

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

For the financial year under review, the Company had paid on 28 April 2015 a final single tier dividend of 3.0% in respect of the financial year ended 30 September 2014 and had paid on 7 July 2015 an interim single tier dividend of 3.5% in respect of the financial year ended 30 September 2015.

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 2015.

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 2015					
<u>Revenue</u>					
Total external revenue	132,882	4,006	-	-	136,888
Inter-segment revenue	451	1,081	-	(1,532)	-
Total segment revenue	133,333	5,087	-	(1,532)	136,888
<u>Results</u>					
Segment profit / (loss)	25,228	479	(1,608)	-	24,099
Add: Interest income					1,067
(Less): Finance costs					(246)
Operating profit / profit before taxation					24,920
(Less): Tax expense					(6,537)
Profit for the period					18,383

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 2015</u> RM'000	Preceding Year Corresponding Quarter <u>30 Sep 2014</u> RM'000	Current Year To Date <u>30 Sep 2015</u> RM'000	Preceding Year Corresponding Year To Date <u>30 Sep 2014</u> RM'000
Peng Fah Engineering Sdn Bhd - For rental of factory premises	341	342	1,365	1,052
TTS Resources Sdn Bhd's subsidiary companies:				
TTS Transport Sdn Bhd - For transportation charges	117	101	443	574
TTS Insu-Write Services Sdn Bhd - For marine cargo and general insurance	51	44	340	292
TTS Engineering Sdn Bhd - For services rendered on minor fabrication works and rental of factory premise	75	75	302	407
TTS Enterprise Sdn Bhd - For maintenance of equipment	1	2	22	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

The fourth (4th) quarter FY15 (4Q15), revenue increased by 40.1% from RM30.2 million in 4Q14 to RM42.3 million while gross margin came in at a respectable 24.4%, albeit a slight drop from 27.8% previously. Gross margin would have been higher if not for a RM4.4 million provision for liquidated and ascertained damages in 4Q15 against a write-back of RM1K for 4Q14. Good product mix and improved efficiency resulted in the strong margin. As the results, the full year FY15 margin increased to 20.3% compared to 16.5% in FY14. The quarter also registered a foreign currency gain of RM8.0 million arising from the weakening Ringgit versus the United States Dollar. As the result of the above factors, profit after tax improved sharply to RM9.9 million. Full year FY15 profit after tax was RM19.1 million, an increase of 57.9% from RM12.1 million in the prior year.

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

Revenue increased by 14.0% from RM37.1 million in last quarter to RM42.3 million with gross profit margin improved from 20.0% to 24.4% over the period, despite a provision of RM4.4 million during the quarter. Foreign exchange gain was also higher at RM8.0 million as compared to RM0.50 million in the preceding quarter. The higher turnover, improved margin and the favorable exchange gain resulted in the almost three fold increase in profit after tax 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 2015</u> RM'000	Preceding Year Corresponding Quarter <u>30 Sep 2014</u> RM'000	Current Year To Date <u>30 Sep 2015</u> RM'000	Preceding Year Corresponding Year To Date <u>30 Sep 2014</u> RM'000
Profit for the period is arrived at after crediting / (charging):				
Depreciation of property, plant and equipment	(1,303)	(1,264)	(5,221)	(4,993)
Finance costs	(47)	(15)	(246)	(177)
Interest income	475	795	1,067	1,259
Net gain / (loss) on foreign exchange	8,027	(1)	13,899	1,448
Net reversal for impairment losses	84	171	32	171
Net (allowance)/reversal of provision for liquidated and ascertained damages	(4,414)	997	(3,501)	476

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 2015</u> RM'000	Preceding Year Corresponding Quarter <u>30 Sep 2014</u> RM'000	Current Year To Date <u>30 Sep 2015</u> RM'000	Preceding Year Corresponding Year To Date <u>30 Sep 2014</u> RM'000
<u>Tax Expense</u>				
Current year	(3,419)	(1,000)	(6,537)	(4,112)

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 <u>30 Sep 2015</u>	Preceding Year Corresponding Quarter <u>30 Sep 2014</u>	Current Year To Date <u>30 Sep 2015</u>	Preceding Year Corresponding Year To Date <u>30 Sep 2014</u>
Profit Attributable To Ordinary Shareholders (RM'000):				
Net profit attributable to ordinary shareholders	9,102	3,181	18,383	12,137
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	<u>110,845</u>	<u>110,845</u>	<u>110,845</u>	<u>110,845</u>
Basic earnings per ordinary share (sen)	<u>8.21</u>	<u>2.87</u>	<u>16.58</u>	<u>10.95</u>

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 2015</u>	<u>30 Sep 2014</u>
	RM'000	RM'000
Total Retained Earnings:		
Realised Profits	141,283	125,659
Unrealised Losses	<u>(9,526)</u>	<u>(5,061)</u>
	131,757	120,598
(Less): Consolidation adjustments	<u>(48,328)</u>	<u>(48,347)</u>
Total retained earnings (distributable)	<u>83,429</u>	<u>72,251</u>

27. Authorisation for Issue

The interim financial statements were authorised for issue by the Board on 26 November 2015.

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

CHEOK KIM CHEE (MACS 00139)
Company Secretary
26 November 2015