

APFT BERHAD

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

Quarterly Report on Results for the Second Quarter Ended 30 September 2014 CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT QUARTER ENDED	PRECEDING YEAR CORRESPONDING QUARTER ENDED	CURRENT YEAR TO DATE ENDED	PRECEDING 6 MONTHS CORRESPONDING PERIOD ENDED
	30.09.2014 RM'000	30.09.2013 RM'000	30.09.2014 RM'000	30.09.2013 RM'000
Operating revenue	24,414	3,868	52,645	8,816
Cost of services	(19,721)	(4,036)	(42,526)	(9,034)
Gross profit/(loss)	4,693	(168)	10,119	(218)
Other income	474	74	712	222
Administrative expenses	(2,111)	(2,670)	(3,995)	(4,978)
Marketing expenses	(54)	(66)	(148)	(203)
Other operating expenses	(1,083)	(967)	(2,126)	(1,972)
Finance costs	(555)	(863)	(1,194)	(1,734)
Profit/(Loss) before taxation	1,364	(4,660)	3,368	(8,883)
Taxation	(545)	(8)	(1,091)	(8)
Net profit/(loss) for the period	819	(4,668)	2,277	(8,891)
Other comprehensive income	-	-	-	-
Total comprehensive profit/(loss)	819	(4,668)	2,277	(8,891)
Net profit/(loss) attributable to:				
Owners of the Company	26	(4,668)	29	(8,891)
Non-controlling interests	793	-	2,248	-
Net profit/(loss) for the financial period	819	(4,668)	2,277	(8,891)
Total comprehensive income/(loss) attributable to:				
Owners of the Company	26	(4,668)	29	(8,891)
Non-controlling interests	793	-	2,248	-
Total comprehensive profit/(loss) for the financial period	819	(4,668)	2,277	(8,891)
Weighted average no. of ordinary shares in issue ('000)	315,203	157,000	311,464	157,000
Earning/(Loss) per share (sen)				
(a) Basic	0.01	(2.97)	0.01	(5.66)

Notes:

- a. The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Financial Report for the period ended 31 March 2014 and the accompanying notes attached to this interim financial report.

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Quarterly Report on Results for the Second Quarter Ended 30 September 2014 CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	UNAUDITED	AUDITED
	AS AT	AS AT
	30.09.2014	31.03.2014
	RM'000	RM'000
ASSETS		
Non-current assets		
<i>Property, plant and equipment</i>	46,645	46,548
<i>Investment in an associate company</i>	1,635	1,635
<i>Goodwill on consolidation</i>	28,631	28,631
<i>Deferred cost</i>	583	660
<i>Fixed deposits</i>	620	507
<i>Other Investment - Instrument unquoted</i>	7,089	7,089
Total non-current assets	85,203	85,070
Current assets		
<i>Inventories</i>	1,635	1,980
<i>Amount due from contract customers</i>	9,741	4,202
<i>Trade receivables</i>	24,473	14,517
<i>Other receivables</i>	2,607	1,910
<i>Amount due from non-controlling interests</i>	-	2,457
<i>Tax recoverable</i>	85	85
<i>Cash and bank balances</i>	1,653	3,285
Total current assets	40,194	28,436
Total assets	125,397	113,506
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
<i>Share capital</i>	63,041	61,746
<i>Share premium</i>	15,478	15,615
<i>Merger deficit</i>	(21,000)	(21,000)
<i>Warrant reserve</i>	19,233	19,233
<i>Discount on shares</i>	(19,233)	(19,233)
<i>Accumulated losses</i>	(5,851)	(5,880)
	51,668	50,481
<i>Non-controlling interests</i>	5,434	3,186
Total equity	57,102	53,667
Non-current liabilities		
<i>Borrowings</i>	6,576	7,427
<i>Hire purchase creditors</i>	1,763	1,878
<i>Deferred tax liability</i>	134	134
Total non-current liabilities	8,473	9,439
Current liabilities		
<i>Trade payables</i>	13,163	9,159
<i>Other payables</i>	12,026	15,714
<i>Amount owing to contract customers</i>	1,116	764
<i>Amount due to an associate company</i>	1,190	1,190
<i>Amount due to non-controlling interests</i>	6,240	90
<i>Amount due to Director</i>	18,288	15,507
<i>Deferred income</i>	1,323	864
<i>Borrowings</i>	2,168	2,113
<i>Hire purchase creditors</i>	1,305	716
<i>Tax payable</i>	992	335
<i>Bank overdraft</i>	2,010	3,948
Total current liabilities	59,821	50,400
Total liabilities	68,294	59,839
Total liabilities and equity	125,396	113,506
Number of ordinary shares in issue	315,203	308,730
Net assets per share attributable to ordinary equity holders of the company (RM)	0.16	0.16

Note:

The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the period ended 31 March 2014 and the accompanying notes attached to this interim financial report.

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(The figures have not been audited)

	Share Capital	Merger Deficit	Share Premium	Warrant Reserve	Discount on Shares	(Accumulated Losses)/Unappropriated Profits	Total	Non-Controlling Interests	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 April 2014	61,746	(21,000)	15,615	19,233	(19,233)	(5,880)	50,481	3,186	53,667
Total comprehensive profit	-	-	-	-	-	29	29	2,248	2,277
Transactions with owners of the Company									
Issuance of shares	1,295	-	(137)	-	-	-	1,158	-	1,158
	1,295	-	(137)	-	-	-	1,158	-	1,158
Balance as at 30 September 2014	63,041	(21,000)	15,478	19,233	(19,233)	(5,851)	51,668	5,434	57,102
Balance as at 1 January 2013	31,400	(21,000)	6,123	-	-	14,884	31,407	-	31,407
Arising from acquisition of a subsidiary company	-	-	-	-	-	-	-	1,911	1,911
Total comprehensive loss	-	-	-	-	-	(20,764)	(20,764)	1,275	(19,489)
Transactions with owners of the Company									
Issuance of shares	30,346	-	9,492	-	-	-	39,838	-	39,838
Issuance of warrants	-	-	-	19,233	(19,233)	-	-	-	-
	30,346	-	9,492	19,233	(19,233)	-	39,838	-	39,838
Balance as at 31 March 2014	61,746	(21,000)	15,615	19,233	(19,233)	(5,880)	50,481	3,186	53,667

Notes:

The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the period ended 31 March 2014 and the accompanying notes attached to this interim financial report.

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Quarterly Report on Results for the Second Quarter Ended 30 September 2014 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(The figures have not been audited)

	CURRENT PERIOD TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30.09.2014	30.09.2013
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	3,368	N/A
Adjustments for:		
Depreciation	2,674	N/A
Interest income	(1)	N/A
Interest expenses	1,194	N/A
Amortisation of deferred costs	77	N/A
Operating profit before working capital changes	7,312	N/A
Changes in working capital:		
Inventories	345	N/A
Contract customers	(5,188)	N/A
Receivables	(10,652)	N/A
Payables	317	N/A
Deferred income	459	N/A
Non-controlling interests	8,607	N/A
Director	2,328	N/A
Cash generated from operations	3,528	N/A
Interest income	1	N/A
Interest paid	(741)	N/A
Taxes paid	(434)	N/A
Net cash from operating activities	2,354	N/A
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,929)	N/A
Placement of fixed deposits	(113)	N/A
Net cash used in investing activities	(2,042)	N/A

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Quarterly Report on Results for the Second Quarter Ended 30 September 2014 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(The figures have not been audited)

	CURRENT PERIOD TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30.09.2014	30.09.2013
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(796)	N/A
Repayment of hire purchase creditors	(368)	N/A
Net proceeds from issuance of shares	1,158	N/A
Net cash used in financing activities	(6)	N/A
CASH AND CASH EQUIVALENTS		
Net increase	306	N/A
Brought forward	(663)	N/A
Carried forward	(357)	N/A

Notes :

- a) Due to the change in the financial year end from 31 December 2013 to 31 March 2014, the results for the corresponding period in the prior year are not available for presentation.
- b) The Unaudited Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the period ended 31 March 2014 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 period ended 31 March 2014, the Group prepared its financial statements in accordance with Malaysian Financial Reporting Standards ("MFRS").

The interim financial statements should be read in conjunction with the audited financial statements for the period ended 31 March 2014. 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 period ended 31 March 2014.

The Group has adopted the Malaysian Financial Reporting Standards ("MFRS") framework issued by Malaysian Accounting Standards Board ("MASB") with effect from 1 January 2013. 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 Reporting 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 April 2014. 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 period ended 31 March 2014 except for those standards, amendments and interpretations which are effective from the annual period beginning 1 April 2014.

A3 Auditor's report

The auditor's report on the preceding audited financial statements of the Group for the financial period ended 31 March 2014 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 statements

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 under review.

A8 Dividend paid

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

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A9 Operating segment

Operating segments are components 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 and mechanical engineering works and services as its operating segments.

Period ended 30 September 2014	Flight education and training	Mechanical engineering works and services	Maintenance Training Services	Others	Eliminations	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from						
External customers	8,803	42,061	1,752	29	-	52,645
Inter-segment revenue	-	-	-	1,535	(1,535)	-
Total revenue	<u>8,803</u>	<u>42,061</u>	<u>1,752</u>	<u>1,564</u>	<u>(1,535)</u>	<u>52,645</u>
(Loss)/Profit before taxation	<u>-2,056</u>	<u>5,667</u>	<u>721</u>	<u>-964</u>	<u>-</u>	<u>3,368</u>
Income tax expenses						(1,091)
Net profit for the period						<u>2,277</u>
Segment assets	<u>56,108</u>	<u>34,459</u>	<u>2,221</u>	<u>97,892</u>	<u>(65,283)</u>	<u>125,397</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

Save as disclosed in B8, there were no material events subsequent to the current financial quarter ended 30 September 2014 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 during the current quarter under review.

A13 Contingent liabilities

Contingent liabilities of the Group as at 30 September 2014 is RM3,724,313 for corporate guarantee granted to subsidiary company.

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A14 Capital commitments

a. Non-cancellable lease commitments of the Group as at 30 September 2014 are as follows:

	AS AT 30.09.2014 RM'000	AS AT 30.09.2013 RM'000
Current		
- within one year	333	280
Non-current		
- between one (1) and two (2) years	421	195
- between two (2) and five (5) years	772	-
	<u>1,526</u>	<u>475</u>

b. Capital commitment for property, plant and equipment not provided for as at 30 September 2014 are as follows:

	AS AT 30.09.2014 RM'000	AS AT 30.09.2013 RM'000
Approved and contracted for:		
Aircraft, property, plant and equipment	<u>-</u>	<u>-</u>

A15 Significant related party transaction

The Group had entered into the following transactions during the current financial quarter with a Director of the Company and NCI:-

Transaction	Current financial quarter RM'000	Current financial year to-date RM'000
Interest paid to a Director	197	453
Progress billings claimed on contract works performed for NCI	(80)	11
Billings on contract works performed by NCI	7,428	14,041

The above interest paid to a Director is charged based on interest rate of 8.35% per annum on the monthly weighted average balance due to the Director.

All the above transactions were carried out on the terms and conditions not materially different from those obtainable in transaction with non-related parties and in the ordinary course of business of the Company.

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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 September 2014, APFT Berhad and its subsidiaries ("APFT Group" or "Group") generated revenue of RM24.414 million and profit before taxation ("PBT") of RM1.364 million as compared to revenue of RM3.868 million and loss before taxation ("LBT") of RM4.660 million in the preceding year corresponding period ended 30 September 2013 respectively. The increase in revenue by RM20.546 million (531.18%) for the current financial quarter under review as compared to the preceding year corresponding quarter was mainly due to contribution from newly acquired subsidiary, PT Technic (M) Sdn Bhd ("PTTSB"), PTTSB contributed RM18.826 million to the group's revenue in quarter under review. The increase in profit before tax of RM6.024 million was due to contribution from PTTSB and improvement in the net result in the aviation training division of the Group by RM2.360 million.

B2 Variation of results against preceding quarter

The Group registered a revenue of RM24.414 million for the current quarter under review representing a decrease of RM3.817 million or 13.52% from the RM28.231 million in the preceding quarter. The Group's profit before tax was RM3.368 million for the current quarter under review as compared to profit before tax of RM2.004 million in the preceding quarter.

The decrease in revenue is mainly due to reduced contribution from PTTSB by RM4.408 million while the increased profit before tax is mainly due to increase contribution from the group Maintenance Training Academy.

B3 Prospects

From the initiatives taken by APFT Berhad to bring in new revenue streams, we see good prospects in the Oil and Gas sector. Subsidiary of APFT Berhad, PT Technic (M) Sdn Bhd has contributed positively to the bottom line this quarter. The company is in the process of participating in tenders locally and overseas.

The Flight Training Academy has been having good response to the Helicopter Training course.

The Maintenance Training Academy can expect an increase in intake now that it has the approval of the Ministry of Education for the Diploma and Advance Diploma in Aircraft Maintenance Engineering (AME) courses. This is also complemented by the EASA part 66 CAT A license course to be delivered in partnership with Lufthansa Technical Training of Germany. The Aviation skills training course under the Jabatan Kemahiran, Kementerian Sumber Manusia have gained a reputation for producing marketable participants and intakes are expected to increase.

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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.

B5 Taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30.09.2014 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30.09.2013 RM'000	CURRENT YEAR TO DATE ENDED 30.09.2014 RM'000	PRECEDING 6 MONTHS CORRESPONDING PERIOD ENDED 30.09.2013 RM'000
Income tax				
Estimated tax payable for current period	545	8	1,091	8
	545	8	1,091	8

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 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 acquisitions or disposals of quoted securities for the current quarter and current financial period to-date.

B8 (a) Status of corporate proposals

The following corporate proposals were announced by the Company to Bursa Malaysia Securities Berhad ("Bursa Securities"):-

- 1) Proposed private placement of up to 118,110,000 new ordinary shares of RM0.20 each in APFT (APFT Shares or Shares) (Placement Shares), representing up to approximately 30% of the issued and paid-up share capital of APFT, (Proposed Private Placement).

The listing application in relation to the Proposed Private Placement has been submitted to Bursa Malaysia Securities Berhad on 26 August 2014 and approved during our EGM on 17 September 2014.

- 2) Proposed establishment of an employee share option scheme involving the issuance of up to 15% of the issued and paid-up share capital of APFT (excluding treasury shares) to the eligible employees and Directors of APFT and its subsidiaries (APFT Group or the Group) (excluding dormant subsidiaries) (Proposed ESOS).

The listing application in relation to the Proposed ESOS has been submitted to Bursa Malaysia Securities Berhad on 26 August 2014 and approved during our EGM on 17 September 2014.

Save as disclosed above, there is no other corporate proposal announced or not completed by the Group as at the date of this report.

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B8 (b) Status of utilisation of proceeds of private placement

The status of utilisation of the proceeds from private placement as at 30 September 2014 are as follows:

Purpose	Proposed Utilisation RM'000	Estimated time frame for utilisation	Actual utilisation RM'000	Balance
Working capital	6,309	Within 12 months	6,197	112
Estimated listing expenses	200	Within 1 month	312	(112)
Total	<u>6,509</u>		<u>6,509</u>	<u>-</u>

B9 Borrowings and debt securities

	AS AT 30.09.2014 RM'000	AS AT 30.09.2013 RM'000
Short term borrowings:		
Secured		
Hire purchase creditors	1,305	447
Term loans	2,168	2,010
	<u>3,473</u>	<u>2,457</u>
Long term borrowings:		
Secured		
Hire purchase creditors	1,763	1,339
Term loans	6,576	8,797
	<u>8,339</u>	<u>10,136</u>
	<u>11,812</u>	<u>12,593</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.

B13 Earning/(Loss) per share

Basic

Basic earning/(loss) per share is calculated by dividing the net profit/(loss) for the period by the weighted average number of ordinary shares in issue during the period.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE ENDED	PRECEDING 6 MONTHS CORRESPONDING PERIOD ENDED
	30.09.2014	30.09.2013	30.09.2014	30.09.2013
Net profit/(loss) for the period attributable to ordinary shareholders of the Company (RM'000)	26	(4,668)	29	(8,891)
Weighted Average number of ordinary shares in issue ('000)	315,203	157,000	311,464	157,000
Basic earning/(loss) per share (sen)	<u>0.01</u>	<u>(2.97)</u>	<u>0.01</u>	<u>(5.66)</u>

Diluted

There was no diluted loss per share presented for financial period ended 30 September 2014 as there is no potential dilutive ordinary share.

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B14 Realised and Unrealised (Losses)/Profits Disclosure

	AS AT 30.09.2014	AS AT 31.03.2014
	RM'000	RM'000
Total unappropriated (losses)/profits of the Group and its subsidiaries		
- Realised	(6,110)	(7,634)
- Unrealised	(134)	(101)
Total group's unappropriated (losses)/profits	<u>(6,244)</u>	<u>(7,735)</u>
Consolidation adjustment	393	1,855
Total group unappropriated (losses)/profits	<u><u>(5,851)</u></u>	<u><u>(5,880)</u></u>

B15 Authorisation for issue

This interim financial report was duly reviewed by the Audit Committee and approved by the Board of Directors on 21 November 2014.

By Order of the Board

Ng Yim Kong
Company Secretary
Date : 21 November 2014