

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 requirement of Financial Reporting Standard 134 “Interim Financial Reporting” and in compliance with Chapter 9 (Part K) and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

The interim financial report should be read in conjunction with the Audited Financial Statements of the Group for the year ended 31 December 2007.

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 at 31 December 2007.

3. AUDITORS’ REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors’ report on the financial statements for the year ended 31 December 2007 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 96% of the Group’s revenue was generated through export sales while 4% 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 year-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 year-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 financial year ended 31 December 2008.

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 2007.

11. SUBSEQUENT EVENTS

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

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 2007.

NOTES TO THE INTERIM FINANCIAL REPORT

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

14. PERFORMANCE REVIEW

Revenue recorded in the current quarter was RM5.40 millions which was an 18% drop as compared with RM6.60 millions recorded in the fourth quarter of the last financial year.

The Group recorded a loss before tax of RM1.22 millions as compared to a loss before tax of RM675,000 for the same quarter of last financial year.

As an export orientated operation, our revenue activities are also affected by the world wide economic turbulence. Several bulk shipments scheduled to take place in the current quarter were being postponed to 2009.

Group administration expenses have slightly increased due to increase in research and development expenditure on new high end products.

15. COMMENTARY ON MATERIAL CHANGE IN (LOSS)/PROFIT BEFORE TAXATION

Loss before taxation for the current quarter has reduced to RM1.22 millions as compared to RM2.07 millions in the preceding quarter, which is attributed to a 64% increase in export sales as compared with the said quarter.

16. COMMENTARY ON PROSPECTS

The ceramic, pot, garden and lawn industry is far from saturated. There are rooms for APPI to tap further into the industry. We are aware of the impact caused by the economy turmoil and are working towards addressing the problem to reduce the impact. We are confident that our marketing strategy of migrating towards the high end market will continue to expand in 2009.

17. PROFIT FORECAST OR PROFIT GUARANTEE

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

18. TAXATION

	Current Quarter Ended 31.12.2008 RM'000	12 Months Ended 31.12.2008 RM'000
Current tax	-	(18)
Deferred tax	883	807
Tax Expenses	<u>883</u>	<u>789</u>

The balance of tax expenses for the current quarter and the financial year-to-date is arrived at after the reversal of temporary differences and over provision of tax expenses in prior year.

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 except for the Sales of Sekinchan land as announced on 3 September 2008 is still pending conversion of land title.

20. QUOTED SECURITIES

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

21. CORPORATE PROPOSALS

There were no outstanding proposals as at the date of this quarterly report.

22. BORROWINGS AND DEBT SECURITIES

	As At 31.12.2008 RM'000
Borrowings in Ringgit :-	
Secured Short-term Borrowings : Ringgit	6,175
: US Dollar	1,510
	<u>7,685</u>
Secured Long-term Borrowings : Ringgit	1,296

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 19th February 2008, the amount of forward foreign exchange contracts which were entered into by the Group to hedge against its export proceeds was RM1.18 millions. 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 rate. Foreign currency monetary assets and liabilities remaining not hedged were 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 a 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 loss attributed to the ordinary shareholders by the weighted number of ordinary shares outstanding during the financial year.

	Current Quarter Ended 31.12.2008	12 months Ended 31.12.2008
Loss for the year (RM'000)	2,104	6,028
Weighted average number of ordinary shares in issue ('000)	88,000	88,000
Basic loss per share (sen)	2.39	6.85

27. AUTHORISATION FOR ISSUE

The interim financial report for the year under review is authorised and approved for issue and announcement to Bursa Malaysia by APP's Board in accordance with a resolution of the directors on 26th February 2009.

By Order of the Board
Dated: 26th February 2009