

**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 2015.

Annual Financial Statements for the financial year ended 30 September 2015 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 2015 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 30 June 2016, the Company had paid an interim single tier dividend of 3.5% in respect of the financial year ending 30 September 2016.

Other than the dividend paid on 30 June 2016, 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
<b>Financial Period Ended 30 June 2016</b>					
<u>Revenue</u>					
Total external revenue	67,180	3,588	-	-	70,768
Inter-segment revenue	-	1,543	-	(1,543)	-
Total segment revenue	67,180	5,131	-	(1,543)	70,768
<u>Results</u>					
Segment profit / (loss)	(14,050)	932	(537)	-	(13,655)
Add: Interest income					772
(Less): Finance costs					(99)
Operating profit / profit before taxation					(12,982)
(Less): Tax expense					(269)
Profit for the period					(13,251)

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 2016</u> RM'000	Preceding Year Corresponding Quarter <u>30 Jun 2015</u> RM'000	Current Year To Date <u>30 Jun 2016</u> RM'000	Preceding Year Corresponding Year To Date <u>30 Jun 2015</u> RM'000
Peng Fah Engineering Sdn Bhd - For rental of factory premises	341	341	1,024	1,024
TTS Resources Sdn Bhd's subsidiary companies:				
TTS Transport Sdn Bhd - For transportation charges	117	76	492	326
TTS Insu-Write Services Sdn Bhd - For marine cargo and general insurance	25	37	259	289
TTS Engineering Sdn Bhd - For services rendered on minor fabrication works and rental of factory premise	78	76	228	227
TTS Enterprise Sdn Bhd - For maintenance of equipment	10	6	19	21

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 sharp drop in number of available projects in the market and intense competition has resulted in the 57.9% decrease in revenue from RM37.1 million in 3Q15 to RM15.6 million this quarter. The difficult operating environment has also caused gross profit margin to slump to 11.6% in 3Q16 against 20.0% in 3Q15. This quarter registered a foreign currency gain of RM0.70 million as compared to RM0.5 million in 3Q15. Lower revenue and sharp decline in gross profit margin resulted in loss before tax of RM1.4 million in 3Q16 versus to profit before tax of RM4.7 million in 3Q15.

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

Revenue declined by 27.5% from RM21.6 million in 2Q16 to RM15.6 million, however gross profit margin improved marginally from 9.42% to 11.6% over the period. The foreign exchange gain of RM0.7 million in the quarter as compared to foreign exchange loss of RM4.4 million in 2Q16 has resulted in a smaller loss after tax of RM1.5 million against RM7.0 million in 2Q16.

**17. Prospects**

The global process equipment industry for the current year remains highly 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 2016</u> RM'000	Preceding Year Corresponding Quarter <u>30 Jun 2015</u> RM'000	Current Year To Date <u>30 Jun 2016</u> RM'000	Preceding Year Corresponding Year To Date <u>30 Jun 2015</u> RM'000
Profit for the period is arrived at after crediting / (charging):				
Depreciation of property, plant and equipment	(1,249)	(1,303)	(3,780)	(3,918)
Finance costs	(14)	(25)	(99)	(199)
Interest income	205	353	772	728
Net gain/(loss) on foreign exchange	653	465	(9,366)	5,872
Net (allowance)/reversal for impairment losses	(130)	52	(126)	52
Net (allowance)/reversal of provision for liquidated and ascertained damages	0	(522)	(1,171)	913

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 2016</u> RM'000	Preceding Year Corresponding Quarter <u>30 Jun 2015</u> RM'000	Current Year To Date <u>30 Jun 2016</u> RM'000	Preceding Year Corresponding Year To Date <u>30 Jun 2015</u> RM'000
<u>Tax Expense</u>				
Current year	(78)	(1,192)	(269)	(3,118)

**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 2016	Preceding Year Corresponding Quarter 30 Jun 2015	Current Year To Date 30 Jun 2016	Preceding Year Corresponding Year To Date 30 Jun 2015
Profit Attributable To Ordinary Shareholders (RM'000):				
Net profit attributable to ordinary shareholders	(1,454)	3,518	(13,251)	9,281
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)	3.17	(11.95)	8.37

## 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 2016 RM'000	30 Sep 2015 RM'000
Total Retained Earnings:		
Realised Profits	114,933	141,533
Unrealised Losses	(3,622)	(9,766)
	111,311	131,767
(Less): Consolidation adjustments	(48,328)	(48,328)
Total retained earnings (distributable)	62,983	83,439

## 27. Authorisation for Issue

The interim financial statements were authorised for issue by the Board on 25 August 2016.

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

CHEOK KIM CHEE (MACS 00139)  
Company Secretary  
25 August 2016