

**ORIENTAL FOOD INDUSTRIES HOLDINGS BERHAD (Registration No.199601017418 (389769-M))**  
(Incorporated in Malaysia)  
***EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS***  
***FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023***

**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 financial year ended 31 March 2023. 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 2023.

**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 2023, 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 2023.

- Amendments to MFRS 112 : Income Taxes – International Tax Reform – Pillar Two Model Rules
- MFRS 17 : Insurance Contracts
- Amendments to MFRS 17 : Insurance Contracts
- Amendments to MFRS 17 : Initial Application of MFRS 17 and MFRS 9 – Comparative Information
- Amendments to MFRS 101 : Disclosure of Accounting Policies
- Amendments to MFRS 108 : Definition of Accounting Estimates
- Amendments to MFRS 112 : Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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 107 and MFRS 7 : Supplier Finance Arrangements
- Amendments to MFRS 101 : Non-current Liabilities with Covenants
- Amendments to MFRS 101 : Classification of Liabilities as Current or Non-current
- Amendments to MFRS 16 Leases : Lease Liability in a Sale and Leaseback
- Amendments to MFRS 10 and MFRS 128 : Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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

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

**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.

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**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 0.50 sen per share, amounting to RM1,200,000 for the financial year ended 31 March 2023 was approved during the 97th Board of Directors Meeting held on 23 May 2023 and was paid on 30 June 2023.

**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.

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<b>30 June 2023</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	95,690	-	-	-		95,690
Inter-segment	-	-	1,331	(1,331)	A	-
Total revenue	<u>95,690</u>	<u>-</u>	<u>1,331</u>	<u>(1,331)</u>		<u>95,690</u>
<b>Results:</b>						
Interest income	31	-	-	-		31
Depreciation of:						
- Property, plant and equipment	3,158	17	-	-		3,175
- Right-of-use assets	265	-	-	-		265
- Investment properties	3	21	-	-		24
Other non-cash income	257	-	-	-	B	257
Segment profit/(loss)	<u>7,627</u>	<u>57</u>	<u>(162)</u>	<u>-</u>	C	<u>7,522</u>
<b>Assets:</b>						
Additions to non-current assets	1,821	-	-	-	D	1,821
Segment assets	<u>275,568</u>	<u>6,953</u>	<u>157</u>	<u>-</u>	E	<u>282,678</u>
<b>Segment liabilities</b>	<u>46,060</u>	<u>137</u>	<u>471</u>	<u>-</u>	F	<u>46,668</u>

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	<b>Manufacturing and marketing of snack food and confectioneries</b>	<b>Property development</b>	<b>Investment holding</b>	<b>Adjustments and eliminations</b>	<b>Notes</b>	<b>Per condensed consolidated financial statements</b>
<b>30 June 2022</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>		<b>RM'000</b>
<b>Revenue:</b>						
External customers	88,963	-	-	-		88,963
Inter-segment	-	-	2,984	(2,984)	A	-
Total revenue	<u>88,963</u>	<u>-</u>	<u>2,984</u>	<u>(2,984)</u>		<u>88,963</u>
<b>Results:</b>						
Interest income	7	-	-	-		7
Depreciation of:						
- Property, plant and equipment	3,206	17	-	-		3,223
- Right-of-use assets	234	-	-	-		234
- Investment properties	2	21	-	-		23
Other non-cash income	1,145	-	-	-	B	1,145
Segment profit / (loss)	<u>5,907</u>	<u>70</u>	<u>(155)</u>	<u>-</u>	C	<u>5,822</u>
<b>Assets:</b>						
Additions to non-current assets	792	-	-	-	D	792
Segment assets	<u>273,308</u>	<u>6,805</u>	<u>5,905</u>	<u>-</u>	E	<u>286,018</u>
<b>Segment liabilities</b>	<u>60,145</u>	<u>183</u>	<u>3,306</u>	<u>-</u>	F	<u>63,634</u>

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**8. Segment Information (continued)**

- A Inter-segment revenues are eliminated on consolidation.
- B Other non-cash expense/(incomes) consist of the following items as presented in the respective notes to the financial statements:

	<b>30.06.2023</b>	<b>30.06.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Unrealised foreign exchange gain	(1,193)	(619)
Reversal of inventories written down	(1,075)	(479)
Impairment loss/ (reversal) for trade receivables	2,013	(44)
Gain on disposal of property, plant and equipment	(2)	(3)
	<hr/>	<hr/>
	(257)	(1,145)
	<hr/> <hr/>	<hr/> <hr/>

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

	<b>30.06.2023</b>	<b>30.06.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Dividend income from inter-segment	1,331	2,984
Unallocated corporate expenses	(162)	(155)
	<hr/>	<hr/>
	1,169	2,829
	<hr/> <hr/>	<hr/> <hr/>

- 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>01.04.2023 - 30.06.2023</b>		<b>01.04.2022 - 30.06.2022</b>	
	<b>RM'000</b>	<b>%</b>	<b>RM'000</b>	<b>%</b>
Malaysia	32,850	34%	37,685	42%
Asia	49,598	52%	40,084	45%
Others	13,242	14%	11,194	13%
	<hr/>	<hr/>	<hr/>	<hr/>
Total reported segments	95,690	100%	88,963	100%
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

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**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 30.06.2023 RM'000</b>	<b>Outstanding balance as at 30.06.2023 RM'000</b>
Sale of goods to Syarikat Perniagaan Chong Mah Sdn Bhd	304	51

Syarikat Perniagaan Chong Mah Sdn Bhd, 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**

There were no contingent liabilities of a material nature to be disclosed.

**13. Capital Commitments**

	<b>As at 30.06.2023 RM'000</b>
Authorised, contracted but not provided for:-	
- purchase of property, plant and equipment	1,775
	<u>1,775</u>

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

**1. Review of Performance**

	Individual Period (1st Quarter)		Changes (%)	Cumulative Period		Changes (%)
	Current Quarter	Preceding Year Corresponding Quarter		Current Period To- Date	Preceding Year Corresponding Period	
	30/06/2023 RM'000	30/06/2022 RM'000		30/06/2023 RM'000	30/06/2022 RM'000	
Revenue	95,690	88,963	7.56	95,690	88,963	7.56
Operating Profit	7,563	5,873	28.78	7,563	5,873	28.78
Profit Before Interest and Tax	7,563	5,873	28.78	7,563	5,873	28.78
Profit Before Tax	7,522	5,822	29.20	7,522	5,822	29.20
Profit After Tax	6,047	4,475	35.13	6,047	4,475	35.13
Profit Attributable to Ordinary Equity Holders of the Parent	6,047	4,475	35.13	6,047	4,475	35.13

The revenue for the current period to date is higher by 7.56% as compared to the preceding year corresponding period due to higher sales from export market.

Profit before tax for the current period to date is higher by 29.20% mainly due to higher sales and gross profit margin as compared to preceding corresponding period.

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

	Current Quarter 30/06/2023 RM'000	Immediate Preceding Quarter 31/03/2023 RM'000	Changes (%)
Revenue	95,690	83,860	14.11
Operating Profit	7,563	4,369	73.11
Profit Before Interest and Tax	7,563	4,369	73.11
Profit Before Tax	7,522	4,317	74.24
Profit After Tax	6,047	3,008	101.03
Profit Attributable to Ordinary Equity Holders of the Parent	6,047	3,008	101.03

The increase in revenue for the current quarter as compared to the preceding quarter was contributed by the increase in export sales.

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

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**3. Group's Prospects**

Whilst there was a drop in domestic sales, the Group is still optimistic on the long term growth for the demand of its product locally. The Group expects the Malaysian economy to be sustainable due to the various ongoing policies implemented by the Government to support the economy recovery process. The Group will continue to monitor the latest market developments, both domestic and international, and will take the necessary measures to minimise any risks to the Group's operation and financial performance.

The Board expects that the performance of the Group will be satisfactory and remain positive for the financial year ending 31 March 2024, despite facing various challenges from the competitive and uncertain markets.

**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
	30.06.2023	30.06.2022	30.06.2023	30.06.2022
	RM'000	RM'000	RM'000	RM'000
<b>Income taxation in Malaysia</b>				
- current year	1,319	1,550	1,319	1,550
<b>Deferred taxation</b>				
- origination and reversal of temporary differences	156	(203)	156	(203)
	-----	-----	-----	-----
	1,475	1,347	1,475	1,347
	=====	=====	=====	=====

The Group's effective tax rate for the current period to date was lower than the statutory tax rate mainly due to the tax incentives granted to a major subsidiary and gains not subject to tax.

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

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



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**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**

	<b>As at 30.06.2023 RM'000</b>	<b>As at 30.06.2022 RM'000</b>
<u>Borrowings – current</u>		
Term loan - <i>secured</i>	1,190	1,467
<u>Borrowings – non-current</u>		
Term loan - <i>secured</i>	<u>2,122</u>	<u>3,300</u>
	3,312	4,767
	=====	=====

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 2023.

**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 2023.

**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 2024, amounting to RM2,400,000 computed based on 240,000,000 ordinary shares as at 30 June 2023, has been declared by the Board of Directors on 23 August 2023:

- (i) Amount per share : Single tier dividend of 1.0 sen per share
- (ii) The previous corresponding period as at 30 June 2022 : 0.5 sen per share
- (iii) Entitlement date : 11 September 2023
- (iv) Payment Date : 5 October 2023

(b) The total dividend declared for the current financial year ending 31 March 2024 : 1.0 sen per share

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**15. Earnings per Share**

	<b>Current Quarter 30.06.2023</b>	<b>Preceding Year Corresponding Quarter 30.06.2022</b>	<b>Current Period To Date 30.06.2023</b>	<b>Preceding Year Corresponding Period To Date 30.06.2022</b>
Profit net of tax attributable to owners of the parent (RM'000)	6,047	4,475	6,047	4,475
Number of ordinary shares in issue ('000)	240,000	240,000	240,000	240,000
Basic earnings per share (sen)	<u>2.52</u>	<u>1.86</u>	<u>2.52</u>	<u>1.86</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 30.06.2023 RM'000</b>	<b>Current Period To Date 30.06.2023 RM'000</b>
Interest income	(31)	(31)
Rental income	(159)	(159)
Fair value gain on money market	(1)	(1)
Miscellaneous income	(255)	(255)
Interest expense	41	41
Property, plant and equipment		
- depreciation	3,175	3,175
- gain on disposal	(2)	(2)
Rights-of-use assets		
- depreciation	265	265
Investment properties		
- depreciation	24	24
Foreign exchange gain		
- realised	(998)	(998)
- unrealised	(1,193)	(1,193)
Reversal of inventories written off	(1,075)	(1,075)
Impairment loss for trade receivables	2,013	2,013
Employees benefits expense	12,495	12,495
	<u>=====</u>	<u>=====</u>

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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 2023.

For and on behalf of

**ORIENTAL FOOD INDUSTRIES HOLDINGS BERHAD**

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

Dated: 23 August 2023