NOTES TO THE INTERIM FINANCIAL REPORT

SECTION A
DISCLOSURE NOTES AS REQUIRED UNDER FRS 134_{2004}

1. BASIS OF PREPARATION

The Interim Financial Report is unaudited and has been prepared in accordance with the requirement of Financial Reporting Standard 134_{2004} "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 interim financial report should be read in conjunction with the Audited Financial Statements of the Group for the year ended 31 December 2005.

2. CHANGES IN ACCOUNTING POLICIES

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 31 December 2005 except for the financial period beginning 1 January 2006 as follows:

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The adoption of FRS 2, 5, 102, 108, 110, 116, 121, 127, 128, 131, 132, 133 and 140 mentioned above does not have significant financial impact on the Group. The principal effects of the changes in accounting policies resulting from the adoption of the other new/revised FRS are discussed below:

FRS 3: Business Combinations, FRS 136: Impairment of Assets and FRS 138: Intangible Assets

The adoption of these new FRSs has resulted in the Group ceasing annual goodwill amortization. Goodwill is carried at cost less accumulated impairment losses and is now tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Any impairment loss is recognised in profit or loss and subsequent reversal is not allowed. Prior to 1 January 2006, goodwill was amortised on a straight-line basis over its estimated useful life 15 years. This change in accounting policy has been accounted for prospectively for business combinations where the agreement date is on or after 1 January 2006. The transitional provisions of FRS 3, however, have required the Group to eliminate at 1 January 2006 the carrying amount of the accumulated amortisation of RM55,730 against the carrying amount of goodwill. The carrying amount of goodwill as at 1 January 2006 of RM267,863 ceased to be amortised. This has the effect of reducing the amortisation charges by RM5,393 in the current quarter and RM10,786 in the financial period ended 30 June 2006.

FRS 101: Presentation of Financial Statements

The adoption of the revised FRS 101 has affected the presentation of minority interest, share of net after-tax results of associates and other disclosures. In the consolidated balance sheet, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the period. A similar requirement is also applicable to the statement of changes in equity. FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the period, showing separately the amounts attributable to equity holders of the parent and to minority interest.

The current period's presentation of the Group's financial statements is based on the revised requirements of FRS 101.

3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the year ended 31 December 2005 was not qualified.

4. 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 97% of the Group's revenue was generated through export sales while 3% was from domestic sales.

5. 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 period-to-date.

6. 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 and financial period-to-date results.

7. DEBT AND EQUITY SECURITIES

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

8. DIVIDENDS

No dividend was paid for the six months ended 30 June 2006.

9. SEGMENTAL INFORMATION

There was no segmental analysis prepared as the Group operated solely in the Lawn & Garden industry involving production, packaging, marketing and distribution of its products.

10. 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 2005, with the exception of a revaluation done on an industrial land and factory building located at Kamunting Raya Industrial Estate, Perak in March 2006.

11. SUBSEQUENT EVENTS

There are no material events after the period end that have not been reflected in the financial statements for the financial period ended 30 June 2006

12. CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the current quarter.

13. 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 2005.

14. CAPITAL COMMITMENTS

The amount of capital commitments as at 30 June 2006 was as follows :-

	RM'000
Approved but not contracted for	730
Contracted but not provided for	430
	1,160

NOTES TO THE INTERIM FINANCIAL REPORT

SECTION B
DISCLOSURE NOTES AS REQUIRED UNDER LISTING REQUIREMENTS OF BURSA MALAYSIA

15. PERFORMANCE REVIEW

Total revenue recorded for the second quarter was RM6.47 million representing a decrease of 11.62% against revenue of RM7.32 million achieved during the same quarter in the previous financial year.

The Group recorded a loss before tax of RM908,000 for the current quarter, as compared to a loss before tax of RM642,000 recorded in the preceding quarter for the last financial year. This was due primarily to significant increase in fuel costs and foreign exchange loss compared to the same quarter in the previous financial year.

16. COMMENTARY ON MATERIAL CHANGE IN PROFIT BEFORE TAXATION

The Group registered a loss before tax of RM908,000 for the current quarter ended 30 June 2006 as compared to the immediate preceding quarter's loss before tax of RM1.07 million. The Group showed a lower loss in this quarter due to savings in administration and general expenses.

17. 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 medium such as coal gas is being commissioned for the other plant.

18. PROFIT FORECAST OR PROFIT GUARANTEE

Not applicable as the Group did not publish any profit forecast.

19. TAXATION

	Current Quarter Ended 30.06.2006 RM'000	6 Months Ended 30.06.2006 RM'000
Deferred tax	(232)	(585)
Tax Credit for the period	(232)	(585)

Tax credit for the current quarter and the financial year to date represents a reversal of deferred tax provision.

20. SALE OF UNQUOTED INVESTMENTS AND PROPERTIES

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

21. QUOTED SECURITIES

There were no purchases or disposals of quoted securities for the current quarter and financial period-to-date.

22. 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, the Board has decided to hold the project in abeyance.

23. BORROWINGS AND DEBT SECURITIES

	As At 30.06.2006
Borrowings in Ringgit :-	**RM’000**
Secured Short-term Borrowings	4,045
Secured Long-term Borrowings	5,703
	9,748

24. 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 18 August 2006, the amount of forward foreign exchange contracts which were entered into by the Group to hedge against its export proceeds was RM2.4 million. The settlement dates of these contracts range between 1 to 4 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.

25. CHANGES IN MATERIAL LITIGATION

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

26. DIVIDEND PAYABLE

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

27. 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 30.06.2006	**6 months Ended 30.06.2006**
Loss for the period (RM'000)	676	1,394
Weighted average number of ordinary shares in issue ('000)	80,000	80,000
Basic loss per share (sen)	0.85	1.74

28. AUTHORISATION FOR ISSUE

The interim financial report for the period under review is authorised and approved for issue and announcement to Bursa Malaysia by APP's Board in accordance with a resolution made at the EIGHTEENTH (18th) Board of Directors' meeting.

By Order of the Board
Dated: 25th day of August, 2006.