

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS
31 JANUARY 2015

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 2014 and the explanatory notes attached to the interim financial statements.

2 SIGNIFICANT ACCOUNTING POLICIES

(i) Standards and Interpretations adopted for the financial year ending 30 April 2015

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 2014 except for the adoption of the following which are applicable to its financial statements and are relevant to its operation:

Amendments to MFRS 10	Consolidated Financial Statements
Amendments to MFRS 12	Disclosure of Interests in Other Entities
Amendments to MFRS 127	Separate Financial Statements (2011): 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

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.

(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 2016:

MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Operations

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS
31 JANUARY 2015

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Standards and Interpretations issued but not yet effective (continued)

Effective for financial periods beginning on or after 1 January 2016:

Amendments to MFRS 116 and MFRS 141	Agriculture: Bearer Plants
Amendments to MFRS 127	Equity Method in Separate Financial Statements
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to MFRSs	Annual Improvements to MFRSs 2012 – 2014 Cycle
Amendments to MFRS 101	Disclosure Initiative
Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities: Applying the Consolidation Exception

Effective for financial periods beginning on or after 1 January 2017:

MFRS 15	Revenue from Contracts with Customers
---------	---------------------------------------

Effective for financial periods beginning on or after 1 January 2018:

MFRS 9	Financial Instruments
--------	-----------------------

3 AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The preceding year's audit report for the year ended 30 April 2014 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.

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS
31 JANUARY 2015

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

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

	Investment holding RM'000	Manufacturing RM'000	Marketing and Distribution RM'000	Total RM'000
<u>Revenue</u>				
Total revenue	245	151,283	91,424	242,952
Inter-segment revenue	(180)	(82,723)	-	(82,903)
Revenue from external customers	<u>65</u>	<u>68,560</u>	<u>91,424</u>	<u>160,049</u>
Profit for reportable segments				<u>18,756</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 2014.

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS
31 JANUARY 2015

14 CAPITAL COMMITMENTS

Capital expenditure not provided for in the interim financial statements as at 31 January 2015 is as follows :

	RM
AUTHORISED AND CONTRACTED	1,125,192

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 2015, the Group recorded a revenue of RM57.055 million, an increase of RM1.463 million as compared to RM55.592 million in the preceding year corresponding quarter. The increase in revenue was due to increased demand from both the export and local markets.

The Group's pre-tax profit for the current quarter ended 31 January 2015 increased by RM0.076 million to RM11.899 million from RM11.823 million in the quarter ended 31 January 2014.

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 2015, the Group recorded a revenue of RM57.055 million, a increase of RM5.671 million as compared to RM51.384 million in the immediate preceding quarter, while the pre-tax profit was RM11.899 million, a increase of RM4.876 million as compared to RM7.023 million in the immediate preceding quarter.

Increased demand from both the Indonesia and local markets had contributed to higher profits.

18 CURRENT YEAR PROSPECTS

The Group's operating environment is expected to remain challenging and competitive.

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.

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS
31 JANUARY 2015

19 PROFIT FORECAST OR PROFIT GUARANTEE

Not applicable.

20 TAX EXPENSE

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/01/2015 RM'000	Preceding Year Corresponding Quarter 31/01/2014 RM'000	Current Year To-Date 31/01/2015 RM'000	Preceding Year Corresponding Period 31/01/2014 RM'000
Income tax				
- Current period	3,239	2,982	7,425	8,734
- Prior period	2	1	(92)	1
	<u>3,241</u>	<u>2,983</u>	<u>7,333</u>	<u>8,735</u>
Deferred tax	429	(230)	1,118	(780)
	<u>3,670</u>	<u>2,753</u>	<u>8,451</u>	<u>7,955</u>

21 ADDITIONAL DISCLOSURES

	Current Year Quarter Ended 31/01/2015 RM'000	Current Year To- Date Ended 31/01/2015 RM'000
Interest income	(575)	(1,517)
Rental income	(89)	(266)
Dividends income	(1)	(1)
Reversal of impairment loss on other investments	(657)	(657)
Loss on disposal of other investments	381	381
Depreciation of:		
- property, plant and equipment	2,649	7,846
- investment properties	53	160
Amortisation of prepaid lease payments for land	29	87
(Gain)/Loss on foreign exchange		
- realised	(1,076)	78
- unrealised	(858)	(21)

Other than the above items, there were no impairment of assets and exceptional items for the current financial period ended 31 January 2015.

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS
31 JANUARY 2015

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

	Current Quarter Ended 31/01/2015 RM'000	Preceding Quarter Ended 31/10/2014 RM'000
Total retained profits		
Realised	206,440	218,514
Unrealised	(13,975)	(14,274)
	<hr/> 192,465	<hr/> 204,240
Less: Consolidation adjustments	(34,580)	(34,584)
Total retained profits as per statement of financial position	<hr/> <hr/> 157,885	<hr/> <hr/> 169,656

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.

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 CHANGES IN MATERIAL LITIGATION

Mahkamah Perusahaan Negeri Johor, Malaysia (Suit no: 16/2-1049/13)

Kesatuan Pekerja-Pekerja Perkilangan Perusahaan dan Makanan ("Union") Vs. Apollo Food Industries (M) Sdn. Bhd.

On 30 April 2013, solicitors for the Union ("The Union") had brought a legal suit against Apollo Food Industries (M) Sdn. Bhd. ("AFI"), a wholly owned subsidiary, claiming for higher salaries adjustment for the Union members.

On 2 July 2014, the Johor Bahru Industrial Court ("JBIC") has requested AFI to increase in salaries of the employees and it applies to the terms of employment of the employees for the period of 1 October 2012 to 30 September 2015.

On 15 October 2014, the Company obtained the leave/permission from the High Court to proceed with its application for judicial review.

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS
31 JANUARY 2015

27 CHANGES IN MATERIAL LITIGATION (CONTINUED)

On 12 November 2014, the High Court has directed the lawyers from both parties to file their legal submissions.

At present, the High Court has fixed the hearing on 31 March 2015.

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 owners of the parent by the weighted number of ordinary shares in issue for the following periods:-

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/01/2015 RM'000	Preceding Year Quarter 31/01/2014 RM'000	Current Year To-Date 31/01/2015 RM'000	Preceding Year Corresponding Period 31/01/2014 RM'000
Profit attributable to owners of the parent	8,229	9,070	18,756	26,380
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)	10.29	11.34	23.45	32.98
(ii) Diluted				
Diluted earnings per share (sen)	10.29	11.34	23.45	32.98

By Order of the Board

WOO MIN FONG
SANTHI A/P SAMINATHAN
Company Secretaries
Johor Bahru
30 March 2015