

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS
31 JANUARY 2012

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 January 2012.

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

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.

The Group's next set of financial statements for the annual period beginning on 1 May 2012 will be prepared in accordance with the MFRS issued by MASB that will also comply with International Financial Reporting Standards ("IFRS"). As a result, the Group is not adopting the above FRSs, IC Interpretations and Amendments to FRSs as they are not yet effective.

The Group is currently in the process of assessing the impact of the initial application of all the MFRS framework on the Group's financial statements.

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31 JANUARY 2012

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

During the financial period ended 31 January 2012, the Company paid the following dividend:

On 9 January 2012, the Company paid a final dividend of 20 sen per ordinary share under single tier system (tax exempt) amounting to RM16,000,000 in respect of the previous financial year.

9 SEGMENT INFORMATION

The segmental analysis is provided as follows: -

3rd Quarter

	Local RM'000	Export RM'000	Total RM'000
<u>Revenue</u>			
Total revenue	76,713	137,021	213,734
Inter-segment revenue	-	(69,378)	(69,378)
Revenue from external customers	<u>76,713</u>	<u>67,643</u>	<u>144,356</u>
Profit for reportable segments	<u><u>3,894</u></u>	<u><u>13,757</u></u>	<u><u>17,651</u></u>

Reconciliation of profit:

Total profit for reportable segments	17,651
Other Income	1,818
Unallocated expenses	(364)
Profit before tax	<u><u>19,105</u></u>

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
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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 30 April 2011.

14 CAPITAL COMMITMENTS

Capital expenditure not provided for in the interim financial statements as at 31 January 2012 is as follows :

	RM
AUTHORISED AND CONTRACTED	<u>1,359,678</u>
ANALYSED AS FOLLOWS:	
BUILDINGS WORK-IN-PROGRESS	785,902
PLANT AND MACHINERY	<u>573,776</u>
	<u>1,359,678</u>

15 SIGNIFICANT RELATED PARTY TRANSACTIONS

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

16 REVIEW OF PERFORMANCE

For the current quarter ended 31 January 2012, the Group recorded a revenue of RM49.851 million, a decrease of RM1.173 million as compared to RM51.024 million in the preceding year corresponding quarter. Despite the decrease in revenue, the Group's pre-tax profit for the current quarter ended 31 January 2012 has increased by RM1.052 million to RM8.452 million from RM7.400 million in the quarter ended 31 January 2011.

The lower revenue were due to lower sales for both local and export markets. The lower sales were due mainly to shorter working days arising from the closure of the factory and non delivery of goods by the transport companies during the Chinese New Year season which fell in January this year, while in 2011, it was in February.

The increase in pre-tax profit is due to the gain on foreign exchange from export sales arising from the weakening of the Ringgit against the US Dollar, a higher interest income and a slight improvement (1%) of the operating costs in the current quarter.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
31 JANUARY 2012**16 REVIEW OF PERFORMANCE** (CONTINUED)

For the nine months ended 31 January 2012, the Group's revenue grew by RM12.738 million from RM131.618 million to RM144.356 million for the same period last year. The higher sales from both the local and export markets had contributed to the increase in revenue. However, the pre-tax profit had decreased marginally from RM19.115 million to RM19.105 million due mainly to the increase in expenses in media advertisement.

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 2012, the Group recorded a revenue of RM49.851 million, an increase of RM4.635 million as compared to RM45.216 million in the preceding quarter, while the pre-tax profit is RM8.452 million, an increase of RM2.398 million as compared to RM6.054 million in the preceding quarter.

The year end school holidays and the festive seasons had contributed to a higher sales in both the local and export markets.

The higher revenue had contributed to the increase in the current quarter's profit.

18 CURRENT YEAR PROSPECTS

Despite a recent fall in the prices 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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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
31 JANUARY 2012**20 INCOME TAX EXPENSE**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/01/2012 RM'000	Preceding Year Quarter 31/01/2011 RM'000	Current Year To- Date 31/01/2012 RM'000	Preceding Year Corresponding Period 31/01/2011 RM'000
Income tax				
- Current period	2,268	1,733	4,914	4,561
- Prior period	126	(185)	126	(184)
	<u>2,394</u>	<u>1,548</u>	<u>5,040</u>	<u>4,377</u>
Deferred tax	387	(534)	1,064	(1,102)
	<u>2,781</u>	<u>1,014</u>	<u>6,104</u>	<u>3,275</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 ADDITIONAL DISCLOSURES

	Current Quarter Ended 31/01/2012 RM'000	Current Year To- Date Ended 31/01/2012 RM'000
Interest income	(483)	(1,185)
Rental income	(79)	(236)
Dividend received	(59)	(64)
Property, plant and equipment		
- Depreciation	2,148	6,409
- Loss on disposal	3	3
Investment properties		
- Depreciation	53	159
Foreign exchange loss		
- Realised	174	442
- Unrealised	218	42
Leasehold land use rights		
- Amortisation	<u>76</u>	<u>229</u>

Other than above items, there were no provision for and write off of receivables and inventories, impairment of assets, gain or loss on disposal of quoted or unquoted investments and exceptional items for the current and financial period to date ended 31 January 2012.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
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22 BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES OF THE GROUP

	Current Quarter Ended 31/01/2012 RM'000	Preceding Quarter Ended 31/10/2011 RM'000
Total retained profits		
Realised	164,273	173,962
Unrealised	(15,211)	(14,576)
	<hr/>	<hr/>
	149,062	159,386
Less: Consolidation adjustments	(35,490)	(35,521)
Total retained profits as per statement of financial position	<hr/>	<hr/>
	113,572	123,865

23 CORPORATE PROPOSALS

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

24 GROUP BORROWINGS AND DEBT SECURITIES

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

25 DERIVATIVE FINANCIAL INSTRUMENTS

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

26 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.

27 MATERIAL LITIGATION

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

28 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 2012****29 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 31/01/2012 RM'000	Preceding Year Quarter 31/01/2011 RM'000	Current Year To-Date 31/01/2012 RM'000	Preceding Year Corresponding Period 31/01/2011 RM'000
Profit attributable to shareholders	5,671	6,386	13,001	15,840
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)	7.09	7.98	16.25	19.80
(ii) Diluted				
Diluted earnings per share (sen)	7.09	7.98	16.25	19.80

By Order of the Board

WOO MIN FONG**YAP WAI BING**

Company Secretaries

Johor Bahru

22 March 2012