

APOLLO FOOD HOLDINGS BERHAD (291471-M)

(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

31 JANUARY 2009

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.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
31 JANUARY 2009**8 DIVIDEND PAID**

During the financial period ended 31 January 2009, the Company paid the following dividend:

On 12 January 2009, the Company paid a final dividend of 15 sen per share less 25% income tax, on 80,000,000 ordinary shares amounting to RM 9,000,000 in respect of the previous financial year.

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 JANUARY 2009 | |
|---------------------------|-------------------------------------|------------------------|
| | REVENUE | SEGMENT RESULTS |
| | RM'000 | RM'000 |
| Malaysia | 76,076 | 12,291 |
| Overseas | <u>57,930</u> | <u>5,943</u> |
| | <u>134,006</u> | 18,234 |
| Other income | | 1,698 |
| Unallocated expenses | | (3,709) |
| Taxation | | <u>(2,870)</u> |
| Net profit for the period | | <u><u>13,353</u></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 January 2009 is as follows :

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

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
31 JANUARY 2009**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 January 2009, the Group achieved a higher turnover of RM134.006 million (31 January 2008 – RM131.876 million) and recorded a lower pre-tax profit of RM16.223 million (31 January 2008 – RM20.339 million).

The Group's profit before tax compared to the preceding year's corresponding quarter dropped by RM4.116 million which was mainly affected by increase in cost of materials and allowance for diminution of value in investment.

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

For the quarter ended 31 January 2009, the Group achieved a turnover of RM36.044 million, a decrease of RM12.974 million compared to that of the preceding quarter of RM49.018 million, while the pre-tax profit was RM4.719 million, an increase of RM0.672 million, compared to RM4.047 million for the preceding quarter.

The current global economic slowdown had resulted in a decrease in the Group's turnover from both local and overseas markets.

The increase in current quarter's pre-tax profit was mainly due to allowance for diminution of value in investment provided in the preceding quarter

18 CURRENT YEAR PROSPECTS

The Group is expected to face greater challenges ahead in view of the 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 31/01/2009 RM'000 | Preceding Year Quarter 31/01/2008 RM'000 | Current Year To-Date 31/01/2009 RM'000 | Preceding Year Corresponding Period 31/01/2008 RM'000 |
| Income tax | | | | |
| - Current period | 643 | 1,315 | 2,673 | 3,816 |
| - Prior period | 1 | (263) | 9 | (324) |
| | <u>644</u> | <u>1,052</u> | <u>2,682</u> | <u>3,492</u> |
| Deferred tax | 317 | 268 | 188 | 1,084 |
| | <u>961</u> | <u>1,320</u> | <u>2,870</u> | <u>4,576</u> |

The effective tax charge for the financial period ended 31 January 2009 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 JANUARY 2009

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 January 2009 and profit arising therefrom are as below:

| | Current Quarter 31/01/2009 RM | Current Year To-Date 31/01/2009 RM |
|--|--|---|
| Total purchase consideration of quoted securities acquired | 504,693 | 10,737,803 |
| Sales proceeds of quoted securities | 1,622,157 | 2,533,279 |
| Profit arising therefrom | 154,197 | 237,605 |

Investments in quoted shares as at 31 January 2009:

| | RM |
|------------------------------|------------|
| At cost | 14,184,599 |
| At carrying value/book value | 11,179,051 |
| At market value | 11,179,051 |

23 CORPORATE PROPOSALS

There were no corporate proposals announced but not completed as at 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 JANUARY 2009****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 31/01/2009 RM'000 | Preceding Year Quarter 31/01/2008 RM'000 | Current Year To- Date 31/01/2009 RM'000 | Preceding Year Corresponding Period 31/01/2008 RM'000 |
| Net profit attributable to shareholders | 3,758 | 5,406 | 13,353 | 15,763 |
| 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) | 4.70 | 6.75 | 16.69 | 19.70 |

By Order of the Board

WOO MIN FONG**YAP WAI BING**

Company Secretaries

Johor Bahru

26 March 2009