

Minetech Resources Berhad

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

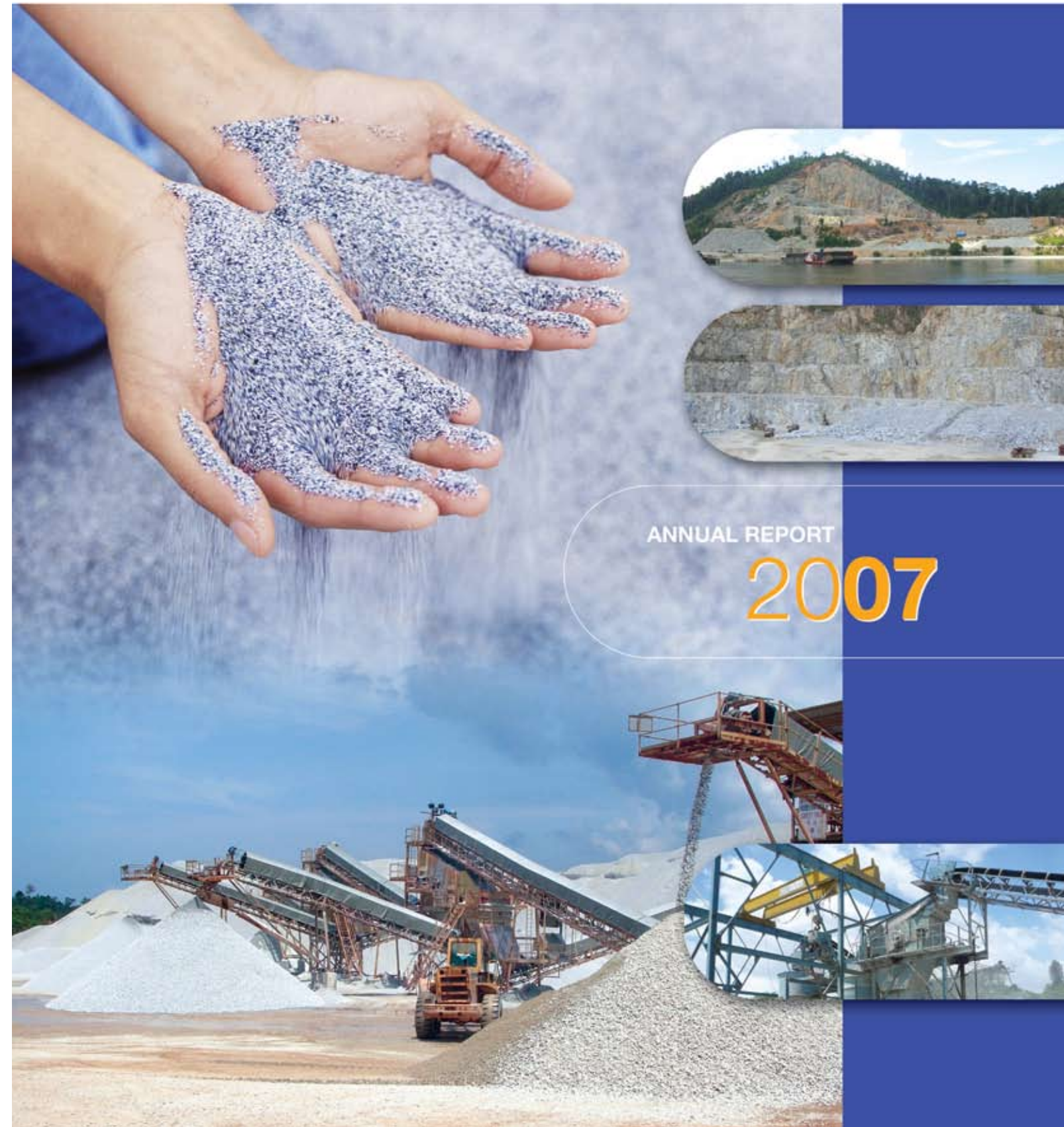
MINETECH RESOURCES BERHAD 575543-X

www.minetech.com.my

ANNUAL REPORT 2007

MINETECH RESOURCES BERHAD (Company No.: 575543-X)

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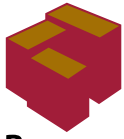
Annual Report 2007

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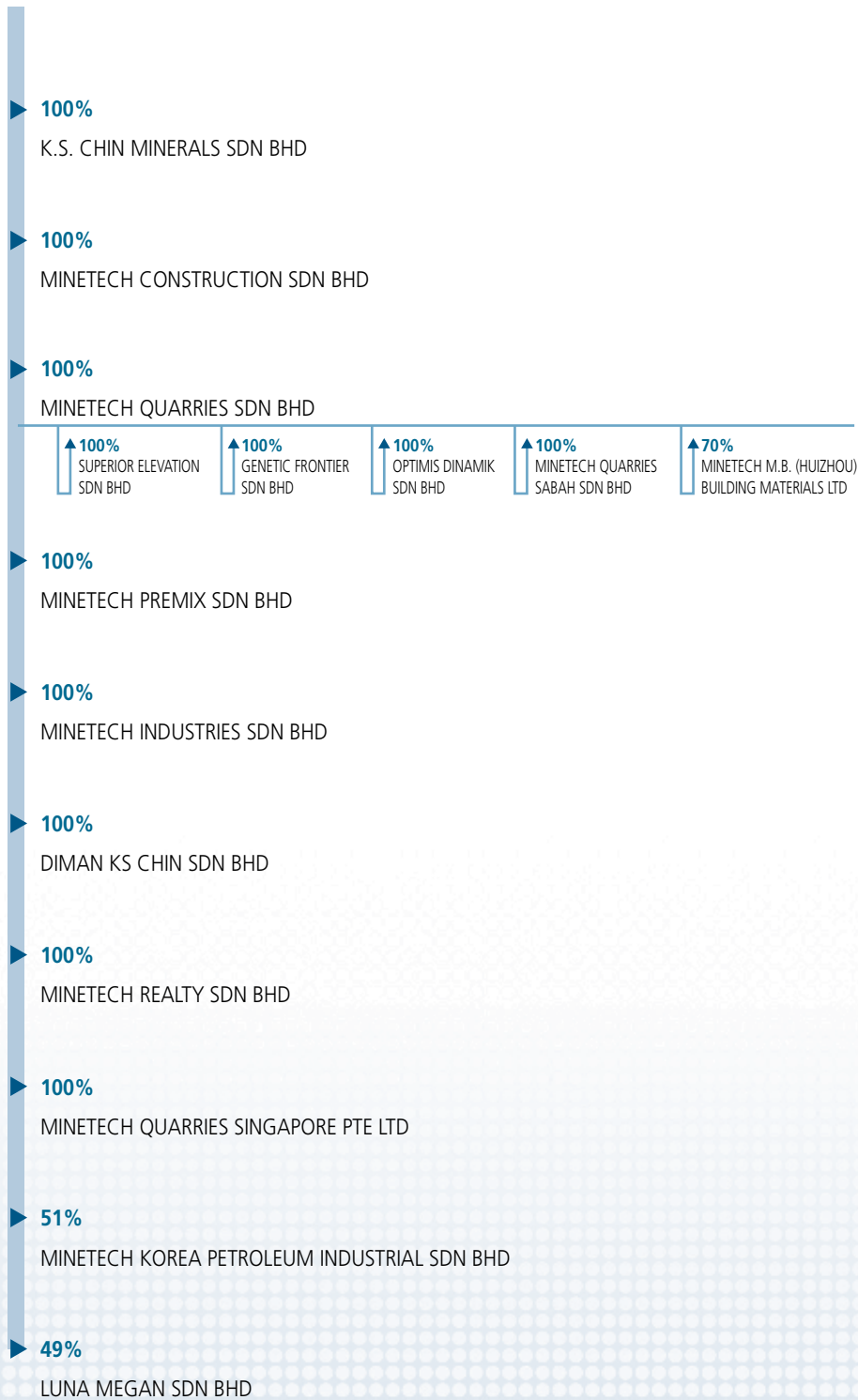
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Corporate Structure



Minetech Resources Berhad



Corporate Information

MINETECH RESOURCES BERHAD

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BOARD OF DIRECTORS

Choy Sen @ Chin Kim Sang
Executive Chairman

Loh Yee Kwan
Group Managing Director

Low Choon Lan
Executive Director

Datin Norhaliza Binti Abdullah
Non-Independent Non-Executive Director

Phoon Sow Cheng
Independent Non-Executive Director

Chai Woon Chew
Independent Non-Executive Director

Datuk Lye Ek Seang
Non-Independent Non-Executive Director

Chin Sheong Choy
(Alternate Director to Loh Yee Kwan)

Chin Leong Choy
(Alternate Director to Low Choon Lan)

Lee Kah Keng @ Lee Kah Heng
(Alternate Director to Datin Norhaliza Binti Abdullah)

AUDIT COMMITTEE

Phoon Sow Cheng - Chairman
Chai Woon Chew
Choy Sen @ Chin Kim Sang

NOMINATION COMMITTEE

Chai Woon Chew - Chairman
Phoon Sow Cheng
Datin Norhaliza Binti Abdullah

REMUNERATION COMMITTEE

Chai Woon Chew - Chairman
Phoon Sow Cheng
Choy Sen @ Chin Kim Sang

COMPANY SECRETARIES

Mah Li Chen (MAICSA 7022751)
Lee Wai Kim (MAICSA 7036446)

REGISTERED OFFICE

C15-1 Level 15 Tower C
Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur
Wilayah Persekutuan
Tel : 03-2166 2000
Fax : 03-2166 3000

SHARE REGISTRAR

PFA Registration Services Sdn Bhd
(Company No. 19234-W)
Level 13, Uptown 1
No. 1 Jalan SS21/58
Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7718 6000
Fax : 03-7722 2311

PRINCIPAL BANKERS

Malayan Banking Berhad
(Company No. 3813-K)

United Overseas Bank (Malaysia) Berhad
(Company No. 271809-K)

HSBC Bank Malaysia Berhad
(Company No. 127776-V)

Public Bank Berhad
(Company No. 6463-H)

AmBank (Malaysia) Berhad
(Company No. 8515-D)

AUDITORS

Messrs BDO Binder
Chartered Accountants
12th Floor Menara Uni.Asia
1008 Jalan Sultan Ismail
50250 Kuala Lumpur
Wilayah Persekutuan
Tel : 03-2616 2888
Fax : 03-2616 3190

STOCK EXCHANGE LISTING

Second Board of
Bursa Malaysia Securities Berhad
Stock Short Name : MINETEC
Stock Code : 7219

Directors' Profile



CHOY SEN @ CHIN KIM SANG
Executive Chairman,
Aged 55

Choy Sen @ Chin Kim Sang was appointed as the Executive Chairman of the Company on 28 January 2005. He is also a member of the Audit Committee and the Remuneration Committee of the Company.

He has been the Managing Director of K.S. Chin Minerals Sdn Bhd, a subsidiary of the Company since 1984. He is also the founder of the Minetech Resources Berhad ("MRB") Group. He has accumulated almost 33 years of experience in the provision of quarrying services and specialised services for the quarrying and civil engineering industries. 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.

His career started in 1973 as a Clerk at Poh An, a sole proprietorship engaged in trading. He left and joined Ong Ah Kow Drilling & Blasting Contractor, a sole proprietorship, as a Site Clerk in 1975. In 1977, he left and established Chin Construction, a sole proprietorship focusing on drilling and blasting works. In 1984, he subsequently 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 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. He is responsible for strategic planning of the business including the overall direction and vision of the 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.

Apart from Minetech Resources Berhad, he is not a director of any other public company. He is a director in several private limited companies.

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

Loh Yee Kwan was appointed as the Group Deputy Managing Director on 28 January 2005. On 1 January 2008, he was redesignated to Group Managing Director.

He graduated from Universiti Teknologi Malaysia with an Honours Degree in Bachelor of Engineering (Civil) in 1987. In 1991, he obtained his Masters of Business Administration (MBA) from the University of Strathclyde, United Kingdom. He is a Graduate Member of the Institute of Engineers of Malaysia and a Member of the Institute of Quarrying Malaysia.

He began his career in 1988 as an Engineer with Rukumus Sdn Bhd, where he was responsible for site planning and supervision.

In 1988, he left and joined LP Consultants Sdn Bhd as an Engineer before leaving in 1989 to take up the position as a Civil Engineer with Engineering & Environmental Consultants Sdn Bhd. In 1992, he joined Job Builders Sdn Bhd, part of the Properties Division of the Lion Group, as Project Manager and was primarily responsible for the project management of various property development projects.

He was appointed as the General Manager at Minetech Construction Sdn Bhd in 1994 and was later appointed as the Deputy Managing Director at K.S. Chin Minerals Sdn Bhd in 2002. Currently, his main responsibilities include overseeing the operations and overall management of the various companies in the Group.

Apart from Minetech Resources Berhad, he is not a director of any other public company. He is a director in several private limited companies.

He has no material conflict of interest with the Group.

LOH YEE KWAN
Group Managing Director,
Aged 45





LOW CHOON LAN
Executive Director,
Aged 51

Low Choon Lan was appointed as the Executive Director of the Company on 28 January 2005. She received her Masters in Business Administration from the Southern Pacific University, United States in 2004. She was appointed as the Executive Director of K.S. Chin Minerals Sdn Bhd in 1984, Minetech Construction Sdn Bhd in 1989 and Minetech Quarries Sdn Bhd in 1996 where she oversaw the human resources, administration and purchasing divisions of the Group. Her present responsibilities include managing and overseeing the public relations activities of the Group.

Apart from MRB, she is not a director of any other public company. She is a director in several private limited companies.

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

Datin Norhaliza Binti Abdullah was appointed as a Non-Independent Non-Executive Director of the Company on 28 January 2005. She is also a member of the Nomination Committee of the Company.

She is a graduate of the City and East London University where she became a Fellow British Dispensing Optician in 1980. In 1999 she obtained a Masters in Business Administration from Charles Sturt University.

Datin Norhaliza began her working career as an assistant optician in 1977 in London and subsequently from 1980 to 1983 she was an optometrist in Kuala Lumpur. She formed her own optometry business with Optician Norhaliza Sdn Bhd in which she became the executive chairperson.

She has no material conflict of interest with the Group. She had ceased to be a substantial shareholder of the Company on 7 December 2007.

Apart from MRB, she is not a director of any other public company. She is a director in several private limited companies.

DATIN NORHALIZA BINTI ABDULLAH
Non-Independent Non-Executive Director,
Aged 52



Chai Woon Chew was appointed as an Independent Non-Executive Director of the Company on 28 January 2005. He is also the Chairman of the Nomination Committee and Remuneration Committee and a member of the Audit Committee of the Company.

He holds a Bachelor of Laws (Hons.) degree from the University of Buckingham, United Kingdom, Bachelor of Science (Hons.) degree from the University of Surrey, United Kingdom and is a Barrister at Law at Lincoln's Inn, United Kingdom.

In 1991, he was admitted to the High Court of Malaya as an Advocate and Solicitor. He is currently the chief executive

partner of Messrs. Michael Chai & Co, a legal firm in Kuala Lumpur. He sits on the board of various other private companies and is a director of KKB Engineering Berhad, a public listed company.

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



CHAI WOON CHEW
Independent Non-Executive Director,
Aged 50

Phoon Sow Cheng was appointed as an Independent Non-Executive Director of the Company on 28 January 2005. She is also the Chairperson of the Audit Committee and a member of the Nomination Committee and the Remuneration Committee.

She was an articled student pursuing accountancy training under an international firm of public accountants in Penang and subsequently in Kuala Lumpur.

She is a Member of the Malaysian Institute of Certified Public Accountants, the Malaysian Institute of Accountants, an Associate Member of the Financial Planning Association of Malaysia and a Fellow Member of the Malaysian Institute of Taxation.

She has no material conflict of interest with the Group.

Apart from MRB, she is not a director of any other public company. She is a director in several private limited companies.

PHOON SOW CHENG

Independent Non-Executive Director,
Aged 54



DATUK LYE EK SEANG

Non-Independent Non-Executive Director,
Aged 44

Datuk Lye Ek Seang was appointed as a Non-Independent Non-Executive Director of the Company on 27 March 2008.

He holds a Bachelor of Science (Hons.) degree in Mathematics from the University of Malaya. While in university, he was the founder and instructor of Persatuan Taekwando (WTF) University of Malaya. He joined Reserved Offices Training Unit (ROTU) & Commissioned as Second Lieutenant by DYMM Yang Dipertuan Agong in 1989.

He is an Independent Director of Magna Prima Berhad and a member of Audit Committee & Nomination Committee.

His private companies involved in manufacturing, television program production and distribution, biotechnology and property development.

In year 2007, Datuk Lye partnered with China Central Television (CCTV), China to produce world class TV programs, "Tale of Twin Cities", "Sea Providence" and "Melaka Documentary".

Datuk Lye is a substantial shareholder of MRB. He has no material conflict of interest with the Group.

Chin Sheong Choy was appointed as the Alternate Director to Mr Loh Yee Kwan on 19 December 2007.

He is the Business Development Manager in charge of China operations of Minetech M.B. (Huizhou) Building Materials Ltd. He is overall responsible for all current and new business development under Minetech M.B. (Huizhou) Buildings Materials Ltd. He holds a Bachelor of Engineering in Civil Engineering from University of Nottingham Trent, United Kingdom.

Upon graduation, he began his career in February 2004 as a Project Engineer in Minetech Construction Sdn Bhd (a subsidiary of MRB). He was transferred to K.S. Chin Minerals Sdn Bhd in September 2004 as a Quarry Engineer. In May 2005, he was transferred to the head office as Senior Executive and seconded to Purchasing department to assist in purchasing function. Subsequently, he was promoted as Assistant Manager, Purchasing, responsible for the daily operation of the purchasing department. In March 2006, he was transferred to Corporate Office as the Assistant Manager to assist Group Deputy Managing Director, particularly in exploring China quarry projects.

He was promoted as Business Development Manager in January 2007. Currently he is based in China and his responsibilities include the overall business development for quarrying activities and projects in China.

He has no material conflict of interest with the Group.

CHIN SHEONG CHOY

Alternate Director to Loh Yee Kwan,
Aged 29





CHIN LEONG CHOY
Alternate Director to Low Choon Lan,
Aged 25

Chin Leong Choy was appointed as the Alternate Director to Madam Low Choon Lan on 19 December 2007.

He was appointed as the Personal Assistant to Executive Chairman of MRB in January 2007. Apart from assisting the Executive Chairman on his daily schedule, he was assigned to assist in the setting up of the production plant and new business development under Minetech Korea Petroleum Industrial Sdn Bhd. He was appointed as the Director of Minetech Korea Petroleum Industrial Sdn Bhd on 16 January 2008.

Upon completing his Japanese language course from Shukutoku Japanese Language School, Tokyo, Japan, he began his career in April 2003 as a technical clerk in Minetech Construction Sdn Bhd (a subsidiary of MRB). Subsequently, he was promoted as a project supervisor for the project of control blasting and infrastructure at Emkay Damansara and other projects. In 2005, he was transferred to Minetech Quarries Sdn Bhd as Sales Executive. In 2006, he was transferred to K.S. Chin Minerals Sdn Bhd as Planning & Development Executive, assisting in new quarry setup and quarry operation.

He has no material conflict of interest with the Group.

Lee Kah Keng @ Lee Kah Heng was appointed as the Group Managing Director on 28 January 2005. On 1 January 2008, he resigned as Group Managing Director and remained as Non-Executive Director. Further on 27 March 2008, he resigned as the Non-Executive Director of the Company and at the same time, he was appointed as the Alternate Director to Datin Norhaliza Binti Abdullah.

A graduate in mechanical engineering, he also holds a Masters of Business Administration from the University of Hull, United Kingdom.

He has extensive experience in the field of workshop management, solid waste management, ready mixed concrete and lime products, quarrying and general management.

He was the chief operating officer / director of Hwa Tai Industries Berhad ("Hwa Tai"), a company listed on the Second Board of Bursa Securities from 1998 to 2004. However, he had since resigned as director of Hwa Tai on 1 August 2005.

Prior to his appointment as the chief operating officer of Hwa Tai, he was the managing director of Lime & Lime Products Sdn Bhd, a 100% owned subsidiary of Megafirst Corporation Berhad, a company listed on the Main Board of Bursa Securities and also the Executive Director of Rock Chemicals Industries Bhd, a company listed on the Second Board of Bursa Securities from 1995 to 1997.

He was also with IJM Corporation Bhd from 1989 – 1995 taking charge of its quarrying / premix as well as its ready mixed concrete business under the industries division.

He has no material conflict of interest with the Group. Currently, he does not hold any other directorships in other public companies.

LEE KAH KENG @ LEE KAH HENG
Alternate Director
to Datin Norhaliza Binti Abdullah,
Aged 58



Notes:

1. All the Directors of Minetech Resources Berhad ("MRB") are Malaysian.
2. Save as otherwise disclosed, none of the Directors of MRB have any convictions for offences within the past ten (10) years other than traffic offences, if any.
3. None of the Directors of MRB have any family relationships with any other directors and/or substantial shareholders except as follows:
 - i) Madam Low Choon Lan is the spouse of Mr Choy Sen @ Chin Kim Sang, the Executive Chairman and substantial shareholder of MRB;
 - ii) Mr Loh Yee Kwan is the brother-in-law of Mr Choy Sen @ Chin Kim Sang and Madam Low Choon Lan, the Executive Chairman and Executive Director of MRB, respectively, and the substantial shareholders of MRB;
 - iii) Mr Chin Sheong Choy and Mr Chin Leong Choy are the sons of Mr Choy Sen @ Chin Kim Sang and Madam Low Choon Lan, the Executive Chairman and Executive Director of MRB, respectively, and the substantial shareholders of MRB.
 - iv) Datuk Lye Ek Seang is the spouse of Datin Viannie Damit @ Undikai who is a substantial shareholder of MRB.
4. The details of Directors' attendance of Board Meetings during the financial year ended 31 December 2007 are disclosed in page 14 of this Annual Report.

Chairman's Statement

DEAR SHAREHOLDERS,

On behalf of the Board of Directors of Minetech Resources Berhad ("Minetech"), I am pleased to present the Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2007.



OVERVIEW OF BUSINESS ENVIRONMENT

The overall economy outlook underwent solid growth in the year 2007 in particular for the construction and infrastructure industries in the Asia Pacific region. The Malaysian economy remained robust and continued to grow during the year, underpinned by the aggressive commercial and infrastructure development under the Ninth Malaysian Plan, as well as the buoyant property market. The successful rollouts of various economic zones last year, such as Iskandar Development Region, Northern and Eastern Corridor Economic Region, augured well for the demand for building materials, such as aggregates, premix, steel and cement products.

Raw material costs remained challenging during the year. We undertook several measures to defend our overall profit margin over the pricing adjustment through the inclusion of cost pass-through clauses in our third-party quarry operations. We also put in much effort to improve the overall productivity and operational efficiency. Meanwhile, we have intensified our sales and marketing initiatives for the quarry and premix products segment as we continued our network expansion programme to make further inroads into the domestic as well as export markets.

FINANCIAL PERFORMANCE

For the financial year ended 31 December 2007, we registered an impressive 29% growth in revenue to RM153.04 million from RM118.57 million in previous year. This achievement was buoyed by stronger sales in quarry and premix operations for the supply to construction and infrastructure developments.

However, the Group reported a net loss of RM5.98 million, compared to net profit of RM2.46 million last year. The losses were mainly the result of a one-off provision on two civil works projects due to dispute in the variation orders and the omission of certain scope of works. The hike in diesel cost has also affected profit margin for certain fixed-priced quarry operations, of which most of these contracts have been progressively renewed with diesel cost pass through element to stabilise the margin in year 2008 onwards.

In view of the gradual rolling out of local projects under Ninth Malaysian Plan, as well as the new launching of property and Casino projects in Singapore, we expect demand for aggregates and premix to surge strongly this year and next. We also anticipate the price of aggregates and premix products to rise steadily going forward.

REVIEW OF CORE OPERATIONS

Quarry Operations

The local aggregates sector has recovered steadily since 2005. The Group has benefited substantially from the strong demand in the aggregates sector during financial year 2007, whilst it reported a 28% increase in revenue to RM92.23 million as compared to RM72.31 million previously. However, profit before tax has trimmed to RM0.39 million from RM3.17 million recorded in financial year 2006. This was largely caused by the hike in fuel cost. Profit margin on fixed-priced quarry production contracts has been affected since the company was not able to pass on the increase in fuel cost to customers. Nevertheless, most of the fixed-priced contracts have already been renewed with higher contract price in the beginning of 2008. Apart from that, the Group has also incorporated diesel-price-variation clause in the contracts in view of the uptrend in diesel price, which constitutes 20% to 25% of total operating costs.

The Group currently operates fourteen (14) quarries, including one in Karimun, Riau Island, Indonesia with a combined capacity of 14 million tonnes of aggregates per year. For the past two years, the Group has been actively sourcing for quarries with sales and marketing rights thus allowing the Group to benefit from the upside of both pricing and volume. In February 2008, the Group has commissioned a new self-controlled quarry operation in Pantai Remis, Perak. This is a seafront quarry which enjoys significant logistics cost savings for the supply of aggregates to Singapore. By June 2008, another new quarry will start operating at Kuantan, Pahang to supply to projects in the East Coast of Peninsula Malaysia.

On 20 June 2007, Minetech M.B. (Huizhou) Building Materials Ltd, a 70%-owned subsidiary, signed an agreement with China-based Huizhou City Xin Rong Gravel & Aggregates Engineering Ltd. Co. for an exclusive right to operate and market the quarry products at Heng Li Quarry in Guangdong Province, China for a period of twenty (20) years. The quarry operation is expected to commence operations by end of this year once the quarry permit is approved and revenue contribution will be seen starting in year 2009.

Premix Products

Revenue from premix operation has increased tremendously from RM9.51 million to RM31.59 million for the financial year ended 31 December 2007. This was largely attributable to the strong demand for local road pavement works as well as higher selling prices.

In August 2008, the Group took over the premix operation in Diman Quarry, Terengganu. In September 2007, the Group commissioned second premix plant in Sungai Perangin Quarry, Perak to cater for the demand of the premix products. These had increased the total premix production capacity by 150% to 1 million tonne of premix products per annum. By the end of 2008, another two (2) new premix plants will be installed in the existing quarry sites to further boost its capacity to 1.7 million tonne per annum to cater for rising pavement works in the region.

Civil Engineering Works

The civil engineering division had recorded higher revenue of RM43.10 million compared to RM35.98 million for financial year 2006. Nonetheless, during the year the Group has made some one-off provisions on the road works due to disputes in variation orders which resulted a loss before tax of RM7.14 million for this business division, vis-à-vis a profit before tax of RM0.80 million in the previous year.

This division is currently working on RM54 million earthworks and road upgrading contracts. Over 50% of the work has been completed with the remaining work to be wrapped up by end of year 2008. Going forward, the Group will take a more prudent stance to only focus on projects with good margin and with cost pass-through clause to avoid any potential losses due to unanticipated cost overrun.

Bituminous Products

The Group has also ventured downstream to produce value-added bituminous products partnering Korea Petroleum Industrial Co. Ltd. A new manufacturing plant has been commissioned in February 2008 at Ulu Yam, Selangor with a capacity of 25,000 tonne per annum. This plant produces and supplies bituminous coating products for pipes used in water-related and oil & gas industries. The plant has begun commercial production and we expect maiden revenue contribution in the current financial year from the domestic and overseas sales.

Corporate Developments

In late 2007, the Group issued 5,494,300 new ordinary shares of RM1.00 each, representing 10% of its enlarged share capital via a private placement exercise. The new shares were successfully granted listing and quotation on Bursa Securities on 27 December 2007. The new shares were placed out at RM1.17 per share (before share split), representing a discount of 9.3% from the five-day weighted average market price of Minetech up to 5 December 2007. The proceeds raised from the placement exercise, amounting to RM6.43 million, were utilised as working capital to part finance the Group's expansion in quarry and premix production.

On 22 January 2008, the Company has also completed the share split of every one (1) existing share of RM1.00 into five (5) ordinary shares of RM0.20 each. This exercise has helped to improve the stock liquidity, thus enable a wider spread of investors' participation in Minetech.

FUTURE PROSPECTS & OUTLOOK

The growth of the construction and infrastructure sectors is likely to prevail in the next few years due to the promising implementation of various mega projects under Ninth Malaysian Plan and Economic Zones.

In the coming years, we target to increase our self-controlled quarries with sales and marketing rights in the Northern, Central and Southern Regions. These quarries will support the construction activities in the various Economic Zones, in particular the Iskandar Development Region which the Group does not have a presence yet.





Meanwhile, we are also planning to set up another two premix plants in Peninsula Malaysia to accommodate the rising demand as we foresee more highways and expressways will be built to develop the traffic network in the country. We have allocated a capital expenditure of approximately RM20 million for our capacity expansion projects in year 2008.

The venture into bituminous plant is expected to deliver good return to the Group in the longer term, riding on the regional boom in oil & gas industry, as well as the implementation of national water projects.

We are positioning ourselves as a leading regional integrated provider of quarry services and facilities in both the upstream and downstream segments. We believe we are well prepared to take advantage of the anticipated surge in demand for aggregates and premix products in the medium to longer term.

CORPORATE GOVERNANCE

The application of and compliance with the principles and best practices as set out in the Malaysian Code on Corporate Governance has been disclosed in this Annual Report, which includes a "Statement on Internal Control" as required under Bursa Securities' Listing Requirements.

The Board is fully committed to continuously improve the standard of corporate governance practice throughout the Group.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to express my gratitude to all our loyal shareholders for their continued support; to our valued customers, suppliers, bankers and the relevant authorities for their confidence and trust in the Group.

I like to also express my appreciation and thanks to all my fellow directors, the management team and all staff for their efforts and commitment in contributing to the growth and success of the Group.

Taking this opportunity, I would also like to record the Board and my heartfelt gratitude in recognising the excellent services of Mr Lee Kah Keng who stepped down as Group Managing Director in January 2008. On the same note, the Board would also like to congratulate Mr Loh Yee Kwan, the Group Deputy Managing Director who has since assumed his present role as Group Managing Director. I am sure he will excel in his new capacity, inheriting the remarkable work and strong foundation laid out by his predecessor.

Thank you.

Chin Kim Sang
EXECUTIVE CHAIRMAN

Audit Committee Report

MEMBERS OF THE AUDIT COMMITTEE

Name	Attendance
Madam Phoon Sow Cheng (Chairman) <i>Independent Non-Executive Director</i>	5/5
Mr Chai Woon Chew <i>Independent Non-Executive Director</i>	5/5
Mr Choy Sen @ Chin Kim Sang <i>Executive Chairman</i>	5/5

Details of the members of the Audit Committee ("AC") are contained in the "Directors' Profile" as set out on pages 4 to 7 of this Annual Report.

TERMS OF REFERENCE

The AC is governed by the following terms of reference which was adopted on 28 February 2008:

1. Composition

The AC shall be appointed from amongst the Board and shall comprise no fewer than three (3) members. All the AC Members must be non-executive directors, with a majority of whom shall be independent directors and at least one (1) member must be a member of the Malaysian Institute of Accountants or possess such other qualifications and / or experience as approved by the Bursa Malaysia Securities Berhad ("Bursa Securities").

The AC will comply with its terms of reference in respect of its composition by 31 January 2009.

In the event of any vacancy with the result that the number of members is reduced to below three (3), the vacancy shall be filled within two (2) months but in any case not later than three (3) months. Therefore, a member of the AC who wishes to retire or resign should provide sufficient written notice to the Company so that a replacement may be appointed before he leaves.

2. Chairman

The Chairman, who shall be elected by the AC, shall be an independent director.

3. Secretary

The Company Secretary shall be the Secretary of the AC and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it prior to each meeting.

The Secretary shall also be responsible for keeping the minutes of meetings of the AC and circulating them to the AC Members. The AC Members may inspect the minutes of the AC Meetings at the Registered Office or such other place as may be determined by the AC.

4. Meetings

The AC shall meet at least four (4) times in each financial year. The quorum for a meeting shall be two (2) members, provided that the majority of members present at the meeting shall be independent.

The AC may call for a meeting as and when required with reasonable notice as the AC Members deem fit. The AC Members may participate in a meeting by means of conference telephone, conference videophone or any similar or other communications equipment by means of which all persons participating in the meeting can hear each other. Such participation in a meeting shall constitute presence in person at such meeting.

A resolution in writing signed by all the AC Members for the time being entitled to receive notice of and to attend at AC meetings shall be as valid and effective as if the same has been passed at a AC meeting duly called and constituted. Any such resolution may consist of several documents in like form each signed by one or more AC Members. Any such document, may be accepted as sufficiently signed by a AC Member if transmitted to the Company by telex, telegram, cable, facsimile or other electrical or digital written message purporting to include a signature of a AC Member.

All decisions at such meeting shall be decided on a show of hands on a majority of votes.

The internal auditors and external auditors may appear at any meeting at the invitation of the AC and shall appear before the AC when required to do so by the AC. The internal auditors and external auditors may also request a meeting if they consider it necessary.

TERMS OF REFERENCE (continued)

5. Rights

The AC shall:

- (a) have authority to investigate any matter within its terms of reference;
- (b) have the resources which are required to perform its duties;
- (c) have full and unrestricted access to any information pertaining to the Group;
- (d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
- (e) have the right to obtain independent professional or other advice at the Company's expense;
- (f) have the right to convene meetings with the internal auditors and external auditors, excluding the attendance of the other directors or employees of the Group, whenever deemed necessary;
- (g) promptly report to the Bursa Securities, or such other name(s) as may be adopted by Bursa Securities, matters which have not been satisfactorily resolved by the Board of Directors resulting in a breach of the listing requirements;
- (h) have the right to pass resolutions by a simple majority vote from the Committee and that the Chairman shall have the casting vote should a tie arise;
- (i) meet as and when required on a reasonable notice; and
- (j) the Chairman shall call for a meeting upon the request of the External Auditors.

6. Duties

- (a) To review with the external auditors on:
 - the audit plan, its scope and nature;
 - the audit report;
 - the results of their evaluation of the accounting policies and system of internal accounting controls within the Group; and
 - the assistance given by the officers of the Company to external auditors, including any difficulties or disputes with Management encountered during the audit.
- (b) To review the adequacy of the scope, functions, competency, resources and set the standards of the internal audit function.
- (c) To provide assurance to the Board of Directors on the effectiveness of the system of internal control and risk management practices of the Group.
- (d) To review the internal audit programme, processes the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function.
- (e) To review with management:
 - audit reports and management letters issued by the external auditors and the implementation of audit recommendations;
 - interim financial information; and
 - the assistance given by the officers of the Company to external auditors.
- (f) To monitor related party transactions entered into by the Company or the Group and to determine if such transactions are undertaken on an arm's length basis and normal commercial terms and on terms not more favourable to the related parties than those generally available to the public, and to ensure that the Directors report such transactions annually to shareholders via the annual report, and to review conflicts of interest that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.

TERMS OF REFERENCE (continued)**6. Duties (continued)**

- (g) To review the quarterly reports on consolidated results and annual financial statements prior to submission to the Board of Directors, focusing particularly on:
- changes in or implementation of major accounting policy and practices;
 - significant and / or unusual matters arising from the audit;
 - the going concern assumption;
 - compliance with accounting standards and other legal requirements; and
 - major areas.
- (h) To consider the appointment and / or re-appointment of the internal and external auditors, the audit fee and any questions of resignation or dismissal including recommending the nomination of person or persons as auditors.

SUMMARY OF ACTIVITIES OF THE AC

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

- (a) Reviewed the unaudited quarterly financial results and the relevant announcements to the Bursa Securities prior to the consideration of the Board of Directors;
- (b) Reviewed and discussed with external auditors regarding the audit planning memorandum and issues arising from the statutory audit of the Group;
- (c) Reviewed the annual audited financial statements, external auditors' reports and their audit findings;
- (d) Reviewed the procedures for identification of related party transactions for compliance with the Listing Requirements of Bursa Securities and the related party transactions and conflict of interest situation that may arise within the Group;
- (e) Reviewed the Enterprise Risk Management report;
- (f) Reviewed and discussed with the internal auditors regarding the internal audit reports and issues arising from the internal audit; and
- (g) Considered the re-appointment of auditors & the audit fee.

INTERNAL AUDIT FUNCTION

Details on the internal audit function are set out in the Statement on Internal Controls on page 20 of this Annual Report.

Corporate Governance Statement

The Board of Directors ("Board") recognizes the importance of good corporate governance within the Group, as it is a fundamental part of discharging its responsibilities to protect and enhance shareholders value and the performance of the Group. The Board is committed to ensure the establishment and implementation of a proper framework and controls that are in line with the principles and best practices of the Malaysian Code on Corporate Governance.

BOARD OF DIRECTORS

A. The Board

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.

Where appropriate, formal structures and committees are put in place to assist the Board in carrying out its duties. All Board committees report to the Board.

B. Composition and Board Balance

Currently, the Board comprises seven (7) members, which complies with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and reflects the interests of the major shareholders, management and minority shareholders.

The Executive Chairman heads the Board with two (2) Executive Directors, two (2) Non-Independent Non-Executive Director and two (2) Independent Non-Executive Directors. The profile of each Board member is entailed on pages 4 to 7 of this Annual Report.

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 utilization of resources and standards of conduct.

Generally, the Executive Directors are responsible for carrying out the day to day operational functions as well as business development of the Group. The Non-Executive 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.

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.

C. 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 and the details of the attendance of the Board members are set out as follows:

Name of Director	Designation as at 31 December 2007	Total meetings attended
Choy Sen @ Chin Kim Sang	Executive Chairman	5/5
Lee Kah Keng @ Lee Kah Heng	Group Managing Director	4/5
Loh Yee Kwan	Group Deputy Managing Director	5/5
Low Choon Lan	Executive Director	4/5
Datin Norhaliza Bt. Abdullah	Non-Independent Non-Executive Director	5/5
Phoon Sow Cheng	Independent Non-Executive Director	5/5
Chai Woon Chew	Independent Non-Executive Director	5/5

D. 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 prior to the Board meetings and sufficient notice is given to the Directors to review the papers and agenda for the meeting. Generally, the Board papers circulated include minutes of the previous meeting, quarterly and/or annual financial statements, corporate development, minutes of Board Committees, acquisition and disposal proposals, updates from Bursa Securities, list of directors' resolutions passed and summary on the directors' dealings in securities during the relevant financial period, if any.

BOARD OF DIRECTORS (continued)**D. Supply of Information (continued)**

All Directors have direct access to the advice and services of the Company Secretary. Where considered necessary, the Board may also engage the service of professionals on specialized issues in the furtherance of its duties.

E. Board Committees

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

- Audit Committee
- Nomination Committee
- Remuneration Committee

Audit Committee

The Board established the Audit Committee on 28 January 2005. The Audit Committee works closely with the internal and external auditors and maintains a transparent professional relationship with them.

The report of the Audit Committee is on pages 11 to 13 of this Annual Report.

Nomination Committee

The members of Nomination Committee are:

- Chai Woon Chew – Chairman (Independent Non-Executive Director)
- Phoon Sow Cheng (Independent Non-Executive Director)
- Datin Norhaliza Binti Abdullah (Non-Independent Non-Executive Director)

The Nomination Committee was set up on 26 August 2005 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, and the contribution of each individual Director. The Nomination Committee is responsible for reviewing the Board composition and balance as well as considering the Board's succession planning and making recommendations for new appointment of Directors and Board Committees. During the financial year under review, one (1) meeting was held to review the Board balance and assess the effectiveness of the Board as a whole and individual Board member.

The duties and responsibilities are spelt out in the Terms of Reference of the Nomination Committee.

Remuneration Committee

The members of Remuneration Committee are:

- Chai Woon Chew - Chairman (Independent Non-Executive Director)
- Choy Sen @ Chin Kim Sang (Executive Chairman)
- Phoon Sow Cheng (Independent Non-Executive Director)

The Remuneration Committee was set up on 26 August 2005 to review and recommend the general remuneration policy of the Group. The Remuneration Committee recommends to the Board the levels and elements of remuneration of Executive Directors and senior management. The Board as a whole determines the allowance of Non-Executive Directors. The individual concern abstains from discussion of his/her own remuneration. During the financial year under review, one (1) meeting was held to review the remuneration of the Directors.

The duties and responsibilities are spelt out in the Terms of Reference of the Remuneration Committee.

F. Re-election

In accordance with the Company's Articles of Association, an election of Directors shall take place each year at an Annual General Meeting ("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 appointed by the Board are subject to retirement at the next Annual General Meeting held following their appointments in accordance with the Company's Articles of Association. All retiring Directors are eligible for re-election.

DIRECTORS' TRAINING

During the year, the Directors have attended some training programs as part of their continuous education. Among the programs attended by the Board members were:

- (i) Updates on the Companies (Amendment) Act 2007 (A1299)
- (ii) Updates on Listing Requirements: Issues and Challenges
- (iii) The success practices of the best performers
- (iv) Behavioral finance assessing & understanding physiological profile to strengthen investor relationship

The Directors will continue to undergo other relevant training programs to further enhance their skills and knowledge and to keep abreast with relevant changes in law, regulations and the changing business environment and market.

DIRECTORS' REMUNERATION

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.

The details of the remuneration of Directors of the Company comprising remuneration received/receivable from the Company and subsidiary companies for the financial year under review are as follows:

	Fees (RM'000)	Salary (RM'000)	Bonus (RM'000)	Statutory Contribution (RM'000)	Benefits in Kind (RM'000)	Total (RM'000)
Executive Directors	0	1,510	58	249	90	1907
Non-Executive Directors	54	0	0	0	0	54
Total	54	1,510	58	249	90	1,961

Remuneration Bands	Executive Directors	Non-Executive Directors	Total
RM1- RM50,000	0	3	3
RM300,000 – RM350,000	2	0	2
RM500,000 – RM550,000	1	0	1
RM700,000 – RM750,000	1	0	1

RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

The AGM remains the principal forum of dialogue with the shareholders. Notice of the AGM is issued twenty one (21) days before the date of meeting.

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

The Chairman, assisted by the Directors is available to answer any queries and discuss matters pertaining to the business activities of the Group.

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

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 Audit Committee assists the Board by reviewing the information to be disclosed, to ensure the completeness, accuracy and adequacy.

The Statement by Directors pursuant to section 169 of the Companies Act, 1965 is set out on page 28 of this Annual Report.

Internal Controls

The Statement on Internal Controls set out on pages 18 to 20 of this Annual Report provides an overview of the state of internal controls within the Group.

Relationship With Auditors

The Board via the Audit Committee, maintains an appropriate and transparent relationship with the Group's external and internal auditors. During the financial year under review, the Audit Committee had met with the external auditors without the presence of the Executive Directors and the Management. A summary of the activities of the Audit Committee during the year under review are set out in the Audit Committee Report on page 13 of this Annual Report.

STATEMENT ON DIRECTORS' RESPONSIBILITIES

The Board is required under Paragraph 15.27(a) of the Listing Requirements 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 then ended.

The Board considers that, in preparing the financial statements of the Company and of the Group for the financial year ended 31 December 2007 as set out herein on pages 23 to 85 of 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 confirm 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 with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements comply with the provisions of the Companies Act, 1965.

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 on Directors' Responsibility is made in accordance with the resolution of the Board dated 28 April 2008.

Statement on Internal Controls

INTRODUCTION

The Malaysian Code on Corporate Governance states that the Board of Directors of a listed company should maintain a sound system of internal controls to safeguard shareholders' investment and the company's assets. In accordance with paragraph 15.27 (b) of Bursa Malaysia Securities Berhad's Listing Requirements ("Listing Requirements"), the Board of Directors of Minetech Resources Berhad ("MRB") ("Board") is pleased to provide the following statement on the state of internal controls of the MRB Group.

BOARD RESPONSIBILITY

The Board acknowledges the importance of a sound system of internal controls and its overall responsibility for maintaining the MRB Group's system of internal controls and risk management, as well as for reviewing the adequacy and integrity of the internal control system. However, due to limitations inherent in any system of internal controls, it is important to note that the system is designed to manage rather than eliminate risk of failure to achieve corporate objectives. Therefore, the system can only provide reasonable and not absolute assurance against material misstatement or loss.

RISK MANAGEMENT

The Board also recognizes that risk management should be an integral part of the business operation and shall exercise due care to identify and manage such risk. During the year under review, the MRB Group has formalized the Enterprise Risk Management functions across the MRB Group. Risk Management Structure is established within the MRB Group to provide the control environment for risk management activities and effective risk management. Basically, under this structure, 8 Risk Management Units ("RMU") at the business unit level are identified and each RMU is headed by the Head of Business Unit.

These RMUs are as follows:-

1. Manufacturing
2. Quarry & Premix Operation
3. Civil Engineering Works
4. Sales & Marketing
5. Overseas Operations
6. Procurement & Store
7. Human Resources & Administration
8. Credit, Finance & Information Technology

Each RMU is required to review and update the Business Unit's risks management methodologies, specifically those related to risk identification, measuring, controlling, monitoring and reporting.

The Risk Management Committee ("RMC") is primarily responsible for the review of the risk management process. RMC, assisted by the Risk Officer, shall review and discuss the findings and reports from the RMUs, perform risk oversight and review risk profiles of the MRB Group. Significant risk issues evaluated by the RMC will be recorded in the risk management reports and discussed at Audit Committee Meeting and if needed, at Board of Directors' Meeting.

INTERNAL CONTROLS

The Board has established the following key elements in ensuring the adequacy and integrity of the internal control system of the MRB Group:

1. An organizational structure with clear lines of reporting, responsibilities and delegation of authorities.
2. The existence of limits of approval and authorized signatories with clear definition of authorization procedure for major operating functions and transactions.
3. A standard policies & procedures which highlight the policies and procedures, terms and conditions of employment, benefits & compensation, disciplinary rules and regulations which are relevant across the MRB Group's operations.
4. Key functions such as finance, tax, treasury, corporate and legal matters are controlled centrally.
5. An annual budgeting and business planning process to establish plans and targets for each operating unit. The performance of each operating unit is being monitored through monthly reports. Actual performance compared with budget is reviewed quarterly by the Board with explanation of any major variances.
6. Management meetings are carried out regularly to review the monthly reports, monitor the business development, discuss and resolve key operational and management issues. The financial performance of each subsidiary company is reviewed periodically, and any significant variance against the business plan and budget are discussed and explained comprehensively. The senior management also regularly highlights the significant issues and changes in the business environment, major policy matters and external environment affecting the MRB Group.
7. The Audit Committee reviews the quarterly financial results and yearly audited financial statements prior to the approval by the Board. The Audit Committee continuously reports to the Board on significant findings and recommendations appropriate measures to ensure adequacy and effectiveness of the internal controls and procedures.

INTERNAL AUDIT FUNCTION

For the financial year 2007, the Audit Committee has appointed KPMG Business Advisory Sdn Bhd, an external professional consulting firm, to independently assess the system of internal controls as established by the Management for the selected areas, its adequacy and integrity vis-a-vis the objectives served, and to make appropriate recommendations thereof. The selected areas for audit included human resource management, inventory & asset management, selection of suppliers, project management, health, safety & environment. Internal audit reports, incorporating findings, recommendations and management comments and action plans with regards to audit findings relating to the weaknesses in the system and controls were submitted to Audit Committee for their attention. The internal auditor also followed up with the Management on the implementation of the agreed recommendations and reported the implementation status to the Audit Committee.

The costs incurred for the internal audit function in respect of the financial year ended 31 December 2007 was RM60,000.00.

During the year under review, 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.

Pursuant to paragraph 15.24 of the Listing Requirements, the external auditors have reviewed this statement for inclusion in the Annual Report 2007.

The statement is made in accordance with a resolution of the Board of Directors dated 28 April 2008.

Additional Compliance Information

ADDITIONAL COMPLIANCE INFORMATION

Share Buybacks

As at 31 December 2007, the number of ordinary shares of RM1.00 purchased by the Company which were held as treasury shares amounted to 57,000 shares. These shares were purchased in the previous financial years and the Company had not undertaken any share buy-back in the financial year under review.

These were also no resale or cancellation of shares repurchased in the prior years.

On 21 January 2008, the 57,000 treasury shares were subdivided into 285,000 ordinary shares of RM0.20 each pursuant to the subdivision of shares exercise undertaken by the Company.

Options And Warrants

The Company did not offer any options and warrants during the financial year.

American Depository Receipt ("ADR") or Global Depository Receipt ("GDR")

The Company did not sponsor any ADR or GDR programme during the financial year.

Sanctions And/Or Penalties

There were no public sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by any regulatory bodies during the financial year.

Utilisation of Proceeds

The gross proceeds amounting to RM6,428,331.00 raised from the Private Placement which was completed on 27 December 2007 have been fully utilized for the following:

	RM'000
1. Working capital	6,327
2. Expenses for the private placement	101
Total	6,428

Non-Audit Fees

There were no non-audit fees paid to the external auditors by the Group for the financial year ended 31 December 2007.

Material Contracts

There were no material contracts entered into by the Company and its subsidiaries involving Directors and substantial shareholders either still subsisting as at 31 December 2007 or since the end of the previous financial year ended 31 December 2006.

Revaluation Policy on Landed Properties

The Company and its subsidiary companies did not adopt any revaluation policy on landed properties during the financial year.

Profit Guarantee

The Company did not make any arrangement during the financial year which requires profit guarantee.

Recurrent Related Party Transaction Of A Revenue Nature

The Company had at its AGM held on 27 June 2007 obtained a shareholders mandate for the Group to enter into recurrent related party transactions. However, there were no transactions being undertaken under the said mandate.

CORPORATE SOCIAL RESPONSIBILITY

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

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

ENVIRONMENT

Commitment to ensure control and monitoring and improvement of environmental impacts.

In this aspect, the Company will 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.

WORKPLACE

The Group value human capital as our greatest asset. We continue to care for the welfare of all employees and employ the right people with right values, attitude and skills for the right job. We are 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.

COMMUNITY

As a good and responsible corporate citizen, we believe in carrying out our duty with integrity, transparency and good governance and contributing towards the well-being of the society.

financial statements

MINETECH RESOURCES BERHAD

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Directors' Report

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2007.

PRINCIPAL ACTIVITIES

The Company's principal activities are investment holding and provision of managerial services. The principal activities of the subsidiaries are set out in Note 10 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
(Loss)/ Profit for the financial year	(5,976,010)	6,813,491
Attributable to:		
Equity holders of the Company	(5,736,233)	6,813,491
Minority interests	(239,777)	-
	(5,976,010)	6,813,491

DIVIDENDS

Since the end of the previous financial year, the Company paid a final dividend of 2.00 sen per share less tax, amounting to RM803,000 in respect of the financial year ended 31 December 2006 on 20 September 2007.

The Directors do not propose any dividend payment in respect of the financial year ended 31 December 2007.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up share capital of the Company was increased from RM55,000,000 to RM60,494,300 by way of issuance of 5,494,300 new ordinary shares of RM1.00 each for cash through a private placement on 14 December 2007. These shares rank pari passu in all respect with the existing shares of the Company. There were no other issues of shares during the financial year.

There were no issues of debentures during the financial year.

TREASURY SHARES

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS

The Directors who held office since the date of the last report are as follows:-

Choy Sen @ Chin Kim Sang
 Lee Kah Keng @ Lee Kah Heng
 (resigned on 27 March 2008 and appointed as alternate Director to Datin Norhaliza binti Abdullah on 27 March 2008)
 Loh Yee Kwan
 Low Choon Lan
 Chin Sheong Choy (appointed as alternate Director to Loh Yee Kwan on 21 November 2007)
 Chin Leong Choy (appointed as alternate Director to Low Choon Lan on 21 November 2007)
 Datin Norhaliza binti Abdullah
 Phoon Sow Cheng
 Chai Woon Chew
 Datuk Lye Ek Seang (appointed as Director on 27 March 2008)

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company during the financial year ended 31 December 2007 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act 1965, were as follows:-

Shares in the Company	Number of ordinary shares of RM1.00 each			Balance as at 31.12.2007
	Balance as at 1.1.2007	Bought	Sold	
Direct interests				
Choy Sen @ Chin Kim Sang	17,129,702	500,000	-	17,629,702
Loh Yee Kwan	434,307	-	-	434,307
Low Choon Lan	5,704,552	-	-	5,704,552
Datin Norhaliza binti Abdullah	3,859,137	-	(3,621,449)	237,688
Phoon Sow Cheng	1,000	-	-	1,000
Indirect interests				
Choy Sen @ Chin Kim Sang^	5,704,552	-	-	5,704,552
Loh Yee Kwan^	523,010	-	-	523,010
Low Choon Lan^	17,129,702	500,000	-	17,629,702
Datin Norhaliza binti Abdullah^	158,583	-	-	158,583
Datin Norhaliza binti Abdullah*	3,130,079	35,400	(1,887,051)	1,278,428

^ Deemed interested by virtue of shareholding held by spouse

* Deemed interested by virtue of shareholding held by her children and Kerjaya E-Khidmat Sdn Bhd

By virtue of Section 6A of the Companies Act 1965, Choy Sen @ Chin Kim Sang and Low Choon Lan are also deemed to have interest in the shares of all the subsidiaries to the extent that the Company has an interest.

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in 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 other than the following:-

- (i) remuneration received by certain Directors as directors/executives of the Company and subsidiaries;
- (ii) rental expense paid to Directors; and
- (iii) professional fees paid to a firm of which a Director is a member.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY:-

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:-
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and have satisfied themselves that all known bad debts had been written off and that no allowance required to be made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.
- (c) The Directors are not aware of any circumstances:-
 - (i) which would render the amount written off of bad debts or render the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent; or
 - (ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) 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.
- (d) In the opinion of the Directors:-
 - (i) there has not arisen 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; and
 - (ii) no contingent 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 their obligations as and when they fall due.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY:- (continued)**(III) AS AT THE DATE OF THIS REPORT**

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

EVENT SUBSEQUENT TO THE BALANCE SHEET DATE

On 6 December 2007, the Company proposed to implement a share split exercise involving the subdivision of every one existing ordinary share of RM1.00 each into five ordinary shares of RM0.20 each. ("Share Split").

On 4 January 2008, the Share Split was approved by the shareholders in an Extraordinary General Meeting. The issued and paid-up share capital of the Company of RM60,494,300, which comprising of 60,494,300 ordinary shares of RM1.00 each, was subdivided into 302,471,500 ordinary shares of RM0.20 each.

The Share Split was completed on 21 January 2008 with the listing and quotation of the new shares on the Second Board of Bursa Malaysia Securities Berhad on 22 January 2008.

AUDITORS

The auditors, BDO Binder, have expressed their willingness to continue in office.

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

Choy Sen @ Chin Kim Sang

Director

Loh Yee Kwan

Director

Kuala Lumpur
28 April 2008

Statement by Directors

In the opinion of the Directors, the financial statements set out on pages 30 to 85 have been drawn up in accordance with applicable approved Financial Reporting Standards in Malaysia and provisions of Companies Act 1965 so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2007 and of the results of the operations of the Group and of the Company and of the cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

.....
Choy Sen @ Chin Kim Sang
Director

.....
Loh Yee Kwan
Director

Kuala Lumpur
28 April 2008

Statutory Declaration

I, Loh Poh Im, being the officer primarily responsible for the financial management of Minetech Resources Berhad, do solemnly and sincerely declare that the financial statements set out on pages 30 to 85 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly)
declared by the abovenamed)
at Kuala Lumpur this)
28 April 2008)

Before me:-

S. Ideraju (W-451)
Commissioner for Oaths

Report of the Auditors

To the Members of Minetech Resources Berhad (575543-X)

We have audited the financial statements set out on pages 30 to 85. These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:-

- (a) the financial statements have been properly drawn up in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act 1965 so as to give a true and fair view of:-
 - (i) the matters required by Section 169 of the Companies Act 1965 to be dealt with in the financial statements of the Group and of the Company; and
 - (ii) the state of affairs of the Group and of the Company as at 31 December 2007 and of the results of the operations of the Group and of the Company and of the cash flows of the Group and of the Company for the financial year then ended;

and

- (b) the accounting and other records and the registers required by the Act, to be kept by the Company and by the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

We have considered the financial statements and auditors' reports of the subsidiaries of which we have not acted as auditors, as indicated in Note 10 to the financial statements, being financial statements that are included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiaries that are consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under Section 174(3) of the Act.

BDO Binder

AF : 0206

Chartered Accountants

Siew Kah Toong

1045/03/10 (J)

Partner

Kuala Lumpur
28 April 2008

Balance Sheets

As at 31 December 2007

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Annual Report 2007

	NOTE	Group		Company	
		2007 RM	2006 RM	2007 RM	2006 RM
ASSETS					
Non-current assets					
Property, plant and equipment	7	77,311,303	65,256,028	114,172	142,396
Investment properties	8	3,058,378	4,239,489	-	-
Quarry development expenditure	9	11,807,670	6,011,333	-	-
Investment in subsidiaries	10	-	-	45,510,100	45,000,151
Investment in an associate	11	-	-	49	49
		92,177,351	75,506,850	45,624,321	45,142,596
Current assets					
Inventories	12	12,666,632	12,164,157	-	-
Trade and other receivables	13	75,333,862	58,370,743	65,159,047	36,083,395
Current tax asset		1,688,967	1,349,533	12,100	-
Cash and bank balances	15	11,353,533	7,561,766	4,247,953	570,471
		101,042,994	79,446,199	69,419,100	36,653,866
Non-current assets held for sale	16	1,723,469	1,633,175	-	-
		102,766,463	81,079,374	69,419,100	36,653,866
TOTAL ASSETS		194,943,814	156,586,224	115,043,421	81,796,462

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

	NOTE	Group		Company	
		2007 RM	2006 RM	2007 RM	2006 RM
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	17	60,494,300	55,000,000	60,494,300	55,000,000
Reserves	18	8,363,640	14,129,435	8,656,054	1,812,597
		68,857,940	69,129,435	69,150,354	56,812,597
Minority interests		902,062	-	-	-
TOTAL EQUITY		69,760,002	69,129,435	69,150,354	56,812,597
LIABILITIES					
Non-current liabilities					
Borrowings	19	10,963,379	10,902,042	43,909	77,161
Deferred tax	22	6,332,200	7,246,700	-	7,700
		17,295,579	18,148,742	43,909	84,861
Current liabilities					
Trade and other payables	23	42,820,352	32,501,123	705,001	514,688
Borrowings	19	65,067,881	36,762,709	45,144,157	24,383,916
Current tax payable		-	2,400	-	400
		107,888,233	69,266,232	45,849,158	24,899,004
Liabilities attributable to non-current assets held for sale	16	-	41,815	-	-
		107,888,233	69,308,047	45,849,158	24,899,004
TOTAL LIABILITIES		125,183,812	87,456,789	45,893,067	24,983,865
TOTAL EQUITY AND LIABILITIES		194,943,814	156,586,224	115,043,421	81,796,462

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

Income Statements

For the Financial Year Ended 31 December 2007

	NOTE	Group		Company	
		2007 RM	2006 RM	2007 RM	2006 RM
Revenue	24	153,042,501	118,571,052	15,609,007	4,522,022
Cost of sales		(144,778,928)	(102,457,476)	-	-
Gross profit		8,263,573	16,113,576	15,609,007	4,522,022
Other income		1,135,278	1,141,617	117	-
Administrative expenses		(11,794,422)	(10,164,299)	(3,849,470)	(3,390,252)
Selling and marketing expenses		(327,231)	(168,849)	-	-
Share of loss in an associate		-	(49)	-	-
Finance costs		(4,140,582)	(3,076,115)	(2,339,263)	(455,815)
(Loss)/ profit before tax	25	(6,863,384)	3,845,881	9,420,391	675,955
Taxation	27	887,374	(1,387,493)	(2,606,900)	(14,801)
(Loss)/ profit for the financial year		(5,976,010)	2,458,388	6,813,491	661,154
Attributable to:					
Equity holders of the Company		(5,736,233)	2,458,437	6,813,491	661,154
Minority interests		(239,777)	(49)	-	-
		(5,976,010)	2,458,388	6,813,491	661,154
Gross dividends per ordinary share in respect of the financial year (sen)	28	-	2.00	-	2.00
Earnings per ordinary share attributable to equity holders of the Company:					
Basic (loss)/earnings per ordinary share*(sen)	29	(2.08)	0.89		

* The (loss)/earnings per share have been adjusted to take into account the effect on the subdivision of ordinary share of RM1.00 each into RM0.20 each on 21 January 2008.

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

Statements of Changes in Equity

For the Financial Year Ended 31 December 2007

MINETECH RESOURCES BERHAD

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← Attributable to equity holders of the Company →

Group	Share capital	Share premium	Treasury shares	Exchange translation reserve	Retained earnings	Total	Minority interests	Total equity
	RM	RM	RM	RM	RM	RM	RM	RM
At 1 January 2007	55,000,000	1,087,884	(47,990)	(81,365)	13,170,906	69,129,435	-	69,129,435
Share issue expenses	-	(101,065)	-	-	-	(101,065)	-	(101,065)
Foreign currency translation	-	-	-	(59,528)	-	(59,528)	2,016	(57,512)
Net (expense)/income recognised directly in equity	-	(101,065)	-	(59,528)	-	(160,593)	2,016	(158,577)
Loss for the financial year	-	-	-	-	(5,736,233)	(5,736,233)	(239,777)	(5,976,010)
Total recognised expense for the financial year	-	(101,065)	-	(59,528)	(5,736,233)	(5,896,826)	(237,761)	(6,134,587)
Issuance of new shares (Note 17)	5,494,300	934,031	-	-	-	6,428,331	-	6,428,331
Ordinary shares contributed by minority shareholders of subsidiaries	-	-	-	-	-	-	1,139,823	1,139,823
Dividend paid (Note 28)	-	-	-	-	(803,000)	(803,000)	-	(803,000)
At 31 December 2007	60,494,300	1,920,850	(47,990)	(140,893)	6,631,673	68,857,940	902,062	69,760,002

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

STATEMENTS OF CHANGES IN EQUITY

Group	Attributable to equity holders of the Company							Total equity RM	
	Share capital RM	Share premium RM	Treasury shares RM	Exchange translation reserve RM	Reserve on consolidation RM	Retained earnings RM	Total RM		Minority interests RM
At 31 December 2005	55,000,000	1,087,884	-	-	8,433,704	3,377,625	67,899,213	-	67,899,213
As previously reported	-	-	-	-	(8,433,704)	8,433,704	-	-	-
Effect of adopting FRS 3	-	-	-	-	-	-	-	-	-
At 1 January 2006 (restated)	55,000,000	1,087,884	-	-	-	11,811,329	67,899,213	-	67,899,213
Foreign currency translation	-	-	-	(81,365)	-	-	(81,365)	-	(81,365)
Net expense recognised directly in equity	-	-	-	(81,365)	-	-	(81,365)	-	(81,365)
Profit for the financial year	-	-	-	-	-	2,458,437	2,458,437	(49)	2,458,388
Total recognised income and expense for the financial year	-	-	-	(81,365)	-	2,458,437	2,377,072	(49)	2,377,023
Acquisition of a subsidiary during the financial year	-	-	-	-	-	-	-	49	49
Dividend paid	-	-	-	-	-	(1,098,860)	(1,098,860)	-	(1,098,860)
Repurchase of own shares	-	-	(47,990)	-	-	-	(47,990)	-	(47,990)
At 31 December 2006	55,000,000	1,087,884	(47,990)	(81,365)	-	13,170,906	69,129,435	-	69,129,435

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

Company	Share capital RM	Share premium RM	Treasury shares RM	Retained earnings RM	Total RM
At 1 January 2007	55,000,000	1,087,884	(47,990)	772,703	56,812,597
Share issue expenses	-	(101,065)	-	-	(101,065)
Net expense recognised directly in equity	-	(101,065)	-	-	(101,065)
Profit for the financial year	-	-	-	6,813,491	6,813,491
Total recognised income and expense for the financial year	-	(101,065)	-	6,813,491	6,712,426
Issuance of new shares (Note 17)	5,494,300	934,031	-	-	6,428,331
Dividend paid (Note 28)	-	-	-	(803,000)	(803,000)
At 31 December 2007	60,494,300	1,920,850	(47,990)	6,783,194	69,150,354
At 1 January 2006	55,000,000	1,087,884	-	1,210,409	57,298,293
Profit for the financial year, representing total income and expense for the financial year	-	-	-	661,154	661,154
Dividend paid	-	-	-	(1,098,860)	(1,098,860)
Repurchase of own shares	-	-	(47,990)	-	(47,990)
At 31 December 2006	55,000,000	1,087,884	(47,990)	772,703	56,812,597

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

Cash Flow Statements

For the Financial Year Ended 31 December 2007

	NOTE	Group		Company	
		2007 RM	2006 RM	2007 RM	2006 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/ profit before tax		(6,863,384)	3,845,881	9,420,391	675,955
Adjustments for:-					
Allowance for doubtful debts		-	22,961	-	-
Allowance for doubtful debts no longer required		(1,872)	(14,621)	-	-
Amortisation of quarry development expenditure	9	167,720	-	-	-
Amounts due from customers for contract works written off	14	2,111,872	-	-	-
Bad debts written off		119,958	51,411	-	-
Depreciation of investment properties	8	82,596	86,296	-	-
Depreciation of property, plant and equipment	7,9	9,252,649	7,896,916	36,616	34,967
Dividend income		-	-	(9,730,000)	(1,000,000)
Gain on disposal of:-					
- property, plant and equipment		(412,020)	-	-	-
- non-current assets held for sale		(20,294)	-	-	-
- investment properties		(44,240)	-	-	-
Impairment losses of non-current assets held for sale	16	95,154	-	-	-
Interest expense		3,992,827	2,633,855	2,338,301	455,030
Interest income		(39,260)	(109,280)	(2,349,007)	(322,022)
Loss on disposal of property, plant and equipment		12,067	71,697	1,438	-
Property, plant and equipment written off		29,432	56,555	-	-
Provision for foreseeable losses	14	3,511,380	-	-	-
Quarry development written off	9	-	194,181	-	-
Share of loss in an associate	11	-	49	-	-
Unrealised gain on foreign exchange		-	(14,077)	-	-
Unrealised loss on foreign exchange		-	366	-	-
Operating profit/(loss) before working capital changes		11,994,585	14,722,190	(282,261)	(156,070)
Increase in inventories		(502,475)	(1,370,235)	-	-
Increase in trade and other receivables		(22,945,885)	(15,647,450)	(1,312,199)	(195,853)
Increase in trade and other payables		10,277,414	14,390,986	40,349	477,218
Cash (used in)/generated from operations		(1,176,361)	12,095,491	(1,554,111)	125,295
Tax paid		(368,960)	(1,478,636)	-	(21,701)
Interest paid		(433,380)	(624,643)	-	-
Net cash (used in)/from operating activities		(1,978,701)	9,992,212	(1,554,111)	103,594

	NOTE	Group		Company	
		2007 RM	2006 RM	2007 RM	2006 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of subsidiaries, net of cash and cash equivalents acquired	10,30	-	49	-	(53)
Additional investment in a subsidiary		-	-	(509,949)	-
Purchase of property, plant and equipment	7	(19,551,056)	(15,396,966)	(10,830)	(16,603)
Proceeds from disposal of :-					
- property, plant and equipment		1,210,685	140,370	1,000	-
- investment properties		975,063	-	-	-
- non-current assets held for sale		180,000	-	-	-
Quarry development expenditure incurred		(5,283,567)	(3,351,837)	-	-
Net dividend received		-	-	7,102,900	1,000,000
Acquisition of an associate	11	-	(49)	-	(49)
Net cash (used in)/from investing activities		<u>(22,468,875)</u>	<u>(18,608,433)</u>	<u>6,583,121</u>	<u>983,295</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid		(3,559,447)	(2,009,212)	(2,338,301)	(455,030)
Interest received		39,260	109,280	2,349,007	322,022
Advances to an associate		-	(958)	-	(958)
Net advances to subsidiaries		-	-	(27,854,917)	(21,686,260)
Drawdown of short term borrowings		6,713,455	1,634,043	-	-
Drawdown of term loans		2,299,410	-	-	-
Repayment of term loans		(350,648)	(1,126,685)	-	-
Repayment of hire-purchase and lease liabilities		(5,835,257)	(5,629,373)	(31,583)	(29,915)
Withdrawal of fixed deposits-pledged		123,911	1,203,266	-	-
Net proceeds from issuance of new shares		6,327,266	-	6,327,266	-
Ordinary share capital contributed by minority shareholders of subsidiaries		1,139,823	-	-	-
Net proceeds from MUNIF Notes		21,000,000	24,121,749	21,000,000	24,121,749
Dividend paid		(803,000)	(2,748,860)	(803,000)	(2,748,860)
Repurchase of own shares		-	(47,990)	-	(47,990)
Net cash from/(used in) financing activities		<u>27,094,773</u>	<u>15,505,260</u>	<u>(1,351,528)</u>	<u>(525,242)</u>
Net increase in cash and cash equivalents		2,647,197	6,889,039	3,677,482	561,647
Effects of exchange rate changes		51,130	(81,365)	-	-
Cash and cash equivalents at beginning of financial year		<u>5,621,636</u>	<u>(1,186,038)</u>	<u>570,471</u>	<u>8,824</u>
Cash and cash equivalents at end of financial year	31	<u>8,319,963</u>	<u>5,621,636</u>	<u>4,247,953</u>	<u>570,471</u>

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

Notes to the Financial Statements

31 December 2007

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Annual Report 2007

1. CORPORATE INFORMATION

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

The registered office of the Company is located at C15 - 1, Level 15, Tower C, Megan Avenue II, 12 Jalan Yap Kwan Seng, 50450 Kuala Lumpur.

The principal place of business of the Company is located at G12, Ground Floor, FAS Business Avenue, Jalan Perbandaran, 47301 Petaling Jaya, Selangor Darul Ehsan.

The consolidated financial statements as at and for the financial year ended 31 December 2007 comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interest in an associate.

The financial statements are presented in Ringgit Malaysia (RM), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 28 April 2008.

2. PRINCIPAL ACTIVITIES

The Company's principal activities are investment holding and provision of managerial services. The principal activities of the subsidiaries are set out in Note 10 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved Financial Reporting Standards ("FRS") and the provisions of the Companies Act 1965.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the significant accounting policies.

The preparation of financial statements requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 6. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

4.2 Basis of consolidation

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Basis of consolidation (continued)

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

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

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

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

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

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

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

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

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

4.3 Property, plant and equipment and depreciation

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.3 Property, plant and equipment and depreciation (continued)

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

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

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

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal depreciation periods and rates are as follows:

Buildings and improvements	50 - 99 years or 10%
Plant and machinery	10%
Motor vehicles	20%
Furniture, fittings and office equipment	10% - 20%
Workshop cum site office	10% - 12%
Access road	7 - 9 years

Freehold land is not depreciated. Capital work-in-progress represents machinery under installation, renovation-in-progress and buildings under construction and are stated at cost. Capital work-in-progress is not depreciated until such time when the asset is available for its intended use.

At each balance sheet date, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable.

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

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

4.4 Leases and hire-purchase

4.4.1 Finance leases and hire-purchase

Assets acquired under finance leases and hire-purchase which transfer substantially all the risks and rewards of ownership to the Group are recognised initially at amounts equal to the fair value of the leased assets or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the leases, if this is practicable to determine; if not, the Group's incremental borrowing rate is used.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.4 Leases and hire-purchase (continued)

4.4.1 Finance leases and hire-purchase (continued)

Any initial direct costs incurred by the Group are added to the amount recognised as an asset. The assets are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

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

4.4.2 Operating leases

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

4.4.3 Leases of land and buildings

For leases of land and buildings, the land and buildings elements are considered separately for the purpose of lease classification and these leases are classified as operating or finance leases in the same way as leases of other assets.

The minimum lease payments including any lump-sum upfront payments made to acquire the interest in the land and buildings, are allocated between the land and the buildings elements in proportion to the relative fair values of the leasehold interests in the land element and the buildings element of the lease at the inception of the lease.

Leasehold land that normally has an indefinite economic life and where the lease does not transfer substantially all the risk and rewards incidental to ownership is treated as an operating lease. The lump-sum upfront payments made on entering into or acquiring leasehold land are accounted for as prepaid lease payments and are amortised over the lease term on a straight line basis.

The buildings element is classified as a finance or operating lease in accordance with Note 4.4.1 or Note 4.4.2. If the lease payment cannot be allocated reliably between these two elements, the entire lease is classified as a finance lease, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

For a lease of land and buildings in which the amount that would initially be recognised for the land element is immaterial, the land and buildings are treated as a single unit for the purpose of lease classification and is accordingly classified as a finance or operating lease. In such a case, the economic life of the buildings is regarded as the economic life of the entire leased asset.

4.5 Construction contracts

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.6 Investment properties

Investment properties are properties which are held to earn rentals or for capital appreciation or for both. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than investment properties. Investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

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

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

4.7 Quarry development expenditure

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

4.8 Investments

4.8.1 Subsidiaries

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

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

4.8.2 Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. 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.

In the Company's separate financial statements, an investment in associate is stated at cost less impairment losses, if any.

An investment in associate is accounted for in the consolidated financial statements using the equity method of accounting. The investment in associate in the consolidated balance sheet is initially recognised at cost and adjusted thereafter for the post acquisition change in the Group's share of net assets of the investment.

The interest in the associate is the carrying amount of the investment in the associate under the equity method together with any long-term interest that, in substance, form part of the Group's net interest in the associate.

The Group's share of the profit or loss of the associate during the financial year is included in the consolidated financial statements, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.8 Investments (continued)

4.8.2 Associates (continued)

Distributions received from the associate reduce the carrying amount of the investment. Adjustments to the carrying amount may also be necessary for changes in the Group's proportionate interest in the associate arising from changes in the associate's equity that have not been recognised in the associate's profit or loss. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The Group's share of those changes is recognised directly in equity of the Group.

When the Group's share of losses in the associate equals or exceeds its interest in the associate, the carrying amounting of that interest is reduced to nil and the Group does not recognise further losses unless it has incurred legal or constructive obligations or made payments on its behalf.

The most recent available financial statements of the associate are used by the Group in applying the equity method. Where the reporting dates of the financial statements are not coterminous, the share of results is arrived at using the latest audited financial statements for which the difference in reporting dates is no more than three months. Adjustments are made for the effects of any significant transactions or events that occur between the intervening period.

Upon disposal of an investment in associate, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

4.9 Impairment of non-financial assets

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

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

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

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

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

4.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Inventories of spare parts, consumables and fuel (eg. diesel) comprise the original cost of purchase plus the cost of bringing the inventories to their present location and condition.

Inventories of quarry products are stated at cost which includes raw materials, direct labour and production overheads. Net realisable value represents the estimated selling price less all estimated costs of completion and the estimated costs necessary to make the sale.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.11 Financial instruments

4.11.1 Financial instruments recognised on the balance sheets

Financial instruments are recognised on the balance sheets when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and losses and gains relating to a financial instrument or a component that is a financial liability shall be recognised as income or expense in profit or loss. Distributions to holders of an equity instrument are debited directly to equity, net of any related tax effect. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

(a) Receivables

Trade receivables are carried at invoice amount less an allowance for doubtful debts. The allowance is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Bad debts are written off to the income statement in the financial year in which they are identified.

(b) Cash and cash equivalents

Cash and cash equivalents include cash and bank balances, bank overdraft, deposits and other short term, highly liquid investments which are readily convertible to cash and which are subject to insignificant risk of changes in value.

(c) Payables

Liabilities for trade and other amounts payable, including amounts owing to related parties are initially recognised at fair value of the consideration to be paid in the future for goods and services received, and subsequently measured at amortised cost using the effective interest method.

(d) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(e) Equity instruments

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to the income statement.

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

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

4.11.2 Financial instruments not recognised on the balance sheets

There are no financial instruments not recognised on the balance sheets.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12 Borrowing costs

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

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

All other borrowing cost are recognised in income statement in the period in which they are incurred.

4.13 Income taxes

Income taxes include all domestic and foreign taxes on taxable profit. Income taxes also include other taxes, such as withholding taxes, which are payable by foreign subsidiaries and associate on distributions to the Group and Company, and real property gains taxes payable on disposal of properties, prior to 1 April 2007, if any.

Taxes in the income statement comprises current tax and deferred tax.

4.13.1 Current tax

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

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

4.13.2 Deferred tax

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

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

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.14 Employee benefits

4.14.1 Short term employee benefits

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

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

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

4.14.2 Defined contribution plans

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

4.15 Foreign currencies

4.15.1 Functional currency

The separate financial statements of each entity in the Group are measured using the functional currency, which is the currency of the primary economic environment in which the entity operates.

4.15.2 Foreign currency transactions and translations

A foreign currency transaction is recorded, on initial recognition in the functional currency, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At each balance sheet date, foreign currency monetary items are translated using the exchange rate at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency is translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

Exchange differences arising on a monetary item that forms part of the Company's net investment in a foreign operation shall be recognised in profit or loss in the financial statements of the Company or the individual financial statements of the foreign operation, as appropriate. In the consolidated financial statements, such exchange differences are recognised initially in the exchange translation reserve except for a monetary item that is denominated in a currency other than the functional currency of either the Company or the foreign operation, which exchange differences is recognised in profit or loss in the consolidated financial statements. On the disposal of the foreign operation, the cumulative amount of the exchange differences relating to the foreign operation is recognised in profit or loss when the gain or loss on disposal is recognised.

The results and financial position of an entity whose functional currency is not the currency of a hyperinflationary economy shall be translated into a different presentation currency using the following procedures:

- (a) assets and liabilities for each balance sheet presented (i.e. including comparatives) shall be translated at the closing rate at the date of the balance sheet;

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.15 Foreign currencies (continued)

4.15.2 Foreign currency transactions and translations (continued)

- (b) income and expenses for each income statement (i.e. including comparatives) shall be translated at exchange rates at the dates of the transactions; and
- (c) all resulting exchange differences shall be recognised as a separate component of equity.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation is treated as assets and liabilities of the foreign operation and is translated at the exchange rate at the balance sheet date.

4.16 Revenue recognition

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

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

- (a) Turnkey quarry services

Revenue from the provision of turnkey quarry services is recognised in the income statement by reference to the quantity of stockpiles produced.

- (b) Sales of goods

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

- (c) Construction contracts

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

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

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

- (d) Rental income

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

- (e) Interest income

Interest income is recognised on a time proportion basis taking into account the effective yield of the assets.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.16 Revenue recognition (continued)

- (f) Management fees

Management fees are recognised when services are rendered.

- (g) Dividend income

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

4.17 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable.

Immediately before the initial classification as held for sale, the carrying amounts of the non-current assets are measured in accordance with applicable FRS. On initial classification as held for sale, non-current assets are measured at the lower of carrying amounts immediately before the initial classification as held for sale and fair value less costs to sell. The differences, if any, are recognised in profit or loss as impairment loss.

Non-current assets held for sale are classified as current assets (and current liabilities directly attributable to non-current assets held for sale) on the face of the balance sheets and are stated at the lower of carrying amount immediately before initial classification and fair value less costs to sell and are not depreciated. Any cumulative income or expenses recognised directly in equity relating to the non-current asset classified as held for sale is presented separately.

If the Group has classified an asset as held for sale but subsequently the criteria for classification is no longer met, the Group ceases to classify the asset as held for sale. The Group measures a non-current asset that ceases to be classified as held for sale at the lower of:

- (a) its carrying amount before the asset was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset not been classified as held for sale; and
- (b) its recoverable amount at the date of the subsequent decision not to sell.

5. ADOPTION OF NEW AND REVISED FRS AND AMENDMENTS TO FRS

5.1 Revised FRS adopted

During the financial year, the Group adopted FRS 117 Lease issued by the Malaysian Accounting Standards Board ("MASB") which are relevant to the Group's operations and become effective to the Group for its annual period beginning on or after 1 January 2007. The Group has also early adopted FRS 134 Interim Financial Reporting which is effective to the Group for its annual period beginning on or after 1 January 2008.

The adoption of FRS 117 and FRS 134 does not result in significant changes in the accounting policies of the Group.

5.2 New and revised FRS and amendments to FRS not adopted

The Group has not adopted FRS 139 Financial Instruments: Recognition and Measurement and the consequential amendments resulting from FRS 139 of which the effective date is deferred to a date to be announced by the MASB. FRS 139 establishes the principles for the recognition and measurement of financial assets and financial liabilities including circumstances under which hedge accounting is permitted. By virtue of the exemption provided under paragraph 103AB of FRS 139, the impact of applying FRS 139 on its financial statements upon first adoption of the standard as required by paragraph 30(b) of FRS 108 is not disclosed.

5. ADOPTION OF NEW AND REVISED FRS AND AMENDMENTS TO FRS (continued)

5.2 New and revised FRS and amendments to FRS not adopted (continued)

The Group has also not adopted the following new and revised FRS and amendments that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group. The Directors do not anticipate that the application of these standards when they are effective will have a material impact on the results and the financial position of the Group:

(a) FRS which are effective for annual periods beginning on or after 1 July 2007

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

These amendments align the MASB's FRS with the equivalent International Accounting Standards ('IAS'), both in terms of form and content. The adoption of these standards will only impact the form and content of disclosures presented in the financial statements. FRS 120 is not relevant to the Group's operation. The Group will apply the other revised standards for its annual period beginning 1 January 2008.

(b) Framework for the Preparation and Presentation of Financial Statements ("Framework") which is effective for annual periods beginning on or after 1 July 2007

The Framework sets out the concepts that underlie the preparation and presentation of financial statements for external users. It is not an MASB approved accounting standard and hence does not define standards for any particular measurement or disclosure issue. The Group will apply this Framework for its annual period beginning 1 January 2008.

(c) Amendment and IC Interpretations which are effective for annual periods beginning on or after 1 July 2007

Amendment to FRS 121: The Effects of Changes in Foreign Rates-Net Investment in a Foreign Operation.

IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities

IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments

IC Interpretation 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

IC Interpretation 6: Liabilities arising from Participating in a Specific Market-Waste Electrical and Electronic Equipment

IC Interpretation 7: Applying the Restatement Approach under 129₂₀₀₄ Financial Reporting in Hyperinflationary Economies

IC Interpretation 8: Scope of FRS 2

The above IC Interpretations and amendment are not relevant to the Group's operations.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The followings are key assumptions and judgements concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Construction contracts

The Group recognises contract revenue to the extent of contract costs incurred where it is probable those costs will be recoverable or based on the stage of completion method. The stage of completion is measured by reference to the contract costs incurred to date to the estimated total costs for the contract.

Significant judgement is required in determining the stage of completion, the estimated total contract revenue and contract costs, as well as the recoverability of the contracts. Total contract revenue also includes an estimation of the recoverable variation works that are recoverable from the customers. In making the judgement, the Group evaluates by relying on past experience and the work of specialists.

Based on the results of financial year ended 31 December 2007, a 2% difference in the estimated total construction costs would result in approximately 1% variance in the Group's revenue and 16% variance in the Group's loss before tax.

(b) Depreciation of property, plant and equipment

The estimates of the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors.

Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(c) Income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provision in the period in which such determination is made.

(d) Impairment of assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash generating unit ("CGU") to which the asset is allocated, the Directors and management are required to make an estimate of the expected future cash flows from the CGU and also to apply a suitable discount rate in order to determine the present value of those cash flows. The quarry of the Group which is located in Indonesia had its operations temporarily suspended due to regulatory issues. The carrying value of the quarry plant and machinery amounted to RM8,750,669 as at 31 December 2007. Management has assessed the value-in-use of these assets by estimating the cash flows projections based on its expectations of market development and the continuity of the quarry operations. The Directors are of the view that no allowance for impairment loss is required.

(e) Allowance for doubtful debts of receivables

The Group makes allowance for doubtful debts on an assessment of the recoverability of receivables. Allowance are applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The Directors and management specifically analyse historical bad debts, customer concentrations, customer creditworthiness, current economic trend and changes in customer payment terms when making a judgement to evaluate the adequacy of the allowance for doubtful debts or receivables. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)
(f) Valuation of inventories

Reviews are made periodically by the Directors and management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revision to the valuation of inventories. As at 31 December 2007, the Directors exercised their judgement and estimate on the valuation of the Group's quarry products located in Indonesia where the quarry operations have been temporarily suspended which amounted to RM2,372,461 by reference to the production costs incurred. Based on the current market price, the Directors are of the opinion that allowance for impairment loss is not required as the quarry products are realisable.

7. PROPERTY, PLANT AND EQUIPMENT

Group 2007	Balance as at 1 January RM	Foreign exchange RM	Additions RM	Disposals RM	Written offs RM	Reclassification RM	Balance as at 31 December RM
Cost							
Freehold land	-	-	1,785,896	-	-	-	1,785,896
Buildings and improvements	2,480,455	-	179,000	-	(18,500)	(223,693)*	2,417,262
Plant and machinery	89,283,000	(55,018)	11,111,456	(2,277,627)	(16,571)	5,025,611	103,070,851
Motor vehicles	6,579,888	(68)	957,763	(376,308)	(400)	-	7,160,875
Furniture, fittings and office equipment	1,760,736	(52)	242,643	(5,525)	(37,608)	-	1,960,194
Workshop cum site office	308,353	(2,870)	-	-	-	-	305,483
Access road	619,801	(4,966)	-	-	-	-	614,835
Capital work-in-progress	8,544,455	(42,956)	8,837,924	-	-	(5,025,611)	12,313,812
	<u>109,576,688</u>	<u>(105,930)</u>	<u>23,114,682</u>	<u>(2,659,460)</u>	<u>(73,079)</u>	<u>(223,693)</u>	<u>129,629,208</u>
	Balance as at 1 January RM	Foreign exchange RM	Charge for the financial year RM	Disposals RM	Written- offs RM	Reclassification RM	Balance as at 31 December RM
Accumulated depreciation							
Buildings and improvements	515,117	-	67,599	-	(843)	(46,231)*	535,642
Plant and machinery	39,453,883	2,271	8,545,672	(1,693,303)	(15,561)	-	46,292,962
Motor vehicles	3,339,248	44	974,497	(154,236)	(342)	-	4,159,211
Furniture, fittings and office equipment	906,708	8	238,027	(1,189)	(26,901)	-	1,116,653
Workshop cum site office	16,040	143	28,877	-	-	-	45,060
Access road	89,664	246	78,467	-	-	-	168,377
	<u>44,320,660</u>	<u>2,712</u>	<u>9,933,139#</u>	<u>(1,848,728)</u>	<u>(43,647)</u>	<u>(46,231)</u>	<u>52,317,905</u>

* Buildings with carrying amount of RM177,462 has been reclassified to non-current assets held for sale.

Included in depreciation for the year are depreciation capitalised as Quarry Development Expenditure of RM680,490 (2006: RM750,746).

NOTES TO THE FINANCIAL STATEMENTS

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Group 2006	Balance as at 1 January RM	Additions RM	Disposals RM	Written offs RM	Balance as at 31 December RM
Cost					
Buildings and improvements	2,461,955	18,500	-	-	2,480,455
Plant and machinery	77,576,268	12,229,670	(351,977)	(170,961)	89,283,000
Motor vehicles	5,053,612	1,666,918	(140,642)	-	6,579,888
Furniture, fittings and office equipment	1,415,270	425,722	(12,996)	(67,260)	1,760,736
Workshop cum site office	76,103	232,250	-	-	308,353
Access road	218,009	401,792	-	-	619,801
Capital work-in-progress	2,243,941	6,300,514	-	-	8,544,455
	<u>89,045,158</u>	<u>21,275,366</u>	<u>(505,615)</u>	<u>(238,221)</u>	<u>109,576,688</u>
	Balance as at 1 January RM	Charge for the financial year RM	Disposals RM	Written offs RM	Balance as at 31 December RM
Accumulated depreciation					
Buildings and improvements	448,338	66,779	-	-	515,117
Plant and machinery	32,331,120	7,451,769	(179,006)	(150,000)	39,453,883
Motor vehicles	2,537,916	907,069	(105,737)	-	3,339,248
Furniture, fittings and office equipment	764,140	183,039	(8,805)	(31,666)	906,708
Workshop cum site office	12,196	3,844	-	-	16,040
Access road	54,502	35,162	-	-	89,664
	<u>36,148,212</u>	<u>8,647,662</u>	<u>(293,548)</u>	<u>(181,666)</u>	<u>44,320,660</u>

7. PROPERTY, PLANT AND EQUIPMENT (continued)

Company 2007	Balance as at 1 January RM	Additions RM	Disposals RM	Balance as at 31 December RM
Cost				
Motor vehicle	178,683	-	-	178,683
Furniture, fittings and office equipment	23,681	10,830	(3,110)	31,401
	<u>202,364</u>	<u>10,830</u>	<u>(3,110)</u>	<u>210,084</u>
	Balance as at 1 January RM	Charge for the financial year RM	Disposals RM	Balance as at 31 December RM
Accumulated depreciation				
Motor vehicle	56,285	32,163	-	88,448
Furniture, fittings and office equipment	3,683	4,453	(672)	7,464
	<u>59,968</u>	<u>36,616</u>	<u>(672)</u>	<u>95,912</u>
Company 2006				
	Balance as at 1 January RM	Additions RM		Balance as at 31 December RM
Cost				
Motor vehicle		178,683	-	178,683
Furniture, fittings and office equipment		7,078	16,603	23,681
		<u>185,761</u>	<u>16,603</u>	<u>202,364</u>
	Balance as at 1 January RM	Charge for the financial year RM		Balance as at 31 December RM
Accumulated depreciation				
Motor vehicle		24,122	32,163	56,285
Furniture, fittings and office equipment		879	2,804	3,683
		<u>25,001</u>	<u>34,967</u>	<u>59,968</u>

NOTES TO THE FINANCIAL STATEMENTS

7. PROPERTY, PLANT AND EQUIPMENT (continued)

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Net carrying amount				
Freehold land	1,785,896	-	-	-
Buildings and improvements	1,881,620	1,965,338	-	-
Plant and machinery	56,777,889	49,829,117	-	-
Motor vehicles	3,001,664	3,240,640	90,235	122,398
Furniture, fittings and office equipment	843,541	854,028	23,937	19,998
Workshop cum site office	260,423	292,313	-	-
Access road	446,458	530,137	-	-
Capital work-in-progress	12,313,812	8,544,455	-	-
	77,311,303	65,256,028	114,172	142,396

Included in freehold land and capital work-in-progress is an amount of interest expense capitalised during the financial year amounted to RM30,776 for the Group.

The carrying amount of the property, plant and equipment which have been acquired by way of hire-purchase and lease arrangements are as follows:-

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Plant and machinery	16,274,680	25,223,468	-	-
Motor vehicles	2,141,971	2,743,155	90,235	122,398
Capital work-in-progress	2,495,958	-	-	-
	20,912,609	27,966,623	90,235	122,398

The carrying amount of the property, plant and equipment which have been charged to licensed financial institutions for credit facilities granted to the Group are as follows:-

	Group	
	2007 RM	2006 RM
Freehold land	1,785,896	-
Buildings and improvements	-	1,787,487
Plant and machinery	1,841,543	3,170,145
Capital work-in-progress	4,074,754	-
	7,702,193	4,957,632

Certain title deeds of the properties of RM1,581,837 (2006: RM1,605,552) are in the process of being transferred and registered in the subsidiaries' name.

7. PROPERTY, PLANT AND EQUIPMENT (continued)

During the financial year, the Group made the following cash payments to purchase property, plant and equipment:-

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Purchase of property, plant and equipment	23,114,682	21,275,366	10,830	16,603
Financed by hire-purchase and lease arrangements	(3,563,626)	(5,878,400)	-	-
Cash payments on purchase of property, plant and equipment	19,551,056	15,396,966	10,830	16,603

8. INVESTMENT PROPERTIES

Group 2007	Balance as at 1 January RM	Disposals RM	Reclassi- fications RM	Balance as at 31 December RM
Cost				
Buildings	4,994,846	(1,161,109)	(211,367)	3,622,370

	Balance as at 1 January RM	Charge for the financial year RM	Disposals RM	Reclassi- fications RM	Balance as at 31 December RM
Accumulated depreciation					
Buildings	755,357	82,596	(230,286)	(43,675)	563,992

Group 2006	Balance as at 1 January RM	Reclassi- fications RM	Balance as at 31 December RM
Cost			
Buildings	6,643,021	(1,648,175)	4,994,846

Group 2006	Balance as at 1 January RM	Charge for the financial year RM	Reclassi- fications RM	Balance as at 31 December RM
Accumulated depreciation				
Buildings	684,061	86,296	(15,000)	755,357

8. INVESTMENT PROPERTIES (continued)

Net carrying amount	Group	
	2007 RM	2006 RM
Buildings	3,058,378	4,239,489

Buildings with carrying amount of RM167,692 (2006: RM1,633,175) has been reclassified to non-current assets held for sale.

The buildings consists of commercial shophots and residential properties. The fair value of the investment properties of the Group estimated by the Directors based on current price in an active market as at 31 December 2007 amounted to RM5.7 million.

Certain title deeds of the investment properties of RM2,938,482 (2006: RM3,152,248) are in the process of being transferred and registered in the subsidiaries' name.

In the previous financial year, investment properties with an aggregate carrying amount of RM3,287,384 are charged to financial institutions for credit facilities granted to the Group.

9. QUARRY DEVELOPMENT EXPENDITURE

Net carrying amount	Group	
	2007 RM	2006 RM
At 1 January	6,011,333	2,102,931
Additions during the financial year	5,964,057	4,102,583
Amortisation	(167,720)	-
Written off	-	(194,181)
At 31 December	11,807,670	6,011,333

Included in the quarry development expenditure is an amount of RM680,490 (2006: RM750,746) arising from depreciation of property, plant and equipment capitalised during the financial year.

10. INVESTMENT IN SUBSIDIARIES

Unquoted equity shares – at cost	Company	
	2007 RM	2006 RM
	45,510,100	45,000,151

10. INVESTMENT IN SUBSIDIARIES (continued)

The details of the subsidiaries are as follows:-

Name of company	Country of incorporation	Effective equity interest		Principal activities
		2007	2006	
Direct subsidiaries				
K.S. Chin Minerals Sdn. Bhd. ("KSC")	Malaysia	100%	100%	Provision of turnkey and specialised quarry services and rental of machinery
Minetech Construction Sdn. Bhd. ("MCSB")	Malaysia	100%	100%	Provision of specialised civil engineering services and rental of machinery
Minetech Quarries Sdn. Bhd. ("MQSB")	Malaysia	100%	100%	Sales and marketing of quarry products
Minetech Premix Sdn. Bhd. ("MPSB")	Malaysia	100%	100%	Manufacturing and trading of premix products
Minetech Industries Sdn. Bhd. ("MISB")	Malaysia	100%	100%	Trading of industrial machinery spare parts
Minetech Realty Sdn. Bhd. ("MRSB")	Malaysia	100%	100%	Property investment holding
Diman KS Chin Sdn. Bhd. ("DKSC")	Malaysia	100%	100%	Sales and marketing of quarry and premix products
*Minetech Quarries Singapore Pte. Ltd. ("MQS")	Singapore	100%	100%	Sales and marketing of quarry products
Minetech Korea Petroleum Industrial Sdn. Bhd. ("MKPI")	Malaysia	51%	51%	Manufacturing and trading of bituminous products
Subsidiaries of MQSB				
Superior Elevation Sdn. Bhd. ("SESB")	Malaysia	100%	100%	Sales and marketing of quarry products
Genetic Frontier Sdn. Bhd. ("GFSB")	Malaysia	100%	100%	Inactive
Optimis Dinamik Sdn. Bhd. ("ODSB")	Malaysia	100%	100%	Inactive
*Minetech M.B. (Huizhou) Building Materials Ltd. ("MMBM")	People's Republic of China	70%	70%	Inactive
Minetech Quarries Sabah Sdn. Bhd. ("MQSS")	Malaysia	100%	-	Inactive

* Subsidiaries not audited by BDO Binder, Malaysia

10. INVESTMENT IN SUBSIDIARIES (continued)

During the financial year, the Group has completed the following transactions:-

- (a) On 8 February 2007, MQSB subscribed for 70% of the issued and paid-up share capital of MMBM for a total cash consideration of USD420,000;
- (b) On 12 February 2007, the issued and paid-up share capital of MKPI increased by RM999,900 from RM100 to RM1 million. Consequently, the Company holds 510,000 ordinary shares of RM1.00 each in MKPI representing 51% of the total issued and paid-up share capital of MKPI; and
- (c) On 16 April 2007, MQSB acquired 2 ordinary shares of RM1.00 each representing 100% of the issued and paid-up share capital of MQSS for a total cash consideration of RM2.00.

In the previous financial year, the Group acquired the following subsidiaries:-

- (a) On 14 February 2006, MQSB acquired 2 ordinary shares of RM 1.00 each representing 100% of the issued and paid-up share capital of ODSB for a total consideration of RM2.00;
- (b) On 20 September 2006, the Company subscribed for 51 subscribers shares of RM 1.00 each representing 51% of the issued and paid-up share capital of MKPI for a total cash consideration of RM51.00;
- (c) On 18 October 2006, MQSB and Huizhou Daya Bay M.B. Industrial Co. Ltd, a company established in People's Republic of China, established a joint venture company in Republic of China, namely MMBM. MQSB holds an equity interest of 70% in MMBM; and
- (d) On 27 October 2006, the Company subscribed for 1 ordinary share of SGD1 each representing 100% of the issued and paid-up share capital of MQS for a total cash consideration of SGD1.

The effects of acquisitions of subsidiaries on the financial position of the Group are disclosed in Note 30.

11. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Unquoted equity shares, at cost	49	49	49	49
Share of post acquisition reserves, net of dividends received	(49)	(49)	-	-
	<u>-</u>	<u>-</u>	<u>49</u>	<u>49</u>

The details of the associate, which was incorporated in Malaysia, is as follows:-

Name of company	Effective equity interest		Principal activity
	2007	2006	
*Luna Megan Sdn. Bhd.	49%	49%	Dormant

In the previous financial year, the Company acquired 49 ordinary shares of RM1.00 each representing 49% of the issued and paid-up share capital of Luna Megan Sdn. Bhd. ("LMSB") for a total cash consideration of RM49.

* Not audited by BDO Binder, Malaysia

11. INVESTMENT IN AN ASSOCIATE (continued)

The summarised financial information of the associate is as follows:-

	2007 RM	2006 RM
Assets and liabilities		
Current assets	100	100
Current liabilities	6,874	2,768
Results		
Revenue	-	-
Loss for the financial year	(4,106)	(2,768)

12. INVENTORIES

	Group	
	2007 RM	2006 RM
At cost		
Quarry products	9,291,688	9,559,211
Bitumen, filler and diesel	1,083,330	495,419
Spare parts and consumables	2,291,614	2,109,527
	<u>12,666,632</u>	<u>12,164,157</u>

13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Trade receivables				
Trade receivables	39,780,611	33,731,887	-	-
Amounts due from customers for contract works (Note 14)	26,611,796	19,802,569	-	-
	66,392,407	53,534,456	-	-
Less: Allowance for doubtful debts – trade receivables	(22,961)	(24,833)	-	-
	<u>66,369,446</u>	<u>53,509,623</u>	<u>-</u>	<u>-</u>
Other receivables				
Other receivables	3,314,794	1,422,018	-	220
Deposits	1,429,907	1,047,246	21,300	1,200
Prepayments	4,218,757	2,390,898	1,479,870	428,979
Amounts owing by subsidiaries	-	-	63,656,919	35,652,038
Amount owing by an associate	958	958	958	958
	<u>8,964,416</u>	<u>4,861,120</u>	<u>65,159,047</u>	<u>36,083,395</u>
	<u>75,333,862</u>	<u>58,370,743</u>	<u>65,159,047</u>	<u>36,083,395</u>

13. TRADE AND OTHER RECEIVABLES (continued)

- (a) The normal credit terms of trade receivables offered by the Group range from 30 to 180 days from date of invoice.
- (b) Included in amounts due from customers for contract works of the Group are retention sums amounting to RM5,225,136 (2006: RM3,134,701).
- (c) Amounts owing by subsidiaries represent advances and payments on behalf which is unsecured, interest-free and repayable on demand, except for advances amounting to RM46 million (2006: RM25 million), which represents the proceeds from MUNIF Notes drawn down on behalf by the Company, bearing interest at rate of 5.25% (2006: 5.58%) per annum.
- (d) Amount owing by an associate represent advances and payments on behalf which are unsecured, interest-free and repayable on demand.

14. AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORKS

	Group	
	2007 RM	2006 RM
Aggregate costs incurred to date	95,370,802	54,124,857
Add: Attributable profits	8,949,630	9,202,897
Less: Provision for foreseeable losses	(3,511,380)	-
	100,809,052	63,327,754
Less: Progress billings	(74,197,256)	(43,525,185)
	26,611,796	19,802,569

Included in the amounts due from customers for contract works is an amount written off during the financial year of RM2,111,872.

15. CASH AND BANK BALANCES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Cash and bank balances	5,725,055	6,509,377	247,953	570,471
Fixed deposits with licensed banks	5,628,478	1,052,389	4,000,000	-
	11,353,533	7,561,766	4,247,953	570,471

16. NON-CURRENT ASSETS HELD FOR SALE

The Group has committed to dispose certain property, plant and equipment and investment properties located at Bandar Baru Nilai and Bandar Cheras. These assets are classified as non-current assets held for sale and the sales are expected to complete within one year from the balance sheet date. Details of the non-current assets are as follows:

Group Assets

2007	Balance as at 1 January RM	Disposals RM	Reclassi- fications RM	Impairment losses RM	Balance as at 31 December RM
Property, plant and equipment	-	-	177,462	(47,462)	130,000
Investment properties	1,633,175	(159,706)	167,692	(47,692)	1,593,469
	<u>1,633,175</u>	<u>(159,706)</u>	<u>345,154</u>	<u>(95,154)</u>	<u>1,723,469</u>

2006	Balance as at 1 January RM	Reclassi- fications RM	Balance as at 31 December RM
Investment properties	-	1,633,175	1,633,175
	<u>-</u>	<u>1,633,175</u>	<u>1,633,175</u>

Group Liabilities	2007 RM	2006 RM
Liabilities attributable to non-current assets held for sale	-	41,815
	<u>-</u>	<u>41,815</u>

17. SHARE CAPITAL

	Group and Company			
	2007	2007	2006	2006
	Number of shares	RM	Number of shares	RM
Ordinary shares of RM1.00 each:				
Authorised	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>
Issued and fully paid:				
Balance as at 1 January	55,000,000	55,000,000	55,000,000	55,000,000
Issued during the year	5,494,300	5,494,300	-	-
Balance as at 31 December	<u>60,494,300</u>	<u>60,494,300</u>	<u>55,000,000</u>	<u>55,000,000</u>

During the financial year, the issued and paid-up share capital of the Company was increased from RM55,000,000 to RM60,494,300 by way of issuance of 5,494,300 new ordinary shares of RM1.00 each for cash through a private placement on 14 December 2007. These shares rank pari passu in all respect with the existing shares of the Company. There were no other issues of shares during the financial year.

18. RESERVES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Non-distributable				
Share premium	1,920,850	1,087,884	1,920,850	1,087,884
Treasury shares, at cost	(47,990)	(47,990)	(47,990)	(47,990)
Exchange translation reserve	(140,893)	(81,365)	-	-
	1,731,967	958,529	1,872,860	1,039,894
Distributable				
Retained earnings	6,631,673	13,170,906	6,783,194	772,703
	8,363,640	14,129,435	8,656,054	1,812,597

(a) Exchange translation reserve

The exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(b) Retained earnings

Subject to the agreement from the Malaysia Inland Revenue Board, the Company has sufficient tax credit under Section 108 of the Malaysian Income Tax Act, 1967 and tax exempt account balance of RM1,250,000 (2006: RM1,250,000) to frank its entire retained earnings in full by way of dividend without incurring additional tax liability.

Effective 1 January 2008, the Company is given the option to make an irrevocable election to move to a single tier system or continue to use its tax credit under Section 108 of the Income Tax Act, 1967 for the purpose of dividend distribution until the tax credit is fully utilised or latest by 31 December 2013.

The Company will continue to use its tax credit under Section 108 of the Income Tax Act, 1967 for the purposes of dividend distribution until the tax credit is fully utilised or latest by 31 December 2013.

19. BORROWINGS

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Non-current liabilities-secured				
Hire-purchase and lease creditors	8,546,482	10,334,008	43,909	77,161
Term loans	2,416,897	568,034	-	-
	10,963,379	10,902,042	43,909	77,161

19. BORROWINGS (continued)

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Current liabilities-secured				
Bank overdrafts	2,105,092	887,741	-	-
Bankers' acceptance	4,413,398	5,228,223	-	-
Trust receipts	501,744	-	-	-
Short term advance	-	397,536	-	-
MUNIF Notes	45,110,905	24,352,333	45,110,905	24,352,333
Hire-purchase and lease creditors	5,050,190	5,534,295	33,252	31,583
Term loans	462,480	362,581	-	-
	57,643,809	36,762,709	45,144,157	24,383,916
Current liabilities-unsecured				
Bankers' acceptance	7,424,072	-	-	-
	65,067,881	36,762,709	45,144,157	24,383,916
	76,031,260	47,664,751	45,188,066	24,461,077
Total borrowings				
Bank overdrafts (Note 31)	2,105,092	887,741	-	-
Bankers' acceptance	11,837,470	5,228,223	-	-
Trust receipts	501,744	-	-	-
Short term advance	-	397,536	-	-
MUNIF Notes	45,110,905	24,352,333	45,110,905	24,352,333
Hire-purchase and lease creditors (Note 20)	13,596,672	15,868,303	77,161	108,744
Term loans (Note 21)	2,879,377	930,615	-	-
	76,031,260	47,664,751	45,188,066	24,461,077

- (a) In the previous financial year, the Company entered into a RM100,000,000 Murabahah Underwritten/Islamic Medium Term Notes ("MUNIF/IMTN Notes") Issuance Facilities with a financial institution. The facility has an availability period of seven years during which the Company may issue MUNIF/IMTN Notes up to a maximum outstanding amount of RM100,000,000. The effective yield is determined on issuance and calculated from the days when the issuer confirms the acceptance of the placement. The Company had issued and redeemed the following MUNIF Notes:

	Group and Company	
	2007 RM	2006 RM
Balance as at 1 January	25,000,000	-
Issued during the year	22,000,000	25,000,000
Redeemed during the year	(1,000,000)	-
Balance as at 31 December	46,000,000	25,000,000

The maturity period of MUNIF Notes range from four to nine months and bear interest at an effective rate of 5.25% (2006: 5.35%) per annum.

19. BORROWINGS (continued)

- (a) In the previous financial year, the Company entered into a RM100,000,000 Murabahah Underwritten/Islamic Medium Term Notes (“MUNIF/IMTN Notes”) Issuance Facilities with a financial institution. The facility has an availability period of seven years during which the Company may issue MUNIF/IMTN Notes up to a maximum outstanding amount of RM100,000,000. The effective yield is determined on issuance and calculated from the days when the issuer confirms the acceptance of the placement. The Company had issued and redeemed the following MUNIF Notes: (continued)

The MUNIF Notes are secured by an assignment by the Company and its subsidiaries of certain Ringgit Malaysia proceeds of the quarry operation services and assignment or charge over certain bank balances of certain subsidiaries (“Designated Accounts”) and monies standing to the credit of the Designated Accounts including the permitted investments from the Designated Accounts.

- (b) The bank overdrafts bear interest at rates ranging from 1.25% to 2.00% per annum above the base lending rates of the banks. The bank overdrafts and other short term borrowings are secured by the following:-
- (i) Fixed and floating charge over certain property, plant and equipment of subsidiaries (Note 7);
 - (ii) Fixed deposits with a licensed bank of certain subsidiaries;
 - (iii) Corporate guarantee provided by the Company.

20. HIRE-PURCHASE AND LEASE CREDITORS

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Minimum hire-purchase and lease payments:-				
- not later than one year	5,942,681	6,604,153	81,540	36,240
- later than one year and not later than five years	9,399,321	11,414,156	-	81,540
	15,342,002	18,018,309	81,540	117,780
Less: Future interest charges	(1,745,330)	(2,150,006)	(4,379)	(9,036)
Present value of hire-purchase and lease liabilities	13,596,672	15,868,303	77,161	108,744
Repayable as follows:-				
Current liabilities:-				
- not later than one year	5,050,190	5,534,295	33,252	31,583
Non-current liabilities:-				
- later than one year and not later than five years	8,546,482	10,334,008	43,909	77,161
	13,596,672	15,868,303	77,161	108,744

The hire-purchase and lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

21. TERM LOANS

	Group	
	2007 RM	2006 RM
Term loan I at interest rate of 7.5% per annum repayable over a period of ten years in equal monthly instalment of RM6,446 each commencing in 1996	-	34,023
Term loan II at interest rate of 4.6% per annum repayable over a period of five years in equal monthly instalment of RM18,655 each commencing in 2002	-	36,967
Term loan III at interest rate of 4.0% per annum repayable over a period of six years in equal monthly instalment of RM28,614 each commencing in 2003	579,967	859,625
Term loan IV repayable by monthly instalment of varying amounts over a period of 8 years commencing 2008	1,190,000	-
Term loan V repayable by monthly instalment of varying amounts over a period of 8 years commencing 2008	900,000	-
Term loan VI repayable by monthly instalment of varying amounts over a period of 8 years commencing 2008	209,410	-
	2,879,377	930,615
	Group	
	2007 RM	2006 RM
Repayable as follows:-		
Current liabilities:-		
- within one year	462,480	362,581
Non-current liabilities:-		
- later than one year and not later than five years	1,550,730	568,034
- later than five years	866,167	-
	2,416,897	568,034
	2,879,377	930,615

Term loan III are secured by means of a first fixed charge over the plant and equipment of a subsidiary, third parties deed of assignment over certain properties of the Directors' related companies and corporate guarantee provided by the Company.

Term loan IV, V and VI bear interest at rate 3.99% per annum for the first year, 5.00% for the second year and thereafter 0.80% per annum above the base lending rate of the bank. These term loans are secured by the followings:-

- a) Fixed and floating charge over certain property, plant and equipment of a subsidiary; and
- b) Corporate guarantee provided by the Company.

22. DEFERRED TAX

(a) The deferred tax assets and liabilities are made up of the following:-

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Balance as at 1 January	7,246,700	6,153,800	7,700	-
Recognised in the income statements (Note 27)	(914,500)	1,092,900	(7,700)	7,700
Balance as at 31 December	6,332,200	7,246,700	-	7,700
Presented after appropriate offsetting:-				
Deferred tax asset, net	(3,657,580)	(10,800)	(6,800)	-
Deferred tax liabilities, net	9,989,780	7,257,500	6,800	7,700
	6,332,200	7,246,700	-	7,700

(b) The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:-

	Group			Company
	Unabsorbed capital allowances RM	Unused tax losses RM	Total RM	Unabsorbed capital allowances RM
Deferred tax assets				
At 1 January 2007	6,100	4,700	10,800	-
Recognised in the income statement	2,745,670	901,110	3,646,780	6,800
At 31 December 2007	2,751,770	905,810	3,657,580	6,800
At 1 January 2006	15,000	-	15,000	-
Recognised in the income statement	(8,900)	4,700	(4,200)	-
At 31 December 2006	6,100	4,700	10,800	-

22. DEFERRED TAX (continued)

- (b) The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:- (continued)

	← Group →			Company
	Property, plant and equipment RM	Quarry development expenditure RM	Total RM	Property, plant and equipment RM
Deferred tax liabilities				
At 1 January 2007	6,305,500	952,000	7,257,500	7,700
Recognised in the income statement	1,412,280	1,320,000	2,732,280	(900)
At 31 December 2007	<u>7,717,780</u>	<u>2,272,000</u>	<u>9,989,780</u>	<u>6,800</u>
At 1 January 2006	5,921,800	247,000	6,168,800	-
Recognised in the income statement	383,700	705,000	1,088,700	7,700
At 31 December 2006	<u>6,305,500</u>	<u>952,000</u>	<u>7,257,500</u>	<u>7,700</u>

- (c) The amount of temporary differences for which no deferred tax assets have been recognised in the balance sheet are as follows:

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Unabsorbed capital allowances	3,400	-	3,400	-
Unused tax losses	538,314	4,048	26,400	-
	<u>541,714</u>	<u>4,048</u>	<u>29,800</u>	<u>-</u>

Deferred tax assets have not been recognised in respect of the above items as it is not probable that taxable profit of the Company and subsidiaries will be available against which the deductible temporary differences can be utilised.

The deductible temporary differences do not expire under current tax legislation unless there is a substantial change in shareholders of those subsidiaries of more than 50%. If there is such a change, unused tax losses carry forward and unabsorbed capital allowances carry forward amounting to approximately RM5,467,000 and RM10,558,000 will not be available to the Group.

23. TRADE AND OTHER PAYABLES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Trade payables				
Trade payables	34,952,929	21,718,519	-	-

NOTES TO THE FINANCIAL STATEMENTS

23. TRADE AND OTHER PAYABLES (continued)

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Other payables				
Other payables	5,581,141	7,909,700	142,671	159,753
Dividend payable	-	6,962	-	6,962
Deposits received	54,665	76,565	-	-
Accruals	2,231,617	2,789,377	401,724	337,331
Amounts owing to subsidiaries	-	-	160,606	10,642
	7,867,423	10,782,604	705,001	514,688
	42,820,352	32,501,123	705,001	514,688

- (a) The normal credit terms of trade payables offered to the Group range from 30 to 150 days from date of invoice.
- (b) Amounts owing to subsidiaries represent advances and payments on behalf which are unsecured, interest-free and repayable on demand.

24. REVENUE

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Turnkey quarry services	46,032,008	61,444,488	-	-
Sale of goods	63,508,140	19,455,700	-	-
Civil engineering	43,104,527	36,750,693	-	-
Rental income	382,463	882,615	-	-
Interest income	15,363	37,556	2,349,007	322,022
Management fees	-	-	3,530,000	3,200,000
Dividend income	-	-	9,730,000	1,000,000
	153,042,501	118,571,052	15,609,007	4,522,022

25. (LOSS)/PROFIT BEFORE TAX

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
(Loss)/profit before tax is arrived at after charging:-				
Allowance for doubtful debts	-	22,961	-	-
Amortisation of quarry development expenditure (Note 9)	167,720	-	-	-
Amounts due from customers for contract works written off (Note 14)	2,111,872	-	-	-
Auditors' remuneration				
- current year	95,118	79,250	18,000	18,000
- under provision in prior years	4,150	340	900	-
Bad debts written off	119,958	51,411	-	-
Contract cost recognised	36,724,114	27,589,919	-	-

25. (LOSS)/PROFIT BEFORE TAX (continued)

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Depreciation of investment properties (Note 8)	82,596	86,296	-	-
Depreciation of property, plant and equipment (Note 7,9)	9,252,649	7,896,916	36,616	34,967
Directors' emoluments other than fees	2,270,342	2,314,443	1,917,106	2,031,797
Directors' fees	54,000	33,000	54,000	33,000
Interest expense on:-				
- bank overdrafts	122,466	355,651	-	-
- term loans	62,921	90,174	-	-
- hire-purchase and lease creditors	1,148,734	1,464,820	4,657	6,325
- bankers' acceptance and short term advance	310,914	268,993	-	-
- MUNIF Notes	2,333,644	448,705	2,333,644	448,705
- others	14,148	5,512	-	-
Loss on disposal of property, plant and equipment	12,067	71,697	1,438	-
Impairment losses of non-current assets held for sale (Note 16)	95,154	-	-	-
Property, plant and equipment written off	29,432	56,555	-	-
Provision for foreseeable losses (Note 14)	3,511,380	-	-	-
Quarry development expenditure written off (Note 9)	-	194,181	-	-
Realised loss on foreign exchange	26,046	14,132	-	-
Rental expense:-				
- plant and machinery	3,251,279	2,113,316	-	-
- land	-	105,500	-	-
- office	32,089	13,500	-	-
- workshop	60,000	97,000	-	-
Unrealised loss on foreign exchange	-	366	-	-
And crediting:-				
Allowance for doubtful debts no longer required	1,872	14,621	-	-
Unrealised gain on foreign exchange	-	14,077	-	-
Dividend income from subsidiaries	-	-	9,730,000	1,000,000
Gain on disposal of:-				
- property, plant and equipment	412,020	-	-	-
- investment properties	44,240	-	-	-
- non-current assets held for sale	20,294	-	-	-
Interest income	39,260	109,280	2,349,007	322,022
Rental income:-				
- equipment	453,071	109,016	-	-
- premises	249,400	285,348	-	-

NOTES TO THE FINANCIAL STATEMENTS

26. EMPLOYEE BENEFITS

The total employee benefits recognised in the income statements are as follows:-

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Wages and salaries	15,465,610	14,187,443	2,302,195	2,320,730
Defined contribution plan	1,524,581	1,467,241	327,063	339,825
Other employee benefits	1,027,571	906,358	52,450	56,835
	18,017,762	16,561,042	2,681,708	2,717,390

27. TAXATION

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Current tax expense based on profit for the financial year				
- Income tax	76,900	346,400	2,615,000	400
- (Over)/under provision in prior year	(49,774)	(51,807)	(400)	6,701
Deferred tax (Note 22)				
-Relating to origination and reversal of temporary differences	(509,472)	936,560	(4,000)	3,900
-Relating to changes in tax rate	(488,000)	-	-	-
-Under/(over) provision in prior year	82,972	156,340	(3,700)	3,800
	(914,500)	1,092,900	(7,700)	7,700
	(887,374)	1,387,493	2,606,900	14,801

The numerical reconciliation between the average effective tax rate and the applicable tax rate of the Group and of the Company are as follows:-

	Group		Company	
	2007 %	2006 %	2007 %	2006 %
Applicable tax rate	(27.00)	28.00	27.00	28.00
Tax effects in respect of:-				
Non-allowable expenses	13.60	9.57	0.40	14.06
Non-taxable income	-	(1.74)	-	-
Tax exempt income	(0.39)	-	-	(41.42)
Effect of changes in tax rate	(7.08)	-	-	-
Lower tax rate in foreign jurisdiction	0.08	-	-	-
Deferred tax assets not recognised	7.83	0.10	0.31	-
Reduction in tax rate on first RM500,000 chargeable income of certain subsidiaries	(0.45)	(2.57)	-	-
	(13.41)	33.36	27.71	0.64

27. TAXATION (continued)

	Group		Company	
	2007 %	2006 %	2007 %	2006 %
Income tax - prior year	(0.73)	(1.35)	-	0.99
Deferred tax - prior year	1.21	4.07	(0.04)	0.56
Average effective tax rate	(12.93)	36.08	27.67	2.19

Tax savings of the Group are as follows:

	Group	
	2007 RM	2006 RM
Arising from utilisation of current year tax losses	17,000	-

Subject to the agreement from the Malaysian Inland Revenue Board and compliance of tax laws applicable to foreign subsidiary, the Group has unused tax losses and unabsorbed capital allowances amounting to approximately RM5,568,000 and RM10,597,000 respectively which are available for set-off against future taxable income.

The Malaysian income tax is calculated at the statutory tax rate of 27% (2006: 28%) of the estimated taxable profit for the fiscal year. The Malaysian statutory tax rate has been reduced to 27% from the previous year's rate of 28% for the fiscal year of assessment 2007, to 26% for the fiscal year of assessment 2008, and to 25% for the fiscal year of assessment 2009 onwards.

Tax expense for other taxation authorities are calculated at the rates prevailing in those respective jurisdictions.

28. DIVIDENDS

	Group and Company			
	Gross dividend per share sen	2007 Amount of dividend net of tax RM	Gross dividend per share sen	2006 Amount of dividend net of tax RM
Final dividend paid	-	-	2.00	803,000

Since the end of the previous financial year, the Company paid a final dividend of 2.00 sen per share less tax, amounting to RM803,000 in respect of the financial year ended 31 December 2006 on 20 September 2007.

The Directors do not propose any dividend payments in respect of the financial year ended 31 December 2007.

29. (LOSS)/ EARNINGS PER ORDINARY SHARE

Basic (loss)/ earnings per ordinary share:-

Basic (loss)/ earnings per ordinary share is calculated by dividing the (loss)/profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares issued during the financial year.

	2007	Group 2006
(Loss)/ profit attributable to equity holders of the Company (RM)	<u>(5,736,233)</u>	<u>2,458,437</u>
Weighted average number of ordinary shares of RM1.00 each	55,270,952	55,000,000
Adjustment for subdivision of every 1 existing ordinary share into 5 new ordinary shares completed on 21 January 2008	<u>221,083,807</u>	<u>220,000,000</u>
	<u>276,354,759</u>	<u>275,000,000</u>
Basic (loss)/ earnings per ordinary share (sen)	<u>(2.08)</u>	<u>0.89</u>

Diluted earnings per ordinary share:-

The Company does not have any dilutive potential ordinary shares.

30. ACQUISITION OF SUBSIDIARIES

(a) During the financial year, the Group acquired MQSS for a total cash consideration of RM2.00.

(i) Details of the net assets acquired and cash flow arising from the acquisition of MQSS are as follows:-

	Group RM
Net asset acquired	
- Cash in hand	<u>2</u>
Total purchase consideration discharged by cash	<u>2</u>
Less: Cash and cash equivalents acquired	<u>(2)</u>
Net cash on acquisition, net of cash and cash equivalents acquired	<u>-</u>

(ii) The effect of the above acquisition on the financial results of the Group during the financial year is as follows:-

	Group RM
Revenue	-
Operating costs	<u>(11,256)</u>
Loss before tax	<u>(11,256)</u>
Tax expense	<u>-</u>
Decrease in Group's net profit after tax	<u>(11,256)</u>

30. ACQUISITION OF SUBSIDIARIES (continued)

(a) During the financial year, the Group acquired MQSS for a total cash consideration of RM2.00. (continued)

(iii) The effect of the above acquisition on the financial position of the Group at the end of the financial year is as follows:-

	Group RM
Cash in hand	2
Payables	(1,125)
	(1,123)
Decrease in Group's net assets	(1,123)

(b) In the previous financial year, the Group acquired ODSB, MKPI, MQS and MMBM for a total cash consideration of RM55.00.

(i) Details of the net assets acquired and cash flow arising from the acquisitions of these subsidiaries are as follows:-

	Group RM
Net asset acquired	
- Cash in hand	104
- Minority interest	(49)
	55
Total purchase consideration in subsidiaries discharged by cash	55
Less: Cash and cash equivalents of the subsidiaries acquired	(104)
	49
Cash inflow on acquisition, net of cash and cash equivalents acquired	49

(ii) The effect of the above acquisitions on the financial results of the Group during the previous financial year are as follows:-

	Group RM
Revenue	-
Operating costs	(90,791)
Other income	797
	(89,994)
Loss before tax	(89,994)
Tax expense	-
	(89,994)
Decrease in Group's net profit after tax	(89,994)

(iii) The effect of the above acquisitions on the financial position of the Group as at 31 December 2006 was as follows:-

	Group RM
Property, plant and equipment	7,471
Receivables	983,363
Cash and bank balances	1,445,286
Payables	(3,513)
	2,432,607
Increase in Group's net assets	2,432,607

31. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:-

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Fixed deposits with licensed banks	5,628,478	1,052,389	4,000,000	-
Cash and bank balances	5,725,055	6,509,377	247,953	570,471
	11,353,533	7,561,766	4,247,953	570,471
Bank overdrafts (Note 19)	(2,105,092)	(887,741)	-	-
	9,248,441	6,674,025	4,247,953	570,471
Less: Fixed deposits pledged to licensed banks	(928,478)	(1,052,389)	-	-
	<u>8,319,963</u>	<u>5,621,636</u>	<u>4,247,953</u>	<u>570,471</u>

Certain fixed deposits have been pledged as security for credit facilities granted to the Group.

32. SEGMENTAL REPORTING

(a) Reporting format

The primary segment reporting format is determined to be business segments as the Group's risks and returns are affected predominantly by differences in the products and services it produces.

Secondary information is reported geographically.

(b) Business segments

The Group comprises the following main business segments:-

- 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
- Others : Investment holding, provision of managerial services, rental of machinery, trading of industrial machinery spare parts and manufacturing and trading of bituminous products

(c) Allocation basis and inter-segment pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Inter-segment prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfer between business segments. These segments are eliminated on consolidation.

32. SEGMENTAL REPORTING (continued)

(b) Business segments (continued)

	2007	Quarry products RM	Civil engineering RM	Premix products RM	Others RM	Elimination RM	Consolidation RM
Revenue							
External sales		86,377,024	43,104,527	21,948,290	1,612,660	-	153,042,501
Inter-segment sales		5,852,684	-	9,638,409	19,910,288	(35,401,381)	-
		<u>92,229,708</u>	<u>43,104,527</u>	<u>31,586,699</u>	<u>21,522,948</u>	<u>(35,401,381)</u>	<u>153,042,501</u>
Results							
Segment results		386,709	(7,140,826)	887,004	8,869,407	(9,865,678)	(6,863,384)
Share of loss in an associate		-	-	-	-	-	(6,863,384)
Loss before tax		-	-	-	-	-	887,374
Tax income		-	-	-	-	-	(5,976,010)
Loss for the financial year		-	-	-	-	-	-
Other information							
Segment assets		123,248,967	50,967,123	14,475,179	128,720,430	(124,191,354)	193,220,345
Non-current assets held for sale		-	250,000	-	1,473,469	-	1,723,469
Total segment assets		<u>123,248,967</u>	<u>51,217,123</u>	<u>14,475,179</u>	<u>130,193,899</u>	<u>(124,191,354)</u>	<u>194,943,814</u>
Segment liabilities		85,100,430	46,189,635	13,072,310	57,782,305	(76,960,868)	125,183,812
Capital expenditure		13,128,349	1,223,163	2,722,745	6,040,425	-	23,114,682
Amortisation of quarry development expenditure		167,720	-	-	-	-	167,720
Depreciation of investment properties		59,670	22,926	-	-	-	82,596
Depreciation of property, plant and equipment		7,607,251	2,036,054	216,574	73,260	-	9,933,139
Impairment losses of non-current assets held for sale		-	95,154	-	-	-	95,154
Non-cash expenses other than depreciation		29,432	5,633,881	119,958	1,438	-	5,784,709

32. SEGMENTAL REPORTING (continued)

(b) Business segments (continued)

2006	Quarry products RM	Civil engineering RM	Premix products RM	Others RM	Elimination RM	Consolidation RM
Revenue						
External sales	71,337,134	36,750,693	9,507,534	975,691	-	118,571,052
Inter-segment sales	969,874	(771,814)	1,076	8,851,692	(9,050,828)	-
	<u>72,307,008</u>	<u>35,978,879</u>	<u>9,508,610</u>	<u>9,827,383</u>	<u>(9,050,828)</u>	<u>118,571,052</u>
Results						
Segment results	3,171,334	804,410	345,634	524,552	(1,000,000)	3,845,930
Share of loss in an associate						(49)
Profit before tax						<u>3,845,881</u>
Tax expense						<u>(1,387,493)</u>
Profit for the financial year						<u>2,458,388</u>
Other information						
Segment assets	105,455,705	47,607,300	4,732,440	88,553,989	(91,396,385)	154,953,049
Non-current assets held for sale	-	159,706	-	1,473,469	-	1,633,175
Total segment assets	<u>105,455,705</u>	<u>47,767,006</u>	<u>4,732,440</u>	<u>90,027,458</u>	<u>(91,396,385)</u>	<u>156,586,224</u>
Segment liabilities	64,310,734	34,694,502	2,896,550	30,437,100	(44,923,912)	87,414,974
Liabilities attributable to non-current assets held for sale	-	-	-	1,463,869	(1,422,054)	41,815
Total segment liabilities	<u>64,310,734</u>	<u>34,694,502</u>	<u>2,896,550</u>	<u>31,900,969</u>	<u>(46,345,966)</u>	<u>87,456,789</u>
Capital expenditure	17,990,787	3,239,282	-	45,297	-	21,275,366
Depreciation of investment properties	61,605	24,691	-	-	-	86,296
Depreciation of property, plant and equipment	6,552,761	1,922,625	118,717	53,559	-	8,647,662
Non-cash expenses other than depreciation	319,196	26,564	51,411	-	-	397,171

32. SEGMENTAL REPORTING (continued)

(d) Geographical segments

The Group operates mainly in Malaysia, Indonesia and has sales office in Singapore. The revenue disclosed in geographical segments are based on the geographical location of its customers. Segment assets and capital expenditure are based on the geographical location of assets. The composition of each geographical segment is as follows:-

- Malaysia : Provision of turnkey and specialised quarry services and sales and marketing of quarry products, specialised civil engineering works, manufacturing and trading of premix products and others
- Indonesia : Provision of turnkey and specialised quarry services
- Singapore : Sales and marketing of quarry products

	Revenue RM	Segment assets RM	Capital expenditure RM
2007			
Malaysia	142,884,730	180,166,321	22,005,763
Indonesia	-	11,805,640	906,373
Singapore	10,157,771	830,906	365
China	-	2,140,947	202,181
	<u>153,042,501</u>	<u>194,943,814</u>	<u>23,114,682</u>

	Revenue RM	Segment assets RM	Capital expenditure RM
2006			
Malaysia	117,842,933	144,176,186	12,703,246
Indonesia	728,119	10,917,520	8,572,120
Singapore	-	8,061	-
China	-	1,484,457	-
	<u>118,571,052</u>	<u>156,586,224</u>	<u>21,275,366</u>

33. CAPITAL COMMITMENTS

	2007 RM	Group 2006 RM
Capital expenditure in respect of purchase of property, plant and equipment		
- contracted but not provided for	4,316,390	7,406,828
- approved and not contracted for	3,952,402	994,402
	<u>8,268,792</u>	<u>8,401,230</u>

34. CONTINGENT LIABILITIES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Secured				
Bank guarantee issued in favour of third parties by certain subsidiaries	5,238,250	5,568,138	-	-
Unsecured				
Corporate guarantee given to financial institutions for credit facilities granted to subsidiaries	-	-	17,323,682	7,444,115
Corporate guarantee given to suppliers of subsidiaries for credit facilities granted to subsidiaries	-	-	4,080,290	1,704,167
Bank guarantee issued in favour of third parties by certain subsidiaries	237,000	-	-	-
	<u>5,475,250</u>	<u>5,568,138</u>	<u>21,403,972</u>	<u>9,148,282</u>

A former employee of MISB has filed a claim against MISB for a sum of RM70,000 for liquidated damages, special and general damages to be assessed by the court pursuant to injury arising from personal accident during working hours. The Sessions Court had allowed the plaintiff's application to amend the Statement of Claim to state that KSC and not MISB was the former employee's Employer on 3 August 2006. Hence, the application by MISB for striking out based on Section 31 of the SOCSO Act became academic. An appeal has been filed with the High Court against the Sessions Court order allowing the amendment to the Statement of Claim as there is substantial evidence that MISB and not KSC was the Plaintiff's employer. MISB's appeal to the High Court fixed for 19 June 2007 was vacated. The appeal at the High Court is now fixed for hearing on 21 August 2008.

The Board of Directors, based on legal advice, is of the opinion that the Group has valid grounds to succeed in defending this litigation.

35. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Group's financial risk management objective is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and interest rates and the unpredictability of the financial markets.

The Group operates within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors and does not trade in derivative financial instruments. Financial risk management is carried out through risk review programmes, internal control systems, insurance programmes and adherence to the Group financial risk management policies. The Group is exposed mainly to foreign currency risk, liquidity risk, interest rate risk and credit risk. Information on the management of the related exposures are detailed below.

(i) Foreign currency risk

The Group is exposed to currency exchange risk as a result of the foreign currency denominated transactions entered into by the Group during the course of business. The currencies involved are primarily Singapore Dollar, Indonesia Rupiah and US Dollar and Chinese Renminbi. The Group monitors the movement in foreign currency exchange rates closely to ensure its exposures are minimised. The Group does not enter into any hedging contract to hedge this risk.

35. FINANCIAL INSTRUMENTS (continued)

(a) Financial risk management objectives and policies (continued)

(i) Foreign currency risk (continued)

The net unhedged financial assets and financial liabilities of the Group and the Company that are not denominated in their functional currencies are as follows:-

Group	Net financial assets/(liabilities) held in non-functional currencies				Total RM
	Singapore Dollar RM	US Dollar RM	Chinese Renminbi RM	Indonesia Rupiah RM	
Functional currencies					
At 31 December 2007					
Cash and bank					
Chinese Renminbi	-	1,318	-	-	1,318
Ringgit Malaysia	485,585	-	1,418,876	-	1,904,461
Trade receivables					
Ringgit Malaysia	368,259	-	-	-	368,259
Trade payables					
Ringgit Malaysia	(1,396,876)	-	-	(1,626)	(1,398,502)

Group	Net financial assets/(liabilities) held in non-functional currencies		Total RM
	Singapore Dollar RM	US Dollar RM	
Functional currencies			
At 31 December 2006			
Cash and bank			
Chinese Renminbi	-	519,819	519,819
Trade payables			
Ringgit Malaysia	(308,595)	-	(308,595)

Net financial assets held in non-functional currencies

Company	Singapore Dollar RM
Functional currencies	
At 31 December 2007	
Amount owing by a subsidiary Ringgit Malaysia	122,784
At 31 December 2006	
Amount owing by a subsidiary Ringgit Malaysia	12,763

35. FINANCIAL INSTRUMENTS (continued)

(a) Financial risk management objectives and policies (continued)

(ii) Liquidity risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the Group's activities. In addition, the Group maintains sufficient banking facilities to meet its operational needs.

(iii) Credit risk

Cash deposits and trade receivables may give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. It is the Group's policy to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of one month, extending up to three months for major customers. Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables via a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

The Group's historical experience in collection of trade receivables falls within the recorded allowances. Due to these factors, the Directors believe that no additional credit risk beyond amounts provided for doubtful debts is inherent in the Group's trade receivables.

In respect of the deposits, cash and bank balances placed with major financial institutions in Malaysia, Singapore and China, the Directors believe that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

(iv) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rate. Interest rate risk exposure arises from the Group's borrowings. The Group monitors the interest rate on borrowings closely to ensure that the borrowings are maintained at favourable rates through the use of fixed and floating rates debts. The Group does not use derivative financial instruments to hedge this risk.

The following table sets out the carrying amounts, the weighted average effective interest rates ("WAEIR") as at the balance sheet date and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk:

35. FINANCIAL INSTRUMENTS (continued)

(a) Financial risk management objectives and policies (continued)

	WAEIR %	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
Group								
Fixed rate								
Hire-purchase and lease liabilities	8.12	5,050,190	3,823,039	3,112,148	1,020,514	590,781	-	13,596,672
Floating rate								
Bank overdrafts	8.27	2,105,092	-	-	-	-	-	2,105,092
Bankers' acceptance	3.97	11,837,470	-	-	-	-	-	11,837,470
Fixed deposits with licensed banks	2.50	5,628,478	-	-	-	-	-	5,628,478
Trust receipts	8.00	501,744	-	-	-	-	-	501,744
Term loans	4.85	462,480	630,565	335,748	281,339	303,078	866,167	2,879,377
MUNIF Notes	5.25	45,110,905	-	-	-	-	-	45,110,905
Company								
Fixed rate								
Hire-purchase liability	5.01	33,252	34,919	8,990	-	-	-	77,161
Floating rate								
Fixed deposit with a licensed bank	2.40	4,000,000	-	-	-	-	-	4,000,000
MUNIF Notes	5.25	45,110,905	-	-	-	-	-	45,110,905

35. FINANCIAL INSTRUMENTS (continued)

(a) Financial risk management objectives and policies (continued)

(iv) Interest rate risk (continued)

The following table sets out the carrying amounts, the weighted average effective interest rates ("WAEIR") as at the balance sheet date and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk: (continued)

Group	WAEIR %	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
Fixed rate								
Hire-purchase and lease liabilities	8.33	5,534,295	4,494,310	3,194,824	2,415,843	229,031	-	15,868,303
Floating rate								
Bank overdrafts	8.50	887,741	-	-	-	-	-	887,741
Bankers' acceptance	3.90	5,228,223	-	-	-	-	-	5,228,223
Fixed deposits with licensed banks	3.00	1,052,389	-	-	-	-	-	1,052,389
Short term advance	8.25	397,536	-	-	-	-	-	397,536
Term loans	8.60	362,581	298,648	269,386	-	-	-	930,615
MUNIF Notes	5.35	24,352,333	-	-	-	-	-	24,352,333
Company								
Fixed rate								
Hire-purchase liability	5.01	31,583	33,252	34,919	8,990	-	-	108,744
Floating rate								
MUNIF Notes	5.35	24,352,333	-	-	-	-	-	24,352,333

35. FINANCIAL INSTRUMENTS (continued)

(b) Fair values

The carrying amounts of the financial assets and liabilities of the Group and of the Company at the balance sheet date approximate their fair values except as set out below:-

	Group		Company	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
As at 31 December 2007				
Term loans	<u>2,879,377</u>	<u>2,938,903</u>	<u>-</u>	<u>-</u>
Hire-purchase and lease liabilities	<u>13,596,672</u>	<u>14,703,068</u>	<u>77,161</u>	<u>79,863</u>
As at 31 December 2006				
Term loans	<u>930,615</u>	<u>911,635</u>	<u>-</u>	<u>-</u>
Hire-purchase and lease liabilities	<u>15,868,303</u>	<u>17,241,102</u>	<u>108,744</u>	<u>112,646</u>

The following methods and assumptions are used to determine the fair value of financial instruments:-

- (i) The carrying amounts of financial assets and liabilities maturing within 12 months approximate their fair values due to the relatively short term maturity of these financial instruments; and
- (ii) The fair values of term loans and hire-purchase and lease liabilities are estimated by discounting future contractual cash flows at the current market interest rate available to the Group for similar types of lending and borrowing arrangements and of the same remaining maturities.

(c) Call options

In the previous financial year, the Company entered into a call option agreement with Korea Petroleum Industrial Co. Ltd. ("KPI") which granted KPI the right to exercise a call option to acquire 2% of the equity interest in a 51% - owned subsidiary of the Company namely, MKPI. The 2% equity interest represents 20,000 (2006: 2) ordinary shares of MKPI as at 31 December 2007. KPI holds an equity interest of 49% in MKPI as at 31 December 2007. The exercise price of the call option shall be determined by the Company based on the net tangible value per share as stated in the management account of MKPI at the time of notice of exercise and subject to a minimum price of par value of each ordinary share payable by KPI to the Company for purchase of each call share upon exercise of the call option.

Call option granted by	Number of shares under the call option	Exercise period
The Company	20,000	KPI shall only be entitled to exercise the call option within two years from the commencement date of the call option agreement dated 27 June 2006

36. RELATED PARTY DISCLOSURES

(a) Identity of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be an individual or an entity.

36. RELATED PARTY DISCLOSURES (continued)

(a) Identity of related parties (continued)

Related parties of the Group include:

- (i) Direct and indirect subsidiaries of the Company;
- (ii) Direct associate of the Company; and
- (iii) Key management personnel which comprises persons (including the Directors of the Company) having authority and responsibility for planning, directing and controlling the activities of the Group and the Company.

(b) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:-

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Subsidiaries:				
Management fees received	-	-	3,530,000	3,200,000
Interest income	-	-	2,333,644	284,466
Associate:				
Expenses paid on behalf	-	958	-	958
Professional fees paid to a firm of which a Director is a member	12,210	13,500	-	-
Rental expenses paid to Directors	72,000	117,000	-	-

The related party transactions described above were carried out on terms and conditions not materially different from those obtainable from transactions with non-related parties.

(c) Compensation of key management personnel

The remuneration of Directors and other key management personnel during the financial year was as follows:-

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Fees	54,000	33,000	54,000	33,000
Remuneration	2,095,977	2,005,500	1,655,960	1,754,250
Defined contribution plan	309,921	305,844	258,047	275,688
Other short term employee benefits	4,844	3,099	3,099	1,859
Estimated monetary value of benefits-in-kind	113,625	80,075	93,125	74,475
	2,578,367	2,427,518	2,064,231	2,139,272

37. EVENT SUBSEQUENT TO THE BALANCE SHEET DATE

On 6 December 2007, the Company proposed to implement a share split exercise involving the subdivision of every one existing ordinary share of RM1.00 each into five ordinary shares of RM0.20 each. ("Share Split").

37. EVENT SUBSEQUENT TO THE BALANCE SHEET DATE (continued)

On 4 January 2008, the Share Split was approved by the shareholders in an Extraordinary General Meeting. The issued and paid-up share capital of the Company of RM60,494,300, which comprising of 60,494,300 ordinary shares of RM1.00 each, was subdivided into 302,471,500 ordinary shares of RM0.20 each.

The Share Split was completed on 21 January 2008 with the listing and quotation of the new shares on the Second Board of Bursa Malaysia Securities Berhad on 22 January 2008.

38. COMPARATIVE FIGURES

The following comparative amounts have been restated to conform with the current financial year's presentation:-

	Group		Company	
	2006 RM	Restate 2006 RM	2006 RM	Restate 2006 RM
Balance sheets				
Current assets				
Trade and other receivables	-	58,370,743	-	36,083,395
Trade receivables	33,707,054	-	-	-
Other receivables, deposits and prepayments	4,860,162	-	430,399	-
Amounts due from customers for contract works	19,802,569	-	-	-
Amounts owing by subsidiaries	-	-	35,652,038	-
Amount owing by an associate	958	-	958	-
Fixed deposits with licensed banks	1,052,389	-	-	-
Cash and bank balances	6,509,377	7,561,766	-	-
Non-current liabilities				
Borrowings	-	10,902,042	-	77,161
Hire-purchase and lease creditors	10,334,008	-	77,161	-
Term loans- secured	568,034	-	-	-
Current liabilities				
Trade and other payables	-	32,501,123	-	514,688
Trade payables	21,718,519	-	-	-
Other payables, deposits and accruals	10,782,604	-	504,046	-
Amounts owing to subsidiaries	-	-	10,642	-
Borrowings	-	36,762,709	-	24,383,916
Hire-purchase and lease creditors	5,534,295	-	31,583	-
Short-term borrowings-secured	30,865,833	-	24,352,333	-
Term loans-secured	362,581	-	-	-
Cash Flow Statements				
Increase in trade and other receivables	-	(15,647,450)	-	(195,853)
Increase in trade receivables	(9,224,147)	-	-	-
Decrease/(Increase) in other receivables, deposits and prepayments	4,678,300	-	(195,853)	-
Increase in amounts due from customers for contract works	(11,101,603)	-	-	-
Increase in trade and other payables	-	14,390,986	-	477,218
Increase in trade payables	8,237,015	-	-	-
Increase in other payables, deposits and accruals	6,153,971	-	477,218	-

List of Properties

As at 31 December 2007

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	Land area / (Built up area) (square meters)	Net Book Value @ 31 December 2007 (RM)
Minetech Construction Sdn Bhd					
1.	Lot 7430, Jalan BBN 9/3F Desa Anggerik Bandar Baru Nilai 71800 Nilai Negeri Sembilan HS(D) 86946 PT 7430 Mukim Setul Daerah Seremban	10 years/ Freehold	Building, double storey terrace house, currently vacant / 5 May 1998	298.5 (approximately 104)	120,000.00
2.	Lot 5734, Jalan BBN 9/2K Desa Anggerik Bandar Baru Nilai 71800 Nilai Negeri Sembilan HS(D) 85290 PT 5734 Mukim Setul Daerah Seremban	10 years/ Freehold	Building, double storey terrace house, currently vacant / 5 May 1998	334.9 (approximately 104)	130,000.00
3.	Lot 5738, Jalan BBN 9/1A Desa Anggerik Bandar Baru Nilai 71800 Nilai Negeri Sembilan HS(D) 85294 PT 5738 Mukim Setul Daerah Seremban	10 years/ Freehold	Building, double storey terrace house, currently vacant / 17 August 1998	153.3 (approximately 104)	119,896.76
4.	Lot 7241, Jalan BBN 1/2A Putra Point Phase 1 Bandar Baru Nilai 71800 Nilai Negeri Sembilan HS(D) 79062 PT 7241 Mukim Labu Daerah Seremban	13 years/ Freehold	3 storey Shophouse Building 1 storey - Vacant 2 storey – Vacant / 28 July 1998	167.2 (approximately 446)	421,704.94
5.	Unit 123 - 523, Unit 223A – 523A FAS Business Avenue Jalan Perbandaran 47301 Petaling Jaya Selangor Darul Ehsan Unit 12A – 12I, HS (D) 85220 PT 14532 Mukim Damansara Daerah Petaling*	10 years/ 99 years leasehold/ Expiring on 6 December 2092	9 units 5 storey commercial shophot currently used as the Group's offices / 22 November 1994	- (approximately 720)	1,160,132.46
6.	Unit A6-1 to A6-8 and A6-10 Plaza Dwtasik No. 21, Jalan 5/106 Bandar Seri Permaisuri 56000 Kuala Lumpur Phase 1, Level 6, Unit No. 13.1, 13.2, 14.1, 14.2, 15.1, 15.2, 16.1, 16.2, 17.2, Storey Level 6 Block A Plaza Dwtasik PN 27024 Lot 51975 Mukim Kuala Lumpur Daerah Kuala Lumpur*	6 years/ 99 years leasehold/ Expiring on 11 January 2095	9 commercial office units currently rented to third parties / 18 January 1996	- (approximately 879)	1,403,163.74

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	Land area / (Built up area) (square meters)	Net Book Value @ 31 December 2007 (RM)
K.S. Chin Minerals Sdn Bhd					
1.	29-1 to 29-6, Block E1 Jalan PJU 1/45 Dataran Prima 47301 Petaling Jaya Selangor Darul Ehsan GRN 46496 Lot 42440 Pekan Cempaka Daerah Petaling*	7 years/ Freehold	6 units commercial shoplots currently rented to third parties / 31 January 1996	- (approximately 927)	1,535,317.61
Minetech Realty Sdn Bhd					
1.	SA-0113, SA-0114, SA-SM23, SA-SG17, 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*	Under construction/ 99 years leasehold/ Expiring on 4 October 2100	8 units commercial shoplots/ No certificate of fitness has been issued as the building is still under construction 7 units were acquired on 30 April 2004 SA-SG26 was acquired on 10 May 2004	- (approximately 731)	2,243,941
2.	No 15, Jalan Kasturi 1 Plaza Kasturi Off Jalan Balakong, Batu 11 43200 Cheras Selangor Darul Ehsan Under master title No. HS(D) 52944 PT No. 26352 Bandar Cheras Daerah Hulu Langat Selangor Darul Ehsan	5 years/ 99 years leasehold/ Expiring on 27 October 2093	4 storey commercial shoplot, currently vacant/ 31 March 2005	- (approximately 1192)	1,473,469
Minetech Korea Petroleum Industrial Sdn Bhd					
1.	Lot No. 1414, Mukim Ulu Yam District of Hulu Selangor Selangor Darul Ehsan Title : GM 5739	Freehold land	For construction of factory building / 27 February 2007	14,416.9/ (-)	1,785,896
Grand Total					10,552,209

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 to the individual commercial shoplots have yet to be issued.

Analysis of Shareholdings

As at 23 April 2008

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SHAREHOLDINGS STRUCTURE

Authorised Capital	:	RM100,000,000.00 divided into - 500,000,000 Ordinary Shares of RM0.20 each
Issued and fully paid-up capital (excluding shares held as treasury shares)	:	RM60,437,300.00 divided into - 302,186,500 Ordinary Shares of RM0.20 each
Class of shares	:	Ordinary Shares of RM0.20 each
Voting Rights by show of hand	:	One vote for every shareholder
Voting Rights by poll	:	One vote for every ordinary share held

ANALYSIS OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	%	No. of shareholdings	%
1 - 99	2	0.191	20	0.000
100 - 1,000	370	35.372	186,550	0.061
1,001 - 10,000	198	18.929	1,335,980	0.442
10,001 - 100,000	335	32.026	14,408,750	4.768
100,001 – 15,109,324 (less than 5% of issued shares)	137	13.097	182,907,870	60.528
15,109,325 (5% of issued shares) and above	4	0.382	103,347,330	34.199
	1,046	100.00	302,186,500	100.00

THIRTY LARGEST SHAREHOLDERS FOR ORDINARY SHARES OF RM0.20 EACH

No.	Name	No. of Shares Held	%
1.	Cimsec Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for Choy Sen @ Chin Kim Sang (Retail Banking)</i>	40,000,000	13.236
2.	HSBC Nominees (Asing) Sdn Bhd <i>Exempt An for HSBC Private Bank (Suisse) S.A. (Spore TST AC CL)</i>	25,070,000	8.296
3.	Low Choon Lan	19,992,255	6.615
4.	Choy Sen @ Chin Kim Sang	18,285,075	6.050
5.	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Choy Sen @ Chin Kim Sang (MGN-CKS0011M)</i>	15,000,000	4.963
6.	Lye Ek Seang	13,736,000	4.545
7.	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Choy Sen @ Chin Kim Sang (8036972)</i>	12,500,000	4.136
8.	Wan Zaki Bin Wan Muda	12,417,655	4.109

THIRTY LARGEST SHAREHOLDERS FOR ORDINARY SHARES OF RM0.20 EACH (CONTINUED)

No.	Name	No. of Shares Held	%
9.	Lau Joo Keng	9,782,000	3.237
10.	Viannie Damit @ Undikai	8,391,500	2.776
11.	Low Choon Lan	7,880,505	2.607
12.	Kerjaya E-Khidmat Sdn Bhd	6,260,640	2.071
13.	Concrete Panel Construction Sdn Bhd	5,494,000	1.818
14.	RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Meoy Kock Haw (CEB)</i>	5,251,000	1.737
15.	Meoy Kock Haw	4,650,000	1.538
16.	Damanjaya Sdn Bhd	4,508,000	1.491
17.	RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chin Fah (CEB)</i>	4,394,500	1.454
18.	Chai Koo Pheng	3,952,870	1.308
19.	Leu Leang @ Liew Yong Choy	3,752,500	1.241
20.	Unomedia Sdn Bhd	3,225,000	1.067
21.	UBB (Malaysia) Trustee Berhad as Beneficial Owner	2,500,000	0.827
22.	Lim Say Chong	2,400,000	0.794
23.	Lim Shoh Cheng	2,400,000	0.794
24.	Low Choon Yen	2,090,050	0.691
25.	Poon Khye Wei	1,813,100	0.599
26.	Poon Tat Wee	1,795,000	0.594
27.	Pang Hwee Peng	1,702,325	0.563
28.	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Loh Yee Kwan (8029182)</i>	1,671,535	0.553
29.	EB Nominees (Tempatan) Sendirian Berhad <i>Pledged Securities Account for Choy Sen @ Chin Kim Sang (SS2-SFC)</i>	1,500,000	0.496
30.	Koh Kin Lip	1,500,000	0.496
	Total	243,915,510	80.716

LIST OF SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of the ordinary shares of RM0.20 each as per the Register of Substantial Shareholders:

Name	Direct		Indirect	
	No. of Shares Held	%	No. of Shares Held	%
Choy Sen @ Chin Kim Sang	88,148,510	29.17	28,522,760*	9.44
Low Choon Lan	28,522,760	9.44	88,148,510*	29.17
Datuk Lye Ek Seang	13,736,000	4.55	8,489,000*	2.81
Datin Viannie Damit @ Undikai	8,489,000	2.81	13,736,000*	4.55

Note:

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

LIST OF DIRECTORS' SHAREHOLDINGS

The Directors' shareholdings of the ordinary shares of RM0.20 each as per the Register of Directors' Shareholdings:

Name	Direct		Indirect	
	No. of Shares Held	%	No. of Shares Held	%
Choy Sen @ Chin Kim Sang	88,148,510	29.17	28,522,760*	9.44
Low Choon Lan	28,522,760	9.44	88,148,510*	29.17
Loh Yee Kwan	2,249,535	0.74	2,615,050*	0.87
Datuk Lye Ek Seang	13,736,000	4.55	8,489,000*	2.81
Datin Norhaliza Binti Abdullah	1,188,440	0.39	7,185,055**	2.38
Phoon Sow Cheng	5,000	0.00	-	-
Chai Woon Chew	-	-	-	-
Lee Kah Keng @ Lee Kah Heng (Alternate Director to Datin Norhaliza Binti Abdullah)	-	-	-	-
Chin Sheong Choy (Alternate Director to Loh Yee Kwan)	-	-	-	-
Chin Leong Choy (Alternate Director to Low Choon Lan)	-	-	-	-

Notes:

* Deemed to have an indirect interest through his / her spouse's shareholdings in Minetech Resources Berhad.

** Deemed to have an indirect interest through her spouse's, her children's and Kerjaya E-Khidmat Sdn Bhd's shareholdings in Minetech Resources Berhad.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Sixth Annual General Meeting of Minetech Resources Berhad will be held at Ballroom II, One Level Up, Main Wing Area, Tropicana Golf & Country Resort Berhad, Jalan Kelab Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 18 June 2008 at 10.00 a.m., for the purpose of considering the following businesses:

A G E N D A

ORDINARY BUSINESS

1. To lay the Audited Financial Statements for the financial year ended 31 December 2007 together with the Reports of the Directors and the Auditors thereon.
2. To approve the payment of Directors' fees of RM54,000.00 for the financial year ended 31 December 2007.
3. To re-elect the following Directors who are retiring pursuant to the Company's Articles of Association, and being eligible, offering themselves for re-election:
 - (i) Loh Yee Kwan, retiring pursuant to Article 125 of the Articles of Association
 - (ii) Chai Woon Chew, retiring pursuant to Article 125 of the Articles of Association
 - (iii) Datuk Lye Ek Seang, retiring pursuant to Article 130 of the Articles of Association
4. To re-appoint Messrs BDO Binder as Auditors of the Company and authorise the Directors to fix their remuneration.

Ordinary Resolution 1

Ordinary Resolution 2
Ordinary Resolution 3
Ordinary Resolution 4

Ordinary Resolution 5

SPECIAL BUSINESS

To consider and if thought fit, pass the following resolutions:

5. Proposed Renewal of Authority to Directors on Purchase of the Company's own Shares

"THAT subject to Section 67A of the Companies Act, 1965 (the "Act") and Part IIIA of the Companies Regulations, 1966, provisions of the Company's Articles of Association and the requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authority, the Directors of the Company be and are hereby authorised to make purchases of ordinary shares of RM0.20 each in the Company's issued and paid-up share capital through the Bursa Securities subject further to the following: -

- (i) the maximum number of shares which may be purchased and/or held by the Company shall be equivalent to ten per centum (10%) of the issued and paid-up share capital of the Company ("Shares") for the time being;
- (ii) the maximum fund to be allocated by the Company for the purpose of purchasing the Shares shall not exceed the aggregate of the retained profits of the Company. As of 31 December 2007, the audited retained profits of the Company were RM6,631,673.
- (iii) the authority conferred by this resolution will commence immediately upon passing of this resolution and will expire at the conclusion of the next Annual General Meeting ("AGM") of the Company, unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting or the expiration of the period within which the next AGM after that date is required by the law to be held, whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the guidelines issued by the Bursa Securities or any other relevant authority; and
- (iv) upon completion of the purchase(s) of the Shares by the Company, the Directors of the Company be and are hereby authorised to deal with the Shares in the following manner: -
 - (a) cancel the Shares so purchased; or
 - (b) retain the Shares so purchased as treasury shares; or
 - (c) retain part of the Shares so purchased as treasury shares and cancel the remainder; or
 - (d) distribute the treasury shares as dividends to shareholders and/or resell on the Bursa Securities and/or cancel all or part of them; or

Ordinary Resolution 6

in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of the Bursa Securities and any other relevant authority for the time being in force;

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement or to effect the purchase(s) of the Shares with full power to assent to any condition, modification, variation and / or amendment as may be imposed by the relevant authorities and to take all such steps as they may deem necessary or expedient in order to implement, finalise and give full effect in relation thereto."

6. Authority to Issue and Allot Shares Pursuant to Section 132D of the Companies Act, 1965

"THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby empowered to issue and allot 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 issued does not exceed 10% of the issued capital of the Company at the time of issue and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued, subject to the Companies Act, 1965, the Articles of Association of the Company and approval from the Bursa Malaysia Securities Berhad and other relevant bodies where such approval is necessary."

Ordinary Resolution 7

By Order of the Board

MAH LI CHEN (MAICSA 7022751)
LEE WAI KIM (MAICSA 7036446)
Company Secretaries

Kuala Lumpur
Dated this 27th day of May 2008

Notes :

1. Every member entitled to attend and vote at the meeting is entitled to appoint a proxy/proxies to attend and vote for him/her. A proxy may but need not be a member of the Company. If the proxy is not a member, the proxy need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.
2. A member shall be entitled to appoint up to two (2) proxies to vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
3. 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.
4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at C15-1 Level 15 Tower C, Megan Avenue II, 12 Jalan Yap Kwan Seng, 50450 Kuala Lumpur at least forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
5. Explanatory Notes on Special Business

(a) Proposed Renewal of Authority to Directors on Purchase of the Company's own Shares

The proposed Ordinary Resolution 6, if passed, will empower the Company to purchase and/or hold up to ten per centum (10%) of the issued and paid-up share capital of the Company. This authority unless revoked or varied by the Company at a General Meeting will expire at the next Annual General Meeting.

Please refer to the Shares Buy-Back Statement dated 27 May 2008 which is dispatched together with this Annual Report for further information.

(b) Authority to Issue and Allot Shares pursuant to Section 132D of the Companies Act, 1965

The proposed Ordinary Resolution 7, if passed, will give flexibility to the Directors of the Company to issue shares and allot up to a maximum of ten per centum (10%) of the issued share capital of the Company at the time of such allotment and issuance of shares and for such purposes as they consider would be in the best interest of the Company without having to convene separate general meetings. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

Statement Accompanying Notice of Annual General Meeting

1. Further details of the Directors standing for re-election or re-appointment are set out in the Directors' Profile appearing on pages 4 to 7 of the Annual Report.

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Proxy Form



I/We _____
of _____
(full name in block letters)
(full address)
being a member of **Minetech Resources Berhad**, 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/proxies, to vote for me/us on my/our behalf at the Sixth Annual General Meeting of Minetech Resources Berhad ("MRB") to be held at Ballroom II, One Level Up, Main Wing Area, Tropicana Golf & Country Resort Berhad, Jalan Kelab Tropicana, Tropicana Golf & Country Resort, 47410 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 18 June 2008 at 10.00 a.m., or at any adjournment thereof.

* If you wish to appoint other person/persons to be your proxy/proxies, kindly delete the words "The Chairman of the Meeting or failing him" and insert the name/names of the person/persons desired.

My/our proxy/proxies is/are to vote as indicated below:

Resolutions	For	Against
Ordinary Business		
1. To approve the payment of Directors' fees		
2. To re-elect Loh Yee Kwan as Director		
3. To re-elect Chai Woon Chew as Director		
4. To re-elect Datuk Lye Ek Seang as Director		
5. To re-appoint Messrs BDO Binder as Auditors		
Special Business		
6. To approve the Proposed Renewal of Authority to Directors on Purchase of the Company's own Shares		
7. To authorise the Directors to Issue and Allot Shares Pursuant to Section 132D of the Companies Act, 1965		

(Please indicate with a cross (X) in the space provided, how you wish your vote to be cast in respect of the above resolutions. If you do not do so, the proxy may vote or abstain at his/her discretion.)

Signed this _____ day of _____ 2008

Number of shares held

Signature/Common Seal of Shareholder

Notes:

- Every member entitled to attend and vote at the meeting is entitled to appoint a proxy/proxies to attend and vote for him/her. A proxy may but need not be a member of the Company. If the proxy is not a member, the proxy need not be an advocate, an approved company auditor or a person approved by the Registrar of Companies.
- A member shall be entitled to appoint up to two (2) proxies to vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
- 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.
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Fold this flap for sealing

Fold here

STAMP

The Company Secretary
MINETECH RESOURCES BERHAD (575543-X)

C15-1 Level 15 Tower C
Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur
Wilayah Persekutuan
Malaysia

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