

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS
31 OCTOBER 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 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 7	Improving Disclosures about Financial Instruments
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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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 January 2012, 1 July 2012 and 1 January 2013. They have yet to be adopted as they are not yet effective for the current quarter ended 31 October 2011.

Effective for financial periods beginning on or after 1 January 2012:

Amendments to FRS 1	Severe Hyperinflation and Removal of Fixed Assets for First-time Adopters
Amendments to FRS 7	Disclosures- Transfers of Financial Assets
Amendments to FRS 112	Deferred Tax: Recovery of Underlying Assets
FRS 124 (revised)	Related Party Disclosures

Effective for financial periods beginning on or after 1 July 2012:

Amendments to FRS 101	Presentation of Items of other Comprehensive Income
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Effective for financial periods beginning on or after 1 January 2013:

FRS 9	Financial Instruments
FRS 10	Consolidated Financial Statements
FRS 11	Joint Arrangements
FRS 12	Disclosure of Interests in Other Entities
FRS 13	Fair Value Measurement
FRS 119	Employee Benefits
FRS 127	Separate Financial Statements
FRS128	Investment in Associates and Joint Ventures
IC Interpretation 20	Extinguishing Financial Liabilities with Equity Instruments

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.

Malaysian Financial Reporting Standards

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") published a notice on the issuance of the Malaysian Financial Reporting Standard ("MFRS Framework"). The MFRS Framework is applicable for entities other than private entities for financial periods beginning on and after 1 January 2012, with exception of entities that are within the scope of MFRS 141 Agriculture and/or IC Interpretation 15 Agreement for the Construction of Real Estate. Management is still in the process of assessing the impact of the initial application of all the MFRS framework on the Group's financial statements.

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.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
31 OCTOBER 2011**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.

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: -

2nd Quarter

	Local RM'000 (HHFI)	Export RM'000 (AFIM)	Total RM'000
<u>Revenue</u>			
Total revenue	50,644	89,631	140,275
Inter-segment revenue	-	(45,771)	(45,771)
Revenue from external customers	<u>50,644</u>	<u>43,860</u>	<u>94,504</u>
Profit for reportable segments	<u>2,620</u>	<u>7,199</u>	<u>9,819</u>
Reconciliation of profit:			RM'000
Total profit for reportable segments			9,819
Other Income			1,066
Unallocated expenses			(232)
Profit before tax			<u><u>10,653</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.

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31 OCTOBER 2011

13 CONTINGENT LIABILITIES

There were no material changes in contingent liabilities since the last annual balance sheet date as at 30 April 2011.

14 CAPITAL COMMITMENTS

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

	RM
AUTHORISED AND CONTRACTED	<u>844,623</u>
ANALYSED AS FOLLOWS:	
BUILDINGS WORK-IN-PROGRESS	785,902
PLANT AND MACHINERY	<u>58,721</u>
	<u>844,623</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 October 2011, the Group recorded a higher revenue of RM94.504 million (31 October 2010 – RM80.595 million) but with a lower pre-tax profit of RM10.653 million (31 October 2010 – RM11.715 million).

The increase in prices of raw materials and higher operating costs had resulted in a lower profit.

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 2011, the Group recorded a revenue of RM45.216 million, a decrease of RM4.073 million compared to RM49.289 million in the preceding quarter, while the pre-tax profit was RM6.054 million, an increase of RM1.456 million, compared to RM4.598 million in the preceding quarter.

The improvement of the foreign exchange differences and a lower operating costs contributed to the increase in pre-tax profit.

18 CURRENT YEAR PROSPECTS

Despite a recent fall in price of certain raw materials, the prices of the key materials remain high which will affect the input cost. The Group's operating environment is therefore 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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31 OCTOBER 2011**20 INCOME TAX EXPENSE**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/10/2011 RM'000	Preceding Year Quarter 31/10/2010 RM'000	Current Year To- Date 31/10/2011 RM'000	Preceding Year Corresponding Period 31/10/2010 RM'000
Income tax				
- Current period	1,478	1,301	2,646	2,828
- Prior period	-	-	-	-
	<u>1,478</u>	<u>1,301</u>	<u>2,646</u>	<u>2,828</u>
Deferred tax	438	(350)	677	(567)
	<u>1,916</u>	<u>951</u>	<u>3,323</u>	<u>2,261</u>

The effective tax rate of the Group for the financial period under review was higher than the statutory tax rate of 25% mainly due to certain expenses which were not deductible for tax purposes.

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 2011 and profit arising therefrom are as below:

	Current Quarter 31/10/2011 RM	Current Year To-Date 31/10/2011 RM
Total purchase consideration of available-for-sale investments acquired	<u>2,114,731</u>	<u>2,263,997</u>
Sales proceeds of available-for-sale investments	<u>-</u>	<u>-</u>
Profit arising therefrom	<u>-</u>	<u>-</u>
Fair value gain recognised in other comprehensive income	<u>(85,597)</u>	<u>(56,458)</u>

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22 QUOTED SECURITIES (CONTINUED)

Available-for-sale investments as at 31 October 2011:

	RM
At cost	2,923,845
At carrying value/book value	<u>3,219,276</u>
At market value	<u>3,219,276</u>

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

	Current Quarter Ended 31/10/2011 RM'000	Preceding Quarter Ended 31/07/2011 RM'000
Total retained profits		
Realised	173,962	169,747
Unrealised	<u>(14,576)</u>	<u>(14,534)</u>
	159,386	155,213
Less: Consolidation adjustments	<u>(35,521)</u>	<u>(35,522)</u>
Total retained profits as per statement of financial position	<u>123,865</u>	<u>119,691</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

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 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 31/10/2011 RM'000	Preceding Year Quarter 31/10/2010 RM'000	Current Year To-Date 31/10/2011 RM'000	Preceding Year Corresponding Period 31/10/2010 RM'000
Profit attributable to shareholders	4,138	3,954	7,330	9,454
Weighted average no. of Ordinary shares in issue during the interim period ('000)	80,000	80,000	80,000	80,000
(i) Basic				
Basic earnings per share (sen)	5.17	4.94	9.16	11.82
(ii) Diluted				
Diluted earnings per share (sen)	5.17	4.94	9.16	11.82

By Order of the Board

WOO MIN FONG**YAP WAI BING**

Company Secretaries

Johor Bahru

22 December 2011