

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

(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS****31 JANUARY 2010****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:

<b>New and Revised FRSs, Amendments to FRSs and Interpretations</b>		<b>Effective for financial periods beginning on or after</b>
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 JANUARY 2010****2 CHANGES IN ACCOUNTING POLICIES** (CONTINUED)

<b>New and Revised FRSs, Amendments to FRSs and Interpretations</b>		<b>Effective for financial periods beginning on or after</b>
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
FRS 101	Presentation of Financial Statements	1 January 2010
FRS 4	Insurance Contracts	1 January 2010
FRS 1	First-time Adoption of Financial Reporting Standards	1 July 2010
Amendments to FRS 2	Share-based Payment	1 July 2010
FRS 3	Business Combinations	1 July 2010
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
FRS 127	Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 138	Intangible Assets	1 July 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
Amendments to IC Interpretation 9	Scope of IC Interpretation 9 and Revised FRS 3 (2010)	1 July 2010
IC Interpretation 12	Service Concession Arrangements	1 July 2010
IC Interpretation 15	Agreements for Construction of Real Estate	1 July 2010
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17	Distributions of Non-cash Assets to Owners	1 July 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.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS** (CONTINUED)**31 JANUARY 2010****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**

During the financial period ended 31 January 2010, the Company paid the following dividend:

On 12 January 2010, the Company paid a final dividend of 20 sen per share less 25% income tax, on 80,000,000 ordinary shares amounting to RM 12,000,000 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 2010	
	REVENUE	SEGMENT RESULTS
	RM'000	RM'000
Malaysia	68,964	13,957
Overseas	49,607	6,520
	<u>118,571</u>	<u>20,477</u>
Other income		5,371
Unallocated expenses		(167)
Income tax expense		<u>(5,892)</u>
Profit for the period		<u>19,789</u>

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS** (CONTINUED)  
**31 JANUARY 2010**

**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 January 2010 is as follows :

	<b>RM</b>
<b>AUTHORISED AND CONTRACTED</b>	<u>3,796,393</u>
<b>ANALYSED AS FOLLOWS:</b>	
- PROPERTY	3,352,500
- PLANT & MACHINERY	<u>443,893</u>
	<u>3,796,393</u>

**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 2010, the Group recorded a lower revenue of RM118.571 million (31 January 2009 – RM134.006 million) but with a higher pre-tax profit of RM25.681 million (31 January 2009 – RM16.223 million).

Despite the decrease in revenue, the Group's pre-tax profit increased by RM9.458 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 January 2010, the Group recorded a revenue of RM42.307 million, an increase of RM5.194 million compared to that of the preceding quarter of RM37.113 million, while the pre-tax profit was RM8.602 million, an increase of RM0.436 million, compared to RM8.166 million for the preceding quarter. The higher pre-tax profit was due mainly to the increase in revenue and lower operating costs.

**18 CURRENT YEAR PROSPECTS**

Although the global economy has shown signs of recovery, 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.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS** (CONTINUED)  
**31 JANUARY 2010****19 VARIANCE IN PROFIT FORECAST**

Not applicable.

**20 INCOME TAX EXPENSE**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/01/2010 RM'000	Preceding Year Quarter 31/01/2009 RM'000	Current Year To-Date 31/01/2010 RM'000	Preceding Year Corresponding Period 31/01/2009 RM'000
Income tax				
- Current period	804	643	4,804	2,673
- Prior period	-	1	921	9
	<u>804</u>	<u>644</u>	<u>5,725</u>	<u>2,682</u>
Deferred tax	1,039	317	167	188
	<u>1,843</u>	<u>961</u>	<u>5,892</u>	<u>2,870</u>

The effective tax charge for the financial period ended 31 January 2010 is lower than the statutory rate due to reinvestment allowance claimed by a subsidiary.

**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 2010 and profit arising therefrom are as below:

	Current Quarter 31/01/2010 RM	Current Year To-Date 31/01/2010 RM
Total purchase consideration of quoted securities acquired	-	-
Sales proceeds of quoted securities	<u>1,311,195</u>	<u>16,101,716</u>
Profit arising therefrom	<u>440,159</u>	<u>3,975,507</u>

Investments in quoted shares as at 31 January 2010:

	RM
At cost	<u>1,405,106</u>
At carrying value/book value	<u>1,405,106</u>
At market value	<u>1,736,808</u>

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS** (CONTINUED)  
**31 JANUARY 2010****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.

**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 31/01/2010 RM'000	Preceding Year Quarter 31/01/2009 RM'000	Current Year To-Date 31/01/2010 RM'000	Preceding Year Corresponding Period 31/01/2009 RM'000
Profit attributable to shareholders	6,759	3,758	19,789	13,353
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)	8.45	4.70	24.74	16.69

By Order of the Board

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

Company Secretaries

Johor Bahru

25 March 2010