

**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**

At the Company's Annual General Meeting held on 26 March 2015, Members of the Company had approved a final single tier dividend of 3.0% in respect of the financial year ended 30 September 2014. This dividend had been paid on 28 April 2015.

In addition, the Board of Directors has declared an interim single tier dividend of 3.5% for the financial year ending 30 September 2015, which will be paid on 30 June 2015.

## 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 2015</b>					
<u>Revenue</u>					
Total external revenue	54,939	2,534	-	-	57,473
Inter-segment revenue	103	403	-	-506	-
Total segment revenue	<u>55,042</u>	<u>2,937</u>	<u>-</u>	<u>-506</u>	<u>57,473</u>
<u>Results</u>					
Segment profit / (loss)	7,249	561	-257	-	7,553
Add: Interest income					310
(Less): Finance costs					-174
Operating profit / profit before taxation					<u>7,689</u>
(Less): Tax expense					<u>-1,926</u>
Profit for the period					<u><u>5,763</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 Mar 2015</u> RM'000	Preceding Year Corresponding Quarter <u>31 Mar 2014</u> RM'000	Current Year To Date <u>31 Mar 2015</u> RM'000	Preceding Year Corresponding Year To Date <u>31 Mar 2014</u> RM'000
Peng Fah Engineering Sdn Bhd - For rental of factory premises	342	184	683	369
TTS Resources Sdn Bhd's subsidiary companies:				
TTS Transport Sdn Bhd - For transportation charges	96	128	250	369
TTS Insu-Write Services Sdn Bhd - For marine cargo and general insurance	234	190	252	210
TTS Engineering Sdn Bhd - For services rendered on minor fabrication works and rental of factory premise	75	76	151	286
TTS Enterprise Sdn Bhd - For maintenance of equipment	3	8	15	12

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 second (2nd) quarter (2Q15) revenue dropped by 46% from RM54.7 million in 2Q14 to RM29.6 million reflecting an increasingly difficult operating environment. However, gross profit margin improved from 14.7% previously to 20.3% due to product mix and write back of provision for liquidated and ascertained damages of RM0.5 million for 2Q15. The Group recorded a gain of RM4.2 million on its foreign currency transactions for 2Q15 as opposed to RM0.3 million for 2Q14. The higher profit margin and the foreign exchange gain resulted in 10.2% increase in profit after tax from RM3.9 million recorded in 2Q14 to RM4.3 million this quarter.

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

The second (2nd) quarter (2Q15) revenue increased by 6.5% from RM27.8 million in last quarter to RM29.6 million, whereas gross profit improved by 48.6% over the period to RM6.0 million this quarter. Profit after tax rose to RM4.3 million this quarter from RM1.4 million in the preceding quarter mainly due to higher foreign currency transaction gain arising from the strengthening of US dollar against Ringgit Malaysia.

**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>	
	<u>Current Year</u> <u>Quarter</u> <u>31 Mar 2015</u> RM'000	<u>Preceding Year</u> <u>Corresponding</u> <u>Quarter</u> <u>31 Mar 2014</u> RM'000	<u>Current Year</u> <u>To Date</u> <u>31 Mar 2015</u> RM'000	<u>Preceding Year</u> <u>Corresponding</u> <u>Year To Date</u> <u>31 Mar 2014</u> RM'000
Profit for the period is arrived at after crediting / (charging):				
Depreciation of property, plant and equipment	-1,318	-1,251	-2,615	-2,498
Finance costs	-117	-58	-174	-120
Interest income	144	152	310	284
Net gain on foreign exchange	4,238	296	5,407	2,399
Net allowance for impairment losses	52	0	52	0
Net reversal /(allowance) of provision for liquidated and ascertained damages	507	-172	1,435	-548

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>	
	<u>Current Year</u> <u>Quarter</u> <u>31 Mar 2015</u> RM'000	<u>Preceding Year</u> <u>Corresponding</u> <u>Quarter</u> <u>31 Mar 2014</u> RM'000	<u>Current Year</u> <u>To Date</u> <u>31 Mar 2015</u> RM'000	<u>Preceding Year</u> <u>Corresponding</u> <u>Year To Date</u> <u>31 Mar 2014</u> RM'000
<u>Tax Expense</u>				
Current year	-1,429	-1,363	-1,926	-2,742

**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</u> <u>Year</u> <u>Quarter</u> <u>31 Mar 2015</u>	<u>Preceding Year</u> <u>Corresponding</u> <u>Quarter</u> <u>31 Mar 2014</u>	<u>Current</u> <u>Year</u> <u>To Date</u> <u>31 Mar 2015</u>	<u>Preceding Year</u> <u>Corresponding</u> <u>Year To Date</u> <u>31 Mar 2014</u>
Profit Attributable To Ordinary Shareholders (RM'000):				
Net profit attributable to ordinary shareholders	4,316	3,917	5,763	7,929
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)	3.89	3.53	5.20	7.15

### 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>31 Mar 2015</u> <u>RM'000</u>	<u>As At</u> <u>30 Sep 2014</u> <u>RM'000</u>
	Total Retained Earnings:	
Realised Profits	129,649	125,658
Unrealised Losses	-3,308	-5,061
(Less): Consolidation adjustments	-48,328	-48,347
Total retained earnings (distributable)	78,013	72,250

### 27. Authorisation for Issue

The interim financial statements were authorised for issue by the Board on 28 May 2015.

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

CHEOK KIM CHEE (MACS 00139)  
Company Secretary  
28 May 2015