

APOLLO FOOD HOLDINGS BERHAD (291471-M)

(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

31 JULY 2007

1 BASIS OF PREPARATION

The interim financial statements are unaudited and have been prepared in accordance with the reporting requirements outlined in the Financial Reporting Standards (“FRS”) 134 –“Interim Financial Reporting” issued by the Malaysian Accounting Standards Board (“MASB”) and Paragraph 9.22 of the Bursa Malaysia Securities Berhad (Bursa Securities Berhad (“Bursa”) Listing Requirements. The interim financial statements should be read in conjunction with the Group’s annual audited financial statements for the year ended 30 April 2007. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 April 2007.

2 CHANGES IN ACCOUNTING POLICIES

The accounting policies and methods of computation used in the presentation of the quarterly financial statements are consistent with those applied in the latest audited annual financial statements ended 30 April 2007 except for the adoption of the following new/revised Financial Reporting Standards (FRS) and Amendment to FRS which are relevant to the Group:

FRS 117 Leases

FRS 124 Related Party Disclosures

Amendment to FRS 119²⁰⁰⁴ Employee Benefits

The adoption of FRS 117, FRS 124 and the amendment to FRS 119²⁰⁰⁴ does not have significant financial impact on the Group. The principal effects of the changes in accounting policies resulting from the new/revised FRS are as follows:

FRS 117: Lease

Prior to 1 May 2007, leasehold land of the Group was classified as Property, Plant and Equipment and was stated at cost/valuation less accumulated depreciation and any accumulated impairment losses. The revised FRS 117 requires that the leasehold land to be presented as prepaid lease payments as a separate line item under non current assets and amortised on straight line basis over the lease terms.

The reclassification of leasehold land as prepaid lease payment has been accounted for retrospectively, with the comparatives restated to conform with the current period’s presentation, as disclosed in Note 3.

3 COMPARATIVES

THE FOLLOWING COMPARATIVE AMOUNTS HAVE BEEN RESTATED DUE TO THE ADOPTION OF FRS 117 :

	Previously Stated RM'000	Adjustments FRS117 Note 2 RM'000	Restated RM'000
Balance Sheet As at 30 April 2007			
Property, plant and equipment	88,198	(8,882)	79,316
Prepaid lease land payments	-	8,882	8,882

APOLLO FOOD HOLDINGS BERHAD (291471-M)

(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
31 JULY 2007**4 AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The preceding year's audit report for the year ended 30 April 2007 was unqualified.

5 SEASONAL OR CYCLICAL FACTORS

Seasonal or cyclical factors do not significantly affect the principal business operations of the Group.

6 UNUSUAL ITEMS

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the period under review.

7 CHANGES IN ESTIMATES

There were no material changes in the estimation methods in this interim reporting quarter which will have a material effect.

8 DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current financial year to date.

9 DIVIDEND PAID

There was no dividend paid during the period under review.

10 SEGMENTAL INFORMATION

Segmental information is presented on the basis of geographical segments, segment revenue is based on the geographical location of customers.

	PERIOD ENDED 31 JULY 2007	
	REVENUE	SEGMENT RESULTS
	RM'000	RM'000
Malaysia	23,670	4,530
Overseas	<u>16,948</u>	<u>2,070</u>
	<u>40,618</u>	6,600
Other income		1,519
Unallocated expenses		(63)
Taxation		<u>(1,927)</u>
Net profit for the period		<u><u>6,129</u></u>

11 VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There were no amendments to the valuations of property, plant and equipment brought forward.

12 MATERIAL EVENTS SUBSEQUENT TO THE END OF INTERIM PERIOD

There were no material events subsequent to the interim period that would substantially affect the interim financial statements.

APOLLO FOOD HOLDINGS BERHAD (291471-M)

(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
31 JULY 2007**13 CHANGES IN THE COMPOSITION OF THE GROUP**

There were no changes in the composition of the Group during this interim period.

14 CONTINGENT LIABILITIES

There were no material changes in contingent liabilities since the last annual balance sheet date as at 30 April 2007.

15 CAPITAL COMMITMENTS

Capital expenditure not provided for in the interim report as at 31 July 2007 is as follows :

	RM
AUTHORISED AND CONTRACTED	1,396,543
ANALYSED AS FOLLOWS:	
- PLANT & MACHINERY	1,396,543

16 SIGNIFICANT RELATED PARTY TRANSACTIONS

There were no significant related party transactions during this interim period.

17 REVIEW OF PERFORMANCE

For the period ended 31 July 2007, the Group achieved a higher turnover of RM40.618 million (31 July 2006 – RM38.089 million) and a higher pre-tax profit of RM8.056 million (31 July 2006 – RM6.596 million).

The increase in demand in both the local and export segments had contributed to the higher turnover. The increase in turnover coupled with the higher gains from disposal of investments had resulted in an increase in pre-tax profit.

18 MATERIAL CHANGE IN THE PROFIT BEFORE TAX FOR THE CURRENT QUARTER AS COMPARED TO THE IMMEDIATE PRECEDING QUARTER

For the quarter ended 31 July 2007, the Group achieved a turnover of RM40.618 million, an increase of RM3.390 million compared to that of the preceding quarter of RM37.228 million, while the pre-tax profit was RM8.056 million, an increase of RM1.228 million, compared to RM6.828 million for the preceding quarter.

The increase in demand in both the local and export segments had contributed to the higher turnover.

The increase in the turnover and lower operating costs had contributed to the increase in current quarter's pre-tax profit.

19 CURRENT YEAR PROSPECTS

The Board anticipates the performance of the Group to remain profitable . The Group will strive to ensure that it continues to achieve satisfactory results by implementing prudent measures and improving operational efficiency.

20 VARIANCE IN PROFIT FORECAST

Not applicable.

APOLLO FOOD HOLDINGS BERHAD (291471-M)

(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
31 JULY 2007**21 INCOME TAX EXPENSE**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/07/2007 RM'000	Preceding Year Quarter 31/07/2006 RM'000	Current Year To-Date 31/07/2007 RM'000	Preceding Year Corresponding Period 31/07/2006 RM'000
Income tax				
- Current year	1,739	1,935	1,739	1,935
- Prior year	-	-	-	-
	<u>1,739</u>	<u>1,935</u>	<u>1,739</u>	<u>1,935</u>
Deferred tax	188	(153)	188	(153)
	<u>1,927</u>	<u>1,782</u>	<u>1,927</u>	<u>1,782</u>

The effective tax charge for the financial period ended 31 July 2007 is lower than the statutory rate due to reinvestment allowance claimed by a subsidiary.

22 PROFITS ON SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There was no sale of unquoted investments and /or properties during this interim period.

23 QUOTED SECURITIES

Total purchase consideration and sales proceeds of quoted securities for the current quarter ended 31 July 2007 and profit arising therefrom are as below:

	Current Quarter 31/07/2007 RM	Current Year To-Date 31/07/2007 RM
Total purchase consideration of quoted securities acquired	-	-
Sales proceeds of quoted securities	<u>2,923,619</u>	<u>2,923,619</u>
Profit arising therefrom	<u>1,031,982</u>	<u>1,031,982</u>

Investments in quoted shares as at 31 July 2007:

	RM
At cost	<u>587,002</u>
At carrying value/book value	<u>587,002</u>
At market value	<u>722,934</u>

24 CORPORATE PROPOSALS

There were no corporate proposals announced but not completed as at date of this report.

APOLLO FOOD HOLDINGS BERHAD (291471-M)

(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
31 JULY 2007**25 GROUP BORROWINGS AND DEBT SECURITIES**

There were no group borrowings and debt securities as at the end of the reporting period.

26 OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no financial instruments with off balance sheet risk as at date of this report.

27 MATERIAL LITIGATION

There was no material litigation as at date of this report.

28 DIVIDEND

In respect of the financial year ended 30 April 2007, a final dividend of 15% less 27% tax amounting to RM8,760,000 (2006: 15% less tax amounting to RM8,640,000) will be proposed for members' approval.

29 EARNINGS PER SHARE

The earnings per share is calculated by dividing the net profit attributable to the ordinary shareholders by the weighted number of ordinary shares in issue for the following periods:-

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/07/2007 RM'000	Preceding Year Quarter 31/07/2006 RM'000	Current Year To-Date 31/07/2007 RM'000	Preceding Year Corresponding Period 31/07/2006 RM'000
Net profit attributable to shareholders	6,129	4,814	6,129	4,814
Weighted average no. of Ordinary shares in issue during the interim period ('000)	80,000	80,000	80,000	80,000
Basic earnings per share (sen)	7.66	6.02	7.66	6.02

By Order of the Board

WOO MIN FONG**YAP WAI BING**

Company Secretaries

Johor Bahru

26 September 2007