

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

On 7 July 2015, the Company had paid an interim single tier dividend of 3.5% in respect of the financial year ending 30 September 2015.

Other than the dividend paid on 7 July 2015, the Company has not proposed any additional dividend for the current quarter.

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 June 2015					
<u>Revenue</u>					
Total external revenue	91,399	3,177	-	-	94,576
Inter-segment revenue	318	674	-	(992)	-
Total segment revenue	91,717	3,851	-	(992)	94,576
<u>Results</u>					
Segment profit / (loss)	12,657	605	(1,256)	-	12,006
Add: Interest income					592
(Less): Finance costs					(199)
Operating profit / profit before taxation					12,399
(Less): Tax expense					(3,118)
Profit for the period					9,281

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 2015</u> RM'000	Preceding Year Corresponding Quarter <u>30 Jun 2014</u> RM'000	Current Year To Date <u>30 Jun 2015</u> RM'000	Preceding Year Corresponding Year To Date <u>30 Jun 2014</u> RM'000
Peng Fah Engineering Sdn Bhd - For rental of factory premises	342	341	1,024	710
TTS Resources Sdn Bhd's subsidiary companies:				
TTS Transport Sdn Bhd - For transportation charges	76	104	326	473
TTS Insu-Write Services Sdn Bhd - For marine cargo and general insurance	37	38	289	248
TTS Engineering Sdn Bhd - For services rendered on minor fabrication works and rental of factory premise	76	76	227	332
TTS Enterprise Sdn Bhd - For maintenance of equipment	6	22	21	34

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 third (3rd) quarter FY15 (3Q15) revenue increased by 22.7% from RM30.2 million in 3Q14 to RM37.1 million. Gross profit margin improved from 18.9% previously to 20.0% due to profit recognition of a number of high valued projects. The weakening of the Malaysian Ringgit against the United States Dollar resulted in a foreign currency transactions gain of RM0.50 million in 3Q15 against a loss RM1.0 million in 3Q14. Higher turnover, improved profit margin and the foreign exchange gain, resulted in the sharp increase in profit after tax from RM1.0 million recorded in 3Q14 to RM3.5 million this quarter.

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

The third (3rd) quarter (3Q15) revenue increased by 25.1% from RM29.6 million in last quarter to RM37.1 million, whereas gross profit margin improved by 23.6% over the period to RM7.4 million this quarter. However, profit after tax decreased by 18.5% to RM3.5 million this quarter from RM4.3 million in the preceding quarter mainly due to lower foreign exchange gain recognition in the current quarter (RM0.5 million in 3Q15 against RM4.2 million in 2Q15).

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 2015</u> RM'000	Preceding Year Corresponding Quarter <u>30 Jun 2014</u> RM'000	Current Year To Date <u>30 Jun 2015</u> RM'000	Preceding Year Corresponding Year To Date <u>30 Jun 2014</u> RM'000
Profit for the period is arrived at after crediting / (charging):				
Depreciation of property, plant and equipment	(1,303)	(1,231)	(3,918)	(3,729)
Finance costs	(25)	(42)	(199)	(162)
Interest income	282	180	592	464
Net gain / (loss) on foreign exchange	465	(950)	5,872	1,449
Net reversal /(allowance) of provision for liquidated and ascertained damages	(522)	27	913	(521)

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 2015</u> RM'000	Preceding Year Corresponding Quarter <u>30 Jun 2014</u> RM'000	Current Year To Date <u>30 Jun 2015</u> RM'000	Preceding Year Corresponding Year To Date <u>30 Jun 2014</u> RM'000
<u>Tax Expense</u>				
Current year	(1,192)	(370)	(3,118)	(3,112)

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:

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30 Jun 2015	Preceding Year Corresponding Quarter 30 Jun 2014	Current Year To Date 30 Jun 2015	Preceding Year Corresponding Year To Date 30 Jun 2014
Profit Attributable To Ordinary Shareholders (RM'000):				
Net profit attributable to ordinary shareholders	3,518	1,027	9,281	8,956
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)	3.17	0.93	8.37	8.08

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
	30 Jun 2015 RM'000	30 Sep 2014 RM'000
Total Retained Earnings:		
Realised Profits	125,042	125,658
Unrealised Losses	(2,388)	(5,061)
	122,654	120,597
(Less): Consolidation adjustments	(48,328)	(48,347)
Total retained earnings (distributable)	74,326	72,250

27. Authorisation for Issue

The interim financial statements were authorised for issue by the Board on 27 August 2015.

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

CHEOK KIM CHEE (MACS 00139)
Company Secretary
27 August 2015