

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 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 2008.

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 2008.

Annual Financial Statements for the financial year ended 30 September 2008 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 2008 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 2008 was not subject 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

There were no dividend proposed or paid during the current quarter and financial year-to-date.

9. Segmental Information

Primary Segment Analysis
(Business Segments)

	<u>Fabrication</u> RM'000	Non-Destructive Testing Services <u>("NDTS")</u> RM'000	Inter-Company <u>Elimination</u> RM'000	<u>Group</u> RM'000
<u>Financial Period Ended 31 December 2008</u>				
<u>Revenue</u>				
External sales	31,362	892		32,254
Inter-segment sales	5,948	664	(6,612)	-
Total - Revenue	<u>37,310</u>	<u>1,556</u>	<u>(6,612)</u>	<u>32,254</u>
<u>Results</u>				
Segment profit	4,361	374		4,735
(Less): Unallocated costs				<u>(766)</u>
Results from operating activities				3,969
Add/(less):				
Interest income				460
Finance costs				<u>(81)</u>
Operating profit/profit before taxation				4,348
(Less): Tax expense				<u>(1,168)</u>
Profit for the period				<u><u>3,180</u></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>	
	<u>Current Year Quarter</u> <u>31 Dec 2008</u> RM'000	<u>Preceding Year Corresponding Quarter</u> <u>31 Dec 2007</u> RM'000	<u>Current Year To Date</u> <u>31 Dec 2008</u> RM'000	<u>Preceding Year Corresponding Year To Date</u> <u>31 Dec 2007</u> RM'000
Peng Fah Engineering Sdn Bhd - For rental of factory premises	102	102	102	102
Technical Resources Sdn Bhd - For purchases of welding consumables and maintenance of equipment	192	431	192	431
TTS Resources Sdn Bhd's subsidiary companies:				
TTS Transport Sdn Bhd - For transportation charges	458	144	458	144
TTS Insu-Write Services Sdn Bhd - For marine cargo and general insurance	8	35	8	35
TTS Engineering Sdn Bhd - For services rendered on minor fabrication works and rental of factory premise	233	92	233	92
TTS Enterprise Sdn Bhd - For maintenance of equipment	6	4	6	4
TTS Teknik Sdn Bhd - For services rendered on machining and processing works	25	17	25	17

Mr. Yap Kow @ Yap Kim Fah is a substantial shareholder and Director of Technical Resources Sdn Bhd and TTS Resources Sdn Bhd.

Mr. Yap Kau @ Yap Yeow Ho is a 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

The Group's first (1st) quarter revenue declined 33.1% year-on-year from RM48.3 million to RM32.3 million. The lower revenue has resulted in lower profits before taxation and after taxation for the quarter. The Group's NDTs division has performed in line with the domestic fabrication sector. (Please refer to Note 18, prospects for current financial year.)

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

First (1st) quarter revenue declined by 36.9% quarter-to-quarter to RM32.3 million. However, profit before taxation was higher by RM1.7 million due to a RM5.6 million provision made within fourth (4th) quarter 2008 to rectify a project.

18. Prospects for Current Financial Year

The current global financial crisis and slump in commodities prices and demand have affected the process equipment sector as capital expenditures are rapidly being scaled back. The Directors expect demand will continue to soften coupled with gradual thinning of margins. However, the Company will continue to be vigilant on its costs and to stay competitive in bidding for new projects.

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>31 Dec 2008</u> RM'000	Preceding Year Corresponding Quarter <u>31 Dec 2007</u> RM'000	Current Year To Date <u>31 Dec 2008</u> RM'000	Preceding Year Corresponding Year To Date <u>31 Dec 2007</u> RM'000
Tax expense	1,168	1,690	1,168	1,690

The Group has provided for income tax for profitable subsidiaries whereby these profits cannot be set-off against losses made by other subsidiaries as group tax relief is not available.

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. Off Balance Sheet Financial Instruments

The Group has approximately US\$10.0 million equivalent of forward contracts outstanding as at 18 February 2009. Transactions in foreign currencies are recorded in RM at rates ruling at the transaction dates. There are minimal credit and financial risks as these forward contracts are for hedging purposes and are done with reputable financial institutions.

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 proceeding 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 outstanding, calculated as follows:

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year Quarter <u>31 Dec 2008</u>	Preceding Year Corresponding Quarter <u>31 Dec 2007</u> (Restated)	Current Year To Date <u>31 Dec 2008</u>	Preceding Year Corresponding Year To Date <u>31 Dec 2007</u> (Restated)
Profit Attributable To Ordinary Shareholders (RM'000):				
Profit for the period				
- Continuing operations	3,180	4,628	3,180	4,628
- Discontinued operation	-	(176)	-	(176)
	<u>3,180</u>	<u>4,452</u>	<u>3,180</u>	<u>4,452</u>
(Less): Dividend on preference shares' equity component				
- Continuing operations	(329)	(216)	(329)	(216)
- Discontinued operation	-	-	-	-
	<u>(329)</u>	<u>(216)</u>	<u>(329)</u>	<u>(216)</u>
Net profit attributable to ordinary shareholders				
- Continuing operations	2,851	4,412	2,851	4,412
- Discontinued operation	-	(176)	-	(176)
	<u>2,851</u>	<u>4,236</u>	<u>2,851</u>	<u>4,236</u>

Weighted Average Number Of Ordinary Shares ('000):

Issued ordinary shares at beginning of period	88,147	88,147	88,147	88,147
(Less): Effect of treasury shares held	(2,030)	(2,030)	(2,030)	(2,030)
Weighted average number of ordinary shares	86,117	86,117	86,117	86,117

Basic earnings per ordinary share (sen)

Continuing operations	3.31	5.12	3.31	5.12
Discontinued operation	-	(0.20)	-	(0.20)
	3.31	4.92	3.31	4.92

Diluted Earnings Per Ordinary Share

The effect of dilution on the earnings per ordinary share arises from the assumption of full conversion of the Irredeemable Convertible Preference Shares ("ICPS") and the saving of the 5.5% dividend thereon.

The calculation of diluted earnings per ordinary share was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all potential dilutive of ordinary shares, calculated as follows:

	<u>Individual Quarter</u>		<u>Cumulative Quarter</u>	
	Current Year Quarter <u>31 Dec 2008</u>	Preceding Year Corresponding Quarter <u>31 Dec 2007</u> (Restated)	Current Year To Date <u>31 Dec 2008</u>	Preceding Year Corresponding Year To Date <u>31 Dec 2007</u> (Restated)
Profit Attributable To Ordinary Shareholders (Diluted) (RM'000):				
Profit for the period				
- Continuing operations	3,180	4,628	3,180	4,628
- Discontinued operation	-	(176)	-	(176)
	3,180	4,452	3,180	4,452
Add: Dividend on preference shares' liability component				
- Continuing operations	11	36	11	36
- Discontinued operation	-	-	-	-
	11	36	11	36
Net profit attributable to ordinary shareholders (diluted)				
- Continuing operations	3,191	4,664	3,191	4,664
- Discontinued operation	-	(176)	-	(176)
	3,191	4,488	3,191	4,488
Weighted Average Number Of Ordinary Shares (Diluted) ('000):				
Weighted average number of ordinary shares in issue	86,117	86,117	86,117	86,117
Add: Effect of full conversion of preference shares into ordinary shares	24,728	24,728	24,728	24,728
Weighted average number of ordinary shares (diluted)	110,845	110,845	110,845	110,845
Diluted earnings per ordinary share (sen)				
Continuing operations	2.88	4.21	2.88	4.21
Discontinued operation	-	(0.16)	-	(0.16)
	2.88	4.05	2.88	4.05

27. Authorisation for Issue

The interim financial statements were authorised for issue by the Board on 27 February 2009.

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

CHEOK KIM CHEE (LS: 000012)
Company Secretary
27 February 2009