

APOLLO FOOD HOLDINGS BERHAD (291471-M)

(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

31 OCTOBER 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 OCTOBER 2008**9 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 OCTOBER 2008	
	REVENUE	SEGMENT RESULTS
	RM'000	RM'000
Malaysia	50,755	8,822
Overseas	47,207	5,697
	<u>97,962</u>	<u>14,519</u>
Other income		1,031
Unallocated expenses		(4,046)
Income tax expense		<u>(1,909)</u>
Net profit for the period		<u>9,595</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 October 2008 is as follows :

	RM
AUTHORISED AND CONTRACTED	<u>285,579</u>
ANALYSED AS FOLLOWS:	
- PLANT AND MACHINERY	<u>285,579</u>

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
31 OCTOBER 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 October 2008, the Group achieved a higher turnover of RM97.962 million (31 October 2007 – RM83.751 million) but with a lower pre-tax profit of RM11.504 million (31 October 2007 – RM13.613 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 RM2.109 million, mainly due to increase in cost of materials and allowance for diminution of value in investment provided.

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

For the quarter ended 31 October 2008, the Group achieved a turnover of RM49.018 million, an increase of RM0.074 million compared to that of the preceding quarter of RM48.944 million, while the pre-tax profit was RM4.047 million, a decrease of RM3.41 million, compared to RM7.457 million for the preceding quarter.

The decrease in current quarter's pre-tax profit was mainly due to escalating costs of materials and allowance for diminution in value of investment in this quarter.

18 CURRENT YEAR PROSPECTS

The Group is expected to face greater challenges ahead in view of the rising material costs and global economic slow down. 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 31/10/2008 RM'000	Preceding Year Quarter 31/10/2007 RM'000	Current Year To-Date 31/10/2008 RM'000	Preceding Year Corresponding Period 31/10/2007 RM'000
Income tax				
- Current year	736	762	2,030	2,501
- Prior year	8	(61)	8	(61)
	<u>744</u>	<u>701</u>	<u>2,038</u>	<u>2,440</u>
Deferred tax	(214)	628	(129)	816
	<u>530</u>	<u>1,329</u>	<u>1,909</u>	<u>3,256</u>

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

	Current Quarter 31/10/2008	Current Year To-Date 31/10/2008
	RM	RM
Total purchase consideration of quoted securities acquired	6,485,406	10,233,110
Sales proceeds of quoted securities	-	911,122
Profit arising therefrom	-	83,408

Investments in quoted shares as at 31 October 2008:

	RM
At cost	15,488,642
At carrying value/book value	11,689,128
At market value	11,689,128

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

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

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
31 OCTOBER 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 31/10/2008 RM'000	Preceding Year Quarter 31/10/2007 RM'000	Current Year To- Date 31/10/2008 RM'000	Preceding Year Corresponding Period 31/10/2007 RM'000
Net profit attributable to shareholders	3,517	4,228	9,595	10,357
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)	4.40	5.29	11.99	12.95

By Order of the Board

WOO MIN FONG**YAP WAI BING**

Company Secretaries

Johor Bahru

19 December 2008