

APP INDUSTRIES BERHAD (Company No. : 504718 U)
UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2004

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 30.09.2004	PRECEDING YEAR CORRESPONDING QUARTER 30.09.2003	CURRENT YEAR TO DATE 30.09.2004	PRECEDING YEAR CORRESPONDING PERIOD 27.05.2003 to 30.09.2003 *
		RM'000	RM'000	RM'000	RM'000
Revenue	8&14	5,014	8,887	31,668	11,166
Cost of sales		(4,980)	(5,448)	(24,182)	(6,796)
Gross profit		34	3,439	7,486	4,370
Other operating income		32	34	113	44
Operating expenses		(2,297)	(2,344)	(7,428)	(3,053)
Other operating expenses		(2)	(3)	(14)	(3)
Profit/(loss) from operations	8	(2,233)	1,126	157	1,358
Finance costs		(50)	(129)	(186)	(183)
Profit/(loss) before taxation	15	(2,283)	997	(29)	1,175
Taxation	18	627	(207)	(118)	(218)
Profit/(loss) after taxation		(1,656)	790	(147)	957
Minority interests		0	0	0	0
Net profit/(loss) for the period		(1,656)	790	(147)	957
Basic earnings/(loss) per ordinary share (sen)	26	(2.070)	1.000	(0.184)	2.659

Note:

The corresponding period of the preceding year was from 27 May 2003 to 30 September 2003. As a result, the two periods are not comparable.

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Audited Financial Report for the year ended 31 December 2003)

APP INDUSTRIES BERHAD (Company No.: 504718 U)
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
AS AT 30 SEPTEMBER 2004

	AS AT END OF CURRENT QUARTER 30.09.2004	AUDITED AS AT PRECEDING FINANCIAL YEAR ENDED 31.12.2003
Note	RM'000	RM'000
PROPERTY, PLANT AND EQUIPMENT	46,201	44,544
GOODWILL ON CONSOLIDATION	295	311
CURRENT ASSETS		
Inventories	9,658	8,643
Trade receivables	6,278	9,400
Other receivables and prepaid expenses	725	833
Tax recoverable	1,048	224
Deposits with financial institutions	50	-
Cash and bank balances	2,517	2,926
	<hr/>	<hr/>
Total Current Assets	20,276	22,026
	<hr/>	<hr/>
CURRENT LIABILITIES		
Trade payables	1,422	2,142
Other payables and accrued expenses	3,094	2,985
Dividend payable	1,152	-
Borrowings	3,060	2,260
Tax liabilities	37	48
	<hr/>	<hr/>
Total Current Liabilities	8,765	7,435
	<hr/>	<hr/>
NET CURRENT ASSETS	11,511	14,591
	<hr/>	<hr/>
	58,007	59,446
	<hr/>	<hr/>
SHARE CAPITAL	40,000	40,000
RESERVES		
Share Premium	11,661	11,661
Retained Profit c/f	555	1,854
	<hr/>	<hr/>
SHAREHOLDERS' EQUITY	52,216	53,515
LONG-TERM AND DEFERRED LIABILITIES		
Borrowings	195	335
Deferred tax liabilities	5,596	5,596
	<hr/>	<hr/>
Total Long-term Liabilities	5,791	5,931
	<hr/>	<hr/>
	58,007	59,446
	<hr/>	<hr/>
NET TANGIBLE ASSETS	51,921	53,204
	<hr/>	<hr/>
NET TANGIBLE ASSETS PER SHARE (RM)	0.649	0.665
	<hr/>	<hr/>

(The Condensed Consolidated Balance Sheets should be read in conjunction with the
Annual Audited Financial Report for the year ended 31 December 2003)

**APP INDUSTRIES BERHAD (Company No. : 504718 U)
 UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE THREE QUARTERS ENDED 30 SEPTEMBER 2004**

	Reserves			Total RM'000
	Share Capital RM'000	[Non- Distributable] Share Premium RM'000	[Distributable] (Accumulated Losses)/ Retained Profit RM'000	
Balance as at 1 January 2004	40,000	11,661	1,854	53,515
Net profit/(loss) for the period	0	0	(147)	(147)
Dividend payable	0	0	(1,152)	(1,152)
Balance as at 30 September 2004	40,000	11,661	555	52,216

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the
 Annual Audited Financial Report for the year ended 31 December 2003)

**APP INDUSTRIES BERHAD (Company No. : 504718 U)
 UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
 FOR THE THREE QUARTERS ENDED 30 SEPTEMBER 2004**

	CUMULATIVE QUARTERS	
	9 months ended 30.09.2004	Preceding Year 27.5.2003 to 30.9.2003
	RM'000	RM'000
Net profit/(loss) before tax	(29)	1,175
Adjustment for non-cash flow:-		
Non-cash items	1,803	796
Non-operating items	134	178
Operating profit before changes in working capital	<u>1,908</u>	<u>2,149</u>
Changes in working capital		
Net changes in current assets	2,215	6,415
Net changes in current liabilities	<u>(611)</u>	<u>(5,925)</u>
Cash flows from operating activities	3,512	2,639
Tax paid	(953)	(668)
Net Cash Flows Generated From Operating Activities	<u>2,559</u>	<u>1,971</u>
Investing Activities		
- Equity investment	0	(1,283)
- Other investment	(3,394)	(1,820)
- Interest Received	52	5
	<u>(3,342)</u>	<u>(3,098)</u>
Financing Activities		
- Interest paid	(186)	(183)
- Listing expenses	0	(724)
- Ordinary shares issued	0	4,545
- Bank borrowings	549	(159)
	<u>363</u>	<u>3,479</u>
Net Changes in Cash & Cash Equivalents	(420)	2,352
Cash & Cash Equivalents at beginning of year	1,493	**
Cash & Cash Equivalents at end of period	<u>1,073</u>	<u>2,352</u>
Cash and cash equivalents at end of financial period comprise the following:		
Cash and bank balances	2,567	4,555
Less Bank overdrafts (included within short term borrowings in Note 22.)	(1,494)	(2,203)
	<u>1,073</u>	<u>2,352</u>

** represent RM2.00

**(The Condensed Consolidated Cash Flow Statement should be read in conjunction with the
 Annual Audited Financial Report for the year ended 31 December 2003)**

APP INDUSTRIES BERHAD

Company Number: 504718-U

Incorporated In Malaysia

CUMULATIVE PERIOD**CURRENT YEAR TO DATE FROM 01.01.2004 to 30.09.2004**

Computation of Basic Earnings/(Loss) Per share (sen) = (0.184)

Formula:
$$\frac{\text{Net loss attributable to ordinary shareholders}}{\text{Weighted Average Number of Ordinary Shares Outstanding during the period as at 30 September 2004}}$$

Computation:
$$\frac{-146,865}{80,000,000} = (0.002)$$

INDIVIDUAL PERIOD**CURRENT QUARTER FROM 01.07.2004 to 30.09.2004**

Computation of Basic Earnings/(Loss) Per share (sen) = (2.070)

Formula:
$$\frac{\text{Net loss attributable to ordinary shareholders}}{\text{Weighted Average Number of Ordinary Shares Outstanding during the period as at 30 September 2004}}$$

Computation:
$$\frac{-1,656,169}{80,000,000} = (0.021)$$

Note: The above computation of basic earnings per ordinary share (sen) was based on the MASB 13 under clause 15 (page 6) - For purpose of calculating basic earnings per share, the number of ordinary shares outstanding during the period.

**AUDITED AS AT PRECEDING
FINANCIAL YEAR ENDED 31.12.2003**

Computation of Net Tangible Assets Per Share (RM) = 0.665

Formula:
$$\frac{\text{Net Tangible Assets}}{\text{Number of Shares Issued}}$$

Computation:
$$\frac{53,204,000}{80,000,000} = 0.665$$

INDIVIDUAL PERIOD**CURRENT QUARTER FROM 01.07.2004 to 30.09.2004**

Computation of Net Tangible Assets Per Share (RM) = 0.649

Formula:
$$\frac{\text{Net Tangible Assets}}{\text{Number of Shares Issued}}$$

Computation:
$$\frac{51,921,000}{80,000,000} = 0.649$$

NOTES TO THE INTERIM FINANCIAL REPORT

SECTION A DISCLOSURE NOTES AS REQUIRED UNDER MASB 26

1. BASIS OF PREPARATION

The Interim Financial Report is unaudited and has been prepared in accordance with the Malaysian Accounting Standards Board (MASB) 26 "Interim Financial Statements" and in compliance with Chapter 9 (Part K) and Paragraph 9.22 of the Bursa Malaysia Securities Berhad ("Bursa Malaysia") requirements.

The accounting policies and methods of computation for this financial statements remain unchanged and are consistent with those adopted by the latest Annual Audited Financial Statements as at 31 December 2003.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2003.

2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

There was no qualification on the Group's financial statements for the year ended 31 December 2003.

3. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

The business of the Group depended on seasonality pattern and cyclical factors of the lawn and garden industry in the world market and with which approximately 97% of the Group's revenue was generated through export sales while approximately 3% was contributed by the domestic sales.

4. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows for the current quarter.

5. CHANGE IN ESTIMATES OF AMOUNTS REPORTED IN PRIOR INTERIM PERIODS OF THE CURRENT FINANCIAL YEAR OR IN PRIOR FINANCIAL YEARS

There were no changes in estimates that have had a material effect in the current quarter ended and financial year-to-date.

6. DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, repurchase, resale and repayment of debt and equity securities in the current quarter.

7. DIVIDENDS

An interim dividend of 2 sen per share less 28% income tax for current financial year amounting to RM1.6 million was paid on 15 October 2004.

8. SEGMENTAL INFORMATION

	3 Months ended 30.9.2004 RM'000	9 Months ended 30.9.2004 RM'000
Segment Revenue		
- Trading	4,523	27,688
- Manufacturing	3,707	14,204
- Others	155	2,831
	<hr/>	<hr/>
	8,385	44,723
Less: Elimination	(3,371)	(13,055)
	<hr/>	<hr/>
Group Revenue	5,014	31,668

	3 Months ended 30.9.2004 RM'000	9 Months ended 30.9.2004 RM'000
Segment Result		
Profit/(Loss)		
- Trading	(1,115)	1,018
- Manufacturing	(1,175)	(782)
- Others	(1)	(9)
	<hr/>	<hr/>
	(2,291)	227
Unallocated Corporate Expenses	58	(70)
	<hr/>	<hr/>
Profit from operations	(2,233)	157

9. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There were no changes in the valuation of Property, Plant and Equipment since the latest Audited Financial Statements for the year ended 31 December 2003.

10. SUBSEQUENT EVENTS

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

11. CHANGES IN COMPOSITION OF THE GROUP

There was no change in the composition of the Group during the current quarter.

12. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no changes in contingent liabilities or contingent assets, since the last annual balance sheet as at 31 December 2003.

13. CAPITAL COMMITMENTS

There were no any material capital commitments, which if enforced, may have material impact on the profit or net asset value of the Group.

NOTES TO THE INTERIM FINANCIAL REPORT

SECTION B

DISCLOSURE NOTES AS REQUIRED UNDER LISTING REQUIREMENTS OF BURSA MALAYSIA

14. PERFORMANCE REVIEW

The Group's revenue for the current quarter and current financial year-to-date were RM5.01 million and RM31.67 million as compared to preceding year corresponding quarter of RM8.89 million and RM11.17 million respectively.

The decrease in the revenue for the quarter was caused by chain effect of high oil price on ocean freight that resulted in some overseas customers not placing their orders for the autumn promotion.

15. COMMENTARY ON MATERIAL CHANGE IN PROFIT BEFORE TAXATION

The Group's loss before tax of RM2.28 million during the quarter as compared to profit before tax of RM1.0 million in the preceding corresponding quarter was due to increase in production costs mainly on fuel price and raw materials.

16. COMMENTARY ON CURRENT YEAR PROSPECTS

The Company is positive about opportunities in the challenging transition of the industry.

17. PROFIT FORECAST OR PROFIT GUARANTEE

The disclosure requirements for explanatory notes for the deviation in profit forecast in year 2004 and profit guarantee are not applicable.

18. TAXATION

	Current Quarter Ended 30.09.2004 RM'000	9 Months Ended 30.09.2004 RM'000
Current tax	-	153
Less: over provision in current tax	(592)	-
Over provision in prior year	(35)	(35)
Deferred tax	<u>-</u>	<u>-</u>
Tax expense for the period	<u>(627)</u>	<u>118</u>

19. SALE OF UNQUOTED INVESTMENTS AND PROPERTIES

There were no disposal of unquoted investments and/or properties for the current quarter and financial year to-date.

20. QUOTED SECURITIES

There were no purchase and/or disposal of quoted securities for the current quarter and financial year to-date.

21. CORPORATE PROPOSALS

a) Status Of Corporate Proposals

There were no corporate proposals announced which remained incomplete as at the latest practicable date.

b) Status of Utilization of Proceeds

The variation of the utilization of listing proceeds amounting to RM680,000 which was approved by Board of Directors and announced on 24 September 2004 have been applied in full.

22. BORROWINGS AND DEBT SECURITIES

	As At 30.09.2004 RM'000
Secured Short-term Borrowings :-	
Denominated in	
- Ringgit Malaysia	2,463
- US Dollar	597
	<hr/> 3,060
Secured Long-term Borrowings :-	
Denominated in	
- Ringgit Malaysia	195
	<hr/> 3,255

23. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

a) As part of the Group risk management strategy, the Group entered into forward foreign exchange contract with a licensed financial institution in Malaysia to enable the Group to reduce its exposure to losses from adverse fluctuation in foreign currency exchange rates to hedge against trade receivable.

b) As at the latest practicable date, the Group's outstanding forward foreign exchange sale contract amounting to USD250,000 will mature between 4 January and 29 April 2005.

24. CHANGES IN MATERIAL LITIGATION

The Directors were not aware of any material litigation, which, if enforced, may have material impact on the profit or net asset value of the Group.

25. DIVIDEND PAYABLE

a) There were no dividends declared by the Company for the current quarter.

b) Total dividend declared for the current financial year is 2 sen per share less 28% income tax.

26. EARNINGS PER SHARE

The basic earnings per ordinary share of the Group were calculated by dividing the net profit attributed to the ordinary shareholders by the weighted number of ordinary shares outstanding during the financial period.

	3 months ended 30.09.2004	Current Year to Date 30.09.2004
Net loss for the period (RM'000)	1,656	147
Weighted average number of ordinary shares in issue ('000)	80,000	80,000
Basic loss per share (sen)	2.070	0.184

27. AUTHORISATION FOR ISSUE

The interim financial statements for the period under review were authorized and approved for issue and announce to Bursa Malaysia by APP's Board in accordance with the resolution made on the Eighth (8th) Board of Directors' meeting.

By Order of the Board