

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS
30 APRIL 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 principal changes in accounting policies and their effects resulting from the adoption of FRSs, Amendments to FRSs and IC Interpretations are discussed below:

(a) FRS 3: Business Combinations (revised)

The revised standard continues to apply the acquisition method to business combinations with some significant changes. For example, all payments to purchase a business are recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently remeasured through the profit and loss. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree at fair value or at the non-controlling interest’s proportionate share of the acquiree’s net assets. Transaction costs, other than share and debts issue costs, are expensed as incurred. The adoption of FRS 3 does not presently have an impact to the financial statements of the Group but may impact the accounting treatment for future transactions or arrangements.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
30 APRIL 2012

2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

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

(b) Amendments to FRS 7: Improving Disclosures about Financial Instruments

The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. All earnings and losses of the subsidiary are attributed to the parent and the non-controlling interest, even if the attribution of losses to the non-controlling interest results in a debit balance in the shareholders' equity. Profit or loss attribution to non-controlling interests for prior years is not restated. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss.

There will be no material impact on the results of the Group as these changes only result in additional disclosures.

(c) Amendment FRS 127: Consolidated and Separate Financial Statements

FRS 127 (Revised) requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised Standard also requires all losses attributable to the minority interest to be absorbed by the minority interest instead of by the parent.

The adoption of FRS 127 does not presently have an impact to the financial statements of the Group but may impact the accounting treatment for future transactions or arrangements.

(d) Improvements to FRSs (2010)

Improvements to FRSs (2010) contain amendments to ten FRSs and one Interpretation are summarised in the table below by Malaysia Accounting Standard Boards (MASB) to provide clarification or guidance thereon or to correct for relatively minor unintended consequences, conflicts or oversights

A clarifying amendment maintains consistency with the existing principles within the applicable International Financial Reporting Standards ("IFRS"). Both the clarifying amendment and the correcting amendment do not propose a new principle, or a change to an existing principle.

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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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
30 APRIL 2012

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, 1 January 2013, 1 January 2012 and 1 January 2015. They have yet to be adopted as they are not yet effective for the current quarter ended 30 April 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
FRS 1	Government Loans (Amendments to FRS 1)
FRS 7	Disclosures- Offsetting Financial Assets and Financial Liabilities (Amendment to FRS 7)
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 126	Accounting and Reporting by Retirement Benefit Plans
FRS 127	Separate Financial Statements
FRS128	Investment in Associates and Joint Ventures
FRS129	Financial Reporting in Hyperinflationary Economics
IC Interpretation 20	Extinguishing Financial Liabilities with Equity Instruments

Effective for financial periods beginning on or after 1 January 2014:

FRS 132	Offsetting Financial Assets and Financial Liabilities (Amendments to FRS 132)
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Effective for financial periods beginning on or after 1 January 2015:

FRS 9	Financial instruments (IFRS 9 issued by IASB in November 2009)
FRS 9	Financial instruments (IFRS 9 issued by IASB in October 2010)

APOLLO FOOD HOLDINGS BERHAD (291471-M)

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) 30 APRIL 2012

2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

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

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.

(iii) Reclassification of accounts

During the quarter under review, the Group had obtained an extension for certain of its Land Lease Use Rights to 99 years and had reclassified these to Property, plant & equipment in accordance with FRS 117. Certain comparative balances have been restated accordingly.

The effects of the reclassification to the comparatives of the prior year's statement of financial position are as follows:

	As Previously Stated	Effects of Amendment to FRS117	As Restated
As at 30 April			
Statement of Financial Position	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Property, plant and equipment	113,958	2,516	116,474
Leasehold land use rights	5,079	(2,516)	2,563

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.

APOLLO FOOD HOLDINGS BERHAD (291471-M)

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
30 APRIL 2012**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 was no dividend paid during the quarter under review.

9 SEGMENT INFORMATION

The segmental analysis is provided as follows: -

4th Quarter

	Local RM'000	Export RM'000	Total RM'000
<u>Revenue</u>			
Total revenue	107,544	190,347	297,891
Inter-segment revenue	-	(97,343)	(97,343)
Revenue from external customers	<u>107,544</u>	<u>93,004</u>	<u>200,548</u>
Profit for reportable segments	<u>5,407</u>	<u>21,040</u>	<u>26,447</u>

Reconciliation of profit:

Total profit for reportable segments	26,447
Other Income	2,871
Unallocated expenses	(725)
Profit before tax	<u>28,593</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 30 April 2011.

APOLLO FOOD HOLDINGS BERHAD (291471-M)

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED) **30 APRIL 2012**

14 CAPITAL COMMITMENTS

Capital expenditure not provided for in the interim financial statements as at 30 April 2012 is as follows :

	RM
AUTHORISED AND CONTRACTED	<u>3,198,494</u>
ANALYSED AS FOLLOWS:	
BUILDINGS WORK-IN-PROGRESS	785,902
PLANT AND MACHINERY	<u>2,412,592</u>
	<u>3,198,494</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 30 April 2012, the Group recorded a revenue of RM56.193 million, an increase of RM11.52 million as compared to RM44.673 million in the preceding year corresponding quarter. The increase in revenue was due to higher sales in both the local and export markets.

The Group's pre-tax profit for the current quarter ended 30 April 2012 has increased to RM9.489 million from RM3.461 million in the quarter ended 30 April 2011. This is due to the lower loss on foreign exchange from export sales arising from the weakening of the Ringgit against the US Dollar and higher sales.

For the year ended ended 30 April 2012, the Group's revenue grew by RM24.256 million from RM176.292 million to RM200.548 million for the same period last year. The higher sales from both the local and export markets had contributed to the increase in revenue. In addition, the pre-tax profit has also increased substantially from RM22.577 million to RM28.593 million in tandem with the increase in revenue.

17 MATERIAL CHANGE IN THE PROFIT BEFORE TAX FOR THE CURRENT QUARTER AS COMPARED TO THE IMMEDIATE PRECEDING QUARTER

For the quarter ended 30 April 2012, the Group recorded a revenue of RM56.193 million, an increase of RM6.342 million as compared to RM49.851 million in the preceding quarter, while the pre-tax profit is RM9.489 million, an increase of RM1.037 million as compared to RM8.452 million in the preceding quarter.

Increase in demand from both local and export markets had contributed to a higher sales.

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 is optimistic that the performance of the Group will continue 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)
30 APRIL 2012**19 PROFIT FORECAST OR PROFIT GUARANTEE**

Not applicable.

20 INCOME TAX EXPENSE

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/04/2012	Preceding Year Quarter 30/04/2011	Current Year To- Date 30/04/2012	Preceding Year Corresponding Period 30/04/2011
	RM'000	RM'000	RM'000	RM'000
Income tax				
- Current period	1,940	506	6,854	5,067
- Prior period	(77)	(396)	49	(580)
	<u>1,863</u>	<u>110</u>	<u>6,903</u>	<u>4,487</u>
Deferred tax	(1,114)	1,337	(51)	236
	<u>749</u>	<u>1,447</u>	<u>6,852</u>	<u>4,723</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 30/04/2012 RM'000	Current Year To- Date Ended 30/04/2012 RM'000
Interest income	(395)	(1,580)
Rental income	(79)	(314)
Dividend received	(42)	(107)
Property, plant and equipment		
- Depreciation	2,751	9,161
- Depreciation reclassified from property, plant and equipment	129	129
- Loss on disposal	5	7
Bad debts written off	36	36
Inventories written off	219	219
Investment properties		
- Depreciation	53	212
Gain on disposal of quoted investments	(214)	(214)
Foreign exchange loss/(gain)		
- Realised	484	(42)
- Unrealised	(163)	(121)
Leasehold land use rights		
- Amortisation	64	293
- Amortisation reclassified to property, plant and equipment	<u>(129)</u>	<u>(129)</u>

Other than above items, there were no impairment of assets and exceptional items for the current and financial period to date ended 30 April 2012.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONTINUED)
30 APRIL 2012

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

	Current Quarter Ended 30/04/2012 RM'000	Preceding Quarter Ended 31/012012 RM'000
Total retained profits		
Realised	171,079	164,273
Unrealised	(13,932)	(15,211)
	<hr/>	<hr/>
	157,147	149,062
Less: Consolidation adjustments	(34,782)	(35,490)
Total retained profits as per statement of financial position	<hr/> <hr/>	<hr/> <hr/>
	122,365	113,572

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)
30 APRIL 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 30/04/2012 RM'000	Preceding Year Quarter 30/04/2011 RM'000	Current Year To-Date 30/04/2012 RM'000	Preceding Year Corresponding Period 30/04/2011 RM'000
Profit attributable to shareholders	8,740	2,014	21,741	17,854
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)	10.93	2.52	27.18	22.32
(ii) Diluted				
Diluted earnings per share (sen)	10.93	2.52	27.18	22.32

By Order of the Board

WOO MIN FONG**YAP WAI BING**

Company Secretaries

Johor Bahru

28 June 2012