

APOLLO FOOD HOLDINGS BERHAD (291471-M)

(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS**31 OCTOBER 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 2009. 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 2009.

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 2009.

At the date of authorisation of these interim financial statements, the following Financial Reporting Standards (FRS) and Interpretations were issued but not yet effective and have not been applied by the Group and the Company:

New and Revised FRSs, Amendments to FRSs and Interpretations		Effective for financial periods beginning on or after
FRS 8	Operating Segments	1 July 2009
FRS 7	Financial Instruments: Disclosures	1 January 2010
FRS 123	Borrowing Costs	1 January 2010
FRS 139	Financial Instruments : Recognition and measurement	1 January 2010
Amendments to FRS 1 and FRS 127	First-time Adoption of Financial Reporting Standards and Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
Amendments to FRS 2	Share-based Payment – Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 107	Cash Flow Statements	1 January 2010
Amendments to FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2010
Amendments to FRS 110	Events After the Balance Sheet Date	1 January 2010
Amendments to FRS 116	Property, Plant and Equipment	1 January 2010
Amendments to FRS 117	Leases	1 January 2010
Amendments to FRS 118	Revenue	1 January 2010
Amendments to FRS 119	Employee Benefits	1 January 2010
Amendments to FRS 120	Accounting for Grants and Disclosure of Government Assistance	1 January 2010
Amendments to FRS 128	Investment in Associates	1 January 2010

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
31 OCTOBER 2009**2 CHANGES IN ACCOUNTING POLICIES** (CONTINUED)

New and Revised FRSs, Amendments to FRSs and Interpretations		Effective for financial periods beginning on or after
Amendments to FRS 136	Impairment of Assets	1 January 2010
Amendments to FRS 138	Intangible Assets	1 January 2010
Amendments to FRS 140	Investment Property	1 January 2010
FRS101 (Revised 2009)	Presentation of Financial Statements	1 January 2010
FRS 4	Insurance Contracts	1 January 2010
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11	FRS 2 – Group and Treasury Share Transactions	1 January 2010
IC Interpretation 13	Customer Loyalty Programmes	1 January 2010
IC Interpretation 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010

The initial application of the above standards, amendments and interpretations are not expected to have any material impact on the financial statements of the Group and the Company.

3 AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The preceding year's audit report for the year ended 30 April 2009 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 2009**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 2009	
	REVENUE	SEGMENT RESULTS
	RM'000	RM'000
Malaysia	43,615	8,708
Overseas	32,649	4,119
	<u>76,264</u>	<u>12,827</u>
Other income		4,302
Unallocated expenses		(50)
Income tax expense		<u>(4,049)</u>
Profit for the period		<u>13,030</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 2009

14 CAPITAL COMMITMENTS

Capital expenditure not provided for in the interim report as at 31 October 2009 is as follows :

	RM
AUTHORISED AND CONTRACTED	
	<u>13,190,463</u>
ANALYSED AS FOLLOWS:	
- PROPERTY	7,672,500
- PLANT & MACHINERY	5,517,963
	<u>13,190,463</u>

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
31 OCTOBER 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 October 2009, the Group recorded a lower revenue of RM76.264 million (31 October 2008 – RM97.962 million) but with a higher pre-tax profit of RM17.079 million (31 October 2008 – RM11.504 million).

Despite the decrease in revenue, the Group's pre-tax profit increased by RM5.575 million, due to lower raw material cost and higher gains on disposal of quoted shares.

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 2009, the Group recorded a revenue of RM37.113 million, a decrease of RM2.038 million compared to that of the preceding quarter of RM39.151 million, while the pre-tax profit was RM8.166 million, a decrease of RM0.747 million, compared to RM8.913 million for the preceding quarter. The lower pre tax profit was due mainly to the decrease in revenue.

18 CURRENT YEAR PROSPECTS

In view of the global economic uncertainty, the Group's operating environment is expected to remain challenging and competitive. 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 while remaining focused on product and service quality.

19 VARIANCE IN PROFIT FORECAST

Not applicable.

20 INCOME TAX EXPENSE

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/10/2009 RM'000	Preceding Year Quarter 31/10/2008 RM'000	Current Year To-Date 31/10/2009 RM'000	Preceding Year Corresponding Period 31/10/2008 RM'000
Income tax				
- Current period	2,163	736	4,000	2,030
- Prior period	921	8	921	8
	<u>3,084</u>	<u>744</u>	<u>4,921</u>	<u>2,038</u>
Deferred tax	(678)	(214)	(872)	(129)
	<u>2,406</u>	<u>530</u>	<u>4,049</u>	<u>1,909</u>

The effective tax charge for the financial period ended 31 October 2009 is lower than the statutory rate due to reinvestment allowance claimed by a subsidiary.

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31 OCTOBER 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 October 2009 and profit arising therefrom are as below:

	Current Quarter 31/10/2009 RM	Current Year To-Date 31/10/2009 RM
Total purchase consideration of quoted securities acquired	-	-
Sales proceeds of quoted securities	6,074,523	14,790,521
Profit arising therefrom	1,797,556	3,535,348

Investments in quoted shares as at 31 October 2009:

	RM
At cost	2,276,142
At carrying value/book value	2,276,142
At market value	2,864,620

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 OCTOBER 2009****28 EARNINGS PER SHARE**

The earnings per share is calculated by dividing the 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 31/10/2009 RM'000	Preceding Year Quarter 31/10/2008 RM'000	Current Year To-Date 31/10/2009 RM'000	Preceding Year Corresponding Period 31/10/2008 RM'000
Profit attributable to shareholders	5,760	3,517	13,030	9,595
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)	7.20	4.40	16.29	11.99

By Order of the Board

WOO MIN FONG**YAP WAI BING**

Company Secretaries

Johor Bahru

17 December 2009