

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

For the financial year under review, the Company had paid a final single tier dividend of 3.0% in respect of the financial year ended 30 September 2010.

The Board has recommended a final single tier dividend of 3.0% and subject to the approval of the shareholders at the forthcoming Annual General Meeting, will be paid at a date to be determined.

9. Segmental Information

Primary Segment Analysis
(Business Segments)

	Fabrication RM'000	Non-Destructive Testing Services ("NDTS") RM'000	Inter-Company Elimination RM'000	Group RM'000
<u>Financial Year Ended 30 September 2011</u>				
<u>Revenue</u>				
External sales	165,453	3,431		168,884
Inter-segment sales	4,397	2,499	(6,896)	-
Total - Revenue	169,850	5,930	(6,896)	168,884
<u>Results</u>				
Segment profit	10,754	977		11,731
(Less): Unallocated costs				(823)
Results from operating activities				10,908
Add / (less):				
Interest income				999
Finance costs				(331)
Operating profit / profit before taxation				11,576
(Less): Tax expense				(2,304)
Profit for the year				<u>9,272</u>

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	Preceding Year	Current	Preceding Year
	Year	Corresponding	Year	Corresponding
	Quarter	Quarter	To Date	Year To Date
	<u>30 Sept 2011</u>	<u>30 Sept 2010</u>	<u>30 Sept 2011</u>	<u>30 Sept 2010</u>
	RM'000	RM'000	RM'000	RM'000
Peng Fah Engineering Sdn Bhd				
- For rental of factory premises	102	102	408	408
TTS Resources Sdn Bhd's subsidiary companies:				
TTS Transport Sdn Bhd				
- For transportation charges	256	170	899	535
TTS Insu-Write Services Sdn Bhd				
- For marine cargo and general insurance	50	29	261	195
TTS Engineering Sdn Bhd				
- For services rendered on minor fabrication works and rental of factory premise	93	99	320	227
TTS Enterprise Sdn Bhd				
- For maintenance of equipment	11	7	32	24

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

For the financial year ended 30 September 2011, the Group's revenue rose by 31.2% to RM168.9 million from RM128.7 million in the previous year, largely on successful marketing effort. This was achieved without sacrificing its gross profit margin and despite operating in a highly competitive business environment where the process equipment fabrication sector continued to be affected by overcapacity. Revenue growth drove the profit before taxation to RM11.6 million, from RM6.3 million in the previous year. Profit after taxation rose by 89.9% to RM9.3 million.

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

The fourth (4th) quarter financial year 2011 ("4Q11") revenue of RM47.0 million was 23.8% lower than RM61.7 million achieved in 3Q11 largely because 3Q11 was abnormal as that quarter benefitted from the completion of a number of high valued projects. Then nevertheless, the 4Q11 revenue compared favourably against the first two quarters of financial year ended 30 September 2011. The 4Q11 profit margin however was significantly affected by completion of a large number of low margin products and provisions for potential cost overrun and late-delivery penalties. Gross profit margin slipped from 17.4% in the 3Q11 to 6.8% this quarter. As a result, profit after taxation fell from RM5.4 million to RM1.8 million during 4Q11.

18. Prospects

Demand for process equipment remains weak and the industry is plagued with excess capacity. The Directors expect next 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 Quarter <u>30 Sept 2011</u> RM'000	Preceding Year Corresponding Quarter <u>30 Sept 2010</u> RM'000	Current Year To Date <u>30 Sept 2011</u> RM'000	Preceding Year Corresponding Year To Date <u>30 Sept 2010</u> RM'000
Current Tax Expense	(921)	(662)	1,985	419
Deferred Tax Expense	319	1,008	319	1,008
Tax Expense	(602)	346	2,304	1,427

The effective tax rate for the Group is lower than the corporate tax rate due to allowance claims by a major subsidiary 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 borrowing as at the end of the current quarter and the last financial year.

24. Financial Instruments

The Group's outstanding forward foreign currency exchange contract as at 30 September 2011 is as follow:

	<u>Notional Value</u>	<u>Fair Value</u>	<u>Loss on Fair Value Changes</u>
	RM'000	RM'000	RM'000
Less than one (1) year	4,791	4,507	(284)

The credit, market and liquidity risks associated with the forward foreign currency exchange contracts 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>	
	Current Year Quarter <u>30 Sept 2011</u>	Preceding Year Corresponding Quarter <u>30 Sept 2010</u>	Current Year To Date <u>30 Sept 2011</u>	Preceding Year Corresponding Year To Date <u>30 Sept 2010</u>
Profit Attributable To Ordinary Shareholders (RM'000):				
Net profit attributable to ordinary shareholders	1,532	2,268	8,988	4,882
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)	1.38	2.05	8.11	4.40

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:

	As At <u>30 Sept 2011</u> RM'000	As At <u>30 Sept 2010</u> RM'000
Total Retained Earnings:		
Realised Profits	98,760	92,954
Unrealised Losses	<u>(3,370)</u>	<u>(3,227)</u>
	95,390	89,727
(Less): Consolidation adjustments	<u>(43,019)</u>	<u>(43,019)</u>
Total retained earnings (distributable)	<u><u>52,371</u></u>	<u><u>46,708</u></u>

28. Authorisation for Issue

The interim financial statements were authorised for issue by the Board on 29 November 2011.

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

CHEOK KIM CHEE (MACS 00139)
Company Secretary
29 November 2011