

## 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 2009.

#### 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 2009, except for the adoption of the following new/revised Financial Reporting Standards (“FRS”) effective for financial period beginning 1 January 2010:

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentations of Financial Statements
FRS 123	Borrowing Costs
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards
Amendments to FRS 2	Share-based Payment – Vesting Conditions
Amendments to FRS 7	Financial Instruments: Disclosures
Amendments to FRS 127	Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 139	Financial Instruments: Recognition and Measurement
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 – Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their interaction

Other than the adoption of FRS101 & FRS139, the application of the above FRSs and IC Interpretation does not have significant financial impact on the Group. The principal effects of the changes in accounting policies resulting from the adoption of the new/revised FRS are discussed below:

##### **FRS 101: Presentations of Financial Statements**

The adoption of the revised FRS 101, the components of the financial statements presented consist of a statement of financial position, a statement of comprehensive income, a statement of changes in equity and a statement of cash flows. The total comprehensive income for the period is presented in one line in the statement of changes in equity.

### **FRS 139: Financial Instruments: Recognition and Measurement**

The adoption of the FRS 139, all financial assets and financial liabilities are recognized at contract dates. All financial assets and financial liabilities are recorded initially at fair value. Forward foreign exchange contract of the group have been measure at fair value and the change in fair value are recognize as gain or loss in the statement of comprehensive income.

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

The auditors' report on the financial statements for the year ended 31 December 2009 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 PERIOD 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 31 March 2010.

### **9. SEGMENTAL INFORMATION**

There was no segmental analysis prepared as the Group operated solely in the same industry involving production, packaging, marketing and distribution of pottery & ceramic 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 2009.

#### **11. SUBSEQUENT EVENTS**

There were no material events subsequent to the end of the current quarter except approval for Private Placement amounting to 10% of the share capital of the company.

#### **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 2009.

## NOTES TO THE INTERIM FINANCIAL REPORT

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

#### 14. PERFORMANCE REVIEW

The Group recorded lower revenue for current quarter at RM4.81 millions, as compared with RM7.3 millions in the preceding year corresponding quarter. Profit before taxation decreased to RM195,000 from RM676,000 in the preceding year corresponding quarter. In line with our customer profiling policy, the revenue has declined and correspondently a lower profit.

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

Profit before taxation for current quarter was increased to RM195,000, as compared with RM110,000 recorded in the immediate preceding quarter. The improvement is mainly due to increase of gross profit margin by 1% even though the revenue was slightly decline by 5% if compared with RM5.05 millions recorded in the immediate preceding quarter.

#### 16. COMMENTARY ON PROSPECTS

In spite of the difficult world economy environment, the management has embarked on new business initiative to explore new product market and higher profit contribution in product mix.

#### 17. PROFIT FORECAST OR PROFIT GUARANTEE

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

#### 18. TAXATION

	<b>Current Quarter Ended 31.03.2010 RM'000</b>	<b>3 Months Ended 31.03.2010 RM'000</b>
Deferred tax	18	18
Tax Credit	18	18

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.

## 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</b>
		<b>31.03.2010</b>
		<b>RM'000</b>
<b>Borrowings in Ringgit :-</b>		
Secured Short-term Borrowings	: Ringgit	1,926
	: US Dollar	628
		<u>2,554</u>
Secured Long-term Borrowings	: Ringgit	<u>724</u>

## 23. DERIVATIVE FINANCIAL INSTRUMENTS

The details of the forward foreign exchange contract as at 31 March 2010 are as below:

	<b>Notional Amount RM'000</b>	<b>Fair Value RM'000</b>	<b>Gain / (loss) RM'000</b>
Less than 1 year	1,352	1,305	47

The above forward foreign exchange contract were executed only with credit-worthy financial institutions in Malaysia. The forward foreign exchange contracts were entered into by the group to minimise its exposure to foreign currency risk.

## 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 profit attributed to owners of the parent by the weighted number of ordinary shares outstanding during the financial period.

	<b>Current Quarter Ended 31.03.2010</b>	<b>3 months Ended 31.03.2010</b>
Profit for the period (RM'000)	213	213
Weighted average number of ordinary shares in issue ('000)	88,000	88,000
Basic earning per share (sen)	0.24	0.24

## 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 25<sup>th</sup> May 2010.

By Order of the Board  
Dated: 25<sup>th</sup> May 2010