

**APB RESOURCES BERHAD**  
(COMPANY NO.: 564838-V)

**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 2014.

Annual Financial Statements for the financial year ended 30 September 2014 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 2014 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**

There were no dividend proposed or paid during the current quarter and financial year-to-date.

## 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 December 2014</b>					
<u>Revenue</u>					
Total external revenue	26,715	1,116	-	-	27,831
Inter-segment revenue	-	221	-	-221	-
Total segment revenue	<u>26,715</u>	<u>1,337</u>	<u>-</u>	<u>-221</u>	<u>27,831</u>
<u>Results</u>					
Segment profit / (loss)	1,823	150	-138	-	1,835
Add: Interest income					166
(Less): Finance costs					-57
Operating profit / profit before taxation					<u>1,944</u>
(Less): Tax expense					-497
Profit for the period					<u><u>1,447</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>31 Dec 2014</u> RM'000	Preceding Year Corresponding Quarter <u>31 Dec 2013</u> RM'000	Current Year To Date <u>31 Dec 2014</u> RM'000	Preceding Year Corresponding Year To Date <u>31 Dec 2013</u> RM'000
Peng Fah Engineering Sdn Bhd - For rental of factory premises	341	184	341	184
TTS Resources Sdn Bhd's subsidiary companies:				
TTS Transport Sdn Bhd - For transportation charges	154	242	154	242
TTS Insu-Write Services Sdn Bhd - For marine cargo and general insurance	18	20	18	20
TTS Engineering Sdn Bhd - For services rendered on minor fabrication works and rental of factory premise	76	210	76	210
TTS Enterprise Sdn Bhd - For maintenance of equipment	11	4	11	4

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**

The Group's first quarter (1Q15) revenue dropped by 52% from RM58.0 million in 1Q14 to RM27.8 million mainly due to completion of lower number of projects. However, gross profit margin improved from 11.1% previously to 14.5%. The sharp decline in revenue has significantly impacted the profit before taxation which fell from RM5.4 million to RM1.9 million over the period.

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

Although revenue declined by 8% from RM30.2 million in 4Q14 to RM27.8 million this quarter, gross margin slumped significantly to 14.5% against 27.8% in the prior quarter. This mainly reflects the increasingly difficult operating environment, as fewer projects are available and margins are increasingly being squeezed. As a result profit after taxation dropped from RM3.2 million last quarter to RM1.4 million for 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>31 Dec 2014</u> RM'000	Preceding Year Corresponding Quarter <u>31 Dec 2013</u> RM'000	Current Year To Date <u>31 Dec 2014</u> RM'000	Preceding Year Corresponding Year To Date <u>31 Dec 2013</u> RM'000
Profit for the period is arrived at after crediting / (charging):				
Depreciation of property, plant and equipment	-1,297	-1,247	-1,297	-1,247
Finance costs	-57	-62	-57	-62
Interest income	166	132	166	132
Net gain on foreign exchange	1,169	2,103	1,169	2,103
Net allowance for impairment losses	52	0	52	0
Net reversal /(allowance) of provision for liquidated and ascertained damages	928	-377	928	-377

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>31 Dec 2014</u> RM'000	Preceding Year Corresponding Quarter <u>31 Dec 2013</u> RM'000	Current Year To Date <u>31 Dec 2014</u> RM'000	Preceding Year Corresponding Year To Date <u>31 Dec 2013</u> RM'000
<u>Tax Expense</u>				
Current year	-497	-1,379	-497	-1,379

**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>	
	<u>Current Year</u> <u>Quarter</u> <u>31 Dec 2014</u>	<u>Preceding Year</u> <u>Corresponding</u> <u>Quarter</u> <u>31 Dec 2013</u>	<u>Current Year</u> <u>To Date</u> <u>31 Dec 2014</u>	<u>Preceding Year</u> <u>Corresponding</u> <u>Year To Date</u> <u>31 Dec 2013</u>
Profit Attributable To Ordinary Shareholders (RM'000):				
Net profit attributable to ordinary shareholders	1,447	4,012	1,447	4,012
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)	1.31	3.62	1.31	3.62

## 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:

	<u>As At</u>	<u>As At</u>
	<u>31 Dec 2014</u>	<u>30 Sep 2014</u>
	<u>RM'000</u>	<u>RM'000</u>
Total Retained Earnings:		
Realised Profits	126,345	125,658
Unrealised Losses	-4,320	-5,061
	122,025	120,597
(Less): Consolidation adjustments	-48,328	-48,347
Total retained earnings (distributable)	73,697	72,250

## 27. Authorisation for Issue

The interim financial statements were authorised for issue by the Board on 12 February 2015.

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

CHEOK KIM CHEE (MACS 00139)  
Company Secretary  
12 February 2015

**Cell:** G267

**Comment:** Consist of:

(i) Deferred Tax Liabilities (before/after Consol Adjustments) = 3,973,798 [Credit]

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

Accounts Payables = 944 [Debit]

Accounts Receivables = 3,061,035 (Credit) & 2,713,897 [Debit]

**Cell:** H267

**Comment:** Consist of:

(i) Deferred Tax Liabilities (before/after Consol Adjustments) = 3,973,798 [Credit]

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

Accounts Payables = 12,307 [Credit]

Accounts Receivables = 730,520 & 869,630 [Credit]