

**APOLLO FOOD HOLDINGS BERHAD** (291471-M)  
(Incorporated in Malaysia)  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**31 JANUARY 2008**

**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 119<sub>2004</sub> Employee Benefits

The adoption of FRS 117, FRS 124 and the amendment to FRS 119<sub>2004</sub> did 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 <u>RM’000</u>	Adjustments FRS117 Note 2 <u>RM’000</u>	Restated <u>RM’000</u>
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

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS** (CONTINUED)  
**31 JANUARY 2008****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**

During the financial period ended 31 January 2008, the Company paid the following dividend:

On 9 January 2008, the Company paid a final dividend of 15 sen per share less 27% income tax, on 80,000,000 ordinary shares amounting to RM 8,760,000 in respect of the previous financial year.

**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 JANUARY 2008	
	REVENUE	SEGMENT RESULTS
	RM'000	RM'000
Malaysia	73,020	12,944
Overseas	58,856	5,059
	<u>131,876</u>	<u>18,003</u>
Other income		2,640
Unallocated expenses		(304)
Taxation		<u>(4,576)</u>
Net profit for the period		<u><u>15,763</u></u>

**11 VALUATION OF PROPERTY, PLANT AND EQUIPMENT**

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

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**31 JANUARY 2008**

**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.

**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 January 2008 is as follows :

	<b>RM</b>
<b>AUTHORISED AND CONTRACTED</b>	<b>602,237</b>
<b>ANALYSED AS FOLLOWS:</b>	
<b>- PLANT &amp; MACHINERY</b>	<b>602,237</b>

**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 January 2008, the Group achieved a higher turnover of RM131.876 million (31 January 2007 – RM117.044 million) and a lower pre-tax profit of RM20.339 million (31 January 2007 – RM23.374 million).

The increase in demand in both the local and export segments had contributed to the higher turnover. However, profit before tax compared to the preceding year's corresponding quarter dropped by RM3.035 million, mainly due to increase in cost of materials and higher foreign exchange loss.

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

For the quarter ended 31 January 2008, the Group achieved a turnover of RM48.125 million, an increase of RM4.992 million compared to that of the preceding quarter of RM43.133 million, while the pre-tax profit was RM6.726 million, an increase of RM1.169 million, compared to RM5.557 million for the preceding quarter.

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

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS** (CONTINUED)  
**31 JANUARY 2008****21 INCOME TAX EXPENSE**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/01/2008 RM'000	Preceding Year Quarter 31/01/2007 RM'000	Current Year To-Date 31/01/2008 RM'000	Preceding Year Corresponding Period 31/01/2007 RM'000
Income tax				
- Current period	1,315	2,085	3,816	5,776
- Prior period	(263)	-	(324)	(183)
	<u>1,052</u>	<u>2,085</u>	<u>3,492</u>	<u>5,593</u>
Deferred tax	268	(269)	1,084	(766)
	<u>1,320</u>	<u>1,816</u>	<u>4,576</u>	<u>4,827</u>

The effective tax charge for the financial period ended 31 January 2008 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 January 2008 and profit arising therefrom are as below:

	Current Quarter 31/01/2008 RM	Current Year To-Date 31/01/2008 RM
Total purchase consideration of quoted securities acquired	<u>2,355,122</u>	<u>4,230,467</u>
Sales proceeds of quoted securities	<u>-</u>	<u>4,202,107</u>
Profit arising therefrom	<u>-</u>	<u>1,302,736</u>

Investments in quoted shares as at 31 January 2008:

	RM
At cost	<u>3,808,734</u>
At carrying value/book value	<u>3,700,446</u>
At market value	<u>3,700,446</u>

**24 CORPORATE PROPOSALS**

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

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS** (CONTINUED)  
**31 JANUARY 2008****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**

The Board of Directors do not recommend the payment of an interim dividend for the financial quarter under review.

**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 31/01/2008 RM'000	Preceding Year Quarter 31/01/2007 RM'000	Current Year To-Date 31/01/2008 RM'000	Preceding Year Corresponding Period 31/01/2007 RM'000
Net profit attributable to shareholders	5,406	5,962	15,763	18,547
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)	6.75	7.45	19.70	23.18

By Order of the Board

**WOO MIN FONG****YAP WAI BING**

Company Secretaries

Johor Bahru

27 March 2008