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**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

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**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 2019.

Annual Financial Statements for the financial year ended 30 September 2019 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 2019 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 30 Sep 2020</b>					
<u>Revenue</u>					
Total external revenue	85,347	4,020	-	-	89,367
Inter-segment revenue	-	672	-	(672)	-
Total segment revenue	85,347	4,692	-	(672)	89,367
<u>Results</u>					
Segment (loss)/profit	3,380	427	(685)	-	3,122
Add: Interest income					1,621
(Less): Finance costs					(27)
Operating loss / loss before taxation					4,716
(Less): Tax expense					(900)
Loss for the period					3,816

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 30 Sep 2020 RM'000	Preceding Year Corresponding Quarter 30 Sep 2019 RM'000	Current Year To Date 30 Sep 2020 RM'000	Preceding Year Corresponding Year To Date 30 Sep 2019 RM'000
Peng Fah Engineering Sdn Bhd - For rental of factory premises	319	376	1,426	1,501
TTS Resources Sdn Bhd's subsidiary companies:				
TTS Transport Sdn Bhd - For transportation charges	45	30	313	122
TTS Insu-Write Services Sdn Bhd - For marine cargo and general insurance	32	44	217	229
TTS Engineering Sdn Bhd - For services rendered on minor fabrication works and rental of factory premise	44	37	313	274
TTS Enterprise Sdn Bhd - For maintenance of equipment	19	5	62	58

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**

Although the fourth quarter FY20 (4Q20) revenue decreased by 21.5% year-over-year from RM24.8 million to RM19.5 million, gross profit rose by 51.7% from RM5.1 million to RM7.7 million over the period as margin improved from 20.5% to 39.6% arising from better product mix. This quarter registered a foreign exchange loss of RM385K versus a gain of RM15K in 4Q19. Profit before taxation rose from RM1.8 million to RM4.8 million mainly due to improved gross profit while profit after taxation increased to RM4.0 million from RM2.3 million in 4Q19. The strong 4Q20 performance largely accounted for the turnaround in the full year FY20 earnings, from a loss after tax of RM1.2 million recorded in FY19 to a profit after tax of RM3.8 million.

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

Revenue increased by 29.7% from RM15.0 million in 3Q20 to RM19.5 million, while gross profit margin improved from 8.11% to 39.6% over the period. This quarter registered a foreign exchange loss of RM385K against RM110K gain previously. Higher revenue and improved gross profit margin in the quarter resulted in profit after tax of RM4.0 million against a loss after tax of RM1.4 million in preceding quarter.

**17. Prospects**

The recent collapse in oil price and the prevailing COVID-19 will continue to impact on the availability of projects in the process equipment industry.

**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/(loss) for the Period**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year Quarter <u>30 Sep 2020</u> RM'000	Preceding Year Corresponding Quarter <u>30 Sep 2019</u> RM'000	Current Year To Date <u>30 Sep 2020</u> RM'000	Preceding Year Corresponding Year To Date <u>30 Sep 2019</u> RM'000
Profit/(loss) for the period is arrived at after crediting/(charging):				
Depreciation of property, plant and equipment	(754)	(880)	(3,016)	(3,657)
Finance costs	(1)	-	(27)	-
Interest income	318	498	1,621	2,086
Net gain/(loss) on foreign exchange	(385)	15	(257)	(96)
Net reversal of impairment losses on trade receivables	27	(57)	27	(57)
Net reversal/allowance for impairment loss of contract assets	200	(200)	200	(200)
Net reversal/provision for liquidated and ascertained damages	351	-	-	-

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)/Credit**

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year Quarter <u>30 Sep 2020</u> RM'000	Preceding Year Corresponding Quarter <u>30 Sep 2019</u> RM'000	Current Year To Date <u>30 Sep 2020</u> RM'000	Preceding Year Corresponding Year To Date <u>30 Sep 2019</u> RM'000
Tax (Expense)/Credit				
Current year	(843)	489	(900)	453

**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/(loss) Per Share

#### Basic earnings/(loss) Per Ordinary Share

The calculation of basic loss per ordinary share was based on the loss attributable to ordinary shareholders and the weighted average number of ordinary shares, calculated as follows:

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	<u>Current</u> Year Quarter <u>30 Sep 2020</u>	<u>Preceding Year</u> Corresponding Quarter <u>30 Sep 2019</u>	<u>Current</u> Year To Date <u>30 Sep 2020</u>	<u>Preceding Year</u> Corresponding Year To Date <u>30 Sep 2019</u>
Profit/(loss) Attributable To Ordinary Shareholders (RM'000):				
Net loss attributable to ordinary shareholders	3,975	2,271	3,816	(1,242)
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/(loss) per ordinary share (sen)	3.59	2.05	3.44	(1.12)

### 26. Authorisation for Issue

The interim financial statements were authorised for issue by the Board on 27 November 2020.

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

CHEOK KIM CHEE (MACS 00139)  
Company Secretary  
27 November 2020