

## **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 2008.

#### **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 2008.

#### **3. AUDITORS’ REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The auditors’ report on the financial statements for the year ended 31 December 2008 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 financial period ended 30 June 2009.

## **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 2008.

## **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 2008.

## 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 RM2.81 millions which was closed to RM2.82 millions recorded in the same quarter of the last financial year.

The Group recorded a loss before tax of RM1.92 millions as compared to a loss before tax of RM1.38 millions for the same quarter of last financial year. The increase of loss before tax was mainly caused by the disposal of land which amounting to RM807,000.

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

Loss before taxation for the current quarter was RM1.92 millions as compared to profit before taxation of RM676,000 in the preceding quarter. This is mainly attributed by lower revenue achieved and losses incurred in disposal of land during this 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 would bring better result to the Group in 2009.

#### 17. PROFIT FORECAST OR PROFIT GUARANTEE

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

#### 18. TAXATION

	<b>Current Quarter Ended 30.06.2009 RM'000</b>	<b>6 Months Ended 30.06.2009 RM'000</b>
Current tax	(1)	(1)
Deferred tax	1,371	1,396
Tax Credit	1,370	1,395

The balance of tax credit for the current quarter and the financial period-to-date is arrived at after the reversal of temporary differences.

## 19. 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 except for the Sales of Sekinchan land as announced on 3 September 2008 has completed in April 2009.

## 20. QUOTED SECURITIES

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

## 21. CORPORATE PROPOSALS

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

## 22. BORROWINGS AND DEBT SECURITIES

	<b>As At 30.06.2009</b>
	<b>RM'000</b>
<b>Borrowings in Ringgit :-</b>	
Secured Short-term Borrowings : Ringgit	2,189
: US Dollar	97
Unsecured Short-term Borrowings : US Dollar	435
	<hr style="border-top: 1px solid black;"/>
	2,721
	<hr style="border-top: 3px double black;"/>
Secured Long-term Borrowings : Ringgit	975
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## 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 12<sup>th</sup> Aug 2009, the amount of forward foreign exchange contracts which were entered into by the Group to hedge against its export proceeds was RM530,000. 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 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 period-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 period.

	<b>Current Quarter Ended 30.06.2009</b>	<b>6 months Ended 30.06.2009</b>
(Loss)/Profit for the period (RM'000)	(552)	149
Weighted average number of ordinary shares in issue ('000)	88,000	88,000
Basic (loss)/earning per share (sen)	(0.63)	0.17

## 27. 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 of the directors on 19<sup>th</sup> Aug 2009.

By Order of the Board  
Dated: 19<sup>th</sup> Aug 2009