



RESOURCES

APB RESOURCES BERHAD
(Company No. 564838-V)

ANNUAL REPORT 2013

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
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CORPORATE INFORMATION

BOARD OF DIRECTORS

Yap Kow @ Yap Kim Fah	Chairman / Managing Director
Tan Teng Khuan	Chief Operating Officer / Executive Director
Lim Hong Liang	Non-Independent Non-Executive Director
Datuk 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 @ Datuk Yap Yeow Ho

Audit Committee

Mak Fong Ching (Ms.)- Chairperson
Chua Eng Seng
Datuk 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

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

Company Secretary

Cheok Kim Chee (MACS 00139)

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

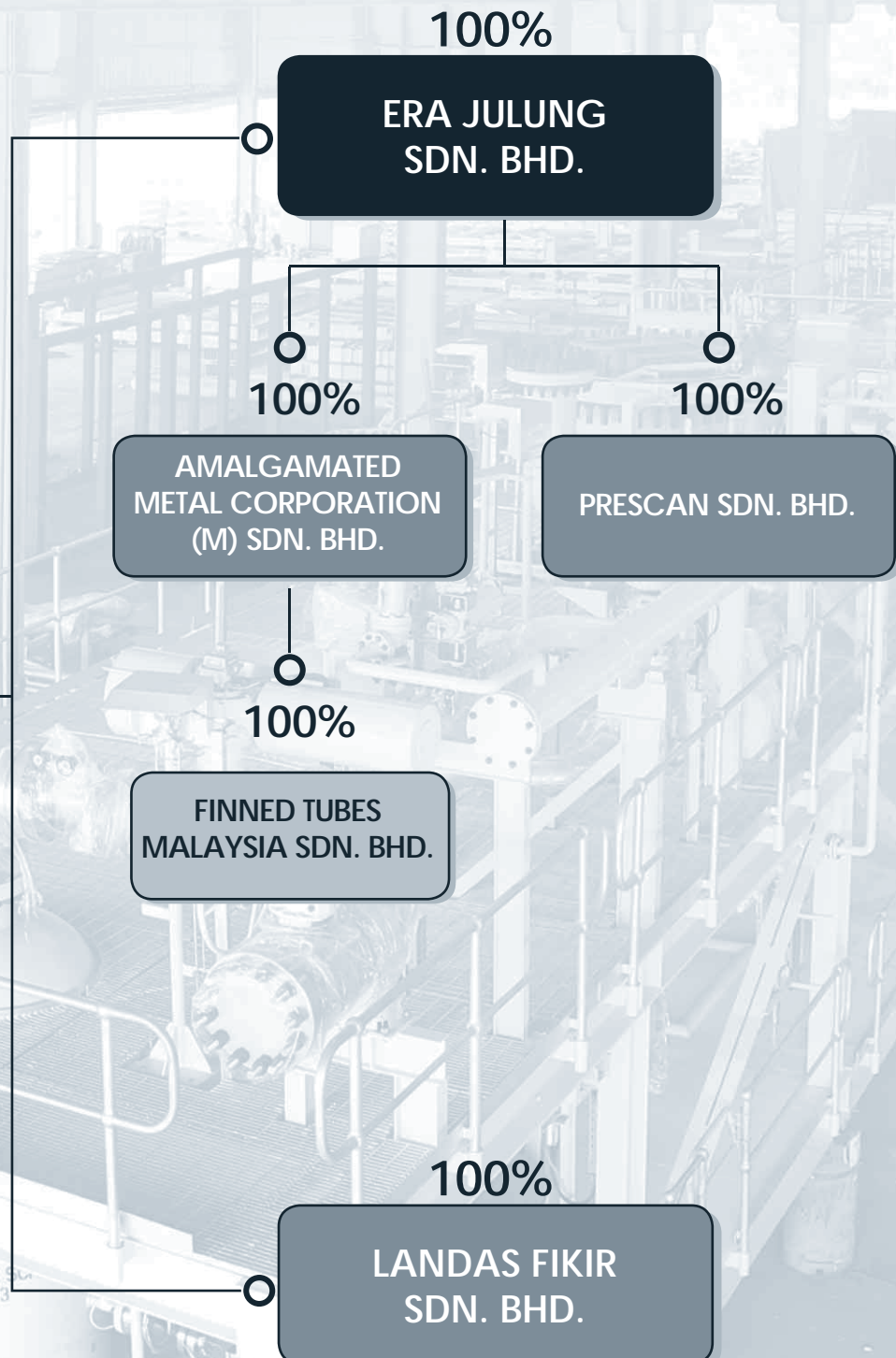
Auditors

Baker Tilly Monteiro Heng
Chartered Accountants (AF 0117)
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Malaysia
Tel No.: 03 – 2297 1000
Fax No.: 03-2282 9980

Principal Bankers

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

CORPORATE STRUCTURE



DIRECTORS' PROFILE

Yap Kow @ Yap Kim Fah

Aged 68, 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 57, 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.

DIRECTORS' PROFILE (CONT'D)

Lim Hong Liang

Aged 54, 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.

Datuk Yap Kau @ Yap Yeow Ho

Aged 70, Malaysian • Non-Independent Non-Executive Director • Member of Audit Committee

Datuk Yap was appointed to the Board on 30 March 2004. Datuk 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, Datuk Yap has been a Director of TTS Transport Sdn Bhd. Datuk Yap had been conferred the title of Panglima Jasa Negara which carried the title "Datuk" by Seri Paduka Baginda Yang Di-Pertuan Agong XIV on 1 June 2013. Datuk Yap also 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. Datuk Yap is also a Director of several other private companies.

Datuk 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 68, 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.

DIRECTORS' PROFILE (CONT'D)

Mak Fong Ching (Ms.)

Aged 57, 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 37, 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 46, Malaysian • Alternate Director to Datuk 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, Datuk 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.

DIRECTORS' PROFILE (CONT'D)

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 25 of the accompanying financial statements. Save as disclosed above, none of the other Directors of the Company have any conflict of interest with the Group.
- **Convictions for Offences (Within the Past Ten Years, Other Than Traffic Offences)**
None of the Directors of the Company have been convicted of any offences within the past ten (10) years other than traffic offences, if any.

CHAIRMAN'S STATEMENT

Dear Valued Shareholders

On behalf of the Board of Directors, I have the pleasure in presenting the annual report and financial statements of APB Resources Berhad and its subsidiaries ("the Group") for the financial year ended 30 September 2013.

PERFORMANCE REVIEW

The global business environment for the financial year ended 30 September 2013 improved marginally from the previous financial year. However on the domestic front, operational planning during the first half of the year was rather 'trying' due to the overhanging anxiety of the 13th General Election. Normalcy did return after the election in the second half. While the global economic activities were experiencing some gradual picking up, the operating condition for the Group's processed equipment sector as a whole remained mired in a weak demand, over-capacity and highly competitive situation. As the bulk of the Group's production is exported, its order book is mainly driven by global demand for fabrication of processed equipment which in turn is dependent on the capital expenditure in the oil & gas, petrochemical, energy and oleo-chemical sectors.

With the exception of the oleo-chemical sector, capital expenditure remained weak in the oil and gas, petrochemical and energy sectors. Until a few years ago, the middle-eastern region was the largest market for fabricated processed equipment to feed its oil & gas and petrochemical industries. This traditional market has virtually disappeared largely due to years of capacity over-investment and prevailing political upheaval. Pockets of capital expenditure in these sectors in some of the emerging markets were insufficient to absorb the process equipment supply overcapacity that was built up during those booming years. Expectation of rapid increase in capital expenditure in the global energy sector did not quite materialize due to weak economic condition in the developed countries which saw slowing energy demand growth and spending deferment of more energy-efficient equipment.

The oleo-chemical sector continued to be the bright spot for the Group processed equipment market. Demand was held up by stable crude palm oil prices and upstream acreage expansion driven by huge consumption growth particularly in the emerging markets such as Indonesia, India and China. Capacity expansion for bio-diesel production further buoyed demand.

Nevertheless, despite the trying operating environment, the Group performed credibly. Notwithstanding a 39.7% year over year decline in revenue, profit before tax increased by 11.4% year over year to RM14.6 million while profit after taxation was RM10.4 million, an improvement of 20.3%. The revenue drop was mainly due to the weak market plus the adoption of a more selective marketing strategy of focusing on less bulky (lower value) but relatively higher margin projects. As a result, overall margin was significantly higher than prior year which more than offset the decline in revenue. Greater emphasis on cost control and efficiency have also contributed to the improvement in margin and hence profitability.

The Group derived 97.2% of its revenue and 97.6% of profit after tax from the fabrication division for the financial year ended 30 September 2013. Exports continued to account for over 90% of the revenue with the oleo-chemical sector being the principal revenue driver.

The Non-Destructive Testing division performed slightly ahead of expectation, with a profit after tax of RM0.7 million, an increase of 7.3%, despite the tough business condition.

The Group's financial position remained healthy with a net cash position of RM47.0 million or net cash per share of 41.7 sen as at 30 September 2013.

PROSPECTS

Since the financial crisis started in 2008, the global outlook for 2014 is probably the most positive, in anticipation of decent economic growth in the USA, Japan and encouraging signs in the Euro-zone. Even the much feared 'hard-landing' of the Chinese economy seems to have dissipated and replaced by forecast of relatively strong growth. However, significant slowdown is expected in several major emerging economies such as India, Indonesia, South Africa and Brazil which may be compounded by the 'tapering of the stimulus program' by the US Federal Reserve in the coming months. Apart from slower growth, the greater concern is the impact on the local currencies arising from the potential outflow of funds from the respective economies. As for Malaysia, it's current account surplus (although on the declining trend) and reserve position could provide some cushion thus may not feel the full impact of the Federal Reserve measure. However, the local currency will still be volatile due to the foreign outflows (fixed income and equities).

CHAIRMAN'S STATEMENT (CONT'D)

The improved global economic outlook is positive for the Group in the medium to longer term. As you are aware, the Group's earnings are driven by global demand and hence capital expenditure for the oil & gas, petrochemical, oleo-chemical and energy sectors. Such spending and demand are expected to lag the general pick-up in economic activities by a year or two. Given that the global fabrication industry is still affected by over-capacity, it could take some time for demand to absorb the slack and translate into higher margins. The more immediate concern for the Group is whether the expected slowdown in the Indonesian economy will dampen the on-going huge investment in the oleo-chemical sector. This area has been the major contributor to the Group's order book in the past. Our view is that capital spending in Indonesia's oleo-chemical sector is more a function of global demand and continued expansion in upstream plantation acreages rather than the general domestic economy – outlook for the first two are positive.

The oil & gas and petrochemical sectors are major users of process equipment. However, the past years of massive capacity expansion in the two sectors have created substantial excesses particularly in the middle-east. While the global economic rebound may renew spending, we anticipate that it would take sometime for demand to catch up with the slack capacity in the traditional middle-eastern region. Current slowdown in some of the major emerging economies would also delay investment in these two areas.

Some positive indicators are emerging on capital expenditure in the energy sector where numerous projects were shelved or deferred in recent years arising from the global financial crisis. Economic up-turn, rising fuel costs and environmental factors should drive utility companies in both emerging and developed countries to add capacity, invest in renewable energy alternatives and replace old inefficient power plants.

The Group has built a very strong track record and reputation as a process equipment fabricator for the oleo-chemical industry. Moreover, this sector has been the major cushion to the Group in weathering the impact of the down-turn in fabrication demand over the past few years. In the coming years, the Group should benefit from increasing capital expenditure due to rapid expansion of palm oil acreage and demand for oleo-chemical end-products particularly in the Asian region.

Operationally, the Group's emphasis on efficiency has been successful in keeping cost under control as a result, generating respectable margins despite the challenging business environment over the years. Unfortunately going forward, the local operating and business environment are getting increasingly more difficult, marred by acute shortage of skilled workers, onerous government regulations, rapid cost increases arising from the hike in petrol price, toll rates, electricity tariffs, property assessment rates etc. As the Group is operating in an international and highly competitive arena, it would be difficult to pass on the cost increase to the clients. Unless the scenario changes, there is likely to be some pressure on profitability going forward. However, we assure you that the Group will endeavor to minimize the impact through our efficiency drive.

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 list of major global Engineering, Procurement, Construction and Commissioning (EPCC) clients. This will provide a stable earnings base. Moreover, the strong cash position will enable the Group to seize potential opportunities while maintaining a cautious and prudent strategy in all investments going forward.

DIVIDEND

The Board has recommended a final single-tier dividend of 3.0% per ordinary share for the year ended 30 September 2013. This upon approval by shareholders at the forthcoming Twelfth (12th) Annual General Meeting, together with the interim dividend of 3.5% paid earlier, will bring the total dividend to 6.5% for the year ended 30 September 2013 (6.5% for 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 the community, including our shareholders, for their continued support and confidence in the Group.

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

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors of APB Resources Berhad ("the Board") is committed to the principles of corporate governance and to ensure these principles 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 Group will continue with its efforts in evaluating its corporate governance practices.

The Board is pleased to report its Statement on Corporate Governance for the financial year ended 30 September 2013 outlining the application of the principles and recommendations as set out in the Malaysian Code on Corporate Governance 2012 ("the Code").

PRINCIPLE 1 - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT

CLEAR FUNCTIONS OF THE BOARD AND MANAGEMENT

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 and these responsibilities are set out in a Board Charter.

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.

CLEAR ROLES AND RESPONSIBILITIES

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 Board regards the presence of independent and non-executive directors as majority within the composition of the Board as the existence of strong independent elements within the Board. They also act independently of Management and are not involved in any other relationship with the Group that may impair their independent judgment and decision-making. 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 brief descriptions on the background of each Director are presented on pages 4 to 7 of this Annual Report.

DIRECTORS' CODE OF CONDUCT

The Board, through a Board Charter, has formalized a Directors' Code of Conduct which sets out the standard of conduct expected of Directors with the aim to cultivate good ethical conduct that spread throughout the Group through transparency, integrity, accountability and corporate social responsibility.

SUSTAINABILITY OF BUSINESS

The Board, through a Board Charter, is committed in promoting business sustainability strategies within the Group.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

PRINCIPLE 1 - ESTABLISH CLEAR ROLES AND RESPONSIBILITIES OF THE BOARD AND MANAGEMENT (continued)

SUPPLY OF INFORMATION TO BOARD MEMBERS

The Board meets on a quarterly basis and additionally as and when required. Prior to Board Meetings, all 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 in discharging their respective duties have exercised balance and independent judgements when deliberating on matters of strategies, corporate, investments, operations and financials.

ACCESS TO INFORMATION AND ADVICE

All Directors have unrestricted direct access to the Company's Senior Management and 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.

BOARD CHARTER

The Board has also adopted a Board Charter which sets out the Board's strategic intent and outlines the Board's roles and functions. The Board Charter is reviewed periodically and updated in accordance with the needs of the Company to ensure its effectiveness. The current Board Charter is published on our corporate website, www.apb-resources.com.

PRINCIPLE 2 – STRENGTHEN COMPOSITION

To ensure the most effective and professional discharge of duties, the Board is assisted by Board Committees, namely the Audit Committee, Nomination Committee and Remuneration Committee. Each committee will focus on specific areas and will operate within clearly defined terms of reference which have been approved by the Board.

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, skills and experience of Board members to serve the Group's business and operation needs.

The Nomination Committee comprises two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director i.e. comprises exclusively of Non-Executive Directors and the majority of whom are Independent Directors. 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 2013 whereby the Company Secretary shall be the secretary for the Nomination Committee.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

PRINCIPLE 2 – STRENGTHEN COMPOSITION (continued)

NOMINATION COMMITTEE (continued)

The Nomination Committee continually reviews and evaluates its requirements for an appropriate mix of skills and experience to ensure the Board's composition remains relevant and optimal. The Nomination Committee confirms that the present size and composition of the Board is appropriate to oversee the overall businesses of the Group.

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.

REMUNERATION COMMITTEE

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.

The Remuneration Committee comprises two (2) Independent Non-Executive Directors and one (1) Executive Director the majority of whom are Independent Non-Executive Directors. 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 2013 whereby the Company Secretary shall be the secretary for the Remuneration Committee.

DIRECTORS' REMUNERATION

The Company's framework on Directors' remuneration has the objectives of attracting and retaining Directors of high caliber needed to run the Group successfully. For Executive Directors, their remunerations are structured so as to link rewards to corporate and individual performance and for Non-Executive Directors, their remunerations are to reflect their expertise, experience and level of responsibilities undertaken. The Directors are also reimbursed reasonable expenses incurred by them in the course of carrying out their duties on behalf of the Company.

The aggregate remuneration paid or payable, by nature and amount, to all Directors of the Company for the financial year ended 30 September 2013 is as follow:

	Executive Directors (RM'000)	Non-Executive Directors (RM'000)
Remuneration	738	-
Fees	50	100
Total	788	100

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

PRINCIPLE 2 – STRENGTHEN COMPOSITION (continued)

DIRECTORS' REMUNERATION (continued)

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

	Executive Directors	Non-Executive Directors
Below RM50,000	-	4
RM150,001 – RM200,000	1	-
RM600,001 – RM650,000	1	-

PRINCIPLE 3 – REINFORCE INDEPENDENCE

ASSESSMENT OF INDEPENDENT DIRECTORS

The Board recognizes the importance of independence and objectivity in the decision-making process. The Board and its Nomination Committee are of the opinion that the Independent Non-Executive Directors continue to demonstrate conduct and behavior that are independence, and that each of them continues to fulfill the definition and criteria of independence as set out within Bursa Malaysia Securities Berhad ("BMSB") Main Market 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.

TENURE OF INDEPENDENT DIRECTORS

The Board noted the Code recommends that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. The Board and the Nomination Committee have deliberated on the said recommendation and are of the opinion that a Director's independence cannot be determined solely with reference to tenure of service. A Board composition should have a balance between effectiveness on one hand and the need for fresh perspectives on the other.

The Board and its Nomination Committee are of the opinion that Mak Fong Ching (Ms.) and Chua Eng Seng, who have served on the Board as Independent Directors and each exceeding a cumulating term of nine (9) years, remain independent and objective in expressing their opinions and in participating in decision making of the Board. The length of their service on the Board has not in any way interfered with their independent and objective judgment in carrying out their roles as members of the Board and its Board Committees. The Board believes that the Board is in the best position to evaluate and determine whether any Independent Director has acted in the best interests of the Company and bringing independent and objective judgment to board deliberations.

In this respect, the Board has proposed the continuation of Mak Fong Ching (Ms.) and Chua Eng Seng as Independent Directors of the Company.

PRINCIPLE 4 – FOSTER COMMITMENT

BOARD MEETINGS

The Board places importance of devoting sufficient time and efforts to carry out their responsibilities and to enhance their professional skills. Thus, each Director is expected to commit sufficient time and efforts to carry out their responsibilities besides attending meetings of the Board and Board Committees.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

PRINCIPLE 4 – FOSTER COMMITMENT (continued)

BOARD MEETINGS (continued)

The Board meets at least five times a year on a scheduled basis. The meeting calendar is tabled and confirmed at the beginning of each financial year to allow the Directors to plan ahead. Additional meetings may be convened when necessary should major issues arise that need to be resolved between scheduled meetings. Where the Board is considering a matter in which a Director has an interest, such Director abstains from all deliberations and decision making on the subject matter. In the event Directors are unable to attend Board Meetings physically, the Company's Articles of Association allow for such meetings to be conducted via telephone, video conference or any other form of electronic or instantaneous communication.

For the financial year ended 30 September 2013, 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
Datuk 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

DIRECTORS' CONTINUING DEVELOPMENT

All Board members have attended and successfully completed the Mandatory Accreditation Programme as prescribed by BMSB's Listing Requirements. The Board oversees the training needs of its Directors. Directors are regularly updated on the Group's businesses and the competitive and regulatory environment in which they operate. Directors are encouraged to visit the Group's operating centers to have an insight into the Group's operations which would assist the Board to make effective decisions relating to the Group. 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 2013, the Directors have attended seminars on "World Capital Market Symposium", "2014 Budget Highlights and Succession Planning", "Goods and Services Tax" and "PLC Directors' Training".

PRINCIPLE 5 – UPHOLD INTEGRITY IN FINANCIAL REPORTING

FINANCIAL REPORTING

The Board is committed to present a fair, balanced and understandable assessment of the Group's operations, 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 Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group at 30 September 2013. 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.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

PRINCIPLE 5 – UPHOLD INTEGRITY IN FINANCIAL REPORTING (continued)

FINANCIAL REPORTING (continued)

The Audit Committee plays an important role in reviewing information to be disclosed to ensure its accuracy, adequacy and compliance with the appropriate accounting standards. 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.

The composition and terms of reference of the Audit Committee together with its report are presented on pages 17 to 20 of this Annual Report.

SUITABILITY AND INDEPENDENCE OF EXTERNAL AUDITORS

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

The roles of the Audit Committee in relation to the external and internal auditors are as stated on pages 17 to 20 of this Annual Report.

The suitability and independence of external auditors are also consistently reviewed by the Audit Committee.

PRINCIPLE 6 – RECOGNIZE AND MANAGE RISKS

SOUND RISK MANAGEMENT FRAMEWORK

The Board assumes responsibility for effective management of the Company with the objective to build and deliver value. The Board provides strategic directions and formulates corporate policies to ensure the Group's resources and profitability are optimized. The Board is also responsible for assessing the integrity of the Group's financial information and the adequacy and effectiveness of the Group's system of internal control and risk management processes.

INTERNAL AUDIT FUNCTION

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 on Risk Management and Internal Control which provides an overview of the Group's risk management and state of internal controls is set out on page 21 of this Annual Report.

PRINCIPLE 7 – ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

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.

STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

PRINCIPLE 7 – ENSURE TIMELY AND HIGH QUALITY DISCLOSURE (continued)

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

PRINCIPLE 8 – STRENGTHEN RELATIONSHIP BETWEEN THE COMPANY AND SHAREHOLDERS

ANNUAL GENERAL MEETINGS

The Board recognises that Annual General Meeting ("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) days before the AGM.

In addition, shareholders have the right, as provided for in the Articles of Association of the Company, to call for poll voting.

The Company will hold its Twelfth (12th) AGM on 26 March 2014 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 questions pertaining to the Group's business activities. All Directors will be available to respond to shareholders' questions 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.

INVESTOR RELATIONS

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 questions 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.

This statement is made in accordance with a resolution of the Board dated 15 January 2014.

AUDIT COMMITTEE REPORT

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 2013, 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 2013:

- (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.

AUDIT COMMITTEE REPORT (CONT'D)

3. INTERNAL AUDIT FUNCTIONS

For the financial year ended 30 September 2013, the Group has outsourced its internal audit functions to H-Corp Management Sdn. Bhd. ("H-Corp"). H-Corp is an independent professional firm to support the Audit Committee and to assist the Board by providing an independent assurance on the effectiveness of the Group's internal control systems.

During the year under review, H-Corp has assessed the adequacy and effectiveness of the Group's key business processes and conducted visits to the Group's key business units. H-Corp reported their findings and recommendations to the Audit Committee. The Audit Committee, by reviewing the internal auditors' reports and by inquiring with the Group's management, will then inform the Board on the adequacy and effectiveness of the Group's systems of internal control, risk management processes and compliance frameworks.

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 deems necessary.

4.3 Composition of Members

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

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

AUDIT COMMITTEE REPORT (CONT'D)

4. TERMS OF REFERENCE (continued)

4.3 Composition of Members (continued)

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

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

4.4 Meetings

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

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

4.5 Quorum

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

4.6 Secretary

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

4.7 Duties and Responsibilities

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

- (i) To review with the Group's external auditors on their audit plans, their evaluation of the Group's systems of internal control, the external auditors' reports on the Group's financial statements and the extent of cooperation and assistance given by the Group's employees to the external auditors;
- (ii) To review the quarterly and year-end financial statements with the Group's management and external auditors, and to recommend these financial statements for approval by the Board;
- (iii) To review the scope, functions and resources for the internal audit functions and that these functions have the necessary authority to carry out their work;
- (iv) To review the internal audit programmes, reports, and management's responses to these reports;
- (v) To review the coordination of audit approaches between external and internal auditors;
- (vi) To confirm that management has placed no restriction on the internal and external auditors;
- (vii) To review any resignation from the external and internal auditors;
- (viii) To nominate external and internal auditors for the Group;

AUDIT COMMITTEE REPORT (CONT'D)

4. TERMS OF REFERENCE (continued)

4.7 Duties and Responsibilities (continued)

- (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 RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("the Board") is pleased to provide the Statement on Risk Management and Internal Control that is made pursuant to paragraph 15.26(b) of Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). This statement has been prepared after taking into consideration the "Statement on Risk Management and Internal Control: Guidelines for Directors of Public Listed Companies". It outlines the key elements of risk management and internal control systems within the Group for the current financial year.

RESPONSIBILITY

The Board of APB Resources Berhad ("the Company") acknowledges the importance of having a sound system of internal control, risk management processes and best practices to good corporate governance. The Board affirms that it is its 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 the Company and its subsidiaries' ("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.

The Board is responsible for ensuring that this process is in place and is effective and adequate.

RISK MANAGEMENT FRAMEWORK

The Board has taken necessary measures to ensure the existence of an on-going process to identify, evaluate and manage significant risks faced by the Group with a view to enhance the value of shareholders' investments and safeguarding the Group's assets. It also addresses the compilation of a risk register of the Group.

The Group adopts a risk based management approach and relies on Senior Management utilizing their existing skills as the basis to assume ownership and accountability for risks at their respective levels, and to develop risk awareness among all employees through effective communication, timely dissemination of Group's policies, guidelines and procedures, new legislation and financial reporting compliances.

INTERNAL AUDIT FUNCTIONS

The Group has outsourced its internal audit functions to H-Corp Management Sdn. Bhd. ("H-Corp"). H-Corp is an independent professional firm to support the Audit Committee and to assist the Board by providing an independent assurance on the effectiveness of the

Group's internal control systems.

During the year under review, H-Corp has assessed the adequacy and effectiveness of the Group's key business processes and conducted visits to the Group's key business units. H-Corp reported their findings and recommendations to the 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. The Group Managing Director and Chief Operating Officer had given assurance to the Board on the adequacy and effectiveness of the Group's risk management and internal control system, in all material aspects.

This statement on Risk Management and Internal Control is made in accordance with the resolution of the Board dated 15 January 2014.

DISCLOSURE REQUIREMENTS

PURSUANT TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

MATERIAL CONTRACTS AND CONTRACTS RELATING TO LOAN

There were no material contracts entered into by the Company and/or its subsidiary companies which involve Directors' and/or substantial shareholders' interests for the financial year ended 30 September 2013.

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 2012.

SHARE BUY-BACK

The Company has not undertaken any share buy-back exercise for the financial year ended 30 September 2013.

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 2013.

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 2013.

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 2013.

NON-AUDIT FEES

The amount of non-audit fees paid to the external auditors for the financial year ended 30 September 2013 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 2013. There were no variances of 10% or more between the audited results for the financial year ended 30 September 2013 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 2013.

REVALUATION POLICY ON PROPERTIES

In accordance with the exemptions in Malaysian Financial Reporting Standards ("MFRSs") 1: First-Time Adoption of MFRSs, the Group elected to measure its properties at fair value as at date of transition as the properties' deemed cost as at that date.

REMUNERATION OF DIRECTORS

The details of remuneration of Directors for the financial year ended 30 September 2013 are stated on pages 12 to 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 XX 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 2013 are as disclosed in note XX 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 2013 are as disclosed in note XX of the accompanying financial statements.

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

For the financial year ended 30 September 2013, 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 the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia 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 by Directors pursuant to Section 169(15) of the Companies Act, 1965 is set out on page 80 of the accompanying financial statements.

FINANCIAL STATEMENTS

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DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2013

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 2013.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding. The principal activities of its subsidiaries are set out in Note 11 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 financial year	10,372,639	6,769,983
Profit attributable to: Owners of the parent	10,372,639	6,769,983

DIVIDENDS

Dividends paid since the end of the previous financial year were as follows:

	RM
In respect of financial year ended 30 September 2012:	
Final single-tier ordinary dividend of 3.0 sen per ordinary share, paid on 25 April 2013.	3,325,344
In respect of financial year ended 30 September 2013:	
Interim single-tier ordinary dividend of 3.5 sen per ordinary share, paid on 28 June 2013.	3,879,576
	7,204,920

At the forthcoming Annual General Meeting, a final single-tier ordinary dividend in respect of the financial year ended 30 September 2013 of 3.0 sen per ordinary share amounting to RM3,325,344 will be proposed for the shareholders' approval.

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 September 2014.

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render it necessary to write off any bad debts or render the amount of provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2013 (CONT'D)

CURRENT ASSETS

Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets which were unlikely to realise in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances 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.

CONTINGENT AND OTHER LIABILITIES

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

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

No contingent liability or other liability of the Group and of the Company 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 affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

In the opinion of the directors:

- (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES OR DEBENTURES

During the financial year, no new issue of shares or debentures was made by the Company.

DIRECTORS OF THE COMPANY

The directors in office since the date of the last report are:-

Yap Kow @ Yap Kim Fah	(alternate director, Yap Swee Sang)
Tan Teng Khuan	
Lim Hong Liang	
Yap Kau @ Yap Yeow Ho	(alternate director, Yap Puhui Lin)
Chua Eng Seng	
Mak Fong Ching	

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2013 (CONT'D)

DIRECTORS' INTERESTS

The directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company during the financial year ended 30 September 2013 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia were as follows:

	Number of Ordinary Shares of RM1.00 Each			At 30.9.2013
	At 1.10.2012	Bought	Sold	
Direct interest				
Yap Kow @ Yap Kim Fah	13,939,404	-	-	13,939,404
Tan Teng Khuan	244,095	-	-	244,095
Lim Hong Liang	9,920,000	-	-	9,920,000
Yap Kau @ Yap Yeow Ho	33,000	-	-	33,000
Indirect interest				
Yap Kow @ Yap Kim Fah*	35,993,215	-	-	35,993,215
Lim Hong Liang*	616,569	-	-	616,569
Yap Kau @ Yap Yeow Ho * #	5,280,415	-	-	5,280,415

* held through corporation in which the director is interested pursuant to Section 6A(4)(c) of the Act.

held through child of the director pursuant to Section 134(12)(c) of the Act.

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 ordinary 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 the end of the financial year held any interest in the ordinary shares of the Company or 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 or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors of the Company as disclosed in the financial statements or the fixed salary of a full time employee of the Company) 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 except for any deemed benefits which may arise from transactions entered into in the ordinary course of business as disclosed in Note 25 to financial statements.

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

AUDITORS

The auditors, Messrs. Baker Tilly Monteiro Heng, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution dated 15 January 2014.

.....
YAP KOW @ YAP KIM FAH

.....
TAN TENG KHUAN

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2013

		Group		Company	
	Note	2013 RM	2012 RM (Restated)	2013 RM	2012 RM
Revenue	4	137,137,095	227,347,289	7,302,094	7,986,665
Cost of sales	5	(112,224,993)	(199,158,027)	-	-
Gross profit		24,912,102	28,189,262	7,302,094	7,986,665
Other income		4,102,148	563,737	-	-
Administrative expenses		(14,158,414)	(14,440,084)	(680,689)	(513,184)
Other expenses		(980,363)	(1,637,291)	-	-
		(15,138,777)	(16,077,375)	(680,689)	(513,184)
Profit from operations		13,875,473	12,675,624	6,621,405	7,473,481
Finance income		1,027,165	736,603	148,578	133,555
Finance costs		(360,678)	(362,651)	-	-
Profit before tax	6	14,541,960	13,049,576	6,769,983	7,607,036
Tax expense	8	(4,169,321)	(4,430,844)	-	-
Profit for the financial year, representing total comprehensive income for the financial year		10,372,639	8,618,732	6,769,983	7,607,036
Profit attributable to:					
Owners of the Company		10,372,639	8,618,732	6,769,983	7,607,036
Earnings per ordinary share attributable to owners of the parent:					
Basic/Diluted (sen)	9	9.36	7.78		

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2013

	Note	30.09.2013 RM	30.09.2012 RM (Restated)	1.10.2011 RM (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment	10	79,665,250	82,544,421	84,934,792
Other investment	12	35,000	35,000	35,000
Deferred tax assets	13	-	-	66,908
Goodwill on consolidation	14	13,458,008	13,458,008	13,458,008
		93,158,258	96,037,429	98,494,708
Current assets				
Inventories	15	1,465,162	2,050,326	1,421,990
Receivables	16	71,841,413	63,865,597	51,118,730
Tax assets		64,600	102,890	2,579,371
Cash and cash equivalents	17	47,030,954	39,938,464	53,410,537
		120,402,129	105,957,277	108,530,628
TOTAL ASSETS		213,560,387	201,994,706	207,025,336
EQUITY AND LIABILITIES				
Share capital	18	112,875,002	112,875,002	112,875,002
Treasury shares	18	(3,322,462)	(3,322,462)	(3,322,462)
Retained earnings		67,318,835	64,151,116	62,737,304
Total equity		176,871,375	173,703,656	172,289,844
LIABILITIES				
Non-current liability				
Deferred tax liabilities	13	4,103,500	2,739,843	2,075,484
Current liabilities				
Payables	19	29,180,237	17,306,373	25,062,635
Derivative financial liabilities	20	339,748	13,467	283,747
Provision for liquidated and ascertained damages	21	2,175,193	6,607,541	7,231,353
Tax payables		890,334	1,623,826	82,273
		32,585,512	25,551,207	32,660,008
Total liabilities		36,689,012	28,291,050	34,735,492
TOTAL EQUITY AND LIABILITIES		213,560,387	201,994,706	207,025,336

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2013

	Note	30.09.2013 RM	30.09.2012 RM	1.10.2011 RM
ASSETS				
Non-current asset				
Investment in subsidiaries	11	76,837,002	76,837,002	76,837,002
Current assets				
Receivables	16	30,735,614	34,733,206	39,040,750
Tax asset		-	-	180,724
Cash and cash equivalents	17	8,685,232	4,887,127	4,486,781
		39,420,846	39,620,333	43,708,255
TOTAL ASSETS		116,257,848	116,457,335	120,545,257
EQUITY AND LIABILITY				
Share capital	18	112,875,002	112,875,002	112,875,002
Treasury shares	18	(3,322,462)	(3,322,462)	(3,322,462)
Retained earnings		4,279,198	4,714,135	4,312,019
		113,831,738	114,266,675	113,864,559
LIABILITY				
Current liability				
Payables	19	2,426,110	2,190,660	6,680,698
TOTAL EQUITY AND LIABILITY		116,257,848	116,457,335	120,545,257

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2013

	Attributable to Owners of the Company					
	Non-distributable		Distributable			
	Share Capital	Treasury Shares	Revaluation Reserve	Retained Earnings	Total Equity	
	RM	RM	RM	RM	RM	
At 1 October 2011						
As previously stated	112,875,002	(3,322,462)	46,879	52,371,755	161,971,174	
Effect of adoption of MFRS 1	-	-	(46,879)	10,365,549	10,318,670	
As restated	112,875,002	(3,322,462)	-	62,737,304	172,289,844	
Comprehensive income						
Profit for the financial year	-	-	-	8,618,732	8,618,732	
Total comprehensive income for the financial year	-	-	-	8,618,732	8,618,732	
Transactions with owners						
Dividends paid	-	-	-	(7,204,920)	(7,204,920)	
Total transactions with owners	-	-	-	(7,204,920)	(7,204,920)	
At 30 September 2012 (Restated)	112,875,002	(3,322,462)	-	64,151,116	173,703,656	

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2013 (CONT'D)

	Attributable to Owners of the Company				
	Non-distributable		Distributable		
	Share Capital RM	Treasury Shares RM	Revaluation Reserve RM	Retained Earnings RM	Total Equity RM
At 30 September 2012 (Restated)	112,875,002	(3,322,462)	-	64,151,116	173,703,656
Comprehensive income					
Profit for the financial year	-	-	-	10,372,639	10,372,639
Total comprehensive income for the financial year	-	-	-	10,372,639	10,372,639
Transactions with owners					
Dividends paid	-	-	-	(7,204,920)	(7,204,920)
Total transactions with owners	-	-	-	(7,204,920)	(7,204,920)
At 30 September 2013	112,875,002	(3,322,462)	-	67,318,835	176,871,375

Note

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The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2013

			Non-Distributable	Distributable	
	Note	Share Capital RM	Treasury Shares RM	Retained Earnings RM	Total Equity RM
At 1 October 2011		112,875,002	(3,322,462)	4,312,019	113,864,559
Comprehensive income					
Profit for the financial year		-	-	7,607,036	7,607,036
Total comprehensive income for the financial year		-	-	7,607,036	7,607,036
Transactions with owners					
Dividends paid	22	-	-	(7,204,920)	(7,204,920)
Total transactions with owners		-	-	(7,204,920)	(7,204,920)
At 30 September 2012		112,875,002	(3,322,462)	4,714,135	114,266,675
Comprehensive income					
Profit for the financial year		-	-	6,769,983	6,769,983
Total comprehensive income for the financial year		-	-	6,769,983	6,769,983
Transactions with owners					
Dividends paid	22	-	-	(7,204,920)	(7,204,920)
Total transactions with owners		-	-	(7,204,920)	(7,204,920)
At 30 September 2013		112,875,002	(3,322,462)	4,279,198	113,831,738

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2013

Note	Group		Company	
	2013 RM	2012 RM (Restated)	2013 RM	2012 RM
Cash Flows from Operating Activities				
Profit before tax	14,541,960	13,049,576	6,769,983	7,607,036
Adjustments for:				
Depreciation of property, plant and equipment	4,891,137	5,008,957	-	-
Interest income	(1,027,165)	(736,603)	(148,578)	(133,555)
Dividend income	-	-	(7,302,094)	(7,986,665)
Allowance for impairment losses on receivables	516,742	755,514	-	-
Reversal of allowance for impairment losses on receivables	(468,439)	(224,218)	-	-
Net loss/(gain) on disposal of property, plant and equipment	1,130	(49,360)	-	-
Net unrealised (gain)/loss on foreign exchange	(1,310,504)	363,702	-	-
Net reversal of provision for liquidated and ascertained damages	(4,432,348)	(429,038)	-	-
Operating profit/(loss) before working capital changes	12,712,513	17,738,530	(680,689)	(513,184)
Inventories	585,164	(628,336)	-	-
Receivables	(6,721,894)	(13,686,382)	3,997,592	4,307,544
Payables	12,208,424	(7,982,026)	235,450	(4,490,038)
Cash generated from/ (used in) operations	18,784,207	(4,558,214)	3,552,353	(695,678)
Interest received	1,027,165	736,603	148,578	133,555
Liquidated and ascertained damages paid	-	(194,774)	-	-
Net tax (paid)/ refunded	(3,500,866)	318,458	-	180,724
Net cash from/(used in) operating activities carried down	16,310,506	(3,697,927)	3,700,931	(381,399)
Net cash from/(used in) operating activities brought down	16,310,506	(3,697,927)	3,700,931	(381,399)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2013 (CONT'D)

		Group		Company	
	Note	2013 RM	2012 RM (Restated)	2013 RM	2012 RM
Cash Flows from Investing Activities					
Acquisition of property, plant and equipment		(2,016,096)	(2,619,826)	-	-
Dividend received from a subsidiary		-	-	7,302,094	7,986,665
Proceeds from disposal of property, plant and equipment		3,000	50,600	-	-
Net cash (used in)/from investing activities		(2,013,096)	(2,569,226)	7,302,094	7,986,665
Cash Flows from Financing Activity					
Dividend paid		(7,204,920)	(7,204,920)	(7,204,920)	(7,204,920)
Net cash used in financing activity		(7,204,920)	(7,204,920)	(7,204,920)	(7,204,920)
Net increase/(decrease) in cash and cash equivalents		7,092,490	(13,472,073)	3,798,105	400,346
Cash and cash equivalents at beginning of financial year		39,938,464	53,410,537	4,887,127	4,486,781
Cash and cash equivalents at end of financial year	17	47,030,954	39,938,464	8,685,232	4,887,127

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2013

1. CORPORATE INFORMATION

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

The registered office of the Company is located at D12, Tingkat 1, Plaza Pekeliling, No. 2, Jalan Tun Razak, 50400 Kuala Lumpur.

The principal place of business of the Company is located at No. 47 (Lot 540), Jalan Batu Tiga TUDM, Kampung Baru Subang, Seksyen U6, 40150 Shah Alam, Selangor Darul Ehsan.

The Company is principally engaged in investment holding. The principal activities of the subsidiaries are set out in Note 11. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue in accordance with a Board of Directors' resolution dated 15 January 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost basis, except as disclosed in the significant accounting policies.

The financial statements of the Group and of the Company for the financial year ended 30 September 2013 are the first set of financial statements prepared in accordance with the MFRSs, including MFRS 1 'First-time adoption of MFRSs'. In the previous financial year, the financial statements of the Group and the Company were prepared in accordance with the Financial Reporting Standards ("FRSs") in Malaysia.

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2.2 New, Revised and Amendments/Improvements to Accounting Standards and IC Interpretations ("IC Int")

(a) Explanation of transition to MFRSs

In conjunction with the planned convergence of FRSs with International Financial Reporting Standards as issued by the International Accounting Standards Board on 1 January 2012, the Malaysian Accounting Standards Board ("MASB") had on 19 November 2011 issued a new MASB approved accounting standards, MFRSs ("MFRSs Framework") for application in the annual periods beginning on or after 1 January 2012.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2013 (CONT'D)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 New, Revised and Amendments/Improvements to Accounting Standards and IC Interpretations ("IC Int") (continued)

(a) Explanation of transition to MFRSs (continued)

The MFRSs Framework is mandatory for adoption by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 Agriculture and/or IC Int 15 Agreements for the Construction of Real Estate ("Transitioning Entities"). The Transitioning Entities are given an option to defer adoption of the MFRSs framework to financial periods beginning on or after 1 January 2015. Transitioning Entities also include those entities that consolidate or equity account or proportionately consolidate another entity that has chosen to continue to apply the FRSS framework for annual periods beginning on or after 1 January 2012.

Accordingly, the Group and the Company which are not the Transitioning Entities have adopted the MFRSs framework including MFRS 1 First-time adoption of MFRSs for the current financial year ended 30 September 2013.

MFRS 1 requires comparative information to be restated as if the requirements of MFRSs effective for annual periods beginning on or after 1 January 2012 have always been applied, except when MFRS 1 allows certain elective exemptions from such full retrospective application or prohibits retrospective application of some aspects of MFRSs. The Group and the Company have consistently applied the same accounting policies in their opening MFRSs statements of financial position as at 1 October 2011 (date of transition) and throughout all years presented, as if these policies had always been in effect.

As at 30 September 2012, all FRSS issued under the existing FRSS framework are equivalent to the MFRSs issued under MFRSs framework except for differences in relation to the transitional provisions, the adoption of MFRS 141 Agriculture and IC Int 15 Agreements for the Construction of Real Estate as well as differences in effective dates contained in certain of the existing FRSS.

The transition to MFRSs does not have any significant effect on the financial statements of the Company.

In preparing the opening consolidated statement of financial position as at 1 October 2011, the Group has adjusted amounts reported previously in financial statements prepared in accordance with the previous FRSS framework. Comparative figures for 1 October 2011 in these financial statements have been restated to give effect to these changes. An explanation of how the transition from previous FRSS to MFRSs has affected the Group's financial position, financial performance and cash flows is set out as follows:

(i) Reconciliation of equity

	1.10.2011 (Date of transition) RM	30.9.2012 RM
Equity as reported under FRSS	161,971,174	172,566,053
<u>Add/(Less) transitioning adjustments:</u>		
Fair value as deemed cost for land and buildings	10,147,564	(1,999,513)
Deferred tax arising from transitioning adjustments	171,106	3,137,116
Equity on transition to MFRSs	172,289,844	173,703,656

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2013 (CONT'D)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 New, Revised and Amendments/Improvements to Accounting Standards and IC Interpretations ("IC Int") (continued)

(a) Explanation of transition to MFRSs (continued)

(ii) Reconciliation of total comprehensive income

	1.10.2011 to 30.9.2012 RM
Total comprehensive income as reported under FRSS	17,799,798
<u>Add/(Less) transitioning adjustments:</u>	
Depreciation arising from use of fair value as deemed cost exemption for land and buildings	(203,647)
Previous revaluation for land and buildings	(8,957,572)
Deferred tax arising from transitioning adjustments	(19,847)
Total comprehensive income on transition to MFRSs	8,618,732

(iii) Reconciliation of statement of cash flows

There are no material differences between the statements of cash flows presented under the MFRSs and the statements of cash flows presented under the FRSSs.

Note: Impact on transition to MFRSs

In accordance with the exemptions in MFRS 1, the Group elected to measure their land and buildings at fair value as at date of transition as their deemed cost as at that date. The aggregate fair value at the date of transition and the impact arising from the change in the consolidated statement of financial position and the consolidated statement of comprehensive income are summarised as follows:

Consolidated statement of financial position	Carrying amount previously reported under FRSS RM	Transitioning adjustments (Fair value as deemed costs) RM	Restated carrying amount RM
At 1 October 2011			
Land and buildings:			
- Leasehold land	15,310,312	7,149,688	22,460,000
- Leasehold buildings	40,377,724	2,662,276	43,040,000
- Freehold building	294,400	335,600	630,000
	55,982,436	10,147,564	66,130,000
Deferred tax liabilities	171,106	(171,106)	-
At 30 September 2012			
Land and buildings:			
- Leasehold land	23,360,000	(1,338,066)	22,021,934
- Leasehold buildings	43,000,000	(660,847)	42,339,153
- Freehold building	618,000	(600)	617,400
	66,978,000	(1,999,513)	64,978,487
Deferred tax liabilities	3,137,116	(3,137,116)	-

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2013 (CONT'D)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 New, Revised and Amendments/Improvements to Accounting Standards and IC Interpretations ("IC Int") (continued)

(a) Explanation of transition to MFRSs (continued)

Note: Impact on transition to MFRSs (continued)

In accordance with the exemptions in MFRS 1, the Group elected to measure their land and buildings at fair value as at date of transition as their deemed cost as at that date. The aggregate fair value at the date of transition and the impact arising from the change in the consolidated statement of financial position and the consolidated statement of comprehensive income are summarised as follows: (continued)

	1.10.2011 to 30.09.2012 RM
Consolidated statement of comprehensive income	
Administrative expenses - additional depreciation	203,647
Decrease in profit before tax	203,647
Increase in tax expense	19,847
Decrease in profit for the financial year	223,494
Other comprehensive income	
- Reversal of revaluation of property, plant and equipment	8,957,572
Decrease in total comprehensive income for the financial year	9,181,066

(b) New and Revised FRSSs, Amendments/Improvements to FRSSs, New IC Int and Amendments to IC Int that are issued, but not yet effective and have not been early adopted

The Group and the Company have not adopted the following new and revised MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group and the Company:

		Effective for financial years beginning on or after
<u>New MFRSs</u>		
MFRS 9	Financial Instruments	1 January 2015
MFRS 10	Consolidated Financial Statements	1 January 2013
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013
MFRS 13	Fair Value Measurement	1 January 2013
<u>Revised MFRSs</u>		
MFRS 119	Employee Benefits	1 January 2013
MFRS 127	Separate Financial Statements	1 January 2013
MFRS 128	Investments in Associate and Joint Ventures	1 January 2013

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2013 (CONT'D)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 New, Revised and Amendments/Improvements to Accounting Standards and IC Interpretations ("IC Int") (continued)

(b) New and Revised FRSS, Amendments/Improvements to FRSS, New IC Int and Amendments to IC Int that are issued, but not yet effective and have not been early adopted (continued)

		Effective for financial years beginning on or after
<u>Amendments/Improvements to MFRSS</u>		
MFRS 1	First-time Adoption of Financial Reporting Standards	1 January 2013
MFRS 7	Financial Instruments: Disclosures	1 January 2013
MFRS 10	Consolidated Financial Statements	1 January 2013 and 1 January 2014
MFRS 11	Joint Arrangements	1 January 2013
MFRS 12	Disclosure of Interests in Other Entities	1 January 2013 and 1 January 2014
MFRS 101	Presentation of Financial Statements	1 July 2012 and 1 January 2013
MFRS 116	Property, Plant and Equipment	1 January 2013
MFRS 127	Separate Financial Statements	1 January 2014
MFRS 132	Financial Instruments: Presentation	1 January 2013 and 1 January 2014
MFRS 134	Interim Financial Reporting	1 January 2013
MFRS 136	Impairment of Assets	1 January 2014
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2014
<u>New IC Int</u>		
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
IC Int 21	Levies	1 January 2014
<u>Amendments to IC Int</u>		
IC Int 2	Members' Shares in Co-operative Entities & Similar Instruments	1 January 2013

A brief discussion on the above significant new and revised MFRSS, amendments/improvements to MFRSS, new IC Int and amendments to IC Int that are relevant to the Group and the Company are summarised below. Due to the complexity of these new standards, the financial effects of their adoption are currently still being assessed by the Group and the Company.

MFRS 9 Financial Instruments

MFRS 9 specifies how an entity should classify and measure financial assets and financial liabilities.

This standard requires all financial assets to be classified based on how an entity manages its financial assets (its business model) and the contractual cash flow characteristics of the financial asset. Financial assets are to be initially measured at fair value. Subsequent to initial recognition, depending on the business model under which these assets are acquired, they will be measured at either fair value or at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2013 (CONT'D)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 New, Revised and Amendments/Improvements to Accounting Standards and IC Interpretations ("IC Int") (continued)

(b) New and Revised FRSS, Amendments/Improvements to FRSSs, New IC Int and Amendments to IC Int that are issued, but not yet effective and have not been early adopted (continued)

MFRS 9 Financial Instruments (continued)

In respect of the financial liabilities, the requirements are generally similar to the former MFRS 139. However, this standard requires that for financial liabilities designated as fair value through profit or loss, changes in fair value attributable to the credit risk of that liability are to be presented in other comprehensive income, whereas the remaining amount of the change in fair value will be presented in the profit or loss.

MFRS 10 Consolidated Financial Statements and MFRS 127 Separate Financial Statements (Revised)

MFRS 10 replaces the consolidation part of the former MFRS 127 Consolidated and Separate Financial Statements. The revised MFRS 127 will deal only with accounting for investment in subsidiaries, joint ventures and associates in the separate financial statements of an investor and requires the entity to account for such investments either at cost, or in accordance with MFRS 9.

MFRS 10 brings about convergence between MFRS 127 and IC Int 12 Consolidation-Special Purpose Entities, which interprets the requirements of MFRS 10 in relation to special purpose entities. MFRS 10 introduces a new single control model to identify a parent-subsidiary relationship by specifying that "an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee". It provides guidance on situations when control is difficult to assess such as those involving potential voting rights, or in circumstances involving agency relationship, or where the investor has control over specific assets of the entity, or where the investee entity is designed in such a manner where voting rights are not the dominant factor in determining control.

MFRS 12 Disclosures of Interest in Other Entities

MFRS 12 is a single disclosure standard for interests in subsidiary companies, joint ventures, associated companies and unconsolidated structured entities. The disclosure requirements in this MFRS are aimed at providing standardised and comparable information that enable users of financial statements to evaluate the nature of, and risks associated with, the entity's interests in other entities, and the effects of those interests on its financial position, financial performance and cash flows.

MFRS 13 Fair Value Measurement

MFRS 13 defines fair value and sets out a framework for measuring fair value, and the disclosure requirements about fair value. This standard is intended to address the inconsistencies in the requirements for measuring fair value across different accounting standards. As defined in this standard, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Amendments to MFRS10, MFRS12 and MFRS127 Investment Entities

These amendments introduce an exception to consolidation for investment entities. Investment entities are entities whose business purpose is to invest fund solely for returns from capital appreciation, investment income or both. The amendments require investment entities to measure particular subsidiaries at fair value through profit or loss in accordance with MFRS 139 Financial Instruments: Recognition and Measurement instead of consolidating them. In addition, the amendments also introduce new disclosure requirements related to investment entities in MFRS 12 Disclosure of Interests in Other Entities and MFRS 127 Separate Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2013 (CONT'D)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Basis of consolidation

The consolidated financial statements incorporate the audited financial statements of the Company and all of its subsidiaries which are disclosed in Note 11 made up to the end of the financial year. The financial statements of the Company and its subsidiaries are all drawn up to the same reporting date.

All intra group balances, transactions and resulting unrealised profits and losses (unless cost cannot be recovered) are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

Subsidiaries are consolidated using the acquisition method, from the date of acquisition being the date on which the Company obtains control and continue to be consolidated until the date that such control ceases. The assets, liabilities and contingent liabilities assumed from a subsidiary are measured at their fair values at the date of acquisition and these values are reflected in the consolidated financial statements. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Where the present ownership interests in the acquiree and it entitles the holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects for each individual business combination, whether non-controlling interests in the acquisition is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill.

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

Changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

The Group has applied the revised MFRS 127 prospectively on 1 January 2011 in accordance with the transitional provisions. Accordingly, transactions with non-controlling interests prior to the respective effective date have not been restated to comply with the Standard.

Business combination involving entities under common control are accounted for by applying the pooling-of-interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the acquired entity is reflected within equity as reverse acquisition reserve. The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities had always been combined.

2.4 Functional and presentation currency

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

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2013 (CONT'D)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Foreign Currency

(i) Foreign Currency Transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

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

2.6 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(i) Construction contract

Revenue from construction contracts is recognised on the percentage of completion method when the outcome of the construction contracts can be reliably estimated. The stage of completion is measured by reference to the certified work done to-date or by the proportion that contract costs incurred for work performed to-date bear to the estimated total construction costs. Where foreseeable losses on construction contracts are anticipated, full allowance of those losses is made in the financial statements.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

(ii) Services rendered

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 when the right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2013 (CONT'D)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Revenue Recognition (continued)

(iv) Interest Income

Interest income is recognised on a time proportion basis that takes into account the effective yield on the asset.

(v) Rental income

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

2.7 Tax expense

Tax expense in profit or loss represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the year, using tax rates enacted or substantially enacted by the reporting date, and any adjustments recognised for prior years' tax. When an item is recognised outside profit or loss, the related tax effect is recognised either in other comprehensive income or directly in equity.

Deferred tax is recognised using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises from goodwill or from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled, based on tax rates and tax laws that have been enacted or substantially enacted by the reporting date.

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxable entity and the same taxation authority to offset or when it is probable that future taxable profits will be available against which the assets can be utilised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will be available for the assets to be utilised.

Deferred tax assets relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from business combination is adjusted against goodwill on acquisition or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the acquisition cost.

2.8 Employee Benefits

(i) Short Term Employee Benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the financial period when employees have rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2013 (CONT'D)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Employee Benefits (continued)

(ii) Defined Contribution Plans

The Company and its subsidiaries incorporated in Malaysia make contributions to a statutory provident fund. The contributions are recognised as a liability after deducting any contributions already paid and as an expense in the period in which the employees render their services.

2.9 Basic earnings per share

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

2.10 Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the subsequent costs will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has a different useful life, is depreciated separately.

After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Leasehold land is depreciated over the lease term ranges from 50 to 56 years. All other property, plant and equipment are depreciated to write off the cost of the property, plant and equipment over their estimated useful lives.

The principal annual rates used for this purpose are:

Leasehold land	50 – 56 years
Buildings	50 – 56 years
Furniture and fittings, office equipment and renovation	5 – 10 years
Motor vehicles	5 years
Plant and machineries and testing equipment	5 – 10 years

At the end of each reporting period, the carrying amount of each item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

The residual values, useful life and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

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

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2013 (CONT'D)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Subsidiaries

A subsidiary is an entity over which the Group has the power to exercise control over its financial and operating policies so as to obtain benefits from its activities. In assessing control, the existence and effect of potential voting rights that are currently exercisable are taken into account.

Investments in subsidiaries, which are eliminated on consolidation, are stated at cost less impairment losses, unless the investments are classified as held for sale (or included in a disposal group that is classified as held for sale). Acquisition related costs are recognised as expenses in the period in which the costs are incurred. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.12 Goodwill on consolidation

Goodwill acquired in a business combination represents the difference between the purchase consideration and the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities in the subsidiaries at the date of acquisition.

Goodwill is allocated to cash generating units and is stated at cost less accumulated impairment losses, if any. Impairment test is performed annually. Goodwill is also tested for impairment when indication of impairment exists. Impairment losses recognised are not reversed in subsequent periods.

Upon the disposal of investment in the subsidiary, the related goodwill will be included in the computation of gain or loss on disposal of investment in the subsidiary in profit or loss.

2.13 Impairment of non-financial assets

The carrying amounts of non-financial assets other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of fair value less cost to sell and the value in use, which is measured by reference to discounted future cash flows and is determined on an individual asset basis, unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs to. An impairment loss is recognised whenever the carrying amount of an item of asset exceeds its recoverable amount. An impairment loss is recognised as expense 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 units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

Any subsequent increase in recoverable amount of an asset, other than goodwill, due to a reversal of impairment loss is restricted to the carrying amount that would have been determined (net of accumulated depreciation, where applicable) had no impairment loss been recognised in prior years. The reversal of impairment loss is recognised in profit or loss.

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out principal basis. Cost includes the actual cost of materials purchased and incidentals in bringing the inventories into store.

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.

2.15 Construction contracts

When the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2013 (CONT'D)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Construction contracts (continued)

When the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract costs comprise costs related directly to the specific contract and those that are attributable to the contract activity in general and can be allocated to the contract and such other costs that are specifically chargeable to the customer under the terms of the contract.

2.16 Financial Assets

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

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and has categorised the financial assets as loans and receivables and available-for-sale financial assets.

(i) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gain or losses arising from changes in fair value are recognized in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognized separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(ii) Loans and Receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables comprise receivables including deposits and cash and cash equivalents.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2013 (CONT'D)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Financial Assets (continued)

(iii) Available-for-sale Financial Assets

Available-for-sale are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

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

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument, or where appropriate, a shorter year to the net carrying amount on initial recognition.

2.17 Impairment of Financial Assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) Receivables and other financial assets carried at amortised cost

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

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2013 (CONT'D)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 Impairment of Financial Assets (continued)

(i) Receivables and other financial assets carried at amortised cost (continued)

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent year, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(ii) Available-for-sale Financial Assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

2.18 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and cash on hand, demand deposits, and short-term highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.19 Share Capital

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the year in which they are declared.

2.20 Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2013 (CONT'D)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Financial liabilities

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

Financial liabilities, within the scope of MFRS 139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

(ii) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables including amounts owing to subsidiaries, deposits and accruals, and loans.

Payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

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

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

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

2.22 Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of qualifying assets are recognised in profit or loss in the period in which they are incurred by using the effective interest method.

Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

2.23 Leases

(i) Finance Lease – the Group as Lessee

Assets acquired by way of finance leases where the Group assumes substantially all the benefits and risks of ownership are classified as property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2013 (CONT'D)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.23 Leases (continued)

(i) Finance Lease – the Group as Lessee (continued)

Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges. The corresponding finance lease obligations, net of finance charges, are included in borrowings. The interest element of the finance charge is charged to profit or loss over the lease year so as to produce a constant year rate of interest on the remaining balance of the liability for each year.

Property, plant and equipment acquired under finance lease are depreciated in accordance with the depreciation policy for property, plant and equipment.

(ii) Operating lease – the Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentive provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis. The up-front payment for lease of land represents prepaid land lease payments and are amortised on a straight-line basis over the lease term.

Assets leased out under operating leases are presented on the statements of financial position according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

2.24 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(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.

2.25 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.

2.26 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

The Group and the Company do not recognise contingent assets and liabilities, but discloses its existence in the financial statements, unless the possibility of an outflow of resources embodying economic benefit is remote.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2013 (CONT'D)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.27 Segment Reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 28, including the factors used to identify the reportable segments and the measurement basis of segment information.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of financial statements of the Group and of the Company require management to make assumptions, estimates and judgements 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 and are recognised in the period in which the assumption or estimate is revised.

Significant areas of estimation, uncertainty and critical judgements used in applying accounting principles that have significant effect on the amount recognised in the financial statements are as follows:

- (i) Tax expense (Note 8) – Significant judgement is required in determining the capital allowances and deductibility of certain expenses when estimating the provision for taxation. There were transactions during the ordinary course of business for which ultimate tax determination of whether additional taxes will be due is uncertain. The Group and the Company recognises liabilities for tax based on estimate of assessment of the tax liability due. When the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax in the years in which the outcome is known.
- (ii) Useful lives of property, plant and equipment (Note 10) - The cost of property, plant and equipment is depreciated on a straight line method over the assets' useful lives. Management estimates the useful lives of these property, plant and equipment to be within 2 to 50 years. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.
- (iii) Classification of leasehold land (Note 10) – Finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset and operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership. If the leasehold land meets the criteria of the financial lease, the lease will be classified as property, plant and equipment if it is for own use. Judgements are made on the individual leasehold land to determine whether the leasehold land qualifies as operating lease or finance lease.
- (iv) Deferred tax assets (Note 13) - Deferred tax assets are recognised for all deductible temporary differences based on projected future profit to the extent that it is probable that taxable profit will be available against which the deductible temporary differences in respect of expenses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the future financial performance of the subsidiaries.
- (v) Impairment of goodwill on consolidation (Note 14) – The Group tests goodwill on consolidation annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. This requires an estimation of the value-in-use of the subsidiaries to which goodwill is allocated. Where expectations differ from the original estimates, the differences will impact the carrying amount of goodwill. Assessment on impairment of goodwill on consolidation is disclosed in Note 14.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2013 (CONT'D)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

- (vi) Impairment loss on receivables (Note 16) – The Group assesses at each reporting date whether there is any objective evidence that a receivable is impaired. Allowances are applied where events or changes in circumstances indicate that the balances may not be collectable. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where the expectation is different from the original estimate, such difference will impact the carrying amount of receivables at the reporting date.
- (vii) Construction contracts (Note 16) – significant judgement is used in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue (for contracts other than fixed price contracts) and costs, as well as the recoverability of the contracts. Total contract revenue also includes an estimation of the works that are recoverable from the customers. In making judgements, the Group evaluates based on past experience and work of specialists.
- (viii) Provision for liquidated and ascertained damages (Note 21) – the Group recognised provision for liquidated and ascertained damages on 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.

4. REVENUE

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Revenue				
- Contract revenue	133,245,439	222,559,274	-	-
- Services rendered	3,891,656	4,788,015	-	-
- Dividend income	-	-	7,302,094	7,986,665
	<u>137,137,095</u>	<u>227,347,289</u>	<u>7,302,094</u>	<u>7,986,665</u>

5. COST OF SALES

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Cost of contract	108,527,834	195,260,909	-	-
Cost of services rendered	3,697,159	3,897,118	-	-
	<u>112,224,993</u>	<u>199,158,027</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2013 (CONT'D)

6. PROFIT BEFORE TAX

Profit before tax is arrived at after charging/(crediting):

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
		(Restated)		
Allowance for impairment losses on trade receivables	516,742	755,514	-	7,552
Auditors' remuneration				
- Statutory audit	67,000	131,700	18,000	35,000
- Other services	8,000	5,000	8,000	5,000
Depreciation of property, plant and equipment	4,891,137	5,008,957	-	-
Hire of machineries	105,964	51,998	-	-
Net (gain)/loss on foreign exchange:				
- realised	(1,780,215)	257,109	-	-
- unrealised	(1,310,503)	363,702	-	-
Employees benefits expense (including key management personnel)(Note 7):				
- Contribution to defined contribution plan	952,196	1,072,968	12,960	27,072
- Salaries, wages and others	12,130,288	12,231,683	258,620	258,000
Directors' fees (Note 7)	154,000	79,000	150,000	75,000
Rental of factory	936,560	708,000	-	-
Rental of hostel	125,413	184,978	-	-
Rental of motor vehicles	55,235	51,720	-	-
Rental of premises	24,430	23,210	-	-
Dividend income from subsidiaries	-	-	(7,302,094)	(7,986,665)
Net loss/(gain) on disposal of property, plant and equipment	1,130	(49,360)	-	-
Rental income	(9,090)	(13,800)	-	-
Reversal of allowance for impairment losses on trade receivables	(468,439)	(224,218)	-	-
Net reversal of provision for liquidated and ascertained damages	(4,432,348)	(429,038)	-	-
Fixed deposit interest income	(517,192)	(736,603)	(148,578)	(133,555)
Other interest income	(509,973)	-	-	-

7. DIRECTORS' REMUNERATION

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Executive:				
Fees	54,000	14,000	50,000	10,000
Other emoluments	1,366,558	1,111,005	150,000	150,000
	1,420,558	1,125,005	200,000	160,000
Non-executive:				
Fees	100,000	65,000	100,000	65,000
Total directors' remuneration	1,520,558	1,190,005	300,000	225,000

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2013 (CONT'D)

7. DIRECTORS' REMUNERATION (continued)

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.

8. TAX EXPENSE

	Group 2013 RM	2012 RM (Restated)	Company 2013 RM	2012 RM
Current tax:				
Malaysian income tax:				
Current financial year	2,640,200	3,741,371	-	-
Under/(Over) provision in prior financial years	165,464	(41,794)	-	-
	2,805,664	3,699,577	-	-
Deferred tax (Note 13):				
Origination and reversal of temporary differences	1,423,100	(23,236)	-	-
(Over)/Under provision in prior financial years	(59,443)	754,503	-	-
	1,363,657	731,267	-	-
Tax expense	4,169,321	4,430,844	-	-

The reconciliations of the tax amount at statutory income tax rate to the Group's and the Company's tax expense are as follows:

	Group 2013 RM	2012 RM (Restated)	Company 2013 RM	2012 RM
Profit before tax	14,541,960	13,049,576	6,769,983	7,607,036
Tax at the Malaysian statutory income tax rate of 25%	3,635,500	3,262,394	1,692,500	1,901,759
Tax effect on non-deductible expenses	460,525	391,616	170,200	128,296
Tax effect on non-taxable income	(37,100)	-	(1,862,700)	(2,030,055)
Deferred tax asset not recognised during the financial year	4,375	64,125	-	-
Under/(Over) provision in prior years				
- current tax	165,464	(41,794)	-	-
- deferred tax	(59,443)	754,503	-	-
	4,169,321	4,430,844	-	-

The Group has approximately RM914,300 (2012: RM896,800) of unused tax losses available for set-off against future taxable profit.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2013 (CONT'D)

9. EARNINGS PER ORDINARY SHARE

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year as follows:

	2013 RM	Group 2012 RM (Restated)
Profit for the financial year attributable to owners of the Company	10,372,639	8,618,732
Weighted average number of ordinary shares outstanding during the financial year (adjusted for treasury shares)	110,844,802	110,844,802
Basic earning per ordinary share (sen)	9.36	7.78

(b) Diluted

The diluted earnings per ordinary share for the financial year was not shown as there were no dilutive potential ordinary shares as at 30 September 2013 and 30 September 2012.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2013 (CONT'D)

10. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold Land RM	Freehold Building RM	Leasehold Buildings RM	Furniture and fittings, office equipment and renovation RM	Motor Vehicles RM	Plant and machineries and testing equipment RM	Total RM
Cost							
At 1 October 2012	22,460,000	630,000	43,168,451	5,367,293	3,931,331	56,941,383	132,498,458
Additions	-	-	7,500	89,669	377,454	1,541,473	2,016,096
Disposals	-	-	-	(16,330)	(69,176)	(1,330)	(86,836)
At 30 September 2013	22,460,000	630,000	43,175,951	5,440,632	4,239,609	58,481,526	134,427,718
Accumulated Depreciation							
At 1 October 2012	438,066	12,600	829,298	3,853,486	2,946,520	41,874,067	49,954,037
Charge for the financial year	438,066	12,600	830,010	313,547	349,270	2,947,644	4,891,137
Disposals	-	-	-	(12,200)	(69,176)	(1,330)	(82,706)
At 30 September 2013	876,132	25,200	1,659,308	4,154,833	3,226,614	44,820,381	54,762,468
Net Carrying Amount							
At 30 September 2013	21,583,868	604,800	41,516,643	1,285,799	1,012,995	13,661,145	79,665,250

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2013 (CONT'D)

10. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Leasehold Land RM	Freehold Building RM	Leasehold Buildings RM	Furniture and fittings, office equipment and renovation RM	Motor Vehicles RM	Plant and machineries and testing equipment RM	Total RM
Cost (restated)							
At 1 October 2011	17,117,439	320,000	42,633,506	5,004,079	3,781,164	55,323,589	124,179,777
Effect of adoption of MFRS 1	5,342,561	310,000	406,494	-	-	-	6,059,055
At 1 October 2011	22,460,000	630,000	43,040,000	5,004,079	3,781,164	55,323,589	130,238,832
Additions	-	-	128,451	366,414	507,167	1,617,794	2,619,826
Disposals	-	-	-	(3,200)	(357,000)	-	(360,200)
At 30 September 2012	22,460,000	630,000	43,168,451	5,367,293	3,931,331	56,941,383	132,498,458
Accumulated Depreciation (restated)							
At 1 October 2011	1,807,127	25,600	2,255,782	3,536,804	3,013,785	38,753,451	49,392,549
Effect of adoption of MFRS 1	(1,807,127)	(25,600)	(2,255,782)	-	-	-	(4,088,509)
At 1 October 2011	-	-	-	3,536,804	3,013,785	38,753,451	45,304,040
Charge for the financial year	438,066	12,600	829,298	318,642	289,735	3,120,616	5,008,957
Disposals	-	-	-	(1,960)	(357,000)	-	(358,960)
At 30 September 2012	438,066	12,600	829,298	3,853,486	2,946,520	41,874,067	49,954,037
Net Carrying Amount (restated)							
At 30 September 2012	22,021,934	617,400	42,339,153	1,513,807	984,811	15,067,316	82,544,421
At 1 October 2011	22,460,000	630,000	43,040,000	1,467,275	767,379	16,570,138	84,934,792

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2013 (CONT'D)

10. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Leasehold land at valuation RM	Freehold building at valuation RM	Leasehold buildings at valuation RM	Leasehold land at fair value as deemed cost RM	Freehold building at fair value as deemed cost RM	Leasehold buildings at fair value as deemed cost RM	Total RM
At 1 October 2011 Valuation/Cost							
As previously stated	17,117,439	320,000	42,633,506	-	-	-	60,070,945
Effect of adoption of MFRS 1	(17,117,439)	(320,000)	(42,633,506)	2,246,000	630,000	43,040,000	(14,154,945)
As restated	-	-	-	2,246,000	630,000	43,040,000	45,916,000
Accumulated Depreciation							
As previously stated	1,807,127	25,600	2,255,782	-	-	-	4,088,509
Effect of adoption of MFRS 1	(1,807,127)	(25,600)	(2,255,782)	-	-	-	(4,088,509)
As restated	-	-	-	-	-	-	-
Net Carrying Amount							
As restated	-	-	-	2,246,000	630,000	43,040,000	45,916,000

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2013 (CONT'D)

11. INVESTMENT IN SUBSIDIARIES

	30.09.2013 RM	Company 30.09.2012 RM	1.10.2011 RM
Unquoted shares, at cost	76,837,002	76,837,002	76,837,002

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

Name of Company	Principal Activities	Effective ownership interest		
		30.09.2013	30.09.2012	1.10.2011
Subsidiaries of APB Resources Berhad				
Era Julung Sdn Bhd	Investment holding	100%	100%	100%
Landas Fikir Sdn Bhd	Dormant	100%	100%	100%
Subsidiaries of Era Julung Sdn Bhd				
Prescan Sdn Bhd	Provision of non-destructive testing services and other related services	100%	100%	100%
Amalgamated Metal Corporation (M) Sdn Bhd	Fabrication of specialised design and manufacturing of engineering equipment	100%	100%	100%
Subsidiary of Amalgamated Metal Corporation (M) Sdn Bhd				
Finned Tubes Malaysia Sdn Bhd	Fabrication of finned tubes	100%	100%	100%

12. OTHER INVESTMENT

	30.09.2013 RM	Group 30.09.2012 RM	1.10.2011 RM
Golf club membership	75,000	75,000	75,000
Less: Allowance for impairment loss	(40,000)	(40,000)	(40,000)
	35,000	35,000	35,000

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2013 (CONT'D)

13. DEFERRED TAX ASSETS/(LIABILITIES)

	Group 2013 RM	2012 RM (Restated)
Deferred tax assets		
At 1 October 2012/1 October 2011	-	66,908
Recognised in profit or loss (Note 8)	-	(66,908)
At 30 September	-	-
Deferred tax liabilities		
At 1 October 2012/1 October 2011	(2,739,843)	(2,075,484)
Recognised in profit or loss (Note 8)	(1,363,657)	(664,359)
At 30 September	(4,103,500)	(2,739,843)

The components of deferred tax liabilities as at the reporting date are as follows:

	Group 30.09.2013 RM	30.09.2012 RM
Deferred tax liabilities		
Difference between the carrying amounts of property, plant and equipment and its tax base	(4,103,500)	(2,739,843)

The estimated amount of temporary differences for which no deferred tax assets are recognised in the financial statements is as follows:

	Group 30.09.2013 RM	30.09.2012 RM
Unutilised tax losses	914,300	896,800

No deferred tax assets are recognised in respect of this item as it is not probable that taxable profits of the subsidiary will be available against which the deductible temporary differences can be utilised.

14. GOODWILL ON CONSOLIDATION

	Group 30.09.2013 RM	30.09.2012 RM	1.10.2011 RM
Goodwill on consolidation	13,458,008	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.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2013 (CONT'D)

14. GOODWILL ON CONSOLIDATION (continued)

Impairment testing for cash-generating unit containing goodwill (continued)

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 divisions 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 RM140 million for fabrication division and RM5.5 million for non-destructive division for the first year and an anticipated growth by 5% per annum thereon for both fabrication division and non-destructive division.
- (iii) A pre-tax discount rate of 7.60% was applied in determining the recoverable amount of those divisions. The discount rate was based on the group's weighted average cost of capital.

The management is not aware of any reasonably possible change in the above key assumptions that would cause the carrying amounts of the CGU to materially exceed their recoverable amounts.

15. INVENTORIES

	30.09.2013 RM	Group 30.09.2012 RM	1.10.2011 RM
At cost,			
Raw materials	1,331,119	1,916,372	1,318,183
Consumables	134,043	133,954	103,807
	1,465,162	2,050,326	1,421,990

During the financial year, inventories of the Group recognised as cost of goods sold amounted to RM621,512 (30.09.2012: RM2,498,864; 1.10.2011: RM184,320).

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2013 (CONT'D)

16. RECEIVABLES

	Note	30.09.2013 RM	Group 30.09.2012 RM	As at 1.10.2011 RM	30.09.2013 RM	Company 30.09.2012 RM	As at 1.10.2011 RM
Trade							
Trade receivables	(a)	59,870,989	40,806,730	37,794,218	-	-	-
Allowance for impairment loss		(4,093,032)	(4,044,729)	(3,556,161)	-	-	-
		55,777,957	36,762,001	34,238,057	-	-	-
Amounts due from contract customers	(b)	14,919,532	25,677,839	15,119,625	-	-	-
		70,697,489	62,439,840	49,357,682	-	-	-
Non-trade							
Other receivables	(c)	842,622	993,257	1,385,061	-	-	10,022
Deposits		145,831	178,710	111,092	-	-	-
Prepayments		155,471	253,790	264,895	-	-	-
Amounts due from subsidiaries	(d)	-	-	-	30,735,614	34,733,206	39,030,728
		1,143,924	1,425,757	1,761,048	30,735,614	34,733,206	39,040,750
		71,841,413	63,865,597	51,118,730	30,735,614	34,733,206	39,040,750

(a) Trade receivables

(i) Credit term of trade receivables

The normal credit terms extended to customers ranging from 30 days to 120 days (30.09.2012: 30 days to 120 days ; 1.10.2011: 30 days to 120 days).

Included in trade receivables are amounts of RM8,583,937 (30.09.2012: RM nil ; 1.10.2011: RM nil) which bear interest at a fixed rate at 10% (30.09.12: nil ; 1.10.2011: nil) per annum.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2013 (CONT'D)

16. RECEIVABLES (continued)

(a) Trade receivables (continued)

(ii) Retention sums

	30.09.2013 RM	Group 30.09.2012 RM	1.10.2011 RM
Retention sums included in trade receivables	3,856,643	5,404,643	4,759,227

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

	30.09.2013 RM	Group 30.09.2012 RM	1.10.2011 RM
Within 1 year	3,483,143	3,944,763	4,111,862
1 - 2 years	373,500	1,459,880	647,365
	3,856,643	5,404,643	4,759,227

(iii) Ageing analysis of trade receivables

The ageing analysis of trade receivables as at the end of the reporting period are as follows:

	30.09.2013 RM	Group 30.09.2012 RM	1.10.2011 RM
Neither past due nor impaired	21,069,801	11,662,679	21,150,109
1 to 90 days past due but not impaired	20,637,280	13,476,625	10,843,322
More than 90 days past due but not impaired	14,070,876	11,622,697	2,244,626
Impaired	34,708,156 4,093,032	25,099,322 4,044,729	13,087,948 3,556,161
	59,870,989	40,806,730	37,794,218

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with long term relationship and good payment records with the Group.

None of the trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

Trade receivables that are past due but not impaired are creditworthy debtors who, by past trade practices, have paid after the expiry of the trade credit terms and the Group is currently still in active trading with the debtors. The Group does not anticipate recovery problem in respect of these debtors.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2013 (CONT'D)

16. RECEIVABLES (continued)

(a) Trade receivables (continued)

(iv) Receivables that are impaired

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

	2013 RM	Group 2012 RM
At beginning of the financial year	4,044,729	3,556,161
Charge for the financial year	516,742	755,514
Reversal during the financial year	(468,439)	(224,218)
Written off	-	(42,728)
At end of the financial year	4,093,032	4,044,729

Trade receivables that are individually determined to be impaired at the reporting date related to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(b) Amounts due from/(to) contract customers

	30.09.2013 RM	Group 30.09.2012 RM	1.10.2011 RM
Construction contract costs incurred to date	50,907,468	64,908,011	63,149,125
Attributable profits	7,268,805	6,584,434	6,929,666
	58,176,273	71,492,445	70,078,791
Less: Progress billings	(62,437,886)	(49,224,745)	(62,934,540)
	(4,261,613)	22,267,700	7,144,251
Presented as :			
Amounts due from contract customers	14,919,532	25,677,839	15,119,625
Amounts due to contract customers (Note 19)	(19,181,145)	(3,410,139)	(7,975,374)
	(4,261,613)	22,267,700	7,144,251

(c) Other receivables

Included in the other receivables of the Group is advance payments made to suppliers for purchase of raw materials amounting to RM731,951 (30.09.2012: RM922,140; 1.10.2011: RM1,179,126).

(d) Amounts due from subsidiaries

The amounts due from subsidiaries are unsecured, interest-free and repayable on demand in cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2013 (CONT'D)

17. CASH AND CASH EQUIVALENTS

	30.09.2013 RM	Group 30.09.2012 RM	1.10.2011 RM
Cash and bank balances	6,009,960	6,295,546	15,712,750
Short term funds	8,673,742	4,871,186	4,469,197
Deposits placed with licensed banks	32,347,252	28,771,732	33,228,590
	<u>47,030,954</u>	<u>39,938,464</u>	<u>53,410,537</u>

	30.09.2013 RM	Company 30.09.2012 RM	1.10.2011 RM
Cash and bank balances	11,490	15,941	17,584
Short term funds	8,673,742	4,871,186	4,469,197
	<u>8,685,232</u>	<u>4,887,127</u>	<u>4,486,781</u>

Short term funds are mainly designated to manage free cash flows and optimise working capital so as to provide a steady stream of income returns. It is an integral part of the overall cash management.

Short term funds of the Group and of the Company representing investments in highly liquid money market, which are readily convertible to a known amounts of cash and be subject to an insignificant risk of changes in value.

Short term funds bear dividend yield at rates ranging from 2.13% to 2.72% (30.09.2012: 2.07% to 2.75%; 01.10.2011: 2.20% to 2.82%) per annum.

Deposits placed with licensed banks of the Group bear interest at rates ranging from 0.01% to 3.15% (30.09.2012: 0.01% to 3.15%; 1.10.2011: 2.10% to 3.30%) per annum. These are made for varying periods between one day and one year depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

18. SHARE CAPITAL AND TREASURY SHARES

	2013 Number of shares	Group and Company		2012
		RM	Number of shares	RM
Authorised:				
Ordinary shares of RM1.00 each				
Balance as at 1 October 2012/ 1 October 2011/30 September	200,000,000	200,000,000	200,000,000	200,000,000
Issued and fully paid:				
Ordinary shares of RM1.00 each				
Balance as at 1 October 2012/ 1 October 2011/30 September	112,875,002	112,875,002	112,875,002	112,875,002
Treasury share				
Ordinary shares of RM1.00 each				
Balance as at 1 October 2012/ 1 October 2011/30 September	(3,322,462)	(3,322,462)	(3,322,462)	(3,322,462)

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2013 (CONT'D)

19. PAYABLES (continued)

(b) Other payables

Included in the other payables of the Group is an amount of RM30,098 (30.09.2012: RM103,084; 1.10.2011: RM48,357) due to a company in which certain directors of the Company have significant financial interests.

(c) Amount due to a subsidiary

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

20. DERIVATIVE FINANCIAL LIABILITIES

	30.09.2013		Group 30.09.2012		1.10.2011	
	Notional amounts RM	Liabilities RM	Notional amounts RM	Liabilities RM	Notional amounts RM	Liabilities RM
Forward currency contracts	16,250,000	339,748	7,750,000	13,467	4,507,500	283,747

(i) Forward currency contracts

Forward currency contracts have been entered into to operationally hedge forecast sales and purchases denominated in foreign currencies that are expected to occur at various dates within one (1) year from the end of the reporting period. The forward currency contracts have maturity dates that coincide with the expected occurrence of these transactions. The fair values of these components have been determined based on the differences between the quarterly future rates and the strike rates discounted at the convenience yield of the instruments involved.

- (ii) During the financial year, the Group recognised total losses of RM326,281 (30.09.2012: total gains of RM270,280, 1.10.2011: total losses of RM283,747) arising from fair value changes of derivatives. The fair value changes are attributable to changes in foreign exchange spot and forward foreign exchange rates. The methods and assumptions applied in determining the fair values of derivatives are disclosed in Note 27.

21. PROVISION FOR LIQUIDATED AND ASCERTAINED DAMAGES

	Group	
	2013 RM	2012 RM
At beginning of the financial year	6,607,541	7,231,353
Provision during the financial year (Note 6)	1,076,193	13,266,372
Utilisation during the financial year	-	(194,774)
Reversal during the financial year (Note 6)	(5,508,541)	(13,695,410)
	<u>2,175,193</u>	<u>6,607,541</u>

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2013 (CONT'D)

22. DIVIDENDS

	Group/Company 2013 RM	2012 RM
Recognised during the financial year:		
Dividends on ordinary shares:		
- Final single tier dividend for 2012: 3.0 sen (2011: 3.0 sen)	3,325,344	3,325,344
- Interim single tier dividend for 2013: 3.5 sen (2012: 3.5 sen)	3,879,576	3,879,576
	<u>7,204,920</u>	<u>7,204,920</u>

At the forthcoming Annual General Meeting, a final single-tier ordinary dividend in respect of the financial year ended 30 September 2013 of 3.0 sen per ordinary share amounting to RM3,325,344 will be proposed for the shareholders' approval.

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 September 2014.

23. CAPITAL COMMITMENTS

	30.09.2013 RM	Group 30.09.2012 RM	1.10.2011 RM
Property, plant and equipment			
Contracted but not provided for	-	-	423,500

24. CONTINGENT LIABILITIES (UNSECURED)

	2013 RM	Company 2012 RM
Corporate guarantees granted to suppliers of its subsidiaries	8,900,000	8,900,000
Corporate guarantees granted to financial institutions for bank facilities granted to its subsidiaries	110,700,000	110,700,000
	<u>119,600,000</u>	<u>119,600,000</u>

The directors are of the view that the chances of the financial institutions and suppliers calling upon the corporate guarantees are remote.

25. RELATED PARTY DISCLOSURES

(a) Identity of related parties

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

The Group and the Company have related party relationship with its subsidiaries, companies in which the directors have substantial financial interest, key management personnel and persons connected to key management personnel.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2013 (CONT'D)

25. RELATED PARTY DISCLOSURES (continued)

(b) Related party transactions

	Group 2013 RM	2012 RM
Companies where certain directors of the Company have substantial financial interest:		
Rental of premises	873,000	708,000
General and marine cargo insurance	220,559	300,628
Transportation services	598,585	1,354,886
Minor fabrication works	29,796	90,828
Maintenance of lorries and machinery	36,314	47,399

(c) Related party balances

Information on the outstanding balances with related parties at the end of the reporting period are disclosed in Notes 16 and 19.

(d) Compensation of Key Management Personnel

Key management personnel include personnel having authority and responsibility for planning, directing and controlling the activities of the entities, directly or indirectly, including any director of the Group and the Company. The remuneration of the key management personnel during the financial year is disclosed in Note 7.

26. FINANCIAL INSTRUMENTS

(a) Capital management

The primary objective of the Group's and the Company's capital management are to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholder value.

The Group and the Company manage its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial year ended 30 September 2013 and 30 September 2012.

The Group and the Company are not subject to any externally imposed capital requirements.

There is no bank borrowing as at the financial year end. Accordingly, calculation of gross debts equity ratio is not meaningful to the Group and the Company.

(b) Categories of financial instruments

	30.09.2013 RM	30.09.2012 RM	1.10.2011 RM
Group			
Financial assets			
Loans and receivables			
- Receivables, net of prepayments and deposits	71,540,111	63,433,097	50,742,743
- Cash and cash equivalents	47,030,954	39,938,464	53,410,537
	118,571,065	103,371,561	104,153,280

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2013 (CONT'D)

26. FINANCIAL INSTRUMENTS (continued)

(b) Categories of financial instruments (continued)

	30.09.2013 RM	30.09.2012 RM	1.10.2011 RM
Available-for-sale			
- Other investment	35,000	35,000	35,000
Financial liabilities			
Other financial liabilities			
- Payables	29,180,237	17,306,373	25,062,635
Fair value through profit or loss			
- Derivative liabilities	339,748	13,467	283,747
Company			
Financial assets			
Loans and receivables			
- Receivables	30,735,614	34,733,206	39,040,750
- Cash and cash equivalents	8,685,232	4,887,127	4,486,781
	39,420,846	39,620,333	43,527,531
Financial liabilities			
Other financial liabilities			
- Payables	2,426,110	2,190,660	6,680,698

(c) Fair values of financial instruments

The carrying amounts of financial instruments of the Group and of the Company as at the end of reporting period approximate their fair values.

(d) Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

i. Cash and cash equivalents, receivables and payables

The carrying amounts of cash and cash equivalents, receivables and payables are reasonable approximation of fair value due to their short-term nature of these financial instruments.

ii. Other investment

The fair value of the golf club membership is determined by reference to comparable market value of similar investment.

iii. Derivative financial liabilities

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).

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2013 (CONT'D)

26. FINANCIAL INSTRUMENTS (continued)

(e) Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- (i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (ii) Level 2 fair value measurements are those derived from 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); and
- (iii) Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 30 September 2013, 2012 and 1 October 2011, the Group and the Company held the following financial instruments carried at fair values on the statements of financial position:

	Total RM	Level 1 RM	Level 2 RM	Level 3 RM
Group				
30.09.2013				
Financial assets				
Other investment	35,000	-	35,000	-
Short term funds	8,673,742	8,673,742	-	-
Financial liability				
Forward exchange contracts	(339,748)	-	(339,748)	-
30.09.2012				
Financial assets				
Other investment	35,000	-	35,000	-
Short term funds	4,871,186	4,871,186	-	-
Financial liability				
Forward exchange contracts	(13,467)	-	(13,467)	-
1.10.2011				
Financial assets				
Other investment	35,000	-	35,000	-
Short term funds	4,469,197	4,469,197	-	-
Financial liability				
Forward exchange contracts	(283,747)	-	(283,747)	-
Company				
30.09.2013				
Financial asset				
Short term funds	6,553,615	6,553,615	-	-
30.09.2012				
Financial asset				
Short term funds	4,808,669	4,808,669	-	-
1.10.2011				
Financial asset				
Short term funds	4,282,993	4,282,993	-	-

During the financial year ended 30 September 2013, there was no transfer between fair value measurement hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2013 (CONT'D)

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's overall financial risk management objective is to ensure that the Group and the Company create value for its shareholders while minimising potential adverse effects on the performance of the Group and of the Company. Financial risk management is carried out through risk reviews, internal control systems and adherence to the Group's and the Company's financial risk management policies. The Group and the Company are exposed mainly to liquidity risk, credit risk, foreign currency risk, market price risk and interest rate risk. Information on the management of the related exposures is detailed below.

(i) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective are to maintain a balance between continuity of funding and flexibility through use of stand-by credit facilities.

The Group and the Company actively manage their operating cash flows by maintaining sufficient level of cash to meet their working capital requirements and availability of funding through an adequate amount of credit facilities.

Analysis of financial instruments by remaining contractual maturities

The Group's and the Company's financial liabilities at the reporting date are either mature within one year or repayable on demand.

(ii) Credit risk

Cash deposits and trade receivables may give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. It is the Group's and the Company's policy to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group and the Company are exposed to minimal credit risk.

Credit risk refers to the risk that counterparty will default on their contractual obligations resulting in financial loss to the Group and the Company. The Group and the Company seek to invest cash assets safely and profitably. The Group and the Company consider the risk of material loss arising in the event of non-performance by a financial counterparty to be unlikely, except when management deems recoverability of specific debtors as doubtful.

The Group's primary exposure to credit risk arises through its trade receivables. Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables via a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

In respect of cash and bank balances placed with major financial institutions in Malaysia, the directors believe that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

Exposure to credit risk

At the end of financial year, the maximum exposure to credit risk for the Group and for the Company are represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Information regarding credit enhancement for receivables is disclosed in Note 16.

Credit risk concentration profile

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.

As at 30 September 2013, the Group has no significant exposure to any customers and approximately 100% (30.09.2012: 100% and 1.10.2011: 99.97%) of the Company's receivables are amounts due from subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2013 (CONT'D)

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(ii) Credit risk (continued)

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

	30.09.2013 RM	Group 30.09.2012 RM	1.10.2011 RM
Malaysia	14,204,732	11,075,057	17,526,048
Asia	594,065	6,787,921	2,525,285
Europe	31,669,181	9,003,372	3,606,616
America	7,394,514	4,929,794	3,999,970
Oceania	1,915,465	4,965,857	6,580,138
	55,777,957	36,762,001	34,238,057

Financial guarantee

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries.

The Company monitors on an ongoing basis repayments made by its subsidiaries and their financial performance.

(iii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from import of raw materials and export of finish goods that are denominated in currencies other than the functional currency of the Group entities, RM. The foreign currencies in which these transactions are denominated are United States Dollar ("USD"), Euro Dollar ("Euro") and Singapore Dollar ("SGD").

The Group periodically uses foreign currency forward contracts to protect against the volatility associated with foreign currency transactions for receivables and payables denominated in currencies other than the functional currency of the operating entities within the Group.

During the financial year, the Group entered into foreign currency forward contracts to manage exposures to currency risk for receivables and payables, which are denominated in a currency other than the functional currencies of the Group.

The notional amount and maturity date of the forward foreign exchange contracts outstanding are as follows:

	Maturities	Contract amounts USD	RM equivalents
Group			
30.09.2013			
Contracts used to hedge trade receivables	Less than one (1) year	5,000,000	16,250,000
30.09.2012			
Contracts used to hedge trade receivables	Less than one (1) year	2,500,000	7,750,000
1.10.2011			
Contracts used to hedge trade receivables	Less than one (1) year	1,500,000	4,507,500

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2013 (CONT'D)

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iii) Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the United States Dollar ("USD"), Euro Dollar ("Euro") and Singapore Dollar ("SGD") exchange rate against the functional currency of the Group entities, RM, with all other variables held constant.

		Group Profit for the financial year		
		30.09.2013 RM	30.09.2012 RM	1.10.2011 RM
USD/RM	-Strengthen by 10%	(4,457,688)	(1,428,000)	(1,010,000)
USD/RM	-Weaken by 10%	4,457,688	1,428,000	1,010,000
SGD/RM	-Strengthen by 10%	(126,427)	(258,000)	(10,000)
USD/RM	-Weaken by 10%	126,427	258,000	10,000
EURO/RM	-Strengthen by 10%	(267,895)	(259,000)	(100,000)
EURO/RM	-Weaken by 10%	267,895	259,000	100,000

(iv) Market price risk

Market price risk is the risk that the fair value of future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group and the Company are exposed to market price risks arising from short term funds, which are quoted. These instruments are classified as financial assets designated at fair value through profit or loss.

Sensitivity analysis for market price risk

Short term funds of the Group and of the Company are exposed to changes in market quoted prices. However, the volatility of these funds' prices is considered low, and hence, sensitivity analysis for equity price risk is not presented.

(v) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily relates to deposits placed with licensed banks. Short term receivables and payables are not significantly exposed to interest rate risk.

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

Sensitivity analysis for interest rate risk

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.

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

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2013 (CONT'D)

28. SEGMENT INFORMATION

The Group has three 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 Company'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:

Fabrication	Fabrication of specially designed and manufacturing of engineering equipment.
Non-destructive testing	Provision of non-destructive testing services and other related services.
Others	Investment holding and inactive companies.

Performance is measured based on segment profit before tax and interest, as included in the internal management reports that are reviewed by the Company's Executive Directors. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment revenue and results

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. Segment results represent profit or loss before financial cost and tax of segment. Inter-segment transactions are entered in the ordinary course of business based on terms mutually agreed upon by the parties concerned.

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 Company'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 Company'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.

Geographical segments

The Group operates predominantly in Malaysia and hence, no geographical segment is presented.

	Fabrication RM	Non- destructive testing RM	Others RM	Elimination RM	Consolidated RM
2013					
Total external revenue	133,245,439	3,891,656	-	-	137,137,095
Inter-segment revenue	23,520	1,582,255	14,802,094	(16,407,869)	-
Total segment revenue	133,268,959	5,473,911	14,802,094	(16,407,869)	137,137,095
Segment profit/(loss)	13,698,499	864,853	(687,969)	-	13,875,383
Interest income	745,283	133,304	148,578	-	1,027,165
Finance costs	(358,651)	(1,937)	-	-	(360,588)
Profit before tax					14,541,960
Tax expense	(3,897,316)	(272,005)	-	-	(4,169,321)
Profit for the financial year					10,372,639

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2013 (CONT'D)

28. SEGMENT INFORMATION (continued)

	Fabrication RM	Non- destructive testing RM	Others RM	Elimination RM	Consolidated RM
2012					
Total external revenue	222,559,274	4,788,015	-	-	227,347,289
Inter-segment revenue	5,491,719	1,625,116	16,199,165	(23,316,000)	-
Total segment revenue	228,050,993	6,413,131	16,199,165	(23,316,000)	227,347,289
Segment profit/(loss)	12,484,499	717,269	(526,144)	-	12,675,624
Interest income	481,274	255,329	-	-	736,603
Finance costs	(360,574)	(2,077)	-	-	(362,651)
Profit before tax					13,049,576
Tax expense	(4,135,354)	(295,490)	-	-	(4,430,844)
Profit for the financial year					8,618,732

	Fabrication RM	Non- destructive testing RM	Other RM	Consolidation RM
2013				
Segment assets	183,521,774	7,860,607	22,178,006	213,560,387
Segment liabilities	35,466,215	1,019,312	203,485	36,689,012
Other information				
Capital expenditure	1,854,647	161,449	-	2,016,096
Depreciation of property, plant and equipment	4,681,098	210,039	-	4,891,137
2012				
Segment assets	176,897,270	6,728,819	18,368,617	201,994,706
Segment liabilities	27,229,638	911,626	149,786	28,291,050
Other information				
Capital expenditure	2,438,740	181,084	-	2,619,824
Depreciation of property, plant and equipment	4,780,298	228,659	-	5,008,957

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2013 (CONT'D)

29. COMPARATIVE FIGURES

The following comparative figures have been restated arising from transition to MFRSs and reclassified to confirm with the current financial year presentation:

	Group			
	30.09.2012		1.10.2011	
	As Restated RM	As previously Stated RM	As Restated RM	As previously Stated RM
Statement of Financial Position				
Property, plant and equipment	82,544,421	84,543,933	84,934,792	74,787,228
Revaluation reserve	-	9,004,451	-	46,879
Retained earnings	64,151,116	54,009,061	62,737,304	52,371,755
Deferred tax liabilities	2,739,843	5,876,960	2,075,484	2,223,682
Statement of Comprehensive income				
Other income	563,737	401,197	-	-
Administrative expenses	14,440,084	14,829,410	-	-
Other expenses	1,637,291	881,777	-	-
Tax expense	4,430,844	4,410,997	-	-

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2013 (CONT'D)

SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

The following analysis of realised and unrealised retained earnings of the Group and of the Company at 30 September 2013 is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad ("Bursa Securities") dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
		(restated)		
Total retained earnings of the Company and its subsidiaries				
- realised profits	121,027,317	115,888,887	4,279,198	4,714,135
- unrealised losses	(5,074,256)	(3,103,545)	-	-
	115,953,061	112,785,342	4,279,198	4,714,135
Less: consolidation adjustments	(48,634,226)	(48,634,226)	-	-
Total retained earnings	67,318,835	64,151,116	4,279,198	4,714,135

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not applied for any other purpose.

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, the undersigned, being two of the directors of the Company, do hereby state that, in the opinion of the directors, the accompanying financial statements as set out on pages 28 to 78, are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of 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 at 30 September 2013 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 79 has been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and presented based on the format as prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution dated 15 January 2014.

YAP KOW @ YAP KIM FAH

TAN TENG KHUAN

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Cheong Wai Pong, being the officer primarily responsible for the financial management of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 28 to 78 and the supplementary information set out on page 79 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 name at
Kuala Lumpur in the Federal Territory
on 15 January 2014.

CHEONG WAI PONG

Before me

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF APB RESOURCES BERHAD (COMPANY NO. 564838-V) (INCORPORATED IN MALAYSIA)

Report on the Financial Statements

We have audited the financial statements of APB Resources Berhad, which comprise the statements of financial position as at 30 September 2013 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 28 to 78.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal controls as the directors determine are 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 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 controls relevant to the Company'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 Company's internal controls. 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 give a true and fair view of the financial position of the Group and of the Company as at 30 September 2013 and of their financial performance and cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

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 Companies Act, 1965 in Malaysia to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Companies Act, 1965 in Malaysia.
- (b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company 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.
- (c) Our audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Company Act, 1965 in Malaysia.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF APB RESOURCES BERHAD (COMPANY NO. 564838-V) (INCORPORATED IN MALAYSIA) (CONT'D)

Other Reporting Responsibilities

The supplementary information set out on page 79 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad ("Bursa Securities") and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Securities. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Securities.

Other Matters

1. As stated in Note 2.2 to the financial statements, APB Resources Berhad adopted the Malaysian Financial Reporting Standards on 1 October 2012 with a transition date of 1 October 2011. These standards were applied retrospectively by the directors to the comparative information in these financial statements, including the statements of financial position as at 30 September 2012 and 1 October 2011, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial year ended 30 September 2012 and its related disclosures. We were not engaged to report on the comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 30 September 2013 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 October 2012 do not contain misstatements that materially affect the financial position as at 30 September 2013 and the financial performance and cash flows for the financial year then ended.
2. The financial statements of the Group and of the Company for the financial year ended 30 September 2012 which were prepared in accordance with the Financial Reporting Standards in Malaysia were audited by another firm of chartered accountants whose report is dated 29 January 2013.
3. 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 contents of this report.

Baker Tilly Monteiro Heng
AF 0117
Chartered Accountants

Andrew Heng
2935/08/14(J)
Chartered Accountant

Kuala Lumpur
15 January 2014

LIST OF PROPERTIES

AS AT 30 SEPTEMBER 2013

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 2013 (RM)
Amalgamated Metal Corporation (M) Sdn. Bhd.				
1. Lot No. 109-B, Jalan Gebeng 1/1, Kawasan Perindustrian Gebeng, 26080 Kuantan, Pahang (HSD) No. 17909, PT No. 7494, Mukim Sungai Karang, Daerah Kuantan, Pahang)	Leasehold 65 years expiring on 26 May 2064	Three (3) Storey Office Building, Five (5) Single-Storey Detached Factory/Workshop cum Storage Area (12 years) / For Office and Factory Operations	39,250 / 15,750 square metres (12 June 1995)	14,343,797 (Within Property, Plant and Equipment)
2. Lot No. 23-C, Jalan Gebeng 1/1, Kawasan Perindustrian Gebeng, 26080 Kuantan, Pahang (HSD) No. 18127, PT No. 7533, Mukim Sungai Karang, Daerah Kuantan, Pahang)	Leasehold 65 years expiring on 23 August 2064	Four (4) Single-Storey Detached Factory/Workshop cum Storage Area (9 years) / For Factory Operations	26,110 / 9,000 square metres (8 June 2003)	9,862,598 (Within Property, Plant and Equipment)
3. Lot No. 540, Jalan TUDM, Kampung Baru Subang, 40150 Shah Alam, Selangor (HSD) No. 116988, PT No. 540, Mukim Pekan Subang, Daerah Petaling, Selangor)	Leasehold 59 years expiring on 13 January 2058	Three (3) Storey Office Building, Two (2) Single-Storey Detached Factory/Workshop cum Storage Area (8 1/2 years) / For Office and Factory Operations	8,094 / 4,597 square metres (29 March 2004)	8,745,468 (Within Property, Plant and Equipment)
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 65 years expiring on 26 May 2064	Five (5) Contiguous Open Sided Single- Storey Detached Factory/Workshop cum Storage Area (5 years) / For Factory Operations	71,050 / 16,750 square metres (*29 February 2009)	30,148,648 (Within Property, Plant and Equipment)
Prescan Sdn. Bhd.				
1. No. 24, Jalan Tabla 33/21, Shah Alam Technology Park, Seksyen 33, 40400 Shah Alam, Selangor (Geran No. 28189 and Lot No. 22200 and Geran No. 28185 and Lot No. 22196 Sub-Lot No. B-19, Mukim Klang, Daerah Klang, Selangor)	Freehold	Intermediate Unit 1 1/2 Storey Terraced Factory (9 years) / For Office and Factory Operations	2,000 / 3,000 square feet 11 August 2000	604,800 (Within Property, Plant and Equipment)

ANALYSIS OF SHAREHOLDINGS

AS AT 29 JANUARY 2014

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	1,996	48.49	74,980	0.07
100 to 1,000 shares	1,077	26.17	460,163	0.41
1,001 to 10,000 shares	690	16.76	3,000,662	2.71
10,001 to 100,000 shares	280	6.80	9,807,520	8.85
100,001 to 5,542,239 (less than 5% of the issued shares)	69	1.68	37,800,273	34.10
5,542,240 and above (5% of the issued shares and above)	4	0.10	59,701,204	53.86
Total	4,116	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 29.1.2014.

LIST OF TOP 30 HOLDERS AS AT 29.1.2014

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	Lim Hong Liang	2,161,500	1.95
7	Teh Teck Tee	1,744,400	1.57
8	Yap Kow @ Yap Kim Fah	1,723,000	1.55
9	Tan Ming Chieh	1,600,000	1.44
10	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB for Yulina Binti Baharuddin	1,542,000	1.39
11	Rosley Bin Abdul Rahman	1,487,007	1.34
12	Enisah Binti Baharuddin	1,386,000	1.25

ANALYSIS OF SHAREHOLDINGS AS AT 29 JANUARY 2014 (CONT'D)

LIST OF TOP 30 HOLDERS AS 29.1.2014 (CONTINUED)

No	Name	No of Shares	%
13	Lee Boon Imm	1,138,000	1.03
14	Wong Than Loy	1,137,200	1.03
15	Goh Siang Kuan	1,014,096	0.91
16	Yeo Seo Hwa	1,000,500	0.90
17	RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Lee Teck Yuen	1,000,000	0.90
18	Cheong Boon Yu	856,157	0.77
19	Gan Chin Boon	725,157	0.65
20	Chi Hoo @ Chu Chi Hoo	658,190	0.59
21	Tan Ming Sheng	644,000	0.58
22	Rare Prestige Sdn. Bhd.	616,569	0.56
23	Fong Pick Kim	599,800	0.54
24	Public Invest Nominees (Asing) Sdn. Bhd. Exempt An for Phillip Securities Pte Ltd	549,700	0.50
25	Lim Pin Kong	500,000	0.45
26	Tan Huey Szu	487,400	0.44
27	Tan Ming Sheng	408,300	0.37
28	Chwa Eng Wan	402,700	0.36
29	Lee Boon	382,300	0.34
30	CIMSEC Nominees (Asing) Sdn. Bhd. Exempt An for CIMB Securities (Singapore) Pte Ltd	370,400	0.33

ANALYSIS OF SHAREHOLDINGS AS AT 29 JANUARY 2014 (CONT'D)

DIRECTORS' DIRECT AND INDIRECT INTERESTS IN SHARES OF APB

(The Directors' direct and indirect interests in shares of APB based on the Register of Directors' Shareholdings)

Ordinary Shares

Directors

Name	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 29.1.2014

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 29.1.2014

NOTICE OF TWELFTH (12TH) ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twelfth Annual General Meeting of APB Resources Berhad ("the Company") will be held at Multipurpose Hall (Card Room), Royal Selangor Club, Dataran Merdeka, Jalan Raja, 50704 Kuala Lumpur on Wednesday, 26 March 2014 at 10.00 a.m. to transact the following business:

Ordinary Business

- | | |
|---|--------------------------------|
| 1. To table the Audited Financial Statements of the Company for the year ended 30 September 2013 and the Reports of the Directors and Auditors thereon. | (Please refer to Note 5 below) |
| 2. To declare a single tier final dividend of 3% for the financial year ended 30 September 2013 as recommended by the Directors. | Ordinary Resolution 1 |
| 3. To approve payment of Directors' fees amounting to RM150,000 for the year ended 30 September 2013. | Ordinary Resolution 2 |
| 4. To pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965:

"THAT Datuk Yap Kau @ Yap Yeow Ho who is retiring at the conclusion of this Annual General Meeting pursuant to Section 129(2) of the Companies Act, 1965, be and is hereby re-appointed as Director of the Company to hold office until the conclusion of the next Annual General Meeting." | Ordinary Resolution 3 |
| 5. To re-elect Mr. Chua Eng Seng, who retires in accordance with Article 84 of the Company's Articles of Association and, being eligible, has offered himself for re-election. | Ordinary Resolution 4 |
| 6. To re-elect Ms Mak Fong Ching, who retires in accordance with Article 84 of the Company's Articles of Association and, being eligible, has offered herself for re-election. | Ordinary Resolution 5 |
| 7. To re-appoint Baker Tilly Monteiro Heng as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorize the Directors to determine their remuneration. | Ordinary Resolution 6 |

Special Business

- | | |
|--|------------------------------|
| 8. Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965 | Ordinary Resolution 7 |
| To consider and, if thought fit, to pass the following Ordinary Resolution:

"THAT, subject to the Articles of Association of the Company and the approvals of the relevant governmental/regulatory authorities, pursuant to Section 132D of the Companies Act 1965, the Directors of the Company be and are hereby empowered to issue shares in the Company at any time to such person or persons and upon such terms and conditions and for such purposes as the Directors of the Company may, in their absolute discretion deem fit, PROVIDED THAT the aggregate number of shares to be issued does not exceed ten (10) per centum of the issued share capital of the Company for the time being AND THAT the Directors of the Company be and 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, AND THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until conclusion of the next Annual General Meeting of the Company." | |
| 9. Proposed Renewal of Shareholders' Mandate for APB and its Subsidiaries ("APB Group") to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature with Related Parties ("the Proposal") | Ordinary Resolution 8 |

NOTICE OF TWELFTH (12TH) ANNUAL GENERAL MEETING (CONT'D)

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

"THAT, subject to Bursa Malaysia Securities Berhad Main Market Listing Requirements, approval be and is hereby given for the Proposed Renewal of Shareholders' Mandate as set out in Part A of the Circular to Shareholders dated 28 February 2014 for the Company and its subsidiaries ("APB Group") to enter into and to give effect to the category of recurrent transactions of a revenue or trading nature from time to time with the Related Parties as specified in Section 2.4 of Part A of the Circular to Shareholders dated 28 February 2014 provided that such transactions are:

- (i) recurrent transactions of a revenue or trading nature;
 - (ii) necessary for APB Group's day-to-day operations;
 - (iii) in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and
 - (iv) not to the detriment of minority shareholders,
- ("the Mandate")

AND THAT such authority shall commence upon the passing of this resolution and shall continue to be in force until:

- (i) The conclusion of the next Annual General Meeting ("AGM") of the Company following the AGM at which such Mandate was passed, at which time it will lapse, unless by a resolution passed at the AGM the authority is renewed;
- (ii) The expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 143(l) of the Companies Act, 1965 ("the Act") but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act; or
- (iii) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is earlier;

AND THAT the Directors of the Company and/or its subsidiaries be and are hereby authorized to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the Mandate."

10. Proposed Renewal of Share Buyback

Ordinary Resolution 9

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

"THAT subject to compliance with the Companies Act, 1965, the Company's Memorandum and Articles of Association, the Listing Requirements of the Bursa Malaysia Securities Berhad (Bursa) or any other regulatory authorities, approval be and is hereby given to the Company to utilize an amount not exceeding the total retained profits and share premium of the Company 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 Bursa upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company PROVIDED THAT the aggregate number of shares to be purchased and/or held pursuant to this resolution does not exceed ten percent (10%) of the total issued and paid-up share capital of the Company;

NOTICE OF TWELFTH (12TH) ANNUAL GENERAL MEETING (CONT'D)

10. AND THAT at the discretion of the Board, the shares of the Company to be purchased might be cancelled and/or retained as treasury shares and distributed as dividends or resold on the Bursa AND THAT the Board be and are hereby authorised and empowered to do all acts and things to give full effect to the Proposed Share Buyback;

AND FURTHER THAT such authority shall commence immediately upon passing of this resolution until:

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

whichever occurs first."

11. Approval to continue in Office as Independent Non-Executive Director

Ordinary Resolution 10

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

"THAT Mr. Chua Eng Seng who has served the Board as the Independent Non-Executive Director of the Company for a cumulative term of more than nine years since 2004 be and is hereby retained as the Independent Non-Executive Director of the Company."

12. Approval to continue in Office as Independent Non-Executive Director

Ordinary Resolution 11

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

"THAT Ms Mak Fong Ching who has served the Board as the Independent Non-Executive Director of the Company for a cumulative term of more than nine years since 2004 be and is hereby retained as the Independent Non-Executive Director of the Company."

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

FURTHER NOTICE IS GIVEN THAT, for the purpose of determining a member who shall be entitled to attend this Twelfth Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Article 60 of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 19 March 2014. Only a depositor whose name appears on the Record of Depositors as at 19 March 2014 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

Notice is hereby given that, subject to the approval of Members at the Twelfth Annual General Meeting to be held on Wednesday, 26 March 2014, a single tier final dividend of 3% in respect of the financial year ended 30 September 2013, will be paid on 28 April 2014 to Depositors whose names appear in the record of Depositors on 14 April 2014.

NOTICE OF TWELFTH (12TH) ANNUAL GENERAL MEETING (CONT'D)

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 14 April 2014 in respect of transfers;
- b. Shares bought on Bursa Malaysia Securities Berhad ("the Exchange") on a cum entitlement basis according to the Rules of the Exchange.

BY ORDER OF THE BOARD

CHEOK KIM CHEE
MACS 00139
Secretary

Kuala Lumpur
28 February 2014

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. There shall be no restriction as the qualification of the proxy. 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.
- 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 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.
- 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 Issue Shares Pursuant to Section 132D of the Companies Act, 1965

The Company wishes to renew the mandate on the authority to issue shares pursuant to Section 132D of the Companies Act, 1965.

The Company had been granted a general mandate by its shareholders on the Eleventh Annual General Meeting held on 27 March 2013.

The Mandate granted by the shareholders on 27 March 2013 had not been utilized and hence no proceed was raised therefrom.

The purpose to seek the General Mandate is to give the Directors of the Company flexibility to issue shares from unissued capital of the Company up to an amount not exceeding 10% of the Company's total issued share capital for the time being without having to convene a general meeting as it would be both time-consuming and costly to organize a general meeting. This authority unless revoked or varied by the Company in a general meeting will expire at the next Annual General Meeting of the Company.

In case of any strategic opportunities involving equity deals, which may require the Company to 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.

NOTICE OF TWELFTH (12TH) ANNUAL GENERAL MEETING (CONT'D)

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

The Ordinary Resolution 8, if passed, will allow the APB Group to enter into related party transactions provided that such transactions are in the ordinary course of business and undertaken at arm's length, on normal commercial terms of APB Group which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders ("Proposed Shareholders' Mandate")

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 28 February 2014 which is despatched together with the Annual Report of the Company for the financial year ended 30 September, 2013.

8 Proposed Renewal of Share Buyback

The proposed Ordinary Resolution 9, if passed, will empower the Directors of the Company to allocate an amount not exceeding the retained profits and/or share premium accounts of the Company for the purpose of and to purchase such amount of ordinary shares of RM1.00 each in the Company from time to time on the market of the Bursa Malaysia Securities Berhad upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that the aggregate number of shares purchased pursuant to this resolution does not exceed ten percent (10%) of the total issued and paid up share capital of the Company.

Further information on the Proposed Share Buyback is set out in the Circular to Shareholders dated 28 February 2014 which is despatched together with the Annual Report of the Company for the financial year ended 30 September 2013.

9 Approval to Continue Office as Independent Non-executive Director – Mr. Chua eng Seng

The Board of Directors via the Nomination Committee has conducted an annual performance evaluation and assessment of Mr. Chua Eng Seng ("Mr. Chua") who has served as an Independent Non-Executive Director for a cumulative term of more than nine (9) years and recommended him to continue to act as an Independent Non-Executive Director based on the following justifications:

- (i) Mr. Chua has met the independence guidelines as set out in Chapter 1 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements and is able to bring independent and objective judgement to the Board.
- (ii) Mr. Chua has been with the Company for ten (10) years and understands the Group's business operations which enable him to participate actively in deliberations/discussions at the Audit Committee, Nomination Committee, Remuneration Committee and Board Meetings.
- (iii) Mr. Chua has contributed sufficient time and efforts in his capacity as Independent Non-Executive Director. He has attended all the meetings of the Audit Committee, Nomination Committee, Remuneration Committee and Board of Directors for informed and balanced decision making.
- (iv) Mr. Chua has exercised due care during his tenure as the Independent Non-Executive Director and carried out his professional duty in the interest of the Group and shareholders.

10 Approval to Continue Office as Independent Non-executive Director – Ms Mak Fong Ching

The Board of Directors via the Nomination Committee has conducted an annual performance evaluation and assessment of Ms Mak Fong Ching ("Ms Mak") who has served as an Independent Non-Executive Director for a cumulative term of more than nine (9) years and recommended her to continue to act as an Independent Non-Executive Director based on the following justifications:

- (i) Ms Mak has met the independence guidelines as set out in Chapter 1 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements and is able to bring independent and objective judgement to the Board.
- (ii) Ms Mak has been with the Company for ten (10) years and understands the Group's business operations which enable her to participate actively in deliberations/discussions at the Audit committee, Nomination Committee, Remuneration Committee and Board Meetings.
- (iii) Ms Mak has contributed sufficient time and efforts in her capacity as Independent Non-Executive Director. She has attended all the meetings of the Audit Committee, Nomination Committee, Remuneration Committee and Board of Directors for informed and balanced decision making.
- (iv) Ms Mak has exercised due care during her tenure as the Independent Non-Executive Director and carried out his professional duty in the interest of the Group and shareholders.

STATEMENT ACCOMPANYING

NOTICE OF ANNUAL GENERAL MEETING (PURSUANT TO PARAGRAPH 8.27(2) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD)

- 1 Further details of individual who are standing for re-election are as follows:

Pursuant to Section 129(6) of the Companies Act, 1965:

Datuk Yap Kau @ Yap Yeow Ho

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

(a) Mr. Chua Eng Seng

(b) Ms Mak Fong Ching

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

- 2 The Directors' direct and indirect interests in the securities of the Company as at 29 January 2014.

Name of Directors	Direct		Indirect			
	No. of shares	%	Corporation No. of Shares	Spouse No. of Shares	Child No. of Shares	%
Datuk Yap Kau @ Yap Yeow Ho	33,000	0.03	5,117,215	0	163,200	4.76
Chua Eng Seng	0		0	0	0	0
Mak Fong Ching	0		0	0	0	0

Details of attendance of the Directors at the Board Meetings are set out in the Corporate Governance Statement on page 10 to page 16 of the Annual Report.

CORPORATE DIRECTORY

CORPORATE OFFICE

APB RESOURCES BERHAD

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

Tel : 603-78461389

Fax : 603-78463795

Website : www.apb-resources.com

FABRICATION DIVISION

AMALGAMATED METAL CORPORATION (M) SDN. BHD.

Head Office - Shah Alam

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

Tel : 603-78461389

Fax : 603-78463795

Email : amcsubg@amcsb.com.my

Website : www.amcsb.com.my

Branch - Kuantan

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

Tel : 609-5858888

Fax : 609-5858892

Email : ammetal@amcsb.com.my

NON-DESTRUCTIVE TESTING DIVISION

PRESCAN SDN. BHD.

Head Office - Shah Alam

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

Tel : 603-51215951

Fax : 603-51212906

Email : prescan@pd.jaring.my

Branch - Kuantan

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

Tel/Fax : 609-5834457

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PROXY FORM



CDS Account No.
No. of ordinary shares held

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

of
(FULL ADDRESS)

being a member/members of **APB RESOURCES BERHAD** ("the Company"), hereby appoint

First Proxy

Full Name	NRIC No.	Proportion of Shareholdings	
		No. of Shares	%
Full Address			

and/or failing him/her

Second Proxy

Full Name	NRIC No.	Proportion of Shareholdings	
		No. of Shares	%
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 Twelfth Annual General Meeting of the Company, to be held on 26 March 2014 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.	Resolution No.	For	Against
1	To declare a single tier final dividend of 3%	1	
2	To approve payment of Directors' fees	2	
3	To re-elect Datuk Yap Kau @ Yap Yeow Ho as Director	3	
4	To re-elect Mr. Chua Eng Seng as Director	4	
5	To re-elect Ms Mak Fong Ching as Director	5	
6	To re-appoint Auditors	6	
7	Authority to issue shares	7	
8	Proposed Renewal of Shareholders' Mandate for recurrent related party transactions of a revenue or trading nature	8	
9	Proposed Renewal of Share Buyback	9	
10	Approval to continue in Office – Mr. Chua Eng Seng	10	
11	Approval to continue in Office – Ms Mak Fong Ching	11	

Signed this _____ day of _____ 2014

Name of Member

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. There shall be no restriction as to the qualification of the proxy. 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.
- 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 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.

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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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