

**APOLLO FOOD HOLDINGS BERHAD** (291471-M)  
(Incorporated in Malaysia)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**31 JULY 2011**

**1 BASIS OF PREPARATION**

The interim financial statements are unaudited and have been prepared in accordance with Financial Reporting Standards (“FRS”) 134 –“Interim Financial Reporting” 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 2011.

**2 CHANGES IN ACCOUNTING POLICIES**

The accounting policies and methods of computation used in the presentation of the interim financial statements are consistent with those applied in the latest audited annual financial statements ended 30 April 2011 except for the following:

**(i) Adoption of New and Revised FRSs , IC Interpretations and Amendments**

At the date of authorisation of these financial statements, the Group adopted the following new and revised FRSs and IC Interpretations and Amendments to FRSs and IC Interpretations which are applicable to its financial statements and are relevant to its operations:

FRS 3	Business Combination (Revised)
Amendments to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 127	Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 138	Intangible Assets
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 17	Distribution of Non-cash Assets to Owners
Amendments to FRS 1	– Limited Exemption from Comparative FRS 7 Disclosures for First – time Adopters – Additional Exemptions for first– time Adopters
Amendment to FRSs contained in the document entitled “Improvement to FRS (2010)”	

The adoption of the other FRSs, Amendments to FRSs and Interpretation does not have significant financial impact to the Group’s consolidated financial statements of the current quarter.

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**31 JULY 2011**

**2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)**

**(ii) Standards and Interpretations issued and not yet effective**

The following revised FRSs, new IC interpretations and Amendments to FRSs have been issued by the MASB and are effective for annual periods commencing on or after 1 July 2011 and 1 January 2012. They have yet to be adopted as they are not yet effective for the current quarter ended 31 July 2011.

**Effective for financial periods being on or after 1 July 2011:**

Amendments to IC Interpretation 14	Prepayments of a Minimum Funding Requirement
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments

**Effective for financial periods being on or after 1 January 2012:**

FRS 124 (revised)	Related Party Disclosures
IC Interpretation 15	Agreements for the Construction of Real Estate

The Group plan to adopt the above pronouncements when they become effective in the respective financial period. The adoption of these new Standards and IC Interpretations is not expected to result in any significant impact in the accounting policies of the Group.

**3 AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The preceding year's audit report for the year ended 30 April 2011 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 impact.

**7 DEBT AND EQUITY SECURITIES**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current financial period under review.

**8 DIVIDEND PAID**

There were no dividend paid during the quarter under review.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS** (CONTINUED)  
**31 JULY 2011****9 SEGMENT INFORMATION**

Segment revenue and results for business segments are not provided as the Group's activities are primarily involved in the manufacturing and trading in compound chocolate confectionery products and cakes.

The segmental analysis by geographical segment is provided as follows: -

**1st Quarter**

	<b>Local RM'000</b>	<b>Export RM'000</b>	<b>Total RM'000</b>
<b><u>Revenue</u></b>			
Total revenue	26,271	46,684	72,955
Inter-segment revenue	-	(23,666)	(23,666)
Revenue from external customers	<u>26,271</u>	<u>23,018</u>	<u>49,289</u>
<b>Profit for reportable segments</b>	<u>1,409</u>	<u>2,794</u>	<u>4,203</u>

Reconciliation of profit:

Total profit for reportable segments	4,203
Other Income	494
Unallocated expenses	(99)
<b>Profit before tax</b>	<u><u>4,598</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 end of 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 31 July 2011.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS** (CONTINUED)  
**31 JULY 2011****14 CAPITAL COMMITMENTS**

Capital expenditure not provided for in the interim financial statements as at 31 July 2011 is as follows :

	<b>RM</b>
<b>AUTHORISED AND CONTRACTED</b>	<u>1,093,662</u>
<b>ANALYSED AS FOLLOWS:</b>	
<b>BUILDINGS WORK-IN-PROGRESS</b>	1,035,902
<b>PLANT AND MACHINERY</b>	<u>57,760</u>
	<u>1,093,662</u>

**15 SIGNIFICANT RELATED PARTY TRANSACTIONS**

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

**16 REVIEW OF PERFORMANCE**

For the financial period ended 31 July 2011, the Group recorded a higher revenue of RM49.289 million (31 July 2010 – RM43.517 million) but with a lower pre-tax profit of RM4.598 million (31 July 2010 – RM6.810 million).

The lower profit was due to the increase in the prices of raw materials..

**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 2011, the Group recorded a revenue of RM49.289 million, an increase of RM4.616 million compared to RM44.673 million in the preceding quarter, while the pre-tax profit was RM4.598 million, an increase of RM1.137 million, compared to RM3.461 million in the preceding quarter.

The higher revenue had contributed to a higher profit.

**18 CURRENT YEAR PROSPECTS**

The sharp increase in global commodity prices which will affect the input cost remains a concern and 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 PROFIT FORECAST OR PROFIT GUARANTEE**

Not applicable.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS** (CONTINUED)  
**31 JULY 2011****20 INCOME TAX EXPENSE**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31//07/2011	Preceding Year Quarter 31/07/2010	Current Year To- Date 31/07/2011	Preceding Year Correspondin g Period 31/07/2010
	RM'000	RM'000	RM'000	RM'000
Income tax				
- Current period	1,168	1,527	1,168	1,527
- Prior period	-	-	-	-
	<u>1,168</u>	<u>1,527</u>	<u>1,168</u>	<u>1,527</u>
Deferred tax	239	(217)	239	(217)
	<u>1,407</u>	<u>1,310</u>	<u>1,407</u>	<u>1,310</u>

The effective tax charge for the financial period ended 31 July 2011 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**

Investments in securities (quoted and unquoted) have been reclassified from other investments to available-for-sale financial assets upon adoption of FRS 139 on 1 May 2010.

Total purchase consideration and sales proceeds of quoted securities for the current quarter ended 31 July 2011 and profit arising therefrom are as below:

	Current Quarter 31/07/2011	Current Year To-Date 31/07/2011
	RM	RM
Total purchase consideration of quoted securities acquired	<u>149,266</u>	<u>149,266</u>
Sales proceeds of quoted securities	<u>-</u>	<u>-</u>
Profit arising there from	<u>-</u>	<u>-</u>
Fair value gain recognised in other comprehensive income	<u>(29,138)</u>	<u>(29,138)</u>

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**31 JULY 2011**

**22 QUOTED SECURITIES (CONTINUED)**

Available for-sale-financial assets as at 31 July 2011:

	<b>RM</b>
At cost	809,114
At carrying value/book value	<u>1,018,948</u>
At market value	<u>1,018,948</u>

**23 BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES OF THE GROUP**

	<b>Current Quarter Ended 31/07/2011 RM'000</b>	<b>Preceding Quarter Ended 30/04/2011 RM'000</b>
Realised profits	105,519	103,421
Unrealised profits	<u>14,172</u>	<u>13,043</u>
Total retained profits	<u>119,691</u>	<u>116,464</u>

**24 CORPORATE PROPOSALS**

There were no corporate proposals announced but not completed as at the end of the reporting period.

**25 GROUP BORROWINGS AND DEBT SECURITIES**

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

**26 DERIVATIVE FINANCIAL INSTRUMENTS**

The Group does not have any outstanding derivative financial instruments as at the end of the quarter under review.

**27 GAINS/LOSSES ARISING FROM FAIR VALUE CHANGES OF FINANCIAL LIABILITIES**

There were no gains or losses arising from fair value changes of any financial liabilities during the quarter and financial period-to-date under review.

**28 OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

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

**29 MATERIAL LITIGATION**

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

**30 DIVIDEND**

In respect of the financial year ended 30 April, 2011, a single tier final dividend of 20% amounting to RM 16,000,000 will be proposed for members' approval.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS** (CONTINUED)**31 JULY 2011****31 EARNINGS PER SHARE**

Basic 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 31/07/2011 RM'000	Preceding Year Quarter 30/07/2010 RM'000	Current Year To-Date 31/07/2011 RM'000	Preceding Year Corresponding Period 30/07/2010 RM'000
Profit attributable to shareholders	3,191	5,500	3,191	5,500
Weighted average no. of Ordinary shares in issue during the interim period ('000)	80,000	80,000	80,000	80,000
<b>(i) Basic</b>				
Basic earnings per share (sen)	3.99	6.88	3.99	6.88
<b>(ii) Diluted</b>				
Diluted earnings per share (sen)	3.99	6.88	3.99	6.88

By Order of the Board

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

Company Secretaries

Johor Bahru

23 August 2011