

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS
31 OCTOBER 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 2015 and the explanatory notes attached to the interim financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

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

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

MFRS 9	Financial Instruments (IFRS as issued by IASB in July 2014)
MFRS 15	Revenue from Contracts with Customers

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3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The preceding year's audit report for the year ended 30 April 2015 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 current financial 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 nature of principal activities. The segmental analysis is provided as follows:

	Manufacturing RM'000	Investment RM'000	Total RM'000
<u>Revenue</u>			
Total revenue	103,769	(41)	103,728
Inter-segment revenue	-	-	-
Revenue from external customers	<u>103,769</u>	<u>(41)</u>	<u>103,728</u>
Profit for reportable segments			<u>20,829</u>

10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There was no revaluation carried out on property, plant and equipment during the financial 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 2015.

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14. CAPITAL COMMITMENTS

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

	RM
AUTHORISED AND CONTRACTED	<u>534,752</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 2015, the Group recorded a revenue of RM53.796 million, an increase of RM2.412 million as compared to RM51.384 million in the preceding year's corresponding quarter. The increase in revenue was due to increased demand in both the local and the Indonesia market.

The Group's pre-tax profit for the current quarter ended 31 October 2015 has increased by RM7.468 million to RM14.491 million from RM7.023 million in the quarter ended 31 October 2014. The increase in net profit was due to foreign exchange gain on the depreciation of Ringgit Malaysia against USD dollar.

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 2015, the Group recorded a revenue of RM53.796 million, an increase of RM3.864 million over the RM49.932 million recorded in the preceding quarter, while the pre-tax profit was RM14.491 million, increase of RM1.579 million as compared to RM12.912 million in the preceding quarter.

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

18. CURRENT YEAR PROSPECTS

Despite the recent fall in the prices of certain raw materials, the prices of the key materials remained high which will affect the input cost. The Group's operating environment is therefore still expected to remain challenging and competitive.

Nevertheless, the Board is optimistic that the performance of the Group shall 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 remain focused on product and service quality.

19. PROFIT FORECAST OR PROFIT GUARANTEE

Not applicable.

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20. INCOME TAX EXPENSE

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/10/2015	Preceding Year Corresponding Quarter 31/10/2014	Current Year To- Date 31/10/2015	Preceding Year Corresponding Period 31/10/2014
	RM'000	RM'000	RM'000	RM'000
Income tax				
- Current period	1,740	1,805	3,480	4,186
- Prior period	-	(95)	-	(95)
	<u>1,740</u>	<u>1,710</u>	<u>3,480</u>	<u>4,091</u>
Deferred tax	3,109	502	3,095	690
	<u>4,849</u>	<u>2,212</u>	<u>6,575</u>	<u>4,781</u>

21. ADDITIONAL DISCLOSURES

	Current Year Quarter Ended 31/10/2015 RM'000	Current Year To- Date Ended 31/10/2015 RM'000
Interest income	(585)	(1,040)
Rental income	(89)	(177)
Dividend received	(18)	(61)
Depreciation of:		
- property, plant and equipment	2,538	5,086
- investment properties	53	107
Amortisation of prepaid lease payments for land	29	58
Gain on foreign exchange		
- realised	(1,410)	(2,282)
- unrealised	<u>(3,621)</u>	<u>(6,214)</u>

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

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

	Current Quarter Ended 31/10/2015 RM'000	Preceding Quarter Ended 31/07/2015 RM'000
Total retained profits		
Realised	227,836	218,708
Unrealised	(8,034)	(8,537)
	<hr/> 219,802	<hr/> 210,171
Less: Consolidation adjustments	(34,550)	(34,562)
	<hr/> 185,252	<hr/> 175,609

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. MATERIAL LITIGATION

There was no material litigation as at the end of the quarter under review.

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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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 31/10/2015 RM'000	Preceding Year Quarter 31/10/2014 RM'000	Current Year To-Date 31/10/2015 RM'000	Preceding Year Corresponding Period 31/10/2014 RM'000
Profit attributable to owners of the parent	9,642	4,811	20,829	10,527
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)	12.05	6.01	26.04	13.16
(ii) Diluted				
Diluted earnings per share (sen)	12.05	6.01	26.04	13.16

By Order of the Board

WOO MIN FONG
SANTHI A/P SAMINATHAN
Company Secretaries
Johor Bahru
29 December 2015