

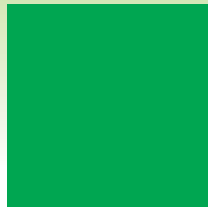
Minetech Resources Berhad

(Company No. 575543-X)

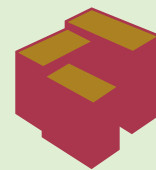
(Incorporated in Malaysia under the Companies Act, 1965)



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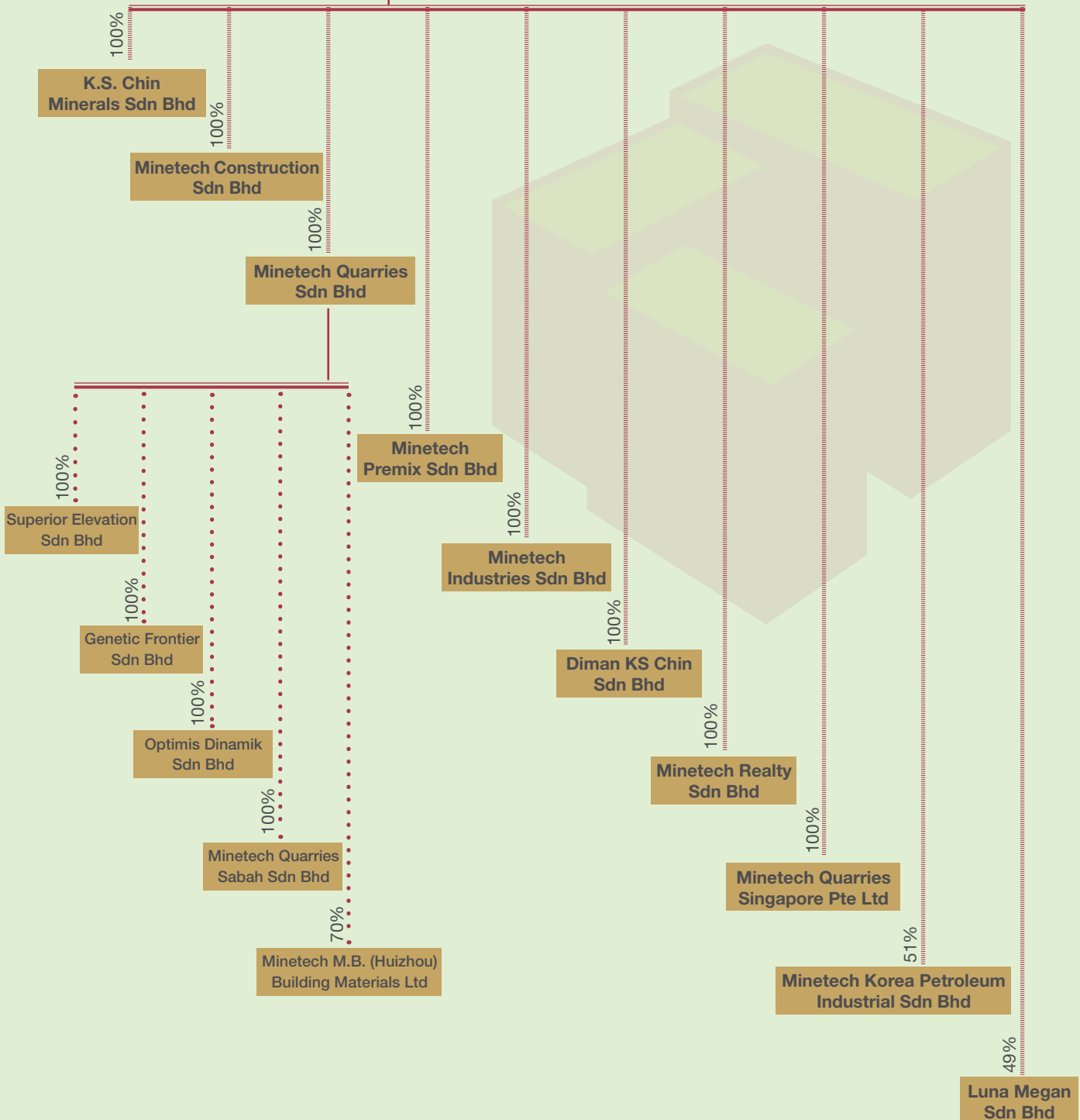
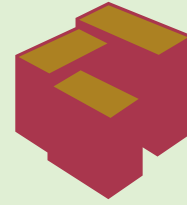
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CORPORATE STRUCTURE

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Minetech Resources Berhad



CORPORATE INFORMATION



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BOARD OF DIRECTORS

Loh Yee Kwan
Group Managing Director

Low Choon Lan
Executive Director

**Lee Kah Keng @
Lee Kah Heng**
*Non-Independent
Non-Executive Director*

**Datin Norhaliza
Binti Abdullah**
*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*

**Datuk Syed Tamim
Ansari Bin Syed
Mohamed**
*Independent
Non-Executive Director*

Chin Sheong Choy
*(Alternate Director to
Loh Yee Kwan)*

Chin Leong Choy
*(Alternate Director to
Low Choon Lan)*

**Choy Sen @
Chin Kim Sang**
Executive Chairman

AUDIT COMMITTEE

Phoon Sow Cheng
Chairperson

Chai Woon Chew

Lee Kah Keng @ Lee Kah Heng

REGISTERED OFFICE

10th Floor Menara Hap Seng
No. 1 & 3 Jalan P. Ramlee
50250 Kuala Lumpur
Wilayah Persekutuan
Tel No. : 603-2382 4288
Fax No. : 603-2382 4170/71/72

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

NOMINATION COMMITTEE

Chai Woon Chew
Chairman

Phoon Sow Cheng

Datin Norhaliza Binti Abdullah

SHARE REGISTRAR

PFA Registration Services Sdn Bhd
(Company No. 19234-W)
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel No. : 603-2264 3883
Fax No. : 603-2282 1886

STOCK EXCHANGE LISTING

Second Board of the
Bursa Malaysia Securities Berhad

Stock Short Name: MINETEC

Stock Code: 7219

REMUNERATION COMMITTEE

Chai Woon Chew
Chairman

Phoon Sow Cheng

Choy Sen @ Chin Kim Sang

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)

COMPANY SECRETARIES

Mah Li Chen (MAICSA 7022751)

Lee Wai Kim (MAICSA 7036446)

Public Bank Berhad
(Company No. 6463-H)



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DIRECTORS' PROFILE

CHOY SEN @ CHIN KIM SANG
*Executive Chairman,
Aged 56*



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 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 more than 30 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 MRB, 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
*Group Managing
Director,
Aged 46*



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 MRB Group.

Apart from MRB, 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 MRB Group.

DIRECTORS' PROFILE (CONT'D)

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LOW CHOON LAN *Executive Director, Aged 52*



LEE KAH KENG @ LEE KAH HENG *Non-Independent Non-Executive Director, Aged 59*



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 MRB 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.

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.

On 1 January 2009, Mr Lee resigned as the Alternate Director to Datin Norhaliza Binti Abdullah and simultaneously, he was appointed as a Non-Independent Non-Executive Director and a member of Audit Committee of the Company.

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 to 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 MRB Group other than that which has been disclosed in the Audited Financial Statements contained in this Annual Report. Currently, he does not hold any other directorships in other public companies.



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DIRECTORS' PROFILE

(CONT'D)

DATIN NORHALIZA BINTI ABDULLAH

*Independent
Non-Executive
Director,
Aged 53*



Datin Norhaliza Binti Abdullah was appointed as a Non-Independent Non-Executive Director of the Company on 28 January 2005. On 9 June 2008, Datin Norhaliza was redesignated to Independent Non-Executive Director. 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 MRB 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 55*



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 of the Company.

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 MRB Group.

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

CHAI WOON CHEW

*Independent
Non-Executive Director,
Aged 51*



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.

DIRECTORS' PROFILE (CONT'D)



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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 Deputy Executive Chairman of Ho Hup Construction Company Berhad. He is also a director in several private limited companies.

His private companies involved in manufacturing, television program production and distribution 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 MRB Group.

Datuk Syed Tamim Ansari Bin Syed Mohamed was appointed as an Independent Non-Executive Director of the Company on 13 May 2009.

He holds a Bachelor of Economics degree (Honours) from the University of Malaya and Master of Business Administration from the University of Oregon, USA. He also attended the Harvard Business School Advanced Management Program, the Senior Management Program at Mt. Eliza, Australia and the Kankeiren Program.

Datuk Syed Tamim is presently the Principal Consultant of ST and H Consultancy Services Sendirian Berhad. He sits on the Board of various subsidiaries of Malayan Banking Berhad as well as serves in three important committees, namely Risk, Audit and Nomination Committees.

In the span of his 36 years of working life, he had served three organisations, namely the Government of Malaysia (1972-1981), a Government linked company (1982-1986) and the Sime Darby Group of Companies (1987-2007).

For the Government of Malaysia, he served two (2) organisations, namely the Prime Minister's Department and the Ministry of International Trade and Industry. In the following five (5) years, he served PERNAS, a government linked company, involved in trading and financial activities. In the Sime Darby Group of Companies, he held various managerial positions in several divisions as Director of Operations. These divisions were involved in trading, tourism industry, automobile manufacturing/assembly and trading, oil palm plantations, oil and fats refineries, health care services, quarry operations, engineering design and fabrication of oil and gas installations, golf course management and several other activities. He was the member of the Sime Darby Group of Companies Management Committee. At the same time he held directorships in the companies he managed. Some of these companies were joint ventures with foreign investors, namely Japanese, Koreans, Americans, British, Germans, Indonesians and Thais.

He has no material conflict of interest with the MRB Group.

DATUK LYE EK SEANG
*Non-Independent
Non-Executive Director
Aged 45*



**DATUK SYED TAMIM
ANSARI BIN SYED
MOHAMED**
*Independent
Non-Executive Director,
Aged 61*





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DIRECTORS' PROFILE

(CONT'D)

CHIN SHEONG CHOY Alternate Director to Loh Yee Kwan, Aged 30



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) Building 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 MRB Group.

CHIN LEONG CHOY Alternate Director to Low Choon Lan, Aged 26



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 ("MKPI"). He was appointed as the Director of MKPI 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. 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.

Apart from MRB, 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 MRB Group.

Notes:

1. All the Directors of 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; and
 - 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 2008 are disclosed in page 15 of this Annual Report.

CHAIRMAN'S STATEMENT

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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 2008.



OVERVIEW OF BUSINESS ENVIRONMENT

The year 2008 has been a challenging year for the Group in view of the overall economy which has been badly hit by the unprecedented global financial crisis. The escalating building material costs as a result of the historical high crude oil price coupled with the tightening of bank lending during the tough market conditions have further delayed the implementation of government-funded as well as private construction and infrastructure projects.

Despite these challenges, we had expanded our sales of quarry products to Singapore to cushion the slow down in domestic demand. In addition, the successful introduction of higher aggregate pricing and the inclusion of cost pass-through clauses in some of our fixed price quarry contracts also helped to ease the margin pressure.

FINANCIAL PERFORMANCE

For the financial year ended 31 December 2008, the Group reported a revenue of RM140.89 million as compared to RM153.04 million recorded during the last financial year. This marginal 8% decline was mainly due to lower contribution from civil engineering works, as the Group has emphasised more of its

focus on quarry and premix operations which were supplied to the construction and infrastructure projects locally and abroad.

Meanwhile, the Group reported a net loss of RM5.57 million, a slight improvement from a net loss of RM5.98 million last year. The current year losses were mainly attributable to the one-time provision for amount due from contract customers amounting to RM3.1 million. Apart from that, the domestic aggregates and premix demand had also dropped significantly in the second half of 2008 as a result of the delayed in construction and infrastructure projects.

In view of the recent launch of RM60 billion stimulus package during the supplementary budget in March 2009 and other forthcoming stimulus packages during the year, we expect the demand for aggregates and premix to recover progressively towards the end of the year. Several on-going mega projects in Singapore will also help to boost demand for our products.

REVIEW OF CORE OPERATIONS

Quarry Operations

The local aggregates sector remained resilient during 2008. Overall, this division reported a 5% increase in

revenue to RM97.22 million as compared to RM92.23 million previously, thanks to higher aggregates prices coupled with the maiden contribution from its sales to Singapore since mid 2008.

On 1 January 2008, the Malaysia Quarry Association (“MQA”) adjusted the price of aggregates from RM15-16 per tonne to RM18-19 per tonne. The MQA introduced another round of price hike on 1 July 2008 in tandem with the surge in diesel cost, which saw aggregates prices rose by a further 16% to RM22 per tonne. The current aggregates prices still holding steadily.

Domestic demand for quarry products are weakening since the second half of year 2008 arising from the slowdown in construction and infrastructure projects. Nevertheless, we see rising demand for our aggregate products in the overseas market, which is able to cushion the slowdown in domestic demand. The Group currently operates 13 quarries, inclusive of additional 3 new quarries which started commercial sales in 2008. Our new controlled coastal quarry in Sri Manjung, Perak had started supplying to Singapore since June 2008. In the longer term, Singapore will be the primary market of our Sri Manjung quarry. The latest addition was the Kuantan, Pahang quarry, with which we are now well-positioned to cater for the demand in Eastern-Coast projects. At present, the



CHAIRMAN'S STATEMENT (CONT'D)

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Kuantan quarry is only supplying armour rocks and the crushing plant is expected to commence operation in 2nd quarter of 2009. The re-acceleration of works for the Second Penang Bridge and the Ipoh-Padang Besar double-tracking projects in the northern region will boost demand for the quarry products of our quarries in that vicinity.

Premix Products

The revenue contribution from premix operation has increased in the last two consecutive financial years. The current financial year reported RM34.40 million in revenue, up by nearly 9% as compared to RM31.59 million in the last financial year. This was mainly attributed from the higher demand for local road pavement works in the 1st half year.

Nevertheless, the sale of premix products was severely affected in the second half of 2008 due to surging diesel & bitumen costs. Many infrastructure and construction projects had been halted or delayed pending the crystallisation of variation-of-price clauses in their respective contracts. However, the cost pressure had been eased since the

plunge of crude oil price toward the end of 2008. We expect demand for our premix products to recover soon, in line with the decline in premix prices and the revival of several government-funded projects.

Bituminous Products

In May 2008, Minetech's 51% owned bitumen plant in Ulu Yam, Selangor started commercial operations. The plant manufactures and markets bituminous-related products with an initial production capacity of 24,000 tonnes per year. During the initial stage, the plant produces and markets enamel and oxidised bitumen which are used as coating materials for water and gas pipes.

The remaining 49% stake is held by Korea Petroleum Industrial Co. Ltd.

In the near term, the plant will produce other high value-added products and will diversify into the more lucrative oil & gas sector with bigger volume for domestic as well as overseas markets. The domestic market for bituminous pipe coating products is estimated at 60,000 tonnes annually, translating into

approximately RM100 million in sales value.

We have positioned ourselves to become one (1) of the market leaders in the manufacturing and marketing of quality bituminous related products in the ASEAN region in the next two to three years. As of March 2009, the plant is running in full capacity. We will consider expanding our capacity for other products when the need arises. Our existing site in Ulu Yam has ample room to cater for this objective. Overall, we foresee this division to contribute positively to the Group's revenue and profits in two years time.

Civil Engineering Works

The civil engineering division had been tuned down significantly in year 2008. It reported a significant decline in revenue by 80% to RM8.45 million as compared to RM43.11 million during the previous financial year. This was largely due to the change in the Group's strategy to focus more on quarry, premix and bituminous operations for long term sustainable growth.

CHAIRMAN'S STATEMENT (CONT'D)

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Meanwhile, this business division undertook a RM3.10 million write-off provision for the amount due from contract customers. Together with costs overrun in several existing civil contracts due to surging diesel costs, this division recorded a loss before tax of RM6.04 million.

Going forward, the Group will take a prudent stance to participate only in high margin projects and with cost pass-through clause to avoid any potential losses.

FUTURE PROSPECTS AND OUTLOOK

The construction and infrastructure sectors are currently facing a challenging period as a result of the unprecedented financial crisis since the second half of 2008. The Malaysian economy is unavoidably roped into this global phenomenon. Nonetheless, our fundamentals are still intact, underpinned by the minimal exposure to foreign financial structured products coupled with the timely unveiling of a multi-billion government stimulus packages to cushion the economic slowdown.

The first stimulus package was announced in November 2008, of which RM4 billion was set aside for the construction and infrastructure sectors. In March this year, the government unveiled another RM60 billion Mini-Budget. Under the Mini Budget, we estimate that up to RM18 billion or 31% of the total allocation are earmarked for the construction and infrastructure sectors. With the implementation of new projects as well as the easing of building cost pressures, we believe the restoration of construction-related margins and subsequently, the recovery of earnings are likely to be seen in near-term.

Our sales of aggregates to Singapore, and also new venture into bituminous plant are expected to generate lucrative returns in the longer term. We expect to ride along the strong demand for quarry products in Singapore in the next few years. Our supply of bituminous products to the lucrative oil & gas industry opens a new dimension for our long term sustainable income stream.

CORPORATE GOVERNANCE

We have disclosed, in this Annual Report, the application of and compliance with the principles and best practices as set out in the Malaysian Code on Corporate Governance. We have also included

a "Statement on Internal Controls" as required by Bursa Malaysia Securities Berhad's 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 your continued support; to our valued customers, suppliers, bankers and the relevant authorities for their confidence and trust in the Minetech Group.

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

We look forward to your continued commitments to propel the Group to greater heights.

Thank you.

Chin Kim Sang

Executive Chairman



AUDIT COMMITTEE REPORT

Minetech Resources Berhad
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MEMBERS OF THE AUDIT COMMITTEE

Name	Attendance
Madam Phoon Sow Cheng (Chairperson) <i>Independent Non-Executive Director</i>	4/4
Mr Chai Woon Chew <i>Independent Non-Executive Director</i>	4/4
Mr Choy Sen @ Chin Kim Sang (resigned on 1 January 2009) <i>Executive Chairman</i>	3/4
Lee Kah Keng @ Lee Kah Heng (appointed on 1 January 2009) <i>Non-Independent Non-Executive Director</i>	-

Details of the members of the Audit Committee ("AC") are contained in the "Directors' Profile" as set out on pages 4 to 6 of this Annual Report.

TERMS OF REFERENCE

The AC is governed by the following terms of reference:

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").

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.

AUDIT COMMITTEE REPORT (CONT'D)

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TERMS OF REFERENCE (cont'd)

4. Meetings (cont'd)

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.

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 controls 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.



AUDIT COMMITTEE REPORT (CONT'D)

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TERMS OF REFERENCE (cont'd)

6. Duties (cont'd)

- (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.
- (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 reports;
- (f) Reviewed and discussed with the internal auditors regarding the internal audit reports and issues arising from the internal audit;
- (g) Considered the re-appointment of external and internal auditors & the audit fee;
- (h) Revised the Terms of Reference of the AC pursuant to the amendments of the Listing Requirements and Malaysian Code on Corporate Governance;
- (i) Revised the Terms of Reference of the Risk Management Committee; and
- (j) Met with the external auditors without the presence of the Executive Directors and Management.

INTERNAL AUDIT FUNCTION

Details on the internal audit function are set out in the Statement of Internal Controls on page 22 of this Annual Report.

CORPORATE GOVERNANCE STATEMENT

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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 nine (9) members with the Executive Chairman heading the Board with two (2) Executive Directors, two (2) Non-Independent Non-Executive Directors and four (4) Independent Non-Executive Directors. This composition 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 profile of each Board member is entailed on pages 4 to 8 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 four (4) times and the details of the attendance of the Board members are set out as follows:

Name of Director	Designation as at 31 December 2008	Total meetings attended
Choy Sen @ Chin Kim Sang	Executive Chairman	4/4
Loh Yee Kwan	Group Managing Director	4/4
Low Choon Lan	Executive Director	3/4
Datin Norhaliza Binti Abdullah	Independent Non-Executive Director	4/4
Phoon Sow Cheng	Independent Non-Executive Director	4/4
Chai Woon Chew	Independent Non-Executive Director	3/4
Datuk Lye Ek Seang	Non-Independent Non-Executive Director	2/3



CORPORATE GOVERNANCE STATEMENT (CONT'D)

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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 meetings, quarterly and/or annual financial statements, corporate development, minutes of Board Committees' meetings, acquisition and disposal proposals, updates from Bursa Securities, list of directors' resolutions passed and summary of directors' dealings in securities during the relevant financial period, if any.

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 12 to 14 of this Annual Report.

Nomination Committee

The members of the Nomination Committee are:

- Chai Woon Chew – Chairman (Independent Non-Executive Director)
- Phoon Sow Cheng (Independent Non-Executive Director)
- Datin Norhaliza Binti Abdullah (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, two (2) meetings were held to review the Board balance, assess the effectiveness of the Board as a whole and individual Board member and the appointment of new director.

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

CORPORATE GOVERNANCE STATEMENT (CONT'D)

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Remuneration Committee

The members of the 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 and general remuneration policy of the Group.

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, all the Directors have attended at least one (1) training program as part of their continuous education. Among the programs attended by the Board members were:

- Mastering & Managing Performance (KPI) for Growth
- 2009 Budget Seminar
- MIT Workshop on Understanding Deferred Taxation
- Forum on "Draft Kuala Lumpur City Plan 2020"
- Risk Awareness Program

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	1,129	63	206	59	1,457
Non-Executive Directors	54	0	-	-	-	54
Total	54	1,129	63	206	59	1,511

CORPORATE GOVERNANCE STATEMENT (CONT'D)

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DIRECTORS' REMUNERATION (cont'd)

Remuneration Bands	Executive Directors	Non-Executive Directors	Total
RM1- RM50,000	0	3	3
RM300,000 – RM350,000	1	0	1
RM350,000 – RM400,000	1	0	1
RM700,000 – RM750,000	1	0	1

For security and confidential reasons, the details of individual Directors are not shown. The Board is of the opinion that the transparency and accountability aspects of corporate governance as applicable to Directors' remuneration are appropriately served by the disclosure made above.

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 21 to 22 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 14 of this Annual Report.

CORPORATE GOVERNANCE STATEMENT (CONT'D)

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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 2008 as set out herein on pages 23 to 91 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' Responsibilities is made in accordance with the resolution of the Board dated 28 April 2009.

ADDITIONAL COMPLIANCE INFORMATION

Share Buy-Backs

As at 31 December 2008, the number of ordinary shares of RM0.20 each ("Shares") purchased by the Company which were held as treasury shares amounted to 285,000 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 purchased in the prior years.

Options And Warrants

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

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

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

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 under review.

Utilisation of Proceeds

There were no proceeds raised from corporate proposal during the financial year under review.

Non-Audit Fees

There were no non-audit fees paid to the external auditors or a firm or company affiliated to the external auditors, by the Group for the financial year ended 31 December 2008.



CORPORATE GOVERNANCE STATEMENT (CONT'D)

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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 2008 or since the end of the previous financial year ended 31 December 2007.

Revaluation Policy on Landed Properties

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

Profit Guarantee

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

CORPORATE RESPONSIBILITY

Minetech Resources Berhad recognizes Corporate 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 its key focus and priority areas as regards to the industry it is in and has committed to strive to achieve the following:

Environment

Commitment to ensure control and monitoring improvement for environmental impact.

In this aspect, the 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.

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

Workplace

The Group values human capital as its greatest asset. The Group continues to care for the welfare of all employees and employ the right people with right values, attitude and skills for the right job. The Group is also committed to continuous staff development by providing continuous training, education and development to upgrade their skills and advancement in their careers based on performance and academic qualification.

Community

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



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 for the financial year ended 31 December 2008.

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. In view of the limitations that are inherent in any system of internal controls, it is important to note that the system is designed to manage rather than eliminate the 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 recognises that risk management should be an integral part of the business operation and shall exercise due care to identify and manage such risk. The Directors and Management have put in place risk management functions, control measures and processes. The Risk Management Committee ("RMC") reviewed the risk management process, discussed the findings and reports from the Risk Management Units, performed risk oversight and reviewed risk profiles of the MRB Group. Significant risk issues evaluated by the RMC were recorded in the risk management reports and discussed at Audit Committee Meeting on quarterly basis.

In addition to the above, the Audit Committee has appointed KPMG Business Advisory Sdn Bhd, an external professional consulting firm, as part of the internal audit scopes, to assess and review independently the risk management process and the risk profiles updated by RMC since the establishment of RMC. Enhancements and improvements recommended by the internal auditors have been implemented accordingly during the year under review.

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 organisational structure with clear lines of reporting, responsibilities and delegation of authorities.
2. The existence of limits of approval and authorised signatories with clear definition of authorisation procedure for major operating functions and transactions.
3. A standard policies and procedures which highlight the policies and procedures, terms and conditions of employment, benefits and 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.



STATEMENT ON INTERNAL CONTROLS (CONT'D)

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INTERNAL CONTROLS (cont'd)

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 recommend appropriate measures to ensure adequacy and effectiveness of the internal controls and procedures.

INTERNAL AUDIT FUNCTION

For the financial year 2008, the Audit Committee has also appointed KPMG Business Advisory Sdn Bhd, an external professional consulting firm, to independently assess the system of internal controls established by the Management, its adequacy and integrity vis-a-vis the objectives served for selected area; and to make appropriate recommendations thereof. The selected areas for audit included risk management process, human resource/payroll management, strategic management process and sales and marketing system. The internal auditors also conducted a follow up review on the preceding internal audit performed in financial year 2007. Internal audit reports, incorporating findings, recommendations, management comments and action plans with regards to the weaknesses in the systems 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 status of implementation to the Audit Committee.

The costs incurred for the internal audit function in respect of the financial year ended 31 December 2008 were 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 2008.

The statement is made in accordance with a resolution of the Board of Directors dated 28 April 2009.

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FINANCIAL STATEMENTS

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 2008.

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 for the financial year	(5,568,338)	(78,927)
Attributable to:		
Equity holders of the Company	(4,964,317)	(78,927)
Minority interests	(604,021)	-
	(5,568,338)	(78,927)

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend any dividend payment in respect of the financial year ended 31 December 2008.

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 of RM60,494,300 comprising 60,493,300 ordinary shares of RM1.00 each, have been subdivided into 302,471,500 ordinary shares of RM0.20 each.

The ordinary shares of RM1.00 each were subdivided into five (5) ordinary shares of RM0.20 each 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.

There were no issues of debentures during the financial year.

TREASURY SHARES

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

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 have held for office since the date of the last report are:

Choy Sen @ Chin Kim Sang

Loh Yee Kwan

Low Choon Lan

Chin Sheong Choy (alternate Director to Loh Yee Kwan)

Chin Leong Choy (alternate Director to Low Choon Lan)

Datin Norhaliza binti Abdullah

Phoon Sow Cheng

Chai Woon Chew

Datuk Lye Ek Seang

Lee Kah Keng @ Lee Kah Heng (resigned as alternate Director to Datin Norhaliza binti Abdullah and appointed as non-independent non-executive Director on 1 January 2009)

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and its related corporations during the financial year ended 31 December 2008 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 RM0.20 each ---			Balance as at 31.12.2008
	Balance as at date of appointment**/ 1.1.2008 [#]	Bought	Sold	
Direct interests				
Choy Sen @ Chin Kim Sang	88,148,510	-	-	88,148,510
Loh Yee Kwan	2,171,535	480,500	-	2,652,035
Low Choon Lan	28,522,760	-	-	28,522,760
Datin Norhaliza binti Abdullah	1,188,440	-	-	1,188,440
Phoon Sow Cheng	5,000	-	-	5,000
Datuk Lye Ek Seang	**13,736,000	3,700,000	-	17,436,000

DIRECTORS' INTERESTS (cont'd)

Shares in the Company	--- Number of ordinary shares of RM0.20 each ---			Balance as at 31.12.2008
	Balance as at date of appointment**/ 1.1.2008#	Bought	Sold	
Indirect interests				
Choy Sen @ Chin Kim Sang^	28,522,760	-	-	28,522,760
Loh Yee Kwan^	2,615,050	-	-	2,615,050
Low Choon Lan^	88,148,510	-	-	88,148,510
Datin Norhaliza binti Abdullah^	792,915	-	-	792,915
Datin Norhaliza binti Abdullah*	6,392,140	-	-	6,392,140
Datuk Lye Ek Seang^	**8,489,000	2,200,000	(3,700,000)	6,989,000

Ordinary shares of RM1.00 each as at 1 January 2008 were subdivided into five (5) ordinary shares of RM0.20 each on 21 January 2008

^ 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.

** Appointed as Director on 27 March 2008

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

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

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 provision for doubtful debts and have satisfied themselves that there are no known bad debts and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets, other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (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.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY: (cont'd)**(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT**

- (c) The Directors are not aware of any circumstances:
- (i) which would necessitate writing off of bad debts or render the amount of the provision 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.

(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.

AUDITORS

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

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

Choy Sen @ Chin Kim Sang

Director

Loh Yee Kwan

Director

Kuala Lumpur
28 April 2009

STATEMENT BY DIRECTORS

Minetech Resources Berhad
(675543-X)

In the opinion of the Directors, the financial statements set out on pages 31 to 91 have been 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 the state of affairs of the Group and of the Company as at 31 December 2008 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 2009

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 31 to 91 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 2009

Before me:

S. Ideraju (W-451)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MINETECH RESOURCES BERHAD (575543-X)

Report on the Financial Statements

We have audited the financial statements of Minetech Resources Berhad, which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 31 to 91.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with applicable approved Financial Reporting Standards in Malaysia and the provisions of the Companies Act 1965. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, 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 the state of affairs of the Group and of the Company as at 31 December 2008 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.

INDEPENDENT AUDITORS' REPORT (CONT'D)

Minetech Resources Berhad
(675543-X)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 10 to the financial statements.
- c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO Binder

AF : 0206

Chartered Accountants

Hiew Kim Loong

2858/08/10 (J)

Partner

Kuala Lumpur

28 April 2009

BALANCE SHEETS

AS AT 31 DECEMBER 2008

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	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
ASSETS					
Non-current assets					
Property, plant and equipment	7	81,008,312	77,311,303	410,863	114,172
Investment properties	8	2,143,962	3,058,378	-	-
Quarry development expenditure	9	15,952,714	11,807,670	-	-
Investment in subsidiaries	10	-	-	46,530,100	45,510,100
Investment in an associate	11	-	-	49	49
		99,104,988	92,177,351	46,941,012	45,624,321
Current assets					
Inventories	12	16,078,466	12,666,632	-	-
Trade and other receivables	13	66,684,645	75,333,862	52,683,989	65,159,047
Current tax asset		610,016	1,688,967	16,868	12,100
Cash and cash equivalents	15	4,259,053	11,353,533	49,146	4,247,953
		87,632,180	101,042,994	52,750,003	69,419,100
Non-current assets held for sale	16	1,473,469	1,723,469	-	-
		89,105,649	102,766,463	52,750,003	69,419,100
TOTAL ASSETS		188,210,637	194,943,814	99,691,015	115,043,421
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	17	60,494,300	60,494,300	60,494,300	60,494,300
Less: Treasury shares, at cost	17 (b)	(47,990)	(47,990)	(47,990)	(47,990)
Reserves	18	3,913,491	8,411,630	8,625,117	8,704,044
		64,359,801	68,857,940	69,071,427	69,150,354
Minority interests		1,357,096	902,062	-	-
TOTAL EQUITY		65,716,897	69,760,002	69,071,427	69,150,354

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

BALANCE SHEETS

(CONT'D)

Minetech Resources Berhad
(675543-X)

	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
LIABILITIES					
Non-current liabilities					
Borrowings	19	19,428,114	10,963,379	240,407	43,909
Deferred tax liabilities	22	5,998,353	6,332,200	-	-
		25,426,467	17,295,579	240,407	43,909
Current liabilities					
Trade and other payables	23	43,762,354	42,820,352	1,008,932	705,001
Borrowings	19	53,297,919	65,067,881	29,370,249	45,144,157
Current tax payable		7,000	-	-	-
		97,067,273	107,888,233	30,379,181	45,849,158
TOTAL LIABILITIES		122,493,740	125,183,812	30,619,588	45,893,067
TOTAL EQUITY AND LIABILITIES		188,210,637	194,943,814	99,691,015	115,043,421

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

INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2008

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	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
Revenue	24	140,885,493	153,042,501	6,230,297	15,609,007
Cost of sales	25	(132,046,677)	(144,778,928)	-	-
Gross profit		8,838,816	8,263,573	6,230,297	15,609,007
Other income		2,473,197	1,135,278	-	117
Administrative expenses		(11,461,360)	(11,794,422)	(4,078,013)	(3,849,470)
Selling and marketing expenses		(614,926)	(327,231)	-	-
Finance costs	26	(5,061,929)	(4,140,582)	(2,235,979)	(2,339,263)
(Loss)/Profit before tax	27	(5,826,202)	(6,863,384)	(83,695)	9,420,391
Tax income/(expense)	29	257,864	887,374	4,768	(2,606,900)
(Loss)/Profit for the financial year		(5,568,338)	(5,976,010)	(78,927)	6,813,491
Attributable to:					
Equity holders of the Company		(4,964,317)	(5,736,233)	(78,927)	6,813,491
Minority interests		(604,021)	(239,777)	-	-
		(5,568,338)	(5,976,010)	(78,927)	6,813,491
Basic loss per ordinary share attributable to equity holders of the Company (sen)	30	(1.64)	(2.08)		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2008

Minetech Resources Berhad
(675543-X)

Group	Attributable to equity holders of the Company									
	Share capital RM	Share premium RM	Treasury shares RM	Exchange translation reserve RM	Retained earnings RM	Total RM	Minority interests RM	Total equity RM		
At 1 January 2008	60,494,300	1,920,850	(47,990)	(140,893)	6,631,673	68,857,940	902,062	69,760,002		
Foreign currency translations	-	-	-	466,178	-	466,178	79,055	545,233		
Income recognised directly in equity	-	-	-	466,178	-	466,178	79,055	545,233		
Loss for the financial year	-	-	-	-	(4,964,317)	(4,964,317)	(604,021)	(5,568,338)		
Total recognised income and expense for the financial year	-	-	-	466,178	(4,964,317)	(4,498,139)	(524,966)	(5,023,105)		
Ordinary shares contributed by a minority shareholder of a subsidiary	-	-	-	-	-	-	980,000	980,000		
At 31 December 2008	60,494,300	1,920,850	(47,990)	325,285	1,667,356	64,359,801	1,357,096	65,716,897		

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

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

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Group	Note	Attributable to equity holders of the Company							Total equity RM
		Share capital RM	Share premium RM	Treasury shares RM	Exchange translation reserve RM	Retained earnings RM	Total RM	Minority interests 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 translations		-	-	-	(59,528)	-	(59,528)	2,016	(57,512)
(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	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		-	-	-	-	(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 accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

Minetech Resources Berhad
(675543-X)

	Note	Share capital RM	Share premium RM	Treasury shares RM	Retained earnings RM	Total RM
Company						
At 1 January 2008		60,494,300	1,920,850	(47,990)	6,783,194	69,150,354
Loss for the financial year		-	-	-	(78,927)	(78,927)
At 31 December 2008		60,494,300	1,920,850	(47,990)	6,704,267	69,071,427
At 1 January 2007		55,000,000	1,087,884	(47,990)	772,703	56,812,597
Share issue expenses		-	(101,065)	-	-	(101,065)
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	17	5,494,300	934,031	-	-	6,428,331
Dividend paid		-	-	-	(803,000)	(803,000)
At 31 December 2007		60,494,300	1,920,850	(47,990)	6,783,194	69,150,354

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

CASH FLOW STATEMENTS

FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2008

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	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
(Loss)/Profit before tax		(5,826,202)	(6,863,384)	(83,695)	9,420,391
Adjustments for:					
Allowance for doubtful debts		59,998	-	-	-
Allowance for doubtful debts no longer required		-	(1,872)	-	-
Amortisation of quarry development expenditure	9	1,626,875	167,720	-	-
Amounts due from customers for contract works written off		-	2,111,872	-	-
Bad debts written off		-	119,958	-	-
Depreciation of investment properties	8	49,754	82,596	-	-
Depreciation of property, plant and equipment	7	10,456,351	9,252,649	110,349	36,616
Dividend income		-	-	-	(9,730,000)
Gain on disposal of:					
- property, plant and equipment		(1,390,370)	(412,020)	-	-
- non-current assets held for sale		-	(20,294)	-	-
- investment properties		(485,338)	(44,240)	-	-
Impairment losses of non-current assets held for sale	16	-	95,154	-	-
Interest expense		4,843,013	3,992,827	2,234,660	2,338,301
Interest income		(71,031)	(39,260)	(2,230,297)	(2,349,007)
Loss on disposal of property, plant and equipment		16,367	12,067	-	1,438
Property, plant and equipment written off		5,431	29,432	-	-
Provision for foreseeable losses	14	-	3,511,380	-	-
Provision for loss on amounts due from customers for contract works	14	3,060,123	-	-	-
Unrealised gain on foreign exchange		(6,889)	-	-	-
Operating profit/(loss) before working capital changes		12,338,082	11,994,585	31,017	(282,261)
Increase in inventories		(3,411,834)	(502,475)	-	-
Decrease/(Increase) in trade and other receivables		5,691,859	(22,945,885)	888,140	(1,312,199)
Increase in trade and other payables		942,001	10,277,414	464,537	40,349
Cash generated from/(used in) operations		15,560,108	(1,176,361)	1,383,694	(1,554,111)
Tax refunded		1,179,386	-	-	-
Tax paid		(169,418)	(368,960)	-	-
Interest paid		(854,841)	(433,380)	-	-
Net cash from /(used in) operating activities		15,715,235	(1,978,701)	1,383,694	(1,554,111)

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

CASH FLOW STATEMENTS

(CONT'D)

Minetech Resources Berhad
(675543-X)

	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Additional investment in a subsidiary	10	-	-	(1,020,000)	(509,949)
Purchase of property, plant and equipment	7	(1,886,640)	(19,551,056)	(47,040)	(10,830)
Proceeds from disposal of:					
- property, plant and equipment		4,567,027	1,210,685	-	1,000
- investment properties		1,350,000	975,063	-	-
- non-current assets held for sale		250,000	180,000	-	-
Quarry development expenditure incurred		(5,454,757)	(5,283,567)	-	-
Net dividend received		-	-	-	7,102,900
Net cash (used in)/from investing activities		(1,174,370)	(22,468,875)	(1,067,040)	6,583,121
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest paid		(3,988,172)	(3,559,447)	(2,234,660)	(2,338,301)
Interest received		37,436	39,260	2,230,297	2,349,007
Net repayment from/(advances to) subsidiaries		-	-	11,582,189	(27,854,917)
Drawdown of short term borrowings		2,595,740	6,713,455	-	-
Drawdown of term loans		2,790,565	2,299,410	-	-
Repayment of term loans		(660,571)	(350,648)	-	-
Repayment of hire-purchase and lease creditors		(6,512,816)	(5,835,257)	(93,287)	(31,583)
(Increase)/Decrease in fixed deposits pledged		(324,644)	123,911	-	-
Net proceeds from issuance of new shares		-	6,327,266	-	6,327,266
Ordinary shares contributed by minority shareholders of subsidiaries		980,000	1,139,823	-	-
(Redemption of)/Net proceeds from MUNIF Notes		(16,000,000)	21,000,000	(16,000,000)	21,000,000
Dividend paid		-	(803,000)	-	(803,000)
Net cash (used in)/from financing activities		(21,082,462)	27,094,773	(4,515,461)	(1,351,528)
Net (decrease)/increase in cash and cash equivalents		(6,541,597)	2,647,197	(4,198,807)	3,677,482
Effects of exchange rate changes		67,696	51,130	-	-
Cash and cash equivalents at beginning of financial year		8,319,963	5,621,636	4,247,953	570,471
Cash and cash equivalents at end of financial year	15 (c)	1,846,062	8,319,963	49,146	4,247,953

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008

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 10th Floor, Menara Hap Seng, No. 1 & 3, Jalan P. Ramlee, 50250 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 financial statements are presented in Ringgit Malaysia ('RM'), which is also the Company's functional currency.

The financial statements were authorised for issue in accordance with a resolution by the Company's Board of Directors on 28 April 2009.

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 ('FRSs') in Malaysia 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 financial statements.

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 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

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 (cont'd)

4.2 Basis of consolidation (cont'd)

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. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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 and buildings under construction and is stated at cost. Capital work-in-progress is not depreciated until such time when the asset is available for 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. A write down is made if the carrying amount exceeds the recoverable amount (see Note 4.9 to the financial statements on impairment of non-financial assets).

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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. 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

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

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

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 to the financial statements. 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. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

4.6 Investment properties

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

Depreciation is charged to the 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. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.8 Investments (cont'd)

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. 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.

Unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

When the Group's share of losses in the associate equals or exceeds its interest in the associate, the carrying amount 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. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 profit or loss when the carrying amount of the asset or the CGU exceeds the recoverable amount of the asset or the CGU.

The impairment loss is recognised in the profit or loss immediately 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 profit or loss.

4.10 Inventories

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

Inventories of raw and packaging materials, spare parts and consumables comprise the original cost of purchase plus the cost of bringing the inventories to their present location and condition. The cost of inventories of quarry and bituminous products includes 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.

4.11 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or a contractual obligation to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially unfavourable to the Group.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.11 Financial instruments (cont'd)

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 and other receivables, including amounts owing by associates and related parties, are classified as loans and receivables under FRS 132 *Financial Instruments: Disclosure and Presentation*.

Receivables are carried at anticipated realisable value. Known bad debts are written off and specific allowance is made for debts considered to be doubtful of collection.

Receivables are not held for trading purposes.

(b) Cash and cash equivalents

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

(c) Payables

Liabilities for trade and other amounts payable, including amounts owing to related parties, are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity. Payables 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 costs.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.11 Financial instruments (cont'd)

4.11.1 Financial instruments recognised on the balance sheets (cont'd)

(e) Equity instruments (cont'd)

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.

4.12 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 in come taxes payable or receivable in respect of the taxable profit or loss for a period.

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

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.13 Income taxes (cont'd)

4.13.2 Deferred tax (cont'd)

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the 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.

4.14 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 of the amount of the obligation.

4.14.2 Defined contribution plans

The Company and its 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 and presentation currency

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

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.15 Foreign currencies (cont'd)

4.15.2 Foreign currency transactions and translations

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

4.15.3 Foreign operation

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**4.16 Revenue recognition (cont'd)**

(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.

(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 FRSs. 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.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

4.18 Provisions

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

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

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

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

4.19 Contingent liabilities and contingent assets

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

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

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

4.20 Segment reporting

Segment reporting is presented for enhanced assessment of the Group's risks and returns. Business segments provide products or services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between Group enterprises within a single element.

5. ADOPTION OF NEW FRS AND AMENDMENTS TO FRS**5.1 Amendment to FRS and new FRSs adopted**

- (a) Amendment to FRS 121 *The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation* is mandatory for annual periods beginning on or after 1 July 2007.

This amendment results in exchange differences arising from a monetary item that forms part of the Group's net investment in a foreign operation to be recognised in equity irrespective of the currency in which the monetary item is denominated and if whether the monetary item results from a transaction with the Company or any of its subsidiaries. Previously, exchange differences arising from such transactions between the Company and its subsidiaries would be accounted for in profit or loss or in equity depending on the currency of the monetary item.

The adoption of this amendment does not have any impact on the consolidated financial statements.

- (b) The following FRSs are mandatory 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 FRSs align the Malaysian Accounting Standards Board ('MASB') FRSs with the equivalent International Accounting Standards ('IASs'), 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.

- (c) The following IC interpretations are mandatory for annual periods beginning on or after 1 July 2007:

IC Interpretation 1	<i>Changes in Existing Decommissioning, Restoration and Similar Liabilities</i>
IC Interpretation 2	<i>Members' Shares in Co-operative Entities and Similar Instruments</i>
IC Interpretation 5	<i>Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds</i>
IC Interpretation 6	<i>Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment</i>
IC Interpretation 7	<i>Applying the Restatement Approach under FRS 129₂₀₀₄ Financial Reporting in Hyperinflationary Economies</i>
IC Interpretation 8	<i>Scope of FRS 2 Share-based Payments</i>

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

- (d) *Framework for the Preparation and Presentation of Financial Statements* ('Framework') 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 a MASB approved accounting standard as defined in paragraph 11 of FRS 101 *Presentation of Financial Statements* and hence, does not define standards for any particular measurement or disclosure issue.

5. ADOPTION OF NEW FRS AND AMENDMENTS TO FRS (cont'd)**5.2 New FRSs not adopted**

- (a) FRS 8 *Operating Segments* and the consequential amendments resulting from FRS 8 are mandatory for annual financial periods beginning on or after 1 July 2009.

FRS 8 sets out the requirements for disclosure of information on an entity's operating segments, products and services, the geographical areas in which it operates and its customers.

The requirements of this standard are based on the information about the components of the entity that management uses to make decisions about operating matters. The standard requires identification of operating segments on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and assess its performance.

The standard also requires the amount reported for each operating segment item to be the measure reported to the chief operating decision maker for the purposes of allocating resources to the segment and assessing its performance. Segment information for prior years that is reported as comparative information for the initial year of application would be restated to conform to the requirements of this standard.

- (b) FRS 4 *Insurance Contracts* and the consequential amendments resulting from FRS 4 are mandatory for annual financial periods beginning on or after 1 January 2010. FRS 4 replaces the existing FRS 202₂₀₀₄ *General Insurance Business* and FRS 203₂₀₀₄ *Life Insurance Business*.

The standard applies to all insurance contracts, including reinsurance contracts that an entity issued and to reinsurance contracts that it holds. The standard prohibits provisions for potential claims under contracts that are not in existence at the reporting date, and requires a test for the adequacy of recognised insurance liabilities and an impairment test for reinsurance assets. The standard also requires an insurer to keep insurance liabilities in its balance sheet until they are discharged or cancelled, or expire, and to present insurance liabilities without offsetting them against related reinsurance assets.

FRS 4 is not relevant to the Group's operations.

- (c) FRS 7 *Financial Instruments: Disclosures* and the consequential amendments resulting from FRS 7 are mandatory for annual financial periods beginning on or after 1 January 2010. FRS 7 replaces the disclosure requirements of the existing FRS 132 *Financial Instruments: Disclosure and Presentation*.

The standard applies to all risks arising from a wide array of financial instruments and requires the disclosure of the significance of financial instruments for an entity's financial position and performance.

The standard requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk. The qualitative disclosures describe the management's objectives, policies and processes for managing those risks. The quantitative disclosures provide information on the extent to which the entity is exposed to risk, based on information provided internally to the entity's key management personnel.

- (d) FRS 139 *Financial Instruments: Recognition and Measurement* and the consequential amendments resulting from FRS 139 are mandatory for annual financial periods beginning on or after 1 January 2010.

This standard 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 the consolidated financial statements upon first adoption of the FRS as required by paragraph 30(b) of FRS 108 *Accounting Policies, Change in Accounting Estimates and Errors* is not disclosed.

5. ADOPTION OF NEW FRS AND AMENDMENTS TO FRS (cont'd)**5.2 New FRSs not adopted (cont'd)**

- (e) IC Interpretation 9 *Reassessment of Embedded Derivatives* is mandatory for annual financial periods beginning on or after 1 January 2010.

This Interpretation prohibits the subsequent reassessment of embedded derivatives unless there is a change in the terms of the host contract that significantly modifies the cash flows that would otherwise be required by the host contract.

The Group does not expect any impact on the consolidated financial statements arising from the adoption of this Interpretation.

- (f) IC Interpretation 10 *Interim Financial Reporting and Impairment* is mandatory for annual financial periods beginning on or after 1 January 2010.

This Interpretation prohibits the reversal of an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost.

The Group does not expect any impact on the consolidated financial statements arising from the adoption of this Interpretation.

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS**6.1 Critical judgements made in applying accounting policies**

The following are judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

(a) Non-current assets held for sale

Certain non-current assets have been classified as assets held for sale as the management has committed to a plan to sell the assets as at the balance sheet date.

(b) Contingent liabilities

The determination of treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies for matters in the ordinary course of the business.

6.2 Key sources of estimation uncertainty

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) Recognition of revenue from construction contracts

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

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

6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)**6.2 Key sources of estimation uncertainty (cont'd)****(b) Depreciation of property, plant and equipment**

Depreciation of property, plant and equipment is calculated using the straight-line method to write off the cost of assets to its estimated residual values over its estimated useful lives as disclosed in Note 4.3 to the financial statements.

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

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

(c) 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) Deferred tax assets

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

(e) 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 amount of the quarry plant and machinery amounted to RM7,213,948 as at 31 December 2008. Management is of the opinion that the regulatory issue can be resolved and the quarry operations can be resumed in foreseeable future. Furthermore, the management believes that the carrying value of the quarry plant and machinery can be substantially recovered from the vendor in the event that the quarry operation fails to resume. Therefore, the management is of the view that no impairment loss needs to be recognised.

(f) Allowance for doubtful debts

The Group makes allowance for doubtful debts on an assessment of the recoverability of receivables. Allowances 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. Where the expectation is different from the original estimate, such difference will impact the carrying value of receivables.

(g) Fair value of borrowings

The fair values of borrowings disclosed in the financial statements are estimated by discounting future contractual cash flows at the current market interest rates available to the Group for similar financial instruments. It is assumed that the effective interest rates approximate the current market interest rates available to the Group based on its size and its business risk.

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6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (cont'd)

6.2 Key sources of estimation uncertainty (cont'd)

(h) Write down for obsolete or slow moving inventories

The Group writes down its obsolete or slow moving inventories based on assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyse sales trend and current economic trends when making a judgement to evaluate the adequacy of the write down for obsolete or slow moving inventories.

Reviews are made periodically by management on damaged, obsolete and slow moving inventories. These reviews require judgement and estimates. The quarry of the Group which is located in Indonesia had its operations temporarily suspended due to regulatory issue. The carrying amount of the inventories at this quarry as at 31 December 2008 amounted to RM1,454,776. Management are of the opinion that the regulatory issue can be resolved and the quarry operations can be resumed in foreseeable future and the Group will be able to realise the quarry products above its carrying amount and hence write down is not required. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

7. PROPERTY, PLANT AND EQUIPMENT

Group 2008	Balance as at 1 January RM	Additions RM	Disposals RM	Written- offs RM	Translation adjustments RM	Reclassifi- cation RM	Balance as at 31 December RM
Cost							
Freehold land	1,785,896	7,802	-	-	-	-	1,793,698
Buildings and improvements	2,417,262	59,676	-	-	-	1,884,828	4,361,766
Plant and machinery	103,070,851	12,654,631	(4,357,600)	-	214,898	6,171,583	117,754,363
Motor vehicles	7,160,875	769,445	(645,948)	-	26,546	-	7,310,918
Furniture, fittings and office equipment	1,960,194	198,192	(1,620)	(14,530)	893	-	2,143,129
Workshop cum site office	305,483	79,222	-	-	11,320	-	396,025
Access road	614,835	-	-	-	16,996	-	631,831
Capital work-in-progress	12,313,812	3,422,472	(1,035,995)	-	211,250	(8,056,411)	6,855,128
	129,629,208	17,191,440	(6,041,163)	(14,530)	481,903	-	141,246,858
	Balance as at 1 January RM	Charge for the financial year RM	Disposals RM	Written- offs RM	Translation adjustments RM	Reclassifi- cation RM	Balance as at 31 December RM
Accumulated depreciation							
Buildings and improvements	535,642	90,557	-	-	-	-	626,199
Plant and machinery	46,292,962	9,351,533	(2,370,446)	-	28,003	-	53,302,052
Motor vehicles	4,159,211	945,219	(477,154)	-	2,110	-	4,629,386
Furniture, fittings and office equipment	1,116,653	246,527	(539)	(9,099)	97	-	1,353,639
Workshop cum site office	45,060	31,001	-	-	1,760	-	77,821
Access road	168,377	80,615	-	-	457	-	249,449
	52,317,905	10,745,452 [#]	(2,848,139)	(9,099)	32,427	-	60,238,546

Included in depreciation charge for the financial year are depreciation capitalised as Quarry Development Expenditure of RM289,101 (2007: RM680,490).

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7. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group 2007	Balance as at 1 January RM	Additions RM	Disposals RM	Written- offs RM	Translation adjustments RM	Reclassifi- cation 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	11,111,456	(2,277,627)	(16,571)	(55,018)	5,025,611	103,070,851
Motor vehicles	6,579,888	957,763	(376,308)	(400)	(68)	-	7,160,875
Furniture, fittings and office equipment	1,760,736	242,643	(5,525)	(37,608)	(52)	-	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	8,837,924	-	-	(42,956)	(5,025,611)	12,313,812
	109,576,688	23,114,682	(2,659,460)	(73,079)	(105,930)	(223,693)	129,629,208
	Balance as at 1 January RM	Charge for the financial year RM	Disposals RM	Written- offs RM	Translation adjustments RM	Reclassifi- cation 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	8,545,672	(1,693,303)	(15,561)	2,271	-	46,292,962
Motor vehicles	3,339,248	974,497	(154,236)	(342)	44	-	4,159,211
Furniture, fittings and office equipment	906,708	238,027	(1,189)	(26,901)	8	-	1,116,653
Workshop cum site office	16,040	28,877	-	-	143	-	45,060
Access road	89,664	78,467	-	-	246	-	168,377
	44,320,660	9,933,139*	(1,848,728)	(43,647)	2,712	(46,231)	52,317,905

* Buildings with carrying amount of RM177,462 has been reclassified to non-current assets held for sale (Note 16).

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7. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company 2008	Balance as at 1 January RM	Additions RM	Disposals RM	Balance as at 31 December RM
Cost				
Motor vehicles	178,683	407,040	-	585,723
Furniture, fittings and office equipment	31,401	-	-	31,401
	210,084	407,040	-	617,124
	Balance as at 1 January RM	Charge for the financial year RM	Disposals RM	Balance as at 31 December RM
Accumulated depreciation				
Motor vehicles	88,448	105,430	-	193,878
Furniture, fittings and office equipment	7,464	4,919	-	12,383
	95,912	110,349	-	206,261

Company 2007	Balance as at 1 January RM	Additions RM	Disposals RM	Balance as at 31 December RM
Cost				
Motor vehicles	178,683	-	-	178,683
Furniture, fittings and office equipment	23,681	10,830	(3,110)	31,401
	202,364	10,830	(3,110)	210,084
	Balance as at 1 January RM	Charge for the financial year RM	Disposals RM	Balance as at 31 December RM
Accumulated depreciation				
Motor vehicles	56,285	32,163	-	88,448
Furniture, fittings and office equipment	3,683	4,453	(672)	7,464
	59,968	36,616	(672)	95,912

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7. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Carrying amount				
Freehold land	1,793,698	1,785,896	-	-
Buildings and improvements	3,735,567	1,881,620	-	-
Plant and machinery	64,452,311	56,777,889	-	-
Motor vehicles	2,681,532	3,001,664	391,845	90,235
Furniture, fittings and office equipment	789,490	843,541	19,018	23,937
Workshop cum site office	318,204	260,423	-	-
Access road	382,382	446,458	-	-
Capital work-in-progress	6,855,128	12,313,812	-	-
	<u>81,008,312</u>	<u>77,311,303</u>	<u>410,863</u>	<u>114,172</u>

(a) Included in freehold land, buildings and improvements is an amount of interest expense capitalised during the financial year amounted to RM17,030 (2007: RM30,776) for the Group.

(b) 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	
	2008 RM	2007 RM	2008 RM	2007 RM
Plant and machinery	30,959,587	16,274,680	-	-
Motor vehicles	2,145,649	2,141,971	391,845	90,235
Capital work-in-progress	-	2,495,958	-	-
	<u>33,105,236</u>	<u>20,912,609</u>	<u>391,845</u>	<u>90,235</u>

(c) 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	
	2008 RM	2007 RM
Freehold land	1,793,698	1,785,896
Buildings and improvements	1,912,698	-
Plant and machinery	7,257,194	1,841,543
Capital work-in-progress	-	4,074,754
	<u>10,963,590</u>	<u>7,702,193</u>

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7. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(d) Certain title deeds of the properties of RM1,147,049 (2007: RM1,160,132) are in the process of being transferred and registered in the subsidiaries' name.

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

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Purchase of property, plant and equipment	17,191,440	23,114,682	407,040	10,830
Financed by hire-purchase and lease arrangements	(15,304,800)	(3,563,626)	(360,000)	-
Cash payments on purchase of property, plant and equipment	1,886,640	19,551,056	47,040	10,830

8. INVESTMENT PROPERTIES

Group 2008	Balance as at 1 January RM	Depreciation charge for the financial year RM	Disposals RM	Reclassi- fications RM	Balance as at 31 December RM
Carrying amount					
Buildings	3,058,378	(49,754)	(864,662)	-	2,143,962

Group 2007	Balance as at 1 January RM	Depreciation charge for the financial year RM	Disposals RM	Reclassi- fications RM	Balance as at 31 December RM
Carrying amount					
Buildings	4,239,489	(82,596)	(930,823)	(167,692)	3,058,378

Buildings with carrying amount of RM167,692 has been reclassified to non-current assets held for sale in the previous financial year (Note 16).

The buildings consist of commercial shophots and residential properties. The fair value of the investment properties of the Group estimated by the Directors based on current price in an active market as at 31 December 2008 amounted to RM2.82 million (2007: RM5.70 million).

Certain title deeds of the investment properties of RM2,027,088 (2007: RM2,938,482) are in the process of being transferred and registered in the subsidiaries' name.

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9. QUARRY DEVELOPMENT EXPENDITURE

Group 2008	Balance as at 1 January RM	Additions RM	Translation adjustment RM	Balance as at 31 December RM
Cost				
Quarry development expenditure	11,975,390	5,743,858	28,061	17,747,309
	Balance as at 1 January RM	Charge for the financial year RM	Translation adjustment RM	Balance as at 31 December RM
Accumulated amortisation				
Quarry development expenditure	167,720	1,626,875	-	1,794,595
Group 2007		Balance as at 1 January RM	Additions RM	Balance as at 31 December RM
Cost				
Quarry development expenditure		6,011,333	5,964,057	11,975,390
		Balance as at 1 January RM	Charge for the financial year RM	Balance as at 31 December RM
Accumulated amortisation				
Quarry development expenditure		-	167,720	167,720
				Group
			2008 RM	2007 RM
Carrying amount				
At 31 December			15,952,714	11,807,670

Included in quarry development expenditure is an amount of RM289,101 (2007: RM680,490) arising from depreciation of property, plant and equipment capitalised during the financial year.

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10. INVESTMENT IN SUBSIDIARIES

	Company	
	2008 RM	2007 RM
Unquoted equity shares – at cost	46,530,100	45,510,100

The details of the subsidiaries are as follows:

Name of company	Country of incorporation	Effective equity interest		Principal activities
		2008	2007	
<u>Direct subsidiaries</u>				
K.S. Chin Minerals Sdn. Bhd. (“KSC”)	Malaysia	100%	100%	Provision of turnkey and specialised quarry services and rental of machinery
Minetech Construction Sdn. Bhd. (“MCSB”)	Malaysia	100%	100%	Provision of specialised civil engineering services and rental of machinery
Minetech Quarries Sdn. Bhd. (“MQSB”)	Malaysia	100%	100%	Sales and marketing of quarry products
Minetech Premix Sdn. Bhd. (“MPSB”)	Malaysia	100%	100%	Manufacturing and trading of premix products
Minetech Industries Sdn. Bhd. (“MISB”)	Malaysia	100%	100%	Trading of industrial machinery spare parts
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

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10. INVESTMENT IN SUBSIDIARIES (cont'd)

Name of company	Country of incorporation	Effective equity interest		Principal activities
		2008	2007	
Subsidiaries of MQSB				
Superior Elevation Sdn. Bhd. ("SESB")	Malaysia	100%	100%	Inactive
Genetic Frontier Sdn. Bhd. ("GFSB")	Malaysia	100%	100%	Sales and marketing of quarry products
Optimis Dinamik Sdn. Bhd. ("ODSB")	Malaysia	100%	100%	Sales and marketing of quarry products
*Minetech M.B. (Huizhou) Building Materials Ltd. ("MMBM")	People's Republic of China	70%	70%	Inactive
Minetech Quarries Sabah Sdn. Bhd. ("MQSS")	Malaysia	100%	100%	Inactive

* Subsidiaries not audited by BDO Binder, Malaysia

On 3 November 2008, the issued and paid-up share capital of MKPI increased by RM2 million from RM1 million to RM3 million. The Company subscribed for additional 1,020,000 ordinary shares of RM1.00 each in MKPI, representing 51% of the additional issued and paid-up share capital of MKPI.

In the previous 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. The Company subscribed for additional 509,949 ordinary shares of RM1.00 each in MKPI, representing 51% of the additional 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. The effects of the acquisition of this subsidiary on the financial position of the Group are disclosed in Note 31 to the financial statements.

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11. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Unquoted equity shares, at cost	49	49	49	49
Share of post acquisition reserves, net of dividends received	(49)	(49)	-	-
	-	-	49	49

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

Name of company	Effective equity interest		Principal activity
	2008	2007	
*Luna Megan Sdn. Bhd.	49%	49%	Dormant

* Not audited by BDO Binder, Malaysia

The summarised financial information of the associate is as follows:

	2008 RM	2007 RM
Assets and liabilities		
Current assets	100	100
Current liabilities	8,394	6,874
Results		
Revenue	-	-
Loss for the financial year	(1,520)	(4,106)

12. INVENTORIES

	Group	
	2008 RM	2007 RM
At cost		
Raw and packaging materials	636,528	1,083,330
Spare parts and consumables	3,870,769	2,291,614
Quarry and bituminous products	11,571,169	9,291,688
	16,078,466	12,666,632

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13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Trade receivables				
Trade receivables	48,336,817	39,780,611	-	-
Amounts due from customers for contract works (Note 14)	7,978,767	26,611,796	-	-
	56,315,584	66,392,407	-	-
Less: Allowance for doubtful debts	(82,959)	(22,961)	-	-
	56,232,625	66,369,446	-	-
Other receivables				
Other receivables	4,829,517	3,314,794	5,867	-
Deposits	1,076,654	1,429,907	1,300	21,300
Prepayments	4,544,891	4,218,757	761,740	1,479,870
Amounts owing by subsidiaries	-	-	51,914,124	63,656,919
Amount owing by an associate	958	958	958	958
	10,452,020	8,964,416	52,683,989	65,159,047
	66,684,645	75,333,862	52,683,989	65,159,047

- (a) Trade receivables are non-interest bearing and the normal credit terms offered by the Group range from 30 to 180 days.
- (b) Included in trade receivables of the Group are retention sums for contract works amounting to RM6,105,104 (2007: RM5,225,136).

The retention sums are unsecured, interest-free and are expected to be collected as follows:

	Group	
	2008 RM	2007 RM
Within one (1) year	2,003,787	1,871,829
Within two (2) years	4,101,317	3,353,307
	6,105,104	5,225,136

13. TRADE AND OTHER RECEIVABLES (cont'd)

- (c) Amounts owing by subsidiaries represent advances and payments on behalf which are unsecured, interest-free and repayable on demand, except for advances amounting to RM30 million (2007: RM46 million), which represents the proceeds from MUNIF Notes drawn down on behalf by the Company, bearing interest at rate of 5.99% (2007: 5.25%) per annum.
- (d) Amount owing by an associate represents advances and payments on behalf which are unsecured, interest-free and repayable on demand.
- (e) Information on financial risks of trade and other receivables are disclosed in Note 35 to the financial statements.

14. AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORKS

	Group	
	2008 RM	2007 RM
Aggregate costs incurred to date	83,689,511	95,370,802
Add : Attributable profits	7,472,286	8,949,630
Less : Provision for foreseeable losses, net of losses crystallised of RM3,433,684 (2007: nil)	(77,696)	(3,511,380)
	91,084,101	100,890,052
Less: Progress billings	(80,045,211)	(74,197,256)
	11,038,890	26,611,796
Less: Provision for loss	(3,060,123)	-
	7,978,767	26,611,796

15. CASH AND CASH EQUIVALENTS

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Cash and bank balances	2,972,332	5,725,055	49,146	247,953
Fixed deposits with licensed banks	1,286,721	5,628,478	-	4,000,000
	4,259,053	11,353,533	49,146	4,247,953

- (a) Included in the fixed deposits of the Group is an amount of RM1,286,721 (2007: RM928,478) pledged as security for credit facilities granted to a subsidiary.
- (b) Information on financial risks of cash and cash equivalents are disclosed in Note 35 to the financial statements.

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15. CASH AND CASH EQUIVALENTS (cont'd)

(c) For the purpose of the cash flow statements, cash and cash equivalents comprise the following balance sheet amounts:

	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
Fixed deposits with licensed banks		1,286,721	5,628,478	-	4,000,000
Cash and bank balances		2,972,332	5,725,055	49,146	247,953
Bank overdrafts	19	4,259,053 (1,126,270)	11,353,533 (2,105,092)	49,146 -	4,247,953 -
		3,132,783	9,248,441	49,146	4,247,953
Less: Fixed deposit pledged to a licensed bank		(1,286,721)	(928,478)	-	-
		<u>1,846,062</u>	<u>8,319,963</u>	<u>49,146</u>	<u>4,247,953</u>

16. NON-CURRENT ASSETS HELD FOR SALE

Certain property, plant and equipment and investment properties are presented as non-current assets held for sale following the Group's commitment to realise these assets. Effort to sell the non-current assets have commenced and sales are expected to complete within one year from the balance sheet date. The assets included in the non-current assets are as follows:

Group 2008	Balance as at 1 January RM	Disposals RM	Reclassi- fications RM	Impairment losses RM	Balance as at 31 December RM
Carrying amount					
Property, plant and equipment	130,000	(130,000)	-	-	-
Investment properties	1,593,469	(120,000)	-	-	1,473,469
	<u>1,723,469</u>	<u>(250,000)</u>	<u>-</u>	<u>-</u>	<u>1,473,469</u>
Group 2007					
Group 2007	Balance as at 1 January RM	Disposals RM	Reclassi- fications RM	Impairment losses RM	Balance as at 31 December RM
Carrying amount					
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>

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17. SHARE CAPITAL

	Group and Company					
	2008		2007			
	Number of shares	Par value RM	Number of shares	Par value RM	Number of shares	Par value RM
Authorised:						
Balance as at 1 January	100,000,000	1.00	100,000,000	100,000,000	1.00	100,000,000
Subdivision 1:5	400,000,000	-	-	-	-	-
Balance as at 31 December	<u>500,000,000</u>	<u>0.20</u>	<u>100,000,000</u>	<u>100,000,000</u>	<u>1.00</u>	<u>100,000,000</u>
Issued and fully paid:						
Before share split						
Ordinary shares of RM1.00 each:						
Balance as at 1 January	60,494,300	1.00	60,494,300	55,000,000	1.00	55,000,000
Issued during the year	-	-	-	5,494,300	1.00	5,494,300
	<u>60,494,300</u>	<u>1.00</u>	<u>60,494,300</u>	<u>60,494,300</u>	<u>1.00</u>	<u>60,494,300</u>
After share split						
Ordinary shares of RM0.20 each:						
Subdivision 1:5	241,977,200	-	-	-	-	-
Balance as at 31 December	<u>302,471,500</u>	<u>0.20</u>	<u>60,494,300</u>	<u>60,494,300</u>	<u>1.00</u>	<u>60,494,300</u>

- (a) During the financial year, the issued and paid-up share capital of the Company of RM60,494,300 comprising 60,493,300 ordinary shares of RM1.00 each, have been subdivided into 302,471,500 shares of RM0.20 each.

The ordinary shares of RM1.00 each were subdivided into five (5) ordinary shares of RM0.20 each 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.

In the previous 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.

- (b) As at 31 December 2008, a total of 285,000 (2007: 57,000) shares at cost of RM47,990 (2007: RM47,990) are held as treasury shares by the Company. The number of outstanding ordinary shares of RM0.20 (2007: RM1.00) each in issue after deducting the treasury shares is 302,186,500 (2007: 60,437,300) as at 31 December 2008.

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18. RESERVES

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Non-distributable				
Share premium	1,920,850	1,920,850	1,920,850	1,920,850
Exchange translation reserve	325,285	(140,893)	-	-
	2,246,135	1,779,957	1,920,850	1,920,850
Distributable				
Retained earnings	1,667,356	6,631,673	6,704,267	6,783,194
	3,913,491	8,411,630	8,625,117	8,704,044

(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. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

(b) Retained earnings

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 has decided not to make this election and, subject to the agreement of the Inland Revenue Board, has sufficient tax credit under Section 108 of the Malaysian Income Tax Act 1967 and balance in the tax exempt account of RM1,250,000 (2007: RM1,250,000) to frank the payment of dividends out of its entire retained earnings without incurring additional tax liabilities.

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19. BORROWINGS

	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
Non-current liabilities					
<u>Secured</u>					
Hire-purchase and lease creditors		15,716,094	8,546,482	240,407	43,909
Term loans		3,712,020	2,416,897	-	-
		19,428,114	10,963,379	240,407	43,909
Current liabilities					
<u>Secured</u>					
Bank overdrafts		1,126,270	2,105,092	-	-
Bankers' acceptance		4,432,003	4,413,398	-	-
Trust receipts		99,987	501,744	-	-
MUNIF Notes		29,266,782	45,110,905	29,266,782	45,110,905
Hire-purchase and lease creditors		6,672,562	5,050,190	103,467	33,252
Term loans		1,297,351	462,480	-	-
		42,894,955	57,643,809	29,370,249	45,144,157
<u>Unsecured</u>					
Bankers' acceptance		10,041,612	7,424,072	-	-
Trust receipts		361,352	-	-	-
		10,402,964	7,424,072	-	-
		53,297,919	65,067,881	29,370,249	45,144,157
		72,726,033	76,031,260	29,610,656	45,188,066
Total borrowings					
Bank overdrafts	15	1,126,270	2,105,092	-	-
Bankers' acceptance		14,473,615	11,837,470	-	-
Trust receipts		461,339	501,744	-	-
MUNIF Notes		29,266,782	45,110,905	29,266,782	45,110,905
Hire-purchase and lease creditors	20	22,388,656	13,596,672	343,874	77,161
Term loans	21	5,009,371	2,879,377	-	-
		72,726,033	76,031,260	29,610,656	45,188,066

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19. BORROWINGS (cont'd)

- (a) In year 2006, 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 (7) 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	
	2008	2007
	RM	RM
Balance as at 1 January	46,000,000	25,000,000
Issued during the year	-	22,000,000
Redeemed during the year	(16,000,000)	(1,000,000)
Balance as at 31 December	<u>30,000,000</u>	<u>46,000,000</u>

The maturity period of MUNIF Notes range from four (4) to nine (9) months and bear interest at an effective rate of 5.99% (2007: 5.25%) per annum.

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 2.50% per annum above the base lending rates of the banks.
- (c) The bank overdrafts, bankers' acceptance and trust receipts 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 a subsidiary (Note 15); and
 - (iii) Corporate guarantee provided by the Company.
- (d) Information on financial risks of borrowings and its remaining maturity is disclosed in Note 35 to the financial statements.

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20. HIRE-PURCHASE AND LEASE CREDITORS

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Minimum hire-purchase and lease payments:				
- not later than one (1) year	8,239,641	5,942,681	116,340	81,540
- later than one (1) year and not later than five (5) years	17,527,925	9,399,321	256,035	-
	25,767,566	15,342,002	372,375	81,540
Less: Future interest charges	(3,378,910)	(1,745,330)	(28,501)	(4,379)
Present value of hire-purchase and lease liabilities	22,388,656	13,596,672	343,874	77,161
Repayable as follows:				
Current liabilities:				
- not later than one (1) year	6,672,562	5,050,190	103,467	33,252
Non-current liabilities:				
- later than one (1) year and not later than five (5) years	15,716,094	8,546,482	240,407	43,909
	22,388,656	13,596,672	343,874	77,161

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	
	2008 RM	2007 RM
Term loan I repayable over a period of six (6) years in equal monthly instalment of RM28,614 each commencing in 2003	282,065	579,967
Term loan II repayable by monthly instalment of varying amounts over a period of eight (8) years commencing in 2008	1,130,545	1,190,000
Term loan III repayable by monthly instalment of varying amounts over a period of eight (8) years commencing in 2008	855,042	900,000
Term loan IV repayable by monthly instalment of varying amounts over a period of eight (8) years commencing in 2008	758,396	209,410
Term loan V repayable over a period of three (3) years in equal monthly instalment of RM46,797 each commencing in 2008	1,441,066	-
Term loan VI repayable over a period of three (3) years in equal monthly instalment of RM17,743 each commencing in 2008	542,257	-
	5,009,371	2,879,377

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21. TERM LOANS (cont'd)

	2008 RM	Group 2007 RM
Repayable as follows:		
Current liabilities:		
- not later than one (1) year	1,297,351	462,480
Non-current liabilities:		
- later than one (1) year and not later than five (5) years	3,144,650	1,550,730
- later than five (5) years	567,370	866,167
	3,712,020	2,416,897
	5,009,371	2,879,377

- (a) Term loan I bears interest at rate of 4.00% per annum and is secured by means of a first fixed charge over the plant and machinery of a subsidiary, third parties' deed of assignment over certain properties of the Directors' related companies and corporate guarantee provided by the Company.
- (b) Term loan II, III and IV bear interest at rate of 3.99% per annum for the first year, 5.00% for the second year and thereafter 0.80% per annum above the bank's base lending rate ("BLR"). Term loan V and VI bear interest at rate of 2.00% per annum above the bank's BLR. Term loans II to VI are secured by the following:
- (i) Fixed and floating charge over certain property, plant and equipment of subsidiaries (Note 7); and
 - (ii) Corporate guarantee provided by the Company.

22. DEFERRED TAX LIABILITIES

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

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Balance as at 1 January	6,332,200	7,246,700	-	7,700
Recognised in the income statements (Note 29)	(333,847)	(914,500)	-	(7,700)
Balance as at 31 December	5,998,353	6,332,200	-	-
Presented after appropriate offsetting:				
Deferred tax assets	(4,778,391)	(3,657,580)	(6,800)	(6,800)
Deferred tax liabilities	10,776,744	9,989,780	6,800	6,800
	5,998,353	6,332,200	-	-

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22. DEFERRED TAX LIABILITIES (cont'd)

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

Deferred tax assets

	←	Group	→	
	Unabsorbed capital allowances RM	Unused tax losses RM	Total RM	Company Unabsorbed capital allowances RM
At 1 January 2008	2,751,770	905,810	3,657,580	6,800
Recognised in the income statements	1,515,918	(395,107)	1,120,811	-
At 31 December 2008	<u>4,267,688</u>	<u>510,703</u>	<u>4,778,391</u>	<u>6,800</u>
At 1 January 2007	6,100	4,700	10,800	-
Recognised in the income statements	2,745,670	901,110	3,646,780	6,800
At 31 December 2007	<u>2,751,770</u>	<u>905,810</u>	<u>3,657,580</u>	<u>6,800</u>

Deferred tax liabilities

	←	Group	→	
	Property plant and equipment RM	Quarry Development expenditure RM	Total RM	Company Property plant and equipment RM
At 1 January 2008	7,717,780	2,272,000	9,989,780	6,800
Recognised in the income statements	(275,919)	1,062,883	786,964	-
At 31 December 2008	<u>7,441,861</u>	<u>3,334,883</u>	<u>10,776,744</u>	<u>6,800</u>
At 1 January 2007	6,305,500	952,000	7,257,500	7,700
Recognised in the income statements	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>

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

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Unabsorbed capital allowances	235,648	13,076	-	13,076
Unused tax losses	2,871,005	2,070,438	-	101,538
	<u>3,106,653</u>	<u>2,083,514</u>	<u>-</u>	<u>114,614</u>

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

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23. TRADE AND OTHER PAYABLES

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Trade payables				
Third parties	32,653,452	34,952,929	-	-
Other payables				
Other payables	6,802,508	5,581,141	614,510	142,671
Dividend payable	832	-	832	-
Deposits received	48,915	54,665	-	-
Accruals	4,256,647	2,231,617	393,590	401,724
Amounts owing to subsidiaries	-	-	-	160,606
	11,108,902	7,867,423	1,008,932	705,001
	43,762,354	42,820,352	1,008,932	705,001

- (a) Trade payables are non-interest bearing and normal credit terms granted to the Group range from 30 to 150 days.
- (b) Amounts owing to subsidiaries represent advances and payments on behalf which are unsecured, interest-free and repayable on demand.
- (c) Information on financial risks of trade and other payables are disclosed in Note 35 to the financial statements.

24. REVENUE

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Turnkey quarry services	51,398,783	46,032,008	-	-
Sale of goods	80,678,994	63,508,140	-	-
Contract revenue	8,450,787	43,104,527	-	-
Rental income	344,914	382,463	-	-
Interest income	12,015	15,363	2,230,297	2,349,007
Management fees	-	-	4,000,000	3,530,000
Dividend income	-	-	-	9,730,000
	140,885,493	153,042,501	6,230,297	15,609,007

25. COST OF SALES

	Group	
	2008 RM	2007 RM
Inventories sold	119,904,881	104,724,006
Contract works	12,141,796	40,054,922
	132,046,677	144,778,928

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26. FINANCE COSTS

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Bank charges	218,916	147,755	1,289	962
Interest expense on:				
- bank overdrafts	76,330	122,466	-	-
- bankers' acceptance/ trust receipts	778,511	310,914	-	-
- MUNIF Notes	2,218,282	2,333,644	2,218,282	2,333,644
- hire-purchase and lease creditors	1,576,095	1,148,734	16,378	4,657
- term loans	137,695	62,921	-	-
- others	56,100	14,148	30	-
	<u>5,061,929</u>	<u>4,140,582</u>	<u>2,235,979</u>	<u>2,339,263</u>

27. (LOSS)/PROFIT BEFORE TAX

	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
(Loss)/Profit before tax is arrived at after charging:					
Allowance for doubtful debts		59,998	-	-	-
Amortisation of quarry development expenditure	9	1,626,875	167,720	-	-
Amounts due from customers for contract works written off		-	2,111,872	-	-
Auditors' remuneration					
- current year		94,032	95,118	18,000	18,000
- under provision in prior years		4,700	4,150	4,000	900
Bad debts written off		-	119,958	-	-
Depreciation of investment properties	8	49,754	82,596	-	-
Depreciation of property, plant and equipment	7	10,456,351	9,252,649	110,349	36,616
Direct operating expenses of investment properties					
- generating rental income		106,338	122,508	-	-
- not generating rental income		328	328	-	-
Directors' remuneration paid to the Directors of the Company:					
- fees paid by the Company		54,000	54,000	54,000	54,000
- other emoluments paid by the Company		1,564,201	1,917,106	1,564,201	1,917,106
Loss on disposal of property, plant and equipment		16,367	12,067	-	1,438

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27. (LOSS)/PROFIT BEFORE TAX (cont'd)

	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
Impairment losses of non-current assets held for sale	16	-	95,154	-	-
Property, plant and equipment written off		5,431	29,432	-	-
Provision for foreseeable losses	14	-	3,511,380	-	-
Provision for loss on amounts due from customers for contract works	14	3,060,123	-	-	-
Realised loss on foreign exchange		11,369	26,046	-	-
Rental expense:					
- motor vehicle, plant and machinery		948,324	3,251,279	-	-
- land		73,500	-	-	-
- access road		34,450	32,089	-	-
- premises		206,984	60,000	-	-
And crediting:					
Allowance for doubtful debts no longer required		-	1,872	-	-
Bad debts recovered		36,916	-	-	-
Unrealised gain on foreign exchange		6,889	-	-	-
Dividend income from subsidiaries		-	-	-	9,730,000
Gain on disposal of:					
- property, plant and equipment		1,390,370	412,020	-	-
- investment properties		485,338	44,240	-	-
- non-current assets held for sale		-	20,294	-	-
Interest income		71,031	39,260	2,230,297	2,349,007
Realised gain on foreign exchange		877	-	-	-
Rental income:					
- equipment		399,064	453,071	-	-
- investment properties		172,292	249,400	-	-

28. EMPLOYEE BENEFITS

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

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Wages, salaries and bonus	14,345,558	15,465,610	2,223,250	2,302,195
Defined contribution plan	1,448,950	1,524,581	303,747	327,063
Other employee benefits	580,165	1,027,571	83,840	52,450
	16,374,673	18,017,762	2,610,837	2,681,708

Included in employee benefits are Executive Directors' remuneration of the Group and of the Company amounting to RM2,094,654 (2007: RM2,410,742) and RM1,564,201 (2007: RM1,917,106) respectively.

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29. TAX (INCOME)/EXPENSE

	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
Current tax expense based on profit for the financial year:					
- Income tax		76,000	76,900	3,000	2,615,000
- Over provision in prior years		(17)	(49,774)	(7,768)	(400)
		75,983	27,126	(4,768)	2,614,600
Deferred tax:	22				
- Relating to origination and reversal of temporary differences		146,446	(509,472)	-	(4,000)
- Relating to changes in tax rate		(240,067)	(488,000)	-	-
- (Over)/Under provision in prior years		(240,226)	82,972	-	(3,700)
		(333,847)	(914,500)	-	(7,700)
		(257,864)	(887,374)	(4,768)	2,606,900

The Malaysian income tax is calculated at the statutory tax rate of 26% (2007: 27%) of the estimated taxable profit for the fiscal year. The Malaysian statutory tax rate has been reduced to 26% from the previous year's rate of 27% for the fiscal year of assessment 2007 and to 25% for the fiscal year of assessment 2009 onwards. The computation of deferred tax as at 31 December 2008 has reflected these changes.

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

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	
	2008 %	2007 %	2008 %	2007 %
Applicable tax rate in Malaysia	(26.00)	(27.00)	(26.00)	27.00
Tax effects in respect of:				
Non-allowable expenses	20.35	13.60	69.41	0.40
Non-taxable income	(2.90)	(0.39)	(3.79)	-
Reduction in deferred taxes resulting from reduction in tax rate	(4.12)	(7.00)	-	-
Lower tax rate in foreign jurisdiction	(0.10)	-	-	-
Reinvestment allowance incentives	(6.09)	-	-	-
Unused tax losses and unabsorbed capital allowances not recognised	19.46	7.83	-	0.31
Utilisation of previously unrecognised tax losses	(0.53)	-	(36.04)	-
Reduction in tax rate on first RM500,000 chargeable income of certain subsidiaries	(0.38)	(0.45)	-	-
	(0.31)	(13.41)	3.58	27.71

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29. TAX (INCOME)/EXPENSE (cont'd)

	Group		Company	
	2008 %	2007 %	2008 %	2007 %
(Over)/Under provision in prior years				
Income tax	-	(0.73)	(9.28)	-
Deferred tax	(4.12)	1.21	-	(0.04)
Average effective tax rate	(4.43)	(12.93)	(5.70)	27.67

Tax savings are as follows:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Arising from utilisation of previously unrecognised capital allowance and tax losses	36,577	17,000	36,577	-

Subject to the agreement from the Malaysian Inland Revenue Board and provisions of tax laws applicable to foreign subsidiary, the Group has unused tax losses, unabsorbed capital allowances and unutilised reinvestment allowance amounting to approximately RM4,886,000 (2007: RM2,039,000), RM17,224,000 (2007: RM10,412,000) and RM497,000 (2007: RM1,601,000) respectively, which are available for set-off against future taxable income.

30. LOSS PER ORDINARY SHARE

Basic loss per ordinary share:

Basic loss per ordinary share for the financial year is calculated by dividing the loss for the financial year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2008	2007
Loss attributable to equity holders of the Company (RM)	(4,964,317)	(5,736,233)
Weighted average number of ordinary shares of RM1.00 each in issue	60,494,300	55,270,952
Adjustment for subdivision of every 1 existing ordinary share into 5 new ordinary shares completed on 21 January 2008	241,977,200	221,083,807
	302,471,500	276,354,759
Basic loss per ordinary share (sen)	(1.64)	(2.08)

Diluted earnings per ordinary share:

The Company does not have any dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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31. ACQUISITION OF A SUBSIDIARY

- (a) On 16 April 2007, the Group acquired the entire issued and paid-up share capital of Minetech Quarries Sabah Sdn. Bhd. ('MQSS'), a company incorporated in Malaysia which is inactive for a 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	2
Total purchase consideration discharged by cash	2
Less: Cash and cash equivalents acquired	(2)
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 previous financial year is as follows:

	Group RM
Revenue	-
Operating costs	(11,256)
Loss before tax	(11,256)
Tax expense	-
Increase in Group's loss for the financial year	<u>(11,256)</u>

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

	Group RM
Payables	(11,256)
Decrease in Group's net assets	<u>(11,256)</u>

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) 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 and bituminous products.

Indonesia : Provision of turnkey and specialised quarry services

Singapore : Sales and marketing of quarry products

(d) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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32. SEGMENTAL REPORTING (cont'd)

Business segments

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segments:

2008	Quarry products RM	Civil engineering RM	Premix products RM	Others RM	Elimination RM	Consolidation RM
Revenue						
Sales to external customers	92,564,465	8,450,787	34,021,474	5,848,767	-	140,885,493
Inter-segment sales	4,656,062	-	375,894	10,358,144	(15,390,100)	-
	<u>97,220,527</u>	<u>8,450,787</u>	<u>34,397,368</u>	<u>16,206,911</u>	<u>(15,390,100)</u>	<u>140,885,493</u>
Results						
Segment results	3,381,330	(4,922,599)	1,763,184	1,232,094	(2,218,282)	(764,273)
Finance costs						(5,061,929)
Loss before tax						(5,826,202)
Tax income						257,864
Loss for the financial year						<u>(5,568,338)</u>
Assets						
Segment assets	149,030,826	37,624,066	11,146,257	116,897,185	(128,571,182)	186,127,152
Non-current assets held for sale	-	-	-	1,473,469	-	1,473,469
Investment in an associate	-	-	-	49	(49)	-
Unallocated assets						
- Current tax asset						610,016
Total assets						<u>188,210,637</u>
Liabilities						
Segment liabilities	74,902,235	33,542,627	5,869,932	8,418,285	(78,970,725)	43,762,354
Liabilities attributable to non-current assets held for sale	-	-	-	1,306,226	(1,306,226)	-
Unallocated liabilities						78,731,386
- Current tax payable						7,000
- Borrowings						72,726,033
- Deferred tax liabilities						5,998,353
Total liabilities						<u>122,493,740</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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32. SEGMENTAL REPORTING (cont'd)

Business segments (cont'd)

2008	Quarry products RM	Civil engineering RM	Premix products RM	Others RM	Elimination RM	Consolidation RM
Other segment information						
Capital expenditure	13,876,766	-	1,955,842	1,358,832	-	17,191,440
Amortisation of quarry development expenditure	1,626,875	-	-	-	-	1,626,875
Depreciation of investment properties	31,055	18,699	-	-	-	49,754
Depreciation of property, plant and equipment	7,853,468	1,795,581	417,957	389,345	-	10,456,351
Non-cash expenses other than depreciation and amortisation	64,349	3,061,203	15,267	1,100	-	3,141,919
<hr/>						
2007	Quarry products RM	Civil engineering RM	Premix products RM	Others RM	Elimination RM	Consolidation RM
Revenue						
Sales to external customers	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)	-
	92,229,708	43,104,527	31,586,699	21,522,948	(35,401,381)	153,042,501
<hr/>						
Results						
Segment results	2,753,422	(5,867,375)	1,122,759	11,306,251	(12,037,859)	(2,722,802)
Finance costs						(4,140,582)
Loss before tax						(6,863,384)
Tax income						887,374
Loss for the financial year						(5,976,010)
<hr/>						
Assets						
Segment assets	122,358,607	50,472,009	14,227,785	128,664,282	(124,191,305)	191,531,378
Non-current assets held for sale	-	250,000	-	1,473,469	-	1,723,469
Investment in an associate	-	-	-	49	(49)	-
Unallocated assets						
- Current tax asset						1,688,967
Total assets						194,943,814

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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32. SEGMENTAL REPORTING (cont'd)

Business segments (cont'd)

2007	Quarry products RM	Civil engineering RM	Premix products RM	Others RM	Elimination RM	Consolidation RM
Liabilities						
Segment liabilities	62,847,221	37,119,240	12,671,310	5,837,223	(75,654,642)	42,820,352
Liabilities attributable to non-current assets held for sale	-	-	-	1,306,226	(1,306,226)	-
Unallocated liabilities						82,363,460
-Borrowings						76,031,260
-Deferred tax liabilities						6,332,200
Total liabilities						<u>125,183,812</u>
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	6,926,761	2,036,054	216,574	73,260	-	9,252,649
Impairment losses of non-current assets held for sale	-	95,154	-	-	-	95,154
Non-cash expenses other than depreciation, impairment and amortisation	29,432	5,633,881	119,958	1,438	-	5,784,709

Geographical segments

The following table provides an analysis of the Group's revenue, segment assets and capital expenditure by geographical segments:

2008	Revenue RM	Segment assets RM	Capital expenditure RM
Malaysia	125,030,129	169,378,882	16,989,191
Indonesia	-	8,507,007	151,861
Singapore	15,855,364	7,880,491	5,430
China	-	2,444,257	44,958
	<u>140,885,493</u>	<u>188,210,637</u>	<u>17,191,440</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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32. SEGMENTAL REPORTING (cont'd)

Geographical segments (cont'd)

2007	Revenue RM	Segment assets RM	Capital expenditure RM
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>

33. CAPITAL COMMITMENTS

	2008 RM	Group 2007 RM
Capital expenditure in respect of purchase of property, plant and equipment		
- contracted but not provided for	-	4,316,390
- approved but not contracted for	-	3,952,402
	<u>-</u>	<u>8,268,792</u>

34. CONTINGENT LIABILITIES

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
<u>Secured</u>				
Bank guarantee issued in favour of third parties by certain subsidiaries	5,762,634	5,238,250	-	-
<u>Unsecured</u>				
Corporate guarantee given to financial institutions for credit facilities granted to subsidiaries	-	-	21,421,617	17,323,682
Corporate guarantee given to suppliers of subsidiaries for credit terms granted to subsidiaries	-	-	20,300,000	4,080,290
Bank guarantee issued in favour of third parties by certain subsidiaries	-	237,000	-	-
	<u>5,762,634</u>	<u>5,475,250</u>	<u>41,721,617</u>	<u>21,403,972</u>

34. CONTINGENT LIABILITIES (cont'd)

A former employee of Minetech Industries Sdn. Bhd. ('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 K.S. Chin Minerals Sdn. Bhd. ('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 was filed with the High Court against the Session Judge 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 re-filed the application to strike out the plaintiff's claim based on Section 31 of the SOCSO Act which application was allowed with cost by the Session Court on 23 March 2009. The effect of the decision puts an end to the plaintiff's claim.

However, the plaintiff has filed a Notice of Motion to seek leave from the Court of Appeal ("COA") to appeal against the decision of the High Court and yet to be fixed for hearing at the COA. The plaintiff would only be entitled to file the Notice of Appeal upon obtains leave to appeal. Furthermore, the plaintiff had also lodged an appeal to the High Court against the dismissal of the suit by the Sessions Court on 23 March 2009. MISB are yet to obtain a hearing date for the appeal from the High Court.

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, US Dollar and Chinese Renminbi. In addition, subsidiaries operating in Singapore, Indonesia and China have assets and liabilities together with expected cash flows from anticipated transactions denominated in foreign currencies that give rise to foreign exchange exposure.

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.

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35. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial risk management objectives and policies (cont'd)

(i) Foreign currency risk (cont'd)

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	<u>Net financial assets/(liabilities) held in non-functional currencies</u>				Total RM
	Singapore Dollar RM	US Dollar RM	Chinese Renminbi RM	Indonesia Rupiah RM	
Functional currencies					
At 31 December 2008					
<u>Cash and bank</u>					
Chinese Renminbi	-	1,495	-	-	1,495
Ringgit Malaysia	24,070	-	-	-	24,070
<hr/>					
<u>Trade receivables</u>					
Ringgit Malaysia	131,192	-	-	-	131,192
<hr/>					
<u>Trade payables</u>					
Ringgit Malaysia	(1,250,461)	-	-	-	(1,250,461)
<hr/>					
At 31 December 2007					
<u>Cash and bank</u>					
Chinese Renminbi	-	1,318	-	-	1,318
Ringgit Malaysia	485,585	-	1,418,876	-	1,904,461
<hr/>					
<u>Trade receivables</u>					
Ringgit Malaysia	368,259	-	-	-	368,259
<hr/>					
<u>Trade payables</u>					
Ringgit Malaysia	(1,396,876)	-	-	(1,626)	(1,398,502)
<hr/>					

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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35. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial risk management objectives and policies (cont'd)

(i) Foreign currency risk (cont'd)

Net financial assets held in non-functional currencies

Company	Singapore Dollar RM
Functional currencies	
At 31 December 2008	
<u>Amount owing by a subsidiary</u>	
Ringgit Malaysia	2,206,050
At 31 December 2007	
<u>Amount owing by a subsidiary</u>	
Ringgit Malaysia	122,784

(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 (1) month, extending up to three (3) 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 has no major concentration of credit risk as at 31 December 2008 except for total amounts of RM2,106,558 owing by two customers. These customers are currently disputing on the amounts owing to the Group and legal actions have been taken to recover the amounts. However, the Directors, based on legal advice, are of the opinion that the Group has strong ground to obtain a favourable judgement and subsequently recover the amounts in full.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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35. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial risk management objectives and policies (cont'd)

(iii) Credit risk (cont'd)

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 of the Company's financial instruments that are exposed to interest rate risk:

	WAEIR %	Within 1 year RM	1 - 2 years RM	2 - 3 years RM	3 - 4 years RM	4 - 5 years RM	More than 5 years RM	Total RM
As at 31 December 2008								
Group								
Fixed rate								
Fixed deposits with licensed banks	3.10	1,286,721	-	-	-	-	-	1,286,721
Hire-purchase and lease creditors	8.12	6,672,562	5,989,313	4,658,690	4,031,120	1,036,971	-	22,388,656
Floating rate								
Bank overdrafts	8.51	1,126,270	-	-	-	-	-	1,126,270
Bankers' acceptance	4.70	14,473,615	-	-	-	-	-	14,473,615
Trust receipts	7.95	461,339	-	-	-	-	-	461,339
Term loans	6.43	1,297,351	1,088,686	1,111,990	470,008	473,966	567,370	5,009,371
MUNIF Notes	5.99	29,266,782	-	-	-	-	-	29,266,782
Company								
Fixed rate								
Hire-purchase creditors	4.42	103,467	80,725	74,921	78,108	6,653	-	343,874
Floating rate								
MUNIF Notes	5.99	29,266,782	-	-	-	-	-	29,266,782

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

Minetech Resources Berhad
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35. FINANCIAL INSTRUMENTS (cont'd)

(a) Financial risk management objectives and policies (cont'd)

(iv) Interest rate risk (cont'd)

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 of the Company's financial instruments that are exposed to interest rate risk: (cont'd)

	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
As at 31 December 2007								
Group								
Fixed rate								
Fixed deposits with licensed banks	2.50	5,628,478	-	-	-	-	-	5,628,478
Hire-purchase and lease creditors	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
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 creditors	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

(b) Fair values

The carrying amounts of the financial instruments of the Group and of the Company at the balance sheet date approximate their fair values due to the relatively short term maturity of the financial instruments except as set out below:

	Group		Company	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
As at 31 December 2008				
Term loans	5,009,371	5,002,443	-	-
Hire-purchase and lease creditors	22,388,656	21,683,022	343,874	336,828
As at 31 December 2007				
Term loans	2,879,377	2,938,903	-	-
Hire-purchase and lease creditors	13,596,672	14,703,068	77,161	79,863

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35. FINANCIAL INSTRUMENTS (cont'd)

(b) Fair values (cont'd)

The fair values of term loans and hire-purchase and lease creditors 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 similar remaining maturities.

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 other entity.

The Company has controlling related party relationship with its direct and indirect subsidiaries.

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

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Subsidiaries:				
Management fees received	-	-	4,000,000	3,530,000
Interest income	-	-	2,218,282	2,333,644
Advisory fee paid to a former Director of the Company	240,000	-	240,000	-
Professional fees paid to a firm of which a Director is a member	300	12,210	-	-
Rental expenses paid to Directors	72,000	72,000	-	-

The related party transactions described above were entered into in the normal course of business and are based on negotiated and mutually agreed terms.

(c) Compensation of key management personnel

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

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Fees	54,000	54,000	54,000	54,000
Emoluments other than fees	1,812,710	2,095,977	1,341,365	1,655,960
Defined contribution plan	276,365	309,921	219,737	258,047
Other short term employee benefits	5,579	4,844	3,099	3,099
Estimated monetary value of benefits-in-kind	89,058	113,625	68,958	93,125
	<u>2,237,712</u>	<u>2,578,367</u>	<u>1,687,159</u>	<u>2,064,231</u>

LIST OF
PROPERTIES

AS AT 31 DECEMBER 2008

Minetech Resources Berhad
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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 2008 (RM)
Minetech Construction Sdn Bhd					
1.	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)	116,874
2.	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)	411,074
3.	Unit A6-1 to A6-8 and A6-10 Plaza Dwitasik 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 Dwitasik, 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)	1,387,488
4.	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 shoplots currently used as the Group's offices/ 22 November 1994	- (approximately 720)	1,147,050

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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 2008 (RM)
K.S. Chin Minerals Sdn Bhd					
1.	29-4 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	3 units commercial shoplots currently rented to third parties / 31 January 1996	- (approximately 474)	639,600
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 and factory building	Factory Building/ 27 February 2007	14,416.9/ (-)	3,706,396
Grand Total					11,125,892

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 30 APRIL 2009

Minetech Resources Berhad
(675543-X)

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
Treasury shares	: 285,000 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

Size of shareholdings	No. of shareholders	%	No. of shareholdings	%*
1 - 99	2	0.195	20	0.000
100 -1,000	371	36.336	187,750	0.062
1,001 - 10,000	187	18.315	1,268,880	0.419
10,001 - 100,000	325	31.831	13,646,650	4.515
100,001 – 15,109,324 (less than 5% of issued shares)	131	12.830	166,372,435	55.056
15,109,325 (5% of issued shares) and above	5	0.489	120,710,765	39.945
	<u>1,021</u>	<u>100.00</u>	<u>302,186,500</u>	<u>100.00</u>

* Calculated based on number of shares in issue excluding treasury shares.

THIRTY LARGEST SHAREHOLDERS FOR ORDINARY SHARES OF RM0.20 EACH

No.	Name	No. of Shares Held	%*
1	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Choy Sen @ Chin Kim Sang (Retail Banking)	40,000,000	13.236
2	HSBC Nominees (Asing) Sdn Bhd Exempt An for HSBC Private Bank (Suisse) S.A. (Spore TST AC CL)	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	Choy Sen @ Chin Kim Sang	17,363,435	5.745
6	Lye Ek Seang	13,736,000	4.545
7	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Choy Sen @ Chin Kim Sang (8036972)	12,500,000	4.136
8	Wan Zaki Bin Wan Muda	12,417,655	4.109
9	Lau Joo Keng	9,782,000	3.237

ANALYSIS OF SHAREHOLDINGS (CONT'D)

 Annual
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THIRTY LARGEST SHAREHOLDERS FOR ORDINARY SHARES OF RM0.20 EACH (cont'd)

No.	Name	No. of Shares Held	%*
10	Low Choon Lan	8,530,505	2.822
11	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Viannie Damit @ Undikai (SFC)	6,891,500	2.280
12	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chin Fah (CEB)	6,583,000	2.178
13	Kerjaya E-Khidmat Sdn Bhd	6,260,640	2.071
14	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Meoy Kock Haw (CEB)	6,003,500	1.986
15	Concrete Panel Construction Sdn Bhd	5,494,000	1.818
16	Meoy Kock Haw	4,650,000	1.538
17	Damanjaya Sdn Bhd	4,508,000	1.491
18	Chai Koo Pheng	3,952,870	1.308
19	EB Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Lye Ek Seang (SFC)	3,700,000	1.224
20	Leu Leang @ Liew Yong Choy	3,360,500	1.112
21	Lim Say Chong	2,400,000	0.794
22	Lim Shoh Cheng	2,400,000	0.794
23	Low Choon Yen	2,090,050	0.691
24	Poon Tat Wee	2,043,600	0.676
25	Poon Khye Wei	2,032,100	0.672
26	UBB (Malaysia) Trustee Berhad as Beneficial Owner	2,000,000	0.661
27	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Loh Yee Kwan (8029182)	1,744,535	0.577
28	Pang Hwee Peng	1,702,325	0.563
29	Koh Kin Lip	1,500,000	0.496
30	Norhaliza Binti Abdullah	1,188,440	0.393
	Total	248,181,985	82.128

* Calculated based on number of shares in issue excluding treasury shares.

ANALYSIS OF SHAREHOLDINGS (CONT'D)

Minetech Resources Berhad
(675543-X)

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	17,436,000	5.77	6,989,000*	2.31
Datin Viannie Damit @ Undikai	6,989,000	2.31	17,436,000*	5.77

Notes:

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

** Calculated based on number of shares in issue excluding treasury shares.

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	2,702,035	0.89	2,615,050*	0.87
Datuk Lye Ek Seang	17,436,000	5.77	6,989,000*	2.31
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	-	-	-	-
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 and children's and Kerjaya E-Khidmat Sdn Bhd's shareholdings in Minetech Resources Berhad.

*** Calculated based on number of shares in issue excluding treasury shares.

NOTICE OF ANNUAL GENERAL MEETING

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NOTICE IS HEREBY GIVEN that the Seventh Annual General Meeting of Minetech Resources Berhad will be held at Ballroom I, 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 Thursday, 18 June 2009 at 10.00 a.m., for the purpose of considering the following businesses:

AGENDA

Ordinary Business

1. To lay the Audited Financial Statements for the financial year ended 31 December 2008 together with the Reports of the Directors and the Auditors thereon.
2. To approve the payment of Directors' fees of RM67,500.00 for the financial year ended 31 December 2008.
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) Choy Sen @ Chin Kim Sang, retiring pursuant to Article 125 of the Articles of Association
 - (ii) Datuk Syed Tamim Ansari Bin Syed Mohamed, retiring pursuant to Article 130 of the Articles of Association
 - (iii) Lee Kah Keng @ Lee Kah Heng, retiring pursuant to Article 130 of the Articles of Association
4. To appoint Messrs RSM Robert Teo, Kuan & Co. as Auditors of the Company in place of the retiring Auditors, Messrs BDO Binder, to hold office until the conclusion of the next Annual General Meeting of the Company and to authorise the Directors to fix the auditors' remuneration.

Ordinary Resolution 1

Ordinary Resolution 2

Ordinary Resolution 3

Ordinary Resolution 4

Ordinary Resolution 5

The notice of nomination pursuant to Section 172 (11) of the Companies Act, 1965 in respect of the nomination of Messrs RSM Robert Teo, Kuan & Co. for appointment as Auditors of the Company in place of the retiring Auditors, Messrs BDO Binder, has been received by the Company, a copy of which is marked as "Annexure A" in the Annual Report.

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

Ordinary Resolution 6

"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 2008, the audited retained profits of the Company were RM6,704,267.

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

Minetech Resources Berhad
(675543-X)

- (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

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

Ordinary Resolution 7

"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."

BY ORDER OF THE BOARD

MAH LI CHEN (MAICSA 7022751)

LEE WAI KIM (MAICSA 7036446)

Company Secretaries

Kuala Lumpur

Dated this 26th day of May 2009

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

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 but his attendance shall automatically revoke the proxy's authority. 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 10th Floor Menara Hap Seng, No. 1 & 3 Jalan P. Ramlee, 50250 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 Statement in relation to the Proposed Renewal of Shares Buy-Back Authority dated 26 May 2009 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 upto 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, 5 and 7 of the Annual Report.

ANNEXURE A

Low Choon Lan
3 Elitis Bayu Valencia
47000 Sungai Buloh
Selangor Darul Ehsan

Date: 12 May 2009

The Board of Directors
Minetech Resources Berhad
10th Floor Menara Hap Seng
No. 1 & 3 Jalan P. Ramlee
50250 Kuala Lumpur

Dear Sirs

NOTICE OF NOMINATION OF MESSRS RSM ROBERT TEO, KUAN & CO. AS AUDITORS

I am the registered shareholder of 28,522,760 ordinary shares of RM0.20 each, representing 9.44% of the issued and paid-up capital of Minetech Resources Berhad.

I hereby give notice, pursuant to Section 172(11) of the Companies Act, 1965 of my nomination of Messrs RSM Robert Teo, Kuan & Co. as Auditors of the Company in place of the retiring auditors, Messrs BDO Binder and of my intention to propose the following resolution as an ordinary resolution at the forthcoming Annual General Meeting of the Company:

“THAT Messrs RSM Robert Teo, Kuan & Co. of Penthouse, Wisma RKT, No. 2 & 4, Jalan Raja Abdullah, Off Jalan Sultan Ismail, 50300 Kuala Lumpur be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs BDO Binder, to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors.”

Yours faithfully



LOW CHOON LAN

PROXY FORM



Minetech Resources Berhad

(Company No. 575543-X)

(Incorporated in Malaysia under the Companies Act, 1965)

I/We _____
(full name in block letters)

of (full address) _____
(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 Seventh Annual General Meeting of Minetech Resources Berhad ("MRB") to be held at Ballroom I, 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 Thursday, 18 June 2009 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 Choy Sen @ Chin Kim Sang as Director.		
3. To re-elect Datuk Syed Tamim Ansari Bin Syed Mohamed.		
4. To re-elect Lee Kah Keng @ Lee Kah Heng as Director.		
5. To appoint Messrs RSM Robert Teo, Kuan & Co. as Auditors of the Company in place of the retiring Auditors, Messrs BDO Binder, to hold office until the conclusion of the next Annual General Meeting of the Company and to authorise the Directors to fix the auditors' remuneration.		
Special Business		
6. To approve the Proposed Renewal of Authority for the Company to purchase its 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 _____ 2009

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 but his attendance shall automatically revoke the proxy's authority. 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.
- The instrument appointing a proxy must be deposited at the Registered Office of the Company at 10th Floor Menara Hap Seng, No. 1 & 3 Jalan P. Ramlee, 50250 Kuala Lumpur at least forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.

Fold this for sealing

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STAMP

The Company Secretary
MINETECH RESOURCES BERHAD (575543-X)

10th Floor Menara Hap Seng
No.1 & 3 Jalan P. Ramlee
50250 Kuala Lumpur
Wilayah Persekutuan
Malaysia

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www.minetech.com.my

MINETECH RESOURCES BERHAD

(Company No.: 575543-X)

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Jalan Perbandaran

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Selangor Darul Ehsan Malaysia

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E-mail : enquiry@mrb.com.my