

APOLLO FOOD HOLDINGS BERHAD (291471-M)

(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

31 OCTOBER 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
IC Interpretation 20	Stripping Cost in the Production Phase of a Surface Mine

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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2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Standards and Interpretations issued but 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 10	Consolidated Financial Statements : Investment Entities
Amendments to MFRS 12	Disclosures of Interest in Other Entities : Investment Entities
Amendments to MFRS 127	Consolidated and Separate Financial Statements : Investment Entities
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies

Effective for financial periods beginning on or after 1 January 2015

Amendments to MFRS 9	Mandatory Effective Date of MFRS 9 and Transition Disclosures
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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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9 SEGMENT INFORMATION

Segment information is presented in respect of the Group's geographical segments. The segmental analysis is provided as follows: -

	Malaysia RM'000	Asia-Pacific RM'000	Others RM'000	Total RM'000
Revenue				
Total revenue	111,919	44,789	2,022	158,730
Inter-segment revenue	(53,024)	-	-	(53,024)
Revenue from external customers	<u>58,895</u>	<u>44,789</u>	<u>2,022</u>	<u>105,706</u>
Profit for reportable segments				<u>21,242</u>
Reconciliation of profit:				
Total profit for reportable segments				21,242
Other Income				1,533
Unallocated expenses				(263)
Profit before tax				<u>22,512</u>

10 VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There was 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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14 CAPITAL COMMITMENTS

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

	RM
AUTHORISED AND CONTRACTED	<u>1,121,557</u>
ANALYSED AS FOLLOWS:	
BUILDINGS WORK-IN-PROGRESS	635,902
PLANT AND MACHINERY	<u>485,655</u>
	<u>1,121,557</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 October 2013, the Group recorded a revenue of RM48.228 million, a decrease of RM4.047 million as compared to RM52.275 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 October 2013 has decreased by RM1.635 million to RM8.592 million from RM10.227 million in the quarter ended 31 October 2012.

Lower demand and weakening of the Malaysia Ringgit against currencies of countries within Asia Pacific region had contributed to the decrease in pre-tax profit.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS**31 OCTOBER 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 October 2013, the Group recorded a revenue of RM48.228 million, an decrease of RM9.25 million as compared to RM57.478 million in the preceding quarter, while the pre-tax profit was RM8.592 million, a decrease of RM5.328 million as compared to RM13.920 million in the preceding quarter.

Decrease in demand from both the local and export markets had contributed to lower sales.

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 31/10/2013 RM'000	Preceding Year Quarter 31/10/2012 RM'000	Current Year To- Date 31/10/2013 RM'000	Preceding Year Corresponding Period 31/10/2012 RM'000
Income tax				
- Current period	2,465	2,367	5,752	5,325
- Prior period	(1)	-	(1)	-
	<u>2,464</u>	<u>2,367</u>	<u>5,752</u>	<u>5,325</u>
Deferred tax	(469)	212	(549)	(313)
	<u>1,995</u>	<u>2,579</u>	<u>5,202</u>	<u>5,012</u>

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21 ADDITIONAL DISCLOSURES

	Current Quarter Ended 31/10/2013 RM'000	Current Year To- Date Ended 31/10/2013 RM'000
Interest income	(560)	(881)
Rental income	(89)	(148)
Dividend received	(61)	(173)
Gain on disposal of investment	-	(24)
Property, plant and equipment		
- Depreciation	2,387	4,707
Loss on disposal of fixed asset	-	2
Investment properties		
- Depreciation	53	107
Foreign exchange loss/(gain)		
- Realised	(141)	375
- Unrealised	795	(340)
Leasehold land use rights		
- Amortisation	29	58

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

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

	Current Quarter Ended 31/10/2013 RM'000	Preceding Quarter Ended 31/07/2013 RM'000
Total retained profits		
Realised	212,745	205,824
Unrealised	(15,166)	(14,837)
	197,579	190,987
Less: Consolidation adjustments	(34,610)	(34,616)
Total retained profits as per statement of financial position	162,969	156,371

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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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

Counsel for the Union had brought a legal suit against the Company claiming for increments salary of Union members. The case has been fixed for second hearing on 5.3.2014.

28 DIVIDEND

The Board of Directors do not recommend the payment of an interim dividend for the financial quarter under review.

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 31/10/2013 RM'000	Preceding Year Quarter 31/10/2012 RM'000	Current Year To-Date 31/10/2013 RM'000	Preceding Year Corresponding Period 31/10/2012 RM'000
Profit attributable to shareholders	6,597	7,648	17,310	15,664
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)	8.25	9.56	21.64	19.58
(ii) Diluted				
Diluted earnings per share (sen)	8.25	9.56	21.64	19.58

By Order of the Board

WOO MIN FONG
YAP WAI BING
Company Secretaries
Johor Bahru
16 December 2013