



APB RESOURCES BERHAD
(Company No. 564838-V)



ANNUAL REPORT 2007

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corporate information

Board of Directors

Yap Kow @ Yap Kim Fah
Chairman / Managing Director

Tan Teng Khuan
Chief Operating Officer / Executive Director

Gan Chin Boon
Executive Director

Lim Lye Hock
Executive Director

Yap Kau @ Yap Yeow Ho
Independent Non-Executive Director

Chua Eng Seng
Independent Non-Executive Director

**Johari Low bin Abdullah
@ Low Han Hing**
Independent Non-Executive Director

Mak Fong Ching (Ms.)
Independent Non-Executive Director

Muhayuddin bin Musa
Independent Non-Executive Director



Audit Committee

Mak Fong Ching (Ms.) - Chairperson

Chua Eng Seng
Johari Low bin Abdullah
@ Low Han Hing
Muhayuddin bin Musa

Nomination Committee

Chua Eng Seng - Chairman

Mak Fong Ching (Ms.)
Muhayuddin bin Musa

Remuneration Committee

Muhayuddin bin Musa - Chairman

Chua Eng Seng
Mak Fong Ching (Ms.)
Tan Teng Khuan
Yap Kow @ Yap Kim Fah

Company Secretary

Cheok Kim Chee (LS000012)

Auditors

KPMG
(Firm Number: AF 0758)
(Chartered Accountants)
Wisma KPMG
Jalan Dungun
Damansara Heights
50490 Kuala Lumpur
Tel No.: 03 - 2095 3388

Share Registrar

Symphony Share Registrars Sdn. Bhd.
(Company No. 378993-D)
Level 26, Menara Multi-Purpose
Capital Square
No.8, Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel No.: 03 - 2721 2222
Fax No.: 03 - 2721 2530/31

Registered Office

D12, Tingkat 1, Plaza Pekeliling
No. 2, Jalan Tun Razak
50400 Kuala Lumpur
Tel No.: 03 - 4042 3041
Fax No.: 03 - 4042 3422

Stock Exchange Listing

Main Board of Bursa Malaysia
Securities Berhad

Stock Code – 5568

Principal Bankers

Affin Bank Berhad
Alliance Bank (M) Berhad
AmBank (M) Berhad
CIMB Bank Berhad
Citibank (M) Berhad
HSBC Bank Malaysia Berhad
Public Bank Berhad
United Overseas Bank (Malaysia)
Berhad

corporate structure

The corporate structure of APB Resources Berhad's Group is set out below:



directors' profile

Yap Kow @ Yap Kim Fah

63 years of age, Malaysian
Chairman / Managing Director
Member of Remuneration Committee

Mr. Yap was appointed to the Board of Directors ("the Board") of APB Resources Berhad ("the Company") on 30 March 2004. He is the founder and Managing Director of Amalgamated Metal Corporation (M) Sdn Bhd ("AMC"), a wholly owned subsidiary of the Company. His working career started in 1968 as a welder with Brown & Root / McDermott Ltd, one of the largest engineering, construction and maintenance company in the world. He left Brown & Root / McDermott Ltd in 1974 and joined Industrial Boiler Allied Equipment Sdn Bhd, a manufacturer of process equipment and boilers, and held the position of Workshop Superintendent for fabrication works. In 1979, he founded Peng Fah Engineering Sdn Bhd, a company involved with fabrication, welding and provision of engineering services. Mr. Yap, equipped with his vast experience and technical expertise as a manufacturer of process equipment for oil and gas industry, proceeded to set up AMC in 1989. Mr. Yap is instrumental for the growth of AMC, providing strategic directions and leadership thus establishing AMC as one of the major manufacturer of process equipment. Mr. Yap is also a Director of several other private companies.

Mr. Yap is not a director of any other public company.

His brother, Mr. Yap Kau @ Yap Yeow Ho, is a Non-Executive Director of the Company.

Tan Teng Khuan

52 years of age, Malaysian
Chief Operating Officer / Executive Director
Member of Remuneration Committee

Mr. Tan a Board member since March 2004, oversee the Group's corporate, strategic, financial, investment and human resource matters and is the key personnel handling the corporate affairs and investment relation. He has over twenty years of corporate experience in banking, accounting and equity research. He received an Honours Degree in Bachelor of Technology in Industrial Engineering & Management and Master of Business Studies in Business Administration & Finance in New Zealand. He later obtained a Diploma in Banking from the New Zealand Bankers Institute and a Diploma in Management from the New Zealand Institute of Management.

Mr. Tan working career began in 1979 as a Development Engineer with New Zealand Aluminium Smelters Ltd, a wholly owned subsidiary company of Comalco Australia Ltd. He was later employed as a Research Analyst at Westpac Banking Corporation, New Zealand in 1980. In 1982, he joined W R Grace (New Zealand) Ltd, a wholly owned subsidiary of W R Grace Inc of USA as a Financial Analyst before being promoted to Chief Accountant. Upon his return to Malaysia in 1985, Mr. Tan worked at UOB Bank Malaysia Berhad (then Lee Wah Bank Limited) in the Credit & Marketing division until 1988 when he left to join Asia Commercial Finance (M) Berhad as Loans Supervision Manager. Mr. Tan joined Metroplex Berhad as Senior Corporate Investment and Planning Manager in 1990 and in 1992, he moved from the corporate to equity sector when he joined GK Goh Research Pte Ltd as a Senior Investment Analyst where he undertook equity research assignments on banking, gaming and property sectors. In January 1995, he was Deputy Head of Research at Credit Lyonnais Securities Research. He joined Deutsche Morgan Grenfell, Malaysia in September 1995 as Director of Research, managing its research team and was responsible for strategies, equity research on the banking and finance sectors and macro research on Malaysia. He was subsequently promoted to Chief Representative for Malaysia in 1997 and subsequently moved to Hwang-DBS Securities as the Senior Vice-President, Business Development at Hwang-DBS Securities Berhad before he joined SJ Asset Management Sdn Bhd in 2001 as Senior Vice-President, Private Equity and also became the Managing Partner at SJAM Capital Partners Sdn Bhd that same year, however he had resigned from both positions since 2003. Mr. Tan is also a Director of several other private companies.

Mr. Tan is not a director of any other public company.

directors'

profile (Cont'd)

Gan Chin Boon

48 years of age, Malaysian
Executive Director

Mr. Gan was appointed to the Board on 24 August 2007. Mr. Gan is the Director of Operations (Industrial Testing) of Prescan Sdn Bhd, a wholly owned subsidiary of the Company, since 1988. Mr. Gan received his Diploma in Complete Welding from International Correspondence School in 1985, Diploma in Welding Metallurgy from Metal Engineering Institute in 1988, Certificate of Proficiency Certification Scheme for Welding Inspection Personnel in Ultrasonic Practitioner in 1989, Senior Welding Inspector in 1987 and Radiographic Interpreter in 1985. His other qualifications include American Society for Non-Destructive Testing ASNT Level III (Radiographic Testing, Ultrasonic Testing and Magnetic Particle Testing) and ASNT Level II (Radiographic Testing, Ultrasonic Testing, Magnetic Particle Testing and Penetrant Testing). Mr. Gan has attended correspondence courses between 1985 and 1988 at the Metal Engineering Institute on the Fundamentals of Non-Destructive Testing ("NDT"), Welding Inspection and Quality Control, Arc Welding Metallurgical Technology, Principles of Failure Analysis and the Element of Metallurgy. He has also attended a course on Ultrasonic Testing of Materials at the Singapore Institute of Standard and Industrial Research ("SISIR") in 1981. Mr. Gan is a Member of American Society for Non-Destructive Testing ("ASNT") and a Member of Malaysian Society for Non-Destructive Testing ("MSNT").

Mr. Gan began his career in 1980 when he worked for Independent Testing Co. Sdn Bhd as NDT Technician. In 1981, he joined Jardine (M) Sdn Bhd as NDT Inspector. In March 1982, he joined Mitsui Ocean Development Engineering (M) Sdn Bhd as Radiographer Supervisor and in August 1982, he returned to Independent Testing Co Sdn Bhd as Ultrasonic Inspector. In 1983, he moved to Mapel Sdn Bhd to work as Structural Integrity Inspector and in 1984, he was employed at Solus Oceaneering (M) Sdn Bhd as Welding and Structural Inspector and was seconded to Sarawak Shell Berhad. He was employed at Petrochemical Inspection (M) Sdn Bhd in 1987 as an offshore Hook-Up Inspector and was seconded to Sarawak Shell Berhad.

Mr. Gan's current responsibilities as a Director of Prescan Sdn Bhd includes managing Prescan Sdn Bhd's operations, conducting training courses, certification of NDT personnel, preparing NDT procedures and interpretation of radiographic films. He is an appointed NDT Level III examiner on U-Stamp Pressure Vessel Fabrication Projects for various companies in the industry.

Mr. Gan is not a director of any other public company.

Lim Lye Hock

52 years of age, Malaysian
Executive Director

Mr. Lim was appointed to the Board on 30 March 2004. He is the founder and Project Director of Benmarl Sdn Bhd ("Benmarl"), a wholly owned subsidiary of the Company. Mr. Lim involvements in air-conditioning industry started in 1983 and in subsequent years, Benmarl has expanded into contracting businesses by undertaking work packages in mechanical and electrical ("M&E") services. During the late 1990s, Benmarl has completed two (2) M&E contracts for hotel projects in Cambodia and Sudan. Mr. Lim has been the Managing Director of Benmarl since Benmarl establishment in September 1986. Mr. Lim has attended product and technical trainings with air-condition equipment manufacturers including Daikin (Japan), Trane (USA) and York (Malaysia) on equipment and design applications. He has also attended seminars conducted by Flanders Precision Aire (USA) and FARR Company (USA) on clean room air filtration systems. Other seminars and courses attended by Mr. Lim were on indoor air quality, building management system, home automation and security systems, renewable energy, hydrology and sustainable development. Mr. Lim is also a Director of several private companies.

Mr. Lim is not a director of any other public company.

His brother, Mr. Lim Hong Liang, is a substantial shareholder of the Company.

directors'

profile (Cont'd)

Yap Kau @ Yap Yeow Ho

65 years of age, Malaysian

Non-Independent Non-Executive Director

Mr. Yap was appointed to the Board on 30 March 2004. Mr. Yap started his career in the transportation sector and served as an Operation Manager with TTS Transport Sdn Bhd from 1977 to 1984. Since 1984, Mr. Yap has been a Director of TTS Transport Sdn Bhd. Mr. Yap had been conferred the titles of Pingat Jasa Khidmat, Ahli Mahkota Pahang and Setia Mahkota Pahang by Duli Yang Maha Mulia Sultan Pahang in year 1990, 1996 and 1999 respectively. Mr. Yap is also a Director of several other private companies.

Mr. Yap is not a director of any other public company.

His brother, Mr. Yap Kow @ Yap Kim Fah, is the Chairman and Managing Director of the Company.

Chua Eng Seng

63 years of age, Malaysian

Independent Non-Executive Director

Chairman of Nomination Committee

Member of Audit Committee

Member of Remuneration Committee

Mr. Chua was appointed to the Board on 30 January 2004. Mr. Chua graduated with a Bachelor of Mechanical Engineering (Honours) from University of Malaya. He has served with the Malaysian Industrial Development Authority ("MIDA") from 1971 to 2000. During his tenure with MIDA, Mr. Chua has held such senior positions as Director of MIDA's Investment Centre in Tokyo, Director of Metal and Engineering Industries Division and Director of Tariff Division. Mr. Chua has held the position of Deputy Director General of MIDA before retirement. Mr. Chua is also a Director of several other private companies.

Mr. Chua currently sits on the Board of Directors of Hirotako Holdings Berhad as an Independent Non-Executive Director.

Johari Low Bin Abdullah @ Low Han Hing

58 years of age, Malaysian

Independent Non-Executive Director

Member of Audit Committee

En. Johari Low was appointed to the Board on 30 March 2004. En. Johari Low is a Fellow Member of The Institute of Chartered Accountants of England and Wales ("ICAEW") and is a member of the Malaysian Institute of Certified Public Accountants ("MICPA"), the Malaysian Institute of Accountants ("MIA") and MENSA International. En. Johari Low was the Executive Director of Arab-Malaysian Group from 1984 to 1987, Chief Executive Officer of Raleigh Berhad in 1987 and Group Managing Director of Berjaya Group Berhad from 1989 to 1992. From 1992 to 1993, En. Johari Low was the Managing Director of Agate Duty Free (BB) Sdn Bhd and an advisor to the Lion Group. He was the Chief Executive Director of KFC (M) Holdings Berhad from 1993 to 1994 and the Executive Director of Metroplex Bhd and Deputy Chairman of Anglo Eastern Plantations Plc from 1994 until 1998.

En. Johari Low currently manages his own consultancy practices and serves as Chairman of the Rockwills International Group. He also sits on the Board of Directors of Nam Fatt Corporation Berhad as a Senior Independent Non-Executive Director, Kumpulan Powernet Berhad as an Independent Non-Executive Director and Malpac Holdings Berhad as an Independent Non-Executive Director.

directors'

profile (Cont'd)

Mak Fong Ching (Ms.)

52 years of age, Malaysian
Independent Non-Executive Director
Chairperson of Audit Committee
Member of Remuneration Committee
Member of Nomination Committee

Ms. Mak was appointed to the Board on 27 January 2004. Ms. Mak is an Australian Certified Public Accountant and a member of the Malaysian Institute of Certified Public Accountants ("MICPA"). She started her career with the Inland Revenue Department of Malaysia as a Tax Examiner from 1977 to 1980 and then furthered her education in the University of Malaya where she graduated with an Honours Degree (Second Class Upper) Bachelor of Accounting in 1984. Thereafter, Ms. Mak worked as a Tax / Audit Senior in a top three accounting firm in Kuala Lumpur from 1984 to 1987. She then joined a local bank as an officer and subsequently worked as an Assistant Manager with the Loans Recovery Division of another financial institution before pursuing her studies in Australia in 1991. From 1993 to 1995, Ms. Mak was with JB Were & Sons, Australia as an Assistant to the Group Management Accountant. She joined Deutsche Securities, Kuala Lumpur in 1995 as an Investment Analyst for the banking, finance, insurance and stockbroking sectors until 1998. Thereafter, she worked as a Group Accountant with a housing construction group before taking up employment with Danaharta Urus Sdn Bhd in 1999 where she was involved in loan rehabilitation and recovery. Subsequently, she researched for the investment department of SJ Asset Management Sdn Bhd for six years (2000-2006) before her current position as a fund manager in TA Investment Management Sdn Bhd, a local investment management company.

Ms. Mak is not a director of any other public company.

Muhayuddin Bin Musa

46 years of age, Malaysian
Independent Non-Executive Director
Chairman of Remuneration Committee
Member of Audit Committee
Member of Nomination Committee

En. Muhayuddin was appointed to the Board on 10 December 2001. He has a Bachelor of Commerce (Honours Degree) from Carleton University, Ottawa, Canada. En. Muhayuddin started his career in 1985 as a Financial Officer with Lembaga Letrik Negara ("LLN") and he has stayed with LLN until 1987. Thereafter, En. Muhayuddin joined the banking industry and has held various positions in both local and foreign banks. In 1993, he joined Federal Furniture Holdings (M) Berhad as Corporate Affairs Manager and Managing Director of a subsidiary of Federal Furniture Holdings (M) Berhad. En. Muhayuddin is currently the Executive Director and Chief Executive Officer of Computer Forms (Malaysia) Berhad since 1996.

En. Muhayuddin currently sits on the Board of Directors of Computer Forms (Malaysia) Berhad as an Executive Director and Malpac Holdings Berhad as an Independent Non-Executive Director.

Note:

- **Family Relationship with any Director and/or Substantial Shareholder**

None of the Directors other than Mr. Yap Kow @ Yap Kim Fah, Mr. Yap Kau @ Yap Yeow Ho and Mr. Lim Lye Hock have any family relationship with any other Director and/or substantial shareholders of the Company.

- **Conflict of Interest with the Group**

The Group has entered into recurrent related party transactions with parties in which the Directors of the Company, namely Mr. Yap Kow @ Yap Kim Fah and Mr. Yap Kau @ Yap Yeow Ho have direct and/or indirect interests as disclosed in Note 27 of the accompanying financial statements. Save as disclosed above, none of the other Directors of the Company have any conflict of interest with the Group.

- **Convictions for Offences (Within the Past Ten Years, Other Than Traffic Offences)**

None of the Directors of the Company have been convicted of any offences within the past ten (10) years other than traffic offences, if any.

chairman's statement

Dear Valued Shareholders

On behalf of the Board of Directors, I have the pleasure of presenting the annual report and financial statements of APB Resources Berhad and its subsidiary companies ("Group") for the financial year ended 30 September 2007.

FINANCIAL REVIEW

Overall, the Group achieved a good performance in the 2007 financial year. Despite a 13% year-on-year ("yoy") decline in revenue from RM202 million to RM176 million vis-à-vis the preceding year, pretax profit rose 112% from RM13.5 million to RM28.6 million over the period largely due to improvement in product mix and execution of job orders. Consequently, after-tax profit doubled from RM10.2 million to RM21.0 million.

Strong demand for process equipment continued in the oil & gas, energy, petrochemical and oleo-chemical sectors. However, the group operations continued to be constrained by production capacity. Given the limited production capacity, the Group has been very selective in its order book, targeting mainly higher margin jobs and avoiding orders that involved raw materials with supply uncertainties (a major cause of project cost overrun in the preceding year). Hence, the product mix in FY07 comprised generally less bulky projects (lower raw material content) which resulted in the lower overall turnover compared to FY06. Consequently, gross profit margin improved from 13.2% previously to 27.7% while after-tax profit margin increased to 12.0% from 5.0%.

The Fabrication division, the principal revenue and profit contributor to the Group, accounted for 94% of the 2007 financial year revenue and pretax profit. Fabrication revenue was propelled by strong overseas demand which contributed to more than 90% of the order book. Continued capital spending for both upstream production and downstream petrochemical facilities particularly in the Middle-East was a major demand factor. Additionally, since early 2007, indications of strong capital spending in the oil & gas and petrochemical sectors also emerged in the Asian and North African regions. Meanwhile, demand remained buoyant for process equipment for the oleo-chemical sector particularly in Indonesia, while global demand for energy capacity expansion remained strong throughout the year.

The Group's Non-destructive Testing division recorded a 16% yoy increase in revenue while pre-tax profit improved by 25% to RM1.2 million benefiting from the continued buoyant fabrication sector. It contributed 6% to the Group's pretax profit.

The operating environment remained very difficult for the Group's Mechanical, Electrical and Industrial Air-conditioning division ("MEIA"). Although performance had improved, it incurred an after-tax loss of RM0.1 million for the year.

Operationally, the Group generated very strong cash flows which helped finance its capital expenditure and pay a reasonable dividend. Its financial position remains healthy with a net cash position of RM35 million or net cash per share of 30.9 sen (fully diluted basis) as at 30th September 2007.

chairman's

statement (Cont'd)



PROSPECTS

The Fabrication division will continue to be the mainstay and dominant driver of the Group's earnings in the coming years. In line with the favourable outlook of the domestic fabrication sector, the Non-destructive Testing division is expected to maintain its steady earnings growth trend. However, we foresee the MEIA division to be continually challenged by the difficult operating environment in the near to medium term and hence, the Group is currently exploring options to exit this business.



Despite the prevailing subprime property crisis in the United States and the emerging credit crunch in some major developed countries, global demand outlook for metal fabrication remains favourable, at least for the next couple of years. The huge capital expenditure allocation in recent years for oil & gas production, petro-chemical, oleo-chemical and energy projects, which are now in various stages of implementation, will continue to underpin demand for fabrication equipment. Underlying capacity expansion in these sectors is the mainstay of the metal fabrication industry.



Continued surging crude oil prices are propelling huge capital spending in both upstream and downstream oil, gas and petro-chemical activities in the Middle-East, South America, North Africa and various parts of Asia. This is anticipated to continue for a number of years owing to capacity shortfall and demand expansion from rapid economic growth particularly from the emerging countries. Petronas' capital expenditure in the oil and gas sector which started early this year is gathering momentum. This is the catalyst for the local fabrication activities for the coming years.



The energy sector, a major user of process equipment, should enjoy continued growth. Rapidly growing economies, particularly highly populated China, India and Indonesia, will demand massive addition to energy capacity for many years to come. Rising energy costs are forcing utility companies in developed countries to upgrade old inefficient power plants. Both augur well for the sector. However, the continued excess capacity situation in the local power sector will persist with a low capital spending scenario.



On the oleo-chemical front, growth will be robust given the past years' rapid expansion in oil palm acreage in East Malaysia which has raised crude palm oil production levels, necessitating capital expenditure for downstream oleo-chemical processing capacity. The sector is a major consumer of process equipment.

Regionally, Indonesia and Vietnam have become significant potential markets for fabricators. Their oil & gas, and energy sectors are expected to attract large capital investment while the Indonesian oleo-chemical sector will continue with its capacity addition for some years. However, the hype on the bio-fuel sector has subsided due to weak demand. High crude palm oil prices have rendered most bio-fuel projects uneconomical under prevailing conditions. If the situation persists, major such projects are likely to be delayed or even shelved.

Notwithstanding the favourable outlook, the Group is mindful of prevailing uncertainties or risks that could potentially impact its performance going forward. If the US dollar continues to weaken, it would have some impact on margins as a portion of its revenue is exposed to US dollar. High raw material price and supply volatility will remain a challenge although the Group could pass on a substantial proportion of raw material price increases to its customers. Other cost components, though relatively small, are also creeping upward.

chairman's

statement (Cont'd)

We assure you the Group will remain vigilant on these risk factors and continue to strive for improvement in execution and efficiency to maximize returns. Moreover, it will continue to channel significant effort in exploring opportunities for expansion, while maintaining a cautious and prudent strategy in all its investments.

DIVIDEND

The Board has recommended a final dividend of 3.0% less 26% tax per ordinary share each for the year ended 30th September 2007. This, upon approval by shareholders at the forthcoming Sixth Annual General Meeting, together with the interim dividend of 3.5% paid earlier, will bring the total dividend to 6.5% for the year ended 30th September 2007 (6.0% for 2006).

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to express our appreciation to all employees for their dedication and contribution to the Group.

I would also like to extend my gratitude to our customers, business partners and the community, including our shareholders, for their continued support and confidence in the Group.

Finally, to my fellow Board members, I extend my appreciation and thanks for their continued support, guidance and contribution.



statement on

corporate governance

The Board of Directors of APB Resources Berhad ("the Board") is committed to the principles of corporate governance and best practises as prescribed within the Malaysian Code on Corporate Governance ("the Code"). The Board is committed to ensure the principles of corporate governance and best practises as set out in the Code are practiced throughout APB Resources Berhad ("the Company") and its subsidiaries ("the Group") to protect and to enhance shareholders' value and financial performance.

The Board is pleased to report the Group's state of corporate governance for the financial year ended 30 September 2007.

1. THE BOARD OF DIRECTORS

1.1 The Board

The Group continues to be led and managed by an effective Board which has the overall responsibility for corporate governance, strategic and direction matters, capital expenditures, investment and divestment matters, and other major corporate and operational issues. This overall responsibility ensures that the governance of the Group is firmly on the Board's hands.

The Board comprises a balanced mix of members from diverse professional backgrounds and specialisations collectively bring with them a wide range of experience and expertise in areas such as operations, technical, strategy, finance, corporate affairs and risk management. The Executive Directors are responsible for implementing the policies and decisions of the Board, overseeing the operations and to coordinate the development and implementation of business and corporate strategies. The Independent Non-Executive Directors bring objectivity and independent judgments to the decision making of the Board and provide a review and challenge on the performance of management. As such, there is proper balance in the Board.

The Non-Executive Directors contribute significantly in areas such as policy and strategy, performance monitoring as well as improving governance and controls. Together with the Executive Directors who have intimate knowledge of the business, the Board is constituted of individuals who have proper understanding and competence to deal with the current and emerging business issues.

Brief descriptions on the background of each Director are presented on pages 4 to 7 of this Annual Report.

During the financial year ended 30 September 2007, the Board has held five (5) meetings. Details of Board meeting attendances during the financial year are as follows:

Name of Directors		Number of Meetings Attended
Yap Kow @ Yap Kim Fah	Chairman and Managing Director	5 / 5
Tan Teng Khuan	Chief Operating Officer and Executive Director	5 / 5
Lim Lye Hock	Executive Director	4 / 5
Yap Kau @ Yap Yeow Ho	Non-Independent Non-Executive Director	4 / 5
Chua Eng Seng	Independent Non-Executive Director	5 / 5
Johari Low bin Abdullah @ Low Han Hing	Independent Non-Executive Director	4 / 5
Mak Fong Ching (Ms.)	Independent Non-Executive Director	5 / 5
Muhayuddin bin Musa	Independent Non-Executive Director	4 / 5
Gan Chin Boon		
- Appointed on 24 August 2007	Executive Director	1 / 1

1.2 Board Balance

The Board is well balanced with Executive and Non-Executive Directors to meet the Group's requirements. As at the date of this statement, the Board currently has nine (9) members comprising of four (4) Executive Directors, one (1) Non-Independent Non-Executive Director and four (4) Independent Non-Executive Directors. The majority of Directors are considered by the Board to be independent which complies and exceeds the directors' independence requirements as set out under paragraph 15.02 of Bursa Malaysia Securities Berhad's ("BMSB") Listing Requirements which requires that at least two (2) directors or one-third (1/3) of the board of the company, whichever is the higher, are independent directors.

statement on

corporate governance (Cont'd)

1.2 Board Balance (Cont'd)

The concept of independence adopted by the Board is in line with the definition of an independent director as per BMSB's Listing Requirements. The key elements for fulfilling the criteria are the appointment of directors who are not members of management i.e. non-executive directors and who are free of any relationship which could interfere with the exercise of independent judgment or the ability to act in the best interests of the company.

The roles of the Chairman and Managing Director are combined as he possesses the intimate knowledge and experience in the core business activities of the Group. Notwithstanding this, the functionality of the Board is not compromised as the five (5) Non-Executive Directors on the Board are respected professionals in their own rights who have demonstrated their continued professionalism in the discharge of their duties.

The Board is satisfied that the current Board composition fairly reflects the interests of the Company's minority shareholders.

1.3 Supply of Information

The Board is provided with sufficient and timely information to enable the Board to discharge its duties effectively. Meetings of the Board are scheduled in advance and information are prepared and circulated in timely manner to enable the Board to peruse, obtain additional information and seek further clarification on the matters to be deliberated.

The Board recognises that the decision making process is highly dependent on the quality of information furnished. As such, all Directors have full and unrestricted access to timely and accurate information. The Board papers encompass both quantitative and qualitative factors so that informed decisions are made. All proceedings from the Board meetings are minuted.

All Directors have access to the advice and services of the Company Secretary, who ensures that the Board receives appropriate and timely information for its decision making, that the Board procedures are followed and the statutory and regulatory requirements are met. The Company Secretary also assists the Chairman in ensuring that all Directors are properly briefed on issues arising at Board meetings. The Board believes that the current Company Secretary is capable of carrying out his duties to ensure the effective functioning of the Board.

All Board members in discharging their respective duties have exercised balance and independent judgements when deliberating on matters of strategies, corporate, investments, operations and financials.

1.4 Re-election of Directors

In accordance with the Company's Articles of Association, at least one-third (1/3) of the Board will retire by rotation at each Annual General Meeting ("AGM") and all Directors will retire from office at least once every three (3) years. Directors scheduled for retirement shall be eligible for re-election.

Re-election of Directors provides an opportunity for shareholders to renew their mandate conferred to the Directors.

1.5 Directors' Training

All Board members have attended and successfully completed the Mandatory Accreditation Programme as prescribed by BMSB's Listing Requirements. The Board recognises the need to attend programmes and seminars to keep abreast with developments of new laws, regulations or best practises, or to be updated with new development in the market place.

During the financial year ended 30 September 2007, the Directors, except for Mr. Gan Chin Boon, have attended training on "Fraud Issues for Directors" whereas Mr. Gan Chin Boon has attended training on "Operational and Functional Training on Portable Ultrasonic Recording Station".

statement on

corporate governance (Cont'd)

1.6 Sub-Committees

To ensure the most effective and professional discharge of duties, the Board maintains three (3) committees, namely Audit Committee, Nomination Committee and Remuneration Committee, whereby each committee will focus on specific areas and will operate within clearly defined terms of reference. The details of these committees are as set out below. These committees are empowered to examine specific issues under their respective purview and to make recommendations to the Board. However, the ultimate responsibilities and decisions on all matters deliberated by these committees still rest with the Board.

(a) Audit Committee

The Audit Committee comprises four (4) Independent Non-Executive Directors. The Audit Committee members are as follows:

- (i) Mak Fong Ching (Ms.) – Chairperson (Independent Non-Executive Director);
- (ii) Chua Eng Seng (Independent Non-Executive Director);
- (iii) Johari Low bin Abdullah @ Low Han Hing (Independent Non-Executive Director); and
- (iv) Muhayuddin bin Musa (Independent Non-Executive Director).

The Audit Committee assists the Board to meet its fiduciary responsibilities relating to financial management and controls, and provide greater emphasis to audit functions by reviewing the objectivity and independence of external and internal auditors.

The Report of the Audit Committee for the financial year ended 30 September 2007 is presented on pages 17 to 19 of this Annual Report.

(b) Nomination Committee

The Nomination Committee comprises three (3) members of the Board, all of whom are Independent Non-Executive Directors. The Nomination Committee members are as follows:

- (i) Chua Eng Seng – Chairman (Independent Non-Executive Director);
- (ii) Mak Fong Ching (Independent Non-Executive Director); and
- (iii) Muhayuddin bin Musa (Independent Non-Executive Director).

The Nomination Committee has held one (1) meeting for the financial year ended 30 September 2007 whereby the Company Secretary shall be the secretary for the Nomination Committee.

The Nomination Committee is to assist the Board in assessing the contributions of each Director, assessing the effectiveness of the Board and Board Committees, and where necessary, to consider and recommend new directors to the Board and to Board Committees. The Nomination Committee is also responsible to review the required mix of competencies and skills of Board members to serve the Group's business and operation needs.

(c) Remuneration Committee

The Remuneration Committee comprises of three (3) Independent Non-Executive Directors and two (2) Executive Directors. The Remuneration Committee members are as follows:

- (i) Muhayuddin bin Musa – Chairman (Independent Non-Executive Director);
- (ii) Chua Eng Seng (Independent Non-Executive Director);
- (iii) Mak Fong Ching (Independent Non-Executive Director);
- (iv) Yap Kow @ Yap Kim Fah (Executive Director); and
- (v) Tan Teng Khuan (Executive Director).

The Remuneration Committee has held one (1) meeting for the financial year ended 30 September 2007 whereby the Company Secretary shall be the secretary for the Remuneration Committee. The quorum for this meeting has been a majority of members who are Non-Executive Directors.

statement on

corporate governance (Cont'd)

(c) Remuneration Committee (Cont'd)

The Remuneration Committee is to assist the Board in assessing the responsibility and contribution of Board members and to ensure the remuneration packages of Board members reflect their responsibility and contribution. The Remuneration Committee is also responsible to recommend to the Board the remuneration packages of Executive Directors to ensure that these remuneration packages commensurate with the Executive Directors' contributions to the Group's growth and profitability. This is necessary to align the Executive Directors' interests with those of the shareholders.

However, the Board will have the responsibility to determine the Executive Directors' remuneration packages and the fees for Non-Executive Directors. The Board members are required to abstain from participating in any deliberation regarding their own remuneration packages or fees.

2. DIRECTORS' REMUNERATION

The aggregate remuneration paid or payable, by nature and amount, to all Directors of the Company for the financial year ended 30 September 2007 is as follow:

	Executive Directors (RM)	Non-Executive Directors (RM)
Remuneration	793,083	-
Fees	15,000	85,000
Total	808,083	85,000

The number of Directors of the Company whose remuneration fell within the respective bands is as follow:

	Executive Directors	Non-Executive Directors
Below RM50,000	-	5
RM50,001 – RM100,000	1	-
RM100,001 – RM250,000	2	-
RM250,001 – RM400,000	1	-

3. SHAREHOLDERS

3.1 Communication and Investor Relations

The Board recognises the importance for the Company's shareholders to be adequately informed of all material business matters pertaining to the Group. The Board has maintained an active and constructive communication policy that enables the Board to communicate effectively with the Company shareholders and members of the public.

The Company has made regular and timely announcements, including of its quarterly results, audited financial statements and annual reports, which have provided the Company's shareholders and members of the public with the necessary insight into the Group's business operations and financial performance. All announcements are electronically published at BMSB's website at www.bursamalaysia.com and this information is accessible at all time.

statement on

corporate governance (Cont'd)

3.1 Communication and Investor Relations (Cont'd)

Mr. Tan Teng Khuan (Chief Operating Officer and Executive Director) has been designated as the Group's principal investor relation officer. Investors are welcome to direct their queries to him. The Group's Corporate and Finance Division has met with institutional investors and investment analysts from time to time to explain and to provide information pertaining to the Group's business operations and financial performance.

3.2 Annual General Meeting

The Board recognises that AGM is an important forum to communicate with the Company's shareholders on Group's strategies, goals, business operations, financial performance and major developments. It has been the Company's practise to send the Notice of the AGM and related documents to its shareholders at least twenty one (21) working days before the AGM.

The Company will hold its Sixth (6th) AGM on 25 March 2008 at 10.00 a.m.

At the AGM, the Board will present the progress and performance of the Group's businesses as contained within the annual reports and this provides opportunities for shareholders to raise queries pertaining to the Group's business activities. All Directors will be available to respond to shareholders' queries during the AGM. Nevertheless, in conducting these meetings, the Board is mindful of "share price" sensitive information and the fair opportunity of information to shareholders and potential investors.

4 ACCOUNTABILITY AND AUDIT

4.1 Financial Reporting

The Board is committed to present a balanced and understandable assessment of the Group's financial position and prospects to the Company's shareholders and members of the public. These results and write-ups on the prospects are contained in the Company's quarterly results, audited financial statements and annual reports.

The Group's financial statements were prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards for entities other than private entities as issued by the Malaysian Accounting Standards Board ("MASB") so as to give a true and fair view of the state of affairs of the Group at 30 September 2007. The Group's quarterly results and financial statements are reviewed and deliberated by the members of the Audit Committee in the presence of senior staff members of the Group's Corporate and Finance Division. The Group's external and internal auditors are encouraged to attend, whenever possible.

All quarterly results and financial statements have to be adopted by the Audit Committee before being recommended to the Board for its adoption. The Audit Committee's chairperson will brief the Board on any significant matters including material changes that need to be made to the quarterly results and financial statements.

4.2 State of Internal Control

The Board affirms that it is their responsibility to maintain a sound system of internal controls that provides reasonable assurance in monitoring the effectiveness and efficiency of operations, reliability of management and financial reporting, and compliance with applicable laws and regulations. The Board also recognizes that reviewing the adequacy of the Group's system of internal controls is a concerted and continuous process, and need to take into account the changes in the Group's external and internal environment.

The Group's Statement of Internal Control is set out on page 20 of this Annual Report.

statement on

corporate governance (Cont'd)

4.3 Relationship with the Auditors

The Board maintains a formal and transparent professional relationship with the Group's auditors, both external and internal, through the Audit Committee where full assistance has been extended to these auditors to enable them to discharge their duties effectively. The Group's external auditors will report independently to the Company's shareholders as per statutory requirements. These auditors are invited to attend Audit Committee meetings held from time to time and will highlight to the Audit Committee significant matters requiring deliberation and attention.

The roles of the Audit Committee in relation to the external and internal auditors are as stated on pages 17 to 19 of this Annual Report.

4.4 Compliance with Best Practises

Other than the separation of Chairman and Managing Director, identification of a senior independent non-executive director and the disclosure of detailed remuneration of each director, the Board believes that the Best Practices of the Code have been complied with and will endeavour to ensure continual compliance.

The Board regards the presence of independent and non-executive directors as majority within the composition of the Board indicates the existence of strong independent elements within the Board. Therefore, the non-separation of Chairman and Managing Director and naming of a senior independent non-executive director would not affect materially the Board balance of power and authority.

For the non-disclosure of detailed remuneration of each director, the Board is of the view that the transparency of directors' remuneration has been sufficiently deal with by 'band disclosure' presented in this statement.

This statement is made in accordance with a resolution of the Board dated 29 January 2008.

audit committee

report

1. MEMBERSHIP AND MEETINGS

The Audit Committee comprises of four (4) members whereby all members of the Committee are Independent Non-Executive Directors.

The Audit Committee members are as follows:

- (i) Mak Fong Ching (Ms.) - Chairperson (Independent Non-Executive Director);
- (ii) Chua Eng Seng (Independent Non-Executive Director);
- (iii) Johari Low bin Abdullah @ Low Han Hing (Independent Non-Executive Director); and
- (iv) Muhayuddin bin Musa (Independent Non-Executive Director).

During the financial year ended 30 September 2007, the Audit Committee has held five (5) meetings. Details of Audit Committee meeting attendances during the financial year are as follows:

Name of Directors	Number of Meetings Attended
Mak Fong Ching (Ms.) – Chairperson	5/5
Chua Eng Seng	5/5
Johari Low bin Abdullah @ Low Han Hing	4/5
Muhayuddin bin Musa	4/5

The Chief Operating Officer and the Company Secretary were present by invitation in all Audit Committee meetings. Representatives of the external auditors and internal auditors as well as other senior management personnel also attended the Audit Committee meetings upon invitation.

2. SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

The Audit Committee has met at scheduled times, with due notices of meeting issued and with agendas planned so that issues raised for Audit Committee were deliberated and discussed in a focused and detailed manner.

In line with the terms of reference for the Audit Committee, the following activities were carried out during the year:

- (i) Reviewed with external auditors on the results of their auditing processes, their audit reports and their evaluation of the Group's systems of control noted in the course of their audit;
- (ii) Reviewed the internal audit programmes and their scope of work;
- (iii) The Audit Committee has met with the external auditors without the presence of any Executive Directors and Group's management;
- (iv) Reviewed the related party transactions entered into by the Group and the disclosure of such transactions within the Group's Annual Report;
- (v) Reviewed the interim unaudited financial statements and year-end financial statements with the Group's management and external auditors, and to recommend these financial statements for approval by the Board;
- (vi) Reviewed the Company's compliance with Bursa Malaysia Securities Berhad's ("BMSB") Listing Requirements, applicable approved accounting standards issued by the Malaysian Accounting Standards Board ("MASB") and other relevant legal and regulatory requirements.

3. INTERNAL AUDIT FUNCTION

For Financial Year Ended 30 September 2007, the Group has outsourced its internal audit functions to an independent consulting firm. The internal audit functions have focused on reviewing the effectiveness of existing controls and procedures for the Group's core risk areas. After each internal audit cycle, the internal audit findings and recommendations for improvement were communicated to the Group's management for their responses and corrective actions, if necessary. These internal audit reports with the Group's management responses were submitted to the Audit Committee for discussion and the Audit Committee has recommended these internal audit reports with their comments to the Board for implementation.

audit committee

report (Cont'd)

4. TERMS OF REFERENCE

4.1 Objectives

The primary function of the Audit Committee is to assist the Board of Directors of APB Resources Berhad ("the Board") in fulfilling the oversight objectives on APB Resources Berhad ("the Company") and its subsidiaries' ("the Group") activities:

- (i) To assist the Board in discharging the Board's responsibilities on financial reporting, evaluate the Group's internal and external auditing processes, and assess the Group's processes relating to its risks and control environment;
- (ii) To enhance the perceptions held by interested parties, such as shareholders, investors, regulators and creditors, on the objectivity and credibility of the Group's financial reports; and
- (iii) To maintain through regularly scheduled meetings, a direct line of communication between the Board and the auditors.

4.2 Authority

The Audit Committee is authorised by the Board to investigate any activity within its terms of reference and to seek any information it requires from any employee. All employees are directed to cooperate with any request made by the Audit Committee.

The Audit Committee is also authorised by the Board to obtain legal or other independent professional advice, and to secure the attendance of outsiders with relevant experience and expertise as and when the Audit Committee deem necessary.

4.3 Composition of Members

The Board shall elect and appoint Audit Committee members from amongst themselves, comprising not less than three (3) Directors and all Committee members shall be Independent Non-Executive Directors of the Company. The term of office of the Audit Committee is three (3) years and its members may be re-nominated and re-appointed by the Board. If for any reason, the members of the Audit Committee be reduced to below three (3), the Board shall within three (3) months of the event appoint such number of new members as may be required to make-up the minimum number of three (3) members.

The members of the Audit Committee shall elect a Chairperson from amongst themselves. The appointment of the Chairperson of the Audit Committee shall be approved by the Board. The Chairperson of the Audit Committee shall be an Independent Non-Executive Director. All members of the Audit Committee, including the Chairperson, will hold office if they serve as Directors of the Company. Should any member cease to be a Director of the Company, his or her membership in the Audit Committee would cease forthwith. No Alternate Director of the Board shall be appointed as a member of the Audit Committee.

The Board shall at all times ensure that at least one (1) member of the Audit Committee shall be:

- (i) A member of the Malaysian Institute of Accountants ("MIA"); or
- (ii) If he is not a member of MIA, he must have at least three (3) years of working experience and:
 - (a) He must have passed the examinations specified in Part I of the First (1st) Schedule of the Accountants Act, 1967; or
 - (b) He must be a member of one (1) of the associations of the accountants specified in Part II of the First (1st) Schedule of the Accountants Act, 1967; or
 - (c) Fulfils such other requirements as prescribed by BMSB.

4.4 Meetings

Meetings shall be held not less than four (4) times a year. The external auditors may request a meeting with the Audit Committee if the external auditors consider this necessary to discuss matters which he believes should be brought to the attention of the Audit Committee.

The external auditors shall appear before the Audit Committee as and when required. The external auditors shall have the right to appear and be heard at any meetings of the Audit Committee. At least once a year, the Audit Committee shall meet with the external auditors without any executive Board member present.

audit committee

report (Cont'd)

4.5 Secretary

The Company Secretary shall be the secretary of the Audit Committee.

4.6 Duties and Responsibilities

In fulfilling its primary objectives, the Audit Committee shall undertake the following duties and responsibilities:

- (i) To review with the Group's external auditors on their audit plans, their evaluation of the Group's systems of internal control, the external auditors' report on the Group's financial statements and the extent of cooperation and assistance given by the Group's employees to the external auditors;
- (ii) To review the quarterly and year-end financial statements with the Group's management and external auditors, and to recommend these financial statements for approval by the Board;
- (iii) To review the scope, functions and resources for the internal audit functions and that these functions have the necessary authority to carry out their work;
- (iv) To review the internal audit programmes, reports, and management's responses to these reports;
- (v) To review the coordination of audit approaches between external and internal auditors;
- (vi) To confirm that management has placed no restriction on the internal and external auditors;
- (vii) To review any resignation from the external and internal auditors;
- (viii) To nominate external and internal auditors for the Group;
- (ix) To review the accounting policies adopted by the Group, any changes in accounting principles or practices, and level of prudence applied in areas requiring judgments;
- (x) To review the interim financial statements with the Group's management and to recommend these interim financial statements for approval by the Board, and to review press releases relating to Group's financial matters;
- (xi) To review any related party transactions or conflict of interest situations that may arise within the Group including any transactions, procedures or course of conduct that may affect management integrity;
- (xii) To review any significant transactions which are not normal for the Group's businesses;
- (xiii) To review the effectiveness of management information system ("MIS") and other systems of control within the Group;
- (xiv) To review processes established by management for compliance with other regulatory or reporting requirements;
- (xv) To perform such other duties and responsibilities as may be agreed to by the Audit Committee and the Board.

statement of internal control

INTRODUCTION

The Malaysian Code on Corporate Governance ("the Code") requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and listed companies' assets. Bursa Malaysia Securities Berhad's Listing Requirements under Paragraph 15.27(b) requires directors of listed companies to include in annual reports, a statement on the state of their internal controls.

RESPONSIBILITY

The Board of Directors of APB Resources Berhad ("the Board") acknowledges the importance of having sound system of internal controls and risk management processes. The Board affirms that it is their responsibility to maintain a sound system of internal controls that provides reasonable assurance in monitoring the effectiveness and efficiency of operations, reliability of management and financial reporting, and compliance with applicable laws and regulations.

The Board also recognizes that reviewing the adequacy of APB Resources Berhad ("the Company") and its subsidiaries' ("the Group") system of internal controls is a concerted and continuous process. It should be noted that system of internal controls is designed to manage rather than to eliminate risks. Therefore, the Group's system of internal controls can only provide a reasonable and not absolute assurance against material misstatement of management and financial information or against financial losses or against fraud.

INTERNAL AUDIT FUNCTIONS

The Group's internal audit functions have been outsourced to an independent consulting firm for the Financial Year Ended 30 September 2007. The internal auditors have examined the adequacy and effectiveness of the Group's system of internal controls, risk management processes and compliance frameworks. The internal auditors have also reviewed the Group's business processes and have conducted visits to the Group's key business units.

The internal auditors have reported their findings and recommendations to the Company's Audit Committee. The Audit Committee, by reviewing the internal auditors' reports and by inquiring with the Group's management, will then inform the Board on the adequacy and effectiveness of the Group's system of internal controls, risk management processes and compliance frameworks.

KEY PROCESSES OF INTERNAL CONTROL

The key processes the Board has established to review the adequacy and integrity of the Group's system of internal controls are as follows:

- (i) A clearly defined delegation of responsibilities and duties, organization structure and authorization levels have been established and communicated by the Board for the Committees of the Board and to the management of key operating subsidiaries.
- (ii) The existence of an Executive Committee ("EXCO") which comprised key members of the Group's senior management. The EXCO's principal roles are to deliberate on strategic matters, capital expenditures, investment matters, remuneration and other major corporate and operational issues. Issues deliberated at the EXCO are subsequently tabled to the Board for approval.
- (iii) The Board meets at least quarterly to deliberate on the Group's management and financial performance, business development and corporate issues. The Board also reviews and approves the Group's quarterly financial results, audited financial statements and annual report.
- (iv) The existence of an Environment, Safety and Health ("ESH") Committee at a major subsidiary of the Group comprising representatives from various departments and this ESH Committee meets to deliberate on staff safety and health issues to ensure compliance with ESH policies.
- (v) Internal audits are conducted on a quarterly basis to review the adequacy of the system of internal controls and the effectiveness of the processes that are in place to identify, manage and report risks. The Audit Committee reviews the internal audit reports and highlights to the Board its activities, findings and recommendations.

CONCLUSION

The Board believes the above frameworks provide a reasonable assurance of the integrity of the Group's system of internal controls.

Nonetheless, the Board recognizes that the processes of identification, assessment and management of significant business issues and risks facing the Group are continuous and are required to take into account the changes in the external and internal environment of the Group.

This statement is made in accordance with a resolution of the Board dated 29 January 2008.

disclosure requirements pursuant to the listing requirements of bursa malaysia securities berhad

MATERIAL CONTRACTS AND CONTRACTS RELATING TO LOAN

There were no material contracts entered into by the Company and/or its subsidiaries which involve Directors' and/or substantial shareholders' interests for the financial year ended 30 September 2007.

There were no contracts relating to loan entered into by the Company and/or its subsidiaries which involve Directors' and/or substantial shareholders' interests since the previous financial year ended 30 September 2006.

SHARE BUY-BACK

The Company has undertaken share buy-back exercises whereby a total of 2,030,200 ordinary shares were repurchased from the open market for a total consideration of RM3,322,462 for the financial year ended 30 September 2007. These shares are held as treasury shares. The share buy-back transactions were financed by internally generated funds.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

There was no issuance of options, warrants or convertible securities by the Company during the financial year ended 30 September 2007.

AMERICAN DEPOSITORY RECEIPT ("ADR") OR GLOBAL DEPOSITORY RECEIPT ("GDR") PROGRAMMES

The Company did not sponsor any ADR or GDR programme during the financial year ended 30 September 2007.

IMPOSITION OF SANCTIONS AND/OR PENALTIES

There were no sanctions or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year ended 30 September 2007.

NON-AUDIT FEES

There were no non-audit fees paid to the external auditors, KPMG, by the Group for the financial year ended 30 September 2007.

PROFIT ESTIMATE, FORECAST OR PROJECTION

The Company did not release any profit estimate, forecast or projection pertaining to the financial year ended 30 September 2007. There were no variances of 10% or more between the audited results for the financial year ended 30 September 2007 and the unaudited results previously announced.

PROFIT GUARANTEE

The Company did not give any profit guarantee to any parties during the financial year ended 30 September 2007.

REVALUATION POLICY ON PROPERTIES

The Group revalues its properties every five (5) years and at shorter intervals whenever the fair values of the revalued assets are expected to differ materially from their carrying amounts.

REMUNERATION OF DIRECTORS

The details of remuneration of Directors for the financial year ended 30 September 2007 are stated on Page 14 of this Annual Report.

RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE NATURE

At the forthcoming Annual General Meeting, the Company intends to seek its shareholders' approval to renew the shareholders' mandate for recurrent related party transactions of a revenue or trading nature. The details of the shareholders' mandate to be sought are within the Circular to Shareholders dated 3 March 2008 and are attached to this Annual Report.

The details of recurrent related party transactions entered into for the financial year ended 30 September 2007 are as disclosed in Note 27 of the accompanying financial statements.

statement

of directors' responsibility for preparing the financial statements

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year. These financial statements are to be drawn up in accordance with applicable approved accounting standards for entities other than private entities as issued by Malaysian Accounting Standards Board so as to give a true and fair view of the state of affairs of the Group and of the Company at the end of each financial year and of the results of their operations and cash flows for the financial year.

In preparing these financial statements, the Directors have:

- Adopted appropriate accounting policies and have applied these accounting policies consistently;
- Made judgments and estimates that are deemed reasonable and prudent;
- Ensured that all applicable approved accounting standards have been adhered to; and
- Prepared these financial statements on the basis of going concern.

The Directors have the responsibility to ensure that the Group and the Company have properly kept their accounting and other records and the registers as required by the Companies Act, 1965. These records and registers are to disclose with reasonable accuracy the financial positions of the Group and the Company.

The Directors have the overall responsibilities for taking steps as are reasonably open to them to safeguard the assets of the Group and of the Company in order to prevent and detect fraud and other irregularities.

The Statement of Directors pursuant to Section 169(15) of the Companies Act, 1965 is set out on Page 28 of the accompanying financial statements.

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directors'

report for the year ended 30 September 2007

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 30 September 2007.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding, whilst the principal activities of its subsidiaries are stated in Note 6 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Net profit for the year	20,964,478	9,198,417

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the year under review except as disclosed in the financial statements.

DIVIDENDS

Since the end of the previous financial year, the Company declared and paid:-

- a final dividend of approximately 2.5% (2.5 sen) per ordinary share less 27% tax totalling RM1,600,135 in respect of the year ended 30 September 2006 on 12 April 2007; and
- an interim dividend of approximately 3.5% (3.5 sen) per ordinary share less 27% tax totalling RM2,200,274 in respect of the year ended 30 September 2007 on 2 July 2007.

The final dividend recommended by the Directors in respect of the year ended 30 September 2007 is approximately 3.0% (3 sen) per ordinary share less 27% tax totalling RM1,930,408 which is subject to shareholders' approval at the forthcoming Annual General Meeting.

DIRECTORS OF THE COMPANY

Directors who served since the date of the last report are:

Yap Kow @ Yap Kim Fah
Tan Teng Khuan
Lim Lye Hock
Johari Low Bin Abdullah @ Low Han Hing
Yap Kau @ Yap Yeow Ho
Mak Fong Ching
Muhayuddin Bin Musa
Chua Eng Seng
Gan Chin Boon (appointed on 24.08.2007)

directors'

report for the year ended 30 September 2007 (Cont'd)

DIRECTORS OF THE COMPANY (CONT'D)

The holdings and deemed holdings in the ordinary shares and irredeemable convertible preference shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at the end of the financial year as recorded in the Register of Directors' Shareholdings are as follows:

	At 1.10.2006/ Date of appointment	Number of ordinary shares of RM1.00 each		
		Bought	Sold	At 30.9.2007
Direct interest in the Company				
Yap Kow @ Yap Kim Fah	10,441,381	-	(2,200,000)	8,241,381
Tan Teng Khuan	1,993	-	-	1,993
Lim Lye Hock	1,212,566	-	(1,200,000)	12,566
Johari Low Bin Abdullah @ Low Han Hing	20,522	-	-	20,522
Yap Kau @ Yap Yeow Ho	33,000	-	-	33,000
Muhayuddin Bin Musa	1	-	-	1
Gan Chin Boon	624,144	-	-	624,144
Indirect interest in the Company				
Yap Kow @ Yap Kim Fah	28,789,257	-	(6,961,000)	21,828,257
Tan Teng Khuan	25,337,000	-	(6,961,000)	18,376,000
Lim Lye Hock	25,337,000	-	(6,961,000)	18,376,000
Yap Kau @ Yap Yeow Ho	3,452,257	20,000	-	3,472,257
Gan Chin Boon	25,337,000	-	(6,961,000)	18,376,000
	At 1.10.2006/ Date of appointment	Number of irredeemable convertible preference shares of RM1.00 each		
		Bought	Sold	At 30.9.2007
Direct interest in the Company				
Yap Kow @ Yap Kim Fah	3,975,023	-	-	3,975,023
Tan Teng Khuan	242,102	-	-	242,102
Lim Lye Hock	370,879	-	-	370,879
Gan Chin Boon	301,013	-	-	301,013
Indirect interest in the Company				
Yap Kow @ Yap Kim Fah	14,164,958	-	-	14,164,958
Tan Teng Khuan	12,500,000	-	-	12,500,000
Lim Lye Hock	12,500,000	-	-	12,500,000
Yap Kau @ Yap Yeow Ho	1,664,958	-	-	1,664,958
Gan Chin Boon	12,500,000	-	-	12,500,000

By virtue of their interests in the shares of the Company, the above Directors are also deemed interested in the shares of all its wholly owned subsidiaries during the financial year to the extent that APB Resources Berhad has an interest.

None of the other Directors holding office at 30 September 2007 had any interest in the shares of the Company and of its related corporations during the financial year.

directors'

report for the year ended 30 September 2007 (Cont'd)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who may be deemed to derive a benefit by virtue of trading transactions in the ordinary course of business between the Company or its related corporations and companies in which the Directors have financial interests as disclosed in Note 27 to the financial statements.

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

ISSUE OF SHARES OR DEBENTURES

During the financial year, the Company issued 74,298 new ordinary shares of RM1.00 each arising from the conversion of Irredeemable Convertible Preference Shares ("ICPS").

There were no other changes in the authorised, issued and paid-up capital of the Company during the financial year.

There were no debentures issued during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

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

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) all current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the Group and in the Company financial statements misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

directors'

report for the year ended 30 September 2007 (Cont'd)

OTHER STATUTORY INFORMATION (CONT'D)

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

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the results of the operations of the Group and of the Company for the financial year ended 30 September 2007 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

AUDITORS

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

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

Yap Kow @ Yap Kim Fah

Tan Teng Khuan

Kuala Lumpur,

Date: 29 January 2008

Statement by Directors

pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 30 to 74 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board so as to give a true and fair view of the state of affairs of the Group and of the Company at 30 September 2007 and of the results of their operations and cash flows for the year ended on that date.

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

Yap Kow @ Yap Kim Fah

Tan Teng Khuan

Kuala Lumpur,
Date: 29 January 2008

Statutory declaration

pursuant to Section 169(16) of the Companies Act, 1965

I, Cheong Wai Pong, the officer primarily responsible for the financial management of APB Resources Berhad, do solemnly and sincerely declare that the financial statements set out on pages 30 to 74 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed in Kuala Lumpur on 29 January 2008.

Cheong Wai Pong

Before me:

S. Masood Omar DJN, PKT, PJK, PJM (No. W. 354)
Commissioner for Oaths

Report of the auditors to the members of APB Resources Berhad

We have audited the financial statements set out on pages 30 to 74. The preparation of the financial statements is the responsibility of the Company's Directors.

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

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

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board so as to give a true and fair view of:
 - i) the state of affairs of the Group and of the Company at 30 September 2007 and the results of their operations and cash flows for the year ended on that date; and
 - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and the subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

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

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

KPMG
Firm Number: AF 0758
Chartered Accountants

Peter Ho Kok Wai
Partner
Approval Number: 1745/12/09(J)

Kuala Lumpur,
Date: 29 January 2008

Balance sheets

as at 30 September 2007

	Note	2007 RM	Group 2006 RM Restated	2007 RM	Company 2006 RM
Assets					
Property, plant and equipment	3	41,380,326	42,398,001	-	-
Prepaid lease payments	4	8,503,455	8,657,042	-	-
Investment properties	5	1,060,000	-	-	-
Investment in subsidiaries	6	-	-	76,837,002	76,837,002
Other investment	7	125,885	125,885	-	-
Intangible asset	8	15,209,905	15,209,905	-	-
Total non-current assets		66,279,571	66,390,833	76,837,002	76,837,002
Receivables, deposits and prepayments	9	63,645,397	86,038,535	43,294,506	41,095,241
Inventories	10	8,362,809	11,348,886	-	-
Current tax assets		349,224	31,761	349,224	31,761
Cash and cash equivalents	11	40,259,536	17,832,157	262,044	1,498,791
Total current assets		112,616,966	115,251,339	43,905,774	42,625,793
Total assets		178,896,537	181,642,172	120,742,776	119,462,795
Equity					
Share capital	12	111,501,947	110,663,878	111,501,947	110,663,878
Reserves	13	13,150,574	100,157	2,068,056	830,579
Total equity attributable to shareholders		124,652,521	110,764,035	113,570,003	111,494,457
Liabilities					
Loans and borrowings (secured)	14	-	80,454	-	-
Deferred tax liabilities	15	480,214	2,974,358	-	-
Irredeemable convertible preference shares	12	1,373,055	2,211,124	1,373,055	2,211,124
Total non-current liabilities		1,853,269	5,265,936	1,373,055	2,211,124
Payables and accruals	16	42,695,928	42,258,082	5,799,718	5,757,214
Loans and borrowings (secured)	14	5,390,369	21,114,421	-	-
Current tax liabilities		4,304,450	2,239,698	-	-
Total current liabilities		52,390,747	65,612,201	5,799,718	5,757,214
Total liabilities		54,244,016	70,878,137	7,172,773	7,968,338
Total equity and liabilities		178,896,537	181,642,172	120,742,776	119,462,795

The notes on pages 36 to 74 are an integral part of these financial statements.

Income statements

for the year ended 30 September 2007

	Note	Group 2007 RM	2006 RM Restated	Company 2007 RM	2006 RM
Revenue	17	175,616,695	202,299,803	13,463,235	29,390,926
Cost of sales	17	(127,019,820)	(175,573,043)	-	-
Gross profit	17	48,596,875	26,726,760	13,463,235	29,390,926
Other income		1,035,636	1,338,585	29,936	139,351
Administrative expenses		(15,743,419)	(12,499,474)	(822,364)	(696,101)
Other expenses		(4,429,036)	(385,772)	-	-
Operating profit	18	29,460,056	15,180,099	12,670,807	28,834,176
Finance costs	19	(874,654)	(1,641,323)	(154,780)	(208,908)
Profit before tax		28,585,402	13,538,776	12,516,027	28,625,268
Tax expense	21	(7,620,924)	(3,303,973)	(3,317,610)	(8,232,994)
Net profit for the year		20,964,478	10,234,803	9,198,417	20,392,274
Basic earnings per ordinary share (sen)	22	23.07	10.74		
Diluted earnings per ordinary share (sen)	22	18.86	9.25		
Net dividend per ordinary share (sen)	23	4.31	3.96		

The notes on pages 36 to 74 are an integral part of these financial statements.

Statements of changes in equity

for the year ended 30 September 2007

Group	Note	Non-distributable			Distributable		Total RM
		Ordinary share capital RM	Irredeemable convertible preference shares ("ICPS") - equity component RM	Treasury shares RM	Revaluation reserve RM	(Accumulated losses)/ Retained earnings RM	
At 1 October 2005							
- as previously reported		88,072,209	20,658,769	-	-	(5,933,214)	102,797,764
- effect of reinvestment allowances over claimed	30	-	-	-	-	(514,952)	(514,952)
At 1 October 2005, restated		88,072,209	20,658,769	-	-	(6,448,166)	102,282,812
ICPS							
- capitalisation of liability component on dividend	23	-	773,283	-	-	-	773,283
- reclassification between equity and liability portion of ICPS		-	1,159,617	-	-	574,463	1,734,080
Net profit for the year							
- as previously reported		-	-	-	-	12,021,681	12,021,681
- effect of reinvestment allowances over claimed	30	-	-	-	-	(1,786,878)	(1,786,878)
Net profit for the year, as restated		-	-	-	-	10,234,803	10,234,803
Dividend on ICPS - equity component		-	-	-	-	(773,283)	(773,283)
Dividends to shareholders	23	-	-	-	-	(3,487,660)	(3,487,660)
At 30 September 2006, restated		88,072,209	22,591,669	-	-	100,157	110,764,035
At 1 October 2006, restated		88,072,209	22,591,669	-	-	100,157	110,764,035
ICPS							
- capitalisation of liability component on dividend	23	-	838,069	-	-	-	838,069
Treasury shares acquired		-	-	(3,322,462)	-	-	(3,322,462)
Conversion of ICPS into ordinary shares		74,298	(74,298)	-	-	-	-
Net profit for the year		-	-	-	-	20,964,478	20,964,478
Dividend on ICPS - equity component		-	-	-	-	(838,069)	(838,069)
Dividends to shareholders	23	-	-	-	-	(3,800,409)	(3,800,409)
Revaluation of property, plant and equipment, net of tax		-	-	-	46,879	-	46,879
At 30 September 2007		88,146,507	23,355,440	(3,322,462)	46,879	16,426,157	124,652,521
		Note 12	Note 12	Note 13.1	Note 13.2		

Statements of changes in equity

for the year ended 30 September 2007 (Cont'd)

Company	Note	Non-distributable Irredeemable convertible preference shares ("ICPS")			Distributable	
		Ordinary share capital RM	- equity component RM	(Accumulated losses)/ Treasury shares RM	Retained earnings RM	Total RM
At 1 October 2005		88,072,209	20,658,769	-	(15,875,215)	92,855,763
ICPS						
- capitalisation of liability component on dividend	23	-	773,283	-	-	773,283
- reclassification between equity and liability portion of ICPS		-	1,159,617	-	574,463	1,734,080
Net profit for the year		-	-	-	20,392,274	20,392,274
Dividend on ICPS						
- equity component		-	-	-	(773,283)	(773,283)
Dividends to shareholders	23	-	-	-	(3,487,660)	(3,487,660)
At 30 September 2006		88,072,209	22,591,669	-	830,579	111,494,457
At 1 October 2006		88,072,209	22,591,669	-	830,579	111,494,457
ICPS						
- capitalisation of liability component on dividend	23	-	838,069	-	-	838,069
Treasury shares acquired		-	-	(3,322,462)	-	(3,322,462)
Conversion of ICPS into ordinary shares		74,298	(74,298)	-	-	-
Net profit for the year		-	-	-	9,198,417	9,198,417
Dividend on ICPS						
- equity component		-	-	-	(838,069)	(838,069)
Dividends to shareholders	23	-	-	-	(3,800,409)	(3,800,409)
At 30 September 2007		88,146,507	23,355,440	(3,322,462)	5,390,518	113,570,003
		Note 12	Note 12	Note 13.1	Note 13.3	

The notes on pages 36 to 74 are an integral part of these financial statements.

Cash flow

statements for the year ended 30 September 2007

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Cash flows from operating activities				
Profit before tax	28,585,402	13,538,776	12,516,027	28,625,268
Adjustments for:				
Amortisation of prepaid lease payments	153,587	152,743	-	-
Change in fair value of investment properties	(48,900)	-	-	-
Depreciation of property, plant and equipment	4,194,525	3,725,255	-	-
Dividend income	-	-	(13,463,235)	(29,390,926)
Dividend on ICPS	154,780	208,908	154,780	208,908
Impairment loss on property	772,010	-	-	-
Interest expenses	284,411	548,239	-	-
Interest income	(868,625)	(324,243)	(29,936)	(139,351)
Loss on disposal of investment in quoted shares	-	2,900	-	-
Net gain on disposal of plant and equipment	(5,413)	(37,663)	-	-
Plant and equipment written off	-	31,500	-	-
Unrealised loss on foreign exchange	588,568	184,322	-	-
Operating profit/(loss) before changes in working capital	33,810,345	18,030,737	(822,364)	(696,101)
Inventories	2,986,077	(6,316,214)	-	-
Payables and accruals	437,846	20,502,881	42,504	(49,536)
Receivables, deposits and prepayments	21,804,570	(32,840,218)	(16,295,957)	(8,444,481)
Cash generated from/(used in) operations	59,038,838	(622,814)	(17,075,817)	(9,190,118)
Tax paid	(8,384,562)	(4,931,847)	-	-
Tax refund	312	-	-	-
Interest paid	(1,829)	(47)	-	-
Interest received	868,625	324,243	29,936	139,351
Net cash generated from/(used in) operating activities	51,521,384	(5,230,465)	(17,045,881)	(9,050,767)
Cash flows from investing activities				
Acquisition of property, plant and equipment	(4,910,697)	(11,850,520)	-	-
Deposits withdrawn from licensed banks	875,596	832,099	-	-
Dividend received from a subsidiary	-	-	23,924,854	7,064,775
Investment in a subsidiary	-	-	-	(2)
Proceeds from disposal of investment in quoted shares	-	800	-	-
Proceeds from disposal of plant and equipment	19,500	154,219	-	-
Net cash (used in)/generated from investing activities	(4,015,601)	(10,863,402)	23,924,854	7,064,773

Cash flow statements

for the year ended 30 September 2007 (Cont'd)

	Note	Group 2007 RM	2006 RM	Company 2007 RM	2006 RM
Cash flows from financing activities					
Dividend paid		(4,793,258)	(4,469,851)	(4,793,258)	(4,469,851)
Interest paid		(282,582)	(548,192)	-	-
Repayment of hire purchase		(161,721)	(254,296)	-	-
(Repayment)/Drawdown of trade financing facilities		(15,773,700)	12,987,318	-	-
Repurchase of treasury shares		(3,322,462)	-	(3,322,462)	-
Net cash (used in)/ generated from financing activities		(24,333,723)	7,714,979	(8,115,720)	(4,469,851)
Net increase/ (decrease) in cash and cash equivalents		23,172,060	(8,378,888)	(1,236,747)	(6,455,845)
Cash and cash equivalents at 1 October		15,846,095	24,224,983	1,498,791	7,954,636
Cash and cash equivalents at 30 September	(i)	39,018,155	15,846,095	262,044	1,498,791

Notes to the cash flow statements

(i) Cash and cash equivalents

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

	Group 2007 RM	2006 RM	Company 2007 RM	2006 RM
Cash and bank balances	5,192,552	5,902,286	228,061	738,622
Deposits placed with licensed banks (net of pledged deposits)	33,922,535	9,183,640	-	-
Short term funds	33,983	760,169	33,983	760,169
Bank overdrafts (secured)	(130,915)	-	-	-
	39,018,155	15,846,095	262,044	1,498,791

The notes on pages 36 to 74 are an integral part of these financial statements.

Notes to the financial statements

APB Resources Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Board of Bursa Malaysia Securities Berhad. The addresses of its registered office and principal place of business are as follows:

Registered office

D12, Tingkat 1
Plaza Pekeliling
No. 2 Jalan Tun Razak
50400 Kuala Lumpur

Principal place of business

No. 47 (Lot 540), Jalan TUDM
Kampung Baru Subang
Seksyen U6, Shah Alam
40150 Selangor Darul Ehsan

The consolidated financial statements as at and for the year ended 30 September 2007 comprise the Company and its subsidiaries (together referred to as the Group). The financial statements of the Company as at and for the year ended 30 September 2007 do not include other entities.

The Company is principally engaged in investment holding, whilst the principal activities of its subsidiaries are stated in Note 6 to the financial statements.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board ("MASB"), accounting principles generally accepted in Malaysia and the provisions of the Companies Act, 1965. These financial statements also comply with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The MASB has issued the following Financial Reporting Standards ("FRSs") and Interpretations that are effective for annual periods beginning after 1 January 2006, and that have not been applied in preparing these financial statements:

Standards/Interpretations	Effective date
FRS 139, <i>Financial Instruments: Recognition and Measurement</i>	To be announced
Amendment to FRS 119 ²⁰⁰⁴ , <i>Employee Benefits</i> - <i>Actuarial Gains and Losses, Group Plans and Disclosures</i>	1 January 2007
FRS 6, <i>Exploration for and Evaluation of Mineral Resources</i>	1 January 2007
Amendment to FRS 121, <i>The Effects of Changes in Foreign Exchange Rates</i> - <i>Net Investment in a Foreign Operation</i>	1 July 2007
IC Interpretation 1, <i>Changes in Existing Decommissioning, Restoration and Similar Liabilities</i>	1 July 2007
IC Interpretation 2, <i>Members' Shares in Co-operative Entities and Similar Instruments</i>	1 July 2007
IC Interpretation 5, <i>Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds</i>	1 July 2007
IC Interpretation 6, <i>Liabilities arising from Participating in a Specific Market</i> - <i>Waste Electrical and Electronic Equipment</i>	1 July 2007

Notes to the financial statements (Cont'd)

1. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (Cont'd)

Standards/Interpretations	Effective date
IC Interpretation 7, <i>Applying the Restatement Approach under FRS 129</i> ²⁰⁰⁴ <i>Financial Reporting in Hyperinflationary Economies</i>	1 July 2007
IC Interpretation 8, <i>Scope of FRS 2</i>	1 July 2007
FRS 107, <i>Cash Flow Statements</i>	1 July 2007
FRS 111, <i>Construction Contracts</i>	1 July 2007
FRS 112, <i>Income Taxes</i>	1 July 2007
FRS 118, <i>Revenue</i>	1 July 2007
FRS 120, <i>Accounting for Government Grants</i>	1 July 2007
FRS 134, <i>Interim Financial Reporting</i>	1 July 2007
FRS 137, <i>Provision, Contingent Liabilities and Contingent Assets</i>	1 July 2007

The Group and the Company plans to apply the Amendment to FRS 119 initially for the annual period beginning 1 October 2007 and to apply the rest of the above-mentioned FRSs (except for FRS 6, Interpretation 2, Interpretation 5, Interpretation 6, Interpretation 7, Interpretation 8, FRS 111, and FRS 120 as explained below and FRS 139 which its effective date has yet to be announced) and Interpretations for the annual period beginning 1 October 2007.

The impact of applying FRS 139 on the financial statements upon first adoption of this standard as required by paragraph 30(b) of FRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors* is not disclosed by virtue of the exemptions given in the respective standards.

FRS 6, Interpretation 2, Interpretation 5, Interpretation 6, Interpretation 7, Interpretation 8, FRS 111 and FRS 120 are not applicable to the Group and the Company. Hence, no further disclosure is warranted.

FRS 112 addresses the accounting treatment for income taxes. However, FRS 112 does not prescribe the accounting treatment for reinvestment allowance and investment tax allowance. In the current accounting policy for income taxes, reinvestment or investment tax allowance is treated as the tax base of an asset. The Group and the Company have not yet determined whether this accounting policy needs to be changed.

The initial application of the other standards and interpretations are not expected to have any material impact on the financial statements of the Group and the Company.

The effects of adopting the new/revised FRSs in 2007 is set out in Note 29.

The financial statements were approved by the Board of Directors on 29 January 2008.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except as disclosed in the notes to the financial statements.

Notes to the financial statements (Cont'd)

1. BASIS OF PREPARATION (CONT'D)

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Group and the Company's functional currency.

(d) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the following notes:

- *Note 5 - valuation of investment properties*
- *Note 8 - measurement of the recoverable amounts of cash-generating units*
- *Note 9 - allowance for doubtful debts*

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, unless otherwise stated.

Certain comparative amounts have been reclassified to conform to the current year's presentation (see note 31).

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that the control commences until the date that control ceases.

Investment in subsidiaries is stated in the Company's balance sheet at cost less impairment losses.

(ii) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with subsidiaries are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Notes to the financial statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statement.

(c) Property, plant and equipment

(i) *Recognition and measurement*

Items of property, plant and equipment are stated at cost/valuation less accumulated depreciation and impairment losses.

Property, plant and equipment under the revaluation model

The Group revalues its properties every 5 years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value. Additions subsequent to the date of valuation are stated at cost until the next revaluation exercise.

Surpluses arising from revaluation are dealt with in the property revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is charged to the income statement.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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.

(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 income statement as incurred.

Notes to the financial statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Property, plant and equipment (Cont'd)

(iii) Depreciation

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The estimated useful lives for the current and comparative periods are as follows:

Freehold buildings	50 years
Leasehold buildings	10 - 63 years
Furniture, fittings, office equipment and renovation	5 - 10 years
Motor vehicles	5 years
Plant and machineries and testing equipment	5 - 10 years

The depreciable amount is determined after deducting the residual value.

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

(d) Prepaid lease payments

(i) Accounting policy note on leasehold land

Leasehold land that normally has an indefinite economic life and title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. The payment made on entering into or acquiring a leasehold land is accounted for as prepaid lease payments that are amortised over the lease term in accordance with the pattern of benefits provided except for leasehold land classified as investment property.

The Group had previously classified a lease of land as finance lease and had recognised the amount of prepaid lease payments as property within its property, plant and equipment. On adoption of FRS 117, Leases, the Group treats such a lease as an operating lease, with the unamortised carrying amount classified as prepaid lease payments in accordance with the transitional provisions in FRS 117.67A.

(ii) Revalued leasehold land

The Group had previously revalued its leasehold land and has retained the unamortised revalued amount as the surrogate carrying amount of prepaid lease payments in accordance with the transitional provisions in FRS 117.67A. Such prepaid lease payments is amortised over the lease term.

(e) Investment properties

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both. These include land held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

In the previous financial years, all investment properties were stated at cost/valuation and are classified as property, plant and equipment. Following the adoption of FRS 140, Investment Property, all investment properties are measured initially at cost and subsequently at fair value with any change therein recognised in the income statement.

This change in accounting policy has been applied prospectively as allowed by the transitional provisions in FRS 140.80 as an adjustment to the opening balance of retained earnings and comparatives are not restated. The effects of adopting FRS 140 are set out in Note 29.

Notes to the financial statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Investment properties (Cont'd)

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the income statement. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through the income statement.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, will be used whenever there is indication of significant change in fair values of the investments properties. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the 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.

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows then is applied to the net annual cash flows to arrive at the property valuation.

Valuations reflect, where appropriate: the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, and the market's general perception of their creditworthiness; the allocation of maintenance and insurance responsibilities between the Group and the lessee; and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices and where appropriate counter-notices have been served validly and within the appropriate time.

(f) Intangible asset

(i) Goodwill

Goodwill arises on the acquisition of subsidiaries.

For acquisitions prior to 1 October 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the fair values of the net identifiable assets and liabilities.

With the adoption of FRS 3 beginning 1 October 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Goodwill is measured at cost and is no longer amortised but tested for impairment at least annually or more frequently when there is objective evidence of impairment.

Goodwill is allocated to cash-generating units and is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired.

(ii) Amortisation

Goodwill is tested for impairment at least annually or more frequently when there is objective of evidence of impairment.

Notes to the financial statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Investment

Long term investment other than investment in subsidiaries is stated at cost. An allowance is made when the Directors are of the view that there is a diminution in their value which is other than temporary.

(h) Receivables

Receivables are initially recognised at their cost when the contractual right to receive cash or another financial asset from another entity is established.

Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Receivables are not held for the purpose of trading.

(i) Amount due from/(to) contract customers

Amount due from/(to) contract customers on fixed price contracts is stated at cost plus attributable profits less foreseeable losses and progress billings. Cost includes all direct contract costs and other related costs. Where progress billings exceed the aggregate amount due from contract customers plus attributable profits less foreseeable losses, the net credit balance on all such contracts is shown in trade payables as amount due to contract customers.

(j) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in-first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

(k) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits placed with licensed banks, and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of pledged deposits and bank overdrafts.

(l) Impairment of assets

The carrying amounts of the Group's assets except for inventories, deferred tax assets and financial assets (other than investment in subsidiaries), are reviewed at each reporting date 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, recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or the cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless the asset is carried at a revalued amount, in which case the impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of other assets in the unit (groups of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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.

Notes to the financial statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Impairment of assets (Cont'd)

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised, unless it reverses an impairment loss on a revalued asset, in which case it is credited directly to revaluation surplus. Where an impairment loss on the same revalued asset was previously recognised in the income statement, a reversal of that impairment loss is also recognised in the income statement.

(m) Share capital

Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity.

(n) Employee benefits

Short term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's contribution to the Employees Provident Fund is charged to the income statement in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(o) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of 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 liabilities unless the probability of outflow of economic benefits is remote.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within the Group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Notes to the financial statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

(q) Hire purchase liabilities

Property, plant and equipment acquired under hire purchase arrangements are capitalised at the purchase costs and are depreciated on the same basis as owned assets. The corresponding obligations relating to the remaining capital payments are treated as liability. The interest element of the hire purchase arrangements is charged to the income statement over the period of the hire purchase arrangements on the sum-of-digits method.

(r) Irredeemable Convertible Preference Shares

The Irredeemable Convertible Preference Shares ("ICPS") issued by the Company comprises both liability and equity components. The components are derived using the Residual Value of Equity Component Method.

(s) Revenue

(i) Fixed price contracts

Revenue from fixed price contracts is recognised on the percentage of completion method, measured by reference to the proportion that contract costs incurred for contract work performed to date that reflect work performed bear to the total estimated contract costs.

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

An expected loss on a contract is recognised immediately in the income statement.

(ii) Goods sold and services rendered

Revenue from sale of goods is measured at the fair value of the consideration received and receivable and is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to services performed to date as a percentage of total services to be performed.

(iii) Rental income

Rental income from investment property is recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the term of the lease.

(iv) Dividend income

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

Notes to the financial statements (Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Interest income and borrowing costs

Interest income is recognised as it accrues, using the effective interest method.

All borrowing costs are recognised in the income statement using the effective interest method, in the period in which they are incurred except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use.

(u) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit (tax 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 balance sheet date.

Deferred tax liability is recognised for all taxable temporary differences.

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

Additional taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

(v) Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of shares outstanding for the effects of all dilutive potential shares, which comprise Irredeemable Convertible Preference Shares ("ICPS").

(w) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Notes to the financial statements (Cont'd)

3. PROPERTY, PLANT AND EQUIPMENT

Group	Long term leasehold land RM	Freehold buildings RM	Leasehold buildings RM	Furniture, fittings, office equipment and renovation RM	Motor vehicles RM	Plant and machineries and testing equipment RM	Total RM
Cost/Valuation							
At 1 October 2005	9,373,000	1,770,000	18,485,931	3,625,528	4,258,445	31,714,729	69,227,633
Effect of adopting FRS 117 (Note 29)	(9,373,000)	-	-	-	-	-	(9,373,000)
At 1 October 2005, restated	-	1,770,000	18,485,931	3,625,528	4,258,445	31,714,729	59,854,633
Additions	-	-	3,298,910	550,475	298,538	7,702,597	11,850,520
Disposals	-	-	-	(48,000)	(403,028)	-	(451,028)
Write off	-	-	-	-	-	(126,000)	(126,000)
At 30 September 2006/ 1 October 2006	-	1,770,000	21,784,841	4,128,003	4,153,955	39,291,326	71,128,125
Effect of adopting FRS 140							
- Offset of accumulated depreciation on property transferred to investment property	-	(117,400)	(11,500)	-	-	-	(128,900)
- Transfer to investment property (Note 5)	-	(922,600)	(88,500)	-	-	-	(1,011,100)
Adjustment on revaluation	-	(86,150)	(1,589,187)	-	-	-	(1,675,337)
Revaluation deficit	-	(7,200)	(764,810)	-	-	-	(772,010)
Revaluation surplus	-	63,350	-	-	-	-	63,350
Additions	-	-	1,209,156	291,338	164,171	3,246,032	4,910,697
Disposals	-	-	-	(4,288)	(99,797)	-	(104,085)
At 30 September 2007	-	700,000	20,540,000	4,415,053	4,218,329	42,537,358	72,410,740
Representing items at:							
Cost	-	-	-	4,415,053	4,218,329	42,537,358	51,170,740
Directors' valuation - 2007	-	700,000	20,540,000	-	-	-	21,240,000
At 30 September 2007	-	700,000	20,540,000	4,415,053	4,218,329	42,537,358	72,410,740

Notes to the financial statements (Cont'd)

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

Group	Long term leasehold land RM	Freehold buildings RM	Leasehold buildings RM	Furniture, fittings, office equipment and renovation RM	Motor vehicles RM	Plant and machineries and testing equipment RM	Total RM
Cost/Valuation							
Depreciation							
At 1 October 2005	563,215	132,750	905,636	2,266,978	3,396,423	18,732,054	25,997,056
Effect of adopting FRS 117 (Note 29)	(563,215)	-	-	-	-	-	(563,215)
At 1 October 2005, restated	-	132,750	905,636	2,266,978	3,396,423	18,732,054	25,433,841
Charge for the year	-	35,400	313,002	251,206	342,176	2,783,471	3,725,255
Disposals	-	-	-	(39,600)	(294,872)	-	(334,472)
Write off	-	-	-	-	-	(94,500)	(94,500)
At 30 September 2006/ 1 October 2006	-	168,150	1,218,638	2,478,584	3,443,727	21,421,025	28,730,124
Effect of adopting FRS 140							
- Offset of accumulated depreciation on property transferred to investment property	-	(117,400)	(11,500)	-	-	-	(128,900)
Adjustment on revaluation	-	(86,150)	(1,589,187)	-	-	-	(1,675,337)
Charge for the year	-	35,400	382,049	268,380	294,682	3,214,014	4,194,525
Disposals	-	-	-	(1,551)	(88,447)	-	(89,998)
At 30 September 2007	-	-	-	2,745,413	3,649,962	24,635,039	31,030,414
Carrying amounts							
At 1 October 2005, restated	-	1,637,250	17,580,295	1,358,550	862,022	12,982,675	34,420,792
At 30 September 2006/ 1 October 2006	-	1,601,850	20,566,203	1,649,419	710,228	17,870,301	42,398,001
At 30 September 2007	-	700,000	20,540,000	1,669,640	568,367	17,902,319	41,380,326

Notes to the financial statements (Cont'd)

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

3.1 Revaluation

- a) Freehold buildings were revalued by the Directors in 2007 based on a valuation carried out on 30 September 2007 by Mr. Long Tian Chek, an independent registered professional valuer with Henry Butcher Malaysia Sdn. Bhd., on the open market valuation basis.

Had the buildings been carried at historical cost less accumulated depreciation, the carrying amount of the revalued buildings that would have been included in the financial statements at the end of the year would be as follows:

	2007 RM	Group 2006 RM
Freehold buildings	538,496	1,217,369

- b) Leasehold buildings were revalued by the Directors in 2007 based on valuations carried out by independent professional valuers using the open market valuation basis as follows:

- (i) Valuation made by Mr. Kow Lay Seng, a registered valuer with Henry Butcher Malaysia (Kuantan) Sdn. Bhd. on 30 September 2007 in respect of leasehold buildings stated at RM16,100,000.
- (ii) Valuation made by Mr. Long Tian Chek, a registered valuer with Henry Butcher Malaysia Sdn. Bhd. on 30 September 2007 in respect of a leasehold building stated at RM4,440,000.

Had the buildings been carried at historical cost less accumulated depreciation, the carrying amount of the revalued buildings that would have been included in the financial statements at the end of the year would be as follows:

	2007 RM	Group 2006 RM
Leasehold buildings	19,726,913	18,826,285

3.2 Security

Buildings at cost/valuation are charged to licensed banks as securities for borrowings (see Note 14) are as follows:

	2007 RM	Group 2006 RM
Buildings	20,540,000	21,904,841

3.3 Assets under hire purchase

The carrying amount of plant and equipment acquired under hire purchase arrangements included in the above is as follow:

	2007 RM	Group 2006 RM
Motor vehicles	101,600	268,726

Notes to the financial statements (Cont'd)

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

3.4 Titles

Included in buildings are properties at valuation of RM380,000 (2006 - RM540,000) for which the strata titles for the buildings have yet to be issued to a subsidiary.

4. PREPAID LEASE PAYMENTS

Long term leasehold land	Note	Group Unexpired lease period of more than 50 years RM
Cost		
At 1 October 2005		-
Effect of adopting FRS 117	29	9,373,000
At 1 October 2005, restated/30 September 2006/30 September 2007		9,373,000
Amortisation		
At 1 October 2005		-
Effect of adopting FRS 117	29	563,215
At 1 October 2005, restated		563,215
Amortisation for the year		152,743
At 30 September 2006/1 October 2006		715,958
Amortisation for the year		153,587
At 30 September 2007		869,545
Carrying amounts		
At 1 October 2005, restated		8,809,785
At 30 September 2006/1 October 2006		8,657,042
At 30 September 2007		8,503,455

The Group's long term leasehold land is stated at Directors' valuations based on professional valuations on the open market value basis conducted in 2002.

Long term leasehold land at cost of RM9,373,000 (2006 - RM9,373,000) are charged to licensed banks as securities for borrowings (see Note 14).

Notes to the financial statements (Cont'd)

5. INVESTMENT PROPERTIES

	Note	2007 RM	Group 2006 RM
At 1 October		-	-
Transfer from property, plant and equipment	3	1,011,100	-
Change in fair value		48,900	-
At 30 September		1,060,000	-
Included in the above are:			
Freehold buildings		940,000	-
Leasehold building with unexpired lease period of more than 50 years		120,000	-
		1,060,000	-

5.1 Revaluation

Buildings were revalued by the Directors in 2007 based on valuations carried out by independent professional valuers using the open market valuation basis as follows:

- (i) Valuation made by Dr. Teoh Poh Huat, a registered valuer with Henry Butcher Malaysia Sdn. Bhd. on 30 September 2007 in respect of a building stated at RM260,000.
- (ii) Valuation made by Mr. Fook Tone Huat, a registered valuer with Henry Butcher Malaysia Sdn. Bhd. on 30 September 2007 in respect of a building stated at RM200,000.
- (iii) Valuation made by Mr. Long Tian Chek, a registered valuer with Henry Butcher Malaysia Sdn. Bhd. on 30 September 2007 in respect of buildings stated at RM600,000.

5.2 Security

Included in investment properties is a building at valuation of RM200,000 (2006 - Nil) being charged to a licensed bank as a security for borrowings (see Note 14).

5.3 Titles

Included in investment properties are buildings at valuation of RM540,000 (2006 - Nil) for which the titles for the building have yet to be issued to the subsidiaries.

6. INVESTMENT IN SUBSIDIARIES

	2007 RM	Company 2006 RM
Unquoted shares, at cost	76,837,002	76,837,002

Notes to the financial statements (Cont'd)

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows:

The details of the subsidiaries are as follows.

Name	Principal activities	Effective ownership interest	
		2007 %	2006 %
<i>Subsidiaries of APB Resources Berhad</i>			
Era Julung Sdn. Bhd.	Investment holding	100	100
Landas Fikir Sdn. Bhd.	Dormant	100	100
<i>Subsidiaries of Era Julung Sdn. Bhd.</i>			
Amalgamated Metal Corporation (M) Sdn. Bhd.	Fabrication of specially designed engineering equipment	100	100
<i>and its subsidiaries:</i>			
Finned Tubes Malaysia Sdn. Bhd.	Dormant	100	100
Benmarl Sdn. Bhd.	Provision of mechanical and electrical services and a contractor for industrial air-conditioning	100	100
Prescan Sdn. Bhd.	Provision of non-destructive testing services and other related services	100	100

All the subsidiaries are incorporated in Malaysia.

7. OTHER INVESTMENT

	2007 RM	Group 2006 RM
Other investment, at cost	210,000	210,000
Less: Allowance for diminution in value	(84,115)	(84,115)
	125,885	125,885

Notes to the financial statements (Cont'd)

8. INTANGIBLE ASSET

	2007 RM	Group 2006 RM
Goodwill		
Cost		
At 1 October/30 September	15,209,905	15,209,905
Carrying amount		
30 September	15,209,905	15,209,905

Impairment testing for cash-generating unit containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's fabrication division which represents the highest level within the Group at which the goodwill is monitored for internal management purposes.

The recoverable amount for the above was based on its value in use and was determined by discounting the future cash flows generated from the continuing use of those units and was based on the following key assumptions:

- (i) Cash flows were projected based on actual operating results and a 10-year projection.
- (ii) Revenue was projected at an anticipated annual revenue growth of 10% per annum for the next 10 years.
- (iii) Effective tax rates were projected to be 26% for the next 10 years.
- (iv) A discount rate of 7.75% was applied in determining the recoverable amount of those units. The discount rate was estimated based on the Group's existing rate of borrowings.

The values assigned to the key assumptions represent management's assessment of future trends in the industry.

9. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	2007 RM	Group 2006 RM	2007 RM	Company 2006 RM
Trade					
Trade receivables	9.1	45,938,821	67,366,990	-	-
Less: Allowance for doubtful debts	9.2	(2,257,621)	(2,004,420)	-	-
		43,681,200	65,362,570	-	-
Amount due from contract customers	9.3	12,744,623	19,399,238	-	-
		56,425,823	84,761,808	-	-

Notes to the financial statements (Cont'd)

9. RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

	Note	2007 RM	Group 2006 RM	2007 RM	Company 2006 RM
Non-trade					
Other receivables, deposits and prepayments	9.4	7,803,783	1,860,936	32,188	28,102
Less: Allowance for doubtful debts	9.2	(584,209)	(584,209)	-	-
		7,219,574	1,276,727	32,188	28,102
Amount due from subsidiaries	9.5	-	-	43,262,318	26,970,447
Dividend receivable		-	-	-	14,096,692
		7,219,574	1,276,727	43,294,506	41,095,241
		63,645,397	86,038,535	43,294,506	41,095,241
				2007 RM	Group 2006 RM

9.1 Trade receivables

Amount due from a company in which certain Directors have financial interests

- Included in trade receivables

- 3,471,851

Retention sum

- Included in trade receivables

6,442,856 2,296,899

9.2 Allowance for doubtful debts

The Group makes allowance for doubtful debts based on assessment of recoverability. Whilst management's judgment is guided by past experience, judgment is required about future recovery of debts.

9.3 Amount due to/from contract customers

	Note	2007 RM	Group 2006 RM
Aggregate costs incurred to date		77,133,185	94,467,610
Attributable profits (net of foreseeable losses)		11,404,489	14,737,059
		88,537,674	109,204,669
Less: Progress billings		(88,311,896)	(100,846,117)
		225,778	8,358,552
Amount due to contract customers	16	12,518,845	11,040,686
Amount due from contract customers		12,744,623	19,399,238

Notes to the financial statements (Cont'd)

9. RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

9.3 Amount due to/from contract customers (Cont'd)

Additions to aggregate costs incurred during the year include:

	2007 RM	Group 2006 RM
Depreciation of property, plant and equipment	2,881,116	2,352,156
Hire of machineries	172,922	126,330
Provision for liquidated ascertained damages ("LAD")	3,159,617	1,926,256
Rental of factory	939,000	590,980
Rental of equipment	11,540	67,355

9.4 Other receivables, deposits and prepayments

- (i) Included in other receivables, deposits and prepayments of the Group were advances to Renewable Hydro Resources Sdn. Bhd. ("RHRSB") amounting to RM584,209 (2006 - RM584,209) for working capital purposes to carry out preliminary works at their hydro power project site. Allowance for doubtful debts has been fully provided for the outstanding balance from RHRSB.
- (ii) Included in other receivables of the Group were advance payments for invoices to suppliers amounting to RM6,554,661 (2006 - Nil).

9.5 Amount due from subsidiaries

The amount due from subsidiaries is unsecured, interest free and repayable on demand.

10. INVENTORIES

	2007 RM	Group 2006 RM
At cost		
Raw materials and consumables	7,797,489	10,612,446
Merchandised inventories	-	736,440
	7,797,489	11,348,886
At net realisable value		
Merchandised inventories	565,320	-
	8,362,809	11,348,886

Notes to the financial statements (Cont'd)

11. CASH AND CASH EQUIVALENTS

		Group		Company	
	Note	2007 RM	2006 RM	2007 RM	2006 RM
Cash and bank balances		5,192,552	5,902,286	228,061	738,622
Short term funds	11.1	33,983	760,169	33,983	760,169
Deposits placed with licensed banks	11.2	35,033,001	11,169,702	-	-
		40,259,536	17,832,157	262,044	1,498,791

11.1 Short term funds

Included in short term funds of the Group and Company is a placement of fixed income trusts of which is redeemable upon 7 days notice.

11.2 Deposits placed with licensed banks

Deposits of the Group amounting to RM1,110,466 (2006 - RM1,986,062) are pledged to licensed banks as securities for borrowings granted to the subsidiaries (see Note 14).

12. SHARE CAPITAL

	Group and Company			
	Amount 2007 RM	Number of shares 2007	Amount 2006 RM	Number of shares 2006
Authorised				
Ordinary shares of RM1.00 each	175,000,000	175,000,000	175,000,000	175,000,000
5.5% Irredeemable Convertible Preference Shares ("ICPS") 2005/2009 of RM1.00 each	25,000,000	25,000,000	25,000,000	25,000,000
Total	200,000,000	200,000,000	200,000,000	200,000,000
Issued and paid up				
Ordinary shares of RM1.00 each	88,072,209	88,072,209	88,072,209	88,072,209
Conversion of ICPS to ordinary shares	74,298	74,298	-	-
Total ordinary shares	88,146,507	88,146,507	88,072,209	88,072,209
5.5% Irredeemable Convertible Preference Shares ("ICPS") 2005/2009 of RM1.00 each:				
Gross balance	24,802,793	24,802,793	24,802,793	24,802,793
Conversion of ICPS to ordinary shares	(74,298)	(74,298)	-	-
	24,728,495	24,728,495	24,802,793	24,802,793
Classified as liability component	(1,373,055)	(1,373,055)	(2,211,124)	(2,211,124)
Net equity component	23,355,440	23,355,440	22,591,669	22,591,669
Total	111,501,947	111,501,947	110,663,878	110,663,878

Notes to the financial statements (Cont'd)

12. SHARE CAPITAL (CONT'D)

The salient features of the Irredeemable Convertible Preference Shares ("ICPS") are as follows:

- (i) The ICPS was issued for a period of five (5) years from the date of issuance and maturing upon the expiry of the five (5) years period being 30 March 2009;
- (ii) The ICPS will be convertible into new ordinary shares of RM1.00 each in the Company at any time throughout the remaining tenure during which the ICPS are outstanding at the rate of one (1) ICPS for one (1) Company ordinary share;
- (iii) All unconverted ICPS will be mandatorily converted into new ordinary shares of RM1.00 each of the Company at the maturity date and at the stated conversion rate;
- (iv) The ICPS holders are entitled to receive a fixed cumulative dividend of 5.5% per annum which is payable annually in arrears on 31 December each year during the five (5) years period the ICPS remains outstanding;
- (v) The ICPS holders are entitled to a return of capital in preference to holders of ordinary shares of the Company when the Company is wound up but shall not be entitled to any further participation in profit or assets;
- (vi) The new ordinary shares of RM1.00 each of the Company to be issued upon any conversion of ICPS shall rank *pari passu* in all respects with the existing ordinary shares of RM1.00 each of the Company, including voting rights and the right to all dividends and other distributions that may be declared by the Company;
- (vii) The ICPS holders shall have the same rights as existing ordinary shareholders of the Company as regards to receiving notices, reports, audited financial statements and attending general meetings of the Company; and
- (viii) The ICPS holders do not carry any rights to vote at any general meetings of the Company except in matters that would affect the rights of the ICPS holders such as when the dividend or part of the dividend on the ICPS is in arrears for more than six (6) months, on a proposal to reduce the Company's share capital, on a proposal for the disposal of the whole of the Company's property, business and undertaking, on a proposal that affects the rights and privileges to the ICPS, on a proposal to wind-up the Company and during the winding-up of the Company.

13. RESERVES

13.1 Treasury shares

The shareholders of the Company by a special resolution passed in the Annual General Meeting on 27 March 2007, approved the Company's plan to purchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the purchase plan can be applied in the best interests of the Company and its shareholders.

During the year, the Company purchased 2,030,200 of its issued share capital from the open market at the average price of RM1.64 per share. The purchase transactions were financed by internally generated funds. The shares purchased were retained as treasury shares. No treasury shares were sold during the year.

Notes to the financial statements (Cont'd)

13. RESERVES (CONT'D)

Details of the purchase of treasury shares were as follows:

Month	Average purchase price RM	Highest purchase price RM	Lowest purchase price RM	Number of treasury shares acquired	Total consideration paid RM
March	1.53	1.55	1.34	398,900	611,319
April	1.66	1.71	1.55	1,019,300	1,693,346
May	1.66	1.66	1.65	612,000	1,017,797
	1.64			2,030,200	3,322,462

13.2 Revaluation reserve (Non-distributable)

The revaluation reserve arose from the valuation of the Group's landed properties in 2007.

13.3 Retained earnings (Distributable)

Subject to agreement by the Inland Revenue Board, the Company has sufficient Section 108 tax credit and tax exempt income to frank all of its retained earnings at 30 September 2007 if paid out as dividends.

The Malaysian Budget 2008 introduced single tier company income tax which is effective from 1 January 2008. Under this single tier system, tax on a company's profit is a final tax, and dividends distributed to shareholders will be exempted from tax. Companies with credit balance in Section 108 account will be given an irrevocable option to elect for the single tier tax system.

The Company does not elect for the single tier system. The Company is therefore allowed to use the credit balance for the purpose of dividend distribution during the transitional period of 6 years until 31 December 2013.

14. LOANS AND BORROWINGS (SECURED)

	2007 RM	Group 2006 RM
Non-current		
Hire purchase liabilities	-	80,454
	-	80,454
Current		
Bankers' acceptances	5,179,000	20,952,700
Bank overdrafts	130,915	-
Hire purchase liabilities	80,454	161,721
	5,390,369	21,114,421
	5,390,369	21,194,875

Notes to the financial statements (Cont'd)

14. LOANS AND BORROWINGS (SECURED) (CONT'D)

14.1 Terms and debt repayment schedules

The bankers' acceptances are subject to fixed interest rates up to 3.00% (2006 - up to 1.25%) above money market discount rate. The hire purchase liabilities are subject to interest rate fixed between 3.45% to 4.10% (2006 - 3.45% to 4.10%).

In 2007, the bank overdraft was subject to interest rate at 1.50% per annum above the lenders' base lending rate.

The borrowings are secured by:

- i) fixed charges over certain land and buildings of a subsidiary (see Notes 3, 4 and 5);
- ii) pledged over certain fixed deposits of the subsidiaries (see Note 11);
- iii) joint and several guarantees by certain Directors of the Company; and
- iv) corporate guarantees by the Company.

14.2 Hire purchase liabilities

Hire purchase liabilities are payable as follows:

Group	Payments RM	2007 Interest RM	Principal RM	Payments RM	2006 Interest RM	Principal RM
Less than one year	82,426	(1,972)	80,454	172,308	(10,587)	161,721
Between one and five years	-	-	-	82,426	(1,972)	80,454
	82,426	(1,972)	80,454	254,734	(12,559)	242,175

15. DEFERRED TAX LIABILITIES

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the followings:

Group	Assets		Liabilities		Net	
	2007 RM	2006 RM	2007 RM	2006 RM	2007 RM	2006 RM
Property, plant and equipment	-	-	3,017,743	3,569,643	3,017,743	3,569,643
Revaluation	-	-	16,471	-	16,471	-
Provisions	(2,401,000)	(544,285)	-	-	(2,401,000)	(544,285)
Other temporary differences	(153,000)	(51,000)	-	-	(153,000)	(51,000)
	(2,554,000)	(595,285)	3,034,214	3,569,643	480,214	2,974,358

Notes to the financial statements (Cont'd)

15. DEFERRED TAX LIABILITIES (CONT'D)

Movement in taxable/(deductible) temporary differences during the year is as follow:

	Property, plant and equipment RM	Revaluation RM	Provisions RM	Other temporary differences RM	Total RM
At 1 October 2005	4,387,153	-	(536,453)	1,300	3,852,000
Recognised in income statement	(817,510)	-	(7,832)	(52,300)	(877,642)
At 30 September 2006 / 1 October 2006	3,569,643	-	(544,285)	(51,000)	2,974,358
Recognised in income statement	(551,900)	-	(1,856,715)	(102,000)	(2,510,615)
Recognised directly in equity	-	16,471	-	-	16,471
At 30 September 2007	3,017,743	16,471	(2,401,000)	(153,000)	480,214

Unrecognised deferred tax assets

No deferred tax has been recognised for the following items:

	2007 RM	Group 2006 RM
Deductible temporary differences	(578,000)	(348,000)
Unabsorbed capital allowances	-	(14,000)
Unutilised tax losses	(281,000)	(449,000)
	(859,000)	(811,000)

The unabsorbed capital allowances and unutilised tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the subsidiary can utilise the benefits there from. Unutilised tax losses will not be available to the subsidiary if there is a substantial change in shareholders (of more than 50%).

16. PAYABLES AND ACCRUALS

	Note	2007 RM	Group 2006 RM	2007 RM	Company 2006 RM
Trade					
Trade payables	16.1	15,794,414	23,143,675	-	-
Amount due to contract customers	9.3	12,518,845	11,040,686	-	-
		28,313,259	34,184,361	-	-
Non-trade					
Amount due to a subsidiary	16.2	-	-	4,811,621	4,751,621
Other payables and accruals	16.3	13,642,121	7,333,173	247,549	265,045
Dividend payable		740,548	740,548	740,548	740,548
		14,382,669	8,073,721	5,799,718	5,757,214
		42,695,928	42,258,082	5,799,718	5,757,214

Notes to the financial statements (Cont'd)

16. PAYABLES AND ACCRUALS (CONT'D)

16.1 Trade payables

Included in trade payables of the Group is an amount of RM989,048 (2006 -RM1,006,233) due to companies in which certain Directors have financial interests.

16.2 Amount due to a subsidiary

The amount due to a subsidiary is unsecured, interest free and repayable on demand.

16.3 Other payables and accruals

Included in other payables and accruals of the Group is an amount of RM47,490 (2006 - RM80,289) due to companies in which certain Directors have financial interest.

17. REVENUE

	2007 RM	Group 2006 RM	2007 RM	Company 2006 RM
Revenue - contract revenue	174,682,865	197,490,699	-	-
- sale of goods and services rendered	933,830	4,809,104	-	-
- dividend income	-	-	13,463,235	29,390,926
	175,616,695	202,299,803	13,463,235	29,390,926
Contract costs recognised as expenses	(126,136,937)	(172,998,034)	-	-
Cost of sales and services rendered	(882,883)	(2,575,009)	-	-
	(127,019,820)	(175,573,043)	-	-
Gross profit	48,596,875	26,726,760	13,463,235	29,390,926

18. OPERATING PROFIT

	2007 RM	Group 2006 RM Restated	2007 RM	Company 2006 RM
Operating profit is arrived at after crediting:				
Allowance for doubtful debts written back	19,875	298,145	-	-
Change in fair value of investment properties	48,900	-	-	-
Dividend income	-	-	13,463,235	29,390,926
Interest income	868,625	324,243	29,936	139,351
Net gain on disposal of plant and equipment	5,413	37,663	-	-
Realised gain on foreign exchange	-	840,268	-	-
Rental income	28,200	29,300	-	-

Notes to the financial statements (Cont'd)

18. OPERATING PROFIT (CONT'D)

	Group		Company	
	2007 RM	2006 RM Restated	2007 RM	2006 RM
and after charging:				
Allowance for doubtful debts	273,076	725,085	-	-
Amortisation of prepaid lease payments	153,587	152,743	-	-
Auditors' remuneration	80,000	60,000	17,000	15,000
Bad debts written off	-	391,207	-	-
Depreciation of property, plant and equipment	4,194,525	3,725,255	-	-
Hire of machineries	172,922	126,330	-	-
Impairment loss on property	772,010	-	-	-
Inventories written down	137,474	-	-	-
Loss on disposal of investment in quoted shares	-	2,900	-	-
Loss on foreign exchange	-	-	-	-
- realised	3,650,389	395,631	-	-
- unrealised	588,568	184,322	-	-
Personnel expenses				
- contribution to Employees Provident Fund	738,610	596,950	30,695	14,497
- wages, salaries and others	8,059,312	7,466,494	141,457	85,380
Plant and equipment written off	-	31,500	-	-
Rental of equipment	76,707	166,557	-	-
Rental of factory	983,800	645,520	-	-
Rental of hostel	81,140	91,348	-	-
Rental of motor vehicles	38,700	33,184	-	-

19. FINANCE COSTS

		Group		Company	
	Note	2007 RM	2006 RM	2007 RM	2006 RM
Interest payable on:					
Bank overdrafts		1,829	47	-	-
Bankers' acceptances		271,995	521,322	-	-
Hire purchase		10,587	26,870	-	-
Dividend on ICPS	23	284,411	548,239	-	-
Other bank charges		154,780	208,908	154,780	208,908
		435,463	884,176	-	-
		874,654	1,641,323	154,780	208,908

Notes to the financial statements (Cont'd)

20. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows:

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Directors				
- Fees	103,000	108,000	100,000	105,000
- Remuneration	1,042,023	1,086,688	66,000	76,000
	1,145,023	1,194,688	166,000	181,000

21. TAX EXPENSE

	Note	2007 RM	Group 2006 RM Restated	2007 RM	Company 2006 RM
Income tax expense					
Current year					
- as previously reported		9,500,151	1,893,686	3,479,424	8,229,459
- effect of reinvestment allowances over claimed	30	-	1,786,878	-	-
As restated		9,500,151	3,680,564	3,479,424	8,229,459
- under/(over) provision in prior years		631,388	501,051	(161,814)	3,535
		10,131,539	4,181,615	3,317,610	8,232,994
Deferred tax (benefit)/expense					
- origination and reversal of temporary differences		(1,282,370)	769,861	-	-
- over provision in prior years		(1,228,245)	(1,647,503)	-	-
		(2,510,615)	(877,642)	-	-
Tax expense		7,620,924	3,303,973	3,317,610	8,232,994
Reconciliation of effective tax expense					
Profit before tax		28,585,402	13,538,776	12,516,027	28,625,268
Income tax using Malaysian tax rate at 27% (2006 - 28%)		7,718,059	3,790,857	3,379,327	8,015,075
Effect of changes in tax rates*		(74,833)	-	-	-
Effect of deferred tax asset not recognised		12,480	252,560	-	-
Effect of lower tax rate for subsidiaries **		(35,000)	(40,000)	-	-
Non-deductible expenses		605,158	486,026	108,180	253,402
Non-taxable income		(8,083)	(39,018)	(8,083)	(39,018)
		8,217,781	4,450,425	3,479,424	8,229,459
(Over)/Under provision in prior years		(596,857)	(1,146,452)	(161,814)	3,535
Tax expense		7,620,924	3,303,973	3,317,610	8,232,994

Notes to the financial statements (Cont'd)

21. TAX EXPENSE (CONT'D)

- * With effect from year of assessment 2007, corporate tax rate is at 27%. The Malaysian Budget 2007 and Budget 2008 also announced the reduction of corporate tax rate to 26% and 25% in 2008 and 2009 respectively. Consequently, deferred tax assets and liabilities are measured using these tax rates.
- ** With effect from year of assessment 2004, companies with paid-up capital of RM2.5 million and below at the beginning of the basis period for a year of assessment are subject to corporate tax rate at 20% on chargeable income up to RM500,000.

22. EARNINGS PER SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share is based on the net profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding calculated as follows:

Net profit attributable to ordinary shareholders:

	2007 RM	Group 2006 RM Restated
Net profit for the year	20,964,478	10,234,803
Less: Dividend on ICPS - equity component	(838,069)	(773,283)
Net profit attributable to ordinary shareholders	20,126,409	9,461,520

Weighted average number of ordinary shares:

	2007	Group 2006
Issued ordinary shares at beginning of the year	88,072,209	88,072,209
Effect of treasury shares held	(909,899)	-
Effect of conversion of ICPS into ordinary shares	63,917	-
Weighted average number of ordinary shares	87,226,227	88,072,209

	2007 sen	Group 2006 sen Restated
Basic earnings per ordinary share	23.07	10.74

Diluted earnings per ordinary share

The effect of dilution on the earnings per ordinary share arises from the assumption of full conversion of the ICPS and the saving of the 5.5% dividend thereon.

The calculation of diluted earnings per ordinary share is based on the net profit attributable to ordinary shareholders of RM21,119,258 (2006 - RM10,443,711) and the weighted average number of ordinary shares outstanding of 111,954,722 (2006 - 112,875,002) after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

Notes to the financial statements (Cont'd)

22. EARNINGS PER SHARE (CONT'D)

Net profit attributable to ordinary shareholders (diluted):

	2007 RM	Group 2006 RM Restated
Net profit for the year	20,964,478	10,234,803
Add: Dividend on ICPS - liability component	154,780	208,908
Net profit attributable to ordinary shareholders (diluted)	21,119,258	10,443,711

Weighted average number of ordinary shares (diluted):

	2007	Group 2006
Weighted average number of ordinary shares in issue as above	87,226,227	88,072,209
Effect of full conversion of ICPS	24,728,495	24,802,793
Adjusted weighted average number of ordinary shares in issue and issuable	111,954,722	112,875,002

	2007 sen	Group 2006 sen Restated
Diluted earnings per ordinary share	18.86	9.25

23. DIVIDENDS

	Note	Group and Company 2007 RM	2006 RM
Preference dividend:			
Current year		992,849	982,191
Less: Amount relating to liability component	19	(154,780)	(208,908)
Amount relating to equity component		838,069	773,283
Ordinary dividend:			
Final dividend paid:			
2.5% (2006 - 2.0%) per ordinary share less tax		1,600,135	1,268,240
Interim dividend paid:			
3.5% (2006 - 3.5%) per ordinary share less tax in respect of the year ended 30 September		2,200,274	2,219,420
		3,800,409	3,487,660

Notes to the financial statements (Cont'd)

23. DIVIDENDS (CONT'D)

The net dividend per ordinary share as disclosed in the Income Statements takes into account the total final dividend paid in respect of the year ended 30 September 2006 and interim dividend paid for the year.

The final dividend recommended by the Directors to be approved by the shareholders at the forthcoming Annual General Meeting in respect of the year ended 30 September 2007 is 3.0% per ordinary share less tax totalling RM1,930,408.

The proposed final dividend for this financial year will be accounted for as an appropriation of retained earnings upon shareholders' approval at the forthcoming Annual General Meeting.

24. SEGMENTAL REPORTING

Segmental information is presented in respect of the Group's business segments. The primary format, business segments, is based on the Group's management and internal reporting structure. Inter-segment pricing is determined based on negotiated terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total costs incurred during the year to acquire segment assets that are expected to be used for more than one year.

Business segments

The Group comprises the following main business segments:

Fabrication	Fabrication of specially designed engineering equipment.
Mechanical and electrical services and industrial air-conditioning	Provision of mechanical and electrical services and a contractor for industrial air-conditioning.
Non-destructive testing	Provision of non-destructive testing services and other related services.

Geographical segments

All activities of the Group are located within Malaysia. Accordingly, segmental information based on geographical segments is not presented.

Notes to the financial statements (Cont'd)

24. SEGMENTAL REPORTING (CONT'D)

<i>Business Segments</i>		Mechanical and electrical services and industrial air-conditioning	Non-destructive testing	Elimination	Consolidation
2007	Fabrication RM	RM	RM	RM	RM
Total external revenue	165,303,113	6,953,980	3,359,602	-	175,616,695
Inter segment revenue	-	1,500	3,042,221	(3,043,721)	-
Total segment revenue	165,303,113	6,955,480	6,401,823	(3,043,721)	175,616,695
Segment result	28,880,646	(77,091)	1,199,060	-	30,002,615
Unallocated expenses					(1,411,184)
Interest income					868,625
Operating profit					29,460,056
Finance costs					(874,654)
Profit before tax					28,585,402
Tax expense					(7,620,924)
Net profit for the year					20,964,478
Segment assets	151,879,284	4,906,580	6,216,089	-	163,001,953
Unallocated assets					15,894,584
Total assets					178,896,537
Segment liabilities	39,259,429	1,663,189	773,511	-	41,696,129
Unallocated liabilities					12,547,887
Total liabilities					54,244,016
Amortisation of prepaid lease payments	153,587	-	-	-	153,587
Capital expenditure	4,656,433	1,389	252,875	-	4,910,697
Depreciation of property, plant and equipment	3,717,499	75,776	401,250	-	4,194,525
Impairment loss on property	772,010	-	-	-	772,010
Non-cash expenses other than depreciation, amortisation and impairment loss	2,832,618	132,836	245,091	-	3,210,545

Notes to the financial statements (Cont'd)

24. SEGMENTAL REPORTING (CONT'D)

<i>Business Segments</i>		Mechanical and electrical services and industrial air-conditioning	Non-destructive testing	Elimination	Consolidation
2006	Fabrication RM	RM	RM	RM	RM
Total external revenue	185,749,507	12,850,537	3,699,759	-	202,299,803
Inter segment revenue	-	1,305	1,827,523	(1,828,828)	-
Total segment revenue	185,749,507	12,851,842	5,527,282	(1,828,828)	202,299,803
Segment result	15,559,762	(953,208)	960,089	-	15,566,643
Unallocated expenses					(710,787)
Interest income					324,243
Operating profit					15,180,099
Finance costs					(1,641,323)
Profit before tax					13,538,776
Tax expense					(3,303,973)
Net profit for the year					10,234,803
Segment assets	150,228,370	9,672,838	4,909,797	-	164,811,005
Unallocated assets					16,831,167
Total assets					181,642,172
Segment liabilities	35,936,881	4,640,181	673,427	-	41,250,489
Unallocated liabilities					29,627,648
Total liabilities					70,878,137
Amortisation of prepaid lease payments	152,743	-	-	-	152,743
Capital expenditure	11,385,386	48,555	416,579	-	11,850,520
Depreciation of property, plant and equipment	3,114,149	90,428	520,678	-	3,725,255
Non-cash expenses other than depreciation and amortisation	173,558	1,009,150	95,884	-	1,278,592

Notes to the financial statements (Cont'd)

25. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group's activities are exposed to various types of financial risks, including credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group's overall financial risk management objective is to attain the optimum returns for its shareholders. The management monitors these risks by reviewing all significant transactions.

Credit risk

Management carries out a continuous review over the Group's exposure to credit risk. Deposits are placed only with licensed banks.

At balance sheet date, concentration of credit risk arose from the Group's trade receivables net carrying amounts of RM24,973,919 (2006 – RM38,793,140) due from certain major customers of the Group. The maximum exposure to credit risk for the Group is represented by the carrying amount of the financial assets.

Liquidity risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and prudently balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

Foreign currency risk

Foreign currency risk arises from sales and purchases that are denominated in a currency other than Ringgit Malaysia. The currencies giving rise to this risk are US Dollar, Singapore Dollar, Euro Dollar and Pound Sterling. The Group mitigates its foreign currency risk through utilisation of trade facilities such as bankers' acceptances, trust receipts and letters of credit, thereby limiting the foreign currency exposure during the tenure of the credit period given.

During the year under review, US Dollar transaction exposures are hedged with derivative financial instruments such as forward foreign exchange contracts. As at the balance sheet date, there are no outstanding forward foreign currency contracts entered into by the Group.

The Directors monitor the Group's exposure to foreign currency risk on a continuous basis.

Interest rate risk

The Group's primary interest rate risk arises from interest bearing borrowings.

Effective interest rates and repricing analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice or mature, whichever is earlier.

Notes to the financial statements (Cont'd)

25. FINANCIAL INSTRUMENTS (CONT'D)

	Effective interest rates per annum %	Total RM	Within 1 year RM
Group			
2007			
Financial assets			
Deposits placed with licensed banks	3.28	35,033,001	35,033,001
Short term funds	2.96	33,983	33,983
Financial liabilities			
Secured bankers' acceptances	5.20	5,179,000	5,179,000
Secured bank overdraft	8.25	130,915	130,915
2006			
Financial assets			
Deposits placed with licensed banks	3.26	11,169,702	11,169,702
Short term funds	2.94	760,169	760,169
Financial liabilities			
Secured bankers' acceptances	5.30	20,952,700	20,952,700
Company			
2007			
Financial assets			
Short term funds	2.96	33,983	33,983
2006			
Financial assets			
Short term funds	2.94	760,169	760,169

Fair values

Recognised financial instruments

The carrying amounts of cash and cash equivalents, receivables, deposits and prepayments, payables and accruals, and short term borrowings approximate their fair values due to the relatively short term nature of these financial instruments.

The Company provides financial guarantees to banks for credit facilities extended to certain subsidiaries. The fair value of such financial guarantees is not expected to be material as the probability of the subsidiaries defaulting on the credit lines is remote.

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted market prices and the inability to estimate fair value without incurring excessive costs.

Notes to the financial statements (Cont'd)

25. FINANCIAL INSTRUMENTS (CONT'D)

The fair values of other financial asset, together with the carrying amounts shown in the balance sheet, are as follows:

Group	2007		2006	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Financial asset				
Other investment	125,885	125,885	125,885	125,885

The basis used in determining the fair value of other investment which represent golf club memberships were determined based on the current price of the membership.

26. CONTINGENT LIABILITIES (UNSECURED)

	2007 RM	Company 2006 RM
Corporate guarantees granted to licensed banks in respect of credit facilities granted to its subsidiaries	143,203,000	140,003,000

27. RELATED PARTIES

27.1 Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group has a related party relationship with its subsidiaries (see Note 6) and Directors.

27.2 Transactions with key management personnel

(i) Key management personnel compensation

Key management personnel compensation is disclosed in Note 20.

(ii) Transactions with key management personnel other than compensation

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities.

A number of these entities transacted with the Group in the reporting period. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

Notes to the financial statements (Cont'd)

27. RELATED PARTIES (CONT'D)

27.2 Transactions with key management personnel (Cont'd)

(ii) Transactions with key management personnel other than compensation (Cont'd)

Directors	Transaction	Transaction value year ended Group 30 September	
		2007 RM	2006 RM
Mr. Yap Kow @ Yap Kim Fah and Mr. Yap Kau @ Yap Yeow Ho	Rental of factory premises	408,000	300,000
	Purchases of welding consumables and maintenance of equipment	1,479,947	1,986,155
Mr. Yap Kow @ Yap Kim Fah and Mr. Yap Kau @ Yap Heow Ho	Marine cargo and general insurance	268,936	319,093
	Transportation charges	1,199,772	1,140,091
	Compensation for loss of business	-	(3,771,851)
	Services rendered for minor fabrication works and rental of factory premise	566,234	569,086
	Maintenance of equipment	42,795	9,117
	Services rendered on machining and processing works	9,525	27,359
Company		2007 RM	2006 RM
With a subsidiary, Era Julung Sdn. Bhd. Dividend income		13,463,235	29,390,926

28. ACQUISITION OF SUBSIDIARIES

28.1 The acquisitions during the financial year ended 30 September 2006 were as follows:

- In September 2006, the Company acquired the entire equity interest in Landas Fikir Sdn. Bhd. comprising two (2) ordinary shares of RM1.00 each for a total cash consideration of RM2.00.
- In September 2006, Amalgamated Metal Corporation (M) Sdn. Bhd., a wholly-owned subsidiary of the Company, has incorporated a wholly-owned subsidiary, Finned Tubes Malaysia Sdn. Bhd. ("FTMSB") in Malaysia and subscribed to three (3) ordinary shares of RM1.00 each at par.

All the acquisitions above were accounted for using the acquisition method of accounting.

Notes to the financial statements (Cont'd)

28. ACQUISITION OF SUBSIDIARIES (CONT'D)

28.2 The fair values of assets acquired and liabilities assumed in the acquisition of the subsidiary mentioned in Note 28.1(i) and its cash flow effects are as follows:

	At date of acquisition RM
Net asset acquired	2
Purchase consideration	2
Cash balance of subsidiary	(2)
Cash flow on acquisition, net of cash acquired	-

28.3 The acquisition of the subsidiary mentioned in Note 28.1(i) had the following effect on the Group's operating results, assets and liabilities as at 30 September 2006:

	From date of acquisition to 30.9.2006 RM
Administrative expenses	(2,198)
Decrease in the Group's net profit attributable to shareholders	(2,198)
Loss after taxation	(2,198)
	30.9.2006 RM
Net asset acquired	2
Increase in Group's net assets	2

29. CHANGES IN ACCOUNTING POLICIES

The accounting policies set out in Note 2 have been applied in preparing the financial statements for the year ended 30 September 2007.

The changes in accounting policies arising from the adoption of FRS 117, Leases and FRS 140, Investment Property are summarised below:

FRS 117, Leases

The adoption of FRS 117, Leases, has resulted in a retrospective change in accounting policy relating to the classification of long term leasehold land. The up-front payments made for the leasehold land represents prepaid lease payments and are amortised on a straight-line basis over the lease term. Prior to 1 October 2006, leasehold land was classified as property, plant and equipment and was stated at cost.

Notes to the financial statements (Cont'd)

29. CHANGES IN ACCOUNTING POLICIES (CONT'D)

As a result of the adoption of FRS 117 at 1 October 2006, the carrying value of leasehold land which is held under property, plant and equipment has now been reclassified to prepaid lease payments as a separate line item in the balance sheet.

The adoption of this accounting policy has resulted in a transfer from property, plant and equipment of RM8,809,785.

FRS 140, Investment Property

The Group measures all investment property at fair value with any change therein recognised in the income statement. In accordance with the transitional provision as allowed in FRS140.80, FRS 140 has been applied prospectively where the opening balance of retained earnings is adjusted and the comparative figures are not restated.

The change in accounting policy had the following impact on these financial statements:

	2007 RM	Group 2006 RM
Income statement for the year ended 30 September		
Increase in net profit for the year	48,900	-

The change in accounting policy has no material impact on earnings per ordinary share.

30. PRIOR YEAR ADJUSTMENTS

The prior year adjustments relate to corrections of prior year errors for the financial years 2005 and 2006. The errors relate to claim for reinvestment allowances against taxable income which were subsequently rejected as the reinvestment period of the subsidiary had expired. These errors resulted in understatement of income tax and consequently overstatement in net profit for the year for these financial years.

These prior year adjustments had the following impact on these financial statements:

Group	2006 RM
Income statements for the year ended 30 September	
Decrease in net profit for the year	1,786,878
Balance sheets for the year ended 30 September	
Cumulative decrease in retained earnings	2,301,830

Notes to the financial statements (Cont'd)

30. PRIOR YEAR ADJUSTMENTS (CONT'D)

Earnings per share

	As restated Sen	Group As previously stated Sen
Basic earnings per ordinary share - 2006	11.12	12.77
Diluted earnings per ordinary share - 2006	9.25	10.84

31. COMPARATIVE FIGURES

Certain comparative figures have been reclassified as a result of the changes in accounting policies and prior year adjustments as stated in Note 29 and Note 30 respectively and to conform to the presentation requirement of FRS 101.

	As restated RM	Group As previously stated RM
Balance sheets		
Property, plant and equipment	42,398,001	51,055,043
Prepaid lease payments	8,657,042	-
Current tax asset	31,761	269,637
Current tax liabilities	2,239,698	175,744
Income statements		
Tax expense	3,303,973	1,517,095
Amortisation of prepaid lease payments	152,743	-
Depreciation of property, plant and equipment	3,725,255	3,877,998
Statement of changes in equity		
Retained earnings	100,157	2,401,987
Cash flow statements		
Amortisation of prepaid lease payments	152,743	-
Depreciation of property, plant and equipment	3,725,255	3,877,998

Leasehold land amounting to RM8,657,042 in 2006 was reclassified from property, plant and equipment to prepaid lease payments to comply with the requirements of FRS 117, Leases.

List of properties as at 30 September 2007

Property (Individual / Master / Strata Title No.)	Tenure	Description (approximate age of building) / Existing Use	Land Area / Built-up Area (date for certificate of Fitness)	Carrying Amounts as at 30 Sept 2007 (RM)	Open Market Value (RM)	Date of Valuation
Amalgamated Metal Corporation (M) Sdn. Bhd.						
1. No. 69, Jalan Kapal, Off Jalan Chain Ferry, 12100 Butterworth, Penang (HS(D) No. 7241, PT No. 290, Seksyen 4, Bandar Butterworth, Daerah Seberang Perai Utara, Penang)	Freehold	Intermediate Unit Double-Storey Shophouse (23 years) / Tenanted	1,400 / 2,500 square feet Not Available	200,000 (As Investment Property)	200,000	30 September 2007
2. No. 167-04-03 Gurney Park, Persiaran Gurney, 10250 Penang (Geran No. 60550, Lot No. 2641, Seksyen 1, Bandar Georgetown, Daerah Timor Laut, Penang)	Freehold	A 3-Bedrooms Apartment (6 years) / For Staff Amenities	- / 856 square feet Not Available	260,000 (As Investment Property)	260,000	30 September 2007
3. Lot No. 23-C, Jalan Gebeng 1/1, Kawasan Perindustrian Gebeng, 26080 Kuantan, Pahang (HS(D) No. 18127, PT No. 7533, Mukim Sungai Karang, Daerah Kuantan, Pahang)	Leasehold 66 years expiring on 23 August 2064	Four (4) Single-Storey Detached Factory/ Workshop Cum Storage Area (3 years) / For Factory Operations	26,110 / 37,747 square metres 8 June 2003	6,600,000 (Within Property, Plant and Equipment) 2,547,727 (Within Prepaid Lease Payments) 9,147,727 (Total)	6,600,000 (For Buildings) 3,200,000 (For Land) 9,800,000 (Total)	30 September 2007
4. Lot No. 109-B, Jalan Gebeng 1/1, Kawasan Perindustrian Gebeng, 26080 Kuantan, Pahang (HS(D) No. 17909, PT No. 7494, Mukim Sungai Karang, Daerah Kuantan, Pahang)	Leasehold 66 years expiring on 26 May 2064	Three (3) Storey Office Building, Five (5) Single-Storey Detached Factory/Workshop Cum Storage Area (6 years) / For Office and Factory Operations	39,250 / 179,541.2 square metres 12 June 1995	9,500,000 (Within Property, Plant and Equipment) 3,821,591 (Within Prepaid Lease Payments) 13,321,591 (Total)	9,500,000 (For Buildings) 4,700,000 (For Land) 14,200,000 (Total)	30 September 2007

List of properties as at 30 September 2007 (Cont'd)

Property (Individual / Master / Strata Title No.)	Tenure	Description (approximate age of building) / Existing Use	Land Area / Built-up Area (date for certificate of Fitness)	Carrying Amounts as at 30 Sept 2007 (RM)	Open Market Value (RM)	Date of Valuation
5. Lot No. 540, Jalan TUDM, Kampung Baru Subang, 40150 Shah Alam, Selangor (HS(D) No. 116988, PT No. 540, Mukim Pekan Subang, Daerah Petaling, Selangor)	Leasehold 60 years expiring on 13 January 2058	Three (3) Storey Office Building, Two (2) Single-Storey Detached Factory/Workshop Cum Storage Area (2 1/2 years) / For Office and Factory Operations	8,094 / 4,597 square metres 29 March 2004	4,440,000 (Within Property, Plant and Equipment) 2,134,137 (Within Prepaid Lease Payments) 6,574,137 (Total)	4,440,000 (For Buildings) 2,610,000 (For Land) 7,050,000 (Total)	30 September 2007
Prescan Sdn. Bhd.						
1. No. 24, Jalan Tabla 33/21, Shah Alam Technology Park, Seksyen 33, 40400 Shah Alam, Selangor (Geran No. 28189 and Lot No. 22200 and Geran No. 28185 and Lot No. 22196, Mukim Klang, Daerah Klang, Selangor)	Freehold	Intermediate Unit 1 1/2 Storey Terraced Factory (3 years) / For Office and Factory Operations	2,000 / 3,000 square feet 11 August 2000	320,000 (Within Property, Plant and Equipment)	320,000	30 September 2007
Benmarl Sdn. Bhd.						
1. Unit No. 45-10-14 The Forum Condominium, Jalan Inai Off Jalan Tun Razak, 50400 Kuala Lumpur, Wilayah Persekutuan (Geran No. 23892 / M1 / 11 / 170, Lot No. 1253 Seksyen 67, Kuala Lumpur Wilayah Persekutuan)	Freehold	Condominium (12 years) / Tenanted	- / 1,238 square feet 11 August 1995	320,000 (As Investment Property)	320,000	30 September 2007
2. Wira Court Shopping Complex, Lot No. 23, Level 1, No. 35, Jalan Kuning, Taman Bukit Pasir, 83000 Batu Pahat, Johor (HS(D) 16797, PTD No. 10039, Mukim Simpang Kanan, Daerah Batu Pahat, Johor)	Freehold	Shoplot Unit (7 years) / Vacant	- / 708 square feet 27 December 1996	80,000 (As Investment Property)	80,000	30 September 2007

List of properties as at 30 September 2007 (Cont'd)

Property (Individual / Master / Strata Title No.)	Tenure	Description (approximate age of building) / Existing Use	Land Area / Built-up Area (date for certificate of Fitness)	Carrying Amounts as at 30 Sept 2007 (RM)	Open Market Value (RM)	Date of Valuation
3. Wira Court Shopping Complex, Lot No. 24, Level 1, No. 35, Jalan Kuning, Taman Bukit Pasir, 83000 Batu Pahat, Johor (HS(D) 16797, PTD No. 10039, Mukim Simpang Kanan, Daerah Batu Pahat, Johor)	Freehold	Shoplot Unit (7 years) / Vacant	- / 708 square feet 27 December 1996	80,000 (As Investment Property)	80,000	30 September 2007
4. Centre Point Business Park, Unit No. A-7-6, Block A, No. 5, Jalan Tanjung Keramat 26/35, 40400 Shah Alam, Selangor (HS(D) No. 22212, PT No. 5123, Mukim Damansara, Daerah Petaling, Selangor)	Freehold	Office Unit (8 years) / For Office and Business Operations	- / 1,287 square feet 19 December 1998	190,000 (Within Property, Plant and Equipment)	190,000	30 September 2007
5. Centre Point Business Park, Unit No. A-7-7, Block A, No. 5, Jalan Tanjung Keramat 26/35, 40400 Shah Alam, Selangor (HS(D) No. 22214, PT No. 5117, Mukim Damansara, Daerah Petaling, Selangor)	Freehold	Office Unit (8 years) / For Office and Business Operations	- / 1,287 square feet 19 December 1998	190,000 (Within Property, Plant and Equipment)	190,000 2007	30 September
6. Sepang Utama, No. B-3-12, 2nd Floor, Block B, Taman Langat Utama, Bukit Changgang, 42700 Banting, Selangor (HS(M) No. 8117, PT No. 8741, Mukim Tanjung Dua-Belas, Daerah Kuala Langat, Bukit Changgang, Selangor)	Leasehold 99 years expiring on 1 January 2095	Apartment (9 years) / Vacant	- / 997 square feet 30 December 1999	120,000 (As Investment Property)	120,000	30 September 2007

Analysis of Shareholdings

as at 30 January 2008

ORDINARY SHARES

Authorized Share Capital	175,000,000 ordinary shares
Issued and Paid-up Share Capital	86,116,307 ordinary shares (excluding 2,030,200 ordinary shares bought-back)
Class of Shares	Ordinary Shares of RM1.00 each
Voting Rights	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholding	Shareholders				No. of Shares Held			
	Malaysian		Foreigner		Malaysian		Foreigner	
	No.	%	No.	%	No.	%	No.	%
Less than 100	2,020	41.85	29	0.60	77,227	0.09	1,200	0.00
100 - 1,000	1,382	28.63	35	0.72	625,851	0.73	13,275	0.01
1,001 - 10,000	1,010	20.92	11	0.23	4,345,818	5.05	60,000	0.07
10,001 - 100,000	271	5.62	12	0.25	8,687,688	10.09	394,750	0.46
100,001 - 4,305,814								
(less than 5% of the issued shares)	51	1.06	2	0.04	35,505,724	41.23	937,093	1.09
4,305,815 and above (5% of the issued shares and above)	4	0.08	0	0.00	35,467,681	41.18	0	0.00
Total	4,738	98.16	89	1.84	84,709,989	98.37	1,406,318	1.63

Note:

Excluding a total of 2,030,200 ordinary shares bought-back by APB Resources Berhad and being retained as treasury shares as at 30 January 2008.

TOP THIRTY (30) LARGEST SHAREHOLDERS FOR ORDINARY SHARES

No.	Name	No. of Shares	% of Shares
1.	AMSEC Nominees (Tempatan) Sdn. Bhd. AmBank (M) Berhad for Ikram Pintas Sdn. Bhd.	11,000,000	12.77
2.	Lembaga Tabung Haji	8,850,300	10.28
3.	Yap Kow @ Yap Kim Fah	8,241,381	9.57
4.	Ikram Pintas Sdn. Bhd.	7,376,000	8.57
5.	Lim Hong Liang	4,132,445	4.80
6.	Aspirasi Jitu Sdn. Bhd.	3,775,788	4.38
7.	TTS Resources Sdn. Bhd.	3,452,257	4.01
8.	HSBC Nominees (Tempatan) Sdn. Bhd. Nomura Asset Mgmt Malaysia For Employees Provident Fund	3,000,000	3.48
9.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. Sekim Amanah Saham Nasional	2,790,300	3.24
10.	Lim Hong Liang	2,161,500	2.51

Analysis of Shareholdings

as at 30 January 2008 (Cont'd)

No.	Name	No. of Shares	% of Shares
11.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. Kumpulan Wang Bersama	1,066,600	1.24
12.	RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Choong Foong Ming	922,600	1.07
13.	CITIGROUP Nominees (Tempatan) Sdn. Bhd. UNI. ASIA LIFE Assurance Berhad (Life Fund)	892,000	1.04
14.	Amanah Raya Nominees (Tempatan) Sdn. Bhd. Amanah Saham Nasional 2	820,000	0.95
15.	BHLB Trustee Berhad Pacific Recovery Fund	634,400	0.74
16.	Sow Huey Shan	630,000	0.73
17.	Cheong Boon Yu	624,144	0.72
18.	Gan Chin Boon	624,144	0.72
19.	Goh Siang Kuan	622,500	0.72
20.	Chong Weng Choy	600,000	0.70
21.	Chi Hoo @ Chu Chi Hoo	537,093	0.62
22.	MAYBAN Nominees (Tempatan) Sdn. Bhd. Malaysian Trustees Berhad for AMB Smallcap Trust Fund	506,300	0.59
23.	Lim Pin Kong	500,000	0.58
24.	Muhammad Marzuki Bin A Samad	419,000	0.49
25.	Rare Prestige Sdn. Bhd.	415,959	0.48
26.	Wong Than Loy	408,400	0.47
27.	MAYBAN Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Megat Abdul Munir Bin Megat Abdul Rafaie	400,000	0.46
28.	CITIGROUP Nominees (Asing) Sdn. Bhd. GSI For ALCOR CAPITAL ASIA FUND LTD	400,000	0.46
29.	RHB Capital (Tempatan) Sdn. Bhd. Pledged Securities Account For Lee Teck Yuen	370,000	0.43
30.	Phang Joo See	349,700	0.41
		66,522,811	77.23

Analysis of Shareholdings

as at 30 January 2008 (Cont'd)

LIST OF DIRECTORS' SHAREHOLDINGS IN THE ORDINARY SHARES

Names of Directors	Direct Interest		Indirect Interest		Total Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
1 Yap Kow @ Yap Kim Fah	8,241,381	9.57	⁽¹⁾ 21,828,257	25.35	30,069,638	34.92
2 Tan Teng Khuan	1,993	0.00	0	0.00	1,993	0.00
3 Gan Chin Boon	624,144	0.72	0	0.00	24,144	0.72
4 Lim Lye Hock	12,566	0.02	0	0.00	12,566	0.02
5 Yap Kau @ Yap Yeow Ho	33,000	0.04	⁽²⁾ 3,472,257	4.03	3,505,257	4.07
6 Johari Low Bin Abdullah	20,522	0.02	0	0.00	20,522	0.02
7 Muhayuddin Bin Musa	1	0.00	0	0.00	1	0.00

Notes:

⁽¹⁾ Deemed interested by virtue of his shareholdings in Ikram Pintas Sdn. Bhd. and TTS Resources Sdn. Bhd.

⁽²⁾ Deemed interested by virtue of his shareholdings in TTS Resources Sdn. Bhd.

LIST OF SUBSTANTIAL SHAREHOLDERS

Names of Shareholders	Direct Interest		Indirect Interest		Total Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
1 Yap Kow @ Yap Kim Fah	8,241,381	9.57	⁽¹⁾ 21,828,257	25.35	30,069,638	34.92
2 Lim Hong Liang	6,293,945	7.31	⁽²⁾ 18,791,959	21.82	25,085,904	29.13
3 Ikram Pintas Sdn. Bhd.	18,376,000	21.34	0	0.00	18,376,000	21.34
4 Rosley Bin Abdul Rahman	0	0.00	⁽³⁾ 18,376,448	21.34	18,376,448	21.34
5 Rosnah Binti Abdul Rahman	0	0.00	⁽³⁾ 18,376,448	21.34	18,376,448	21.34
6 Danau Restu Sdn. Bhd.	448	0.00	⁽⁴⁾ 18,376,000	21.34	18,376,000	21.34
7 Lembaga Tabung Haji	8,850,300	10.28	0	0.00	8,850,300	10.28

Notes

⁽¹⁾ Deemed interested by virtue of his shareholdings in Ikram Pintas Sdn. Bhd. and TTS Resources Sdn. Bhd.

⁽²⁾ Deemed interested by virtue of his shareholdings in Ikram Pintas Sdn. Bhd. and Rare Prestige Sdn. Bhd.

⁽³⁾ Deemed interested by virtue of his shareholdings in Ikram Pintas Sdn. Bhd. and Danau Restu Sdn. Bhd.

⁽⁴⁾ Deemed interested by virtue of its shareholdings in Ikram Pintas Sdn. Bhd.

Analysis of Shareholdings

as at 30 January 2008 (Cont'd)

CUMULATIVE IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES (ICPS)

Authorized Share Capital	25,000,000 ICPS
Issued and Paid-up	24,728,495 ICPS
Class of Shares	ICPS of RM1.00 per share
Voting Rights	The ICPS does not carry any right to vote at any general meeting of the Company except in each of the following circumstances:
	1 When the dividend or part of the dividend on the ICPS is in arrear or un-paid for more than six (6) months after the due date; or
	2 On a proposal to reduce the Company's share capital; or
	3 On a proposal for the disposal of the whole of the Company's property, business and undertaking; or
	4 On a proposal which abrogates or varies the special rights and privileges attaching to the ICPS; or
	5 On a proposal wind-up the Company; or
	6 During the winding-up of the Company.

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	Shareholders				No. of Shares Held			
	Malaysian		Foreigner		Malaysian		Foreigner	
	No.	%	No.	%	No.	%	No.	%
Less than 100	0	0.00	0	0.00	0	0.00	0	0.00
100 -1,000	1	8.33	0	0.00	181	0.00	0	0.00
1,001 - 10,000	0	0.00	0	0.00	0	0.00	0	0.00
10,001 - 100,000	0	0.00	0	0.00	0	0.00	0	0.00
100,001 - 1,236,424 (less than 5% of the issued shares)	6	50.00	0	0.00	1,536,714	6.22	0	0.00
1,236,425 and above (5% of the issued shares and above)	5	41.67	0	0.00	23,191,600	93.78	0	0.00
Total	12	100.00	0	0.00	24,728,495	100.00	0	0.00

Analysis of Shareholdings

as at 30 January 2008 (Cont'd)

TOP HOLDERS FOR ICPS

No.	Name	No. of Shares	% of Shares
1	Ikram Pintas Sdn. Bhd.	12,500,000	50.55
2	Yap Kow @ Yap Kim Fah	3,975,023	16.07
3	Lim Hong Liang	3,182,400	12.87
4	Aspirasi Jitu Sdn. Bhd.	1,869,219	7.56
5	TTS Resources Sdn. Bhd.	1,664,958	6.73
6	Lim Lye Hock	370,879	1.50
7	Cheong Boon Yu	301,013	1.22
8	Gan Chin Boon	301,013	1.22
9	Tan Teng Khuan	242,102	0.98
10	Rare Prestige Sdn. Bhd.	200,610	0.81
11	Chi Hoo @ Chu Chi Hoo	121,097	0.49
12	Danau Restu Sdn. Bhd.	181	0.00
Total		24,728,495	100.00

LIST OF DIRECTORS' SHAREHOLDINGS IN ICPS

		Direct Interest		Indirect Interest		Total Interest	
		No. of Shares	%	No. of Shares	%	No. of Shares	%
1	Yap Kow @ Yap Kim Fah	3,975,023	16.07	⁽¹⁾ 14,164,958	57.28	18,139,981	73.36
2	Tan Teng Khuan	242,102	0.98	0	0.00	242,102	0.98
3	Gan Chin Boon	301,013	1.22	0	0.00	301,013	1.22
4	Lim Lye Hock	370,879	1.50	0	0.00	370,879	1.50
5	Yap Kau @ Yap Yeow Ho	0	0.00	⁽²⁾ 1,664,958	6.73	1,664,958	6.73

Notes

⁽¹⁾ Deemed interested by virtue of his shareholdings in Ikram Pintas Sdn. Bhd. and TTS Resources Sdn. Bhd.

⁽²⁾ Deemed interested by virtue of his shareholdings in TTS Resources Sdn. Bhd.

Notice of sixth annual general meeting

NOTICE IS HEREBY GIVEN that the Sixth Annual General Meeting of APB Resources Berhad will be held at Multipurpose Hall (Card Room), Royal Selangor Club, Dataran Merdeka, Jalan Raja, 50704 Kuala Lumpur on Tuesday, 25 March 2007 at 10.00 a.m. to transact the following businesses:

AS ORDINARY BUSINESS

- 1 To table and receive the Audited Financial Statements of the Company for the year ended 30 September 2007 and the Reports of the Directors and Auditors thereon. **(Resolution 1)**
- 2 To declare a final dividend of 3% less 26% income tax in respect of the year ended 30 September 2007 as recommended by the Directors. **(Resolution 2)**
- 3 To approve payment of Directors' fees for the year ended 30 September 2007. **(Resolution 3)**
- 4 To re-elect the following Directors who retire by rotation in accordance with Article 84 of the Company's Articles of Association:

Mr. Yap Kau @ Yap Yeow Ho **(Resolution 4)**

En. Muhayuddin Bin Musa **(Resolution 5)**

Mr. Chua Eng Seng **(Resolution 6)**
- 5 To re-elect the following Director who retires in accordance with Article 91 of the Company's Articles of Association:

Mr. Gan Chin Boon **(Resolution 7)**
- 6 To appoint auditors and to authorize the Directors to fix their remuneration. **(Resolution 8)**

AS SPECIAL BUSINESS

- 7 Authority to Directors to Issue Shares **(Resolution 9)**

To consider and, if thought fit, to pass the following Ordinary Resolution:

"THAT, subject always to the Articles of Association of the Company and the approvals of the relevant Regulatory Authorities, pursuant to Section 132D of the Companies Act, 1965, the Directors of the Company be and are hereby authorized to 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 and to such person or persons as the Directors of the Company may, in their absolute discretion deem fit, PROVIDED THAT the aggregate number of shares to be issued does not exceed ten (10) per centum of the issued share capital of the Company for the time being AND THAT the Directors of the Company are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad."

Notice of sixth annual general meeting (Cont'd)

- 8 Proposed Renewal of Shareholders' Mandate for APB Resources Berhad and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with related party **(Resolution 10)**

To consider and, if thought fit, to pass the following Ordinary Resolution:

"THAT the Mandate granted by the Shareholders of APB Resources Berhad ("APB") on 27 March 2007 pursuant to paragraph 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad, authorizing APB and its subsidiaries ("the APB Group") to enter into the recurrent transactions of a revenue or trading nature which are necessary for the APB Group's day-to-day operations as set out in the Circular to Shareholders dated 3 March 2008 with the related parties mentioned therein, be and is hereby renewed subject to the following:

- (i) The transactions are in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public, and the transactions are undertaken on arm's length basis and are not to the detrimental of the minority shareholders;
- (ii) The Shareholders' Mandate is subject to annual renewal and this Shareholders' Mandate shall only continue to be in full force until:
 - (a) The conclusion of the next Annual General Meeting ("AGM") of the Company at which the Proposed Shareholders' Mandate will lapse, unless by resolution passed at the AGM the authority is renewed; or
 - (b) The expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(l) of the Companies Act, 1965 ("the Act") but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act; or
 - (c) Revoked or varied by resolution passed by the shareholders in a general meeting, whichever is earlier;
- (iii) The Directors of the Company and/or its subsidiaries be and are hereby authorized to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders' Mandate; and
- (iv) The disclosure of the aggregate value of the recurrent related party transactions conducted pursuant to the Shareholders' Mandate in the Annual Report, in which the Company must provide a breakdown of the aggregate value of the recurrent related party transactions made during the financial year, amongst others, based on the following information:
 - (a) the type of the recurrent related party transactions made; and
 - (b) the names of the related party involved in each type of recurrent related party transactions made and their relationship with the Company.

AND THAT, the estimates given of the Related Party Transactions specified in Section 2.1.4 of the Circular being provisional in nature, the Directors and/or any of them be and are hereby authorized to agree to the actual amount or amounts thereof provided always that such amount or amounts comply with the procedures set out in Section 2.1.6 of the Circular."

Notice of sixth annual general meeting (Cont'd)

9 Proposed Renewal of Share Buyback

(Resolution 11)

To consider and, if thought fit, to pass the following Ordinary Resolution:

"THAT subject to the Companies Act, 1965, the Company's Memorandum and Articles of Association, the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa") and all other prevailing laws, rules, regulations and orders issued and/or amended from time to time by the relevant authorities, the Company be and is hereby authorized to allocate an amount not exceeding the unappropriated profits and/or share premium accounts of the Company for the purpose of and to purchase such amount of ordinary shares of RM1.00 each ("APB Shares") in the Company as may be determined by the Directors of the Company from time to time on the market of the Bursa upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that the aggregate number of shares purchased pursuant to this resolution does not exceed ten percent (10%) of the total issued and paid-up share capital of the Company AND THAT at the discretion of the Board, the shares of the Company to be purchased might be cancelled and/or retained as treasury shares and distributed as dividends or resold on the Bursa AND THAT the Board be and are hereby authorised and empowered to do all acts and things to give full effect to the Proposed Share Buyback AND FURTHER THAT such authority shall commence immediately upon passing of this resolution until:

- (i) the conclusion of the next Annual General Meeting of the Company at which time the authority shall lapse unless by ordinary resolution passed at a general meeting, the authority is renewed either unconditionally or subject to conditions;
 - (ii) the expiration of the period within which the next Annual General Meeting after that date is required by law to be held; or
 - (iii) revoked or varied by ordinary resolution of the shareholders of the Company at a general meeting
- whichever occurs first."

10 Special Resolution Proposed Amendments to the Articles of Association

(Special
Resolution 1)

To consider and, if thought fit, to pass the following Ordinary Resolution:

"THAT the Articles of Association of the Company be and are hereby altered, modified, added and deleted in the form and manner as set out in Section 2.3 and Appendix I of Circular to Shareholders dated 3 March 2008.

AND THAT the Directors of the Company be and are hereby authorized to do such acts, deeds and things as are necessary and/or expedient in order to give full effect to the Proposed Amendments with full powers to assent to any conditions, modifications and/or amendments as may be required by the relevant authorities."

11 To transact any other business of which due notice shall have been given.

(Resolution 13)

Notice of sixth annual general meeting (Cont'd)

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

Notice is hereby given that subject to the approval of Members at the Sixth Annual General Meeting to be held on 25 March 2008, a dividend of 3% less 26% income tax in respect of the financial year ended 30 September 2007, will be paid on 11 April 2008 to Depositors whose names appear in the record of Depositors on 3 April 2008.

A Depositor shall qualify for entitlement to the dividend only in respect of:

- (a) Shares transferred into the Depositor's securities account before 4.00 p.m. on 3 April 2008 in respect of transfers; and
- (b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Exchange.

BY ORDER OF THE BOARD

CHEOK KIM CHEE
(LS 0000012)
Company Secretary

Kuala Lumpur.
3 March 2008

Notes:

- 1 A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy may but need not be a member of the Company and/or a qualified legal practitioner, an approved company auditor or a person approved by the Registrar.
- 2 The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorized.
- 3 The instrument appointing a proxy must be deposited at the Registered Office, D12, Tingkat 1, Plaza Pekeliling, No. 2, Jalan Tun Razak, 50400 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
- 4 Where a member appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy. Where a member of the Company is an authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

Explanatory notes on Special Business:

- 5 Authority to Directors to Issue Shares

The proposed Ordinary Resolution 9, if passed, is to give the Directors of the Company flexibility to issue and allot shares upon such terms and conditions and for such purposes and to such person or persons as Directors of the Company in their absolute discretion consider to be in the interest of the Company, without having to convene a general meeting. This authority will expire at the next Annual General Meeting of the Company or at the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is earlier.

- 6 Proposed Renewal of Shareholders' Mandate for APB Resources Berhad and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with related party.

The Proposed Ordinary Resolution 10, if passed, will allow the APB Group to enter into related party transactions provided that such transactions are in the ordinary course of business and undertaken at arm's length, on normal commercial terms of APB Group 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 ("the Proposed Shareholders' Mandate").

Notice of sixth annual general meeting (Cont'd)

The proposed Shareholders' Mandate would eliminate the need to convene separate general meetings from time to time to seek shareholders' approval as and when potential recurrent related party transactions arise, thereby reducing substantially administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to APB Group.

Further information on the Proposed Shareholders' Mandate is set out in the Circular to Shareholders dated 3 March 2008 which is despatched together with the Annual Report of the Company for the financial year ended 30 September 2007.

7 Proposed Renewal of Share Buyback

The proposed Ordinary Resolution 11, if passed, will empower the Directors of the Company to allocate an amount not exceeding the unappropriated profits and/or share premium accounts of the Company for the purpose of and to purchase such amount of ordinary shares of RM1.00 each in the Company from time to time on the market of the Bursa Malaysia Securities Berhad upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that the aggregate number of shares purchased pursuant to this resolution does not exceed ten percent (10%) of the total issued and paid up share capital of the Company.

This authority shall commence immediately upon passing of this resolution until:

- (i) the conclusion of the next Annual General Meeting of the Company at which time the authority shall lapse unless by ordinary resolution passed at general meeting the authority is renewed either unconditionally or subject to conditions;
- (ii) the expiration of period within which the next General Meeting after that date is required by law to be held; or
- (iii) revoked or varied by ordinary resolution of the shareholders of the Company at a general meeting

whichever occurs first.

Further information on the Proposed Share Buyback is set out in the Circular to Shareholders dated 3 March 2008 which is despatched together with the Annual Report of the Company for the financial year ended 30 September 2007.

8 Proposed Amendments to the Articles of Association

The Special Resolution proposed under Item 10, if passed, will enable the Company to comply with recent amendments to the Listing Requirements of Bursa Malaysia Securities Berhad.

Further information on the Proposed Amendments to the Articles of Association is set out in the Circular to Shareholders dated 3 March 2008 which is despatched together with the Annual Report of the Company for the financial year ended 30 September 2007.

Statement

accompanying notice of sixth annual general meeting

1 Directors who are standing for re-election are as follows:

Pursuant to Article 84 of the Company's Articles of Association:

(a) Mr. Yap Kau @ Yap Yeow Ho;

(b) En. Muhayuddin Bin Musa; and

(c) Mr. Chua Eng Seng

Pursuant to Article 91 of the Company's Articles of Association:

(a) Mr. Gan Chin Boon

Details of the above Directors are set out in the Directors' Profiles appearing on page 4 to page 7 of the Annual Report.

2 Details of Attendances of Directors at Board Meeting

A total of five (5) Board of Directors' Meetings were held at the Board Room, No. 47 (Lot 540), Jalan TUDM, Kampung Baru Subang, Seksyen U6, 40150 Shah Alam, Selangor Darul Ehsan during the financial year. Details of attendances of Directors at the Board Meetings are set out in the Statement on Corporate Governance on page 11 to page 16 of the Annual Report.

3 Details of date and time of the Board of Directors' Meetings

Date and time of the Meetings

Thursday, 30 November 2006, at 11.30 a.m.

Tuesday, 23 January 2007 at 11.52 a.m.;

Tuesday, 27 February 2007 at 5.15 p.m.

Tuesday, 22 May 2007 at 11.30 a.m.

Tuesday, 24 August 2007 at 12.50 p.m.

corporate directory

CORPORATE OFFICE

APB RESOURCES BERHAD

47 (Lot 540), Jalan TUDM, Kampung Baru Subang, Seksyen U6, Shah Alam, 40150 Selangor Darul Ehsan.

Tel : 603-78461389

Fax : 603-78463795

FABRICATION DIVISION

AMALGAMATED METAL CORPORATION (M) SDN. BHD.

Head Office - Shah Alam

47 (Lot 540), Jalan TUDM, Kampung Baru Subang, Seksyen U6, Shah Alam, 40150 Selangor Darul Ehsan.

Tel : 603-78461389

Fax : 603-78463795

E-mail : amcsubg@po.jaring.my

Branch – Kuantan

Lot 109B, Kawasan Perindustrian Gebeng, 26080 Kuantan, Pahang Darul Makmur.

Tel : 609- 5858888

Fax : 609- 5858892

E-mail : ammetal@po.jaring.my

NON-DESTRUCTIVE TESTING DIVISION

PRESCAN SDN. BHD.

Head Office – Shah Alam

No.24, Jalan Tabla 33/21, Shah Alam Technology Park, 40640 Shah Alam, Selangor Darul Ehsan.

Tel : 603-51215951

Fax : 603-51212906

E-mail : prescan@pd.jaring.my

Branch – Kuantan

A31, Tingkat 1, Jalan Gebeng 2/6, 26080 Kuantan, Pahang Darul Makmur.

Tel/Fax : 609-5834457

MECHANICAL AND ELECTRICAL AND INDUSTRIAL AIR-CONDITIONING DIVISION

BENMARL SDN. BHD.

Unit A7-6 & A7-7, Block A, Level 6 & 7, Pusat Perdagangan Centre Point, No.5, Jalan Tanjung Keramat 26/35, 40000 Shah Alam, Selangor Darul Ehsan.

Tel : 603-51919588

Fax : 603-51919388

E-mail : benmarl@pd.jaring.my

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Proxy Form



*I/We _____ NRIC No. _____

of _____

being a member/members of the above-name Company, hereby appoint _____

_____ NRIC No. _____

or failing him _____ NRIC No. _____

of _____

as *my/our proxy to vote for *me/us and on *my/our behalf at the Sixth Annual General Meeting of the Company, to be held on Tuesday, 25 March 2008 at 10.00 a.m. and at any adjournment thereof.

My/Our proxy is to vote as indicated below (unless otherwise instructed, the proxy may vote as he thinks fit):

No.		For	Against
1	To table and receive the Audited Financial Statements of the Company for the year ended 30 September 2007 and the Reports of the Directors and Auditors thereon. (Resolution 1)		
2	To declare a final dividend of 3% less 26% income tax in respect of the year ended 30 September 2007. (Resolution 2)		
3	To approve payment of Directors' fees for the year ended 30 September 2007. (Resolution 3)		
4	To re-elect Mr. Yap Kau @ Yap Yeow Ho as Director (Resolution 4)		
5	To re-elect En. Muhayuddin Bin Musa as Director (Resolution 5)		
6	To re-elect Mr. Chua Eng Seng as Director (Resolution 6)		
7	To re-elect Mr. Gan Chin Boon as Director (Resolution 7)		
8	To appoint auditors and to authorize the Directors to fix their remuneration. (Resolution 8)		
9	Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965. (Resolution 9)		
10	Proposed Renewal of Shareholders' Mandate for recurrent related party transactions of a revenue or trading nature. (Resolution 10)		
11	Proposed Renewal of Share Buyback (Resolution 11)		
12	Proposed Amendments to Articles of Association (Special Resolution 1)		

(Please indicate with an "X" how you wish to cast your vote.)

Signed this _____ day of _____ 2008.

Signature of Member

No. of Shares Held

Notes:

- 1 A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy may but need not be a member of the Company and/or a qualified legal practitioner, an approved company auditor or a person approved by the Registrar.
- 2 The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorized.
- 3 The instrument appointing a proxy must be deposited at the registered office, D12, Tingkat 1, Plaza Pekeliling, No. 2, Jalan Tun Razak, 50400 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
- 4 Where a member appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy. Where a member of the Company is an authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

Affix
Stamp

The Company Secretary
APB Resources Berhad
(Company No. 564838-V)

D12, Tingkat 1
Plaza Pekeliling
No. 2 Jalan Tun Razak
50400 Kuala Lumpur
Tel No. : 03 - 4042 3041
Fax No. : 03 - 4042 3422



Registered Office : D12, Tingkat 1, Plaza Pekeliling, No. 2 Jalan Tun Razak, 50400 Kuala Lumpur.
Tel No.: 03-4042 3041 Fax No.: 03-4042 3422

Corporate Office: No 47 (Lot 540), Jalan TUDM, Kampung Baru Subang,
Seksyen U6, 40150 Shah Alam, Selangor Darul Ehsan.
Tel No.: 03-7846 1389 Fax.: 03-7846 3795