

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

(Incorporated in Malaysia)

## **NOTES TO THE INTERIM FINANCIAL STATEMENTS 31 JULY 2013**

### **1 BASIS OF PREPARATION**

The condensed interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 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 2013 and the explanatory notes attached to the interim financial statements.

### **2 SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted for the interim financial statements are consistent with those adopted for the annual financial statements for the financial year ended 30 April 2013 except for the adoption of the following which are applicable to its financial statements and are relevant to its operation:

MFRS 3	Business Combinations
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 119	Employee Benefits
MFRS 127	Consolidated and Separate Financial Statements
MFRS 128	Investments in Associates and Joint Ventures
Amendments to MFRS 1	First Time Adoption of MFRS - Government Loans
Amendments to MFRS 7	Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10	Consolidated Financial Instruments: Transition Guidance
Amendments to MFRS 11	Joint Arrangements: Transition Guidance
Amendments to MFRS 12	Disclosure of Interests in Other Entities: Transition Guidance
Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income
Amendments to MFRS	Annual Improvement to IC Interpretations and MFRS 2009-2011 Cycle

The adoption of the above standards and interpretations do not have significant financial impact on the Group’s consolidated financial statements of the current quarter.

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**31 JULY 2013**

**2 SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

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

At the date of authorisation of the interim financial statements, the following standards and interpretation were issued but not yet effective and have not been applied by the Group:

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

Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 10	Consolidated Financial Statements : Investment Entities

**Effective for financial periods beginning on or after 1 January 2015**

Amendments to MFRS 9	Mandatory Effective Date of MFRS 9 and Transition Disclosures
Amendments to MFRS 12	Disclosure of Interests in Other Entities : Investment Entities
Amendments to MFRS 127	Consolidated and Separate Financial Statements : Investment Entities

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

The preceding year's audit report for the year ended 30 April 2013 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 was no dividend paid during the quarter under review.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS** (CONTINUED)  
**31 JULY 2013****9 SEGMENT INFORMATION**

The segmental analysis 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	30,586	54,561	85,147
Inter-segment revenue	-	(27,668)	(27,668)
Revenue from external customers	<u>30,586</u>	<u>26,893</u>	<u>57,479</u>
<b>Profit for reportable segments</b>	<u>1,434</u>	<u>11,909</u>	<u>13,343</u>

Reconciliation of profit:

Total profit for reportable segments	13,343
Other Income	687
Unallocated expenses	(110)
<b>Profit before tax</b>	<u>13,920</u>

**10 VALUATION OF PROPERTY, PLANT AND EQUIPMENT**

There were no revaluation carried out on property, plant and equipment during the period under review.

**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 date of the statement of financial position as at 30 April 2013.

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**31 JULY 2013**

**14 CAPITAL COMMITMENTS**

Capital expenditure not provided for in the interim financial statements as at 31 July 2013 is as follows :

	<b>RM</b>
<b>AUTHORISED AND CONTRACTED</b>	<u>1,445,382</u>
<b>ANALYSED AS FOLLOWS:</b>	
<b>BUILDINGS WORK-IN-PROGRESS</b>	635,902
<b>PLANT AND MACHINERY</b>	<u>809,480</u>
	<u>1,445,382</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 July 2013, the Group recorded a revenue of RM57.478 million, a decrease of RM1.326 million as compared to RM58.804 million in the preceding year corresponding quarter. The decrease in revenue was due to lower sales in both the local and export markets.

The Group's pre-tax profit for the current quarter ended 31 July 2013 has increased by RM3.471 to RM13.920 million from RM10.449 million in the quarter ended 30 July 2012.

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

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS** (CONTINUED)  
**31 JULY 2013****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 2013, the Group recorded a revenue of RM57.478 million, an increase of RM2781 million as compared to RM54.697 million in the preceding quarter, while the pre-tax profit was RM13.920 million, an increase of RM4.346 million as compared to RM9.574 million in the preceding quarter.

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

The higher sales and the lower operating costs had contributed to the increase in 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.

**19 PROFIT FORECAST OR PROFIT GUARANTEE**

Not applicable.

**20 INCOME TAX EXPENSE**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/07/2013 RM'000	Preceding Year Quarter 31/07/2012 RM'000	Current Year To- Date 31/07/2013 RM'000	Preceding Year Corresponding Period 31/07/2012 RM'000
Income tax				
- Current period	3,287	2,958	3,287	2,958
- Prior period	-	-	-	-
	<u>3,287</u>	<u>2,958</u>	<u>3,287</u>	<u>2,958</u>
Deferred tax	(80)	(525)	(80)	(525)
	<u>3,207</u>	<u>2,433</u>	<u>3,207</u>	<u>2,433</u>

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS** (CONTINUED)  
**31 JULY 2013****21 ADDITIONAL DISCLOSURES**

	<b>Current Quarter Ended 31/07/2013 RM'000</b>	<b>Current Year To- Date Ended 31/07/2013 RM'000</b>
Interest income	(321)	(321)
Rental income	(60)	(60)
Dividend received	(133)	(133)
Property, plant and equipment		
- Depreciation	2,320	2,320
Investment properties		
- Depreciation	53	53
Foreign exchange loss/(gain)		
- Realised	517	517
- Unrealised	(1,135)	(1,135)
Leasehold land use rights		
- Amortisation	29	29

Other than the above items, there were no impairment of assets and exceptional items for the current financial period to date ended 31 July 2013.

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

	<b>Current Quarter Ended 31/07/2013 RM'000</b>	<b>Preceding Quarter Ended 30/04/2013 RM'000</b>
Total retained profits		
Realised	205,824	196,034
Unrealised	(14,837)	(15,747)
	190,987	180,287
Less: Consolidation adjustments	(34,616)	(34,628)
Total retained profits as per statement of financial position	156,371	145,659

**23 CORPORATE PROPOSALS**

There were no corporate proposals announced 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.

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**NOTES TO THE INTERIM FINANCIAL STATEMENTS** (CONTINUED)  
**31 JULY 2013****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**

In respect of the financial year ended 30 April, 2013, a single tier final dividend of 25% amounting to RM 20,000,000 will be proposed for members' approval.

**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 31/07/2013 RM'000	Preceding Year Quarter 31/07/2012 RM'000	Current Year To-Date 31/07/2013 RM'000	Preceding Year Corresponding Period 31/07/2012 RM'000
Profit attributable to shareholders	10,713	8,016	10,713	8,016
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)	13.39	10.02	13.39	10.02
<b>(ii) Diluted</b>				
Diluted earnings per share (sen)	13.39	10.02	13.39	10.02

By Order of the Board

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

Company Secretaries

Johor Bahru

30 August 2013