APB RESOURCES

APB RESOURCES BERHAD

(Company No. 200101029080 (564838-V))

2019

annual report

APB RESOURCES

2019 ANNUAL REPORT



CONTENTS

• APB RESOURCES BERHAD •

• 2019 •

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
Mak Fong Ching (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

Mak Fong Ching (Ms.) - Chairperson
Chua Chia Cheng @ Chua Chia Kwee
Datuk Yap Kau @ Yap Yeow Ho

NOMINATION COMMITTEE

Mak Fong Ching (Ms.) - Chairperson
Chua Chia Cheng @ Chua Chia Kwee
Lim Hong Liang

REMUNERATION COMMITTEE

Chua Chia Cheng @ Chua Chia Kwee - Chairman
Mak Fong Ching (Ms.)
Yap Kow @ Yap Kim Fah

RISK MANAGEMENT COMMITTEE

Chua Chia Cheng @ Chua Chia Kwee - Chairman
Mak Fong Ching (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.
(Company 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

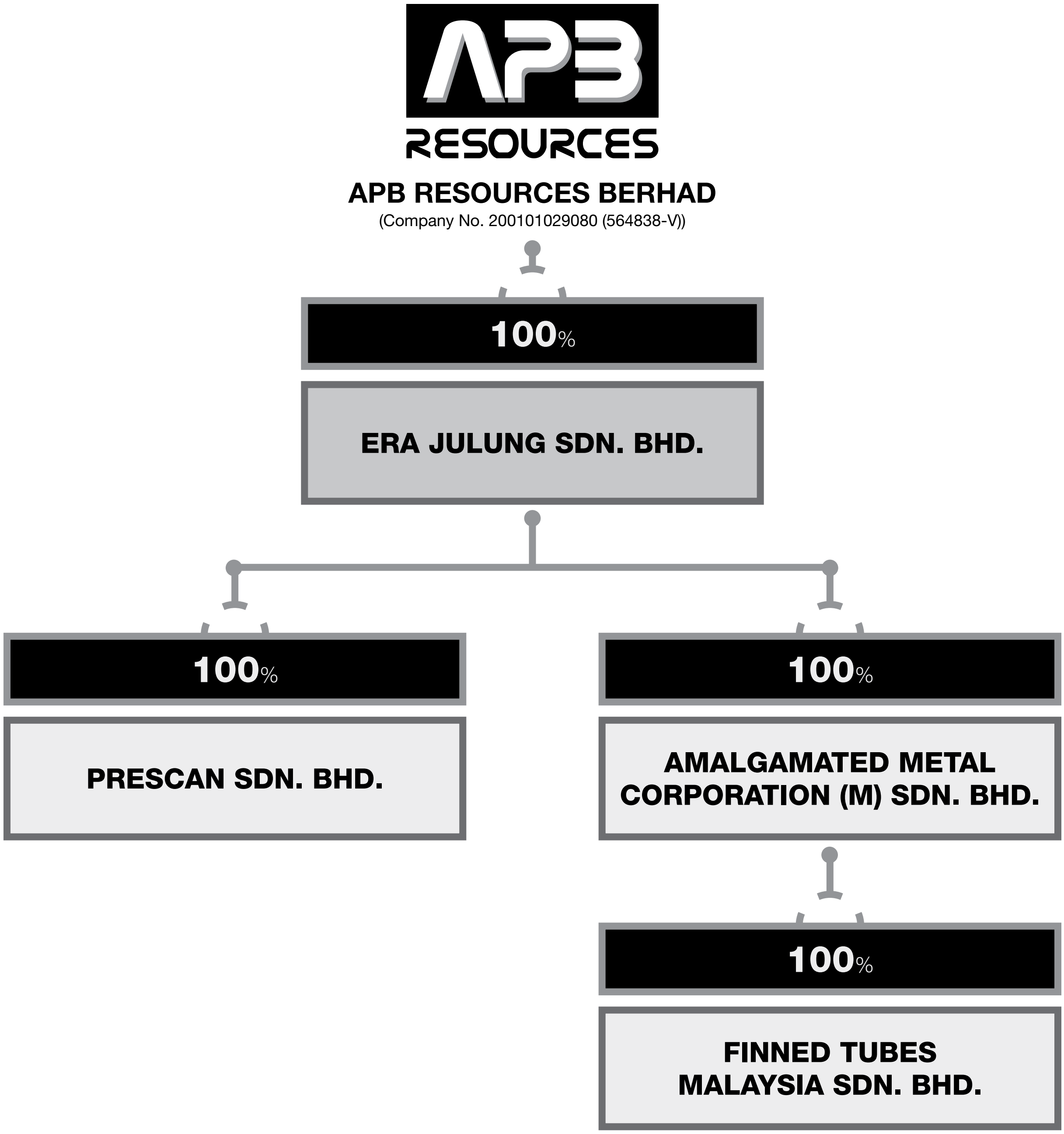
REGISTERED OFFICE

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**



DIRECTOR'S **PROFILE**

Yap Kow @ Yap Kim Fah

Non-Independent
Non-ExecutiveDirector / Chairman

Age 74, 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 76, Male, Malaysia

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.

Director's Profile
(cont'd)

Tan Teng Khuan

Chief Operating Officer / Executive Director

Age 63, 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 60, 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.

Director's Profile

(cont'd)

Mak Fong Ching

Independent Non-Executive Director

Age 63, Female, Malaysian

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

Ms. Mak was appointed to the Board on 27 January 2004. She is the Chairman of Audit Committee and a member of Nomination and Remuneration Committee.

She is not a director of any other public company.

Chua Chia Cheng @
Chua Chia Kwee

Independent Non-Executive Director

Age 66, 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.

He is not a director of any public company.

Yap Swee Sang

Alternate Director to Yap Kow @
Yap Kim Fah

Age 43, 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.

He is not a director of any other public company.

Director's Profile
(cont'd)

Yap Puhui Lin

Alternate Director to Datuk Yap Kau @ Yap Yeow Ho

Age 50, 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 29 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 2019.

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

Age 43, Male, Malaysian

Chief Executive Officer / Key Senior Management

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

Age 50, Male, Malaysian

General Manager of subsidiary – Amalgamated Metal Corporation (M) Sdn. Bhd.

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

Age 63, Male, Malaysian

Director of subsidiary – Prescan Sdn. Bhd.

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

Age 60, Male, Malaysian

Director of subsidiary – Prescan Sdn. Bhd.

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

Age 44, Female, Malaysian

Group Finance Manager

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 29 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 2019.

CHAIRMAN'S **STATEMENT**

Dear Valued Shareholders

On behalf of the Board of Directors, I have the pleasure of presenting the annual report and financial statements of APB Resources Berhad and its subsidiary Companies ("Group") for the financial year ended 30 September 2019.

PERFORMANCE REVIEW

What an eventful year 2019 turned out to be. The headlines have been dictated mostly by the US-China trade war, potential US recession, US interest rates cuts, Brexit mania, outbreaks of protests from Chile to Hong Kong and geopolitical tension in the Middle East. No country in the Asian region in particular has escaped the US-China trade war, with growth in trade slowing and investment in limbo as the outlook was blurred as China was slowing. This uncertain macroeconomic environment was a further dampener on the already weak process equipment industry which has been struggling for the past few years.

For the most part of the year, the Group continued to endure a very competitive operating environment with low availability of projects and margins were also squeezed. Demand remained weak as major end-users of process equipment were still holding back capital expenditure as commodity prices especially crude oil and gas have yet to sustain a strong recovery. The much anticipated recovery of the oleo-chemical sector did not quite happen as crude palm prices remained soft for the most part of the year. Notwithstanding the challenges, some positive signs emerged towards the later part of the financial year. There are more enquiries and the Group participation in tenders has also been increasing.

For the financial year ended September 2019, revenue dropped by 12.5% mainly due to the weak and competitive environment. As a result, the Group managed to register an after taxation loss of RM1.2 million against an after taxation loss of RM17.7 million for the financial year ended September 2018. This was largely due to the absence of a one-off impairment loss on goodwill of RM13.5 million in 2018 which arose from its listing exercise in 2004.

The Group derived 94% of its revenue from the fabrication division for the financial year ended 30 September 2019. During the year, sharp decline in capital expenditure occurred across all sectors with the oil & gas and the petro-chemical worst hit. The Non-Destructive Testing division registered a similar profit as the prior year.

The Group's financial position remains healthy with a net cash position of RM61 million or net cash per share of 55 sen as at 30 September 2019.

PROSPECTS

Most of year 2019 was dogged by trade tensions and political risk that hammered business confidence. The outlook for global growth will enter year 2020 arguably on a slightly firmer footing after the US and China struck a partial trade deal and the prognosis for Brexit cleared somewhat. However, most economists are forecasting 2020 as a year of consolidation rather than recovery particularly as the G3 economies (the US, Japan and eurozone) and China are expecting a slowdown for next year. China's economy is expected to record slower growth next year amid weaker domestic consumption and investment demand. Geopolitically, the Middle East and the Korean peninsula remain the hotspots going forward.

The phrase one deal between the US and China means some of the dire scenarios being contemplated a few months ago now appear less likely. Nevertheless, the trade deal leaves many complicated issues unresolved, paving the way for fresh clashes as Trump runs for re-election in November 2020. A breakdown in talks and higher tariffs are still a possibility given how past agreements have broken down. With this overhanging cloud of uncertainty, Asian economies could see a prolonged bottoming-out process without a firm recovery in China and the G3 economies. The exceptions are Vietnam which is benefiting from relocation of the supply chain arising from the US and China trade war, and Indonesia which is expecting rising capital investments (both local and foreign) arising from the strong re-election mandate of the Jokowi government in year 2019.

Chairman's Statement
(cont'd)

PROSPECTS (continued)

Notwithstanding the global economic outlook, the process equipment market recovery principally hinges on significant pick-ups in capital expenditure for the various major sub-sectors, namely; petro-chemical, oleo-chemical, oil & gas, and energy. The relatively strong global economic growth over the past couple of years has boosted demand particularly in commodities. We can expect a lag of at least one to two years before this translates into higher capital expenditure to expand production capacities. Moreover, the present excess capacity overhang has gradually been absorbed by increasing demand.

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. We reckon that both upstream and downstream oil & gas sector may have just passed the tough of the down cycle and the major players would be starting to look at expanding capacity again, although initially at moderate pace. India is currently experiencing strong exploration and production activities. Some positive signs are evident in Vietnam and Indonesia. The recent announcement by Petroliam Nasional Berhad (PETRONAS) that it plans to award more jobs in the oil & gas downstream sectors in the next three years is encouraging, although margins are expected to be relatively thin.

The Group has built a very strong reputation as a process equipment fabricator for the oleo-chemical industry. The soft crude palm oil prices and the high stock piles have undermined capital expenditure for downstream processing capacity for the past couple of years. However, crude palm prices have staged a strong recovery coming from lower production due to poor weather, robust food demand and more importantly increasing biodiesel mandates. The market is optimistic about the introduction of policy mandates on biodiesel from B20 to B30 in Indonesia and from B10 to B20 in Malaysia. 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 costs cutting and innovating to stay efficient. 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 a consolidation which would result in a smaller playing field and a shrunk overall fabricating capacity. This would be a positive and present renewed opportunities for the surviving operators, like our 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 capitalize 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.

DIVIDEND

The Board does not recommend any dividend for the year ended 30 September 2019.

ACKNOWLEDGEMENT

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

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

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

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 Behad ("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.

Sustainability Statement
(cont'd)

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.

(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.

STATEMENT ON **CORPORATE GOVERNANCE**

The Board of APB Resources Berhad (the "Company") fully supports the recommendation of the Malaysian Code on Corporate Governance 2017 (the ("Code") issued by the Securities Commission of Malaysia and the corporate governance requirements of the Main Market Listing Requirements (the "MMLR") of Bursa Malaysia Securities Berhad (the "Bursa") which sets out the principles and recommendation for good corporate governance and best practices for listed corporations.

The Board is committed to apply to the best of its ability the recommendation and principles of the Code in ensuring and maintaining that good corporate governance is practised throughout the Group to effectively discharge its duties and responsibilities to protect the Group's assets, promote sustainability results and enhance shareholders' value and those of other stakeholders.

The Board is pleased to report its Statement on Corporate Governance which sets out the extent of the Group's compliance with the recommendation of the Code for the financial year ended 30 September 2019. The detailed disclosure on how the Group had applied the principles and practices as set out in the Code can be found in the Corporate Governance Report.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

1 BOARD RESPONSIBILITIES

The Company is led by a Board which is primarily responsible for determining the strategic direction and sustainable goals of the Group, maintaining effective control over management, oversight and monitoring the overall conduct and performance of the Group's business and promoting ethical business throughout the Group. The Board also reviews strategies, budgets, risk management, operations and the performance of the Group. The Board recognises the importance of good corporate governance and applies the Practices as set out in the Code and MMLR to enhance business prosperity and maximize shareholders' value.

Key Responsibilities of the Chairman

The Board is led by the Chairman, Mr. Yap Kow @ Yap Kim Fah. During his absence, his alternate, Mr. Yap Swee Sang acts as the Chairman. The Chairman is primarily responsible for:

- Leading the Board in the oversight of management;
- Setting the Board agenda with the Company Secretary for each meeting scheduled, and ensuring that the Board members are given enough time for discussion of all agenda item;
- Leading the Board meetings and discussions in an effective manner and instilling the culture of openness and debate manner at the Board;
- Ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole;
- Ensuring effective function of the Board, overseeing and facilitating the Board, Committee and Board members evaluation reviews and succession planning alongside the Chairman of the Nomination Committee;
- Leading the Board in establishing and monitoring good corporate governance practice in the Company;
- Guiding and mediating Board actions with respect to organizational priorities and governance concerns; and
- Performing other responsibilities assigned by the Board from time to time.

Statement on Corporate Governance
(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

1 BOARD RESPONSIBILITIES (continued)

Separation of Functions of the Chairman and the 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 Executive and Non-Executive 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.

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 a qualified, experienced and competent Company Secretary. The Company Secretary plays an important advisory role to the Board and takes charge of ensuring overall compliance with the MMLR and Companies Act 2016, and other relevant laws and regulations.

The Company Secretary also organises and attends Board Meetings and Board Committee Meetings and give accurate and proper records on issues discussed, decisions made and conclusion taken at the Meetings.

The Company Secretary maintains all secretarial and statutory records. The Board has unrestricted access to the advice and service of the Company Secretary.

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 to Board Members

Prior to Board Meetings, all Directors are provided with sufficient and timely information to enable the Directors to discharge their duties effectively. Board papers are furnished to the Board Members in advance of each meeting.

The Directors also have direct access to the advice and services of the Group Internal Audit and Risk Department and Company Secretary in addition to other members of 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.

Statement on Corporate Governance
(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

1 BOARD RESPONSIBILITIES (continued)

Board Charter

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

Directors' Ethics and Code of Conduct

The Board has adopted a Code of Ethics and Conduct which 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 employees. The Code of Conduct lines up the fundamental policies of Health, Safety and Environmental Protection, Sexual Harassment, Accounting Standards and Records and Employee Conduct Expectation.

Whistleblowing

The Company has established a formal written policy and procedure on whistleblowing, 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.

2 BOARD COMPOSITION

Board Balance

There are six (6) members on the Board, comprising the Non-Independent Non-Executive Chairman, one (1) Executive Director, two (2) Non-Independent Non-Executive Directors and two (2) Independent Non-Executive Directors. The Board is therefore, not in compliance with Practice 4.1 of the Code which recommended at least half of the Board to comprise independent directors.

The composition is fairly balance and mix in terms of skills and experience, which is valuable in formulating the strategic direction of the Group.

Diversity

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

The Company does not have a formalized board gender diversity policy. The issues of diversity will be given prominence by the Nomination Committee and the Board.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

2 BOARD COMPOSITION (continued)

Board Meetings

The Board meets at least 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. In the event Directors are unable to attend Board Meetings physically, the Company's Constitution allow for such meetings to be conducted via telephone, video conference or any other form of electronic or digital communication.

The Board is satisfied with the level of commitments given by the Directors towards fulfilling their roles and responsibilities as Directors of the Group.

For the financial year ended 30 September 2019, the Board has held five (5) meetings. Details of Board meeting attendances during the financial year are as follows:

Name of Directors	Designation	Number of Meetings Attended
Yap Kow @ Yap Kim Fah by his Alternate, Yap Swee Sang	Non-Independent Non- Executive - Chairman	5 / 5
Tan Teng Khuan	Chief Operating Officer and Executive Director	5 / 5
Lim Hong Liang	Non- Independent Non-Executive Director	5 / 5
Datuk Yap Kau @ Yap Yeow Ho	Non-Independent Non-Executive Director	5 / 5
Mak Fong Ching (Ms.)	Independent Non-Executive Director	5 / 5
Chua Chia Cheng @ Chua Chia Kwee	Independent Non-Executive Director	3 / 3

Appointment to the Board

The Board has established the Nomination Committee to identify, assess and recommend suitable candidates to be appointed as director. In identifying and assessing the suitability of the 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 them to the Board for appointment.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

2 BOARD COMPOSITION (continued)

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 Eighteenth Annual General Meeting have confirmed offering themselves for re-election:

Lim Hong Liang
Chua Chia Cheng @ Chua Chia Kwee

Board Committee

The Board had established four (4) Board Committees, namely Audit Committee, Nomination Committee, Remuneration Committee and Risk Management Committee.

Audit Committee

Audit Committee is to assist the Board in reviewing, challenging and asking questions on Company's financial reports and reporting processes, risk management and governance. The Internal Audit function reports directly to the Audit Committee.

The Terms of Reference of Audit Committee can be found on the Board Charter.

The composition, summary of activities and attendance of members of Audit Committee can be found in Audit Committee Report.

Nomination Committee

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

Members of Nomination Committee

NC comprises of two (2) Independent Non-Executive Director and one (1) Non-Independent Non-Executive Director.

Name	Designation	Directorship
Mak Fong Ching (Ms.)	Chairman	Independent Non-Executive Director
Chua Chia Cheng @ Chua Chia Kwee	Member	Independent Non-Executive Director
Lim Hong Liang	Member	Non-Independent Non-Executive Director

Statement on Corporate Governance

(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

2 BOARD COMPOSITION (continued)

Nomination Committee Meetings

For the financial year ended 30 September 2019, the Nomination Committee held one (1) meeting and attended by all Members of Nomination Committee.

Appointment of New Directors

The process for the appointment of new director is summarized as below:

(a) Identification of candidate (recommendation from existing Directors, Senior Management, shareholders or third party)

(b) Assessment and evaluation to be conducted by NC basing on the following criteria:

(i) Integrity and judgement
(ii) Knowledge
(iii) Diversity
(iv) Commitment
(v) Independent judgment
(vi) Performance and contribution
(vii) Experience
(viii) Board interaction
(ix) Any other criteria deemed fit by NC

For an independent director position, additional assessment on independence would need to be carried out. NC would also need to consider the size and composition of the Board.

(c) Recommendation to be made by NC to the Board

(d) Discussion and decision to be made by the Board on the proposed new appointment

(e) Invitation or offer to be made to the proposed/potential candidate to join the Board, if the proposed appointment is approved by the Board.

The Group is committed to actively managing diversity as a means of enhancing the Group's performance by recognizing and utilizing the contribution of diverse skills and talent from its directors. Diversity involves recognizing and valuing the unique contribution people can make because of their individual background and different skills, experiences and perspectives.

To achieve diversity, the Board delegated to NC 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 NC also responsible for reviewing and assessing the composition and performance of the Board, as well as identifying appropriately qualified persons to occupy Board positions. The NC should consider the benefits of diversity in order to maintain an optimum mix of skills, knowledge and experience of the Board members when identifying and recommending potential candidates for Board memberships.

During the financial year, Chua Chia Cheng @ Chua Chia Kwee was appointed as Independent Non-Executive Director.

Statement on Corporate Governance
(cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

2 BOARD COMPOSITION (continued)

Annual Assessment of Directors

The process for the annual assessment and its criteria in respect of the Board and Board Committees, Directors and Board Committee members is summarized as below:

The Board, through its delegation to NC, had implemented a procedure and process towards an annual assessment of the effectiveness of the Board as a whole and the contribution and performance of each individual Director and Board Committee member during the financial year 2019. Assessments were undertaken in respect of the year ended 30 September 2019 and have been concluded and properly recorded. The effectiveness of the Board is assessed mainly in the areas of participation and role in the Board's committee, contribution and number of meetings attended. The Committee has also reviewed the required mix of skills and competencies of the Directors during the year.

The Committee concluded that the composition of the mix of skills, experience and competencies of the Directors during the year was adequate to support the current needs of the Group.

Review of Directors proposed for re-election/re-appointment

NC is responsible for recommending to the Board those Directors who are eligible to stand for re-election/re-appointment.

This recommendation is based on formal reviews of the performance of the Directors, taking into account their assessment results, contribution to the Board through their skills, experience, strengths and qualities and ability to act in the best interests of the Company in decision-making.

NC reviews the performance of the retiring directors and is satisfied with their performance and contribution, recommend to the Board to nominate them for re-election at the forthcoming Eighteenth Annual General Meeting.

During the financial year ended 30 September 2019, the Nomination Committee held one (1) meeting.

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 2019, the Directors had attended the following trainings/seminars:

Name of Director	Trainings/Seminars Attended
Yap Kow @ Yap Kim Fah	- The New Anti-Corruption Law Affects You
Datuk Yap Kau @ Yap Yeow Ho	- The New Anti-Corruption Law Affects You
Mak Fong Ching (Ms.)	- Affin Hwang Capital Conference 2018 : Rebuilding A New Malaysia - CIMB 11th Annual Malaysia Corporate Day - Invest Malaysia Conference 2019 - Maybank IB Virtual Banking Day 2019 – Virtual Banking: Transforming Malaysia's Banking Landscape - Maybank IB New Age Investment Day 2019 - Malaysia Post Budget 2020 Form
Tan Teng Khuan	- The New Anti-Corruption Law Affects You
Lim Hong Liang	- The New Anti-Corruption Law Affects You
Chua Chia Cheng @ Chua Chia Kwee	- Mandatory Accreditation Programme - Audit Oversight Board Conversation with Audit Committee

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

3 REMUNERATION

Remuneration Committee

The Remuneration Committee ("RC") is to assist the Board in assessing and to ensure the remuneration packages of Board members reflect their responsibility and contribution. The Remuneration Committee is also responsible to recommend to the Board the remuneration packages of Executive Directors to ensure that these remuneration packages commensurate with the Executive Directors' contributions to the Group's growth and profitability.

The Remuneration Committee of the Board consists of the following Directors:

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

The Remuneration Committee is entrusted with the following responsibilities:

- Recommending to the Board the policy and framework for Directors' remuneration as well as the remuneration and terms of service of the Executive Directors;
- Evaluating the performance and reward of the Executive Directors, including ensuring performance targets are established to achieve alignment with the interests of shareholders of the Company, with an appropriate balance between long and short-term goals;
- Designing and implementing an evaluation procedure for Executive Directors; and
- Reviewing, on a yearly basis, the individual remuneration packages of Executive Directors and making appropriate recommendations to the Board.

The Remuneration Committee meets as and when necessary and can also make decisions by way of circular resolutions. The Remuneration Committee had, for the financial year ended 30 September 2019 held one (1) meeting to review the remuneration packages of the Executive Directors and fees for the Non-Executive Non-Independent Director and Independent Directors. The meeting was attended by all the members.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (continued)

3 REMUNERATION (continued)

Remuneration Committee (continued)

The details of the remuneration of Directors of the Company for the financial year ended 30 September 2019 are as follows:

Name	Company (RM'000)		Group (RM'000)	
	Fees	Salary & Other Emoluments	Fees	Salary & Other Emoluments
Executive Directors				
Yap Kow @ Yap Kim Fah	–	–	–	1,000
Tan Teng Khuan	30	115	30	115
Yap Swee Sang	–	–	–	216
Cheong Boon Yu	–	–	–	264
Gan Chin Boon	–	–	–	264
Jaafar Bin Padil (resigned on 9 August 2019)	–	–	4	58
Total (RM'000)	30	115	34	1,917
Non-Executive Directors				
Yap Kow @ Yap Kim Fah	30	–	30	–
Mak Fong Ching (Ms.)	30	–	30	–
Lim Hong Liang	30	–	30	–
Datuk Yap Kau @ Yap Yeow Ho	30	–	30	–
Chua Eng Seng (retired on 9 January 2019)	10	–	10	–
Chua Chia Cheng @ Chua Chia Kwee (appointed on 27 February 2019)	20	–	20	–
Total (RM'000)	150	–	150	–

Remuneration of the Top Five (5) Senior Management

The Board is of the opinion that disclosure of senior management's remuneration on name basis is not encouraged due to the following reasons:

1 Confidentiality and sensitivity of personal information of senior management.
2 Can potentially create conflict amount staff.

The Board ensures that the remuneration of Senior Management commensurate with the performance of the Company, with due consideration to attracting, retaining and motivating Senior Management to lead and run the Group successfully.

Statement on Corporate Governance
(cont'd)

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

1 AUDIT COMMITTEE

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.

Financial Reporting

The Board upholds integrity in financial reporting by ensuring the shareholders are provided with reliable information of the Company's financial performance, its financial position and future prospects in the audited financial statements and quarterly financial reports.

The Board is also responsible for ensuring the financial statements of the Company and of the Group are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions 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.

Independence of External Auditors

The Audit Committee is responsible to approve audit and non-audit services provided by the external auditors. In the process the Audit Committee will ensure that the independence and objectivity of the external auditors are not compromised. The external auditors have also confirmed that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the independence criteria set out by the Malaysian Institute of Accountants.

Statement of Directors' Responsibility in Relation to Financial Statements

The Board of Directors is required under Paragraph 15.26(a) of MMLR to issue a statement explaining their responsibility in the preparation of annual financial statements. The Directors also required by the Companies Act 2016 to prepare financial statements for each financial year, which have been made out in accordance with the approved accounting standards and to give a true and fair view of the financial position of the Group and of the Company as at the end of financial year.

The Directors have the responsibility to ensure that the Group and the Company have properly kept their accounting and other records and the registers as required by the Companies Act 2016. These records and registers are to disclose with reasonable accuracy the financial positions of the Group and the Company.

In preparing these financial statements, the Directors have:

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

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (continued)

1 AUDIT COMMITTEE (continued)

Relationship with the External Auditors

The Group has established a formal, transparent and professional relationship with the external auditors. The Audit Committee reviews the audit plans, scope of audit and their professional fees, performance and appointment. The appointment of external auditors is subject to the approval of the shareholders at the general meeting of the Company.

The external auditors are invited to attend the Audit Committee Meetings twice each financial year. The external auditors present their audit plan, report their findings to Audit Committee and discussed with the Audit Committee on matters that necessitate the Audit Committee and the Board attention.

2 RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board recognises the importance of Risk Management in supporting the Group's objectives in enhancing shareholders' value and business success by minimizing unforeseen risks and acknowledges its overall responsibility for reviewing the adequacy and integrity of the Group's systems of risk management, identifying principal risks and establishing an appropriate control and framework to manage risk.

The Board also acknowledges the importance of maintaining a sound system of internal control to safeguard shareholders' interest and the Group's assets. An outsourced internal audit function was established to assist the Audit Committee in reviewing the state of risk management and internal control of the Group and to highlight areas for improvement.

Risk Management Committee

The Risk Management Committee provides oversight, direction and counsel to the Group Risk management process and considers any matter relating to the identification, assessment, monitoring and management of any risk associated with the Group that it deems appropriate.

The members of Risk Management Committee are as follows:

Name	Designation	Directorship
Chua Chia Cheng @ Chua Chia Kwee	Chairman	Independent Non-Executive Director
Datuk Yap Kau @Yap Yeow	Member	Non-Independent Non-Executive Director
Mak Fong Ching (Ms.)	Member	Independent Non-Executive Director

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.

Statement on Corporate Governance
(cont'd)

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

1 COMMUNICATION WITH STAKEHOLDERS

The Board recognises the importance of effective ongoing engagement communication with its stakeholders to facilitate mutual understanding of each others' objectives and expectations and to enable the stakeholders to make informed decisions with respect to the Group's business and commitment to governance, environment and social responsibility matters.

Information is disseminated through various announcements make to Bursa which includes financial results and corporate development.

The Company meets financial analysts, as and when requested, to give them an overview of the Group's performance and operations.

The Annual General Meeting is the principal forum for dialogue with the shareholders. Shareholders are encouraged to attend, speak and meet the Board and senior management to seek and clarify any issue and to have better understanding of the Group's performance.

2 CONDUCT OF GENERAL MEETINGS

Notices of general meetings and accompanying explanatory notes together with annual reports and circulars are circulated to the shareholders at least 21 days before the meeting allowing the shareholders to make the necessary arrangements to attend and participate in general meetings, either in person or by corporate representative, or by proxy or by attorney.

The Board is aware that Practice 12.1 of the Code encourages the Company to circulate the Notice of Annual General Meeting to the shareholders at least 28 days prior to the meeting. The Company will comply with Practice 12.1 of the Code.

At the General Meetings, the shareholders are encouraged to raise questions on the business activities of the Group, agenda of the meetings and its proposed resolutions. Senior management and the independent auditors are also present to response and clarify shareholders' queries.

AUDIT COMMITTEE **REPORT**

MEMBERS

The Audit Committee comprises of the following members:

Chairman	Mak Fong Ching (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)

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	Designation	Directorship
Mak Fong Ching (Ms.)	Chairman	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 2019. Details of the attendance of the meetings by the Committee Members are as follows:

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

Audit Committee to review the quarterly financial results and annual financial statements are held prior to such quarterly financial results and annual financial statements being presented to the Board for approval.

The Chairman of the Audit Committee reported to, and updated the Board on significant issues discussed during the Audit Committee meetings and made recommendations where necessary.

Representatives from the Independent Auditors, Internal Auditors and Finance Manager were invited to attend and to present their reports and recommendations.

The Independent 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. Minutes of the Audit Committee were tabled for confirmation at the following Audit Committee Meeting and subsequently presented to the Board for notation.

Audit Committee Report

(cont'd)

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 2019, auditors' reports, 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 ensure that corrective actions had been taken to rectify the weaknesses highlighted and all the keys risks and control are addressed; and

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

Independent Auditors

1 Reviewed and discussed with the Independent Auditors the audit planning memorandum, audit strategy and scope of work for the financial year ended 30 September 2019;

2 Review with the Independent Auditors, their evaluation of internal controls and audit findings;

3 Consider and recommend to the Board for approval of audit fees payable to the Independent Auditors;

4 Review the Independent Auditors' Management Letter and Management response;

5 Assessed and discussed the performance and effectiveness of Independent 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 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 Evaluate the related party transactions of a revenue or trading nature at all meetings and ensures that the transactions are conducted on normal commercial terms, 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 prior submission the same to Bursa Malaysia Securities Berhad for their perusal.

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 2019, 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 amounting to approximately RM49,350 (2018: RM49,350) were incurred for the internal audit functions in respect of the financial year ended 30 September 2019.

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 Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). This Statement has been prepared after taking into consideration the "Statement on Risk Management and Internal Control: Guidelines for Directors of Public Listed Companies". It outlines the key elements of risk management and internal control systems within the Group for the current financial year.

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 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 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.

Statement on Risk Management and Internal Control

(cont'd)

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 staff safety and health issues in accordance with ESH policies; and

(iv) Internal audits are conducted on a quarterly basis to review the system of internal control and the processes that are in place to identify, manage and report risks. The Audit Committee reviews the internal audit reports and highlights to the Board its activities, findings and recommendations.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in the Audit and Assurance Practice Guide ("AAPG") 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control issued by the Malaysian Institute of Accountants for inclusion in the Annual Report of the Group for the financial year ended 30 September 2019.

Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement intended to be included in the Annual Report of the Group, in all material aspects, in accordance with disclosure required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor it is factually inaccurate. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system.

CONCLUSION

The internal auditors have identified several internal control improvements and risk areas during the financial year ended 30 September 2019. These were reviewed by the Audit Committee and Board and then 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 Group Managing Director and Chief Operating Officer had given assurance to the Board on the adequacy and effectiveness of the Group's risk management and internal control system, in all material aspects.

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 2019 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 10 January 2020.

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 2019.

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 2018.

SHARE BUY-BACK

The Company has not undertaken any share buy-back exercise for the financial year ended 30 September 2019.

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 2019.

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 2019.

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 2019.

NON-AUDIT FEES

The amount of non-audit fees paid to the external auditors for the financial year ended 30 September 2019 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 2019. There were no variances of 10% or more between the audited results for the financial year ended 30 September 2019 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 2019.

Disclosure Requirements

Pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad

(cont'd)

REMUNERATION OF DIRECTORS

The details of remuneration of Directors for the financial year ended 30 September 2019 are stated on page 25 of this Annual Report.

RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE NATURE

At the forthcoming Annual General Meeting, the Company intends to seek its shareholders' approval to renew the shareholders' mandate for recurrent related party transactions of a revenue or trading nature. The details of the shareholders' mandate to be sought are within the Circular to Shareholders dated 29 January 2020 and are attached to this Annual Report.

The details of recurrent related party transactions entered into for the financial year ended 30 September 2019 are as disclosed in note 29 of the accompanying financial statements.

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

For the financial year ended 30 September 2019, 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.

FINANCIAL STATEMENTS

• APB RESOURCES BERHAD •

• 2019 •

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 2019.

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
(Loss)/Profit for the financial year, net of tax	(1,242,029)	378,034
Attributable to:		
Owners of the Company	(1,242,029)	378,034

DIVIDEND

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 2019.

RESERVES AND 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 adequate allowance had been made for doubtful debts.

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

Directors' Report
(cont'd)

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 have 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 2019, 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)
Mak Fong Ching (Ms.)	
Chua Chia Cheng @ Chua Chia Kwee	(Appointed on 27 February 2019)
Chua Eng Seng	(Resigned on 9 January 2019)

* Directors of the Company and certain subsidiaries

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	
Jaafar Bin Padil	(Resigned on 9 August 2019)

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:

Directors' Report
(cont'd)

DIRECTORS' INTERESTS (continued)

Interest in the Company

	Number of ordinary shares			
	At 1.10.2018	**Bought**	**Sold**	**At 30.9.2019**
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 21 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

Every directors and officers for the time being of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or in connection with any application under the Companies Act 2016 in Malaysia in which relief is granted to him by the court in respect of any negligence, default breach of duty or breach of trust.

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 RM15,910 respectively.

SUBSIDIARIES

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

AUDITORS' REMUNERATION

The details of the auditors' remuneration are disclosed in Note 20 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 (converted from a conventional partnership, Baker Tilly Monteiro Heng on 5 March 2019), 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 KOW @ YAP KIM FAH
Director

....
TAN TENG KHUAN
Director

Date: 10 January 2020

STATEMENTS OF FINANCIAL POSITION

As at 30 September 2019

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	62,200,374	65,221,151	–	–
Investment in a subsidiary	6	–	–	83,555,245	76,837,000
Other investments	7	35,000	35,000	–	–
Goodwill on consolidation	8	–	–	–	–
Total non-current assets		62,235,374	65,256,151	83,555,245	76,837,000
Current assets					
Inventories	9	639,987	768,884	–	–
Trade and other receivables	10	18,772,796	13,510,710	–	10,718,245
Contract assets	11	23,501,004	13,394,313	–	–
Tax assets		2,887,565	2,406,928	–	–
Short-term funds, deposits, cash and bank balances	12	60,521,788	71,366,829	30,313,513	26,035,329
Total current assets		106,323,140	101,447,664	30,313,513	36,753,574
TOTAL ASSETS		168,558,514	166,703,815	113,868,758	113,590,574
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	13	112,875,002	112,875,002	112,875,002	112,875,002
Treasury shares	14	(3,322,462)	(3,322,462)	(3,322,462)	(3,322,462)
Retained earnings		47,310,545	48,552,574	1,354,750	976,716
TOTAL EQUITY		156,863,085	158,105,114	110,907,290	110,529,256
Non-current liabilities					
Deferred tax liabilities	15	1,268,604	1,964,562	–	–
Current liabilities					
Trade and other payables	16	8,409,060	5,138,664	2,961,468	3,061,318
Contract liabilities	11	1,746,177	1,495,475	–	–
Provisions	17	224,500	–	–	–
Tax payables		47,088	–	–	–
Total current liabilities		10,426,825	6,634,139	2,961,468	3,061,318
TOTAL LIABILITIES		11,695,429	8,598,701	2,961,468	3,061,318
TOTAL EQUITY AND LIABILITIES		168,558,514	166,703,815	113,868,758	113,590,574

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

STATEMENTS OF
COMPREHENSIVE INCOME
For the Financial Year ended 30 September 2019

		Group		Company	
		2019	**2018**	**2019**	**2018**
	Note	**RM**	**RM**	**RM**	**RM**
Revenue	18	64,691,547	73,914,823	–	–
Cost of sales	19	(53,814,521)	(63,190,384)	–	–
Gross profit		10,877,026	10,724,439	–	–
Other income		105,546	244,787	–	46,799
Administrative expenses		(14,458,946)	(15,407,864)	(625,352)	(645,918)
Net impairment losses on financial instruments and contract assets		(227,119)	–	–	–
Other expenses		(77,994)	(15,663,599)	–	–
		(14,764,059)	(31,071,463)	(625,352)	(645,918)
Loss from operations		(3,781,487)	(20,102,237)	(625,352)	(599,119)
Interest income		2,086,537	1,627,546	1,003,386	913,274
(Loss)/Profit before tax	20	(1,694,950)	(18,474,691)	378,034	314,155
Tax credit	22	452,921	819,664	–	–
(Loss)/Profit for the financial year, representing total comprehensive (loss)/ income for the financial year		(1,242,029)	(17,655,027)	378,034	314,155
(Loss)/Profit attributable to:					
Owners of the Company		(1,242,029)	(17,655,027)	378,034	314,155
Loss per share attributable to owners of the Company:					
Basic/Diluted (sen)	23	(1.12)	(15.93)		

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

STATEMENTS OF
CHANGES IN EQUITY
For the Financial Year ended 30 September 2019

		<-------- Attributable to owners of the Company --------->			
Group	**Note**	**Share capital RM**	**Treasury shares RM**	**Retained earnings RM**	**Total equity RM**
At 1 October 2017		112,875,002	(3,322,462)	69,532,945	179,085,485
Total comprehensive loss for the financial year					
Loss for the financial year, representing total comprehensive loss		–	–	(17,655,027)	(17,655,027)
Transaction with owners					
Dividends paid, representing total transaction with owners	24	–	–	(3,325,344)	(3,325,344)
At 30 September 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

Statements of Changes in Equity

For the Financial Year ended 30 September 2019

(cont'd)

		<-------- Attributable to owners of the Company -------->			
Company	**Note**	**Share capital RM**	**Treasury shares RM**	**Retained earnings RM**	**Total equity RM**
At 1 October 2017		112,875,002	(3,322,462)	3,987,905	113,540,445
Total comprehensive income for the financial year					
Profit for the financial year, representing total comprehensive income		–	–	314,155	314,155
Transaction with owners					
Dividends paid, representing total transaction with owners	24	–	–	(3,325,344)	(3,325,344)
At 30 September 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

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

STATEMENTS OF
CASH FLOWS
For the Financial Year ended 30 September 2019

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Cash flows from operating activities					
(Loss)/Profit before tax		(1,694,950)	(18,474,691)	378,034	314,155
Adjustments for:					
Depreciation of property, plant and equipment		3,657,055	3,995,399	–	–
Gain on disposal of property, plant and equipment		(27,834)	(991)	–	–
Impairment loss on goodwill on consolidation		–	13,458,008	–	–
Impairment loss on financial asset and contract assets:					
- Impairment loss on trade and other receivables		27,136	–	–	–
- Impairment loss on contract assets		199,983	–	–	–
Interest income		(2,086,537)	(1,627,546)	(1,003,366)	(913,274)
Net reversal of provision for project costs		–	(40,000)	–	–
Net reversal of provision for liquidated and ascertained damages		–	(211,278)	–	–
Net unrealised loss/(gain) on foreign exchange		16,050	(191,122)	–	–
Property, plant and equipment written off		470	–	–	–
Operating profit/(loss) before working capital changes		91,373	(3,092,221)	(625,332)	(599,119)
Inventories		128,897	(195,584)	–	–
Receivables		(5,303,842)	(7,519,177)	–	–
Contract assets		(10,306,674)	–	–	–
Payables		3,267,135	587,288	150	3,150
Provisions	17	224,500	–	–	–
Contract liabilities		250,702	–	–	–
Net cash used in operations		(11,647,909)	(10,219,694)	(625,182)	(595,969)
Interest received		2,086,537	1,627,546	1,003,366	913,274
Tax paid		(676,585)	(353,186)	–	–
Net cash (used in)/from operating activities		(10,237,957)	(8,945,334)	378,184	317,305

Statements of Cash Flows

For the Financial Year ended 30 September 2019

(cont'd)

		Group		Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
Cash flows from investing activities					
Purchase of property, plant and equipment	5	(658,914)	(940,305)	–	–
Net (withdrawal)/ placement of fixed deposits		(488,269)	860,000	–	–
Proceeds from disposal of property, plant and equipment		50,000	4,000	–	–
Repayment from subsidiaries		–	–	4,000,000	4,000,000
Net cash (used in)/from investing activities		(1,097,183)	(76,305)	4,000,000	4,000,000
Cash flows from financing activities					
Repayment to a subsidiary	(a)	–	–	(100,000)	–
Dividends paid	24	–	(3,325,344)	–	(3,325,344)
Net cash used in financing activities		–	(3,325,344)	(100,000)	(3,325,344)
Net (decrease)/increase in cash and cash equivalents		(11,335,140)	(12,346,983)	4,278,184	991,961
Cash and cash equivalents at the beginning of the financial year		67,821,733	80,011,585	26,035,329	25,043,368
Effect of exchange rate changes on cash and cash equivalents		1,830	157,131	–	–
Cash and cash equivalents at the end of the financial year	12	56,488,423	67,821,733	30,313,513	26,035,329

(a) Reconciliaion of liabilities arising from financing activities

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

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 the Bursa Malaysia Securities Berhad.

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

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

The Company is principally engaged in investment holding. The principal activities of 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 dated 10 January 2020.

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"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

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

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

<u>New MFRSs</u>

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers

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

MFRS 2	Share-based Payment
MFRS 4	Insurance Contracts
MFRS 128	Investments in Associates and Joint Venture
MFRS 140	Investment Property

<u>New IC Int</u>

IC Int 22	Foreign Currency Transactions and Advance Consideration

2. BASIS OF PREPARATION (continued)

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

The adoption of the above new MFRSs, 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 9 Financial Instruments

MFRS 9 replaced the guidance of MFRS 139 Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and liabilities, on impairment of financial assets, and on hedge accounting.

Key requirements of MFRS 9:

- MFRS 9 introduces an approach for classification and measurement of financial assets which is driven by cash flow characteristics and the business model in which an asset is held.

  In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statements of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statements of financial position.

- MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses which replaced the "incurred loss" model in MFRS 139. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised. Trade receivables and contract assets that do not contain a significant financing component shall always measure the loss allowance at an amount equal lifetime expected credit losses.

- MFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

The retrospective application of MFRS 9 does not require restatement of comparative financial statements. As such, the Group and the Company have not restated the comparative information, which continues to be reported under MFRS 139.

Notes to the Financial Statements
(cont'd)

2. BASIS OF PREPARATION (continued)

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

***MFRS 9 Financial Instruments* (continued)**

Impact of the adoption of MFRS 9

The adoption of MFRS 9 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. Other than the enhanced new disclosures relating to financial instruments, which the Group and the Company have complied with in the current financial year, the adoption of this standard does not have any significant effect on the financial statements of the Group and the Company, except for those as discussed below.

(i) Classification and measurement

The following are the changes in the classification of the Group's and the Company's financial assets and liabilities:

- Trade and other receivables, short-term funds, deposits, cash and bank balances previously classified as loans and receivables under MFRS 139 as at 30 September 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. Accordingly, these financial assets are classified and measured as debt instruments at amortised cost beginning 1 October 2018.
- Investments in unquoted debt instruments previously classified as available-for-sale ("AFS") financial assets as at 30 September 2018 are classified and measured as debt instruments designated at fair value through other comprehensive income ("FVOCI") beginning 1 October 2018. The Group elected to classify irrevocably its unquoted equity instruments under this category at the date of initial application as these investments are not held for trading.
- Trade and other payables previously classified as other financial liabilities under MFRS 139 as at 30 September 2018 are classified as amortised cost beginning 1 October 2018.

In summary, upon the adoption of MFRS 9, the Group and the Company had the following reclassifications as at 1 October 2018:

		MFRS 9 measurement category	
MFRS 139 measurement category	**Carrying amount RM**	**Amortised cost RM**	**Designated at fair value through other comprehensive income RM**
Financial assets			
Group			
Loans and receivables			
Trade and other receivables, net of prepayments, advances to suppliers and GST refundable	12,617,491	12,617,491	–
Short-term funds, deposits, cash and bank balances	71,366,829	71,366,829	–

2. BASIS OF PREPARATION (continued)

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

MFRS 9 Financial Instruments **(continued)**

Impact of the adoption of MFRS 9 **(continued)**

(i) Classification and measurement (continued)

MFRS 139 measurement category (continued)	**Carrying amount RM**	**MFRS 9 measurement category: Amortised cost RM**	**MFRS 9 measurement category: Designated at fair value through other comprehensive income RM**
Financial assets (continued)			
Group			
Available-for-sale financial assets			
Other investments			
- Golf club membership	35,000	–	35,000
	84,019,320	83,984,320	35,000
Company			
Loans and receivables			
Trade and other receivables	10,718,245	10,718,245	–
Short-term funds, deposits, cash and bank balances	26,035,329	26,035,329	–
	36,753,574	36,753,574	–
Financial liabilities			
Group			
Other financial liabilities			
Trade and other payables	5,138,664	5,138,664	–
Company			
Other financial liabilities			
Trade and other payables	3,061,318	3,061,318	–

In the previous financial years, the Group's investment in golf club membership classified as AFS financial assets were measured at cost. Upon adoption of MFRS 9, the Group designated its investment in golf club membership as at FVOCI and measured the investment at fair value at 1 October 2018.

Notes to the Financial Statements
(cont'd)

2. BASIS OF PREPARATION (continued)

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

MFRS 9 Financial Instruments **(continued)**

Impact of the adoption of MFRS 9 **(continued)**

(ii) Impairment

In previous financial years, trade and other receivables are impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the receivables (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the receivables ("incurred loss model"). Upon adoption of MFRS 9, the Group and the Company are recording impairment losses on all their trade and other receivables, either on a 12-month or lifetime basis. Based on the assessment, the Group and the Company do not recognise additional impairment losses on its trade and other receivables at the date of initial application arising from application of simplified approach and general approach respectively to reconcile the lifetime expected credit losses.

Other than as disclosed above, the adoption of MFRS 9 did not have any material impact on the financial statements at the date of initial application.

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

(i) identify the contracts with a customer;
(ii) identify the performance obligation in the contract;
(iii) determine the transaction price;
(iv) allocate the transaction price to the performance obligations in the contract;
(v) recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The following MFRSs and IC Interpretations will be withdrawn on the application of MFRS 15:

MFRS 111	Construction Contracts
MFRS 118	Revenue
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 131	Revenue – Barter Transactions Involving Advertising Services

2. BASIS OF PREPARATION (continued)

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

Impact of the adoption of MFRS 15

The Group and the Company have applied MFRS 15 in accordance with the modified transitional approach, which involves not restating periods prior with the expedient in MFRS 15:C5(d) allowing both non-disclosure of the amount of the transaction price allocated to the remaining performance obligations, and an explanation of when it expects to recognise that amount as revenue for all reporting periods presented before the date of initial application, i.e. 1 October 2018.

In accordance with MFRS 15, the Group and the Company recognise revenue when a performance obligation is satisfied, which is when 'control' of provision of services underlying the particular performance obligation is transferred to the customer and also accounted for any variable consideration element against transaction price.

Other than the enhanced new disclosures relating to contracts with customers, which the Group and the Company have complied with in the current financial year, the adoption of this standard does not have any significant effect on the financial statements of the Group and of the Company, except for those as discussed below.

(i) Presentation of contract assets and contract liabilities

The Group has changed the presentation of certain amounts in the statements of financial position to reflect the terminology of MFRS 15:

- Contract assets recognised in relation to construction contracts which were previously presented as part of amount owing by contract customers.

The adoption of MFRS 15 did not have any material impact on the financial statements of the Group and of the Company.

Notes to the Financial Statements
(cont'd)

2. BASIS OF PREPARATION (continued)

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective

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

		Effective for financial periods beginning on or after
New MFRSs		
MFRS 16	Leases	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021
Amendments/Improvements to MFRSs		
MFRS 2	Share-based Payment	1 January 2020*
MFRS 3	Business Combinations	1 January 2019/ 1 January 2020*/ 1 January 2021#
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2021#
MFRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2020*
MFRS 7	Financial Instruments: Disclosures	1 January 2021#
MFRS 9	Financial Instruments	1 January 2019/ 1 January 2021#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 11	Joint Arrangements	1 January 2019
MFRS 14	Regulatory Deferral Accounts	1 January 2020*
MFRS 15	Revenue from Contracts with Customers	1 January 2021#
MFRS 101	Presentation of Financial Statements	1 January 2020*/ 1 January 2021#
MFRS 107	Statements of Cash Flows	1 January 2021#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error	1 January 2020*
MFRS 112	Income Taxes	1 January 2019
MFRS 116	Property, Plant and Equipment	1 January 2021#
MFRS 119	Employee Benefits	1 January 2019/ 1 January 2021#
MFRS 123	Borrowing Costs	1 January 2019
MFRS 128	Investments in Associates and Joint Ventures	1 January 2019/ Deferred/ 1 January 2021#
MFRS 132	Financial instruments: Presentation	1 January 2021#
MFRS 134	Interim Financial Reporting	1 January 2020*
MFRS 136	Impairment of Assets	1 January 2021#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2020*/ 1 January 2021#
MFRS 138	Intangible Assets	1 January 2020*/ 1 January 2021#
MFRS 140	Investment Property	1 January 2021#

2. BASIS OF PREPARATION (continued)

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective (continued)

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

		Effective for financial periods beginning on or after
New IC Int		
IC Int 23	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to IC Int		
IC Int 12	Service Concession Arrangements	1 January 2020*
IC Int 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 2020*
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2020*
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2020*
IC Int 132	Intangible Assets – Web Site Costs	1 January 2020*

* Amendments to References to the Conceptual Framework in MFRS Standards
\# 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 MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int when they become effective. A brief discussion on the above significant new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int are summarised below.

MFRS 16 Leases

Currently under MFRS 117 Leases, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from the finance leases.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position except for short-term and low value asset leases.

On initial adoption of MFRS 16, there may be impact on the accounting treatment for leases, which the Group as a lessee currently accounts for as operating leases. On adoption of this standard, the Group will be required to capitalise its rented premises and equipment on the statements of financial position by recognising them as "rights-of-use" assets and their corresponding lease liabilities for the present value of future lease payments.

The Group and the Company plan to adopt this standard when it becomes effective in the financial year beginning 1 October 2019 by applying the transitional provisions and include the required additional disclosures in their financial statements of that year. The Group and the Company are likely electing the practical expedient not to reassess whether a contract contains a lease at the date of initial application. Accordingly, existing lease contracts that are still effective on 1 October 2019 will be accounted for as lease contracts under MFRS 16.

Notes to the Financial Statements
(cont'd)

2. BASIS OF PREPARATION (continued)

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective (continued)

2.3.1 (continued)

Amendments to MFRS 3 Business Combinations and MFRS 11 Joint Arrangements

Amendments to MFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. Amendments to MFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

Amendments to MFRS 9 Financial Instruments

Amendments to MFRS 9 allow companies to measure prepayable financial assets with negative compensation at amortised cost or at fair value through other comprehensive income if certain conditions are met.

The Amendments also clarify that when a financial liability measured at amortised cost is modified without this resulting in derecognition, a gain or loss should be recognised in profit or loss.

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These Amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

Amendments to MFRS 112 Income Taxes

Amendments to MFRS 112 clarify that an entity recognises the income tax consequences of dividends in profit or loss because income tax consequences of dividends are linked more directly to past transactions than to distributions to owners, except if the tax arises from a transaction which is a business combination or is recognised in other comprehensive income or directly in equity.

Amendments to MFRS 119 Employee Benefits

Amendments to MFRS 119 require an entity to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement when the entity remeasures its net defined benefit liability (asset).

Notes to the Financial Statements
(cont'd)

2. BASIS OF PREPARATION (continued)

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to IC Int that have been issued, but yet to be effective (continued)

2.3.1 (continued)

IC Int 23 Uncertainty over Income Tax Treatments

IC Int 23 clarifies that where there is uncertainty over income tax treatments, an entity shall:

(i) assume that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations.
(ii) reflect the effect of uncertainty in determining the related tax position (using either the most likely amount or the expected value method) if it concludes it is not probable that the taxation authority will accept an uncertain tax treatment.

Amendments to References to the Conceptual Framework in MFRS Standards

The Malaysian Accounting Standards Board has issued a revised Conceptual Framework for Financial Reporting and amendments to fourteen Standards under the Malaysian Financial Reporting Standards Framework on 30 April 2018.

The revised Conceptual Framework comprises a comprehensive set of concepts of financial reporting. It is built on the previous version of the Conceptual Framework issued in 2011. The changes to the chapters on the objective of financial reporting and qualitative characteristics of useful financial information are limited, but with improved wordings to give more prominence to the importance of providing information need to assess management's stewardship of the entity's economic resources.

Other improvements of the revised Conceptual Framework include a new chapter on measurement, guidance on reporting financial performance, improved definitions and guidance – in particular the definition of a liability – and clarifications in important areas, such as the role of prudence and measurement uncertainty in financial reporting.

The amendments to the fourteen Standards are to update the references and quotations in these Standards which include MFRS 2, MFRS 3, MFRS 6, MFRS 14, MFRS 101, MFRS 108, MFRS 134, MFRS 137, MFRS 138, IC Int 12, IC Int 19, IC Int 20, IC Int 22 and IC Int 132.

2.3.2 The Group and the Company are currently performing a detailed analysis to determine the election of the practical expedients and to quantify the financial effects arising from the adoption of the new MFRSs, amendments/improvements to MFRSs and new IC Int.

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.

Notes to the Financial Statements
(cont'd)

2. BASIS OF PREPARATION (continued)

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

(a) Subsidiaries and business combination (continued)

The accounting policy for goodwill is set out in Note 3.7.

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.

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 intragroup 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.

Notes to the Financial Statements
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 3.11(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 at the exchange rates prevailing at the dates of the transactions.

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

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).

3.4 Financial instruments

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

<u>Accounting policies applied from 1 October 2018</u>

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Financial instruments (continued)

Accounting policies applied from 1 October 2018 (continued)

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

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 two 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 3.11(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)

Accounting policies applied from 1 October 2018 (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 3.11(a). Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to 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) Financial guarantee contracts

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

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 and the amount initially recognised, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Financial instruments (continued)

Accounting policies applied from 1 October 2018 (continued)

(c) 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.

(d) 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Financial instruments (continued)

Accounting policies applied from 1 October 2018 (continued)

(d) Derecognition (continued)

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.

(e) 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.

Accounting policies applied until 30 September 2018

Financial instruments are recognised initially at fair value, except for financial instruments not measured at fair value through profit or loss, they are measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instruments.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised 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) Subsequent measurement

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

(i) Financial assets

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(a). Gains and losses are recognised in profit or loss through the amortisation process.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Financial instruments (continued)

Accounting policies applied until 30 September 2018 (continued)

(a) Subsequent measurement (continued)

(i) Financial assets (continued)

Available-for-sale financial assets

Available-for-sale financial assets comprise investment in equity and debt securities that are designated as available for sale or are not classified in any of the two preceding categories.

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

(ii) Financial liabilities

Same accounting policies applied until 30 September 2018 and from 1 October 2018.

(b) Financial guarantee contracts

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

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

(c) Regular way purchase or sale of financial assets

Same accounting policies applied until 30 September 2018 and from 1 October 2018.

Notes to the Financial Statements
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Financial instruments (continued)

Accounting policies applied until 30 September 2018 (continued)

(d) Derecognition

A financial asset or a part of it is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in other comprehensive income 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 expires. 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.

(e) Offsetting of financial instruments

Same accounting policies applied until 30 September 2018 and from 1 October 2018.

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 3.11(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 a separate item of property, plant and equipment.

(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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Property, plant and equipment (continued)

(c) Depreciation

Leasehold land is depreciated over the lease term of 50 years. 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 and 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

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.

For operating leases, the Group and the Company do 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.

3.7 Goodwill

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(b).

Notes to the Financial Statements
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 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.

3.9 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 3.11(a).

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

3.10 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.

3.11 Impairment of assets

(a) Impairment of financial assets and contract assets

<u>Accounting policies applied from 1 October 2018</u>

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 loss, 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Impairment of assets (continued)

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

Accounting policies applied from 1 October 2018 (continued)

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 and including forward-looking information.

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 borrower 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.

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.

Notes to the Financial Statements
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Impairment of assets (continued)

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

Accounting policies applied from 1 October 2018 (continued)

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 issuer or the borrower;
- a breach of contract, such as a default of past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

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.

Accounting policies applied until 30 September 2018

At each reporting date, all financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries) are assessed whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Impairment of assets (continued)

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

Accounting policies applied until 30 September 2018 (continued)

Loans and receivables

The Group and the Company first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If there is no objective evidence for impairment exists for an individually assessed financial asset, whether significant or not, the Group and the Company may include the financial asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Financial assets that are individually assessed for impairment for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

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

If, in a subsequent period, the amount of the impairment loss decreases due to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group and the Company. If a write-off is later recovered, the recovery is credited to profit or loss.

Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment. The Group and the Company use their judgement to determine what is considered as significant or prolonged decline, evaluating past volatility experiences and current market conditions.

Where there is objective evidence that the asset is impaired, the decline in the fair value of an available-for-sale financial asset together with the cumulative loss recognised in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial aseet has not been derecognised. The amount of cumulative loss that is reclassified from equity to profit or loss shall be the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss.

Impairment losses on available-for-sale equity investments are not reversed through profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss, is recognised in other comprehensive income.

For available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to a loss event occurring after the recognition of the impairment loss in profit or loss.

Notes to the Financial Statements
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Impairment of assets (continued)

(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.

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. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised previously. 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 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.

3.13 Provisions

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

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

Provision for liquidated and ascertained damages

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

3.14 Revenue and other income

<u>Accounting policies applied from 1 October 2018</u>

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).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Revenue and other income (continued)

Accounting policies applied from 1 October 2018 (continued)

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Revenue and other income (continued)

Accounting policies applied from 1 October 2018 (continued)

(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.

Accounting policies applied until 30 September 2018

Revenue is recognised to the extent that is probable that the economic benefits will flow to the Group and the Company and revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable, net of discounts, rebates, returns and taxes.

(a) Construction contract

Revenue from construction contracts is accounted for by the stage of completion method. The stage of completion method is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

(b) Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion at the reporting date. Stage of completion is determined by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. Where the contract outcome cannot be measured reliably, revenue is recognised to the extent of the expenses recognised that are recoverable.

(c) Interest income

Same accounting policies applied until 30 September 2018 and from 1 October 2018.

(d) Divided income

Same accounting policies applied until 30 September 2018 and from 1 October 2018.

Notes to the Financial Statements
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 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.

3.16 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, unutilised 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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Income tax (continued)

(b) Deferred tax (continued)

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.

3.17 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.

3.18 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.

Notes to the Financial Statements
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 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.

3.20 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.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

(a) Construction contract

The Group and the Company 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 and the Company evaluate based on past experience and by relying on the work of specialists.

The carrying amounts of contract assets and contract liabilities are disclosed in Notes 11.

(b) Impairment of contract assets

The impairment provisions for 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, existing market conditions as well as forward looking estimates at the end of reporting period.

The assessment of the correlation between historical observed forward-looking estimates and 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 contract assets are disclosed in Note 11(c).

Notes to the Financial Statements
(cont'd)

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	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
Cost							
At 1 October 2017	22,460,000	630,000	43,175,951	6,089,561	4,198,076	64,187,136	140,740,724
Additions	–	–	–	224,841	236,611	478,853	940,305
Disposals	–	–	–	–	–	(19,000)	(19,000)
Written off	–	–	–	(699)	–	–	(699)
At 30 September 2018	22,460,000	630,000	43,175,951	6,313,703	4,434,687	64,646,989	141,661,330
Accumulated Depreciation							
At 1 October 2017	2,629,480	75,600	4,982,387	5,074,085	3,471,159	56,228,759	72,461,470
Charge for the financial year	438,337	12,600	830,770	220,401	379,886	2,113,405	3,995,399
Disposals	–	–	–	–	–	(15,991)	(15,991)
Written off	–	–	–	(699)	–	–	(699)
At 30 September 2018	3,067,817	88,200	5,813,157	5,293,787	3,851,045	58,326,173	76,440,179
Net Carrying Amount							
At 30 September 2018	19,392,183	541,800	37,362,794	1,019,916	583,642	6,320,816	65,221,151

6. INVESTMENT IN A SUBSIDIARY

	Company	
	2019 **RM**	**2018** **RM**
At cost		
Unquoted shares	76,837,000	76,837,000
Loans that are part of net investment	6,718,245	–
	83,555,245	76,837,000

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.

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

		Effective equity interest	
Name of company	**Principal activities**	**2019**	**2018**
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%

Notes to the Financial Statements
(cont'd)

7. OTHER INVESTMENTS

	Group	
	2019 RM	2018 RM
Non-current		
Financial assets designated at fair value through other comprehensive income (“”DFVOCI””)”		
At fair value:		
Golf club membership	35,000	–
Available-for-sale (“AFS”) financial asset		
At fair value:		
Golf club membership	–	35,000

8. GOODWILL ON CONSOLIDATION

	Group	
	2019 RM	2018 RM
Cost	13,458,008	13,458,008
Less: Impairment loss	(13,458,008)	(13,458,008)
Carrying amount	–	–

Impairment of goodwill on consolidation

For the purpose of impairment testing, goodwill is allocated to the Group's fabrication and non-destructive testing divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

In the previous financial year, goodwill on consolidation was fully impaired as the recoverable amount is lower than its carrying amount. The recoverable amount was based on its value in use and was determined by discounting the future cash flows generated from the continuing use of those divisions based on the following key assumptions:

(i) Cash flows were projected based on actual operating results and three (3) years pre-tax cash flows projection in determining the value in use.

(ii) Gross profit margin was projected at average 17.4% and 31.6% per annum for fabrication division and non-destructive division respectively.

(iii) Revenue was projected at RM86 million for fabrication division and RM6 million for non-destructive division for the first year and anticipated decrease by 7.9% per annum thereon for fabrication division and increase by 3% per annum thereon for non-destructive division.

(iv) A pre-tax discount rate of 10.77% was applied in determining the recoverable amount of those divisions. The discount rate was based on the industry's weighted average cost of capital.

Notes to the Financial Statements
(cont'd)

9. INVENTORIES

	Group	
	2019 RM	2018 RM
At cost:		
Raw materials	499,866	653,485
Consumables	140,121	115,399
	639,987	768,884

During the financial year, the cost of inventories of the Group recognised as cost of goods sold was RM725,911 (2018: RM1,105,605).

10. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2019 RM	2018 RM	2019 RM	2018 RM
Trade					
Trade receivables	(a)	16,006,605	12,200,453	–	–
Allowance for impairment loss		(265,784)	(238,648)	–	–
		15,740,821	11,961,805	–	–
Non-trade					
Other receivables		330,961	385,577	–	–
Advances to suppliers		1,634,906	304,815	–	–
Deposits		651,219	270,109	–	–
GST refundable		59,430	207,815	–	–
Prepayments		355,459	380,589	–	–
Amount owing by a subsidiary	(b)	–	–	–	10,718,245
		3,031,975	1,548,905	–	10,718,245
		18,772,796	13,510,710	–	10,718,245

Notes to the Financial Statements
(cont'd)

10. TRADE AND OTHER RECEIVABLES (continued)

(a) Trade receivables

Trade receivables are non-interest bearing and normal credit terms extended to customers ranging from 30 days to 90 days (2018: 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	
	2019 RM	2018 RM
At beginning of the financial year	238,648	3,673,462
Charge for the financial year (Note 20)		
- individually assessed	27,136	–
Written off	–	(3,434,814)
At end of the financial year	265,784	238,648

* Loss allowance disclosed in comparative period is based on incurred loss model in accordance with MFRS 139 Financial Instruments: Recognition and Measurement.

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.

(b) Amount owing by a subsidiary

The amount owing by a subsidiary is unsecured, interest-free and repayable upon demand in cash and cash equivalents.

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

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

	Group	
	2019 RM	2018 RM
United States Dollar	3,043,729	1,138,005
Euro	779,852	2,879,997
Singapore Dollar	–	147,412
Brunei Dollar	613,942	411,981
	4,437,523	4,577,395

Notes to the Financial Statements
(cont'd)

11. CONTRACT ASSETS/(LIABILITIES)

	Group 2019 RM	Group 2018 RM
Contract assets relating to construction service contracts	23,501,004	13,394,313
Contract liabilities relating to construction service contracts	(1,746,177)	(1,495,475)

(a) Significant changes in contract balances

	30.09.2019		30.09.2018	
Group	**Contract assets Increase/ (decrease) RM**	**Contract liabilities (Increase)/ decrease RM**	**Contract assets Increase/ (decrease) RM**	**Contract liabilities (Increase)/ decrease RM**
Revenue recognised that was included in contract liability at the beginning of the financial year	–	1,495,475	–	1,113,578
Increases due to consideration received/receivable from customers, but revenue not recognised	–	(1,746,177)	–	(1,495,475)
Increases due to revenue recognised, but no right to consideration	23,700,987	–	13,394,313	–
Transfers from contract assets recognised at the beginning of the period to receivables	(13,394,313)	–	(9,028,078)	–
Impairment losses of contract assets	(199,983)	–	–	–

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.

Notes to the Financial Statements
(cont'd)

11. CONTRACT ASSETS/(LIABILITIES) (continued)

(b) Revenue recognised in relation to contract balances

	2019 RM	2018 RM
Revenue recognised that was included in contract liability at the beginning of the financial year	1,495,475	1,113,578

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 2019 RM	Group 2018 RM
At beginning of the financial year	–	–
Charge for the financial year (Note 20)		
- individually assessed	199,983	–
At end of the financial year	199,983	–

12. SHORT-TERM FUNDS, DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Cash and bank balances	5,854,808	15,723,238	56,247	113,156
Deposits placed with licensed banks	4,423,365	12,465,096	–	–
Short-term funds	50,243,615	43,178,495	30,257,266	25,922,173
Cash and cash equivalents as reported in the statements of financial position	60,521,788	71,366,829	30,313,513	26,035,329
Less: Fixed deposits with maturity more than 3 months	(4,033,365)	(3,545,096)	–	–
Cash and cash equivalents as reported in the statements of cash flows	56,488,423	67,821,733	30,313,513	26,035,329

12. SHORT-TERM FUNDS, DEPOSITS, CASH AND BANK BALANCES (continued)

Deposits placed with licensed banks of the Group bear interest at rates ranging from 1.17% to 3.40% (2018: 2.30% to 4.28%) 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 short-term funds are redeemable by 1 day notice (2018: 1 day notice or upon 12 months maturity) and bear dividend yield at rates ranging from 1.62% to 3.92% (2018: 2.36% to 4.11%) per annum as at the financial year end.

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

	Group	
	2019	**2018**
	RM	**RM**
United States Dollar	3,677,473	11,602,881
Euro	277,618	874,917
Singapore Dollar	34,052	694,715
	3,989,143	13,172,513

13. SHARE CAPITAL

	Group/Company			
	Number of ordinary shares		<------ Amounts ------>	
	2019	**2018**	**2019**	**2018**
	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 and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

Notes to the Financial Statements
(cont'd)

14. TREASURY SHARES

	Group/Company			
	Number of ordinary shares		<------ Amounts ------>	
	2019 Unit	2018 Unit	2019 RM	2018 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 2019, the Company held 2,030,200 (2018: 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.

15. DEFERRED TAX LIABILITIES

	Group	
	2019 RM	2018 RM
Deferred tax liabilities		
At beginning of the financial year	(1,964,562)	(2,915,481)
Recognised in profit or loss (Note 22)	695,958	950,919
At end of the financial year	(1,268,604)	(1,964,562)

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

	Group	
	2019 RM	2018 RM
Deferred tax assets	2,447,168	1,898,787
Deferred tax liabilities	(3,715,772)	(3,863,349)
	(1,268,604)	(1,964,562)

15. DEFERRED TAX LIABILITIES (continued)

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

	Group	
	2019	**2018**
	RM	**RM**
Deferred tax assets		
Unutilised tax losses	882,936	862,938
Unabsorbed capital allowances	1,564,232	1,035,849
	2,447,168	1,898,787
Deferred tax liabilities		
Differences between the carrying amounts of property, plant and equipment and their tax base	(3,658,323)	(3,817,480)
Other temporary differences	(57,449)	(45,869)
	(3,715,772)	(3,863,349)

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

	Group	
	2019	**2018**
	RM	**RM**
Unutilised tax losses	46,025	37,912

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

The availability of unutilised tax losses and unabsorbed capital allowances 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.

Pursuant to Section 11 of the Act 812, special provision relating to Section 43 & 44 of Income Tax Act 1967, a time limit has been imposed on the unutilised business loss, to be carried forward for a maximum of 7 consecutive years of assessment, this section has effect from the year of assessment 2019 and subsequent year of assessment.

Any unutilised business losses brought forward from year of assessment 2019 can be carried forward for another 6 years consecutive years of assessment (i.e. from year of assessments 2020 to 2025).

Notes to the Financial Statements
(cont'd)

16. TRADE AND OTHER PAYABLES

	Note	Group 2019 RM	Group 2018 RM	Company 2019 RM	Company 2018 RM
Trade					
Trade payables	(a)	5,977,365	2,642,381	–	–
Non-trade					
Other payables	(b)	87,751	61,610	–	–
Amount owing to a subsidiary	(c)	–	–	2,715,868	2,815,868
Accruals		2,343,944	2,434,673	245,600	245,450
		2,431,695	2,496,283	2,961,468	3,061,318
		8,409,060	5,138,664	2,961,468	3,061,318

(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 (2018: 30 days to 90 days).

Included in trade payables of the Group are amounts totalling RM39,450 (2018: RM6,291) owing to companies in which certain directors of the Group have significant financial interests.

(b) Other payables

Included in the other payables of the Group is an amount of RM20,805 (2018: RM20,811) 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 of trade and other payables

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

	Group 2019 RM	Group 2018 RM
United States Dollar	302,271	4,946
Euro	69,196	43,953
Singapore Dollar	383,348	363,014
Pound Sterling	12,148	–
	766,963	411,913

17. PROVISIONS

	Note	Group 2019 RM	Group 2018 RM
Provision for liquidated and ascertained damages	(a)	224,500	–
Provision for project costs	(b)	–	–
		224,500	–

(a) Provision for liquidated and ascertained damages

	Group 2019 RM	Group 2018 RM
At beginning of the financial year	–	211,278
Additions during the financial year	224,500	–
Reversal during the financial year (Note 20)	–	(211,278)
At end of the financial year	224,500	–

(b) Provision for project costs

	Group 2019 RM	Group 2018 RM
At beginning of the financial year	–	40,000
Reversal during the financial year (Note 20)	–	(40,000)
At end of the financial year	–	–

18. REVENUE

	Group 2019 RM	Group 2018 RM
Over time:		
Contract revenue	60,831,480	69,301,167
At a point in time:		
Services rendered	3,860,067	4,613,656
	64,691,547	73,914,823

Notes to the Financial Statements

(cont'd)

18. REVENUE (continued)

In accordance with the transitional provisions in paragraph D34 of MFRS 1, the Group and the Company have applied the practical expedient in paragraph C5(d) of MFRS 15 and, for all reporting periods represented before the beginning of the first MFRS reporting period, do not disclose the amount of the transaction price allocated to the remaining performance obligations.

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.

The remaining construction revenue amounting to RM33,459,574 is expected to be recognised within the next 12 months.

19. COST OF SALES

	Group	
	2019 RM	**2018 RM**
Cost of contract	50,578,917	58,870,611
Cost of services rendered	3,235,604	4,319,773
	53,814,521	63,190,384

20. (LOSS)/ PROFIT BEFORE TAX

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

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Auditors' remuneration:				
- Statutory audit				
- current year	110,000	96,000	34,500	34,500
- Other services	6,000	6,000	6,000	6,000
Depreciation of property, plant and equipment	3,657,055	3,995,399	–	–
Directors' remuneration (Note 21)	2,101,397	2,171,278	294,833	294,892
Employees benefits expense:				
- Contribution to defined contribution plan	1,029,862	1,065,265	–	–
- Salaries, wages and others	12,533,705	12,929,844	–	–
Gain on disposal of property, plant and equipment	(27,834)	(991)	–	–
Impairment loss on goodwill on consolidation	–	13,458,008	–	–

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

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

	Group		Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Impairment losses on financial asset and contract assets:				
- Impairment loss on trade and other receivables	27,136	–	–	–
- Impairment loss on contract assets	199,983	–	–	–
Interest income:				
- deposits	(353,145)	(405,550)	–	–
- short-term funds	(1,733,392)	(1,169,596)	(1,003,366)	(913,274)
- others	–	(52,400)	–	–
Late payment interest charge	–	(2,740)	–	–
Net loss/(gain) on foreign exchange:				
- realised	31,772	2,205,591	–	–
- unrealised	16,050	(191,122)	–	–
Net reversal of provision for liquidated and ascertained damages	–	(211,278)	–	–
Net reversal of provision for project costs	–	(40,000)	–	–
Property, plant and equipment written off	470	–	–	–
Rental of factories	1,501,500	1,444,625	–	–
Rental of hostels	52,200	56,300	–	–
Rental of machineries	252,393	590,800	–	–
Rental of premises	38,300	45,070	–	–

Notes to the Financial Statements

(cont'd)

21. DIRECTORS' REMUNERATION

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Executive:				
Fees	34,000	34,000	30,000	30,000
Other emoluments	1,917,397	1,987,278	114,833	114,892
	1,951,397	2,021,278	144,833	144,892
Non-executive:				
Fees	150,000	150,000	150,000	150,000
Total directors' remuneration	2,101,397	2,171,278	294,833	294,892

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 the Company either directly or indirectly.

22. TAX CREDIT

The major components of income tax credit for the financial years ended 30 September 2019 and 30 September 2018 are as follows:

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
Statements of comprehensive income				
Current income tax:				
- Current financial year	221,287	129,633	–	–
- Adjustments in respect of prior years	21,750	1,622	–	–
	243,037	131,255	–	–
Deferred tax (Note 15):				
- Reversal of temporary differences	(640,649)	(1,176,534)	–	–
- Adjustments in respect of prior years	(55,309)	225,615	–	–
	(695,958)	(950,919)	–	–
	(452,921)	(819,664)	–	–

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2018: 24%) of the estimated assessable profit for the financial year.

22. TAX CREDIT (continued)

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

	Group		Company	
	2019 RM	**2018 RM**	**2019 RM**	**2018 RM**
(Loss)/Profit before tax	(1,694,950)	(18,474,691)	378,034	314,155
Tax at the Malaysian statutory income tax rate of 24% (2018: 24%)	(406,788)	(4,433,926)	90,728	75,397
Tax effect arising from:				
- non-deductible expenses	403,991	3,602,805	150,080	143,789
- non-taxable income	(418,512)	(219,186)	(240,808)	(219,186)
Deferred tax asset not recognised during the financial year	1,947	3,406	–	–
Adjustments in respect of prior years				
- current tax	21,750	1,622	–	–
- deferred tax	(55,309)	225,615	–	–
	(452,921)	(819,664)	–	–

The Group has approximately RM46,025 (2018: RM37,912) of unutilised tax losses available for set-off against future taxable profit.

23. LOSS PER SHARE

(a) Basic loss per share

Basic loss per share is based on the 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	
	2019 RM	**2018 RM**
Loss for the financial year attributable to owners of the Company	(1,242,029)	(17,655,027)
Weighted average number of shares outstanding during the financial year (adjusted for treasury shares)	110,844,802	110,844,802
Basic loss per share (sen)	(1.12)	(15.93)

Notes to the Financial Statements
(cont'd)

23. LOSS PER SHARE (continued)

(b) Diluted loss per share

The diluted loss per share of the Group for the financial years ended 2018 and 2019 are same as the basic loss per share of the Group as the Company has no dilutive potential ordinary shares.

24. DIVIDENDS

	Group/Company	
	2019 RM	2018 RM
Recognised in previous financial year:		
Dividends on ordinary shares:		
- Single tier final dividend for the financial year ended 30 September 2017: 3.0 sen per share, paid on 29 March 2018	–	3,325,344

25. OPERATING LEASE COMMITMENTS

The Group has entered into commercial leases for their hostels and office premise. These leases have a tenure of 1 year with a renewal option included in the contract. There are no restrictions placed upon the Group by entering into these leases.

Future minimum rental payable under the non-cancellable operating leases at the reporting date is as follows:

	Group	
	2019 RM	2018 RM
Not more than one year	–	14,500

26. 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:

From 1 October 2018:
(i) Amortised cost ("AC")
(ii) Designated fair value through other comprehensive income ("DFVOCI")

On or before 30 September 2018
(i) Loans and receivables ("L&R")
(ii) Available-for-sale financial assets ("AFS")
(iii) Other financial liabilities ("FL")

Notes to the Financial Statements
(cont'd)

26. FINANCIAL INSTRUMENTS (continued)

(a) Categories of financial instruments (continued)

	Carrying amount 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, deposits, cash and bank balances	60,521,788	60,521,788	–
	77,279,789	77,244,789	35,000
Company			
Short-term funds, deposits, cash and bank balances	30,313,513	30,313,513	–
Financial liabilities			
Group			
Trade and other payables	8,409,060	8,409,060	–
Company			
Trade and other payables	2,961,468	2,961,468	–

Notes to the Financial Statements
(cont'd)

26. FINANCIAL INSTRUMENTS (continued)

(a) Categories of financial instruments (continued)

	Carrying amount RM	L&R RM	AFS RM	FL RM
At 30 September 2018				
Financial assets				
Group				
Trade and other receivables, net of prepayments, advances to suppliers and GST refundable	12,617,491	12,617,491	–	–
Other investments				
- Golf club membership	35,000	–	35,000	–
Short-term funds, deposits, cash and bank balances	71,366,829	71,366,829	–	–
	84,019,320	83,984,320	35,000	–
Company				
Trade and other receivables, net of prepayments and GST refundable	10,718,245	10,718,245	–	–
Short-term funds, deposits, cash and bank balances	26,035,329	26,035,329	–	–
	36,753,574	36,753,574	–	–
Financial liabilities				
Group				
Trade and other payables	5,138,664	–	–	5,138,664
Company				
Trade and other payables	3,061,318	–	–	3,061,318

26. 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 2019 and 30 September 2018, there was no transfer between fair value measurement hierarchy.

ii. Short-term funds, deposits, cash and bank balances, receivables and payables

The carrying amounts of short-term funds, 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.

The following table provides the fair value measurement hierarchy of the Group'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 2019					
Financial assets					
Financial assets at designated fair value through other comprehensive income ("DFVOCI")					
- Golf club membership	35,000	–	35,000	–	35,000
At 30 September 2018					
Financial assets					
Available-for-sale ("AFS") financial asset					
- Golf club membership	35,000	–	35,000	–	35,000

27. 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 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 2019, 38% (2018: 47%) of the trade receivables of the Group were owed by two major customers (2018: two major customers).

<u>Credit risk concentration profile</u>

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	
	2019 RM	**2018 RM**
Malaysia	13,212,641	10,327,996
Asia	285,982	1,595,590
Europe	764,642	–
America	1,477,556	16,138
Oceania	–	22,081
	15,740,821	11,961,805

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(i) Credit risk (continued)

Trade receivables and contract assets (continued)

Credit risk concentration profile (continued)

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.

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	
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

As at 30 September 2018, the ageing analysis of the Group's trade receivables was as follows:

	Group 2018 RM
Neither past due nor impaired	3,052,134
1 to 90 days past due but not impaired	7,366,108
More than 90 days past due but not impaired	1,543,563
	8,909,671
Individually impaired	238,648
	12,200,453

Notes to the Financial Statements
(cont'd)

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(i) Credit risk (continued)

Trade receivables and contract assets (continued)

Credit risk concentration profile (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 and supportive forward-looking information. The following indicators are incorporated, amongst others:

- 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 borrower's ability to meet its obligations
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due from the credit term 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 borrower 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.

Refer to Note 3.11(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 and provisions.

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

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(ii) Liquidity risk (continued)

Maturity analysis

The Group's and 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 2019 and 30 September 2018.

Sensitivity analysis for foreign currency risk

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

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

		Group (Loss)/Profit for the financial year	
		2019 RM	2018 RM
USD/RM	- Strengthened by 10%	487,839	967,931
	- Weakened by 10%	(487,839)	(967,931)
EURO/RM	- Strengthened by 10%	(26,546)	282,033
	- Weakened by 10%	26,546	(282,033)
SGD/RM	- Strengthened by 10%	75,109	36,413
	- Weakened by 10%	(75,109)	(36,413)
BND/RM	- Strengthened by 10%	46,660	31,311
	- Weakened by 10%	(46,660)	(31,311)
GBP/RM	- Strengthened by 10%	(923)	–
	- Weakened by 10%	923	–

Notes to the Financial Statements
(cont'd)

27. 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 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.

28. CAPITAL COMMITMENT

The Group has made commitment for the following capital expenditures:

	Group	
	2019 RM	**2018 RM**
Capital expenditure approved and contracted for:		
- property, plant and equipment	340,359	95,241

29. RELATED PARTIES

(a) Identity of related parties

Parties are considered to be related to the Group or to the Company if the Group or the Company has the ability, directly or indirectly to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group or the Company 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 interest; 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.

Notes to the Financial Statements
(cont'd)

29. RELATED PARTIES (continued)

(b) Significant related party transactions

	Group	
	2019 **RM**	**2018** **RM**
Companies where certain directors of the Company have substantial financial interest:		
Peng Fah Engineering Sdn. Bhd.		
Rental of factories	1,501,500	1,444,625
TTS Insu-Write Services Sdn. Bhd.		
General and marine cargo insurance	229,023	320,198
TTS Transport Sdn. Bhd.		
Transportation services	121,750	314,898
TTS Enterprise Sdn. Bhd.		
Minor fabrication works	57,977	5,408
TTS Engineering Sdn. Bhd.		
Maintenance of lorries and machinery	273,659	32,442

(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 21.

30. 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 businesses 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 2019 and 30 September 2018.

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

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

The Company is also required to comply with the disclosure and necessary capital requirements as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

31. SEGMENT INFORMATION

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

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

Segment revenue and results

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 3.18. Segment results represent profit or loss before financial cost and tax of segment. Inter-segment transactions are entered in the ordinary course of business based on terms mutually agreed upon by the parties concerned.

Segment assets

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

Segment liabilities

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

Geographical segments

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

31. SEGMENT INFORMATION (continued)

	Fabrication RM	Non-destructive testing RM	Others RM	Elimination RM	Consolidated RM
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	642,434	(189,513)	–	–	452,921
Loss for the financial year					(1,242,029)
2018					
Total external revenue	69,301,167	4,613,656	–	–	73,914,823
Inter-segment revenue	–	1,360,252	–	(1,360,252)	–
Total segment revenue	69,301,167	5,973,908	–	(1,360,252)	73,914,823
Segment (loss)/profit	(6,445,563)	407,512	(606,178)	(13,458,008)	(20,102,237)
Interest income	635,384	78,888	913,274	–	1,627,546
Loss before tax					(18,474,691)
Tax credit	954,952	(135,288)	–	–	819,664
Loss for the financial year					(17,655,027)

Notes to the Financial Statements
(cont'd)

31. SEGMENT INFORMATION (continued)

	Fabrication RM	Non-destructive testing RM	Other RM	Consolidation RM
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
2018				
Segment assets	120,534,596	6,649,030	39,520,189	166,703,815
Segment liabilities	7,387,059	961,992	249,650	8,598,701
Other material non-cash items				
Depreciation of property, plant and equipment	3,828,078	167,321	–	3,995,399
Gain on disposal of property, plant and equipment	(991)	–	–	(991)
Impairment loss on goodwill	–	–	13,458,008	13,458,008
Net reversal of provision for project costs	(40,000)	–	–	(40,000)
Net reversal of provision for liquidated and ascertained damages	(211,278)	–	–	(211,278)
Net unrealised gain on foreign exchange	(191,122)	–	–	(191,122)

32. COMPARATIVE FIGURES

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

	As previously classified RM	Reclassification RM	As reclassified RM
2018			
Group			
Statement of Financial Position			
Other investments	43,178,495	(43,178,495)	–
Short-term funds, cash and bank balances	28,188,334	43,178,495	71,366,829
Company			
Statement of Financial Position			
Other investments	25,922,173	(25,922,173)	–
Short-term funds, cash and bank balances	113,156	25,922,173	26,035,329
Group			
Statement of Cash Flows			
Withdrawals of fixed income funds and money market funds	19,786,696	(19,786,696)	–
Placement of fixed income funds and money market funds	(37,876,510)	37,876,510	–
Cash and cash equivalents at the beginning of the financial year of 30 September 2018	54,969,696	25,041,889	80,011,585
Company			
Statement of Cash Flows			
Withdrawals of fixed income funds and money market funds	19,786,696	(19,786,696)	–
Placement of fixed income funds and money market funds	(20,620,188)	20,620,188	–
Cash and cash equivalents at the beginning of the financial year of 30 September 2018	1,479	25,041,889	25,043,368

STATEMENT BY **DIRECTORS**

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

We, **YAP KOW @ YAP KIM FAH 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 42 to 109 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 2019 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 KOW @ YAP KIM FAH	**TAN TENG KHUAN**
Director	Director

Kuala Lumpur

Date: 10 January 2020

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 financial statements set out on pages 42 to 109 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 10 January 2020.

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 2019 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 42 to 109.

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 2019, 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' *Code of Ethics for Professional Accountants* ("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 16 to the financial statements)

Risk:
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)

Contract assets (Notes 4(b) and 11 to the financial statements)

Risk:
The Group's contract assets as at 30 September 2019 amounts to RM23.5 million. We focused on this area because the directors made significant judgements over assumptions about risk of default and expected loss rate. In making the assumptions, the directors selected inputs to the impairment calculation, based on the Group's past history and estimated cost to complete at the end of the reporting period.

Our response:
Our audit procedures included, among others:

- reviewing contract agreements between the Group and the contract customers for terms of billings and settlements;
- reviewing costs included within contract assets by verifying the amounts to the respective supporting documents;
- comparing the remaining amount of consideration to receive with estimated cost to complete; and
- testing the mathematical accuracy on calculation of potential impairment on contract assets 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.

Responsibilities of the Directors for the Financial Statements (continued)

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 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.

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.

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

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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, related safeguards.

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
LLP0019411-LCA & AF 0117
Chartered Accountants

……………………………………...
Ng Boon Hiang
No. 02916/03/2020 J
Chartered Accountant

Kuala Lumpur

Date: 10 January 2020

LIST OF **PROPERTIES**

As At 30 September 2019

	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 2019 (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 65 years expiring on 26 May 2064	Three (3) Storey Office Building,Five (5) Single-Storey Detached Factory/ Workshop cum Storage Area (24 years) / For Office and Factory Operations	39,250 / 15,750 square metres (12 June 1995)	12,645,189 (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 65 years expiring on 23 August 2064	Four (4) Single-Storey Detached Factory/ Workshop cum Storage Area (16 years) / For Factory Operations	26,110 / 9,000 square metres (8 June 2003)	8,700,396 (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 59 years expiring on 13 January 2058	Three (3) Storey Office Building, Two (2) Single-Storey Detached Factory/ Workshop cum Storage Area (15 years) / For Office and Factory Operations	8,094 / 4,597 square metres (29 March 2004)	7,521,871 (Within Property, Plant and Equipment)
4.	Lot No. 24, Kawasan Perindustrian Gebeng, 26080 Kuantan, Pahang (PN No. 7105, Lot No. 8922 (formerly known as HSD No. 17910, PT No. 7529), Mukim Sungai Karang, Daerah Kuantan, Pahang)	Leasehold 65 years expiring on 26 May 2064	Five (5) Contiguous Open Sided Single-Storey Detached Factory/Workshop cum Storage Area (10 year) / For Factory Operations	71,050 / 16,750 square metres (*29 February 2009)	26,578,414 (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 (19 years) / For Office and Factory Operations	2,000 / 3,000 square feet 11 August 2000	529,200 (Within Property, Plant and Equipment)

ANALYSIS OF **SHAREHOLDINGS**

As at 31 December 2019

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 shares	1,952	51.53	71,181	0.06
100 to 1,000 shares	919	24.26	384,394	0.35
1,001 to 10,000 shares	608	16.05	2,748,956	2.48
10,001 to 100,000 shares	245	6.47	7,593,381	6.85
100,001 to 5,542,239 (less than 5% of the issued shares)	61	1.61	35,797,881	32.30
5,542,240 and above (5% and above of issued shares)	3	0.08	64,249,009	57.96
Total	3,788	100.00	110,844,802	100.00

Note:

Excluding a total of 2,030,200 ordinary shares bought-back by APB and retained as treasury shares as at 31.12.2019

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	Urusharta Jamaah Sdn Bhd	8,850,300	7.98
4	Lim Hong Liang	4,258,500	3.84
5	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Lim Hong Liang	3,500,000	3.16
6	CIMB GROUP NOMINEES (ASING) EXEMPT An for DBS Bank Ltd	3,274,600	2.95
7	Tan Ming Sheng	2,728,600	2.46
8	Lim Hong Liang	2,207,800	1.99
9	Tan Ming Chieh	2,063,700	1.86
10	Rosley Bin Abdul Rahman	1,487,007	1.34

Analysis of Shareholdings
As at 31 December 2019

(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	Cheong Boon Yu	824,157	0.74
17	CGS-CIMB Nominees (Asing) Sdn Bhd Exempt An for CGS-CIMB Securities (Singapore) Pte Ltd	813,400	0.73
18	Kenanga Nominees (Asing) Sdn Bhd Exempt AN for Phillip Securities Pte Ltd	734,500	0.66
19	Gan Chin Boon	725,157	0.65
20	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities A/C for Teh Teck Tee	701,600	0.63
21	Rare Presitige Sdn Bhd	616,569	0.56
22	Wong Than Loy	572,200	0.52
23	Lim Pin Kong	500,000	0.45
24	Yap Nyok Leen	487,400	0.44
25	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Yulina Binti Baharuddin	453,000	0.41
26	Public Invest Nominees (Asing) Sdn Bhd Exempt AN for Phillip Securities Pte Ltd	387,700	0.35
27	Soo Ah Mooi	382,700	0.35
28	Goh Siang Kuan	371,496	0.34
29	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities account for Yap Pict Lin	299,200	0.27
30	Semenyih Land Capital Sdn Bhd	280,000	0.25

Analysis of Shareholdings

As at 31 December 2019

(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 (Ms.)	0	0.00	0	0.00	0	0.00
Chua Chia Cheng @ Chua Chia Kwee	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 31.12.2019

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
Urusharta Jamaah Sdn Bhd		8,850,300	7.98	0	0.00	8,850,300	7.98

Notes:

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

(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 31.12.2019

NOTICE OF EIGHTEENTH
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Eighteenth Annual General Meeting of APB Resources Berhad ("the Company") will be held at Dewan Berjaya, Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur on Thursday, 27 February 2020 at 2.00 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 2019 together with the Reports of the Directors and Auditors thereon.
Please refer to Explanatory Note 5

2 To approve payment of Directors' fees for the year ended 30 September 2019. Resolution 1

3 To re-elect Mr. Lim Hong Liang, 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 Mr. Chua Chia Cheng @ Chua Chia Kwee, the Director who retires in accordance with Article 123 of the Company's Constitution and, being eligible, offer himself for re-election. Resolution 3

5 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 4

Special Businesses

6 **Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions** Resolution 5

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 29 January 2020, 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 Eighteenth Annual General Meeting

(cont'd)

7 **Proposed Renewable of Authority to the Company to Purchase its Own Shares** Resolution 6

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") and all other prevailing laws, rules, regulations and orders issued and/or amended from time to time by the relevant authorities, the Company be and is hereby authorized to 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 shall not exceed ten percent (10%) of the total issued and paid-up share capital of the Company at any point of time;

(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 audited retained profits at any point of time;

(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

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 cancel the Company's Shares so purchased or to retain the Company's Shares so purchased as treasury shares (of which may be distributed as dividends to shareholders and/or resold on the Bursa Malaysia Securities Berhad and/or subsequently cancelled), or to retain part of the Company's Shares so purchased as treasury shares and cancel the remainder and in any other manner as prescribed by the Companies Act 2016, the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad 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."

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

Notice of Eighteenth Annual General Meeting
(cont'd)

BY ORDER OF THE BOARD

CHEOK KIM CHEE
MACS 00139
Secretary
Kuala Lumpur
29 January 2020

Notes to the Notice of Eighteenth Annual General Meeting:

1 A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy may but need not be a member of the Company. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.

2 The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, under the corporation's common seal or under the hand of an officer or attorney duly authorized.

3 The instrument appointing a proxy must be deposited to Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

4 Where a member appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy. Where a member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.

5 **Agenda 1**

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.

6 **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.

7 **Proposed Ordinary Resolution 2 and 3**

The Nomination Committee of the Company has assessed the performance and contribution of Mr. Lim Hong Liang and Mr. Chua Chia Cheng @ Chua Chia Kwee and recommended for their re-appointment. The Board has endorsed the Nomination Committee's recommendation that they be re-appoint as Directors of the Company.

Notice of Eighteenth Annual General Meeting

(cont'd)

8 **Proposed Ordinary Resolution 4**

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 forhtcoming Eighteenth Annual General Meeting. The Board approved the Audit Committee's recommendation.

Explanatory notes on Special Business:

9 **Ordinary Resolution 5 - 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 29 January 2020.

10 **Ordinary Resolution 6 - Proposed Renewable of Authority to the Company to Purchase its Own Shares**

Please refer to the Circular to Shareholders dated 29 January 2020.

Members Entitled to Attend Eighteenth Annual General Meeting

For the purpose of determining a member who shall be entitled to attend and vote at the forthcoming Eighteenth Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 19 February 2020. Only a depositor whose name appears on the Record of Depostors as at 19 February 2020 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 2019

The Annual Report 2019 is available on the Company's website at www.apb-resources.com and able to view from the Bursa Malaysia'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 2019 in printed form kindly send the duly completed form to Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan.

Voting

Voting at the forthcoming Eighteenth 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.

Notice of Eighteenth Annual General Meeting
(cont'd)

Registration

Registration of members/proxies attending the meeting will start from 1.00 p.m. and shall remain open until 2.00 p.m. on the day of the Meeting. At the close thereof, no person will be allowed to register for the Meeting nor enter the Meeting venue. Members/proxies are required to produce identification documents for registration.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the forthcoming Eighteenth 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(ies) and/or representative(s) to the Company (or its agents) the member has obtained the prior consent of such proxy(ies) and/or prepresentative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) 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 Berhas)

1 Details of individuals who are standing for election as Directors

No individual is seeking for election as Director at the forthcoming Eighteenth 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

This page has been intentionally left blank

FORM OF PROXY

CDS Account No.

No. of ordinary shares held

* 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 Eighteenth Annual General Meeting of the Company, to be held on Thursday, 27 February 2020 at 2.00 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. Lim Hong Liang as Director	2		
3	To re-elect Mr. Chua Chia Cheng @ Chua Chia Kwee as Director	3		
4	To re-appoint Auditors	4		
5	Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature	5		
6	Proposed Renewable of Authority to the Company to Purchase its own Shares	6		

Signed this _________ day of _______________ 2020

____
Signature of Member

Notes

1 A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy may but need not be a member of the Company. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.

2 The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, under the corporation's common seal or under the hand of an officer or attorney duly authorized.

3 The original copy of the instrument appointing a proxy must be deposited to Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Scan or fax copy of the proxy forms are not acceptable.

4 Where a member appoints two proxies, he shall specify the proportion of his shareholding to be represented by each proxy. Where a member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.

5 Voting at the forthcoming Eighteenth 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.

6 Only members whose names appear on the Record of Depositors on 19 February 2020 (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.

7 Registration of members/proxies attending the meeting will start from 1.00 p.m. and shall remain open until 2.00 p.m. on the day of the Meeting. At the close thereof, no person will be allowed to register for the Meeting nor enter the Meeting venue. Members/proxies are required to produce identification documents for registration.

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 Eighteenth Annual General Meeting dated 29 January 2020.

Fold this flap for sealing

Then fold here

AFFIX
STAMP

BOARDROOM SHARE REGISTRARS SDN. BHD.
(Company No. 199601006647 (378993-D))

11th Floor, Menara Symphony
No. 5, Jalan Professor Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan

1st fold here

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

Registered Office:

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

Corporate Office:

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