

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 Financial Reporting Standard ("FRS") 134²⁰⁰⁴: Interim Financial Reporting as issued by Malaysian Accounting Standards Board ("MASB").

The interim financial statements have also been prepared in accordance with the same accounting policies adopted for Annual Financial Statements for 2010.

The preparation of an interim financial statement in conformity with FRS 134²⁰⁰⁴: 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 2010.

Annual Financial Statements for the financial year ended 30 September 2010 are available from the Company's registered office.

2. Changes in Accounting Policies

The Group's audited consolidated financial statements for financial year ended 30 September 2010 were prepared in accordance with applicable approved accounting standards in Malaysia.

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 2010 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

At the Company's Annual General Meeting held on 23 March 2011, Members of the Company had approved a final single tier dividend of 3.0% in respect of the financial year ended 30 September 2010. This dividend had been paid on 18 April 2011.

9. Segmental Information

Primary Segment Analysis
(Business Segments)

	Fabrication	Non-Destructive Testing Services ("NDTS")	Inter-Company Elimination	Group
	RM'000	RM'000	RM'000	RM'000
<u>Financial Period Ended 31 March 2011</u>				
<u>Revenue</u>				
External sales	58,306	1,876		60,182
Inter-segment sales	529	1,317	(1,846)	-
Total - Revenue	58,835	3,193	(1,846)	60,182
<u>Results</u>				
Segment profit	2,519	656		3,175
(Less): Unallocated costs				(446)
Results from operating activities				2,729
Add / (less):				
Interest income				403
Finance costs				(173)
Operating profit / profit before taxation				2,959
(Less): Tax expense				(852)
Profit for the period				2,107

10. Valuation of Property

The Group adopts a policy to revalue its properties once every five (5) years and the Group had revalued its properties for financial year ended 30 September 2007.

11. Subsequent Material Events

There were no material events subsequent to the end of the current quarter.

12. 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.

13. Contingent Liabilities

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

14. Capital Commitments

There were no significant capital commitments as at the end of the current quarter.

15. 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	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding Quarter	To Date	Corresponding Year To Date
	<u>31 Mar 2011</u>	<u>31 Mar 2010</u>	<u>31 Mar 2011</u>	<u>31 Mar 2010</u>
	RM'000	RM'000	RM'000	RM'000
Peng Fah Engineering Sdn Bhd - For rental of factory premises	102	102	204	204
TTS Resources Sdn Bhd's subsidiary companies:				
TTS Transport Sdn Bhd - For transportation charges	115	114	196	242
TTS Insu-Write Services Sdn Bhd - For marine cargo and general insurance	47	49	63	54
TTS Engineering Sdn Bhd - For services rendered on minor fabrication works and rental of factory premise	75	75	152	150
TTS Enterprise Sdn Bhd - For maintenance of equipment	7	5	18	13

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

16. Review of Performance

Second (2nd) quarter financial year 2011 ("2Q11") revenue dropped by 10.2% year-on-year to RM33.1 million as the global demand for process equipment remained weak. However, gross profit margin held up with a marginal increase to 19.6% (previously 18.8%). These have resulted in profit before taxation of RM1.8 million as compared to RM2.0 million for 2Q10.

The performance of the Group's NDTs division has sustained despite the weak domestic fabrication sector.

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

Revenue for 2Q11 increased by 22.1% to RM33.1 million from RM27.1 million for 1Q11 resulting in a 15.2% improvement in gross profit to RM6.5 million. Profit after taxation rose 64.7% quarter-to-quarter due to seasonal factors.

18. Prospects

Demand for process equipment remains weak and the industry is plagued with excess capacity. The Directors expect the current year to be challenging.

19. Variance of Actual and Forecast Profit

There was no profit forecast or profit guarantee announced during the current quarter and financial year-to-date.

20. Tax Expense

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding Quarter	To Date	Corresponding Year To Date
	<u>31 Mar 2011</u>	<u>31 Mar 2010</u>	<u>31 Mar 2011</u>	<u>31 Mar 2010</u>
	RM'000	RM'000	RM'000	RM'000
<u>Tax expense</u> Current year	526	565	852	897

The effective tax rate for the Group is higher than the corporate tax rate due to losses incurred by the Company and certain subsidiaries of the Group.

21. Unquoted Investments and / or Properties

The Group has not made any investment in or disposal 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 disposal of any quoted and marketable securities during the current quarter and financial year-to-date.

23. Group's Borrowings

The Group has no outstanding borrowings as at the end of the current quarter and the last financial year.

24. Financial Instruments

The Group had not entered into any new type of derivative during the current quarter that was not disclosed in the preceding year's audited financial statements.

The Group's outstanding forward foreign currency exchange contract as at 31 March 2011 is as follow:

	<u>Notional Value</u>	<u>Fair Value</u>	<u>Gain on Fair Value Changes</u>
	RM'000	RM'000	RM'000
Less than one (1) year	4,171	4,307	136

The credit, market and liquidity risks associated with the forward foreign currency exchange contract and the policies for mitigating and controlling such risks were disclosed in the preceding year's audited financial statements.

25. 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.

26. 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>	
	<u>Current Year</u> <u>Quarter</u> <u>31 Mar 2011</u>	<u>Preceding Year</u> <u>Corresponding</u> <u>Quarter</u> <u>31 Mar 2010</u>	<u>Current Year</u> <u>To Date</u> <u>31 Mar 2011</u>	<u>Preceding Year</u> <u>Corresponding</u> <u>Year To Date</u> <u>31 Mar 2010</u>
Profit Attributable To Ordinary Shareholders (RM'000):				
Net profit attributable to ordinary shareholders	1,413	1,407	2,209	2,259
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 per ordinary share (sen)	1.27	1.27	1.99	2.04

27. Information on the Breakdown of Realised and Unrealised Profits or Losses

The breakdown of the retained earnings of the Group into realised and unrealised profits or losses is as follows:

	<u>As At</u> <u>31 Mar 2011</u> RM'000	<u>As At</u> <u>30 Sept 2010</u> RM'000
Total Retained Earnings:		
Realised Profits	92,532	92,954
Unrealised Losses	(3,921)	(3,227)
	88,611	89,727
(Less): Consolidation adjustments	(43,019)	(43,019)
Total retained earnings (distributable)	45,592	46,708

28. Authorisation for Issue

The interim financial statements were authorised for issue by the Board on 26 May 2011.

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

CHEOK KIM CHEE (MACS 00139)
Company Secretary
26 May 2011