

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 the seasonality pattern and cyclical factors of the Lawn & Garden industry in the world market. Approximately 98% of the Group’s revenue was generated through export sales while 2% was from 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 September 2005.

8. SEGMENTAL INFORMATION

There were no segmental analysis prepared as the Group operated solely in the Lawn & 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 material capital commitments, which if enforced, may have a 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 recorded for the third quarter was RM3.96 million representing a decrease of 21% against revenue of RM5.01 million achieved during the same quarter in the previous financial year.

The Group's performance was affected by the lower revenue generated compared with the preceding year. As a result, losses from operations for third quarter and financial year to date were RM1.90 million and RM2.05 million respectively.

Operating loss reduced by RM334,000 compared to the corresponding quarter ended 30 September 2004, whereas operating profit for the cumulative 9 months declined by RM2.21 million as compared to corresponding period of the preceding financial year.

15. COMMENTARY ON MATERIAL CHANGE IN PROFIT BEFORE TAXATION

The Group's loss before taxation for the current quarter ended 30 September 2005 was RM2.02 million representing an increase of RM1.38 million compared with the preceding quarter's loss before taxation of RM642,000.

The earnings performance was mainly affected by lower revenue recorded in the third quarter, which was 46% lower compared to total revenue of RM7.32 million recorded in second quarter of 2005.

16. COMMENTARY ON PROSPECTS

The Lawn & Garden industry worldwide continues to undergo structural changes and consolidation, given the impact of high fuel oil prices on production costs and its ultimate effect on consumption in the developed economies. Competition is expected to intensify and in the process drive out the weaker competitors.

The Group has mitigated to a certain extent the impact of high fuel oil prices by conversion to piped natural gas in one of the plants, thus giving the Group a cost advantage. Alternative fuel sources are being evaluated for the other plants.

17. PROFIT FORECAST OR PROFIT GUARANTEE

There were no profit forecast and profit guarantee for financial year 2005.

18. TAXATION

	Current Quarter Ended 30.09.2005 RM'000	9 Months Ended 30.09.2005 RM'000
Current tax	0	130
Under/(over) provision in prior year	(147)	(155)
Reversal on deferred tax	(171)	(266)
Tax (Credit)/Expenses for the period	<u>(318)</u>	<u>(291)</u>

Tax credit for the current quarter and the financial year to date represents an adjustment of overprovision in prior year tax and also a reversal of deferred tax provision.

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 purchases and/or disposals 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 for the agreement between Asiarise Holdings Sdn Bhd, a wholly-owned subsidiary of the Company, and the Guangdong Province Hunan County Thian Ling Power Ltd. Approval is still pending from the relevant authorities in China.

22. BORROWINGS AND DEBT SECURITIES

	As At 30.09.2005 RM'000
Borrowings in Ringgit :-	
Secured Short-term Borrowings	3,056
Secured Long-term Borrowings	4,756
	<u>7,812</u>

23. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

Forward Foreign Exchange Contracts

a) As part of the Group's risk management strategy to hedge against trade receivables, the Group entered into forward foreign exchange contracts with licensed financial institutions in

Malaysia to enable the Group to reduce its exposure to losses from adverse fluctuations in foreign currency exchange rates. Credit and market risks were minimal as the above forward contracts were executed with licensed financial institutions.

b) As at 10 November 2005, the amount of forward foreign exchange contracts which were entered into by the Group to hedge against its export proceeds was RM3.3 million. The settlement dates of these contracts range between 1 to 6 months.

c) Under the Group's 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 30.09.2005	9 months Ended 30.09.2005
Net loss for the period (RM'000)	1,706	2,117
Weighted average number of ordinary shares in issue ('000)	80,000	80,000
Basic loss per share (sen)	2.13	2.65

27. AUTHORISATION FOR ISSUE

The interim financial report for the period under review is authorized and approved for issue and announcement to Bursa Malaysia by APP's Board in accordance with a resolution made at the THIRTEENTH (13th) Board of Directors' meeting.

By Order of the Board
Dated: 16th day of November, 2005.