

## 11. ACCOUNTANTS REPORT

(Prepared for inclusion in this Prospectus)



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The Board of Directors  
APB Resources Berhad  
(formerly known as Lamquest Holdings Berhad)  
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30 March 2004

Dear Sirs

### Accountants' Report

This report has been prepared by Messrs. KPMG, an approved company auditor for inclusion in the Prospectus to be dated 31 March 2004 in connection with the following exercises:-

- i) restricted issue of 2,802,000 new ordinary shares of RM1.00 each in APB Resources Berhad (hereinafter referred to as "APB" or "the Company") to the existing shareholders of NCK Corporation Berhad ("NCK") on the basis of three (3) new ordinary shares of RM1.00 each in APB for each APB Share held at an issue price of RM1.00 per share;
- ii) public issue of 2,000,000 new ordinary shares of RM1.00 each in APB made available to the Malaysian public at an issue price of RM1.00 per share;
- iii) special issue of 16,200,000 new ordinary shares of RM1.00 each in APB to Bumiputera investors approved by the Ministry of International Trade and Industry ("MITI") at an issue price of RM1.00 per share; and
- iv) the listing of and quotation for the entire enlarged issued and paid-up share capital of APB comprising 87,875,002 ordinary shares of RM1.00 each on the Main Board of the Malaysia Securities Exchange Berhad ("MSEB").

## 1 General Information

### 1.1 Background

APB was incorporated in Malaysia as a private limited company under the Companies Act, 1965 on 20 November 2001 under the name of Kekal Sepakat Sdn Bhd. On 16 May 2002, the Company converted its status to a public limited company for the purpose of the listing exercise and thereafter changed its name to Lamquest Holdings Berhad with effect from 13 January 2003. The Company assumed its present name of APB Resources Berhad on 25 July 2003.

The principal activity of APB is that of investment holding whilst the principal activities of the APB Group are provision of design, engineering, and fabrication of specialised engineering equipment, contractors in air-conditioning and related engineering services, provision of Non Destructive Testing ("NDT") services focusing on fabricated metal or steel structure and constructional engineers of hydro power stations.



KPMG, a partnership established under the Malaysian law, is the Malaysian member firm of KPMG International, a Swiss corporation.

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## 1.2 Share Capital

At the date of incorporation, the authorised share capital of APB is RM100,000 comprising 100,000 ordinary shares of RM1.00 each whilst the issued and paid-up share capital of the Company is RM2 comprising 2 subscribers' ordinary shares of RM1.00 each.

The authorised share capital was increased from RM100,000 to RM200,000,000 by the creation of 174,900,000 new ordinary shares of RM1.00 each and 25,000,000 new irredeemable convertible preference shares ("ICPS") of RM1.00 each on 25 March 2004.

The present issued and paid up share capital of APB is RM91,873,002 consisting of 66,873,002 ordinary shares of RM1.00 each and 25,000,000 ICPS of RM1.00 each.

Pursuant to the revised restructuring scheme as set out in Section 1.3 below, the changes in the issued and paid up share capital of APB since its incorporation are summarised as follows:-

Date of Allotment	Number of shares	Par value RM	Purpose	Total issued and paid up share capital RM
<i>Ordinary shares</i>				
20 Nov 2001	2	1.00	Subscribers' share	2
30 March 2004	934,000	1.00	Issued as consideration for the acquisition of NCK	934,002
30 March 2004	51,837,000	1.00	Issued as part consideration for the acquisition of Era Julung Sdn Bhd ("EJ") and its subsidiaries	52,771,002
30 March 2004	14,102,000	1.00	Issued as part settlement of the liabilities of NCK	66,873,002
To be allotted	2,802,000	1.00	Restricted issue at RM1.00 each to the existing shareholders of NCK	69,675,002
To be allotted	2,000,000	1.00	Public issue at RM1.00 each	71,675,002
To be allotted	16,200,000	1.00	Special issue at RM1.00 each to Bumiputera investors approved by the MITI	87,875,002

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## 1.2 Share Capital (continued)

Date of Allotment	Number of shares	Par value RM	Purpose	Total issued and paid up share capital RM
To be allotted	4,300,000	1.00	Issued as part consideration for the proposed acquisition of 49% equity interest and 4.3 million redeemable convertible preference shares ("RCPS") in EPIC Constant Sdn Bhd ("ECSB")	92,175,002
To be allotted	4,300,000	1.00	Issued as part consideration for the proposed acquisition of 49% equity interest and 4.3 million RCPS in Konsep Realiti Sdn Bhd ("KRSB")	96,475,002
<b>Irredeemable Convertible Preference Shares ("ICPS")</b>				=====
30 March 2004	25,000,000	1.00	Issued as part consideration for the acquisition of EJ and its subsidiaries	25,000,000
				=====

The Irredeemable Convertible Preference Shares ("ICPS"), which bears a cumulative preferential dividend rate of 5.5% per annum, is designated as a compound instrument under the MASB 24, Financial Instruments: Disclosure and Presentation accounting standard. Accordingly, the ICPS would be accounted separately for its equity and liability components respectively in the financial statements.

Upon completion of the revised restructuring scheme, but prior to the conversion of the ICPS, the issued and paid up share capital of APB will increase to RM121,475,002 comprising 96,475,002 ordinary shares of RM1.00 each and 25,000,000 ICPS of RM1.00 each.

Upon full conversion of the ICPS at maturity, the issued and paid up share capital of APB will then be RM121,475,002 comprising 121,475,002 ordinary shares of RM1.00 each.

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**1.3 Revised Restructuring Scheme of NCK Group**

The revised restructuring scheme of NCK Group was based on the Workout Proposals for NCK prepared by the Special Administrators ("SA") pursuant to The Pengurusan Danaharta Nasional Berhad Act, 1998 (as amended).

The revised restructuring scheme involves the following:

**1.3.1 Acquisition of NCK**

The acquisition by APB of the entire issued and paid-up share capital of NCK comprising 37,360,005 ordinary shares of RM1.00 each in NCK for a purchase consideration of RM934,000 satisfied by the issuance of 934,000 ordinary shares of RM1.00 each in APB at par to the existing shareholders of NCK.

**1.3.2 Corporate Exercise by EJ**

The corporate exercise by EJ involved the following:-

- i) Renounceable rights issue of 4,700,000 new ordinary shares of RM1.00 each in EJ at par to Johari Low bin Abdullah @ Low Han Hing, Loo Pak Soon and Tan Teng Khuan.
- ii) The acquisition by EJ of the following:-
  - a. the entire issued and paid-up share capital of Amalgamated Metal Corporation (M) Sdn Bhd ("AMC") comprising 3,000,000 ordinary shares of RM1.00 each for a purchase consideration of RM33,159,848 satisfied by the issuance of 33,159,848 new ordinary shares of RM1.00 each in EJ at par;
  - b. the entire issued and paid-up share capital of Benmarl Sdn Bhd ("Benmarl") comprising 400,004 ordinary shares of RM1.00 each for a purchase consideration of RM5,444,764 satisfied by the issuance of 5,444,764 new ordinary shares of RM1.00 each in EJ at par; and
  - c. the entire issued and paid-up share capital of Prescan Sdn Bhd ("Prescan") comprising 1,600,000 ordinary shares of RM1.00 each for a purchase consideration of RM2,333,471 satisfied by the issuance of 2,333,471 new ordinary shares of RM1.00 each in EJ at par.

Upon completion of the above exercises, the issued and paid-up share capital of EJ has increased to RM45,638,085 comprising 45,638,085 ordinary shares of RM1.00 each.

**1.3.3 Acquisition of EJ by APB**

Acquisition of the entire enlarged issued and paid-up share capital of EJ comprising 45,638,085 ordinary shares of RM1.00 each for a purchase consideration of RM76,837,000 satisfied as follows:-

- a. Issuance of 51,837,000 new ordinary shares of RM1.00 each in APB at an issue price of RM1.00 per share; and
- b. Issuance of 25,000,000 5.5% 2004/2009 Cumulative Irredeemable Convertible Preference Shares ("ICPS") of RM1.00 each in APB at an issue price of RM1.00 per share.

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### 1.3.4 Assignment of Shares and ICPS

After the completion of the Acquisition of EJ by APB, certain vendors of EJ had consolidated their shareholdings in APB by assigning a total of 25,920,000 ordinary shares in APB representing approximately 26.87% of the enlarged issued and paid-up share capital of APB and 12,500,000 ICPS representing approximately 50.0% of the ICPS to Ikram Pintas Sdn Bhd, a private investment holding company.

### 1.3.5 Transfer of Listing Status

Transfer of NCK's listing status on the Main Board of the Malaysia Securities Exchange Berhad ("MSEB") to APB with all rights attached thereto.

NCK has been delisted from the Official List of the Main Board of the MSEB and APB has been admitted to the Official List of the MSEB in place of NCK, with the listing of the entire enlarged issued and paid-up share capital of APB on the Main Board of the MSEB.

### 1.3.6 Transfer of NCK

Transfer of the entire issued and paid-up share capital of NCK comprising 37,360,005 ordinary shares of RM1.00 each to a nominee/nominees of the Special Administrators ("SA") of NCK for a nominal consideration of RM1.00.

As part settlement of the liabilities of NCK, APB has issued 14,102,000 new ordinary shares of RM1.00 each at par to NCK, its assigns and/or Creditors' Agents.

Certain existing shareholders of the subsidiaries will subsequently be acquiring 6,300,000 ordinary shares of RM1.00 each in APB (forming part of the 14,102,000 ordinary shares of RM1.00 each in APB which was issued to NCK, its assigns and/or Creditors' Agents) immediately following the listing of the APB shares on the MSEB.

### 1.3.7 Restricted Issue

Restricted issue of 2,802,000 new ordinary shares of RM1.00 each in APB to the existing shareholders of NCK on the basis of three (3) new ordinary shares of RM1.00 each in APB for each APB Share held after the acquisition of NCK at an issue price of RM1.00 per share.

### 1.3.8 Public Issue

Public issue of 2,000,000 new ordinary shares of RM1.00 each in APB made available to the Malaysian public at an issue price of RM1.00 per share.

### 1.3.9 Special Issue

Special issue of 16,200,000 new ordinary shares of RM1.00 each in APB to Bumiputera investors approved by the Ministry of International Trade and Industry ("MITI") at an issue price of RM1.00 per share.

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### 1.3.10 Proposed acquisition of ECSB by APB

Proposed acquisition of 4,900 ordinary shares of RM1.00 each in ECSB representing 49% equity interest in ECSB and 4,300,000 Redeemable Convertible Preference Shares ("RCPS") of RM0.10 each in ECSB from Musteq Energy Services Sdn Bhd for a purchase consideration of RM4,304,900 to be satisfied by the issuance of 4,300,000 new ordinary shares of RM1.00 each in APB at par and RM4,900 cash.

### 1.3.11 Proposed acquisition of KRSB by APB

Proposed acquisition of 4,900 ordinary shares of RM1.00 each in KRSB representing 49% equity interest in KRSB and 4,300,000 RCPS of RM0.10 each in KRSB from Projass Engineering Sdn Bhd for a purchase consideration of RM4,304,900 to be satisfied by the issuance of 4,300,000 new ordinary shares of RM1.00 each in APB at par and RM4,900 cash.

The above revised restructuring scheme was approved by:

- i) Ministry of International Trade and Industry ("MITI") on 16 February 2004;
- ii) Securities Commission ("SC") on 8 March 2004;
- iii) Foreign Investment Committee ("FIC") on 16 March 2004; and
- iv) Pengurusan Danaharta Nasional Berhad ("Danaharta") on 18 March 2004.

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## 1.4 Subsidiaries, Associates and Proposed Associates

The subsidiaries, associates and proposed associates of APB, all of which are incorporated in Malaysia, and their principal activities are as follows:-

Name	Date of incorporation	Ordinary Share Capital of ← RM1.00 each →		Effective interest %	Principal activities
		Authorised RM	Issued and paid-up RM		
<i>Subsidiaries of APB</i>					
Era Julung Sdn Bhd	12 Oct 2001	50,000,000	45,638,085	100	Investment holding
<i>Subsidiaries of EJ</i>					
Amalgamated Metal Corporation (M) Sdn Bhd	28 Jan 1982	5,000,000	3,000,000	100	Fabrication of specialised design and manufacturing of engineering equipment
Benmarl Sdn Bhd	10 Sept 1986	500,000	400,004	100	Contractors in air-conditioning and related engineering services
Prescan Sdn Bhd	10 March 1988	5,000,000	1,600,000	100	Provision of non-destructive testing services and other related services
<i>Associate of AMC</i>					
Kanon Loading Equipment (M) Sdn Bhd ("Kanon")	14 March 1997	500,000	150,000	35	Provide consultancy or assistances on the production of loading arms and sales support and maintenance services.
<i>Proposed Associates of APB</i>					
EPIC Constant Sdn Bhd	14 July 2003	100,000	10,000	49	Constructional engineers of hydro power stations and related business activities
Konsep Realiti Sdn Bhd	17 June 2002	100,000	10,000	49	Constructional engineers of hydro power stations and related business activities

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**1.5 Dividends**

Details of dividends declared and paid by APB and its subsidiaries, associates and proposed associates for the years under review are as follows:

Financial year/ period ended	Issued and paid up capital RM	Gross Dividend Rate %	Gross Dividend RM	Tax Rate %	Net Dividend RM
a) AMC					
31 December 2000	3,000,000	130	3,900,000	-	3,900,000
31 December 2001	3,000,000	40	1,200,000	-	1,200,000
b) Benmarl					
31 December 2001	400,000	417	1,667,000	28	1,200,000
c) Prescan					
31 December 2001	1,600,000	104	1,667,000	28	1,200,000
d) Kanon					
31 December 2000	150,000	76	114,000	-	114,000

There were no other dividends paid or declared by APB and its subsidiaries, associates and proposed associates for all the other years under review.

**1.6 Basis of Accounting and Accounting Policies**

The financial statements included in this report are based on the audited financial statements of the companies in the APB Group, which have been prepared in compliance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia issued by the Malaysian Accounting Standards Board ("MASB"). This report is presented on a basis consistent with the accounting policies normally adopted by the APB Group.

**1.7 Financial Statements and Auditors**

The financial year end of the APB Group prior to financial year 2003 was 31 December. With effect from the year 2003, the APB Group had changed its financial year end to 30 September.

The financial statements of APB, its subsidiaries, associates and proposed associates were audited for the relevant financial years/periods under review, other than its proposed associate, ECSB. No audited financial statements has been prepared for ECSB to date as the company was only incorporated on 14 July 2003.

KPMG have been auditors of the following companies:-

- i) APB and EJ since incorporation;
- ii) AMC and Benmarl with effect from the financial year ended 31 December 2001; and
- iii) Prescan with effect from the six month financial period ended 31 December 2001.



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**1.7 Financial Statements and Auditors (continued)**

Prior to the financial years/periods with effect from the financial years/period mentioned above, the financial statements of the respective companies above, and the financial statements of the associate and proposed associates were audited by other firms of accountants.

The Auditors' reports of the companies within the proposed APB Group for the relevant financial years/period under review were not subject to any qualification and did not include any comment made under subsection 3 of Section 174 of the Companies Act, 1965, except for:-

- i) the audited financial statements of Benmarl for the financial year ended 31 December 2000 whereby the financial statements of Benmarl's then subsidiary for 2000 have not been consolidated with that of Benmarl as the audited financial statements of the subsidiary was not available. The subsidiary was subsequently disposed in 2001 and consolidated financial statements are therefore not required; and
- ii) the audited financial statements of KRSB for the financial period ended 30 September 2003 which contained an auditors' emphasis paragraph on the going concern basis of preparing the financial statements in view of the net current liabilities and the deficit in shareholders' funds of the company. The financial statements has been prepared on a going concern basis, the validity of which depends on KRSB obtaining continuing financial support from its directors and shareholders.

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## 2 Financial Performance

## 2.1 Proforma Consolidated Results

We set out below the summarised proforma consolidated results of the APB Group for the past five (5) financial years ended 31 December 1998 to 2002 and nine months financial period ended 30 September 2003. The proforma results are prepared for illustrative purposes only and are based on the audited financial statements of all companies within the Group, where available, after making such adjustments considered necessary on the assumption that the APB Group had been in existence throughout the relevant years under review.

	<-----Year ended 31 December----->					9 months period ended 30 September 2003
	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	RM'000
Revenue	62,366	62,562	59,733	59,504	60,078	39,216
Profit before depreciation, interest and exceptional items	7,957	12,425	11,525	13,197	12,983	6,771
Depreciation	(2,459)	(2,059)	(2,518)	(3,164)	(3,614)	(3,010)
Interest expense	(1,770)	(1,361)	(1,524)	(1,527)	(1,584)	(1,252)
Interest income	527	282	325	157	114	94
Share of profits of associates	69	385	231	316	17	66
Exceptional items	-	(132)	-	(172)	1,042	(698)
Profit before taxation	4,324	9,540	8,039	8,807	8,958	1,971
Taxation	(831)	293	(361)	(1,488)	(1,484)	(879)
Profit after taxation	3,493	9,833	7,678	7,319	7,474	1,092
Number of ordinary shares of RM1.00 each in issue ('000)*	66,873	66,873	66,873	66,873	66,873	66,873
Earnings per share (sen)						
- Gross	6.47	14.27	12.02	13.17	13.40	2.95
- Net	5.22	14.70	11.48	10.94	11.18	1.63

\* The number of ordinary shares assumed in issue throughout the financial years under review is the number of ordinary shares in issue after the acquisition of NCK and EJ, transfer of listing status and transfer of NCK to the nominee/nominees of the Special Administrators of NCK, but before the restricted issue, public issue, special issue and proposed acquisition of ECSB and KRSB.

Notes:-

- i) As the financial year end of Prescan was non coterminous with APB prior to the financial year ended 31 December 2001, the financial results of Prescan had been prorated to 31 December where appropriate.

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- ii) The results of the subsidiary of AMC i.e. Harapan Ceria Sdn Bhd (acquired in 2000 and disposed in 2001) and the subsidiary of Benmarl i.e. Prudent Combination Sdn Bhd (acquired in 1999 and disposed in 2001) were not consolidated in the proforma consolidated results of the APB Group as the results of these subsidiaries were not considered to have a material impact on group results.
- iii) The share of profits of the associates of AMC i.e. Amalgamated Aliran JV Sdn Bhd (disposed in 2001), Amalgamated Metal Builders (M) Sdn Bhd (disposed in 2002) and Kanon Loading Equipment (M) Sdn Bhd have been incorporated in the proforma consolidated results on the assumption that the APB Group had been in existence throughout the financial years under review.
- iv) The effective tax rates for 1998, 2000, 2001 and 2002 were lower than the applicable statutory tax rate due to the utilisation of reinvestment allowances whilst the effective tax rate for 2003 was higher than the statutory tax rate as certain expenses are disallowed for tax purposes.

Income tax was not provided for 1999 in view of the tax waiver for 1999 pursuant to the Income Tax (Amendment) Act, 1999. The tax credit for 1999 was in respect of the reversal of overprovision of prior years' provision for taxation.

- v) Other than the exceptional items as disclosed in note 2.1.1 below, there were no other exceptional or extraordinary items arising for the financial years under review.

## 2.1.1 Operating profit

Operating profit of the respective years under review is stated after charging/(crediting):-

	< ----- Year ended 31 December----->					9 months period ended 30 September 2003
	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	RM'000
Exceptional items:						
(Gain)/Loss on disposal of quoted investments	-	(188)	-	172	-	-
Gain on disposal of associate	-	-	-	-	(1,150)	-
Revaluation deficit	-	-	-	-	108	-
Deposit written off on unilateral revocation of a sale and purchase agreement	-	320	-	-	-	-
Listing expenses written off	-	-	-	-	-	1,198
Management fees receivable	-	-	-	-	-	(500)
	-----	-----	-----	-----	-----	-----
	-	132	-	172	(1,042)	698
	=====	=====	=====	=====	=====	=====
Allowance for doubtful debts	454	231	205	384	508	550
	=====	=====	=====	=====	=====	=====

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### 2.2 Notes to the Proforma Consolidated Results

#### 2.2.1 Basis of accounting

The proforma consolidated results of the APB Group for the past five (5) financial years ended 31 December 1998 to 2002 and nine months financial period ended 30 September 2003 have been prepared in compliance with applicable approved accounting standards in Malaysia.

#### 2.2.2 Basis of consolidation

The proforma consolidated results of the APB Group for the past five (5) financial years ended 31 December 1998 to 2002 and nine months financial period ended 30 September 2003 have been prepared for illustrative purposes only and are based on the audited financial statements of all companies within the APB Group where available, after making such adjustments considered necessary and on the assumption that the APB Group had been in existence throughout the relevant years under review.

The proforma consolidated results have been presented on a basis consistent with the accounting policies normally adopted by the APB Group.

#### 2.2.3 Earnings per share

Gross earnings per share has been calculated based on profit before taxation whilst net earnings per share has been calculated based on profit after taxation, both over the enlarged issued and paid up share capital of 66,873,002 ordinary shares of RM1.00 each.

### 2.3 Proforma Consolidated Balance Sheet

As the purchase consideration for the acquisition of EJ Group is calculated based on the Net Tangible Assets of the subsidiaries as at 31 December 2001 and the earnings potential of EJ Group, coupled with the different financial year end of Prescan prior to the financial year ended 31 December 2001, it is therefore impracticable to present proforma consolidated balance sheets of APB Group throughout the periods under review.

Accordingly, proforma consolidated balance sheet of APB Group has only been presented in respect of 30 September 2003 based on the latest audited statement of assets and liabilities as at 30 September 2003 as shown in Section 3 of this report.

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## 2.4 APB Resources Berhad (formerly known as Lamquest Holdings Berhad)

The following financial information of APB was extracted from the audited financial statements of APB for the financial period ended 31 December 2002 and 30 September 2003 respectively.

### 2.4.1 Summary of Results

	Period ended	
	31 December 2002 RM'000	30 September 2003 RM'000
Revenue	-	-
	=====	=====
Loss before depreciation and interest	(14)	(3)
Depreciation	-	-
Interest expense	-	-
Interest income	-	-
Exceptional item	-	(1,198)
	-----	-----
Loss before taxation	(14)	(1,201)
Taxation	-	-
	-----	-----
Loss after taxation	(14)	(1,201)
	=====	=====
Number of ordinary shares of RM1.00 each in issue ('000)	*	*
Loss per share (RM'000)	(7)	(601)

\* Issued and paid-up share capital of RM2 comprising 2 ordinary shares of RM1.00 each

Notes:-

- i) There was no provision for tax as there was no income earned during the period.
- ii) The exceptional items incurred for the financial period ended 30 September 2003 was in respect of listing expenses written off. There were no other exceptional items incurred for the financial periods under review.

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## 2.4.2 Summarised Balance Sheets

	←-----As at----->	
	31 December 2002 RM'000	30 September 2003 RM'000
Current assets	2,055	1,000
Current liabilities	(2,069)	(2,215)
Net current liabilities	(14)	(1,215)
	-----	-----
	(14)	(1,215)
	=====	=====
Represented by:		
Share capital	*	*
Accumulated losses	(14)	(1,215)
	-----	-----
Deficit in shareholders' funds	(14)	(1,215)
	=====	=====
Number of ordinary shares of RM1.00 each in issue ('000)	*	*
NTL per share (RM'000)	(7)	(608)

\* Issued and paid-up share capital of RM2 comprising 2 ordinary shares of RM1.00 each

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## 2.5 Era Julung Sdn Bhd ("EJ")

The following financial information of EJ was extracted from the audited financial statements of EJ for the financial period ended 31 December 2002 and 30 September 2003 respectively.

## 2.5.1 Summary of Results

	<-----Period ended----->	
	31 December 2002 RM'000	30 September 2003 RM'000
Revenue	-	-
Loss before depreciation and interest	(12)	(3)
Depreciation	-	-
Interest expense	-	-
Interest income	-	-
Loss before taxation	(12)	(3)
Taxation	-	-
Loss after taxation	(12)	(3)
Number of ordinary shares of RM1.00 each in issue ('000)	4,700*	4,700*
Loss per share (RM)	-	-

\* Comprise 2 ordinary shares of RM1.00 each fully paid up of RM2 and 4,700,000 ordinary shares of RM1.00 each paid up of RM0.10 per share on application amounting to RM470,000.

Notes:-

- i) There was no provision for tax as there was no income earned during the period.
- ii) There were no extraordinary or exceptional items for the financial periods under review.

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## 2.5.2 Summarised Balance Sheets

	<-----As at----->	
	31 December 2002 RM'000	30 September 2003 RM'000
Current assets	464	464
Current liabilities	(6)	(9)
Net current assets	458	455
	-----	-----
	458	455
	=====	=====
Financed by:		
Share capital	470	470
Accumulated losses	(12)	(15)
Shareholders' funds	458	455
	=====	=====
Number of ordinary shares of RM1.00 each in issue ('000)	4,700 *	4,700 *
NTA per share (RM)	0.10	0.10

\* Comprise 2 ordinary shares of RM1.00 each fully paid up of RM2 and 4,700,000 ordinary shares of RM1.00 each paid up of RM0.10 per share on application amounting to RM470,000.



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## 2.6 Amalgamated Metal Corporation (M) Sdn Bhd ("AMC")

The following financial information of AMC was extracted from the audited financial statements of AMC for the past five (5) financial years ended 31 December 1998 to 2002 and nine months financial period ended 30 September 2003 respectively.

## 2.6.1 Summary of Results

	<----- Year ended 31 December----->					9 months ended 30 September 2003
	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	RM'000
Revenue	47,316	51,392	48,316	50,057	52,539	33,484
Profit before depreciation, interest and exceptional items	8,180	11,756	9,978	11,194	11,010	5,844
Depreciation	(2,161)	(1,801)	(2,246)	(2,842)	(3,187)	(2,619)
Interest expense	(1,675)	(1,289)	(1,484)	(1,462)	(1,533)	(1,207)
Interest income	281	161	243	87	45	53
Exceptional items	-	-	-	-	1,150	500
Profit before taxation	4,625	8,827	6,491	6,977	7,385	2,571
Taxation	(742)	326	(198)	(1,174)	(900)	(617)
Profit after taxation	3,883	9,153	6,293	5,803	6,485	1,954
Number of ordinary shares of RM1.00 each in issue ('000)	3,000	3,000	3,000	3,000	3,000	3,000
Earnings per share (RM)						
- Gross	1.54	2.94	2.16	2.33	2.46	0.86
- Net	1.29	3.05	2.10	1.93	2.16	0.65

Notes:-

- i) The effective tax rates for 1998 and 2000 to 2003 were lower than the applicable statutory tax rate due to the utilisation of reinvestment allowances.

Income tax was not provided for 1999 in view of the tax waiver for 1999 pursuant to the Income Tax (Amendment) Act, 1999.

- ii) Other than the exceptional items as disclosed in note 2.6.2 below, there were no other exceptional or extraordinary items arising for the financial years under review.

## 11. ACCOUNTANTS REPORT (Cont'd)



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## 2.6.2 Operating profit

Operating profit of the respective periods under review is stated after charging/(crediting):-

	< ----- Year ended 31 December----->					9 months ended 30 September
	1998 RM'000	2003 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000
Exceptional items:						
Gain on disposal of associate	-	-	-	-	(1,150)	-
Management fees receivables	-	-	-	-	-	(500)
Allowance for doubtful debts	-	181	177	90	416	550
	=====	=====	=====	=====	=====	=====

## 2.6.3 Summarised Balance Sheets

	< ----- As at 31 December----->					As at 30 September
	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000
Property, plant and equipment	18,820	17,905	28,063	29,763	42,434	42,242
Investment in a subsidiary	-	-	110	-	-	-
Investment in associates	653	803	803	803	52	52
Other investments	79	79	79	79	39	39
Current assets	28,384	34,413	26,857	35,570	34,019	41,265
Current liabilities	(25,711)	(22,378)	(20,671)	(23,232)	(16,081)	(22,394)
Net current assets	3,123	12,035	6,186	12,338	17,938	18,871
	-----	-----	-----	-----	-----	-----
	22,675	30,822	35,241	42,983	60,463	61,204
	=====	=====	=====	=====	=====	=====
Financed by :-						
Share capital	3,000	3,000	3,000	3,000	3,000	3,000
Revaluation reserve	-	-	-	-	5,142	5,142
Retained profits	12,315	21,468	23,861	28,464	34,948	36,902
	-----	-----	-----	-----	-----	-----
Shareholders' funds	15,315	24,468	26,861	31,464	43,090	45,044
Deferred and long term liabilities	7,360	6,354	8,380	11,519	17,373	16,160
	-----	-----	-----	-----	-----	-----
	22,675	30,822	35,241	42,983	60,463	61,204
	=====	=====	=====	=====	=====	=====
Number of ordinary shares of RM1.00 each in issue ('000)	3,000	3,000	3,000	3,000	3,000	3,000
NTA per share (RM)	5.11	8.16	8.95	10.49	14.37	15.01

## 11. ACCOUNTANTS REPORT (Cont'd)



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## 2.7 Benmarl Sdn Bhd ("Benmarl")

The following financial information of Benmarl was extracted from the audited financial statements of Benmarl for the past five (5) financial years ended 31 December 1998 to 2002 and nine months financial period ended 30 September 2003 respectively.

## 2.7.1 Summary of Results

	< -----Year ended 31 December----- >					9 months ended 30 September
	1998 RM'000	2003 RM'000	2000 RM'000	2001 RM'000	2002 RM'000	2003 RM'000
Revenue	11,283	6,870	7,502	6,070	3,875	3,051
(Loss)/Profit before depreciation, interest and exceptional items	(660)	338	925	1,277	1,009	260
Depreciation	(173)	(107)	(105)	(129)	(104)	(75)
Interest expense	(77)	(58)	(33)	(58)	(32)	(20)
Interest income	123	64	63	52	55	26
Exceptional items	-	(320)	-	(172)	(108)	-
(Loss)/Profit before taxation	(787)	(83)	850	970	820	191
Taxation	-	-	(24)	(120)	(300)	(76)
(Loss)/Profit after taxation	(787)	(83)	826	850	520	115
Number of ordinary shares of RM1.00 each in issue (^000)	400	400	400	400	400	400
(Loss)/Earnings per share (RM)						
- Gross	(1.97)	(0.21)	2.13	2.42	2.05	0.48
- Net	(1.97)	(0.21)	2.07	2.13	1.30	0.29

Notes:-

- i) No taxation charge was provided for 1998 and 1999 due to the tax loss position during those years.

The taxation charge for 2000 related to the current year tax on fixed deposit interest. No taxation charge was provided on business income of 2000 due to the utilisation of tax losses and unabsorbed capital allowances brought forward.

The effective tax rate for 2001 was lower than the statutory tax rate due to the utilisation of tax losses brought forward whilst the effective tax rate for 2002 and 2003 was higher than the statutory tax rate due to certain expenses being disallowed for tax purposes.

- ii) Other than the exceptional items as disclosed in note 2.7.2 below, there were no other exceptional or extraordinary items arising for the financial years under review.

## 11. ACCOUNTANTS REPORT (Cont'd)



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## 2.7.2 Operating profit

Operating profit of the respective periods under review is stated after charging:-

	< ----- Year ended 31 December ----- >					9 months ended
	1998	2003	2000	2001	2002	30 September 2003
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Exceptional items:						
Loss on disposal of quoted investments	-	-	-	172	-	-
Revaluation deficit	-	-	-	-	108	-
Deposit written off on unilateral revocation of a sale and purchase agreement	-	320	-	-	-	-
	-	320	-	172	108	-
	=====	=====	=====	=====	=====	=====
Allowance for doubtful debts	391	-	-	294	64	-
	=====	=====	=====	=====	=====	=====

## 2.7.3 Summarised Balance Sheets

	< ----- As at 31 December ----- >					As at
	1998	1999	2000	2001	2002	30 September 2003
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	1,558	1,166	1,144	1,373	1,316	1,247
Other investments	198	333	331	135	91	91
Current assets	4,380	2,948	4,051	2,957	3,996	3,394
Current liabilities	(3,468)	(1,675)	(2,011)	(1,208)	(1,585)	(1,020)
Net current assets	912	1,273	2,040	1,749	2,411	2,374
	2,668	2,772	3,515	3,257	3,818	3,712
	=====	=====	=====	=====	=====	=====
Financed by :-						
Share capital	400	400	400	400	400	400
Revaluation reserve	-	-	-	-	86	86
Retained profits	2,064	2,062	2,888	2,538	3,058	3,173
Shareholders' funds	2,464	2,462	3,288	2,938	3,544	3,659
Deferred and long term liabilities	204	310	227	319	274	53
	2,668	2,772	3,515	3,257	3,818	3,712
	=====	=====	=====	=====	=====	=====
Number of ordinary shares of RM1.00 each in issue ('000)	400	400	400	400	400	400
NTA per share (RM)	6.16	6.16	8.22	7.35	8.93	9.15

## 11. ACCOUNTANTS REPORT (Cont'd)



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## 2.8 Prescan Sdn Bhd ("Prescan")

The following financial information of Prescan was extracted from the audited financial statements of Prescan for the four (4) financial years ended 30 June 1998 to 2001, the six months financial period ended 31 December 2001, the financial year ended 31 December 2002 and nine months financial period ended 30 September 2003 respectively.

## 2.8.1 Summary of Results

	<-----Year ended 30 June----->				6 months ended 31 Dec	Year ended 31 Dec	9 months ended 30 September 2003
	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	2001 RM'000	2002 RM'000	RM'000
Revenue	3,730	4,367	4,248	3,581	1,710	4,544	3,419
Profit before depreciation, interest and exceptional items	363	323	527	717	367	1,090	856
Depreciation	(107)	(142)	(159)	(175)	(105)	(323)	(316)
Interest expense	(18)	(18)	(10)	(4)	(5)	(19)	(25)
Interest income	152	93	20	18	9	14	15
Exceptional items	-	188	-	-	-	-	-
Profit before taxation	390	444	378	556	266	762	530
Taxation	(161)	(7)	(59)	(150)	(120)	(284)	(167)
Profit after taxation	229	437	319	406	146	478	363
Number of ordinary shares of RM1.00 each in issue ( '000)	1,600	1,600	1,600	1,600	1,600	1,600	1,600
Earnings per share (RM)							
- Gross	0.24	0.28	0.24	0.35	0.17	0.48	0.33
- Net	0.14	0.27	0.20	0.25	0.09	0.30	0.23

## Notes:-

- i) The effective tax rate for year ended 30 June 1998, the 6 months period ended 31 December 2001, year ended 31 December 2002 and 9 months period ended 30 September 2003 was higher than the statutory tax rate due to certain expenses being disallowed for tax purposes.

Income tax was not provided for 1999 in view of the tax waiver for 1999 pursuant to the Income Tax (Amendment) Act, 1999. The tax balance for 1999 is in respect of underprovision of tax in prior years.

The effective tax rate for 2000 was lower than the statutory tax rate due to the availability of higher capital allowances as well as double deduction obtained for approved training expenses incurred.

## 11. ACCOUNTANTS REPORT (Cont'd)

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The effective tax rate for 2001 is marginally below the statutory tax rate due to an underprovision for taxation charge amounting to RM15,000. The underprovision of tax expense was adjusted in nine months financial period ended 30 September 2003.

- ii) Other than the exceptional items as disclosed in note 2.8.2 below, there were no other exceptional or extraordinary items arising for the financial years/periods under review.

## 2.8.2 Operating profit

Operating profit of the respective years under review is stated after charging/(crediting):-

	<-----Year ended 30 June----->				6 months ended 31 Dec 2001	Year ended 31 Dec 2002	9 months ended 30 September 2003
	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	RM'000	RM'000	RM'000
Exceptional items:							
Gain on disposal of quoted investments	-	(188)	-	-	-	-	-
Allowance for doubtful debts	84	43	57	-	-	28	-
	=====	=====	=====	=====	=====	=====	=====

## 2.8.3 Summarised Balance Sheets

	<-----As at 30 June----->				As at 31 December	As at 30 September	
	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	2001 RM'000	2002 RM'000	2003 RM'000
Property, plant and equipment	544	447	778	719	1,102	1,572	1,863
Other investments	-	181	58	58	18	-	-
Current assets	3,542	3,625	3,379	3,687	2,621	3,208	3,048
Current liabilities	(1,317)	(1,093)	(680)	(1,728)	(709)	(1,108)	(912)
Net current assets	2,225	2,532	2,699	1,959	1,912	2,100	2,136
	-----	-----	-----	-----	-----	-----	-----
	2,769	3,160	3,535	2,736	3,032	3,672	3,999
	=====	=====	=====	=====	=====	=====	=====
Financed by:-							
Share capital	1,600	1,600	1,600	1,600	1,600	1,600	1,600
Revaluation reserve	-	-	-	-	-	20	20
Retained profits	1,113	1,550	1,869	1,075	1,222	1,700	2,063
Shareholders' funds	2,713	3,150	3,469	2,675	2,822	3,320	3,683
Deferred and long term liabilities	56	10	66	61	210	352	316
	-----	-----	-----	-----	-----	-----	-----
	2,769	3,160	3,535	2,736	3,032	3,672	3,999
	=====	=====	=====	=====	=====	=====	=====
Number of ordinary shares of RM1.00 each in issue ('000)	1,600	1,600	1,600	1,600	1,600	1,600	1,600
NTA per share (RM)	1.70	1.97	2.17	1.67	1.76	2.08	2.30