



(575543-X)

MINETECH RESOURCES  
BERHAD

ANNUAL REPORT 2019

# MISSION

## **We are committed:-**

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

# VISION

**To be the best in whatever we do.**

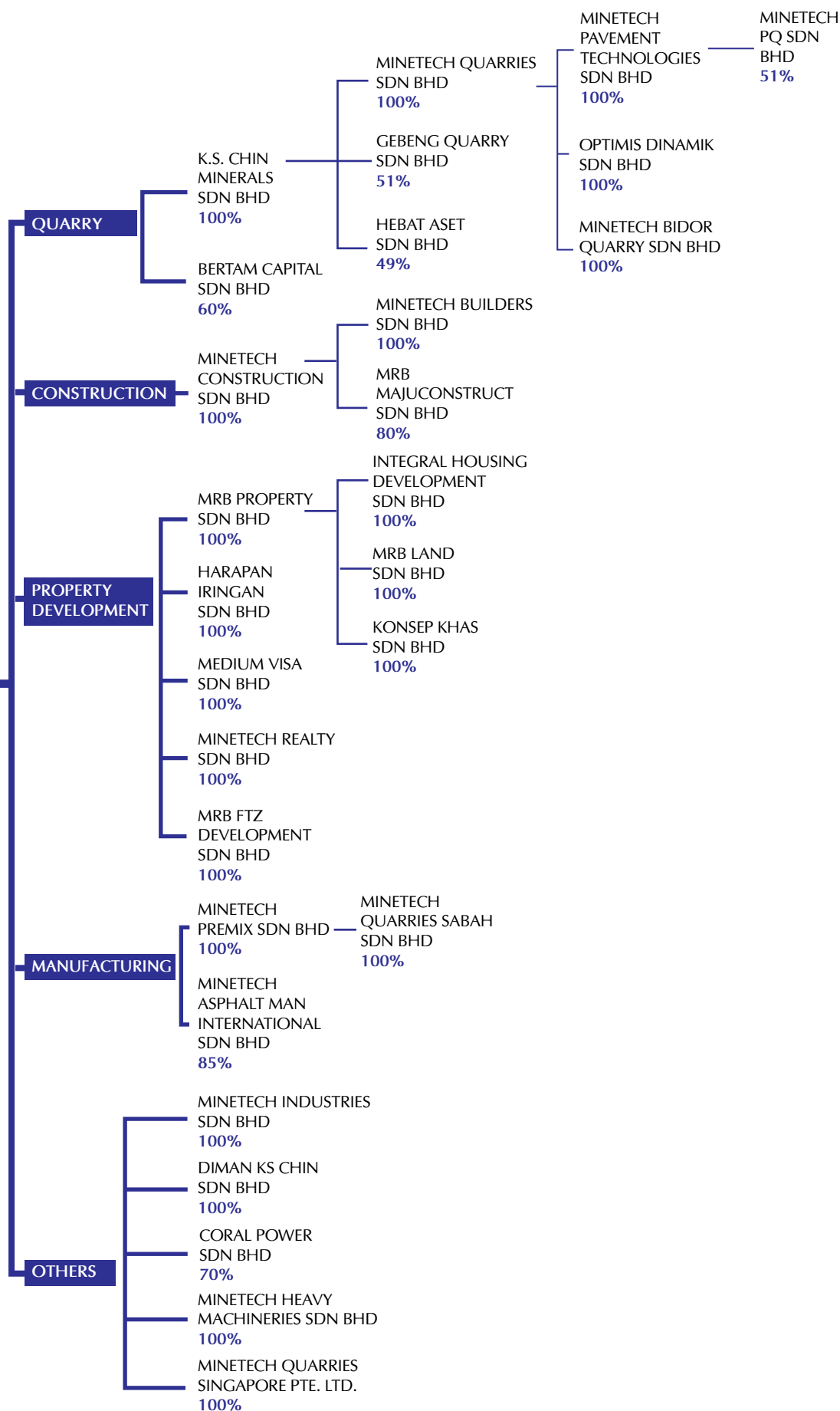
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# GROUP CORPORATE STRUCTURE

As At 28 June 2019



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

1. **Choy Sen @ Chin Kim Sang**  
*Executive Chairman*
2. **Chin Leong Choy**  
*Group Executive Director*
3. **Dato' Sri Chai Chow Sang**  
*Non-Independent Non-Executive Director*
4. **Chan Toong San**  
*Non-Independent Non-Executive Director*
5. **Chong Jun Heng**  
*Non-Independent Non-Executive Director*
6. **Ahmad Ruslan Zahari Bin Zakaria**  
*Independent Non-Executive Director*
7. **Ahmad Rahizal Bin Dato' Ahmad Rasidi**  
*Independent Non-Executive Director*
8. **Ling Chee Wei**  
*Independent Non-Executive Director*
9. **Chai War Ren**  
*Alternate Director to Dato' Sri Chai Chow Sang*

### AUDIT COMMITTEE

1. **Ahmad Ruslan Zahari Bin Zakaria** *Chairman*
2. **Chan Toong San**
3. **Ling Chee Wei**

### NOMINATION COMMITTEE

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

### REMUNERATION COMMITTEE

1. **Ahmad Ruslan Zahari Bin Zakaria** *Chairman*
2. **Choy Sen @ Chin Kim Sang**
3. **Ling Chee Wei**

### RISK MANAGEMENT COMMITTEE

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

### COMPANY SECRETARIES

**Tai Yit Chan** (MAICSA 7009143)  
**Tan Ai Ning** (MAICSA 7015852)

### REGISTERED OFFICE

**Boardroom Corporate Services Sdn Bhd (3775-X)**  
*(formerly known as Boardroom Corporate Services (KL) Sdn Bhd)*  
Lot 6.05, Level 6, KPMG Tower  
8 First Avenue, Bandar Utama  
47800 Petaling Jaya  
Selangor Darul Ehsan  
Tel No. : 603-7720 1188  
Fax No. : 603-7720 1111

### SHARE REGISTRAR

**Boardroom Share Registrars Sdn Bhd (378993-D)**  
*(formerly known as Symphony Share Registrars Sdn Bhd)*  
Level 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Tel No. : 603-7841 8088/8099  
Fax No. : 603-7841 8100

### PRINCIPAL BANKERS

Malayan Banking Berhad  
(Company No. 3813-K)

### AUDITORS

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

### STOCK EXCHANGE LISTING

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

## DIRECTORS' PROFILE

### CHOY SEN @ CHIN KIM SANG

Executive Chairman

Aged 66, Male

**Choy Sen @ Chin Kim Sang** is the founder and was re-designated from Non-Independent Non-Executive Chairman to Executive Chairman on 4 July 2019. He is also a member of the Remuneration Committee of the Company.

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

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

After getting the requisite experiences in drilling and blasting works, in 1984, he incorporated K.S. Chin Construction Sdn Bhd (now known as K.S. Chin Minerals Sdn Bhd) to take over the business operations of Chin Construction. In 1989, he expanded his business to incorporate Minetech Construction Sdn Bhd, to provide specialised drilling and blasting, loading and haulage services focusing on rock excavation and infrastructure development projects.

Subsequently, he established few subsidiaries focusing the following business activities:

- (a) Trading of heavy machineries and industrial machinery spare parts;
- (b) Sales and marketing of aggregates; and
- (c) Providing asphalt premix to the road construction and maintenance industry.

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

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

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

## Directors' Profile (Cont'd)

### CHIN LEONG CHOY

Group Executive Director

Aged 36, Male

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

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

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

As the Group Executive Director of the Company, he is responsible for the overall performance and management of various companies in MRB Group, business expansion and ensuring that all business goals are achieved.

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

He has no conflict of interest with the MRB Group.

### DATO' SRI CHAI CHOW SANG

Non-Independent Non-Executive Director

Aged 56, Male

**Dato' Sri Chai Chow Sang** was appointed as Non-Independent Non-Executive Director of the Company on 23 March 2017.

Dato' Sri Chai has built his name in several successful timber related business including sawmilling, logging and timber trading. In addition, he has also ventured into other businesses such as quarrying and property development.

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

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

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

He has no conflict of interest with the MRB Group.

## Directors' Profile (Cont'd)

### CHAN TOONG SAN

**Non-Independent Non-Executive Director**

**Aged 66, Male**

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

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

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

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

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

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

He has no conflict of interest with the MRB Group.

### CHONG JUN HENG

**Non-Independent Non-Executive Director**

**Aged 56, Male**

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

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

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

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

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

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

He has no conflict of interest with the MRB Group.

## Directors' Profile (Cont'd)

### AHMAD RUSLAN ZAHARI BIN ZAKARIA

Independent Non-Executive Director

Aged 58, Male

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

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

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

In 2005, he was appointed as the Chief Executive Officer of Terengganu Incorporated, the strategic investment holding company for the Terengganu state. From 2008 to 2018, he was the Chief Executive Officer of Armstrong Marine & Offshore Sdn. Bhd., the official representative of Armstrong Corporation Holdings in Asia and the Pacific Rim, a company involved in offshore and shipping investments, oil trading, finance and project development. From 2010 to 2018, he was the Chief Executive Officer of Sungai Temau Mining (M) Sdn. Bhd., an iron ore mining company. Currently, he is the Founder and Principal of Connoisseur Consult Sdn Bhd.

He is also an Independent Non-Executive Director of DWL Berhad (formerly known as Spring Gallery Berhad) and Orion IXL Berhad, where he is a member of the Audit Committee of both public listed companies.

He has no conflict of interest with the MRB Group.

### AHMAD RAHIZAL BIN DATO' AHMAD RASIDI

Independent Non-Executive Director

Aged 36, Male

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

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

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

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

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

He has no conflict of interest with the MRB Group.

## Directors' Profile (Cont'd)

### LING CHEE WEI

**Independent Non-Executive Director**

**Aged 47, Male**

**Ling Chee Wei** was appointed as an Independent Non-Executive Director of the Company on 13 November 2017. He is also a member of the Audit Committee and the Remuneration Committee of the Company.

He graduated with a Bachelor of Laws (LL.B) (Hons) from the University of London, UK (External Degree) in 1994. He obtained the Certificate of Legal Practice from the Legal Profession Qualifying Board, Malaysia in 1995.

In 1996, he joined Messrs Ho, Loke & Koh (a legal firm in Kuala Lumpur specializing in conveyancing, corporate and litigation works) as a chambering pupil, and he was admitted as an Advocate and Solicitor of the High Court of Malaya in November 1996. He became a partner of the same legal firm in 1999 and he is still practicing in the same firm. As a partner, he oversees the litigation department and specialises in areas of law such as banking law, law of insolvency, family law, land law, law of contract, company law and the remedial law of injunction and specific performance.

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

He has no conflict of interest with the MRB Group.

### CHAI WAR REN

**Alternate Director to Dato' Sri Chai Chow Sang**

**Aged 29, Male**

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

He graduated from Monash University, Melbourne, in 2011 with a Bachelor of Business (Accounting and Finance). He had been advanced as Certified Practising Accountants (Australia) in 2017.

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

Other than MRB, he is not a director of any other public company and listed issuer. He sits on the Board of Directors of several private companies and actively participates in several trade and social associations.

He has no conflict of interest with the MRB Group.

## SENIOR/KEY OFFICER'S PROFILE

**YEE KON SIN**  
**Chief Executive Officer**  
**Aged 60, Male**

**Yee Kon Sin** joined MRB as Financial Controller on 1 January 2019 and was promoted to the position of Chief Executive Officer on 4 July 2019.

He graduated with a Bachelor of Accounting (Hons) from University of Malaya. He was awarded a Gold Medal in Financial Management from the Malaysian Association of Certified Public Accountants. He is a Chartered Accountant with the Malaysian Institute of Accountants.

He started his career in audit, taxation and merchant banking. He joined UMW Equipment Sdn Bhd as an Accountant and was later promoted to be a Senior General Manager from 1989 to 2014. In 2015, he joined Minetech Asphalt Man International Sdn Bhd (a 85%-owned subsidiary of MRB) as a Director of Operations. In 2016, he was appointed as Chief Operating Officer of DE Infra Sdn Bhd to manage and strategise a new company for the distribution of heavy machinery.

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

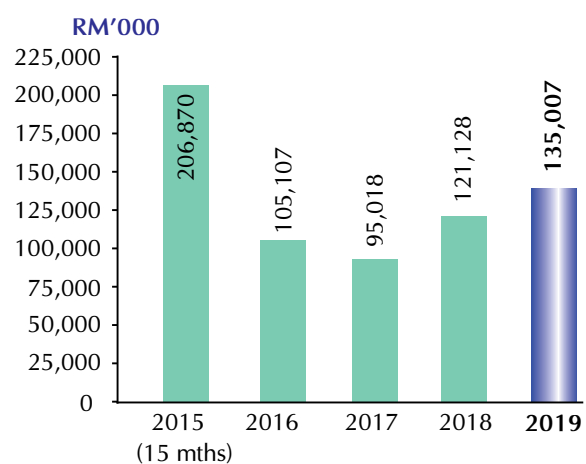
He has no conflict of interest with the MRB Group.

### Notes:

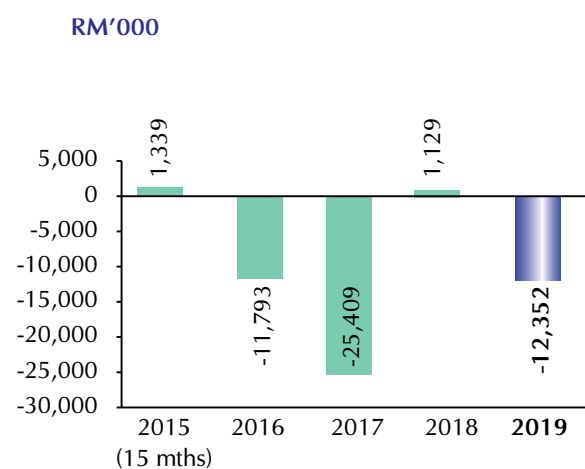
1. All the Directors and senior/key officer of MRB are Malaysian.
2. Save as otherwise disclosed, none of the Directors and senior/key officer of MRB have any convictions for offences within the past five (5) years other than traffic offences, if any.
3. None of the Directors and senior/key officer of MRB have any family relationship with any other directors and/or major shareholders except the following:
  - (a) Mr Chin Leong Choy is the son of Mr Choy Sen @ Chin Kim Sang, the Executive Chairman and major shareholder of MRB; and
  - (b) Mr Chai War Ren is the son of Dato' Sri Chai Chow Sang, the Non-Independent Non-Executive Director of MRB.
4. The details of Directors' attendance of Board Meetings during the financial year ended 31 March 2019 are disclosed in page 34 of this Annual Report.

## FINANCIAL HIGHLIGHTS

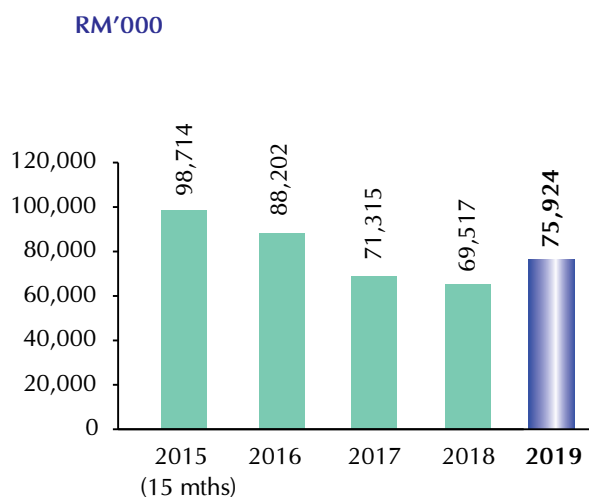
### Revenue



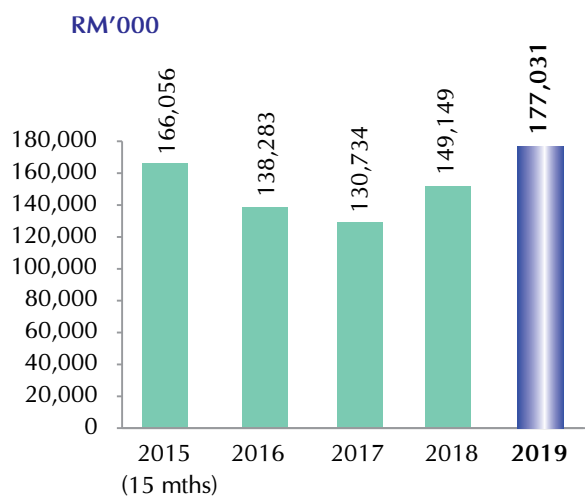
### Profit / (Loss) Before Tax



### Shareholders' Fund



### Total Assets



## CHAIRMAN'S STATEMENT

### DEAR VALUED SHAREHOLDERS,

*For this financial year ended 31 March 2019, it is my pleasure to report that Minetech Resources Berhad ("Group" or "Minetech"), recorded a Group revenue of RM135 million, representing an increase of 11.5% as compared to the previous financial year. The improvement in Group's revenue for this financial year is mainly due to the better performance in the quarry and the construction division, which is further described below.*

#### Quarry Division

The quarry division recorded a turnover of RM68.91 million for this financial year which is 25% higher than the previous financial year, largely due to the inclusion of the newly acquired quarry at Nilai, Negeri Sembilan. However, this division's operation margins are marginal due to the keen price competition in a overcapacity market as a result of the lackluster property development segment. As a result of squeezed margin coupled with provision of impairments in its assets as prudent measures undertaken by management, a segmental loss of RM8.65 million was recorded for this financial year as compared to the a segmental profit of RM8.49 million recorded in the previous financial year.

#### Construction Division

The construction division recorded a revenue of RM49.31 million and a profit of RM3.0 million during the financial year as compared to a revenue of RM27.06 million and a profit of RM1.96 million in the previous financial year. The improvement in the operating results for this division is due to a stable construction market of which this division is focus on certain niche area, for example, in the controlled blasting method of excavation for a underground MRT station. This division is expected to continue to perform satisfactorily in the next financial year as the construction market should provide sufficient new contracts with the continued implementation of the larger construction projects in the country.

#### Bituminous Products Division

The bituminous products manufacturing division for this financial year has recorded a revenue of RM14.15 million and a profit of RM0.56 million for this financial year as compared to a revenue of RM14.64 million and a profit of RM1.31 million in the previous financial year. Although, the turnover for this financial year is similar to the previous financial year, the higher sale of lower margin products for the local market has resulted in a reduced operating profit.

The bituminous products produced are mainly used for preventive coating of metal surfaces, water proofing and sealing for building works and as materials used in the road construction industry. The company will continue with its research and development efforts to increase the product range and to improve on its turnover and profitability and also to expand into overseas market which is mainly to the ASEAN countries.

## Chairman's Statement (Cont'd)

### Other significant event

During the financial year, the issued and paid-up capital of the Company have increased from RM110.5 million in the previous financial year to RM132.5 million due to the issuance of new ordinary shares for the acquisition of a 60% interest in a quarry in Nilai, Negeri Sembilan as well as private placement of shares.

### Future prospects

The Group's prospect is generally tied to the country's construction, building materials and property development industry. The recent confirmation by the Government of the continued implementation of several large infrastructure projects in the country although with a lower budget will provide the Group with opportunities to maintain its present level of operations.

I am confident that the economy of the country will improve with time and the plans and policies implemented by the Government will place the country on a better footing for the future. In the meantime, the Group would continue to closely monitor its cost structure and production efficiency to maintain its competitiveness in the market and to be equipped to rise to meet with the challenges in the coming years ahead.

### Acknowledgement

On behalf of the Board, I wish to express my gratitude to my fellow Directors, senior management and all our employees for your contributions to the Group. Your efforts have been of paramount importance to the Group's ability to deal with challenges faced during the past financial year and to the looming challenges in the business horizon.

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

# MANAGEMENT DISCUSSION AND ANALYSIS

FYE 31 MARCH 2019

## OVERVIEW OF GROUP'S BUSINESS AND OPERATIONS

### Business and operations

#### MINETECH RESOURCES BERHAD ("MRB" or "the Company")

##### Overview

During the financial year ended 31 March 2019, the principal activities of MRB and its group of companies ("MRB Group"), except for the curtailment of the manufacture of asphaltic premix, has not changed from the previous financial year which is in the production of quarry products, civil engineering works and in the production of bituminous products. Through these businesses, the MRB Group mainly provides goods and services to the property and infrastructure construction sectors.

Overall, during this financial year, the country's property development sector has been challenging as the issues of the overhang of high rise apartments and offices, prevailing high home prices and tight financing has reduced business activities for the Group. This oversupply situation which leads to a very competitive supply market where supply capacity has not adjusted. As for the infrastructure construction sector, in the Greater Klang Valley region, major transport infrastructure projects implemented including the Mass Rapid Transit project, also known as MRT 2, the Light Rapid Transit project, also known as LRT 3, together with several other private highway projects have been a source of contracts for the Group. Looking ahead, the Group is optimistic of securing further contracts for the supply of construction materials and/or services from the infrastructure construction industry.

##### Operating activities

The ensuing section provides a review of the business activities and more details of the divisions in the MRB Group:

#### 1. Quarrying

This division is involved either in the extraction and the sale of granite quarry products in various sizes (in the industry these products are commonly referred to as aggregates) or only in the extraction of quarry products. Aggregates are primarily sold to customers for the manufacture of concrete mix in the building and infrastructure industries or the manufacture of asphaltic or bituminous premix for road construction or directly to road contractors.

As stated earlier, due to the depressed market in the housing and commercial sector and the prevailing high supply capacity in the country, this division has recorded a reduced turnover from RM56 million to RM49 million should we not include the newly acquired quarry in Nilai, Negeri Sembilan. Our quarry operations are located in Perak, Pahang and Negeri Sembilan.



*Bidor Quarry*

In April 2018, MRB had completed the acquisition of 60% equity interest in a company which owns a quarry in Nilai, Negeri Sembilan which has contributed positively to the Group. However, the operations at Suajana Puchong, Selangor have been terminated in March 2019 as the stone reserves have been substantially depleted.

## Management Discussion and Analysis

### FYE 31 March 2019 (Cont'd)

#### 2. Civil engineering

This division operates under Minetech Construction Sdn Bhd and is principally involved in infrastructure construction works. The Group's specialised expertise in rock blasting and excavation is applied to the construction industry and offered as a unique value proposition. For example, they are currently involved with an underground excavation contract using controlled blasting at the Mass Rapid Transport project (MRT 2) to build the underground station at the Jalan Chan Sow Lin area in Kuala Lumpur. The company is also involved in the blasting and excavation works at an open cast gold mine in Pahang.

This civil engineering division also allows the MRB Group to enjoy better efficiency for utilization of equipment and staff by sharing of resources between the quarry and construction sites when required. In addition, being involved in civil engineering construction also creates leads for the Group's quarry and bituminous products.

As an ongoing process, this division regularly submits tenders for new projects, especially in the infrastructure construction industry, and is expected to continue to benefit from on-going and future infrastructure projects. During the year, the division has secured a contract at a package of the LRT 3 project located at Klang, Selangor and contract for bridge works at the MEX Expressway at Dengkil, Selangor. As the Government's review of the implementation of large infrastructure project in the country has been completed, the contracts potentially available is now much clearer and the division is optimistic that they will be able to secure further contracts in the coming months.



*Mining operations at a gold mine in Pahang*



*Civil engineering works for LRT 3 at Klang, Selangor*



*Civil engineering works to construct an underground station for the MRT 2 project*

#### 3. Bituminous products

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

Our manufacturing plant is located at Ulu Yam, Selangor and its products are sold locally and overseas, mainly targeting the South East Asian market.



*Production facility located at Ulu Yam, Selangor*



*Patch & Go (cold mix)*



*Emulsion and bituminous primer in drum*

## Management Discussion and Analysis

### FYE 31 March 2019 (Cont'd)

#### Objectives and strategies

##### Short Term and Long Term Plans



The challenging business environment in the previous financial year ended 31 March 2019 is expected to continue into the current financial year. There is, however, opportunities in the infrastructure construction sector as the Government has provided a clearer picture of the implementation of the “mega” infrastructure projects in the country. The focus for this financial year will be to secure further contracts from this sector. The division is also exploring potential infrastructure contracts in Sarawak and in Cambodia with local partners to expand the business opportunities of the division.

Against this tough business environment, the Group will continue to focus on cost and cash flow management for each division, maintaining its presence in the market, improving on its product delivery and customer satisfaction, innovation of products and processes and improving readiness to take on new challenges.

For the longer term, we will continue to explore potential business partnerships with the goal of improving the MRB Group’s industry and local business knowledge, broadening of the target markets or clientele, increase in management expertise and assets to enhance and expand our Group’s businesses.

With the intention of diversifying the Group’s business, we successfully bid for a 9.99 MWac solar photovoltaic plant in Perak from the Energy Commission under their Large Scale Solar (LSS) power generation scheme via our 70%-owned subsidiary company, Coral Power Sdn Bhd. The significant milestones achieved thus far is, firstly, the approval of Bank Negara in October 2018 for Canadian Solar Energy Holding Company Limited to subscribe for redeemable convertible preference shares in Coral Power Sdn Bhd in order to raise the funding required for the development of the said plant and secondly, the Energy Commission confirmation of the company achieving a financial close in April 2019. The plant is expected to be commissioned in August 2020.

As part of our long term strategy, the Group will continue to apply resources to the development and improvement of our human capital, towards the protection of the environment, improve on health and safety practices and training, to the development of innovative practices and improve product quality.

## Management Discussion and Analysis

### FYE 31 March 2019 (Cont'd)

#### REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION

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

	FYE 31 March 2019 RM'000	FYE 31 March 2018 RM'000	FYE 31 March 2017 RM'000	FYE 31 March 2016 RM'000	15-month FPE 31 March 2015 RM'000
Revenue	135,007	121,128	95,018	105,107	206,870
(Loss)/Profit before interest, taxes, depreciation and amortisation	(266)	12,473	(14,081)	(1,138)	16,939
(Loss)/Profit before taxation	(12,352)	1,129	(25,409)	(11,793)	1,339
(Loss)/Profit after taxation	(14,295)	(1,402)	(25,780)	(11,198)	553
Net assets ("NA")	84,808	75,744	76,017	88,502	99,865
Total assets	177,030	149,149	130,734	138,283	166,056
Total liabilities	92,222	73,405	54,717	49,781	66,191
Borrowings	35,003	30,420	25,294	20,751	17,178
Gearing (times)	0.40	0.38	0.15	0.23	0.17
(Loss)/Earnings per share (sen)	(1.71)	(0.40)	(3.58)	(1.55)	0.15
NA per share (sen)	9.15	10.37	10.61	13.31	15.02
Dividend per share (RM)	-	-	-	-	-

In addition to the above, the MRB Group's segmental revenue for the FYE 2019, FYE 2018 and FYE 2017 are as follows:

Segmental revenue	FYE 31 March 2019 RM'000	FYE 31 March 2018 RM'000	FYE 31 March 2017 RM'000
Quarry products & contract	69,242	54,983	41,417
Civil engineering	54,040	27,211	28,301
Asphalt premix products	395	24,392	17,013
Bituminous products	14,699	14,645	13,049
Property development	2,152	-	-
Others	864	217	8,039
Sub-total	141,392	121,448	107,819
(-) Inter-company elimination	(6,385)	(320)	(12,801)
<b>Total</b>	<b>135,007</b>	<b>121,128</b>	<b>95,018</b>

Turnover for the year improved by 15% from RM121 million recorded in the preceding financial year to RM135 million for the current financial year. The divisions that contributed to the overall improvement in turnover are the Quarry division which improved by 25% and the Civil engineering division which registered an improvement of 82% respectively. This year has also recorded the first turnover from the Property development division with the maiden turnover of RM2.2 million. The improved turnover from the Quarry division is due to the inclusion of the turnover of the newly acquired a quarry in Nilai, Negeri Sembilan with a contribution of RM20.1 million. Whereas for the Civil engineering division's turnover has increased due to the start of new contracts secured during the year.

## Management Discussion and Analysis

### FYE 31 March 2019 (Cont'd)

#### REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION (CONT'D)

However, the operating results for this financial year show a net loss before tax of RM12.4 million as compared to a net profit before tax of RM1.1 million in the preceding financial year. The Quarry division recorded a mixed bag of results whereby most of the quarry operations have been positive, they have returned lower returns due to the competitive price in the market and also due to the reduced margins from exports from one of our quarries in Perak. The Asphalt premix division again contributed negatively due to the impairment of the value of its plants that are not sold. Overall, due to the weak market sentiments, for this financial year, management has provided provisions for impairment on property, plant and equipment, inventories and receivables amounting to RM5.3 million and write off of property, plant and equipment and goodwill of RM1.2 million. The Civil engineering division and the Bituminous products division recorded positive and improved results for the financial year.

#### Total Assets

As at 31 March 2019, the MRB Group has recorded a total assets of RM177 million as compared to a total assets of RM149 million as at 31 March 2018. This increase in total assets of RM28 million or 18% was mainly due to the increases in current and non-current assets. The significant increase in non-current assets are the intangible assets and goodwill amounting to RM12.6 million and RM1.3 million respectively arising from the acquisition of a quarry in Negeri Sembilan during the financial year. The Group's current assets had increased mainly due to increase in inventories and trade receivables as a result of the increase in the Group's turnover.

#### Total Liabilities

Total liabilities of the MRB Group stands at RM92 million as at 31 March 2019 as compared with a total of RM73 million as at 31 March 2018, an increase of RM19 million or 26%. This increase is mainly due to the increase in trade and trade related payables as result of the increase in turnover for the financial year ended 31 March 2019. Other payables have increased significantly due to an advance of RM6.1 million to a subsidiary by a contractor for an issuance of a financial bond and due to increased accruals as a result of the increased turnover. The Group's gearing has increased slightly for the current financial year of 0.36 times as compared to the preceding financial year of 0.34 times due to an increase in working capital borrowings. Non-current liabilities have reduced by 15% from RM21.99 million in the preceding financial year to RM18.81 million in the current financial year as a result of the repayments to term loans, leasing and hire purchase facilities.

#### Net Current Assets

As a measure of financial liquidity of the Group, the net current assets of the Group have declined from RM23.8 million as at 31 March 2018 to RM10.4 million as at 31 March 2019 and it is mainly due to the operating loss recorded for the current financial year.

	FYE2019 (1.4.2018 to 31.3.2019)	FYE2018 (1.4.2017 to 31.3.2018)	FYE2017 (1.4.2016 to 31.3.2017)	FYE2016 (1.4.2015 to 31.3.2016)	FYE2015 (1.1.2014 to 31.3.2015)
<b>Current Assets</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Inventories	17,246	7,272	8,067	7,943	8,191
Trade receivables	35,340	34,793	23,158	23,660	29,004
Other receivables	13,524	23,259	6,671	19,276	12,992
Other investments	903	1,527	-	14,273	32,159
Cash and bank deposits	16,101	8,399	17,479	15,853	23,300
	83,114	75,250	55,375	81,005	105,646

## Management Discussion and Analysis

### FYE 31 March 2019 (Cont'd)

#### REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION (CONT'D)

##### Net Current Assets (Cont'd)

	FYE2019 (1.4.2018 to 31.3.2019)	FYE2018 (1.4.2017 to 31.3.2018)	FYE2017 (1.4.2016 to 31.3.2017)	FYE2016 (1.4.2015 to 31.3.2016)	FYE2015 (1.1.2014 to 31.3.2015)
<b>Current Liabilities</b>					
Trade payables	29,718	31,065	22,636	21,184	38,416
Other payables	24,372	9,448	4,728	6,901	8,580
Loans and borrowings	18,598	10,904	9,980	10,936	7,729
	72,688	51,417	37,344	39,021	54,725
<b>Net Current Assets</b>	10,426	23,833	18,031	41,984	50,921

##### Cash Flows

The annual source and utilisation of cash is illustrated by the Consolidated Statements of Cash Flows below.

##### Operating Activities

The Group has generated from operations an inflow of RM5.1 million cash for this financial year as compared to an outflow of RM12.7 million cash in the previous financial year. This is due to the improvement in the collection of receivables and to the reduced inventories levels.

##### Investing and Financing Activities

The Group recorded a net cash generated from RM3.2 million for investing activities for the current financial year as compared the generation of RM4.2 million cash in the previous financial year.

As for the financing activities, the amount of cash used in this financial year is similar to that of the previous financial year.

	FYE2019 (1.4.2018 to 31.3.2019)	FYE2018 (1.4.2017 to 31.3.2018)	FYE2017 (1.4.2016 to 31.3.2017)	FYE2016 (1.4.2015 to 31.3.2016)	FYE2015 (1.1.2014 to 31.3.2015)
<b>CASH FLOWS FROM</b>					
<b>OPERATING ACTIVITIES</b>					
(Loss)/Profit before tax	RM'000 (12,352)	RM'000 1,129	RM'000 (25,409)	RM'000 (11,792)	RM'000 1,339
Operating profit/(loss) before changes in working capital	5,550	7,465	(5,750)	1,971	17,188
Net cash from/(used) in operating activities	5,104	(12,666)	3,242	(22,126)	9,679
<b>CASH FLOWS FROM</b>					
<b>INVESTING ACTIVITIES</b>					
Purchase of property, plant and equipment	(1,008)	(3,400)	(2,832)	(2,339)	(11,310)
Proceeds from disposal of property, plant and equipment	2,080	11,584	2,973	913	4,384
Purchase of inventories	-	(2,550)	(6,000)	-	-
Net cash from disposal of other investments	688	(1,527)	14,273	18,650	(32,000)
Investment in associate	-	-	-	(367)	(123)
Net cash from disposal of a subsidiary companies	-	-	4,065	4	(1,237)

## Management Discussion and Analysis

### FYE 31 March 2019 (Cont'd)

#### REVIEW OF FINANCIAL RESULTS AND FINANCIAL CONDITION (CONT'D)

	FYE2019 (1.4.2018 to 31.3.2019)	FYE2018 (1.4.2017 to 31.3.2018)	FYE2017 (1.4.2016 to 31.3.2017)	FYE2016 (1.4.2015 to 31.3.2016)	FYE2015 (1.1.2014 to 31.3.2015)
<b>CASH FLOWS FROM INVESTING ACTIVITIES (Cont'd)</b>					
Net cash from acquisition of subsidiary companies	1,336	3	(14,748)	-	-
Investment in subsidiary companies by non-controlling interests	-	-	-	-	475
Amount due from associates	126	86	235	-	-
<b>Net cash generated from/ (used in) investing activities</b>	<b>3,222</b>	<b>4,196</b>	<b>(2,034)</b>	<b>16,861</b>	<b>(39,811)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Net (repayment)/drawdown of short term borrowings	585	(864)	770	(891)	(710)
Repayment of term loans	(8,969)	(147)	(828)	(48)	(6,292)
Drawdown of term loans	-	4,000	-	-	-
(Increase)/Decrease in fixed deposits pledged	(7,138)	(921)	(328)	596	1,119
Repayment of hire-purchase and lease creditors	(4,129)	(5,283)	(6,369)	(4,062)	(4,440)
Proceeds from issuance of shares	5,200	972	9,000	-	49,861
Share issues expenses	-	-	-	-	(1,130)
<b>Net cash (used in)/ from financing activities</b>	<b>(14,451)</b>	<b>(2,244)</b>	<b>2,245</b>	<b>(4,405)</b>	<b>38,408</b>
<b>Net change in cash &amp; cash equivalents</b>	<b>(6,125)</b>	<b>(10,715)</b>	<b>3,454</b>	<b>(9,671)</b>	<b>8,275</b>
<b>Cash and cash equivalents at end of year</b>	<b>(4,204)</b>	<b>1,998</b>	<b>12,695</b>	<b>9,309</b>	<b>18,995</b>

As a fund raising exercise, the Company has on 28 December 2017 announced a Private Placement of up to 73,128,990 new MRB shares (assuming none of the existing warrants are exercised into new MRB shares). During this financial year, in April 2018, a tranche of 30,000,000 new MRB shares were issued at 10 sen per share raising a gross amount of RM3 million. In November and December 2018, the final tranche of 40,000,000 new MRB shares were issued at 5.5 sen per share raising a gross amount of RM2.2 million, respectively, to be used as working capital for the Group.

## Management Discussion and Analysis

### FYE 31 March 2019 (Cont'd)

#### CAPITAL REQUIREMENTS, STRUCTURE & RESOURCES

##### Capital expenditure requirements

In the financial year ending 2020, the Group is expected to invest up to RM70 million for the development of the 9.99 MWac solar power farm in Perak. The construction of the plant is expected to start in the third quarter of 2019 and the expected commissioning of the plant in August 2020. The source of funds for this project will be raised from the issuance of redeemable convertible preference shares in Coral Power Sdn Bhd to Canadian Solar Energy Holding Company Limited.

##### Capital structure and capital resources

In this financial year, the primary source of working capital is expected to be derived from internally generated funds. In the event of any shortfall, the MRB Group would then prioritize fund raising through new debt before contemplating fund raising methods through the issuance of new equity, other than from the approved private placement.

##### Known trends and events

Except for the general market trends, there are no known trends or events, including balance sheet conditions, income or cash flow items that may affect the Group's operations in the coming financial year.

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

At the date of this report, there are no on-going acquisitions of company or project.

#### ANTICIPATED OR KNOWN RISKS

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

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

1. Changes in local authorities' policies which is mainly applicable to the quarrying division. Examples of these risks include :-
  - a. local authorities implementing unexpected changes in rates and tributes payable for the extraction of rocks which will have a direct impact to operating profits until and unless these higher costs are passed on to our customers;
  - b. delays in operating license renewals would result in operation stoppages which will in turn impact turnover; and
  - c. limitation to operating hours and/or capacity which may also significantly affect turnover.
2. Credit risk – the provision of credit for customers, which is the norm in our business, has its inherent risk in collection.
3. Sustainability risk – for the quarry operations, there is the risk of increased requirements imposed by the relevant authorities on air emissions, waste water discharge and the handling of waste and materials. Housing developments in the vicinity of the quarry may also result in stoppages or limit operations.
4. Succession planning – the tight employment market especially at management level remains a risk in terms of employment and retaining talent.
5. Cash flow and liquidity risk – the current downturn in the construction industry has slowed the cash collection cycle and the tight requirements for funding by banks has increased this risk. Therefore, extra vigilance on cash collection are being implemented by management.

## Management Discussion and Analysis

### FYE 31 March 2019 (Cont'd)

#### FORWARD-LOOKING STATEMENT

##### Trend and outlook

According to Bank Negara in its latest annual report, the Malaysian economy is projected to grow between 4.3% to 4.8% in 2019, meanwhile, the World Bank has predicted the Malaysian economy to grow at 4.7% in 2019 and 4.6% in 2020. However, the ongoing trade disputes between the United States of America and the rest of the world, especially China may restrain trade and growth in the world economy.

Another concern on the horizon is the price of crude oil whereby the Malaysian Government estimated that every change per US\$1 per barrel increase in oil prices will change about RM300mil to their revenue. Oil revenue is budgeted at 14.8% of revenue for 2018 and the Government had assumed an oil price of US\$52 per barrel for 2018 Budget. Therefore, should oil prices are lower, it may lead to lesser amount to be spent on infrastructure construction in the country.

The strategy adopted by the Group to consolidate its financial position by reducing overheads and strengthening its cost control will continue. MRB will also continue to look at further growth via new business partnerships where the Group can leverage off the expertise and experience of these partners.

##### Dividend policy

The Group has not established a policy on the payment of dividend. No dividend has been paid or declared by the Company since the end of the previous financial year.

# SUSTAINABILITY STATEMENT

Economic

Environmental

Social



# SUSTAINABILITY STATEMENT

## STATEMENT OVERVIEW

This Sustainability Statement demonstrates our commitment to sustainability and is our second year of reporting sustainability. For the Financial Year Ended (“FYE”) 31 March 2019, we took efforts in creating awareness and enabling our employees to appreciate and embed sustainability as part of our culture.

We have continued to adopt leading sustainability reporting methodologies. We calculated our Group air and noise environmental requirements in accordance with the standards set by Department of Environment (“DOE”). This year, we have tried to evolve our reporting methodologies by establishing clear communication with stakeholders and will remain committed to the principles of Corporate Responsibility and Sustainability.

This is our second year of reporting sustainability in accordance with the enhanced reporting requirements incorporating the Sustainability Reporting Guide issued by Bursa Malaysia Securities Berhad (“Bursa Malaysia”) in the year 2015 and in accordance with the Global Reporting Initiative (“GRI”), Core option standards, an international organisation which introduced sustainability standards and good practices adopted by stock exchanges globally and encouraged by Bursa Malaysia.

This statement includes the results of our key financial and non-financial metrics for the FYE 2019 from 1 April 2018 to 31 March 2019 and incorporated our programs and activities on economic, environmental, and social related sustainability matters. Throughout the FYE, our focus continues to refine our sustainability roadmap, and allocated the resources we need. To achieve this, we established sustainability processes and templates capturing the necessary sustainability data to enhance and facilitate our reporting.

Our key sustainability matters impacting direct and indirect stakeholders, which include employees, shareholders and investors, government authorities, the surrounding community and general public and the type of information for disclosure are identified through several discussions in our management meetings. Both the sustainability matters and the information are collected as guided and defined by GRI.

Our sustainability statement focuses on the Group’s four main operating segments, namely, Quarry, Construction, Manufacturing of Premix Products and Manufacturing of Bituminous Products. This statement excludes data from associate where we do not have majority control.

## Sustainability Governance

The Management sets the Group’s sustainability strategy and overseen the Group’s sustainability performance. The Senior Management reviews and monitors the implementation of the Group’s sustainability strategies, policies, processes and approach to ensure that key sustainability results are met. The Board of Directors are briefed on the sustainability strategy and initiatives taken on the sustainability efforts including its strategy, action plan and performance indicators and provided their inputs to these efforts.

## Key stakeholders

As a key quarry, construction and construction related products provider in Malaysia, we impact the lives of a wide range of stakeholders in innumerable ways. From our materiality assessment, we identify who are our stakeholders, what are the issues pertinent to them and why they are important to us. We engage our stakeholders through several ways – which are summarised below:

Stakeholder	Forms of Engagement	Stakeholder’s Concern
<b>Shareholders / Investors – providers of our capital</b>	<ul style="list-style-type: none"> <li>Annual General Meeting (AGM)</li> <li>Corporate announcements</li> </ul>	<ul style="list-style-type: none"> <li>Financial performance</li> <li>Return on investment</li> <li>Dividends</li> </ul>

## Sustainability Statement (Cont'd)

### Key stakeholders (cont'd)

Stakeholder	Forms of Engagement	Stakeholder's Concern
<b>Customers – buyers of our products and services</b>	<ul style="list-style-type: none"> <li>Meeting, discussions and business communication on a day-to-day basis</li> </ul>	<ul style="list-style-type: none"> <li>Product and service quality and pricing</li> </ul>
<b>Suppliers – providers of our materials, labour and expertise support services</b>	<ul style="list-style-type: none"> <li>Meeting, discussion and business communication on a day-to-day basis</li> </ul>	<ul style="list-style-type: none"> <li>Enhancing ethical and fair procurement system</li> <li>Product and service quality and pricing</li> </ul>
<b>Employees – our most critical resources to achieve our business objectives</b>	<ul style="list-style-type: none"> <li>Employment contract</li> <li>Employee handbook</li> <li>Training</li> <li>Meeting/discussion</li> </ul>	<ul style="list-style-type: none"> <li>Career development</li> <li>Employee welfare</li> <li>Health and Safety</li> </ul>
<b>Regulatory Authorities – govern and guide our business operations</b>	<ul style="list-style-type: none"> <li>Regular consultation and meetings</li> <li>Reporting</li> <li>Inspection by Authorities</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with laws and regulations</li> </ul>
<b>Local Communities – parties that are impacted by our business operation</b>	<ul style="list-style-type: none"> <li>Community events and contributions</li> </ul>	<ul style="list-style-type: none"> <li>Community living</li> <li>Personal well-being</li> </ul>

### Materiality Assessment and Key Sustainability Matters

We engaged with the stakeholders, both internally and externally, to identify and prioritise our key sustainability matters. The facilitation of materiality assessment was driven by desktop review on the Group's business operation and risk areas, input from Board of Directors and Senior Management. Through our materiality assessment, we identified our key sustainability matters as outlined in the table below:

Main topic	Key Sustainability Matters	GRI Guidelines
<b>Economic</b>	Economic Performance	1. GRI 201-2 Financial implications and other risks and opportunities due to climate change
	Market Presence	2. GRI 202-1 Ratios of standard entry level wage by compared to local minimum wage
	Anti – Corruption	3. GRI 205 Anti-Corruption

## Sustainability Statement (Cont'd)

### Materiality Assessment and Key Sustainability Matters (cont'd)

Main topic	Key Sustainability Matters	GRI Guidelines
Environmental	<ul style="list-style-type: none"> <li>Water</li> <li>Environment</li> </ul>	<ol style="list-style-type: none"> <li>GRI 303-6 Water recycled and reused</li> <li>GRI 306-1 Water discharge by quality and destination</li> <li>GRI 306-3 Significant spills</li> <li>GRI 306-4 Transport of hazardous materials</li> <li>GRI 306-5 Water bodies affected by water discharges and/or runoff</li> <li>GRI 307-1 Non-compliance with environmental laws and regulation</li> </ol>
Social	<ul style="list-style-type: none"> <li>Employment</li> <li>Employment diversity and equal opportunity</li> <li>Employment benefits</li> <li>Employment training</li> </ul>	<ol style="list-style-type: none"> <li>GRI 401-2 Benefits provided to full-time employees</li> <li>GRI 401-3 Parental leave</li> <li>GRI 403-2 Occupational Safety and Health – types and rates of injury, occupational diseases, lost days, absenteeism and number of work-related fatalities</li> <li>GRI 404-1 Average hours of training per year per employee</li> <li>GRI 404-2 Programs for upgrading employee skills and transition assistance programs</li> <li>GRI 405-1 Diversity of governance bodies and employees</li> <li>GRI 413-2 Operations with significant actual and potential negative impacts on local communities</li> </ol>

Details for each of the specific areas are explained in the following sections.

#### 1. Economic

The economic aspect refers to the Group's impact with regards to its market presence in relation to wages and local hires, its anti-corruption efforts and the impact of climate change to the Group's business based on GRI standard reporting framework.

##### Economic Performance – Climate Change

The Group recognises the changes in weather pattern globally and in Malaysia specifically impacting our operation. Severe storms and rain season can damage our equipment and machinery and in worst case scenario can stop our operation. We have taken steps in monitoring weather patterns through weather forecast, include natural calamities as part of our insurance coverage and closely monitoring potential risks related to the topography structure where our construction and quarry activities are located.

##### Market Presence – Local Minimum Wages

The Group remunerates its employees based on reasonable wages considering the perspective of minimum wages in accordance to Malaysia's labour law. The Group rewards its employees based on their merit and performance without any gender discrimination.

## Sustainability Statement (Cont'd)

### 1. Economic (cont'd)

#### Anti-Corruption

The Group's rules of conduct for employees are intended to promote the orderly and efficient operation of the Company, as well as protect the rights of all employees. Our employees are guided by our Code of Ethics and we have established whistle-blowing policy to provide avenue for our employees and other parties to report on suspected and actual corruption practices.

Our whistleblowing policy is explained in the Corporate Governance section in this annual report.

### 2. Environmental

Our objectives are always to minimise impact to the environment. In GRI standards, the environmental dimension of sustainability concerns an organisation's impacts on living and non-living natural systems, including land, air, water and ecosystems. This section highlights our efforts in preserving and minimising impact to our environment.

#### Water – recycled, re-use and discharge control

We minimise our water consumption through several strategies. These strategies include avoid using water from state water service providers, maximum re-use of natural water, recycling of wastewater from our premix plants and treat any water before the water is discharged to public sewerages. Water conservation is part of any sound sustainability practice. Whenever possible, we optimise water use to ensure discharge is not required. If a discharge is required, we comply with the applicable acts and regulations resulting in minimal impact on the environment and other beneficial uses.

#### *Retention Pond*

Our quarry sites source water naturally using rainwater collected through drainage system and flowing to our retention ponds. At our quarries, we maintain retention ponds to collect rainwater and water discharged from premix plant. The water stored in the retention ponds will be utilised by quarry sites for their operations, wherever suitable.

*\* Note: Applicable to 4 quarry sites under K.S. Chin Minerals Sdn Bhd, Minetech Bidor Quarry Sdn Bhd, Bertam Capital Sdn Bhd and Minetech PQ Sdn Bhd.*

#### Spillage and hazardous materials

Our quarries, construction sites and factory utilise chemicals and diesels. To prevent from any untoward incidents, we established strict controls over these materials. This includes ensuring that all our employees are properly trained to handle and manage these materials, proper equipment and machinery used for transportation, transition from tankers and robust storage areas to store these chemicals.

#### *Transportation*

Our suppliers are from large and reputable companies which impose strict safety and environment standards during transportation of diesel and chemicals used in our factory, quarries and construction sites. During the FYE2019, we received a total of 17,160 litres (FYE2018: not monitored) of hazardous materials by both to our quarries and factory, in particular our factory of asphalt production.

## Sustainability Statement (Cont'd)

### 2. Environmental (cont'd)

#### *Installation of Bunker for Diesel Tank*

The Group requires operation sites, including Quarry and Construction, to install bunkers to cover diesel tanks. These bunkers serve as a protective layer to the soil preventing any diesel spills (if any) from absorption into the soil impacting to the surrounding environment. Our Quarry Diesel permits are also governed by the Ministry of Domestic Trade and Consumer Affairs at respective States and we operate based on the guidelines issued by the Ministry.

*\* Note: Applicable to construction site under Minetech Construction Sdn Bhd and 4 quarry sites under K.S. Chin Minerals Sdn Bhd, Gebeng Quarry Sdn Bhd, Minetech Bidor Quarry Sdn Bhd and Minetech PQ Sdn Bhd.*

We test selected quarries for their water quality, ambient air quality and noise levels measurement to ensure that they are within the required environmental standards as required under DOE.

#### *Post Environmental Impact Assessment*

Gebeng Quarry Sdn. Bhd. (a subsidiary under MRB Group operating quarry site at Kuantan) implemented a post Environmental Impact Assessment ("EIA") monitoring program on the quarry operation located at Bukit Pengorak, Mukim Sungai Karang, Kuantan, Pahang Darul Makmur, which had been reporting to DOE on a monthly basis since January 2018.

In this connection, an independent environmental consultant, Gebeng Quarry has commissioned an external consultant to carry out this monitoring program on water quality, ambient air quality and noise levels measurement within the vicinity of the quarry site, from January to March 2019.

Water Quality had been safely within the limits of the EIA Approval condition limit of 50 mg/l Total Suspended Solids ("TSS").



#### **Water Quality**

Average 40 TSS below standards  
(FYE2018: below standards)  
EIA Standard: Total Suspended Solids 50 mg/l

Ambient Air Quality had been safely within the Air Quality Standard limit of 260µg/m<sup>3</sup> Total Suspended Particulates ("TSP")



#### **Ambient Air Quality**

Average 40 TSS below standards  
(FYE2018: below standards)  
EIA Standard: 260µg/m<sup>3</sup> Total Suspended Particulates

Noise level in our quarry are within the limits. During daytime, it exceed 56 dBA, this was well known by DOE due to the noise sensors picking up surrounding areas sounds.



#### **Noise Level**

LAeq below standards  
(FYE2018: below standards)  
EIA Standard: 56 dBA Noise level

*\* Note: The monitoring stated above only applicable to quarry operation located at Bukit Pengorak, Mukim Sungai Karang, Kuantan, Pahang Darul Makmur.*

## Sustainability Statement (Cont'd)

### 2. Environmental (cont'd)

#### Compliance with Environmental Laws and regulations

The MRB Group has not been fined and sanctioned for any violation with environmental laws and/or regulations in the FYE 31 March 2019.

### 3. Social

MRB Group aspires to achieve sustainable, long-term value creation for its stakeholders. The Group achieves through its key resources – People, Processes, and Relationship; to deliver sustainable growth, to propel efficiency and operational excellence, safeguard the health and well-being of the people working with the MRB Group and build local communities relations.

The Group promotes diversity and equality at work as greater equality promotes social stability and supports further economic development. MRB Group's employees are one of the most important assets to the Group and we strive to provide the best working conditions to all employees regardless of their nationality, race, or gender.

#### Employment Benefits and Paternal leave

In recognition of employees' contributions to the Group, the Group offers attractive benefits in addition to basic salary such as long service award, wedding gift, baby gift, bereavement contribution and periodic medical examination. The Group Personal Accident and Group Hospitalisation and Surgical insurance are provided to all employees in the Group. This insurance policy covers accidental death, disablement as a result of an accident, costs of admission to hospital and treatment for critical illnesses.

The Group thrives to foster a work-life balance culture. We recognise that the availability of paid parental leave has great benefits to physical and emotional health. We allow sixty (60) days paid maternity leave for our female employees in accordance to the Employment Act 1955 and we also offer two (2) days of paid paternity leave as an added benefit to our male employee.

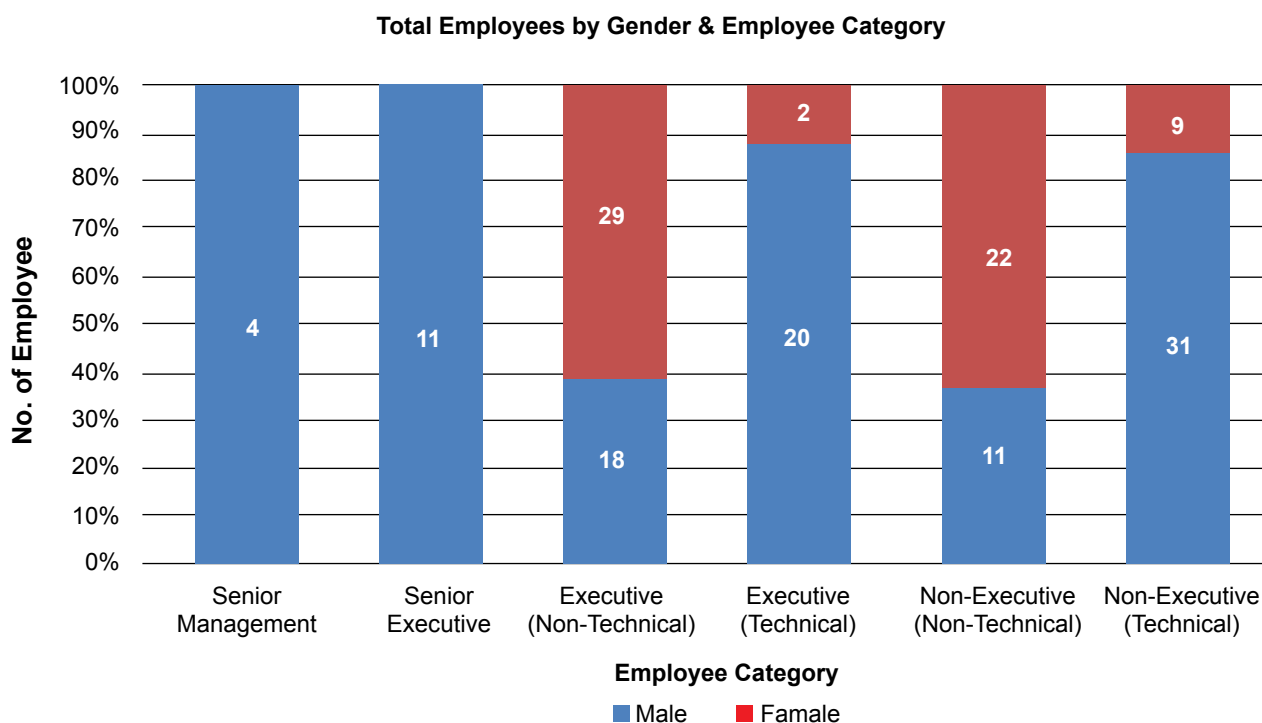
*Note: The benefits stated above are applicable to all subsidiary companies of MRB Group.*

#### Diversity and Equal Opportunity

We believe excellence by our employees is key to competitive success. We value diversity in skills, abilities and experience and aim to recruit and retain talents from a diverse candidate pool. Therefore, selection for employment and promotion and other benefits are based on qualifications, merit, and business need, without any discrimination on nationality, race, or gender. As at FYE 2019 we have a diverse workforce where 40% of our employees is women and the remaining 60% is men. The statistics below indicate the gender profile and employee category of MRB Group:

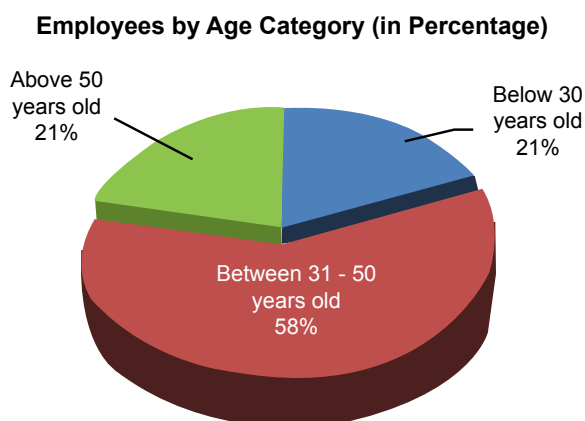
## Sustainability Statement (Cont'd)

### 3. Social (cont'd)



*Note: Information above covers all our subsidiaries under the MRB Group and both full time and contract employees.*

As at FYE 31 March 2019, MRB has a total workforce of 157 (FYE2018: 181) employees include both full time and contractual employees. The following chart shows the percentage of employees by age category:



#### Employee Training

We are committed to provide equal employment opportunities to all employees based on merit and talent. We provide equal employment opportunities and wage equality regardless of gender throughout the Company and encourage employees to develop and enhance their skills and experience through education and various trainings.

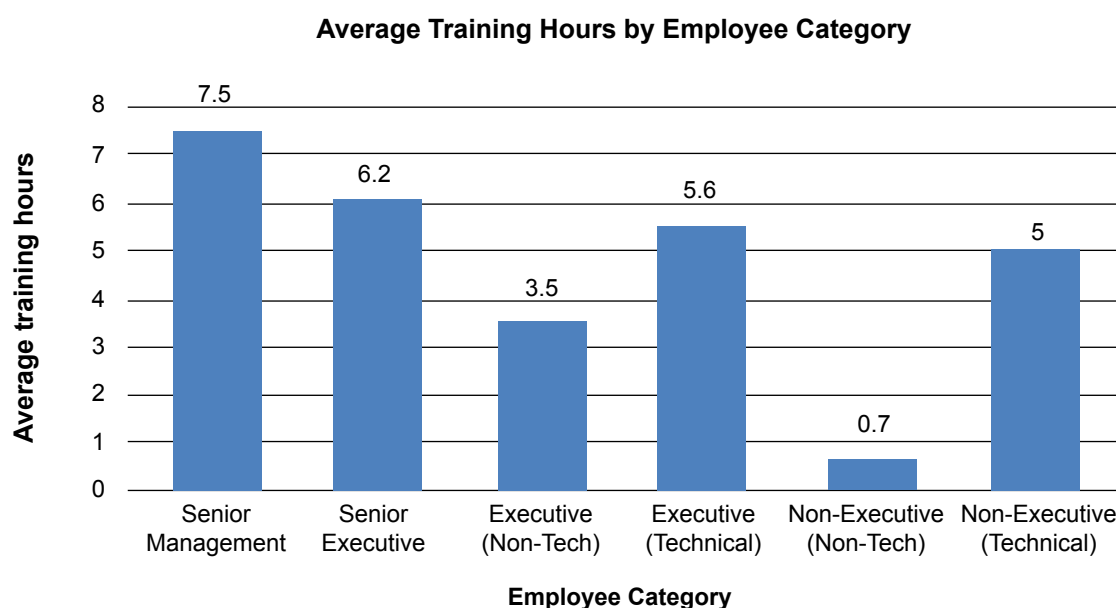
The company is committed to ensure its employee continue to develop their competencies and skills. All employees will have access to training and development to enable them to acquire the knowledge, skills and attitudes necessary to develop their needs and potential on the job and contribute towards Company's future growth.

## Sustainability Statement (Cont'd)

### 3. Social (cont'd)

The Company's training programs will be aligned to business strategy with clear links to business need, meet regulatory requirement, maintain and develop the technical, interpersonal, business and management skills of our people.

MRB has reported a total of 606 (FYE2018: 848) training hours in FYE 31 March 2019. The average training hour per employee is 3.9 hour/employee. The statistics highlighted our commitment in ensuring our employees upgrade their skills and knowledge through trainings.



### Occupational Safety and Health

The Group's Occupational Safety focuses on effective safety management at the workplace and promoting safety ownership within employees. Each subsidiary operational divisions, leads continuous efforts to strengthen safety compliance and improve safety performance. At each quarries, construction and factory, safety risk management is conducted to proactively identify potential safety risks. Measures are subsequently taken to mitigate those safety risks to levels that are acceptable and necessary to enhance the value of the Group. These steps include providing sufficient, adequate and quality personal protective equipment, continuous briefing such as toolbox briefing emphasising on safety aspects and monitoring by supervisors at all sites.

In addition, for quarries and construction sites where we are the sub-contractors, we strictly adopt the safety requirements by the owners / project main contractors.

The Group has no significant Lost Time due to Injury ("LTI") for the FYE2019 (FYE2018: Not reported).

## AUDIT COMMITTEE REPORT

### MEMBERS OF THE AUDIT COMMITTEE

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

### COMPOSITION

The AC members are:-

AC members	Designation
Encik Ahmad Ruslan Zahari Bin Zakaria <i>Independent Non-Executive Director</i>	Chairman
Mr Chan Toong San <i>Non-Independent Non-Executive Director</i>	Member
Mr Ling Chee Wei <i>Independent Non-Executive Director</i>	Member

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

The duties and responsibilities of the AC are spelt out in the Terms of Reference of the AC, a copy of which is available in the Company’s website [www.minetech.com.my](http://www.minetech.com.my).

### ATTENDANCE OF AC MEETINGS

A total of five (5) meetings were held during the financial year ended 31 March 2019. The details of attendance of each member at the AC meetings held during the tenure of office of the members are as follows:-

Name	Attendance
Encik Ahmad Ruslan Zahari Bin Zakaria	5/5
Mr Chan Toong San	5/5
Mr Ling Chee Wei	5/5

### SUMMARY OF ACTIVITIES OF THE AC

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

#### Financial Reporting

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

## Audit Committee Report (Cont'd)

### External Audit

- (a) Reviewed the external auditor's reports in relation to audit and accounting issues arising from the audit and the management's response.
- (b) Reviewed and discussed with external auditors regarding the audit planning memorandum, audit review memorandum and issues arising from the statutory audit of the Group.
- (c) Met with the external auditors on 30 May 2018 and 25 February 2019 respectively without the presence of Executive Directors and Management of the Group to ensure there were no restrictions on the scope of their audit and to discuss any items that the external auditors did not wish to raise in the presence of Management.
- (d) Evaluated the independence and effectiveness of the external auditors and recommended to the Board of Directors on their re-appointment and audit fee.
- (e) Reviewed and recommended to the Board of Directors on the External Auditors' Assessment Policy.

### Related Party Transactions

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

### Risk Management and Internal Control

- (a) Assessed the overall effectiveness of the risk management and internal control system of the Group.
- (b) Reviewed the Statement on Risk Management and Internal Control prior to the recommendation to the Board of Directors for approval for inclusion in the 2018 Annual Report.

### Internal Audit

- (a) Reviewed and approved the annual internal audit plan to ensure adequate scope and comprehensive coverage of the Group's activities.
- (b) Reviewed and discussed with the internal auditors regarding the internal audit process, internal audit findings and issues arising from the internal audit report of the following:
  - (i) Minetech Resources Berhad – Credit Control Review
  - (ii) K.S. Chin Minerals Sdn Bhd, Minetech PQ Sdn Bhd and Minetech Construction Sdn Bhd - Sub-Contractor Management;
  - (iii) Minetech Bidor Quarry Sdn Bhd (Premix and Quarry Site) - Equipment Inspection and Maintenance Management
  - (iv) Minetech Asphalt Man International Sdn Bhd – Debt Management
- (c) Monitored the implementation of mitigating actions by Management on outstanding issues to ensure all key risks and control weaknesses are properly addressed.
- (d) Discussed and recommended the appointment of Internal Auditors to the Board of Directors for approval.
- (e) Met with the internal auditors on 30 May 2018, 28 August 2018 and 28 November 2018 without the presence of Executive Directors and Management of the Group for discussions on internal audit related matters.
- (f) Reviewed and evaluated the adequacy of the scope, functions, competency and resources of the internal audit functions.
- (g) Reviewed and discussed the internal audit cycle in a financial year.

### Others

- (a) Reviewed the revised Terms of Reference of AC prior to the recommendation to the Board of Directors for adoption.
- (b) Reviewed the Corporate Governance Statement, Management Discussion and Analysis and Audit Committee Report prior to the recommendation to the Board of Directors for approval for inclusion in the 2018 Annual Report.
- (c) Reviewed the Circular to Shareholders on the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature and proposed renewal of authority for the Company to purchase its own ordinary shares prior to the recommendation to the Board of Directors for approval.

### INTERNAL AUDIT FUNCTION

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

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“**the Board**”) of Minetech Resources Berhad (“**the Company**”) is pleased to present its statement on corporate governance (“**CG**”) practices of the Company during the financial year 2019. The Board in leading the Company in its CG practices is guided by the principles as set out in the Malaysian Code on Corporate Governance 2017 (“**MCCG**”).

This statement is prepared in compliance with Paragraph 15.25(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**MMLR**”) and guided by Practice Note 9 of the MMLR and the Corporate Governance Guide (3rd edition) issued by Bursa Malaysia Berhad. This Corporate Governance Overview Statement should also be read together with the CG Report 2019 of the Company (“**CG Report**”) which is available on the Company’s website: [www.minetech.com.my](http://www.minetech.com.my) as well as via an announcement on the website of Bursa Malaysia Securities Berhad and in conjunction with the other statements in the Annual Report (e.g. Statement on Risk Management and Internal Control, Audit Committee Report, and Sustainability Statement) as the application of certain governance enumerations may be more evidently expressed in the context of the respective statements.

The CG Report provides the details on how the Company has applied each Practice as set out in the MCCG during the financial year 2019.

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

#### i Board Responsibilities

The Group is headed by an experienced and effective Board. The Board assumes overall responsibility in leading the strategic direction, future expansion, corporate governance, risk management, human resource planning and development, investments made by the Company and overseeing the proper conduct of business of the Group. The Chairman is an Executive Director, responsible in overseeing the Board in the effective discharge of its supervisory role emphasising on governance and compliance. The positions of the Chairman and Chief Executive Officer are held by different individuals.

In discharging its duties, the Board delegates certain of its responsibilities to the following Board Committees which operate within its clearly defined Terms of Reference respectively:-

- Audit Committee (“**AC**”)
- Nomination Committee (“**NC**”)
- Remuneration Committee (“**RC**”)
- Risk Management Committee (“**RMC**”)

The Chairman of the respective Board Committees reports to the Board on key matters deliberated at the respective Board Committee meetings and makes recommendations to the Board for final decision, where necessary.

## Corporate Governance Overview Statement (Cont'd)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

#### ii. Board and Board Committees Meetings

The breakdown of the Directors' attendance at the Board and Board Committees meetings during the financial year is set out below:-

Name	Board	AC	NC	RC	RMC
<b>Choy Sen @ Chin Kim Sang</b> <i>Executive Chairman</i>	5/5	-	-	1/1	-
<b>Chin Leong Choy</b> <i>Group Executive Director</i>	5/5	-	-	-	-
<b>Chin Kong Yaw*</b> <i>Chief Executive Officer</i>	5/5	-	-	-	-
<b>Dato' Sri Chai Chow Sang</b> <i>Non-Independent Non-Executive Director</i>	4/5	-	-	-	-
<b>Chan Toong San</b> <i>Non-Independent Non-Executive Director</i>	5/5	5/5	-	-	-
<b>Chong Jun Heng</b> <i>Non-Independent Non-Executive Director</i>	5/5	-	1/1	-	3/3
<b>Ahmad Ruslan Zahari Bin Zakaria</b> <i>Independent Non-Executive Director</i>	5/5	5/5	1/1	1/1	3/3
<b>Ahmad Rahizal Bin Dato' Ahmad Rasidi</b> <i>Independent Non-Executive Director</i>	5/5	-	1/1	-	3/3
<b>Ling Chee Wei</b> <i>Independent Non-Executive Director</i>	4/5	5/5	-	1/1	-

Remarks:

\* Resigned on 30 June 2019

#### iii. Board Charter

The Board Charter delineates the powers, duties and responsibilities of the Board, Board Committees and individual Directors, including the following matters that are solely reserved for the Board's decision:-

- Conflict of interest issues relating to a substantial shareholder or a Director including approving related party transactions;
- Material acquisitions and disposition of assets not in the ordinary course of business including significant capital expenditures;
- Strategic investments, mergers and acquisitions and corporate exercises;
- Limits of authority;
- Treasury policies including Company's budget;
- Risk management and internal control policies; and
- Key human resource issues.

## Corporate Governance Overview Statement (Cont'd)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

#### iii. Board Charter (cont'd)

The Board Charter further defines the respective roles of the Chairman of the Board, the Chief Executive Office and Independent Director. It serves as a primary induction literature that guides newly appointed and existing Board members on their duties and functions of the Board and its Committees.

A copy of the Board Charter can be found in the Company's website at [www.minetech.com.my](http://www.minetech.com.my) and is periodically reviewed to ensure it complies with legislations, regulations and practices, and remain effective and relevant to the Board's objectives and responsibilities. The Board Charter, Terms of Reference of the Board Committees, the Directors' Code of Ethics and Conduct, Succession Planning Policy, and Directors and Senior Management Remuneration Policy were reviewed annually by the Board to be in line with the CG practices set out in the MCCG.

The Board is supported by qualified and competent Company Secretaries. The Company Secretaries are the member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and has the requisite experience to provide unhindered advice to the Board to ensure its effective functioning and compliance with regulatory requirements. The Board has direct access to the advice and services of the Company Secretaries. The roles and responsibilities of the Company Secretaries including the following:-

- Advising the Board on its roles and responsibilities;
- Advising the Board on the matters in relation to corporate governance and the MMLR;
- Update the Board on the developments of corporate and securities law, MMLR, Company's constitution, Board's policies and procedures;
- Ensure the Board procedures and applicable rules are observed; and
- Serve as focal points for stakeholders' communication and engagement on corporate governance issues.

The Board recognises that decision-making process is highly dependent on the quality of information furnished. In furtherance to this, every Director have:-

- Full and unrestricted access to timely, accurate and complete information within the Company;
- Authority to have all meeting materials are prepared and issued to the Board of Directors and Board Committee members within reasonable period before respective meetings to enable them to contribute constructively;
- Direct and unrestricted communication channels with employees, senior management personnel and relevant external parties; and
- Authority to obtain independent professional or other advise at the Company's expense, subject to the approval of the Chief Executive Officer or in the Chief Executive Officer's absence, the Group Executive Director.

#### iv. Board Composition

The Board is well balanced, comprising experienced businessmen and qualified professionals of diverse age and ethnicity. The Directors collectively bring with them diverse knowledge, skill, extensive experience and expertise in areas such as strategic planning, business development, legal, finance, corporate affairs, marketing and operations which enables them to discharge their duties and responsibilities effectively, objectively and independently.

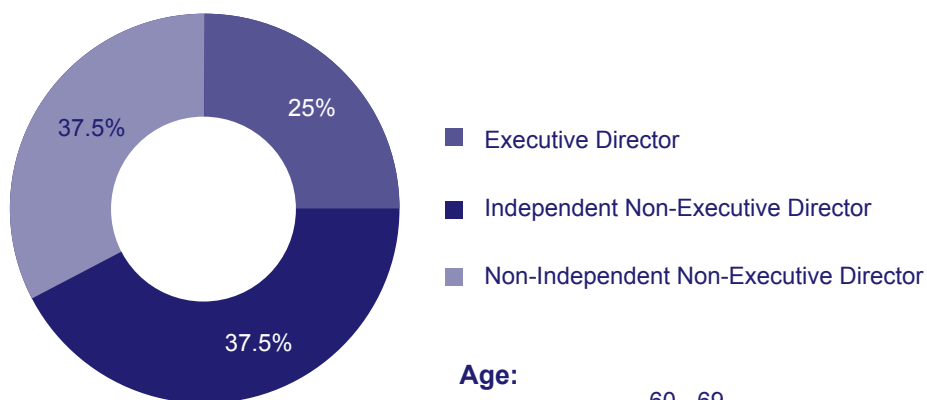
The Board currently has eight (8) members, comprising three (3) Independent Non-Executive Directors, three (3) Non-Independent Non-Executive Directors and two (2) Executive Directors. The profile of each Director can be found on pages 4 to 8 of this Annual Report.

## Corporate Governance Overview Statement (Cont'd)

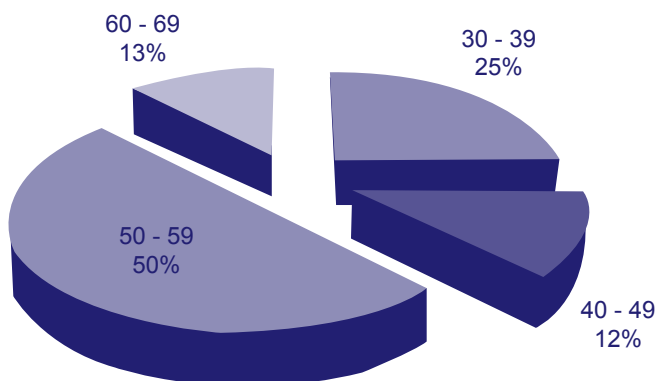
### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

#### iv. Board Composition (cont'd)

**Board Composition**



**Age:**



The present Board composition complies with Paragraph 15.02 of the MMLR which requires at least two (2) or one-third (1/3) of the Board of the Company, whichever is higher, are Independent Directors. The Board is of the view that all Independent Directors of the Company are always within reach of the shareholders and issues are discussed openly at meetings, thus shareholders may approach any of the Independent Directors of the Company. In view thereof, the Board did not nominate a Senior Independent Non-Executive Director at this juncture. As at to-date, all Independent Directors have not attained the cumulative nine (9) years of service. The Board will justify and seek shareholders' approval in the event it retains an Independent Director who has served in that capacity for a cumulative period of more than nine (9) years.

#### v. NC

During the financial year under review, the NC comprised exclusively of Non-Executive Directors, the composition is as follows:-

##### **Chairman**

Encik Ahmad Rahizal Bin Dato' Ahmad Rasidi  
*Independent Non-Executive Director*

##### **Members**

Encik Ahmad Ruslan Zahari Bin Zakaria  
*Independent Non-Executive Director*

Mr. Chong Jun Heng  
*Non-Independent Non-Executive Director*

## Corporate Governance Overview Statement (Cont'd)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

#### v. NC (cont'd)

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

- (a) Assessed and was satisfied with the effectiveness of the Board as a whole and the Board committees and the contribution of each Director.
- (b) Reviewed and was satisfied with the mix of skills, knowledge, expertise and experience, composition and size of the Board in terms of gender, ethnicity and age.
- (c) Assessed the independence of Independent Directors and concluded that the Independent Directors are independent and have complied with the criteria of independence as set out in MMLR.
- (d) Assessed and was satisfied with the character, experience, integrity, competence and time commitment of Directors and Chief Executive Officer.
- (e) Reviewed the term of office and performance of the AC and each AC member.
- (f) Discussed on the training programmes for the Directors to enhance their skills and knowledge.
- (g) Evaluated the performance of Mr Choy Sen @ Chin Kim Sang, Mr Chong Jun Heng, Mr Chan Toong San and Mr Ling Chee Wei and recommended their re-election at the Sixteenth Annual General Meeting ("AGM") of the Company to the Board.
- (h) Reviewed and recommended the revised Term of Reference of the NC for Board's approval.
- (i) Reviewed and recommended the Diversity Policy for Board's approval.

The NC will identify and recommend candidates to the Board if there is any vacancy arising from resignation, retirement or any other reasons or if there is a need to appoint additional Director with the required criteria based on recommendation from existing Directors, Senior Management or major shareholders. The NC is authorised by the Board to use independent search firms in identifying suitable candidates for appointment of directors when the need arises. Talent management and succession planning have been enhanced to attract, retain and develop required talent to ensure that the Group has a ready supply of talent to meet its current and future needs. Where appropriate, the NC will consider engaging the independent consultancy services to conduct searches for potential candidates.

The Company also endeavours to have a balanced representation by taking into consideration a range of different skills, age, gender, ethnicity, backgrounds and experiences represented amongst its Directors, officers and staff as the Board is aware that it is important in ensuring robust decision-making processes with diversified viewpoints and effective governance of the Company. The Diversity Policy of the Company outlines its approaches to achieving and maintaining diversity (including gender diversity) in its Board and Senior Management positions. A copy of the Diversity Policy can be found in the Company's website at [www.minetech.com.my](http://www.minetech.com.my).

## Corporate Governance Overview Statement (Cont'd)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

#### v. NC (cont'd)

Based on the following summary of the employment gender diversity, the NC is of the view that there is balanced gender diversity at Executive and Managerial levels of employees in the Company during the year under review:-

CATEGORY OF EMPLOYEES	FEMALE	MALE	TOTAL
Non-executive	31	42	73
Manager/Executive	31	38	69
Senior Management	0	15	15
<b>Total No. of Employees</b>	<b>62</b>	<b>95</b>	<b>157</b>

The NC will review the suitability of candidates based on skills, knowledge, character, integrity, expertise and experience, competency, commitment (including time commitment) and where appropriate, the independence of candidates for appointment as Independent Non-Executive Directors. The assessment of the Independent Directors is in accordance with the criteria as set out in the Board Charter and MMLR.

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

The Board, via NC continues to identify for the Directors' to attend appropriate briefings, seminars, conferences and courses to keep abreast with the changes in legislations and regulations affecting the Group.

#### vi. Directors' Trainings

All Directors have completed the Mandatory Accreditation Programme. The Directors are mindful that they need to continue to enhance their skill and knowledge to keep abreast of relevant changes in regulations and development in the industry and maximise their effectiveness as Directors during their tenure. Throughout the period in office, the Directors are continually updated on the Group's business and regulatory requirements. The Company Secretaries also briefed and highlighted the relevant guidelines or developments on statutory and regulatory requirements from time to time to the Board. The External Auditors also briefed the Board on any current and future changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements.

The Directors have attended the following professional development programmes and seminars during the year:-

Director	Programme
Choy Sen @ Chin Kim Sang	Power Talk – Would a Business Judgement Rule Help Directors Sleep Better at Night?
Chin Kong Yaw *	1. CEO Summit 2018 2. The Malaysian Property Market: Where Are We Heading Post-GE14
Chin Leong Choy	Impact of AI on Shareholder Value & Market Performance, "What Every Listco Needs to Know"

## Corporate Governance Overview Statement (Cont'd)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

#### vi. Directors' Trainings (cont'd)

Director	Programme
Dato' Sri Chai Chow Sang	Remuneration Committee: Attracting and Retaining the Best Talents
Chan Toong San	Malaysian Financial Reporting Standards (MFRS) Made Simple for Directors and Senior Management
Chong Jun Heng	Practical Approach and Guidelines for Risk Management & Internal Control
Ahmad Ruslan Zahari Bin Zakaria	Breakfast Series: Non-Financials – Does It Matter
Ahmad Rahizal Bin Dato' Ahmad Rasidi	MFRS 9, 15 & 16
Ling Chee Wei	Power Talk – Would a Business Judgement Rule Help Directors Sleep Better at Night?
Chai War Ren	Remuneration Committee: Attracting and Retaining the Best Talents

Remark:-

\* Resigned on 30 June 2019

#### vii. Re-election of Directors

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

Based on the schedule of rotation, the following Directors are subject to retirement by rotation pursuant to the Article 125 of the Company's Constitution at the forthcoming Seventeenth AGM:-

- (1) Mr Chin Leong Choy
- (2) Encik Ahmad Ruslan Zahari Bin Zakaria
- (3) Encik Ahmad Rahizal Bin Dato' Ahmad Rasidi

The aforesaid Directors have expressed their intention to seek for re-election at the forthcoming AGM.

## Corporate Governance Overview Statement (Cont'd)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

#### viii. Code of Ethics and Conduct and Whistle Blowing Policy and Procedures

The Board has put in place Code of Ethics and Conduct and Whistle Blowing Policy and Procedures to promote an environment of integrity and ethical behaviour within the Group.

The basic principles of Code of Ethics and Conduct have been observed and carried out by having appropriate regards to the interests of the Company's customers, shareholders, people, business partners and broader community in which the Company operates. The Code of Ethics and Conduct can be found on the Company's website at [www.minetech.com.my](http://www.minetech.com.my).

The whistle blowing policy serves as a guide to employees on how to raise genuine concerns related to possible improprieties on matters relating to financial reporting, compliance and other malpractices at the earliest opportunity and in an appropriate manner. The Board has adopted the policy with the aim that any employee or stakeholder can report and disclose through established channels any improper or unethical activities relating to the Company and its Group and is available on the Company's website.

#### ix. Remuneration

The RC established sets of policy, framework and reviews the remuneration of the Directors and Senior Management which is linked to strategy and/or performance or long term objectives of the Company to ensure that the Company is able to attract and retain capable Directors and Senior Management to run the Group successfully. The Executive Directors' remuneration is structured to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken.

In determining the remuneration of the Directors and Senior Management, the Company's objective is to provide fair and competitive remuneration to its Board and/or Senior Management in order for the Company to benefit by attracting and retaining a high quality team. The RC is authorised by the Board to seek appropriate professional advice within and outside the Group as and when it considers necessary.

The annual salaries, incentive arrangements, service arrangements and other employment conditions for the Executive Directors and/or Senior Management are reviewed by the RC and recommended to the Board for approval and where necessary, subject to shareholders' approval. Senior Management who reports directly to the Executive Directors are evaluated annually premised on annual measurements and targets set. Thereafter, the Executive Directors approve the remuneration of Senior Management based on their performance. The Directors and Senior Management Remuneration Policy is available for reference on the Company's website at [www.minetech.com.my](http://www.minetech.com.my).

The determination of the remuneration for Non-Executive Directors is a matter for the Board as a whole. The Executive Directors are not present when matters affecting their own remuneration arrangements are considered.

## Corporate Governance Overview Statement (Cont'd)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

#### ix. Remuneration (cont'd)

Details of the remuneration of Directors (both the Company and the Group) who served during the financial year ended 31 March 2019 are as follows:

##### The Group

Name	Fees (RM'000)	Meeting Allowance (RM'000)	Salaries (RM'000)	Bonus (RM'000)	Other emoluments (RM'000)
Choy Sen @ Chin Kim Sang	240	-	-	-	56
Chin Kong Yaw #	-	-	300	25	57
Chin Leong Choy	120	-	420	35	146
Dato' Sri Chai Chow Sang	30	-	-	-	-
Chan Toong San	90	-	-	-	-
Chong Jun Heng	30	-	-	-	-
Ahmad Ruslan Zahari Bin Zakaria	54	-	-	-	-
Ahmad Rahizal Bin					
Dato' Ahmad Rasidi	30	-	-	-	-
Ling Chee Wei	30	-	-	-	-
Chai War Ren					
(Alternate Director to Dato' Sri Chai Chow Sang)	-	-	-	-	-

##### The Company

Name	Fees (RM'000)	Meeting Allowance (RM'000)	Salaries (RM'000)	Bonus (RM'000)	Other emoluments (RM'000)
Choy Sen @ Chin Kim Sang	240	-	-	-	56
Chin Kong Yaw #	-	-	300	25	57
Chin Leong Choy	-	-	420	35	146
Dato' Sri Chai Chow Sang	30	-	-	-	-
Chan Toong San	30	-	-	-	-
Chong Jun Heng	30	-	-	-	-
Ahmad Ruslan Zahari Bin Zakaria	54	-	-	-	-
Ahmad Rahizal Bin					
Dato' Ahmad Rasidi	30	-	-	-	-
Ling Chee Wei	30	-	-	-	-
Chai War Ren					
(Alternate Director to Dato' Sri Chai Chow Sang)	-	-	-	-	-

In determining the remuneration packages of the Group's Senior Management, factors that were taken into consideration included individual responsibilities, skills, expertise and contributions to the Group's performance and whether the remuneration package is competitive and sufficient to ensure that the Group is able to attract and retain executive talents.

## Corporate Governance Overview Statement (Cont'd)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

#### ix. Remuneration (cont'd)

The Senior Management staff whose total remuneration during the financial year ended 31 March 2019 is as follows:-

Name	Fees (RM'000)	Meeting Allowance (RM'000)	Salaries (RM'000)	Bonus (RM'000)	Other emoluments (RM'000)
Ng Kok Hok*	-	-	179	20	31

Remarks:

\* Resigned on 21 December 2018

# Resigned on 30 June 2019

### PRINCIPAL B: EFFECTIVE AUDIT AND RISK MANAGEMENT

#### i. AC

The AC comprises all Non-Executive Directors, with majority being Independent Directors. The composition of the AC complies with the MMLR. The Chairman of the AC is an Independent Non-Executive Director. The Chairman of the AC is not the Chairman of the Board ensuring that the impairment of objectivity of the Board's review of the AC findings and recommendations remain intact. The AC assesses the performance (including independence) and recommends to the Board annually the appointment or re-appointment of the external auditors guided by the factors as prescribed under Paragraph 15.21 of the MMLR.

The members of AC are equipped with vast experience from various industries and are capable of providing sound advice to the Board not only in terms of financial reporting but also on internal audit of the Group's risk management and internal control environment.

The AC's Term of Reference sets out its goals, objectives, duties, responsibilities and criteria on the composition of AC which includes a former key audit partner of the Group to observe cooling-off period of at least 2 years before being able to be appointed as member of AC.

The NC reviews the composition of the AC annually and recommends to the Board for approval ensuring that only Non-Executive Directors, majority of whom shall be Independent Directors, who are financially literate and are able to understand matters under the purview of the AC including financial reporting process are considered for membership on AC. All members of the AC undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

The external auditors would meet the AC without the presence of the executive Board members and management at least two (2) times a year on matters relating to the Group and its audit activities. During such meetings, the external auditors highlight and discuss the nature and scope of the audit, audit programme, internal controls and any other issues that may require the attention of the AC or the Board.

The AC ensures the external audit function is independent of the activities it audits and reviews the contracts for the provision of non-audit services by the external auditors in order to ensure that does not give rise to a conflict of interest situation. The external auditors have provided their written assurance to the Group in respect of their independence for the financial year ended 31 March 2019. The external auditors are invited to attend the AGM to answer questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies and auditor independence.

## Corporate Governance Overview Statement (Cont'd)

### PRINCIPAL B: EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd)

#### i. AC (cont'd)

For the financial year ended 31 March 2019, fees paid to the external auditors, Messrs. UHY and its affiliated firms by the Company and the Group are stated in the table below:-

Nature of Services	Company (RM)	Group (RM)
Audit	45,000	228,340
Non-Audit	5,000	5,000
Total	50,000	233,340

Further details on the activities of the AC during the financial year ended 31 March 2019 are disclosed in the AC Report on page 31 to 32 of this Annual Report.

#### ii. Risk Management and Internal Control Framework

The Board acknowledges the significance of a sound system of risk management and internal control to manage the overall risk exposure of the Group. The Board has established a governance structure to ensure effective oversight of risks and controls in the Group. The effectiveness of risk management and internal controls is continuously reviewed to ensure that they are working adequately and effectively.

The Group has an internal audit function which is outsourced to GovernanceAdvisory.com Sdn Bhd and reports directly to the AC. The resources and scope of work covered by the internal audit function during the financial year under review, including its observation and recommendations, is provided in the Audit Committee Report of this Annual Report. GovernanceAdvisory.com Sdn Bhd has approximately 11 audit personnel assisting the person responsible for the internal audit. Details on the person responsible for the internal audit are set out below:-

Name	: Jason Tee
Qualification	: BCom (Hons) Acct, AIIA
Independence	: Does not have any family relationship with any director and/or major shareholder of the Company
Public Sanction or penalty	: Has no convictions for any offences within the past 5 years, other than traffic offences, if any and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year

The AC and RMC meets regularly to review the risks identified, recommendations of internal auditors and management responses and discuss on mitigation initiatives and report to Board. Details of the internal audit function together with the scope of the Group's internal control functions are set out in the Statement on Risk Management and Internal Control and AC Report of this Annual Report.

The Board affirms its overall responsibility with established and clear functional responsibilities and accountabilities which are carried out and monitored by the RMC. The adequacy and effectiveness of the internal controls and risk management framework were reviewed by the AC and RMC.

Further information may be found in the Statement on Risk Management and Internal Control.

## Corporate Governance Overview Statement (Cont'd)

### PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

#### i. Communication with Stakeholders

Ongoing engagement and communication with stakeholders is vital in fostering a healthy relationship between the Company and its stakeholders. In recognising this, the Board has formalised a corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures relating to the Group to the regulators, shareholders and stakeholders; not only to comply with the disclosure requirements as stipulated in the Listing Requirements, but also setting out the persons authorised and responsible to approve and disclose material information to shareholders and stakeholders in compliance with the Listing Requirements.

The Board has established a dedicated section for corporate information on the Company's website at [www.minetech.com.my](http://www.minetech.com.my) where information on the Company's announcements, financial information, share prices and the Company's annual report may be accessed. It also contains all announcements made to Bursa Securities as well as the contact details of designated person to address any queries.

It has always been the Group's practice to maintain good relationship with its shareholders. Major corporate developments and happenings in the Group have always been duly and promptly announced to all shareholders, in line with Bursa Securities' objectives of ensuring transparency and good corporate governance practices.

The Group's financial performance, major corporate developments and other relevant information are promptly disseminated to shareholders and investors via announcements of its quarterly results, annual report, corporate announcements to Bursa Securities and press conferences. Further update of the Group's activities and operations are also disseminated to shareholders and investors through dialogue with analysts, fund managers, investor relations roadshows and the media.

#### ii. Conduct of General Meetings

The Board is aware that the AGM is the primary platform for two-way communication between the shareholders and Management of the Group. Hence, shareholders are encouraged to participate in the meeting and are given opportunity to enquire and comment on the Group's performance and operations and the Board to clarify issues pertaining to the Group's business activities, performance and other related matters. All the Directors attended the Sixteenth AGM of the Company held on 28 August 2018.

The notice of Sixteenth AGM was circulated at least twenty eight (28) days before the date of the meeting which is in line with the recommendation of MCCG to enable shareholders to go through the Annual Report and papers supporting the resolutions proposed. In addition to being despatched individually to shareholders, the notice of AGM is also circulated in a nationally circulated newspaper alongside an announcement on the website of Bursa Securities. This allows shareholders to have immediate access on the notice of AGM and make the necessary preparations for the AGM.

Where there is special business or where special resolutions are proposed, the explanation of the effects of such special business or special resolutions are provided in the notice of AGM. All the resolutions set out in the Notice of the AGM were put to vote by poll voting and duly passed.

In accordance to the Constitution of the Company, the shareholders who are eligible to vote at general meetings but are unable to attend the same in person, may appoint proxies to vote on their behalf. The outcome of the AGM was announced to Bursa Securities on the same meeting day. The Company had appointed one (1) independent scrutineer to verify the poll results.

## Corporate Governance Overview Statement (Cont'd)

### PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (cont'd)

#### ii. Conduct of General Meetings (cont'd)

A summary of the key matters discussed at the AGM, as soon as practicable after the conclusion of the AGM will be published on the Company's website upon being reviewed by the Board members and approved by the Chairman.

#### iii. Focus Area on Corporate Governance

Corporate governance areas which gained heightened attention from the Board during the financial year ended 31 March 2019 are as follows:

##### Board Diversity

The Company recognises and embraces the benefits of having a diverse Board, and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage and contributing to sustainable development of the Company.

In fostering diversity, the Board has reviewed the Diversity Policy on gender diversity, alongside with specific targets and measures to meet those targets.

The Board will escalate their efforts to establish a diverse Board which bears a variety in the dimensions of skills, experience, age, cultural background and gender.

This CG Overview Statement was approved by the Board of Directors of the Company on 4 July 2019.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors (the “Board”) recognises the importance of a sound system of risk management and internal control to safeguard shareholders’ investment and the Group’s assets. The Board is pleased to provide the following statement on the state of internal control of the Group in accordance with Paragraph 15.26(b) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), taking into consideration the “Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers”, for the financial year ended 31 March 2019.

### BOARD RESPONSIBILITY

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

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

### RISK MANAGEMENT

The Board has delegated the responsibility of reviewing the effectiveness of risk management to the Risk Management Committee (“RMC”). RMC is assisted by Risk Management Steering Committee, comprising members of key management team and is established at subsidiary or business unit level; while Risk Management Unit Heads and Risk Officer are appointed to lead and manage each operating company risks within the Group. The Risk Management Steering Committee will address the risks on the ground and are responsible for identifying, measuring, controlling and monitoring risks within their area of operations.

The Group has established structure of “three lines of defence” for risk management: risk taking units (Business Units), risk control unit (Risk Management Steering Committee), and internal audit. The risk-taking units are responsible for the day-to-day management of risks inherent in their business activities, while the risk control unit is responsible for setting the risk management framework and developing related tools and methodologies. Complementing this is internal audit, which provides independent assurance of the effectiveness of the risk management approach.

The eight (8) Risk Management Units, namely (1) manufacturing, (2) quarry operation, (3) premix operation, (4) sales and marketing of quarry and premix products, (5) civil engineering, (6) procurement, (7) human resources, information technology and administration, and (8) finance, which perform risk oversight and review the business units’ risk profiles. Practical action plans are recommended and carried out to address any identified potential weaknesses. The risk management reports will record the changes in the risk profiles and the corresponding action plans. Risk management report is extended to RMC for review/ evaluation, then to the Board for final approval. The risk management reports are reviewed and discussed at the Board Meetings on half yearly basis. Nevertheless, the AC can raise any queries to the RMC.

## Statement On Risk Management And Internal Control (Cont'd)

### INTERNAL CONTROL

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

1. The Group has a well-defined organisational structure with formally defined lines of responsibilities, delegation of authorities and a process of hierarchical reporting system to ensure proper identification of accountabilities and segregation of duties;
2. There are operational approval limits imposed on the Management in respect of day-to-day operations and authorised signatories for major operating functions and transactions;
3. The Group maintains formalised policies and procedures which highlight the standard operating procedures for key processes, terms and conditions of employment, benefits and compensation, disciplinary rules and regulations which are relevant across the Group's operations;
4. Key functions, such as finance, tax, treasury, corporate and legal matters, are controlled centrally;
5. Training and development programmes are conducted to enhance staff competencies and to maintain a risk conscious culture;
6. An annual budgeting and business planning process is formalised to establish plans and targets for each operating unit. The performance of each operating unit is monitored through the monthly division performance review. Actual performance will be compared with budget and reviewed quarterly by the AC and Board with explanations provided by the Management on any major variances noted;
7. Head of Department Meetings are carried out regularly to review the monthly performance, monitor the business development, discuss and resolve key operational and management issues. The financial performance of each subsidiary is reviewed periodically and significant variances or fluctuations against the business plan and budget, if any, are discussed and explained comprehensively. The Management also regularly highlights to the Board on any significant issues, changes in the business environment, major policy matters and external environment factors affecting the Group;
8. The Board, RMC and Audit Committee ("AC") review risk management and internal control issues identified by the internal auditors and the external auditors; and
9. The AC reviews the quarterly financial results and yearly financial statements prior to approval by the Board for the release of the said financial statements to Bursa Securities. The Board will also review the minutes of the AC meetings.

The Board has received assurance from the Chief Executive Officer and Group Executive Director that the System in the Group is operating adequately and effectively in all material aspects.

### INTERNAL AUDIT FUNCTION

The internal audit function is in place to assist the AC to discharge its functions effectively. It is considered an integral part of the assurance framework to ensure the adequacy and effectiveness of the System within the Group. For the financial year under review, the AC outsourced the Group's internal audit function to an independent professional firm to independently assess the adequacy and effectiveness of the corporate governance and internal control system. The outsourced internal auditor provides an independent and objective report on its observations towards the corporate governance and internal control system directly to the AC. In the report, the outsourced internal auditor highlights its findings together with their recommendations to address the findings, the Management's comments on the findings and action plans to mitigate the weaknesses. These reports were tabled at AC meetings and thereafter forwarded to the Board for further deliberation. The outsourced internal auditors also followed up with the Management and reported the status to the AC on the implementation of the agreed recommendations from the previous internal audit.

For the financial year ended 31 March 2019, the total costs incurred for the internal audit function amounted to approximately RM70,084.

## Statement On Risk Management And Internal Control (Cont'd)

### REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed this Statement on Risk Management and Internal Control. Their review was performed in accordance with Audit and Assurance Practice Guide (“AAPG”) 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group. Based on their review, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the Group’s risk management and internal control system.

### CONCLUSION

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

This Statement is made in accordance with a resolution of the Board dated 4 July 2019.

## ADDITIONAL COMPLIANCE INFORMATION

### UTILISATION OF PROCEEDS

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

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

As at 31 March 2019, our Group has utilised approximately RM46.80 million from the total proceeds arising from Rights Issue 2014, mainly for distribution of heavy machineries, working capital and repayment of bank borrowings.

The Company also had issued and allotted a total of 190,000,000 new Ordinary Shares. Details of the allotment during the financial year ended 31 March 2019 are as follows:-

Date	Number of Shares Allotted	Issued Price	Proceeds Raised
19 April 2018	30,000,000	RM0.10	RM3,000,000.00
27 April 2018	120,000,000	RM0.14	RM16,800,000.00
21 November 2018	10,000,000	RM0.055	RM550,000.00
26 November 2018	12,500,000	RM0.055	RM687,500.00
27 December 2018	17,500,000	RM0.055	RM962,500.00
<b>Total</b>	<b>190,000,000</b>	<b>-</b>	<b>RM22,000,000.00</b>

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

### RECURRENT RELATED PARTY TRANSACTION OF A REVENUE OR TRADING NATURE

At the Annual General Meeting of the Company held on 28 August 2018, the Company obtained the shareholders' mandate to allow the Group to enter into recurrent related party transaction of a revenue or trading nature.

The disclosure of the recurrent related party transactions conducted during the financial year ended 31 March 2019 to latest practicable date are set out in the Part A of the Circular to Shareholders dated 31 July 2019.

## Additional Compliance Information (Cont'd)

### MATERIAL CONTRACTS INVOLVING INTEREST OF THE DIRECTORS, CHIEF EXECUTIVE AND MAJOR SHAREHOLDERS

Save as disclosed below, the MRB Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) for the financial year ended 31 March 2019:-

- (i) A joint development agreement dated 1 November 2017 entered between MRB Land Sdn Bhd (a wholly-owned subsidiary of MRB) and Wawasan Eksklusif Sdn Bhd in which the parties had agreed to co-operate in joint venture to jointly develop all that parcel of freehold land measuring approximately 1.955 hectares held under Geran Mukim 697, Lot No. 7099 in Tempat Batu 1½, Jalan Cheroh Raub, Mukim Gali, Daerah Raub, Negeri Pahang into a housing development ("Housing Development Project");
- (ii) A joint venture agreement dated 27 November 2017 entered by MRB Land Sdn Bhd with Cheong See Weng, Chong Moey Loy and Chong Thin Choy (collectively known as the landowners) in which MRB Land Sdn Bhd has been appointed as the developer for the Housing Development Project;
- (iii) The Share Sale Agreement ("SSA") dated 13 December 2017 entered between BRSB and MRB on the sale and purchase of 60% of the entire issued share capital of BCSB for a purchase consideration of RM16,800,000 to be fully satisfied via the issuance of 120,000,000 new ordinary shares in MRB at an issue price of RM0.14 per share;
- (iv) The Shareholders' Agreement dated 13 December 2017 entered between MRB, BRSB and BCSB to regulate their rights, obligations and management of BCSB upon the completion of acquisition of BCSB;
- (v) Power Purchase Agreement dated 26 March 2018 entered between Coral Power Sdn Bhd and Tenaga Nasional Berhad ("TNB") for the generation and sale of solar photovoltaic energy to TNB's grid system at PPU Pantai Remis from its solar photovoltaic energy generating facility with a capacity of 9.99 MWac to be located in PT 18535, Persiaran Segari, Mukim Pengkalan Baharu, Daerah Manjung, Perak;
- (vi) Loan agreement dated 27 March 2018 entered between Canadian Solar Energy Holding Company Limited ("CSE") as lender, Coral Power Sdn Bhd as borrower and MRB as Guarantor whereby CSE has agreed to grant Coral Power Sdn Bhd a loan of US\$1,500,000.00 to procure the issuance of the substitute bond from a Malaysian financial institution and subsequently submit to the Energy Commission;
- (vii) The Supplemental SSA dated 4 April 2018 entered between MRB and BRSB to extend the Conditional Period for a further term of 60 days from the last conditional date pursuant to the SSA;
- (viii) Subscription Agreement ("SA") dated 25 May 2018 with CSE, Coral Power Sdn Bhd ("CPSB"), a 70%-owned subsidiary company of the Company, Jot Seng Keong and Dato' Sri Md Zin Bin Baharom for the purpose of subscribing Redeemable Convertible Preference Shares ("RCPS") in CPSB subject to the fulfilment of the conditions precedent as set out in the SA. The subscription of RCPS will be for the purpose of the funding of the development of the solar photovoltaic energy generating facility with a capacity of 9.99 MWac. to be located at PT18535, Persiaran Segari, Mukim Pengkalan Baharu, Daerah Manjung, Perak;
- (ix) Agreement dated 23 November 2018 entered between Minetech Construction Sdn Bhd, a wholly-owned subsidiary of MRB, Able Return Sdn Bhd (Company No. 549631-D) and Damar Consolidated Exploration Sdn Bhd (Company No. 229692-V) for the purpose of renewal of contract for waste removal, ore delivery and associated works for open pit mining in respect of Selinsing Gold Mine Project for a further period of two (2) years commencing from 1 July 2018 to 30 June 2020 with an estimated total contract value of approximately RM28.8 million.

### SHARE ISSUANCE SCHEME

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

# REPORTS AND FINANCIAL STATEMENTS

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## DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2019.

### PRINCIPAL ACTIVITIES

The principal activities of the Company are those of investment holding and provision of managerial services. The principal activities of its subsidiary companies are disclosed in Note 8 to the financial statements.

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

### FINANCIAL RESULTS

	Group RM	Company RM
Loss for the financial year	14,295,443	7,541,485
Attributable to:		
Owners of the parent	15,072,844	7,541,485
Non-controlling interests	(777,401)	-
	14,295,443	7,541,485

### RESERVES AND PROVISIONS

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

### DIVIDENDS

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

### ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued:

- 30,000,000 new ordinary shares at an issue price of RM0.10 each for a total cash consideration of RM3,000,000 for working capital purposes;
- 40,000,000 new ordinary shares at an issue price of RM0.055 each for a total cash consideration of RM2,200,000 for working capital purposes; and
- 120,000,000 new ordinary shares at an issue price of RM0.14 each for a total consideration of RM16,800,000 for the acquisition of subsidiary company.

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

There was no issuance of debentures during the financial year.

## Directors' Report (Cont'd)

### TREASURY SHARES

The shareholders of the Company, by a resolution passed in the last Annual General Meeting held on 28 August 2018, renewed their approval for the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhance the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

As at 31 March 2019, the Company held 285,000 treasury shares out of the total 921,574,900 issued ordinary shares. Further details are disclosed in Note 20 to the financial statements.

### OPTIONS GRANTED OVER UNISSUED SHARES

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

### WARRANTS

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

As at 31 March 2019, the total number of Warrants that remain unexercised were 332,404,500.

The salient terms of Warrants are disclosed in Note 19(b) to the financial statements.

### DIRECTORS

The Directors in office since the beginning of the current financial year until the date of this report are:

Choy Sen @ Chin Kim Sang\*  
 Chin Leong Choy\*  
 Dato' Sri Chai Chow Sang  
 Chan Toong San\*  
 Chong Jun Heng  
 Ahmad Ruslan Zahari Bin Zakaria  
 Ahmad Rahizal Bin Dato' Ahmad Rasidi  
 Ling Chee Wei  
 Chai War Ren (Alternate director to Dato' Sri Chai Chow Sang)  
 Chin Kong Yaw\*

(Resigned on 30.6.2019)

## Directors' Report (Cont'd)

The Directors who held office in the subsidiary companies (excluding Directors who are also Directors of the Company) since the beginning of the current financial year until the date of this report are:

Dato' Chia Kee Mong  
 Chin Chee Choy  
 Chin Foh Sen  
 Chin Jet Choy  
 Chin Sheong Choy  
 Chin Yee Teng  
 Chong Thin Peng  
 Jot Seng Keong  
 Low Choon Lan  
 Lee Kwan Ming  
 Tan Seow Leng  
 Wong Kian Foong  
 Yap Yun Fatt  
 Low Chee Eng^  
 Yee Kon Sin^  
 Ng Kok Hok#  
 Dato' Dr Ahmad Kamal Bin Jamlus+  
 Chong Thian Ming  
 Leow Soon Huat

- \* Director of the Company and its subsidiary companies
- + Appointed during the financial year
- ^ Appointed after the financial year
- # Resigned during the financial year

The information required to be disclosed pursuant to Section 253 of the Companies Act, 2016 is deemed incorporated herein by such reference to the financial statements of the respective subsidiary companies and made a part hereof.

### DIRECTORS' INTERESTS

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

	Number of ordinary shares			
	At 01.04.2018	Bought	Sold	At 31.03.2019
<b>Interests in the Company</b>				
<b>Direct Interests</b>				
Choy Sen @ Chin Kim Sang	172,897,020	-	-	172,897,020
Dato' Sri Chai Chow Sang	30,000,000	-	-	30,000,000

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

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

## Directors' Report (Cont'd)

### DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in Note 30 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

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

### INDEMNITY AND INSURANCE COSTS

During the financial year, the total insurance premium amount of indemnity for Directors and Officers of the Company were RM16,332. No indemnity was given to or insurance effected for auditors of the Company.

### OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
  - (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
  - (i) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
  - (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or
  - (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) At the date of this report, there does not exist:
  - (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

## Directors' Report (Cont'd)

### OTHER STATUTORY INFORMATION (CONT'D)

(d) In the opinion of the Directors:

- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;
- (ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

### SUBSIDIARY COMPANIES

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

### AUDITORS' REMUNERATION

The details of auditors' remuneration are disclosed in Note 27 to the financial statements.

### AUDITORS

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

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 18 July 2019.

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CHOY SEN @ CHIN KIM SANG

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CHIN LEONG CHOY

KUALA LUMPUR

## STATEMENT BY DIRECTORS

### PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 62 to 160 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2019 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 18 July 2019.

\_\_\_\_\_  
CHOY SEN @ CHIN KIM SANG

\_\_\_\_\_  
CHIN LEONG CHOY

KUALA LUMPUR

## STATUTORY DECLARATION

### PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT, 2016

I, Yee Kon Sin (MIA Membership No: 5325), being the officer primarily responsible for the financial management of Minetech Resources Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 62 to 160 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the )  
abovenamed at Kuala Lumpur in the )  
Federal Territory on 18 July 2019 )

\_\_\_\_\_  
YEE KON SIN

Before me,

\_\_\_\_\_  
COMMISSIONER FOR OATHS

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MINETECH RESOURCES BERHAD

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Minetech Resources Berhad, which comprise the statements of financial position as at 31 March 2019 of the Group and of the Company, and the statements of profit and loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 62 to 160.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2019, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

### Basis for Opinion

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

### Independence and Other Ethical Responsibilities

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

### Key Audit Matters

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

#### Key Audit Matters

#### How we addressed the key audit matters

##### 1. Purchase price allocation for the acquisition of Bertam Capital Sdn. Bhd. and carrying amount of goodwill and intangible assets arising from purchase price allocation

In 31 March 2019, the Company completed the purchase price allocation exercise to determine the fair value of the net assets of Bertam Capital Sdn. Bhd..

MFRS 3 *Business Combinations* requires the Company to recognise the identifiable assets, liabilities and contingent liabilities at fair value at the date of acquisition, with the excess of the acquisition cost over the identified fair values recognised as goodwill.

This requires a significant amount of management estimation, particularly in relation to the identification and valuation of intangible assets and assignment of their useful lives. The intangible assets and goodwill recognised amounted to RM12.59 million and RM1.34 million respectively.

We have reviewed the valuation report prepared by the external specialists on the purchase price allocation.

Based on our review, we noted that the purchase price allocation has been performed in accordance with MFRS 3 *Business Combinations*, including the disclosures thereon, and that the intangible assets identified are appropriate and within a reasonable range of our audit expectations.

We also noted management's key assumptions applied in the purchase price allocation in arriving at the fair value of the assets acquired and liabilities assumed, including the fair valuation of identified intangible assets, to be within a reasonable range of our audit expectations.

## Independent Auditors' Report to the Members of Minetech Resources Berhad (Cont'd)

### Key Audit Matters (Cont'd)

Key Audit Matters	How we addressed the key audit matters
<p><b>2. Impairment of quarry development expenditure</b></p> <p>In accordance with <i>MFRS 136 Impairment of Assets</i>, the Directors are required to perform a review for impairment of non-financial assets at any time an indicator of impairment exists. We consider the carrying amount of quarry development expenditure and the risk over potential impairment to be a significant audit risk because of the inherent uncertainty involved in forecasting and discounting future cash flows, which are the basis of the assessment of recoverability.</p>	<p>We have assessed the methodology used by management to estimate the recoverable value of each cash-generating unit (CGU) to ensure that this is consistent with the accounting standards.</p> <p>We have assessed the reasonableness of each key assumption used in management's cash flow forecasts and the recoverable values calculation, in particular:</p> <ul style="list-style-type: none"> <li>• We have verified the reserves and resources quantities underpinning the quarry to the estimated reserves audited by the specialist engaged by the management.</li> <li>• We assessed the professional competence, objectivity and capabilities of the specialist engaged by management as required by auditing standards.</li> <li>• We assessed the reasonableness of the relevant production profiles by benchmarking to existing quarry production rates and considered the forecasted growth rates of each quarry site.</li> <li>• We evaluated the reasonableness of the estimated capital and operating costs by benchmarking to the historical and current quarry costing, growth rate and quarry production.</li> </ul>
<p><b>3. Impairment of trade receivables</b></p> <p>The Group has material credit exposures in its portfolio of trade receivables amounting to RM35.34 million as at 31 March 2019. Given the nature of these assets, the assessment of impairment involves significant estimation uncertainty, subjective assumptions and the application of significant judgement.</p>	<p>We have performed impairment assessments on trade receivables that were either in default or overdue as at 31 March 2019.</p> <p>We obtained and evaluated the Group's credit risk policy, and tested the processes used by management to assess credit exposures.</p> <p>We also examined the recoverability by checking those subsequent receipts. We also obtained confirmation from the counterparties for selected accounts.</p> <p>We have reviewed the appropriateness of the disclosures made in accordance with <i>MFRS 9 Financial Instruments</i>.</p>

# Independent Auditors' Report

## to the Members of Minetech Resources Berhad (Cont'd)

### Information Other Than the Financial Statements and Auditors' Report Thereon

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

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

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

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

### Responsibilities of Directors for the Financial Statements

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

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

### Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

## Independent Auditors' Report to the Members of Minetech Resources Berhad (Cont'd)

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

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

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosure in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

### Report on Other Legal and Regulatory Requirements

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

### Other Matters

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

**UHY**  
Firm Number: AF 1411  
Chartered Accountants

**LIM BEE PENG**  
Approved Number: 03307/06/2021 J  
Chartered Accountant

# STATEMENTS OF FINANCIAL POSITION

## AS AT 31 MARCH 2019

			Group		Company
	Note	2019 RM	2018 RM	2019 RM	2018 RM
<b>Non-Current Assets</b>					
Property, plant and equipment	4	47,529,779	51,082,531	800,097	1,372,176
Investment properties	5	11,071,545	11,074,908	-	-
Inventories	6	8,065,000	8,550,424	8,065,000	8,065,000
Quarry development expenditure	7	2,941,897	3,191,041	-	-
Investment in subsidiary companies	8	-	-	40,516,543	26,216,493
Investment in associates	9	-	-	-	-
Intangible assets	10	13,464,965	-	-	-
Other investments	11	64,464	-	-	-
Other receivables	12	615,600	-	-	-
		83,753,250	73,898,904	49,381,640	35,653,669
<b>Current Assets</b>					
Inventories	6	17,246,149	7,271,566	-	-
Contract assets	13	8,983,367	7,476,938	-	-
Trade receivables	14	35,340,349	27,316,372	-	-
Other receivables	12	12,908,058	21,888,396	349,037	401,361
Amount due from associates	15	21,879	148,516	-	-
Amount due from subsidiary companies	16	-	-	5,631,681	5,487,189
Tax recoverable		1,837,224	1,222,445	5,905	47,745
Other investments	11	839,208	1,527,125	3,322	21,948
Fixed deposits with licensed banks	17	11,196,610	4,063,559	-	-
Cash and bank balances		4,904,495	4,335,015	187,309	172,590
		93,277,339	75,249,932	6,177,254	6,130,833
<b>Total Assets</b>		177,030,589	149,148,836	55,558,894	41,784,502
<b>Equity</b>					
Share capital	18	132,526,862	110,526,862	132,526,862	110,526,862
Reserves	19	(56,555,270)	(40,962,331)	(82,551,823)	(75,010,338)
Treasury shares	20	(47,990)	(47,990)	(47,990)	(47,990)
Equity attributable to owners of the parent		75,923,602	69,516,541	49,927,049	35,468,534
Non-controlling interests		8,884,179	6,227,361	-	-
<b>Total Equity</b>		84,807,781	75,743,902	49,927,049	35,468,534

## Statements of Financial Position

### As At 31 March 2019 (Cont'd)

	Note	2019 RM	Group 2018 RM	2019 RM	Company 2018 RM
<b>Non-Current Liabilities</b>					
Loans and borrowings	21	16,434,411	19,516,473	61,361	196,763
Deferred tax liabilities	22	2,372,075	2,471,720	-	-
		18,806,486	21,988,193	61,361	196,763
<b>Current Liabilities</b>					
Contract liabilities	13	78,911	18,382	-	-
Trade payables	23	29,718,645	31,046,688	-	-
Other payables	24	24,371,698	8,707,745	2,441,679	2,479,811
Amount due to subsidiary companies	16	-	-	3,001,222	3,436,309
Loans and borrowings	21	18,598,497	10,903,881	127,583	203,085
Tax payable		648,571	740,045	-	-
		73,416,322	51,416,741	5,570,484	6,119,205
<b>Total Liabilities</b>		92,222,808	73,404,934	5,631,845	6,315,968
<b>Total Equity and Liabilities</b>		177,030,589	149,148,836	55,558,894	41,784,502

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

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Note	2019 RM	Group 2018 RM	2019 RM	Company 2018 RM
Revenue	25	135,007,274	121,127,553	780,000	-
Cost of sales		(124,900,707)	(114,568,991)	-	-
<b>Gross profit</b>		<b>10,106,567</b>	<b>6,558,562</b>	<b>780,000</b>	<b>-</b>
Other income		5,490,005	20,091,836	462,368	3,340,716
Administrative expenses		(20,710,061)	(22,613,541)	(6,181,969)	(11,598,989)
Selling and marketing expenses		(881,828)	(806,412)	-	-
Net loss on impairment of financial instruments		(3,467,653)	(7,072)	(2,564,258)	(800,130)
Finance costs	26	(2,889,444)	(2,094,370)	(17,907)	(60,103)
<b>(Loss)/Profit before tax</b>	<b>27</b>	<b>(12,352,414)</b>	<b>1,129,003</b>	<b>(7,521,766)</b>	<b>(9,118,506)</b>
Taxation	28	(1,943,029)	(2,531,418)	(19,719)	-
<b>Loss for the financial year</b>		<b>(14,295,443)</b>	<b>(1,402,415)</b>	<b>(7,541,485)</b>	<b>(9,118,506)</b>
<b>Other comprehensive income</b> <i>Items that are or may be reclassified subsequently to profit or loss</i>					
- Exchange translation differences for foreign operation		(38,790)	153,898	-	-
<b>Total comprehensive loss for the financial year</b>		<b>(14,334,233)</b>	<b>(1,248,517)</b>	<b>(7,541,485)</b>	<b>(9,118,506)</b>
<b>Loss for the financial year attributable to:</b>					
Owners of the parent		(15,072,844)	(2,924,600)	(7,541,485)	(9,118,506)
Non-controlling interests		777,401	1,522,185	-	-
		<b>(14,295,443)</b>	<b>(1,402,415)</b>	<b>(7,541,485)</b>	<b>(9,118,506)</b>
<b>Total comprehensive loss attributable to:</b>					
Owners of the parent		(15,111,634)	(2,770,702)	(7,541,485)	(9,118,506)
Non-controlling interests		777,401	1,522,185	-	-
		<b>(14,334,233)</b>	<b>(1,248,517)</b>	<b>(7,541,485)</b>	<b>(9,118,506)</b>
<b>Loss per share</b>	<b>29</b>				
Basic (sen)		(1.71)	(0.40)		
Diluted (sen)		(1.71)	(0.40)		

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

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## Statements of Changes in Equity

For the Financial Year Ended 31 March 2019 (Cont'd)

Note	Attributable to Owners of the Parent							
	Non-distributable				Non-controlling interests			
	Share capital RM	Treasury shares RM	Foreign currency translation reserve RM	Warrant reserve RM	Other reserve RM	Accumulated losses RM	Total RM	Total equity RM
<b>Group</b>								
At 1 April 2017	109,554,727	(47,990)	(44,371)	21,971,937	(21,971,937)	(38,147,258)	71,315,108	76,017,284
Loss for the financial year	-	-	-	-	-	(2,924,600)	(2,924,600)	(1,402,415)
Other comprehensive income for the financial year	-	-	153,898	-	-	-	153,898	153,898
Total comprehensive income/(loss) for the financial year	-	-	153,898	-	-	(2,924,600)	(2,770,702)	(1,248,517)
<b>Transactions with owners:</b>								
Issuance of ordinary shares	972,135	-	-	-	-	-	972,135	972,135
Acquisition of subsidiary companies	-	-	-	-	-	-	-	3,000
	972,135	-	-	-	-	-	972,135	975,135
At 31 March 2018	110,526,862	(47,990)	109,527	21,971,937	(21,971,937)	(41,071,858)	69,516,541	75,743,902

## Statements of Changes in Equity

### For the Financial Year Ended 31 March 2019 (Cont'd)

	Note	Non-distributable				Total equity RM
		Share capital RM	Treasury shares RM	Warrant reserve RM	Other reserve RM	
<b>Company</b>						
At 1 April 2018		110,526,862	(47,990)	21,971,937	(21,971,937)	(75,010,338)
35,468,534						
Loss for the financial year, representing total comprehensive loss for the financial year		-	-	-	-	(7,541,485)
<b>Transactions with owners:</b>						
Issuance of ordinary shares	18	22,000,000	-	-	-	22,000,000
		22,000,000	-	-	-	22,000,000
At 31 March 2019		132,526,862	(47,990)	21,971,937	(21,971,937)	(82,551,823)
						49,927,049
At 1 April 2017		109,554,727	(47,990)	21,971,937	(21,971,937)	(65,891,832)
						43,614,905
Loss for the financial year, representing total comprehensive loss for the financial year		-	-	-	-	(9,118,506)
<b>Transactions with owners:</b>						
Issuance of ordinary shares	18	972,135	-	-	-	972,135
At 31 March 2018		110,526,862	(47,990)	21,971,937	(21,971,937)	(75,010,338)
						35,468,534

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

## STATEMENTS OF CASH FLOWS

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
<b>Cash flows from operating activities</b>				
(Loss)/Profit before tax	(12,352,414)	1,129,003	(7,521,766)	(9,118,506)
Adjustments for:				
Amortisation of intangible assets	461,472	-	-	-
Amortisation of quarry development expenditure	1,280,140	1,132,629	-	-
Bad debts written off	6,418	1,326,199	-	-
Depreciation of investment properties	3,363	3,363	-	-
Depreciation of property, plant and equipment	7,751,081	8,168,555	438,416	422,857
Deposits written off	6,050	-	-	-
Impairment losses on:				
- other receivables	2,595,536	-	-	-
- trade receivables	872,117	55,932	-	-
- amount due from subsidiary companies	-	-	2,564,258	4,073,896
- property, plant and equipment	1,513,655	49,732	-	-
- goodwill on consolidation	652,747	1,517,193	-	-
Fair value adjustment on other receivables	14,604	-	-	-
Finance costs	2,847,061	2,039,317	16,706	54,495
Quarry development expenditure written off	478,839	-	-	-
Interest income	(299,584)	(333,249)	(3,814)	(65,346)
Inventories written down	313,930	450,763	-	-
Inventories written off	119,872	-	-	-
Gain on disposal of property, plant and equipment	(1,288,207)	(7,255,260)	(91,216)	-
Property, plant and equipment written off	576,044	30,083	114,879	-
Reversal of inventories written down	(40,918)	(936,201)	-	-
Reversal on impairment losses on trade receivables	-	(48,860)	-	-
Reversal on impairment losses on amount due from subsidiary companies	-	-	-	(3,273,766)
Unrealised loss on foreign exchange	38,277	135,561	-	121,059
<b>Operating profit/(loss) before working capital changes</b>	<b>5,550,083</b>	<b>7,464,760</b>	<b>(4,482,537)</b>	<b>(7,785,311)</b>

## Statements of Cash Flows

### For the Financial Year Ended 31 March 2019 (Cont'd)

		Group	Company		
Note	2019 RM	2018 RM	2019 RM	2018 RM	
Changes in working capital:					
Quarry development expenditure	(1,509,835)	(1,092,740)	-	-	
Inventories	(7,606,002)	1,280,713	-	-	
Trade receivables	(1,878,318)	(9,080,501)	-	-	
Other receivables	7,401,984	(16,385,273)	52,324	371,750	
Contract assets/Contract liabilities	(1,445,900)	(3,876,257)	-	-	
Trade payables	(1,328,043)	8,417,340	-	-	
Other payables	11,148,234	4,179,540	(38,132)	2,189,570	
Subsidiary companies	-	-	(1,133,992)	(262,734)	
	4,782,120	(16,557,178)	(1,119,800)	2,298,586	
Cash generated from/(used in) operations	10,332,203	(9,092,418)	(5,602,337)	(5,486,725)	
Interest received	299,584	333,249	3,814	65,346	
Interest paid	(2,847,061)	(2,039,317)	(16,706)	(54,495)	
Tax paid	(2,681,033)	(1,867,994)	22,121	(13,682)	
Tax refund	-	-	-	12,253	
	(5,228,510)	(3,574,062)	9,229	9,422	
Net cash from/(used in) operating activities	5,103,693	(12,666,480)	(5,593,108)	(5,477,303)	
Cash flows from investing activities					
Purchase of property, plant and equipment	4(c)	(1,008,266)	(3,400,152)	-	(724,557)
Purchase of inventories		-	(2,550,424)	-	(2,065,000)
Acquisition of subsidiary companies		-	-	-	(7,001)
Net cash inflows from acquisition of subsidiary companies	8(a)	1,335,899	3,000	-	-
Amount due from associates		126,637	85,992	-	-
Proceeds from disposal of property, plant and equipment		2,080,347	11,584,362	110,000	-
Proceed/(Acquisition) of disposal of other investments		687,917	(1,527,125)	508,731	(21,948)
Net cash from/(used in) investing activities		3,222,534	4,195,653	618,731	(2,818,506)

## Statements of Cash Flows

For the Financial Year Ended 31 March 2019 (Cont'd)

	Note	2019 RM	Group 2018 RM	2019 RM	Company 2018 RM
<b>Cash flows from financing activities</b>					
Increase in fixed deposits pledged		(7,132,776)	(920,730)	-	-
Repayment of term loans		(8,968,816)	(147,179)	-	-
Drawdown of term loans		-	4,000,000	-	-
Repayment of finance lease payables		(4,129,090)	(5,283,819)	(210,904)	(342,763)
Net changes on short-term borrowings		584,899	(864,794)	-	-
Proceeds from issuance of shares		5,200,000	972,135	5,200,000	972,135
Net cash (used in)/from financing activities		(14,445,783)	(2,244,387)	4,989,096	629,372
<b>Net (decrease)/increase in cash and cash equivalents</b>		(6,119,556)	(10,715,214)	14,719	
(7,666,437)					
<b>Effects of exchange translation differences on cash and cash equivalents</b>		(77,067)	18,337	-	-
<b>Cash and cash equivalents at the beginning of financial year</b>		1,997,818	12,694,695	172,590	7,839,027
<b>Cash and cash equivalents at the end of financial year</b>		(4,198,805)	1,997,818	187,309	172,590
<b>Cash and cash equivalents at the end of the financial year comprises:</b>					
Cash and bank balances		4,904,495	4,335,015	187,309	172,590
Fixed deposits with licensed banks		11,196,610	4,063,559	-	-
Bank overdrafts	21	(9,114,091)	(2,347,713)	-	-
		6,987,014	6,050,861	187,309	172,590
Less: Fixed deposits pledged to licensed banks	17	(11,185,819)	(4,053,043)	-	-
		(4,198,805)	1,997,818	187,309	172,590

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

# NOTES TO THE FINANCIAL STATEMENTS

## 31 MARCH 2019

### 1. CORPORATE INFORMATION

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

The principal place of business of the Company is located at D-G-5, Block D, Parklane Commercial Hub, No. 21, Jalan SS7/26, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan.

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

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

### 2. BASIS OF PREPARATION

#### (a) Statement of compliance

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

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

#### Adoption of new and amended standards

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

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)
MFRS 15	Revenue from Contracts with Customers
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to MFRS 4	Applying MFRS 9 <i>Financial Instruments</i> with MFRS 4 <i>Insurance Contracts</i>
Amendments to MFRS 15	Clarifications to MFRS 15
Amendments to MFRS 140	Transfers of Investment Property
Annual Improvements to MFRSs 2014 - 2016 Cycle:	
<ul style="list-style-type: none"> <li>Amendments to MFRS 1</li> <li>Amendments to MFRS 128</li> </ul>	

## Notes To The Financial Statements

31 March 2019 (Cont'd)

### 2. BASIS OF PREPARATION (CONT'D)

#### (a) Statement of compliance (cont'd)

##### Adoption of new and amended standards (cont'd)

The adoption of the new standards and amendments to standards did not have any significant impact on the financial statements of the Group and of the Company, except for:

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

The adoption of MFRS 9 resulted in changes in accounting policies and adjustments to the financial statements.

The accounting policies that relate to the recognition, classification, measurement and derecognition of financial instruments and impairment of financial assets are amended to comply with the provisions of this Standard, while the hedge accounting requirements under this Standard are not relevant to the Group and to the Company.

The Group and the Company applied MFRS 9 retrospectively, and have elected not to restate the comparative periods in the financial year of initial adoption as permitted under MFRS 9 transitional provision which continue to be reported under MFRS 139. The impact arising from MFRS 9 adoption were included in the opening retained earnings at the date of initial application, 1 April 2018.

#### (a) Classification of financial assets and liabilities

##### Financial assets

MFRS 9 contains three (3) principal classification categories for financial assets:

- (i) measured at amortised cost ("AC");
- (ii) fair value through other comprehensive income ("FVTOCI"); and
- (iii) fair value through profit or loss ("FVTPL").

The standard replaces the existing MFRS 139 *Financial Instruments: Recognition and Measurement* categories of loans and receivables, held-to-maturity and available-for-sale. Classification under MFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flows characteristics.

##### Financial liabilities

MFRS 9 largely retains the existing requirements in MFRS 139 for the classification of financial liabilities. There were no changes to the classification and measurement of financial liabilities to the Group and the Company.

#### (b) Impairment

MFRS 9 requires impairment assessments to be based on an Expected Credit Loss ("ECL") model, replacing the incurred loss model under MFRS 139. The Group and the Company require to record ECL on all of its debt instruments, loans and receivables, either on a 12-months or lifetime basis. The Group and the Company applied the simplified approach and record lifetime expected losses on all receivables. Based on readily information as at the date of this report, the Group and the Company do not expect any significant increase in impairment losses.

# Notes To The Financial Statements

31 March 2019 (Cont'd)

## 2. BASIS OF PREPARATION (CONT'D)

### (a) Statement of compliance (cont'd)

#### Adoption of new and amended standards (cont'd)

The adoption of the new standards and amendments to standards did not have any significant impact on the financial statements of the Group and of the Company, except for: (cont'd)

#### (i) MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014) (cont'd)

#### (c) Effect of changes in classification and measurement of financial assets on 1 April 2018

	As at 1.4.2018 RM	Remeasurement RM	MFRS 9 measurement category AC RM	FVTPL RM
<b>MFRS 139 measurement category</b>				
<b>Group</b>				
<b>Financial assets</b>				
<u>Loans and receivables</u>				
Trade receivables	27,316,372	(283,692)	27,032,680	-
Other receivables which are financial assets	18,919,600	-	18,919,600	-
Amount due from associates	148,516	-	148,516	-
Fixed deposits with licensed banks	4,063,559	-	4,063,559	-
Cash and bank balances	4,335,015	-	4,335,015	-
	54,783,062	(283,692)	54,499,370	-
<u>FVTPL</u>				
Other investments	1,527,125	-	-	1,527,125
<b>Company</b>				
<b>Financial assets</b>				
<u>Loans and receivables</u>				
Other receivables which are financial assets	316,701	-	316,701	-
Amount due from subsidiary companies	5,487,189	-	5,487,189	-
Cash and bank balances	172,590	-	172,590	-
	5,976,480	-	5,976,480	-
<u>FVTPL</u>				
Other investments	21,948	-	-	21,948

# Notes To The Financial Statements

31 March 2019 (Cont'd)

## 2. BASIS OF PREPARATION (CONT'D)

### (a) Statement of compliance (cont'd)

#### Adoption of new and amended standards (cont'd)

The adoption of the new standards and amendments to standards did not have any significant impact on the financial statements of the Group and of the Company, except for: (cont'd)

#### (i) MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014) (cont'd)

##### (d) Effect of impairment allowances on 1 April 2018

	Group RM
<b>Impairment losses on financial assets</b>	
Balance under MFRS 139 as at 31 March 2018	1,032,150
Impairment loss on trade receivables	283,692
Balance under MFRS 9 as at 1 April 2018	1,315,842

#### (ii) MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a five-step model that will apply to recognition of revenue arising from contracts with customers, and provide a more structured approach in measuring and recognising revenue. Revenue is recognised when a customer obtains control of a good or service, at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

With the adoption of MFRS 15, revenue is recognised by reference to each distinct performance obligation in the contract with customer. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

The Group and the Company adopted MFRS 15 using the modified retrospective method of adoption with the date of initial application of 1 April 2018. Under this method, MFRS 15 can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date.

The adoption of MFRS 15 has no material financial impact other than the disclosures made in the financial statements.

# Notes To The Financial Statements

31 March 2019 (Cont'd)

## 2. BASIS OF PREPARATION (CONT'D)

### (a) Statement of compliance (cont'd)

#### Adoption of new and amended standards (cont'd)

There is no significant impact arising from adoption of MFRS 9 and MFRS 15 on the Group's and the Company's financial statements except as below:

#### Statements of Financial Position

	As at 31.3.2018 RM	MFRS 9 adjustments RM	MFRS 15 adjustments RM	As at 1.4.2018 RM
<b>Group</b>				
<b>Current assets</b>				
Trade receivables	27,316,372	(283,692)	-	27,032,680
Amount due from customers for contract works	7,476,938	-	(7,476,938)	- *
Contract assets	-	-	7,476,938	7,476,938 *
	34,793,310	(283,692)	-	34,509,618
<b>Equity</b>				
Accumulated losses	(41,071,858)	(283,692)	-	(41,355,550)
<b>Current liabilities</b>				
Amount due to customers for contract works	18,382	-	(18,382)	- *
Contract liabilities	-	-	18,382	18,382 *
	18,382	-	-	18,382

#### Statements of Profit or Loss and Other Comprehensive Income

	As at 31.3.2018 RM	MFRS 9 adjustments RM	As at 1.4.2018 RM
<b>Group</b>			
Net loss on impairment on financial instruments	-	(7,072)	(7,072)
Administrative expenses	22,620,613	7,072	22,613,541
<b>Company</b>			
Net loss on impairment on financial instruments	-	(800,130)	(800,130)
Administrative expenses	12,399,119	800,130	11,598,989

\* The comparative have been reclassified to conform with current year presentation.

# Notes To The Financial Statements

31 March 2019 (Cont'd)

## 2. BASIS OF PREPARATION (CONT'D)

### (a) Statement of compliance (cont'd)

#### Standards issued but not yet effective

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

		Effective dates for financial periods beginning on or after
MFRS 16	Leases	1 January 2019
IC Interpretation 23	Uncertainty Over Income Tax Treatments	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to MFRSs 2015 - 2017 Cycle:		
• Amendments to MFRS 3		1 January 2019
• Amendments to MFRS 11		1 January 2019
• Amendments to MFRS 112		1 January 2019
• Amendments to MFRS 123		1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards		1 January 2020
Amendments to MFRS 3	Definition of a Business	1 January 2020
Amendments to MFRS 101 and MFRS 108	Definition of Material	1 January 2020
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above new standards and amendments to standards, if applicable, when they become effective.

## Notes To The Financial Statements

31 March 2019 (Cont'd)

### 2. BASIS OF PREPARATION (CONT'D)

#### (a) Statement of compliance (cont'd)

##### Standards issued but not yet effective (cont'd)

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

##### MFRS 16 Leases

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

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

The impact of the new standards and amendments to standards on the financial statements of the Group and of the Company are currently being assessed by management.

#### (b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest RM except when otherwise stated.

#### (c) Significant accounting judgements, estimates and assumptions

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

# Notes To The Financial Statements

31 March 2019 (Cont'd)

## 2. BASIS OF PREPARATION (CONT'D)

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

#### Judgements

The following are the 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:

#### Satisfaction of performance obligations in relation to contracts with customers

The Group is required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. This assessment was made based on the terms and conditions of the contracts, and the provisions of relevant laws and regulations:

The Group recognises revenue over time in the following circumstances:

- (a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- (b) the Group does not create an asset with an alternative use to the Group and has an enforceable right to payment for performance completed to date; and
- (c) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point in time, the Group assesses each contract with customers to determine when the performance obligation of the Group under the contract is satisfied.

#### Key sources of estimation uncertainty

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

#### Useful lives of property, plant and equipment and investment properties

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

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

# Notes To The Financial Statements

31 March 2019 (Cont'd)

## 2. BASIS OF PREPARATION (CONT'D)

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

#### Key sources of estimation uncertainty (cont'd)

##### Impairment of property, plant and equipment and quarry development expenditure

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

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

##### Inventories valuation

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

##### Determination of transactions prices

The Group is required to determine the transaction price in respect of each of its contracts with customers by making such judgement the Group assessed the impact of any variable consideration in the contract, due to discounts or penalties, the existence of any significant financing component and any non-cash consideration in the contract.

There is no estimation required in determining the transaction price, as revenue from sale of goods and services are based on invoiced values. Discounts are not considered as they are only given in rare circumstances.

##### Impairment of goodwill on consolidation

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

##### Impairment of receivables

The Group reviews the recoverability of its receivables include trade and other receivables and amount due from associates and subsidiary companies at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables are based on assumptions about risk of default and expected loss rates. The customer's credit worthiness is evaluated by reviewing, amongst others, the Group's historical collection experience.

The carrying amounts at the reporting date for trade receivables is disclosed in Notes 12, 14, 15, and 16 respectively.

# Notes To The Financial Statements

31 March 2019 (Cont'd)

## 2. BASIS OF PREPARATION (CONT'D)

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

#### Key sources of estimation uncertainty (cont'd)

##### Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of recognised and unrecognised deferred tax assets are disclosed in Note 22.

##### Revenue from construction contracts

Construction revenue and costs are recognised over the period of the contract in the profit or loss by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of performance obligation is measured based on the physical proportion of contract work-to-date certified by professional consultants. Significant judgement is required in determining the progress based on the certified work-to-date corroborated by the level of completion of the construction based on actual costs incurred to-date over the estimated total construction costs. The total estimated construction costs are based on approved budgets, which require assessments and judgments to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, the Group evaluates based on past experience, the work of specialists and a continuous monitoring mechanism.

The contract assets and contrast liabilities of the Group arising from construction contracts are disclosed in Note 13.

##### Revenue from property development contracts

Revenue is recognised when the control of the asset is transferred to the customers and, depending on the terms of the contract and the applicable laws governing the contract, control of the asset may transfer over time or at a point in time.

If control of the asset transfers over time, the Group recognises property development revenue and costs over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation at the reporting date. This is measure based on the proportion of property development costs incurred for work performed up to the end of the reporting period as a percentage of the estimated total property development costs of the contract.

Significant judgement are used to estimate these total property development costs to complete the contracts. In making these estimates, management relies on past experience, the work of specialists and a continuous monitoring mechanism.

The contract liabilities of the Group arising from property development activities are disclosed in Note 13.

## Notes To The Financial Statements

31 March 2019 (Cont'd)

### 2. BASIS OF PREPARATION (CONT'D)

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

##### Key sources of estimation uncertainty (cont'd)

###### Income taxes

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

The Group recognises liabilities for tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these tax matters is different from the amounts that were initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made. As at 31 March 2019, the Group and the Company have tax recoverable of RM1,837,224 (2018: RM1,222,445) and RM5,905 (2018: RM47,745) respectively and tax payable of RM648,571 (2018: RM740,045) and RMNil (2018: RMNil) respectively.

###### Contingent liabilities

Determination of the treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting legal counsel for litigation cases and internal and external experts to the Group for matters in the ordinary course of business. Details of contingent liabilities are disclosed in Note 31.

###### Fair value of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the Note 35(c) regarding financial assets and liabilities. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

### 3. SIGNIFICANT ACCOUNTING POLICIES

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

#### (a) Basis of consolidation

##### (i) Subsidiary companies

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

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

## Notes To The Financial Statements

31 March 2019 (Cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (a) Basis of consolidation (cont'd)

##### (i) Subsidiary companies (cont'd)

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

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

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 *Financial Instruments* is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

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

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

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

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

##### (iii) Disposal of subsidiary companies

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

## Notes To The Financial Statements

31 March 2019 (Cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (a) Basis of consolidation (cont'd)

##### (iv) Goodwill on consolidation

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

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

#### (b) Investment in associates

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

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

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

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

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

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

## Notes To The Financial Statements

31 March 2019 (Cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (b) Investment in associates (cont'd)

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

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

#### (c) Foreign currency translation

##### (i) Foreign currency translations and balances

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

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

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

##### (ii) Foreign operations

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

## Notes To The Financial Statements

31 March 2019 (Cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (c) Foreign currency translation (cont'd)

##### (ii) Foreign operations (cont'd)

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

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

#### (d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(p)(i) on impairment on non-financial assets.

##### (i) Recognition and measurement

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

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

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

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

## Notes To The Financial Statements

31 March 2019 (Cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

##### (ii) Subsequent costs

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

##### (iii) Depreciation

Depreciation is recognised in the profit or loss on straight-line basis to write off the cost of each asset to its residual value over its estimated useful life. Freehold land is not depreciated. Leased assets are depreciated over the shorter of the lease term and their useful lives.

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

Buildings and improvements	50 - 99 years
Plant and machinery	4 - 10 years
Motor vehicles	5 years
Furniture, fittings and office equipment	5 - 10 years
Renovation	10 years
Workshop cum site office	22 - 50 years

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

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

#### (e) Leases

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

##### As lessee

##### (i) Finance lease

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

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

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

## Notes To The Financial Statements

31 March 2019 (Cont'd)

### 3. Significant Accounting Policies (cont'd)

#### (e) Leases (cont'd)

##### As lessee (cont'd)

##### (ii) Operating lease

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

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

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

##### As lessor

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

#### (f) Investment properties

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

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

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

Leasehold buildings	Over the remaining period of the lease
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The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

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

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

## Notes To The Financial Statements

31 March 2019 (Cont'd)

### 3. Significant Accounting Policies (cont'd)

#### (f) Investment properties (cont'd)

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

#### (g) Quarry development expenditure

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

#### (h) Financial assets

##### *Policy applicable from 1 April 2018*

##### Recognition and initial measurement

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

At initial recognition, the Group or the Company measures a financial asset at its fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance of the financial instruments. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

##### Financial instrument categories and subsequent measurement

The Group and the Company determine the classification of financial assets at initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

For purposes of subsequent measurement, financial assets are classified into the following categories:

## Notes To The Financial Statements

31 March 2019 (Cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (h) Financial assets (cont'd)

##### *Policy applicable from 1 April 2018 (cont'd)*

##### Financial instrument categories and subsequent measurement (cont'd)

#### (a) Financial assets at amortised cost

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Any gain and loss on derecognition is recognised in profit or loss.

The Group's and the Company's financial assets at amortised cost include trade and other receivables, amount due from subsidiary companies and associates, fixed deposits with licensed banks and cash and bank balances.

#### (b) Financial assets at fair value through profit or loss

All financial assets not classified as measured at amortised cost or FVTOCI are measured at FVTPL. This includes derivative financial assets (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as FVTPL are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income are recognised in the profit or loss.

#### (c) Financial assets at fair value through other comprehensive income

The Group and the Company have not designated any financial assets at FVTOCI.

All financial assets, except for those measured at FVTPL and equity investments measured at FVTOCI, are subject to impairment assessment as disclosed in Note 3(p)(ii).

##### Regular way purchase or sale of financial assets

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

## Notes To The Financial Statements

31 March 2019 (Cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (h) Financial assets (cont'd)

##### *Policy applicable from 1 April 2018 (cont'd)*

##### Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to receive cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial assets and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

##### *Policy applicable before 1 April 2018*

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

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

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

#### (i) Loans and receivables

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

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

#### (ii) Financial assets at fair value through profit or loss

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

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

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

## Notes To The Financial Statements

31 March 2019 (Cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (h) Financial assets (cont'd)

##### *Policy applicable before 1 April 2018 (cont'd)*

#### (ii) Financial assets at fair value through profit or loss (cont'd)

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

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

#### (i) Financial liabilities

##### *Policy applicable from 1 April 2018*

##### Recognition and initial measurement

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

At initial recognition, the Group or the Company measures a financial liability at its fair value and, in the case of at amortised cost, net of directly attributable transaction costs.

The Group's and the Company's financial liabilities include trade and other payables, amount due to subsidiary companies and loans and borrowings.

##### Financial instrument categories and subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

#### (a) Financial liabilities at amortised costs

Financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

The Group and the Company's financial liabilities designated as amortised cost comprise trade and other payables, amount due to subsidiary companies and loans and borrowings.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

#### (b) Financial liabilities at fair value through profit or loss

The Group and the Company have not designated any financial liabilities at FVTPL.

## Notes To The Financial Statements

31 March 2019 (Cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (i) Financial liabilities (cont'd)

##### *Policy applicable from 1 April 2018 (cont'd)*

##### Derecognition

A financial liability or part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

##### *Policy applicable before 1 April 2018*

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

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

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

#### (i) Financial liabilities measured at amortised costs

The Group's financial liabilities comprise trade and other payables and loans and borrowings.

The Company's financial liabilities comprise of other payables, amount due to subsidiary companies and loans and borrowings.

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

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

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

#### (ii) Financial guarantee contracts

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

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

# Notes To The Financial Statements

31 March 2019 (Cont'd)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (i) Financial liabilities (cont'd)

*Policy applicable before 1 April 2018 (cont'd)*

### (ii) Financial guarantee contracts (cont'd)

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

### (j) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs when the guaranteed debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of:

- (i) the best estimate of the expenditure required to settle the present obligation at the reporting date; and
- (ii) the amount initially recognised less cumulative amortisation.

Liabilities arising from financial guarantees are presented together with other provisions.

### (k) Offsetting of financial instruments

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

### (l) Inventories

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

### (i) Land held for property development

Land held for property development consists of purchase price of land, professional fees, stamp duties, commissions, conversion fees, other relevant levies and direct development cost incurred in preparing the land for development.

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

## Notes To The Financial Statements

31 March 2019 (Cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (l) Inventories (cont'd)

##### (i) Land held for property development (cont'd)

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

Land held for property development is transferred to property development costs under current assets when development activities have commenced and are expected to be completed within the normal operating cycle.

##### (ii) Property development costs

Cost is determined based on specific identification basis. Property development costs comprise costs of land, professional fees, direct materials, direct labour, other direct costs, attributable overhead, payments to subcontractors and borrowing costs capitalised for qualifying assets that incurred during the development period. The asset is subsequently recognised as an expenses in profit or loss when and as the control of the asset is transferred to the customer.

Property development costs attributable to unsold properties, upon completion, are transferred to completed properties held for sale.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable selling expenses.

##### (iii) Other inventories

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

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

#### (m) Construction contracts

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

Cost incurred to fulfil the contracts, comprising cost of direct materials, direct labour, other direct costs, attributable overheads and payments to subcontractors are recognised as an asset and amortised over to profit or loss systematically to reflect the transfer of the contracted service to the customer.

The Group uses the efforts or inputs to the satisfaction of the performance obligations to determine the appropriate amount to recognise in a given period. This is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the financial year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature. When the carrying amount of the asset exceeds the remaining amount of consideration that the Group expects to receive in exchange of the contracted asset, an impairment loss is recognised in profit or loss.

## Notes To The Financial Statements

31 March 2019 (Cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (m) Construction contracts (cont'd)

The Group presents as an asset the gross amount due from customers for contract work-in-progress for which costs incurred plus recognised profits (less recognised losses) exceed contract liabilities. Contract liabilities not yet paid by customers and retention monies are included within receivables and contract assets. The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which contract liabilities exceed cost incurred plus recognised profits (less recognised losses).

#### (n) Intangible assets

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair values at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

See accounting policy Note 3(p)(i) on impairment of non-financial assets for intangible assets.

#### (o) Cash and cash equivalents

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

#### (p) Impairment of assets

##### (i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

## Notes To The Financial Statements

31 March 2019 (Cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (p) Impairment of assets (cont'd)

##### (i) Non-financial assets (cont'd)

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

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

##### (ii) Financial assets

##### *Policy applicable from 1 April 2018*

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months ("a 12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default ("a lifetime ECL").

For trade receivables, other receivables and inter-company balances, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience to the debtors and the economic environment.

##### *Policy applicable before 1 April 2018*

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

## Notes To The Financial Statements

31 March 2019 (Cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (p) Impairment of assets (cont'd)

##### (ii) Financial assets (cont'd)

##### *Policy applicable before 1 April 2018 (cont'd)*

##### Financial assets carried at amortised cost

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

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

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

#### (q) Share capital

##### (i) Ordinary shares

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

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

##### (ii) Treasury shares

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

# Notes To The Financial Statements

31 March 2019 (Cont'd)

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (q) Share capital (cont'd)

#### (ii) Treasury shares (cont'd)

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

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

### (r) Contingencies

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

### (s) Employee benefits

#### (i) Short-term employee benefits

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

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

#### (ii) Defined contribution plans

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

### (t) Borrowing costs

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

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

## Notes To The Financial Statements

31 March 2019 (Cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (t) Borrowing costs (cont'd)

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

#### (u) Revenue

Revenue is recognised when the Group satisfied a performance obligation ("PO") by transferring a promised good or services to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

##### (i) Revenue from contracts with customers

The Group recognises revenue from the following major sources:

##### (a) Turnkey quarry services

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

##### (b) Sales of goods

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

##### (c) Revenue from construction contracts

The Group recognises revenue from construction contracts over time when control over the asset has been transferred to the customers. The assets have no alternative use to the Group due to contractual restriction and the Group has an enforceable right to payment for performance completed to date. Revenue from construction contracts is measured at the transaction price agreed under the construction contracts.

Revenue is recognised over the period of the contract using the output method to measure the progress towards complete satisfaction of the performance obligations under the construction contract, i.e. based on the level of completion of the physical proportion of contract work to date, certified by professional consultants.

##### (d) Revenue from property development

The Group recognises revenue from property development over time when control over the property has been transferred to the customers. The properties have no alternative use to the Group due to contractual restriction and the Group has an enforceable right to payment for performance completed to date. Revenue from property development is measured at the fixed transaction price agreed under the sales and purchase agreement.

Revenue is recognised over the period of the contract using input method to measure the progress towards complete satisfaction of the performance obligations under the sale and purchase agreement, i.e. based on the proportion of property development costs incurred for work performed up to the end of the reporting period as a percentage of the estimated total costs of development of the contract.

## Notes To The Financial Statements

31 March 2019 (Cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### (u) Revenue (cont'd)

##### (i) Revenue from contracts with customers (cont'd)

##### (e) Revenue from management fee

Revenue from management fee is recognised on the accrual basis when services are rendered, unless collectability is in doubt.

##### (ii) Interest income

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

##### (iii) Rental income

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

#### (v) Income taxes

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

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

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

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

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

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

#### (w) Segments reporting

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

## Notes To The Financial Statements

31 March 2019 (Cont'd)

## 4. PROPERTY, PLANT AND EQUIPMENT

	Freehold land RM	Leasehold land RM	Buildings and improvements RM	Plant and machinery RM	Motor vehicles RM	Furniture fittings, office equipment and renovation RM	Workshop cum site office RM	Total RM
<b>Group 2019</b>								
<b>Cost</b>								
At 1 April 2018	1,793,698	7,468,736	11,372,055	75,307,485	6,090,733	3,261,879	162,934	105,457,520
Additions	-	-	-	1,132,532	416,069	68,935	-	1,617,536
Arising from acquisition of a subsidiary company	-	-	-	4,113,958	972,958	207,238	168,478	5,462,632
Disposals	-	-	-	(5,660,093)	(1,536,517)	-	-	(7,196,610)
Written off	-	-	-	-	(108,850)	(653,362)	(83,712)	(845,924)
At 31 March 2019	1,793,698	7,468,736	11,372,055	74,893,882	5,834,393	2,884,690	247,700	104,495,154
<b>Accumulated depreciation</b>								
At 1 April 2018	-	-	905,027	47,415,267	4,169,929	1,313,162	65,637	53,869,022
Charge for the financial year	-	83,217	138,727	5,600,557	1,530,616	372,110	25,854	7,751,081
Disposals	-	-	-	(4,560,826)	(1,400,160)	-	-	(5,960,986)
Written off	-	-	-	-	(19,956)	(209,483)	(40,441)	(269,880)
At 31 March 2019	-	83,217	1,043,754	48,454,998	4,280,429	1,475,789	51,050	55,389,237
<b>Accumulated impairment losses</b>								
At 1 April 2018	-	-	-	450,378	9,934	-	45,655	505,967
Charge for the financial year	-	-	-	1,496,610	-	17,045	-	1,513,655
Disposals	-	-	-	(433,550)	(9,934)	-	-	(443,484)
At 31 March 2019	-	-	-	1,513,438	-	17,045	45,655	1,576,138
<b>Carrying amount</b>								
At 31 March 2019	1,793,698	7,385,519	10,328,301	24,925,446	1,553,964	1,391,856	150,995	47,529,779

## Notes To The Financial Statements

31 March 2019 (Cont'd)

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

	Freehold land RM	Leasehold land RM	Buildings and improvements RM	Plant and machinery RM	Motor vehicles RM	Furniture fittings, office equipment and renovation RM	Workshop cum site office RM	Total RM
<b>Group 2018</b>								
<b>Cost</b>								
At 1 April 2017	1,793,698	-	11,917,276	104,763,002	7,109,905	1,781,978	172,234	127,538,093
Additions	-	-	-	8,951,472	151,315	1,024,462	-	10,127,249
Disposals	-	-	-	(38,416,289)	(1,170,487)	(16,077)	-	(39,602,853)
Written off	-	-	(41,483)	-	-	(32,222)	-	(73,705)
Reclassified from inventories	-	7,468,736	-	-	-	-	-	7,468,736
Reclassification	-	-	(503,738)	9,300	-	503,738	(9,300)	-
At 31 March 2018	1,793,698	7,468,736	11,372,055	75,307,485	6,090,733	3,261,879	162,934	105,457,520
<b>Accumulated depreciation</b>								
At 1 April 2017	-	-	1,198,542	74,273,889	4,194,163	591,575	59,721	80,317,890
Charge for the financial year	-	-	139,979	6,672,873	996,720	347,524	11,459	8,168,555
Disposals	-	-	-	(33,538,038)	(1,019,954)	(15,809)	-	(34,573,801)
Written off	-	-	(11,400)	-	-	(32,222)	-	(43,622)
Reclassification	-	-	(422,094)	6,543	(1,000)	422,094	(5,543)	-
At 31 March 2018	-	-	905,027	47,415,267	4,169,929	1,313,162	65,637	53,869,022
<b>Accumulated impairment losses</b>								
At 1 April 2017	-	-	-	1,146,251	9,934	-	-	1,156,185
Charge for the financial year	-	-	-	4,077	-	-	45,655	49,732
Disposals	-	-	-	(699,950)	-	-	-	(699,950)
At 31 March 2018	-	-	-	450,378	9,934	-	45,655	505,967
<b>Carrying amount</b>								
At 31 March 2018	1,793,698	7,468,736	10,467,028	27,441,840	1,910,870	1,948,717	51,642	51,082,531

# Notes To The Financial Statements

31 March 2019 (Cont'd)

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

	Motor vehicles RM	Furniture fittings and office equipment RM	Renovation RM	Total RM
<b>Company</b>				
<b>2019</b>				
<b>Cost</b>				
At 1 April 2018	1,134,654	1,394,852	136,490	2,665,996
Disposals	(225,400)	-	-	(225,400)
Written off	-	-	(136,490)	(136,490)
At 31 March 2019	909,254	1,394,852	-	2,304,106
<b>Accumulated depreciation</b>				
At 1 April 2018	708,425	577,433	7,962	1,293,820
Charge for the financial year	211,904	212,863	13,649	438,416
Disposals	(206,616)	-	-	(206,616)
Written off	-	-	(21,611)	(21,611)
At 31 March 2019	713,713	790,296	-	1,504,009
<b>Carrying amount</b>				
At 31 March 2019	195,541	604,556	-	800,097
<b>2018</b>				
<b>Cost</b>				
At 1 April 2017	1,134,654	806,785	-	1,941,439
Additions	-	588,067	136,490	724,557
At 31 March 2018	1,134,654	1,394,852	136,490	2,665,996
<b>Accumulated depreciation</b>				
At 1 April 2017	481,494	389,469	-	870,963
Charge for the financial year	226,931	187,964	7,962	422,857
At 31 March 2018	708,425	577,433	7,962	1,293,820
<b>Carrying amount</b>				
At 31 March 2018	426,229	817,419	128,528	1,372,176

## Notes To The Financial Statements

31 March 2019 (Cont'd)

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

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

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Motor vehicles	1,615,831	1,916,105	195,541	426,229
Plant and machinery	17,228,060	19,247,952	-	-
	18,843,891	21,164,057	195,541	426,229

Leased assets are pledged as security for the related finance lease liabilities as disclosed in Note 21(b).

- (b) The carrying amount of property, plant and equipment of the Group pledged as securities to licensed banks for credit facilities granted as disclosed in Note 21(a)(i) are as follows:

	Group	
	2019 RM	2018 RM
Freehold land	1,793,698	1,793,698
Buildings and improvements	9,315,365	9,440,593
	11,109,063	11,234,291

- (c) The aggregate additional cost for the property, plant and equipment of the Group and of the Company during the financial year acquired under finance lease financing and cash payments are as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Aggregate costs	1,617,536	10,127,249	-	724,557
Less: Finance lease financing	(609,270)	(6,727,097)	-	-
Cash payments	1,008,266	3,400,152	-	724,557

- (d) During the financial year, the Group has assessed the recoverable amount of related product line. The Group tested the related product line for impairment and recognised an impairment loss of RM1,513,655 (2018: RM49,732) with respect to the condition of plant and machinery.

## Notes To The Financial Statements

### 31 March 2019 (Cont'd)

#### 5. INVESTMENT PROPERTIES

	2019 RM	Group 2018 RM
<b>Cost</b>		
At 1 April	11,141,329	1,711,329
Reclassified from inventories	-	9,430,000
At 31 March	11,141,329	11,141,329
<b>Accumulated depreciation</b>		
At 1 April	66,421	63,058
Charge for the financial year	3,363	3,363
At 31 March	69,784	66,421
<b>Carrying amount</b>		
At 31 March	11,071,545	11,074,908
<b>Fair value</b>		
At 31 March	12,310,398	13,170,000

(a) Investment properties under leases

Investment properties comprise leasehold commercial offices that are leased to third parties. The remaining lease period for the said properties range from 77 to 82 years (2018: 78 to 83 years).

(b) Fair value basis of investment properties

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

There were no transfers between levels during current and previous financial year.

(c) Income and expenses recognised in profit or loss

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

	2019 RM	Group 2018 RM
Rental income	110,200	90,300
Direct operating expenses		
- income generating investment properties	103,473	24,674

## Notes To The Financial Statements

31 March 2019 (Cont'd)

### 6. INVENTORIES

	Note	2019 RM	Group 2018 RM	2019 RM	Group 2018 RM
<b>Non-current</b>					
Land held for development	(a)	8,065,000	8,550,424	8,065,000	8,065,000
<b>Current</b>					
Property development costs	(b)	5,037,916	-	-	-
Others inventories	(c)	12,208,233	7,271,566	-	-
		17,246,149	7,271,566	-	-
		25,311,149	15,821,990	8,065,000	8,065,000

(a) Land held for development

	2019 RM	Group 2018 RM	2019 RM	Group 2018 RM
<b>Non-current</b>				
<b>Land held for development</b>				
At 1 April	8,550,424	22,898,736	8,065,000	6,000,000
Additions	-	2,550,424	-	2,065,000
Transfer to property development costs	(485,424)	-	-	-
Reclassified to property, plant and equipment	-	(7,468,736)	-	-
Reclassified to investment properties	-	(9,430,000)	-	-
	8,065,000	8,550,424	8,065,000	8,065,000

## Notes To The Financial Statements

### 31 March 2019 (Cont'd)

#### 6. INVENTORIES (CONT'D)

##### (b) Property development costs

	2019 RM	Group 2018 RM
<b>Current</b>		
<b>Property development costs</b>		
At 1 April	-	-
Additions	6,071,122	-
Transfer from land held for development	485,424	-
At 31 March	6,556,546	-
<b>Cost recognised in profit or loss</b>		
At 1 April	-	-
Additions	1,518,630	-
At 31 March	1,518,630	-
<b>Carrying amount</b>		
At 31 March	5,037,916	-

##### (c) Others inventories

	2019 RM	Group 2018 RM
Raw materials and packaging materials	1,509,250	1,213,530
Spare parts and consumables	829,647	379,357
Quarry and bituminous products	9,869,336	5,678,679
	12,208,233	7,271,566
<b>Recognised in profit or loss:</b>		
Inventories recognised in cost of sales	15,910,087	33,051,590
Inventories written down	313,930	450,763
Inventories written off	119,872	-
Reversal of inventories written down	(40,918)	(936,201)

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

## Notes To The Financial Statements

31 March 2019 (Cont'd)

### 7. QUARRY DEVELOPMENT EXPENDITURE

	2019 RM	Group 2018 RM
<b>Cost</b>		
At 1 April	15,463,679	18,162,977
Additions	1,509,835	1,092,740
Written off	(478,839)	(3,792,038)
At 31 March	16,494,675	15,463,679
<b>Accumulated amortisation</b>		
At 1 April	4,131,343	6,170,288
Charge for the financial year	1,280,140	1,132,629
Written off	-	(3,171,574)
At 31 March	5,411,483	4,131,343
<b>Accumulated impairment losses</b>		
At 1 April	8,141,295	8,761,759
Written off	-	(620,464)
At 31 March	8,141,295	8,141,295
<b>Carrying amount</b>		
At 31 March	2,941,897	3,191,041

### 8. INVESTMENT IN SUBSIDIARY COMPANIES

	2019 RM	Company 2018 RM
<b>Unquoted shares, at cost</b>		
In Malaysia	81,193,972	66,893,922
Outside Malaysia	2	2
	81,193,974	66,893,924
Less: Accumulated impairment losses	(40,677,431)	(40,677,431)
	40,516,543	26,216,493

## Notes To The Financial Statements

31 March 2019 (Cont'd)

### 8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

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

	2019 RM	Company 2018 RM
At 1 April/ 31 March	40,677,431	40,677,431

Details of the subsidiary companies are as follows:

Name of company	Place of business /Country of incorporation	Effective interest (%)		Principal activities
		2019	2018	
<b>Direct holding:</b>				
K.S. Chin Minerals Sdn. Bhd. ("KSCM")	Malaysia	100	100	Provision of turnkey and specialised quarry services and rental of machinery
Minetech Construction Sdn. Bhd. ("MCSB")	Malaysia	100	100	Provision of specialised civil engineering services and rental of machinery
Minetech Premix Sdn. Bhd. ("MPSB")	Malaysia	100	100	Manufacturing and trading of premix products
Minetech Industries Sdn. Bhd. ("MISB")	Malaysia	100	100	Trading of industrial machinery spare parts
Diman KS Chin Sdn. Bhd. ("DKSCSB")	Malaysia	100	100	Inactive
Minetech Realty Sdn. Bhd. ("MRSB")	Malaysia	100	100	Property investment
Minetech Quarries Singapore Pte. Ltd. ("MQS")*	Singapore	100	100	Inactive
Minetech Asphalt Man International Sdn. Bhd. ("MAMI")	Malaysia	85	85	Manufacturing and trading of bituminous products
Minetech Heavy Machineries Sdn. Bhd. ("MHMSB")	Malaysia	100	51	Inactive
MRB Land Sdn. Bhd. ("MLSB")	Malaysia	-	100	Property development
Harapan Iringan Sdn. Bhd. ("HISB")	Malaysia	100	100	Property investment holding

## Notes To The Financial Statements

31 March 2019 (Cont'd)

### 8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Details of the subsidiary companies are as follows: (Cont'd)

Name of company	Place of business /Country of incorporation	Effective interest (%)		Principal activities
		2019	2018	
Medium Visa Sdn. Bhd. ("MVSB")	Malaysia	100	100	Investment holding
MRB FTZ Development Sdn. Bhd. ("MFDSB")	Malaysia	100	100	Property development
Coral Power Sdn. Bhd.	Malaysia	70	70	Solar Farm Operator
Bertam Capital Sdn. Bhd. ("BCSB")	Malaysia	60	-	Quarry operator
MRB Property Sdn. Bhd. ("MRBP")	Malaysia	100	-	Investment holding, wholesale of construction and civil engineering machinery and equipment
<b>Subsidiary companies of KSCM:</b>				
Minetech Quarries Sdn. Bhd. ("MQSB")	Malaysia	100	100	Inactive
Gebeng Quarry Sdn. Bhd. ("GQSB")	Malaysia	51	51	Production, sales and marketing of quarry products
<b>Subsidiary companies of MQSB:</b>				
Optimis Dinamik Sdn. Bhd. ("ODSB")	Malaysia	100	100	Inactive
Minetech Pavement Technologies Sdn. Bhd. ("MPTSB")	Malaysia	100	100	Inactive
Minetech Bidor Quarry Sdn. Bhd. ("MBQSB")	Malaysia	100	100	Production, sales and marketing of quarry products

# Notes To The Financial Statements

31 March 2019 (Cont'd)

## 8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Details of the subsidiary companies are as follows: (Cont'd)

Name of company	Place of business /Country of incorporation	Effective interest (%)		Principal activities
		2019	2018	
Subsidiary companies of MLSB:				
Integral Housing Development Sdn. Bhd. (“IHDSB”)	Malaysia	-	100	Dormant
MRB Property Sdn. Bhd. (“MRBP”)	Malaysia	-	100	Dormant
Konsep Khas Sdn. Bhd. (“KKSB”)	Malaysia	-	100	Dormant
Subsidiary company of MPSB:				
Minetech Quarries Sabah Sdn. Bhd. (“MQSSB”)	Malaysia	100	100	Inactive
Subsidiary company of MPTSB:				
Minetech PQ Sdn. Bhd. (“MPQSB”)	Malaysia	51	51	Production, sales and marketing of quarry products
Subsidiary companies of MRBP:				
MRB Land Sdn. Bhd. (“MLSB”)	Malaysia	100	-	Property development
Integral Housing Development Sdn. Bhd. (“IHDSB”)	Malaysia	100	-	Dormant
Konsep Khas Sdn. Bhd. (“KKSB”)	Malaysia	100	-	Dormant

## Notes To The Financial Statements

31 March 2019 (Cont'd)

### 8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

Details of the subsidiary companies are as follows: (Cont'd)

Name of company	Place of business /Country of incorporation	Effective interest (%)		Principal activities
		2019	2018	
Subsidiary companies of MCSB:				
Minetech Builders Sdn. Bhd. (“MBSB”)	Malaysia	100	-	Civil engineering construction
MRB MajuConstruct Sdn. Bhd. (“MMCSB”)	Malaysia	80	-	Civil engineering construction

*\* Subsidiary companies not audited by UHY*

#### (a) Acquisition of subsidiary companies

##### Financial year ended 31 March 2019

- (i) On 13 June 2018, the Company acquired 1,200,000 ordinary shares in BCSB, representing 60% of the equity interests in BCSB for a purchase consideration of RM16,800,000, which is to be satisfied via the allotment and issuance of 120,000,000 new Minetech Resources Berhad ("MRB") shares at an issue price of RM0.14 per MRB share. Consequently, BCSB became a 60%-owned subsidiary company of the Company.
- (ii) On 1 November 2018, the Company's wholly-owned subsidiary company, MCSB acquired 510,000 ordinary shares in MBSB for a cash consideration of RM510,000. Consequently, MBSB became an indirect wholly-owned subsidiary company of the Company.
- (iii) On 24 October 2018, the Company's wholly-owned subsidiary company, MCSB acquired (8) ordinary shares in MMSB for a cash consideration of RM8. Consequently, MMSB became an indirect subsidiary company of the Company.

##### Financial year ended 31 March 2018

- (i) On 20 July 2017, the Company acquired the entire 7,000 ordinary shares of Coral Power Sdn. Bhd. ("CPSB") for cash consideration of RM7,000. Consequently, CPSB became a wholly-owned subsidiary company of the Company.
- (ii) On 28 July 2017, the Company's wholly-owned subsidiary company, MRB Land Sdn. Bhd. ("MLBS") acquired the entire two (2) ordinary shares of Integral Housing Development Sdn. Bhd. ("IHDSB") for cash consideration of RM2. Consequently, IHDSB became an indirect wholly-owned subsidiary company of the Company.
- (iii) On 13 October 2017, MLSB acquired the entire one (1) ordinary share of MRBP for a cash consideration of RM1. Consequently, MRBP became an indirect wholly-owned subsidiary company of the Company.
- (iv) On 13 October 2017, the Company acquired the entire one (1) ordinary share of MRB FTZ Development Sdn. Bhd. ("MFDSB") for a cash consideration of RM1. Consequently, MFDSB became a wholly-owned subsidiary company of the Company.
- (v) On 22 November 2017, MLSB acquired the entire one (1) ordinary share of KKSBB for a cash consideration of RM1. Consequently, KKSBB became an indirect wholly-owned subsidiary of the Company.

# Notes To The Financial Statements

31 March 2019 (Cont'd)

## 8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

### (a) Acquisition of subsidiary companies (Cont'd)

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

	2019 RM	Group 2018 RM
<u>Fair value of identifiable assets acquired and liabilities assumed</u>		
Property, plant and equipment	5,462,632	-
Intangible assets	12,585,600	-
Deferred tax assets	67,894	-
Other investment	64,464	-
Inventories	2,276,041	-
Trade receivables	7,322,490	-
Other receivables	1,638,832	-
Cash and bank balances	1,845,907	10,005
Trade payables	(3,605,004)	-
Other payables	(910,666)	-
Loan and borrowings	(9,749,913)	-
Non-controlling interests	(1,681,853)	(3,000)
Total identifiable assets and liabilities	15,316,424	7,005

	2019 RM	Group 2018 RM
<u>Total fair value of consideration transferred</u>		
Cash consideration	510,008	7,005
Equity instruments issued	16,800,000	-
Total consideration transferred	17,310,008	7,005

### Net cash inflows arising from acquisition of subsidiary companies

	2019 RM	Group 2018 RM
Purchase consideration settled in cash	510,008	7,005
Less: Cash and bank balances acquired	(1,845,907)	(10,005)
Net cash inflows	(1,335,899)	(3,000)

## Notes To The Financial Statements

31 March 2019 (Cont'd)

### 8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

#### (a) Acquisition of subsidiary companies (Cont'd)

##### Goodwill arising from business combination

Goodwill was recognised as a result of the acquisition as follows:

	2019 RM	Group 2018 RM
Fair value of consideration transferred	17,310,008	7,005
Fair value of identifiable assets acquired and liabilities assumed	(15,316,424)	(7,005)
Goodwill on consolidation	1,993,584	-

The goodwill recognised on the acquisition is attributable mainly to the skills and technical talent of the acquired business's work force and the synergies expected to be achieved from integrating the subsidiary companies into the Group's existing business.

##### Acquisition-related costs

The Group incurred acquisition-related costs of RM95,000 (2018: RMNil) related to external legal fees and due diligence costs. The expenses have been included in administrative expenses in profit or loss.

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

From the date of acquisition, acquired subsidiary companies has contributed RM20,894,184 and RM571,232 (2018: RMNil and RM39,383) to the Group's revenue and profit for the financial year respectively. If the combination had taken place at the beginning of the financial year, the Group's revenue and profit for the financial year from its continuing operations would have been RM22,951,347 and RM581,031 (2018: RMNil and RM39,383) respectively.

#### (b) Changes of equity interests

During the financial year, the Company acquired (49) ordinary shares of Minetech Heavy Machineries Sdn. Bhd. ("MHMSB") for cash consideration of RM49 via amount due to a shareholder. Consequently, MHMSB became a wholly-owned subsidiary company of the Company.

The effect of changes in equity interest that is attributable to the owners of the parent is as follows:

	2019 RM
<b>Group</b>	
Carrying amount of non-controlling interests acquired	(197,564)
Consideration paid to non-controlling interests	(49)
Decrease in parent's equity	(197,613)

# Notes To The Financial Statements

31 March 2019 (Cont'd)

## 8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

### (c) Internal reorganisation

On 27 August 2018, the Company and its wholly-owned subsidiary company, MLSB had completed the internal reorganisation exercise which involved, amongst others, the following:

- (i) Disposal of MLSB of its entire equity interest in MRBP to Minetech Resources Berhad ("MRB");
- (ii) Disposal of MLSB of its entire equity interest in KKSBB to MRBP;
- (iii) Disposal of MLSB of its entire equity interest in IHDSB to MRBP; and
- (iv) Disposal of MRB of its entire equity interest in MLSB to MRBP.

### (d) Material partly owned subsidiary companies

Set out below are the Group's subsidiary companies that have material non-controlling interests:

Name of company	Proportion of ownership interests and voting rights held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
	2019 %	2018 %	2018 RM	2017 RM	2018 RM	2017 RM
MAMI	15	15	33,631	92,627	854,175	820,544
GQSB	49	49	1,066,029	1,538,961	7,260,946	6,194,917
BCSB	40	-	231,090	-	1,912,943	-
					10,028,064	7,015,461
Individually immaterial subsidiary companies with non-controlling interests					(1,143,885)	(788,100)
Total non-controlling interests					8,884,179	6,227,361

## Notes To The Financial Statements

31 March 2019 (Cont'd)

### 8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

#### (d) Material partly owned subsidiary companies (Cont'd)

Summarised financial information for each subsidiary company that has non-controlling interests that are material to the Group is set out below. The summarised financial information below represents amounts before inter-company eliminations.

#### (i) Summarised of Statements of Financial Position

	MAMI RM	GQSB RM	BCSB RM
<b>2019</b>			
Non-current assets	5,128,937	9,789,303	4,639,021
Current assets	7,348,786	16,012,034	18,168,238
Non-current liabilities	(283,200)	(3,382,130)	(2,264,545)
Current liabilities	(6,500,024)	(7,600,949)	(15,760,360)
Net assets	5,694,499	14,818,258	4,782,354
<b>2018</b>			
Non-current assets	5,599,049	12,184,960	-
Current assets	5,202,429	15,909,815	-
Non-current liabilities	(434,985)	(4,754,991)	-
Current liabilities	(4,896,202)	(10,697,095)	-
Net assets	5,470,291	12,642,689	-

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

	MAMI RM	GQSB RM	BCSB RM
<b>2019</b>			
Revenue	14,698,782	19,557,107	20,522,552
Total comprehensive income for the financial year	225,125	2,209,570	577,726
<b>2018</b>			
Revenue	14,645,140	21,200,389	-
Total comprehensive income for the financial year	617,510	3,140,736	-

## Notes To The Financial Statements

31 March 2019 (Cont'd)

### 8. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(d) Material partly owned subsidiary companies (Cont'd)

(iii) Summarised of Statements of Cash Flows

	MAMI RM	GQSB RM	BCSB RM
<b>2019</b>			
Net cash from/(used in) operating activities	(719,115)	1,532,724	1,712,069
Net cash (used in)/from investing activities	(109,352)	(298,463)	(95,909)
Net cash (used in)/from financing activities	751,462	(1,245,673)	(1,113,344)
Net (decrease)/increase in cash and cash equivalents	(77,005)	(11,412)	502,816
<b>2018</b>			
Net cash from operating activities	878,241	948,203	-
Net cash used in investing activities	(686,505)	(157,249)	-
Net cash used in financing activities	(977,350)	(932,735)	-
Net decrease in cash and cash equivalents	(785,614)	(141,781)	-

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

### 9. INVESTMENT IN ASSOCIATES

	2019 RM	Group 2018 RM
In Malaysia		
Unquoted shares, at cost	49	499,049
Share of post-acquisition reserve	(49)	(499,049)
	-	-

## Notes To The Financial Statements

31 March 2019 (Cont'd)

### 9. INVESTMENT IN ASSOCIATES (CONT'D)

Details of associates are as follows:

Name of company	Place of business /Country of incorporation	Effective interest (%)		Principal activities
		2019	2018	
<b>Indirect holding</b>				
<b>Associate company of MCSB:</b>				
Minetech Builders Sdn. Bhd. ("MBSB")	Malaysia	-	49	Civil Engineering Construction
<b>Associate company of KSCM:</b>				
Hebat Asset Sdn. Bhd. ("HASB")	Malaysia	49	49	Dormant

(a) Acquisition of associates

On 1 November 2018, the Company's wholly-owned subsidiary company, Minetech Construction Sdn. Bhd. ("MCSB") acquired (510,000) ordinary shares in Minetech Builder Sdn. Bhd. ("MBSB") for a cash consideration of RM510,000. Consequently, MBSB became a wholly-owned subsidiary company of MCSB and an indirect wholly-owned subsidiary company of the Company.

(b) The summarised financial information of the associates are as follows:

	2019 RM	Group 2018 RM
Total assets	48	12,952
Total liabilities	25,688	168,053
Revenue	-	3,675
Loss for the financial year	(6,203)	(15,368)

(c) The unrecognised share of losses of the associates are as follows:

	2019 RM	Group 2018 RM
At 1 April	30,258	22,728
Addition during the financial year	3,039	7,530
At 31 March	33,297	30,258

# Notes To The Financial Statements

31 March 2019 (Cont'd)

## 10. INTANGIBLE ASSETS

	Goodwill on consolidation RM (Note a)	Intangible assets RM (Note b)	Total RM
<b>Group</b>			
<b>Cost</b>			
At 1 April 2018	1,517,193	-	1,517,193
Acquisition through business combination	1,993,584	12,585,600	14,579,184
At 31 March 2019	3,510,777	12,585,600	16,096,377
<b>Accumulated amortisation</b>			
At 1 April 2018	-	-	-
Charge for the financial year	-	461,472	461,472
At 31 March 2019	-	461,472	461,472
<b>Accumulated impairment losses</b>			
At 1 April 2018	1,517,193	-	1,517,193
Charge for the financial year	652,747	-	652,747
At 31 March 2019	2,169,940	-	2,169,940
<b>Carrying amount</b>			
At 31 March 2019	1,340,837	12,124,128	13,464,965

	Goodwill on consolidation RM
<b>Group</b>	
<b>Cost</b>	
At 1 April 2017/31 March 2018	1,517,193
<b>Accumulated impairment losses</b>	
At 1 April 2017	-
Charge for the financial year	1,517,193
At 31 March 2018	1,517,193
<b>Carrying amount</b>	
At 31 March 2018	-

## Notes To The Financial Statements

31 March 2019 (Cont'd)

### 10. INTANGIBLE ASSETS (CONT'D)

#### (a) Goodwill on consolidation

The recoverable amount of the property development unit is determined based on a value in use by discounting future cash flow to be generated by the unit. The carrying amount of the unit was determined to be higher than its recoverable amount and an impairment loss of RM652,747 (2018: RM1,517,193) was recognised. The impairment loss is recorded within administrative expenses in the statements of profit or loss and other comprehensive income.

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

- (i) Pre-tax cash flows projections based on the most recent financial budgets covering a five (5) years period.
- (ii) The anticipated annual revenue growth rate used in the financial budgets and plans of the CGU is 10%.
- (iii) Pre-tax discount rate of 8% per annum has been applied in determining the recoverable amount of the CGU. The discount rate was estimated based on the Group's weighted average cost of capital.

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

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

#### (b) Intangible assets

During the current financial year, the Company has completed the purchase price allocation ("PPA") exercise to determine the fair values of the net assets of Bertam Capital Sdn. Bhd. ("BCSB") within the stipulated time period, i.e. twelve (12) months from the acquisition date of 28 November 2017, in accordance to MFRS 3, Business Combinations.

Based on the PPA exercise conducted, RM1,340,837 and RM12,585,600 have been identified as goodwill on consolidation and intangible assets respectively arising from the fair value of the quarry.

# Notes To The Financial Statements

31 March 2019 (Cont'd)

## 11. OTHER INVESTMENTS

	2019 RM	Group 2018 RM	2019 RM	Group 2018 RM
<b>Non-current</b>				
<b>At cost</b>				
Investment in club memberships	64,464	-	-	-
<b>Current</b>				
<u>Financial assets at FVTPL</u>				
Unit trust, quoted in Malaysia	839,208	1,527,125	3,322	21,948

The investment in club memberships is unquoted and the management are of the view that under such circumstances, it is not possible to disclose the range estimates within which a fair value is likely to lie.

The fair value of the quoted shares were determined by reference to the quoted price in the share market.

## 12. OTHER RECEIVABLES

	2019 RM	Group 2018 RM	2019 RM	Group 2018 RM
<b>Non-current</b>				
Other receivables	615,600	-	-	-
<b>Current</b>				
Other receivables	10,188,172	17,612,222	186,931	149,990
Less: Accumulated impairment losses	(2,789,492)	(193,956)	-	-
	7,398,680	17,418,266	186,931	149,990
Deposits	1,706,738	1,501,334	60,212	166,711
Prepayments	3,436,834	2,782,619	84,575	84,660
GST receivables	365,806	186,177	17,319	-
	12,908,058	21,888,396	349,037	401,361

## Notes To The Financial Statements

31 March 2019 (Cont'd)

### 12. OTHER RECEIVABLES (CONT'D)

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

	2019 RM	Group 2018 RM	2019 RM	Group 2018 RM
At 1 April	193,956	223,498	-	1,542
Impairment losses recognised	2,595,536	-	-	-
Written off	-	(29,542)	-	(1,542)
At 31 March	2,789,492	193,956	-	-

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

### 13. CONTRACT ASSETS/(LIABILITIES)

The Group's contract assets and contract liabilities relating to construction contracts and property development activities at the end of the reporting period are as follows:

	Note	2019 RM	Group 2018 RM
<b>Contract assets</b>			
Construction contracts	(a)	8,983,367	7,476,938
<b>Contract liabilities</b>			
Construction contracts	(a)	-	(18,382)
Property development activities	(b)	(78,911)	-
		(78,911)	(18,382)

(a) Construction contracts

	2019 RM	Group 2018 RM
Contracts costs incurred to-date	58,640,634	60,310,669
Attributable profits recognised to-date	4,492,676	7,566,305
	63,133,310	67,876,974
Less: Progress billings	(54,149,943)	(60,418,418)
	8,983,367	7,458,556
Presented as:		
Contract assets	8,983,367	7,476,938
Contract liabilities	-	(18,382)
	8,983,367	7,458,556

## Notes To The Financial Statements

31 March 2019 (Cont'd)

### 13. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

(a) Construction contracts (cont'd)

Included in progress billings of the Group are retention sum amounting to RM3,255,085 (2018: RM1,711,149).

The contract assets represents the unbilled amount for work completed as at the reporting date. This amount will be transferred to trade receivables when the right to bill becomes unconditional.

The contract liabilities consist of advance billings in excess of revenue recognised overtime during the construction period.

(b) Property development activities

	2019 RM	Group 2018 RM
At 1 April	-	-
Property development revenue recognised during the financial year	1,491,378	-
Less: Progress billing during the financial year	(1,570,289)	-
At 31 March	(78,911)	-
Presented as:		
Contract liabilities	(78,911)	-

Contract liabilities consist of billings in excess of revenue recognised, this amount is expected to be recognised as revenue over a period.

(c) Contract value yet to be recognised as revenue

The Group applies the practical expedient in MFRS 15 on not disclosing the aggregate amount of the revenue expected to be recognised in the future as the Group recognises revenue from the satisfaction of the performance obligation using output methods in accordance with paragraph B16 of MFRS 15.

## Notes To The Financial Statements

31 March 2019 (Cont'd)

### 14. TRADE RECEIVABLES

	2019 RM	Group 2018 RM
Trade receivables	37,372,664	28,154,566
Less: Allowance for impairment losses	(2,032,315)	(838,194)
	<u>35,340,349</u>	<u>27,316,372</u>

The Group's normal trade credit terms range from 30 to 180 days (2018: 30 to 180 days). Other credit terms are assessed and approved on a case by case basis. Trade receivables are recognised at their original invoice amounts which represent their fair values on initial recognition.

Included in trade receivables of the Group are retention sum amounting to RM3,255,085 (2018: RM1,711,149).

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

	Lifetime allowance RM	Credit impaired RM	Loss allowance RM
<b>Group</b>			
At 1 April 2018	-	838,194	838,194
Effect of adopting MFRS 9 [Note 2(a)(i)]	283,692	-	283,692
At 1 April 2018, as restated	283,692	838,194	1,121,886
Arising from acquisition of a subsidiary company	38,312	-	38,312
Impairment losses recognised	51,444	820,673	872,117
At 31 March 2019	<u>373,448</u>	<u>1,658,867</u>	<u>2,032,315</u>
At 1 April 2017	-	994,490	994,490
Impairment losses recognised	-	55,932	55,932
Impairment losses reversed*	-	(48,860)	(48,860)
Amount written off	-	(163,368)	(163,368)
At 31 March 2018	<u>-</u>	<u>838,194</u>	<u>838,194</u>

\* Impairment losses reversed during the financial year when the related amounts were collected.

## Notes To The Financial Statements

31 March 2019 (Cont'd)

### 14. TRADE RECEIVABLES (CONT'D)

The loss allowance account in respect of trade receivables is used to record loss allowance. Unless the Group are satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the trade receivable directly.

The aged analysis of trade receivables as at the end of the reporting period are as follows:

Group	Gross amount RM	Loss allowance RM	Net amount RM
<b>2019</b>			
Neither past due	11,484,017	(8,364)	11,475,653
<b>Past due</b>			
Less than 30 days	6,454,732	(18,738)	6,435,994
31 to 60 days	6,588,899	(22,135)	6,566,764
61 to 90 days	3,299,498	(28,175)	3,271,323
More than 90 days	7,886,651	(296,036)	7,590,615
	24,229,780	(365,084)	23,864,696
<b>Credit impaired</b>			
Individually impaired	1,658,867	(1,658,867)	-
	37,372,664	(2,032,315)	35,340,349
<b>2018</b>			
Neither past due nor impaired	10,997,730	-	10,997,730
<b>Past due nor impaired</b>			
Less than 30 days	5,397,493	-	5,397,493
31 to 60 days	3,506,179	-	3,506,179
61 to 90 days	2,072,712	-	2,072,712
More than 90 days	5,342,258	-	5,342,258
	16,318,642	-	16,318,642
<b>Credit impaired</b>			
Individually impaired	838,194	(838,194)	-
	28,154,566	(838,194)	27,316,372

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group.

As at 31 March 2019, the Group has trade receivables amounting to RM23,864,696 (2018: RM16,318,642) were past due but not impaired. These relate to a number of independent customers with slower repayment records.

The trade receivables of the Group that are individually assessed to be impaired amounting to RM1,658,867 (2018: RM838,194), relate to customers that are in financial difficulties, and have defaulted on payment. These balances are expected to be recovered through the debts recovery process.

## Notes To The Financial Statements

31 March 2019 (Cont'd)

### 15. AMOUNT DUE FROM ASSOCIATES

Amount due from associates are unsecured, non-interest bearing advances and repayable on demand. An amount of RMNil (2018: RM32,577) represents trade transactions, which generally on Nil (2018: 60 days to 90 days) terms.

### 16. AMOUNT DUE FROM/(TO) SUBSIDIARY COMPANIES

#### (a) Amount due from subsidiary companies

	2019 RM	Company 2018 RM
Amount due from subsidiary companies	52,737,577	50,028,827
Less: Accumulated impairment losses	(47,105,896)	(44,541,638)
	<u>5,631,681</u>	<u>5,487,189</u>

Movements in the allowance for impairment losses on amount due from subsidiary companies are as follows:

	2019 RM	Company 2018 RM
At 1 April	44,541,638	43,741,508
Impairment losses recognised	2,564,258	4,073,896
Impairment losses reversed	-	(3,273,766)
At 31 March	<u>47,105,896</u>	<u>44,541,638</u>

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

#### (b) Amount due to subsidiary companies

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

### 17. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits with licensed banks of the Group amounting to RM11,185,819 (2018: RM4,053,043) are pledged to licensed banks as securities for credit facilities granted to a subsidiary company as disclosed in Note 21.

The interest rate of fixed deposits at the end of the reporting period ranging from 1.08% to 3.15% (2018: 3.06%) per annum and the maturities of deposits ranging from 30 to 365 days (2018: 30 to 365 days).

# Notes To The Financial Statements

31 March 2019 (Cont'd)

## 18. SHARE CAPITAL

	Group/Company		Amount	
	Number of shares 2019 Units	2018 Units	2019 RM	2018 RM
<b>Issued and fully paid ordinary shares</b>				
At 1 April	731,574,900	725,094,000	110,526,862	109,554,727
Shares issued during financial year	70,000,000	6,480,900	5,200,000	972,135
Issued pursuant to acquisition of subsidiary company	120,000,000	-	16,800,000	-
At 31 December	921,574,900	731,574,900	132,526,862	110,526,862

During the financial year, the Company issued:

- 30,000,000 new ordinary shares at an issue price of RM0.10 each for a total cash consideration of RM3,000,000 for working capital purposes;
- 40,000,000 new ordinary shares at an issue price of RM0.055 each for a total cash consideration of RM2,200,000 for working capital purposes; and
- 120,000,000 new ordinary shares at an issue price of RM0.14 each for a total consideration of RM16,800,000 for the acquisition of subsidiary company.
- In the previous financial year, the Company increased its issued and paid up ordinary shares from 725,094,000 to 731,574,900 by way of issuance of 6,480,900 ordinary shares at an issue price of RM0.15 per ordinary share for a total consideration of RM972,135.

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

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

## 19. RESERVES

	Note	Group		Company	
		2019 RM	2018 RM	2019 RM	2018 RM
<b>Non distributable</b>					
Foreign currency translation reserve	(a)	70,737	109,527	-	-
Warrant reserve	(b)	21,971,937	21,971,937	21,971,937	21,971,937
Other reserve	(c)	(21,971,937)	(21,971,937)	(21,971,937)	(21,971,937)
Accumulated losses		(56,626,007)	(41,071,858)	(82,551,823)	(75,010,338)
		(56,555,270)	(40,962,331)	(82,551,823)	(75,010,338)

## Notes To The Financial Statements

31 March 2019 (Cont'd)

### 19. RESERVES (CONT'D)

(a) Foreign currency translation reserve

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

(b) Warrant reserve

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

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

The salient term of the warrants are as follows:

- (i) Each warrant entitles the holder to subscribe for one new ordinary share of RM0.15 each in the Company at the exercise price of RM0.15 per ordinary share;
- (ii) The warrants may be exercised at any time up to 27 November 2019. Any warrants which have not been exercised at date of maturity will lapse and cease to be valid for any purpose.; and
- (iii) The shares arising from the exercise of warrants shall rank pari passu in all respects with the existing ordinary shares of the Company, save and except that the new shares shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the allotment date of the new shares.

As at 31 March 2019, the total number of Warrants that remain unexercised was 332,404,500 (2018: 332,404,500).

(c) Other reserve

Other reserve represents the fair value allocated to the detachable warrants issued in conjunction with rights issue as disclose in Note 19(b).

### 20. TREASURY SHARES

	Group/Company			
	Number of shares 2019 Units	2018 Units	2019 RM	Amount 2018 RM
At 1 April/31 March	285,000	285,000	47,990	47,990

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

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

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

# Notes To The Financial Statements

31 March 2019 (Cont'd)

## 21. LOANS AND BORROWINGS

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
<b>Secured</b>				
Term loans (Note a)	11,179,219	10,398,122	-	-
Bank overdrafts (Note a)	9,114,091	2,347,713	-	-
Bankers' acceptance (Note a)	2,370,760	1,886,854	-	-
Bills payables (Note a)	157,381	198,355	-	-
Trust receipts (Note a)	566,415	424,448	-	-
Finance lease payables (Note b)	11,645,042	15,164,862	188,944	399,848
	35,032,908	30,420,354	188,944	399,848
<b>Non-current</b>				
Term loans	10,240,943	9,759,839	-	-
Finance lease payables	6,193,468	9,756,634	61,361	196,763
	16,434,411	19,516,473	61,361	196,763
<b>Current</b>				
Term loans	938,276	638,283	-	-
Bank overdrafts	9,114,091	2,347,713	-	-
Bankers' acceptance	2,370,760	1,886,854	-	-
Bills payables	157,381	198,355	-	-
Trust receipts	566,415	424,448	-	-
Finance lease payables	5,451,574	5,408,228	127,583	203,085
	18,598,497	10,903,881	127,583	203,085
	35,032,908	30,420,354	188,944	399,848

### (a) Bank borrowings

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

- (i) first legal charge over freehold land and buildings and improvements of a subsidiary company as disclosed in Note 4(b);
- (ii) fixed and floating charge over certain property, plant and equipment of a subsidiary company;
- (iii) pledge of fixed deposits of the Group as disclosed in Note 17;
- (iv) debenture over all the fixed and floating assets of a subsidiary company;
- (v) guarantee provided by the Government of Malaysia; and
- (vi) corporate guarantee provided by the Company.

# Notes To The Financial Statements

31 March 2019 (Cont'd)

## 21. LOANS AND BORROWINGS (CONT'D)

### (a) Bank borrowings (cont'd)

Maturity of bank borrowings (excluding finance lease payables) are as follows:

	2019 RM	Group 2018 RM
Within one year	13,146,923	5,495,653
Between one to two years	1,007,541	678,321
Between two to five years	3,293,969	2,314,094
After five years	5,939,433	6,767,424
	<b>23,387,866</b>	<b>15,255,492</b>

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

	2019 %	Group 2018 %
Term loans	4.77 - 8.31	4.77 - 6.80
Bank overdrafts	6.80 - 8.70	4.48 - 8.60
Bankers' acceptance	1.75 - 4.47	5.25 - 8.15
Bills payable	4.35 - 6.35	4.25 - 4.35
Trust receipts	8.40	8.15

### (b) Finance lease payables

	2019 RM	Group 2018 RM	2019 RM	Group 2018 RM
<b>Minimum lease payments</b>				
Within one year	5,991,451	6,149,360	134,446	219,744
Later than one year and not later than two years	3,640,190	5,010,059	37,020	142,312
Later than two years and not later than five years	2,939,213	5,440,660	27,762	64,782
	<b>12,570,854</b>	<b>16,600,079</b>	<b>199,228</b>	<b>426,838</b>
Less: Future finance charges	(925,812)	(1,435,217)	(10,284)	(26,990)
<b>Present value of minimum lease payments</b>	<b>11,645,042</b>	<b>15,164,862</b>	<b>188,944</b>	<b>399,848</b>

# Notes To The Financial Statements

31 March 2019 (Cont'd)

## 21. LOANS AND BORROWINGS (CONT'D)

### (b) Finance lease payables (cont'd)

	Group		Group	
	2019 RM	2018 RM	2019 RM	2018 RM
<b>Present value of minimum lease payments</b>				
Within one year	5,451,574	5,408,228	127,583	203,085
Later than one year and not later than two years	3,374,938	4,588,758	34,266	135,401
Later than two years and not later than five years	2,809,387	5,167,876	27,095	61,362
Later than five years	9,143	-	-	-
	<b>11,645,042</b>	<b>15,164,862</b>	<b>188,944</b>	<b>399,848</b>
<b>Analysed as:</b>				
Repayables within twelve months	5,451,574	5,408,228	127,583	203,085
Repayables after twelve months	6,193,468	9,756,634	61,361	196,763
	<b>11,645,042</b>	<b>15,164,862</b>	<b>188,944</b>	<b>399,848</b>

The effective interest rate of finance lease payables range from 4.05% to 9.23% (2018: 4.05% to 9.23%) per annum.

The Group leases motor vehicles and plant and machinery under finance lease [Note 4(a)]. There are no restrictive covenants imposed by the lease agreement and no arrangements have been entered into for contingent rental payments.

## 22. DEFERRED TAX LIABILITIES

	Group		Group	
	2019 RM	2018 RM	2019 RM	2018 RM
At 1 April	2,471,720	2,060,128	-	-
Recognised in profit or loss (Note 28)	(31,751)	411,592	-	-
Arising from acquisition of subsidiary companies	(67,894)	-	-	-
At 31 March	<b>2,372,075</b>	<b>2,471,720</b>	<b>-</b>	<b>-</b>

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

	Group		Group	
	2019 RM	2018 RM	2019 RM	2018 RM
Deferred tax liabilities	3,464,424	4,424,329	115	42,102
Deferred tax assets	(1,092,349)	(1,952,609)	(115)	(42,102)
	<b>2,372,075</b>	<b>2,471,720</b>	<b>-</b>	<b>-</b>

## Notes To The Financial Statements

31 March 2019 (Cont'd)

### 22. DEFERRED TAX LIABILITIES (CONT'D)

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

Group	Unutilised capital allowances RM	Unutilised tax losses RM	Unutilised reinvestment allowances RM	Others RM	Total RM
<b>Deferred tax assets</b>					
At 1 April 2018	(545,150)	(1,398,319)	(9,140)	-	(1,952,609)
Recognised in profit or loss	194,193	35,470	-	-	229,663
Arising from acquisition of a subsidiary company	-	-	-	(67,894)	(67,894)
Over provision in prior years	25,526	610,647	9,140	53,178	698,491
At 31 March 2019	(325,431)	(752,202)	-	(14,716)	(1,092,349)
At 1 April 2017	(651,770)	(2,594,090)	(9,140)	-	(3,255,000)
Recognised in profit or loss	106,620	1,195,771	-	-	1,302,391
At 31 March 2018	(545,150)	(1,398,319)	(9,140)	-	(1,952,609)

Group	Accelerated capital allowances RM
<b>Deferred tax liabilities</b>	
At 1 April 2018	4,424,329
Recognised in profit or loss	(395,385)
Over provision in prior years	(564,520)
At 31 March 2019	3,464,424
At 1 April 2017	5,315,128
Recognised in profit or loss	(890,799)
At 31 March 2018	4,424,329

Company	Deferred tax liabilities Accelerated capital allowances RM	Deferred tax assets Unutilised capital allowances RM	Total RM
At 1 April 2018	42,102	(42,102)	-
Recognised in profit or loss	(59,753)	59,753	-
Under/(Over) provision in prior years	17,766	(17,766)	-
At 31 March 2019	115	(115)	-
At 1 April 2017	65,439	(65,439)	-
Recognised in profit or loss	(23,337)	23,337	-
At 31 March 2018	42,102	(42,102)	-

## Notes To The Financial Statements

31 March 2019 (Cont'd)

### 22. DEFERRED TAX LIABILITIES (CONT'D)

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

	2019 RM	Group 2018 RM	2019 RM	Group 2018 RM
Unutilised capital allowances	10,328,646	8,301,954	938,349	577,720
Unutilised tax losses	27,752,808	20,477,920	5,541,038	1,750,634
Unutilised reinvestment allowances	38,093	38,093	-	-
Others	1,468,750	1,732,500	-	-
	39,588,297	30,550,467	6,479,387	2,328,354

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

### 23. TRADE PAYABLES

The Group's normal trade credit terms range from 30 to 150 days (2018: 30 to 150 days), depending on the terms of contracts.

### 24. OTHER PAYABLES

	2019 RM	Group 2018 RM	2019 RM	Group 2018 RM
Other payables	9,916,937	1,836,528	183,814	164,038
Deposits	936,200	455,600	192,500	-
Accruals	13,518,561	5,802,282	2,065,365	2,315,773
GST payables	-	613,335	-	-
	24,371,698	8,707,745	2,441,679	2,479,811

## Notes To The Financial Statements

31 March 2019 (Cont'd)

### 25. REVENUE

	2019 RM	Group 2018 RM	2019 RM	Group 2018 RM
<b>Revenue from contracts with customers</b>				
Turnkey quarry services	8,891,691	14,176,751	-	-
Sale of goods	74,369,201	79,830,290	-	-
Construction contracts	49,310,612	27,056,612	-	-
Property development	2,151,798	-	-	-
Management fees	-	-	780,000	-
	134,723,302	121,063,653	780,000	-
<b>Revenue from other sources</b>				
Rental income	283,972	63,900	-	-
	135,007,274	121,127,553	780,000	-
<b>Timing of revenue recognition</b>				
At a point in time	83,260,892	94,007,041	780,000	-
Over time	51,462,410	27,056,612	-	-
<b>Total revenue from contracts with customers</b>	134,723,302	121,063,653	780,000	-

## Notes To The Financial Statements

### 31 March 2019 (Cont'd)

#### 25. REVENUE (CONT'D)

Disaggregation of the Group's revenue from contracts with customers:

##### 2019

##### Major services

Turnkey quarry services	8,891,691	-	-	-	-	-	8,891,691
Sale of goods	59,821,042	-	395,499	14,152,660	-	-	74,369,201
Construction contracts	-	49,310,612	-	-	-	-	49,310,612
Property development	-	-	-	-	2,151,798	-	2,151,798

	68,712,733	49,310,612	395,499	14,152,660	2,151,798		134,723,302
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##### Geographical market Malaysia

	68,712,733	49,310,612	395,499	14,152,660	2,151,798		134,723,302
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##### Timing of revenue recognition

At a point in time	68,712,733	-	395,499	14,152,660	-	-	83,260,892
Over time	-	49,310,612	-	-	2,151,798	-	51,462,410

##### Total revenue from contracts with customers

	68,712,733	49,310,612	395,499	14,152,660	2,151,798		134,723,302
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## Notes To The Financial Statements

31 March 2019 (Cont'd)

### 25. REVENUE (CONT'D)

Disaggregation of the Group's revenue from contracts with customers (cont'd):

	Quarry product RM	Civil engineering RM	Premix products RM	Bituminous products RM	Total RM
<b>2018</b>					
<b>Major services</b>					
Turnkey quarry services	14,176,751	-	-	-	14,176,751
Sale of goods	40,804,615	-	24,391,624	14,634,051	79,830,290
Construction contracts	-	27,056,612	-	-	27,056,612
	54,981,366	27,056,612	24,391,624	14,634,051	121,063,653
<b>Geographical market</b>					
Malaysia	54,981,366	27,056,612	24,391,624	14,634,051	121,063,653
<b>Timing of revenue recognition</b>					
At a point in time	54,981,366	-	24,391,624	14,634,051	94,007,041
Over time	-	27,056,612	-	-	27,056,612
<b>Total revenue from contracts with customers</b>	54,981,366	27,056,612	24,391,624	14,634,051	121,063,653

### 26. FINANCE COSTS

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Bank charges	42,383	55,053	1,201	5,608
<b>Interest expenses on:</b>				
Bank overdrafts	445,424	143,244	-	-
Bankers' acceptance/Trust receipt	188,306	403,461	-	-
Finance lease	1,035,817	1,067,516	16,706	50,033
Term loans	554,458	293,952	-	-
Others	623,056	131,144	-	4,462
	2,847,061	2,039,317	16,706	54,495
	2,889,444	2,094,370	17,907	60,103

# Notes To The Financial Statements

31 March 2019 (Cont'd)

## 27. (LOSS)/PROFIT BEFORE TAX

(Loss)/Profit before tax is determined after charging/(crediting) amongst other, the following items:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Amortisation on:				
- quarry development expenditure	1,280,140	1,132,629	-	-
- intangible assets	461,472	-	-	-
Auditors' remuneration				
- statutory audit	225,840	209,552	45,000	38,000
- non-statutory	5,000	5,000	5,000	5,000
- over provision in prior years	16,850	(4,000)	-	-
Bad debts written off	6,418	1,326,199	-	-
Bad debts recovered	(653)	-	-	-
Depreciation of:				
- investment properties	3,363	3,363	-	-
- property, plant and equipment	7,751,081	8,168,555	438,416	422,857
Deposits written off	6,050	-	-	-
Fair value adjustment on other receivables	14,604	-	-	-
Foreign exchange loss:				
- realised	28,492	113,476	-	-
- unrealised	38,277	135,561	-	121,059
Inventories written down	313,930	450,763	-	-
Inventories written off	119,872	-	-	-
Impairment losses on:				
- trade receivables	872,117	55,932	-	-
- other receivables	2,595,536	-	-	-
- property, plant and equipment	1,513,655	49,732	-	-
- amount due from subsidiary companies	-	-	2,564,258	4,073,896
- goodwill on consolidation	652,747	1,517,193	-	-
Non-executive Directors' remuneration				
- Fees	1,080,000	967,435	444,000	437,435
- Other emoluments	46,193	46,193	46,193	46,193
- Benefit in-kind	9,900	9,900	9,900	9,900
Property, plant and equipment written off	576,044	30,083	114,879	-
Quarry development expenditure written off	478,839	-	-	-
Rental expenses:				
- land	920,500	391,000	-	-
- motor vehicles, plant and machinery	3,192,520	1,434,326	-	263,299
- office equipment	12,507	7,373	-	-
- premises	732,454	808,406	-	581,140
- workshop	-	173,000	-	-
- warehouse	-	324,000	-	-
- store	60,000	20,000	-	20,000
- others	48,717	164,005	-	-
Gain on disposal of property, plant and equipment	(1,288,207)	(7,255,260)	(91,216)	-
Interest income	(299,584)	(333,249)	(3,814)	(65,346)
Rental income:				
- plant	(1,475,850)	(1,161,704)	-	-
- investment properties	(26,400)	(26,400)	-	-
- motor vehicles	(5,734)	(60,000)	-	-
Reversal of impairment losses on trade receivables	-	(48,860)	-	-
Reversal of impairment losses on amount due from subsidiary companies	-	-	-	(3,273,766)
Reversal of inventories written down	(40,918)	(936,201)	-	-

## Notes To The Financial Statements

31 March 2019 (Cont'd)

### 28. TAXATION

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
<b>Tax expenses recognised in profit or loss</b>				
Malaysian income tax				
- Current tax provision	2,022,972	2,524,992	-	-
- (Over)/Under provision in prior years	(48,192)	(405,166)	19,719	-
	1,974,780	2,119,826	19,719	-
<b>Deferred taxation</b>				
- Relating to origination and reversal of temporary differences	(112,730)	(466,986)	-	-
- Under provision in prior years	80,979	878,578	-	-
	(31,751)	411,592	-	-
	1,943,029	2,531,418	19,719	-

Malaysian income tax is calculated at the statutory tax rate of 24% (2018: 24%) of the estimated assessable profits for the financial year.

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

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
(Loss)/Profit before tax	(12,352,414)	1,129,003	(7,521,766)	(9,118,506)
At Malaysian statutory tax rate of 24% (2018: 24%)	(2,964,579)	270,961	(1,805,224)	(2,188,441)
Expenses not deductible for tax purposes	3,350,412	2,572,155	902,122	1,497,672
Income not subject to tax	(644,673)	(2,585,031)	(93,146)	(786,074)
Deferred tax assets not recognised	2,169,082	2,167,032	996,248	1,476,843
Utilisation of previously unrecognised deferred tax assets	-	(367,111)	-	-
(Over)/Under provision of income tax in prior years	(48,192)	(405,166)	19,719	-
Under provision of deferred tax in prior years	80,979	878,578	-	-
Tax expenses for the financial year	1,943,029	2,531,418	19,719	-

The Group and the Company have unutilised capital allowances, unutilised tax losses and unutilised reinvestment allowances available for carry forward to set-off against future taxable profits. The said amounts are subject to approval by the tax authorities.

## Notes To The Financial Statements

31 March 2019 (Cont'd)

### 28. TAXATION (CONT'D)

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Unutilised capital allowances	11,684,610	10,467,054	938,828	827,170
Unutilised tax losses	30,886,982	23,759,888	5,541,038	1,750,634
Unutilised reinvestment allowances	38,093	38,093	-	-
	42,609,685	34,265,035	6,479,866	2,577,804

### 29. LOSS PER SHARE

#### Basic loss per share

The basic loss per share are calculated based on the consolidated loss for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2019 RM	2018 RM
Loss attributable to owners of the parent	(15,072,844)	(2,924,600)
Weighted average number of ordinary shares:		
Ordinary shares in issue at 1 April	731,574,900	725,094,000
Effect of ordinary shares issued during the financial year	150,205,479	5,912,712
Effect of treasury shares held	(285,000)	(285,000)
Weighted average number of ordinary shares at 31 March	881,495,379	730,721,712
Basic loss per ordinary share (sen)	(1.71)	(0.40)

#### Diluted loss per share

The Group has no dilution in their loss per ordinary share as there are no dilutive potential ordinary shares. There have been no other transactions involving ordinary shares or potential ordinary shares since the end of the reporting period and before the authorisation of these financial statements.

## Notes To The Financial Statements

31 March 2019 (Cont'd)

### 30. STAFF COSTS

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Fees	1,020,000	907,435	204,000	197,435
Salaries, wages and other emoluments	12,928,888	11,514,859	2,346,679	2,484,576
Defined contribution plans	1,292,799	1,167,774	299,273	317,298
Social security contributions	109,015	103,658	14,768	16,823
Others benefits	1,733,713	1,531,176	295,178	350,642
	17,084,415	15,224,902	3,159,898	3,366,774

Included in staff costs is aggregate amount of remuneration received and receivables by the Executive Directors of the Company and of its subsidiary companies during the financial year as below:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
<b>Executive Directors of the Company</b>				
Fees	180,000	180,000	-	-
Salaries, wages and other emoluments	2,263,340	1,798,002	840,000	779,167
Defined contribution plans	254,600	203,443	102,646	95,204
Other benefits	60,467	77,380	41,350	41,350
	2,758,407	2,258,825	983,996	915,721

#### Executive Director of the subsidiary companies

Fees	180,000	180,000	-	-
Salaries, wages and other emoluments	1,423,340	1,018,835	-	-
Defined contribution plans	151,954	108,239	-	-
Other benefits	19,117	36,030	-	-
	1,774,411	1,343,104	-	-

#### Total remuneration of Executive Directors

Company's Directors	2,758,407	2,258,825	983,996	915,721
Subsidiary company's Director	1,774,411	1,343,104	-	-
	4,532,818	3,601,929	983,996	915,721

# Notes To The Financial Statements

31 March 2019 (Cont'd)

## 31. CONTINGENCIES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
<b>Secured</b>				
Bank guarantee issued in favour of third parties by certain subsidiary companies	8,059,381	3,319,380	-	-
<b>Unsecured</b>				
Corporate guarantee given to financial institution for credit facilities granted to subsidiary companies	-	-	23,763,778	26,202,877
Corporate guarantee given to suppliers of subsidiary companies for credit terms granted to subsidiary companies	-	-	6,385,228	2,791,877
	8,059,381	3,319,380	30,149,006	28,994,754

## 32. RELATED PARTIES DISCLOSURES

### (a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities directly or indirectly.

### (b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed in elsewhere in the financial statements, the significant related party transactions of the Group and of the Company are as follows:

	2019 RM	2018 RM
<b>Group</b>		
<b>Transaction with Directors</b>		
Legal fees	-	20,666
Rental expenses	-	160,000
<b>Company</b>		
<b>Transactions with subsidiary companies</b>		
Management fees received	780,000	-
Rental expenses	715,339	733,939
Interest expenses	-	4,462

## Notes To The Financial Statements

31 March 2019 (Cont'd)

### 32. RELATED PARTIES DISCLOSURES (CONT'D)

#### (c) Compensation of key management personnel

Remuneration of Directors and other members of key management are as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Fees	1,260,000	1,147,435	444,000	437,435
Salaries, wages and other emoluments	3,227,705	3,173,610	1,420,485	1,351,612
Defined contribution plans	363,557	346,515	162,682	160,851
Others benefits	79,517	127,830	53,900	68,850
	4,930,779	4,795,390	2,081,067	2,018,748

### 33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below show the details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes:

	Note	At 1 April RM	Financing cash flows (i) RM	New finance lease [Note 4(b)] RM	At 31 March RM
<b>Group</b>					
<b>2019</b>					
Finance lease payables	21	15,164,862	(4,129,090)	609,270	11,645,042
Term loans	21	10,398,122	781,097	-	11,179,219
Short-term borrowings	21	2,509,657	584,899	-	3,094,556
		28,072,641	(2,763,094)	609,270	25,918,817
<b>2018</b>					
Finance lease payables	21	13,721,584	(5,283,819)	6,727,097	15,164,862
Term loans	21	6,545,301	3,852,821	-	10,398,122
Short-term borrowings	21	3,374,451	(864,794)	-	2,509,657
		23,641,336	(2,295,792)	6,727,097	28,072,641
<b>Company</b>					
<b>2019</b>					
Finance lease payables	21	399,848	(210,904)	-	188,944
<b>2018</b>					
Finance lease payables	21	742,611	(342,763)	-	399,848

- (i) The cash flows from finance lease liabilities and bank borrowings make up the net amount of proceeds from or repayments of finance lease liabilities and bank borrowings in the statements of cash flows.

## Notes To The Financial Statements

31 March 2019 (Cont'd)

### 34. SEGMENT INFORMATION

The Group comprises the following main business segments which are based on the Group's management and internal reporting structure:

Quarry products	:	Provision of turnkey and specialised quarry services and sales and marketing of quarry products
Civil engineering	:	Specialised civil engineering works
Premix products	:	Manufacturing and trading of premix products
Bituminous products	:	Manufacturing and trading bituminous products
Property development	:	Development of residential properties
Others	:	Investment holding, provision of managerial services, rental of machinery, trading of industrial machinery spare parts and property development

Performance is measured based on the segment revenue and profit before tax, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by the Chief Executive Officer. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

#### Segment assets

The total of segment assets is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Chief Executive Officer. Segment total asset is used to measure the return of assets of each segment.

#### Segment liabilities

The total of segment liabilities is measured based on all liabilities of a segment, as include in the internal management reports that are reviewed by the Chief Executive Officer.

#### Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment and investment property.

#### Allocation basis and inter-segment pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial years.

## Notes To The Financial Statements

31 March 2019 (Cont'd)

### 34. SEGMENT INFORMATION

Group 2019	Quarry products RM	Civil engineering RM	Premix products RM	Bituminous products RM	Property development RM	Others RM	Consolidation adjustment RM	Consolidation RM
<b>Revenue</b>								
External customers	68,912,905	49,310,612	395,499	14,152,660	2,151,798	83,800	-	135,007,274
Inter-segment	329,494	4,729,389	-	546,122	-	780,000	(6,385,005)	-
Total revenue	69,242,399	54,040,001	395,499	14,698,782	2,151,798	863,800	(6,385,005)	135,007,274
<b>Results</b>								
Segment results	(8,648,783)	3,000,082	(4,037,134)	560,133	145,847	(7,910,434)	7,127,735	(9,762,554)
Interest income								299,584
Finance costs								(2,889,444)
Loss before tax								(12,352,414)
Taxation								(1,943,029)
Loss for the financial year								(14,295,443)
<b>Assets</b>								
Capital expenditure	933,438	298,646	190,000	265,452	-	-	(70,000)	1,617,536
Segment assets	76,808,025	43,838,222	7,258,752	12,477,723	9,975,347	84,084,704	(57,412,184)	177,030,589
<b>Liabilities</b>								
Segment liabilities	77,037,255	28,799,721	16,940,703	6,783,224	7,801,635	30,775,448	(75,915,178)	92,222,808

## Notes To The Financial Statements

31 March 2019 (Cont'd)

## 34. SEGMENT INFORMATION (CONT'D)

Group	Quarry products	Civil engineering	Premix products	Bituminous products	Property development	Others	Consolidation adjustment	Consolidation
2019	RM	RM	RM	RM	RM	RM	RM	RM
<b>Other non-cash items</b>	-	-	-	2,178	-	4,240	-	6,418
Bad debts written off	-	-	-	-	-	-	-	-
Amortisation of quarry development expenditure	1,280,140	-	-	-	-	-	-	1,280,140
Depreciation of property, plant and equipment	4,602,676	712,436	1,231,004	679,122	2,959	525,513	(2,629)	7,751,081
Depreciation of investment properties	-	3,363	-	-	-	-	-	3,363
Deposits written off	1,800	4,250	-	-	-	-	-	6,050
Amortisation of intangible assets	-	-	-	-	-	-	461,472	461,472
Fair value adjustment on other receivables	14,604	-	-	-	-	-	-	14,604
Property, plant and equipment written off	88,894	-	368,093	4,178	-	114,879	-	576,044
(Gain)/Loss on disposal of property, plant and equipment	(1,207,068)	84,522	-	(103,836)	-	(92,816)	30,991	(1,288,207)
Inventories written off	-	-	119,872	-	-	-	-	119,872
Inventories written down	313,930	-	-	-	-	-	-	313,930
Quarry development expenditure written off	478,839	-	-	-	-	-	-	478,839
Impairment losses on:								
- property, plant and equipment	-	-	1,513,655	-	-	-	-	1,513,655
- trade receivables	828,681	40,700	-	2,736	-	-	-	872,117
- other receivables	2,490,013	105,523	-	-	-	-	-	2,595,536
- amount due from subsidiary companies	5,873,059	-	-	-	-	2,564,258	(8,437,317)	-
- goodwill on consolidation	-	-	-	-	-	-	652,747	652,747
Unrealised foreign exchange (loss)/gain	-	-	-	(1,009)	-	39,286	-	38,277
Reversal of inventories written down	(40,918)	-	-	-	-	-	-	(40,918)

## Notes To The Financial Statements

31 March 2019 (Cont'd)

### 34. SEGMENT INFORMATION (CONT'D)

Group 2018	Quarry products RM	Civil engineering RM	Premix products RM	Bituminous products RM	Others RM	Consolidation adjustment RM	Consolidation RM
<b>Revenue</b>							
External customers	54,982,526	27,056,612	24,391,624	14,634,051	62,740	-	121,127,553
Inter-segment	-	154,161	-	11,099	154,306	(319,566)	-
<b>Total revenue</b>	<b>54,982,526</b>	<b>27,210,773</b>	<b>24,391,624</b>	<b>14,645,150</b>	<b>217,046</b>	<b>(319,566)</b>	<b>121,127,553</b>
<b>Results</b>							
Segment results	8,485,835	1,959,664	(2,849,627)	1,311,804	(9,373,068)	3,355,516	2,890,124
Interest income							333,249
Finance costs							(2,094,370)
Profit before tax							1,129,003
Taxation							(2,531,418)
Loss for the financial year							(1,402,415)
<b>Assets</b>							
Capital expenditure	10,122,927	42,091	481,250	10,490	754,146	(1,283,655)	10,127,249
Segment assets	79,117,071	37,440,867	15,156,871	10,801,478	64,662,789	(58,030,240)	149,148,836
<b>Liabilities</b>							
Segment liabilities	72,948,626	23,885,787	19,983,751	5,331,187	23,109,062	(71,853,479)	73,404,934

## Notes To The Financial Statements

31 March 2019 (Cont'd)

## 34. SEGMENT INFORMATION (CONT'D)

Group 2018	Quarry products RM	Civil engineering RM	Premix products RM	Bituminous products RM	Others RM	Consolidation adjustment RM	Consolidation RM
<b>Other non-cash items</b>							
Amortisation of quarry development expenditure	1,132,629	-	-	-	-	-	1,132,629
Bad debts written off	69,347	-	-	130,308	572,138	554,406	1,326,199
Depreciation of investment properties	-	3,363	-	-	-	-	3,363
Depreciation of property, plant and equipment	5,000,650	1,020,717	1,341,460	593,029	430,079	(217,380)	8,168,555
Gain on disposal of property, plant and equipment	(3,868,075)	(237,485)	(378,470)	(13,431)	(2,757,799)	-	(7,255,260)
Impairment loss on:							
- trade receivables	11,528	-	44,404	-	-	-	55,932
- property, plant and equipment	49,732	-	-	-	-	-	49,732
- amount due from subsidiary companies	-	-	-	-	4,073,896	(4,073,896)	-
- goodwill on consolidation	-	-	-	-	-	1,517,193	1,517,193
Property, plant and equipment written off	-	-	-	-	30,083	-	30,083
Inventories written down	450,763	-	-	-	-	-	450,763
Reversal of impairment losses on trade receivables	(2,640)	-	(46,220)	-	-	-	(48,860)
Reversal of impairment losses on amount due from subsidiary companies	-	-	-	-	(3,273,766)	-	3,273,766
Reversal of inventories written down	(936,201)	-	-	-	-	-	(936,201)
Unrealised foreign exchange gain	-	-	-	13,178	122,383	-	135,561

## Notes To The Financial Statements

31 March 2019 (Cont'd)

### 34. SEGMENT INFORMATION (CONT'D)

#### Adjustment and eliminations

Interest income and finance costs are not allocated to individual segments as the underlying instruments are managed on a group basis.

Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a group basis.

Inter-segment revenues and balances are eliminated on consolidation.

#### Geographic information

No disclosure on geographical segment information as the Group operates predominantly in Malaysia.

#### Major customer

No disclosure on major customer information as no customer represents equal or more than ten percent of the Group's revenue.

### 35. FINANCIAL INSTRUMENTS

#### (a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of the financial instruments are measured and how income and expenses including fair values gain or loss are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned and therefore by the measurement basis:

	Financial assets at FVTPL RM	Financial assets at amortised cost RM	Financial liabilities measured at amortised cost RM	Total RM
<b>Group</b>				
<b>2019</b>				
<b>Financial Assets</b>				
Trade receivables	-	35,340,349	-	35,340,349
Other receivables	-	9,105,418	-	9,105,418
Amount due from associates	-	21,879	-	21,879
Other investments	839,208	-	-	839,208
Fixed deposits with licensed banks	-	11,196,610	-	11,196,610
Cash and bank balances	-	4,904,495	-	4,904,495
	839,208	60,568,751	-	61,407,959
<b>Financial Liabilities</b>				
Trade payables	-	-	29,718,645	29,718,645
Other payables	-	-	24,371,698	24,371,698
Loans and borrowings	-	-	35,032,908	35,032,908
	-	-	89,123,251	89,123,251

# Notes To The Financial Statements

31 March 2019 (Cont'd)

## 35. FINANCIAL INSTRUMENTS (CONT'D)

### (a) Classification of financial instruments (cont'd)

	Fair value through profit or loss - held for trading RM	Loans and receivables RM	Financial liabilities measured at amortised cost RM	Total RM
<b>Group 2018</b>				
<b>Financial Assets</b>				
Trade receivables	-	27,316,372	-	27,316,372
Other receivables	-	18,919,600	-	18,919,600
Amount due from associates	-	148,516	-	148,516
Other investments	1,527,125	-	-	1,527,125
Fixed deposits with licensed banks	-	4,063,559	-	4,063,559
Cash and bank balances	-	4,335,015	-	4,335,015
	1,527,125	54,783,062	-	56,310,187
<b>Financial Liabilities</b>				
Trade payables	-	-	31,046,688	31,046,688
Other payables	-	-	8,094,410	8,094,410
Loans and borrowings	-	-	30,420,354	30,420,354
	-	-	69,561,452	69,561,452
	<b>Financial assets at FVTPL RM</b>	<b>Financial assets at amortised cost RM</b>	<b>Financial liabilities measured at amortised cost RM</b>	<b>Total RM</b>
<b>Company 2019</b>				
<b>Financial Assets</b>				
Other receivables	-	247,143	-	247,143
Amount due from subsidiary companies	-	5,631,681	-	5,631,681
Other investments	3,322	-	-	3,322
Cash and bank balances	-	187,309	-	187,309
	3,322	6,066,133	-	6,069,455
<b>Financial Liabilities</b>				
Other payables	-	-	2,441,679	2,441,679
Amount due to subsidiary companies	-	-	3,001,222	3,001,222
Loans and borrowings	-	-	188,944	188,944
	-	-	5,631,845	5,631,845

## Notes To The Financial Statements

31 March 2019 (Cont'd)

### 35. FINANCIAL INSTRUMENTS (CONT'D)

#### (a) Classification of financial instruments (cont'd)

	Fair value through profit or loss - held for trading RM	Loans and receivables RM	Financial liabilities measured at amortised cost RM	Total RM
<b>Company 2018</b>				
<b>Financial Assets</b>				
Other receivables	-	316,701	-	316,701
Amount due from subsidiary companies	-	5,487,189	-	5,487,189
Other investments	21,948	-	-	21,948
Cash and bank balances	-	172,590	-	172,590
	21,948	5,976,480	-	5,998,428
<b>Financial Liabilities</b>				
Other payables	-	-	2,479,811	2,479,811
Amount due to subsidiary companies	-	-	3,436,309	3,436,309
Loans and borrowings	-	-	399,848	399,848
	-	-	6,315,968	6,315,968

#### (b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its credit, liquidity, foreign currency and interest rate risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's and the Company's exposure to the above mentioned financial risks and the objectives, policies and processes for the management of these risks.

##### (i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers, amount due from associates and deposits with banks. The Company's exposure to credit risk arises principally from loans and advances to subsidiary companies and financial guarantees given to banks for credit facilities granted to subsidiary companies. There are no significant changes as compared to prior periods.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposits with banks with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

## Notes To The Financial Statements

31 March 2019 (Cont'd)

### 35. FINANCIAL INSTRUMENTS (CONT'D)

#### (b) Financial risk management objectives and policies (cont'd)

##### (i) Credit risk (cont'd)

The Company provides unsecured loans and advances to subsidiary companies. It also provides unsecured financial guarantees to banks for banking facilities granted to supplier of certain subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

At each reporting date, the Group and the Company assess whether any of the receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partial or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the reporting period represent the Group's and the Company's maximum exposure to credit risk except for corporate guarantees provided to banks and suppliers for banking facilities and credit terms granted to certain subsidiary companies. The Company's maximum exposure in this respect is RM30,149,006 (2018: RM28,994,754). There was no indication that any subsidiary companies would default on repayment as at the end of the reporting period.

The Group has no significant concentration of credit risk as its exposure spread over a large number of customers. The Company has no significant concentration of credit risks except for advances to its subsidiary companies where risks of default have been assessed to be low.

There are no significant changes as compared to previous financial year.

##### (ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

The following table analyses the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

## Notes To The Financial Statements

31 March 2019 (Cont'd)

### 35. FINANCIAL INSTRUMENTS (CONT'D)

#### (b) Financial risk management objectives and policies (cont'd)

##### (ii) Liquidity risk (cont'd)

	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
<b>Group</b>						
<b>2019</b>						
<b>Non-derivative financial liabilities</b>						
Trade payables	29,718,645	-	-	-	29,718,645	29,718,645
Other payables	24,371,698	-	-	-	24,371,698	24,371,698
Finance lease payables	5,991,451	3,640,190	2,939,213	-	12,570,854	11,645,042
Bank borrowings	11,692,174	2,014,092	4,520,683	7,712,992	25,939,941	23,387,866
	71,773,968	5,654,282	7,459,896	7,712,992	92,601,138	89,123,251
<b>2018</b>						
<b>Non-derivative financial liabilities</b>						
Trade payables	31,046,688	-	-	-	31,046,688	31,046,688
Other payables	8,094,410	-	-	-	8,094,410	8,094,410
Finance lease payables	6,149,360	5,010,059	5,440,660	-	16,600,079	15,164,862
Bank borrowings	5,098,600	1,196,268	3,588,804	9,307,018	19,190,690	15,255,492
	50,389,058	6,206,327	9,029,464	9,307,018	74,931,867	69,561,452

## Notes To The Financial Statements

31 March 2019 (Cont'd)

## 35. FINANCIAL INSTRUMENTS (CONT'D)

## (b) Financial risk management objectives and policies (cont'd)

## (ii) Liquidity risk (cont'd)

	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
<b>Company 2019</b>						
<b>Non-derivative financial liabilities</b>						
Other payables	2,441,679	-	-	-	2,441,679	2,441,679
Amount due to subsidiary companies	3,001,222	-	-	-	3,001,222	3,001,222
Finance lease payables	134,446	37,020	27,762	-	199,228	188,944
Corporate guarantee *	30,149,006	-	-	-	30,149,006	-
	35,726,353	37,020	27,762	-	35,791,135	5,631,845
<b>Company 2018</b>						
<b>Non-derivative financial liabilities</b>						
Other payables	2,479,811	-	-	-	2,479,811	2,479,811
Amount due to subsidiary companies	3,436,309	-	-	-	3,436,309	3,436,309
Finance lease payables	219,744	142,312	64,782	-	426,838	399,848
Corporate guarantee *	28,994,754	-	-	-	28,994,754	-
	35,130,618	142,312	64,782	-	35,337,712	6,315,968

\* The corporate guarantee are financial guarantees given to banks and suppliers for banking facilities and credit terms granted to certain subsidiary companies.

# Notes To The Financial Statements

31 March 2019 (Cont'd)

## 35. FINANCIAL INSTRUMENTS (CONT'D)

### (b) Financial risk management objectives and policies (cont'd)

#### (iii) Market risks

##### (a) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in foreign currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily United States Dollar (USD) and Singapore Dollar (SGD).

The Group has not entered into any derivative instruments for hedging or trading purposes as the net exposure to foreign currency risk is not significant. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

	Denominated in USD RM
<b>Group</b>	
<b>2019</b>	
Trade receivables	160,540
Fixed deposits with licensed banks	6,037,500
Cash and bank balances	89,676
Other payables	(6,404,462)
	(116,746)
<b>2018</b>	
Trade receivables	6,385
Cash and bank balances	92,383
	98,768
	Denominated in SGD RM
<b>Company</b>	
<b>2019</b>	
Amount due from a subsidiary company	1,758,114
<b>2018</b>	
Amount due from a subsidiary company	1,654,997

# Notes To The Financial Statements

31 March 2019 (Cont'd)

## 35. FINANCIAL INSTRUMENTS (CONT'D)

### (b) Financial risk management objectives and policies (cont'd)

#### (iii) Market risks (cont'd)

##### (a) Foreign currency risk (cont'd)

The Group is exposed to foreign currency risk on transactions that are denominated in foreign currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily United States Dollar (USD) and Singapore Dollar (SGD).

The Group has not entered into any derivative instruments for hedging or trading purposes as the net exposure to foreign currency risk is not significant. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities at the end of the reporting period are as follows:

		2019 Effect on loss before tax RM		2018 Effect on loss before tax RM
	Changes in currency rate RM		Changes in currency rate RM	
<b>Group</b>				
USD	Strengthened 10%	11,675	Strengthened 10%	9,877
	Weakened 10%	(11,675)	Weakened 10%	(9,877)
<b>Company</b>				
SGD	Strengthened 10%	175,811	Strengthened 10%	165,500
	Weakened 10%	(175,811)	Weakened 10%	(165,500)

##### (b) Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group manages the interest rate risk of its deposits with licensed banks by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long-term deposits.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

## Notes To The Financial Statements

31 March 2019 (Cont'd)

### 35. FINANCIAL INSTRUMENTS (CONT'D)

#### (b) Financial risk management objectives and policies (cont'd)

##### (iii) Market risks (cont'd)

##### (b) Interest rate risk (cont'd)

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	2019 RM	2018 RM
<b>Group</b>		
<b>Fixed rate instruments</b>		
<b>Financial asset</b>		
Fixed deposits with licensed banks	11,196,610	4,063,559
<b>Financial liability</b>		
Finance lease payables	(11,645,042)	(15,164,862)
	<u>(448,432)</u>	<u>(11,101,303)</u>
<b>Group</b>		
<b>Floating rate instruments</b>		
<b>Financial liabilities</b>		
Term loans	11,179,219	10,398,122
Bank overdrafts	9,114,091	2,347,713
Bankers' acceptance	2,370,760	1,886,854
Bills payables	157,381	198,355
Trust receipts	566,415	424,448
	<u>23,387,866</u>	<u>15,255,492</u>
<b>Company</b>		
<b>Fixed rate instruments</b>		
<b>Financial liability</b>		
Finance lease payables	188,944	399,848

#### Interest rate risk sensitivity analysis

##### Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

##### Cash flow sensitivity analysis for floating rate instruments

A change in 1% interest rate at the end of the reporting period would have increased/ (decreased) the Group's loss before tax by RM233,879 (2018: RM152,555) arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

# Notes To The Financial Statements

31 March 2019 (Cont'd)

## 35. FINANCIAL INSTRUMENTS (CONT'D)

### (c) Fair values of financial instruments

The carrying amounts of short-term receivables and payables, cash and cash equivalents and short-term loans and borrowings approximate their fair value due to the relatively short-term nature of these financial instruments and/or insignificant impact of discounting.

The carrying amount of long-term floating rate loans and borrowings approximately their fair value as the loans and borrowings will be re-paid to market interest rate on or near reporting date.

It was not practicable to estimate the fair value of investment in unquoted equity due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

The table below analyses financial instruments not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments not carried at fair value			Carrying amount
	Level 1 RM	Level 2 RM	Level 3 RM	RM
<b>Group</b>				
<b>2019</b>				
<b>Financial liability</b>				
Finance lease payables	-	6,074,707	-	6,193,468
<b>2018</b>				
<b>Financial liability</b>				
Finance lease payables	-	9,506,162	-	9,756,634
<b>Company</b>				
<b>2019</b>				
<b>Financial liability</b>				
Finance lease payables	-	59,696	-	61,361
<b>2018</b>				
<b>Financial liability</b>				
Finance lease payables	-	191,057	-	196,763

## Notes To The Financial Statements

31 March 2019 (Cont'd)

### 35. FINANCIAL INSTRUMENTS (CONT'D)

#### (c) Fair value of financial instruments (cont'd)

##### (i) Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between levels during current and previous financial years.

##### (ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

##### (iii) Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

##### Non-derivative financial instruments

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

##### (iv) Level 3 fair value

Level 3 fair value for the financial assets and liabilities are estimated using unobservable inputs.

### 36. CAPITAL COMMITMENT

	Group/Company	
	2019 RM	2018 RM
<b>Capital expenditure</b>		
Authorised and contracted for:		
- acquisition of a subsidiary company	-	16,800,000

## Notes To The Financial Statements

31 March 2019 (Cont'd)

### 37. CAPITAL MANAGEMENT

The Group's and the Company's objectives when managing capital are to safeguard the Group's and Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group and the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group and the Company monitor capital using a gearing ratio. The Group's and Company's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratios at the end of the reporting period are as follows:

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Total loans and borrowings	35,032,908	30,420,354	188,944	399,848
Less: Cash and cash equivalents (excluded bank overdrafts)	(4,915,286)	(4,345,531)	(187,309)	(172,590)
Net debts	30,117,622	26,074,823	1,635	227,258
Total equity	84,807,781	75,743,902	49,927,049	35,468,534
Gearing ratio (times)	0.36	0.34	0.00	0.01

There were no changes in the Group's approach to capital management during the financial year.

### 38. LITIGATION AND CLAIMS MATTERS

The Group is not engaged in any material litigation cases as at the date of this report other than the following:

(a) **Kuala Lumpur High Court Suit No. S-22NCVC-288-04/2013 ("Suit 288")**

The Trial for Suit 288 and the below stated Suit 433 had proceeded at the Kuala Lumpur High Court before Y.A. Datin Hajah Azizah on 23rd, 24th, 25th and 26th October 2017, 13th and 23rd November 2017.

The Judge had on 20th April 2018 found the termination by Sri Manjung Granite Quarry Sdn. Bhd. ("SMGQ") to be unlawful and had ordered SMGQ to pay damages to Optimis Dinamik Sdn. Bhd. ("ODSB") (the quantum of damages is to be assessed by the Court Registrar) together with interest thereon at the rate of 5% per annum from the date of the Writ of Summon dated 1 April 2013 until full payment and costs of RM80,000.

As regards to SMGQ's Counterclaim, the High Court only allowed SMGQ's counterclaim for the outstanding tribute payment of RM256,300.24 owing by ODSB which is to be deducted (set-off) from the damages assessed to be paid by SMGQ to ODSB. The Counterclaim of RM256,300.24 allowed by the High Court in Suit 288 should have no financial impact on the Group as it is to be deducted (set-off) against damages to be paid by SMGQ to ODSB.

## Notes To The Financial Statements

31 March 2019 (Cont'd)

### 38. LITIGATION AND CLAIMS MATTERS (CONT'D)

#### (a) Kuala Lumpur High Court Suit No. S-22NCVC-288-04/2013 ("Suit 288") (cont'd)

On 15th May 2018, SMGQ filed their appeal against the High Court's decision in Suit 288 ("SMGQ's Appeal").

ODSB had filed a Notice of Direction to the High Court for the assessment of damages, and on 5th July 2018, the Judge, by consent, ordered that the assessment of damages proceedings be stayed pending the disposal of SMGQ's Appeal.

The Deputy Registrar of the Court of Appeal had fixed both ODSB's Appeal (as defined hereinbelow) and SMGQ's Appeal for further Case Management on 28th August 2019 pending the availability of the written grounds of decision from the High Court Judge ("the Written Grounds of Decision") for both Suit 288 and Suit 433. The Deputy Registrar of the Court of Appeal will only fix a hearing date for both Appeals (which will be heard together) upon obtaining the Written Grounds of Decision.

#### (b) Kuala Lumpur High Court Suit No. 22NCVC-433-09/2014 ("Suit 433")

As stated above, Suit 433 and Suit 288 were tried together.

The Judge had on 20th April 2018 dismissed ODSB, Minetech Quarries Sdn. Bhd. and K.S. Chin Minerals Sdn. Bhd.'s claim against SMGQ and its 3 Directors, namely Mr. Moo Khean Choong @ Mu Kan Chong, Ms. Low Sow Fong and Mr. Atma Singh @ Atma Singh Lahre s/o Keer Singh, with costs of RM50,000.

ODSB, Minetech Quarries Sdn Bhd and K.S. Chin Mineral Sdn Bhd had on 18th May 2018 filed an appeal to the Court of Appeal against the High Court's decision in Suit 433 ("ODSB's Appeal").

As stated above, the Deputy Registrar of the Court of Appeal had fixed both ODSB's Appeal and SMGQ's Appeal for further Case Management on 28th August 2019 pending the availability of the Written Grounds of Decision for both Suit 288 and Suit 433. The Deputy Registrar of the Court of Appeal will only fix a hearing date for both Appeals (which will be heard together) upon obtaining the Written Grounds of Decision.

The estimated legal fees to be incurred by the Group in the engagement of solicitors to litigate the abovementioned litigation cases is approximately RM1 million.

### 39. DATE OF AUTHORISATION FOR ISSUE

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 18 July 2019.

**LIST OF PROPERTIES**

AS AT 31 MARCH 2019

No	Name of Registered Owner/ Postal Address/Title Identification	Approximate Age of Building/Tenure/Date of Expiry of Lease	Description and Existing Use/Date of Acquisition	Approximate Land Area/ Built Up Area (square metres)	Net Book Value @ 31 March 2019 (RM)
<b>Minetech Resources Berhad</b>					
1	Lot 345761 (formerly known as PT 183213) held under Master Title No. PN 349139 <b>Mukim of Hulu Kinta District of Kinta Perak Darul Ridzuan</b>	99 years leasehold/ Expiring on 16 June 2101	Vacant residential development land  30 November 2016	7,924	6,000,000
<b>Medium Visa Sdn Bhd</b>					
1.	Lot PT 17209 held under Title No. HSD 15403 <b>Mukim Hulu Bernam Timur District Batang Padang Perak Darul Ridzuan</b>	99 years leasehold/ Expiring on 8 December 2107	Vacant industrial lands  21 April 2016	7,001.7	600,000
2.	Lot PT 17211 held under Title No. HSD 15405 <b>Mukim Hulu Bernam Timur District Batang Padang Perak Darul Ridzuan</b>	99 years leasehold/ Expiring on 8 December 2107	Vacant industrial lands  21 April 2016	117,135	8,830,000
<b>Harapan Irian Sdn Bhd</b>					
1.	Lot PT 17210 held under Title No. HSD 15404 <b>Mukim Hulu Bernam Timur District Batang Padang Perak Darul Ridzuan</b>	99 years leasehold/ Expiring on 8 December 2107	Vacant industrial lands  4 April 2016	99,730	7,385,519
<b>Minetech Construction Sdn Bhd</b>					
1	Unit A6-02 and A6-04 Plaza Dwtasik No. 21 Jalan 5/106 Bandar Seri Permaisuri 56000 Kuala Lumpur <b>Phase 1, Level 6 Unit No. 13.2 and 14.2 Storey Level 6 Block A Plaza Dwtasik PN 27024 Lot 51975 Mukim Kuala Lumpur Daerah Kuala Lumpur</b>	17 years/99 years leasehold/ Expiring on 11 January 2095	2 commercial office units currently rented to third parties  18 January 1996	- 879	263,197
2.	Unit 123-523, Unit 223A-523A FAS Business Avenue Jalan Perbandaran 47301 Petaling Jaya Selangor Darul Ehsan <b>Unit 12A-12I HS (D) 85220 PT 14532 Mukim Damansara Daerah Petaling*</b>	21 years/99 years leasehold/ Expiring on 6 December 2092	9 units 5 storeys commercial shop lots - Vacant  22 November 1994	- 720	1,013,350
3.	D-G-5 – D-5-5 & M-5, Ground Floor to Fifth Floor, Block D Parklane, Commercial Hub @ Kelana Jaya Selangor Darul Ehsan <b>HS(D) 259689, P.T. No. 14532, Mukim of Damansara, Daerah Petaling Negeri Selangor Darul Ehsan*</b>	6 years/99 years leasehold/ Expiring on 6 December 2092	6 1/2 units commercial shop office  2 February 2016	- 1,178	7,155,836

## List Of Properties

As At 31 March 2019 (Cont'd)

No	Name of Registered Owner/ Postal Address/Title Identification	Approximate Age of Building/Tenure/Date of Expiry of Lease	Description and Existing Use/Date of Acquisition	Approximate Land Area/ Built Up Area (square metres)	Net Book Value @ 31 March 2019 (RM)
<b>Minetech Realty Sdn Bhd</b>					
1.	SA-SM23, SA-SG23, SA-SG25, SA-SG26, SA-SG29 Ukay Perdana HS(M) 12614 PT 643 and HS(M) 12615 PT 644 both in Bandar Ulu Kelang Tempat Batu 7 Ulu Kelang (Ukay Perdana) Daerah Gombak Negeri Selangor*	8 years/99 years leasehold/Expiring on 4 October 2100	5 units commercial shoplots currently rented to third parties  4 units were acquired on 30 April 2004  SA-SG26 was acquired on 10 May 2004	- 731	1,378,347
<b>Minetech Asphalt Man International Sdn Bhd</b>					
1.	Lot 1414 Mukim Ulu Yam District of Hulu Selangor Selangor Darul Ehsan Title: GM 5739	Freehold land and factory building	Freehold land / factory building  27 February 2007	14,416.9	3,953,228
<b>Grand Total</b>					<b>36,579,477</b>

Note:-

- \* The land title particulars disclosed are the particulars of the master titles registered under the names of the respective developers. The respective strata titles of properties in Ukay Perdana, FAS Business Avenue and Parklane to the individual commercial shop lots/offices have yet to be issued.

## ANALYSIS OF SHAREHOLDINGS

### AS AT 28 JUNE 2019

Issued Shares	:	921,574,900 ordinary shares (including shares held as treasury shares)
Treasury Shares	:	285,000 Ordinary Shares
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per share

#### ANALYSIS OF SHAREHOLDINGS

Distribution of shareholdings according to size:

Size of Holdings	No. of Shareholders/ Depositors	% of Shareholders/ Depositors	No. of Shares Held	% of Issued Capital*
1 - 99	9	0.37	205	0.00
100 - 1,000	335	13.71	168,675	0.02
1,001 - 10,000	406	16.61	2,799,600	0.30
10,001 - 100,000	1,091	44.64	55,136,400	5.98
100,001 to less than 5% of issued shares	601	24.59	613,185,020	66.56
5% and above of issued shares	2	0.08	250,000,000	27.14
<b>Total</b>	<b>2,444</b>	<b>100.00</b>	<b>921,289,900</b>	<b>100.00</b>

\* Excluding a total of 285,000 shares bought-back by the Company and retained as treasury shares as per the Record of Depositors as at 28 June 2019.

#### SUBSTANTIAL SHAREHOLDERS

(As per Register of Substantial Shareholders)

Name of Shareholders	<----- Direct ----->		<----- Indirect ----->	
	No. of Shares Held	% of Issued Capital#	No. of Shares Held	% of Issued Capital#
Choy Sen @ Chin Kim Sang	172,897,020	18.77	-	-
Bertam Roadbase Sdn Bhd ("BRSB")	120,000,000	13.03	-	-
CMT Resources Sdn Bhd ("CMT")	-	-	120,000,000 <sup>(1)</sup>	13.03
Koperasi Ukhwah Malaysia Berhad	-	-	120,000,000 <sup>(1)</sup>	13.03
Monobina Maju Sdn Bhd	-	-	120,000,000 <sup>(2)</sup>	13.03
Skychen Holdings Sdn Bhd	-	-	120,000,000 <sup>(2)</sup>	13.03
Chong Sook Kian	-	-	120,000,000 <sup>(2)</sup>	13.03
Dato' Chong Thin Choy	-	-	120,000,000 <sup>(3)</sup>	13.03
Chong Thin Peng	-	-	120,000,000 <sup>(3)</sup>	13.03
Chong Thian Ming	-	-	120,000,000 <sup>(4)</sup>	13.03

<sup>(1)</sup> Deemed interested by virtue of their respective shareholdings in BRSB, pursuant to the Companies Act 2016 ("the Act").

<sup>(2)</sup> Deemed interested via their respective shareholdings in CMT, who is a direct shareholder of BRSB, pursuant to the Act.

<sup>(3)</sup> Deemed interested via their respective shareholdings in Monobina Maju Sdn Bhd and Skychen Holdings Sdn Bhd, who are indirect shareholders of BRSB through their shareholdings in CMT, who is a direct shareholder of BRSB, pursuant to the Act.

<sup>(4)</sup> Deemed interest via his shareholdings in Monobina Maju Sdn Bhd, who is an indirect shareholder of BRSB through its shareholdings in CMT, who is a direct shareholder of BRSB, pursuant to the Act.

# Excluding a total of 285,000 shares bought-back by the Company and retained as treasury shares.

## Analysis Of Shareholdings

### AS AT 28 JUNE 2019 (Cont'd)

#### SHAREHOLDINGS OF DIRECTORS

(As per Register of Directors' Shareholdings)

Name of Directors	<----- Direct ----->		<----- Indirect ----->	
	No. of Shares Held	% of Issued Capital <sup>#</sup>	No. of Shares Held	% of Issued Capital <sup>#</sup>
Choy Sen @ Chin Kim Sang	172,897,020	18.77	-	-
Chin Leong Choy	-	-	-	-
Chin Kong Yaw*	-	-	-	-
Dato' Sri Chai Chow Sang	30,000,000	3.26	-	-
Chan Toong San	-	-	-	-
Chong Jun Heng	-	-	-	-
Ahmad Ruslan Zahari Bin Zakaria	-	-	-	-
Ling Chee Wei	-	-	-	-
Ahmad Rahizal Bin Dato' Ahmad Rasidi	-	-	-	-
Chai War Ren (Alternate Director to Dato' Sri Chai Chow Sang)	-	-	-	-

<sup>#</sup> Excluding a total of 285,000 shares bought-back by the Company and retained as treasury shares.

\* Resigned on 30 June 2019.

#### THIRTY (30) LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares Held	% of Issued Capital <sup>#</sup>
1.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Choy Sen @ Chin Kim Sang	130,000,000	14.11
2.	Bertam Roadbase Sdn Bhd	120,000,000	13.03
3.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account - Ambank (M) Berhad for Choy Sen @ Chin Kim Sang (SMART)	42,897,020	4.66
4.	Madu Training & Consultancy Sdn Bhd	31,500,000	3.42
5.	Dato' Sri Chai Chow Sang	30,000,000	3.26
6.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Low Chee Eng	14,600,000	1.59
7.	Liew Vooi Fong	14,250,000	1.55
8.	Lee Kwan Ming	13,441,100	1.46
9.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Wai Sun	11,908,000	1.29
10.	Loo Leong Hoe	10,719,100	1.16
11.	Ng Chong Yow	10,703,400	1.16
12.	Tan Seow Leng	10,600,000	1.15

## Analysis Of Shareholdings

### AS AT 28 JUNE 2019 (Cont'd)

#### THIRTY (30) LARGEST SHAREHOLDERS (cont'd)

No.	Name of Shareholders	No. of Shares Held	% of Issued Capital <sup>#</sup>
13.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goh Juai Hian (100378)	9,007,700	0.98
14.	Chan Siew Pin	8,550,000	0.93
15.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chia Kee Mong	8,545,000	0.93
16.	Shia Fui Kin	7,683,700	0.83
17.	Hong Foh Nyok	7,667,000	0.83
18.	Leong Mun Cheon	7,552,100	0.82
19.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Viannie Undikai	6,891,500	0.75
20.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teh Siew Beng	5,900,000	0.64
21.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Phua Yee Chan (E-KTU/CKI)	5,542,900	0.60
22.	Ng Chong Yow	5,261,000	0.57
23.	Lee Fong Kuan	5,200,000	0.56
24.	Chew Soon Fatt	5,165,100	0.56
25.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Piah Heng (E-TAI/PRS)	5,000,000	0.54
26.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mak Bonleo	4,889,200	0.53
27.	Tan Yoke Kwee	4,620,000	0.50
28.	Lee Kwan Ming	4,602,400	0.50
29.	Wong Chee Kin	4,433,000	0.48
30.	Ng Chong Kiat	4,166,700	0.45
<b>Total</b>		<b>551,295,920</b>	<b>59.84</b>

<sup>#</sup> Excluding a total of 285,000 shares bought-back by the Company and retained as treasury shares.

## ANALYSIS OF WARRANT HOLDINGS

AS AT 28 JUNE 2019

Total Number of Outstanding Warrants A	:	332,404,500
Issue Date	:	28 November 2014
Expiry Date	:	27 November 2019
Exercise Price of Warrants A	:	RM0.15

### ANALYSIS OF WARRANT HOLDINGS

Distribution of warrant holdings according to size:

Size of Warrant Holdings	No. of Warrant Holders/ Depositors	% of Warrant Holders/ Depositors	No. of Warrants Held	% of Issued Warrants
1 - 99	2	0.28	43	0.00
100 - 1,000	35	4.95	18,857	0.00
1,001 - 10,000	90	12.71	652,200	0.20
10,001 - 100,000	295	41.67	16,813,000	5.06
100,001 to less than 5% of issued warrants	285	40.25	287,828,500	86.59
5% and above of issued warrants	1	0.14	27,091,900	8.15
<b>Total</b>	<b>708</b>	<b>100.00</b>	<b>332,404,500</b>	<b>100.00</b>

### WARRANT HOLDINGS OF DIRECTORS

(As per Register of Directors' Warrants Holdings)

Name of Directors	<----- Direct ----->		<----- Indirect ----->	
	No. of Warrants held	% of Issued Warrants	No. of Warrants held	% of Issued Warrants
Choy Sen @ Chin Kim Sang	-	-	-	-
Chin Leong Choy	-	-	-	-
Chin Kong Yaw*	-	-	-	-
Dato' Sri Chai Chow Sang	-	-	-	-
Chan Toong San	-	-	-	-
Chong Jun Heng	-	-	-	-
Ahmad Ruslan Zahari Bin Zakaria	-	-	-	-
Ling Chee Wei	-	-	-	-
Ahmad Rahizal Bin Dato' Ahmad Rasidi	-	-	-	-
Chai War Ren (Alternate Director to Dato' Sri Chai Chow Sang)	-	-	-	-

\* Resigned on 30 June 2019

### THIRTY (30) LARGEST WARRANT HOLDERS

No.	Name of Warrant Holders	No. of Warrants Held	% of Issued Warrants
1.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Muhammad Harith Shum Bin Abdullah	27,091,900	8.15
2.	Leow Choon Yim	15,000,200	4.51
3.	Lim Kian Leong	8,100,000	2.44
4.	Yeoh Keat Chuan	8,000,000	2.41

## Analysis of Warrant Holdings

### AS AT 28 JUNE 2019 (Cont'd)

#### THIRTY (30) LARGEST WARRANT HOLDERS (cont'd)

No.	Name of Warrant Holders	No. of Warrants Held	% of Issued Warrants
5.	Lee Kue Lian	7,600,000	2.29
6.	Choo Wai Kit	6,590,000	1.98
7.	Ng Chong Kiat	6,500,000	1.96
8.	Ng See Bee	6,035,700	1.82
9.	Ng Chong Yow	5,700,000	1.71
10.	Maybank Nominees (Tempatan) Sdn Bhd Chew Soon Fatt	5,210,000	1.57
11.	JS Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yee Kon Sin (Menara MRCB-CL)	5,000,000	1.50
12.	Lee Seow Chun	4,800,000	1.44
13.	Lee Kwan Ming	4,299,000	1.29
14.	JS Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Winston Ng Peng Cheang (TMN MALURI-CL)	4,280,000	1.29
15.	Lim Fong Yee	4,170,000	1.25
16.	Choo Wai Kit	4,100,000	1.23
17.	Hong Foh Nyok	4,078,100	1.23
18.	Hiew Yuen Loy	4,000,000	1.20
19.	Mah Yuet Ching	4,000,000	1.20
20.	Pon Sau Wan	4,000,000	1.20
21.	HLIB Nominees (Tempatan) Sdn Bhd Hong Leong Bank Bhd for Chew Wee Sen	3,599,800	1.08
22.	Winston Ng Peng Cheang	3,250,000	0.98
23.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Kian Leong (E-KLG)	3,086,800	0.93
24.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Choong Foong Ming (021)	3,080,000	0.93
25.	Chuan Yi Hardware Trading Sdn Bhd	3,000,000	0.90
26.	Lee Kwan Ming	2,980,000	0.90
27.	Kenanga Nominees (Tempatan) Sdn Bhd Ng Geok Mun	2,820,000	0.85
28.	Wong Chee Kin	2,747,200	0.83
29.	Chew Soon Fatt	2,585,100	0.78
30.	JS Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Geok Wah (B BRKLANG-CL)	2,500,000	0.75
<b>Total</b>		<b>168,203,800</b>	<b>50.60</b>

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Seventeenth Annual General Meeting of MINETECH RESOURCES BERHAD (the “Company” or “MRB”) will be held at Tioman Room, Bukit Jalil Golf & Country Resort, Berjaya Golf Resort Berhad, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur, Wilayah Persekutuan on Wednesday, 28 August 2019 at 9.00 a.m. for the following purposes:

### A G E N D A

#### As Ordinary Business

- |  |   |
|--|---|
| 1. To receive the Audited Financial Statements for the financial year ended 31 March 2019 together with the Reports of the Directors and Auditors thereon.             | (Please refer to Note 1 of the Explanatory Notes) |
| 2. To approve the payment of Directors’ Fees and benefits payable to the Directors up to an aggregate amount of RM700,000 for the financial year ending 31 March 2020. | Ordinary Resolution 1                             |
| 3. To re-elect the following Directors of the Company who are retiring pursuant to Articles 125 of the Articles of Association of the Company:-                        |   |
| i. Encik Ahmad Ruslan Zahari Bin Zakaria   | Ordinary Resolution 2                             |
| ii. Encik Ahmad Rahizal Bin Dato’ Ahmad Rasidi   | Ordinary Resolution 3                             |
| iii. Mr Chin Leong Choy  | Ordinary Resolution 4                             |
| 4. To re-appoint Messrs UHY as Auditors of the Company and to authorise the Directors to fix their remuneration.   | Ordinary Resolution 5                             |

#### As Special Business

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

- |  |  |
|--|--|
| 5. <b>Authority under Section 76 of the Companies Act 2016 for the Directors to allot and issue shares</b>   | Ordinary Resolution 6<br>(Please refer to Note 2 of the Explanatory Notes) |
| “THAT pursuant to Section 76 of the Companies Act 2016, the Directors be and are hereby authorised to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being, subject always to the approval of all relevant regulatory bodies being obtained for such allotment and issuance.” |  |
| 6. <b>Proposed Renewal of Shareholders’ Mandate for Existing Recurrent Related Party Transactions (“RRPT”) of a Revenue or Trading Nature and Proposed New Shareholders’ Mandate for Additional RRPT (“Proposed RRPT Mandate”)</b>   | Ordinary Resolution 7<br>(Please refer to Note 3 of the Explanatory Notes) |
| THAT approval be and is hereby given to the Company and its subsidiaries (“MRB Group”) to enter into RRPT of a revenue or trading nature as set out in Section 2.2 of the Circular to Shareholders dated 31 July 2019 (“Circular”) which are necessary for the MRB Group’s day-to-day operations subject to the following:-  |  |
| a) the transactions are in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and  |  |

## Notice Of Annual General Meeting (Cont'd)

- b) the disclosure will be made in the Annual Report of the breakdown of the aggregate value of the RRPT conducted pursuant to the Proposed RRPT Mandate during the financial year on the type of RRPT made, the names of the related parties involved in each type of RRPT and their relationships with the Company.

THAT the authority conferred shall continue to be in force until:-

- i) the conclusion of the next Annual General Meeting (“AGM”) of the Company following the forthcoming AGM at which the Proposed RRPT Mandate is approved, at which time it will lapse, unless by a resolution passed at the AGM, the mandate is again renewed;
- ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed RRPT Mandate.”

### 7. Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares Ordinary Resolution 8 (Please refer to Note 4 of the Explanatory Notes)

“THAT subject to the Companies Act 2016, the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approvals of any other relevant governmental and/or regulatory authorities (if any), the Company be and is hereby authorised to purchase the ordinary shares in the Company (“Proposed Renewal of Share Buy-Back Authority”) as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-

- (a) the aggregate number of ordinary shares which may be purchased and/or held by the Company as treasury shares shall not exceed ten per centum (10%) of the total number of issued shares of the Company at any point in time of the said purchase(s);
- (b) the maximum funds to be allocated by the Company for the purpose of purchasing its ordinary shares shall not exceed the total retained earnings of the Company at the time of purchase; and

## Notice Of Annual General Meeting (Cont'd)

(c) the authority conferred by this resolution shall continue to be in force until:

- (i) the conclusion of the next AGM of the Company following the general meeting at which such resolution was passed at which time the said authority shall lapse unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (iii) revoked or varied by ordinary resolution passed by the shareholders in general meeting

whichever occurs first,

but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and/or any other relevant governmental and/or regulatory authorities (if any).

THAT upon completion of the purchase by the Company of its own ordinary shares, the Directors of the Company be and are hereby authorised to deal with the ordinary shares purchased in their absolute discretion in the following manner:-

- (a) cancel all the ordinary shares so purchased; and/or
- (b) retain the ordinary shares so purchased as treasury shares; and/or
- (c) retain part thereof as treasury shares and cancel the remainder.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary (including the opening and maintaining of depository account(s) under the Securities Industry (Central Depositories) Act, 1991) and enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time or as the Directors may in their discretion deem necessary and to do all such acts and things as the Directors may deem fit and expedient in the best interests of the Company."

### 8. Proposed Adoption of New Constitution of the Company

"THAT the existing Memorandum and Articles of Association of the Company be deleted in its entirety and that the new Constitution as set out in Appendix II of the Circular to Shareholders dated 31 July 2019 be and is hereby adopted as the new Constitution of the Company.

AND THAT the Directors of the Company be and are hereby authorised to do all acts, deeds and things as are necessary and/or expedient in order to give full effect to the Proposed Adoption of New Constitution with full powers to assent to any conditions, modifications and/or amendments as may be required by any authorities to give effect to the Proposed Adoption of New Constitution."

### 9. To transact any other business for which due notice shall have been given.

**Special Resolution**  
(Please refer  
to Note 5 of the  
Explanatory Notes)

## Notice Of Annual General Meeting (Cont'd)

BY ORDER OF THE BOARD

TAI YIT CHAN (MAICSA 7009143)  
TAN AI NING (MAICSA 7015852)  
Company Secretaries

Selangor Darul Ehsan  
Date: 31 July 2019

### NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy/proxies to attend and vote for him but his attendance shall automatically revoke the proxy's authority. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
2. A member may appoint up to two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. The instrument appointing a proxy shall be in writing, executed by or on behalf of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
5. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Registered Office of the Company at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting, otherwise the instrument of proxy should not be treated as valid.
6. In respect of deposited securities, only members whose names appear on the Record of Depositors on 21 August 2019 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

## Notice Of Annual General Meeting (Cont'd)

### EXPLANATORY NOTES ON ORDINARY BUSINESS

#### 1. To receive the Audited Financial Statements

The Audited Financial Statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not be put for voting.

### EXPLANATORY NOTES ON SPECIAL BUSINESS

#### 2. Ordinary Resolution 6 on the Authority under Section 76 of the Companies Act 2016 for the Directors to allot and issue shares

The Company had, during its Sixteenth AGM held on 28 August 2018, obtained its shareholders' approval for the general mandate for issuance of shares pursuant to the Section 76 of the Companies Act 2016. As at the date of this Notice, the Company had issued 40,000,000 ordinary shares at the subscription price of RM0.055 per share pursuant to this mandate obtained. The total proceeds of RM2,200,000.00 raised from the private placement would be utilised as working capital and defraying of expenses incidental to the private placement.

The Ordinary Resolution 6 proposed under item 5 of the Agenda is a renewal of the general mandate for issuance of shares by the Company under Section 76 of the Companies Act 2016. The mandate, if passed, will provide flexibility for the Company and empower the Directors to allot and issue new shares speedily in the Company up to an amount not exceeding in total 10% of the total number of issued shares of the Company for purpose of funding the working capital or strategic development of the Group. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

At this juncture, there is no decision to issue new shares. If there should be a decision to issue new shares after the general mandate is sought, the Company will make an announcement in respect thereof.

#### 3. Ordinary Resolution 7 on Proposed RRPT Mandate

The proposed Ordinary Resolution 7, if passed, will allow the Company and its subsidiaries to enter into RRPT in accordance with Paragraph 10.09 of the Main Market Listing Requirements of Bursa Securities without the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such RRPT occur. This would reduce substantial administrative time, inconvenience and resources associated with the convening of such meetings without compromising the corporate objectives of the Group or affecting the business opportunities available to the Group. The shareholders' mandate is subject to renewal on an annual basis.

For further information on Ordinary Resolution 7, please refer to Part A of the Circular to Shareholders dated 31 July 2019 accompanying the Annual Report of the Company for the financial year ended 31 March 2019.

#### 4. Ordinary Resolution 8 on Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares

The proposed Ordinary Resolution 8, if passed, will give the Directors of the Company authority to take all such steps as are necessary or expedient to implement, finalise, complete and/or to effect the purchase(s) of shares by the Company as the Directors may deem fit and expedient in the best interest of the Company. The authority will, unless revoked or varied by the Company in a general meeting, continue to be in force until the conclusion of the next AGM of the Company or the expiry of the period within which the next AGM of the Company is required by law to be held.

For further information on Ordinary Resolution 8, please refer to the Statement to Shareholders in Part B of the Circular to Shareholders dated 31 July 2019 accompanying the Annual Report of the Company for the financial year ended 31 March 2019.

## Notice Of Annual General Meeting (Cont'd)

### 5. Special Resolution on Proposed Adoption of New Constitution of the Company

The proposed Special Resolution, if passed, will align the Constitution of the Company with the Act which came into force on 31 January 2017, the updated provision of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the prevailing laws, guidelines or requirements of the relevant authorities, to enhance administrative efficiency and provide greater clarity.

For further information, please refer to the Part C of the Circular to Shareholders dated 31 July 2019 accompanying the Annual Report of the Company for the financial year ended 31 March 2019.

#### *Personal data privacy:*

*By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, participate, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.*

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No. of ordinary shares held	CDS account no. of holder

I/We \_\_\_\_\_ NRIC No./ Passport No./ Company No. \_\_\_\_\_  
(name of shareholder as per NRIC/Passport, in capital letters) of \_\_\_\_\_  
(full address)

being a member or members of **MINETECH RESOURCES BERHAD (575543-X)** hereby appoint \* THE CHAIRMAN OF THE MEETING or failing him/her

Full Name	NRIC No./Passport No.	Proportion of Shareholdings (%)	
		No. of Shares	%
Address			

\*And/or (delete as appropriate)

Full Name	NRIC No./Passport No.	Proportion of Shareholdings (%)	
		No. of Shares	%
Address			

as my/our proxy(ies) to vote for me/us on my/our behalf at the Seventeenth Annual General Meeting of the Company to be held at Tioman Room, Bukit Jalil Golf & Country Resort, Berjaya Golf Resort Berhad, Jalan Jalil Perkasa 3, Bukit Jalil, 57000 Kuala Lumpur, Wilayah Persekutuan on Wednesday, 28 August 2019 at 9.00 a.m. or at any adjournment thereof.

\* if you wish to appoint other person(s) to be your proxy/proxies, kindly delete the words "the Chairman of the Meeting or failing him/her" and insert the name(s) of the person(s) desired.

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

	Resolutions		For	Against
1.	To approve the payment of Directors' Fees and benefits payable to the Directors up to an aggregate amount of RM700,000 for the financial year ending 31 March 2020.	Ordinary Resolution 1		
2.	To re-elect Encik Ahmad Ruslan Zahari bin Zakaria who is retiring pursuant to Article 125 of the Articles of Association of the Company.	Ordinary Resolution 2		
3.	To re-elect Encik Ahmad Rahizal Bin Dato' Ahmad Rasidi who is retiring pursuant to Article 125 of the Articles of Association of the Company.	Ordinary Resolution 3		
4.	To re-elect Mr Chin Leong Choy who is retiring pursuant to Article 125 of the Articles of Association of the Company.	Ordinary Resolution 4		
5.	To re-appoint Messrs UHY as Auditors of the Company and to authorise the Directors to fix their remuneration.	Ordinary Resolution 5		
6.	Authority under Section 76 of the Companies Act 2016 for the Directors to allot and issue shares.	Ordinary Resolution 6		
7.	Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPT") and Proposed New Shareholders' Mandate for Additional RRPT.	Ordinary Resolution 7		
8.	Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares.	Ordinary Resolution 8		
9.	Proposed Adoption of New Constitution of the Company.	Special Resolution		

(Please indicate with an "X" in the appropriate box against the resolutions on how you wish your proxy to vote. The proxy is to vote on the resolutions set out in the Notice of Meeting as you have indicated. If no specific instruction as to voting is given, this form will be taken to authorise the proxy to vote at his/her discretion.)

Signature/Common Seal of Shareholder \_\_\_\_\_

Number of shares held: \_\_\_\_\_

Date: \_\_\_\_\_

Fold this for sealing

**Notes:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy/proxies to attend and vote for him but his attendance shall automatically revoke the proxy's authority. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
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3. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. The instrument appointing a proxy shall be in writing, executed by or on behalf of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
5. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Registered Office of the Company at Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting, otherwise the instrument of proxy should not be treated as valid.
6. In respect of deposited securities, only members whose names appear on the Record of Depositors on 21 August 2019 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his behalf.

**Personal Data Privacy:**

By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 31 July 2019.

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STAMP

**MINETECH RESOURCES BERHAD** (575543-X)

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

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

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No. 21, Jalan SS7/26  
Kelana Jaya  
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Selangor Darul Ehsan

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[www.minetech.com.my](http://www.minetech.com.my)