

**APP INDUSTRIES BERHAD (Company No. : 504718 U)
 UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS
 FOR THE FORTH QUARTER ENDED 31 DECEMBER 2004**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
		31.12.2004	31.12.2003	31.12.2004	27.05.2003 to 31.12.2003 *
		RM'000	RM'000	RM'000	RM'000
Revenue	8&14	11,114	12,780	42,782	23,946
Cost of sales		(7,425)	(8,716)	(31,607)	(15,512)
Gross profit		3,689	4,064	11,175	8,434
Other operating income		57	(21)	170	23
Operating expenses		(3,309)	(3,081)	(10,737)	(6,134)
Other operating expenses		(4)	(77)	(18)	(80)
Profit/(loss) from operations	8	433	885	590	2,243
Finance costs		(87)	88	(273)	(95)
Profit/(loss) before taxation	15	346	973	317	2,148
Taxation	18	119	(66)	1	(284)
Profit/(loss) after taxation		465	907	318	1,864
Minority interests		0	0	0	0
Net profit/(loss) for the period		465	907	318	1,864
Basic earnings/(loss) per ordinary share (sen)	26	0.581	1.926	0.397	3.959

Note:

The corresponding period of the preceding year was from 27 May 2003 to 31 December 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 31 DECEMBER 2004**

	AS AT END OF CURRENT QUARTER 31.12.2004	AUDITED AS AT PRECEDING FINANCIAL YEAR END 31.12.2003
Note	RM'000	RM'000
PROPERTY, PLANT AND EQUIPMENT	45,751	44,544
GOODWILL ON CONSOLIDATION	289	311
CURRENT ASSETS		
Inventories	10,171	8,643
Trade receivables	10,653	9,400
Other receivables and prepaid expenses	542	833
Tax recoverable	1,049	224
Deposits with financial institutions	50	-
Cash and bank balances	1,638	2,926
	<u>24,103</u>	<u>22,026</u>
CURRENT LIABILITIES		
Trade payables	2,612	2,142
Other payables and accrued expenses	4,149	2,985
Dividend payable	-	-
Borrowings	22 3,990	2,260
Tax liabilities	-	48
	<u>10,751</u>	<u>7,435</u>
NET CURRENT ASSETS	<u>13,352</u>	<u>14,591</u>
	<u>59,392</u>	<u>59,446</u>
SHARE CAPITAL	40,000	40,000
RESERVES		
Share Premium	11,661	11,661
Retained Profit c/f	1,020	1,854
SHAREHOLDERS' EQUITY	52,681	53,515
LONG-TERM AND DEFERRED LIABILITIES		
Borrowings	22 1,159	335
Deferred tax liabilities	5,552	5,596
	<u>6,711</u>	<u>5,931</u>
	<u>59,392</u>	<u>59,446</u>
NET TANGIBLE ASSETS	<u>52,392</u>	<u>53,204</u>
NET TANGIBLE ASSETS PER SHARE (RM)	<u>0.655</u>	<u>0.665</u>

(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 FORTH QUARTER ENDED 31 DECEMBER 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 27 May 2003	**	0	(10)	(10)
Issuance of 71,799,046 new ordinary shares of RM0.50 each at RM0.675 per share in exchange of shares in subsidiary companies	35,900	12,565	0	48,465
Issuance of 4,450,000 new ordinary shares of RM0.50 each at RM0.60 per share to public	2,225	445	0	2,670
Rights issue of 3,750,950 new ordinary shares of RM0.50 each at RM0.50 per share	1,875	0	0	1,875
Listing expenses	0	(1,349)	0	(1,349)
Net profit for the period	0	0	1,864	1,864
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Balance as at 31 December 2003	40,000	11,661	1,854	53,515
Net profit/(loss) for the period	0	0	318	318
Dividend paid	0	0	(1,152)	(1,152)
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Balance as at 31 December 2004	40,000	11,661	1,020	52,681

** represent RM2.00 share capital

(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 FORTH QUARTER ENDED 31 DECEMBER 2004**

	CUMULATIVE QUARTERS	
	31.12.2004	27.5.2003 to 31.12.2003
	RM'000	RM'000
Net profit/(loss) before tax	317	2,148
Adjustment for non-cash flow:-		
Non-cash items	2,419	1,522
Non-operating items	152	89
Operating profit before changes in working capital	<u>2,888</u>	<u>3,759</u>
Changes in working capital		
Net changes in current assets	(2,489)	301
Net changes in current liabilities	1,634	(1,993)
Cash flows from operating activities	<u>2,033</u>	<u>2,067</u>
Tax paid	(916)	(1,035)
Net Cash Flows Generated From Operating Activities	<u>1,117</u>	<u>1,032</u>
Investing Activities		
- Equity investment	0	(190)
- Other investment	(3,433)	(1,892)
- Interest Received	58	43
	<u>(3,375)</u>	<u>(2,039)</u>
Financing Activities		
- Interest paid	(273)	(138)
- Listing expenses	0	(1,349)
- Ordinary shares issued	0	4,545
- Dividend paid	(1,152)	0
- Bank borrowings	847	(558)
	<u>(578)</u>	<u>2,500</u>
Net Changes in Cash & Cash Equivalents	(2,836)	1,493
Cash & Cash Equivalents at beginning of year	1,493	**
Cash & Cash Equivalents at end of period	<u>(1,343)</u>	<u>1,493</u>
Cash and cash equivalents at end of financial period comprise the following:		
Cash and bank balances	1,688	2,926
Less Bank overdrafts (included within short term borrowings in Note 22.)	(3,031)	(1,433)
	<u>(1,343)</u>	<u>1,493</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 31.12.2004**

Computation of Basic Earnings/(Loss) Per share (sen) = 0.397

Formula:
$$\frac{\text{Net profit attributable to ordinary shareholders}}{\text{Weighted Average Number of Ordinary Shares Outstanding during the period as at 31 December 2004}}$$

Computation:
$$\frac{317,680}{80,000,000} = 0.004$$

INDIVIDUAL PERIOD**CURRENT QUARTER FROM 01.10.2004 to 31.12.2004**

Computation of Basic Earnings/(Loss) Per share (sen) = 0.581

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

Computation:
$$\frac{464,544}{80,000,000} = 0.006$$

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 END 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 01.10.2004 to 31.12.2004**

Computation of Net Tangible Assets Per Share (RM) = 0.655

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

Computation:
$$\frac{52,392,000}{80,000,000} = 0.655$$

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

During the financial year ended, the Company declared and paid out an interim dividend of RM0.02 per share (gross). The amount of RM1.152 million net of 28% tax was paid on 15 October 2004 for the financial year ended 31 December 2004.

8. SEGMENTAL INFORMATION

	3 Months ended 31.12.2004	12 Months ended 31.12.2004
	RM'000	RM'000
Segment Revenue		
- Trading	10,185	37,873
- Manufacturing	4,479	18,684
- Others	150	2,981
	14,814	59,538
Less: Elimination	(3,700)	(16,756)
Group Revenue	11,114	42,782
	3 Months ended 31.12.2004	12 Months ended 31.12.2004
	RM'000	RM'000
Segment Result		
Profit/(Loss)		
- Trading	1,009	2,027
- Manufacturing	(355)	(1,137)
- Others	(2)	(11)
	652	879
Unallocated Corporate Expenses	(219)	(289)
Profit from operations	433	590

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 balance sheet date.

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 financial year-to-date were RM11.11 million and RM42.78 million as compared to preceding year corresponding quarter of RM12.78 million and RM23.95 million respectively.

The decrease in the revenue for 4th quarter as compared to preceding year quarter was attributed to sales volume reduction in some of our traditional markets.

15. COMMENTARY ON MATERIAL CHANGE IN PROFIT BEFORE TAXATION

For the 4th quarter ended 31 December 2004, the Group pre-tax profit improved to RM0.35 million compared to pre-tax loss of RM2.28 million in the preceding corresponding quarter.

The increase in pre-tax profit was mainly due to increase of revenue of 122% as compared to third quarter especially the increase of export to North hemisphere countries for spring season order.

16. COMMENTARY ON PROSPECTS FOR 2005

The Company is positive about opportunities in the development of strategic markets and key customers.

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 31.12.2004 RM'000	12 Months Ended 31.12.2004 RM'000
Current tax	-	78
Less: over provision in current tax	(75)	-
Over provision in prior year	-	(35)
Deferred tax	<u>(44)</u>	<u>(44)</u>
Tax expense for the period	<u><u>(119)</u></u>	<u><u>(1)</u></u>

Effective tax rate and statutory tax rate are the same for current quarter and financial year to date. However adjustment on prior year deferred tax and overprovision of tax charge, resulting in tax credit of RM1,281.

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

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

22. BORROWINGS AND DEBT SECURITIES

	As At 31.12.2004
	RM'000
Secured Short-term Borrowings	3,990
Secured Long-term Borrowings	1,159
	<hr/> 5,149 <hr/>

23. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

a) As part of the Group risk management strategy, the Group entered into forward foreign exchange contract with licensed financial institutions 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 sell contract amounting to USD1.182 million will mature between 1 March and 30 June 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% tax was paid on 15 October 2004.

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 31.12.2004	Current Year to Date 31.12.2004
Net profit for the period (RM'000)	465	318
Weighted average number of ordinary shares in issue ('000)	80,000	80,000
Basic earning per share (sen)	0.581	0.397

27. AUTHORISATION FOR ISSUE

The interim financial statements for the period under review were authorized and approved for issue and announced to Bursa Malaysia by APP's Board in accordance with the resolution made on the NINE (9th) Board of Directors' meeting.

By Order of the Board
Dated: 25th day of February, 2005.