

NOTES TO THE INTERIM FINANCIAL REPORT

SECTION A DISCLOSURE NOTES AS REQUIRED UNDER FRS 134

1. BASIS OF PREPARATION

The Interim Financial Report is unaudited and has been prepared in accordance with the Financial Reporting Standard 134 “Interim Financial Reporting” 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 report remain unchanged and are consistent with those adopted by the latest Annual Audited Financial Statements as at 31 December 2004.

The interim financial report should be read in conjunction with the Audited Financial Statements of the Group for the year ended 31 December 2004.

2. AUDITORS’ REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

There was no qualification on the Group’s Financial Statements for the year ended 31 December 2004.

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 98.5% of the Group’s revenue was generated through export sales while approximately 1.5% 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 and financial year to date.

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

No interim dividend was paid for this financial period ended 30 June 2005.

8. SEGMENTAL INFORMATION

There were no segmental analysis prepared as the Group operated solely in the lawn and garden industry involving production, packaging, marketing and distribution of its products.

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 2004.

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 and financial year to date.

12. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no changes in contingent liabilities or contingent assets, since the last financial year ended 31 December 2004.

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

Total revenue for the second quarter was RM7.32 million, which was 28 per cent lower than total revenue of RM10.18 million recorded for the preceding corresponding quarter in 2004.

The Group's performance was affected by the lower revenue generated from part of the European market. As a result, loss from operations for the quarter under review and financial year to date were RM526,000 and RM155,000 respectively. The operating profit dropped by RM855,000 and RM2.29 million over the preceding corresponding quarter and preceding financial year to date.

15. COMMENTARY ON MATERIAL CHANGE IN PROFIT BEFORE TAXATION

The Group's loss before taxation for the current quarter ended 30 June 2005 was RM642,000 representing a decline of RM900,000 compared with the preceding quarter's profit before taxation of RM258,000.

The earnings performance was mainly affected by lower revenue recorded in the second quarter, which was 27 per cent lower compared to total revenue of RM10.02 million recorded in first quarter of 2005. In addition, the gross profit margin also was reduced by 5 per cent compared to first quarter, mainly due to increase in production cost.

16. COMMENTARY ON PROSPECTS

The Company is cautiously optimistic about opportunities in the lawn and garden industry as it undergoes structural changes worldwide. Management is taking measures to penetrate new markets.

17. PROFIT FORECAST OR PROFIT GUARANTEE

The disclosure requirements for explanatory notes for the deviation in profit forecast in year 2005 and profit guarantee are not applicable.

18. TAXATION

	Current Quarter Ended 30.06.2005 RM'000	6 Months Ended 30.06.2005 RM'000
Current Tax	(32)	130
Overprovision in prior year	(8)	(8)

Deferred Tax	33	(95)
Tax (Credit)/Expenses for the period	(7)	27

Tax credit derived for current quarter as adjustment of overprovision in current and prior year tax provision. Reversal on deferred tax provision for financial year to date was due to cumulative losses of certain subsidiaries and increase of unabsorbed capital allowances.

Despite the Group's loss before taxation, the effective tax rate for the financial year to date is lower than statutory tax rate due to the fact that losses of certain subsidiaries could not be offset against taxable profit made by another subsidiary.

19. SALE OF UNQUOTED INVESTMENTS AND PROPERTIES

There were no disposals 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 remain incomplete as at the latest practicable date except the agreement between Asiarise Holdings Sdn Bhd, a wholly owned subsidiary of the Company with the Guangdong Province Hunan County Thian Ling Power Ltd. Approval is still pending from the relevant authorities in China.

In the meantime, management is still appraising the technical and financial aspects of the project.

22. BORROWINGS AND DEBT SECURITIES

	As At
	30.06.2005
	RM'000
Borrowings in Ringgit :-	
Secured Short-term Borrowings	2,221
Secured Long-term Borrowings	4,720
	<u>6,941</u>

23. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

Forward Foreign Exchange Contracts

a) As part of the Group risk management strategy to hedge against trade receivable, 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 fluctuations in foreign currency exchange rates. There are minimal credit and market risk as the above forward contracts are executed with licensed financial institutions.

b) As at 12 August 2005, the amount of forward foreign exchange contracts that were entered into by the Group to hedge against its export proceeds were RM3.6 million. The settlement dates of these contracts range between 1 to 6 months.

c) Under the Group accounting policies, foreign currency transactions that are hedged by forward foreign exchange contracts will be booked in at the exercising date. Foreign currency monetary assets and liabilities which are not hedged are translated at exchange rates at balance sheet date.

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

There were no dividends declared by the Company for the current quarter and financial year to date.

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.

	Current Quarter Ended 30.06.2005	6 months Ended 30.06.2005
Net loss for the period (RM'000)	635	411
Weighted average number of ordinary shares in issue ('000)	80,000	80,000
Basic loss per share (sen)	0.79	0.51

27. AUTHORISATION FOR ISSUE

The interim financial report 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 TWELFTH (12th) Board of Directors' meeting.

By Order of the Board
Dated: 19th day of August, 2005.