

NOTES TO THE INTERIM FINANCIAL STATEMENTS
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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 2009.

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 2009.

Annual Financial Statements for the financial year ended 30 September 2009 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 2009 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 2009 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 2009 and an interim single tier dividend of 3.5% 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. Upon approval, together with the interim dividend of 3.5% which was paid earlier will bring the total dividend to 6.5% for financial year ended 30 September 2010.

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 Year Ended 30 September 2010</u>				
<u>Revenue</u>				
External sales	125,756	2,943		128,699
Inter-segment sales	3,396	2,449	(5,845)	-
Total - Revenue	129,152	5,392	(5,845)	128,699
<u>Results</u>				
Segment profit	5,706	977		6,683
(Less): Unallocated costs				(1,042)
Results from operating activities				5,641
Add / (less):				
Interest income				876
Finance costs				(208)
Operating profit / profit before taxation				6,309
(Less): Tax expense				(1,427)
Profit for the year				<u>4,882</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 Year Quarter <u>30 Sept 2010</u> RM'000	Preceding Year Corresponding Quarter <u>30 Sept 2009</u> RM'000	Current Year To Date <u>30 Sept 2010</u> RM'000	Preceding Year Corresponding Year To Date <u>30 Sept 2009</u> RM'000
Peng Fah Engineering Sdn Bhd - For rental of factory premises	102	102	408	408
Technical Resources Sdn Bhd - For purchases of welding consumables and maintenance of equipment	-	-	-	352
TTS Resources Sdn Bhd's subsidiary companies:				
TTS Transport Sdn Bhd - For transportation charges	170	322	535	1,864
TTS Insu-Write Services Sdn Bhd - For marine cargo and general insurance	29	60	195	235
TTS Engineering Sdn Bhd - For services rendered on minor fabrication works and rental of factory premise	99	224	227	768
TTS Enterprise Sdn Bhd - For maintenance of equipment	7	4	24	33
TTS Teknik Sdn Bhd - For services rendered on machining and processing works	-	-	-	29

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

Revenue for fourth (4th) quarter financial year 2010 ("4Q10") dropped by 35.9% year-on-year to RM27.1 million on continued weakness in the global process equipment industry. Gross profit margin was at 17.8% for 4Q10 compare to 22.3% for 4Q09, largely due to product mix. The drop in revenue together with lower gross profit margin have resulted in a lower profit before taxation of RM2.6 million as compared to RM8.5 million for 4Q09.

The weakness in the global process equipment industry has caused revenue for financial year 2010 to drop 20.8% year-on-year from RM162.6 million to RM128.7 million. The drop in revenue, lower gross profit margin of 15.8% compared to 21.0% for financial year 2009 and exchange loss of RM3.0 million (financial year 2009 had benefited from the exchange gain of RM4.3 million) have resulted in profit before taxation declining 77.4% to RM6.3 million from RM27.9 million in the previous financial year.

The Group's NDTs division has performed relatively better than the domestic fabrication sector.

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

4Q10 revenue dropped 20.4% quarter-to-quarter to RM27.1 million and gross profit improved 2.1% to RM4.8 million on product mix.

18. Prospects for Next Financial Year

Although current global financial crisis and commodities prices have stabilised, 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 2010</u> RM'000	Preceding Year Corresponding Quarter <u>30 Sept 2009</u> RM'000	Current Year To Date <u>30 Sept 2010</u> RM'000	Preceding Year Corresponding Year To Date <u>30 Sept 2009</u> RM'000
<u>Tax expense</u> Current year	346	(2,019)	1,427	4,486

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. Off Balance Sheet Financial Instruments

The Group does not have any forward contract sold which is outstanding as at 30 September 2010.

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 2010</u>	Preceding Year Corresponding Quarter <u>30 Sept 2009</u>	Current Year To Date <u>30 Sept 2010</u>	Preceding Year Corresponding Year To Date <u>30 Sept 2009</u>
Profit Attributable To Ordinary Shareholders (RM'000):				
Profit for the period / year	2,268	10,547	4,882	23,423
(Less): Dividend on preference shares' equity component	-	-	-	(569)
Net profit attributable to ordinary shareholders	2,268	10,547	4,882	22,854
Weighted Average Number Of Ordinary Shares ('000):				
Issued ordinary shares at beginning of period / year	112,875	88,147	112,875	88,147
(Less): Effect of treasury shares held	(2,030)	(2,030)	(2,030)	(2,030)
Add: Effect from conversion of preference shares into ordinary shares	-	24,728	-	12,330
Weighted average number of ordinary shares	110,845	110,845	110,845	98,447
Basic earnings per ordinary share (sen)	2.05	9.52	4.40	23.21

27. Authorisation for Issue

The interim financial statements were authorised for issue by the Board on 25 November 2010.

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

CHEOK KIM CHEE (MACS 00139)
Company Secretary
25 November 2010