

# APFT BERHAD

Company's No.: 886873-T  
(Incorporated in Malaysia)

## Quarterly Report on Results for the Second Quarter Ended 30 June 2012 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER ENDED	PRECEDING YEAR CORRESPONDING QUARTER ENDED	CURRENT YEAR TO DATE ENDED	PRECEDING YEAR CORRESPONDING PERIOD ENDED
	30.06.2012 RM'000	30.06.2011 RM'000	30.06.2012 RM'000	30.06.2011 RM'000
Operating revenue	7,149	9,109	13,017	19,365
Cost of services	<u>(3,952)</u>	<u>(5,920)</u>	<u>(6,976)</u>	<u>(10,635)</u>
<b>Gross profit</b>	3,197	3,189	6,041	8,730
Other income	52	26	82	52
Administrative expenses	(1,704)	(1,609)	(3,097)	(2,867)
Marketing expenses	(89)	(145)	(179)	(358)
Other operating expenses	(966)	(964)	(1,929)	(3,394)
Finance costs	<u>(285)</u>	<u>(276)</u>	<u>(526)</u>	<u>(557)</u>
<b>Profit before taxation</b>	205	221	392	1,606
Taxation	<u>(4)</u>	<u>-</u>	<u>(11)</u>	<u>-</u>
<b>Net profit for the period</b>	<u>201</u>	<u>221</u>	<u>381</u>	<u>1,606</u>
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<u>201</u>	<u>221</u>	<u>381</u>	<u>1,606</u>
<b>Net profit attributable to:</b>				
Equity holders of the Company	<u>201</u>	<u>221</u>	<u>381</u>	<u>1,606</u>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	<u>201</u>	<u>221</u>	<u>381</u>	<u>1,606</u>
Weighted average no. of ordinary shares in issue ('000)	157,000	157,000	157,000	147,762
<b>Earnings per share (sen)</b>				
(a) Basic	0.13	0.14	0.24	1.09

Notes:

\* Included in other operating expenses are expenses incurred pursuant to our listing on the Main Market of Bursa Malaysia Securities Berhad on 18 March 2011 ("Listing") amounting to approximately RM1.603 million, which was recognised in accordance to FRSIC Consensus 13

a. The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011 and the accompanying notes attached to this interim financial report.

# APFT BERHAD

Company's No.: 886873-T  
(Incorporated in Malaysia)

## Quarterly Report on Results for the Second Quarter Ended 30 June 2012 CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	UNAUDITED AS AT 30.06.2012 RM'000	AUDITED AS AT 31.12.2011 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
<i>Property, plant and equipment</i>	44,657	45,709
<i>Goodwill on consolidation</i>	12	12
<i>Deferred Cost</i>	1,194	983
<i>Fixed Deposits</i>	507	507
<b>Total non-current assets</b>	<u>46,370</u>	<u>47,211</u>
<b>Current assets</b>		
<i>Inventories</i>	1,605	2,006
<i>Trade receivables</i>	13,538	14,724
<i>Other receivables</i>	3,413	988
<i>Cash and bank balances</i>	377	377
<b>Total current assets</b>	<u>18,933</u>	<u>18,095</u>
<b>Total assets</b>	<u>65,303</u>	<u>65,306</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
<i>Share capital</i>	31,400	31,400
<i>Share premium</i>	6,123	6,123
<i>Merger deficit</i>	(21,000)	(21,000)
<i>Unappropriated profit</i>	20,138	19,757
<b>Total equity</b>	<u>36,661</u>	<u>36,280</u>
<b>Non-current liabilities</b>		
<i>Borrowings</i>	11,035	11,385
<i>Hire purchase creditors</i>	746	688
<b>Total non-current liabilities</b>	<u>11,781</u>	<u>12,073</u>
<b>Current liabilities</b>		
<i>Trade payables</i>	1,945	1,824
<i>Other payables</i>	1,193	1,718
<i>Amount due to Director</i>	7,349	8,271
<i>Deferred income</i>	1,692	2,933
<i>Borrowings</i>	2,019	2,040
<i>Hire purchase creditors</i>	209	160
<i>Tax payable</i>	7	7
<i>Bank overdraft</i>	2,447	-
<b>Total current liabilities</b>	<u>16,861</u>	<u>16,953</u>
<b>Total liabilities</b>	<u>28,642</u>	<u>29,026</u>
<b>Total liabilities and equity</b>	<u>65,303</u>	<u>65,306</u>
Number of ordinary shares in issue	157,000	157,000
Net tangible assets per ordinary share of RM0.20 each (RM)	<u>0.23</u>	<u>0.23</u>
Net assets per ordinary share of RM0.20 each (RM)	<u>0.23</u>	<u>0.23</u>

Note:

The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011 and the accompanying notes attached to this interim financial report.

# APFT BERHAD

Company's No.: 886873-T

(Incorporated in Malaysia)

## Quarterly Report on Results for the Second Quarter Ended 30 June 2012 CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(The figures have not been audited)

	Share Capital RM'000	Merger Deficit RM'000	Share Premium RM'000	Unappropriated Profit RM'000	Total RM'000
<b>Balance as at 1 January 2012</b>	31,400	(21,000)	6,123	19,757	36,280
Total comprehensive income	-	-	-	381	381
<b>Balance as at 30 June 2012</b>	<u>31,400</u>	<u>(21,000)</u>	<u>6,123</u>	<u>20,138</u>	<u>36,661</u>
<b>Balance as at 1 January 2011</b>	27,000	(21,000)	-	19,487	25,487
Issuance of shares	4,400	-	6,123	-	10,523
Total comprehensive income	-	-	-	1,606	1,606
<b>Balance as at 30 June 2011</b>	<u>31,400</u>	<u>(21,000)</u>	<u>6,123</u>	<u>21,093</u>	<u>37,616</u>

### Notes:

The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011 and the accompanying notes attached to this interim financial report.

# APFT BERHAD

Company's No.: 886873-T

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## Quarterly Report on Results for the Second Quarter Ended 30 June 2012 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

(The figures have not been audited)

	CURRENT YEAR TO DATE 30.06.2012 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.06.2011 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	392	1,606
Adjustments for:		
Depreciation	1,981	1,787
Interest income	-	(1)
Interest expenses	526	557
Gain on disposal of property, plant and equipment	(18)	
Operating profit before working capital changes	2,881	3,949
Changes in working capital:		
Inventories	401	69
Receivables	459	(5,067)
Payables	(403)	1,404
Deferred income	(1,241)	602
Amount owing to director	(922)	879
Cash from/(used) in operations	1,175	1,836
Interest income	-	1
Interest paid	(526)	(557)
Taxes paid	(11)	-
<b>Net cash from/(used in) operating activities</b>	<b>638</b>	<b>1,280</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(1,122)	(2,181)
Payment of deferred costs	(202)	-
Proceeds from disposal of property, plant and equipment	400	-
Deposit paid for subscription of share in subsidiary	(1,698)	-
<b>Net cash used in investing activities</b>	<b>(2,622)</b>	<b>(2,181)</b>

# APFT BERHAD

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## Quarterly Report on Results for the Second Quarter Ended 30 June 2012 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

(The figures have not been audited)

	CURRENT YEAR TO DATE 30.06.2012 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30.06.2011 RM'000
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Drawdown of borrowings	553	-
Repayment of borrowings	(923)	(9,471)
Repayment of hire purchase creditors	(93)	(25)
Proceeds from issuance of shares	-	10,523
<b>Net cash (used in)/from financing activities</b>	<b>(463)</b>	<b>1,027</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Net (decrease)/increase	(2,447)	126
Brought forward	377	418
<b>Carried forward</b>	<b>(2,070)</b>	<b>544</b>

Notes :

The Unaudited Condensed Consolidated Statements of Cash Flow should be read in conjunction with the Annual Financial Report for the year ended 31 December 2011 and the accompanying notes attached to this interim financial report.

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**A EXPLANATORY NOTES PURSUANT TO MFRS 134 INTERIM FINANCIAL REPORTING**

**A1 Basis of preparation**

The interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards 134 (MFRS134): "Interim Financial Reporting" and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial statements also comply with IAS 34, Interim Financial Reporting issued by the International Accounting Standards Board. For periods up to and including the year ended 31 December 2011, the Group prepared its financial statements in accordance with Financial Reporting Standards ("FRS")

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2011. The explanatory notes attached to these interim financial statements provide 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 year ended 31 December 2011.

The Group has adopted the Malaysian Financial Reporting Standards (MFRS) framework issued by Malaysian Accounting Standards Board (MASB) with effect from 1 January 2012. This MFRS framework was introduced by the MASB in order to fully converge Malaysia's existing Financial Reporting Standards (FRS) framework with the International Financial Standards (IFRS) framework issued by the International Accounting Standards Board.

The Group has also adopted all the new and revised MFRSs and IC Interpretations that are relevant and effective for the accounting periods beginning on or after 1 January 2012. The adoption of these standards, amendments and interpretations have not resulted in any material impacts to these interim financial statements.

**A2 Change in Accounting Policies**

The significant accounting policies and method of computation adopted by the group in this interim financial report are consistent with those of the audited financial statements for the year ended 31 December 2011 except for those standards, amendments and interpretations which are effective from the annual period beginning 1 January 2012.

**A3 Auditor's Report**

The auditor's report on the preceding audited financial statements of the Group for the financial year ended 31 December 2011 was not subject to any qualification.

**A4 Seasonal or Cyclical Factor**

The Group's business does not experience any material seasonality.

**A5 Unusual items affecting Financial Statement**

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group during the current financial quarter under review.

**A6 Material Changes in Estimates**

There were no changes in estimates that have a material effect on the current quarter results.

**A7 Debts and Equity Securities**

There was no issuance, cancellation, repurchases, resale nor repayment of equity securities or debt securities during the current financial quarter.

**A8 Dividend Paid**

There were no dividend paid by the Company since the last financial year.

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**A9 Operating Segment**

Operating segments are component in which separate financial information is available that is evaluated regularly by the Board of Directors in deciding how to allocate resources and in assessing performance of the Group. The Group has identified the business of flight education and training, maintenance training service and non- bank remittance service as its operating segment.

Period ended 30 June 2012	Flight education and training	Maintenance training service	Non-bank remittance service	Others	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue from</b>						
External customers	13,020	-	-3	-	-	13,017
Inter-segment revenue	-	-	-	-	-	-
<b>Total revenue</b>	<u>13,020</u>	<u>-</u>	<u>-3</u>	<u>0</u>	<u>0</u>	<u>13,017</u>
<b>Profit/(loss) before taxation</b>	<u>1,503</u>	<u>-47</u>	<u>-79</u>	<u>-985</u>	<u>-</u>	<u>392</u>
Income tax expenses						-11
<b>Net profit for the period</b>						<u><u>381</u></u>
<b>Segmented assets</b>	<u><u>62,183</u></u>	<u><u>51</u></u>	<u><u>242</u></u>	<u><u>2,827</u></u>	<u><u>-</u></u>	<u><u>65,303</u></u>

**Notes:**

*There is no geographical segmental information as the Group operates principally in Malaysia.*

**A10 Valuation of aircraft, property, plant and equipment**

Aircraft, property, plant and equipment of the Group are stated at cost less accumulated depreciation and impairment losses. No valuation of aircraft, property, plant and equipment was undertaken during the current quarter under review.

**A11 Material events subsequent to the end of the quarter**

There were no material events subsequent to the current financial quarter ended 30 June 2012 up to the date of this report which is likely to substantially affect the results of the operations of the Group.

**A12 Changes in the composition of the Company**

There were no changes in the composition of the Group for the current financial quarter.

**A13 Contingent liabilities**

There were no contingent liabilities as at the date of this report.

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**A14 Capital commitments**

- a. Non-cancellable lease commitments of the Group as at 30 June 2012 are as follows:

	<b>AS AT 30.06.2012 RM'000</b>	<b>AS AT 30.06.2011 RM'000</b>
Current		
- within one year	563	1,318
Non-current		
- between one (1) and two (2) years	112	676
	<u>675</u>	<u>1,994</u>

- b. Capital commitment for property, plant and equipment not provided for as at 30 June 2012 are as follows:

	<b>AS AT 30.06.2012 RM'000</b>	<b>AS AT 30.06.2011 RM'000</b>
Approved and contracted for:		
Aircraft, property, plant and equipment	<u>2,404</u>	<u>3,000</u>

**A15 Significant related party transaction**

The Group has no significant related party transaction for the current financial quarter under review.

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**B EXPLANATORY NOTES PURSUANT TO PARAGRAPH 9.22 OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B1 Review of performance**

For the quarter ended 30 June 2012, APFT Berhad and its subsidiaries ("APFT Group" or "Group") generated revenue of RM7.149 million and profit before taxation ("PBT") of RM0.207 million as compared to RM9.109 million and RM0.221 million in the preceding year corresponding period ended 30 June 2011 respectively. The decrease in revenue by RM1.960 million (21.52%) for the current financial quarter under review as compared to the preceding year corresponding quarter was mainly due to reduced intake of students for our flight training and education business. The decrease in profit before tax of RM0.014 million (6.33%) was mainly due to the decrease in revenue.

For the six month ended 30 June 2012, APFT Group generated revenue of RM13.017 million and PBT of RM0.394 million as compared to RM19.365 million and RM1.606 million in the preceding year corresponding six month ended 30 June 2011 respectively. The decrease in revenue by RM6.348 million resulted from reduced intake of students for our flight training and education business in the second half of previous financial year. The decrease in profit before tax of RM1.212 million was mainly due to the decrease in revenue.

**B2 Variation of results against preceding quarter**

The Group registered a revenue of RM7.149 million for the current quarter under review representing an increase of RM1.281 million or 21.83% from the RM5.868 million in the preceding quarter. The Group's profit before tax was RM0.207 million for the current quarter under review as compared to profit before tax of RM0.187 million in the preceding quarter.

The increase in revenue registered in the current quarter was mainly due to normalisation of the Group intake of student for our flight training and education business. The increase in profit before tax by RM0.02 million recorded in the current quarter was mainly due to the increase in revenue.

**B3 Prospects**

As disclosed in the prospectus of the Company dated 24 February 2011, the Group is venturing into new complementary businesses to become one of the leading regional integrated aviation service providers through our subsidiaries namely APFT Services Sdn Bhd, APFT Engineering Sdn Bhd and APFT Maintenance Training Sdn Bhd. APFT Services Sdn Bhd will be providing chartered commercial flight services to meet demand for unscheduled flight requirements. DCA Malaysia has on 25th June 2012 issued the Air Operator Certificate which was dated 17 June 2012 to APFT Services Sdn Bhd. As of the date of this report we are in discussion with various potential customers for our chartered flight operation. APFT Engineering Sdn Bhd will venture into Maintenance, Repair and Overhaul (MRO) service provision for general aviation. We are applying for the approval from DCA, Malaysia for the maintenance of third party aircraft.

On 7 June 2011, the Department of Civil Aviation of India issued a certificate of No Objection in principle, to the APFT-GHIAL JV to set up a flight training academy at the Rajiv Gandhi International Airport, Shamshabad, Hyderabad, India. This is the progress from the JV agreement signed in February 2011. Asia Pacific Flight Training Sdn Bhd (wholly owned subsidiary of the Company) have on 23 May 2012 subscribed for 3,000,000 share in Asia Pacific Flight Training Academy Limited (APFTAL) (the joint venture vehicle) which represent 60% of the enlarged paid up capital of APFTAL. The allotment of share from APFTAL for the subscription is pending approval from the relevant authorities in India. The Group plans to commence operations by end of 2012.

Asia Pacific Flight Training Sdn Bhd has signed a 5-year training agreement with CAE Inc., a Canadian company specialising in the manufacturing of flight simulators and pilot training, on 3 May 2012 to train 200 AirAsia cadets.

Moving forward, the Board remains positive on the overall results of the Group for 2012.

**B4 Profit forecast and profit guarantee**

The Group has not issued any profit forecast or profit estimate for the current financial quarter under review or in any public documents.

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**B5 Taxation**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	30.06.2012 RM'000	30.06.2011 RM'000	30.06.2012 RM'000	30.06.2011 RM'000
Income tax				
Estimated tax payable for current period	4	-	11	-
	<u>4</u>	<u>-</u>	<u>11</u>	<u>-</u>

Malaysian income tax is calculated at the statutory rate of 25% of the estimated assessable profits for the financial period.

The tax provided for the financial year to-date under review is lower than the statutory rate as a subsidiary of the Company namely Asia Pacific Flight Training Sdn Bhd (APFTSB) was granted Investment Tax Allowance under Section 27G of the Promotion of Investment Act, 1986, which allows APFTSB to deduct 100% of qualifying capital expenditure incurred for the period of 10 years from its statutory income (without 70% restriction) pursuant to Section 29H of the Promotion of Investment Act, 1986. The effective period of the Tax Allowance will be from 12 January 2006 to 11 January 2016.

**B6 Sales of unquoted investments and/or properties**

There were no sale of unquoted investments and properties for the current quarter and current financial period to-date.

**B7 Quoted securities**

There were no acquisition or disposal of quoted securities for the current quarter and current financial period to-date.

**B8 Status of corporate proposals**

Save for the JV agreement with GMR Hyderabad International Airport Limited as disclosed in note B3 above, there is no corporate proposal announced or not completed by the Group as at the date of this report.

**B9 Borrowings and debt securities**

	AS AT	AS AT
	30.06.2012 RM'000	30.06.2011 RM'000
<b>Short term borrowings:</b>		
Secured		
Hire purchase creditors	209	110
Term loans	2,019	2,870
	<u>2,228</u>	<u>2,980</u>
<b>Long term borrowings:</b>		
Secured		
Hire purchase creditors	746	68
Term loans	11,035	8,455
	<u>11,781</u>	<u>8,523</u>
	<u>14,009</u>	<u>11,503</u>

**B10 Off balance sheet financial instruments**

There were no off balance sheet financial instruments as at the date of this report.

**B11 Material litigations**

There are no material litigations pending as at the date of this report.

**B12 Dividends**

No dividends have been declared in respect of the financial period under review.

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**B13 Earnings per share**

Basic earnings per share is calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the period.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT 30.06.2012	PRECEDING 30.06.2011	CURRENT 30.06.2012	PRECEDING 30.06.2011
Net profit for the period (RM'000)	201	221	381	1,606
Weighted average number of ordinary shares in issue ('000)	157,000	157,000	157,000	147,762
Basic earnings per share (sen)	0.13	0.14	0.24	1.09

**B14 Realised and Unrealised Profits Disclosure**

	AS AT 30.06.2012	AS AT 31.12.2011 (Audited)
	RM'000	RM'000
Total unappropriated profits of the Group and its subsidiaries		
- Realised	20,077	19,696
- Unrealised	-	-
Total Group Unappropriated Profits	20,077	19,696
Consolidation adjustment	61	61
Total Group Unappropriated Profits	20,138	19,757

**B15 Authorisation for issue**

This interim financial report was duly reviewed by the Audit Committee and approved by the Board of Directors on 27 August 2012.

**By Order of the Board**

**Mr Ng Yim Kong**  
**Company Secretary**  
**Date : 27 August 2012**