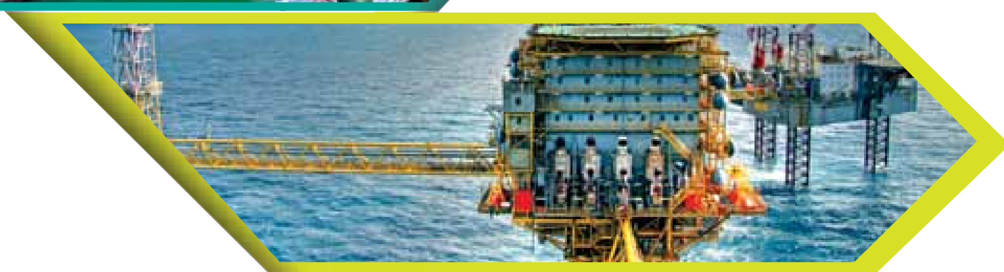
APB RESOURCES BERHAD

Registration No. 200101029080 (564838-V)

Annual Report 2020



APB RESOURCES

2020 ANNUAL REPORT



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APB RESOURCES BERHAD

2020

CORPORATE INFORMATION

BOARD OF DIRECTORS

Yap Kow @ Yap Kim Fah	Non-Independent Non-Executive Director / Chairman
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 Chia Cheng @ Chua Chia Kwee	Independent Non-Executive Director
Lim Kwee Yong (Ms.)	Independent Non-Executive Director
Yap Swee Sang	Chief Executive Officer / Alternate Director to Yap Kow @ Yap Kim Fah
Yap Puhui Lin (Ms.)	Alternate Director to Datuk Yap Kau @ Yap Yeow Ho

AUDIT COMMITTEE

Lim Kwee Yong (Ms.) - Chairperson
Chua Chia Cheng @ Chua Chia Kwee
Datuk Yap Kau @ Yap Yeow Ho

NOMINATION COMMITTEE

Lim Kwee Yong (Ms.) - Chairperson
Chua Chia Cheng @ Chua Chia Kwee
Lim Hong Liang

REMUNERATION COMMITTEE

Chua Chia Cheng @ Chua Chia Kwee - Chairman
Lim Kwee Yong (Ms.)
Yap Kow @ Yap Kim Fah

RISK MANAGEMENT COMMITTEE

Chua Chia Cheng @ Chua Chia Kwee - Chairman
Lim Kwee Yong (Ms.)
Yap Kow @ Yap Kim Fah

COMPANY SECRETARY

Cheok Kim Chee (MACS 00139)

AUDITORS

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

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Code – 5568

SHARE REGISTRAR

Boardroom Share Registrars Sdn. Bhd.
(Registration No. 199601006647 (378993-D))
11th Floor, Menara Symphony
No. 5, Jalan Professor Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan
Tel No.: 03 - 7890 4700
Fax No.: 03 - 7890 4670

REGISTERED OFFICE

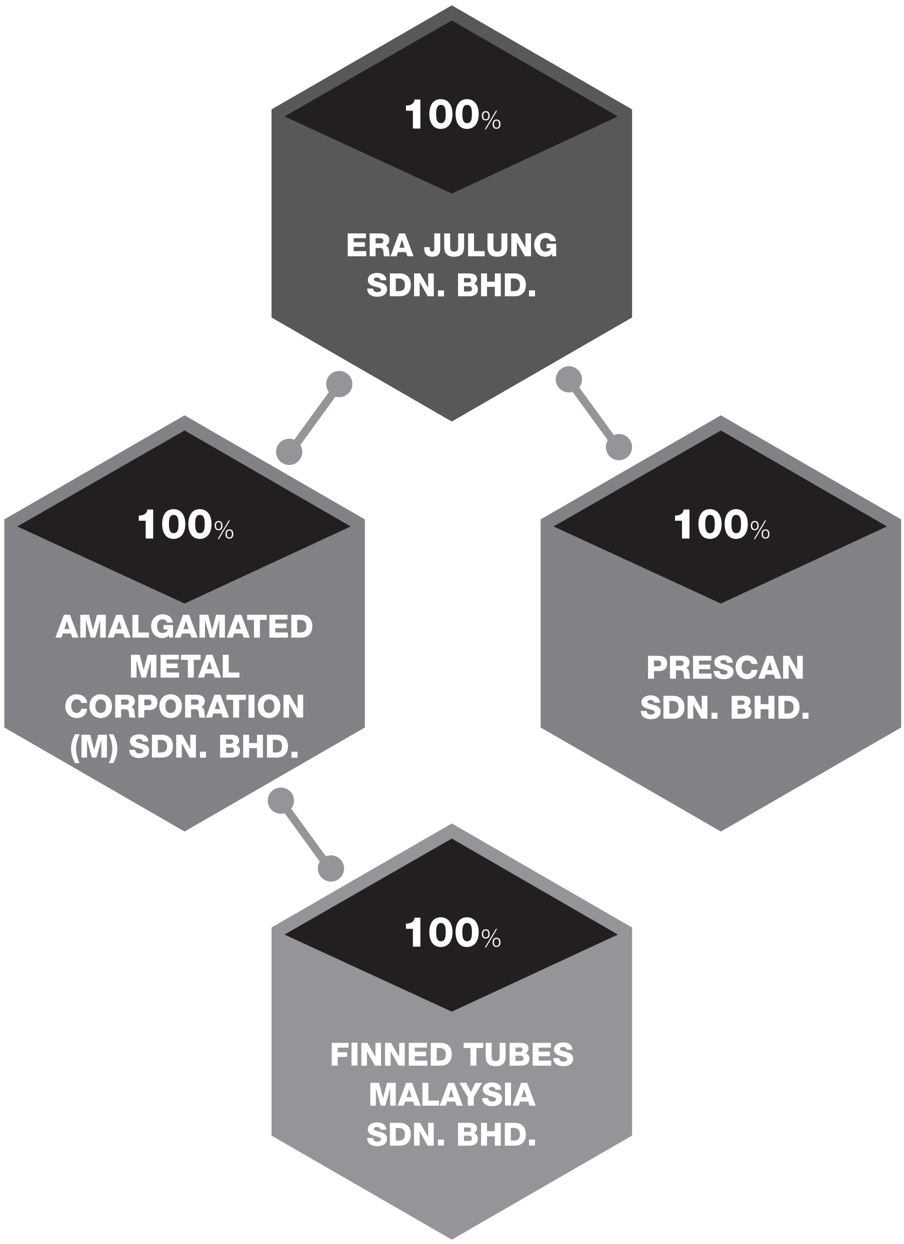
D12, Tingkat 1, Plaza Pekeliling
No. 2, Jalan Tun Razak
50400 Kuala Lumpur
Tel No.: 03 - 4042 3041
Fax No.: 03 - 4042 3422

PRINCIPAL BANKERS

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

CORPORATE STRUCTURE

APB RESOURCES BERHAD
(Registration No. 200101029080 (564838-V))



DIRECTORS' PROFILE

YAP KOW @ YAP KIM FAH	**Non-Independent** **Non-Executive Director / Chairman** Age 75, Male, Malaysian

Mr. Yap is the founder and Chairman 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. He 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 was appointed to the Board of Directors on 30 March 2004 and a member of Remuneration Committee.

Mr. Yap is also a Director of several other private companies. He is not a director of any other public company.

DATUK YAP KAU @ YAP YEOW HO	**Non-Independent** **Non-Executive Director** Age 77, Male, Malaysian

Datuk Yap started his career in the transportation sector and served as an Operation Manager with TTS Transport Sdn. Bhd. from 1977 to 1984. He has been a Director of TTS Transport Sdn. Bhd. since 1984.

Datuk Yap was appointed to the Board on 30 March 2004 and a member of Audit Committee.

Datuk Yap is also a Director of several other private companies. He is not a director of any other public company.

Directors' Profile
(cont'd)

TAN TENG KHUAN	**Chief Operating Officer / Executive Director** Age 64, Male, Malaysian

Mr. Tan oversees 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. Mr. Tan 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. He joined Metroplex Berhad as Senior Corporate Investment and Planning Manager in 1990. 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 was appointed to the Board on 30 March 2004. He does not sit on any Board committee of the Company.

Mr. Tan is also a Director of several other private companies. He is not a director of any other public company.

LIM HONG LIANG	**Non-Independent Non-Executive Director** Age 61, Male, Malaysian

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 was appointed to the Board on 26 November 2008 and a member of Nomination Committee.

Mr. Lim is also a Director of several other private companies.

Directors' Profile
(cont'd)

CHUA CHIA CHENG @ CHUA CHIA KWEE	**Independent Non-Executive Director** Age 67, Male, Malaysian

Mr. Chua Chia Cheng joined the Hong Kong And Shanghai Bank (now known as HSBC Bank Malaysia Berhad) in 1976. He received the Diploma in Banking and Finance from Institut Bank-Bank Malaysia (IBBM).

He was posted to various departments during his 34 years of service with HSBC Bank Malaysia Berhad and retired in 2010 as the Vice President of Corporate Banking, Kuantan.

Mr. Chua was appointed to the Board on 27 February 2019. He is the Chairman of Remuneration and Risk Management Committee and member of Audit Committee.

He is not a director of any public company.

LIM KWEE YONG	**Independent Non-Executive Director** Age 49, Female, Malaysian

Ms. Lim is a member of Malaysian Institute of Accountants. She started her career with PricewaterhouseCoopers, Kuala Lumpur in 1995 and she subsequently left in 2008 to join Wasco Energy Group of Companies, a subsidiary of Wah Seong Corporation Berhad as the Head of Finance from 2008 to 2013. In 2014, she joined Cenviro Sdn Bhd as the Chief Finance Officer until 2018. She is now with Econas Sdn Bhd as Executive Director and Chief Finance Officer since October 2018.

Ms. Lim was appointed to the Board on 27 February 2020. She is the Chairperson of Audit and Nomination Committee. She is also a member of Remuneration and Risk Management Committee.

She also sits on the Board of SMRT Holding Berhad and she is also a Director of several other private companies.

YAP SWEE SANG	**Alternate Director to Yap Kow @ Yap Kim Fah** Age 44, Male, Malaysian

Mr. Yap holds a Victorian Certificate Education, Australia. He 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, as Deputy General Manager in 2004 and Managing Director in 2017.

Mr. Yap was appointed as an alternate director to Mr. Yap Kow @ Yap Kim Fah on 26 November 2008 and as the Chief Executive Officer on 1 June 2016.

Mr. Yap is also a Director of several other private companies. He is not a director of any other public company.

Directors' Profile
(cont'd)

YAP PUHUI LIN	**Alternate Director to Datuk Yap Kau @ Yap Yeow Ho** Age 51, Female, Malaysian

She is a registered insurance agent with General Insurance Association of Malaysia ("PIAM"). She 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 was appointed as an alternate Director to Datuk Yap Kau @ Yap Yeow Ho on 26 November 2008.

She is not a director of any other public company.

Notes:

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

Mr. Yap Kow @ Yap Kim Fah and Datuk Yap Kau @ Yap Yeow Ho are brothers. Mr. Yap Swee Sang is the son of Mr. Yap Kow @ Yap Kim Fah and Ms. Yap Puhui Lin is the daughter of Datuk Yap Kau @ Yap Yeow Ho. None of the other Directors has any family relationship with any Director and/or Substantial Shareholders of the Company.

2 **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 Datuk Yap Kau @ Yap Yeow Ho, have direct and/or indirect interests as disclosed in note 26 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.

3 **Convictions for Offences (Within the Past Five Years, Other Than Traffic Offences)**

None of the Directors of the Company have been convicted of any offences within the past five (5) years other than traffic offences and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 30 September 2020.

4 **Number of Board Meeting Attended**

Details of the Board meeting attendance of each director are disclosed in the Statement on Corporate Governance in the Annual Report.

CHIEF EXECUTIVE OFFICER & KEY SENIOR MANAGEMENT'S PROFILE

YAP SWEE SANG

Chief Executive Officer
Age 44, Male, Malaysian

Mr. Yap holds a Victorian Certificate Education, Australia. He 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, as Deputy General Manager in 2004 and Managing Director in 2017.

He was appointed an alternate director to Mr. Yap Kow @ Yap Kim Fah on 26 November 2008 and as the Chief Executive Officer on 1 June 2016.

He is not a director of any other public company.

ONG KOK WAH

General Manager of subsidiary –
Amalgamated Metal Corporation (M) Sdn. Bhd.
Age 51, Male, Malaysian

Mr. Ong is the General Manager (Operation) in Amalgamated Metal Corporation (M) Sdn. Bhd. ("AMC"). He graduated with Diploma in Mechanical & Manufacturing Engineering from the College Tunku Abdul Rahman in 1993. Upon his graduation, he joined AMC in 1993 as a Quality Control Engineer. His responsibilities in the company include ensuring that the process equipment fabricated meets with the quality specification of the client as well as complying with internationally approved quality standards such as the American Standard of Mechanical Engineers. He was later promoted to Quality Control Manager in 1997 at AMC. As Quality Control Manager, he was responsible for the overall quality control of the entire production process in the workshop to ensure that all quality requirements as required by clients are complied. He was appointed as the General Manager in 2004.

He is not a director of any other public company.

CHEONG BOON YU

Director of subsidiary –
Prescan Sdn. Bhd.
Age 64, Male, Malaysian

Mr. Cheong is the founder of Prescan and appointed Director when the company was established in July 1988. He has been certified as a Radiographic Interpreter, Radiation Protection Officer and SIRIM Radiographic Tester Level II. Other qualifications include an ASNT Level II in Radiographic Testing, Magnetic Particle Testing, Liquid Penetrant Testing in 1999.

Mr. Cheong's working career started in 1974 as a trainee radiographer at Independent Testing Co. Sdn. Bhd.. In 1975, he joined United Testing Co. Sdn. Bhd. as a Non-Destructive Testing Technician responsible for radiography and stress relieving work at the Johor Bahru Power Station and the Port Dickson Power Station. He was also involved in radiography work on the ammonia sphere tank at the Chemical Company of Malaysia, Malaysian Electro–Chemical Industries and as well as in the Grik Dam. In 1979, Mr. Cheong joined Maju Timor Sdn. Bhd. and was responsible for MPI and stress relieving work at Prai Power Station before returning to United Testing Co. Sdn. Bhd. in 1981 as Technical Supervisor and later as Manager.

Mr. Cheong is a director of several other private companies. He is not a director of any other public company.

Chief Executive Officer & Key Senior Management's Profile
(cont'd)

GAN CHIN BOON	**Director of subsidiary – Prescan Sdn. Bhd.** Age 61, Male, Malaysian

Mr. Gan is the Director of Prescan since 1988. He received a Diploma in Complete Welding from International Correspondence School in 1985 and the Diploma in Welding Metallurgy from Metal Engineering Institute in 1988 and Certificate of Proficiency Certification Scheme for Welding Inspection Personnel in Ultrasonic Practitioner (3.1, 3.2, 3.8 & 3.9) in 1989. His other qualifications include American Society for Non-Destructive Testing Level III (KM-987) - Radiographic Testing, Ultrasonic Testing, Magnetic Particle Testing; and ASNT Level II - Radiographic Testing, Ultrasonic Testing, Magnetic Particle Testing, Penetrant Testing. He is a Member of AWS, Member of ASNT and a Member of MSNT.

Mr. Gan's career started in 1980 as Non-Destructive Testing Technician with Independent Testing Co. Sdn. Bhd.. In 1981, he was at Jardine Malaysia, being employed as Non-Destructive Testing Inspector and in March 1982, at Mitsui Ocean Development Engineering Company, working as Radiographer Supervisor. In August 1982, he returned to Independent Testing Co Sdn. Bhd., and was employed as an Ultrasonic Inspector. He moved to Mapel Sdn. Bhd. in 1983, working as a Structural Integrity Inspector and in 1984, was employed at Solus Oceaneering (M) Sdn. Bhd. as Welding and Structural Inspector before being seconded to Sarawak Shell Berhad. He was later employed at Petrochemical Inspection (M) Sdn. Bhd. in 1987 as an offshore Hook-up Inspector and was seconded to Sarawak Shell Berhad on the work barge.

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

YAP WAN TING	**Group Finance Manager** Age 45, Female, Malaysian

Ms. Yap is a member of CPA Australia as well as Malaysian Institute of Accountants. She graduated with Bachelor of Commerce (majoring in Accounting) from University of Melbourne in 1997. She started her career in 1998 as Audit Assistant with Arthur Andersen & Co., a public accounting firm. In 2000, she joined Master Body Collision Repair Sdn. Bhd. (subsidiary of Ford Malaysia Sdn Bhd) as Accounts Executive where she was involved in setting up chart of accounts and handled full set of accounts. She was later transferred to Ford Malaysia Sdn. Bhd. in 2002 and was mainly responsible on inventory system.

Ms. Yap joined Amalgamated Metal Corporation (M) Sdn. Bhd. ("AMC"), a wholly owned subsidiary of APB Resources Berhad in 2003 as Corporate Services Executive where she was involved in listing exercise. She was subsequently promoted to Group Finance Manager in 2017.

Ms. Yap heads the Accounts and Finance Department of the Group. Her duties include financial reporting, budgeting and periodic reviews of companies' results in the Group and ensure proper compliance in accordance to the regulatory statue. She is the liaising person with the auditors and other statutory bodies.

She is not a director of any other public company.

Chief Executive Officer & Key Senior Management's Profile
(cont'd)

Notes:

1 Family Relationship with any Director and/or Substantial Shareholder

Mr. Yap Swee Sang is the son of Mr. Yap Kow @ Yap Kim Fah. Mr. Ong Kok Wah is the son in law of Datuk Yap Kau @ Yap Yeow Ho. Ms. Yap Wan Ting is the daughter of Mr. Yap Kow @ Yap Kim Fah. None of the other key senior management of the Company have any family relationship with any Director and/or Substantial Shareholders of the Company.

2 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 Datuk Yap Kau @ Yap Yeow Ho, have direct and/or indirect interests as disclosed in note 26 of the accompanying financial statements. Save as disclosed above, none of the key senior management of the Company have any conflict of interest with the Group.

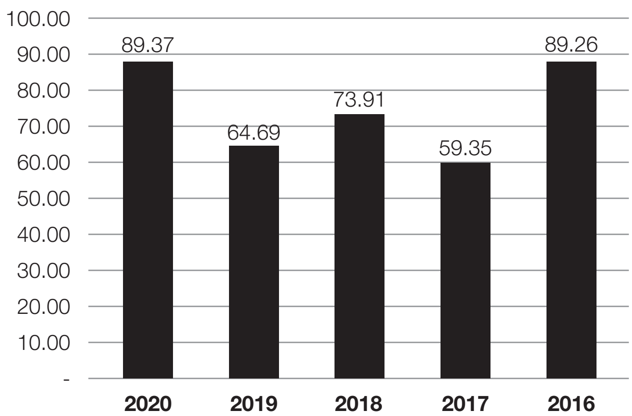
3 Convictions for Offences (Within the Past Five Years, Other Than Traffic Offences)

None of the key senior management of the Company have been convicted of any offences within the past five (5) years other than traffic offences and there was no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 30 September 2020.

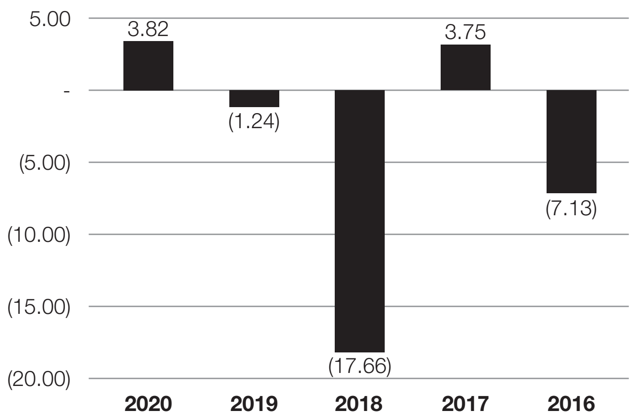
5 YEARS FINANCIAL HIGHLIGHTS

(RM thousand)	2020	2019	2018	2017	2016
OPERATING RESULTS					
1. Revenue	89,368	64,692	73,915	59,353	89,262
2. Gross Profit	16,826	10,877	10,724	14,948	13,989
3. EBITDA/(LBITDA)	7,764	1,627	(856)	9,690	(2,717)
4. Profit/(Loss) before tax	4,715	(1,695)	(18,475)	4,918	(8,510)
5. Profit/(Loss) after tax	3,815	(1,242)	(17,655)	3,751	(7,127)
KEY BALANCE SHEET DATA					
1. Total assets	173,873	168,559	166,704	188,289	194,351
2. Total liabilities	13,195	11,695	8,599	9,204	15,691
3. Equity attributable to Owners of the Company	160,678	156,863	158,105	179,085	178,660
VALUATION					
Basic/diluted earnings/(loss) per share (sen)	3.44	(1.12)	(15.93)	3.38	(6.43)
Net assets per share (RM)	1.42	1.39	1.40	1.59	1.58

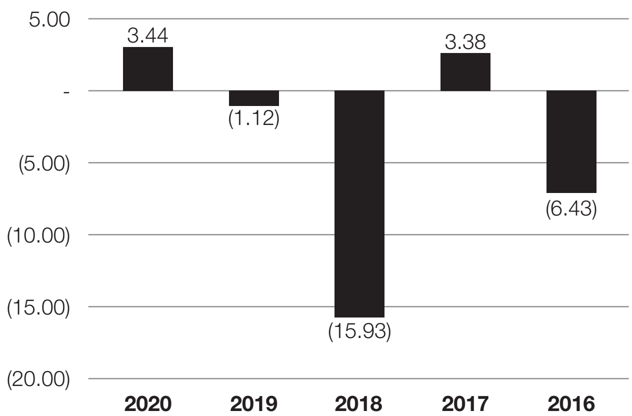
REVENUE
(RM million)



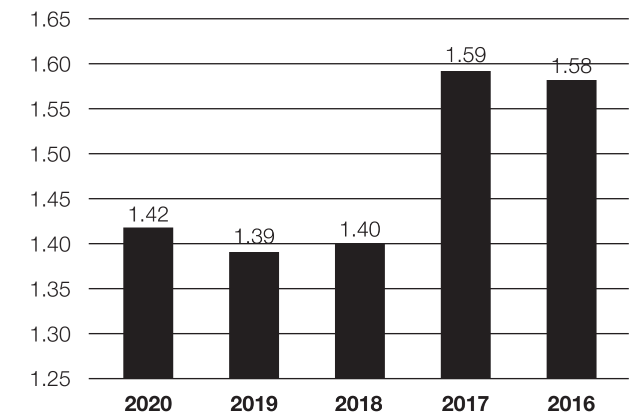
PROFIT AFTER TAX
(RM million)



BASIC/DILUTED EARNINGS/(LOSS) PER SHARE
(SEN)



NET ASSETS PER SHARE
(RM)



MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF BUSINESS AND OPERATIONS

APB Resources Berhad Group (APB Group) is principally involved in the fabrication of process equipment for the oleo-chemical, oil & gas, energy and petrochemical industries. The other division provides non-destructive testing for fabrication products to these industries.

Most people would describe 2019 as a very eventful year with the US-China trade war, Brexit mania, protests in Hong Kong and Chile etc. The market was generally glad with the passing of 2019 with upbeat expectations for the following year. Few would have expected 2020 to turn out to be such a dreadful year. The economy has been ravaged by the Covid-19 pandemic. Private sector consumption and investment have slumped significantly. Apart from healthcare and IT sectors, most other industries have been significantly impacted by the pandemic. The huge disruption to the supply chains and the uncertain macroeconomic outlook was another blow to the already weak process equipment industry which has been struggling for the past few years. This was the difficult business environment that APB Group had operated in 2020.

The Group continued to operate under a very competitive operating environment with low availability of projects and tight margins. The already weak demand was worsened by the Covid-19 pandemic as major end-users of process equipment held back further capital expenditure due to the collapse in commodity demand and prices, especially crude oil. Notwithstanding the challenges, some positive signs emerged towards the later part of the financial year. The much-anticipated recovery of the oleochemical sector began to show some positive signs in the later part of the year, as crude palm prices rebounded quite significantly. Also, there are more enquiries, and the Group participation in tenders has also been increasing.

FINANCIAL RESULTS AND FINANCIAL CONDITIONS

Notwithstanding the rather difficult business environment, the Group performed relatively well. For the financial year ended September 2020, revenue rose by 38% mainly due to a slight improvement in the business conditions in the later part of the year. As a result, the Group managed to register a profit after tax of RM3.8 million against a loss after tax of RM1.2 million for the financial year ended September 2019.

The fabrication division of the Group has derived 96% of total revenue and 88% of total profit for the financial year ended 30 September 2020. During the year, improvements in capital expenditure mainly in the oleochemical sector accounted for the better performance. Demand from both the oil & gas and the petrochemical sectors remained weak. The Non-Destructive Testing division registered a slight improvement in earnings.

The Group's financial position remains healthy with a net cash position of RM55 million or net cash per share of 50 sen as at 30 September 2020.

OUTLOOK AND PROSPECTS

While the horrible year of 2020 has finally come to an end, the Covid-19 pandemic is still overhanging as a dark cloud over 2021. In fact the second and third waves of infections are currently causing more havoc to human lives and economic damages worldwide. The only consolation is that mass vaccination programmes have started in a number of countries while more potential vaccines are in their final stages of testing and introduction. However, many countries are experiencing hiccups in their vaccination programmes, as a result, the anticipated timelines of getting the pandemic under full control will likely be pushed back.

Malaysia is currently going through its third serious wave of infections in record numbers. This will have a major impact on the Group's performance in 2021 at the very least. For a start, the availability of projects is likely to be reduced as companies scale back or defer the implementations until the situation stabilises. Supply chain for steel plates and other related raw materials might also be affected as suppliers' operations will be affected by various lookdown measures in their respective countries. Operationally, the Group anticipates that various lookdowns measures imposed by the government arising from the new wave of Covid-19 infections will raise production costs and could potentially delay completion of projects. At this juncture, we are still in a major pandemic, although vaccines will increasingly become widely available, their efficacy are still uncertain. We are definitely not out of the woods with Covid-19, until the pandemic can be fully brought under control, 2021 will remain challenging.

OUTLOOK AND PROSPECTS (CONT'D)

For the medium to longer term, a major positive event of 2020 must be the signing of the Regional Comprehensive Economic Partnership (RCEP) agreement of 15 member countries. This should create investment and growth opportunities for countries in the East Asian region. The recent economic data coming out of China is very encouraging, and points to strong recovery growth. This could be the impetus for the region. Additionally, the incoming Biden Administration is providing some hopes that the prevailing trade tension between US and China would not escalate further or may even improve gradually. Countries like Vietnam, Indonesia and to a certain extent, Malaysia, will continue to benefit from the relocation of some of the supply chains arising from the US and China trade war. We could see significant capital investment in the ASEAN region overall.

Our Group's core business is the fabrication of process equipment, and this market recovery principally hinges on significant pick-ups in capital expenditure for the various major sub-sectors, namely, petrochemical, oleochemical, oil & gas, and energy. The relatively strong global economic growth from 2018 to 2019 boosted demand particularly in commodities. However, the Covid-19 pandemic virtually killed demand and knocked the growth from its path. While the introduction of the vaccines is not the panacea to the current global depressed economic situation, it will generate confidence and ignite an uptick in demand and hence prices of commodities. While this may not immediately translate into higher capital expenditure, the pent up demand of 2020 could effectively shorten the normal lag of one to two years to a near term boost in capital expenditure.

The fabrication industry has gone through very difficult times over the past few years with dwindling projects and margin squeeze resulting from continuous sharp capital expenditure cuts by the major players in the crude oil & gas and the petrochemical sectors. Despite the recent improvements in global crude oil prices, capital expenditure for the sector is not expected to pick up as there is still significant excess capacity. In fact, given the combination of PETRONAS's mildly deteriorating balance sheet, earnings and increased dividend commitment, it would cut its capital expenditure budget. Similar measures are likely to be adopted by global oil majors.

The Group has built a very strong reputation as a process equipment fabricator for the oleochemical industry. The soft crude palm oil prices and the high stockpiles have undermined capital expenditure for downstream processing capacity over the past couple of years. However, the current tight palm oil supplies situation driving up crude palm oil prices. The easing of the Covid-19 induced lockdowns in most countries and the resumption of economic activities would translate into more demand. The current deficit situation in the global vegetable oils will lend support to crude palm oil prices going into 2021-22. The successful implementation of B40 biodiesel mandate by Indonesia and optimism of moving from B10 to B20 in Malaysia are expected to further boost prices. This will drive up capital expenditure for processing activities, hence, demand for process equipment for new capacity will increase.

The last few years must be the most challenging period facing the fabrication industry in a long time. The Group reckons that it has weathered this difficult period relatively well mainly due to various measures taken by management over the years, such as cost-cutting and innovating to stay efficient. The improvement in the 2020 financial year performance bears testament to the efforts. The prolonged downturn of the fabrication industry may have taken a toll on many players and some may struggle to pull through, forcing the industry to go through consolidation which would result in a smaller playing field and a shrunk overall fabricating capacity. This would be a positive outcome, and present renewed opportunities for the surviving operators, like APB Group.

While the industry may not be out of the woods, we are cautiously optimistic. The Group has built a strong base and will continue to be vigilant and take all the necessary measures to stay competitive. Over the years, the Group has built a good reputation and established strong goodwill with its clients. Hopefully, it can now capitalise on this to assist in securing projects. The Group's prudent cash management strategy has built a relatively strong cash position which will enable it to benefit from potential opportunities.

SUSTAINABILITY STATEMENT

SUSTAINABILITY REPORTING

Sustainability for us means that we take responsibility for how we conduct our business, how it affects our customers, employees, shareholders and society as large. We take a broad business approach and strive to address sustainability issues that are relevant and meaningful for the group as a fabricator of process equipment, and the markets in which we operate. Our stakeholders' feedback is instrumental to our sustainability work. We aim to identify and seize opportunities for positive impact as well as avoid adverse impacts through our own activities. We strongly believe that a business entity that actively manages the economic, social, environment and governance aspects of their activities are better able to reduce risks and costs as well as seize opportunities and attract capital, thus being more successful in the long run.

The UN's Sustainability Development Goals are the guiding principles for APB Resources Berhad ("APB"). We strive for simplicity and transparency, and we are reminded that our engaged and knowledgeable employees are the key to our success. APB is committed to create long term value from economic, environmental and social prospective.

ECONOMIC SUSTAINABILITY

Economic sustainability concerns the Group's impacts on the economic conditions of its stakeholders and its ability as a listed entity to continue operating at an effective economic level over the long term. Essentially, our business model must be sustainable and capable of generating growth while withstanding the ever changing operating environment.

APB is operating in a highly cyclical business environment which is dependent on the level of capital expenditure of oil & gas, oleo-chemical and energy sectors. Crucial for our future success is our capability for innovation which enables us to deliver efficient processes, or more services using the same or lower amount of resources. APB also continues to develop talents and competencies as well as integrate sustainability into its business model. Its strategy is built on developing deep customer relationships with a long term prospect.

ENVIRONMENTAL SUSTAINABILITY

APB views environmental sustainability as its ability as a listed entity to continue operating in a manner that does not compromise the health of the ecosystems in which it operates over the long term. Thus it believes that being environmentally responsible is more than just complying with rules and regulations, but also to consciously strive for business growth with no detriment to the environment. This includes the sourcing of raw materials for production, packaging, and logistics. The Group also works to reduce the usage of materials, optimize product packaging, and improve on waste management and usage of energy for production.

The Group also conducts Non-Destructive Testing ("NDT") which carries a certain level of contamination with effects on the environment. The Group has been extremely diligent in the design of its production facilities, the equipment used and controls put in place so as to mitigate risks and comply with all relevant safety standards.

SOCIAL SUSTAINABILITY

Our Group defines social sustainability as its ability to continue operating in a manner that meets accepted social norms and needs over the long term. It is committed to being a responsible member of the business community and recognises that its operational integrity and reputation are keys to its success.

(1) Employees

APB believes in equitable treatment of its employees irrespective of gender, age, ethnicity, nationality or religion. The human resources department ensures that all employees receive a certain standard of welfare stipulated by the company's policies. Its health and safety department oversees safety and occupational health issues to mitigate the risk of accidents and health hazards. Employees are given proper trainings on safety and health to ensure that they are well-versed with all safety procedures, including in the event of emergencies at the workplace. Focus is also placed on employees development as they are the most important assets of the company. Their commitment, skills and quality of their work are key success factors for the business and future development of the company.

Sustainability Statement
(cont'd)

(2) Engaging parties

To ensure sustainability of its business model, APB strongly believes in building and maintaining good working relationships with its suppliers, sub-contractors, creditors, banks, other service providers and stakeholders. We adopt a "win-win" philosophy whereby all these parties are treated fairly with respect to pricing and prompt payments. We value their crucial support for the smooth and continuous operation of the Group.

(3) Community

APB plays an integral role in the society it operates in, and is vital for creating economic growth and social value. It takes great responsibility for how it acts, to enable society to continue to develop in a sustainable way. We hope that the Group's presence and activities will promote economic growth and prosperity in the area. Additionally, it pays taxes and fees according to rules and regulations.

As part of the outreach program, the Group has been providing internships to students from local institutions of higher learning. Additionally, over the years the Group has taken on a certain number of handicapped staff into its work force. Periodically, it also makesdonations and sponsorships for various causes to schools, universities, healthcare centers, needy people and special needs children.

In short, APB is committed to corporate social responsibility.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("the Board") of APB Resources Berhad ("the Company") is committed towards good corporate governance practices to safeguard the interest of its stakeholders and enhance its share value. The Board promotes and maintains good standards of corporate governance practices in line with the Malaysian Code on Corporate Governance ("the Code") in managing the business affairs of the Group. The Board believes that maintaining such level of corporate governance with the concepts of integrity, transparency, accountability and professionalism, is a fundamental part of discharging its responsibilities in managing the business and affairs of the Group. The statement below sets out the manner in which the Group has applied the principles of the Code throughout the financial year ended 30 September 2020.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Clear functions reserved for the Board and those delegated to Management

The Board has full and effective control over the business undertakings of the Company subject to the powers reserved for shareholders under the Company's Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and other applicable laws. This includes responsibility for determining the Company's overall strategic direction and sustainable goals as well as the approval of annual and interim results, budgets, specific items of investments and divestments, as well as the risk management framework and internal control policies and procedures for the Company.

The Board has adopted a Board Charter which sets out the functions that are reserved for the Board.

Clear Roles and Responsibilities of the Board

The Board's role and responsibilities are set out in the Company's Board Charter. While the day-to-day management of the operations of the Company is delegated to the Chief Executive Officer, the Board retains effective control over important policies and processes. The Board has also delegated certain responsibilities to other Board committees, which operate within clearly defined terms of reference.

The Board Committees include the Audit Committee, Risk Management Committee, Nomination Committee and Remuneration Committee.

Key Responsibilities of the Chairman

The Chairman is primarily responsible for:
- Providing leadership for the Board;
- Setting Board meeting agenda and ensure Board members receive complete and accurate information in a timely manner;
- Conducting Board and Shareholders' meetings;
- Leading the Board in the oversight of management;
- Ensuring effective function of the Board;
- Leading the Board meetings and discussions in an effective manner and instilling the culture of openness and debate manner at the Board;
- Providing effective communication with the stakeholders;
- Ensuring effective function of the Board and monitoring good corporate governance practice in the Company.

Separation of Positions of the Chairman and Chief Executive Officer

The Code recommends that there should be clear division of responsibilities at the head of the Company to ensure proper balance of power and authority.

Although the roles of Chairman of the Board and Chief Executive Officer are held by father and son respectively, 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 balance of power and authority, so that no individual has unfettered powers of decision.

All Directors have unrestricted and timely access to all relevant information necessary for informed decision-making. The Chairman encourages participation and deliberation by Board members to tap their collective wisdom and to promote consensus building as much as possible.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

Company Secretary

The Company Secretary of the Company is qualified to act as company secretary under Section 235(2) of the Companies Act 2016.

The Board is supported by suitably qualified company secretary who is responsible for ensuring the effective functioning of the Board and that rules and regulations are complied with. The Company Secretary also acts as secretary of all Board Committees. The Company Secretary circulate relevant guidelines and updates on statutory and regulatory requirements from time to time for the Directors' reference. He also ensures that all Board and Board Committee meetings are properly convened, and that deliberations, proceedings and resolutions are properly minuted and documented.

The Company Secretary attends the relevant professional development programmes as required by Companies Commission of Malaysia and the professional body practicing as a Company Secretary.

Supply of Information and Advice to Board Members

Prior to each Board meeting, Directors are provided an agenda and a full set of Board papers for each agenda item to be discussed at the meeting. These Board papers are issued in sufficiently time to enable the Directors to obtain further explanations, where necessary, before the meeting. All Board members have access to the advice and services of the Company Secretary, Internal Auditors and Senior Management. The Board may, at the Company's expense, seek external and independent professional advice and assistance from experts in furtherance of their duties.

Board Charter

The Board has adopted a formal Board Charter which is available on the Company's website. The Board Charter is subject to review, if required, due to a change of law or of company policy that affects the Board Charter. The current Board Charter is published on the Group's corporate website, www.apb-resources.com.

Ethical Standards and Code of Conduct

The Board has in place a Code of Ethics and Conduct for the Group's Directors and employees. The Code of Conduct works as an ethical framework to guide actions and behaviours of all Directors and employees while at work. The Code of Conduct is made available to all directors, senior management and all employees of the Group. The Code of Conduct is reviewed and updated from time to time by the Board to ensure that it continues to remain relevant and appropriate.

Whistle Blowing Policy

The Board has formalised a whistleblower policy to provide a safe mechanism for whomever to come forward and raise any concerns about the actual or potential fraud or breach of trust involving employees, Management and the Directors of the Group. The Company's culture encourages open communication, constructive feedback and suggestion across all levels of functionalities and positions. Employees have access to and can bring their matters and issues to immediate superiors or to any member of management or any director for appropriate action.

Composition of the Board

During the financial year under review, the Board consisted of the Non-Independent Non-Executive Chairman, one (1) Executive Director, two (2) Non-Independent Non-Executive Directors and two (2) Independent Directors. The composition fulfils the Main Market Listing Requirements of Bursa Securities, which stated that at least two (2) or one-third (1/3) of the Board, whichever is higher, must be Independent Directors but not in compliance with Practice 4.1 of the Code which recommended at least half of the Board to comprise Independent Directors.

Tenure of Independent Directors

The Company does not have term limits for the Independent Directors as the Board believes that experience with the Company's business operations brings benefits to the Board and the long serving Independent Directors possess knowledge of the Company's affairs. If the Board intends to retain an Independent Director beyond nine years, it should justify and seek annual shareholders' approval.

During the financial year under review, none of the Independent Directors has served on the Board beyond nine years.

Corporate Governance Overview Statement
(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

New Appointment of Directors

The Nomination Committee considers candidates proposed by the Directors, Senior Management, Major Shareholders or independent sources. The Nomination Committee is responsible to ensure a formal and transparent procedure for the appointment of new Directors to the Board and to recommend individuals for nomination as members of the Board.

In identifying and assessing the suitability of a candidate for appointment as director, the Nomination Committee takes into account the required mix of skills, knowledge, expertise and experience, professionalism, integrity, gender diversity, competencies and other qualities, before recommending to the Board for appointment.

In the case of candidates for the position of Independent Non-Executive Director, the Nomination Committee shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from Independent Non-Executive Director.

Retirement and Re-Election of Directors

In accordance with the Company's Constitution, one-third (1/3) of the directors or if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) shall retire from office and be eligible for re-election provided that all directors shall retire from office once at least in every three (3) years but shall be eligible for re-election.

The following directors who are retiring at the forthcoming Nineteenth Annual General Meeting have confirmed offering themselves for re-election:

Mr. Tan Teng Khuan
Datuk Yap Kau @ Yap Yeow Ho
Ms. Lim Kwee Yong

Gender Diversity Policy

The Company does not have a formalised Board Gender Diversity Policy. The issues of diversity will be given prominence by the Nomination Committee and the Board.

The Company now has one (1) female director on the Board. The Board recognises the need for gender diversification and will gradually be looking for suitable candidates to fulfilling this role accordingly.

Board Meetings

The Board meets five (5) 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 their meeting schedules. 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.

For the financial year ended 30 September 2020, the Board had 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 by his Alternate, Yap Swee Sang	Non-Independent Non-Executive Director – Chairman	5/5
Tan Teng Khuan	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
Lim Kwee Yong (Ms.)	Independent Non-Executive Director	3/3
Chua Chia Cheng @ Chua Chia Kwee	Independent Non-Executive Director	5/5

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

Nomination Committee

The Nomination Committee is responsible to recommend appointment of new candidates to the Board of Directors, reviews the effectiveness and its performance assessment of the Board of Directors and the Board Committees. The Board delegates to Nomination Committee to ensure that the Board has a sufficient size with the appropriate balance of skills and experience to meet the Group's present and future needs.

The Terms of Reference for the Nomination Committee covers:

- assessing and recommending to the Board the candidature of directors, appointment of directors to Board Committees;
- reviewing of Board's succession plans and training programmes for the Board;
- undertaking the assessment of the Board, Board Committees and individual directors on an on-going basis; and
- undertaking annual assessment of the independence of Independent Directors in the Board.

During the financial year, the Nomination Committee reviewed and assessed the mix of skills, expertise, composition, size and experience of the Board, the contribution of each individual Director as well as their character, integrity and time commitment, independence of the Independent Directors, effectiveness of the Board as a whole, and the Board Committees; and also the retirement of Directors eligible for re-election.

For the financial year ended 30 September 2020, the Nominating Committee held two (2) meetings and attended by all Members of Nomination Committee.

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

Name of Directors	Designation	Directorship
Lim Kwee Yong (Ms.)	Chairperson	Independent Non-Executive Director
Lim Hong Liang	Member	Non-Independent Non-Executive Director
Chua Chia Cheng @ Chua Chia Kwee	Member	Independent Non-Executive Director

Directors' Training

Directors are encouraged to attend seminars and/or conferences to keep abreast with development in the industry and market place.

During the financial year ended 30 September 2020, the Directors had attended the following trainings/seminars:

Name of Directors	Trainings/Seminars Attended
Yap Kow @ Yap Kim Fah	Section 17A of the MACC Act
Yap Swee Sang	Section 17A of the MACC Act
Datuk Yap Kau @ Yap Yeow Ho	Section 17A of the MACC Act
Lim Kwee Yong (Ms.)	Malaysian Financial Reporting Standard 16 on Leases Malaysian Financial Reporting Standard Updates Budget 2021 Seminar Tax Updates
Tan Teng Khuan	Section 17A of the MACC Act
Lim Hong Liang	Stories on Succession That May Affect You
Chua Chia Cheng @ Chua Chia Kwee	Section 17A of the MACC Act

Corporate Governance Overview Statement
(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

Remuneration Committee

The Remuneration Committee is responsible to assist the Board on fair remuneration practices in attracting, retaining and motivating Directors. The current Remuneration Committee comprises two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director.

The following are the Members of the Remuneration Committee:

Name	Designation	Directorship
Chua Chia Cheng @ Chua Chia Kwee	Chairman	Independent Non-Executive Director
Yap Kow @ Yap Kim Fah	Member	Non-Independent Non-Executive Director
Lim Kwee Yong (Ms.)	Member	Independent Non-Executive Director

For the financial year ended 30 September 2020, the Remuneration Committee met once to review and recommend the Executive Directors' remuneration packages and Directors' fees in financial year 2020. The Board as a whole determines the remuneration of Non-Executive Directors with individual Director abstaining from decisions in respect of their individual remuneration.

The details of the remuneration of Directors of the Company for the financial year ended 30 September 2020 are as follows:

	Company (RM'000)		Group (RM'000)	
Name	**Fees**	**Salary & Other Emoluments**	**Fees**	**Salary & Other Emoluments**
Executive Directors				
Yap Kow @ Yap Kim Fah	–	–	–	917
Tan Teng Khuan	30	133	30	133
Yap Swee Sang	–	–	–	221
Cheong Boon Yu	–	–	–	281
Gan Chin Boon	–	–	–	281
Total (RM'000)	**30**	**133**	**30**	**1,833**

	Company (RM'000)		Group (RM'000)	
Name	**Fees**	**Salary & Other Emoluments**	**Fees**	**Salary & Other Emoluments**
Non-Executive Directors				
Yap Kow @ Yap Kim Fah	30	–	30	–
Mak Fong Ching (Ms.) (resigned on 19 February 2020)	12	–	12	–
Lim Kwee Yong (Ms.) (appointed on 27 February 2020)	18	–	18	–
Lim Hong Liang	30	–	30	–
Datuk Yap Kau @ Yap Yeow Ho	30	–	30	–
Chua Chia Cheng @ Chua Chia Kwee	30	–	30	–
Total (RM'000)	**150**	**–**	**150**	**–**

The minor variance in the remuneration of Directors as disclosed in Note 20 of the accompanying financial statements was due to the adjustment made on over accrual of director's fee and refund on over payment of other emolument in prior years.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

Remuneration of the Senior Management

Pursuant to Practice 7.2 of the MCCG 2017, the Senior Management's total remuneration inclusive of salary, bonus and other emoluments in bands of RM50,000 are disclosed as follows:

	Total
RM150,000 to RM200,000	1
RM200,001 to RM250,000	1
RM250,001 to RM300,000	3
Total	**5**

For purposes of security and to avoid poaching by other organisation, the names of the Senior Management are withheld and the detailed remuneration of each of the individuals are not presented because the Board is of the opinion that such information will not add significant value and understanding towards the evaluation of the Company's standard of Corporate Governance.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee

Audit Committee comprises of:

Name	Designation	Directorship
Lim Kwee Yong (Ms.)	Chairperson	Independent Non-Executive Director
Chua Chia Cheng @ Chua Chia Kwee	Member	Independent Non-Executive Director
Datuk Yap Kau @ Yap Yeow Ho	Member	Non-Independent Non-Executive Director

The Audit Committee is responsible for reviewing and monitoring the Group's internal audit processes, its external auditors and of the integrity of the Group's financial statements, carried out their duties in accordance with the Terms of Reference of Audit Committee.

No former key audit partner of the Company's Auditors is appointed as a member of Audit Committee.

Having the position of Board Chairman and Audit Committee Chairperson assumed by different individuals allows the Board to objectively review the Audit Committee findings and recommendations.

Assessment of Suitability, Objectivity and Independence of External Auditors

The Audit Committee undertakes an annual review of the suitability, objectivity and independence of the External Auditors. The External Auditors have confirmed that they were, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements. The External Auditors can be engaged to perform non-audit services that are not perceived to be in conflict with their role as External Auditors. Having assessed their performance, the Audit Committee is satisfied with the competence and independence of the External Auditors and had recommended to the Board, upon which the shareholders' approval will be sought at the forthcoming Annual General Meeting of the Company. The Company has established a formal, transparent and professional relationship with the external auditors.

The External Auditors are invited to meet the Members of Audit Committee without the presence of the Management two (2) times a year.

Corporate Governance Overview Statement
(cont'd)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (continued)

All Audit Committee Members are Financially Literate

All members of the Audit Committee are financially literate and are able to understand matters under the purview of the Audit Committee including financial reporting process. The Committee members possess the necessary qualification, knowledge, experience, expertise and skills which contributed to the overall effectiveness of the Audit Committee. All members of the Audit Committee undertake continuous professional development to keep themselves abreast of relevant developments and they also receive updates from External Auditors on areas relating to changes in accounting standards, practices and rules.

Internal Audit Function

The internal audit function of the Company is currently outsourced and report directly to Audit Committee. To the best of the Board's knowledge, the outsourced internal audit personnel are free from any relationship or conflict of interest which could impair their objectivity and independence.

The internal audit function is responsible to assist the Audit Committee in discharging its duties and responsibilities.

Risk Management and Internal Control Framework

The Board has full and effective control over the business undertakings of the Group subject to the powers reserved for shareholders under the Company's Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and other applicable laws. This includes responsibility for determining the Group's overall strategic direction as well as the approval of annual and interim results, specific items of investments and divestments, as well as the risk management framework and internal control policies and procedures for the Group.

Information on internal control of the Group is detailed in the Statement on Risk Management and Internal Control.

Risk Management Committee comprises of:

Name	Designation	Directorship
Chua Chia Cheng @ Chua Chia Kwee	Chairman	Independent Non-Executive Director
Lim Kwee Yong (Ms.)	Member	Independent Non-Executive Director
Datuk Yap Kau @ Yap Yeow Ho	Member	Non-Independent Non-Executive Director

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

Communication with Stakeholders

The Board recognises the importance of being transparent and accountable to the Company's shareholders and prospective investors. The various channels of communications are through meetings with shareholders and investment communities, quarterly announcements on financial results to Bursa Securities, relevant announcements and circulars, the Annual and Extraordinary General Meetings where shareholders and prospective investors can access corporate information.

Conduct of General Meetings

The Company encourages its shareholders to attend the Annual General Meeting. The Annual Report and Notice of the Annual General Meeting are sent to all shareholders in accordance with the provisions of the Companies Act 2016 and the Code. The Notice of Annual General Meeting is also published in national newspapers. The Notice would include explanatory statements for proposed resolutions to facilitate understanding and evaluation of issues involving the shareholders.

The Annual General Meeting is the primary forum for the Directors to communicate with shareholders. The Board provides opportunities for shareholders to raise questions pertaining to issues in the Annual Report, corporate developments in the Group, the resolutions being proposed and the business of the Group.

AUDIT COMMITTEE REPORT

The Audit Committee is committed to assist the Board in ensuring the integrity of the Group's financial procedures and internal control systems for safeguarding assets, managing risks and promoting sound and profitable business operations.

MEMBERS

The Audit Committee comprises of the following members:

Chairperson	Lim Kwee Yong (Ms.) (Independent Non-Executive Director)
Members	Chua Chia Cheng @ Chua Chia Kwee (Independent Non-Executive Director) Datuk Yap Kau @ Yap Yeow Ho (Non-Independent Non-Executive Director)

The composition of the Audit Committee complies the requirements of Paragraph 15.09(1)(a) and (b) of Bursa Securities Listing Requirements. Ms. Lim Kwee Yong is a member of the Malaysian Institute of Accountants, thereby complying with paragraph 15.09(1)(c)(i) of the Bursa Securities' Listing Requirements that requires at least one (1) of the Audit Committee members fulfilling the financial expertise requisite.

SECRETARY

The Company Secretary of the Company acts as the Secretary to the Audit Committee.

MEMBERSHIP AND MEETINGS

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

Name of Directors	Designation	Directorship
Lim Kwee Yong (Ms.)	Chairperson	Independent Non-Executive Director
Chua Chia Cheng @ Chua Chia Kwee	Member	Independent Non-Executive Director
Datuk Yap Kau @ Yap Yeow Ho	Member	Non-Independent Non-Executive Director

The Audit Committee held five (5) meetings during the financial year ended 30 September 2020. Details of the attendance of the meetings by the Committee Members are as follows:

Name of Directors	Number of Meetings Attended
Lim Kwee Yong (Ms.) – Chairperson	3/3
Chua Chia Cheng @ Chua Chia Kwee	5/5
Datuk Yap Kau @ Yap Yeow Ho	5/5

At the meetings, Audit Committee reviewed the quarterly financial results and annual financial statements prior to such quarterly financial results and annual financial statements being presented to the Board for approval.

The Head of Finance, Representative of Internal Auditors and Executive Director were invited to attend the Committee meetings to provide information and clarification required for items on the agenda.

Representatives of the External Auditors were also invited to attend the Committee meetings to present their audit scope and plan, audit report and findings, together with management's response thereto, and to brief the Committee members on significant audit and accounting areas which they have noted in the course of their audit.

The External Auditors were given full opportunity to raise any issues with the Audit Committee without the presence of the Management. They were further given unrestricted access to contact the Members of Audit Committee any time should they become aware of incidents or matters during the course of their audit.

Audit Committee Report
(cont'd)

MEMBERSHIP AND MEETINGS (continued)

After each Committee meeting, the Chairperson of the Committee shall update and report to the Board on significant issues and concern discussed during the meeting and to convey the recommendations on the quarterly reports and annual financial statements to be approved and adopted by the Board for release to Bursa Malaysia Securities Berhad.

Issues raised, discussions, deliberations, decisions/conclusion made at the Committee meetings are recorded in the minutes of the meetings. Minutes of the Audit Committee meetings were tabled for confirmation at the following Audit Committee meeting and subsequently presented to the Board for notation.

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

During the financial year, the activities of the Audit Committee included:

Financial Reporting

1 Reviewed the unaudited quarterly financial statements before recommending the same to the Board of Directors for approval; and

2 Reviewed the annual audited financial statements of the Group and of the Company for the year ended 30 September 2020, auditors' reports, auditors' management letters and management responses with the external auditors prior to submission to the Board of Directors for their approval. The review was to ensure that the audited financial statements are in compliance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards, the provisions of the Companies Act 2016 in Malaysia and other relevant legal and regulatory requirements.

Internal Audit

1 Reviewed the internal auditors' audit plan and programme for the year to ensure adequate scope and comprehensive coverage over the Group's activities;

2 Reviewed the internal audit reports and follow-up reports on the Group operations;

3 Monitored and ensured that corrective actions had been taken to rectify the weaknesses highlighted and all the keys risks and control were addressed; and

4 Reviewed and assessed the competency of the internal audit function.

External Auditors

1 Reviewed and discussed with the External Auditors the audit planning memorandum, audit strategy and scope of work for the financial year ended 30 September 2020;

2 Reviewed with the External Auditors, their evaluation of internal controls and audit findings;

3 Considered and recommended to the Board for approval of audit fees payable to the External Auditors;

4 Reviewed the External Auditors' Management Letter and Management response;

5 Assessed and discussed the performance and effectiveness of External Auditors, including the independence, professional skepticism, quality of skills and capabilities of audit team and sufficient resources. The Committee is satisfied with the performance of the External Auditors and recommended to the Board of Directors to re-appoint the External Auditors at the forthcoming Annual General Meeting; and

6 Conducted private discussion with the External Auditors without the presence of management and discussed with them the problems and observations arising from the audit. No major issues were highlighted.

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR (continued)

Recurrent Related Party Transactions

1 Reviewed the related party transactions of a revenue or trading nature and conflict of interest situation that may have arisen;

2 Evaluated the related party transactions of a revenue or trading nature at all meetings and ensured that the transactions were conducted on arms length, on terms not more favourable to the related party than those generally available to public and were not detrimental to the minority shareholders; and

3 Reviewed the draft circular to shareholders in relation to the proposed renewal of shareholders' mandate for recurrent related party transaction of a revenue or trading nature.

Others

1 Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control prior to recommending to the Board of Directors for approval.

INTERNAL AUDIT FUNCTIONS

For the financial year ended 30 September 2020, 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 have 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.

The internal audit function assisted the Committee in discharging its duties and responsibilities by executing independent review on the adequacy and effectiveness of the risk management, internal and operation control.

The costs amounted RM48,650 (2019: RM49,350) were incurred for the internal audit functions in respect of the financial year ended 30 September 2020.

TERMS OF REFERENCE

The Terms of Reference of Audit Committee are in the Company's website, www.apb-resources.com.

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 the 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 Issuers". It outlines the key elements of risk management and internal control systems within the Group for the current financial year.

BOARD OF DIRECTORS' 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 their responsibility to maintain a sound system of internal control that provides reasonable assurance in monitoring the effectiveness and efficiency of operations, reliability of management and financial reporting, and compliance with applicable laws and regulations.

The Board also recognises that reviewing the adequacy and integrity of the Company and its subsidiary companies'("the Group") system of internal control is a concerted and continuous process. It should be noted that system of internal control are designed to manage rather than to eliminate risks of failure to achieve the Group's business objectives. This is due to the limitations that are inherent in any system of internal control. Therefore, the Group's system of internal control can only provide a reasonable and not absolute assurance against material misstatement of management and financial information or against financial losses or against fraud.

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

RISK MANAGEMENT FRAMEWORK

During the current financial year, 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 in utilising 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 FUNCTION

The Group has outsourced its internal audit function 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 financial 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 its 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 ELEMENTS OF INTERNAL CONTROL

Key elements of the Group's internal control systems are identified and categorised as follows:

(i) A clearly defined responsibilities and duties, organisation structure and authorisation 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 staffs' safety and health issues in accordance with ESH policies; and

(iv) Internal audits are conducted on a quarterly basis in order 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 on its activities, findings and recommendations.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the Bursa Securities' Listing Requirements, the External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in this Annual Report for the financial year ended 30 September 2020.

The review was performed in accordance with Audit and Assurance Practice Guide 3 ("AAPG3") issued by the Malaysian Institute of Accountants. AAPG 3 does not required the external auditors to consider whether the SORMIC covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Company's risk management and internal control system including the assessment and opinion by the Board and management thereon.

CONCLUSION

The internal auditors have identified several internal control improvements and risk areas during the financial year ended 30 September 2020. These were reviewed by the Audit Committee and the Board and were closely monitored by management to ensure internal control systems as a whole are adequate and working satisfactorily. The management will continue to review and implement measures to strengthen the internal control environment of the Group.

Nonetheless, the Board recognises that the processes of identification, assessment and management of significant business issues and risks faced by the Group are continuous and should take into account the changes in the external and internal environment faced by the Group. In addition, the Chief Executive Officer 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.

Based on the foregoing, there were no major internal control weaknesses identified that may result in any material loss or uncertainties for the financial year ended 30 September 2020 that would require disclosure in this annual report.

This statement on Risk Management and Internal Control is made in accordance with the resolution of the Board dated 8 January 2021.

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 2020.

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 2019.

SHARE BUY-BACK

The Company has not undertaken any share buy-back exercise for the financial year ended 30 September 2020.

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 2020.

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 2020.

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 2020.

NON-AUDIT FEES

The amount of non-audit fees paid to the external auditors for the financial year ended 30 September 2020 was RM6,000.

PROFIT ESTIMATE, FORECAST OR PROJECTION

The Company did not release any profit estimate, forecast or projection pertaining to the financial year ended 30 September 2020. There were no variances of 10% or more between the audited results for the financial year ended 30 September 2020 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 2020.

REMUNERATION OF DIRECTORS

The details of remuneration of Directors for the financial year ended 30 September 2020 are stated on page 22 of this Annual Report.

Disclosure Requirements

Pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad
(cont'd)

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 27 January 2021 and are attached to this Annual Report.

The details of recurrent related party transactions entered into for the financial year ended 30 September 2020 are as disclosed in note 26 of the accompanying financial statements.

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

For the financial year ended 30 September 2020, 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' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The Directors are required by the Companies Act 2016 to prepare financial statements which give a true and fair view of the state of affairs of the Group and of the Company as at the end of each financial year and of the results and cash flows of the Group and of the Company for the financial year then ended.

The Directors ensure that suitable accounting policies have been used and applied consistently, and that reasonable and prudent judgements and estimates have been made, in the preparation of the financial statements. The Directors also ensure that applicable approved accounting standards have been followed.

The Directors are responsible for ensuring that the Company maintains proper accounting records, which disclose with reasonable accuracy the financial statements, comply with the Companies Act 2016.

The Directors are also responsible for safeguarding the assets of the Company, and take reasonable steps for prevention and detection of fraud and other irregularities.

The Financial Statements are made in accordance with a resolution of the Board of Directors dated 8 January 2021.

FINANCIAL STATEMENTS

APB RESOURCES BERHAD

2020

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 September 2020.

PRINCIPAL ACTIVITIES

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

RESULTS

	Group RM	Company RM
Profit for the financial year, net of tax	3,815,109	322,176
Attributable to:		
Owners of the Company	3,815,109	322,176

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividends in respect of the financial year ended 30 September 2020.

RESERVES OR PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, 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 allowance for doubtful debts and had satisfied themselves that there were no known bad debts and that no allowance for doubtful debts was required.

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 to make any allowance for doubtful debts in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had 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; and

(ii) any contingent liabilities in respect of the Group or of the Company which has arisen since the end of the financial year.

In the opinion of the directors, no contingent 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 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 MATERIAL AND 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) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is 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 AND DEBENTURES

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

TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company in accordance with the requirement of Section 127 of the Companies Act 2016 in Malaysia.

There was no repurchase of the Company's issued ordinary shares, nor any resale, cancellation or distribution of treasury shares during the financial year.

As at 30 September 2020, the Company held 2,030,200 treasury shares out of its 112,875,002 issued and paid up ordinary shares. Such treasury shares are held at a carrying amount of RM3,322,462. Further details are disclosed in Note 14 to the financial statements.

DIRECTORS

The directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Yap Kow @ Yap Kim Fah*	(alternate director, Yap Swee Sang*)
Tan Teng Khuan*	
Lim Hong Liang*	
Datuk Yap Kau @ Yap Yeow Ho*	(alternate director, Yap Puhui Lin)
Chua Chia Cheng @ Chua Chia Kwee	
Lim Kwee Yong	(Appointed on 27 February 2020)
Mak Fong Ching	(Resigned on 19 February 2020)

* Directors of the Company and certain subsidiaries

Directors' Report
(cont'd)

DIRECTORS (continued)

Other than as stated above, the names of the directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of the report are:

Cheong Boon Yu
Gan Chin Boon
Yap Swee Sang

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

Interests in the Company

	Number of ordinary shares			
	At 1.10.2019	**Bought**	**Sold**	**At 30.9.2020**
Direct interests:				
Tan Teng Khuan	244,095	–	–	244,095
Lim Hong Liang	9,966,300	–	–	9,966,300
Alternate directors				
Yap Swee Sang	15,905,494	–	–	15,905,494
Yap Puhui Lin	163,200	–	–	163,200
Indirect interests:				
Yap Kow @ Yap Kim Fah * #	51,898,709	–	–	51,898,709
Lim Hong Liang *	616,569	–	–	616,569
Datuk Yap Kau @ Yap Yeow Ho #	163,200	–	–	163,200
Alternate directors				
Yap Swee Sang *	35,993,215	–	–	35,993,215

* Shares held through company in which the director has substantial financial interests.
\# Shares held through children.

By virtue of their interests in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Yap Kow @ Yap Kim Fah and the alternate director, Yap Swee Sang are deemed to have an interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in ordinary shares of the Company and 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 as disclosed in Note 20 to the financial statements) by the reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during, nor at the end of the financial year, was the Company a party to any arrangements where the 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.

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, the total amount of indemnity coverage and insurance premium paid for the directors and officers of the Company were RM5,000,000 and RM15,000 respectively.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Details of significant event during the financial year are disclosed in Note 28 to the financial statements.

AUDITORS' REMUNERATION

The details of the auditors' remuneration are disclosed in Note 19 to the financial statements.

INDEMNITY TO AUDITORS

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

AUDITORS

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

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors.

....
YAP SWEE SANG
Alternative Director to Yap Kow @ Yap Kim Fah

....
TAN TENG KHUAN
Director

Date: 8 January 2021

STATEMENTS OF FINANCIAL POSITION

As at 30 September 2020

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	60,559,507	62,200,374	–	–
Investment in a subsidiary	6	–	–	79,555,245	83,555,245
Other investments	7	35,000	35,000	–	–
Total non-current assets		60,594,507	62,235,374	79,555,245	83,555,245
Current assets					
Inventories	8	1,296,699	639,987	–	–
Trade and other receivables	9	35,627,660	18,772,796	–	–
Contract assets	10	20,842,456	23,501,004	–	–
Tax assets		598,847	2,887,565	–	–
Other investments	7	40,832,521	50,243,615	34,416,374	30,257,266
Deposits, cash and bank balances	11	14,080,806	10,278,173	120,815	56,247
Total current assets		113,278,989	106,323,140	34,537,189	30,313,513
TOTAL ASSETS		173,873,496	168,558,514	114,092,434	113,868,758
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	12	112,875,002	112,875,002	112,875,002	112,875,002
Treasury shares	13	(3,322,462)	(3,322,462)	(3,322,462)	(3,322,462)
Retained earnings		51,125,654	47,310,545	1,676,926	1,354,750
TOTAL EQUITY		160,678,194	156,863,085	111,229,466	110,907,290
Non-current liabilities					
Deferred tax liabilities	14	1,953,532	1,268,604	–	–
Lease liabilities	15	55,296	–	–	–
Total non-current liabilities		2,008,828	1,268,604	–	–
Current liabilities					
Trade and other payables	16	8,242,822	8,409,060	2,862,968	2,961,468
Contract liabilities	10	2,928,509	1,970,677	–	–
Lease liabilities	15	15,143	–	–	–
Tax payables		–	47,088	–	–
Total current liabilities		11,186,474	10,426,825	2,862,968	2,961,468
TOTAL LIABILITIES		13,195,302	11,695,429	2,862,968	2,961,468
TOTAL EQUITY AND LIABILITIES		173,873,496	168,558,514	114,092,434	113,868,758

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

For the Financial Year ended 30 September 2020

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Revenue	17	89,367,617	64,691,547	–	–
Cost of sales	18	(72,302,621)	(53,814,521)	–	–
Gross profit		17,064,996	10,877,026	–	–
Other income		184,598	105,546	421	–
Administrative expenses		(14,096,709)	(14,458,946)	(638,434)	(625,352)
Reversal of impairment losses/(Net impairment losses) on trade receivables and contract assets		227,119	(227,119)	–	–
Other expenses		(256,762)	(77,994)	–	–
		(14,126,352)	(14,764,059)	(638,434)	(625,352)
Operating Profit/(Loss)		3,123,242	(3,781,487)	(638,013)	(625,352)
Interest income		1,620,916	2,086,537	960,189	1,003,386
Finance costs		(29,374)	–	–	–
Profit/(Loss) before tax	19	4,714,784	(1,694,950)	322,176	378,034
Tax (expense)/credit	21	(899,675)	452,921	–	–
Profit/(Loss) for the financial year, representing total comprehensive income/(loss) for the financial year		3,815,109	(1,242,029)	322,176	378,034
Profit/(Loss) attributable to:					
Owners of the Company		3,815,109	(1,242,029)	322,176	378,034
Earnings/(Loss) per share attributable to owners of the Company:					
Basic/Diluted (sen)	22	3.44	(1.12)		

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year ended 30 September 2020

Group	Note	<--------- Attributable to owners of the Company ----------> Share capital RM	Treasury shares RM	Retained earnings RM	Total equity RM
At 1 October 2018		112,875,002	(3,322,462)	48,552,574	158,105,114
Total comprehensive loss for the financial year					
Loss for the financial year, representing total comprehensive loss		–	–	(1,242,029)	(1,242,029)
At 30 September 2019		112,875,002	(3,322,462)	47,310,545	156,863,085
Total comprehensive income for the financial year					
Profit for the financial year, representing total comprehensive income		–	–	3,815,109	3,815,109
At 30 September 2020		112,875,002	(3,322,462)	51,125,654	160,678,194
Company					
At 1 October 2018		112,875,002	(3,322,462)	976,716	110,529,256
Total comprehensive income for the financial year					
Profit for the financial year, representing total comprehensive income		–	–	378,034	378,034
At 30 September 2019		112,875,002	(3,322,462)	1,354,750	110,907,290
Total comprehensive income for the financial year					
Profit for the financial year, representing total comprehensive income		–	–	322,176	322,176
At 30 September 2020		112,875,002	(3,322,462)	1,676,926	111,229,466

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

For the Financial Year ended 30 September 2020

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Cash flows from operating activities					
Profit/(Loss) before tax		4,714,784	(1,694,950)	322,176	378,034
Adjustments for:					
Depreciation of property, plant and equipment	5	3,025,837	3,657,055	–	–
Gain on disposal of property, plant and equipment		(55,324)	(27,834)	–	–
Fair value gain on other investments		(40,495)	–	(421)	–
Impairment loss on:					
- trade and other receivables		–	27,136	–	–
- contract assets		–	199,983	–	–
Interest expense		29,374	-	–	–
Interest income		(1,620,916)	(2,086,537)	(960,189)	(1,003,366)
Net unrealised loss on foreign exchange		43,578	16,050	–	–
Reversal of allowance for impairment loss on:					
- trade and other receivables		(27,136)	–	–	–
- contract assets		(199,983)	–	–	–
Property, plant and equipment written off		1	470	–	–
Operating profit/(loss) before working capital changes		5,869,720	91,373	(638,434)	(625,332)
<u>Changes in working capital:</u>					
Inventories		(656,712)	128,897	–	–
Receivables		(16,824,290)	(5,303,842)	–	–
Contract assets		2,858,531	(10,306,674)	–	–
Payables		(174,849)	3,267,135	1,500	150
Contract liabilities		957,832	475,202	–	–
Net cash used in operations		(7,969,768)	(11,647,909)	(636,934)	(625,182)
Interest paid		(29,374)	–	–	–
Interest received		1,620,916	2,086,537	960,189	1,003,366
Tax refunded/(paid)		2,026,883	(676,585)	–	–
Net cash (used in)/from operating activities		(4,351,343)	(10,237,957)	323,255	378,184
Cash flows from investing activities					
Purchase of property, plant and equipment	5	(1,319,846)	(658,914)	–	–
Net withdrawal/(placement) of fixed deposits		764,015	(488,269)	–	–
Net withdrawal/(placement) of short-term funds		9,451,589	(7,065,120)	(4,158,687)	(4,335,093)
Proceeds from disposal of property, plant and equipment		69,000	50,000	–	–
Repayment from a subsidiary		–	–	4,000,000	4,000,000
Net cash from/(used in) investing activities		8,964,758	(8,162,303)	(158,687)	(335,093)

Statements of Cash Flows
For the Financial Year ended 30 September 2020
(cont'd)

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Cash flows from financing activity	(a)				
Repayment of lease liabilities		(8,362)	–	–	–
Repayment to a subsidiary		–	–	(100,000)	(100,000)
Net cash used in financing activity		(8,362)	–	(100,000)	(100,000)
Net increase/(decrease) in cash and cash equivalents		4,605,053	(18,400,260)	64,568	(56,909)
Cash and cash equivalents at the beginning of the financial year		6,244,808	24,643,238	56,247	113,156
Effects of exchange rate changes on cash and cash equivalents		(38,405)	1,830	–	–
Cash and cash equivalents at the end of the financial year	11	10,811,456	6,244,808	120,815	56,247

(a) Reconciliation of liabilities arising from financing activities:

Group	**At 1.10.2019 RM**	**Cash flows RM**	**Non-cash additions RM**	**At 30.9.2020 RM**
Lease liabilities	–	(8,362)	78,801	70,439

Company	**At 1.10.2019 RM**	**Cash flows RM**	**At 30.9.2020 RM**
Amount owing to a subsidiary	2,715,868	(100,000)	2,615,868

Company	**At 1.10.2018 RM**	**Cash flows RM**	**At 30.9.2019 RM**
Amount owing to a subsidiary	2,815,868	(100,000)	2,715,868

(b) Total cash outflows for leases

During the financial year, the Group had total cash outflows for leases of RM11,100.

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

APB Resources Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The 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 TUDM, Kampung Baru Subang, Seksyen U6, 40150 Shah Alam, Selangor Darul Ehsan.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 8 January 2021.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Adoption of new MFRS, amendments/improvements to MFRSs and new IC Interpretation ("IC Int")

The Group and the Company have adopted the following new MFRS, amendments/improvements to MFRSs and new IC Int that are mandatory for the current financial year:

<u>New MFRS</u>

MFRS 16	Leases

<u>Amendments/Improvements to MFRSs</u>

MFRS 3	Business Combinations
MFRS 9	Financial Instruments
MFRS 11	Joint Arrangements
MFRS 112	Income Taxes
MFRS 119	Employee Benefits
MFRS 123	Borrowing Costs
MFRS 128	Investments in Associates and Joint Ventures

<u>New IC Int</u>

IC Int 23	Uncertainty over Income Tax Treatments

The adoption of the above new MFRS, amendments/improvements to MFRSs and new IC Int did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group's and the Company's existing accounting policies, except for those as discussed below:

MFRS 16 Leases

Effective 1 October 2019, MFRS 16 has replaced MFRS 117 *Leases* and IC Int 4 *Determining whether an Arrangement contains a Lease.*

Under MFRS 117, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from finance leases. For operating leases, lease payments are recognised as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. Instead, all leases are brought onto the statements of financial position except for short-term and low value asset leases.

Notes to the Financial Statements
(cont'd)

2. BASIS OF PREPARATION (continued)

2.2 Adoption of new MFRS, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (continued)

MFRS 16 Leases (continued)

Definition of a lease

MFRS 16 changes the definition of a lease mainly to the concept of control. MFRS 16 defines that a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group has elected the practical expedient not to reassess whether a contract contains a lease at the date of initial application. Accordingly, the definition of a lease under MFRS 16 was applied only to contracts entered or changed on or after 1 October 2019. Existing lease contracts that are still effective on 1 October 2019 will be accounted for as lease contracts under MFRS 16.

Impact of the adoption of MFRS 16

Other than the enhanced new disclosures relating to leases, which the Group has complied with in the current financial year, the application of this standard does not have any significant effect on the financial statements of the Group,

(i) Classification and measurement

As a lessee, the Group previously classified leases as operating leases based on their assessment of whether the lease transferred significantly all the risks and rewards incidental to ownership of the underlying asset to the Group.

On adoption of MFRS 16, for all their leases other than short-term and low value asset leases, the Group:
- recognised the right-of-use assets and lease liabilities in the statements of financial position as at the date of initial application;
- recognised depreciation of right-of-use assets and interest on lease liabilities in profit or loss for the current financial year; and
- separated the total amount of cash paid for leases into principal and interest portions (presented within financing activities) in the statements of cash flows for the current financial year.

<u>For leases that were classified as operating lease under MFRS 117</u>

The lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of initial application.

The right-of-use assets were measured at either:
- their carrying amount as if MFRS 16 had been applied since the commencement date, discounted using the Group's incremental borrowing rate at the date of initial application. The Group applied this approach to its largest property leases; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments. The Group applied this approach to all other leases.

The Group also applied the following practical expedients wherein they:
- applied a single discount rate to a portfolio of leases with similar characteristics;
- adjusted the right-of-use assets by the amount of MFRS 137 onerous contract provision immediately before the date of initial application, as an alternative to an impairment review;
- applied the exemption not to recognise right-to-use assets and liabilities for leases which the lease term ends within 12 months of the date of initial application;
- excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Notes to the Financial Statements
(cont'd)

2. BASIS OF PREPARATION (continued)

2.2 Adoption of new MFRS, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (continued)

MFRS 16 Leases (continued)

Impact of the adoption of MFRS 16 (continued)

(ii) Short-term lease and low value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of factory, hostel and machineries that have a lease term of 12 months or less. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
New MFRS		
MFRS 17	Insurance Contracts	1 January 2023
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2023#
MFRS 3	Business Combinations	1 January 2020/ 1 January 2022/ 1 January 2023#
MFRS 4	Insurance Contracts	1 January 2021/ 1 January 2023
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023#
MFRS 7	Financial Instruments: Disclosures	1 January 2020/ 1 January 2021/ 1 January 2023#
MFRS 9	Financial Instruments	1 January 2020/ 1 January 2021/ 1 January 2022^/ 1 January 2023#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023#
MFRS 16	Leases	1 June 2020*/ 1 January 2021/ 1 January 2022^
MFRS 101	Presentation of Financial Statements	1 January 2020/ 1 January 2023/ 1 January 2023#
MFRS 107	Statements of Cash Flows	1 January 2023#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error	1 January 2020
MFRS 116	Property, Plant and Equipment	1 January 2022/ 1 January 2023#
MFRS 119	Employee Benefits	1 January 2023#
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023#

Notes to the Financial Statements
(cont'd)

2. BASIS OF PREPARATION (continued)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (continued)

The Group and the Company have not adopted the following new MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective: (continued)

		Effective for financial periods beginning on or after
Amendments/Improvements to MFRSs (continued)		
MFRS 132	Financial instruments: Presentation	1 January 2023#
MFRS 136	Impairment of Assets	1 January 2023#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022/ 1 January 2023#
MFRS 138	Intangible Assets	1 January 2023#
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2020/ 1 January 2021#
MFRS 140	Investment Property	1 January 2023#
MFRS 141	Agriculture	1 January 2022^

^ *The Annual Improvements to MFRS Standards 2018-2020*
* *Earlier application is permitted, including in financial statements not authorised for issue at 28 May 2020*
# *Amendments as to the consequence of effective of MFRS 17 Insurance Contracts*

2.3.1 The Group and the Company plan to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS, and amendments/improvements to MFRSs that may be applicable to the Group and the Company are summarised below.

Amendment to MFRS 16 Leases

The Amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to COVID-19-related rent concessions that reduce lease payments due on or before 30 June 2021.

2.4 Functional and presentation currency

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

2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3.

2.6 Use of estimates and judgement

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 that are significant to the Group's and the Company's financial statements are disclosed in Note 4.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

(a) Subsidiaries and business combination

Subsidiaries are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:
- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

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

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

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

Notes to the Financial Statements
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

(a) Subsidiaries and business combination (continued)

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, a joint venture, an available-for-sale financial asset or a held for trading financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

(b) Transactions eliminated on consolidation

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

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

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries is measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.10(b).

Contributions to subsidiaries are amounts for which the settlement is neither planned nor likely to occur in the foreseeable future is, in substance, considered as part of the Company's investment in the subsidiaries.

3.3 Foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities using the exchange rates prevailing at the transaction date.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting dates.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Financial instruments

Financial instruments 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.

Except for the trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract; it is a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

(a) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

(i) Financial assets

For the purposes of subsequent measurement, financial assets are classified in three categories:
- Financial assets at amortised cost
- Financial assets designated at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

The Group and the Company reclassify financial assets when and only when their business models for managing those assets change.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Company classify their debt instruments:

- **Amortised cost**
  Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment is in accordance with Note 3.10(a). Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

Notes to the Financial Statements
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Financial instruments (continued)

(a) Subsequent measurement (continued)

The Group and the Company categorise the financial instruments as follows: (continued)

(i) Financial assets (continued)

Debt instruments (continued)

- **Fair value through other comprehensive income (FVOCI)**
  Financial assets that are held for collection of contractual cash flows and for selling the financial assets, and the assets' cash flows represent solely payment of principal and interest, are measured at FVOCI. For debt instruments at FVOCI, interest income and foreign exchange revaluation are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. The policy for the recognition and measurement of impairment is in accordance with Note 3.10(a). Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

- **Fair value through profit or loss (FVPL)**
  Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivations, including separated embedded derivations, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or signidicantly reduces, an accounting mismatch.

  Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in the profit or loss.

(ii) Financial liabilities

The Group and the Company classify their financial liabilities at amortised cost.

Financial liabilities at amortised cost

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

(b) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company commit themselves to purchase or sell an asset).

Trade date accounting refers to:
(i) the recognition of an asset to be received and the liability to pay for it on the trade date; and
(ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Generally, interest does not start to accrue on the asset and corresponding liability until the settlement date when title passes.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Financial instruments (continued)

(c) Derecognition

A financial asset or a part of it is derecognised when, and only when:

(i) the contractual rights to receive cash flows from the financial asset expire, or
(ii) the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

The Group and the Company evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

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

(d) Offsetting of financial instruments

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

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

3.5 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10(b).

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Property, plant and equipment (continued)

(b) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group or the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss as incurred.

(c) Depreciation

All other property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

	Useful lives (years)
Leasehold land	50 years
Freehold building	50 years
Leasehold buildings	50 years
Furniture and fittings, office equipment and renovation	5 - 10 years
Motor vehicles	5 years
Plant and machinery and testing equipment	5 - 10 years

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period and adjusted as appropriate.

(d) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in profit or loss.

3.6 Leases

(a) Definition of lease

Accounting policies applied from 1 October 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset.

Accounting policies applied until 30 September 2019

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Leases (continued)

(b) Lessee accounting

Accounting policies applied from 1 October 2019

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The Group presents right-of-use assets in Note 5 and lease liabilities in Note 15.

Right-of-use asset

The right-of-use asset is initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the Group expects to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10(b).

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:
- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:
- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Notes to the Financial Statements
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Leases (continued)

(b) Lessee accounting (continued)

Accounting policies applied from 1 October 2019 (continued)

Lease liability (continued)

Variable lease payments that do not depend on an index or a rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the statements of comprehensive income.

The Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Short-term leases and leases of low value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. The Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Accounting policies applied until 30 September 2019

If an entity in the Group is a lessee in a finance lease, it capitalises the leased asset and recognises the related liability. The amount recognised at the inception date is the fair value of the underlying leased asset or, if lower, the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are charged as expenses in the periods in which they are incurred.

The capitalised leased asset is classified by nature as property, plant and equipment or investment property.

For operating lease, the Group does not capitalise the leased asset or recognise the related liability. Instead lease payments under an operating lease are recognised as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

(c) Lessor accounting

Accounting policies applied from 1 October 2019

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statements of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

Accounting policies applied until 30 September 2019

Same accounting policies applied until 30 September 2019 and from 1 October 2019.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Inventories

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

Cost includes the actual cost of purchase materials and incidentals in bringing the inventories into store. Cost is determined on a first-in-first-out basis.

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.

3.8 Contract assets/(liabilities)

Contract asset is the right to consideration in exchange for goods or services transferred to the customers when that right is conditioned on something other than the passage of time (for example, the Company's future performance). The policy for the recognition and measurement of impairment losses is in accordance with Note 3.10(a).

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or have billed the customers.

3.9 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits and other short-term, highly liquid investments with a maturity of three months or less, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

3.10 Impairment of assets

(a) Impairment of financial assets and contract assets

Financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income (FVOCI), contract assets and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 which is related to the accounting for expected credit losses on the financial assets. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12-month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables and contract assets, the Group and the Company apply the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment.

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group and the Company consider a financial asset to be in default when:

- the debtor is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Notes to the Financial Statements
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Impairment of assets (continued)

(a) Impairment of financial assets and contract assets (continued)

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:
- significant financial difficulty of the debtor;
- a breach of contract, such as a default of past due event; or
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

The amount of impairment losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss. For financial assets measured at FVOCI, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statement of financial position.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedure for recovery of amounts due.

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories and contract assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount. For goodwill that has indefinite useful life, the recoverable amount is estimated at each reporting date.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Impairment of assets (continued)

(a) Impairment of financial assets and contract assets (continued)

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

Impairment losses in respect of goodwill are not reversed. For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3.11 Share capital

(a) Ordinary shares

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(b) Treasury shares

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

When treasury shares are sold or reissued subsequently, the difference between the sales consideration and the carrying amount is presented as a movement in equity.

3.12 Revenue and other income

The Group and the Company recognise revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services.

Revenue recognition of the Group and the Company are applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer).

Notes to the Financial Statements
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Revenue and other income (contibued)

The Group and the Company measure revenue from sale of good or service at its transaction price, being the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, the Group and the Company use the expected value method by estimating the sum of probability-weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method the Group and the Company expect to better predict the amount of consideration to which it is entitled.

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the stand-alone selling price is not directly observable, the Group and the Company estimate it by using the costs plus margin approach.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Group and the Company have assessed the type of modification and accounted for as either creates a separate new contract, terminates the existing contract and creation of a new contract; or forms a part of the existing contracts.

(a) Construction contracts

Construction service contracts comprise multiple deliverables that require significant integration service and therefore accounted as a single performance obligation.

Under the terms of the contracts, control is transferred over time as the Group creates or enhance an asset that the customer controls as the asset is created or enhanced. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of a performance obligation is determined by the proportion of construction costs incurred for work performed to date bear to the estimated total construction costs (an input method).

Sales are made with a credit term of 30 to 90 days, which is consistent with market practice, therefore, no element of financing is deemed present. The Group becomes entitled to invoice customers based on achieving a series of performance-related milestones.

The Group recognised a contract asset for any excess of revenue recognised to date over the billings-to-date. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point when invoice is issued or timing for billing is due to passage of time. If the milestone billing exceeds the revenue recognised to date and any deposit or advances received from customers then the Group and the Company recognise a contract liability for the difference.

(b) Rendering of services

Revenue from a contract to provide services is recognised over time as the service are rendered because the customer receives and uses the benefits simultaneously. This is determined based on the time elapsed (output method).

(c) Interest income

Interest income is recognised using the effective interest method.

(d) Dividend income

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Employee benefits

(a) Short-term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group and the Company.

(b) Defined contribution plan

As required by law, the Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. Such contribution is recognised as an expense in the profit or loss in the period in which the employees render their services.

3.14 Borrowing costs

Borrowing costs are interests and other costs that the Group incur in connection with borrowing of funds.

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

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The Group begins capitalising borrowing costs when the Group has incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

3.15 Income tax

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

(a) Current tax

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

(b) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Notes to the Financial Statements
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Income tax (continued)

(b) Deferred tax (continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. 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 allow the deferred tax assets to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

(c) Sales and services tax

Revenue, expenses and assets are recognised net of the amount of sales and services tax except:

- Where the sales and services tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales and services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

3.16 Earning per share

The Group presents basic and diluted earnings per share ("EPS") date for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.17 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The Executive Directors of the Group, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the chief operating decision makers that make strategic decisions.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.18 Fair value measurement

Fair value of an asset or a liability, except for lease transactions, is determined as 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. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For a non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3.19 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.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

(a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(b) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the statements of financial position.

Notes to the Financial Statements
(cont'd)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial year include the following:

(a) Construction revenue and expenses

The Group recognised construction revenue and expenses in profit or loss by using the progress towards complete satisfaction of performance obligation. The progress towards complete satisfaction of performance obligation is determined by the proportion that construction costs incurred for work performed to date bear to the estimated total construction costs.

Significant judgement is required in determining the progress towards complete satisfaction of performance obligation, the extent of the construction costs incurred, the estimated total construction revenue and expenses, as well as the recoverability of the construction projects. In making these judgement, the Group evaluates based on past experience.

The carrying amounts of contract assets and contract liabilities are disclosed in Note 10.

(b) Impairment of financial assets and contract assets

The impairment provisions for financial assets and contract assets are based on assumptions about risk of default and expected loss rate. The Group and the Company use judgement in making these assumptions and selecting inputs to the impairment calculation, which is based on the Group's and the Company's past history and existing market conditions at the end of reporting period.

The Group and the Company use a provision matrix to calculate expected credit losses for trade receivables and contract assets. The provision rates are depending on the number of days that a trade receivable is past due. The Group and the Company use the grouping according to the customer segments that have similar loss patterns. The criteria include customer type and rating.

The assessment of the expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances. The Group's historical credit loss experience may also not be representative of customer's actual default in the future.

The information about the impairment losses on the Group's and the Company's financial assets and contract assets are disclosed in Notes 9(a) and 10(c).

Notes to the Financial Statements
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5. 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 machinery and testing equipment RM	Right-of-use assets RM	Total RM
Cost								
At 1 October 2019								
- As previously reported	22,460,000	630,000	43,175,951	6,207,575	4,634,970	61,327,605	–	138,436,101
- Effect of adoption of MFRS 16	(22,460,000)	–	(43,175,951)	–	–	–	65,635,951	–
Adjusted balance at 1 October 2019	–	630,000	–	6,207,575	4,634,970	61,327,605	65,635,951	138,436,101
Additions	–	–	–	38,150	44,702	1,236,994	78,801	1,398,647
Disposals	–	–	–	–	(184,750)	(183,000)	–	(367,750)
Written off	–	–	–	–	(16,950)	–	–	(16,950)
At 30 September 2020	–	630,000	–	6,245,725	4,477,972	62,381,599	65,714,752	139,450,048
Accumulated depreciation								
At 1 October 2019								
- As previously reported	3,506,153	100,800	6,643,928	5,281,876	4,042,732	56,660,238	–	76,235,727
- Effect of adoption of MFRS 16	(3,506,153)	–	(6,643,928)	–	–	–	10,150,081	–
Adjusted balance at 1 October 2019	–	100,800	–	5,281,876	4,042,732	56,660,238	10,150,081	76,235,727
Charge for the financial year	–	12,600	–	209,709	207,744	1,317,102	1,278,682	3,025,837
Disposals	–	–	–	–	(171,074)	(183,000)	–	(354,074)
Written off	–	–	–	–	(16,949)	–	–	(16,949)
At 30 September 2020	–	113,400	–	5,491,585	4,062,453	57,794,340	11,428,763	78,890,541
Net carrying amount								
At 30 September 2020	–	516,600	–	754,140	415,519	4,587,259	54,285,989	60,559,507

Notes to the Financial Statements
(cont'd)

5. 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 machinery and testing equipment RM	Total RM
Cost							
At 1 October 2018	22,460,000	630,000	43,175,951	6,313,703	4,434,687	64,646,989	141,661,330
Additions	–	–	–	149,864	340,950	168,100	658,914
Disposals	–	–	–	(28,000)	(140,667)	–	(168,667)
Written off	–	–	–	(227,992)	–	(3,487,484)	(3,715,476)
At 30 September 2019	22,460,000	630,000	43,175,951	6,207,575	4,634,970	61,327,605	138,436,101
Accumulated depreciation							
At 1 October 2018	3,067,817	88,200	5,813,157	5,293,787	3,851,045	58,326,173	76,440,179
Charge for the financial year	438,336	12,600	830,771	221,546	332,354	1,821,448	3,657,055
Disposals	–	–	–	(5,834)	(140,667)	–	(146,501)
Written off	–	–	–	(227,623)	–	(3,487,383)	(3,715,006)
At 30 September 2019	3,506,153	100,800	6,643,928	5,281,876	4,042,732	56,660,238	76,235,727
Net carrying amount							
At 30 September 2019	18,953,847	529,200	36,532,023	925,699	592,238	4,667,367	62,200,374

Notes to the Financial Statements
(cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM1,398,647 (2019: RM658,914) which are constituted by the following:

	Group	
	2020 RM	**2019 RM**
Cash payments	1,319,846	658,914
Financed by way of lease arrangements	78,801	–
	1,398,647	658,914

(b) Right-of-use assets

The Group leases several assets including leasehold land, buildings and hostels.

Information about leases for which the Group are lessees is presented below:

	Group			
	Leasehold land RM	**Leasehold buildings RM**	**Hostels RM**	**Total RM**
Carrying amount				
At 1 October 2019	18,953,847	36,532,023	–	55,485,870
Additions	–	–	78,801	78,801
Depreciation	(438,337)	(830,770)	(9,575)	(1,278,682)
At 30 September 2020	18,515,510	35,701,253	69,226	54,285,989

The Group leases land and buildings for its office space and operation site. The leases for office space and operation site generally have lease term of 60 to 66 years.

The Group also leases hostels with lease term of 4 to 7 years.

6. INVESTMENT IN A SUBSIDIARY

	Company	
	2020 RM	**2019 RM**
At cost		
Unquoted shares	76,837,000	76,837,000
Loans that are part of net investment	2,718,245	6,718,245
	79,555,245	83,555,245

Loans that are part of net investment represents amount owing by a subsidiary which is non-trade in nature, unsecured and non-interest bearing. The settlement of the amount is neither planned nor likely to occur in the foreseeable future as it is the intention of the Company to treat these amounts as a long-term source of capital to the subsidiary. As this amount is, in substance, a part of the Company's net investment in the subsidiary, it is stated at cost less accumulated impairment loss, if any.

Notes to the Financial Statements
(cont'd)

6. INVESTMENT IN A SUBSIDIARY (continued)

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

Name of company	Principal activities	Effective equity interest 2020	Effective equity interest 2019
Era Julung Sdn. Bhd.	Investment holding	100%	100%
Subsidiaries of Era Julung Sdn. Bhd.			
Prescan Sdn. Bhd.	Provision of non-destructive testing services and other related services	100%	100%
Amalgamated Metal Corporation (M) Sdn. Bhd.	Fabrication of specialised design and manufacturing of engineering equipment	100%	100%
Subsidiary of Amalgamated Metal Corporation (M) Sdn. Bhd.			
Finned Tubes Malaysia Sdn. Bhd.	Fabrication of finned tubes	100%	100%

7. OTHER INVESTMENTS

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Non-current				
Financial assets designated at fair value through other comprehensive income ("DFVOCI")				
At fair value:				
Golf club membership	35,000	35,000	–	–
Current				
Financial assets at fair value through profit or loss ("FVPL")				
At fair value:				
Short-term funds	40,832,521	50,243,615	34,416,374	30,257,266

8. INVENTORIES

	Group 2020 RM	Group 2019 RM
At cost:		
Raw materials	1,170,260	499,866
Consumables	126,439	140,121
	1,296,699	639,987

During the financial year, the cost of inventories of the Group recognised as cost of goods sold was RM841,553 (2019: RM725,911).

9. TRADE AND OTHER RECEIVABLES

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Trade					
Trade receivables	(a)	33,912,173	16,006,605	–	–
Allowance for impairment loss		–	(265,784)	–	-
		33,912,173	15,740,821	–	–
Non-trade					
Other receivables		183,081	330,961	–	–
Advances to suppliers		124,845	1,634,906		
Deposits		951,145	651,219	–	–
GST refundable		486	59,430	–	–
Prepayments		455,930	355,459	–	–
		1,715,487	3,031,975	–	–
		35,627,660	18,772,796	–	–

(a) Trade receivables

Trade receivables are non-interest bearing and normal credit terms extended to customers ranging from 30 days to 90 days (2019: 30 days to 90 days) from the date of invoices. Other credit terms are assessed and approved on a case by case basis.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of trade receivables are as follows:

	Group 2020 RM	Group 2019 RM
At beginning of the financial year	265,784	238,648
Charge for the financial year (Note 19)		
- individually assessed	–	27,136
Reversal of impairment losses (Note 19)	(27,136)	–
Written off	(238,648)	–
At end of the financial year	–	265,784

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

The information about the credit exposures are disclosed in Note 24(i).

Notes to the Financial Statements
(cont'd)

9. TRADE AND OTHER RECEIVABLES (continued)

(b) Foreign currency exposure profile of trade and other receivables

The foreign currency exposure profile of trade and other receivables is as follows:

	Group 2020 RM	2019 RM
United States Dollar	7,001,024	3,043,729
Euro	1,833,448	779,852
Singapore Dollar	331,758	–
Brunei Dollar	1,082,739	613,942
	10,248,969	4,437,523

10. CONTRACT ASSETS/(LIABILITIES)

	Group 2020 RM	2019 RM
Contract assets relating to construction service contracts	20,842,456	23,501,004
Contract liabilities relating to construction service contracts	2,928,509	1,970,677

(a) Significant changes in contract balances

Group	30.09.2020 Contract assets Increase/ (decrease) RM	30.09.2020 Contract liabilities (Increase)/ decrease RM	30.09.2019 Contract assets Increase/ (decrease) RM	30.09.2019 Contract liabilities (Increase)/ decrease RM
Revenue recognised that was included in contract liability at the beginning of the financial year	–	1,970,677	–	1,495,475
Increases due to consideration received/receivable from customers, but revenue not recognised	–	(2,928,509)	–	(1,970,677)
Increases due to revenue recognised, but no right to consideration	20,642,473	–	23,700,987	–
Transfers from contract assets recognised at the beginning of the period to receivables	(23,501,004)	–	(13,394,313)	–
Reversal of impairment losses/ (Net impairment losses) of contract assets	199,983	–	(199,983)	–

10. CONTRACT ASSETS/(LIABILITIES) (continued)

(a) Significant changes in contract balances (continued)

Contract assets have increased as the Group has provided more services ahead of the agreed payment schedules for fixed-price contracts.

Contract liabilities have increased as the Group has received more payments from customers.

(b) Revenue recognised in relation to contract balances

	Group	
	2020 RM	2019 RM
Revenue recognised that was included in contract liability at the beginning of the financial year	1,970,677	1,495,475

Revenue recognised that was included in contract lability at the beginning of the year represented primarily revenue from the sale of construction contracts when percentage of completion increases.

(c) Impairment

The movement in the impairment of contract assets is as follows:

	Group	
	2020 RM	2019 RM
At beginning of the financial year	199,983	–
Charge for the financial year (Note 19)		
- individually assessed	–	199,983
Reversal during the financial year (Note 19)	(199,983)	–
At end of the financial year	–	199,983

11. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Cash and bank balances	6,881,456	5,854,808	120,815	56,247
Deposits placed with licensed banks	7,199,350	4,423,365	–	–
Deposits, cash and bank balances as reported in the statements of financial position	14,080,806	10,278,173	120,815	56,247
Less: Fixed deposits with maturity more than 3 months	(3,269,350)	(4,033,365)	–	–
Cash and cash equivalents as reported in the statements of cash flows	10,811,456	6,244,808	120,815	56,247

Notes to the Financial Statements
(cont'd)

11. DEPOSITS, CASH AND BANK BALANCES (continued)

Deposits placed with licensed banks of the Group bear interest at rates ranging from 0.95% to 3.35% (2019: 1.17% to 3.40%) per annum and mature within one year. 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.

The foreign currency exposure profile of cash and cash equivalents as reported in the statements of financial position is as follows:

	Group	
	2020	**2019**
	RM	**RM**
United States Dollar	3,993,038	3,677,473
Euro	219,595	277,618
Singapore Dollar	369,504	34,052
	4,582,137	3,989,143

12. SHARE CAPITAL

	Group/Company			
	Number of ordinary shares		**<------ Amounts ------>**	
	2020	**2019**	**2020**	**2019**
	Unit	**Unit**	**RM**	**RM**
Issued and fully paid:				
At beginning/end of the financial year	112,875,002	112,875,002	112,875,002	112,875,002

The holders of the ordinary shares (except treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

13. TREASURY SHARES

	Group/Company			
	Number of shares		**<------ Amounts ------>**	
	2020	**2019**	**2020**	**2019**
	Unit	**Unit**	**RM**	**RM**
Treasury shares:				
At beginning/end of the financial year	(2,030,200)	(2,030,200)	(3,322,462)	(3,322,462)

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders. The share repurchased made to date were financed by internally generated funds and are being held as treasury shares in accordance with the requirements of Section 127 of the Companies Act 2016 in Malaysia.

As at 30 September 2020, the Company held 2,030,200 (2019: 2,030,200) treasury shares.

There was no repurchase of the Company's issued ordinary shares, nor any resale, cancellation or distribution of treasury shares during the financial year.

Notes to the Financial Statements
(cont'd)

14. DEFERRED TAX LIABILITIES

	Group 2020 RM	Group 2019 RM
Deferred tax liabilities		
At beginning of the financial year	(1,268,604)	(1,964,562)
Recognised in profit or loss (Note 21)	(684,928)	695,958
At end of the financial year	(1,953,532)	(1,268,604)

(a) Presented after appropriate off-setting as follows:

	Group 2020 RM	Group 2019 RM
Deferred tax assets	1,601,833	2,447,168
Deferred tax liabilities	(3,555,365)	(3,715,772)
	(1,953,532)	(1,268,604)

(b) The components of deferred tax assets/(liabilities) as at the end of the financial year are as follows:

	Group 2020 RM	Group 2019 RM
Deferred tax assets		
Provisions	358,044	–
Unused tax losses	882,936	882,936
Unabsorbed capital allowances	360,853	1,564,232
	1,601,833	2,447,168
Deferred tax liabilities		
Differences between the carrying amounts of property, plant and equipment and their tax base	(3,555,365)	(3,658,323)
Other temporary differences	–	(57,449)
	(3,555,365)	(3,715,772)

(c) Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group 2020 RM	Group 2019 RM
Unused tax losses	63,814	46,025

Notes to the Financial Statements
(cont'd)

14. DEFERRED TAX LIABILITIES (continued)

The availability of unused tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to requirements under Income Tax Act, 1967 and guidelines issued by the tax authority.

Any unutilised business losses brought forward from year of assessment 2019 can be carried forward for another 7 consecutive years of assessment (i.e. from year of assessments 2020 to 2026).

The unused tax losses are available for offset against future taxable profits of the Group which will expire in the following year:

	Group RM
2025	48,082
2026	15,732

15. LEASE LIABILITIES

	Group	
	2020 RM	**2019 RM**
Non-current		
Lease liabilities	55,296	–
Current		
Lease liabilities	15,143	–
	70,439	–

Future minimum lease payments together with the present value of net minimum lease payments are as follows:

	Group	
	2020 RM	**2019 RM**
Minimum lease payments:		
Not later than one year	18,000	–
Later than one year and not later than 5 years	60,300	–
Later than 5 years	4,200	–
	82,500	–
Less: Future finance charges	(12,061)	–
Present value of minimum lease payments	70,439	–
Present value of minimum lease payments:		
Not later than one year	15,143	–
Later than one year and not later than 5 years	51,168	–
Later than 5 years	4,128	–
	70,439	–
Less: Amount due within 12 months	(15,143)	–
Amount due after 12 months	55,296	–

16. TRADE AND OTHER PAYABLES

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Trade					
Trade payables	(a)	4,857,016	5,977,365	–	–
Non-trade					
Other payables	(b)	120,214	87,751	–	–
Amount owing to a subsidiary	(c)	–	–	2,615,868	2,715,868
Accruals		3,265,592	2,343,944	247,100	245,600
		3,385,806	2,431,695	2,862,968	2,961,468
		8,242,822	8,409,060	2,862,968	2,961,468

(a) Trade payables

Trade payables of the Group are non-interest bearing and the normal trade credit terms granted to the Group ranging from 30 days to 90 days (2019: 30 days to 90 days).

Included in trade payables of the Group are amounts totalling RM30,976 (2019: RM39,450) owing to companies in which certain directors of the Group have financial interests.

(b) Other payables

Included in the other payables of the Group is an amount of RM46,879 (2019: RM20,805) owing to a company in which certain directors of the Group have significant financial interests.

(c) Amount owing to a subsidiary

The amount owing to a subsidiary is unsecured, non-interest bearing and repayable upon demand in cash and cash equivalents.

(d) Foreign currency exposure profile

The foreign currency exposure profile of trade and other payables is as follows:

	Group 2020 RM	Group 2019 RM
United States Dollar	88,626	302,271
Euro	154,089	69,196
Singapore Dollar	7,064	383,348
Pound Sterling	–	12,148
	249,779	766,963

Notes to the Financial Statements
(cont'd)

17. REVENUE

	Group	
	2020 RM	2019 RM
Over time:		
Contract revenue	85,347,546	60,831,480
At a point in time:		
Services rendered	4,020,071	3,860,067
	89,367,617	64,691,547

The Group and the Company apply the practical expedient in paragraph 121(a) of MFRS 15 and do not disclose information about remaining performance obligations that have original expected durations of one year or less.

As at 30 September 2020, the remaining construction revenue amounting to RM20,891,490 (2019: RM33,459,574) is expected to be recognised within the next 12 months.

18. COST OF SALES

	Group	
	2020 RM	2019 RM
Cost of contract	69,118,637	50,578,917
Cost of services rendered	3,183,984	3,235,604
	72,302,621	53,814,521

19. PROFIT/(LOSS) BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at profit/(loss) before tax:

		Group		Company	
	Notes	2020 RM	2019 RM	2020 RM	2019 RM
Auditors' remuneration:					
- Statutory audit					
- current year		109,500	110,000	34,500	34,500
- over provision inprior year		(500)	–	–	–
- Other services		6,000	6,000	6,000	6,000
Depreciation of property, plant and equipment	5	3,025,837	3,657,055	–	–
Directors' remuneration	20	2,003,859	2,101,491	304,854	294,833
Employees benefits expense:					
- Contribution to defined contribution plan		904,909	1,029,862	–	–
- Salaries, wages and others		13,614,216	12,533,611	–	–
Expenses relating to short-term lease		1,600,397	–	–	–

Notes to the Financial Statements
(cont'd)

19. PROFIT/(LOSS) BEFORE TAX (continued)

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at profit/(loss) before tax: (continued)

		Group		Company	
	Notes	2020 RM	2019 RM	2020 RM	2019 RM
Gain on disposal of property, plant and equipment		(55,324)	(27,834)	–	–
Fair value gain on other investments		(40,495)	–	(421)	–
Impairment losses on financial asset and contract assets:					
- trade and other receivables		–	27,136	–	–
- contract assets		–	199,983	–	–
Interest income:					
- deposits		(191,639)	(353,145)	–	–
- short-term funds		(1,349,913)	(1,733,392)	(960,189)	(1,003,366)
- others		(79,364)	–	–	–
Interest expenses on:					
- lease liabilities		2,738	–	–	–
- others		26,636	–	–	–
Net loss on foreign exchange:					
- realised		213,148	31,772	–	–
- unrealised		43,578	16,050	–	–
Reversal of impairment losses:					
- trade and other receivables		(27,136)	–	–	–
- contract assets		(199,983)	–	–	–
Property, plant and equipment written off		1	470	–	–
Rental income		(72,000)	–	–	–
Rental of factories		–	1,501,500	–	–
Rental of hostels		–	52,200	–	–
Rental of machineries		–	252,393	–	–
Rental of premises		–	38,300	–	–

20. DIRECTORS' REMUNERATION

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Executive:				
Fees	30,000	34,000	30,000	30,000
Other emoluments	1,827,874	1,917,491	128,869	114,833
	1,857,874	1,951,491	158,869	144,833
Non-executive:				
Fees	145,985	150,000	145,985	150,000
Total directors' remuneration	2,003,859	2,101,491	304,854	294,833

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

Notes to the Financial Statements
(cont'd)

21. TAX EXPENSE/(CREDIT)

The major components of income tax credit for the financial years ended 30 September 2020 and 30 September 2019 are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Statements of comprehensive income				
Current income tax:				
- Current financial year	160,321	221,287	–	–
- Adjustments in respect of prior years	54,426	21,750	–	–
	214,747	243,037	–	–
Deferred tax (Note 14):				
- Origination/(Reversal) of temporary differences	1,002,223	(640,649)	–	–
- Adjustments in respect of prior years	(317,295)	(55,309)	–	–
	684,928	(695,958)	–	–
	899,675	(452,921)	–	–

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2019: 24%) of the estimated assessable profit for the financial year.

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Profit/(Loss) before tax	4,714,784	(1,694,950)	322,176	378,034
Tax at the Malaysian statutory income tax rate of 24% (2019: 24%)	1,131,548	(406,788)	77,322	90,728
Tax effects arising from:				
- non-deductible expenses	409,654	403,991	153,224	150,080
- non-taxable income	(382,433)	(418,512)	(230,546)	(240,808)
Deferred tax asset not recognised during the financial year	3,775	1,947	–	–
Adjustments in respect of prior years				
- current tax	54,426	21,750	–	–
- deferred tax	(317,295)	(55,309)	–	–
	899,675	(452,921)	–	–

22. EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

Basic earnings/(loss) per share is based on the profit/(loss) for the financial year attributable to owners of the Company and the weighted average number of shares outstanding during the financial year, calculated as follows:

	Group	
	2020 RM	**2019 RM**
Profit/(Loss) for the financial year attributable to owners of the Company	3,815,109	(1,242,029)
Weighted average number of shares outstanding during the financial year (adjusted for treasury shares)	110,844,802	110,844,802
Basic earnings/(loss) per share (sen)	3.44	(1.12)

(b) Diluted loss per share

The diluted loss per share of the Group for the financial years ended 30 September 2020 and 30 September 2019 are same as the basic earnings/(loss) per share of the Group as the Company has no dilutive potential ordinary shares.

23. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:
(i) Fair value through profit or loss ("FVPL")
(il) Amortised cost ("AC")
(iil) Designated fair value through other comprehensive income ("DFVOCI")

	Carrying amount RM	**FVPL RM**	**AC RM**	**DFVOCI RM**
At 30 September 2020				
Financial assets				
Group				
Trade and other receivables, net of prepayments, advances to suppliers and GST refundable	35,046,399	–	35,046,399	–
Other investments				
- Golf club membership	35,000	–	–	35,000
- Short-term funds	40,832,521	40,832,521	–	–
Deposits, cash and bank balances	14,080,806	–	14,080,806	-
	89,994,726	40,832,521	49,127,205	35,000

Notes to the Financial Statements
(cont'd)

23. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments (continued)

	Carrying amount RM	FVPL RM	AC RM	DFVOCI RM
Company				
Other investments				
- Short-term funds	34,416,374	34,416,374	–	–
Financial liabilities				
Group				
Lease liabilities	70,439	–	70,439	–
Trade and other payables	8,242,822	–	8,242,822	–
	8,313,261	–	8,313,261	–
Company				
Trade and other payables	2,862,968	–	2,862,968	–

	Carrying amount RM	FVPL RM	AC RM	DFVOCI RM
At 30 September 2019				
Financial assets				
Group				
Trade and other receivables, net of prepayments, advances to suppliers and GST refundable	16,723,001	–	16,723,001	–
Other investments				
- Golf club membership	35,000	–	–	35,000
- Short-term funds	50,243,615	50,243,615	–	–
Deposits, cash and bank balances	10,278,173	–	10,278,173	–
	77,279,789	50,243,615	27,001,174	35,000
Company				
Other investments				
- Short-term funds	30,257,266	30,257,266	–	–
Financial liabilities				
Group				
Trade and other payables	8,409,060	–	8,409,060	–
Company				
Trade and other payables	2,961,468	–	2,961,468	–

23. FINANCIAL INSTRUMENTS (continued)

(b) Fair value measurement

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

i. Other investments

The fair value of the short-term funds is determined by reference to redemption price at the end of the reporting period.

The fair value of the golf club membership is determined by reference to its market value.

During the financial years ended 30 September 2020 and 30 September 2019, there was no transfer between fair value measurement hierarchy.

ii. Deposits, cash and bank balances, receivables and payables

The carrying amounts of deposits, cash and bank balances, short-term receivables and payables reasonably approximate to their fair values due to the relatively short-term nature of these financial instruments.

There have been no transfer between Level 1 and Level 2 during the financial year (30 September 2019: no transfer in either directions).

The following table provides the fair value measurement hierarchy of the Group's and the Company's financial instruments:

	Carrying amount RM	Fair value of financial instruments carried at fair value Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group					
At 30 September 2020					
Financial assets					
Other investments					
- Golf club membership	35,000	–	35,000	–	35,000
- Short-term funds	40,832,521	40,832,521	–	–	40,832,521
	40,867,521	40,832,521	35,000	–	40,867,521
At 30 September 2019					
Financial assets					
Other investments					
- Golf club membership	35,000	–	35,000	–	35,000
- Short-term funds	50,243,615	50,243,615	–	–	50,243,615
	50,278,615	50,243,615	35,000	–	50,278,615
Company					
At 30 September 2020					
Financial assets					
Other investments					
- Short-term funds	34,416,374	34,416,374	–	–	34,416,374
At 30 September 2019					
Financial assets					
Other investments					
- Short-term funds	30,257,266	30,257,266	–	–	30,257,266

Notes to the Financial Statements
(cont'd)

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's and the Company's activities are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group's and the Company's overall financial risk management objective is to optimise value for their shareholders. The Group and the Company do not trade in financial instruments.

The Board of Directors reviews and agrees to policies and procedures for the management of these risks, which are executed by the Group's senior management. The audit committee provides independent oversight to the effectiveness of the risk management process.

(i) Credit risk

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

Trade receivables and contract assets

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

The carrying amount of trade receivables and contract assets are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group and the Company consider any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group and the Company have adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

As at 30 September 2020, 66% (2019: 38%) of the trade receivables of the Group were owed by two major customers (2019: two major customers).

Credit risk concentration profile

The Group determines the credit risk concentration of its trade receivables and contract assets by geographic region on an ongoing basis. The credit risk concentration profile of the Group's trade receivables and contract assets at the reporting date are as follows:

	Group	
	2020	**2019**
	RM	**RM**
Malaysia	25,093,903	13,212,641
Asia	331,758	285,982
Europe	1,818,408	764,642
America	6,668,104	1,477,556
	33,912,173	15,740,821

The Group and the Company apply the simplified approach to providing for impairment losses prescribed by MFRS 9, which permits the use of the lifetime expected credit losses provision for all trade receivables and contract assets. To measure the impairment losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(i) Credit risk (continued)

Trade receivables and contract assets (continued)

Credit risk concentration profile (continued)

The information about the credit risk exposure on the Group's trade receivables and contract assets using provision matrix are as follows:

	Gross carrying amount RM
Group	
At 30 September 2020	
Contract assets	20,842,456
Trade receivables	
Neither past due nor impaired	3,544,654
1 to 90 days past due but not impaired	8,363,126
More than 90 days past due but not impaired	22,004,393
	33,912,173
Impaired - individually	–
	33,912,173
Group	
At 30 September 2019	
Contract assets	23,501,004
Trade receivables	
Neither past due nor impaired	6,311,679
1 to 90 days past due but not impaired	6,212,943
More than 90 days past due but not impaired	3,216,199
	15,740,821
Impaired - individually	265,784
	16,006,605

Notes to the Financial Statements
(cont'd)

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(i) Credit risk (continued)

Other receivables and other financial assets

For other receivables and other financial assets (including other investments and cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the Group and changes in the operating results of the debtor

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

Some intercompany loans between entities within the Group are repayable on demand. For loans that are repayable on demand, impairment losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the debtor does not have sufficient highly liquid resources when the loan is demanded, the Group and the Company will consider the expected manner of recovery and recovery period of the intercompany loan.

As at the end of the reporting date, the Group did not recognise any loss allowance for impairment for other receivables and other financial assets. Refer to Note 3.10(a) for the Group's and the Company's other accounting policies for impairment of financial assets.

(ii) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities between financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arises principally from trade and other payables, provisions and lease liabilities.

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by facilities. The Group and the Company maintain sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. The Group and the Company also ensure that there are sufficient funding and liquid assets available to meet both short-term and long-term funding requirements.

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(ii) Liquidity risk (continued)

Maturity analysis
The maturity analysis of the Group's financial liabilities by its relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows:

		Contractual undiscounted cash flows			
	Carrying amount RM	On demand or within 1 years RM	Between 1 and 5 years RM	More than 5 years RM	Total RM
Group					
At 30 September 2020					
Lease liabilities	70,439	18,000	60,300	4,200	82,500
Trade and other payables	8,242,822	8,242,822	–	–	8,242,822
	8,313,261	8,260,822	60,300	4,200	8,325,322
At 30 September 2019					
Trade and other payables	8,409,060	8,409,060	–	–	8,409,060

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

(iii) Foreign currency risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when import of raw materials and export of finished goods that are denominated in a foreign currency).

There are no foreign exchange contracts outstanding as at 30 September 2020 and 30 September 2019.

Sensitivity analysis for foreign currency risk
The Group principal foreign currency exposure related mainly to United States Dollar ("USD"), Euro ("EUR"), Singapore Dollar ("SGD"), Brunei Dollar ("BND") and Pound Sterling ("GBP").

The following table demonstrates the sensitivity to a reasonably possible change in the USD, EUR, SGD, BND and GBP, with all other variables held constant on the Group's total equity and profit/(loss) for the financial year.

		Group	
		2020 RM	2019 RM
USD/RM	- Strengthened by 10%	828,813	487,839
	- Weakened by 10%	(828,813)	(487,839)
EUR/RM	- Strengthened by 10%	144,320	(26,546)
	- Weakened by 10%	(144,320)	26,546
SGD/RM	- Strengthened by 10%	52,759	75,109
	- Weakened by 10%	(52,759)	(75,109)
BND/RM	- Strengthened by 10%	82,288	46,660
	- Weakened by 10%	(82,288)	(46,660)
GBP/RM	- Strengthened by 10%	–	(923)
	- Weakened by 10%	–	923

Notes to the Financial Statements
(cont'd)

24. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(iv) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's and the Company's financial instruments as a result of changes in market interest rates.

The Group and the Company's exposure to interest rate risk arises primarily relates to lease liabilities, fixed income funds, money market funds and deposits placed with licensed banks. Short-term receivables 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.

25. CAPITAL COMMITMENT

The Group has made commitment for the following capital expenditures:

	Group	
	2020	**2019**
	RM	**RM**
Capital expenditure approved and contracted for:		
- property, plant and equipment	8,850	340,359

26. RELATED PARTIES

(a) Identity of related parties

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

Related parties of the Group include:

(i) Subsidiaries;
(ii) Entities in which certain directors have substantial financial interests; and
(iii) Key management personnel of the Group and the Company, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

26. RELATED PARTIES (continued)

(b) Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Group	
	2020 RM	**2019 RM**
Companies where certain directors of the Company have financial interests:		
Peng Fah Engineering Sdn. Bhd.		
Rental of factories	1,426,425	1,501,500
TTS Insu-Write Services Sdn. Bhd.		
General and marine cargo insurance	217,470	229,023
TTS Transport Sdn. Bhd.		
Transportation services	314,130	121,750
TTS Enterprise Sdn. Bhd.		
Minor fabrication works	62,219	57,977
TTS Engineering Sdn. Bhd.		
Maintenance of lorries and machinery	312,959	273,659

(c) 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 directors of the Group and of the Company. The remuneration of the directors during the financial year is disclosed in Note 20.

The remuneration of the key management personnel is as follows:

	Group		Company	
	2020 RM	**2019 RM**	**2020 RM**	**2019 RM**
Short-term employee benefits	2,315,455	2,395,624	310,578	282,593
Post-employment employee benefits	124,530	143,817	(5,724)	12,240
	2,439,985	2,539,441	304,854	294,833

27. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratio in order to support their business and maximise shareholders' value. The Group and the Company manage their capital structure and make 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 years ended 30 September 2020 and 30 September 2019.

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

The Group and the Company monitor capital using debt to equity ratio. The debt to equity ratio is calculated as total debts divided by total equity. 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 to the Company.

Notes to the Financial Statements
(cont'd)

28. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Coronavirus outbreak

On 11 March 2020, the World Health Organisation declared the Coronavirus ("COVID-19") outbreak as a pandemic in recognition of its rapid spread across the globe. On 16 March 2020, the Malaysian Government has imposed the Movement Control Order ("MCO") starting from 18 March 2020 to 31 March 2020 ("MCO Phase 1") to curb the spread of the COVID-19 outbreak in Malaysia. The COVID-19 outbreak also resulted in travel restriction, lockdown, social distancing and other precautionary measures imposed in various countries. The emergence of the COVID-19 outbreak since early 2020 has brought significant economic uncertainties in Malaysia and markets in which the Group and the Company operate.

The Group has considered and estimated the impact of the COVID-19 pandemic in the Group's financial position and performance by carrying out the assessments of its property, plant and equipment and trade receivables.

In developing the assumptions relating to the possible future uncertainties in the global economic conditions, the Group has, as at the reporting date, used internal and external sources, including economic forecasts and estimates from market sources. However, the impact assessment of the COVID-19 pandemic is a continuous process and the Group will continue to monitor any material changes to future economic conditions.

The Group's operations are largely project-focused and hence, liquidity requirements and cash flow positions are subject to fluctuations and market exposures. These are expected to equip the Group with sufficient cash flows and financial resources to meet its obligations as and when they fall due. Details of the Group's liquidity risk management and available facilities are disclosed under the Liquidity risk section in Note 24(ii).

As the ongoing COVID-19 pandemic continues to evolve, there is significant uncertainty over the duration of the pandemic and its full range of possible effects on the Group's financial and liquidity positions.

29. COMPARATIVE FIGURES

The following comparative figures have been reclassified to conform with the current financial year presentation:

	As previously classified RM	Reclassification RM	As reclassified RM
2019			
Group			
Statement of Financial Position			
Current assets			
Other investments			
- Short-term funds	–	50,243,615	50,243,615
Deposit, cash and bank balances	60,521,788	(50,243,615)	10,278,173
Current liabilities			
Contract liabilities	(1,746,177)	(224,500)	(1,970,677)
Provisions	(224,500)	224,500	–
Company			
Statement of Financial Position			
Current assets			
Other investments			
- Short-term funds	–	30,257,266	30,257,266
Deposit, cash and bank balances	30,313,513	(30,257,266)	56,247

The Group's and Company's statement of cashflows have been reclassified accordingly to conform with the above presentation.

30. SEGMENT INFORMATION

The Group prepared the following segment information in accordance with MFRS 8 Operating Segments based on the internal reports of the Group's strategic business units which are regularly reviewed by the Group's Chief Executive Officer ("CEO") for the purpose of making decisions about resource allocation and performance assessment.

The following summary describes the operations in each of the Group's reportable segments:

Segments	Products and services
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 dormant companies.

Inter-segment pricing is determined at arm's length basis.

Segment profit

Performance is measured based on segment profit before tax and interest, as included in the internal management reports that are reviewed by the Group's CEO. 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 3.17. 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 Group's CEO. Segment total asset is used to measure the return of assets of each segment.

Segment liabilities

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

Geographical segments

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

Notes to the Financial Statements
(cont'd)

30. SEGMENT INFORMATION (continued)

	Fabrication RM	Non-destructive testing RM	Others RM	Elimination RM	Consolidated RM
2020					
Total external revenue	85,347,546	4,020,071	–	–	89,367,617
Inter-segment revenue	–	671,706	–	(671,706)	–
Total segment revenue	85,347,546	4,691,777	–	(671,706)	89,367,617
Segment profit/(loss)	3,341,128	427,387	(645,273)	–	3,123,242
Interest income	537,064	121,189	962,663	–	1,620,916
Finance costs	(29,374)	–	–	–	(29,374)
Profit before tax					4,714,784
Tax expense	(810,962)	(88,713)	–	–	(899,675)
Profit for the financial year					3,815,109
2019					
Total external revenue	60,639,086	4,052,461	–	–	64,691,547
Inter-segment revenue	192,394	665,773	–	(858,167)	–
Total segment revenue	60,831,480	4,718,234	–	(858,167)	64,691,547
Segment (loss)/profit	(3,603,632)	454,958	(632,813)	–	(3,781,487)
Interest income	951,716	131,455	1,003,366	–	2,086,537
Loss before tax					(1,694,950)
Tax credit/(expense)	642,434	(189,513)	–	–	452,921
Loss for the financial year					(1,242,029)

Notes to the Financial Statements
(cont'd)

30. SEGMENT INFORMATION (continued)

	Fabrication RM	Non-destructive testing RM	Other RM	Consolidation RM
2020				
Segment assets	118,158,804	7,304,890	48,409,802	173,873,496
Segment liabilities	12,351,777	592,225	251,300	13,195,302
Other material non-cash items				
Depreciation of property, plant and equipment	2,871,258	154,579	–	3,025,837
Gain on disposal of property, plant and equipment	(55,000)	(324)	–	(55,324)
Fair value gain on other investments	(40,074)	–	(421)	(40,495)
Net provision for liquidated and ascertained damages	122,720	–	–	122,720
Net unrealised loss on foreign exchange	43,578	–	–	43,578
Property, plant and equipment written off	–	1	–	1
Reversal of impairment loss on contract assets	(199,983)	–	–	(199,983)
Reversal of allowance for impairment losses on trade receviables	–	(27,136)	–	(27,136)
2019				
Segment assets	117,807,341	6,760,261	43,990,912	168,558,514
Segment liabilities	10,939,004	506,625	249,800	11,695,429
Other material non-cash items				
Depreciation of property, plant and equipment	3,497,528	159,527	–	3,657,055
Gain on disposal of property, plant and equipment	(27,834)	–	–	(27,834)
Impairment loss on trade receivables	–	27,136	–	27,136
Impairment loss on contract assets	199,983	–	–	199,983
Net unrealised loss on foreign exchange	16,050	–	–	16,050
Property, plant and equipment written off	182	288	–	470

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, **YAP SWEE SANG** and **TAN TENG KHUAN**, being two of the directors of APB Resources Berhad, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 38 to 89 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2020 and of their financial performance and cash flows for the financial year then ended.

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

....
YAP SWEE SANG
Alternative Director to Yap Kow @ Yap Kim Fah

....
TAN TENG KHUAN
Director

Kuala Lumpur

Date: 8 January 2021

STATUTORY DECLARATION

Pursuant to Section 251(1) of the Companies Act 2016

I, **YAP WAN TING**, being the officer primarily responsible for the financial management of APB Resources Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 38 to 89 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

....
YAP WAN TING
MIA Membership No.: 23800

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 8 January 2021.

Before me,

INDEPENDENT AUDITORS' REPORT

To the members of APB Resources Berhad
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of APB Resources Berhad, which comprise the statements of financial position as at 30 September 2020 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 notes to the financial statements, including a summary of significant accounting policies, as set out on pages 38 to 89.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 September 2020, and of their financial performance and their cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements section* of our report. We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Group

Revenue and corresponding costs recognition for construction activities (Notes 4(a) and 17 to the financial statements)

The amount of revenue and corresponding costs of the Group's construction activities is recognised over the period of contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of performance obligation is determined by reference to proportion of construction costs incurred for works performed to date bear to the estimated total costs for each project (input method). We focused on this area because significant directors' judgement is required, in particular with regards to determining the progress towards satisfaction of a performance obligation, the extent of the construction costs incurred, the estimated total construction contracts revenue and costs, as well as the recoverability of the construction contracts projects. The estimated total revenue and costs are affected by a variety of uncertainties that depend of the outcome of future events.

Our response:
Our audit procedures on a selected sample of projects included, among others:

- reading the terms and conditions of agreements with customers;
- understanding the Group's process in preparing project budget and the calculation of the progress towards anticipated satisfaction of a performance obligation;
- checking the mathematical computation of recognised revenue and corresponding costs for the projects during the financial year; and
- assessing the potential deduction to revenue arising from liquidated and ascertained damages by considering the contractual delivery dates and estimated delivery dates and progress reports.

Independent Auditors' Report
To the members of APB Resources Berhad
(Incorporated in Malaysia)
(cont'd)

Key Audit Matters (continued)

Group (continued)

Trade receivables and contract assets (Notes 4(b), 9 and 10 to the financial statements)

The Group has significant trade receivables and contract assets as at 30 September 2020 which include certain amounts which are long outstanding. We focused on this area because the Group made significant judgements over assumptions about risk of default and expected loss rate. In making these assumptions, the Group selected inputs to the impairment calculation, based on the Group's past history, existing market conditions at the end of the reporting period.

Our response:
Our audit procedures included, among others:
- developing understanding of significant credit exposures which were significantly overdue or deemed to be in default through analysis of ageing reports prepared by management;
- obtaining confirmation of balances from selected receivables;
- checking subsequent receipts, customer correspondence, and considering level of activity with the customer and management explanation on recoverability with significantly past due balances; and
- assessing the reasonableness and calculation of expected credit losses as at the end of the reporting period.

Company

We have determined that there are no key audit matters to communicate in our report which arose from the audit of the financial statements of the Company.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that 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 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

The directors of the Company are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

Independent Auditors' Report

To the members of APB Resources Berhad
(Incorporated in Malaysia)
(cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Other Matters

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

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

Ng Boon Hiang
No. 02916/03/2022 J
Chartered Accountant

Kuala Lumpur

Date: 8 January 2021

LIST OF PROPERTIES
As at 30 September 2020

	Properties	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 2020 (RM)
	Amalgamated Metal Corporation (M) Sdn. Bhd.				
1.	Lot No. 109-B, Jalan Gebeng 1/1, Kawasan Perindustrian Gebeng, 26080 Kuantan, Pahang (HS(D) No. 17909, PT No. 7494, Mukim Sungai Karang, Daerah Kuantan, Pahang)	Leasehold 66 years expiring on 26 May 2064	Three (3) Storey Office Building,Five (5) Single-Storey Detached Factory/Workshop cum Storage Area (25 years) / For Office and Factory Operations	39,250 / 15,750 square metres (12 June 1995)	12,362,087 (Within Property, Plant and Equipment)
2.	Lot No. 23-C, Jalan Gebeng 1/1, Kawasan Perindustrian Gebeng, 26080 Kuantan, Pahang (HS(D) No. 18127, PT No. 7533, Mukim Sungai Karang, Daerah Kuantan, Pahang)	Leasehold 66 years expiring on 23 August 2064	Four (4) Single-Storey Detached Factory/ Workshop cum Storage Area (17 years) / For Factory Operations	26,110 / 9,000 square metres (8 June 2003)	8,506,695 (Within Property, Plant and Equipment)
3.	Lot No. 540, Jalan TUDM, Kampung Baru Subang, 40150 Shah Alam, Selangor (HS(D) No. 116988, PT No. 540, Mukim Pekan Subang, Daerah Petaling, Selangor)	Leasehold 60 years expiring on 13 January 2058	Three (3) Storey Office Building, Two (2) Single-Storey Detached Factory/Workshop cum Storage Area (16 years) / For Office and Factory Operations	8,094 / 4,597 square metres (29 March 2004)	7,364,605 (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 66 years expiring on 26 May 2064	Five (5) Contiguous Open Sided Single-Storey Detached Factory/Workshop cum Storage Area (11 year) / For Factory Operations	71,050 / 16,750 square metres (*29 February 2009)	25,983,376 (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 (20 years) / For Office and Factory Operations	2,000 / 3,000 square feet 11 August 2000	516,600 (Within Property, Plant and Equipment)

ANALYSIS OF SHAREHOLDINGS

As at 4 January 2021

Issued and Paid-up Share Capital	110,844,802 ordinary shares (excluding 2,030,200 shares bought-back)
Class of Sahres	Ordinary Shares
Voting Rights	One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	1,957	49.44	71,230	0.06
100 to 1,000	903	22.81	374,340	0.34
1,001 to 10,000	687	17.36	3,367,685	3.04
10,001 to 100,000	337	8.51	10,959,857	9.89
100,001 to 5,542,239 (less than 5% of the issued shares)	72	1.82	44,172,981	39.85
5,542,240 and above (5% and above of issued shares)	2	0.05	51,898,709	46.82
Total	3,958	99.99	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 4.1.2021

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

	Name	No. of Shares Held	%
1	Ikram Pintas Sdn Bhd	35,993,215	32.47
2	Yap Swee Sang	15,905,494	14.35
3	Lim Hong Liang	4,258,500	3.84
4	CIMB Group Nominees (ASING) Sdn Bhd Exempt An for DBS Bank Ltd	4,064,600	3.67
5	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Lim Hong Liang	3,500,000	3.16
6	Tan Ming Sheng	2,728,600	2.46
7	Lim Hong Liang	2,207,800	1.99
8	Tan Ming Chieh	2,063,700	1.86
9	Rosley Bin Abdul Rahman	1,487,007	1.34
10	RHB Nominees (Tempatan) Sdn Bhd Pledged securities Account for Ong Kok Thye	1,407,500	1.27

Analysis of Shareholdings
As at 4 January 2021)
(cont'd)

LIST OF THIRTY (30) LARGEST SHAREHOLDERS (continued)

	Name	No. of Shares Held	%
11	Enisah Binti Baharuddin	1,386,000	1.25
12	Teh Teck Tee	1,187,700	1.07
13	Lee Boon Imm	1,138,000	1.03
14	Yeo Seo Hwa	1,000,500	0.90
15	Citigroup Nominees (Tempatan) Sdn Bhd Exempt An for Bank of Singapore Limited	1,000,000	0.90
16	Yu Kim Lung	1,000,000	0.90
17	Kenanga Nominees (Asing) Sdn. Bhd. Exempt AN for Phillip Securities Pte Ltd	974,300	0.88
18	Cheong Boon Yu	824,157	0.74
19	CGS-CIMB Nominees (Asing) Sdn Bhd Exempt An for CGS-CIMB Securities (Singapore) Pte Ltd	743,000	0.67
20	Gan Chin Boon	725,157	0.65
21	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teh Teck Tee	701,600	0.63
22	Rare Presitige Sdn Bhd	616,569	0.56
23	Wong Than Loy	572,200	0.52
24	Chee Chin Seng	500,000	0.45
25	Lim Pin Kong	500,000	0.45
26	Yap Nyok Leen	487,400	0.44
27	Public Nominees (Tempatan) Sdn Bhd Pledged securities Account for Sim Leck Seng	402,500	0.36
28	Public Invest Nominees (Asing) Sdn Bhd Exempt AN for Phillip Securities Pte Ltd	387,700	0.35
29	Goh Siang Kuan	371,496	0.34
30	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Kim Huat	300,000	0.27

Analysis of Shareholdings
As at 4 January 2021)
(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

	No. of Ordinary Shares Held					
Name	**Direct**	**%**	**Indirect**	**%**	**Total**	**%**
Yap Kow @ Yap Kim Fah	0	0.00	51,898,709	46.82	51,898,709	46.82
Tan Teng Khuan	244,095	0.22	0	0.00	224,095	0.22
Lim Hong Liang	9,966,300	8.99	616,569	0.56	10,582,869	9.55
Datuk Yap Kau @ Yap Yeow Ho	0	0.00	163,200	0.15	163,200	0.15
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	15,905,494	14.35	35,993,215	32.47	51,898,709	46.82
Yap Puhui Lin	163,200	0.15	0	0.00	163,200	0.15
Chief Executive Officer						
Yap Swee Sang	15,905,494	14.35	35,993,215	32.47	51,898,709	46.82

Note:

Excluding a total of 2,030,200 ordinary shares bought-back by APB and retained as treasury shares as at 4.1.2021

SUBSTANTIAL SHAREHOLDERS BASED ON THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

		No. of Ordinary Shares Held					
Name	**Note**	**Direct**	**%**	**Indirect**	**%**	**Total**	**%**
Yap Swee Sang	1	15,905,494	14.35	35,993,215	32.47	51,898,709	46.82
Lim Hong Liang	2	9,966,300	8.99	616,569	0.56	10,582,869	9.55
Ikram Pintas Sdn. Bhd.		35,993,215	32.47	0	0.00	35,993,215	32.47

Notes:

(1) Deemed interested by virtue of his shareholdings in Ikram Pintas 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 4.1.2021

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Nineteenth Annual General Meeting ("AGM") of APB Resources Berhad ("the Company") will be conducted fully virtual through live streaming from the Broadcast Venue at Lot 9-11 Menara Sentral Vista, No. 150, Jalan Sultan Abdul Samad, Brickfields, 50470 Kuala Lumpur on Thursday, 25 February 2021 at 2.30 p.m. to transact the following businesses:

Ordinary Business

1 To receive the Audited Financial Statements of the Company for the year ended 30 September 2020 together with the Reports of the Directors and Auditors thereon.
Please refer to Explanatory Note 10

2 To approve payment of Directors' fees for the year ended 30 September 2020. Resolution 1

3 To re-elect Mr. Tan Teng Khuan, the Director who retires in accordance with Article 119 of the Company's Constitution and, being eligible, offers himself for re-election. Resolution 2

4 To re-elect Datuk Yap Kau @ Yap Yeow Ho, the Director who retires in accordance with Article 119 of the Company's Constitution and, being eligible, offers himself for re-election. Resolution 3

5 To re-elect Ms. Lim Kwee Yong, the Director who retires in accordance with Article 123 of the Company's Constitution and, being eligible, offer herself for re-election. Resolution 4

6 To re-appoint Baker Tilly Monteiro Heng PLT having consented to act, as Auditors of the Company, to hold office until the conclusion of the next Annual General Meeting and to authorize the Directors to fix their remuneration. Resolution 5

Special Businesses

7 **Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions** Resolution 6

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

"THAT the Company and /or its subsidiaries (the "Group") be hereby authorized to enter into recurrent related party transactions of a revenue or trading nature as specified in Section 2.4 of the Circular to Shareholders dated 27 January 2021, provided that such arrangements and/or transactions which are necessary for the Group's day-to-day operations are undertaken in the ordinary course of business of the Group on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not detrimental to the minority shareholders of the Company AND THAT such approval shall continue to be in force until:

(a) the conclusion of the next Annual General Meeting of the Company following this Annual General Meeting at which such mandate is passed at which time it will lapse, unless by a resolution passed at such general meeting whereby the authority is renewed; or

(b) the expiration of the period within which the next Annual General Meeting of the Company after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or

(c) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is the earlier;

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

Notice of Nineteenth Annual General Meeting
(cont'd)

8 **Proposed Renewable of Authority to the Company to Purchase its Own Shares** Resolution 7

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

"THAT subject to the Companies Act 2016, the Company's Constitution, the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad (the "Bursa") or any other regulatory authorities and all other prevailing laws, rules, regulations and orders issued and/or amended from time to time by the relevant authorities, the Directors be and is hereby authorized to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time on the market of the Bursa upon such terms and conditions as the Directors may deem fit in the interest of the Company PROVIDED THAT:

(a) the aggregate number of ordinary shares in the Company (the "Company's Shares") which may be purchased and/or held by the Company as treasury shares shall not exceed ten percent (10%) of the total issued and paid-up share capital of the Company for the time being;

(b) the maximum funds to be allocated by the Company for the purpose of purchasing the Company's Shares shall not exceed the Company's total audited retained profits at the time of the said purchase(s).

(c) the authority conferred by this resolution of the Company shall commence immediately upon passing of this resolution until:

   (i) the conclusion of the next Annual General Meeting of the Company following this Annual General Meeting at which such mandate is passed at which time it will lapse, unless by a resolution passed at such general meeting whereby the authority is renewed; or

   (ii) the expiration of the period within which the next Annual General Meeting of the Company after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or

   (iii) revoked or varied by resolution passed by the shareholders in a general meeting;

whichever is the earlier; and

AND THAT upon completion of the purchase(s) of the Company's Shares by the Company, the Directors of the Company be and are hereby authorized to deal with the shares purchased in their absolute discretion in the following manner:

(i) cancel the Company's Shares so purchased and/or

(ii) retain the Company's Shares so purchased as treasury shares for distribution as dividend to the shareholders or resell on the market of Bursa and/or

(iii) retain part of the Company's Shares so purchased as treasury shares and cancel the remainder and/or

(iv) in any other manner as prescribed by the Companies Act 2016, the Bursa Main Market Listing Requirements and any other relevant authorities for the time being in force.

AND THAT the Directors of the Company be and are hereby authorized and empowered to do all acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to implement, finalize or to effect the purchase(s) of the Company's Shares with full powers to assent to any conditions, modifications, variations and/or amendments as may be required or imposed by the relevant authorities."

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

Notice of Nineteenth Annual General Meeting
(cont'd)

BY ORDER OF THE BOARD

CHEOK KIM CHEE
MACS 00139
SSM PC No. 201908001023
Secretary
Kuala Lumpur
27 January 2021

Notes to the Notice of Nineteenth Annual General Meeting:

1 The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia which require the Chairman of the meeting to be present at the main venue of meeting.

2 Members/proxies/corporate representatives WILL NOT BE ALLOWED to attend the Nineteenth AGM in person at the Broadcast Venue on the day of the meeting.

3 Members are to attend, speak (including posing questions to the Board via real time submission of typed text(s) and vote (collectively, "participate") remotely at the Nineteenth AGM via the Remote Participation and Voting Facilities ("RPV") provided by Dvote Services Sdn. Bhd. via its Online website at https://Dvote.my Please follow the procedures for RPV provided in the Administrative Guide for the Nineteenth AGM.

4 The instrument appointing a proxy must be deposited to the Company's Poll Administrator, Dvote Services Sdn. Bhd. at Lot 9-7, Menara Sentral Vista, No. 150 Jalan Sultan Abdul Samad, Brickfields, 50470 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the AGM or any adjournment thereof.

5 A member of the Company entitled to attend and vote at this meeting is entitled to appoint not more than two (2) proxies to attend and vote instead of him. A proxy may but need not be a member of the Company. 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.

6 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, under the corporation's common seal or under the hand of an officer or attorney duly authorized.

7 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.

8 A member who has appointed a proxy or attorney or corpoate representative to attend and vote at this AGM must request his/her proxy or attorney or corproate representative to register himself/herself for RPV at Dvote Online website at https://Dvote.my Please follow procedures for RPV in the Administrative Guide of this AGM.

9 Last date and time for lodging proxy form is Tuesday, 23 February 2021 at 2.30 p.m.

10 **Agenda 1**

Agenda 1 is to table the Audited Financial Statements pursuant to the provision of Section 340(1)(a) of the Companeis Act 2016 for discussion only. They do not require a formal approval and/or adoption by the shareholders of the Company and hence, will not put forward for voting.

11 **Proposed ordinary resolution 1**

Proposed ordinary resolution 1 is to approve the Directors' fees. Section 230(1) of the Companies Act 2016 provides that the fees payable to the directors of a public company; or of a listed company and its subsidiaries shall be approved at a general meeting.

Notice of Nineteenth Annual General Meeting
(cont'd)

Notes to the Notice of Nineteenth Annual General Meeting: (continued)

12 **Proposed Ordinary Resolution 2, 3 and 4**

The Nominating Committee of the Company has assessed the performance and contribution of Mr. Tan Teng Khuan, Datuk Yap Kau @ Yap Yeow Ho and Ms. Lim Kwee Yong and recommended for their re-appointment. The Board has endorsed the Nominating Committee's recommendation that they be re-appoint as Directors of the Company.

13 **Proposed Ordinary Resolution 5**

The Audit Committee undertook an annual assessment of the suitability and independence of Baker Tilly Monteiro Heng PLT, the Independent Auditors. In the assessment, the Audit Committee considered several factors including the following:

(a) their performance and quality of work;
(b) experience and competency of professional staff assigned to the audit;
(c) adequacy of resources;
(d) independence
(e) level of non-audit services rendered to the Group

The Audit Committee is satisfied with the suitability of Baker Tilly Monteiro Heng PLT in term of quality of audit, performance, competency, sufficiency of resources and independence and recommend to the Board to seek the approval of the shareholders at the forthcoming Nineteenth Annual General Meeting. The Board approved the Audit Committee's recommendation.

Explanatory notes on Special Business:-

14 **Ordinary Resolution 6 - Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading Nature**

Please refer to the Circular to Shareholders dated 27 January 2021.

15 **Ordinary Resolution 7 - Proposed Renewable of Authority to the Company to Purchase its Own Shares**

Please refer to the Circular to Shareholders dated 27 January 2021.

Members Entitled to Attend Nineteenth Annual General Meeting

For the purpose of determining a member who shall be entitled to attend and vote at the forthcoming Nineteenth Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 17 February 2021. Only a depositor whose name appears on the Record of Depostors as at 17 February 2021 shall be entitled to attend and vote at the said meeting or appoint proxies to attend and/or vote on his/her hehalf.

Annual Report 2020

The Annual Report 2020 is available on the Company's website at www.apb-resources.com and able to view from the Bursa Malaysia Securities Berthed's website at www.bursamalaysia.com.

A full version of the Annual Report in print form shall be provided to shareholders within four (4) market days from the date of receipt of the written request. Shareholders who wish to receive the full version of the Annual Report 2020 in printed form kindly send the duly completed form to the Company's Share Registrar at Boardroom Share Registrars Sdn. Bhd., 11th Floor, Menara Symphony, No.5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan.

Voting

Pursuant to Paragraph 8.29A(1) of the Main Market Lisiting Requirments of Bursa Malaysia Securities Berahd, all resolutions set out in this Notice will be put to vote by way of a poll. Poll Administrator and Independent Scrutineer will be appointed respectively to conduct polling voting process and to verify the results of the poll.

Notice of Nineteenth Annual General Meeting
(cont'd)

Personal Data Privacy

By submitting an instrument appointing a proxy/proxies and/or representative(s) to attend, speak and vote at the forthcoming Nineteenth Annual General Meeting and/or any adjournment thereof, a member of the Company:

1 consent to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and adminstration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes");

2 warrants that where the member discloses the personal data of the member's proxy/proxies and/or representative(s) to the Company (or its agents) the member has obtained the prior consent of such proxy/proxies) and/or prepresentative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy/proxies and/or representative(s) for the Purposes; and

3 agrees that the member will indemnify the Company in respect of any penalties, cliams, demands, losses and damages as a result of the member's breach of warranty.

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 Details of individuals who are standing for election as Directors

No individual is seeking for election as Director at the forthcoming Nineteenth Annual General Meeting.

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 - 7846 1389
Fax : 603 - 7846 3795
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 - 7846 1389
Fax : 603 - 7846 3795
Email : amcsubg@amcsb.com.my
Website : www.amcsb.com.my

Branch - Kuantan
Lot 109B, Kawasan Perindustrian Gebeng, 26080 Kuantan, Pahang Darul Makmur.
Tel : 609 - 585 8888
Fax : 609 - 585 8892
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 -5121 5951
Fax : 603 -5121 2906
Email : prescan@pd.jaring.my

Branch - Kuantan
A31, Tingkat 1, Jalan Gebeng 2/6, 26080 Kuantan, Pahang Darul Makmur.
Tel/Fax : 609 - 583 4457

FORM OF PROXY

CDS Account No.

No. of ordinary shares held

APB RESOURCES

* I/We ....NRIC/Passport/Company 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/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Full Address			

and/or failing him/her

Second Proxy

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

or failing him/her the Chairman of the Meeting as *my/our proxy to attend and vote for *me/us and on *my/our behalf at the Nineteenth Annual General Meeting of the Company, to be held on Thursday, 25 February 2021 at 2.30 p.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 approve payment of Directors' fees	1		
2	To re-elect Mr. Tan Teng Khuan as Director	2		
3	To re-elect Datuk Yap Kau @ Yap Yeow Ho	3		
3	To re-elect Ms. Lim Kwee Yong as Director	4		
4	To re-appoint Auditors	5		
5	Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature	6		
6	Proposed Renewable of Authority to the Company to Purchase its own Shares	7		

Signed this _________ day of _______________ 2021

____
Signature of Member

Notes

1 The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia.

2 Members/proxies/corporate representatives WILL NOT BE ALLOWED to attend the Nineteenth AGM in person at the Broadcast Venue on the day of the meeting.

3 Members are to attend, speak (including posing questions to the Board via real time submission of typed text(s) and vote (collectively, "participate") remotely at the Nineteenth AGM via the Remote Participation and Voting Facilities ("RPV") provided by Dvote Services Sdn. Bhd. via its Online website at https://Dvote.my Please follow the procedures for RPV provided in the Administrative Guide for the Nineteenth AGM.

4 The original copy of the instrument appointing a proxy must be deposited to the Company's Poll Administrator, Dvote Services Sdn. Bhd at Lot 9-7 Menara Sentral Vista, No. 150, Jalan Sultan Abdul Samad, Brickfields, 50470 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the AGM or any adjournment thereon. Scan or fax copy of the proxy forms are not acceptable.

5 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. 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.

6 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, under the corporation's common seal or under the hand of an officer or attorney duly authorized.

7 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.

Notes (continued)

8 A member who has appointed a proxy or attorney or corpoate representative to attend and vote at this AGM must request his/her proxy or attorney or corproate representative to register himself/herself for RPV at Dvote Online website at https://Dvote.my Please follow procedures for RPV in the Administrative Guide of this AGM.

9 Last date and time for lodging proxy form is Tuesday, 23 February 2021 at 2.30 p.m.

10 Voting at the forthcoming Nineteenth Annual General Meeting of the Company will be conducted by poll. Poll Administrator and Independent Scrutineer will be appointed respectively to conduct polling-voting process and to verify the results of the poll.

11 Only members whose names appear on the Record of Depositors on 17 February 2021 (General Meeting Record of Depositors) shall be eligible to attend, speak and vote at the Meeting or appoint proxy to attend and/or vote on his behalf.

Personal Data Privacy

By submitting an instrument appointing a proxy and/or representative, the member accepts and agrees to the personal data privacy terms set out in the Notice of the Nineteenth Annual General Meeting dated 27 January 2021.

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AFFIX
STAMP

DVOTE SERVICES SDN. BHD.
(Registration No. 201701006322 (1220487-P))

Lot 9-7 Menara Sentral Vista
No. 150 Jalan Sultan Abdul Samad
Brickfields, 50470 Kuala Lumpur

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Fold This Flap For Sealing

APB RESOURCES BERHAD
Registration No. 200101029080 (564838-V)

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

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