

NOTES TO THE INTERIM FINANCIAL STATEMENTS

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

For the financial year under review, the Company had paid on 28 April 2014 a final single tier dividend of 3.0% in respect of the financial year ended 30 September 2013 and had paid on 30 June 2014 an interim single tier dividend of 3.5% in respect of the financial year ended 30 September 2014.

The Board has recommended a final single tier dividend of 3.0% and subject to the approval of the shareholders at the forthcoming Annual General Meeting, will be paid at a date to be determined. Upon approval, together with the interim dividend of 3.5% which was paid earlier will bring the total dividend to 6.5% for financial year ended 30 September 2014.

9. Segmental Information

Business Segments

	Fabrication RM'000	Non-Destructive Testing ("NDT") RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Financial Period Ended 30 September 2014					
<u>Revenue</u>					
Total external revenue	168,860	4,323	-	-	173,183
Inter-segment revenue	65	1,107	-	-1,172	-
Total segment revenue	168,925	5,430	-	-1,172	173,183
<u>Results</u>					
Segment profit / (loss)	15,094	798	-655	-	15,237
Add: Interest income					1,259
(Less): Finance costs					-177
Operating profit / profit before taxation					16,319
(Less): Tax expense					-4,130
Profit for the period					12,189

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 Sep 2014</u> RM'000	Preceding Year Corresponding Quarter <u>30 Sep 2013</u> RM'000	Current Year To Date <u>30 Sep 2014</u> RM'000	Preceding Year Corresponding Year To Date <u>30 Sep 2013</u> RM'000
Peng Fah Engineering Sdn Bhd				
- For rental of factory premises	342	185	1,052	573
TTS Resources Sdn Bhd's subsidiary companies:				
TTS Transport Sdn Bhd				
- For transportation charges	102	105	574	599
TTS Insu-Write Services Sdn Bhd				
- For marine cargo and general insurance	44	52	292	221
TTS Engineering Sdn Bhd				
- For services rendered on minor fabrication works and rental of factory premise	75	76	407	330
TTS Enterprise Sdn Bhd				
- For maintenance of equipment	2	21	36	36

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

Fourth quarter (4Q14) revenue declined by 19.5%; from RM37.5 million in 4Q13 to RM30.2 million as a larger number of lower value but higher margin projects were completed during the quarter. Consequently, gross margin was higher at 27.8% compared to 20.4% in 4Q13. Gross profit also rose from RM7.7 million to RM8.4 million over the period. Profit before tax declined by 17.4% to RM4.3 million in 4Q14 as the Group recorded a foreign exchange gain of RM1.6 million in 4Q13.

For the full year ending 30 September 2014, revenue rose by 26% to RM173 million as compared to RM137 million in FY 2013. Profit after tax increased by 16%, from RM10.4 million in FY 2013 to RM12.1 million in FY 2014.

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

The 4Q14 revenue was unchanged at RM30.2 million as compared to the 3Q14. However, the Group recorded a higher gross margin of 27.8% against 19% in 3Q14. As a result, profit before tax rose from RM1.4 million in 3Q14 to RM4.3 million this quarter. Profit from continuing operation jumped from RM1.0 million to RM3.2 million over the period.

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 Sep 2014</u> RM'000	Preceding Year Corresponding Quarter <u>30 Sep 2013</u> RM'000	Current Year To Date <u>30 Sep 2014</u> RM'000	Preceding Year Corresponding Year To Date <u>30 Sep 2013</u> RM'000
Profit for the period is arrived at after crediting / (charging):				
Depreciation of property, plant and equipment	-1,264	-1,191	-4,993	-4,891
Finance costs	-15	-207	-177	-361
Interest income	795	438	1,259	1,027
Net gain / (loss) on foreign exchange	-1	1,555	1,448	3,091
Net reversal for impairment losses	241	-361	241	-47
Net (allowance) / reversal of provision for liquidated and ascertained damages	997	1,950	476	4,432

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 Sep 2014</u> RM'000	Preceding Year Corresponding Quarter <u>30 Sep 2013</u> RM'000	Current Year To Date <u>30 Sep 2014</u> RM'000	Preceding Year Corresponding Year To Date <u>30 Sep 2013</u> RM'000
<u>Tax Expense</u>				
Current year	-1,018	-1,708	-4,130	-4,169

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 Sep 2014</u>	Preceding Year Corresponding Quarter <u>30 Sep 2013</u>	Current Year To Date <u>30 Sep 2014</u>	Preceding Year Corresponding Year To Date <u>30 Sep 2013</u>
Profit Attributable To Ordinary Shareholders (RM'000):				
Net profit attributable to ordinary shareholders	3,233	3,437	12,189	10,373
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)	2.92	3.10	11.00	9.36

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>30 Sep 2014</u>	<u>30 Sep 2013</u>
	RM'000	RM'000
Total Retained Earnings:		
Realised Profits	126,236	121,027
Unrealised Losses	-5,586	-5,074
	120,650	115,953
(Less): Consolidation adjustments	-48,347	-48,634
Total retained earnings (distributable)	72,303	67,319

27. Authorisation for Issue

The interim financial statements were authorised for issue by the Board on 27 November 2014.

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

CHEOK KIM CHEE (MACS 00139)
Company Secretary
27 November 2014