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**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

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**PART A: DISCLOSURE NOTES AS REQUIRED UNDER FRS 134 - INTERIM FINANCIAL REPORTING**

**1. Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with applicable disclosure provisions of paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Malaysian Financial Reporting Standards ("MFRSs") 134: Interim Financial Reporting as issued by Malaysian Accounting Standards Board ("MASB") and International Financial Reporting Standards ("IFRSs").

The preparation of an interim financial statement in conformity with MFRS 134: Interim Financial Reporting requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

The interim financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since Annual Financial Statements for 2013.

Annual Financial Statements for the financial year ended 30 September 2013 are available from the Company's registered office.

**2. Changes in Accounting Policies**

The Group's financial statements for annual period beginning on 1 October 2012 will be prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs") issued by the MASB and International Financial Reporting Standards ("IFRSs").

**3. Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the Company's Annual Financial Statements for the financial year ended 30 September 2013 was not subjected to any qualification.

**4. Comments about Seasonal and / or Cyclical Factors**

The Group's business operations are not materially affected by any major seasonal or cyclical factors.

**5. Unusual Items due to their Nature, Size or Incidence**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter and financial year-to-date.

**6. Material Changes in Estimates**

There were no material changes in estimates of amount reported in prior financial year that have a material effect on the current quarter and financial year-to-date.

**7. Issuance and Repayment of Debt and Equity Securities**

There were no issuance or repayment of debt and equity securities during the current quarter and financial year-to-date.

**8. Dividend**

On 30 June 2014, the Company had paid an interim single tier dividend of 3.5% in respect of the financial year ending 30 September 2014.

Other than the dividend paid on 30 June 2014, the Company has not proposed any additional dividend for the current quarter.

## 9. Segmental Information

### Business Segments

	<u>Fabrication</u> RM'000	<u>Non-Destructive Testing ("NDT")</u> RM'000	<u>Others</u> RM'000	<u>Elimination</u> RM'000	<u>Consolidated</u> RM'000
<b>Financial Period Ended 31 March 2014</b>					
<u>Revenue</u>					
Total external revenue	139,613	3,364	-	-	142,977
Inter-segment revenue	18	898	-	(916)	-
Total segment revenue	<u>139,631</u>	<u>4,262</u>	<u>-</u>	<u>(916)</u>	<u>142,977</u>
<u>Results</u>					
Segment profit / (loss)	11,808	617	(659)	-	11,766
Add: Interest income					464
(Less): Finance costs					<u>(162)</u>
Operating profit / profit before taxation					12,068
(Less): Tax expense					<u>(3,112)</u>
Profit for the period					<u><u>8,956</u></u>

Please refer to Notes No. 15 and No. 16 below for an analysis of the performance of the business segments of the Group.

## 10. Subsequent Material Events

There were no material events subsequent to the end of the current quarter.

## 11. Changes in Composition of the Group

There were no changes in the composition of the Group for the current quarter and financial year-to-date.

## 12. Contingent Liabilities

There were no material contingent liabilities for the Group as at the date of this announcement.

## 13. Capital Commitments

There were no significant capital commitments as at the end of the current quarter.

## 14. Significant Related Party Transactions

Related party transactions for the current quarter and financial year-to-date are as follows:

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year Quarter <u>30 Jun 2014</u> RM'000	Preceding Year Corresponding Quarter <u>30 Jun 2013</u> RM'000	Current Year To Date <u>30 Jun 2014</u> RM'000	Preceding Year Corresponding Year To Date <u>30 Jun 2013</u> RM'000
Peng Fah Engineering Sdn Bhd - For rental of factory premises	341	184	710	388
TTS Resources Sdn Bhd's subsidiary companies:				
TTS Transport Sdn Bhd - For transportation charges	104	115	473	490
TTS Insu-Write Services Sdn Bhd - For marine cargo and general insurance	38	102	248	169
TTS Engineering Sdn Bhd - For services rendered on minor fabrication works and rental of factory premise	76	76	332	254
TTS Enterprise Sdn Bhd - For maintenance of equipment	22	0	34	15

Mr. Yap Kow @ Yap Kim Fah and Mr. Yap Kau @ Yap Yeow Ho are substantial shareholders and Directors of TTS Resources Sdn Bhd.

**PART B: EXPLANATORY NOTES PURSUANT TO LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**15. Review of Performance**

Third Quarter FY14 (3Q14) revenue increased by 9.42% from RM27.6 million in 3Q13 to RM30.2 million. However, gross profit fell from RM7.7 million to RM5.7 million over the period, largely due to a change in product mix. A relatively larger portion of high-value-low-margin products were completed in 3Q2014, while 3Q2013 registered a bigger level of higher margin products. The strengthening of the Ringgit vis-a-vis the US\$ resulted in a foreign exchange loss of RM1.0 million for the quarter, this compares to a gain of RM1.7 million recorded in 3Q13. As a result of the lower gross margin and forex loss, profit before taxation dropped from RM6.0 million in 3Q13 to RM1.4 million this quarter. However, cumulative year to date profit after taxation up to 3Q14 was higher at RM9.0 million against RM6.9 million recorded for the same period last year.

**16. Review of Current Quarter's Results against Preceding Quarter's Results**

Revenue dropped by 45% from RM54.7 million in 2Q14 to RM30.2 million this quarter mainly due to timing of completion of a number of high value projects in 2Q14. The quarter also suffered a forex loss of RM1.0 million vs a gain of RM0.3 million in the preceding quarter. The lower revenue and the forex loss accounted for the decline in profit before taxation from RM5.3 million in 2Q14 to RM1.4 million in the current quarter.

**17. Prospects**

The global process equipment industry for the current year remains challenging.

**18. Variance of Actual and Forecast Profit**

There was no profit forecast or profit guarantee announced during the current quarter and financial year-to-date.

**19. Profit for the Period**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year Quarter <u>30 Jun 2014</u> RM'000	Preceding Year Corresponding Quarter <u>30 Jun 2013</u> RM'000	Current Year To Date <u>30 Jun 2014</u> RM'000	Preceding Year Corresponding Year To Date <u>30 Jun 2013</u> RM'000
Profit for the period is arrived at after crediting / (charging):				
Depreciation of property, plant and equipment	(1,231)	(1,239)	(3,729)	(3,700)
Finance costs	(42)	(59)	(162)	(154)
Interest income	180	265	464	589
Net gain / (loss) on foreign exchange	(950)	1,671	1,449	1,536
Net reversal for impairment losses	0	50	0	314
Net (allowance) / reversal of provision for liquidated and ascertained damages	27	1,605	(521)	2,482

Save as disclosed above, the other items as required under Appendix 9B, Part A(16) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad are not applicable.

**20. Tax Expense**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year Quarter <u>30 Jun 2014</u> RM'000	Preceding Year Corresponding Quarter <u>30 Jun 2013</u> RM'000	Current Year To Date <u>30 Jun 2014</u> RM'000	Preceding Year Corresponding Year To Date <u>30 Jun 2013</u> RM'000
<u>Tax Expense</u>				
Current year	(370)	(1,543)	(3,112)	(2,461)

**21. Unquoted Investments and / or Properties**

The Group has not made any investment in or disposed of any unquoted investments and / or properties during the current quarter and financial year-to-date.

**22. Quoted and Marketable Securities**

The Group has not made any investment in or disposed of any quoted and marketable securities during the current quarter and financial year-to-date.

## 23. Group's Borrowings

The Group has no outstanding borrowing as at the end of the current quarter and the last financial year.

## 24. Changes in Material Litigation

Neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of the Company or any of its subsidiaries, and the Board is not aware of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect the position or business of the Company or any of its subsidiaries.

## 25. Earnings Per Share

### Basic Earnings Per Ordinary Share

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

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year Quarter <u>30 Jun 2014</u>	Preceding Year Corresponding Quarter <u>30 Jun 2013</u>	Current Year To Date <u>30 Jun 2014</u>	Preceding Year Corresponding Year To Date <u>30 Jun 2013</u>
Profit Attributable To Ordinary Shareholders (RM'000):				
Net profit attributable to ordinary shareholders	1,027	4,479	8,956	6,936
Weighted Average Number Of Ordinary Shares ('000):				
Issued ordinary shares at beginning of period	112,875	112,875	112,875	112,875
(Less): Effect of treasury shares held	(2,030)	(2,030)	(2,030)	(2,030)
Weighted average number of ordinary shares	110,845	110,845	110,845	110,845
Basic earnings per ordinary share (sen)	0.93	4.04	8.08	6.26

## 26. Information on the Breakdown of Realised and Unrealised Profits or Losses

The breakdown of the retained earnings of the Group into realised and unrealised profits or losses is as follows:

	As At	As At
	<u>31 Mar 2014</u>	<u>30 Sep 2013</u>
	RM'000	RM'000
Total Retained Earnings:		
Realised Profits	121,696	121,027
Unrealised Losses	(4,279)	(5,074)
	117,417	115,953
(Less): Consolidation adjustments	(48,347)	(48,634)
Total retained earnings (distributable)	69,070	67,319

## 27. Authorisation for Issue

The interim financial statements were authorised for issue by the Board on 26 August 2014.

By Order of the Board of Directors  
**APB RESOURCES BERHAD (564838-V)**

CHEOK KIM CHEE (MACS 00139)  
Company Secretary  
26 August 2014

**Cell:** G275

**Comment:** Consist of:

(i) Deferred Tax Liabilities (before/after Consol Adjustments) = 4,103,498 [Credit]

(ii) Unrealised Foreign Exchange Gain / (Loss):

Accounts Payables = 18,976 [Credit]

Accounts Receivables = 10,434 [Credit] & 146,400 [Credit]

**Cell:** H275

**Comment:** Consist of:

(i) Deferred Tax Liabilities (before/after Consol Adjustments) = 4,103,498 [Credit]

(ii) Unrealised Foreign Exchange Gain / (Loss):

Accounts Payables = 8,278 [Credit]

Accounts Receivables = 1,302,225 [Credit] & 339,747 [Debit]