

APOLLO FOOD HOLDINGS BERHAD (291471-M)

(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

30 APRIL 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 119²⁰⁰⁴ Employee Benefits

The adoption of FRS 117, FRS 124 and the amendment to FRS 119²⁰⁰⁴ 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 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)
30 APRIL 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 30 April 2008, the Company paid the following dividend:

On 18 March 2008, the Company paid a interim dividend of 10 sen per share less 26% income tax, on 80,000,000 ordinary shares amounting to RM 5,920,000 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 30 APRIL 2008	
	REVENUE	SEGMENT RESULTS
	RM'000	RM'000
Malaysia	104,441	16,432
Overseas	76,703	5,197
	<u>181,144</u>	<u>21,629</u>
Other income		3,299
Unallocated expenses		(564)
Taxation		<u>(3,389)</u>
Net profit for the period		<u><u>20,975</u></u>

11 VALUATION OF PROPERTY, PLANT AND EQUIPMENT

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

APOLLO FOOD HOLDINGS BERHAD (291471-M)
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
30 APRIL 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 30 April 2008 is as follows :

	RM
AUTHORISED AND CONTRACTED	754,287
ANALYSED AS FOLLOWS:	<hr/>
- PLANT & MACHINERY	754,287
	<hr/> <hr/>

16 SIGNIFICANT RELATED PARTY TRANSACTIONS

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

17 REVIEW OF PERFORMANCE

For the year ended 30 April 2008, the Group achieved a higher turnover of RM181.144 million (30 April 2007 – RM154.272 million) but with a lower pre-tax profit of RM24.364 million (30 April 2007 – RM30.105 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 RM5.741 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 30 April 2008, the Group achieved a turnover of RM49.268 million, an increase of RM1.143 million compared to that of the preceding quarter of RM48.125 million, while the pre-tax profit was RM4.025 million, a decrease of RM2.701 million, compared to RM6.726 million for the preceding quarter.

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

The decrease in current quarter's pre-tax profit was due to higher cost of production.

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)
30 APRIL 2008**21 INCOME TAX EXPENSE**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/04/2008	Preceding Year Quarter 30/04/2007	Current Year To-Date 30/04/2008	Preceding Year Corresponding Period 30/04/2007
	RM'000	RM'000	RM'000	RM'000
Income tax				
- Current year	(95)	(336)	3,720	5,440
- Prior year	70	63	(254)	(120)
	<u>25</u>	<u>(273)</u>	<u>3,466</u>	<u>5,320</u>
Deferred tax	1,161	997	(77)	231
	<u>1,186</u>	<u>724</u>	<u>3,389</u>	<u>5,551</u>

The effective tax charge for the financial year ended 30 April 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 30 April 2008 and profit arising therefrom are as below:

	Current Quarter 30/04/2008	Current Year To-Date 30/04/2008
	RM	RM
Total purchase consideration of quoted securities acquired	<u>2,406,554</u>	<u>6,637,021</u>
Sales proceeds of quoted securities	<u>201,237</u>	<u>4,403,344</u>
Profit arising therefrom	<u>69,194</u>	<u>1,371,930</u>

Investments in quoted shares as at 30 April 2008:

	RM
At cost	<u>6,083,246</u>
At carrying value/book value	<u>6,083,246</u>
At market value	<u>6,200,652</u>

24 CORPORATE PROPOSALS

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

APOLLO FOOD HOLDINGS BERHAD (291471-M)

(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
30 APRIL 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 would announce their recommendation on the dividend at a later date.

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 30/04/2008 RM'000	Preceding Year Quarter 30/04/2007 RM'000	Current Year To-Date 30/04/2008 RM'000	Preceding Year Corresponding Period 30/04/2007 RM'000
Net profit attributable to shareholders	5,211	6,007	20,975	24,554
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)	6.52	7.51	26.22	30.69

By Order of the Board

WOO MIN FONG**YAP WAI BING**

Company Secretaries

Johor Bahru

26 June 2008