



APB RESOURCES BERHAD

(Company No.: 564838-V)
(Incorporated in Malaysia under the Companies Act, 1965)

INTERIM FINANCIAL STATEMENTS

The Directors are pleased to present the Interim Financial Statements for the period ended 31 MARCH 2017

INTERIM FINANCIAL STATEMENTS AS AT 31 MARCH 2017

PART A2 : SUMMARY OF KEY FINANCIAL INFORMATION

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|--|---|--|--|
| | Current Year Quarter 31 Mar 2017 RM'000 | Preceding Year Corresponding Quarter 31 Mar 2016 RM'000 | Current Year To Date 31 Mar 2017 RM'000 | Preceding Year Corresponding Year To Date 31 Mar 2016 RM'000 |
| 1. Revenue | 16,195 | 21,552 | 30,602 | 55,152 |
| 2. Profit before taxation | 2,497 | (6,946) | 5,514 | (11,606) |
| 3. Profit and total comprehensive income for the period | 1,889 | (7,042) | 4,178 | (11,797) |
| 4. Profit and total comprehensive income for the period attributable to equity holders of the Company | 1,889 | (7,042) | 4,178 | (11,797) |
| 5. Basic earnings per ordinary share (sen) | 1.70 | (6.35) | 3.77 | (10.64) |
| 6. Declared dividend per ordinary share (sen) | 3.0 | - | 3.0 | - |
| | AS AT END OF CURRENT PERIOD | | AS AT PRECEDING FINANCIAL YEAR END | |
| 7. Net assets per ordinary share attributable to equity holders of the Company (RM) | 1.59 | | 1.58 | |

PART A3 : ADDITIONAL INFORMATION

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---------------------------|--|---|--|--|
| | Current Year Quarter 31 Mar 2017 RM'000 | Preceding Year Corresponding Quarter 31 Mar 2016 RM'000 | Current Year To Date 31 Mar 2017 RM'000 | Preceding Year Corresponding Year To Date 31 Mar 2016 RM'000 |
| 1. Gross interest income | 398 | 234 | 667 | 567 |
| 2. Gross interest expense | (8) | (64) | (32) | (85) |

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

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|---|---|---|--|
| | Current Year Quarter 31 Mar 2017 RM'000 | Preceding Year Corresponding Quarter 31 Mar 2016 RM'000 | Current Year To Date 31 Mar 2017 RM'000 | Preceding Year Corresponding Year To Date 31 Mar 2016 RM'000 |
| Continuing Operations: | | | | |
| Revenue | 16,195 | 21,552 | 30,602 | 55,152 |
| Cost of sales | (8,994) | (19,522) | (19,822) | (48,844) |
| Gross profit | 7,201 | 2,030 | 10,780 | 6,308 |
| Other income / (expenses) | (1,143) | (4,386) | 1,668 | (10,012) |
| Operating expenses | (3,951) | (4,760) | (7,569) | (8,384) |
| Results from operating activities | 2,107 | (7,116) | 4,879 | (12,088) |
| Interest income | 398 | 234 | 667 | 567 |
| Finance costs | (8) | (64) | (32) | (85) |
| Operating profit / profit before taxation | 2,497 | (6,946) | 5,514 | (11,606) |
| Tax expense | (608) | (96) | (1,336) | (191) |
| Profit from continuing operations | 1,889 | (7,042) | 4,178 | (11,797) |
| Discontinued Operation: | | | | |
| Result from discontinued operation | - | - | - | - |
| Profit and total comprehensive income for the period | 1,889 | (7,042) | 4,178 | (11,797) |
| Attributable to: | | | | |
| Equity holders of the Company | 1,889 | (7,042) | 4,178 | (11,797) |
| Minority interest | - | - | - | - |
| Profit and total comprehensive income for the period | 1,889 | (7,042) | 4,178 | (11,797) |
| Earnings per ordinary share attributable to equity holders of the Company: | | | | |
| Basic, for profit and total comprehensive income for the period (sen) | 1.70 | (6.35) | 3.77 | (10.64) |

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements of the Company for the Year Ended 30 September 2016 and the accompanying notes attached to the interim financial statements.

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| | As At 31 Mar 2017 | As At 30 September 2016 |
|--|------------------------------|------------------------------------|
| | RM'000 | RM'000 |
| ASSETS | | |
| Property, plant and equipment | 70,007 | 71,588 |
| Other investment | 35 | 35 |
| Goodwill on consolidation | 13,458 | 13,458 |
| Total non-current assets | 83,500 | 85,081 |
| Inventories | 892 | 627 |
| Receivables, deposits and prepayments | 17,177 | 36,147 |
| Other investments | 22,876 | 19,743 |
| Cash and cash equivalents | 66,142 | 50,833 |
| Total current assets | 107,087 | 107,350 |
| TOTAL ASSETS | 190,587 | 192,431 |
| EQUITY | | |
| Share capital | 112,875 | 112,875 |
| Treasury shares | (3,322) | (3,322) |
| Retained earnings | 69,960 | 69,107 |
| | 179,513 | 178,660 |
| Minority interest | - | - |
| Total equity attributable to equity holders of the Company | 179,513 | 178,660 |
| LIABILITIES | | |
| Deferred tax liabilities | 1,998 | 1,998 |
| Total non-current liabilities | 1,998 | 1,998 |
| Payables, accruals and provisions | 9,819 | 13,174 |
| Current tax assets | (743) | (1,401) |
| Total current liabilities | 9,076 | 11,773 |
| Total liabilities | 11,074 | 13,771 |
| TOTAL EQUITY AND LIABILITIES | 190,587 | 192,431 |
| Net assets per ordinary share attributable to equity holders of the Company (RM) | 1.59 | 1.58 |

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements of the Company for the Year Ended 30 September 2016 and the accompanying notes attached to the interim financial statements.

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

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

| | Current Year To Date 31 Mar 2017 | Preceding Year To Date 31 Mar 2016 |
|--|---|---|
| | RM'000 | RM'000 |
| Cash flows from operating activities | | |
| Profit before taxation | 5,514 | (11,606) |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 2,154 | 2,531 |
| Interest income | (667) | (567) |
| Net gain on disposal of plant and equipment | - | (1) |
| Net (reversal)/provision for liquidated and ascertained damages | (1,780) | 1,171 |
| Net unrealised loss on foreign exchange | 33 | 924 |
| Operating profit before changes in working capital | 5,254 | (7,548) |
| Change in inventories | (265) | 196 |
| Change in receivables, deposits and prepayments | 18,993 | 23,933 |
| Change in payables, accruals and provisions | (1,631) | (5,877) |
| Cash generated from operations | 22,351 | 10,704 |
| Interest received | 667 | 567 |
| Tax paid | (678) | (1,376) |
| Net cash generated from operating activities | 22,340 | 9,895 |
| Cash flows from investing activities | | |
| Acquisition of plant and equipment, representing net cash used in investing activities | (572) | (114) |
| Proceeds from disposal of property, plant and equipment | - | 1 |
| Purchase of other investments | (3,133) | - |
| Net cash used in investing activities | (3,705) | (113) |
| Cash flows from financing activity | | |
| Dividends paid, representing net cash used in financing activity | (3,325) | - |
| Net increase in cash and cash equivalents | 15,310 | 9,782 |
| Cash and cash equivalents at beginning of year | 50,833 | 58,897 |
| Cash and cash equivalents at end of year | 66,143 | 68,679 |
| Cash and cash equivalents comprise: | | |
| Cash and bank balances | 20,263 | 27,448 |
| Deposits placed with licensed banks | 45,880 | 41,231 |
| | 66,143 | 68,679 |

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the audited financial statements of the Company for the Year Ended 30 September 2016 and the accompanying notes attached to the interim financial statements.

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

| | Ordinary Share Capital RM'000 | Treasury Shares RM'000 | Retained Earnings RM'000 | Total RM'000 |
|---|---|--------------------------------------|--|------------------------|
| At 1 October 2016 | 112,875 | (3,322) | 69,107 | 178,660 |
| Total comprehensive income for the period | - | - | 4,178 | 4,178 |
| Dividend to shareholders | | | (3,325) | (3,325) |
| At 31 March 2017 | 112,875 | (3,322) | 69,960 | 179,513 |
| At 1 October 2015 | 112,875 | (3,322) | 83,439 | 192,992 |
| Total comprehensive income for the period | - | - | (11,797) | (11,797) |
| At 31 March 2016 | 112,875 | (3,322) | 71,642 | 181,195 |

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements of the Company for the Year Ended 30 September 2016 and the accompanying notes attached to the interim financial statements.

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 2016.

Annual Financial Statements for the financial year ended 30 September 2016 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 2016 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 14 February 2017, Members of the Company had approved a final single tier dividend of 3.0% in respect of the financial year ended 30 September 2016. This dividend had been paid on 17 March 2017.

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 31 March 2017 | | | | | |
| Revenue | | | | | |
| Total external revenue | 27,763 | 2,838 | - | - | 30,601 |
| Inter-segment revenue | - | 404 | - | (404) | - |
| Total segment revenue | 27,763 | 3,242 | - | (404) | 30,601 |
| Results | | | | | |
| Segment profit / (loss) | 5,039 | 224 | (384) | - | 4,879 |
| Add: Interest income | | | | | 667 |
| (Less): Finance costs | | | | | (32) |
| Operating profit / profit before taxation | | | | | 5,514 |
| (Less): Tax expense | | | | | (1,336) |
| Profit for the period | | | | | 4,178 |

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 2017</u> RM'000 | Preceding Year Corresponding Quarter <u>31 Mar 2016</u> RM'000 | Current Year To Date <u>31 Mar 2017</u> RM'000 | Preceding Year Corresponding Year To Date <u>31 Mar 2016</u> RM'000 |
| Peng Fah Engineering Sdn Bhd - For rental of factory premises | 342 | 342 | 683 | 683 |
| TTS Resources Sdn Bhd's subsidiary companies: | | | | |
| TTS Transport Sdn Bhd - For transportation charges | 83 | 225 | 142 | 356 |
| TTS Insu-Write Services Sdn Bhd - For marine cargo and general insurance | 163 | 199 | 178 | 221 |
| TTS Engineering Sdn Bhd - For services rendered on minor fabrication works and rental of factory premise | 0 | 75 | 91 | 150 |
| TTS Enterprise Sdn Bhd - For maintenance of equipment | 0 | 1 | 11 | 9 |

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 quarter FY17 (2Q17), revenue dropped by 24.9% from RM21.6 million in 2Q16 to RM16.2 million in 2Q17 mainly due to lower number of projects secured. However, gross profit margin improved from 9.42% in 2Q16 to 44.5% in 2Q17 mainly due to a write back of provision for liquidated and ascertained damages of RM1.8 million in 2Q17. The Group recorded a lower foreign currency loss of RM0.8 million in 2Q17 as compared to RM4.4 million in 2Q16. The higher profit margin has resulted in the profit before tax of RM2.5 million versus a loss before tax of RM6.9 million in 2Q16.

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

Revenue increased by 12.4% from RM14.4 million in the last quarter to RM16.2 million, whereas gross profit margin doubled over the period to RM7.2 million. However, this quarter registered a foreign exchange loss of RM0.8 million against a gain of RM2.7 million which resulted profit after taxation declined from RM2.3 million to RM1.9 million.

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>31 Mar 2017</u> RM'000 | Preceding Year Corresponding Quarter <u>31 Mar 2016</u> RM'000 | Current Year To Date <u>31 Mar 2017</u> RM'000 | Preceding Year Corresponding Year To Date <u>31 Mar 2016</u> RM'000 |
| Profit for the period is arrived at after crediting / (charging): | | | | |
| Depreciation of property, plant and equipment | (1,073) | (1,260) | (2,154) | (2,531) |
| Finance costs | (8) | (64) | (32) | (85) |
| Interest income | 398 | 234 | 667 | 567 |
| Net loss on foreign exchange | (802) | (4,387) | 1,865 | (10,019) |
| Net allowance for impairment losses | (342) | (1) | (205) | 4 |
| Net reversal/(provision) for liquidated and ascertained damages | | | | |
| | <u>1,780</u> | <u>(373)</u> | <u>1,780</u> | <u>(1,171)</u> |

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 Mar 2017</u> RM'000 | Preceding Year Corresponding Quarter <u>31 Mar 2016</u> RM'000 | Current Year To Date <u>31 Mar 2017</u> RM'000 | Preceding Year Corresponding Year To Date <u>31 Mar 2016</u> RM'000 |
| <u>Tax Expense</u> | | | | |
| Current year | (608) | (96) | (1,336) | (191) |

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> | |
|--|--|--|--|---|
| | Current Year Quarter <u>31 Mar 2017</u> | Preceding Year Corresponding Quarter <u>31 Mar 2016</u> | Current Year To Date <u>31 Mar 2017</u> | Preceding Year Corresponding Year To Date <u>31 Mar 2016</u> |
| Profit Attributable To Ordinary Shareholders (RM'000): | | | | |
| Net profit attributable to ordinary shareholders | 1,889 | (7,042) | 4,178 | (11,797) |
| 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>1.70</u> | <u>(6.35)</u> | <u>3.77</u> | <u>(10.64)</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>31 Mar 2017</u> | <u>30 Sep 2016</u> |
| | RM'000 | RM'000 |
| Total Retained Earnings: | | |
| Realised Profits | 120,505 | 120,161 |
| Unrealised Losses | <u>(1,966)</u> | <u>(2,726)</u> |
| | 118,539 | 117,435 |
| (Less): Consolidation adjustments | <u>(48,579)</u> | <u>(48,328)</u> |
| Total retained earnings (distributable) | <u>69,960</u> | <u>69,107</u> |

27. Authorisation for Issue

The interim financial statements were authorised for issue by the Board on 23 May 2017.

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

CHEOK KIM CHEE (MACS 00139)
Company Secretary
23 May 2017