

**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.  
Tel : 03-7846 1389  
Fax : 03-7846 3795



APB RESOURCES BERHAD  
(Company No. 664838-V)

# ANNUAL REPORT 2012

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**BOARD OF DIRECTORS**

Yap Kow @ Yap Kim Fah	Chairman / Managing Director
Tan Teng Khuan	Chief Operating Officer / 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
Mak Fong Ching (Ms.)	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  
 Yap Kau @ Yap Yeow Ho

**NOMINATION COMMITTEE**

Chua Eng Seng - *Chairman*  
 Mak Fong Ching (Ms.)  
 Lim Hong Liang

**REMUNERATION COMMITTEE**

Chua Eng Seng - *Chairman*  
 Mak Fong Ching (Ms.)  
 Yap Kow @ Yap Kim Fah

**COMPANY SECRETARY**

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

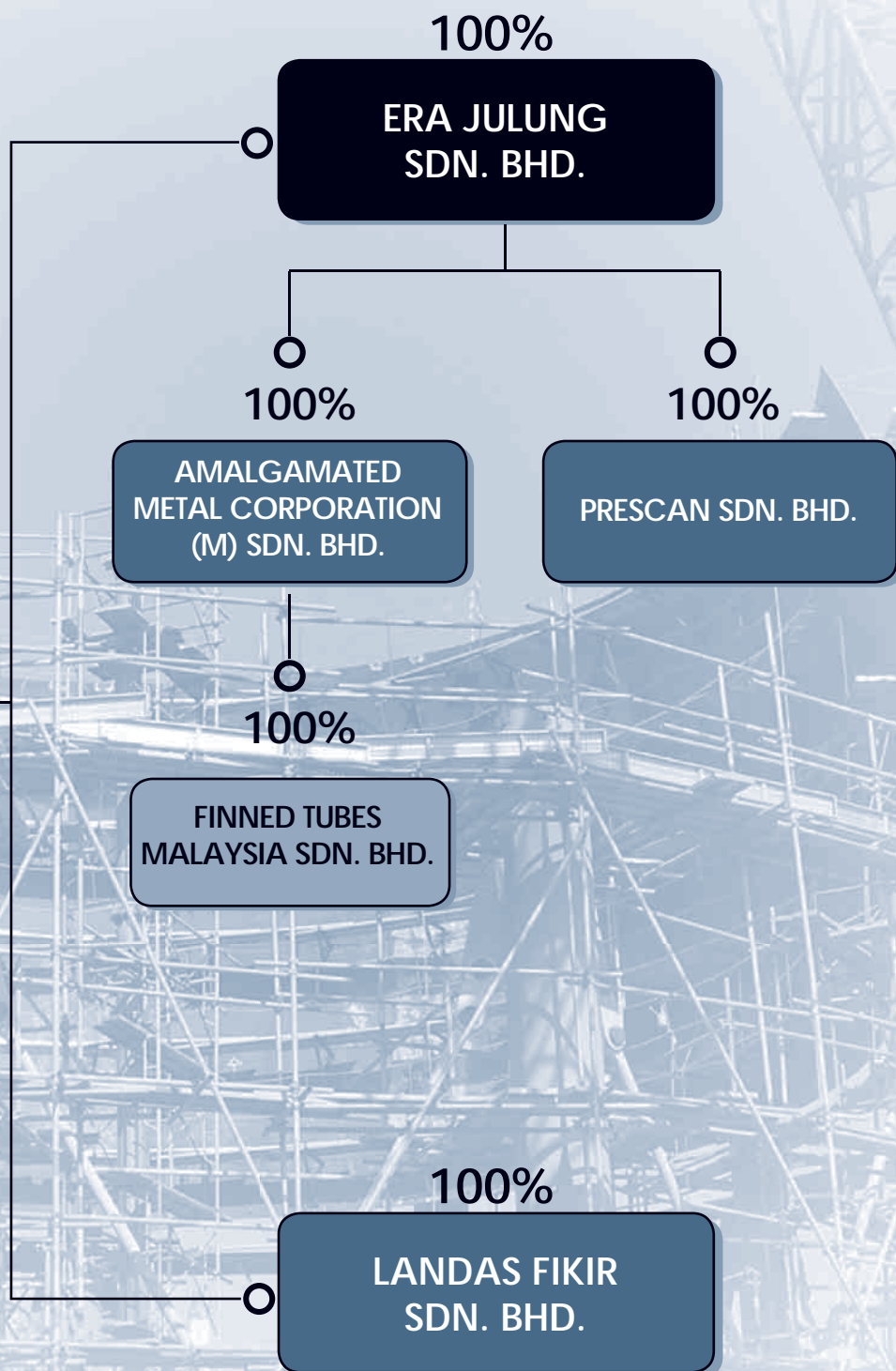
**REGISTERED OFFICE**

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





## Yap Kow @ Yap Kim Fah

Aged 67, 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 56, Malaysian • Chief Operating Officer / Executive Director

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.

**Lim Hong Liang**

Aged 53, Malaysian • Non-Independent Non-Executive Director • Member of Nomination Committee

Mr. Lim was appointed to the Board on 26 November 2008. He received a 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 69, Malaysian • Non-Independent Non-Executive Director • Member of Audit Committee

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

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

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

**Chua Eng Seng**Aged 67, Malaysian • Independent Non-Executive Director  
• Chairman of Nomination and Remuneration Committees • Member of Audit 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 is a director of several other private companies.

**Mak Fong Ching (Ms.)**

Aged 56, Malaysian • Independent Non-Executive Director • Chairperson of Audit Committee  
• Member of Nomination and Remuneration Committees

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 worked in 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.

**Yap Swee Sang**

Aged 36, 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 45, 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 his 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 shareholder 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.







Overall, the operating environment for 2012 continued to be difficult as it was weighed down by recession in the Euro region, slowing emerging markets and concern on the “fiscal-cliff” in the United States. However, the situation did improve marginally as compared to the previous year. On the local front, the looming 13th General Election presented an extremely trying situation for operational planning. Fortunately, the Group’s demand is not dependent on the local market as the bulk of the production is exported. The Group’s order book is mainly driven by global demand for fabrication of process equipment and the sector remains highly competitive as a result of weak capital expenditure and excess capacity. Capital expenditure in the oil & gas and petrochemical sectors has yet to recover from the recent years’ slide.

The oil & gas, petrochemical, energy and oleo-chemical sectors are major users of process equipment. The middle-eastern region, one of the main traditional markets for process equipment to feed its oil & gas and petrochemical sector, has virtually disappeared in the past few years, on political upheavals, budget constraints and excess capacity. This market was the major demand driver until the economic crisis struck a few years ago. Demand from the relatively stable energy sector has also been sub-par as the global environment protection movement is spreading and consequently, delaying investment in energy on fossil fuel. Moreover, the prevailing weak global economy is pushing back capital expenditure on energy generating capacity.

The oleo-chemical sector continued to be the star performing sector and principal demand driver for the process equipment industry. The sector demand continued to be held up by buoyant crude palm oil prices and expansion of cultivated acreage. These were driven by fast expanding consumption in the emerging markets such as Indonesia, India and China and capacity expansion for bio-diesel production.

Notwithstanding the difficult operating environment, the Group performed credibly. For the financial year ended 30 September 2012, revenue rose by 34.6% to RM227.3 million from RM168.9 million in the previous year. This was largely due to its successful marketing effort and strong customer goodwill built over the past years. The Group also managed to hold its overall cost level through various control measures and an efficiency drive. Despite a highly competitive operating environment, profit before taxation rose by 17.7% to RM13.3 million while profit after taxation matched the previous year’s at RM8.8 million.

The fabrication division continued to be the Group’s principal revenue contributor, accounting for 97.9% of total revenue for the financial year ended 30 September 2012 while exports made up 75%. About 98.2% of the Group’s profit after taxation came from the fabrication business.

The non-destructive testing division performed above expectation with a profit after taxation of RM0.7 million.

The Group continues to maintain a healthy financial position with a net cash position of RM39.9 million or net cash per share of 35.4 sen as at 30 September 2012.

## PROSPECTS

While it seems that the Euro zone may have averted a major euro-crisis and a much-feared "hard-landing" of the Chinese economy may end up to be relatively mild, the forecast for the global economic growth outlook remains rather anemic. Even though the much-publicized US "fiscal-cliff" problem is likely to resolve one-way-or-another, the US' economic recovery is likely to be fairly mild. Hence, capital expenditure is expected to remain weak across most industries. The Group's revenue and earnings are dependent on capital expenditure for the oil & gas, petrochemical, energy and oleo-chemical sectors. The global fabrication industry is driven largely by capital expenditure which is determined by demand for capacity expansion. The Middle East's petrochemical capacity overhang and the current political turmoil there would require a few more years for demand recovery to absorb the excesses.

Demand in the major developed countries and the principal emerging economies will remain weak. Notwithstanding the rather uncertain outlook, alternative renewable energy is gaining attention as rising costs and environmental factors are encouraging investment in this field and replacement of old inefficient plants.

The most encouraging development in recent years is that the Group has built a very strong track record and reputation as a process equipment fabricator for the oleo-chemical industry. In fact this sector has cushioned the Group's earnings for the past few years. Going forward, the rapid expansion of palm oil acreage in Malaysia and Indonesia coupled with rising demand for oleo-chemical end-products and bio-fuel should augur well for the Group.

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 potential opportunities but rest assured, the Group will always maintain a cautious and prudent strategy in all investments going forwards.

## DIVIDEND

The Board has recommended a final single-tier exempt dividend of 3.0% per ordinary share for the year ended 30 September 2012. This, upon approval by shareholders at the forthcoming eleventh (11th) Annual General Meeting, together with the interim dividend of 3.5% which was paid earlier will bring the total dividend to 6.5% for the year ended 30 September 2012.

## 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 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 2012.

## 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 2012, 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
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	5 / 5
Chua Eng Seng	Independent Non-Executive Director	5 / 5

### 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 six (6) members comprising of two (2) Executive Directors, two (2) Non-Independent Non-Executive Directors and two (2) Independent Non-Executive 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.

## 1. THE BOARD OF DIRECTORS (continued)

### 1.2 Board Balance (continued)

The Malaysian Code on Corporate Governance recommends that there should be clear division of responsibilities at the head of the company to ensure that there is proper balance of power and authority. Although the roles of the Chairman of the Board and the Group Managing Director are combined, the Board is of the view that there is a strong independent element on the Board and that there are adequate measures and controls to ensure that there is balance of power and authority, such that no individual has unfettered powers of decision.

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.

### 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 2012, the Directors have attended seminars on "Business Succession Planning", "Protecting Your Business and Family – Tax Issues and Implications", "Anti Money Laundering and Anti Terrorism Financing" and "Bloomberg's Treasury Course".

## 1. THE BOARD OF DIRECTORS (continued)

### 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 two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The Audit Committee members are as follows:

- (i) Mak Fong Ching (Ms.) (Independent Non-Executive Director) – Chairperson;
- (ii) Chua Eng Seng (Independent Non-Executive Director); and
- (iii) Yap Kau @ Yap Yeow Ho (Non-Independent Non-Executive Director).

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

The Report of the Audit Committee for the financial year ended 30 September 2012 is presented on pages 16 to 19 of this Annual Report.

#### (b) Nomination Committee

The Nomination Committee comprises two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The Nomination Committee members are as follows:

- (i) Chua Eng Seng (Independent Non-Executive Director) – Chairman;
- (ii) Mak Fong Ching (Ms.) (Independent Non-Executive Director); and
- (iii) Lim Hong Liang (Non-Independent Non-Executive Director).

The Nomination Committee has held one (1) meeting for the financial year ended 30 September 2012 whereby the Company Secretary shall be the secretary for the Nomination Committee.

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

#### (c) Remuneration Committee

The Remuneration Committee comprises two (2) Independent Non-Executive Directors and one (1) Executive Director. The Remuneration Committee members are as follows:

- (i) Chua Eng Seng (Independent Non-Executive Director) – Chairman;
- (ii) Mak Fong Ching (Ms.) (Independent Non-Executive Director); and
- (iii) Yap Kow @ Yap Kim Fah (Executive Director).

The Remuneration Committee has held one (1) meeting for the financial year ended 30 September 2012 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.



## 1. THE BOARD OF DIRECTORS (continued)

### 1.6 Sub-Committees (continued)

#### (c) Remuneration Committee (continued)

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 2012 is as follow:

	Executive Directors (RM'000)	Non-Executive Directors (RM'000)
Remuneration	550	-
Fees	10	65
Total	560	65

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	-	4
RM100,001 – RM250,000	1	-
RM250,001 – RM400,000	1	-

## 3. SHAREHOLDERS

### 3.1 Communication and Investor Relations

The Board recognises the importance for the Company's shareholders to be adequately informed of all material business matters pertaining to the Group. The Board has maintained an active and constructive communication policy that enables the Board to communicate effectively with the Company'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](http://www.bursamalaysia.com) and at the Company's website at [www.apb-resources.com](http://www.apb-resources.com), this information is accessible at all time.

### 3. SHAREHOLDERS (continued)

#### 3.1 Communication and Investor Relations (continued)

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 Eleventh (11th) AGM on 27 March 2013 at 10.00 a.m.

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

### 4. ACCOUNTABILITY AND AUDIT

#### 4.1 Financial Reporting

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

The Group's financial statements were prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards for entities other than private entities as issued by the Malaysian Accounting Standards Board ("MASB") so as to give a true and fair view of the state of affairs of the Group at 30 September 2012. 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 reviewed and adopted by the Audit Committee before being recommended to the Board for its adoption. The Audit Committee's chairperson will brief the Board on any significant matters including material changes that need to be made to the quarterly results and financial statements.

#### 4.2 Internal Control

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 system of internal control 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 control 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. ACCOUNTABILITY AND AUDIT (continued)

##### 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, Mr. Chua Eng Seng (contactable at 03-78461389), would not affect materially the Board balance of power and authority.

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

This statement is made in accordance with a resolution of the Board dated 29 January 2013.

## 1. MEMBERSHIP AND MEETINGS

The Audit Committee comprises two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director.

The Audit Committee members are as follows:

- (i) Mak Fong Ching (Ms.) (Independent Non-Executive Director) - Chairperson;
- (ii) Chua Eng Seng (Independent Non-Executive Director); and
- (iii) Yap Kau @ Yap Yeow Ho (Non-Independent Non-Executive Director).

During the financial year ended 30 September 2012, the Audit Committee has held five (5) meetings. Details of Audit Committee meeting attendances during the financial year are as follows:

Name of Directors	Number of Meetings Attended
Mak Fong Ching (Ms.) – Chairperson	5 / 5
Chua Eng Seng	5 / 5
Yap Kau @ Yap Yeow Ho	5 / 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 2012:

- (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 2012, 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.



## 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) Fulfills 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;
- (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;

**4. TERMS OF REFERENCE (continued)**

**4.7 Duties and Responsibilities (continued)**

- (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 ("the Board") of APB Resources Berhad acknowledges the importance of having a sound system of internal control, risk management processes and best practises to good corporate governance. 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 are 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 system 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 2012 to assist the Board to review and evaluate the adequacy and effectiveness of the Group's system 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 system 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 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;
- (iii) 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
- (iv) 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 key processes of internal control 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 29 January 2013.

## **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 2012.

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 2011.

## **SHARE BUY-BACK**

The Company has not undertaken any share buy-back exercise for the financial year ended 30 September 2012.

## **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 2012.

## **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 2012.

## **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 2012.

## **NON-AUDIT FEES**

The amount of non-audit fees paid to the external auditors for the financial year ended 30 September 2012 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 2012. There were no variances of 10% or more between the audited results for the financial year ended 30 September 2012 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 2012.

## **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 2012 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 1 March 2013 and are attached to this Annual Report.

The details of recurrent related party transactions entered into for the financial year ended 30 September 2012 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 realized and unrealized profits or losses for the year ended 30 September 2012 are as disclosed in note 29 of the accompanying financial statements.

## **CORPORATE SOCIAL RESPONSIBILITY ("CSR")**

For the financial year ended 30 September 2012, 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 applicable approved accounting standards for entities other than private entities as issued by Malaysian Accounting Standards Board so as to give a true and fair view of the state of affairs of the Group and of the Company at the end of each financial year and of the results of their operations and cash flows for the financial year.

In preparing these financial statements, the Directors have:

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

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

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

The Statement of Directors pursuant to Section 169(15) of the Companies Act, 1965 is set out on page 67 of the accompanying financial statements.



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# Directors' Report

## for the year ended 30 September 2012

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 September 2012.

### Principal activities

The Company is principally engaged in investment holding, whilst the principal activities of its subsidiaries are stated in Note 4 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 attributable to Owners of the Company	8,842,226	7,607,036

### Reserves and provisions

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

### Dividends

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

- i) a final single-tier ordinary dividend of 3.0 sen per ordinary share totalling RM3,325,344 in respect of the financial year ended 30 September 2011 on 18 April 2012.
- ii) an interim single-tier ordinary dividend of 3.5 sen per ordinary share totalling RM3,879,576 in respect of the financial year ended 30 September 2012 on 22 June 2012.

The final single-tier ordinary dividend recommended by the Directors in respect of the year ended 30 September 2012 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	
Lim Hong Liang	
Yap Kau @ Yap Yeow Ho	Yap Puhui Lin
Chua Eng Seng	
Mak Fong Ching	

### Directors' interests in shares

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 1.10.2011	Bought	Sold	At 30.9.2012
<i>Interests in the Company</i>				
Yap Kow @ Yap Kim Fah #	12,939,404	1,000,000	-	13,939,404
Tan Teng Khuan	244,095	-	-	244,095
Lim Hong Liang #	9,659,345	260,655	-	9,920,000
Yap Kau @ Yap Yeow Ho	33,000	-	-	33,000
<i>Deemed interests in the Company</i>				
Yap Kow @ Yap Kim Fah	35,993,215	-	-	35,993,215
Lim Hong Liang	616,569	-	-	616,569
Yap Kau @ Yap Yeow Ho				
- own	5,117,215	-	-	5,117,215
- child	163,200	-	-	163,200

# By virtue of their interests in the ordinary shares of the Company, Yap Kow @ Yap Kim Fah and Lim Hong Liang are also deemed interested in the shares of the 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 2012 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.

### 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.

## Directors' Report for the year ended 30 September 2012 (cont'd)

### Other statutory information

Before the statements of financial position and statements of comprehensive income 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) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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 financial statements of the Group and of the Company 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 in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 30 September 2012 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

### Auditors

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

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

.....  
**Yap Kow @ Yap Kim Fah**

.....  
**Tan Teng Khuan**

Kuala Lumpur,

Date: 29 January 2013

# Statements of financial position

as at 30 September 2012

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	Note	Group		Company	
		30.9.2012 RM	30.9.2011 RM	30.9.2012 RM	30.9.2011 RM
<b>Assets</b>					
Property, plant and equipment	3	84,543,933	74,787,228	-	-
Investments in subsidiaries	4	-	-	76,837,002	76,837,002
Other investment	5	35,000	35,000	-	-
Intangible asset	6	13,458,008	13,458,008	-	-
Deferred tax assets	7	-	44,000	-	-
<b>Total non-current assets</b>		98,036,941	88,324,236	76,837,002	76,837,002
Trade and other receivables	8	63,433,099	50,742,743	34,733,206	39,040,750
Deposits and prepayments	9	432,500	375,987	-	-
Inventories	10	2,050,326	1,421,990	-	-
Current tax assets		102,890	2,579,371	-	180,724
Cash and cash equivalents	11	39,938,464	53,410,537	4,887,127	4,486,781
<b>Total current assets</b>		105,957,279	108,530,628	39,620,333	43,708,255
<b>Total assets</b>		203,994,220	196,854,864	116,457,335	120,545,257
<b>Equity</b>					
Share capital	12	112,875,002	112,875,002	112,875,002	112,875,002
Reserves	12	59,681,050	49,096,172	1,391,673	989,557
<b>Total equity attributable to owners of the Company</b>		172,566,052	161,971,174	114,266,675	113,864,559
<b>Liabilities</b>					
Deferred tax liabilities	7	5,876,960	2,223,682	-	-
<b>Total non-current liabilities</b>		5,876,960	2,223,682	-	-
Trade and other payables, including derivatives	13	17,319,840	25,346,382	2,190,660	6,680,698
Provision for liquidated and ascertained damages	14	6,607,541	7,231,353	-	-
Current tax liabilities		1,623,827	82,273	-	-
<b>Total current liabilities</b>		25,551,208	32,660,008	2,190,660	6,680,698
<b>Total liabilities</b>		31,428,168	34,883,690	2,190,660	6,680,698
<b>Total equity and liabilities</b>		203,994,220	196,854,864	116,457,335	120,545,257

The notes on pages 33 to 66 are an integral part of these financial statements.



# Statements of comprehensive income

for the year ended 30 September 2012

	Note	Group		Company	
		2012 RM	2011 RM	2012 RM	2011 RM
Revenue	15	227,347,289	168,883,896	7,986,665	3,422,856
Cost of sales	15	(199,158,027)	(142,841,925)	-	-
<b>Gross profit</b>	15	28,189,262	26,041,971	7,986,665	3,422,856
Other income		401,197	1,433,153	-	-
Administrative expenses		(14,829,410)	(12,889,149)	(513,184)	(815,018)
Other expenses		(881,777)	(3,960,992)	-	-
<b>Results from operating activities</b>		12,879,272	10,624,983	7,473,481	2,607,838
Finance income	17	736,602	998,637	133,555	39,917
Finance costs	18	(362,651)	(331,193)	-	-
<b>Net finance income</b>		373,951	667,444	133,555	39,917
<b>Profit before tax</b>		13,253,223	11,292,427	7,607,036	2,647,755
Income tax expense	20	(4,410,997)	(2,303,747)	-	-
<b>Profit for the year</b>	16	8,842,226	8,988,680	7,607,036	2,647,755
<b>Other comprehensive income, net of tax</b>					
Revaluation of property, plant and equipment		8,957,572	-	-	-
<b>Total other comprehensive income for the year</b>		8,957,572	-	-	-
<b>Total comprehensive income for the year</b>		17,799,798	8,988,680	7,607,036	2,647,755
<b>Profit attributable to:</b>					
Owners of the Company		8,842,226	8,988,680	7,607,036	2,647,755
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		17,799,798	8,988,680	7,607,036	2,647,755
<b>Basic earnings per ordinary share:</b>	21	7.98	8.11		

The notes on pages 33 to 66 are an integral part of these financial statements.

# Statements of changes in equity

for the year ended 30 September 2012

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Group	Note	Attributable to shareholders of the Company				Total Equity RM
		Share capital RM	Treasury shares RM	Revaluation reserve RM	Retained earnings RM	
<b>At 1 October 2010</b>		112,875,002	(3,322,462)	46,879	46,708,419	156,307,838
Profit for the year		-	-	-	8,988,680	8,988,680
Total comprehensive income for the year		-	-	-	8,988,680	8,988,680
Dividends to owners of the Company	22	-	-	-	(3,325,344)	(3,325,344)
<b>At 30 September 2011/1 October 2011</b>		112,875,002	(3,322,462)	46,879	52,371,755	161,971,174
Revaluation of property, plant and equipment	3	-	-	11,943,430	-	11,943,430
Tax effect recognised directly in equity	7	-	-	(2,985,858)	-	(2,985,858)
Total other comprehensive income for the year		-	-	8,957,572	-	8,957,572
Profit for the year		-	-	-	8,842,226	8,842,226
<b>Total comprehensive income for the year</b>		-	-	8,957,572	8,842,226	17,799,798
Dividends to owners of the Company	22	-	-	-	(7,204,920)	(7,204,920)
<b>At 30 September 2012</b>		112,875,002	(3,322,462)	9,004,451	54,009,061	172,566,052
	Note 12	Note 12.1	Note 12.2	Note 12.3		

# Statements of changes in equity

## for the year ended 30 September 2012 (cont'd)

Company	Note	Attributable to shareholders of the Company				Total equity RM
		Share capital RM	Treasury shares RM	Retained earnings RM	Distributable	
<b>At 1 October 2010</b>		112,875,002	(3,322,462)	4,989,608		114,542,148
Profit for the year		-	-	2,647,755		2,647,755
Total comprehensive income for the year		-	-	2,647,755		2,647,755
Dividends to owners of the Company	22	-	-	(3,325,344)		(3,325,344)
<b>At 30 September 2011/1 October 2011</b>		112,875,002	(3,322,462)	4,312,019		113,864,559
Profit for the year		-	-	7,607,036		7,607,036
Total comprehensive income for the year		-	-	7,607,036		7,607,036
Dividends to owners of the Company	22	-	-	(7,204,920)		(7,204,920)
<b>At 30 September 2012</b>		112,875,002	(3,322,462)	4,714,135		114,266,675
	Note 12		Note 12.1	Note 12.3		

The notes on pages 33 to 66 are an integral part of these financial statements.

# Statements of cash flows

for the year ended 30 September 2012

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	Group 2012 RM	2011 RM	Company 2012 RM	2011 RM
<b>Cash flows from operating activities</b>				
Profit before tax	13,253,223	11,292,427	7,607,036	2,647,755
<i>Adjustments for:</i>				
Depreciation of property, plant and equipment	4,805,309	4,906,951	-	-
Dividend income	-	-	(7,986,665)	(3,422,856)
Finance income	(736,602)	(998,637)	(133,555)	(39,917)
Net gain on disposal of property, plant and equipment	(49,360)	(2,000)	-	-
Net unrealised loss/(gain) on foreign exchange	363,702	(569,819)	-	-
Net reversal of provision for liquidated and ascertained damages	(429,038)	(103,098)	-	-
<b>Operating profit/(loss) before changes in working capital</b>	17,207,234	14,525,824	(513,184)	(815,018)
Change in deposits and prepayments	(56,513)	378,721	-	-
Change in inventories	(628,336)	75,126	-	-
Change in provision for liquidated and ascertained damages	(194,774)	-	-	-
Change in trade and other receivables	(13,098,574)	(7,059,151)	4,307,544	4,495,166
Change in trade and other payables, including derivatives	(7,982,026)	11,531,754	(4,490,038)	63,949
<b>Cash (used in)/generated from operations</b>	(4,752,989)	19,452,274	(695,678)	3,744,097
Interest received	736,602	998,637	133,555	39,917
Income tax paid	(1,981,577)	(2,469,721)	-	-
Income tax refunded	2,300,035	1,005,971	180,724	-
<b>Net cash (used in)/generated from operating activities</b>	(3,697,929)	18,987,161	(381,399)	3,784,014

# Statements of cash flows

## for the year ended 30 September 2012 (cont'd)

	Group 2012 RM	2011 RM	Company 2012 RM	2011 RM
<b>Cash flows from investing activities</b>				
Acquisition of property, plant and equipment	(2,619,824)	(5,509,117)	-	-
Dividend received from a subsidiary	-	-	7,986,665	3,422,856
Proceeds from disposal of property, plant and equipment	50,600	2,000	-	-
<b>Net cash (used in)/generated from investing activities</b>	<b>(2,569,224)</b>	<b>(5,507,117)</b>	<b>7,986,665</b>	<b>3,422,856</b>
<b>Cash flows from financing activity</b>				
Dividend paid	(7,204,920)	(3,325,344)	(7,204,920)	(3,325,344)
<b>Net cash used in financing activity</b>	<b>(7,204,920)</b>	<b>(3,325,344)</b>	<b>(7,204,920)</b>	<b>(3,325,344)</b>
Net (decrease)/increase in cash and cash equivalents	(13,472,073)	10,154,700	400,346	3,881,526
Cash and cash equivalents at beginning of the year	53,410,537	43,255,837	4,486,781	605,255
<b>Cash and cash equivalents at end of the year</b>	<b>39,938,464</b>	<b>53,410,537</b>	<b>4,887,127</b>	<b>4,486,781</b>

### Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following financial position amounts:

		Group 2012 RM	2011 RM	Company 2012 RM	2011 RM
Cash and bank balances	11	6,358,063	15,898,954	78,458	203,788
Short term fund	11	4,808,669	4,282,993	4,808,669	4,282,993
Deposits placed with licensed banks	11	28,771,732	33,228,590	-	-
		<b>39,938,464</b>	<b>53,410,537</b>	<b>4,887,127</b>	<b>4,486,781</b>

The notes on pages 33 to 66 are an integral part of these 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 2012 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 2012 do not include other entities.

The Company is principally engaged in investment holding, whilst the principal activities of its subsidiaries are stated in Note 4 to the financial statements.

The financial statements were authorised for issue by the Board of Directors on 29 January 2013.

**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.

The following are accounting standards, amendments and interpretations of the FRS framework that have been issued by the Malaysian Accounting Standards Board (MASB) but have not been adopted by the Group and the Company:

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

- FRS 124, *Related Party Disclosures* (revised)
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
- Amendments to FRS 7, *Financial Instruments: Disclosures – Transfers of Financial Assets*
- Amendments to FRS 112, *Income Taxes – Deferred Tax: Recovery of Underlying Assets*

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

- Amendments to FRS 101, *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*

***FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2013***

- FRS 10, *Consolidated Financial Statements*
- FRS 11, *Joint Arrangements*
- FRS 12, *Disclosure of Interests in Other Entities*
- FRS 13, *Fair Value Measurement*
- FRS 119, *Employee Benefits (2011)*
- FRS 127, *Separate Financial Statements (2011)*
- FRS 128, *Investments in Associates and Joint Ventures (2011)*
- IC Interpretation 20, *Stripping Costs in the Production Phase of a Surface Mine*



## 1. Basis of preparation (continued)

### (a) Statement of compliance (continued)

#### *FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2013 (continued)*

- Amendments to FRS 7, *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
- Amendments to FRS 1, *First-time Adoption of Financial Reporting Standards – Government Loans*

#### *FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014*

- Amendments to FRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*

#### *FRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2015*

- FRS 9, *Financial Instruments* (2009)
- FRS 9, *Financial Instruments* (2010)
- Amendments to FRS 7, *Financial Instruments: Disclosures – Mandatory Date of FRS 9 and Transition Disclosures*

The Group's and the Company's financial statements for annual period beginning on 1 October 2012 will be prepared in accordance with the Malaysian Financial Reporting Standards (MFRSs) issued by the MASB and International Financial Reporting Standards (IFRSs). As a result, the Group and the Company will not be adopting the above FRSs, Interpretations and amendments.

### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in the Note 2 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.

### (d) Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs 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 6 - measurement of the recoverable amounts of cash-generating units
- Note 14 - provision for liquidated and ascertained damages

## 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.

### (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.

Investments in subsidiaries are stated in the Company's statement of financial position at cost less any impairment losses. The cost of investments includes transactions costs.

The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

#### (ii) Accounting for business combination

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

The Group has changed its accounting policy with respect to accounting for business combinations.

From 1 October 2011, the Group has applied FRS 3, *Business Combinations* (revised) in accounting for business combinations. The change in accounting policy has been applied prospectively in accordance with the transitional provisions provided by the standard and does not have impact on earnings per share.

#### *Acquisitions on or after 1 October 2011*

For acquisitions on or after 1 October 2011, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

## 2. Significant accounting policies (continued)

### (a) Basis of consolidation (continued)

#### (ii) Accounting for business combination (continued)

##### *Acquisitions between 1 October 2006 and 1 October 2011*

For acquisitions between 1 October 2006 and 1 October 2011, goodwill represents the excess cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

##### *Acquisitions prior to 1 October 2006*

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

#### (iii) Loss of control

The Group applied FRS 127, *Consolidated and Separate Financial Statements* (revised) since the beginning of the reporting period in accordance with the transitional provisions provided by the standard and does not have impact on earnings per share. Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of the equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

In the previous financial years, if the Group retained any interest in the previous subsidiary, such interest was measured at the carrying amount at the date that control was lost and this carrying amount would be regarded as cost on initial measurement of the investment.

#### (iv) 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.

### (b) Foreign currency

#### (i) Foreign currency transactions

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

Monetary assets and liabilities denominated in foreign currencies at the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss.

## 2. Significant accounting policies (continued)

### (c) Financial instruments

#### (i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

#### (ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

##### *Financial assets*

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

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or designated as effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

##### *(b) Loans and receivables*

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

##### *(c) Available-for-sale financial assets*

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

## 2. Significant accounting policies (continued)

### (c) Financial instruments (continued)

#### (ii) Financial instrument categories and subsequent measurement (continued)

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(j)(i)).

##### *Financial liabilities*

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or designated as an effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

#### (iii) Financial guarantee contracts

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

Financial guarantee contracts are classified as deferred income and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

#### (iv) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

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

### (d) 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.

## 2. Significant accounting policies (continued)

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

#### (i) Recognition and measurement (continued)

##### *Property, plant and equipment under the revaluation model*

The Group revalues its properties comprising land and building properties every five (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 profit or loss.

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.

The gain and loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" or "other expenses" respectively in profit or loss. 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 to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

#### (iii) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss 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:

• leasehold land	50 - 56 years
• buildings	50 - 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 reviewed, and adjusted as appropriate at the end of the reporting period.



## 2. Significant accounting policies (continued)

### (e) Leased assets

#### (i) Finance lease

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

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

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

#### (ii) Operating lease

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

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

### (f) Intangible asset

#### Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

#### Amortisation

Goodwill is not amortised but is tested for impairment annually.

### (g) 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.

## 2. Significant accounting policies (continued)

### (h) 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.

### (i) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits placed with banks and highly liquid investments which have an insignificant risk of changes in value with original maturities of three months or less. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of pledged deposits.

### (j) Impairment

#### (i) Financial assets

All financial assets (except for investments in subsidiaries) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

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

#### (ii) Other assets

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

## 2. Significant accounting policies (continued)

### (j) Impairment (continued)

#### (ii) Other assets (continued)

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 group of assets (known as cash-generating units). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

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

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit or the group of cash-generating units and then to reduce the carrying amount of the other assets in the cash-generating unit (or a groups of cash-generating 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 the end of each reporting period 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 since the last impairment loss was recognised. 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 profit or loss in the financial year in which the reversals are recognised.

### (k) Equity instruments

Instruments classified as equity 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 deduction from equity.

#### (ii) Repurchase share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

### (l) Employee benefits

#### (i) 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.

**2. Significant accounting policies (continued)****(l) Employee benefits (continued)****(i) Short term employee benefits (continued)**

A liability 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.

**(ii) State plans**

The Group's contribution to the statutory pension fund are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

**(m) 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 profit or loss 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.

**(n) Revenue and other income****(i) Construction contracts**

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and contract cost are recognised in profit or loss in proportion to the stage of completion of the contract.

The stage of completion is assessed by reference to the proportion that contract costs incurred for work performed to-date bear to the estimated total contract costs.

When the outcome of a contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

**(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.

## 2. Significant accounting policies (continued)

### (n) Revenue and other income (continued)

#### (ii) Goods sold and services rendered (continued)

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the end of the reporting period. 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 in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

#### (iv) Interest income

Interest income is recognised in profit or loss as it accrues using the effective interest method.

### (o) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

### (p) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss.

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

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

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

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

### (q) Earnings per ordinary 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.

### (r) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

## 3. Property, plant and equipment

Group	Leasehold land RM	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
<b>Cost/Valuation</b>							
At 1 October 2010	17,117,439	320,000	39,399,505	4,522,600	3,583,514	53,765,604	118,708,662
Additions	-	-	3,234,001	481,479	235,650	1,557,987	5,509,117
Disposals	-	-	-	-	(38,000)	-	(38,000)
At 30 September 2011/ 1 October 2011	17,117,439	320,000	42,633,506	5,004,079	3,781,164	55,323,591	124,179,779
Additions	-	-	128,450	366,414	507,166	1,617,794	2,619,824
Revaluation surplus	8,344,084	330,000	3,269,346	-	-	-	11,943,430
Elimination of accumulated depreciation on revaluation	(2,101,523)	(32,000)	(3,031,302)	-	-	-	(5,164,825)
Disposals	-	-	-	(3,200)	(357,000)	-	(360,200)
At 30 September 2012	23,360,000	618,000	43,000,000	5,367,293	3,931,330	56,941,385	133,218,008
<b>Representing items at:</b>							
Cost	-	-	-	5,367,293	3,931,330	56,941,385	66,240,008
Valuation - 2012	23,360,000	618,000	43,000,000	-	-	-	66,978,000
At 30 September 2012	23,360,000	618,000	43,000,000	5,367,293	3,931,330	56,941,385	133,218,008
<b>Depreciation</b>							
At 1 October 2010	1,512,731	19,200	1,538,288	3,223,780	2,798,313	35,431,288	44,523,600
Charge for the year	294,396	6,400	717,494	313,026	253,472	3,322,163	4,906,951
Disposals	-	-	-	-	(38,000)	-	(38,000)
At 30 September 2011/ 1 October 2011	1,807,127	25,600	2,255,782	3,536,806	3,013,785	38,753,451	49,392,551
Charge for the year	294,396	6,400	775,520	318,642	289,734	3,120,617	4,805,309
Elimination of accumulated depreciation on revaluation	(2,101,523)	(32,000)	(3,031,302)	-	-	-	(5,164,825)
Disposals	-	-	-	(1,960)	(357,000)	-	(358,960)
At 30 September 2012	-	-	-	3,853,488	2,946,519	41,874,068	48,674,075
<b>Carrying amounts</b>							
At 1 October 2010	15,604,708	300,800	37,861,217	1,298,820	785,201	18,334,316	74,185,062
At 30 September 2011/ 1 October 2011	15,310,312	294,400	40,377,724	1,467,273	767,379	16,570,140	74,787,228
At 30 September 2012	23,360,000	618,000	43,000,000	1,513,805	984,811	15,067,317	84,543,933



### 3. Property, plant and equipment (continued)

#### 3.1 Properties under the revaluation model

- a) Freehold building was revalued by the Directors in 2012 based on valuation carried out on 30 September 2012 by Mr. James Wong Kwong Onn, an independent registered professional valuer with VPC Alliance (KL) Sdn. Bhd., using the open market valuation method.

Had the freehold building been carried under the cost model, its carrying amount would have been RM203,902 (2011: RM209,281).

- b) Leasehold land and buildings were revalued by the Directors in 2012 based on valuations carried out on 30 September 2012 by independent registered professional valuers using the open market valuation method as follows:

- (i) Valuation made by Mr. Gary Wong, a registered valuer with VPC Alliance (East Coast) Sdn. Bhd. on 30 September 2012 in respect of leasehold land and buildings stated at RM17,760,000 and RM38,600,000 respectively.
- (ii) Valuation made by Mr. James Wong Kwong Onn, a registered valuer with VPC Alliance (KL) Sdn. Bhd. on 30 September 2012 in respect of a leasehold land and building stated at RM5,600,000 and RM4,400,000 respectively.

Had the leasehold lands and buildings been carried under the cost model, their carrying amounts would have been RM15,015,916 (2011: RM15,310,312) and RM17,616,237 (2011: RM17,961,975) respectively.

### 4. Investments in subsidiaries

	Company	
	2012 RM	2011 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	
		2012 %	2011 %
<i>Subsidiaries of APB Resources Berhad:</i>			
Era Julung Sdn. Bhd.	Investment holding	100	100
Landas Fikir Sdn. Bhd. *	Dormant	100	100
<i>Subsidiaries of Era Julung Sdn. Bhd.:</i>			
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
<i>Subsidiaries of Amalgamated Metal Corporation (M) Sdn. Bhd.:</i>			
Finned Tubes Malaysia Sdn. Bhd.	Fabrication of finned tubes	100	100

\* audited by firm of auditors other than KPMG.

## 5. Other investment

	Group 2012 RM	2011 RM
Golf club membership, at cost	75,000	75,000
Less: Allowance for diminution in value	(40,000)	(40,000)
	35,000	35,000

## 6. Intangible asset

Goodwill	Group 2012 RM	2011 RM
<b>Cost</b>		
At 1 October/30 September	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 based on the following key assumptions:

- (i) Cash flows were projected based on actual operating results and three (3) years pre-tax cash flows projection was used for determining the value in use.
- (ii) Revenue was projected at RM220 million for fabrication division and RM6 million for non-destructive testing division for the first year and an anticipated growth by 5% per annum thereon for fabrication division and no growth for non-destructive testing division.
- (iii) A pre-tax discount rate of 6.90% was applied in determining the recoverable amount of those units. The discount rate was based on the Group's weighted average cost of capital.

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

## 7. Deferred tax assets/(liabilities)

## Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the followings:

Group	Assets		Liabilities		Net	
	2012 RM	2011 RM	2012 RM	2011 RM	2012 RM	2011 RM
Property, plant and equipment	-	-	(4,847,590)	(4,897,730)	(4,847,590)	(4,897,730)
Provisions	2,008,268	3,033,010	-	-	2,008,268	3,033,010
Revaluation of property, plant and equipment	-	-	(3,156,964)	(171,106)	(3,156,964)	(171,106)
Other temporary differences	119,326	-	-	(143,856)	119,326	(143,856)
Tax assets/(liabilities)	2,127,594	3,033,010	(8,004,554)	(5,212,692)	(5,876,960)	(2,179,682)
Set off of tax	(2,127,594)	(2,989,010)	2,127,594	2,989,010	-	-
Net tax assets/(liabilities)	-	44,000	(5,876,960)	(2,223,682)	(5,876,960)	(2,179,682)

## Unrecognised deferred tax assets

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

	Group 2012 RM	2011 RM
Tax loss carry-forward	897,168	640,254

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.

## Movements in temporary differences during the year

Group	At 1.10.2010 RM	Recognised in profit or loss (Note 20) RM	At 30.9.2011/ 1.10.2011 RM	Recognised in profit or loss (Note 20) RM	Recognised in other comprehensive income RM	At 30.9.2012 RM
Property, plant and equipment	(4,564,813)	(332,917)	(4,897,730)	50,140	-	(4,847,590)
Revaluation of property, plant and equipment	(190,953)	19,847	(171,106)	-	(2,985,858)	(3,156,964)
Provisions	2,924,367	108,643	3,033,010	(1,024,742)	-	2,008,268
Other temporary differences	(26,369)	(117,487)	(143,856)	263,182	-	119,326
	(1,857,768)	(321,914)	(2,179,682)	(711,420)	(2,985,858)	(5,876,960)

## 8. Trade and other receivables

	Note	Group 2012 RM	2011 RM	Company 2012 RM	2011 RM
<b>Trade</b>					
Trade receivables	8.1	36,762,003	34,238,057	-	-
Amount due from contract customers	8.2	25,677,839	15,119,625	-	-
		<u>62,439,842</u>	<u>49,357,682</u>	<u>-</u>	<u>-</u>
<b>Non-trade</b>					
Other receivables	8.3	993,257	1,385,061	-	10,022
Amount due from subsidiaries	8.4	-	-	34,733,206	39,030,728
		<u>993,257</u>	<u>1,385,061</u>	<u>34,733,206</u>	<u>39,040,750</u>
		<u>63,433,099</u>	<u>50,742,743</u>	<u>34,733,206</u>	<u>39,040,750</u>

## 8.1 Retention sums

	Group 2012 RM	2011 RM
Retention sums included in trade receivables	<u>5,404,643</u>	<u>4,759,227</u>

Retention sums are unsecured, interest-free and are expected to be collected at the following periods:

	2012 RM	2011 RM
Within 1 year	3,944,763	4,111,862
1 – 2 years	<u>1,459,880</u>	<u>647,365</u>
	<u>5,404,643</u>	<u>4,759,227</u>

## 8.2 Amount due from / (to) contract customers

	Group 2012 RM	2011 RM
Aggregate costs incurred to date	64,908,011	63,149,125
Add: Attributable profits (net of foreseeable losses)	<u>6,584,434</u>	<u>6,929,666</u>
	<u>71,492,445</u>	<u>70,078,791</u>
Less: Progress billings	<u>(49,224,745)</u>	<u>(62,934,540)</u>
	<u>22,267,700</u>	<u>7,144,251</u>
Amount due to contract customers (Note 13)	<u>3,410,139</u>	<u>7,975,374</u>
Amount due from contract customers	<u>25,677,839</u>	<u>15,119,625</u>

## 8.3 Other receivables

Included in the other receivables of the Group is advance payments made to suppliers for purchases amounting to RM922,140 (2011: RM1,179,126).

## 8.4 Amount due from subsidiaries

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

## Notes to the financial statements (cont'd)

### 9. Deposits and prepayments

	Group 2012 RM	2011 RM
Deposits	178,710	111,092
Prepayments	253,790	264,895
	<u>432,500</u>	<u>375,987</u>

### 10. Inventories

	Group 2012 RM	2011 RM
Raw materials and consumables	<u>2,050,326</u>	<u>1,421,990</u>

### 11. Cash and cash equivalents

	Note	Group 2012 RM	2011 RM	Company 2012 RM	2011 RM
Cash and bank balances		6,358,063	15,898,954	78,458	203,788
Short term fund	11.1	4,808,669	4,282,993	4,808,669	4,282,993
Deposits placed with licensed banks		28,771,732	33,228,590	-	-
		<u>39,938,464</u>	<u>53,410,537</u>	<u>4,887,127</u>	<u>4,486,781</u>

#### 11.1 Short term fund

Short term fund of the Group and of the Company represents a placement with fixed income trusts which is redeemable upon seven (7) days notice.

### 12. Capital and reserves

#### Share capital

	Amount 2012 RM	Group and Company Number of shares 2012	Amount 2011 RM	Number of shares 2011
<b>Authorised:</b>				
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) of RM1.00 each	25,000,000	25,000,000	25,000,000	25,000,000
Total	<u>200,000,000</u>	<u>200,000,000</u>	<u>200,000,000</u>	<u>200,000,000</u>
<b>Issued and paid up:</b>				
Ordinary shares of RM1.00 each	<u>112,875,002</u>	<u>112,875,002</u>	<u>112,875,002</u>	<u>112,875,002</u>

**12. Capital and reserves (continued)****Ordinary shares**

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 Company, all rights are suspended until those shares are reissued.

**12.1 Treasury shares**

The shareholders of the Company by a special resolution passed in the Annual General Meeting on 22 March 2012, 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 repurchase 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 (2011: 2,030,200) units.

**12.2 Revaluation reserve (Non-distributable)**

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

**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. Trade and other payables, including derivatives**

	Note	Group 2012 RM	2011 RM	Company 2012 RM	2011 RM
<b>Trade</b>					
Trade payables	13.1	9,993,519	11,953,917	-	-
Amount due to contract customers	8.2	3,410,139	7,975,374	-	-
Amount due to related companies	13.2	-	277,254	-	-
		13,403,658	20,206,545	-	-
<b>Non-trade</b>					
Amount due to a subsidiary	13.3	-	-	2,048,725	6,435,389
Other payables	13.4	248,732	207,561	-	-
Accrued expenses		3,653,983	4,648,529	141,935	245,309
Financial liabilities at fair value through profit or loss		13,467	283,747	-	-
		3,916,182	5,139,837	2,190,660	6,680,698
		17,319,840	25,346,382	2,190,660	6,680,698



**13. Trade and other payables, including derivatives (continued)****13.1 Trade payables**

Included in trade payables of the Group is an amount of RM183,759 (2011: RM228,897) due to companies in which certain Directors of the Company have interests.

**13.2 Amount due to related companies**

The amount due to related companies was unsecured, interest-free and payable on demand.

**13.3 Amount due to a subsidiary**

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

**13.4 Other payables**

Included in the other payables of the Group is an amount of RM103,084 (2011: RM48,357) due to companies in which certain Directors of the Company have financial interests.

**14. Provision for liquidated and ascertained damages**

	Group RM
At 1 October 2011	7,231,353
Provision made during the year	13,266,372
Provision used during the year	(194,774)
Provision reversed during the year	(13,695,410)
	<hr/>
At 30 September 2012	6,607,541
	<hr/>

The above provision was made for the Group's potential obligations arising from the delay in completion and delivery of projects. The amount 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 its customers.

**15. Revenue**

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Revenue				
- contract revenue	222,559,274	165,452,937	-	-
- services	4,788,015	3,430,959	-	-
- dividend income	-	-	7,986,665	3,422,856
	<hr/>	<hr/>	<hr/>	<hr/>
	227,347,289	168,883,896	7,986,665	3,422,856
Cost of sales				
- contract cost	(196,886,025)	(140,387,784)	-	-
- cost of services	(2,272,002)	(2,454,141)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Gross profit</b>	28,189,262	26,041,971	7,986,665	3,422,856
	<hr/>	<hr/>	<hr/>	<hr/>

## 16. Profit for the year

	Group 2012 RM	2011 RM	Company 2012 RM	2011 RM
<b>Profit for the year is arrived at after charging:</b>				
Allowance for impairment losses	755,514	295,302	-	-
Auditors' remuneration				
- Statutory audit				
- KPMG	131,000	110,000	35,000	25,000
- Other auditor	700	700	-	-
- Other services				
- KPMG	5,000	10,000	5,000	10,000
Depreciation of property, plant and equipment	4,805,309	4,906,951	-	-
Hire of machineries	51,998	17,660	-	-
Net foreign exchange loss:				
- realised	257,109	3,524,853	-	-
- unrealised	363,702	-	-	-
Personnel expenses (excluding key management personnel):				
- contributions to Employees' Provident Fund	1,072,968	916,962	27,072	28,692
- wages, salaries and others	11,120,678	9,471,616	108,000	108,000
Provision for liquidated and ascertained damages	13,266,372	5,365,792	-	-
Rental of factory	708,000	708,000	-	-
Rental of hostel	184,978	105,118	-	-
Rental of motor vehicles	51,720	45,967	-	-
Rental of premises	23,210	24,970	-	-
<b>and after crediting:</b>				
Dividend income from subsidiaries (unquoted)	-	-	7,986,665	3,422,856
Net foreign exchange gain:				
- unrealised	-	569,819	-	-
Net gain on disposal of property, plant and equipment	49,360	2,000	-	-
Rental income	13,800	13,350	-	-
Reversal of allowance for impairment losses	224,218	333,854	-	-
Reversal of provision for liquidated and ascertained damages	13,695,410	5,468,890	-	-

## 17. Finance income

	Group 2012 RM	2011 RM	Company 2012 RM	2011 RM
Interest income from deposits placed with licensed banks	736,602	998,637	133,555	39,917

## 18. Finance costs

	Group 2012 RM	2011 RM
Other bank charges	362,651	331,193

## 19. Key management personnel compensation

The key management personnel compensations are as follows:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Directors				
- Fees	79,000	104,000	75,000	100,000
- Remuneration	1,111,005	1,251,991	150,000	310,000
	1,190,005	1,355,991	225,000	410,000

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. Income tax expense

## Recognised in profit or loss

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Major components of income tax expense include:				
<b>Current tax expense</b>				
Malaysian - current year	3,741,371	2,068,970	-	-
- prior years	(41,794)	(87,137)	-	-
	3,699,577	1,981,833	-	-
<b>Deferred tax expense</b>				
(Reversal)/Origination of temporary differences	(43,082)	440,054	-	-
Under/(Over) provision in prior years	754,502	(118,140)	-	-
	711,420	321,914	-	-
Total income tax expense	4,410,997	2,303,747	-	-
<b>Reconciliation of tax expense</b>				
Profit for the year	8,842,226	8,988,680	7,607,036	2,647,755
Total income tax expense	4,410,997	2,303,747	-	-
Profit excluding tax	13,253,223	11,292,427	7,607,036	2,647,755
Income tax calculated using Malaysian tax rate at 25% (2011 : 25%)	3,313,306	2,823,107	1,901,759	661,939
Non-deductible expenses	320,755	599,545	128,296	203,755
Tax exempt income	-	-	(2,030,055)	(865,694)
Tax incentives	-	(927,197)	-	-
Effect of unrecognised deferred tax assets	64,228	13,569	-	-
	3,698,289	2,509,024	-	-
Under/(Over) provided in prior years	712,708	(205,277)	-	-
	4,410,997	2,303,747	-	-

**21. Earnings per ordinary share****Basic earnings per ordinary share**

The calculation of basic earnings per ordinary share at 30 September 2012 was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding calculated as follows:

	Group 2012 RM	2011 RM
Profit attributable to ordinary shareholders	8,842,226	8,988,680
Weighted average number of ordinary shares:		
	Group 2012	2011
Issued ordinary shares at 1 October	112,875,002	112,875,002
Less: Effect of treasury shares held	(2,030,200)	(2,030,200)
Weighted average number of ordinary shares at 30 September	110,844,802	110,844,802
	Group 2012 Sen	2011 Sen
Basic earnings per ordinary share	7.98	8.11

There were no diluted earnings per ordinary share for the Group as at 30 September 2012.

**22. Dividends**

Dividends recognised by the Company:

	Sen per share	Total amount RM	Date of payment
<b>2012</b>			
Interim single-tier 2012 ordinary	3.5	3,879,576	22 June 2012
Final single-tier 2011 ordinary	3.0	3,325,344	18 April 2012
Total amount		7,204,920	
<b>2011</b>			
Final single-tier 2010 ordinary	3.0	3,325,344	18 April 2011

The final single-tier 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 2012 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. Operating segments

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately. For each of the strategic business units, the Group's Executive Directors (the chief operating decision maker) review internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

<b>Fabrication</b>	Fabrication of specially designed and manufacturing of engineering equipment.
<b>Non-destructive testing</b>	Provision of non-destructive testing services and other related services.

Performance is measured based on segment profit before tax and depreciation, as included in the internal management reports that are reviewed by the Group's chief operating decision maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Unallocated items comprise mainly interest-earning assets, corporate assets, expenses and tax assets and liabilities.

#### Segment assets

The total of segment asset is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group's Executive Directors. Segment total asset is used to measure the return of assets of each segment.

#### Segment liabilities

The total of segment liability is measured based on all liabilities of a segment, as included in the internal management reports that are reviewed by the Group's Executive Directors.

#### Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment, and intangible assets other than goodwill.

Segment profit/(loss)	Fabrication RM	Non- destructive testing RM	Elimination RM	Consolidated RM
<b>2012</b>				
Total external revenue	222,559,274	4,788,015	-	227,347,289
Inter-segment revenue	5,491,719	1,625,116	(7,116,835)	-
<b>Total segment revenue</b>	<b>228,050,993</b>	<b>6,413,131</b>	<b>(7,116,835)</b>	<b>227,347,289</b>
Segment result	12,681,947	723,469	-	13,405,416
Operating profit				13,405,416
Unallocated expenses				(526,144)
Interest income	481,273	255,329	-	736,602
Finance costs	(360,574)	(2,077)	-	(362,651)
Profit before tax				13,253,223
Tax expense	(4,115,507)	(295,490)	-	(4,410,997)
<b>Profit for the year</b>				<b>8,842,226</b>

## 23. Operating segments (continued)

Segment profit/(loss) (continued)	Fabrication RM	Non- destructive testing RM	Elimination RM	Consolidated RM
<b>2011</b>				
Total external revenue	165,452,937	3,430,959	-	168,883,896
Inter-segment revenue	4,397,107	2,498,692	(6,895,799)	-
<b>Total segment revenue</b>	<b>169,850,044</b>	<b>5,929,651</b>	<b>(6,895,799)</b>	<b>168,883,896</b>
Segment result	10,470,914	976,818	-	11,447,732
Operating profit				11,447,732
Unallocated expenses				(822,749)
Interest income	889,270	109,367		998,637
Finance costs	(329,377)	(1,816)		(331,193)
Profit before tax				11,292,427
Tax expense	(1,998,193)	(305,554)		(2,303,747)
<b>Profit for the year</b>				<b>8,988,680</b>
<b>Segments assets</b>				
<b>2012</b>				
Segment assets	181,996,214	7,279,645	(1,650,255)	187,625,604
Unallocated assets				16,368,616
<b>Total assets</b>				<b>203,994,220</b>
Segment liabilities	77,025,185	1,017,036	(46,763,838)	31,278,383
Unallocated liabilities				149,785
<b>Total liabilities</b>				<b>31,428,168</b>
Capital expenditure	2,438,740	181,084	-	2,619,824
Depreciation of property, plant and equipment	4,582,850	222,459	-	4,805,309
<b>2011</b>				
Segment assets	170,667,330	6,678,438	(1,135,710)	176,210,058
Unallocated assets				20,644,806
<b>Total assets</b>				<b>196,854,864</b>
Segment liabilities	31,454,187	872,729	(300,000)	32,026,916
Unallocated liabilities				2,856,774
<b>Total liabilities</b>				<b>34,883,690</b>
Capital expenditure	5,421,030	88,087	-	5,509,117
Depreciation of property, plant and equipment	4,667,551	239,400	-	4,906,951

**Geographical segments**

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

## 24. Financial instruments

## 24.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Loans and receivables (L&R) ;
- (b) Fair value through profit or loss (FVTPL);
- (c) Available-for-sale financial assets (AFS); and
- (d) Other financial liabilities measured at amortised cost (OL).

	Carrying amount RM	L&R RM	AFS RM
<b>2012</b>			
<b>Financial assets</b>			
<b>Group</b>			
Trade and other receivables	63,433,099	63,433,099	-
Deposits	178,710	178,710	-
Cash and cash equivalents	39,938,464	39,938,464	-
Other investment	35,000	-	35,000
	<u>103,585,273</u>	<u>103,550,273</u>	<u>35,000</u>
<b>2011</b>			
Trade and other receivables	50,742,743	50,742,743	-
Deposits	111,092	111,092	-
Cash and cash equivalents	53,410,537	53,410,537	-
Other investment	35,000	-	35,000
	<u>104,299,372</u>	<u>104,264,372</u>	<u>35,000</u>
<b>2012</b>			
<b>Company</b>			
Trade and other receivables		34,733,206	34,733,206
Cash and cash equivalents		4,887,127	4,887,127
		<u>39,620,333</u>	<u>39,620,333</u>
<b>2011</b>			
Trade and other receivables		39,040,750	39,040,750
Cash and cash equivalents		4,486,781	4,486,781
		<u>43,527,531</u>	<u>43,527,531</u>
	Carrying amount RM	OL RM	FVTPL RM
<b>2012</b>			
<b>Financial liabilities</b>			
<b>Group</b>			
Trade and other payables, including derivatives	17,319,840	17,306,373	13,467
<b>2011</b>			
Trade and other payables, including derivatives	25,346,382	25,062,635	283,747
<b>2012</b>			
<b>Company</b>			
Trade and other payables, including derivatives	2,190,660	2,190,660	-
<b>2011</b>			
Trade and other payables, including derivatives	6,680,698	6,680,698	-



## 24. Financial instruments (continued)

## 24.2 Net gains and losses arising from financial instruments

	Group 2012 RM	2011 RM	Company 2012 RM	2011 RM
Net (losses)/gains arising on:				
Fair value through profit or loss	(13,467)	(283,747)	-	-
Loans and receivables	(778,156)	(2,249,038)	133,555	39,917
	(791,623)	(2,532,785)	133,555	39,917

## 24.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

## 24.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from their receivables from customers. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees are given to banks for credit facilities granted to a subsidiary.

**Receivables***Risk management objectives, policies and processes for managing the risk*

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally, financial guarantees of banks, shareholders or directors of customers are obtained, and credit evaluations are performed on customers requiring credit over a certain amount.

*Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statements of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 30 days, which are deemed to have higher credit risk, are monitored individually.

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic region was:

	Group 2012 RM	2011 RM
Malaysia	11,075,059	17,526,048
Asia	6,787,921	2,525,285
Europe	9,003,372	3,606,616
America	4,929,794	3,999,970
Oceania	4,965,857	6,580,138
	36,762,003	34,238,057

## 24. Financial instruments (continued)

## 24.4 Credit risk (continued)

## Receivables (continued)

*Impairment losses*

The ageing of trade receivables (excluding inter company balances) as at the end of the reporting period was:

	Gross RM	Individual impairment RM	Net RM
<b>Group 2012</b>			
Not past due	11,662,679	-	11,662,679
Past due 1 - 90 days	13,488,538	(11,913)	13,476,625
Past due more than 90 days	15,655,515	(4,032,816)	11,622,699
	<u>40,806,732</u>	<u>(4,044,729)</u>	<u>36,762,003</u>
<b>2011</b>			
Not past due	21,150,109	-	21,150,109
Past due 1 - 90 days	10,854,514	(11,192)	10,843,322
Past due more than 90 days	5,789,595	(3,544,969)	2,244,626
	<u>37,794,218</u>	<u>(3,556,161)</u>	<u>34,238,057</u>

The movements in the allowance for impairment losses of trade receivables during the year were:

	Group 2012 RM	2011 RM
At 1 October	3,556,161	3,608,636
Impairment loss recognised	755,514	295,302
Impairment loss reversed	(224,218)	(333,854)
Impairment loss written off	<u>(42,728)</u>	<u>(13,923)</u>
At 30 September	<u>4,044,729</u>	<u>3,556,161</u>

The allowance account in respect of receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

## Financial guarantees

*Risk management objectives, policies and processes for managing the risk*

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to a subsidiary.

The results of the subsidiary are monitored on an ongoing basis.

*Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, there were no outstanding banking facilities recorded by the subsidiaries. Accordingly, the exposure to credit risk in relation to financial guarantee issued is not significant and there were no impairment losses required.

## 24. Financial instruments (continued)

## 24.4 Credit risk (continued)

## Inter company balances

*Risk management objectives, policies and processes for managing the risk*

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

*Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

*Impairment losses*

As at the end of the reporting period, there was no indication that the intercompany balances are not recoverable.

## 24.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet their financial obligations as and when they fall due. The Group's exposure to liquidity risk arises principally from their various payables.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by management to ensure, as far as possible, that they will have sufficient liquidity to meet their liabilities when they fall due.

*Maturity analysis*

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Under 1 year RM
<b>2012</b>				
<i>Non-derivative financial liabilities</i>				
Trade and other payables, excluding derivative	17,306,373	-	17,306,373	17,306,373
<i>Derivative financial liabilities</i>				
Forward exchange contracts (gross settled): - Outflow	7,657,217	-	7,657,217	7,657,217
- Inflow	(7,643,750)	-	(7,643,750)	(7,643,750)
	13,467		13,467	13,467
<b>2011</b>				
<i>Non-derivative financial liabilities</i>				
Trade and other payables, excluding derivative	25,062,635	-	25,062,635	25,062,635
<i>Derivative financial liabilities</i>				
Forward exchange contracts (gross settled): - Outflow	4,790,747	-	4,790,747	4,790,747
- Inflow	(4,507,000)	-	(4,507,000)	(4,507,000)
	283,747	-	283,747	283,747

## 24. Financial instruments (continued)

## 24.5 Liquidity risk (continued)

*Maturity analysis (continued)*

Company	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Under 1 year RM
<b>2012</b>				
<i>Non-derivative financial liabilities</i>				
Trade and other payables, excluding derivative	2,190,660	-	2,190,660	2,190,660
<b>2011</b>				
<i>Non-derivative financial liabilities</i>				
Trade and other payables, excluding derivative	6,680,698	-	6,680,698	6,680,698

## 24.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's financial position or cash flows. The Group are not exposed to other price risk.

## 24.6.1 Currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities and the functional currency of the Company. The currency giving rise to this risk is primarily U.S. Dollar (USD), Euro Dollar (EURO) and Singapore Dollar (SGD).

*Risk management objectives, policies and processes for managing the risk*

In the management of foreign currency risk, the Group entered into foreign currency forward contracts in the normal course of business, where appropriate, to manage their exposure against foreign currency fluctuations on sales and purchases transactions denominated in foreign currencies.

*Exposure to foreign currency risk*

The Group's exposure to foreign currency risk (a currency which is other than the currency of the Group entities), based on carrying amounts as at the end of the reporting period was:

Group	Denominated in		
RM	USD	SGD	EURO
<b>2012</b>			
Trade receivables	19,743,233	3,578,750	3,478,387
Trade payables	(684,188)	(144,170)	(22,110)
Forward exchange contract	(13,467)	-	-
Exposure in the statements of financial position	19,045,578	3,434,580	3,456,277
<b>2011</b>			
Trade receivables	14,624,929	358,069	1,332,348
Trade payables	(878,705)	(220,795)	-
Forward exchange contract	(283,747)	-	-
Exposure in the statements of financial position	13,462,477	137,274	1,332,348

## 24. Financial instruments (continued)

## 24.6 Market risk (continued)

## 24.6.1 Currency risk (continued)

*Currency risk sensitivity analysis*

Foreign currency risk arises from Group entities which have a RM functional currency.

A 10 percent strengthening of the RM against the following currencies at the end of the reporting period would have increased/(decreased) equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Group	
	2012	2011
	RM'000	RM'000
USD	(1,428)	(1,010)
SGD	(258)	(10)
EURO	(259)	(100)

A 10 percent weakening of RM against the above currency during the reporting period would have had equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remained constant.

## 24.6.2 Interest rate risk

The Group's primary interest rate risk relates to fixed deposits placed with licensed bank. Short term receivables and payables are not significantly exposed to interest rate risk.

*Risk management objectives, policies and processes for managing the risk*

The Group place cash balances with reputable banks to generate interest income for the Group. The Group manage their interest rate risk by placing such balances on varying maturities and interest rate terms.

*Exposure to interest rate risk*

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period were:

	2012	2011
	RM	RM
<b>Fixed rate instruments</b>		
<b>Financial assets</b>		
Deposits placed with licensed banks	28,771,732	33,228,590
Short term fund	4,808,669	4,282,993

*Interest rate risk sensitivity analysis**Fair value sensitivity analysis for fixed rate instruments*

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group and the Company do not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

*Cash flow sensitivity analysis for variable rate instruments*

The Group does not hold any variable rate instruments, accordingly, the effect of changes in interest rate will not significantly affect the cash flows.

## 24. Financial instruments (continued)

## 24.7 Fair value of financial instruments

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

The fair values of other financial assets and liabilities, together with the carrying amounts shown in the statements of financial position, are as follows:

Group	2012		2011	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Forward exchange contracts liability	(13,467)	(13,467)	(283,747)	(283,747)
Other investment	35,000	65,000	35,000	60,000

The following summarises the methods used in determining the fair value of financial instruments reflected in the above table.

*Derivatives*

The fair value of forward exchange contract is determined based on bank quotation. If the quotation is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

*Other investment*

Fair value, which is determined for disclosure purposes, is based on the current market price of the golf club membership.

## 24.7.1 Fair value hierarchy

Comparative figures have not been presented for 30 September 2011 by virtue of the exemption provided in paragraph 44G of FRS 7.

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e as prices) or indirectly (i.e derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Group	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<b>2012</b>				
<b>Financial assets</b>				
Other investment	-	35,000	-	35,000
<b>Financial liabilities</b>				
Forward exchange contracts	-	(13,467)	-	(13,467)

**25. Capital management**

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and determine the level of capital appropriate for its business circumstances.

There were no changes in the Group's approach to capital management during the financial year.

**26. Capital commitments**

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>
<b>Plant and equipment</b>		
Contracted but not provided for	-	423,500

**27. Contingent liabilities (unsecured)**

	<b>Company</b>	
	<b>2012</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>
Corporate guarantees granted to suppliers of its subsidiaries	8,900,000	8,100,000
Corporate guarantees granted to financial institutions for bank facilities granted to its subsidiaries	110,700,000	98,700,000

**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 personnel compensation is disclosed in Note 19.

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

<b>Transaction</b>	<b>Transactions amount for the year ended 30 September</b>		<b>Balances at 30 September</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<i>Companies where certain Directors of the Company have financial interest:</i>				
Rental expenses	408,000	408,000	-	-
General and marine cargo insurance	300,628	260,626	103,084	48,357
Transportation services	1,354,886	899,127	182,493	204,376
Minor fabrication works and rental expenses	390,828	319,522	-	17,366
Maintenance of lorries and machines	47,399	31,817	1,266	7,155

Balances with related parties are disclosed in Note 13. All transactions have been entered in the ordinary course of business and have been established based on negotiated terms.



## 29. Supplementary financial information on the breakdown of realised and unrealised profits or losses

The breakdown of the retained earnings of the Group and of the Company as at 30 September, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	Group 2012 RM	2011 RM	Company 2012 RM	2011 RM
Total retained earnings of the Company and its subsidiaries:				
- realised profits	100,125,583	98,768,110	4,714,135	4,312,019
- unrealised losses	(3,097,615)	(3,377,448)	-	-
	97,027,968	95,390,662	4,714,135	4,312,019
Less: consolidation adjustments	(43,018,907)	(43,018,907)	-	-
Total retained earnings (distributable)	54,009,061	52,371,755	4,714,135	4,312,019

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 the Malaysian Institute of Accountants on 20 December 2010.

# Statement by Directors

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

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In the opinion of the Directors, the financial statements set out on pages 27 to 65 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 as of 30 September 2012 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 66 to the financial statements 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: 29 January 2013

## 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 27 to 66 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 above named in Kuala Lumpur on 29 January 2013.

.....  
**Cheong Wai Pong**

Before me:

# Independent Auditors' Report

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

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## Report on the Financial Statements

We have audited the financial statements of APB Resources Berhad, which comprise the statements of financial position as at 30 September 2012 of the Group and of the Company, and the statements of comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 27 to 65.

### *Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *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 about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity'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 2012 and of their financial performance and cash flows for the 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' report of a subsidiary of which we have not acted as auditors, which is indicated in Note 4 to the financial statements.
- c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

### Other 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 and is not required by the Financial Reporting Standards. 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 on 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

Petaling Jaya,

Date: 29 January 2013

#### Chong Dee Shiang

Approval Number: 2782/09/14(J)  
Chartered Accountant

# List of Properties as at 30 September 2012

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 2012 (RM)	Open Market Value (RM)	Date of Valuation
<b>Amalgamated Metal Corporation (M) Sdn. Bhd.</b>						
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 (11 years) / For Office and Factory Operations	39,250 / 15,750 square metres (12 June 1995)	14,910,000 (Within Property, Plant and Equipment)	14,910,000	30 September 2012
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 (8 years) / For Factory Operations	26,110 / 9,000 square metres (8 June 2003)	10,250,000 (Within Property, Plant and Equipment)	10,250,000	30 September 2012
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 (7 1/2 years) / For Office and Factory Operations	8,094 / 4,597 square metres (29 March 2004)	10,000,000 (Within Property, Plant and Equipment)	10,000,000	30 September 2012
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	Five (5) Contiguous Open Sided Single- Storey Detached Factory/Workshop cum Storage Area (4 years) / For Factory Operations	71,050 / 16,750 square metres (*29 February 2009)	31,200,000 (Within Property, Plant and Equipment)	31,200,000	30 September 2012
<b>Prescan Sdn. Bhd.</b>						
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 (8 years) / For Office and Factory Operations	2,000 / 3,000 square feet 11 August 2000	618,000 (Within Property, Plant and Equipment)	650,000	30 September 2012

# Analysis of Shareholdings

as at 5 February 2013

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Authorized Share Capital	200,000,000 ordinary shares
Issued and Paid-up Share Capital	110,844,802 ordinary shares (excluding 2,030,200 shares bought-back)
Class of Shares	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 shares	2,009	47.70	75,814	0.07
100 - 1,000 shares	1,130	26.83	479,390	0.44
1,001 - 10,000 shares	713	16.93	3,191,701	2.88
10,001 - 100,000 shares	288	6.84	10,067,720	9.08
100,001 - 5,542,239 (less than 5% of the issued shares)	68	1.61	37,328,973	33.67
5,542,240 and above (5% of the issued shares and above)	4	0.09	59,701,204	53.86
Total	4,212	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 at 5.2.2013

## LIST OF TOP 30 HOLDERS AS AT 5.2.2013

No	Name	No of Shares	%
1	Ikram Pintas Sdn.Bhd	30,876,000	27.86
2	Yap Kow @ Yap Kim Fah	12,216,404	11.02
3	Lembaga Tabung Haji	8,850,300	7.98
4	Lim Hong Liang	7,758,500	7.00
5	TTS Resources Sdn.Bhd.	5,117,215	4.62
6	Aspirasi Jitu Sdn.Bhd.	4,415,007	3.98
7	Lim Hong Liang	2,161,500	1.95
8	Teh Teck Tee	1,744,400	1.57
9	Yap Kow @ Yap Kim Fah	1,723,000	1.55
10	Tan Ming Chieh	1,600,000	1.44
11	Lee Boon Imm	1,138,000	1.03
12	Goh Siang Kuan	1,014,096	0.91

## Analysis of Shareholdings as at 5 February 2013 (cont'd)

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### LIST OF TOP 30 HOLDERS AS 5.2.2013 (CONTINUED)

No	Name	No of Shares	%
13	Yeo Seo Hwa	1,000,500	0.90
14	RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lee Teck Yuen	1,000,000	0.90
15	Cheong Boon Yu	856,157	0.77
16	Wong Than Loy	806,200	0.73
17	Gan Chin Boon	725,157	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	Tan Ming Sheng	523,000	0.47
22	Lim Pin Kong	500,000	0.45
23	Tan Huey Szu	487,400	0.44
24	Public Invest Nominees (Asing) Sdn. Bhd. Exempt An for Phillip Securities Pte Ltd	484,700	0.44
25	Tan Ming Sheng	408,300	0.37
26	Chwa Eng Wan	402,700	0.36
27	Lee Boon	382,300	0.34
28	Puah Siew Mooi	349,700	0.32
29	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ng Faai @ Ng Yoke Pei	338,000	0.30
30	Lee Kwai	324,600	0.29



### 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	Direct	%	No. of Ordinary Shares Held		Total	%
			Indirect	%		
Yap Kow @ Yap Kim Fah	13,939,404	12.57	35,993,215	32.48	49,932,619	45.05
Tan Teng Khuan	244,095	0.22	0	0.00	244,095	0.22
Lim Hong Liang	9,920,000	8.95	616,569	0.56	10,536,569	9.51
Yap Kau @ Yap Yeow Ho	33,000	0.03	5,117,215	4.62	5,150,215	4.65
Mak Fong Ching	0	0.00	0	0.00	0	0.00
Chua Eng Seng	0	0.00	0	0.00	0	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

#### Note:

Excluding a total of 2,030,200 ordinary shares bought-back by APB and retained as treasury shares as at 5.2.2013

### SUBSTANTIAL SHAREHOLDERS BASED ON THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name	Note	Direct	%	No. of Ordinary Shares Held		Total	%
				Indirect	%		
Yap Kow @ Yap Kim Fah	1	13,939,404	12.57	35,993,215	32.48	49,932,619	45.05
Lim Hong Liang	2	9,920,000	8.95	616,569	0.56	10,536,569	9.51
Ikram Pintas Sdn. Bhd.		30,876,000	27.86	0	0.00	30,876,000	27.86
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.
- (3) Excluding a total of 2,030,200 ordinary shares bought-back by APB and retained as treasury shares as at 5.2.2013

# Notice of Eleventh (11<sup>th</sup>) Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Eleventh 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, 27 March 2013 at 10.00 a.m. to transact the following businesses:

## AS ORDINARY BUSINESS

1. To table the Audited Financial Statements of the Company for the financial year ended 30 September 2012 and the Reports of the Directors and Auditors thereon. Note 5
2. To declare a final single tier dividend of 3% in respect of the financial year ended 30 September 2012 as recommended by the Directors. Ordinary Resolution 1
3. To approve payment of Directors' fees for the financial year ended 30 September 2012. Ordinary Resolution 2
4. To re-elect Mr. Yap Kow @ Yap Kim Fah, who retires in accordance with Article 84 of the Company's Articles of Association. Ordinary Resolution 3
5. To re-elect Mr. Yap Kau @ Yap Yeow Ho, who retires in accordance with Article 84 of the Company's Articles of Association. Ordinary Resolution 4
6. To appoint auditors and to authorize the Directors to fix their remuneration. Ordinary Resolution 5

Notice of Nomination pursuant to Section 172(11) of the Companies Act, 1965, a copy of which is annexed to the Company's Annual Report 2012 and marked "Appendix A", has been received by the Company for the nomination of Messrs. Crowe Horwath (AF 1018), who have given their consent to act, for appointment as Auditors of the Company and to propose the following ordinary resolution:

"THAT Messrs. Crowe Horwath (AF 1018) be appointed as Auditors of the Company in place of the retiring Auditors, Messrs. KPMG, to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

## AS SPECIAL BUSINESS

7. Authority to Directors to Issue Shares Ordinary Resolution 6

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."

8. 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 Ordinary Resolution 7

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

"THAT the Mandate granted by the Shareholders of APB Resources Berhad on 22 March 2012 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 1 March 2013 with the related parties mentioned therein, be and is hereby renewed subject to the following:

8. (i) The transactions are in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public, and the transactions are undertaken on arm's length basis and are not to the detrimental of the minority shareholders;
- (ii) The Shareholders' Mandate is subject to annual renewal and this Shareholders' Mandate shall only continue to be in full force until:
  - (a) The conclusion of the next Annual General Meeting 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."

## 9. Proposed Renewal of Share Buy-Back

## Ordinary Resolution 8

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

"THAT subject to the Companies Act, 1965, the Company's Memorandum and Articles of Association, the Listing Requirements of Bursa Malaysia Securities Berhad 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:

## Notice of Eleventh (11<sup>th</sup>) Annual General Meeting (cont'd)

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

whichever occurs first."

### 10. SPECIAL RESOLUTION 1

#### ALTERATION TO THE ARTICLES OF ASSOCIATION

#### Special Resolution 1

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

"THAT the Articles of Association of the Company be and are hereby altered, modified, added and deleted in the form and manner as set out in the Annexure B:

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

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

### NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

Notice is hereby given that, subject to the approval of Members at the Eleventh Annual General Meeting to be held on Wednesday, 27 March 2013, a final single tier dividend of 3% in respect of the financial year ended 30 September 2012, will be paid on 25 April 2013 to Depositors whose names appear in the record of Depositors on 15 April 2013.

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 15 April 2013 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** (MACS00139)  
Company Secretary  
Kuala Lumpur  
1 March 2013

## 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.
- 5 Agenda 1 is to table the Audited Financial Statements pursuant to the provision of Section 169(1) of the Companies Act, 1965 and is meant for discussion only. It does not require a formal approval and/or adoption by the shareholders of the Company and hence, Agenda 1 is not put forward for voting.

## Explanatory notes on Special Business:

- 6 Authority to Directors to Issue Shares

The proposed Ordinary Resolution 6, 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 absolute discretion consider to be in the interest of the Company, without having to convene a general meeting. This authority will expire at the next Annual General Meeting of the Company or at the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is earlier.

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 Tenth 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 pursuant to Section 132D of the Companies Act, 1965 passed at the Tenth Annual General Meeting held on 22 March 2012 and which will lapse at the conclusion of the Eleventh 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.

- 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.

The proposed Ordinary Resolution 7, if passed, will allow the APB Group to enter into recurrent 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 Shareholders' Mandate is set out in the Circular to Shareholders dated 1 March 2013 which is despatched together with the Annual Report of the Company for the financial year ended 30 September 2012.

**8 Proposed Renewal of Share Buy-Back**

The proposed Ordinary Resolution 8, if passed, will empower the Directors of the Company to allocate an amount not exceeding the unappropriated profits and/or share premium accounts of the Company for the purpose of and to purchase such amount of ordinary shares of RM1.00 each in the Company from time to time on the market of the Bursa Malaysia Securities Berhad upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that the aggregate number of shares purchased pursuant to this resolution does not exceed ten 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, whichever occurs first.

Further information on the Proposed Share Buy-Back is set out in the Circular to Shareholders dated 1 March 2013 which is despatched together with the Annual Report of the Company for the financial year ended 30 September 2012.

**9 Special Resolution 1**

The proposed amendment to the Company's Articles of Association will enable the Company to comply and to be in line with amendments to the Listing Requirements of Bursa Malaysia Securities Berhad.

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

**NOTICE OF NOMINATION OF AUDITORS**

Date : 25 January 2013

The Board of Directors  
APB Resources Berhad  
D12, Tingkat 1, Plaza Pekeliling,  
No.2, Jalan Tun Razak,  
50400 Kuala Lumpur.

Dear Sirs

**NOTICE OF NOMINATION OF AUDITORS**

We, TTS Resources Sdn. Bhd. (Company No. 242504-W) being a member of APB Resources Berhad (Company No. 564838-V) ("the Company") hereby give notice pursuant to Section 172(11) of the Companies Act, 1965 of our intention to nominate Messrs. Crowe Horwath (AF 1018) for appointment as Auditors of the Company in place of the retiring Auditors, Messrs. KPMG and of our intention to move the following motion to be passed as an ordinary resolution at the Eleventh Annual General Meeting of the Company.

We propose that the following resolution be considered at the forthcoming Annual General Meeting.

"THAT Messrs. Crowe Horwath (AF 1018), Chartered Accountants, be appointed as Auditors of the Company in place of the retiring Auditors, Messrs. KPMG to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors."

Yours faithfully,

.....  
TTS Resources Sdn. Bhd.  
(Company No. 242504-W)



## PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

ARTICLE NO.	EXISTING ARTICLES	PROPOSED NEW ARTICLES	MAIN MARKET LISTING REQUIREMENTS
2	No provision	"Exempt Authorised Nominee" means an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA") which is exempted from compliance with the provisions of Subsection 25A(1) of SICDA.	Paragraph 7.21
2	No provision	"Share Issuance Scheme" means a scheme involving a new issuance of shares to the employees.	Paragraph 7.03
4(c)	every issue of shares or options to employees and/or Directors of the Company shall be approved by the Members in General Meeting and no Director shall participate in such issues of shares unless the Members in General Meeting have approved of the specific allotment to be made to such Director.	every issue of shares or options to employees and/or Directors of the Company shall be approved by the Members in General Meeting and no Director shall participate in a Share Issuance Scheme unless the Members in General Meeting have approved of the specific allotment to be made to such Director.	Paragraph 7.03
77	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 the corporation's common seal or under the hand of an officer or attorney duly authorized. The Directors may but shall not be bound to require evidence of the authority of any such attorney or officer. A proxy may but need not be a Member and/or a qualified legal practitioner, an approved company auditor or a person approved by the Registrar. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.	<p>A Member entitled to attend and vote at a meeting of the Company, or at a meeting of any class of members of the Company, shall be entitled to appoint any person as his proxy to attend and vote instead of the Member at the meeting.</p> <p>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 the corporation's common seal or under the hand of an officer or attorney duly authorized. The Directors may but shall not be bound to require evidence of the authority of any such attorney or officer. A proxy may but need not be a Member or a qualified legal practitioner, an approved company auditor or a person approved by the Registrar of Companies. There shall be no restriction as the qualification of the proxy.</p> <p>A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.</p> <p>The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.</p> <p>Where a member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.</p> <p>An exempt authorized nominee refers to an authorized nominee defined under the Securities Industry (Central Depositories) Act, 1991 ("SCIDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.</p>	Paragraph 7.21 and 7.21(A)

ARTICLE NO.	EXISTING ARTICLES	PROPOSED NEW ARTICLES	MAIN MARKET LISTING REQUIREMENTS
78	<p>Notes:</p> <p>A proxy may but need not be a Member and/or a qualified legal practitioner, an approved company auditor or a person approved by the Registrar.</p> <p>Where a members is an authorized nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.</p>	<p>Notes:</p> <p>A proxy may but need not be a Member or a qualified legal practitioner, an approved company auditor or a person approved by the Registrar of Companies. There shall be no restriction as the qualification of the proxy.</p> <p>Where a member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.</p> <p>An exempt authorized nominee refers to an authorized nominee defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.</p>	Paragraph 7.21 (7) and 7.21(A)

# Statement Accompanying

## notice of eleventh (11th) 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 Kow @ Yap Kim Fah; and
- (b) Mr. Yap Kau @ Yap Yeow Ho.

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 Attendance of Directors at Board Meetings

A total of five (5) Board of Directors' Meetings were held during the financial year ended 30 September 2012 at the Board Room, No. 47 (Lot 540), Jalan TUDM, Kampung Baru Subang, Seksyen U6, 40150 Shah Alam, Selangor Darul Ehsan. Details of attendance 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

Details of date and time of the Board Meetings

- Tuesday, 29 November 2011, at 12.45 p.m.
- Wednesday, 18 January 2012 at 11.30 a.m.
- Tuesday, 21 February 2012 at 11.30 a.m.
- Sunday, 20 May 2012 at 11.00 a.m.
- Friday, 24 August 2012 at 12.00 p.m.

**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](http://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](mailto:amcsubg@amcsb.com.my)

Website : [www.amcsb.com.my](http://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](mailto: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](mailto:prescan@pd.jaring.my)

**Branch - Kuantan**

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

Tel/Fax : 609-5834457

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# Proxy Form



CDS Account No. \_\_\_\_\_

\*I/We ..... NRIC/Company No. ....  
(FULL NAME IN BLOCK LETTER)

of .....  
(FULL ADDRESS)

being a member/members of **APB RESOURCES BERHAD**, hereby appoint .....  
(FULL NAME IN BLOCK LETTER)

..... NRIC/Passport No. ....

or failing him/her ..... NRIC/Passport No. ....  
(FULL NAME IN BLOCK LETTER)

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 Eleventh (11<sup>th</sup>) Annual General Meeting of the Company, to be held on Wednesday, 27 March 2013 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 declare a final single tier dividend of 3% in respect of the financial year ended 30 September 2012. (Resolution 1)		
2	To approve payment of Directors' fees for the financial year ended 30 September 2012. (Resolution 2)		
3	To re-elect Mr. Yap Kow @ Yap Kim Fah as Director (Resolution 3)		
4	To re-elect Mr. Yap Kau @ Yap Yeow Ho as Director (Resolution 4)		
5	To appoint auditors and to authorize the Directors to fix their remuneration. (Resolution 5)		
6	Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965. (Resolution 6)		
7	Proposed Renewal of Shareholders' Mandate for recurrent related party transactions of a revenue or trading nature. (Resolution 7)		
8	Proposed Renewal of Share Buyback (Resolution 8)		
9	Amendment to Articles of Association (Resolution 9)		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2013.

\_\_\_\_\_  
Signature of Member

No. of Shares Held

## Notes:

- 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.
- 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.
- 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.
- 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.

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STAMP

The Company Secretary  
**APB RESOURCES BERHAD**  
(Company No. 564838-V)

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

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