

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 2024

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 2024. 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 2024.

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 2024, 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 2024.

- Amendments to MFRS 16 : Lease Liability in a Sale and Leaseback
- Amendments to MFRS 101 : Classification of Liabilities as Current or Non-current
- Amendments to MFRS 101 : Non-current Liabilities with Covenants
- Amendments to MFRS 107 and MFRS 7 : Supplier Finance Arrangements Leaseback

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 9 and MFRS 7 : Classification and Measurement of Financial Instruments
- MFRS 19 : Subsidiaries Without Public Accountability - Disclosures
- MFRS 18 : Presentation and Disclosure in Financial Statements
- Amendments to MFRS 121 : Lack of Exchangeability
- 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.

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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EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024

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 2.0 sen per share, amounting to RM4,800,000 for the financial year ended 31 March 2024 was approved during the 101th Board of Directors Meeting held on 29 May 2024 and was paid on 10 July 2024.

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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(Incorporated in Malaysia)

***EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024***

8. Segment information (continued)

30 June 2024	Manufacturing and marketing of snack food and confectioneries RM'000	Property development RM'000	Investment holding RM'000	Adjustments and eliminations RM'000	Notes	Per condensed consolidated financial statements RM'000
Revenue:						
External customers	121,105	-	-	-		121,105
Inter-segment	-	-	4,880	(4,880)	A	-
Total revenue	<u>121,105</u>	<u>-</u>	<u>4,880</u>	<u>(4,880)</u>		<u>121,105</u>
Results:						
Interest income	329	-	-	-		329
Depreciation of:						
- Property, plant and equipment	3,247	17	-	-		3,264
- Right-of-use assets	91	-	-	-		91
- Investment properties	2	21	-	-		23
Other non-cash expenses	1,620	-	-	-	B	1,620
Segment profit/(loss)	<u>18,293</u>	<u>85</u>	<u>(174)</u>	<u>-</u>	C	<u>18,204</u>
Assets:						
Additions to non-current assets	834	-	-	-	D	834
Segment assets	<u>322,688</u>	<u>7,225</u>	<u>168</u>	<u>-</u>	E	<u>330,081</u>
Segment liabilities	<u>52,079</u>	<u>146</u>	<u>5,322</u>	<u>-</u>	F	<u>57,547</u>

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(Incorporated in Malaysia)
EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024

8. Segment information (continued)

30 June 2023	Manufacturing and marketing of snack food and confectioneries RM'000	Property development RM'000	Investment holding RM'000	Adjustments and eliminations RM'000	Notes	Per condensed consolidated financial statements RM'000
Revenue:						
External customers	95,690	-	-	-		95,690
Inter-segment	-	-	1,331	(1,331)	A	-
Total revenue	95,690	-	1,331	(1,331)		95,690
Results:						
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)	7,627	57	(162)	-	C	7,522
Assets:						
Additions to non-current assets	1,821	-	-	-	D	1,821
Segment assets	275,568	6,953	157	-	E	282,678
Segment liabilities	46,060	137	471	-	F	46,668

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(Incorporated in Malaysia)
EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024

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:

	30.06.2024	30.06.2023
	RM'000	RM'000
Unrealised foreign exchange loss/(gain)	323	(1,193)
Inventories written down / (reversal)	10	(1,075)
Impairments for trade receivables	1,287	2,013
Gain on disposal of property, plant and equipment	-	(2)
	<u>1,620</u>	<u>(257)</u>

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

	30.06.2024	30.06.2023
	RM'000	RM'000
Dividend income from inter-segment	4,880	1,331
Unallocated corporate expenses	(174)	(162)
	<u>4,706</u>	<u>1,169</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:

	Revenues			
	01.04.2024 - 30.06.2024		01.04.2023 - 30.06.2023	
	RM'000	%	RM'000	%
Malaysia	38,718	32%	32,850	34%
Asia	61,399	51%	49,598	52%
Others	20,988	17%	13,242	14%
Total reported segments	<u>121,105</u>	<u>100%</u>	<u>95,690</u>	<u>100%</u>

The Group has two customers that contributed more than 10% of the Group's revenue.

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 2024

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.

	Transactions for the 3 months period ended 30.06.2024 RM'000	Outstanding balance as at 30.06.2024 RM'000
Sale of goods to Syarikat Perniagaan Chong Mah Sdn. Bhd.	285	120

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

	As at 30.06.2024 RM'000
Authorised, contracted but not provided for:-	
- purchase of property, plant and equipment	11,715
	<u>11,715</u>

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 2024

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	
	30/06/2024 RM'000	30/06/2023 RM'000		30/06/2024 RM'000	30/06/2023 RM'000	
Revenue	121,105	95,690	26.56	121,105	95,690	26.56
Operating Profit	18,230	7,563	141.04	18,230	7,563	141.04
Profit Before Interest and Tax	18,230	7,563	141.04	18,230	7,563	141.04
Profit Before Tax	18,204	7,522	142.01	18,204	7,522	142.01
Profit After Tax	13,688	6,047	126.36	13,688	6,047	126.36
Profit Attributable to Ordinary Equity Holders of the Parent	13,688	6,047	126.36	13,688	6,047	126.36

The revenue for the current period to date is higher by 26.56% as compared to the preceding year corresponding period due to higher sales from both local and export market.

Profit before tax for the current period increased from 7.86% to 15.03% mainly due to higher sales and higher gross profit margin at 24.42% as compared to preceding year corresponding period at 15.74%.

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

	Current Quarter 30/06/2024 RM'000	Immediate Preceding Quarter 31/03/2024 RM'000	Changes (%)
Revenue	121,105	109,663	10.43
Operating Profit	18,230	18,156	0.41
Profit Before Interest and Tax	18,230	18,156	0.41
Profit Before Tax	18,204	18,125	0.44
Profit After Tax	13,688	14,254	(3.97)
Profit Attributable to Ordinary Equity Holders of the Parent	13,688	14,254	(3.97)

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 gross profit margin as compared to the immediate preceding quarter.

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(Incorporated in Malaysia)
EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024

3. Group's Prospects

The Group is still optimistic on the long term growth for the demand of its product locally which is driven largely by the resilient domestic expenditure. The development in export sales is progressing positively since the global trade is recovering gradually. The business environment is however expected to be challenging due to the unpredicted market environment. The Group expected the impact to be mitigated by the ongoing various master plans initiated by the Government.

The Board expects that the performance of the Group will be satisfactory and remain positive for the financial year ending 31 March 2025, 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
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM'000	RM'000	RM'000	RM'000
Income taxation in Malaysia				
- current year	5,133	1,319	5,133	1,319
- under/(over) provision in prior year	-	-	-	-
Deferred taxation				
- origination and reversal of temporary differences	(705)	156	(705)	156
- under provision in prior year	88	-	88	-
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	4,516	1,475	4,516	1,475
	=====	=====	=====	=====

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

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 2024

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

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

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 30.06.2024 RM'000	As at 30.06.2023 RM'000
<u>Borrowings – current</u>		
Term loan - <i>secured</i>	1,246	1,190
<u>Borrowings – non-current</u>		
Term loan - <i>secured</i>	<u>870</u>	<u>2,122</u>
	2,116	3,312
	=====	=====

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 2024.

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 2024.

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 2025, amounting to RM4,800,000 computed based on 240,000,000 ordinary shares as at 30 June 2024, has been declared by the Board of Directors on 28 August 2024:

- (i) Amount per share : Single tier dividend of 2.0 sen per share
- (ii) The previous corresponding period as at 30 June 2023 : 1.0 sen per share
- (iii) Entitlement date : 13 September 2024

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(Incorporated in Malaysia)
EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024

(iv) Payment Date : 9 October 2024

(b) The total dividend declared for the current financial year ending 31 March 2025 : 2.0 sen per share

15. Earnings per Share

	Current Quarter 30.06.2024	Preceding Year Corresponding Quarter 30.06.2023	Current Period To Date 30.06.2024	Preceding Year Corresponding Period To Date 30.06.2023
Profit net of tax attributable to owners of the parent (RM'000)	13,688	6,047	13,688	6,047
Number of ordinary shares in issue ('000)	240,000	240,000	240,000	240,000
Basic earnings per share (sen)	<u>5.70</u>	<u>2.52</u>	<u>5.70</u>	<u>2.52</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):

	Current Quarter 30.06.2024 RM'000	Current Period To Date 30.06.2024 RM'000
Interest income	(329)	(329)
Rental income	(174)	(174)
Fair value gain on money market	(1)	(1)
Miscellaneous income	(207)	(207)
Interest expense	26	26
Property, plant and equipment - depreciation	3,264	3,264
Rights-of-use assets - depreciation	91	91
Investment properties - depreciation	23	23
Foreign exchange gain - realised	50	50
- unrealised	323	323
Inventories written down	10	10
Impairment loss for trade receivables	1,287	1,287

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EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2024

Employees benefits expense	14,754 =====	14,754 =====
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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 2024.

For and on behalf of
ORIENTAL FOOD INDUSTRIES HOLDINGS BERHAD

Datuk Seri Son Chen Chuan
Group Managing Director

Dated: 28 August 2024