIS which shall not exceed fifteen per centum (15%) of the total **number of issued shares** of the Company (excluding treasury shares) at any point of time during the existence of the SIS as stipulated in By-Law 4.2 "Shares" Ordinary shares in MRB
4.1	Each Option shall be exercisable into one (1) new Share, fully issued and paid up, in accordance with the provisions of these By-Laws.	Each Option shall be exercisable into one (1) new **fully paid-up** Share, in accordance with the provisions of the By-Laws.
4.2	The aggregate number of SIS Options exercised and SIS Options offered and to be offered under the Scheme shall not in aggregate exceed fifteen per centum (15%) of the issued and paid-up ordinary share capital of the Company (excluding treasury shares) at any point of time during the duration of the Scheme as provided in By-Law 20.1.	The aggregate number of SIS Options exercised and SIS Options offered and to be offered under the Scheme shall not in aggregate exceed fifteen per centum (15%) of the **total number of issued shares in** the Company (excluding treasury shares) at any point of time during the duration of the Scheme as provided in By-Law 20.1.
4.3	Notwithstanding By-Law 4.2 above nor any other provision herein contained, in the event the maximum number of new Shares comprised in the SIS Options granted under the Scheme exceeds the aggregate of fifteen per centum (15%) of the issued and paid-up ordinary share capital of the Company (excluding treasury shares) as a result of the Company purchasing its own Shares pursuant to Section 67A of the Act or the Company undertaking any corporate proposal and thereby diminishing the issued and paid-up ordinary share capital of the Company, the SIS Options granted shall remain valid and exercisable in accordance with these By-Laws. However, in such a situation, the Option Committee shall not make any further Offers unless the total number of Shares to be issued under the Scheme falls below fifteen per centum (15%) of the issued and paid-up ordinary share capital of the Company (excluding treasury shares) at any point of time during the duration of the Scheme as provided in By-Law 20.1.	Notwithstanding By-Law 4.2 above nor any other provision herein contained, in the event the maximum number of new Shares comprised in the SIS Options granted under the Scheme exceeds the aggregate of fifteen per centum (15%) of the **total number of issued shares** of the Company (excluding treasury shares) as a result of the Company purchasing its own Shares pursuant to Section 67A of the Act or the Company undertaking any corporate proposal and thereby diminishing **its issued shares**, the SIS Options granted shall remain valid and exercisable in accordance with these By-Laws. However, in such a situation, the Option Committee shall not make any further Offers unless the total number of Shares to be issued under the Scheme falls below fifteen per centum (15%) of the **total number of the issued shares** (excluding treasury shares) at any point of time during the duration of the Scheme as provided in By-Law 20.1.

PROPOSED AMENDMENTS TO THE BY-LAWS GOVERNING THE SHARE ISSUANCE SCHEME

Reference No.	Existing By-Laws	Amended By-Laws
6.1	The Directors and Senior Management shall not participate in the deliberation or discussion of their allocation of SIS Options. Subject to By-Law 5.1 hereof, not more than ten per centum (10%) of the new Shares available under the Scheme shall be allocated to any individual Eligible Person who, either singly or collectively through persons connected with him/her, holds twenty per centum (20%) or more of the issued and paid-up share capital of MRB (excluding treasury shares). For the purposes of these By-Laws, unless the context otherwise requires, "persons connected with an Eligible Person" shall have the meaning given in relation to persons connected with a director or major shareholder as defined in paragraph 1.01 of the Listing Requirements.	The Directors and Senior Management shall not participate in the deliberation or discussion of their allocation of SIS Options. Subject to By-Law 5.1 hereof, not more than ten per centum (10%) of the new Shares available under the Scheme shall be allocated to any individual Eligible Person who, either singly or collectively through persons connected with him/her, holds twenty per centum (20%) or more of the **total number of issued shares** of MRB (excluding treasury shares). For the purposes of these By-Laws, unless the context otherwise requires, "persons connected with an Eligible Person" shall have the meaning given in relation to persons connected with a director or major shareholder as defined in paragraph 1.01 of the Listing Requirements.
11	The Exercise Price of each Share comprised in any SIS Option shall, subject always to the provisions of By-Law 15 hereof, be as follows: 1. a price to be determined by the Board upon recommendation of the Option Committee based on the five (5)-day volume weighted average market price of the Shares immediately preceding the Date of Offer with a discount of not more than ten per centum (10%) or such other percentage of discount as maybe permitted by Bursa Securities or any other relevant authorities from time to time during the duration of the Scheme; and 2. the price so determined shall not be less than the par value of the Shares.	The Exercise Price of each Share comprised in any SIS Option shall, subject always to the provisions of By-Law 15 hereof, be a price to be determined by the Board upon recommendation of the Option Committee based on the five (5)-day volume weighted average market price of the Shares immediately preceding the Date of Offer with a discount of not more than ten per centum (10%) or such other percentage of discount as maybe permitted by Bursa Securities or any other relevant authorities from time to time during the duration of the Scheme.
12	The new Shares to be allotted and issued upon the exercise of any SIS Options granted under the Scheme will, upon allotment, issuance and full payment, rank *pari passu* in all respects with the then existing issued and paid-up Shares of the Company, save and except that the new Shares so allotted and issued will not be entitled to any dividends, rights, allotments or other distributions, which may be declared, made or paid, the entitlement date of which precedes the date of allotment and issuance of such new Shares. The SIS Option shall not carry any rights to vote at any general meeting of the Company.	The new Shares to be allotted and issued upon the exercise of any SIS Options granted under the Scheme will, upon allotment, issuance and full payment, rank *pari passu* in all respects with the then existing **total number of issued** Shares of the Company, save and except that the new Shares so allotted and issued will not be entitled to any dividends, rights, allotments or other distributions, which may be declared, made or paid, the entitlement date of which precedes the date of allotment and issuance of such new Shares. The SIS Option shall not carry any rights to vote at any general meeting of the Company.

PROPOSED AMENDMENTS TO THE BY-LAWS GOVERNING THE SHARE ISSUANCE SCHEME		
Reference No.	**Existing By-Laws**	**Amended By-Laws**
15.2(a)	The following provisions shall apply in relation to an adjustment which is made pursuant to By-Law 15.1:- a. Any adjustment to the Exercise Price shall be rounded down to the nearest one (1) sen and in no event shall the Exercise Price be reduced to an amount which is below the par value of the Shares; and	The following provisions shall apply in relation to an adjustment which is made pursuant to By-Law 15.1:- a. Any adjustment to the Exercise Price shall be rounded down to the nearest one (1) sen; and
15.3(a)	Subject to By-Law 15.2, the Exercise Price and the number of SIS Options so far unexercised shall from time to time be adjusted in accordance with the following relevant provisions in consultation with the auditor of the Company:- a. If and whenever a Share by reason of any consolidation or subdivision or conversion shall have a different par value, the Exercise Price shall be adjusted by multiplying it by the revised par value and dividing the result by the former par value and the additional number of SIS Options to be issued shall be calculated in accordance with the following formula:- No. of Additional Options $= T \times \left(\frac{\text{Former Par value}}{\text{Revised Par Value}}\right) - T$ Where T = existing number of SIS Option held Such adjustment will be effective from the close of business on the Market Day immediately following the date on which the consolidation or subdivision or conversion becomes effective (being the date when the Shares are traded on Bursa Securities at the new par value), or such other period as may be prescribed by Bursa Securities.	Subject to By-Law 15.2, the Exercise Price and the number of SIS Options so far unexercised shall from time to time be adjusted in accordance with the following relevant provisions in consultation with the auditor of the Company:- a. If and whenever a Share by reason of any consolidation or subdivision or conversion of Shares, the Exercise Price shall be adjusted **in the following manner:** **New Exercise Price =** $\left(\frac{A \times S}{B}\right)$ **Adjusted no. of Options:** $\left(\frac{B}{A} \times T\right)$ **Where:** **A = the aggregate number of issued Shares immediately before such consolidation or subdivision or conversion** **B = the aggregate number of issued Shares immediately after such consolidation or subdivision or conversion** **S = existing Exercise Price** **T = existing number of SIS Options held** **Each** such adjustment will be effective from the close of business of the Market Day following the date on which the consolidation or subdivision or conversion becomes effective (being the date on which the Shares are traded on Bursa Securities) or such other date as may be prescribed by Bursa Securities.

PROPOSED AMENDMENTS TO THE BY-LAWS GOVERNING THE SHARE ISSUANCE SCHEME		
Reference No.	**Existing By-Laws**	**Amended By-Laws**
15.3(d)	If and whenever the Company makes any allotment to its shareholders as provided in By-Law 15.3(b) above and also makes any offer or invitation to its shareholders as provided in By-Law 15.3(c)(2) or (3) above and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the Exercise Price shall be adjusted by multiplying it by the following fraction:- $\frac{(G \times C) + (H \times I)}{(G + H + B) \times C}$ and where the Company makes any allotment to its shareholders as provided in By-Law 15.3(b) above and also makes any offer or invitation to its shareholders as provided in By-Law 15.3(c)(2) above and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the number of additional SIS Option to be issued shall be calculated as follows:- Number of additional Options $= \left(T \times \frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right) - T$ Where: G = the aggregate number of issued <u>and fully paid-up</u> Shares on the entitlement date; C = C as in By-Law 15.3(c) above; H = the aggregate number of new Shares under an offer or invitation to acquire or subscribe for Shares by way of rights or under an offer or invitation by way of rights to acquire or subscribe for securities convertible into Shares or rights to acquire or subscribe for Shares as the case may be; H*= the aggregate number of Shares under an offer or invitation to acquire or subscribe for Shares by way of rights;	If and whenever the Company makes any allotment to its shareholders as provided in By-Law 15.3(b) above and also makes any offer or invitation to its shareholders as provided in By-Law 15.3(c)(2) or (3) above and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the Exercise Price shall be adjusted by multiplying it by the following fraction:- $\frac{(G \times C) + (H \times I)}{(G + H + B) \times C}$ and where the Company makes any allotment to its shareholders as provided in By-Law 15.3(b) above and also makes any offer or invitation to its shareholders as provided in By-Law 15.3(c)(2) above and the Entitlement Date for the purpose of the allotment is also the Entitlement Date for the purpose of the offer or invitation, the number of additional SIS Option to be issued shall be calculated as follows:- Number of additional Options $= \left(T \times \frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right) - T$ Where: G = the aggregate number of issued Shares on the entitlement date; C = C as in By-Law 15.3(c) above; H = the aggregate number of new Shares under an offer or invitation to acquire or subscribe for Shares by way of rights or under an offer or invitation by way of rights to acquire or subscribe for securities convertible into Shares or rights to acquire or subscribe for Shares as the case may be; H*= the aggregate number of Shares under an offer or invitation to acquire or subscribe for Shares by way of rights;

PROPOSED AMENDMENTS TO THE BY-LAWS GOVERNING THE SHARE ISSUANCE SCHEME		
Reference No.	**Existing By-Laws**	**Amended By-Laws**
15.3(d) (cont'd)	I = the subscription price of one (1) additional Share under the offer or invitation to acquire or subscribe for Shares or the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional Share, as the case may be; I*= the subscription price of one (1) additional Share under the offer or invitation to acquire or subscribe for Shares; B = B as in By-Law 15.3(b) above; and T = T as in By-Law 15.3(a) above. Such adjustment will be effective (if appropriate retroactively) from the commencement of the Market Day immediately following the Entitlement Date for such issue.	I = the subscription price of one (1) additional Share under the offer or invitation to acquire or subscribe for Shares or the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional Share, as the case may be; I*= the subscription price of one (1) additional Share under the offer or invitation to acquire or subscribe for Shares; B = B as in By-Law 15.3(b) above; and T = T as in By-Law 15.3(a) above. Such adjustment will be effective (if appropriate retroactively) from the commencement of the Market Day immediately following the Entitlement Date for such issue.
15.3(g)	For the purpose of By-Law 15.3 (c), (d), (e) and (f), the current market price in relation to one existing Share for any relevant day shall be an average of the last traded prices for the five consecutive Market Days before such date or during such other period as may be determined in accordance with any guidelines issued, from time to time, by the relevant authorities. Such adjustments must be confirmed in writing by the auditors of the Company for the time being (acting as experts and not as arbitrators), upon reference to them by the Option Committee, to be in their opinion, fair and reasonable, PROVIDED ALWAYS THAT: a. <u>no adjustment to the Exercise Price shall be made which would result in the new Shares to be issued on the exercise of thesis Option being issued at a discount to par value, and if such an adjustment would but for this provision have so resulted, the Exercise Price payable shall be the par value of the new Share;</u>	For the purpose of By-Law 15.3 (c), (d), (e) and (f), the current market price in relation to one existing Share for any relevant day shall be an average of the last traded prices for the five consecutive Market Days before such date or during such other period as may be determined in accordance with any guidelines issued, from time to time, by the relevant authorities. Such adjustments must be confirmed in writing by the auditors of the Company for the time being (acting as experts and not as arbitrators), upon reference to them by the Option Committee, to be in their opinion, fair and reasonable, PROVIDED ALWAYS THAT: a. upon any adjustment being made pursuant to this By-Law, the Option Committee shall, within thirty (30) days of the effective date of the alteration in the capital structure of the Company, notify the Grantee (or his legal or personal representatives where applicable) in writing informing him of the adjusted Exercise Price thereafter in effect and/or the revised number of SIS Option to be issued; and

PROPOSED AMENDMENTS TO THE BY-LAWS GOVERNING THE SHARE ISSUANCE SCHEME		
Reference No.	**Existing By-Laws**	**Amended By-Laws**
15.3(g) (cont'd)	b. upon any adjustment being made pursuant to this By-Law, the Option Committee shall, within thirty (30) days of the effective date of the alteration in the capital structure of the Company, notify the Grantee (or his legal or personal representatives where applicable) in writing informing him of the adjusted Exercise Price thereafter in effect and/or the revised number of SIS Option to be issued; and c. any adjustments made must be in compliance with the provisions for adjustment as provided in these By-Laws . Notwithstanding the foregoing, any adjustments to the Exercise Price and /or the number of SIS Option to be issued so far as unexercised arising from bonus issues, need not be confirmed in writing by the auditors of the Company.	**b.** any adjustments made must be in compliance with the provisions for adjustment as provided in these By-Laws . Notwithstanding the foregoing, any adjustments to the Exercise Price and /or the number of SIS Option to be issued so far as unexercised arising from bonus issues, need not be confirmed in writing by the auditors of the Company.
15.7	An adjustment pursuant to By-Law 15.1 shall be made according to the following terms:- a. In the case of a rights issue, bonus issue or other capitalisation issue, on the Market Day immediately following the Entitlement Date in respect of such issue; or b. In the case of a consolidation or subdivision of Shares or reduction of capital, on the Market Day immediately following the date on which the consolidation or subdivision or conversion becomes effective (being the date when the Shares are traded on Bursa Securities at the new par value), or such other period as may be prescribed by Bursa Securities.	An adjustment pursuant to By-Law 15.1 shall be made according to the following terms:- a. In the case of a rights issue, bonus issue or other capitalisation issue, on the Market Day immediately following the Entitlement Date in respect of such issue; or b. In the case of a consolidation or subdivision of Shares or reduction of capital, on the Market Day immediately following the date on which the consolidation or subdivision or conversion becomes effective (being the date when the Shares are traded on Bursa Securities), or such other period as may be prescribed by Bursa Securities.

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

Proxy Form

No. of ordinary shares held	CDS account no. of holder

I/We ________________________________ IC No./Passport No./Company No. ______________
(name of shareholder as per NRIC/Passport, in capital letters)
________________________________ of ________________________________
________________________________(full address)
being a member(s) of **MINETECH RESOURCES BERHAD** (575543-X) hereby appoint * **THE CHAIRMAN OF THE MEETING** or failing him/her

Name	Address	NRIC/ Passport No.	Proportion of Shareholdings (%)
1.			
*And/or (delete as appropriate)			
2.			

as my/our proxy(ies) to vote for me/us on my/our behalf at the Fifteenth Annual General Meeting of the Company to be held at Tioman Room, Bukit Jalil Golf & Country Resort, Berjaya Golf Resort Berhad, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur, Wilayah Persekutuan on Thursday, 24 August 2017 at 9.00 a.m. or at any adjournment thereof.

* *if you wish to appoint other person(s) to be your proxy/proxies, kindly delete the words "the Chairman of the Meeting or failing him/her" and insert the name(s) of the person(s) desired.*

My/our proxy/proxies is/are to vote as indicated below.

Resolutions		For	Against
1. To approve the payment of Directors' Fees and benefits payable to the Directors for the financial year ended 31 March 2017.	Ordinary Resolution 1		
2. To approve the payment of Directors' Fees and benefits payable to the Directors up to an aggregate amount of RM750,000.00 for the financial year ending 31 March 2018.	Ordinary Resolution 2		
3. To re-elect Mr Chin Kong Yaw who is retiring pursuant to Article 125 of the Company's Articles of Association.	Ordinary Resolution 3		
4. To re-elect Encik Ahmad Rahizal Bin Dato' Ahmad Rasidi who is retiring pursuant to Article 130 of the Company's Articles of Association.	Ordinary Resolution 4		
5. To re-elect Dato' Sri Chai Chow Sang who is retiring pursuant to Article 130 of the Company's Articles of Association.	Ordinary Resolution 5		
6. To re-appoint Messrs UHY as Auditors of the Company and to authorise the Directors to fix their remuneration.	Ordinary Resolution 6		
7. Authority under Section 76 of the Companies Act 2016 for the Directors to allot and issue shares	Ordinary Resolution 7		
8. Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares	Ordinary Resolution 8		
9. Proposed Amendments to the By-Laws Governing the Share Issuance Scheme	Ordinary Resolution 9		
10. Proposed Granting of SIS Options to Dato' Sri Chai Chow Sang	Ordinary Resolution 10		
11. Proposed Granting of SIS Options to Chan Toong San	Ordinary Resolution 11		
12. Proposed Granting of SIS Options to Chong Jun Heng	Ordinary Resolution 12		
13. Proposed Granting of SIS Options to Ahmad Rahizal Bin Dato' Ahmad Rasidi	Ordinary Resolution 13		
14. Proposed Amendments to Article 107 of the Articles of Association of the Company	Special Resolution		

(Please indicate with an "X" in the appropriate box against the resolutions on how you wish your proxy to vote. The proxy is to vote on the resolutions set out in the Notice of Meeting as you have indicated. If no specific instruction as to voting is given, this form will be taken to authorise the proxy to vote at his/her discretion.)

____
Signature/Common Seal of Shareholder

Number of shares held: ________________

Date: ________________________

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	No. of shares	Percentage
Proxy 1		%
Proxy 2		%
Total		100%

Fold this for sealing

Notes:

1. *A member entitled to attend and vote at the meeting is entitled to appoint a proxy/proxies to attend and vote for him but his attendance shall automatically revoke the proxy's authority. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.*
2. *A member may appoint up to two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
3. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
4. *The instrument appointing a proxy shall be in writing, executed by or on behalf of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.*
5. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Registered Office of the Company at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting, otherwise the instrument of proxy shall not be treated as valid.*
6. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 17 August 2017 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.*

Personal Data Privacy:
By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 31 July 2017.

Then fold here

STAMP

MINETECH RESOURCES BERHAD (575543-X)

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

1st fold here

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(Company No:575543-X)

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Jalan Klang Lama, 58100 Kuala Lumpur, Malaysia.
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