

**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 2018.

Annual Financial Statements for the financial year ended 30 September 2018 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 2018 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**

There were no dividend proposed or paid during the current quarter and financial year-to-date.

## 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 Year Ended 31 Dec 2018</b>					
<u>Revenue</u>					
Total external revenue	14,135	788	-	-	14,923
Inter-segment revenue	-	191	-	(191)	-
Total segment revenue	14,135	979	-	(191)	14,923
<u>Results</u>					
Segment profit / (loss)	(448)	(70)	(145)	-	(663)
Add: Interest income					605
(Less): Finance costs					(9)
Operating profit / profit before taxation					(67)
(Less): Tax expense					0
Profit for the period					(67)

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 Dec 2018</u> RM'000	Preceding Year Corresponding Quarter <u>31 Dec 2017</u> RM'000	Current Year To Date <u>31 Dec 2018</u> RM'000	Preceding Year Corresponding Year To Date <u>31 Dec 2017</u> RM'000
Peng Fah Engineering Sdn Bhd - For rental of factory premises	375	341	375	341
TTS Resources Sdn Bhd's subsidiary companies:				
TTS Transport Sdn Bhd - For transportation charges	20	95	20	95
TTS Insu-Write Services Sdn Bhd - For marine cargo and general insurance	23	23	23	23
TTS Engineering Sdn Bhd - For services rendered on minor fabrication works and rental of factory premise	4	1	4	1
TTS Enterprise Sdn Bhd - For maintenance of equipment	44	7	44	7

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**

Revenue rose by 7.2% year on year to RM14.9 million in the first quarter FY19 (1Q19), while gross profit margin improved from 10.3% in 1Q18 to 19.6% in 1Q19, largely on better product mix. The strengthening of Malaysia Ringgit against the United States Dollar resulted in a sharp drop in foreign currency loss to RM65K this quarter from RM1.7 million previously. Loss before tax dropped to RM67K primarily due to margin improvement and lower foreign currency loss.

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

Revenue declined by 23.5% from RM19.5 million in 4Q18 to RM14.9 million in 1Q19, however, gross profit margin improved from 17.7% to 19.6% during the period. This quarter registered a sharply low foreign exchange loss of RM65K against a gain of RM0.4 million in 4Q18. As a result loss after taxation dropped significantly from RM12.5 million in 4Q18 to RM67K for the current quarter.

**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 Dec 2018</u> RM'000	Preceding Year Corresponding Quarter <u>31 Dec 2017</u> RM'000	Current Year To Date <u>31 Dec 2018</u> RM'000	Preceding Year Corresponding Year To Date <u>31 Dec 2017</u> RM'000
Profit for the period is arrived at after crediting / (charging):				
Depreciation of property, plant and equipment	(924)	(1,009)	(924)	(1,009)
Finance costs	(9)	(17)	(9)	(17)
Interest income	605	330	605	330
Net loss on foreign exchange	(65)	(1,699)	(65)	(1,699)

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 Dec 2018</u> RM'000	Preceding Year Corresponding Quarter <u>31 Dec 2017</u> RM'000	Current Year To Date <u>31 Dec 2018</u> RM'000	Preceding Year Corresponding Year To Date <u>31 Dec 2017</u> RM'000
<u>Tax Expense</u>				
Current year	0	(82)	0	(82)

**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 Dec 2018</u>	Preceding Year Corresponding Quarter <u>31 Dec 2017</u>	Current Year To Date <u>31 Dec 2018</u>	Preceding Year Corresponding Year To Date <u>31 Dec 2017</u>
Profit Attributable To Ordinary Shareholders (RM'000):				
Net profit attributable to ordinary shareholders	(67)	(3,635)	(67)	(3,635)
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>(0.06)</u>	<u>(3.28)</u>	<u>(0.06)</u>	<u>(3.28)</u>

## 26. Authorisation for Issue

The interim financial statements were authorised for issue by the Board on 27 February 2019.

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

CHEOK KIM CHEE (MACS 00139)  
Company Secretary  
27 February 2019