

**ORIENTAL FOOD INDUSTRIES HOLDINGS BERHAD** (Company No.199601017418 (389769-M))

(Incorporated in Malaysia)

***EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021***

**A. INFORMATION REQUIRED BY MFRS 134**

**1. *Basis of Preparation***

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134, Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”). These condensed consolidated interim financial statements also comply with IAS 34, Interim Financial Reporting issued by the International Accounting Standards Board (“IASB”).

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 March 2021. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 March 2021.

**2. *Changes in Accounting Policies***

The significant accounting policies and the methods adopted for the unaudited condensed financial statements are consistent with those adopted for the audited financial statements for the financial year ended 31 March 2021, except for the adoption of the following Malaysian Financial Reporting Standards (MFRS), Amendments to MFRS and IC Interpretation for the financial periods beginning on or after 1 April 2021.

- MFRS 17 Insurance Contracts
- Amendments to MFRS 16 - Covid-19 Related Rent Concessions
- Amendments to MFRS 9, MFRS 139 and MFRS 7 : Interest Rate Benchmark Reform
- Amendments to MFRS 16 Leases : Covid-19 Related Rent Concessions beyond 30 June 2021

At the date of authorisation of the interim financial statements, the following MFRSs, Amendments to MFRSs and IC Interpretation were issued but not yet effective and have not been applied by the Group:

- Amendments to MFRS 112 Income Taxes : Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Disclosures of Accounting Policies (Amendments to MFRS 101 Presentation of Financial Statements)
- Definition of Accounting Estimates (Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)
- Interest Rate Benchmark Reform – Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets)
- Property, Plant and Equipment – Proceeds before Intended Use (Amendments to MFRS 116 Property, Plant and Equipment)
- Reference to the Conceptual Framework (Amendments to MFRS 3 Business Combinations)
- Amendments to MFRS contained in Annual Improvements to MFRS Standards 2018-2020
- Amendments to MFRS 101 Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)
- Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate of Joint Venture

**3. *Seasonal or Cyclical Factors***

The business operations of the Group are not materially affected by any seasonal or cyclical factors.

***EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021***

**4. *Exceptional / Extraordinary Items***

There were no exceptional / extraordinary items for the financial period under review.

**5. *Changes in Estimates***

There were no changes to the estimates of amounts reported in prior financial years that may have a material effect in the current period.

**6. *Debts and Equity Securities***

There was no issuance, cancellation, repurchase, resale and repayment of debts and equity securities for the current financial quarter.

**7. *Dividend Paid***

An interim single tier dividend of 1.20 sen per share, amounting to RM2,880,000 for the financial year ended 31 March 2021 was approved during the 88th Board of Directors Meeting held on 31 May 2021 and was paid on 7 July 2021.

**8. *Segment Information***

Management has determined the operating segments based on the reports used to make strategic decisions.

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

- i. Manufacturing and marketing of snack food and confectioneries
- ii. Property development
- iii. Investment holding

As the activities of the Group are carried out in Malaysia, segmental reporting by geographical location is not presented.

**ORIENTAL FOOD INDUSTRIES HOLDINGS BERHAD** (Company No.199601017418 (389769-M))

(Incorporated in Malaysia)

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS****FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021****8. Segment information (continued)**

<b>30 June 2021</b>	<b>Manufacturing and marketing of snack food and confectioneries RM'000</b>	<b>Property development RM'000</b>	<b>Investment holding RM'000</b>	<b>Adjustments and eliminations RM'000</b>	<b>Notes</b>	<b>Per condensed consolidated financial statements RM'000</b>
<b>Revenue:</b>						
External customers	60,207	-	-	-		60,207
Inter-segment	-	-	53	(53)	A	-
<b>Total revenue</b>	<b>60,207</b>	<b>-</b>	<b>53</b>	<b>(53)</b>		<b>60,207</b>
<b>Results:</b>						
Interest income	2	-	-	-		2
Depreciation of:						
- Property, plant and equipment	3,173	17	-	-		3,190
- Right-of-use assets	214	-	-	-		214
- Investment properties	2	21	-	-		23
Other non-cash income	350	-	-	-	B	350
<b>Segment profit/(loss)</b>	<b>1,679</b>	<b>32</b>	<b>(89)</b>		C	<b>1,622</b>
<b>Assets:</b>						
Additions to non-current assets	331	-	-	-	D	331
<b>Segment assets</b>	<b>252,691</b>	<b>6,642</b>	<b>42</b>	<b>-</b>	E	<b>259,375</b>
<b>Segment liabilities</b>	<b>48,424</b>	<b>186</b>	<b>3,343</b>	<b>-</b>	F	<b>51,953</b>

**ORIENTAL FOOD INDUSTRIES HOLDINGS BERHAD** (Company No.199601017418 (389769-M))

(Incorporated in Malaysia)

**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS****FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021****8. Segment information (continued)**

<b>30 June 2020</b>	<b>Manufacturing and marketing of snack food and confectioneries RM'000</b>	<b>Property development RM'000</b>	<b>Investment holding RM'000</b>	<b>Adjustments and eliminations RM'000</b>	<b>Notes</b>	<b>Per condensed consolidated financial statements RM'000</b>
<b>Revenue:</b>						
External customers	73,617	-	-	-		73,617
Inter-segment	-	-	-	-	A	-
Total revenue	<u>73,617</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>73,617</u>
<b>Results:</b>						
Interest income	5	6	-	-		11
Depreciation of:						
- Property, plant and equipment	2,929	15	-	-		2,944
- Right-of-use assets	173	-	-	-		173
- Investment properties	4	21	-	-		25
Other non-cash expenses	2,078	-	-	-	B	2,078
Segment profit	<u>6,276</u>	<u>(24)</u>	<u>(211)</u>	<u>-</u>	C	<u>6,041</u>
<b>Assets:</b>						
Additions to non-current assets	734	-	-	-	D	734
Segment assets	<u>248,024</u>	<u>6,772</u>	<u>98</u>	<u>-</u>	E	<u>254,894</u>
<b>Segment liabilities</b>	<u>55,806</u>	<u>115</u>	<u>513</u>	<u>-</u>	F	<u>56,434</u>

**ORIENTAL FOOD INDUSTRIES HOLDINGS BERHAD** (Company No.199601017418 (389769-M))  
(Incorporated in Malaysia)  
**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

**8. Segment Information (continued)**

A Inter-segment revenues are eliminated on consolidation.

B Other non-cash incomes/(expenses) consist of the following items as presented in the respective notes to the financial statements:

	<b>30.06.2021</b>	<b>30.06.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Unrealised foreign exchange gain/(loss)	(158)	(958)
Inventories written down	(108)	(489)
Reversal on / impairment loss on trade receivables	386	(631)
Gain on disposal of property, plant and equipment	230	-
	<u>350</u>	<u>(2,078)</u>

C The following items are added to/(deducted from) segment profit to arrive at total consolidated profit before tax:

	<b>30.06.2021</b>	<b>30.06.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Dividend income from inter-segment	53	-
Unallocated corporate expenses	(142)	(211)
	<u>(89)</u>	<u>(211)</u>

D Additions to non-current assets consist of property, plant and equipment.

E Inter-segment assets are deducted from segment assets to arrive at total assets reported in the condensed consolidated statement of financial position.

F Inter-segment liabilities are deducted from segment liabilities to arrive at total liabilities reported in the condensed consolidated statement of financial position.

Revenue information based on the geographical location of customers is as follows:

	<b>Revenues</b>			
	<b>01.04.2021 - 30.06.2021</b>		<b>01.04.2020 - 30.06.2020</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Malaysia	27,513	46%	30,963	42%
Asia	25,497	42%	33,677	46%
Others	7,197	12%	8,977	12%
Total reported segments	<u>60,207</u>	<u>100%</u>	<u>73,617</u>	<u>100%</u>

The Group has a customer that contributed more than 10% of the Group's revenue.

**ORIENTAL FOOD INDUSTRIES HOLDINGS BERHAD** (Company No.199601017418 (389769-M))  
(Incorporated in Malaysia)  
**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

**9. Significant Related Party Disclosures**

The significant related party transactions and outstanding balance described below were carried out in the ordinary course of business and on commercial terms that are no more favourable than that available to other third parties.

	<b>Transactions for the 3 months period ended 30.06.2021 RM'000</b>	<b>Outstanding balance as at 30.06.2021 RM'000</b>
Sale of goods to Syarikat Perniagaan Chong Mah	372	109

Syarikat Perniagaan Chong Mah, a company incorporated in Malaysia, is a substantial shareholder of the Company. The transactions with this related party are conducted in accordance with the general mandate obtained from shareholders for recurrent related party transactions.

**10. Material Events Subsequent to the End of the Reporting Period**

There was no material events subsequent to the end of the current quarter reported.

**11. Changes in the Composition of the Group**

There were no changes in the composition of the Group during the current quarter.

**12. Contingent Liabilities**

The Group wishes to inform that through several appeals, communications and feedbacks with Jabatan Kastam Diraja Malaysia ("Kastam Melaka") on the additional sales tax payable, it is most likely that based on the current information available, the final amount payable would be around RM1 million, as anticipated in the previous quarter and this has no financial impact to the Group as it had already been provided for.

**13. Capital Commitments**

	<b>As at 30.06.2021 RM'000</b>
Authorised, contracted but not provided for:-	
- purchase of property, plant and equipment	3,606
	<u>3,606</u>

**ORIENTAL FOOD INDUSTRIES HOLDINGS BERHAD** (Company No.199601017418 (389769-M))  
(Incorporated in Malaysia)  
**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

**B. Additional information required by Bursa Malaysia Listing Requirements**

**1. Review of Performance**

	Individual Period (4th Quarter)		Changes (%)	Cumulative Period		Changes (%)
	Current Quarter	Preceding Year Corresponding Quarter		Current Period To- Date	Preceding Year Corresponding Period	
	30/06/2021 RM'000	30/06/2020 RM'000		30/06/2021 RM'000	30/06/2020 RM'000	
Revenue	60,207	73,617	(18.21)	60,207	73,617	(18.21)
Operating Profit/(Loss)	1,683	6,144	(72.61)	1,683	6,144	(72.61)
Profit/(Loss) Before Interest and Tax	1,683	6,144	(72.61)	1,683	6,144	(72.61)
Profit/(Loss) Before Tax	1,622	6,041	(73.15)	1,622	6,041	(73.15)
Profit/(Loss) After Tax	1,077	4,338	(75.17)	1,077	4,338	(75.17)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	1,077	4,338	(75.17)	1,077	4,338	(75.17)

The revenue for the current period to date is lower by 18.21% as compared to the preceding year corresponding period due to lower sales from both local and export market.

Profit before tax for the current period to date is lower by 73.15% mainly due to lower revenue and gross profit margin.

**2. Material Changes in the Quarterly Results Compared to the Results of the Preceding Quarter**

	Current Quarter 30/06/2021 RM'000	Immediate Preceding Quarter 31/03/2021 RM'000	Changes (%)
Revenue	60,207	70,850	(15.02)
Operating Profit/(Loss)	1,683	7,287	(76.90)
Profit/(Loss) Before Interest and Tax	1,683	7,287	(76.90)
Profit/(Loss) Before Tax	1,622	7,170	(77.38)
Profit/(Loss) After Tax	1,077	7,122	(84.88)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	1,077	7,122	(84.88)

The decrease in revenue for the current quarter as compared to the preceding quarter was caused by lower export and local sales.

The lower profit before tax for the current quarter is due to the lower sales, gross profit margin and higher operating costs.

**ORIENTAL FOOD INDUSTRIES HOLDINGS BERHAD** (Company No.199601017418 (389769-M))  
(Incorporated in Malaysia)  
**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

**3. Group's Prospects**

The Group is running at 60% of the production capacity due to the 60% workforce requirements by the relevant authority. Production was temporarily stopped for around two weeks in this quarter in compliance with the relevant authority's instructions and for sanitization purposes. These measures and precautions have negatively impacted our production and eventually our sales for this quarter.

However, the Board still expects that the performance of the Group will be satisfactory and remain positive for the financial year ending 31 March 2022, despite facing various challenges from the competitive markets and the uncertainties due to the global pandemic issue.

**4. Board of Directors' Opinion on Revenue or Profit Estimate, Forecast, Projection or Internal Targets**

The Group does not announce or disclose any revenue or profit estimate, forecast, projection or internal targets in a public document.

**5. Variance of Actual Profit from Profit Forecast**

The disclosure requirements for explanatory notes for the variance of actual profit after tax and non-controlling interest and forecasted profit after tax and non-controlling interest and for the shortfall in profit guarantee are not applicable.

**6. Taxation**

	Current Quarter	Preceding Year Corresponding Quarter	Current Period To Date	Preceding Year corresponding Period To Date
	30.06.2021	30.06.2020	30.06.2021	30.06.2020
	RM'000	RM'000	RM'000	RM'000
<b>Income taxation in Malaysia</b>				
- current year	337	1,213	337	1,213
- under/(over) provision in prior year	-	-	-	-
<b>Deferred taxation</b>				
- origination and reversal of temporary differences	208	490	208	490
- under/(over) provision in prior year	-	-	-	-
	-----	-----	-----	-----
	545	1,703	545	1,703
	=====	=====	=====	=====

The Group's effective tax rate for the current quarter and period to date is higher than the statutory tax rate due to expenses not deductible for tax purposes.

**7. Profits on Sale of Unquoted Investments and / or Properties**

There was no sale of unquoted investments and / or properties for the current quarter.



**ORIENTAL FOOD INDUSTRIES HOLDINGS BERHAD** (Company No.199601017418 (389769-M))  
(Incorporated in Malaysia)  
**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

**8. Purchases or Disposals of Quoted Securities**

There were no purchase and sale of quoted securities for the current quarter.

**9. Status of Corporate Proposals**

There was no corporate proposal announced but not completed as at the date of this quarterly report.

**10. Group Borrowings**

	As at 30.06.2021 RM'000	As at 30.06.2020 RM'000
<u>Borrowings – current</u>		
Term loan - <i>secured</i>	3,464	4,936
<u>Borrowings – non-current</u>		
Term loan - <i>secured</i>	4,763	8,292

The borrowings are denominated in Ringgit Malaysia and are based on floating interest rates.

**11. Derivatives**

There were no forward foreign exchange contracts outstanding as at 30 June 2021.

**12. Gain/Loss Arising from Fair Value Changes of Financial Liabilities**

There was no gain or loss arising from fair value changes of the financial liabilities for the current quarter and current period to date ended 30 June 2021.

**13. Material Litigation**

There was no material litigation pending since the date of last announcement till the date of this interim report.

**14. Dividend**

(a) An interim single tier dividend for the financial year ending 31 March 2022, amounting to RM240,000 computed based on 240,000,000 ordinary shares as at 30 June 2021, has been declared by the Board of Directors on 26 August 2021:

- (i) Amount per share : Single tier dividend of 0.10 sen per share
- (ii) The previous corresponding period as at 30 June 2020 : 0.50 sen per share
- (iii) Entitlement date : 14 September 2021
- (iv) Payment Date : 6 October 2021

(b) The total dividend declared for the current financial year ending 31 March 2022 : 0.10 sen per share

**ORIENTAL FOOD INDUSTRIES HOLDINGS BERHAD** (Company No.199601017418 (389769-M))  
(Incorporated in Malaysia)  
**EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021**

**15. Earnings per Share**

	<b>Current Quarter 30.06.2021</b>	<b>Preceding Year Corresponding Quarter 30.06.2020</b>	<b>Current Period To Date 30.06.2021</b>	<b>Preceding Year Corresponding Period To Date 30.06.2020</b>
Profit net of tax attributable to owners of the parent (RM'000)	1,077	4,338	1,077	4,338
Number of ordinary shares in issue ('000)	240,000	240,000	240,000	240,000
Basic earnings per share (sen)	<u>0.45</u>	<u>1.81</u>	<u>0.45</u>	<u>1.81</u>

**16. Audit Report**

The audited report of the preceding annual financial statements did not contain any qualification.

**17. Profit before Tax**

Profit before tax is arrived at after charging/(crediting):

	<b>Current Quarter 30.06.2021 RM'000</b>	<b>Current Period To Date 30.06.2021 RM'000</b>
Interest income	(2)	(2)
Rental income	(113)	(113)
Fair value gain on money market	(13)	(13)
Miscellaneous income	(47)	(47)
Interest expense	61	61
Property, plant and equipment		
- depreciation	3,190	3,190
- right-of-use assets	214	214
- gain on disposal	(230)	(230)
Investment properties		
- depreciation	23	23
Foreign exchange loss/ (gain)		
- realised	(243)	(243)
- unrealised	158	158
Inventories written off	108	108
Reversal on impairment loss for trade receivables	(386)	(386)
Employees benefits expense	9,518	9,518
	=====	=====

**ORIENTAL FOOD INDUSTRIES HOLDINGS BERHAD** (Company No.199601017418 (389769-M))  
(Incorporated in Malaysia)  
***EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021***

Other than the above items, there were no provision for and write off of receivables, impairment of assets and exceptional items for the current quarter and current financial period to date ended 30 June 2021.

For and on behalf of  
**ORIENTAL FOOD INDUSTRIES HOLDINGS BERHAD**

**Datuk Seri Son Chen Chuan**  
**Group Managing Director**

Dated: 26 August 2021