

# **APOLLO FOOD HOLDINGS BERHAD** (291471-M)

(Incorporated in Malaysia)

## **NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**31 JULY 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 2008. 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 2008.

### **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 2008, except for the adoption of the following revised Financial Reporting Standards (FRSs) effective for the financial period beginning on 1 May 2008:-

FRS 107	Cash Flow Statement
FRS 112	Income Taxes
FRS 118	Revenue
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent liabilities and Contingent Assets

The adoption of the above revised FRSs does not have significant financial impact to the Group.

### **3 AUDITORS’ REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The preceding year’s audit report for the year ended 30 April 2008 was unqualified.

### **4 SEASONAL OR CYCLICAL FACTORS**

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

### **5 UNUSUAL ITEMS**

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

### **6 CHANGES IN ESTIMATES**

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

### **7 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.

### **8 DIVIDEND PAID**

There was no dividend paid during the period under review.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS** (CONTINUED)  
**31 JULY 2008****9 SEGMENTAL INFORMATION**

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

	<b>PERIOD ENDED 31 JULY 2008</b>	
	<b>REVENUE</b>	<b>SEGMENT RESULTS</b>
	<b>RM'000</b>	<b>RM'000</b>
Malaysia	27,505	5,034
Overseas	<u>21,439</u>	<u>2,553</u>
	<u>48,944</u>	<u>7,587</u>
Other income		437
Unallocated expenses		(567)
Income tax expense		<u>(1,379)</u>
Net profit for the period		<u>6,078</u>

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

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

**11 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.

**12 CHANGES IN THE COMPOSITION OF THE GROUP**

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

**13 CONTINGENT LIABILITIES**

There were no material changes in contingent liabilities since the last annual balance sheet date as at 30 April 2008.

**14 CAPITAL COMMITMENTS**

Capital expenditure not provided for in the interim report as at 31 July 2008 is as follows :

	<b>RM</b>
<b>AUTHORISED AND CONTRACTED</b>	<u><b>202,244</b></u>
<b>ANALYSED AS FOLLOWS:</b>	
<b>- PLANT AND MACHINERY</b>	<u><u><b>202,244</b></u></u>

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS** (CONTINUED)  
**31 JULY 2008****15 SIGNIFICANT RELATED PARTY TRANSACTIONS**

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

**16 REVIEW OF PERFORMANCE**

For the period ended 31 July 2008, the Group achieved a higher turnover of RM48.944 million (31 July 2007 – RM40.618 million) but with a lower pre-tax profit of RM7.457 million (31 July 2007 – RM8.056 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 RM0.599 million, mainly due to increase in cost of materials and lower gain from disposal of investments.

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

For the quarter ended 31 July 2008, the Group achieved a turnover of RM48.944 million, a decrease of RM0.324 million compared to that of the preceding quarter of RM49.268 million, while the pre-tax profit was RM7.457 million, an increase of RM3.432 million, compared to RM4.025 million for the preceding quarter.

The increase in current quarter's pre-tax profit is contributed mainly by the increase in selling price of certain products.

**18 CURRENT YEAR PROSPECTS**

The Group is expected to face greater challenges ahead in view of the rising material costs. Nevertheless, 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, improving operational efficiency and higher sales .

**19 VARIANCE IN PROFIT FORECAST**

Not applicable.

**20 INCOME TAX EXPENSE**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/07/2008 RM'000	Preceding Year Quarter 31/07/2007 RM'000	Current Year To-Date 31/07/2008 RM'000	Preceding Year Corresponding Period 31/07/2007 RM'000
Income tax				
- Current year	1,294	1,739	1,294	1,739
- Prior year	-	-	-	-
	<u>1,294</u>	<u>1,739</u>	<u>1,294</u>	<u>1,739</u>
Deferred tax	85	188	85	188
	<u>1,379</u>	<u>1,927</u>	<u>1,379</u>	<u>1,927</u>

The effective tax charge for the financial period ended 31 July 2008 is lower than the statutory rate due to reinvestment allowance claimed by a subsidiary.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS** (CONTINUED)  
**31 JULY 2008****21 PROFITS ON SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES**

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

**22 QUOTED SECURITIES**

Total purchase consideration and sales proceeds of quoted securities for the current quarter ended 31 July 2008 and profit arising therefrom are as below:

	<b>Current Quarter 31/07/2008 RM</b>	<b>Current Year To-Date 31/07/2008 RM</b>
Total purchase consideration of quoted securities acquired	3,747,704	3,747,704
Sales proceeds of quoted securities	911,122	911,122
Profit arising therefrom	83,408	83,408

Investments in quoted shares as at 31 July 2008:

	<b>RM</b>
At cost	9,004,236
At carrying value/book value	8,508,177
At market value	8,508,177

**23 CORPORATE PROPOSALS**

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

**24 GROUP BORROWINGS AND DEBT SECURITIES**

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

**25 OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

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

**26 MATERIAL LITIGATION**

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

**27 DIVIDEND**

In respect of the financial year ended 30 April 2008, a final dividend of 15% less 25% tax amounting to RM9,000,000 (2007: 15% less tax amounting to RM8,760,000) will be proposed for members' approval.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS** (CONTINUED)  
**31 JULY 2008****28 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 31/07/2008 RM'000	Preceding Year Quarter 31/07/2007 RM'000	Current Year To- Date 31/07/2008 RM'000	Preceding Year Corresponding Period 31/07/2007 RM'000
Net profit attributable to shareholders	6,078	6,129	6,078	6,129
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)	7.60	7.66	7.60	7.66

By Order of the Board

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

Company Secretaries

Johor Bahru

26 September 2008