



APB RESOURCES BERHAD
(Registration No. 200101029080 (564838-V))

INTERIM FINANCIAL STATEMENTS

The Directors are pleased to present the Interim Financial Statements for the Financial Period Ended 31 December 2023

INTERIM FINANCIAL STATEMENTS AS AT 31 DECEMBER 2023

PART A2 : SUMMARY OF KEY FINANCIAL INFORMATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	01.10.2023 to 31.12.2023		01.10.2022 to 31.12.2023	
	RM'000		RM'000	
1. Revenue	20,470		92,935	
2. Profit before taxation	1,030		8,188	
3. Profit and total comprehensive income for the financial period	572		6,102	
4. Profit and total comprehensive income for the period attributable to equity holders of the Company	572		6,102	
5. Basic earnings per ordinary share (sen)	0.52		5.50	
6. Declared dividend per ordinary share (sen)	-		-	
	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)	1.41		1.35	

PART A3 : ADDITIONAL INFORMATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	01.10.2023 to 31.12.2023		01.10.2022 to 31.12.2023	
	RM'000		RM'000	
1. Gross interest income	120		1,829	
2. Gross interest expense	(57)		(69)	

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CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER	CUMULATIVE QUARTER
	01.10.2023 to 31.12.2023	01.10.2022 to 31.12.2023
	RM'000	RM'000
Continuing Operations:		
Revenue	20,470	92,935
Cost of sales	(14,263)	(68,139)
Gross profit	6,207	24,796
Other income	(121)	626
Operating expenses	(5,119)	(18,994)
Results from operating activities	967	6,428
Interest income	120	1,829
Finance costs	(57)	(69)
Profit before tax	1,030	8,188
Taxation	(458)	(2,086)
Profit for the financial period, representing total comprehensive income for the financial period	572	6,102
Attributable to:		
Equity holders of the Company	572	6,102
Non-controlling interest	-	-
Profit for the financial period, representing total comprehensive income for the financial period	572	6,102
Earnings per ordinary share attributable to equity holders of the Company (sen):		
Basic	0.52	5.50

As announced on 9 November 2023, the financial year end of the Group has been changed from 30 September 2023 to 31 March 2024. As such, there will be no comparative financial information available for the preceding year corresponding periods.

The Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 30 September 2022 and the accompanying notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As At 31.12.2023 RM'000	As At 30.09.2022 RM'000
ASSETS		
Property, plant and equipment	42,233	40,192
Right of use assets	17,110	17,677
Other investment	-	35
Total non-current assets	59,343	57,904
Inventories	465	677
Trade and other receivables	60,192	8,641
Contract assets	6,952	23,015
Short-term funds	2,539	64,793
Deposits, cash and cash equivalents	54,380	15,568
Total current assets	124,528	112,694
TOTAL ASSETS	183,871	170,598
EQUITY		
Share capital	112,875	112,875
Treasury shares	(3,262)	(3,262)
Retained earnings	49,398	43,296
	159,011	152,909
Non-controlling interest	-	-
Total equity attributable to equity holders of the Company	159,011	152,909
LIABILITIES		
Deferred tax liabilities	2,216	2,216
Borrowings	2,328	-
Total non-current liabilities	4,544	2,216
Trade and other payables	5,799	5,225
Contract liabilities	11,258	9,425
Borrowings	1,132	-
Lease liabilities	22	41
Tax liabilities	2,105	782
Total current liabilities	20,316	15,473
Total liabilities	24,860	17,689
TOTAL EQUITY AND LIABILITIES	183,871	170,598
Net assets per ordinary share attributable to equity holders of the Company (RM)	1.41	1.35

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 30 September 2022 and the accompanying notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS

	CUMULATIVE QUARTER
	01.10.2022 to 31.12.2023
	RM'000
Cash flows from operating activities	
Profit before taxation	8,188
Adjustments for:	
Depreciation of property, plant and equipment	3,660
Interest expenses	69
Interest income	(1,829)
Net loss on disposal of property, plant and equipment	22
Net loss on disposal of other investment	35
Net gain on disposal short-term funds	(494)
Net provision on impairment loss of trade receivable	5,278
Net reversal on impairment loss of contract asset	(5,278)
Net provision for liquidated and ascertained damages	307
Fair value loss on other investment	263
Net unrealised gain on foreign exchange	(212)
Operating profit before changes in working capital	10,009
Inventories	212
Trade and other receivables	(56,617)
Trade and other payables	267
Contract assets/Contract liabilities	23,174
Net cash used in operations	(22,955)
Interest received	1,829
Interest paid	(69)
Tax paid	(763)
Net cash used in operating activities	(21,958)
Cash flows from investing activities	
Acquisition of plant and equipment	(2,653)
Increased in deposits pledged with licensed bank	(45,000)
Proceeds from disposal of property, plant and equipment	97
Purchase of other investments	(57,689)
Proceeds from disposal of other investments	120,174
Net cash from investing activities	14,929
Cash flows from financing activity	
Repayment of hire purchase liabilities	(154)
Repayment of lease liabilities	(19)
Drawdown of bankers' acceptance	986
Net cash from financing activities	813
Net decrease in cash and cash equivalents	(6,216)
Cash and cash equivalents at beginning of the financial period	15,568
Cash and cash equivalents at end of the financial period	9,352
Cash and cash equivalents comprise:	
Deposits, cash and cash equivalents	54,380
Bank overdrafts	(28)
Less : Deposits pledged with licensed bank	(45,000)
	9,352

As announced on 9 November 2023, the financial year end of the Group has been changed from 30 September 2023 to 31 March 2024. As such, there will be no comparative financial information available for the preceding year corresponding periods.

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the audited financial statements for the financial year ended 30 September 2022 and the accompanying notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share Capital	Treasury Shares	Retained Earnings	Total
	RM'000	RM'000	RM'000	RM'000
At 1 October 2022	112,875	(3,262)	43,296	152,909
Total comprehensive income for the period	-	-	6,102	6,102
At 31 December 2023	112,875	(3,262)	49,398	159,011

As announced on 9 November 2023, the financial year end of the Group has been changed from 30 September 2023 to 31 March 2024. As such, there will be no comparative financial information available for the preceding year corresponding periods.

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 30 September 2022 and the accompanying notes attached to the interim financial statements.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS

PART A: DISCLOSURE NOTES AS REQUIRED UNDER MFRS 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 the financial year ended 30 September 2022.

2. Change in Financial Year End

The Board of Directors of the Company had on 9 November 2023 approved the change of the financial year end from 30 September to 31 March. Consequently, the next set of audited financial statements shall be made up from 1 October 2022 to 31 March 2024 covering a period of 18 months and subsequently, the financial year end of the Company shall end on 31 March.

3. Significant Accounting Policies

The significant accounting policies and method of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent annual financial statements for the financial year ended 30 September 2022.

4. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the Company's Annual Financial Statements for the financial year ended 30 September 2022 was not subjected to any qualification.

5. Comments about Seasonal or Cyclical Factors

The Group's business operations are not materially affected by any major seasonal or cyclical factors.

6. 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 under review.

7. Material Changes in Estimates

There were no changes in estimates of amounts reported in prior financial year that have a material effect on the results in the current quarter under review.

8. 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 period under review.

9. Dividend

There were no dividend proposed or paid during the current quarter and financial period under review.

10. Segmental Information

Business Segments

	Fabrication RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
For 15 Months Period Ended 31 Dec 2023				
Revenue				
Total external revenue	92,935	-	-	92,935
Inter-segment revenue	-	-	-	-
Total segment revenue	92,935	-	-	92,935
Results				
Segment profit/(loss)	7,850	(1,422)	-	6,428
Add: Interest income				1,829
(Less): Finance costs				(69)
Operating profit before taxation				8,188
(Less): Tax expense				(2,086)
Profit for the period				6,102

Please refer to Notes 16 and 17 below for an analysis of the performance of the business segments of the Group.

11. Significant and Subsequent Events

Proposed Acquisition of Menara Serba Dinamik

On 1 September 2023, the Company has entered into Sale and Purchase Agreement ("SPA") with Serba Dinamik Group Berhad (In Liquidation) ("Vendor") for purchase a leasehold land held under HS(D) 143324, No. PT 18 Seksyen 14, Bandar Shah Alam, Daerah Petaling, Negeri Selangor together with a sixteen (16) storey office building with four (4) storey basement car park erected thereon and bearing postal address Menara Serba Dinamik, Presint 3.4, Persiaran Perbandaran, Seksyen 14, 40000 Shah Alam, Selangor Darul Ehsan ("the said Property") for a total consideration of Ringgit Malaysia Thirty Eight Million (RM38,000,000) only ("Purchase Consideration"). Prior execution and upon execution of the SPA, the Company has paid total deposit of RM3,800,000 which is equivalent to ten percent (10%) of the Purchase Consideration to the Vendor. The SPA shall become unconditional upon fulfillment of all the conditions precedent which are listed in our announcement on Bursa Malaysia Securities Berhad dated 11 October 2023 and 12 October 2023.

The Company had on 16 November 2023 received a notification from the Liquidator of the Vendor informing that they have received the sealed copy of the Order in respect of the Liquidator's application for directions on the sale of the said Property. In this regard, the High Court has ordered that the Vendor can proceed with completing the SPA.

The Company has obtained Consent of Transfer from the State Authority to transfer the said Property. In view thereof, the SPA has become unconditional and the completion period of the SPA will be expired on 3 April 2024. The SPA yet to complete as of this report date.

Proposed Acquisition of Shares and Diversification of Business Activities

On 18 December 2023, the Company had entered into share sale agreement ("SSA") with General Produce Agency Sdn. Berhad and Ng Kweng Chong Holdings Sendirian Berhad for the acquisition of 70,000,000 ordinary shares in Globetronics Technology Bhd ("Globetronics") ("Proposed Acquisition"), representing approximately 10.41% of the equity interest in Globetronics, for a total cash consideration of RM140,000,000. In conjunction with the Proposed Acquisition, the Company will diversify its business activities to include the investment in manufacturing and distribution of semiconductors and semiconductor components business ("Proposed Diversification").

On 6 February 2024, the Company has obtained approval from the Shareholders for the Proposed Acquisition and Proposed Diversification. Subsequently, the Company completed the SSA on 16 February 2024.

12. Changes in Composition of the Group

There were no material changes in the composition of the Group for the current quarter and financial period under review, except for the following:

The Proposed Acquisition of share in Globetronics was completed on 16 February 2024 and consequently, Globetronics become an associate of the Company.

13. Contingent Liabilities

There were no material contingent liabilities for the Group as at the date of this announcement.

14. Capital Commitments

	As At <u>31 Dec 2023</u> RM'000	As At <u>30 Sep 2022</u> RM'000
Capital expenditure not provided for in the financial statements: Approved and contracted for	29,200	-

15. Significant Related Party Transactions

Related party transactions for the current quarter and financial period under review are as follows:

	<u>Individual Quarter</u> 01.10.2023 to <u>31.12.2023</u> RM'000	<u>Cumulative Quarter</u> 01.10.2022 to <u>31.12.2023</u> RM'000
Peng Fah Engineering Sdn Bhd - For rental of factory premises	375	1,839
TTS Resources Sdn Bhd's subsidiary companies:		
TTS Transport Sdn Bhd - For transportation charges	25	57
TTS Insu-Write Services Sdn Bhd - For marine cargo and general insurance	17	231
TTS Engineering Sdn Bhd - For services rendered on minor fabrication works and rental of factory premise	3	197
TTS Enterprise Sdn Bhd - For maintenance of equipment	2	7

Mr. Yap Swee Sang is substantial shareholder and Director of TTS Resources Sdn Bhd.

PART B: EXPLANATORY NOTES PURSUANT TO LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

16. Review of Performance

As stated in Note 2, the Group has changed its financial year end from 30 September 2023 to 31 March 2024. This reporting covers the fifteen months period from 1 October 2022 to 31 December 2023. As such, there are no comparative information presented in this report.

The Group recorded revenue of RM20.5 million and a profit after tax of RM0.6 million for the current quarter ended 31 December 2023.

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

Revenue grew by 8.1% from RM18.9 million to RM20.5 million in current quarter, while gross profit margin decreased from 33.9% to 30.3% due to product mix. Profit after tax dropped from RM2.3 million in last quarter to RM0.6 million for the current quarter mainly due to the professional fee incurred in current quarter for the acquisition of property and shares in Globetronics as mentioned in Note 11.

18. Prospects

The outlook is improving with signs that capital spending in the fabrication sector has started to pick up.

19. Variance of Actual and Forecast Profit

There was no profit forecast or profit guarantee announced during the current quarter and financial period under review.

20. Profit for the Period

	<u>Individual Quarter</u> 01.10.2023 to 31.12.2023 RM'000	<u>Cumulative Quarter</u> 01.10.2022 to 31.12.2023 RM'000
Profit for the period is arrived at after crediting/(charging):		
Depreciation of property, plant and equipment	(835)	(3,660)
Finance costs	(57)	(69)
Interest income	120	1,829
Net (loss)/gain on foreign exchange	(174)	220
Net provision of impairment losses on trade receivables	-	(5,278)
Fair value loss on other investment	-	(263)
Net gain on disposal short-term funds	-	494
Net reversal on impairment loss of contract asset	-	5,278
Net reversal/ (provision) for liquidated and ascertained damages	186	(307)

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.

21. Taxation

	<u>Individual Quarter</u> 01.10.2023 to 31.12.2023 RM'000	<u>Cumulative Quarter</u> 01.10.2022 to 31.12.2023 RM'000
Current tax expenses	(458)	(2,086)

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% of the estimated assessable profit for the financial period.

22. Corporate Proposals

There were no corporate proposals announced but not completed as at the date of this announcement.

23. Borrowings

Total Group's borrowing as at the end of the reporting period are as follows:

	As At 31.12.2023 RM'000	As At 30.09.2022 RM'000
Current		
<i>Secured</i>		
Bankers' acceptances	986	-
Bank overdraft	28	-
Hire purchase liabilities	118	-
	1,132	-
Non-current		
<i>Secured</i>		
Hire purchase liabilities	2,328	-
	3,460	-

The borrowings are denominated in Ringgit Malaysia.

24. Material Litigation

Amalgamated Metal Corporation (M) Sdn Bhd ("AMC") v Bijak Sakti Sdn Bhd ("BSSB")

On 16 July 2020, BSSB awarded AMC to carry out the engineering design, supply, galvanising and fabrication of lightbeacon tower lattices and all metal components at a) Tg Merang, Setiu; b) Bachok, Kelantan; and c) Bukit Chendering, Kuala Terengganu for Lembaga Dius Api, Jabatan Laut Malaysia with the total contract sum of RM114,000. On 22 April 2021, BSSB has further awarded AMC to carry out the design, supply, fabrication (ExWork) of Hot Dipped Galvanized (HDG) Lantern House including glazing for Pulau Kuraman Lighthouse at W.P. Labuan with the total sub-contract sum of RM156,787.

After taking into account the payments made by BSSB, BSSB owes AMC the sum of RM252,647 for the abovementioned two (2) projects. AMC has filed a Writ and Statement of Claim on 23 November 2023. On 29 January 2024, BSSB's solicitor requested for settlement proposal and AMC informed the Court that the parties would like to attempt settlement and record consent judgment. The Court has allowed the parties to settle and stayed the assessment of damages.

As of this report date, BSSB have not engaged with AMC on the settlement proposal. The next hearing date is fixed on 29 February 2024.

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 by the weighted average number of ordinary shares, calculated as follows:

	<u>Individual Quarter</u> 01.10.2023 to 31.12.2023	<u>Cumulative Quarter</u> 01.10.2022 to 31.12.2023
Profit Attributable To Ordinary Shareholders (RM'000)	572	6,102
Weighted Average Number Of Ordinary Shares ('000):		
Issued ordinary shares at beginning of period	112,875	112,875
(Less): Effect of treasury shares held	(1,990)	(1,990)
Weighted average number of ordinary shares	110,885	110,885
Basic earnings per ordinary share (sen)	0.52	5.50

Diluted earnings per ordinary share is the same as basic earnings per share as there were no potentially dilutive ordinary shares in issue at the end of the financial period under review.

26. Authorisation for Issue

The interim financial statements were authorised for issue by the Board on 23 February 2024.

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