

## 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 2010.

#### 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 2010, except for the adoption of the following new/revised Financial Reporting Standards (“FRS”) :

##### **Effective for financial period beginning on or after 1 July 2010**

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations
Amendments to FRS 2	Share-based Payment
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 138	Intangible Assets
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distribution of Non-Cash Assets to Owners
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives
Amendments to IC Interpretation 15	Agreements for the Construction of Real Estate

##### **Effective for financial period beginning on or after 1 January 2011**

Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 1	Additional Exemptions of First-time Adopters
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 3	Business Combinations
Amendments to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRS 7	Financial Instruments: Disclosures
Amendments to FRS 101	Presentation of Financial Statement
Amendments to FRS 121	The Effects of Changes in Foreign Exchange Rates
Amendments to FRS 127	Consolidated and Separate Financial Statements
Amendments to FRS 128	Investment in Associates
Amendments to FRS 131	Interests in Joint Ventures

## **2. CHANGES IN ACCOUNTING POLICIES (continued)**

### **Effective for financial period beginning on or after 1 January 2011 (continued)**

Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 134	Interim Financial Reporting
Amendments to FRS 139	Financial Instruments: Recognition and Measurement
IC Interpretation 4	Determining Whether an Arrangement contains a Lease
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 13	Customer Loyalty Programmes
Amendments to IC Interpretation 14	Prepayments of a Minimum Funding Requirement

Adoption of the above FRSs, Amendments to FRSs and IC Interpretation does not have significant financial impact on the Group.

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

The auditors' report on the financial statements for the year ended 31 December 2010 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 95% of the Group's revenue was generated through export sales while 5% 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 2011.

## **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 2010.

## **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 2010.

## NOTES TO THE INTERIM FINANCIAL REPORT

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

#### 14. PERFORMANCE REVIEW

The Group achieved higher revenue for current quarter of RM5.31 millions, as compared with RM4.81 millions in the same quarter of the last financial year. The revenue increase was due to increase in export sales to US market.

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

The Group incurred a loss before taxation for current quarter of RM69,000, as compared with profit before taxation of RM330,000 recorded in the immediate preceding quarter. Lower exports to premium market, and higher administrative expenses due to corporate exercise has resulted in a small losses in Q1/2011.

#### 16. COMMENTARY ON PROSPECTS

The outlook for the industry is positive and the Company is optimistic in increasing its market shares and customers base due to the recent changes in sourcing trend. Furthermore, the Company now is more cost competitive with its competitors particular in China and Vietnam.

#### 17. PROFIT FORECAST OR PROFIT GUARANTEE

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

#### 18. TAXATION

	<b>Current Quarter Ended 31.03.2011 RM'000</b>	<b>3 Months Ended 31.03.2011 RM'000</b>
Deferred tax	17	17
Tax Credit	17	17

The 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. For the financial period-to-date, except for the disposal of a piece of freehold land and factory building located at Sungai Siput, Perak, there were no other disposal.

## 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

	<u>As At</u> <u>31.03.2011</u> RM'000
<b>Borrowings in Ringgit :-</b>	
Secured Short-term Borrowings	<u>2,167</u>
Secured Long-term Borrowings	<u>508</u>

The above borrowings are denominated in Ringgit Malaysia

## 23. DERIVATIVE FINANCIAL INSTRUMENTS

The details of the forward foreign exchange contract as at 31 March 2011 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	<u>2,325</u>	<u>2,270</u>	<u>55</u>

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 31.03.2011</b>	<b>3 months Ended 31.03.2011</b>
Loss for the period (RM'000)	(52)	(52)
Weighted average number of ordinary shares in issue ('000)	88,000	88,000
Basic earning per share (sen)	(0.06)	(0.06)

## 27. REALISED AND UNREALISED PROFIT OR LOSSES

The breakdown of the accumulated losses of the Group as at the end of reporting period into realised and unrealised losses is presented in accordance with the directive of Bursa Malaysia Securities Bhd is as follows,

	<b>As At 31.03.2011 RM'000</b>	<b>As At 31.12.2010 RM'000</b>
Total accumulated losses of the Company and its Subsidiaries		
- Realised	7,957	8,265
- Unrealised	388	132
	<u>8,345</u>	<u>8,397</u>
Less : Consolidation adjustments	(24,596)	(24,596)
Accumulated losses as per financial statements	<u>(16,251)</u>	<u>(16,199)</u>

## 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 of the directors on 20<sup>th</sup> May 2011.

By Order of the Board  
Dated: 20<sup>th</sup> May 2011