APB RESOURCES BERHAD
(Company No. 564838-V)

ANNUAL REPORT 2010

APB RESOURCES BERHAD (564838-V)

2010 ANNUAL REPORT

Registered Office:

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

Corporate Office:

No. 47 (Lot 540), Jalan TUDM, Kampung Baru Subang
Seksyen U6, 40150 Shah Alam, Selangor Darul Ehsan.
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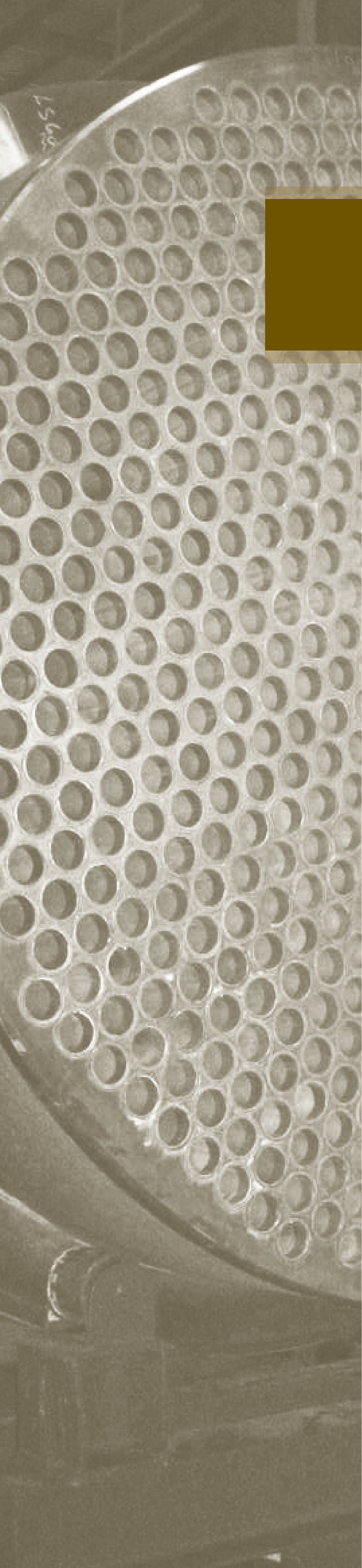
CFM design
Designed and Printed by
CFM Printing & Stationery Sdn. Bhd. (7533-H)
Tel : 603-4023 1066



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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 Hong Liang	*Non-Independent Non-Executive Director*
Yap Kau @ Yap Yeow Ho	*Non-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*
Yap Swee Sang	*Alternate Director to Yap Kow @ Yap Kim Fah*
Yap Puhui Lin (Ms.)	*Alternate Director to Yap Kau @ Yap Yeow Ho*

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.)
Yap Kow @ Yap Kim Fah
Tan Teng Khuan

COMPANY SECRETARIES

Cheok Kim Chee (MACS 00139)

AUDITORS

KPMG *(Firm No.: AF 0758)*
(Chartered Accountants)
Level 10, KPMG Tower
No. 8, First Avenue
Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel No.: 03 - 7721 3388

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Code – 5568

SHARE REGISTRAR

Symphony Share Registrars Sdn. Bhd.
(Company No. 378993-D)
Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel No.: 03 – 7841 8000
Fax No.: 03 – 7841 8008

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

PRINCIPAL BANKERS

AmBank (M) Berhad
CIMB Bank Berhad
HSBC Bank Malaysia Berhad
United Overseas Bank (Malaysia) Berhad

corporate structure

APB RESOURCES

- 100% ERA JULUNG SDN. BHD.
  - 100% AMALGAMATED METAL CORPORATION (M) SDN. BHD.
    - 100% FINNED TUBES MALAYSIA SDN. BHD.
  - 100% PRESCAN SDN. BHD.
- 100% LANDAS FIKIR SDN. BHD.

directors' profile

Yap Kow @ Yap Kim Fah

Aged 65, 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-Independent Non-Executive Director of the Company.

Tan Teng Khuan

Aged 54, Malaysian

Chief Operating Officer / Executive Director • Member of Remuneration Committee

Mr. Tan a Board member since 30 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 Berhad as the Senior Vice-President until 2001. 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

Aged 51, 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 Hong Liang

Aged 51, Malaysian

Non-Independent Non-Executive Director

Mr. Lim was appointed to the Board on 26 November 2008. He received an Honours Degree in Bachelor of Commerce (Accounting) and Master of Commerce from University of New South Wales, Australia.

Mr. Lim was a bank officer at United Overseas Bank (Malaysia) Berhad (then Lee Wah Bank Limited) from 1984 to 1989. He then joined AmBank (M) Berhad (then Security Pacific Bank Limited) as an Assistant Vice President in 1989 and he left in 1990 to join Malpac Holdings Berhad as an Executive Director, a position he still holds. Mr. Lim is also a Director of several other private companies.

Mr. Lim sits on the Board of Directors of Malpac Holdings Berhad as an Executive Director and Kumpulan Powernet Berhad as an Independent Non-Executive Director.

Yap Kau @ Yap Yeow Ho

Aged 67, 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.

directors' profile (cont'd)

Chua Eng Seng

Aged 65, 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 served with the Malaysian Industrial Development Authority ("MIDA") from 1971 to 2000. During his tenure with MIDA, Mr. Chua had 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 had held the position of Deputy Director General of MIDA before retirement.

Mr. Chua currently sits on the Board of Directors of Hirotako Holdings Berhad as an Independent Non-Executive Director. He is also a Director of several other private companies.

Johari Low Bin Abdullah @ Low Han Hing

Aged 60, 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 Banking Group from 1984 to 1987, Group Managing Director of Berjaya Group Berhad from 1989 to 1992. Chief Executive Officer of KFC (M) Holdings Berhad from 1993 to 1994 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 sits as Independent Non-Executive Directors for Kumpulan Powernet Berhad and Malpac Holdings Berhad, and as a director for Amcorp Group Berhad.

Mak Fong Ching (Ms.)

Aged 54, 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

Aged 48, 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 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 1998.

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.

directors' profile (cont'd)

Yap Swee Sang

Aged 34, Malaysian

Alternate Director to Yap Kow @ Yap Kim Fah

Mr. Yap was appointed to the Board on 26 November 2008. He holds a Victorian Certificate Education, Australia. Mr. Yap joined Amalgamated Metal Corporation (M) Sdn Bhd ("AMC"), a wholly owned subsidiary of APB Resources Berhad in 2000 as an Estimator and was promoted to Proposal Manager in 2003. Since October 2004, Mr. Yap is the Deputy General Manager of AMC.

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

His father, Mr. Yap Kow @ Yap Kim Fah, is the Chairman and Managing Director of the Company and his uncle, Mr. Yap Kau @ Yap Yeow Ho, is a Non-Independent Non-Executive Director of the Company.

Yap Puhui Lin (Ms.)

Aged 42, Malaysian

Alternate Director to Yap Kau @ Yap Yeow Ho

Ms. Yap was appointed to the Board on 26 November 2008. She is a registered insurance agent with General Insurance Association of Malaysia ("PIAM"). Ms. Yap has started her career in the transportation industry. From 1988 to 1992, while she was employed by TTS Transport Sdn Bhd she has served as an Operation Assistant, Administrative and Finance Assistant, and Personal Assistant to a director of TTS Transport Sdn Bhd. In 1993, Ms. Yap joined Amalgamated Metal Corporation (M) Sdn Bhd ("AMC"), a wholly owned subsidiary of APB Resources Berhad as the Administrative and Finance Manager.

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

Her father, Mr. Yap Kau @ Yap Yeow Ho, is a Non-Independent Non-Executive Director of the Company and her uncle, Mr. Yap Kow @ Yap Kim Fah, is the Chairman and Managing Director of the Company.

Notes:

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

  None of the Directors other than Mr. Yap Kow @ Yap Kim Fah and Mr. Yap Kau @ Yap Yeow Ho 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 28 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 ("the Group") for the financial year ended 30 September 2010.

PERFORMANCE REVIEW

The business environment for the 2010 financial year was very difficult. While the global financial crisis had subsided and economic activities are gradually stabilizing, the process equipment industry as a whole remained mired in a weak demand and over-capacity situation. With the exception of the oleo-chemical sector, capital expenditure remained weak in the oil and gas, petrochemical and energy sectors. Demand from the oleo-chemical sector continued to be held up by buoyant crude palm oil prices and upstream acreage expansion boosted by rising consumption demand. The Group margins were further squeezed by weak global demand and excess fabrication capacity. The weakening US dollar vis-à-vis the Ringgit during the year had also eroded profitability significantly.

Despite a trying operating environment, the Group remained profitable with an after taxation profit of RM4.9 million for financial year ended 30 September 2010. It recorded a profit of RM23.4 million in the preceding year. This was mainly due to 21% decline in revenue, slight margin dip and exchange loss arising from the weakening US dollar. Notwithstanding the very competitive business environment, the Group managed to hold up its profit margin relatively well through cost control measures, greater marketing and efficiency effort.

The Group derived 98% of its revenue and 85% of segment result from the fabrication division for the financial year ended 30 September 2010. Exports continued to account for approximately 90% of the revenue where the bulk went to Asia, Middle-East and North Africa. During the year, the oleo-chemical sector was the principal revenue driver given that capital expenditure had not picked up in the oil & gas and petrochemical sectors. As for the energy sector, the other mainstay for the process equipment industry, some positive signs are emerging towards the end of the financial year.

The Non-Destructive Testing division performed slightly ahead of the fabrication industry, maintaining its profitability despite the tough business condition.

The Group's financial position remains healthy with a net cash position of RM43.3 million or net cash per share of 38.0 sen as at 30 September 2010.

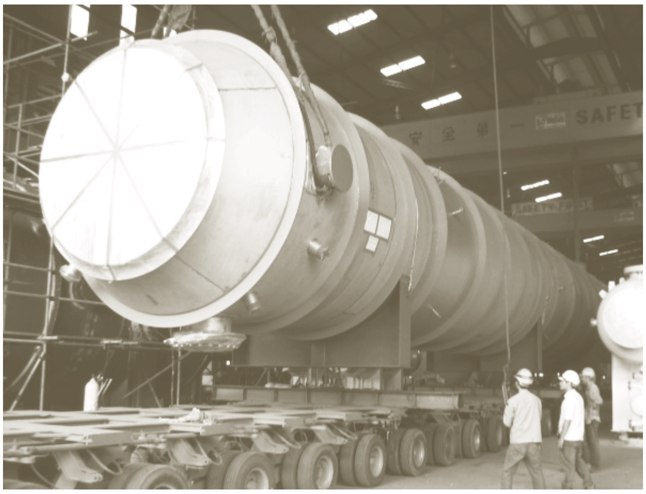
chairman's statement (cont'd)

PROSPECTS

The Group's earnings will continue to be driven by global demand represented by capital expenditure for the oil & gas, petrochemical, energy and oleo-chemical sectors. The general consensus is that the global financial crisis has been defused and while there are still areas of volatility and uncertainty, the economic situation is gradually stabilizing. However, fabrication activities for these sectors are expected to lag the general pick up in economic activities by a year or two.

The global fabrication industry is driven by capital expenditure which is determined by demand for capacity expansion. Huge capacity expansion in the oil & gas and petrochemical sectors in the past year has created excesses particularly in the Middle-East. We anticipate that it would take at least a couple more years for demand to use up the excess capacity before new capital expenditure picks up in this region. However, robust demand in these sectors would drive capacity expansion in South America, former Soviet bloc, China, India and Indonesia.

The energy sector is also a major user of process equipment. Some positive indicators are emerging on capital expenditure in the energy sector where numerous projects were shelved or deferred during the global financial crisis. Highly populated and economically fast-growing countries such as China, India, Brazil, Russia and Indonesia require massive additions to energy capacity for many years to come. Rising fuel costs and environmental factors are forcing utility companies in both emerging and developed countries to invest in renewable energy alternatives and to replace old inefficient power plants. All these augur well for the Group and would be a mainstay of the Group's earnings going forward.



The Group has built a very strong track record and reputation as a process equipment fabricator for the oleo-chemical industry. Moreover, this sector has cushioned the Group during the down-turn faced by the fabrication division over the past two years. In the coming years, the Group should benefit from rising capital expenditure brought about by the rapid expansion of palm oil acreage in Malaysia and Indonesia and demand for oleo-chemical end-products particularly in the Asian region.

The Group continues to be mindful of the prevailing uncertainties and difficulties in the operating environment and will continue to be vigilant and will take all the necessary measures to stay competitive. Over the years the Group has built a good reputation and established strong goodwill with its clients. This will provide a stable earnings base. Moreover, the strong cash position will enable the Group to seize upon potential opportunities but rest assured, the Group will always maintain a cautious and prudent strategy in all investments going forward.

DIVIDEND

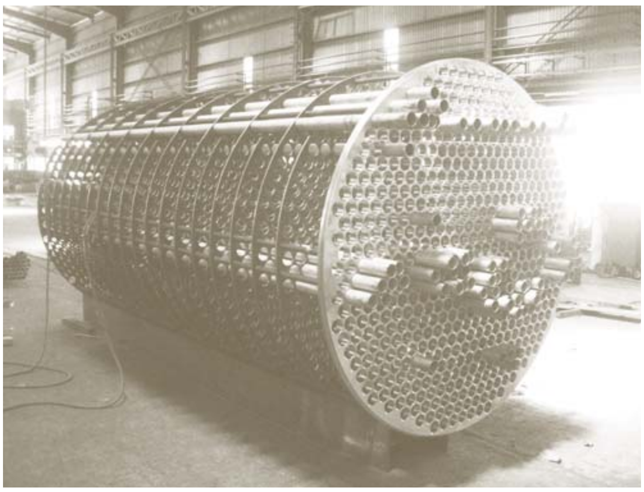
The Board has recommended a final single-tier exempt dividend of 3.0% per ordinary share for the year ended 30 September 2010. This upon approval by shareholders at the forthcoming Ninth (9th) Annual General Meeting, together with the interim single-tier exempt dividend of 3.5% paid earlier, will bring the total dividend to 6.5% for the year ended 30 September 2010 (6.5% for 2009).

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 subsidiary companies ("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 2010.

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 responsibilities for corporate governance, on strategic, corporate and operational issues, and on capital expenditures, investment and divestment matters. These responsibilities ensure that the governance of the Group is firmly with the Board.

The Board comprises a balanced mix of members from diverse professional backgrounds and specialisations, collectively bringing 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, to oversee 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 to provide a review and challenge on the performance of management. As such, 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.

For the financial year ended 30 September 2010, the Board has held five (5) meetings. Details of Board meeting attendances during the financial year are as follows:

Name of Directors	Designation	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
Gan Chin Boon	Executive Director	5 / 5
Lim Hong Liang	Non- Independent Non-Executive Director	5 / 5
Yap Kau @ Yap Yeow Ho	Non-Independent Non-Executive Director	5 / 5
Mak Fong Ching (Ms.)	Independent Non-Executive Director	4 / 5
Chua Eng Seng	Independent Non-Executive Director	4 / 5
Johari Low bin Abdullah @ Low Han Hing	Independent Non-Executive Director	5 / 5
Muhayuddin bin Musa	Independent Non-Executive Director	4 / 5

1. THE BOARD OF DIRECTORS (continued)

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 has nine (9) members comprising of three (3) Executive Directors, two (2) Non-Independent Non-Executive Directors 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.

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 Directors are provided with sufficient and timely information to enable the Directors to discharge their duties effectively. Meetings of the Board are scheduled in advance and information are prepared and circulated in timely manner to enable the Directors 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 can be 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 Directors receive 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 Directors 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 members will retire by rotation at each Annual General Meeting ("AGM") and all Board members 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.

statement on corporate governance (cont'd)

1. THE BOARD OF DIRECTORS (continued)

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 2010, the Directors have attended seminars on "Goods and Services Tax ("GST") in Malaysia – A New Tax Regime", "Views from the Boardroom – Challenges Directors Face", "Corporate Governance Best Practices", "How Sustainable Are Our Businesses", "The Debt Recovery Process", "Demystifying Derivatives and Structured Products" and "Understanding Psychology of Investor Behaviors for Capital Market Intermediaries".

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;
(ii) Chua Eng Seng;
(iii) Muhayuddin bin Musa; and
(iv) Johari Low bin Abdullah @ Low Han Hing.

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 2010 is presented on pages 16 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;
(ii) Mak Fong Ching; and
(iii) Muhayuddin bin Musa.

The Nomination Committee has held one (1) meeting for the financial year ended 30 September 2010 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.

statement on corporate governance (cont'd)

1. THE BOARD OF DIRECTORS (continued)

1.6 Sub-Committees (continued)

(c) Remuneration Committee

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

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

The Remuneration Committee has held one (1) meeting for the financial year ended 30 September 2010 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.

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 2010 is as follow:

	Executive Directors (RM'000)	Non-Executive Directors (RM'000)
Remuneration	823	-
Fees	15	185
Total	838	185

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	-	6
RM100,001 – RM250,000	2	-
RM250,001 – RM400,000	1	-

statement on corporate governance (cont'd)

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's shareholders and members of the public.

The Company has made regular and timely announcements 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 at the Company's website at www.apb-resources.com, this information is accessible at all time.

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 Nineth (9th) AGM on 23 March 2011 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 Financial Reporting Standards ("FRS") 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 2010. 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.

statement on corporate governance (cont'd)

4. ACCOUNTABILITY AND AUDIT (continued)

4.2 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 system of internal controls also aims to identify and to manage any risks that the Group may encounter in pursuit of its business objectives. The Board 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 Statement is set out on pages 20 of this Annual Report.

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 16 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 27 January 2011.

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;
(ii) Chua Eng Seng;
(iii) Johari Low bin Abdullah @ Low Han Hing; and
(iv) Muhayuddin bin Musa.

During the financial year ended 30 September 2010, 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*	4 / 5
Chua Eng Seng	4 / 5
Johari Low bin Abdullah @ Low Han Hing	5 / 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 by 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 financial year ended 30 September 2010:

(i) Reviewed with external auditors the results of their auditing processes, their audit reports and their evaluation of APB Resources Berhad (“the Company”) and its subsidiary companies’ (“the Group”) systems of internal control noted in the course of their audit;

(ii) Reviewed with internal auditors on the risk parameters unique to the Group, their internal auditing programmes, their scope of work and their audit plans;

(iii) The Audit Committee has met with the external auditors without the presence of any Executive Director and Group’s management;

(iv) Reviewed the related party transactions entered into by the Group, the process involved and the disclosure of such transactions within the Group’s Annual Report and interim unaudited financial statements;

(v) Reviewed the interim unaudited financial statements and year-end financial statements with the Group’s management and external auditors, and recommended these financial statements for approval by the Board of Directors of APB Resources Berhad (“the Board”); and

(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 FUNCTIONS

For the financial year ended 30 September 2010, the Group has outsourced its internal audit functions to an independent consulting firm. The internal auditors have examined the adequacy and effectiveness of the Group's systems of internal control, risk management processes and compliance frameworks. The internal auditors have also reviewed the Group's business and operational processes and have conducted visits to the Group's key business units.

After each internal audit cycle, the internal auditors' 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 incorporating the Audit Committee's comments to the Board for adoption.

4. TERMS OF REFERENCE

4.1 Objectives

The primary function of the Audit Committee is to assist the Board in fulfilling the oversight objectives on the Group's activities:

(i) To assist the Board in discharging the Board's responsibilities on financial reporting, evaluating the Group's internal and external auditing processes, and assessing the Group's processes relating to 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, the majority of whom shall be Independent Non-Executive Directors. The term of office for the Audit Committee shall be for 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.

audit committee report (cont'd)

4. TERMS OF REFERENCE (continued)

4.3 Composition of Members (continued)

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 or she 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 they believe 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 twice a year, the Audit Committee shall meet with the external auditors without any executive Board member present.

4.5 Quorum

The quorum for each meeting of the Audit Committee shall be a majority of members who are Independent Directors.

4.6 Secretary

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

4.7 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;

audit committee report (cont'd)

4. TERMS OF REFERENCE (continued)

4.7 Duties and Responsibilities (continued)

(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; and

(xv) To perform such other duties and responsibilities as may be agreed to by the Board.

statement on internal control

INTRODUCTION

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the listed companies' assets. Bursa Malaysia Securities Berhad's Main Market Listing Requirements under Paragraph 15.26(b) requires directors of listed companies to include in the annual reports, a statement about the state of internal control of the listed company as a group.

RESPONSIBILITY

The Board of Directors of APB Resources Berhad ("the Board") acknowledges the importance of having a sound system of internal control and risk management processes. The Board affirms that it is their responsibility to maintain a sound system of internal control 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 recognises that reviewing the adequacy and integrity of APB Resources Berhad ("the Company") and its subsidiary companies' ("the Group") system of internal control is a concerted and continuous process. It should be noted that system of internal control is designed to manage rather than to eliminate risks of failure to achieve the Group's business objectives. This is due to the limitations that are inherent in any system of internal control. Therefore, the Group's systems of internal control 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 2010 to assist the Board to review and evaluate the adequacy and effectiveness of the Group's systems of internal control, 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 systems of internal control, 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 control are as follows:

(i) A clearly defined responsibilities and duties, organisation structure and authorization levels have been established and communicated by the Board to the Committees of the Board and to the management of key operating subsidiary companies;

(ii) The existence of an Executive Committee ("EXCO") which comprises key members of the Group's senior management. The EXCO's principal role is 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 once every quarter to deliberate on the Group's management and financial performances, business developments and corporate issues. The Board also reviews and approves the Group's quarterly financial results, audited financial statements and annual reports;

(iv) The existence of an Environment, Safety and Health ("ESH") Committee at a major subsidiary company of the Group comprising representatives from various departments and this ESH Committee meets to deliberate on staff safety and health issues in accordance with ESH policies; and

(v) Internal audits are conducted on a quarterly basis to review the system of internal control and 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 control.

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

This statement is made in accordance with a resolution of the Board dated 27 January 2011.

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 subsidiary companies which involve Directors' and/or substantial shareholders' interests for the financial year ended 30 September 2010.

There were no contracts relating to loan entered into by the Company and/or its subsidiary companies which involve Directors' and/or substantial shareholders' interests since the previous financial year ended 30 September 2009.

SHARE BUY-BACK

The Company has not undertaken any share buy-back exercise for the financial year ended 30 September 2010.

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 2010.

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 2010.

IMPOSITION OF SANCTIONS AND/OR PENALTIES

There were no sanctions or penalties imposed on the Company and its subsidiary companies, Directors or management by the relevant regulatory bodies during the financial year ended 30 September 2010.

NON-AUDIT FEES

The amount of non-audit fees paid to the external auditors for the financial year ended 30 September 2010 was RM5,000.

PROFIT ESTIMATE, FORECAST OR PROJECTION

The Company did not release any profit estimate, forecast or projection pertaining to the financial year ended 30 September 2010. There were no variances of 10% or more between the audited results for the financial year ended 30 September 2010 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 2010.

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 2010 are stated on page 13 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 28 February 2011 and are attached to this Annual Report.

The details of recurrent related party transactions entered into for the financial year ended 30 September 2010 are as disclosed in note 28 of the accompanying financial statements.

DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

The details of the disclosure of realised and unrealised profits or losses for the year ended 30 September 2010 are as disclosed in note 29 of the accompanying financial statements.

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

For the financial year ended 30 September 2010, a subsidiary of the Company has continued the employment of a handicapped employee. The Company and/or its subsidiary companies are committed to employ and train local Malaysians for their fabrication and non-destructive testing activities.

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 Financial Reporting Standards 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 66 of the accompanying financial statements.

FINANCIAL STATEMENTS

directors' report
for the year ended 30 september 2010

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 2010.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding, whilst the principal activities of its subsidiaries are stated in Note 5 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
Profit for the year	4,881,982	9,712,356

RESERVES AND PROVISIONS

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

DIVIDENDS

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

i) a final single-tier exempt dividend of 3.0 sen per ordinary share totalling RM3,325,344 in respect of the year ended 30 September 2009 on 10 March 2010; and

ii) an interim single-tier exempt dividend of 3.5 sen per ordinary share totalling RM3,879,577 in respect of the year ended 30 September 2010 on 22 June 2010.

The final single-tier exempt ordinary dividend recommended by the Directors in respect of the year ended 30 September 2010 is 3.0 sen per ordinary share totalling RM3,325,344 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:

Director	Alternate
Yap Kow @ Yap Kim Fah	Yap Swee Sang
Tan Teng Khuan	
Gan Chin Boon	
Lim Hong Liang	
Yap Kau @ Yap Yeow Ho	Yap Puhui Lin
Chua Eng Seng	
Johari Low bin Abdullah @ Low Han Hing	
Mak Fong Ching	
Muhayuddin bin Musa	

directors' report
for the year ended 30 september 2010 (cont'd)

DIRECTORS' INTERESTS

The interests and deemed interests in the ordinary 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 (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM1.00 each			
	At 1.10.2009	Bought	Sold	At 30.9.2010
Direct interest in the Company				
Yap Kow @ Yap Kim Fah	12,939,404	-	-	12,939,404
Tan Teng Khuan	244,095	-	-	244,095
Gan Chin Boon	925,157	-	-	925,157
Lim Hong Liang	9,659,345	-	-	9,659,345
Yap Kau @ Yap Yeow Ho	33,000	-	-	33,000
Muhayuddin bin Musa	1	-	-	1
Indirect interest in the Company				
Yap Kow @ Yap Kim Fah	35,993,215	-	-	35,993,215
Tan Teng Khuan	30,876,000	-	(30,876,000)	-
Gan Chin Boon	30,876,000	-	(30,876,000)	-
Lim Hong Liang	31,492,569	-	-	31,492,569
Yap Kau @ Yap Yeow Ho				
- own	5,117,215	-	-	5,117,215
- child	153,200	10,000	-	163,200

By virtue of their interests in the ordinary 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 2010 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

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 in which the Directors have significant financial interests as disclosed in Note 28 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.

directors' report
for the year ended 30 september 2010 (cont'd)

ISSUE OF SHARES OR DEBENTURES

There were no 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 balance sheets and income 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 of the Company 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's and in the Company's 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 in the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

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 within 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, except for the reversal of provision for liquidated and ascertained damages as disclosed in Note 17 to the financial statements, the financial performance of the Group and of the Company for the financial year ended 30 September 2010 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.

directors' report
for the year ended 30 september 2010 (cont'd)

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: 27 January 2011

balance sheets
at 30 september 2010

	Note	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Assets					
Property, plant and equipment	3	58,580,354	60,889,962	-	-
Prepaid lease payments	4	15,604,708	15,880,744	-	-
Investment in subsidiaries	5	-	-	76,837,002	76,837,002
Other investment	6	35,000	35,000	-	-
Intangible asset	7	13,458,008	13,458,008	-	-
Total non-current assets		87,678,070	90,263,714	76,837,002	76,837,002
Receivables, deposits and prepayments	8	43,860,301	44,107,242	43,535,915	40,833,703
Inventories	9	1,497,116	5,225,899	-	-
Current tax assets		3,108,845	3,423,623	180,725	180,725
Cash and cash equivalents	10	43,255,837	58,535,904	605,255	457,231
Total current assets		91,722,099	111,292,668	44,321,895	41,471,659
Total assets		179,400,169	201,556,382	121,158,897	118,308,661
Equity					
Share capital	11	112,875,002	112,875,002	112,875,002	112,875,002
Reserves	12	43,432,836	45,755,775	1,667,146	(840,289)
Total equity attributable to shareholders of the Company		156,307,838	158,630,777	114,542,148	112,034,713
Liabilities					
Deferred tax liabilities	13	1,857,767	849,419	-	-
Total non-current liabilities		1,857,767	849,419	-	-
Payables and accruals	14	13,809,627	30,318,426	6,616,749	6,273,948
Provision for liquidated and ascertained damages	15	7,334,451	11,347,117	-	-
Current tax liabilities		90,486	410,643	-	-
Total current liabilities		21,234,564	42,076,186	6,616,749	6,273,948
Total liabilities		23,092,331	42,925,605	6,616,749	6,273,948
Total equity and liabilities		179,400,169	201,556,382	121,158,897	118,308,661

The notes on pages 34 to 65 are an integral part of these financial statements.

income statements
for the year ended 30 september 2010

	Note	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Revenue	16	128,698,928	162,634,691	10,496,760	5,818,856
Cost of goods sold	16	(108,335,859)	(128,549,976)	-	-
Gross profit	16	20,363,069	34,084,715	10,496,760	5,818,856
Other income		2,949,797	10,199,297	14,547	31,989
Administrative expenses		(12,065,597)	(15,359,610)	(798,951)	(1,152,902)
Other expenses		(4,729,680)	(712,266)	-	-
Operating profit	17	6,517,589	28,212,136	9,712,356	4,697,943
Finance costs	18	(208,253)	(303,139)	-	(22,996)
Profit before tax		6,309,336	27,908,997	9,712,356	4,674,947
Tax expense	20	(1,427,354)	(4,485,731)	-	(12,257)
Profit for the year		4,881,982	23,423,266	9,712,356	4,662,690
Attributable to:					
Shareholders of the Company		4,881,982	23,423,266	9,712,356	4,662,690

	Note	Group 2010 sen	Group 2009 sen
Basic earnings per ordinary share:	21	4.40	23.21

The notes on pages 34 to 65 are an integral part of these financial statements.

statements of changes in equity
for the year ended 30 september 2010

Group	Note	Ordinary share capital RM	Irredeemable convertible preference shares (ICPS) - equity component RM	Treasury shares RM	Revaluation reserve RM	Retained earnings RM	Total RM
		Attributable to shareholders of the Company					
		Non-distributable				Distributable	
At 1 October 2008		88,146,507	24,071,457	(3,322,462)	46,879	31,024,699	139,967,080
ICPS							
- capitalisation of liability component on dividend		-	657,038	-	-	-	657,038
Conversion of ICPS into ordinary shares		24,728,495	(24,728,495)	-	-	-	-
Profit for the year		-	-	-	-	23,423,266	23,423,266
Dividend on ICPS - equity component	22	-	-	-	-	(569,321)	(569,321)
Dividends to shareholders	22	-	-	-	-	(4,847,286)	(4,847,286)
At 30 September 2009/ 1 October 2009		112,875,002	-	(3,322,462)	46,879	49,031,358	158,630,777
Profit for the year		-	-	-	-	4,881,982	4,881,982
Dividends to shareholders	22	-	-	-	-	(7,204,921)	(7,204,921)
At 30 September 2010		112,875,002	-	(3,322,462)	46,879	46,708,419	156,307,838
		Note 11	Note 11	Note 12	Note 12	Note 12	

The notes on pages 34 to 65 are an integral part of these financial statements.

statements of changes in equity
for the year ended 30 september 2010 (cont'd)

Company	Note	Ordinary share capital RM	Irredeemable convertible preference shares (ICPS) - equity component RM	Treasury shares RM	Retained earnings RM	Total RM
		Attributable to shareholders of the Company				
		Non-distributable			*Distributable*	
At 1 October 2008		88,146,507	24,071,457	(3,322,462)	3,236,090	112,131,592
ICPS						
- capitalisation of liability component on dividend		-	657,038	-	-	657,038
Conversion of ICPS to ordinary shares		24,728,495	(24,728,495)	-	-	-
Profit for the year		-	-	-	4,662,690	4,662,690
Dividend on ICPS						
- equity component	22	-	-	-	(569,321)	(569,321)
Dividends to shareholders	22	-	-	-	(4,847,286)	(4,847,286)
At 30 September 2009/ 1 October 2009		112,875,002	-	(3,322,462)	2,482,173	112,034,713
Profit for the year		-	-	-	9,712,356	9,712,356
Dividends to shareholders	22	-	-	-	(7,204,921)	(7,204,921)
At 30 September 2010		112,875,002	-	(3,322,462)	4,989,608	114,542,148
		Note 11	Note 11	Note 12	Note 12	

The notes on pages 34 to 65 are an integral part of these financial statements.

cash flow statements
for the year ended 30 september 2010

	Group		Company	
	2010	2009	2010	2009
	RM	RM	RM	RM
Cash flows from operating activities				
Profit before tax	6,309,336	27,908,997	9,712,356	4,674,947
Adjustments for:				
Amortisation of prepaid lease payments	278,644	195,206	-	-
Depreciation of property, plant and equipment	5,022,030	4,543,486	-	-
Dividend income	-	-	(10,496,760)	(5,818,856)
Dividend on ICPS	-	22,996	-	22,996
Interest income	(876,200)	(1,227,289)	(14,547)	(31,989)
Net gain on disposal of plant and equipment	(65,329)	(29)	-	-
Net (reversal)/provision for liquidated and ascertained damages	(3,629,339)	1,749,312	-	-
Net unrealised gain on foreign exchange	(118,190)	(195,324)	-	-
Plant and equipment written off	1	2	-	-
Reversal of accrual for rectification works	-	(4,192,557)	-	-
Operating profit/(loss) before changes in working capital	6,920,953	28,804,800	(798,951)	(1,152,902)
Changes in working capital:				
Inventories	3,728,783	2,414,616	-	-
Payables and accruals	(16,463,717)	(3,789,877)	342,801	(1,180,617)
Provision for liquidated and ascertained damages	(383,327)	(101,430)	-	-
Receivables, deposits and prepayments	320,049	2,351,041	(2,702,212)	22,153
Cash (used in)/generated from operations	(5,877,259)	29,679,150	(3,158,362)	(2,311,366)
Interest received	876,200	1,227,289	14,547	31,989
Tax paid	(2,775,957)	(6,913,779)	-	-
Tax refunded	2,351,572	165,652	-	165,619
Net cash (used in)/from operating activities	(5,425,444)	24,158,312	(3,143,815)	(2,113,758)

cash flow statements
for the year ended 30 september 2010 (cont'd)

	Note	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Cash flows from investing activities					
Acquisition of prepaid lease payments		(2,608)	(7,741,831)	-	-
Acquisition of property, plant and equipment		(2,788,894)	(24,685,950)	-	-
Dividend received from a subsidiary		-	-	10,496,760	5,818,856
Pledged deposits withdrawn from licensed banks		143,262	231,468	-	-
Proceeds from disposals of plant and equipment		141,800	168	-	-
Proceed from sale of a freehold building		-	415,000	-	-
Net cash (used in)/from investing activities		(2,506,440)	(31,781,145)	10,496,760	5,818,856
Cash flows from financing activity					
Dividend paid		(7,204,921)	(5,439,603)	(7,204,921)	(5,439,603)
Net cash used in financing activity		(7,204,921)	(5,439,603)	(7,204,921)	(5,439,603)
Net (decrease)/increase in cash and cash equivalents		(15,136,805)	(13,062,436)	148,024	(1,734,505)
Cash and cash equivalents at 1 October	(i)	58,392,642	71,455,078	457,231	2,191,736
Cash and cash equivalents at 30 September	(i)	43,255,837	58,392,642	605,255	457,231

(i) Cash and cash equivalents

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

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Cash and bank balances	7,980,973	5,565,828	208,185	117,942
Short term funds	397,070	339,289	397,070	339,289
Deposits placed with licensed banks	34,877,794	52,630,787	-	-
	43,255,837	58,535,904	605,255	457,231
Less: Deposits pledged	-	(143,262)	-	-
	43,255,837	58,392,642	605,255	457,231

The notes on pages 34 to 65 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 Market of Bursa Malaysia Securities Berhad. The addresses of its registered office and principal place of business of the Company 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 Batu Tiga TUDM
Kampung Baru Subang
Seksyen U6, 40150 Shah Alam
Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the year ended 30 September 2010 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 2010 do not include other entities.

The Company is principally engaged in investment holding, whilst the principal activities of its subsidiaries are stated in Note 5 to the financial statements.

The financial statements were approved by the Board of Directors on 27 January 2011.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards (FRS), generally accepted accounting principles and the Companies Act, 1965 in Malaysia. These financial statements also comply with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The Group and the Company have not applied the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the Group and the Company:

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2010

- FRS 4, *Insurance Contracts*
- FRS 7, *Financial Instruments: Disclosures*
- FRS 101, *Presentation of Financial Statements* (revised)
- FRS 123, *Borrowing Costs* (revised)
- FRS 139, *Financial Instruments: Recognition and Measurement*
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards*
- Amendments to FRS 2, *Share-based Payment: Vesting Conditions and Cancellations*
- Amendments to FRS 7, *Financial Instruments: Disclosures*
- Amendments to FRS 101, *Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation*
- Amendments to FRS 127, *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- Amendments to FRS 132, *Financial Instruments: Presentation*
  - Puttable Financial Instruments and Obligations Arising on Liquidation
  - Separation of Compound Instruments
- Amendments to FRS 139, Financial Instruments: Recognition and Measurement
  - Reclassification of Financial Assets
  - Collective Assessment of Impairment for Banking Institutions

notes to the financial statements (cont'd)

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

- Improvements to FRSs (2009)
- IC Interpretation 9, *Reassessment of Embedded Derivatives*
- IC Interpretation 10, *Interim Financial Reporting and Impairment*
- IC Interpretation 11, FRS 2 - *Group and Treasury Share Transactions*
- IC Interpretation 13, *Customer Loyalty Programmes*
- IC Interpretation 14, FRS 119 - *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 March 2010

- Amendments to FRS 132, *Financial Instruments: Presentation - Classification of Rights Issues*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2010

- FRS 1, *First-time Adoption of Financial Reporting Standards* (revised)
- FRS 3, *Business Combinations* (revised)
- FRS 127, *Consolidated and Separate Financial Statements* (revised)
- Amendments to FRS 2, *Share-based Payment*
- Amendments to FRS 5, *Non-current Assets Held for Sale and Discontinued Operations*
- Amendments to FRS 138, *Intangible Assets*
- IC Interpretation 12, *Service Concession Agreements*
- IC Interpretation 16, *Hedges of a Net Investment in a Foreign Operation*
- IC Interpretation 17*, Distributions of Non-cash Assets to Owners*
- Amendments to IC Interpretation 9, *Reassessment of Embedded Derivatives*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2011

- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards*
  - Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopter
  - Additional Exemptions for First-time Adopters
- Amendments to FRS 7, *Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments*
- Amendments to FRS 2, *¬Group Cash-settled Shared Based Payment Transactions*
- IC Interpretation 4, *Determining whether an Arrangement contains a Lease*
- IC Interpretation 18, *Transfers of Assets from Customers*
- Improvements to FRSs (2010)

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2011

- IC Interpretation 19, *Extinguishing Financial Liabilities with Equity Instruments*
- Amendments to IC Interpretation 14, *Prepayments of a Minimum Funding Requirement*

FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2012

- FRS 124, *Related Party Disclosures* (revised)
- IC Interpretation 15, *Agreements for the Construction of Real Estate*

notes to the financial statements (cont'd)

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

The Group and the Company plan to apply the abovementioned standards, amendments and interpretations:

- from the annual period beginning 1 October 2010 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 January 2010, 1 March 2010 and 1 July 2010, except for FRS 4, FRS 123, Amendments to FRS 2, Amendments to FRS 127, IC Interpretation 10, IC Interpretation 11, FRS 2, IC Interpretation 13, IC Interpretation 14, FRS 119, IC Interpretation 12, and IC Interpretation 16 which are not applicable to the Group and the Company;

- from the annual period beginning 1 October 2011 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 January 2011 and 1 July 2011, except for Amendments to FRS 2, IC Interpretation 4, IC Interpretation 18, Amendments to IC 14 and IC Interpretation 19 which are not applicable to the Group and the Company; and

- from the annual period beginning 1 October 2012 for those standards, amendments or interpretations that will be effective for annual periods beginning on or after 1 January 2012, except for IC Interpretation 15 which is not applicable to the Group and the Company.

The initial application of a standard, an amendment or an interpretation, which will be applied prospectively, is not expected to have any financial impacts to the current and prior periods financial statements upon their first adoption.

The impacts and disclosures as required by FRS 108.30(b), *Accounting Policies, Changes in Accounting Estimates and Errors,* in respect of applying FRS 7 and FRS 139 are not disclosed by virtue of the exemptions given in these respective FRSs.

Material impacts of initial application of a standard, an amendment or an interpretation, which will be applied retrospectively, are disclosed below:

Improvements to FRSs (2009)

Improvements to FRSs (2009) contain various amendments that result in accounting changes for presentation, recognition or measurement and disclosure purposes. Amendments that have material impact are:

- **FRS 117, *Leases***

  The amendments clarify the classification of lease of land and require entities with existing leases of land and buildings to reassess the classification of land as finance or operating lease. Leasehold land which in substance is a finance lease will be reclassified to property, plant and equipment.

  The adoption of these amendments will result in a change in accounting policy which will be applied retrospectively in accordance with the transitional provisions. This change in accounting policy will result in reclassification of lease of land from prepaid lease payments to property, plant and equipment.

(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.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency. All financial information is presented in RM, unless otherwise stated.

notes to the financial statements (cont'd)

1. BASIS OF PREPARATION (CONTINUED)

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.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 7 - measurement of the recoverable amounts of cash-generating units
- Note 8 - valuation of trade receivables

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Group. Control exists when the Group has the ability to exercise its 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. Subsidiaries are consolidated using the purchase method of accounting.

Under the purchase method of accounting, 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 any impairment losses.

(ii) Transactions eliminated on consolidation

Intra-group balances and transactions, 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.

(b) Foreign currency

Transactions in foreign currencies are translated to the functional currency of the Group's entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rates at that date. Non-monetary assets and liabilities denominated in foreign currencies are translated at exchange rates at the dates of the transactions except for those that are measured at fair value, which 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.

notes to the financial statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant and equipment

(i) Recognition and measurement

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

Property, plant and equipment under the revaluation model

The Group revalues its building 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 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 and 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. The cost of self-constructed assets also includes the cost of materials and direct labour. 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.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" or "other expenses" respectively in the income statements. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

(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 carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statements as incurred.

(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. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

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

Freehold building	50 years
Leasehold buildings	51 - 57 years
Furniture, fittings, office equipment and renovation	5 - 10 years
Motor vehicles	5 years
Plant and machineries and testing equipment	5 - 10 years

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Prepaid lease payments

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.

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) Investments

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.

(f) Intangible asset

Goodwill

Goodwill arises on business combinations and is measured at cost less any accumulated impairment losses.

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.

Any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the acquisition is recognised immediately in income statement.

Amortisation

Goodwill is not amortised but is tested for impairment annually and whenever there is an indication that it may be impaired.

(g) 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.

(h) 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 payables and accruals as amount due to contract customers.

notes to the financial statements (cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) 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.

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

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits placed with banks. For the purpose of the cash flow statement, cash and cash equivalents are presented net of pledged deposits.

(k) Impairment of assets

The carrying amounts of the assets except for financial assets (other than investment in subsidiaries and other investment), inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated usually at each reporting date.

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. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount 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. Impairment losses are recognised in the income statements. 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 the other assets in the unit (groups of units) on a pro rata basis.

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 statements 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 statements, a reversal of that impairment loss is also recognised in the income statements.

(l) Equity instruments

All equity instruments are stated at cost on initial recognition and are not re-measured subsequently.

(i) Issue expenses

Costs directly attributable to issue of equity instruments are recognised as a deduction from equity.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Equity instruments (continued)

(ii) 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 and is not re-valued for subsequent changes in the fair value or market price of shares. Repurchased shares not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity.

Where treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the share premium account or distributable reserves, or both.

Where treasury shares are reissued by re-sale in the open market, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

(m) 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 Funds are charged to the income statements in the year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(n) 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.

(i) Provision for liquidated and ascertained damages

Provision for liquidated and ascertained damages is recognised immediately in the income statements when there is a potential delay or failure to complete and handover the equipment or projects at stipulated completion and handover date.

(ii) 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 (CONTINUED)

(o) 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.

(p) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency risk exposures.

Forward foreign exchange contracts are accounted for on an equivalent basis as the underlying assets, liabilities or net positions. Any profit or loss arising is recognised on the same basis as that arising from the related assets, liabilities or net positions.

(q) 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.

The liability component is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component.

Subsequent to initial recognition, the liability component is measured at amortised cost using effective interest rate. At each reporting date, the equity component will be recapitalised with reference to the dividend paid.

(r) Revenue

(i) Fixed price contracts

Revenue from fixed price contracts is recognised in the income statements on the percentage of completion method, measured by reference to the proportion of 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 the 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 statements.

(ii) Goods sold and services rendered

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

Revenue from services rendered is recognised in the income statements 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) Dividend income

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Interest income

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

(t) Tax expense

Tax expense comprises current and deferred tax. Tax expense is recognised in the income statements 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 temporary differences arising from the initial recognition of goodwill and 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.

Unutilised reinvestment allowance and investment tax allowance are treated as tax base of assets and are recognised as a reduction of tax expense as and when they are utilised.

(u) Earnings per share

The Group presents basic 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 ordinary shares outstanding during the period.

(v) 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.

(w) Operating leases

Leases, where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and the leased assets are not recognised on the Group's balance sheet.

Payments made under operating leases are recognised in the income statements on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to income statements in the reporting period in which they are incurred.

notes to the financial statements (cont'd)

3. PROPERTY, PLANT AND EQUIPMENT

Group *Cost/Valuation*	Freehold building RM	Leasehold buildings RM	Furniture, fittings, office equipment and renovation RM	Motor vehicles RM	Plant and machineries and testing equipment RM	Total RM
At 1 October 2008	320,000	20,586,040	4,258,909	3,134,018	46,084,871	74,383,838
Additions	-	18,398,767	124,394	650	6,162,139	24,685,950
Disposals	-	-	-	(650)	-	(650)
Written-off	-	-	-	-	(38,780)	(38,780)
At 30 September 2009/ 1 October 2009	320,000	38,984,807	4,383,303	3,134,018	52,208,230	99,030,358
Additions	-	414,698	149,131	647,691	1,577,374	2,788,894
Disposals	-	-	(9,834)	(176,587)	(20,000)	(206,421)
Written-off	-	-	-	(21,608)	-	(21,608)
At 30 September 2010	320,000	39,399,505	4,522,600	3,583,514	53,765,604	101,591,223
Representing items at:						
Cost	-	18,859,505	4,522,600	3,583,514	53,765,604	80,731,223
Valuation - 2007	320,000	20,540,000	-	-	-	20,860,000
At 30 September 2010	320,000	39,399,505	4,522,600	3,583,514	53,765,604	101,591,223
Depreciation						
At 1 October 2008	6,400	370,117	2,675,462	2,566,709	28,017,511	33,636,199
Charge for the year	6,400	459,991	276,693	172,650	3,627,752	4,543,486
Disposals	-	-	-	(511)	-	(511)
Written-off	-	-	-	-	(38,778)	(38,778)
At 30 September 2009/ 1 October 2009	12,800	830,108	2,952,155	2,738,848	31,606,485	38,140,396
Charge for the year	6,400	708,180	275,173	187,474	3,844,803	5,022,030
Disposals	-	-	(3,548)	(106,402)	(20,000)	(129,950)
Written-off	-	-	-	(21,607)	-	(21,607)
At 30 September 2010	19,200	1,538,288	3,223,780	2,798,313	35,431,288	43,010,869
Carrying amounts						
At 30 September 2008	313,600	20,215,923	1,583,447	567,309	18,067,360	40,747,639
At 30 September 2009/ 1 October 2009	307,200	38,154,699	1,431,148	395,170	20,601,745	60,889,962
At 30 September 2010	300,800	37,861,217	1,298,820	785,201	18,334,316	58,580,354

notes to the financial statements (cont'd)

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

3.1 Property under the revaluation model

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

Had the freehold building been carried under the cost model, its carrying amount would has been RM214,660 (2009 – RM220,039).

b) Leasehold buildings were revalued by the Directors in 2007 based on valuations carried out on 30 September 2007 by independent registered professional valuers using the open market valuation method 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 leasehold buildings been carried at historical cost less accumulated depreciation, their carrying amounts of the revalued assets that would have been included in the financial statements at the end of the year would have been RM18,307,713 (2009 – RM18,653,451).

4. PREPAID LEASE PAYMENTS

Long term leasehold land	**Group unexpired lease period of more than 50 years RM**
Cost	
At 1 October 2008	9,373,000
Additions	7,741,831
At 30 September 2009/1 October 2009	17,114,831
Additions	2,608
At 30 September 2010	17,117,439
Amortisation	
At 1 October 2008	1,038,881
Amortisation for the year	195,206
At 30 September 2009/1 October 2009	1,234,087
Amortisation for the year	278,644
At 30 September 2010	1,512,731
Carrying amounts	
At 1 October 2008	8,334,119
At 30 September 2009/1 October 2009	15,880,744
At 30 September 2010	15,604,708

The Group's long term leasehold land were revalued by the Directors in 2002 based on professional valuations using the open market valuation method.

notes to the financial statements (cont'd)

5. INVESTMENT IN SUBSIDIARIES

	Company 2010 RM	Company 2009 RM
Unquoted shares, at cost	76,837,002	76,837,002

Details of the subsidiaries, all of which are incorporated in Malaysia, are as follows:

Name of subsidiary	Principal activity	Effective ownership interest 2010 %	Effective ownership interest 2009 %
Subsidiaries of APB Resources Berhad:			
Era Julung Sdn. Bhd.	Investment holding	100	100
Landas Fikir Sdn. Bhd. *	Dormant	100	100
Subsidiaries of Era Julung Sdn. Bhd.:			
Prescan Sdn. Bhd.	Provision of non-destructive testing services and other related services	100	100
Amalgamated Metal Corporation (M) Sdn. Bhd.	Fabrication of specialised design and manufacturing of engineering equipment	100	100
Subsidiaries of Amalgamated Metal Corporation (M) Sdn. Bhd.:			
Finned Tubes Malaysia Sdn. Bhd.	Fabrication of finned tubes	100	100

* This subsidiary is audited by another firm of Chartered Accountants.

6. OTHER INVESTMENT

	Group 2010 RM	Group 2009 RM
Other investment, at cost	75,000	75,000
Less: Allowance for diminution in value	(40,000)	(40,000)
	35,000	35,000

notes to the financial statements (cont'd)

7. INTANGIBLE ASSET

Goodwill	Group 2010 RM	Group 2009 RM
Cost		
At 1 October 2008 / 30 September 2009 / 1 October 2009 / 30 September 2010	13,458,008	13,458,008

Impairment testing for cash-generating unit containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's fabrication and non-destructive testing divisions which represent 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 ten (10) years projection was used for determining the value in use.

(ii) Revenue was projected at RM130.5 million for the first year and an anticipated growth by 5% (2009: 5%) per annum thereon.

(iii) Effective tax rates were projected to be 25% for the next ten (10) years.

(iv) A pre-tax discount rate of 7.30% (2009: 6.50%) was applied in determining the recoverable amount of those units. The discount rate was estimated based on the Group's estimated rate of borrowings, which was based on a possible range of debt leveraging of 1% at the market interest rate of 6.3%.

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

The Group will not suffer any impairment loss even if the above estimates experienced the following changes:

- An increase in 1% in the pre-tax discount rate.
- A 10% decrease in the future planned revenue.

8. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Trade					
Trade receivables	8.1, 8.2	29,705,569	36,999,920	-	-
Less: Allowance for doubtful debts	8.3	(3,608,636)	(3,159,376)	-	-
		26,096,933	33,840,544	-	-
Amount due from contract customers	8.4	16,151,908	9,333,496	-	-
		42,248,841	43,174,040	-	-

notes to the financial statements (cont'd)

8. RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

	Note	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Non-trade					
Other receivables	8.5	856,752	443,855	6,665	6,665
Deposits		529,287	282,355	-	-
Prepayments		225,421	206,992	-	-
Amount due from subsidiaries	8.6	-	-	43,529,250	40,827,038
		1,611,460	933,202	43,535,915	40,833,703
		43,860,301	44,107,242	43,535,915	40,833,703

8.1 Analysis of foreign currency exposure for significant trade receivables

Significant trade receivables outstanding at year end that are not in the functional currency of the Group's entities are as follows:

Functional currency	**Foreign currency**	Group 2010 RM	Group 2009 RM
RM	USD	13,091,824	17,782,482
RM	EURO	3,867,917	1,697,977
RM	SGD	349,494	2,355,601

8.2 Retention sums

	Group 2010 RM	Group 2009 RM
Retention sums included in trade receivables	4,527,582	7,884,567

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

	2010 RM	2009 RM
Within 1 year	4,527,582	7,339,967
1 – 2 years	-	544,600
	4,527,582	7,884,567

8.3 Allowance for doubtful debts

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

notes to the financial statements (cont'd)

8. RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

8.4 Amount due from / to contract customers

	Group 2010 RM	Group 2009 RM
Aggregate costs incurred to date	55,672,747	86,004,633
Add: Attributable profits (net of foreseeable losses)	5,842,997	13,334,493
	61,515,744	99,339,126
Less: Progress billings	(47,078,607)	(97,968,027)
	14,437,137	1,371,099
Amount due to contract customers (Note 14)	1,714,771	7,962,397
Amount due from contract customers	16,151,908	9,333,496

8.5 Other receivables

Included in the other receivables of the Group is advance payments made to suppliers for purchases amounting to RM809,741 (2009 - RM414,142).

8.6 Amount due from subsidiaries

The amount due from subsidiaries is unsecured, interest-free and has no fixed terms of repayment.

9. INVENTORIES

	Group 2010 RM	Group 2009 RM
At cost:		
Raw materials and consumables	1,497,116	5,225,899

10. CASH AND CASH EQUIVALENTS

	Note	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Cash and bank balances		7,980,973	5,565,828	208,185	117,942
Short term funds	10.1	397,070	339,289	397,070	339,289
Deposits placed with licensed banks	10.2	34,877,794	52,630,787	-	-
		43,255,837	58,535,904	605,255	457,231

notes to the financial statements (cont'd)

10. CASH AND CASH EQUIVALENTS (CONTINUED)

10.1 Short term funds

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

10.2 Deposits placed with licensed banks

In 2009, a deposit of the Group amounting to RM143,262 was pledged to a licensed bank as a security for credit facilities granted to the Group.

11. SHARE CAPITAL

	Group and Company			
	Amount 2010 RM	Number of shares 2010	Amount 2009 RM	Number of shares 2009
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) 2004 / 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	112,875,002	112,875,002	88,146,507	88,146,507
Conversion of ICPS into ordinary shares	-	-	24,728,495	24,728,495
Total ordinary shares	112,875,002	112,875,002	112,875,002	112,875,002
5.5% Irredeemable Convertible Preference Shares (ICPS) 2004 / 2009 of RM1.00 each:				
Gross balance	-	-	24,728,495	24,728,495
Conversion of ICPS into ordinary shares	-	-	(24,728,495)	(24,728,495)
	-	-	-	-
Total	112,875,002	112,875,002	112,875,002	112,875,002

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets. In respect of the Company's treasury shares that are held by the Group, all rights are suspended until those shares are reissued.

11. SHARE CAPITAL (CONTINUED)

The salient features of the Irredeemable Convertible Preference Shares (ICPS) were 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 convertible at the rate of one (1) ICPS for one (1) Company's 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;

(iv) The ICPS holders 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 should the Company be 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.

At 30 March 2009, the ICPS had matured and all outstanding ICPS were converted into the Company's ordinary shares based on the conversion rate as mentioned above.

12. RESERVES

12.1 Treasury shares

The shareholders of the Company by a special resolution passed in the Annual General Meeting on 25 February 2010, 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.

There were no treasury shares purchased nor sold during the financial year. The number of treasury shares held at year end was 2,030,200 (2009: 2,030,200) units.

12.2 Revaluation reserve (Non-distributable)

The revaluation reserve relates to the revaluation of the Group's freehold and leasehold buildings in 2007.

notes to the financial statements (cont'd)

12. RESERVES (CONTINUED)

12.3 Retained earnings (Distributable)

The Finance Act, 2007 introduced a single tier income tax system with effect from year of assessment 2008. Under this 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.

On 26 January 2010, the Company has elected for the single tier tax system and therefore, dividends distributed to shareholders will be exempted from tax.

13. DEFERRED TAX LIABILITIES

Recognised deferred tax (assets) and liabilities

Deferred tax (assets) and liabilities are attributable to the followings:

	Assets		Liabilities		Net	
Group	**2010 RM**	**2009 RM**	**2010 RM**	**2009 RM**	**2010 RM**	**2009 RM**
Property, plant and equipment	-	-	4,564,812	4,677,585	4,564,812	4,677,585
Provisions	(2,924,367)	(3,825,453)	-	-	(2,924,367)	(3,825,453)
Other temporary differences	-	(2,713)	217,322	-	217,322	(2,713)
	(2,924,367)	(3,828,166)	4,782,134	4,677,585	1,857,767	849,419

Movement in temporary differences during the year

	Property, plant and equipment RM	Provisions RM	Other temporary differences RM	Total RM
At 1 October 2008	3,345,382	(3,231,601)	49,922	163,703
Recognised in income statements (Note 20)	1,332,203	(593,852)	(52,635)	685,716
At 30 September 2009/ 1 October 2009	4,677,585	(3,825,453)	(2,713)	849,419
Recognised in income statements (Note 20)	(112,773)	901,086	220,035	1,008,348
At 30 September 2010	4,564,812	(2,924,367)	217,322	1,857,767

notes to the financial statements (cont'd)

13. DEFERRED TAX LIABILITIES (CONTINUED)

Unrecognised deferred tax assets

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

	Group 2010 RM	Group 2009 RM
Deductible temporary difference	-	280,067
Tax loss carry-forward	581,247	-
	581,247	280,067

The deductible temporary difference does 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 Group can utilise the benefits there from.

14. PAYABLES AND ACCRUALS

	Note	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Trade					
Trade payables	14.1, 14.2	7,997,271	10,896,869	-	-
Amount due to contract customers	8.4	1,714,771	7,962,397	-	-
		9,712,042	18,859,266	-	-
Non-trade					
Amount due to a subsidiary	14.3	-	-	6,371,814	6,021,814
Other payables	14.4	118,996	380,051	-	-
Accrued expenses		3,978,589	11,079,109	244,935	252,134
		4,097,585	11,459,160	6,616,749	6,273,948
		13,809,627	30,318,426	6,616,749	6,273,948

14.1 Analysis of foreign currency exposure for significant trade payables

Significant trade payables that are not in the functional currency of the Group's entities are as follows:

Functional currency	Foreign currency	Group 2010 RM	Group 2009 RM
RM	USD	461,589	36,128
RM	EURO	-	28,542
RM	SGD	30,092	17,167
RM	GBP	18,748	-

notes to the financial statements (cont'd)

14. PAYABLES AND ACCRUALS (CONTINUED)

14.2 Trade payables

Included in trade payables of the Group is an amount of RM148,149 (2009 - RM406,172) due to companies in which certain Directors of the Company have interests.

The amount is unsecured, interest-free and repayable on demand.

14.3 Amount due to a subsidiary

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

14.4 Other payables

Included in the other payables of the Group is an amount of RM28,895 (2009 - RM22,132) due to companies in which certain Directors of the Company have financial interests.

15. PROVISION FOR LIQUIDATED AND ASCERTAINED DAMAGES

	Group RM
At 1 October 2009	11,347,117
Provision made during the year	1,435,506
Provision used during the year	(383,327)
Provision reversed during the year	(5,064,845)
At 30 September 2010	7,334,451

As at 30 September 2010, the Group has provision of RM7,334,451 which was provided for the Group's potential obligations arising from the delay in completion and delivery of projects. The amount to be provided was determined based on the contracted terms as set out in the letters of award, contracts or purchase orders. The final settlement sum together with the timing of settlement may vary depending on the outcome of negotiations between the Group and their customers.

16. REVENUE

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Revenue - contract revenue	128,698,928	162,634,691	-	-
- dividend income	-	-	10,496,760	5,818,856
	128,698,928	162,634,691	10,496,760	5,818,856
Contract costs recognised as cost of goods sold	(108,335,859)	(128,549,976)	-	-
Gross profit	20,363,069	34,084,715	10,496,760	5,818,856

notes to the financial statements (cont'd)

17. OPERATING PROFIT

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Operating profit is arrived at after crediting:				
Dividend income	-	-	10,496,760	5,818,856
Gain on foreign exchange				
- realised	-	4,592,901	-	-
- unrealised	118,190	418,170	-	-
Interest income	876,200	1,227,289	14,547	31,989
Net gain on disposal of plant and equipment	65,329	29	-	-
Rental income	-	15,950	-	-
Reversal of accrual for rectification works	-	4,192,557	-	-
Reversal of allowance for doubtful debts	46,328	87,423	-	-
Reversal of provision for liquidated and ascertained damages	5,064,845	3,973,250	-	-
Reversal of unrealised loss on forward contracts	570,823	-	-	-
and after charging:				
Allowance for doubtful debts	495,588	1,543,797	-	-
Amortisation of prepaid lease payments	278,644	195,206	-	-
Auditors' remuneration				
- Statutory audit				
- KPMG	81,000	81,000	20,000	20,000
- Other auditor	1,000	1,000	-	-
- Other services				
- KPMG	5,000	5,000	5,000	5,000
Depreciation of property, plant and equipment	5,022,030	4,543,486	-	-
Hire of machineries	126,194	105,365	-	-
Loss on foreign exchange				
- realised	3,191,771	489,820	-	-
- unrealised	-	222,846	-	-
Personnel expenses (excluding key management personnel):				
- contribution to Employees' Provident Fund	974,594	1,176,213	35,796	33,948
- wages, salaries and others	8,635,429	10,353,408	148,250	135,900
Plant and equipment written off	1	2	-	-
Provision for liquidated and ascertained damages	1,435,506	5,722,562	-	-
Rental of factory	613,000	898,822	-	-
Rental of hostel	103,668	102,195	-	-
Rental of motor vehicles	50,182	49,266	-	-
Rental of premises	20,960	24,360	-	-
Reversal of unrealised gain on foreign exchange	10,905	-	-	-

notes to the financial statements (cont'd)

18. FINANCE COSTS

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Dividend on ICPS (Note 22)	-	22,996	-	22,996
Other bank charges	208,253	280,143	-	-
	208,253	303,139	-	22,996

19. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows:

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Directors				
- Fees	154,000	104,000	150,000	100,000
- Remuneration	1,174,425	1,200,380	231,250	273,400
	1,328,425	1,304,380	381,250	373,400

Apart from Directors, there are no other key management personnel having authority and responsibility for planning, directing and controlling the activities of the Group's entities either directly or indirectly.

20. TAX EXPENSE

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Current tax expense				
Current year	534,221	2,392,098	-	-
(Over)/Under-provision in prior years	(115,215)	1,407,917	-	12,257
	419,006	3,800,015	-	12,257
Deferred tax expense				
Origination and reversal of temporary differences	1,413,870	1,467,234	-	-
Over-provision in prior years	(405,522)	(781,518)	-	-
	1,008,348	685,716	-	-
Tax expense	1,427,354	4,485,731	-	12,257

notes to the financial statements (cont'd)

20. TAX EXPENSE (CONTINUED)

	Group 2010 RM	Group 2009 RM	Company 2010 RM	Company 2009 RM
Reconciliation of tax expense				
Profit for the year	4,881,982	23,423,266	9,712,356	4,662,690
Total tax expense	1,427,354	4,485,731	-	12,257
Profit excluding tax	6,309,336	27,908,997	9,712,356	4,674,947
Income tax using Malaysian tax rate at 25%	1,577,334	6,977,249	2,428,089	1,168,737
Non-deductible expenses	510,491	544,103	199,738	293,974
Non-taxable income	-	-	(2,627,827)	(1,462,711)
Tax incentives	(215,029)	(3,626,429)	-	-
Utilisation of deferred tax assets previously not recognised	-	(35,591)	-	-
Effect of unrecognised deferred tax assets	75,295	-	-	-
	1,948,091	3,859,332	-	-
(Over)/Under-provision in prior years	(520,737)	626,399	-	12,257
Tax expense	1,427,354	4,485,731	-	12,257

21. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 30 September 2010 was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding calculated as follows:

Group	2010 RM	2009 RM
Profit for the year attributable to ordinary shareholders	4,881,982	23,423,266
Less: Dividend on ICPS - equity component	-	(569,321)
Profit attributable to ordinary shareholders	4,881,982	22,853,945

Weighted average number of ordinary shares:

	Group 2010	Group 2009
Issued ordinary shares at 1 October	112,875,002	88,146,507
Less: Effect of treasury shares held	(2,030,200)	(2,030,200)
Less: Effect of conversion of ICPS into ordinary shares	-	12,330,373
Weighted average number of ordinary shares at 30 September	110,844,802	98,446,680

notes to the financial statements (cont'd)

21. EARNINGS PER ORDINARY SHARE (CONTINUED)

Basic earnings per ordinary share (cont'd)

	Group 2010 Sen	Group 2009 Sen
Basic earnings per ordinary share	4.40	23.21

There were no diluted earnings per ordinary share for the Group as at 30 September 2010.

22. DIVIDENDS

Dividends recognised by the Company are:

2010	Sen per share (net of tax)	Total amount RM	Date of payment
Interim single-tier 2010 ordinary	3.5	3,879,577	22 June 2010
Final single-tier 2009 ordinary	3.0	3,325,344	10 March 2010
Total amount		7,204,921	
2009			
Ordinary dividend:			
Interim 2009 ordinary	2.63	2,909,676	26 June 2009
Final 2008 ordinary	2.25	1,937,610	11 March 2009
Total amount		4,847,286	
Preference dividend:			
Current year		592,317	
Less: Amount relating to liability component		(22,996)	
Total amount		569,321	

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 2009 and interim dividend paid for the year.

The final single-tier exempt ordinary 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 2010 is 3.0 sen per ordinary share totalling RM3,325,344.

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.

23. 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.

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 comprise mainly interest-earning assets, corporate assets, expenses and tax assets and liabilities.

notes to the financial statements (cont'd)

23. SEGMENTAL REPORTING (CONTINUED)

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.

Inter-segment pricing is determined based on negotiated terms.

Business segments

The Group comprises the following main business segments:

Fabrication	Fabrication of specially designed and manufacturing of engineering equipment.
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.

Business Segments **2010**	Fabrication RM	Non-destructive testing RM	Elimination RM	Consolidated RM
Total external revenue	125,755,730	2,943,198	-	128,698,928
Inter-segment revenue	3,395,743	2,448,731	(5,844,474)	-
Total segment revenue	129,151,473	5,391,929	(5,844,474)	128,698,928
Segment result	5,706,543	977,293	-	6,683,836
Unallocated expenses				(1,042,447)
Interest income				876,200
Operating profit				6,517,589
Finance costs				(208,253)
Profit before tax				6,309,336
Tax expense				(1,427,354)
Profit for the year				4,881,982
2009				
Total external revenue	159,188,978	3,445,713	-	162,634,691
Inter-segment revenue	-	2,606,506	(2,606,506)	-
Total segment revenue	159,188,978	6,052,219	(2,606,506)	162,634,691
Segment result	27,145,301	994,505	-	28,139,806
Unallocated expenses				(1,154,959)
Interest income				1,227,289
Operating profit				28,212,136

notes to the financial statements (cont'd)

23. SEGMENTAL REPORTING (CONTINUED)

Business Segments (cont'd) 2009 (cont'd)	Fabrication RM	Non-destructive testing RM	Elimination RM	Consolidated RM
Operating profit				28,212,136
Finance costs				(303,139)
Profit before tax				27,908,997
Tax expense				(4,485,731)
Profit for the year				23,423,266
2010				
Segment assets	156,796,036	6,112,642	(781,969)	162,126,709
Unallocated assets				17,273,460
Total assets				179,400,169
Segment liabilities	21,052,300	1,421,169	(1,581,969)	20,891,500
Unallocated liabilities				2,200,831
Total liabilities				23,092,331
Amortisation of prepaid lease payments	278,644	-	-	278,644
Capital expenditure	2,394,389	397,113	-	2,791,502
Depreciation of property, plant and equipment	4,760,981	261,049	-	5,022,030
Non-cash expenses other than depreciation, amortisation and impairment loss	46,328	-	-	46,328
2009				
Segment assets	179,152,156	5,688,944	(888,682)	183,952,418
Unallocated assets				17,603,964
Total assets				201,556,382
Segment liabilities	41,270,178	1,022,792	(888,682)	41,404,288
Unallocated liabilities				1,521,317
Total liabilities				42,925,605
Amortisation of prepaid lease payments	195,206	-	-	195,206
Capital expenditure	32,324,553	103,228	-	32,427,781
Depreciation of property, plant and equipment	4,217,149	326,337	-	4,543,486
Non-cash expenses other than depreciation, amortisation and impairment loss	1,543,797	-	-	1,543,797

24. 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.

At balance sheet date, concentration of credit risk arose from trade receivables with net carrying amounts of RM18,670,534 (2009 – RM18,673,968) due from certain major customers of the Group. The maximum exposure to credit risk of the Group is represented by the carrying amount of each financial asset in the balance sheet.

Liquidity risk

The Group and the Company actively manage its operating cash flows and the availability funding so as to ensure that all funding needs are met. As part of the overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash to meet their working capital requirements. In addition, the Group and the Company strive to maintain available banking facilities at a reasonable level for the operation. Where necessary, the Group and the Company raise committed funding from financial institutions and prudently balances the 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, Japanese Yen and Pound Sterling. The Group mitigates its foreign currency risk on its purchases 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, certain US Dollar denominated projects have been fully hedged using forward exchange contracts which mirror the estimated cash flow of the projects. Changes in the fair value of forward exchange contracts that economically hedge monetary assets and liabilities in foreign currencies are recognised in the income statement.

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 deposits placed with licensed banks.

Effective interest rates and repricing analysis

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

	Effective interest rates per annum %	Total RM	Within 1 year RM
Group			
2010			
Financial assets			
Deposits placed with licensed banks	1.79	34,877,794	34,877,794
Short term funds	2.85	397,070	397,070

notes to the financial statements (cont'd)

24. FINANCIAL INSTRUMENTS (CONTINUED)

Effective interest rates and repricing analysis (cont'd)

	Effective interest rates per annum %	Total RM	Within 1 year RM
Group			
2009			
Financial assets			
Deposits placed with licensed banks	1.83	52,630,787	52,630,787
Short term funds	2.59	339,289	339,289
Company			
2010			
Financial assets			
Short term funds	2.85	397,070	397,070
2009			
Financial assets			
Short term funds	2.59	339,289	339,289

Fair values

Recognised financial instruments

The carrying amounts of cash and cash equivalents, receivables, deposits, and payables and accruals 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 and to suppliers of its subsidiaries. The fair values of such financial guarantees are not expected to be material as the probability of the subsidiaries defaulting on the credit line is remote.

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

		2010		2009	
Group	**Note**	**Carrying amount RM**	**Fair value RM**	**Carrying amount RM**	**Fair value RM**
Other investment	24.1	35,000	60,000	35,000	48,000
Forward exchange contracts:					
Liabilities	24.2	-	-	513,819	513,819

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

24.2 The nominal value of derivatives is as follows:

	2010 RM	2009 RM
Forward exchange contracts		
Liability -in USD	-	10,283,000

notes to the financial statements (cont'd)

24. FINANCIAL INSTRUMENTS (CONTINUED)

Estimation of fair value

Forward exchange contracts were marked-to-market using quoted market prices.

25. LEASE COMMITMENTS

Leases as lessee

Total future minimum lease payments under operating lease rentals are payable as follows:

	Group	
	2010 RM	2009 RM
Less than one year	722,400	179,000
Between one and five years	16,800	-
	739,200	179,000

The Group leases factories and hostels under operating leases. The leases typically run for a period of 2 to 3 years, with an option to renew the lease after that date.

26. CAPITAL COMMITMENTS

	Group	
	2010 RM	2009 RM
Plant and equipment		
Contracted but not provided for	-	820,000

27. CONTINGENT LIABILITIES (UNSECURED)

	Company	
	2010 RM	2009 RM
Corporate guarantees granted to suppliers of its subsidiaries	8,100,000	8,100,000
Corporate guarantees granted to financial institutions for bank facilities granted to its subsidiaries	90,700,000	90,700,000

28. RELATED PARTIES

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company 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 or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel includes all the Directors of the Group. Key management compensation is disclosed in Note 19.

28. RELATED PARTIES (CONTINUED)

The significant related party transactions of the Group and the Company, other than key management personnel compensation, are as follows:

Group	Transaction	Transactions amount for the year ended 30 September 2010 RM	2009 RM	Balances at 30 September 2010 RM	2009 RM
Companies where certain Directors of the Company have financial interests:					
Peng Fah Engineering Sdn. Bhd.	Rental expenses	408,000	408,000	-	-
Technical Resources Sdn. Bhd.	Purchases of welding consumables and maintenance of equipment	-	352,138	-	283,635
TTS Insu-Write Services Sdn. Bhd.	General and marine cargo insurance	194,621	235,294	28,895	22,132
TTS Transport Sdn. Bhd.	Transportation services	535,237	1,864,166	122,370	-
TTS Engineering Sdn. Bhd.	Minor fabrication works and rental expenses	227,434	767,916	18,588	118,446
TTS Enterprise Sdn. Bhd.	Maintenance of lorries and machineries	24,339	32,609	7,191	4,091
TTS Teknik Sdn. Bhd.	Machining and processing works	-	29,073	-	-
Company					
Subsidiary					
Era Julung Sdn. Bhd.	Dividend receivable	10,496,760	5,818,856	-	-

The terms and conditions for the above transactions are based on normal trade terms. All the amounts outstanding are unsecured and expected to be settled with cash.

29. SUPPLEMENTARY INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued another directive on the disclosure and the prescribed format of presentation.

The breakdown of the retained earnings of the Group and of the Company as at 30 September 2010, into realised and unrealised profits, pursuant to the directive, is as follows:

	2010	
	Group RM	**Company RM**
Total retained earnings of the Company and its subsidiaries:		
- realised profits	92,953,921	4,989,608
- unrealised losses	(3,226,595)	-
	89,727,326	4,989,608
Less: consolidation adjustments	(43,018,907)	-
Total retained earnings (distributable)	46,708,419	4,989,608

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* issued by Malaysian Institute of Accountants on 20 December 2010.

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 28 to 64 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 30 September 2010 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 29 on page 65 has been properly compiled in accordance with the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements,* issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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: 27 January 2011

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 28 to 65 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 27 January 2011.

....

Cheong Wai Pong

Before me:

independent auditors'
report to the members of APB Resources Berhad
(Company No. 564838-V) (Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of APB Resources Berhad, which comprise the balance sheets as at 30 September 2010 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 28 to 64.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 September 2010 and of their financial performance and cash flows for the financial year then ended.

Report on Other Legal and Regulatory Requirements

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

a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 5 to the financial statements.

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

d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

independent auditors'

report to the members of APB Resources Berhad (cont'd)

(Company No. 564838-V) (Incorporated in Malaysia)

Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 29 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Other Matters

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

KPMG
Firm Number: AF 0758
Chartered Accountants

Peter Ho Kok Wai
Approval Number: 1745/12/11(J)
Chartered Accountant

Petaling Jaya,

Date: 27 January 2011

list of properties
as at 30 september 2010

Property	Tenure	Description (Approximate Age of Building) / Existing Use	Land Area / Built-Up Area (Date for Certificate of Fitness / *Certificate of Completion and Compliance)	Carrying Amounts As At 30 Sept 2010 (RM)	Open Market Value (RM)	Date of Valuation
Amalgamated Metal Corporation (M) Sdn. Bhd.						
1. 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 (9 years) / For Office and Factory Operations	39,250 / 179,541 square metres (12 June 1995)	9,000,000 (Within Property, Plant and Equipment) 3,620,455 (Within Prepaid Lease Payments) 12,620,455 (Total)	9,500,000 (For Buildings) 4,700,000 (For Land) 14,200,000 (Total)	30 September 2007
2. 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 (6 years) / For Factory Operations	26,110 / 37,747 square metres (8 June 2003)	6,296,454 (Within Property, Plant and Equipment) 2,413,636 (Within Prepaid Lease Payments) 8,710,090 (Total)	6,600,000 (For Buildings) 3,200,000 (For Land) 9,800,000 (Total)	30 September 2007
3. 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 (5 1/2 years) / For Office and Factory Operations	8,094 / 4,597 square metres (29 March 2004)	4,178,824 (Within Property, Plant and Equipment) 2,008,599 (Within Prepaid Lease Payments) 6,187,423 (Total)	4,440,000 (For Buildings) 2,610,000 (For Land) 7,050,000 (Total)	30 September 2007
4. Lot No. 24, Kawasan Perindustrian Gebeng, 26080 Kuantan, Pahang (PN No. 7105, Lot No. 8922 (formerly known as HSD No. 17910, PT No. 7529), Mukim Sungai Karang, Daerah Kuantan, Pahang)	Leasehold 66 years expiring on 26 May 2064	Three (3) Contiguous Open Sided Single-Storey Detached Factory/Workshop cum Storage Area For Factory Operations	71,050 / 11,280 square metres (*29 February 2009)	18,385,939 (Within Property, Plant and Equipment) 7,562,018 Lease Payments) 25,947,957 (Total)	18,813,465 (For Buildings) 7,500,000 26,313,465 (Total)	8 January 2009
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 Sub-Lot No. B-19, Mukim Klang, Daerah Klang, Selangor)	Freehold	Intermediate Unit 1 1/2 Storey Terraced Factory (6 years) / For Office and Factory Operations	2,000 / 3,000 square feet 11 August 2000	300,800 (Within Property, Plant and Equipment)	320,000	30 September 2007

analysis of shareholdings
as at 31January 2011

Authorised Share Capital	175,000,000 ordinary shares 25,000,000 Cumulative Irredeemable Convertible Preferece shares
Issued and Paid-up Share Capital	110,844,802 ordinary shares (excluding 2,030,200 shares bought-back)
Class of Sahres	Ordinary Shares of RM1.00 each
Voting Rights	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	2,033	44.83	76,836	0.07
100 -1,000	1,230	27.12	528,068	0.48
1,001 - 10,000	866	19.10	3,939,330	3.55
10,001 - 100,000	334	7.36	11,342,395	10.23
100,001 - 5542239 (less than 5% of the issued shares)	67	1.48	32,589,021	29.40
5542240 and above (5% of the issued shares and above)	5	0.11	62,369,152	56.27
Total	4,535	100.00	110,844,802	100.00

Note:
Excluding a total of 2,030,200 ordinary shares bought-back by APB and retained as treasury shares as 31.1.2011

THIRTY LARGEST SHAREHOLDERS

	Name of Shareholders	No. of Shares	%
1	IKRAM PINTAS SDN.BHD.	30,876,000	27.86
2	AMSEC NOMINESS (TEMPATAN) SDN.BHD. PLEDGED SECURITIES ACCOUNT-AMBANK AMBANK (M) BHD.FOR YAP KOW@YAP KIM FAH	9,500,000	8.57
3	LEMBAGA TABUNG HAJI	8,850,300	7.98
4	LIM HONG LIANG	7,497,845	6.76
5	ASPIRASI JITU SDN.BHD.	5,645,007	5.09
6	TTS RESOURCES SDN.BHD	5,117,215	4.62
7	YAP KOW @ YAP KIM FAH	2,716,404	2.45
8	LIM HONG LIANG	2,161,500	1.95
9	DATO' CHONG WENG CHOY	2,063,100	1.86
10	GOH SIANG KUAN	1,089,322	0.98
11	RHB CAPITAL NOMINEES (TEMPATAN) SDN.BHD. PLEDGED SECURITIES ACOUNT FOR LEE TECK YUEN	1,000,000	0.90
12	CHEONG BOON YU	955,157	0.86
13	TEH TECK TEE	942,000	0.85

analysis of shareholdings
as at 31 January 2011 (cont'd)

THIRTY LARGEST SHAREHOLDERS (CONTINUED)

Name of Shareholders	No. of Shares	%
14 YEO SEO HWA	938,500	0.85
15 LEE BOOM IMM	933,000	0.84
16 GAN CHIN BOON	925,157	0.83
17 YAP KOW @ YAP KIM FAH	723,000	0.65
18 CHI HOO @ CHU CHI HOO	658,190	0.59
19 RARE PRESTIGE SDN.BHD	616,569	0.56
20 FONG PICK KIM	599,800	0.54
21 LIM PIN KONG	500,000	0.45
22 TAN HUEY SZU	465,400	0.42
23 WONG THAN LOY	406,500	0.37
24 CHWA ENG WAN	402,700	0.36
25 MUHAMMAD MARZUKI BIN A SAMAD	400,000	0.36
26 EB NOMINEES (TEMPATAN) SDN.BHD. PLEDGED SECURITIES ACCOUNT FOR ON BOON KAI	363,500	0.33
27 PUAH SIEW MOOI	349,700	0.32
28 BHLB TRUSTEE BHD PACIFIC RECOVERY FUND	345,300	0.31
29 PUBLIC NOMINEES (TEMPATAN) SDN.BHD. PLEDGED SECURITIES ACCOUNT FOR NG FAAI @ NG YOKE PEI	338,000	0.30
30 ONG BENG KHOON	310,000	0.28

analysis of shareholdings
as at 31 January 2011 (cont'd)

DIRECTORS' DIRECT AND INDIRECT INTERESTS IN SHARES OF APB
(The Directors' direct and indirect interests in shares of APB based on the Register of Directors' Shareholdings)

Ordinary Shares

Directors

Name	No. of Ordinary Shares Held Direct	%	Indirect	%	Total	%
Yap Kow @ Yap Kim Fah	12,939,404	11.67	35,993,215	32.47	48,932,619	44.15
Tan Teng Khuan	244,095	0.22	0	0.00	244,095	0.22
Gan Chin Boon	925,157	0.83	0	0.00	925,157	0.83
Lim Hong Liang	9,659,345	8.71	616,569	0.56	10,275,914	9.27
Yap Kau @ Yap Yeow Ho	33,000	0.03	5,117,215	4.63	5,150,215	4.66
Mak Fong Ching	0	0.00	0	0.00	0	0.00
Johari Low Bin Abdullah	0	0.00	0	0.00	0	0.00
Chua Eng Seng	0	0.00	0	0.00	0	0.00
Muhayuddin Bin Musa	1	0.00	0	0.00	1	0.00
Alternate Directors						
Yap Swee Sang	0	0.00	0	0	0	0
Yap Puhui Lin	163,200	0.15	0	0	163,200	0.15

SUBSTANTIAL SHAREHOLDERS BASED ON THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name	Note	No. of Ordinary Shares Held Direct	%	Indiret	%	Total	%
Yap Kow @ Yap Kim Fah	1	12,939,404	11.67	35,993,215	32.47	48,932,619	44.15
Lim Hong Liang	2	9,659,345	8.71	616,569	0.56	10,275,914	9.27
Ikram Pintas Sdn. Bhd.		30,876,000	27.86	0	0.00	30,876,000	27.86
Aspirasi Jitu Sdn. Bhd.		5,645,007	5.09	0	0.00	5,645,007	5.09
Lembaga Tabung Haji		8,850,300	7.98	0	0.00	8,850,300	7.98

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 Rare Prestige Sdn. Bhd.

notice of ninth (9th) annual general meeting

NOTICE IS HEREBY GIVEN that the Ninth 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 Wednesday, 23 March 2011 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 financial year ended 30 September 2010 and the Reports of the Directors and Auditors thereon. **Resolution 1**

2. To declare a final single tier dividend of 3% in respect of the financial year ended 30 September 2010 as recommended by the Directors. **Resolution 2**

3. To approve payment of Directors' fees for the financial year ended 30 September 2010. **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**

   Mr. Chua Eng Seng **Resolution 5**

   Mr. Yap Kow @ Yap Kim Fah **Resolution 6**

5. To appoint auditors and to authorize the Directors to fix their remuneration. **Resolution 7**

AS SPECIAL BUSINESS

6. Authority to Directors to Issue Shares **Resolution 8**

   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 per centum (10%) 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."

7. Proposed Renewal of Shareholders' Mandate for APB Resources Berhad and its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature with related party **Resolution 9**

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

   "THAT the Mandate granted by the Shareholders of APB Resources Berhad on 25 February 2010 pursuant to paragraph 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad, authorizing APB Resources Berhad and its subsidiary companies ("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 28 February 2011 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;

notice of ninth (9th) annual general meeting (cont'd)

(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 of the Company at which the Proposed Shareholders' Mandate will lapse, unless by resolution passed at the Annual General Meeting the authority is renewed; or

(b) The expiration of the period within which the next Annual General Meeting of the Company is required to be held pursuant to Section 143(l) of the Companies Act, 1965 but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965; 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 subsidiary companies 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 2.4 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 2.5 of the Circular."

8. Proposed Renewal of Share Buy-Back

To consider and, if thought fit, to pass the following Ordinary Resolution: **Resolution 10**

"THAT subject to the Companies Act, 1965, the Company's Memorandum and Articles of Association, the Listing Requirements of Bursa Malaysia Securities Berhad 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 in the Company as may be determined by the Directors of the Company from time to time on the market of 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 per centum (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 Malaysia Securities Berhad 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 Buy-Back 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

notice of ninth (9th) annual general meeting (cont'd)

(iii) revoked or varied by ordinary resolution of the shareholders of the Company at a general meeting

whichever occurs first."

9. SPECIAL RESOLUTION 1
ALTERATION TO CLAUSE 6 OF THE MEMORANDUM OF ASSOCIATION

To consider and, if thought fit, to pass the following Special Resolution: **Resolution 11**

"THAT the Memorandum of Association of the Company be altered by deleting Clause 6 in its entirety and replacing Clause 6 as follow:

New Clause 6:

The capital of the Company is RM200,000,000.00 divided into 200,000,000 ordinary shares of RM1.00 each. The shares in the original or any increased capital may be divided into several classes and there may be attached thereto respectively any preferential, deferred or other special rights, privileges, conditions or restrictions as to dividends, capital, voting or otherwise."

10. SPECIAL RESOLUTION 2
ALTERATION TO ARTICLE 3A OF THE ARTICLES OF ASSOCIATION

To consider and, if thought fit, to pass the following Special Resolution: **Resolution 12**

"THAT the Articles of Association of the Company be altered by deleting Article 3A in its entirety and replacing Article 3A as follow:

New Article 3A:

The capital of the Company is RM200,000,000.00 divided into 200,000,000 ordinary shares of RM1.00 each."

11. SPECIAL RESOLUTION 3
PROPOSED ALTERATION TO ARTICLE 149 OF THE ARTICLES OF ASSOCIATION

To consider and, if thought fit, to pass the following Special Resolution: **Resolution 13**

"THAT in line with the amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the existing Article 149 of the Articles of Association be deleted in its entirety and be substituted thereof, with the following new Article 149:

New Article 149:

(1) Any dividend, interest or other money payable in cash in respect of shares may be paid by way of telegraphic transfer or electronic transfer or remittance to such account as designated by such holder or the person entitled to such payment ("eDividend"), cheque or dividend warrant or via any other mode or manner as may be prescribed by the Act, Listing Requirements of the Exchange and any other relevant authority for the time being in force.

(2) In the event that a Member has not provided his bank account details to Bursa Depository, any dividend, interest or other moneys payable in cash in respect of a share may be paid by cheque, banker's cheque, dividend warrant or postal order and (in the case of a cheque, banker's cheque, dividend warrant or postal order for such payment) sent:

   (a) through post directed to the registered address of the entitled person; or

   (b) by post, by courier or by hand to the registered address of the person becoming entitled to the share by reason of the death, bankruptcy or mental disorder of the holder or by operation of law or if such address has not been supplied, to such address to which such cheque or warrant might have been posted as if the death, bankruptcy, mental disorder or operation of law had not occurred; or

notice of ninth (9th) annual general meeting (cont'd)

(c) by post, by courier or by hand to such address as the person entitled may direct in writing,

But the Company shall be entitled to send such cheque or dividend warrant to such other address or by such other means stated in Article 149(2)(a) to 149(2)(c) notwithstanding such direction.

(3) Every such cheque, warrant, electronic payment or payment made using other methods of fund transfer shall be made payable to the order of the entitled person, and such payment shall conclusively operate as a good discharge to the Company in respect of the money represented thereby. Every such payment shall be made at the risk of the person entitled to the money represented thereby. The Company shall not be responsible for any inaccurate details supplied by the Members or any errors, delay of power or electronic failure encountered during or in the course of transmission of data or payment or any loss of any such eDividend, cheque, banker's cheque, dividend warrant or postal order (whether in the bank account transfer, post, while being delivered by courier or by hand, after bank account transferring and/or delivering to the relevant address of person or otherwise). No unpaid or unclaimed dividend or interest shall bear interest as against the Company.

In this article, reference to entitled person shall mean a member whose name appears in the Record of Depositors of the Company at the material time and in consequence of death or bankruptcy of member, persons through whom payments are to be made such as the representative of the deceased, or assignee of the bankrupt where such payment will be made through them."

12. To transact any other business of which due notice shall have been given. **Resolution 14**

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

Notice is hereby given that, subject to the approval of Members at the Ninth Annual General Meeting to be held on 23 March 2011, a final single tier dividend of 3% in respect of the financial year ended 30 September 2010, will be paid on 18 April 2011 to Depositors whose names appear in the record of Depositors on 29 March 2011.

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

(a) Shares transferred into the Depositor's securities account before 5.00 p.m. on 29 March 2011 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 (MACS 00139)
Company Secretary
Kuala Lumpur
28 February 2011

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.

notice of ninth (9th) annual general meeting (cont'd)

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 8, if passed, is to give the Directors of the Company flexibility to issue and allot shares from unissued capital of the Company up to an amount not exceeding ten per centum (10%) of the Company's total issued share capital for the time being upon such terms and conditions and for such purposes and to such person or persons as Directors of the Company in their abosolute 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.

The proposed Resolution is to seek a renewal of the general mandate for the issue of new ordinary shares pursuant to Section 132D of the Companies Act, 1965 which was approved by the shareholders at the Eighth Annual General Meeting.

At the date of this notice, no new shares in the Company were issued pursuant to the general Authority to Directors to Issue Shares authority to the Directors for issuance of shares pursuant to Section 132D of the Companies Act, 1965 at the Eighth Annual General Meeting held on 25 February 2010 and which will lapse at the conclusion of the Eighth Annual General Meeting. In case of any strategic opportunities involving equity deals, which may require the Company to allot and issue new shares speedily, the Company may capitalize on its advantageous position if the Board considers it to be in the best interest of the Company. Any delay arising from and the cost involved in convening a general meeting to approve such issuance of shares would be eliminated.

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

The proposed Ordinary Resolution 9, 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 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 Shareholdes' Mandate is set out in the Circular to Shareholders dated 28 February 2011 which is despatched together with the Annual Report of the Company for the financial year ended 30 September 2010.

7 Proposed Renewal of Share Buy-Back

The proposed Ordinary Resolution 10, 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 purposed of and to purchase such amount of ordinary shres 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 per centum (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; or
(ii) the expiration of the 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,

notice of ninth (9th) annual general meeting (cont'd)

whichever occurs first.

Further information on the Proposed Share Buy-Back is set out in the Circular to Shareholders dated 28 February 2011 which is despatched together with the Annual Report of the Company for the financial year ended 30 September 2010.

8 Special Resolutions 1 and 2
Alteration to Clause 6 of the Memorandum of Association and Article 3A of the Articles of Association

The Company had on 31 March 2004 issued 25,000,000 5.5% Irredeemable Convertible Preference Shares ("ICPS"). To facilitate the issue of the said ICPS, the Company had on 25 March 2004 increased its Authorized Share Capital to RM200,000,000.00 divided into 175,000,000 ordinary shares of RM1.00 each and 25,000,000 ICPS of RM1.00 each.

The said ICPS had a term of five (5) years from the date of issue and matured upon the expiry of the five (5) years period. Upon maturity, the said ICPS had been mandatory converted into fully paid ordinary shares.

The said ICPS matured on 30 March 2009 and had been converted into ordinary shares.

As the said ICPS had been converted into ordinary shares, the ICPS in the capital clause of the Memorandum of Association and the rights, privileges and conditions of ICPS in Article 3A of the Articles of Association of the Company are no longer required.

The Proposed Special Resolutions 1 and 2, if passed, will amend Clause 6 of the Memorandum of Association and Article 3A of the Articles of Association accordingly.

9 Special Resolution 3
Alteration to Article 149 of the Company's Articles of Association

The proposed amendment to the existing Article 149 of the Company's Articles of Association is to incorporate the requirements of Bursa Malaysia Securities Berhad to provide for the payment of dividend, interest or other money payable in cash, directly to the Members' account opened with the financial institution in Malaysia by way of electronic payment.

The Proposed Special Resolution 3, if passed, the Article 149 of the Company's Articles of Association will be amended in line with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

statement accompanying
notice of ninth (9th) 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) Mr. Chua Eng Seng; and
(c) Mr. Yap Kow @ Yap Kim Fah

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

2 Details of Attendances of Directors at Board Meetings

A total of five (5) Board of Directors' Meetings were held during the financial year ended 30 September 2010 where four (4) meetings were held at the Board Room, No. 47 (Lot 540), Jalan TUDM, Kampung Baru Subang, Seksyen U6, 40150 Shah Alam, Selangor Darul Ehsan and one (1) Board of Directors' Meeting was held at Multipurpose Hall, Royal Selangor Club, Dataran Merdeka, Jalan Raja, 50704 Kuala Lumpur. Details of attendances of Directors at the Board Meetings are set out in the Statement on Corporate Governance on pages 10 to 15 of the Annual Report.

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

Date and time of the Board Meetings

Wednesday, 25 November 2009, at 1.00 p.m.
Tuesday, 26 January 2010 at 11.30 a.m.;
Thursday, 25 February 2010 at 11.55 a.m.
Monday, 24 May 2010 at 4.00 p.m.
Tuesday, 24 August 2010 at 12.30 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
Website : www.apb-resources.com

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
Email : amcsubg@amcsb.com.my
Website : www.amcsb.com.my

Branch - Kuantan

Lot 109B, Kawasan Perindustrian Gebeng, 26080 Kuantan, Pahang Darul Makmur.
Tel : 609-5858888
Fax : 609-5858892
Email : ammetal@amcsb.com.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
Email : prescan@pd.jaring.my

Branch - Kuantan

A31, Tingkat 1, Jalan Gebeng 2/6, 26080 Kuantan, Pahang Darul Makmur.
Tel/Fax : 609-5834457

proxy form

APB RESOURCES

I/We .... NRIC/Company No. ....
(full name in block letters)

of ....
(full address)

being a member/members of the **APB RESOURCES BERHAD**, hereby appoint ....

.... NRIC/Passport No. ....
(full name in block letters)

or failing him/her ....NRIC/Passport No. ....
(full name in block letters)

of ....
(full address)

or failing him/her the Chairman of the Meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the Ninth (9th) Annual General Meeting of the Company, to be held on Wednesday, 23 March 2011 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):
(Please indicate with an "X" in either box if you wish to direct your proxy how to vote.)

No.		For	Against
1	To table and receive the Audited Financial Statements of the Company for the financial year ended 30 September 2010 and the Reports of the Directors and Auditors thereon. **(Resolution1)**		
2	To declare a final single tier dividend of 3% in respect of the financial year ended 30 September 2010. **(Resolution 2)**		
3	To approve payment of Directors' fees for the financial year ended 30 September 2010. **(Resolution3)**		
4	To re-elect Mr. Yap Kau @ Yap Yeow Ho as Director **(Resolution4)**		
5	To re-elect Mr. Chua Eng Seng as Director **(Resolution 5)**		
6	To re-elect Mr. Yap Kow @ Yap Kim Fah as Director		
7	To appoint auditors and to authorize the Directors to fix their remuneration. **(Resolution 7)**		
8	Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965. **(Resolution 8)**		
9	Proposed Renewal of Shareholders' Mandate for recurrent related party transactions of a revenue or trading nature. **(Resolution9)**		
10	Proposed Renewal of Share Buyback **(Resolution 10)**		
11	Amendment to Clause 6 of the Memorandum of Association **(Resolution 11)**		
12	Amendment to Article 3A of the Articles of Association **(Resolution 12)**		
13	Amendment to Article 149 of the Articles of Association **(Resolution 13)**		

Signed this_________ day of ____________________2011.

Number of shares held

____
Signature of Member

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.

FOLD HERE

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
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