



ORIENTAL

ORIENTAL FOOD
INDUSTRIES HOLDINGS BERHAD
NO. SYARIKAT 389769-M



Annual Report 2010

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 14th Annual General Meeting of Oriental Food Industries Holdings Berhad will be convened and held at Tiara Banquet Hall, Tiara Melaka Golf and Country Club, Jalan Gapam, Bukit Katil, 75760 Melaka on Wednesday, 18 August 2010 at 2.00 p.m. to transact the following businesses :-

AGENDA

ORDINARY BUSINESS

1. To receive and adopt the statutory financial statements for the year ended 31 March 2010 together with the Directors' and Auditors' Reports thereon. *(Resolution 1)*
2. To declare the following final dividends for the year ended 31 March 2010 : *(Resolution 2)*
 - (a) Tax exempt dividend of RM0.02 per share amounting to RM1,200,000 on 60,000,000 ordinary shares of RM1.00 each ; and
 - (b) Franked dividend of RM0.02 per share less 25% tax at a total net amount of RM900,000 on 60,000,000 ordinary shares of RM1.00 each.
3. To approve the payment of directors' fees of RM200,000/- for the year ended 31 March 2010. *(Resolution 3)*
4. To re-elect Mr Son Chen Chuan who retires in accordance with Article 75 of the Company's Articles of Association. *(Resolution 4)*
5. To re-elect Mr Son Tong Eng who retires in accordance with Article 75 of the Company's Articles of Association. *(Resolution 5)*
6. To re-elect Datuk Jeffery Ong Cheng Lock who retires in accordance with Article 75 of the Company's Articles of Association. *(Resolution 6)*
7. To re-appoint Messrs PricewaterhouseCoopers as auditors for the ensuing year and to authorise the Directors to fix their remuneration. *(Resolution 7)*

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolutions :-

Ordinary Resolution No. 1

8. **Authority to Allot Shares pursuant to Section 132D of the Companies Act, 1965** *(Resolution 8)*

"THAT pursuant to Section 132D of the Companies Act, 1965, and subject to the approval of the relevant authorities, the Directors be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and is empowered to obtain approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting."

NOTICE OF ANNUAL GENERAL MEETING

Ordinary Resolution No. 2

9. **Proposed Renewal Of Shareholders' Mandate For Recurrent Related Party Transactions Of A Revenue Or Trading Nature** *(Resolution 9)*

“THAT approval be given, pursuant to Paragraph 10.09 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad, for the Company and its subsidiaries ('the Group') to enter into recurrent related party transactions of a revenue or trading nature with the related parties as described in the Circular to Shareholders dated 27 July 2010 ('Circular') for the Group's day-to-day operations, provided that such transactions are carried out in the normal course of business, at arm's length, on normal commercial terms and on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company; and that such approval shall continue to be in force until the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is earlier; and that the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required by the relevant authorities) to give effect to the shareholders' mandate.”

10. To transact any other ordinary business of which due notice shall have been given.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN THAT the following final dividends for the year ended 31 March 2010, if approved at the 14th Annual General Meeting, will be paid on **17 September 2010** to all shareholders registered in the Record of Depositors at the close of business at 5.00 p.m. on **20 August 2010** :-

- (a) Tax exempt dividend of RM0.02 per share amounting to RM1,200,000 on 60,000,000 ordinary shares of RM1.00 each ; and
- (b) Franked dividend of RM0.02 per share less 25% tax at a total net amount of RM900,000 on 60,000,000 ordinary shares of RM1.00 each.

A Depositor shall qualify for entitlement only in respect of :-

- a) Shares transferred into the Depositors' Securities Account on or before 12.30 p.m. on 20 August 2010 in respect of ordinary transfers; and
- b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

KARINA CHONG MEI YING (LS 0009542)
CHONG SWEE YOON (MAICSA 7010242)
CATHERINE MAH SUIK CHING (LS 01302)

Joint Secretaries
Kuala Lumpur
Date : 27 July 2010

NOTICE OF ANNUAL GENERAL MEETING

NOTES :

1. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company. Section 149(1)(b) of the Companies Act, 1965 shall not apply.
2. A member may appoint more than two (2) proxies to attend at the same meeting. Where a member appoints two (2) or more proxies, the proxies shall not be valid unless the member specifies the proportion of his shareholdings to be represented by each proxy.
3. The instrument appointing a proxy in the case of an individual shall be signed by the appointor or his attorney and in the case of a corporation, the instrument appointing a proxy or proxies must be under seal or under the hand of an officer or attorney duly authorised.
4. The instrument appointing proxy shall be deemed to confer authority to demand or join in demanding a poll.
5. The instrument appointing a proxy must be deposited at the Registered Office at Level 8, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan at least forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.

EXPLANATORY NOTES ON SPECIAL BUSINESS :

1. **Resolution 8 – Authority to Allot Shares pursuant to Section 132D of the Companies Act, 1965**

The Resolution 8, if approved, will empower the Directors of the Company, from the date of the above Annual General Meeting, authority to allot and issue shares in the Company up to an amount not exceeding in total 10% of the issued capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority unless revoked or varied at a General Meeting will expire at the next Annual General Meeting.

2. **Resolution 9 – Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature**

The Resolution 9, if approved, will enable the Company and its subsidiaries to continue entering into the recurrent related party transactions of a revenue or trading nature with Syarikat Perniagaan Chong Mah Sdn Bhd, which are necessary for its day-to-day operations and are in the ordinary course of business and on terms not more favourable to the related party than those generally available to the public and are not to be detriment of the minority shareholders of the Company. This authority unless revoked or varied at a General Meeting will expire at the next Annual General Meeting.

Further information on the proposed Ordinary Resolution No. 9 is set out in the Circular to Shareholders dated 27 July 2010.

CHAIRMAN'S STATEMENT

Dear Shareholders,

The financial year ended 31 March 2010 ("FY2010") was a fruitful year for Oriental Food Industries Holdings Berhad ("OFIH"; "the Group"), marked by improving financial results and expanding product range.

On behalf of the Board of Directors, I am delighted to present to you the 2010 Annual Report.



BUSINESS ENVIRONMENT

The year 2009 began on a low note as the general business sentiment was still very much affected by the recent economic crisis. The food and beverage manufacturing industry was also affected despite its inherent resilience. As for snack products, demand in Malaysia did slip a little in the beginning.

Nonetheless, toward the second half of the year 2009, economies across the region began to see recovery. This trend is evident even in Malaysia as our Gross Domestic Product ("GDP") narrowed its decline to negative 1.2% in the third quarter and took a sharp turnaround with a positive 4.5% growth in the fourth quarter of the year. The recovery continued its trend going into the year of 2010.

FINANCIAL AND OPERATIONS REVIEW

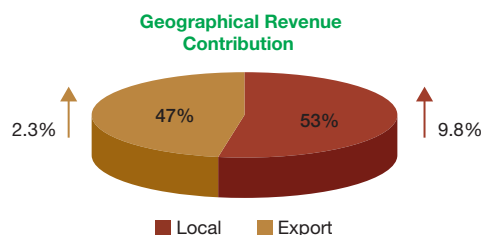
In line with the recovering economic trend, the Group saw its revenue going up 6.1% to record RM125.7 million in FY2010, compared with RM118.4 million in the previous year. The growth was largely attributable to increased volume of business.



The Group's pre-tax profit on the other hand grew faster at 37.5% to RM13.8 million in FY2010, against RM10.1 million previously.

The quicker pace was driven principally by a better sales mix as well as a more efficient cost structure, as a result of better raw material prices. In addition, the Group's pre-tax profit was boosted by a gain of RM1.6 million from the sale of a land held for development.

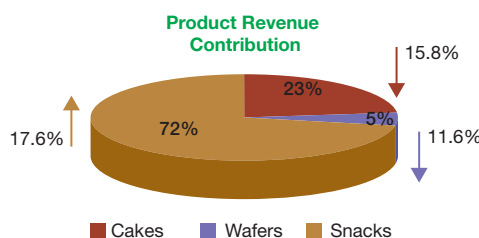
Segmented geographically, the Group's revenue mix was 53.0% local sales and 47.0% export sales, which was not



significantly different from that of previous years. In terms of growth rate, local sales grew 9.8% year-on-year to RM66.7 million in FY2010, while export sales expanded marginally at 2.3% year-on-year to RM59.0 million.

Looking at our product performance, the year under review saw strong growth of 17.6% in our snacks category, outperforming the sales of cakes and wafers. The growth was particularly spurred by the increasing sales of our potato-based snacks under the 'Jacker' brandname.

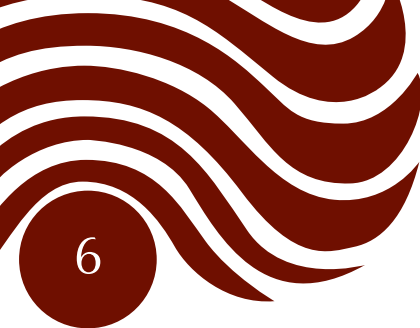
During the year under review, the other two product categories namely cakes and wafers however experienced lower export sales to our traditional markets, resulting in the Group posting decreased sales for these products.



All said, FY2010 ended with the Group achieving the best-ever net profit attributable to shareholders of RM12.4 million up 27.0% from RM9.8 million previously. This translates to basic earnings per share ("EPS") of 20.6 sen, versus 16.3 sen of the previous financial year.

The Group's balance sheet remains healthy with much flexibility to undertake expansion initiatives. As at 31 March 2010, total borrowings stood at RM8.6 million, an undemanding level compared to the shareholders' fund of RM113.4 million and cash equivalents of RM14.1 million.

We are indeed very pleased with our financial performance in the year under review, and are optimistic in maintaining this uptrend, given the recovering consumer sentiment as well as the Group's growth plans put in place.



CHAIRMAN'S STATEMENT

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DIVIDENDS

In line with the commendable financial performance, the Board has thus far declared and paid three interim dividends amounting to a total of 6 sen per share (tax-exempt).

The Board is pleased to propose final dividends of 2 sen (tax exempt) plus 2 sen (less 25% tax), subject to shareholders' approval during the upcoming Annual General Meeting. With the final dividends, the total dividend payout for the year would amount to RM5.7 million or 46.0% of FY2010's net profits.

The Board has also recently announced a dividend policy of paying a minimum of 35% of net profit to shareholders from FY2011 onwards. With this, shareholders will be able to consistently enjoy returns corresponding with our future growth.

BUSINESS OUTLOOK & STRATEGIES

LOCAL

The snacks industry has much potential to grow, what with the growing population of young people and the increasingly-popular lifestyle of snacking with entertainment.

Recognizing the market potential, we have undertaken a number of strategies to not only create our brand awareness but also broaden our market share.

Going forward, we will continue to focus on market research and product development to enhance the flavor of our existing products and roll-out new products.

The case in point is 'Zess', our new product line of chocolate-coated wafer rice crispies. We intend to move aggressively with the marketing and distribution of the said product commencing August 2010.

Backing our growing range of products, we will continue using our tried-and-tested marketing initiatives to create greater awareness of our products through advertisements and participation in community entertainment events.

For instance, we are capitalizing on the huge following of the World Cup in mid 2010. For this purpose, OFIH had allocated a budget of RM1.5 million for the Jacker 'Kick Off' contest to create greater brand visibility of the 'Jacker' brand name. TV commercials were placed during the broadcast of the matches in local TV channels. With that, we are confident of capturing more market share of the potato crisps market.

Last but not the least, we also aim to extend our market reach further, especially in the traditional markets, by incentivizing the distributors and wholesalers for increased sales volume.

REGIONAL

On the regional front, we aim to continue growing our sales volumes by appointing more distributors in major overseas markets. At present, our products are sold to more than 40 countries in the region, including highly-discerning consumer markets such as Japan and Australia.

Already ISO 9001:2008 and HACCP*-certified, the Group seeks to continue to improve its product quality to keep up with the ever-demanding international health standards. At present, we are in the process of obtaining the ISO:22000 certification for the production of potato crisps, wafer rice crisps and confectioneries.

With these strategies in place, we are optimistic in bringing the Group to new levels of growth towards becoming a major snacks manufacturer in the region.

** Hazard Analysis and Critical Control Point*

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

OFIH is conscious of the importance of playing our part in improving the wellbeing of communities we operate in to ensure a sustainable business enterprise. Thus far our CSR initiatives include donating in the form of money and product to various non-profitable organizations and hosting education visits for students, undergraduates and a governmental organizations i.e. "Institut Penyelidikan dan Kemajuan Pertanian Malaysia".

CORPORATE GOVERNANCE

The Board is committed towards upholding the values of corporate governance by embracing the principles and best practices as set out in the Malaysian Code of Corporate Governance.

Across the Group, we ensure that business is conducted with integrity, discipline, transparency and in a socially responsible manner. Our corporate governance efforts practiced during the year is outlined in our Corporate Governance Statement in this Annual Report.

ACKNOWLEDGEMENT

On behalf of the Board of Directors of OFIH, I would like to express my deepest appreciation to our valued customers, management and employees, business associates and suppliers for their dedication and support rendered to the Group.

With the economic uptrend, the year ahead will be favourable times for us and we hope to continue charting growth ahead.

TAN SRI DATO' AZIZAN BIN HUSAIN
Chairman

CORPORATE STRUCTURE

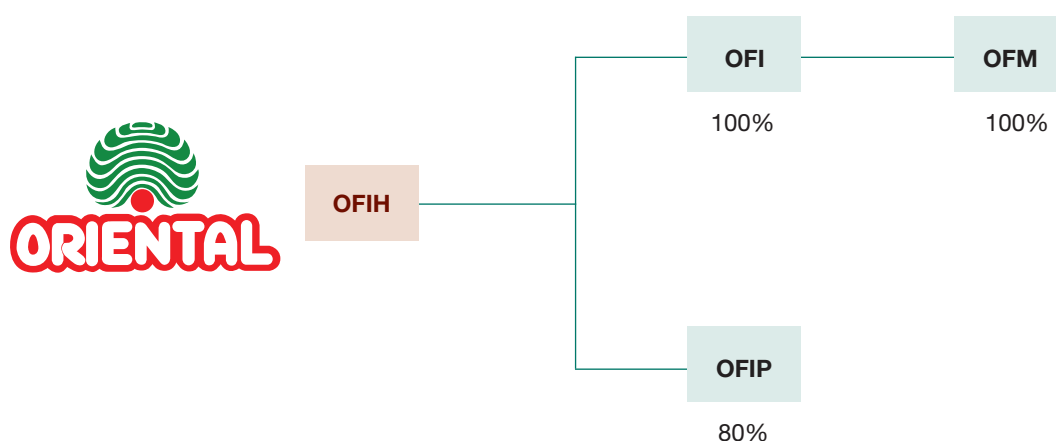


Oriental Food Industries Holdings Berhad (“OFIH”) was incorporated on 8 June 1996 in Malaysia under the Companies Act, 1965 as a public limited company. OFIH was listed on the Second Board of Bursa Malaysia Securities in August 2000 and was subsequently transferred to the Main Board on 13 October 2003. Currently OFIH is listed on the Main Market of Bursa Malaysia Securities Berhad.

OFIH is principally an investment holding company while the OFIH Group has subsidiaries that are engaged in the following activities:

Name of Major Subsidiaries	Equity Interest (%)	Principal Activities
Subsidiaries of OFIH		
Oriental Food Industries Sdn. Bhd. (“OFI”)	100	Manufacturing and marketing of snack food and confectioneries.
OFI Properties Sdn. Bhd. (“OFIP”)	80	Property Development
Subsidiary of OFI		
Oriental Food Marketing (M) Sdn. Bhd. (“OFM”)	100	Sales and marketing of snack food and confectioneries.

OFIH Group Corporate Structure



GROUP FINANCIAL HIGHLIGHTS

Financial Analysis for Annual Report

Summarized Income Statement for Financial Year Ended 31 March	2006	2007	2008	2009	2010
RM'mil					
Revenue	108.6	125.5	124.4	118.4	125.7
Gross Profit	29.0	33.9	29.1	32.6	36.2
EBITDA*	15.5	15.7	10.1	15.4	19.8
Profit Before Tax	9.0	11.0	5.3	10.1	13.8
Net Profit Attributable to the Equity Holders of the Company	7.2	8.4	4.8	9.8	12.4

*Earnings Before Interest, Taxation, Depreciation and Amortisation

Summarized Balance Sheet as at 31 March	2006	2007	2008	2009	2010
RM'mil					
Non-Current Assets	74.2	72.8	81.4	88.1	85.3
Current Assets	31.4	41.4	39.8	42.6	51.3
Total Assets	105.6	114.2	121.2	130.7	136.6
Non-Current Liabilities	9.0	9.2	10.5	12.9	9.2
Current Liabilities	11.0	13.9	16.0	11.4	13.6
Total Liabilities	20.0	23.1	26.5	24.3	22.8
Shareholders' Equity	85.6	90.9	94.5	106.2	113.4
Minority Interests	0.0	0.2	0.2	0.2	0.4
Total Equity and Liabilities	105.6	114.2	121.2	130.7	136.6

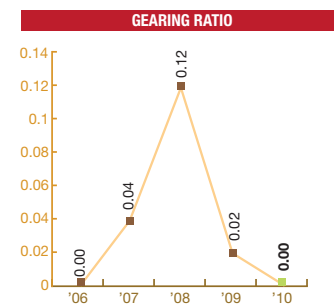
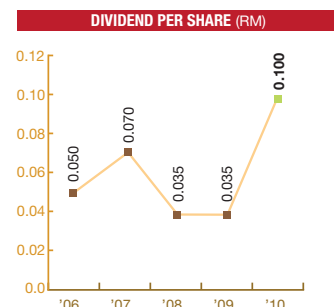
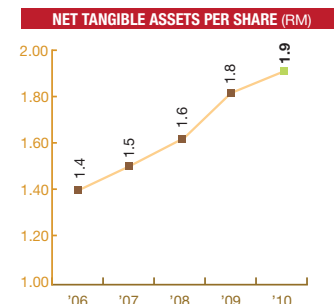
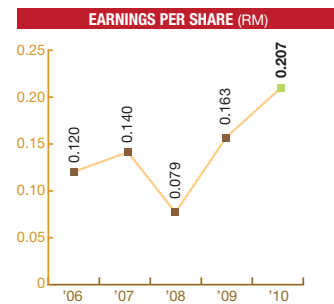
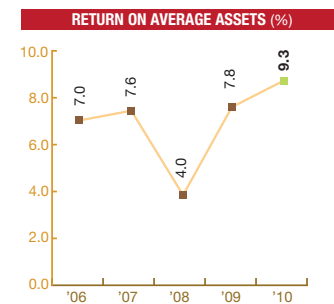
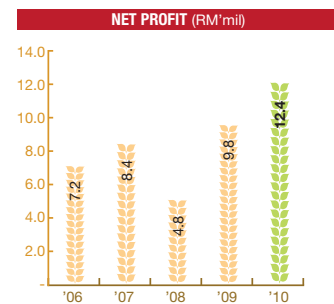
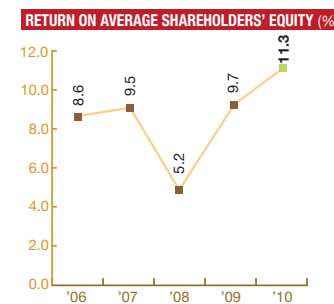
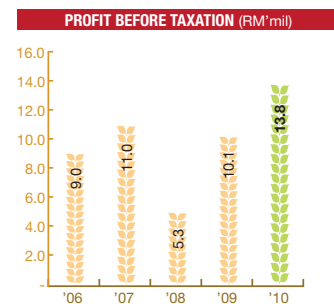
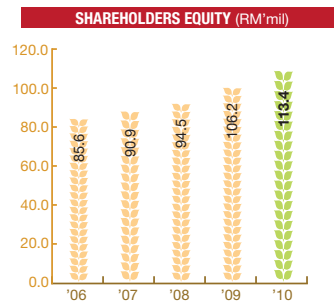
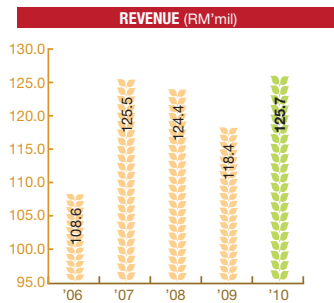
Summarized Cash Flow Statement for Financial Year Ended 31 March	2006	2007	2008	2009	2010
RM'mil					
Cash Flows From Operating Activities	19.5	8.2	9.6	18.6	14.6
Cash Flows From Investing Activities	(15.5)	(9.0)	(12.7)	(7.1)	(1.6)
Cash Flows From Financing Activities	(2.6)	(2.7)	(0.0)	(0.4)	(9.8)
Net Change in Cash and Cash Equivalents~	1.4	(3.5)	(3.1)	11.1	3.0
Cash and Cash Equivalents at Beginning of Year	4.6	6.0	2.5	(0.6)	10.5
Cash and cash equivalents at the end of year	6.0	2.5	(0.6)	10.5	13.5

~ Net of effect of FOREX translation

Financial Analysis	2006	2007	2008	2009	2010
Gross Margin	26.7%	27.0%	23.4%	27.6%	28.8%
EBITDA Margin	14.2%	12.5%	8.1%	13.0%	15.8%
Net Margin	6.6%	6.7%	3.8%	8.2%	9.9%
Return on Average Assets	7.0%	7.6%	4.0%	7.8%	9.3%
Return on Average Shareholders' Equity	8.6%	9.5%	5.2%	9.7%	11.3%
Gearing Ratio	Net Cash	0.04	0.12	0.02	Net Cash
Earnings Per Share (RM)	0.12	0.14	0.08	0.16	0.21
Dividend Per Share (RM)#	0.050	0.070	0.035	0.035	0.100
Net Tangible Assets Per Share	1.43	1.52	1.58	1.77	1.90

Includes tax exempt and gross dividends

GROUP FINANCIAL HIGHLIGHTS



BOARD OF DIRECTORS

Y. Bhg. Tan Sri Dato' Azizan bin Husain
(Chairman) Independent Non-Executive Director

Son Chen Chuan
Managing Director

Hoo Beng Lee
Executive Director

Son Tong Leong
Executive Director

Son Tong Eng
Executive Director

Lim Keat Sear
Non-Executive Director

Datuk Jeffery Ong Cheng Lock
Independent Non-Executive Director

Lim Hwa Yu
Independent Non-Executive Director

JOINT COMPANY SECRETARIES

Karina Chong Mei Ying (LS0009542)
Chong Swee Yoon (MAICSA 7010242)
Catherine Mah Suik Ching (LS01302)

REGISTERED OFFICE

Level 8 Symphony House
Block D13 Pusat Dagangan Dana 1
Jalan PJU1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Tel : +603 7841 8000
Fax : +603 7841 8199

SHARE REGISTRAR

Sectrars Services Sdn Bhd
No. 28-2 Jalan Tun Sambanthan 3,
Bricksfields 50470
Kuala Lumpur
Malaysia
Tel : +603 2274 6133
Fax : +603 2274 1016

CORPORATE HEAD OFFICE

No. 65, Jalan Usaha 7
Air Keroh Industrial Estate
75450 Melaka
Tel : +606 231 0333
Fax : +606 232 2066
Email : ofi@tm.net.my
Website : www.ofih.com.my

AUDITORS

PricewaterhouseCoopers

PRINCIPAL BANKERS

Public Bank Berhad
OCBC Bank (Malaysia) Berhad
Malayan Banking Berhad
HSBC Bank Malaysia Berhad

STOCK EXCHANGE LISTING

Main Market
Bursa Malaysia Securities Berhad

STOCK NAME

OFI

STOCK CODE

7107

PROFILE OF THE BOARD OF DIRECTORS



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Y Bhg. Tan Sri Dato'Azizan bin Husain

66 years of age/Malaysian

Independent Non-Executive Chairman

YBhg. Tan Sri Dato' Azizan bin Husain ("YBhg. Tan Sri Azizan") was appointed as Non-Executive Chairman on 8 June 2000. He is also a member of the Audit Committee and the Nomination Committee.

YBhg. Tan Sri Azizan is currently the Chairman of one other listed company, namely Fiamma Holdings Berhad. At the same time, he serves on other private companies.

YBhg. Tan Sri Azizan holds a B. A. Honours Degree and Diploma in Public Administration from the University of Malaya and a Post Graduate Diploma in Economics and Master in Urban and Regional Planning from the University of Colorado, Boulder, United States of America.

YBhg. Tan Sri Azizan started his career with the Ministry of Agriculture, Malaysia in 1967 and retired in 1999 as the Secretary-General in the Ministry of Defence, Malaysia. Prior to his retirement, he had progressed on and gained vast experience from various departments in the civil service. During his years with the Government Service, he has served as Assistant Secretary with the Centre for Development Studies and the Economic Planning Unit in Prime Minister's Department, Director of Economic Planning Unit, Sabah, Sabah State Director of Development, Deputy Secretary-General with Ministry of Land and Regional Development, Deputy Director-General (Sectoral) Economic Planning Unit with Prime Minister's Department, Director of Public Sector Companies Monitoring Division in the Ministry of Finance and Deputy Secretary-General (Operation) in the Ministry of Finance.

YBhg. Tan Sri Azizan has attended all four (4) Board meetings held in the financial year.

YBhg. Tan Sri Azizan is not a shareholder of the Company and is not related to any director and/or major shareholder of the Company. He does not have any conflict of interest with the Company and has not been convicted of any offence within the past ten (10) years.

Mr. Son Chen Chuan

63 years of age/Malaysian

Managing Director

Mr. Son Chen Chuan ("Mr. Son") was appointed Managing Director since 8 June 2000. He is also a member of the Nomination Committee.

Mr. Son is the founder of the Company and its subsidiaries ("the Group"). He is the driving force of the Group. With his decade long experience in the industry and extensive knowledge gained through the years, he formulates and implements the Group's corporate strategy. He also develops new products for both local and overseas market, ensuring that the quality of products and packaging are high, keeping close contact with the local and overseas distributors to obtain suggestions and feedback on the OFI products. Mr Son had through the years foster close relationships with the suppliers and customers.

Mr. Son has attended all four (4) Board meetings held in the financial year.

He is related to Mr. Son Tong Leong (son), Mr. Son Tong Eng (son) and Mr Hoo Beng Lee (brother). He is a substantial shareholder in the Company by virtue of his direct interest and deemed interest in the shareholdings held by members of his family and via his shareholding in Apendo Capital Sdn Bhd and directorship in Summer Legend Sdn Bhd. He does not have any conflict of interest with the Company and has not been convicted of any offence within the past ten (10) years.

PROFILE OF THE BOARD OF DIRECTORS

Mr. Hoo Beng Lee

*53 years of age/Malaysian
Executive Director*

Mr. Hoo Beng Lee (“Mr. Hoo”) was appointed to the Board on 8 June 2000. Mr. Hoo is also the Executive Director of OFI, OFM and OFIP.

Mr. Hoo has been in the food industry for more than twenty (20) years and is responsible for the operations of the production lines. With his vast experience and skills in the snack food manufacturing business and food processing industries, he has contributed tremendously to the success of the Company.

He has attended all four (4) Board meetings held in the financial year.

He is related to Mr. Son Chen Chuan (brother), Mr. Son Tong Leong (nephew) and Mr. Son Tong Eng (nephew). He is also a substantial shareholder in the Company by virtue of his direct interest and deemed interest in the shareholdings held by members of his family and via his shareholding in Apendo Capital Sdn Bhd and directorship in Summer Legend Sdn Bhd. He does not have any conflict of interest with the Company and has not been convicted of any offence within the past ten (10) years.

Mr. Son Tong Leong

*40 years of age/Malaysian
Executive Director*

Mr. Son Tong Leong was appointed to the Board on 8 June 2000. He holds a Bachelor’s degree in Business from the Edith Cowan University, Australia.

He began his career in 1994 as the Factory Manager of OFI and was promoted to General Manager of the Company in 1998. He is now the Executive Director of OFI, OFM and OFIP. He is in charge of the overall corporate administration, human resources, marketing and operations of the Company. He has maintained excellent relationship with staffs of all levels, customers, suppliers and the Company’s business partners. He also oversees the running of the factory machineries and ensures that production works are carried out smoothly in compliance with the MS ISO 9001:2008 and HACCP standards.

He has attended four (4) out of four (4) Board meetings held in the financial year.

He is related to Mr. Son Chen Chuan (father), Mr. Hoo Beng Lee (uncle) and Mr. Son Tong Eng (brother), all of whom are Directors and substantial shareholders of the Company. He is also a substantial shareholder in the Company by virtue of his direct interest and deemed interest in the shareholdings held by members of his family and via his shareholding in Apendo Capital Sdn Bhd and directorship in Summer Legend Sdn Bhd. He does not have any conflict of interest with the Company and has not been convicted of any offence within the past ten (10) years.

Mr. Son Tong Eng

*39 years of age/Malaysian
Executive Director*

Mr. Son Tong Eng was appointed to the Board on 8 June 2000. He holds a Diploma in Mechanical Engineering from the Federal Institute of Technology, Kuala Lumpur.

He has more than ten (10) years of experience in the food industry and is currently the Factory Manager of OFI. He oversees the running of the factory machineries and ensures that production works are carried out smoothly in compliance with the MS ISO 9001:2008 and HACCP standards.

He has attended all four (4) Board meetings held in the financial year.

He is related to Mr. Son Chen Chuan (father), Mr. Hoo Beng Lee (uncle) and Mr. Son Tong Leong (brother), all of whom are Directors and substantial shareholders of the Company. He is also a substantial shareholder in the Company by virtue of his direct interest and deemed interest in the shareholdings held by members of his family and via his shareholding in Apendo Capital Sdn Bhd. He does not have any conflict of interest with the Company and has not been convicted of any offence within the past ten (10) years.

PROFILE OF THE BOARD OF DIRECTORS



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Mr. Lim Keat Sear

*59 years of age/Malaysian
Non-Executive Director*

Mr. Lim Keat Sear was appointed to the Board on 8 June 2000. He also serves as a member of the Nomination Committee and Remuneration Committee.

He has been in the snack and confectionery business for more than twenty (20) years. He joined Syarikat Perniagaan Chong Mah Sdn Bhd, a distributor of snack food and confectionery in 1973 and became a director of the Company in 1978.

He has attended all four (4) Board meetings held in the financial year.

He is not related to any of the directors of the Company. He is a substantial shareholder of the Company by virtue of his direct interest and deemed interest via Syarikat Perniagaan Chong Mah Sdn Bhd, Thung Shung (M) Sdn Bhd and Appendo Capital Sdn Bhd. He does not have any conflict of interest with the Company and has not been convicted of any offence within the past ten (10) years.

Mr. Lim Hwa Yu

*54 years of age/Malaysian
Independent Non-Executive Director*

Mr. Lim Hwa Yu ("Mr Lim") was appointed to the Board on 23 February 1999. He is also a member of the Audit Committee and Remuneration Committee. Mr. Lim qualified as an Accountant from the United Kingdom in 1979. He is a Fellow of the Chartered Association of Certified Accountants, United Kingdom, Fellow of the Institute of Taxation, United Kingdom and a Member of the Malaysian Institute of Accountants.

He is a partner of a public accounting firm, H.Y. Lim & Co. He has extensive experience in the field of corporate planning and management.

He has attended all four (4) Board meetings held in the financial year.

He is a minority shareholder of the Company and is not related to any director and/or major shareholder of the Company. He does not have any conflict of interest with the Company and has not been convicted of any offence within the past ten (10) years.

Datuk Jeffery Ong Cheng Lock

*59 years of age/Malaysian
Independent Non-Executive Director*

Datuk Jeffery Ong Cheng Lock ("Datuk Jeffery") was appointed to the Board on 14 May 2007. He also serves as a member of the Audit Committee and Remuneration Committee.

Datuk Jeffery is an Associate of the Institute of Business Administration, Australia and was formerly the Senior Director of Human Resources of Infineon Technologies, responsible for Recruitment, Compensation & Benefits, Welfare, Training, Employee Relations and Government Relations. He currently serves as the Council Member of the Federation of Malaysian Manufacturers (FMM), Chairman of FMM Malacca Branch, Board Member of FMM Institute, Member of the Malaysian Institute of Management, Member of the Malaysian Institute of Personnel Management and Member of the Malacca Industrial Skills Development Centre. Datuk Jeffery was a Panel Member of the Industrial Court and the SOCSO Appellate Court.

Datuk Jeffery has attended all four (4) Board meetings held in the financial year.

Datuk Jeffery does not hold shares in the Company and is not related to any director and/or major shareholder of the Company. He does not have any conflict of interest with the Company and has not been convicted of any offence within the past ten (10) years.

STATEMENT OF CORPORATE GOVERNANCE

The Board of Directors observes the Malaysian Code on Corporate Governance (Revised 2007) (“the Code”) and applies its principles and best practice in the Group towards achieving the optional governance framework at all times.

The Board is pleased to set out below the compliance of the Group with the Best Practices set out in Part 2 of the Code except otherwise stated.

A. DIRECTORS

The Board

The Board currently has eight (8) members, four (4) Executive Directors and four (4) Non-Executive Directors, three (3) of whom are Independent Non-Executive Directors. This composition has complied with the minimum one-third requirement for Independent Directors to be on the Board. The Board is led by YBhg. Tan Sri Dato’ Azizan Bin Husain, an Independent Non-Executive Director and Chairman, while the executives are led by Mr Son Chen Chuan, the Managing Director.

Overall, the Board is responsible for the application of good corporate governance, formulation of policies and overseeing operations. The role of Chairman and Managing Director of the Company are separated to ensure a balance of power and authority. The Independent Non-Executive Chairman is responsible for the orderly conduct and effectiveness of the Board, whilst the Managing Director is to delegate the Management and implementation of policies and strategies adopted by the Board and the running of operations.

The Non-Executive Directors are independent of the management and majority shareholders. Together, they play an important role by contributing their knowledge, advice and experience towards making independent judgement on issues of strategies, performance, resources and standard of conducts.

The Directors’ profiles are set out on pages 11 to 13 of this Annual Report.

Board Meetings

During the financial year ended 31 March 2010, four (4) Board Meetings were held. Set out below is the record of attendance of the Board Members.

Name	Designation	No. of Board Meetings Attended	Percentage of Attendance (%)
Y. Bhg. Tan Sri Dato’ Azizan Bin Husain	Chairman Independent Non-Executive Director	4/4	100
Son Chen Chuan	Managing Director	4/4	100
Hoo Beng Lee	Executive Director	4/4	100
Son Tong Leong	Executive Director	4/4	100
Son Tong Eng	Executive Director	4/4	100
Lim Keat Sear	Non-Executive Director	4/4	100
Lim Hwa Yu	Independent Non-Executive Director	4/4	100
Datuk Jeffery Ong Cheng Lock	Independent Non-Executive Director	4/4	100

STATEMENT OF CORPORATE GOVERNANCE

Board Committees

The following committees have been established to assist the Board to discharge its duties and responsibilities. These committees operate under the defined terms of reference.

- i) Audit Committee
- ii) Nomination Committee
- iii) Remuneration Committee

(i) Audit Committee

The composition and details of the committee are set out on pages 21 to 24 of this Annual Report.

(ii) Nomination Committee

The Committee is to assess and recommend nominees to the Board, to review mix skills and experience of the Board members and the effectiveness of the Board as a whole.

The committee is made up by majority of Independent Non-Executive Directors.

- Chairman : Y. Bhg. Tan Sri Dato' Azizan Bin Husain
(Independent Non-Executive Director)
- Members : Lim Keat Sear
(Non-Executive Director)
Son Chen Chuan
(Managing Director)

(iii) Remuneration Committee

The primary function of the Committee is to set up the policy framework and recommend to the Board on the remuneration package for the Directors.

The Committee is made up wholly of Non-Executive Directors and the majority are independent. The members of the Committee are as follows:-

- Chairman : Lim Hwa Yu
(Independent Non-Executive Director)
- Members:
Datuk Jeffery Ong Cheng Lock
(Independent Non-Executive Director)
Lim Keat Sear
(Non-Executive Director)

There were two (2) meetings held during the financial year.

Supply of Information

The Directors are supplied with information on a timely basis. The agenda and Board papers are circulated to the members prior to the meeting and if required, they may request additional information or clarification from the Management. The Board has unrestricted access to any information pertaining to the Group as well as to the advice and services of the Company Secretary and independent professional advisers whenever appropriate at the Company's expense. Members of the Board are regularly updated should there be any new statutory and regulatory requirements.

STATEMENT OF CORPORATE GOVERNANCE

Retirement and Re-election

The retirement and re-election of directors are in accordance to the Articles of Association of the Company, which provides that all Directors of the Company, including the Managing Directors are subject to retirement. At every annual general meeting, at least one third in number of the Board and who have been longest in office are subject to retirement by rotation. A newly appointed director shall retire at the next coming annual general meeting. A retiring Director is eligible for re-appointment.

Corporate Social Responsibilities (CSR)

The Company recognises the importance of CSR and has taken a proactive approach wherever possible to provide monetary and products contribution to governmental departments, non-profitable and charitable organizations. The Company also organizes educational factory tours for various educational and governmental institutions.

Furtherance to the above, in support of the local institutes of higher learning, the Company accepts undergraduates to perform their industrial training in various departments at the factories owned by the Company.

The Company has contributed financial assistance to the following organizations:

- i) Lion Club of Sibul Pahlawan – Donation for Philippines Typhoon Relief Mission
- ii) Dana Pembangunan Pendidikan dan Kebajikan Mubarak Negeri Melaka
- iii) Persatuan Peniaga Barang Makanan dan Mainan Semenanjung Malaysia Utara
- iv) Pertubuhan Penganut-Penganut Tokong Lao Shi
- v) Ong Yah Hui Yang Keong
- vi) Sam Tiong Keng
- v) Persatuan Ibu Bapa dan Guru Sekolah Jenis Kebangsaan (C) Yok Bin Melaka

At company level, the Company hosts its annual dinner for all its local and foreign employees to promote harmonious ties between all level of employees and as a token of recognition from the Top Management for the commitment and dedication of the employees

B. DIRECTORS' REMUNERATION

The aggregate remuneration of Directors for the financial year ended 31 March 2010 are as follows:-

	Directors' fees (RM)		Salaries/ Allowances (RM)	Bonuses (RM)	Benefits- in-kind (RM)	Other emoluments (RM)	Total (RM)
	Company RM	Subsidiaries RM					
Executive	80,000	96,000	1,300,000	330,000	75,628	337,540	2,219,168
Non-Executive	80,000	Nil	60,000	Nil	Nil	4,800	144,800

The number of Directors of the Company whose total remuneration fall within the following band:-

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
• Less than RM50,000	Nil	3
• RM50,000 – RM100,000	Nil	1
• RM100,001 – RM150,000	Nil	Nil
• RM150,001 – RM200,000	Nil	Nil
• RM200,001 – RM250,000	Nil	Nil
• RM250,001 – RM300,000	Nil	Nil
• RM300,001 – RM350,000	Nil	Nil
• More than RM350,000	4	Nil

STATEMENT OF CORPORATE GOVERNANCE

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C. DIRECTORS' TRAINING

The Group acknowledges the importance of continuous education and training to the Board members.

During the financial year, Mr. Son Chen Chuan, Mr. Son Tong Leong, Mr. Son Tong Eng, Mr. Hoo Beng Lee, Mr. Lim Keat Sear and Datuk Jeffery Ong Cheng Lock attended the sessions on “Engagement versus Activism – Achieving the Right Balance?” and “The Changing Landscape of Shareholder Activism – The Roles We Play” organized by the Securities Commission and Bursa Malaysia.

Tan Sri Dato' Azizan bin Husain attended “Character First, Implementation Seminar – Character Recognition Workshop” on 25 May 2010.

Meanwhile, Mr. Lim Hwa Yu had attended the following sessions:-

- i) MIA Dialogue;
- ii) Preparing for Convergence : Understanding International Financing Report Standards & International Accounting Standards
- iii) Latest Development on Transfer Pricing in Malaysia and Tax Cases and Public Rulings
- iv) National Seminar on Taxation 2009
- v) An overview of GST Bill (Its Impact, Policy and Implementation).

D. RELATIONSHIP WITH SHAREHOLDERS & INVESTORS

Shareholders and investors' relationship is of a matter of importance today. Effective communication will help to enhance the confidence of the shareholders and investors towards the Company. The Board communicates information on operations, activities and performance of the Group to the shareholders, investors and public via the following:-

- a) The Annual Report, which contains the financial and operational review of the Group's business, corporate and financial information and the information on the Board and Committees.
- b) Various announcements made to Bursa Malaysia.
- c) The website of the Company which provides the updated information of the Company such as products and activities.

The Annual General Meeting represents the principal forum for dialogue and interaction with all shareholders. At each annual general meeting, the Board presents the progress and performance of the Group's business and invites shareholders to participate in the question and answer session.

E. ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board, assisted by the Audit Committee aims to present a balance and understandable assessment of the Company's financial position and prospects through its annual audited financial statements and quarterly reports.

A statement by the Directors of their responsibilities in relation to the financial statements is set out on page 18 of this Annual Report.

Internal Control and Risk Management

The Board acknowledges the importance of internal controls and risk management both in the strategy and operational level. The Board recognises its responsibility for a sound internal control system covering not only financial controls but also operational and compliance controls as well as risk management.

Information on the Group's Internal Control is presented in the Statement on Internal Control set out on pages 19 and 20 of this Annual Report.

Relation with Auditors

The Audit Committee maintains a transparent relationship with the internal and external auditors in seeking their professional advice and ensuring compliance with the applicable laws and regulations.

The Statement on Internal Control has been duly reviewed by the external auditor.

The role of the Audit Committee in relation to the auditors is set out on pages 21 to 24 of this Annual Report.

F. STATEMENT OF DIRECTORS' RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS

In compliance with the Companies Act 1965, the Directors are responsible in the preparation of financial statements prepared for each financial year to give a true and fair view of the state of affairs of the Group and the Company and of the results and cash flow of the Group and the Company for the financial year end.

The Directors have ensured that in preparing the Financial Statements:-

- a) Suitable Accounting Policies have been adopted and applied consistently;
- b) Prudent judgment and estimates have been made, where necessary;
- c) Requirements of the MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities have been followed.

The Directors are responsible for ensuring that the Group keeps sufficient accounting records to disclose with reasonable accuracy, the financial position of the Group and to ensure that the Financial Statements presented comply with the requirements of the Companies Act 1965 and other regulatory requirements.

The Board of Directors accepts responsibility for the integrity and objectivity of the Financial Statements presented.

The responsibility of the Auditors in relation to the Financial Statements appears in the Independent Auditors' Report on pages 31 and 32 of this Annual Report.

This statement was made by the Board of Directors in accordance with a resolution of the Board of Directors dated 7 July 2010.

TAN SRI DATO' AZIZAN BIN HUSAIN
CHAIRMAN

STATEMENT ON INTERNAL CONTROL

Introduction

The Board of Directors (“the Board”) of Oriental Food Industries Holdings Berhad (“OFIH”) recognises that it is the Board’s responsibility in reviewing the adequacy and integrity of the Group’s system of internal control and risk management practices. Pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, and as guided by the Statement on Internal Control: Guidance for Directors of Public Listed Companies (“the Guidance”), the Board is pleased to present the statement on the state of the internal controls of the Group for the financial year ended 31 March 2010.

Board Responsibility

The Board affirms its overall responsibility for the Group’s system of internal controls and risk management practices in order to safeguard shareholders’ investment and the company’s assets. The Group’s system of internal controls includes the establishment of an appropriate control mechanism and framework as well as reviewing its adequacy and integrity.

However, in view of the limitations that are inherent in any system of internal controls, this system is designed to manage, rather than eliminate risks that may impede the achievement of the Group’s corporate objectives. Accordingly, the internal control and risk management systems can only provide reasonable but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud. The process of devising internal control procedures takes into consideration the cost of implementation as compared to the expected benefits to be derived from the implementation of the internal control.

RISK MANAGEMENT

Pursuant to the Guidance, the primary objective and direction of managing the Group’s principal business risks are to enhance the Group’s ability to achieve its business and corporate objectives. In view of this, the Board had developed a key risks profile which identifies significant risks faced by the Group. During the financial year ended 31 March 2010, the Management had completed the update exercise of the key risks profile of the Group, taking into consideration the recent changes and developments in the operating and financial environment since the development of key risks profile.

INTERNAL AUDIT FUNCTION

The review of the adequacy and integrity of the Group’s internal control system is outsourced to an independent consulting firm reporting directly to Audit Committee. Through this review mechanism and structure, the Board is provided with much of the assurance it requires regarding the adequacy and integrity of the Group’s systems of internal control.

Periodical visits and internal audit reviews are carried out based on the Internal Audit Plan approved by the Audit Committee. During financial year ended 31 March 2010, the internal audit function has conducted two (2) cycles of internal control reviews concentrated on sales and marketing management, credit controls and distribution controls.

Upon the completion of the internal audit reviews, internal audit reports were prepared and presented to the Audit Committee for review on periodical basis. The internal audit reports highlighted improvement opportunities identified during the internal audit reviews together with relevant action plans formulated by Management to address the issues highlighted. Although a number of areas for improvements were identified during the internal audit reviews, nothing has come to the attention of the Board which would result in any material losses, contingencies or uncertainties that would require separate disclosure in this annual report.

OTHER KEY ELEMENTS OF INTERNAL CONTROLS

The following key processes have been established to enhance the adequacy and integrity of the Group's system of internal controls:

- A defined organisational structure with clear lines of responsibility and delegated authority;
- Financial results are reviewed quarterly by Audit Committee and the Board;
- Key operational procedures formulated by the Management in compliance with International Organisation for Standardisation ("ISO") certification obtained;
- On-the-job training and external courses are identified for relevant departments to ensure that they are sufficiently skilled to perform their duties effectively and efficiently;
- Meetings are held regularly to identify, discuss and resolve business and operational issues which might affect the Group from achieving its business objectives; and
- Close involvement by the Directors with Heads of Department on day-to-day operational, corporate, financial and key management issues.

CONCLUSION

The Board is committed towards maintaining an effective risk management framework and sound systems of internal control throughout the Group and where necessary put in place appropriate action plans to further enhance the Group's systems of internal control.

Notwithstanding this, the Board will continue evaluating and managing the significant risks faced by the Group in order to meet its business objectives in the current challenging business environment.

This statement is issued in accordance with a resolution of the Directors dated 27 May 2010.

AUDIT COMMITTEE REPORT

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A. MEMBERSHIP

The Audit Committee of the Company comprises of 3 members as follows:-

Name of Member	Position
Y Bhg Tan Sri Dato' Azizan Bin Husain	Chairman Independent Non-Executive Director
Datuk Jeffery Ong Cheng Lock	Member Independent Non-Executive Director
Lim Hwa Yu	Member Independent Non-Executive Director

B. TERMS OF REFERENCE OF AUDIT COMMITTEE

I. Composition

The Audit Committee shall be appointed by the Board of Directors amongst the Directors of the Company and the following requirements must be met:--

- (a) The audit committee must consist of not less than three (3) members;
- (b) The audit committee is made up of non-executive directors with the majority of the members must be independent directors;
- (c) The Chairman of the Audit Committee must be an independent director;
- (d) At least one (1) member of the audit committee –
 - i. must be a member of the Malaysian Institute of Accountants; or
 - ii. if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and :-
 - has passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
 - a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.
 - iii. fulfils such other requirements as prescribed or approved by the Exchange
- (e) No alternate director shall be appointed as a member of the Audit Committee.

AUDIT COMMITTEE REPORT

II. Objectives

- * Provide assistance to the Board of Directors in fulfilling its statutory and fiduciary responsibilities by ensuring that the Company is operating in accordance with its prescribed procedures and codes of conduct.
- * Serve as an independent and objective party in the review of the financial information presented by management for distribution to shareholders and the general public.
- * Provide direction and controls over the internal audit function and the external auditors.
- * Provide by way of regular meetings, a line of communication between the Board and the external auditors.
- * Determine that the Company has adequate administrative, operational, and internal accounting controls and that the Company is operating in accordance with its prescribed procedures and codes of conduct.

III. Meetings

Frequency of Meetings

Meetings shall be conducted at least four (4) times a year, or more frequently as circumstances dictate..

Quorum

A majority of the members, who are independent directors, present, being not less than two (2), shall form a quorum.

Attendance at Meetings

The three (3) Audit Committee Members achieved full attendance records for all the four (4) Audit Committee Meetings held during the financial year –

Name	Number of meetings attended
Y Bhg Tan Sri Dato' Azizan Bin Husain	4/4
Datuk Jeffery Ong Cheng Lock	4/4
Lim Hwa Yu	4/4

The Internal Auditors and representatives of the external Auditor shall normally attend the meetings. However, when deemed necessary, the Committee may invite the Board members or any other person to be in attendance to assist it in its deliberations. The Committee will also have at least two sessions with the external auditors without the presence of Executive Directors.

The Company Secretary of the Company shall be Secretary of the Committee and to record minutes of the meetings for circulation to the Committee members.

AUDIT COMMITTEE REPORT

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IV. Authority

- To investigate any activity within its terms of reference. It has free access to all information and documents it requires for the purpose of discharging its functions and responsibilities.
- To access and obtain outside legal or other independent professional advice as it considers necessary.
- To have direct communication channels to deal with the external and internal auditors.
- To convene meetings with external auditor and / or internal auditors, excluding the attendance of the directors and employees of the Company, whenever deemed necessary.
- The Committee shall have all necessary resources to perform its duties.

V. Duties and responsibilities

- a) To review the statutory financial statements, annual report and quarterly results prior to submission to the Board and focus particularly on :-
 - changes in or implementation of major accounting policy changes;
 - significant and unusual events; and
 - compliance with accounting standards and other legal requirements.
- b) To review the findings of internal and external auditors (as the case may be) on internal controls and other audit comments.
- c) To review the nature, scope and resources of the external and internal auditors (if applicable) to ensure no unjustified restrictions are imposed by management.
- d) To consider any significant audit findings reported by internal auditor & management's responses thereto and to ensure appropriate action are taken on the recommendation.
- e) To liaise directly between the external auditors, the management and the Board as a whole, particularly with regard to the audit plan and audit report.
- f) To discuss problems and reservation arising from the interim and final audit and any matter the auditors may wish to discuss.
- g) To consider and recommend the appointment and remuneration of external auditors.
- h) To review the maintenance of an effective system and controls in the business process.
- i) To review the company's accounting policies and reporting requirements to ensure compliance with the relevant laws and standards.
- j) To review company compliance with relevant law and listing requirements and to ensure prompt announcements to the Bursa Malaysia in accordance to the Bursa Malaysia Listing Requirements.

AUDIT COMMITTEE REPORT

- k) To review any related party transaction and conflict of interest situation that may arise within the Company or group including any transaction, procedure or course of conduct that raises questions of management integrity.
- l) To review the assistance provided / given by the employees of the Company and group to the auditors.

C. SUMMARY ACTIVITIES OF AUDIT COMMITTEE

During the Audit Committee Meetings, the following activities were carried out:-

- Reviewed and commented on the quarterly financial result before recommending the same for Board's approval.
- Reviewed the year end audited financial statements presented by the external auditors and inquired and attended to the relevant matters pertaining to the financial statements of the Company.
- Reviewed with the external auditors' the nature and scope of their engagement and annual audit plan, the findings and results of their examination, their auditors' report and management letters in relation to the audit and accounting issues arising from the audit and the resource and assistance provided to them.
- Discussed and noted the changes in accounting policies/standards that are applicable to the Company.
- Reviewed the internal audit reports, which highlighted the audit issues and Management's response.
- Reviewed the internal audit resource requirements, internal audit plan, findings and progress for the financial year under review.
- Reviewed the performance/operational audit of subsidiaries and recommendations relating thereto.
- Reviewed the recurrent related party transaction to ensure the transaction entered is undertaken on the group's normal commercial terms and the procedures with regards to such transaction are sufficient.

D. INTERNAL AUDIT FUNCTION

The internal audit function of the Group is outsourced to a professional consulting firm to undertake independent, objective and systematic reviews of the internal controls system to evaluate its adequacy and effectiveness. The outsourced internal auditors conduct the internal audit reviews according to the internal audit plan approved by the Audit Committee. The results of the internal audit reviews are tabled to the Audit Committee at their scheduled meetings highlighting the following:

- Internal audit findings / areas for improvement;
- Recommendations to remedy the control weaknesses / improve existing internal controls system; and
- Management's response and action plans to internal audit findings / areas for improvement and related recommendations.

The cost incurred in connection with the internal audit function during the financial year amounted to RM28,740.



FINANCIAL STATEMENTS

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- 37** Company statement of changes in equity
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- 40** Company cash flow statement
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The Directors have pleasure in submitting their report together with the audited financial statements of the Group and Company for the financial year ended 31 March 2010.

Principal activity

The principal activity of the Company is investment holding. The principal activities of the Group consist of manufacturing, sales and marketing of snack food and confectioneries and property development. There have been no significant changes in these activities during the financial year.

Financial results

	Group RM	Company RM
Profit after tax and net profit for the financial year	12,643,771	5,704,749
Attributable to:		
Equity holders of the Company	12,400,908	5,704,749
Minority interest	242,863	0
	<u>12,643,771</u>	<u>5,704,749</u>

Dividends

The amounts of dividends paid or declared by the Company since 31 March 2009 are as follows:

	RM
In respect of the financial year ended 31 March 2009 as shown in the Directors' report of that year:	
Final gross dividend of 3.5 sen per ordinary share less income tax at 25%, paid on 9 October 2009	1,574,998
In respect of the financial year ended 31 March 2010:	
First interim tax exempt dividend of 2 sen per ordinary share, paid on 9 October 2009	1,200,000
Second interim tax exempt dividend of 2 sen per ordinary share, paid on 16 December 2009	1,200,000
Third interim tax exempt dividend of 2 sen per ordinary share, paid on 29 March 2010	1,200,000
	<u>5,174,998</u>

On 27 May 2010, the Directors proposed, subject to the approval of the members at the forthcoming Annual General Meeting of the Company, a final tax exempt dividend of 2 sen per share and a gross dividend of 2 sen per share less income tax at 25%, amounting to RM2,100,000 for the financial year ended 31 March 2010.

Reserves and provisions

All material transfers to or from reserves or provisions during the financial year are shown in the financial statements.

Directors

The Directors who have held office during the period since the date of the last report are:

Y. Bhg. Tan Sri Dato' Azizan bin Husain
Mr Son Chen Chuan
Mr Hoo Beng Lee
Mr Son Tong Leong
Mr Son Tong Eng
Mr Lim Keat Sear
Mr Lim Hwa Yu
Datuk Jeffery Ong Cheng Lock

In accordance with the Company's Articles of Association, Mr Son Chen Chuan, Mr Son Tong Eng and Datuk Jeffery Ong Cheng Lock retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Directors' benefits

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits disclosed as Directors' remuneration in Note 7 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except for any benefit which may be deemed to have arisen by virtue of transactions in the course of business with a company in which a Director has substantial financial interest as set out in Note 30 to the financial statements.

Directors' interests in shares and debentures

According to the Register of Directors' shareholdings, the interests of Directors who held office at the end of the financial year in shares in the Company are as follows:

	Number of ordinary shares of RM1 each			
	At 1.4.2009	Bought	Sold	At 31.3.2010
Mr Son Chen Chuan				
- direct	18,107,383	0	0	18,107,383
- indirect	7,532,744	0	0	7,532,744*
Mr Hoo Beng Lee				
- direct	3,334,921	0	0	3,334,921
- indirect	22,305,206	0	0	22,305,206*
Mr Son Tong Leong				
- direct	1,306,175	0	0	1,306,175
- indirect	24,333,952	0	0	24,333,952*
Mr Son Tong Eng				
- direct	1,290,124	0	0	1,290,124
- indirect	24,350,003	0	0	24,350,003*
Mr Lim Keat Sear				
- direct	733,753	0	0	733,753
- indirect	11,520,624	0	0	11,520,624*
Mr Lim Hwa Yu				
- indirect	828,000	0	0	828,000
Datuk Jeffery Ong Cheng Lock				
- direct	40,000	0	(40,000)	0

None of the other Directors in office at the end of the financial year held any other interest in shares in the Company and its related corporations during the financial year. No Directors held any interest in debentures of the Company and its related corporations during the financial year.

Statutory information on the financial statements

Before the income statements and balance sheets were made out, the Directors took reasonable steps:

- to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance has been made for doubtful debts; and
- to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their value as shown in the accounting records of the Group and Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- which would render the amounts write off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and Company inadequate to any substantial extent; or
- which would render the values attributed to current assets in the financial statements of the Group and Company misleading; or

Statutory information on the financial statements (continued)

- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and Company misleading or inappropriate.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group or the Company to meet their obligations when they fall due.

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group and Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group and Company which has arisen since the end of the financial year.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the Directors,

- (a) the results of the Group's and Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and Company for the financial year in which this report is made.

Auditors

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with their resolution dated 1 June 2010.

SON CHEN CHUAN
DIRECTOR

SON TONG LEONG
DIRECTOR



STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Son Chen Chuan and Son Tong Leong, being two of the Directors of Oriental Food Industries Holdings Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 33 to 70 are drawn up so as to give a true and fair view of the state of affairs of the Group and Company as at 31 March 2010 and of the results and cash flows of the Group and Company for the financial year ended on that date in accordance with the provisions of the Companies Act, 1965 and the MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities.

Signed on behalf of the Board of Directors in accordance with their resolution dated 1 June 2010.

SON CHEN CHUAN
DIRECTOR

SON TONG LEONG
DIRECTOR



STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Son Tong Leong, the Director primarily responsible for the financial management of Oriental Food Industries Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 33 to 70 are, in my opinion, correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

SON TONG LEONG

Subscribed and solemnly declared by the abovenamed Son Tong Leong at Melaka in Malaysia on 1 June 2010, before me.

KRISHNAN A/L MARIMUTHOO
COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ORIENTAL FOOD INDUSTRIES HOLDINGS BERHAD
(Incorporated in Malaysia) (Company No. 389769-M)

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REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Oriental Food Industries Holdings Berhad, which comprise the balance sheets as at 31 March 2010 of the Group and of the Company and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 33 to 70.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with the Companies Act, 1965 and the MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with the MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2010 and of their financial performance and cash flows for the financial year then ended.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ORIENTAL FOOD INDUSTRIES HOLDINGS BERHAD
(Incorporated in Malaysia) (Company No. 389769-M)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) Our audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS

(No. AF: 1146)
Chartered Accountants

LIM TEONG KEAN

(No. 2499/12/11 (J))
Chartered Accountant

Melaka

1 June 2010

INCOME STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

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	Note	Group		Company	
		2010 RM	2009 RM	2010 RM	2009 RM
Revenue	4	125,709,885	118,440,509	6,547,860	2,728,275
Cost of sales		(89,477,707)	(85,798,619)	0	0
Gross profit		36,232,178	32,641,890	6,547,860	2,728,275
Other operating income		1,889,198	720,337	0	0
Selling and distribution costs		(13,463,105)	(13,091,319)	0	0
Administrative expenses		(9,551,129)	(9,488,129)	(507,432)	(423,574)
Other operating expenses		(882,030)	(199,173)	0	0
Finance costs	5	(398,849)	(528,754)	0	0
Profit before tax	6	13,826,263	10,054,852	6,040,428	2,304,701
Tax	8	(1,182,492)	(288,217)	(335,679)	(616,085)
Profit after tax and net profit for the financial year		12,643,771	9,766,635	5,704,749	1,688,616
Attributable to:					
Equity holders of the Company		12,400,908	9,767,976		
Minority interest		242,863	(1,341)		
		12,643,771	9,766,635		
Earnings per share attributable to the ordinary equity holders of the Company - basic (sen)	9	20.6	16.3		
Dividends paid per share (sen)	10(a)	9.5	3.5		
Dividends declared per share (sen)	10(b)	10.0	3.5		

The accompanying notes on pages 41 to 70 form an integral part of the financial statements.

BALANCE SHEETS

AS AT 31 MARCH 2010

	Note	Group		Company	
		2010 RM	2009 RM	2010 RM	2009 RM
Non current assets					
Property, plant and equipment	11	71,052,843	73,634,998	0	0
Prepaid lease rentals	12	12,996,232	13,174,079	0	0
Investment properties	13	908,809	927,446	0	0
Subsidiaries	14	0	0	38,868,751	38,868,751
Investments	15	372,438	372,438	0	0
		85,330,322	88,108,961	38,868,751	38,868,751
Current assets					
Property development cost	16(a)	6,636,042	5,124,846	0	0
Assets held for sale	16(b)	0	1,197,372	0	0
Inventories	17	14,027,671	12,335,933	0	0
Trade and other receivables	18	16,436,749	13,254,166	8,000	4,000
Amounts receivable from subsidiaries	19	0	0	29,321,413	28,830,394
Tax recoverable		169,723	233,673	149,129	71,481
Fixed deposits with licensed banks		7,144,050	3,557,437	0	0
Cash and bank balances		6,932,059	6,911,291	26,900	31,134
		51,346,294	42,614,718	29,505,442	28,937,009
Less: Current liabilities					
Trade and other payables	20	9,642,790	7,389,968	209,902	171,220
Current tax liabilities		403,500	0	0	0
Borrowings (interest bearing)	21				
- bank overdraft		567,624	0	0	0
- others		2,951,394	4,056,193	0	0
		13,565,308	11,446,161	209,902	171,220
Net current assets		37,780,986	31,168,557	29,295,540	28,765,789

The accompanying notes on pages 41 to 70 form an integral part of the financial statements.

BALANCE SHEETS

AS AT 31 MARCH 2010

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	Note	Group		Company	
		2010 RM	2009 RM	2010 RM	2009 RM
Less: Non current liabilities					
Borrowings (interest bearing)	21	5,046,454	8,162,993	0	0
Deferred tax liabilities	22	4,202,869	4,721,313	0	0
		9,249,323	12,884,306	0	0
		113,861,985	106,393,212	68,164,291	67,634,540
Equity attributable to equity holders of the Company					
Share capital	23	60,000,000	60,000,000	60,000,000	60,000,000
Share premium		0	0	5,530,994	5,530,994
Revaluation reserve	24	9,959,616	9,959,616	0	0
Retained earnings	25	43,464,266	36,238,356	2,633,297	2,103,546
		113,423,882	106,197,972	68,164,291	67,634,540
Minority interest		438,103	195,240	0	0
Total equity		113,861,985	106,393,212	68,164,291	67,634,540

The accompanying notes on pages 41 to 70 form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

	Note	— Attributable to equity holders of the Company —			Total RM	Minority interest RM	Total equity RM
		Share capital RM	Revaluation reserve RM	Retained earnings RM			
2010							
At 1 April 2009		60,000,000	9,959,616	36,238,356	106,197,972	195,240	106,393,212
Net profit for the financial year		0	0	12,400,908	12,400,908	242,863	12,643,771
Dividends for the financial year ended:	10						
- 31 March 2009		0	0	(1,574,998)	(1,574,998)	0	(1,574,998)
- 31 March 2010		0	0	(3,600,000)	(3,600,000)	0	(3,600,000)
At 31 March 2010		60,000,000	9,959,616	43,464,266	113,423,882	438,103	113,861,985
2009							
At 1 April 2008		60,000,000	6,529,344	28,045,378	94,574,722	196,581	94,771,303
Arising from revaluation during the financial year, net of tax	24	0	3,430,272	0	3,430,272	0	3,430,272
Gain recognised directly in equity		0	3,430,272	0	3,430,272	0	3,430,272
Net profit for the financial year		0	0	9,767,976	9,767,976	(1,341)	9,766,635
Total recognised gain for the financial year		0	3,430,272	9,767,976	13,198,248	(1,341)	13,196,907
Dividends for the financial year ended:	10						
- 31 March 2008		0	0	(1,574,998)	(1,574,998)	0	(1,574,998)
At 31 March 2009		60,000,000	9,959,616	36,238,356	106,197,972	195,240	106,393,212

The accompanying notes on pages 41 to 70 form an integral part of the financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

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	Note	Share capital RM	Non- distributable reserve Share premium RM	Distributable reserve Retained earnings RM	Total RM
2010					
At 1 April 2009		60,000,000	5,530,994	2,103,546	67,634,540
Net profit for the financial year		0	0	5,704,749	5,704,749
Dividends for the financial year ended:	10				
- 31 March 2009		0	0	(1,574,998)	(1,574,998)
- 31 March 2010		0	0	(3,600,000)	(3,600,000)
At 31 March 2010		60,000,000	5,530,994	2,633,297	68,164,291
2009					
At 1 April 2008		60,000,000	5,530,994	1,989,928	67,520,922
Net profit for the financial year		0	0	1,688,616	1,688,616
Dividends for the financial year ended:	10				
- 31 March 2008		0	0	(1,574,998)	(1,574,998)
At 31 March 2009		60,000,000	5,530,994	2,103,546	67,634,540

The accompanying notes on pages 41 to 70 form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

	2010 RM	2009 RM
Cash flows from operating activities		
Net profit for the financial year	12,643,771	9,766,635
Adjustments for:		
Property, plant and equipment		
- depreciation	5,425,700	4,619,899
- loss on disposal	60,960	8,281
- written off	644,336	8,909
- revaluation deficit	0	27,623
Insurance claims on assets	(557,000)	0
Investment properties		
- depreciation	18,637	18,617
Prepaid lease rentals		
- amortisation	177,847	177,845
Gain on disposal of assets held for sale	(1,622,194)	0
Interest income	(120,987)	(62,237)
Interest expense	398,849	528,754
Unrealised foreign exchange loss	173,658	199,173
Tax charge	1,182,492	288,217
	18,426,069	15,581,716
Changes in working capital:		
Inventories	(1,691,738)	2,196,692
Receivables	(3,182,583)	3,662,209
Payables	2,252,822	(2,218,222)
Cash from operations	15,804,570	19,222,395
Tax paid	(1,233,486)	(1,041,803)
Tax refund	0	471,120
Net cash from operating activities	14,571,084	18,651,712
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,868,856)	(7,104,104)
Purchase of investment properties	0	(1,200)
Property development cost paid	16(a) (1,740,177)	(114,942)
Proceeds from disposal of property, plant and equipment	320,015	48,280
Proceeds from insurance claims on assets	557,000	0
Proceeds from disposal of assets held for sale (net)	3,048,547	0
Interest received	120,987	62,237
Net cash used in investing activities	(1,562,484)	(7,109,729)

The accompanying notes on pages 41 to 70 form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010



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	Note	2010 RM	2009 RM
Cash flows from financing activities			
Dividends paid		(5,174,998)	(1,574,998)
Interest paid		(398,849)	(528,754)
Repayment of term loans		(4,221,338)	(5,076,726)
Proceeds from drawdown of term loans		0	6,733,559
Net cash used in financing activities		(9,795,185)	(446,919)
Net increase in cash and cash equivalents		3,213,415	11,095,064
Foreign exchange differences		(173,658)	0
Cash and cash equivalents at beginning of the financial year		10,468,728	(626,336)
Cash and cash equivalents at end of the financial year	26	13,508,485	10,468,728

The accompanying notes on pages 41 to 70 form an integral part of the financial statements.

COMPANY CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2010

	Note	2010 RM	2009 RM
Cash flows from operating activities			
Net profit for the financial year		5,704,749	1,688,616
Adjustments for:			
Dividend income		(6,547,860)	(2,728,275)
Tax charge		335,679	616,085
		(507,432)	(423,574)
Changes in working capital:			
Receivables		(4,000)	0
Payables		38,682	(52,530)
Balance with subsidiary		4,419,875	(11,208)
Cash from/(used in) operations		3,947,125	(487,312)
Tax refund		0	22,599
Tax paid		(4,085)	(8,098)
Net cash from/(used in) operating activities		3,943,040	(472,811)
Cash flows from investing activity			
Dividend received		1,227,724	2,046,207
Net cash from investing activity		1,227,724	2,046,207
Cash flows from financing activity			
Dividends paid		(5,174,998)	(1,574,998)
Net cash used in financing activity		(5,174,998)	(1,574,998)
Net decrease in cash and cash equivalents		(4,234)	(1,602)
Cash and cash equivalents at beginning of the financial year		31,134	32,736
Cash and cash equivalents at end of the financial year	26	26,900	31,134

The accompanying notes on pages 41 to 70 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. General information

The principal activity of the Company is investment holding. The principal activities of the Group consist of manufacturing, sales and marketing of snack food and confectioneries and property development.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of the Bursa Malaysia Securities Berhad.

The address of the registered office of the Company is Level 8, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan.

The address of the principal place of business of the Company is No. 65, Jalan Usaha 7, Ayer Keroh Industrial Estate, 75450 Melaka.

2. Summary of significant accounting policies

Unless otherwise stated, the following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements of the Group and Company have been prepared in accordance with the provisions of the Companies Act, 1965 and the MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities.

The financial statements have been prepared under the historical cost convention, unless otherwise indicated in this summary of significant accounting policies.

The preparation of financial statements in conformity with the provisions of the Companies Act, 1965 and the MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgment in the process of applying the Group's accounting policies. Although these estimates are based on the Directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

(i) Standards, amendments to published standards and interpretations that are applicable to the Group and are effective

There are no new accounting standards, amendments to published standards and interpretations to existing standards effective for the Group's financial year ended 31 March 2010 and applicable to the Group.

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(ii) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group but not yet effective and early adopted by the Group

- The revised FRS 101 “Presentation of financial statements” (effective from 1 January 2010) prohibits the presentation of items of income and expenses (that is, ‘non-owner changes in equity’) in the statement of changes in equity. ‘Non-owner changes in equity’ are to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period.

It is likely that the Group and Company will present its income statement and statement of comprehensive income as one performance statement.

- FRS 139 “Financial Instruments: Recognition and Measurement” (effective from 1 January 2010) establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. Hedge accounting is permitted under strict circumstances. The amendments to FRS 139 provide further guidance on eligible hedged items. The amendment provides guidance for two situations. On the designation of a one-sided risk in a hedged item, the amendment concludes that a purchased option designated in its entirety as the hedging instrument of a one-sided risk will not be perfectly effective. The designation of inflation as a hedged risk or portion is not permitted unless in particular situations. The improvement to FRS 139 clarifies that the scope exemption in FRS 139 only applies to forward contracts but not options for business combinations that are firmly committed to being completed within a reasonable timeframe.
- IC Interpretation 9 “Reassessment of Embedded Derivatives” (effective from 1 January 2010) requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. The improvement to IC Interpretation 9 (effective from 1 July 2010) clarifies that this interpretation does not apply to embedded derivatives in contracts acquired in a business combination, businesses under common control or the formation of a joint venture.
- FRS 7 “Financial instruments: Disclosures” (effective from 1 January 2010) provides information to users of financial statements about an entity’s exposure to risks and how the entity manages those risks. The improvement to FRS 7 clarifies that entities must not present total interest income and expense as a net amount within finance costs on the face of the income statement.

The Group has applied the transitional provision in the respective standards which exempts entities from disclosing the possible impact arising from the initial application of the following standards and interpretations on the financial statements of the Group.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(ii) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group but not yet effective and early adopted by the Group (continued)

- FRS 139, Amendments to FRS 139 on eligible hedged items, Improvement to FRS 139 and IC Interpretation 9
- FRS 7 and Improvement to FRS 7

The following amendments are part of the Malaysian Accounting Standards Board's ("MASB") improvements project:

- FRS 107 "Statement of cash flows" (effective from 1 January 2010) clarifies that only expenditure resulting in a recognised asset can be categorised as a cash flow from investing activities.
- FRS 110 "Events after the balance sheet date" (effective from 1 January 2010) reinforces existing guidance that a dividend declared after the reporting date is not a liability of an entity at that date given that there is no obligation at that time.
- FRS 116 "Property, plant and equipments" (consequential amendment to FRS 107 "Statement of cash flows") (effective from 1 January 2010) requires entities whose ordinary activities comprise of renting and subsequently selling assets to present proceeds from the sale of those assets as revenue and should transfer the carrying amount of the asset to inventories when the asset becomes held for sale. A consequential amendment to FRS 107 states that cash flows arising from purchase, rental and sale of those assets are classified as cash flows from operating activities.
- FRS 117 "Leases" (effective from 1 January 2010) clarifies that the default classification of the land element in a land and building lease is no longer an operating lease. As a result, leases of land should be classified as either finance or operating, using the general principles of FRS 117.
- FRS 118 "Revenue" (effective from 1 January 2010) provides more guidance when determining whether an entity is acting as a 'principal' or as an 'agent'.
- FRS 119 "Employee benefits" (effective from 1 January 2010) clarifies that a plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment, while an amendment that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation. The definition of return on plan assets has been amended to state that plan administration costs are deducted in the calculation of return on plan assets only to the extent that such costs have been excluded from measurement of the defined benefit obligation.
- FRS 136 "Impairment of assets" (effective from 1 January 2010) clarifies that the largest cash-generating unit (or group of units) to which goodwill should be allocated for the purposes of impairment testing is an operating segment before the aggregation of segments with similar economic characteristics. The improvement also clarifies that where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value in use should be made.

The above amendments are not expected to have a material impact on the Group's financial statements other than the reclassification of prepaid lease rentals to property, plant and equipment.

2. Summary of significant accounting policies (continued)

(b) Group accounting - subsidiaries

Subsidiaries are those enterprises in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are consolidated using the purchase method of accounting except for certain subsidiaries which were consolidated prior to 1 April 2002 using the merger method of accounting in accordance with Malaysian Accounting Standard No. 2 "Accounting for Acquisition and Mergers", the generally accepted accounting principles prevailing at that time.

The Group has taken advantage of the exemption provided by FRS 3 to apply these Standards prospectively. Accordingly, business combinations entered into prior to the respective effective dates have not been restated to comply with these Standards.

Under the purchase method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases. The cost of an acquisition is measured as fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired at the date of acquisition is reflected as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Minority interest represents that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the parent. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since that date.

Under the merger method of accounting, the results of subsidiaries are presented as if the merger had been effected throughout the current and previous years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit difference is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve.

Intragroup transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The gain or loss on disposal of a subsidiary is the difference between the disposal proceeds and the Group's share of its net assets as of the date of disposal including the cumulative amount of any exchange differences that relate to the subsidiary, and is recognised in the consolidated income statement.

NOTES TO THE FINANCIAL STATEMENTS

2. Summary of significant accounting policies (continued)

(c) Property, plant and equipment

All property, plant and equipment are initially stated at cost. Land and building that are subsequently revalued are stated at the revalued amounts, based on valuations by external independent valuers at regular intervals of once every five years, less subsequent amortisation/depreciation. All other property, plant and equipment are stated at historical cost less accumulated depreciation/impairment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Surpluses arising on revaluation are credited to revaluation reserve. Any deficit arising from revaluation is charged against the revaluation reserve to the extent of a previous surplus held in the revaluation reserve for the same asset. In all other cases, a decrease in carrying amount is charged to income statement. On disposal of revalued assets, amounts in revaluation reserve relating to those assets are transferred to retained earnings.

Freehold land is not amortised as it has an infinite life. All other property, plant and equipment are depreciated on the straight line basis to write off the cost of the assets over their estimated useful lives at the following annual rates:

Buildings	5%
Plant and machinery	5% - 20%
Motor vehicles	20%
Furniture, fittings and office equipment	10%

Depreciation on capital work in progress commences when the assets are ready for their intended use.

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each balance sheet date.

At each balance sheet date, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 2(h) on impairment of assets.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the income statement. On disposal of revalued assets, amounts in revaluation reserve relating to those assets are transferred to retained earnings.

(d) Prepaid lease rentals

Payments for rights to use land over a predetermined period are classified as prepaid lease rentals and are stated at cost less accumulated amortisation and accumulated impairment losses. The prepaid lease rentals are depreciated on a straight line basis over the lease period that range from 67 to 88 years.

2. Summary of significant accounting policies (continued)

(e) Investments

Investments in subsidiaries are shown at cost. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 2(h) on impairment of assets.

Investments in other non-current investments are shown at costs and an allowance for diminution in value is made where, in the opinion of the Directors, there is a decline other than temporary in the value of such investments. Where there has been a decline other than temporary in the value of an investment, such a decline is recognised as an expense in the year in which the decline is identified.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the income statement.

(f) Property development activities

(i) Land held for property development

Land held for property development consists of land on which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non current asset and is stated at cost less accumulated impairment losses.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. See accounting policy Note 2(h) on impairment of assets.

Land held for property development is transferred to property development costs (under current assets) when development activities have commenced and where the development activities can be completed within the Group's normal operating cycle.

(ii) Property development costs

Property development costs comprise costs associated with the acquisition of land and all costs directly attributable to development activities or that can be allocated on a reasonable basis to these activities.

Property development costs are recognised when incurred. When the outcome of the development activity can be estimated reliably, property development revenue is recognised by using the stage of completion method. The stage of completion is measured by reference to the proportion that property development costs incurred bear to the estimated total costs for the property development.

When the outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable; property development costs on the development units sold are recognised when incurred.

Irrespective of whether the outcome of a property activity can be estimated reliably, when it is probable that total property development costs (including expected defect liability expenditure) will exceed total property development revenue, the expected loss is recognised as an expense immediately.

NOTES TO THE FINANCIAL STATEMENTS

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2. Summary of significant accounting policies (continued)

(f) Property development activities (continued)

(ii) Property development costs (continued)

Property development cost not recognised as an expense is recognised as an asset and is stated at the lower of cost and net realisable value.

Where revenue recognised in the income statement exceed billings to purchasers, the balance is shown as accrued billings under receivables, deposits and prepayments (within current assets). Where billings to purchasers exceed revenue recognised in the income statement, the balance is shown as progress billings under payables (within current liabilities).

(g) Investment properties

Investment properties, comprising principally land and office buildings, are held for long term rental yields or for capital appreciation or both, and are not occupied by the Group.

Investment properties are stated at cost less any accumulated depreciation and impairment losses. Investment properties are depreciated on the straight line basis to write off the cost of the assets to their residual values over their estimated useful lives at the annual rate of 5%.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it shall be derecognised (eliminated from the balance sheet). The difference between the net disposal proceeds and the carrying amount is recognised as profit or loss in the period of the retirement or disposal.

(h) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there is separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Any subsequent increase in recoverable amount is recognised in the income statement unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus.

(i) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost of raw materials is determined using the first in, first out method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and an appropriate proportion of production overheads (based on normal operating capacity) and is determined using the weighted average method.

Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

2. Summary of significant accounting policies (continued)**(j) Income taxes**

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits.

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences or unused tax losses can be utilised.

Deferred tax is recognised on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

(k) Foreign currencies**(i) Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia, which is the Group's and Company's functional and presentation currency.

(ii) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(l) Trade receivables

Trade receivables are carried at invoice amount less an allowance for doubtful debts. The allowance is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables.

(m) Revenue recognition**(i) Sale of goods**

Sales of goods are recognised when a group entity has delivered products to the customers, the customers have full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customers' acceptance of the products.

NOTES TO THE FINANCIAL STATEMENTS

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2. Summary of significant accounting policies (continued)

(m) Revenue recognition (continued)

(ii) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(iii) Interest income

Interest income is recognised on a time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group.

(iv) Property development

Profit from sale of development properties is recognised on the percentage of completion basis on units sold. The stage of completion is measured by reference to the proportion of cost incurred for work performed to date bear to the estimated total costs for the development. When foreseeable losses on development projects are anticipated, full provision for these losses is made in the financial statements.

(n) Operating leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on the straight line basis over the lease period.

(o) Cash and cash equivalents

For the purpose of the cash flow statements, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short term, highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are included within borrowings in current liabilities on the balance sheet.

(p) Share capital

(i) Classification

Ordinary shares are classified as equity.

(ii) Dividends to shareholders of the Company

Dividends on ordinary shares are recognised as a liability when declared by the Board of Directors before the balance sheet date. Dividends when declared by the Board of Directors after the balance sheet date but before the financial statements are authorised for issue will be accounted for in the next financial year.

2. Summary of significant accounting policies (continued)**(q) Financial instruments****(i) Description**

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

(ii) Financial instruments recognised on the balance sheet

The particular recognition method adopted for financial instruments recognised on the balance sheet is disclosed in the individual policy statement associated with each item.

(iii) Fair value estimation for disclosure purposes

In assessing the fair value of non-traded derivatives and financial instruments, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. In particular, the fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

The face values of financial assets (less any estimated credit adjustments) and financial liabilities with tenure to maturity of less than one financial year are assumed to approximate their fair values.

(r) Employee benefits**(i) Short term employee benefits**

The Group recognises a liability and an expense for bonuses based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Wages, salaries, paid annual leave, sick leave, bonuses, and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

(ii) Post-employment benefits - defined contribution plan

The Group's post-employment benefit scheme comprises only defined contribution plan.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

The Group's contributions to defined contribution plans are charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

NOTES TO THE FINANCIAL STATEMENTS

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2. Summary of significant accounting policies (continued)

(s) Contingent liabilities

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably.

(t) Segment reporting

Segment reporting is presented for enhanced assessment of the Group's risks and returns. Business segments provide products or services that are subject to risk and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risk and returns that are different from those components operating in other economic environments.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment.

Segment revenue, expense, assets and segment liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between Group enterprises within a single segment.

3. Critical accounting estimates and assumptions

Estimates and judgements are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Group's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set below:

Depreciation of property, plant and equipment

Depreciation of all property, plant and equipment is computed on the straight-line method based on the estimated useful lives of the various assets. This involves judgement regarding the useful lives and residual values for each category of property, plant and equipment in which the depreciation charge has been recognised.

NOTES TO THE FINANCIAL STATEMENTS

4. Revenue

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Sale of goods	125,709,885	118,440,509	0	0
Dividend income	0	0	6,547,860	2,728,275
	125,709,885	118,440,509	6,547,860	2,728,275

5. Finance costs

	Group	
	2010 RM	2009 RM
Interest on bank term loans	398,537	527,972
Interest on other borrowings	312	782
	398,849	528,754

6. Profit before tax

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

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Raw materials and consumables used	73,765,398	70,204,779	0	0
Changes in inventories of finished goods and work in progress	(666,287)	806,163	0	0
Auditors' remuneration				
- current year	33,000	33,000	11,000	11,000
- prior year's under accrual	3,500	0	0	0
Property, plant and equipment				
- depreciation	5,425,700	4,619,899	0	0
- loss on disposal	60,960	8,280	0	0
- written off	644,336	8,909	0	0
- revaluation deficit	0	27,623	0	0
Investment properties				
- depreciation	18,637	18,617	0	0
Prepaid lease rentals				
- amortisation	177,847	177,845	0	0
Rental of buildings	145,270	160,684	0	0
Foreign exchange loss				
- realised	708,372	576,199	0	0
- unrealised	173,658	199,173	0	0

NOTES TO THE FINANCIAL STATEMENTS

6. Profit before tax (continued)

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Staff costs (including Executive Directors' emoluments other than fees)				
- salaries, bonuses and allowances	10,988,478	10,268,048	0	0
- defined contribution retirement plan	1,095,799	1,073,594	0	0
- other employee benefits	902,017	908,386	0	0
	12,986,294	12,250,028	0	0
Allowance for doubtful debts	0	242,176	0	0
Gain on disposal of assets held for sale	(1,622,194)	0	0	0
Rental income (investment properties)	(90,000)	(69,500)	0	0
Interest income	(120,987)	(62,237)	0	0
Insurance claims on assets	(557,000)	0	0	0
Gross dividend income				
- unquoted subsidiary in Malaysia	0	0	(6,547,860)	(2,728,275)

Cost of inventories of the Group recognised as an expense during the financial year amounted to RM89,477,707 (2009: RM85,798,619).

Direct operating expenses from investment properties that generated rental income of the Group during the financial year amounted to RM8,613 (2009: RM8,207).

7. Directors' remuneration

The aggregate amounts of emoluments receivable by Directors of the Company during the financial year are as follows:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Non-executive Directors				
- fees	80,000	80,000	80,000	80,000
- other emoluments	60,000	60,000	60,000	60,000
- defined contribution retirement plan	4,800	4,800	4,800	4,800
- estimated monetary value of benefits-in-kind	0	4,800	0	0
	144,800	149,600	144,800	144,800
Executive Directors				
- fees	176,000	176,000	80,000	80,000
- salaries and bonus and other emoluments	1,630,000	1,575,000	0	0
- defined contribution retirement plan	337,540	327,090	9,600	9,600
- estimated monetary value of benefits-in-kind	75,628	63,425	0	0
	2,219,168	2,141,515	89,600	89,600
	2,363,968	2,291,115	234,400	234,400

NOTES TO THE FINANCIAL STATEMENTS

8. Tax

(a) The tax charge for the financial year comprise:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Current tax				
- Malaysian income tax	1,700,936	807,788	335,679	616,085
Deferred taxation (Note 22)	(518,444)	(519,571)	0	0
	1,182,492	288,217	335,679	616,085
Current tax				
Current financial year	1,656,759	814,953	341,000	617,000
Under/(over) accrual in prior financial year	44,177	(7,165)	(5,321)	(915)
	1,700,936	807,788	335,679	616,085
Deferred taxation				
(Reversal)/origination of temporary differences (net)	(609,279)	343,968	0	0
Under/(over) accrual in prior year	90,835	(863,539)	0	0
	(518,444)	(519,571)	0	0
	1,182,492	288,217	335,679	616,085

(b) Numerical reconciliation of tax expense

The explanation of the relationship between the tax charge and profit before tax is as follows:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Profit before tax	13,826,263	10,054,852	6,040,428	2,304,701
Tax calculated at the Malaysian tax rate of 25% (2009: 25%)	3,456,567	2,513,713	1,510,107	576,175
Tax effects of:				
- expenses not deductible for tax purposes	262,796	237,740	58,863	40,877
- income not subject to tax	(49,793)	0	(1,227,724)	0
- utilisation of tax incentives	(837,688)	(262,415)	0	0
- reinvestment allowance arising from current year's acquisition of assets	(1,778,533)	(1,329,572)	0	0
- others	(5,869)	(545)	(246)	(52)
Under/(over) accrual in prior years	135,012	(870,704)	(5,321)	(915)
Tax charge	1,182,492	288,217	335,679	616,085

NOTES TO THE FINANCIAL STATEMENTS

9. Earnings per share

The earnings per share of the Group is calculated based on the net profit attributable to shareholders of RM12,400,908 (2009: RM9,767,976) and on the number of ordinary shares in issue during the financial year of 60,000,000 (2009: 60,000,000).

10. Dividends

(a) Dividends paid in respect of ordinary shares by the Company are as follows:

	Group and Company			
	2010		2009	
	Gross dividend per share sen	Amount of dividend, net of tax RM	Gross dividend per share sen	Amount of dividend, net of tax RM
In respect of the financial year ended 31 March 2009/2008:				
- final dividend	3.5	1,574,998	3.5	1,574,998
In respect of the financial year ended 31 March 2010:				
- first interim dividend	2.0	1,200,000	0	0
- second interim dividend	2.0	1,200,000	0	0
- third interim dividend	2.0	1,200,000	0	0
	9.5	5,174,998	3.5	1,574,998

(b) Dividends declared or proposed in respect of ordinary shares by the Company are as follows:

	Group and Company			
	2010		2009	
	Gross dividend per share sen	Amount of dividend, net of tax RM	Gross dividend per share sen	Amount of dividend, net of tax RM
First interim dividend paid	2.0	1,200,000	0	0
Second interim dividend paid	2.0	1,200,000	0	0
Third interim dividend paid	2.0	1,200,000	0	0
Proposed final dividend	4.0	2,100,000	3.5	1,574,998
	10.0	5,700,000	3.5	1,574,998

On 27 May 2010, the Directors proposed, subject to the approval of the members at the forthcoming Annual General Meeting of the Company, a final tax exempt dividend of 2 sen per share and a gross dividend of 2 sen per share less income tax at 25%, amounting to RM2,100,000 for the financial year ended 31 March 2010.

NOTES TO THE FINANCIAL STATEMENTS

11. Property, plant and equipment

Group - 2010	Freehold land RM	Buildings on long leasehold land RM	Buildings on freehold land RM	Plant and machinery RM	Motor vehicles RM	Furniture, fittings and office equipment RM	Capital work in progress RM	Total RM
Net book value as at 1 April 2009	1,150,000	16,249,435	348,330	35,462,893	2,372,191	5,060,844	12,991,305	73,634,998
Additions	0	0	0	760,352	2,318,473	503,391	286,640	3,868,856
Disposals	0	0	0	0	(377,950)	(3,025)	0	(380,975)
Write-off	0	0	0	(12,679)	(630,235)	(1,422)	0	(644,336)
Reclassification	0	0	0	12,684,965	0	233,776	(12,918,741)	0
Depreciation charge	0	(1,051,393)	(21,875)	(3,077,358)	(361,320)	(913,754)	0	(5,425,700)
Net book value as at 31 March 2010	1,150,000	15,198,042	326,455	45,818,173	3,321,159	4,879,810	359,204	71,052,843
2010								
At cost	0	0	0	80,137,143	6,557,956	11,000,795	359,204	98,055,098
At valuation	1,150,000	16,360,000	350,000	0	0	0	0	17,860,000
Accumulated depreciation	0	(1,161,958)	(23,545)	(34,318,970)	(3,236,797)	(6,120,985)	0	(44,862,255)
Net book value	1,150,000	15,198,042	326,455	45,818,173	3,321,159	4,879,810	359,204	71,052,843

NOTES TO THE FINANCIAL STATEMENTS

11. Property, plant and equipment (continued)

Group - 2009	Freehold land RM	Buildings on long leasehold land RM	Buildings on freehold land RM	Plant and machinery RM	Motor vehicles RM	Furniture, fittings and office equipment RM	Capital work in progress RM	Total RM
Net book value as at 1 April 2008	911,381	12,705,648	403,011	30,003,697	2,698,660	5,225,498	14,801,835	66,749,730
Additions	0	112,446	0	1,463,827	64,531	712,543	4,750,757	7,104,104
Disposals	0	0	0	0	(56,561)	0	0	(56,561)
Write-off	0	0	0	0	0	(8,909)	0	(8,909)
Reclassification	0	0	0	6,561,287	0	0	(6,561,287)	0
Revaluation surplus/(deficit)								
- transfer to revaluation reserve (Note 24)	238,619	4,255,537	0	0	0	0	0	4,494,156
- charge to income statement	0	0	(27,623)	0	0	0	0	(27,623)
Depreciation charge	0	(824,196)	(27,058)	(2,565,918)	(334,439)	(868,288)	0	(4,619,899)
Net book value as at 31 March 2009	1,150,000	16,249,435	348,330	35,462,893	2,372,191	5,060,844	12,991,305	73,634,998
2009								
At cost	0	0	0	66,722,778	6,173,562	10,281,448	12,991,305	96,169,093
At valuation	1,150,000	16,360,000	350,000	0	0	0	0	17,860,000
Accumulated depreciation	0	(110,565)	(1,670)	(31,259,885)	(3,801,371)	(5,220,604)	0	(40,394,095)
Net book value	1,150,000	16,249,435	348,330	35,462,893	2,372,191	5,060,844	12,991,305	73,634,998

Land and buildings were revalued in February 2009 by an independent qualified valuer to reflect fair value for existing use.

The book values of land and buildings were adjusted to reflect the revaluations and the resultant surpluses were credited to revaluation reserve while deficits were charged against the revaluation reserve to the extent of a previous surplus held in the revaluation reserve for the same asset. In all other cases, a decrease in carrying amount is charged to the income statement.

NOTES TO THE FINANCIAL STATEMENTS

11. Property, plant and equipment (continued)

Had the land and buildings been included in the financial statements at cost less depreciation, the net book value of the revalued assets would have been as follows:

	Group	
	2010 RM	2009 RM
Freehold land	911,381	911,381
Buildings on long leasehold land	8,507,892	9,097,464
Buildings on freehold land	351,941	375,648
	<hr/>	<hr/>

12. Prepaid lease rentals

At beginning of financial year	13,174,079	13,351,924
Amortisation charge	(177,847)	(177,845)
	<hr/>	<hr/>
At end of financial year	12,996,232	13,174,079
	<hr/>	<hr/>

13. Investment properties

Net book value

At beginning of financial year	927,446	944,863
Additions	0	1,200
Depreciation charge	(18,637)	(18,617)
	<hr/>	<hr/>
At end of financial year	908,809	927,446
	<hr/>	<hr/>
At cost	1,049,034	1,049,034
Accumulated depreciation	(140,225)	(121,588)
	<hr/>	<hr/>
Net book value	908,809	927,446
	<hr/>	<hr/>

The Directors are of the opinion that the fair values of the investment properties as of 31 March 2010 amounted to RM1,465,000 (2009: RM1,443,000) based on comparisons with current prices in an active market for similar properties in the same locations and conditions and subject to similar leases and other contracts.

14. Subsidiaries

	Company	
	2010 RM	2009 RM
Unquoted shares in corporations, at cost	38,868,751	38,868,751
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NOTES TO THE FINANCIAL STATEMENTS

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14. Subsidiaries (continued)

Details of the subsidiaries which are all incorporated in Malaysia are as follows:

Name of company	Principal activities	Group's effective interest	
		2010 %	2009 %
Oriental Food Industries Sdn. Bhd.	Manufacturing and marketing of snack food and confectioneries	100	100
OFI Properties Sdn. Bhd.	Property development	80	80
Held through 100% ownership by <u>Oriental Food Industries Sdn. Bhd.</u>			
- Oriental Food Marketing (M) Sdn. Bhd.	Sale and marketing of snack food and confectioneries	100	100

15. Investments

	Group	
	2010 RM	2009 RM
Unquoted shares in a corporation, at cost	372,438	372,438

16 (a) Property development cost

At beginning of financial year		
- land	4,755,926	5,867,103
- development cost	368,920	340,173
	5,124,846	6,207,276
Cost incurred during the financial year		
- land	1,201,065	0
- development cost	539,112	114,942
	1,740,177	114,942
Reclassified to assets held for sale	(228,981)	(1,197,372)
At end of financial year		
- land	5,729,520	4,755,926
- development cost	906,522	368,920
	6,636,042	5,124,846

Included in development costs in the previous financial year was borrowing cost of RM12,997, arising on funds borrowed generally for property development activities which was capitalised by applying the borrowing rate of 5% per annum. There is no borrowing cost being capitalised during the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

16 (b) Property development cost

	Group	
	2010 RM	2009 RM
At beginning of financial year	1,197,372	0
Reclassified from property development cost	228,981	1,197,372
Disposal during the financial year	(1,426,353)	0
At end of financial year	0	1,197,372

17. Inventories

Raw materials	10,675,723	9,650,272
Work in progress	581,927	517,808
Finished goods	2,770,021	2,167,853
	14,027,671	12,335,933

18. Trade and other receivables

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Trade receivables	14,522,137	13,093,105	0	0
Less: Allowance for doubtful debts	(1,034,896)	(1,034,896)	0	0
	13,487,241	12,058,209	0	0
Deposits and prepayments	923,062	774,122	8,000	4,000
Other receivables	184,931	153,610	0	0
Downpayment for purchase of property, plant and equipment	1,841,515	268,225	0	0
	16,436,749	13,254,166	8,000	4,000

Credit terms of trade receivables of the Group range from payment in advance to 120 days (2009: payment in advance to 120 days).

Included in deposits and prepayments is an amount of RM557,403 (2009: Nil), being prepayment for the purchase of a motor vehicle.

NOTES TO THE FINANCIAL STATEMENTS

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19. Amounts receivable from subsidiaries

The amounts receivable from subsidiaries are denominated in Ringgit Malaysia, unsecured, interest free and have no fixed terms of repayment.

20. Trade and other payables

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Trade payables and accruals	9,199,481	6,987,135	49,902	11,220
Proposed Directors' fees	160,000	160,000	160,000	160,000
Other payables	283,309	242,833	0	0
	9,642,790	7,389,968	209,902	171,220

Credit terms of trade payables granted to the Group vary from cash term to 90 days (2009: cash term to 90 days).

21. Borrowings (interest bearing)

	Group	
	2010 RM	2009 RM
Current – unsecured		
Bank overdraft	567,624	0
Bank term loans	2,951,394	4,056,193
	3,519,018	4,056,193
Non current – unsecured		
Bank term loans	5,046,454	8,162,993
	8,565,472	12,219,186
Total – unsecured		
Bank overdraft	567,624	0
Bank term loans	7,997,848	12,219,186
	8,565,472	12,219,186

Term loans are repayable by 36 to 60 equal monthly instalments effective from the various drawdown dates. Interest is chargeable at rates ranging from 1.40% to 4.55% (2009: 2.45% to 5.15%) per annum during the financial year.

Interest on bank overdraft was chargeable at 8.55% (2009: 8.30%) per annum during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

22. Deferred tax liabilities

	Group	
	2010 RM	2009 RM
Deferred tax liabilities		
- subject to income tax	4,202,869	4,721,313
At beginning of the financial year	4,721,313	4,177,000
Arising from revaluation during the financial year (Note 24)	0	1,063,884
(Credited)/charged to income statement (Note 8)		
- property, plant and equipment	1,155,984	810,001
- reinvestment allowance	(1,674,428)	(1,329,572)
	(518,444)	(519,571)
At end of the financial year	4,202,869	4,721,313
<u>Deferred tax assets</u> (before offsetting)		
Unutilised reinvestment allowance	6,254,000	4,579,572
Set off	(6,254,000)	(4,579,572)
Deferred tax assets (after offsetting)	0	0
<u>Deferred tax liabilities</u> (before offsetting)		
Property, plant and equipment	10,456,869	9,300,885
Set off	(6,254,000)	(4,579,572)
Deferred tax liabilities (after offsetting)	4,202,869	4,721,313

23. Share capital

	Group and Company			
	2010		2009	
	Number of ordinary shares of RM1 each	Nominal value RM	Number of ordinary shares of RM1 each	Nominal value RM
Authorised:				
At beginning/end of financial year	100,000,000	100,000,000	100,000,000	100,000,000
Issued and fully paid:				
At beginning/end of financial year	60,000,000	60,000,000	60,000,000	60,000,000

NOTES TO THE FINANCIAL STATEMENTS

24. Revaluation reserve

	Group	
	2010 RM	2009 RM
At beginning of the financial year	9,959,616	6,529,344
Arising from revaluation during the financial year		
- gross (Note 11)	0	4,494,156
- tax (Note 22)	0	(1,063,884)
	0	3,430,272
At end of the financial year	9,959,616	9,959,616

25. Retained earnings

Under the single-tier system which came into effect from the year of assessment 2008, the Company is not required to have tax credits under Section 108 of the Income Tax Act, 1967 for dividend payment purposes.

Companies with Section 108 credits as at 31 December 2007 may continue to pay franked dividends until the Section 108 credits are exhausted or 31 December 2013 whichever is earlier unless the Company opts to disregard the Section 108 credits to pay single-tier dividends under the special transitional provisions of the Finance Act, 2007. As at 31 March 2010, the Company has not elected to switch to the single-tier dividend system.

As at 31 March 2010, subject to agreement with the tax authorities, the Company has sufficient Section 108 tax credits and tax exempt income to pay in full all (2009: all) of its retained earnings as franked and exempt dividends.

26. Cash and cash equivalents

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Fixed deposits with licensed banks	7,144,050	3,557,437	0	0
Cash and bank balances	6,932,059	6,911,291	26,900	31,134
Bank overdraft (Note 21)	(567,624)	0	0	0
	13,508,485	10,468,728	26,900	31,134

NOTES TO THE FINANCIAL STATEMENTS

27. Segmental reporting

(a) Primary reporting format – business segments

The Group is organised into two main business segments:

- (i) Snack food and confectioneries - manufacture and marketing of a range of snack food and confectioneries.
- (ii) Property development - development of land into commercial buildings.

2010	Snack food and confectioneries RM	Property development RM	Eliminations RM	Group RM
Sales				
External sales	125,709,885	0	0	125,709,885
Results				
Segment results (external)	12,492,614	1,611,511	0	14,104,125
Unallocated income (net)				120,987
Finance cost				(398,849)
Profit before tax				13,826,263
Tax expense				(1,182,492)
Net profit for the financial year				12,643,771
Other information				
Segment assets	126,440,830	6,692,075	(4,142,500)	128,990,405
Unallocated assets				7,686,211
Total assets				136,676,616
Segment liabilities	17,939,677	4,411,085	(4,142,500)	18,208,262
Unallocated liabilities				4,606,369
Total liabilities				22,814,631
Capital expenditure	3,868,856	0	0	3,868,856
Depreciation and amortisation	5,622,184	0	0	5,622,184

NOTES TO THE FINANCIAL STATEMENTS

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27. Segmental reporting (continued)

(a) Primary reporting format – business segments (continued)

2009	Snack food and confectioneries RM	Property development RM	Eliminations RM	Group RM
Sales				
External sales	118,440,509	0	0	118,440,509
Results				
Segment results (external)	10,528,076	(6,707)	0	10,521,369
Unallocated income (net)				62,237
Finance cost				(528,754)
Profit before tax				10,054,852
Tax expense				(288,217)
Net profit for the financial year				9,766,635
Other information				
Segment assets	125,580,997	6,341,634	(5,362,500)	126,560,131
Unallocated assets				4,163,548
Total assets				130,723,679
Segment liabilities	19,604,194	5,367,460	(5,362,500)	19,609,154
Unallocated liabilities				4,721,313
Total liabilities				24,330,467
Capital expenditure	7,105,304	0	0	7,105,304
Depreciation and amortisation	4,816,361	0	0	4,816,361

Unallocated income includes interest income and dividend from other investments. Segment assets consist primarily of property, plant and equipment, inventories, receivables and operating cash, and mainly exclude fixed deposits, investments and deferred tax assets. Segment liabilities comprise operating liabilities and exclude items such as taxation and certain corporate borrowings.

Capital expenditure comprises additions to property, plant and equipment, prepaid lease rentals, investment properties and intangible assets.

NOTES TO THE FINANCIAL STATEMENTS

27. Segmental reporting (continued)

(b) Secondary reporting format - geographical segments

The Group's business segments are in the following geographical areas:

	Sales		Total assets		Capital expenditure	
	2010 RM	2009 RM	2010 RM	2009 RM	2010 RM	2009 RM
Malaysia	66,674,852	60,709,228	136,676,616	130,723,679	3,868,856	7,105,304
Asia	40,006,341	36,397,272	0	0	0	0
Middle East	9,763,457	10,654,050	0	0	0	0
Africa	3,394,114	5,449,647	0	0	0	0
Europe	1,329,134	2,240,737	0	0	0	0
America	1,419,920	1,691,913	0	0	0	0
Others	3,122,067	1,297,662	0	0	0	0
	125,709,885	118,440,509	136,676,616	130,723,679	3,868,856	7,105,304

In determining the geographical segments of the Group, sales are based on the country in which the customer is located. There are no sales between segments. Total assets and capital expenditure are determined based on where the assets are located.

28. Capital commitments

	Group	
	2010 RM	2009 RM
Authorised by Directors, contracted but not provided for - for purchase of property, plant and equipment	5,935,829	3,182,998

29. Contingent liabilities (unsecured)

The Company has given guarantees to banks amounting to RM33,046,076 (2009: RM33,046,076) for banking facilities extended to subsidiaries of which RM8,565,472 (2009: RM12,219,186) was outstanding as at 31 March 2010.

30. Significant related party disclosures

The following transactions were carried out with related parties:

(a) Sale of goods

	Group	
	2010 RM	2009 RM
Sale of goods to Syarikat Perniagaan Chong Mah	4,129,816	4,333,064

NOTES TO THE FINANCIAL STATEMENTS

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30. Significant related party disclosures (continued)

(a) Sale of goods (continued)

Syarikat Perniagaan Chong Mah, a company incorporated in Malaysia, is a substantial shareholder holding 12.05% shares in the Company. The company is controlled by Lim Keat Sear, a director and major shareholder of the Company and persons connected with him.

The transactions with this related party are conducted in accordance with the general mandate obtained from shareholders for recurrent related party transactions.

(b) Key management compensation

The Company defines its Executive Directors as key management, hence the disclosure of key management compensation is similar to the Directors' remuneration as disclosed in Note 7 to the financial statements.

(c) Year-end balances arising from sale of goods

	Group	
	2010	2009
	RM	RM
Receivables from - Syarikat Perniagaan Chong Mah	331,493	335,694

The balance with this related party is trade in nature, interest free and receivable within normal terms of trade.

31. Financial risk management objectives and policies

The Group's activities to a certain extent are exposed to various financial risks, amongst them are foreign currency exchange risk, interest rate risk, credit risk, liquidity and cash flow risk. The financial risk management objective is formulated to ensure that the Group maximises value for its shareholders. The Group focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Financial risk management is carried out through risk reviews, internal control systems and adherence to Group financial risk management policies. Management regularly reviews these risks to keep abreast with the changing market conditions.

(i) Foreign currency exchange risk

The Group is exposed to currency risk as a result of the foreign currency transactions entered into by a subsidiary in currencies other than Ringgit Malaysia. The Group uses cash flow generated from receivables denominated in foreign currencies to limit their exposure to foreign currency payables.

NOTES TO THE FINANCIAL STATEMENTS

31. Financial risk management objectives and policies (continued)

(i) Foreign currency exchange risk (continued)

As at 31 March 2010, there is no outstanding forward contract. In the previous financial year, settlement dates on open forward contracts ranged between 1 to 2 months. The foreign currency amounts to be received and contractual rates as at 31 March 2009 are as follows:

Hedged item	Currency to be received	Currency to be paid	RM equivalent	Contractual rate
Receivables - USD100,000	RM	USD	363,020	1 USD = RM3.6302
Future sales over next 1 to 2 months - USD100,000	RM	USD	363,020	1 USD = RM3.6302

The net unrecognised loss on open contracts as at 31 March 2009 which hedge anticipated future foreign currency sales amounted to RM2,130. This net exchange loss was deferred until the related sales were transacted, at which time they were included in the measurement of such transactions.

The currency exposure of financial assets and financial liabilities of the Company at balance sheet date is set out below.

Functional currency – Ringgit Malaysia	Currency exposure at 31.3.2010 Singapore			Currency exposure at 31.3.2009 Hong Kong		
	US Dollar RM	Dollar RM	Others RM	US Dollar RM	Dollar RM	Others RM
Trade receivables	2,717,826	224,276	36,728	2,278,212	32,610	144,659
Cash and bank balances	5,013,129	0	172,172	4,031,916	0	68,870
Trade payables	(292,068)	(129,864)	(649,443)	(155,458)	0	(268,324)
Term loans	(1,901,973)	0	0	(2,658,060)	0	0
Unhedged	5,536,914	94,412	(440,543)	3,496,610	32,610	(54,795)
Forward contracts: - receivables	0	0	0	(363,020)	0	0
Net unhedged	5,536,914	94,412	(440,543)	3,133,590	32,610	(54,795)

NOTES TO THE FINANCIAL STATEMENTS

31. Financial risk management objectives and policies (continued)

(ii) Interest rate risk

The Group's exposure to interest rate risk is minimal as the Group is not heavily geared.

The net exposure of financial assets and liabilities of the Group to interest rate cash flow risk at balance sheet date is as follows:

Financial instruments	Functional currency/ currency exposure	Effective interest at balance sheet date % per annum	Total carrying amount RM	Floating interest rate <1 year RM	Fixed interest rate	
					< 1 year RM	1 - 5 years RM
As at 31 March 2010						
Fixed deposits	RM/RM	1.80	7,144,050	0	7,144,050	0
Term loans	RM/RM	4.55	(6,095,875)	0	(2,413,443)	(3,682,432)
Term loan	RM/USD	1.40	(1,901,973)	(1,901,973)	0	0
Bank overdraft	RM/ RM	8.55	(567,624)	(567,624)	0	0
			(1,421,422)	(2,469,597)	4,730,607	(3,682,432)
As at 31 March 2009						
Fixed deposits	RM/RM	2.44	3,557,437	0	3,557,437	0
Term loans	RM/RM	4.55	(9,561,126)	0	(3,468,085)	(6,093,041)
Term loan	RM/USD	2.45	(2,658,060)	(2,658,060)	0	0
			(8,661,749)	(2,658,060)	89,352	(6,093,041)

(iii) Credit risk

Management has a credit policy in place and the exposure to credit is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit.

The Group has no significant concentration of credit risk except that the majority of its deposits are placed with major financial institutions in Malaysia. In addition, the Company has given guarantees for bank facilities to a subsidiary (Note 29). The Directors are of the view that such credit risk is minimal in view of the stability of the subsidiary's financial position.

Concentration of credit risk with respect to trade receivables is limited due to the Group's large number of customers, who are dispersed and have a variety of end markets in which they sell. The Group's historical experience in collection of accounts receivables falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts of allowance for collection losses is inherent in the Group's trade receivables.

31. Financial risk management objectives and policies (continued)**(iv) Liquidity and cash flow risk**

The objective of sound and prudent liquidity management is to ensure that funds will be available at all times to honour all cash outflow obligations as they become due. Since liquidity risk is closely linked to credit risk, the previously mentioned credit risk control mechanisms apply to the monitoring and managing of liquidity risk.

(v) Fair values

The carrying amounts of financial assets and liabilities of the Group at the balance sheet date approximated their fair values except as set out below:

	Carrying amount RM	Group Fair value RM
As at 31 March 2010		
Investment properties (Note 13)	908,809	1,465,000
Fixed interest rate term loans	6,095,875	5,649,997
As at 31 March 2009		
Investment properties (Note 13)	927,446	1,443,000
Fixed interest rate term loans	9,561,126	8,662,187

The method by which fair value information was determined and any significant assumptions made in its application are as follows:

- borrowings other than bank overdrafts - future contractual cash flows discounted at current market interest rates available for similar financial instruments.
- investment properties – based on directors' valuation on comparisons with current prices in an active market for similar properties in the same locations and conditions and subject to similar leases and other contracts.

32. Approval of financial statements

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 1 June 2010.

ANALYSIS OF SHAREHOLDINGS

AS AT 9 JULY 2010

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Authorised Share Capital	:	RM100,000,000
Issued and Fully Paid-up	:	RM60,000,000
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting Rights	:	One (1) Vote Per Ordinary Share

Distribution of Shareholders

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	20	1.43	740	0.00
100 - 1,000	177	12.68	133,860	0.22
1,001 - 10,000	923	66.12	3,673,450	6.12
10,001 - 100,000	233	16.69	7,052,828	11.76
100,001 - less than 5% of issued shares	41	2.94	22,600,692	37.67
5% and above of issued shares	2	0.14	26,538,430	44.23
	1,396	100	60,000,000	100

List of Thirty Largest Shareholders

No.	Name of Shareholders	Total No. of Shares Held	%
1	Son Chen Chuan	18,107,383	30.18
2	Syarikat Perniagaan Chong Mah Sdn Bhd	8,431,047	14.05
3	Thung Shung (M) Sdn Bhd	2,889,177	4.82
4	Hoo Beng Lee	2,734,921	4.56
5	Chen Kwok Ming	1,532,762	2.55
6	Son Tong Eng	1,290,124	2.15
7	Cimsec Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for Koh Kin Lip</i>	1,000,000	1.67
8	Son Tong Leong	980,175	1.63
9	Lim Siew Guat	913,700	1.52
10	Lee Siew Geok	858,521	1.43
11	Cimsec Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for Rickoh Corporation Sdn Bhd</i>	841,000	1.40
12	Public Nominees (Tempatan) Sdn Bhd Pledged securities account for Lim Hwa Yu	828,000	1.38
13	Summer Legend Sdn Bhd	826,300	1.38
14	Lim Keat Sear	733,753	1.22
15	Lee Tack Ann	615,000	1.03
16	Chew Tee Yong	425,900	0.71
17	Son Mei Chin	399,800	0.67

ANALYSIS OF SHAREHOLDINGS

AS AT 9 JULY 2010

List of Thirty Largest Shareholders (continued)

No.	Name of Shareholders	Total No. of Shares Held	%
18	Son Kee Geok	397,224	0.66
19	Tan Song Cheng	350,000	0.58
20	Malacca Equity Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Son Tong Leong</i>	326,000	0.54
21	Cimsec Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for Hoo Beng Lee</i>	300,000	0.50
22	Malacca Equity Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Hoo Beng Lee</i>	300,000	0.50
23	Summer Legend Sdn Bhd	293,400	0.49
24	HLG Nominee (Tempatan) Sdn Bhd <i>Pledged Securities Account for Koo Jon Mean @ Koh Jon Mean</i>	281,000	0.47
25	Son Chew Pheng	276,200	0.46
26	DB (Malaysia) Nominees (Asing) Sdn Bhd <i>Exempt An For British And Malayan Trustees Limited (Yeoman 3-Right)</i>	275,000	0.46
27	Ong Chin Chien	225,800	0.38
28	Poon Yin Leng	224,400	0.37
29	Chan Swee Huat	207,700	0.35
30	Public Invest Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Yoong Fui Kien</i>	203,000	0.34

Substantial Shareholders (excluding bare trustee)

Name	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Son Chen Chuan	18,107,383	30.18	8,128,044 ⁽¹⁾	13.55
Syarikat Perniagaan Chong Mah Sdn Bhd	8,431,047	14.05	2,462,853 ⁽⁹⁾	4.10
Hoo Beng Lee	3,334,921	5.06	22,900,506 ⁽²⁾	38.17
Thung Shung (M) Sdn Bhd	2,889,177	4.82	3,120,974 ⁽¹⁰⁾	5.20
Lim Keat Sear	733,753	1.22	11,524,524 ⁽³⁾	19.21
Lee Tack Ann	615,000	1.03	12,182,645 ⁽¹²⁾	20.30
Son Tong Leong	1,306,175	2.18	24,929,252 ⁽⁴⁾	41.55
Son Tong Eng	1,290,124	2.15	23,825,603 ⁽⁵⁾	39.71
Son Kee Geok	397,224	0.66	24,714,603 ⁽⁶⁾	41.19
Son Chew Pheng	276,200	0.46	24,835,627 ⁽⁶⁾	41.39
Son Mei Chin	399,800	0.67	24,712,027 ⁽⁶⁾	41.19
Lim Keit Sen	200,400	0.33	9,164,800 ⁽⁷⁾	15.27
Lim Siew Guat	913,700	1.52	11,320,224 ⁽⁸⁾	18.87
Lee Siew Geok	858,521	1.43	3,504,177 ⁽¹¹⁾	5.84
Apendo Capital Sdn Bhd	3,900	0.01	25,387,356 ⁽¹³⁾	42.31
Summer Legend Sdn Bhd	1,119,700	1.87	22,748,479 ⁽¹⁴⁾	37.91

ANALYSIS OF SHAREHOLDINGS

AS AT 9 JULY 2010

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Notes:

- (1) Deemed interested by virtue of his directorship in Summer Legend Sdn Bhd, substantial shareholdings in Apendo Capital Sdn Bhd and shares held by his brother and children.
- (2) Deemed interested by virtue of his directorship in Summer Legend Sdn Bhd, substantial shareholdings in Apendo Capital Sdn Bhd and shares held by his brother, nephews and nieces.
- (3) Deemed interested by virtue of his controlling shareholdings in Syarikat Perniagaan Chong Mah Sdn Bhd, Thung Shung (M) Sdn Bhd, Apendo Capital Sdn Bhd and shares held by his brother, Mr Lim Keit Sen.
- (4) Deemed interested by virtue of his directorship in Summer Legend Sdn Bhd, substantial shareholdings in Apendo Capital Sdn Bhd and shares held by his father, uncle, brother and sisters.
- (5) Deemed interested by virtue of his substantial shareholdings in Apendo Capital Sdn Bhd and shares held by his father, uncle, brother and sisters.
- (6) Deemed interested by virtue of shares held by her family members.
- (7) Deemed interested by virtue of his substantial shareholdings in Syarikat Perniagaan Chong Mah Sdn Bhd and shares held by his brother, Mr. Lim Keat Sear.
- (8) Deemed interested by virtue of her substantial shareholding in Syarikat Perniagaan Chong Mah Sdn Bhd and Thung Shung (M) Sdn Bhd.
- (9) Deemed interested by virtue of Mr. Lim Keat Sear, Mr. Lee Tack Ann, Mr. Lim Keit Sen and Ms. Lim Siew Guat's shareholdings in OFIH.
- (10) Deemed interested by virtue of Mr. Lim Keat Sear, Mr. Lee Tack Ann, Ms. Lim Siew Guat and Ms. Lee Siew Geok's shareholdings in OFIH.
- (11) Deemed interested by virtue of her controlling shareholdings in Thung Shung (M) Sdn Bhd and shares held by her brother, Mr. Lee Tack Ann in OFIH.
- (12) Deemed interested by virtue of her controlling shareholdings in Syarikat Perniagaan Chong Mah Sdn Bhd, Thung Shung (M) Sdn Bhd, Apendo Capital Sdn Bhd and shares held by his sister, Ms. Lee Siew Geok in OFIH.
- (13) Deemed interested by virtue of Mr. Son Chen Chuan, Mr. Hoo Beng Lee, Mr. Son Tong Leong, Mr. Son Tong Eng, Mr. Lim Keat Sear and Mr. Lee Tack Ann's shareholdings in OFIH.
- (14) Deemed interested by virtue of Mr. Son Chen Chuan, Mr. Hoo Beng Lee and Mr. Son Tong Leong's shareholdings in OFIH.

Directors Shareholdings

Name	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Tan Sri Dato' Azizan bin Husain	-	-	-	-
Son Chen Chuan	18,107,383	30.18	8,128,044 ⁽¹⁾	13.55
Hoo Beng Lee	3,334,921	5.06	22,900,506 ⁽²⁾	38.17
Lim Keat Sear	733,753	1.22	11,524,524 ⁽³⁾	19.21
Son Tong Leong	1,306,175	2.18	24,929,252 ⁽⁴⁾	41.55
Son Tong Eng	1,290,124	2.15	23,825,603 ⁽⁵⁾	39.71
Lim Hwa Yu	828,000	1.38	-	-
Datuk Jeffery Ong Cheng Lock	-	-	-	-

Notes:

- (1) Deemed interested by virtue of his directorship in Summer Legend Sdn Bhd, substantial shareholdings in Apendo Capital Sdn Bhd and shares held by his brother and children.
- (2) Deemed interested by virtue of his directorship in Summer Legend Sdn Bhd, substantial shareholdings in Apendo Capital Sdn Bhd and shares held by his brother, nephews and nieces.
- (3) Deemed interested by virtue of his controlling shareholdings in Syarikat Perniagaan Chong Mah Sdn Bhd and Thung Shung (M) Sdn Bhd, Apendo Capital Sdn Bhd and shares held by his brother, Mr Lim Keit Sen;
- (4) Deemed interested by virtue of his directorship in Summer Legend Sdn Bhd, substantial shareholdings in Apendo Capital Sdn Bhd and shares held by his father, uncle, brother and sisters.
- (5) Deemed interested by virtue of his substantial shareholdings in Apendo Capital Sdn Bhd and shares held by his father, uncle, brother and sisters.

LIST OF PROPERTIES

No.	Description, Existing Use, Age of Building and Built Up Area	Location	Land Area (Square Metres)	Tenure	Date of Acquisition	Net Book Value as at 31.03.2010 (RM)
1	Factory complex, warehouse and office block with a total built up area of approximately 10,660 square metres. The age of the buildings range from 10 to 11 years ⁽¹⁾	No. 65, Jalan Usaha 7, Ayer Keroh Industrial Estate, 75450 Melaka	40,660	Leasehold (99 years) expiring on 30 May 2072	24 Aug 2000	16,639,369
2	Factory complex with a total built up area of approximately 5,088.60 square metres. The age of the building range from 11 to 13 years	Plot No. 96A & 96B, Jalan Usaha 7, Ayer Keroh Industrial Estate, 75450 Melaka	9,519	Leasehold (99 years) expiring on 2 September 2078 & 13 January 2080 respectively	25 Nov 1993 (Plot No. 93A) 12 Nov 1990 (Plot No. 93B)	4,443,133
3	Factory complex with a built up area of approximately 4,153.2 square metres. The age of the buildings are approximately 22 years	No. 127-C, Jalan Usaha 9, Ayer Keroh Industrial Estate, 75450 Melaka	7,564	Leasehold (99 years) expiring on 4 May 2082	9 Sept 1998	2,763,259
4	2 units of semi detached factory buildings with a total built up area of approximately 1,587 square metres. The age of the buildings are approximately 34 years	No. 85 & 86, Ayer Keroh Industrial Estate, 75450 Melaka.	4,140	Leasehold (99 years) expiring on 30 May 2072	8 Sept 1986 (No. 85) 1980 (No. 86)	1,428,376
5	Vacant Industrial Land	Lot No. 7521 (Plot 5), Ayer Keroh Industrial Estate, Phase 4, 75450 Melaka.	19,066	Leasehold (99 years) expiring on 24 May 2072	10 Aug 1991	2,548,517
6	Vacant Industrial Land	No. P.T. 1585, Mukim Krubong, Melaka.	2,007	Freehold	3 Mar 1995	172,825
7	2 units of 3-Storey Shop Office with a total built up area of approximately 662.21 square metres. The age of the buildings are approximately 15 years	No. 7, 7A & 7B and No. 9. 9A & 9B, Jalan Melaka Raya 11, Taman Melaka Raya, 75000 Melaka.	286	Leasehold (99 years) expiring on 7 July 2093	19 Oct 1992 (No. 7, 7A & 7B) 21 Oct 1992 (No. 9, 9A & 9B)	558,753

LIST OF PROPERTIES

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No.	Description, Existing Use, Age of Building and Built Up Area	Location	Land Area (Square Metres)	Tenure (RM)	Date of Acquisition	Net Book Value as at 31.03.2010
8	Double Storey Shophouse with a built up area of approximately 71.54 square metres. The age of the buildings are approximately 14 years ⁽²⁾	No. 47, Jalan Puncak 2, Taman Puncak Bukit Katil, 75450 Melaka.	130	Freehold	9 Aug 1999	137,464
9	Vacant Land ⁽³⁾	Lot No. 6148, Mukim Bukit Katil, Daerah Melaka Tengah, Negeri Melaka.	1,077	Freehold	4 Dec 1999	173,895
10	Vacant Land ⁽⁴⁾	Lot No. 6096, Mukim Bukit Katil, Daerah Melaka Tengah, Negeri Melaka.	2,157	Freehold	4 Dec 1999	238,576
11	Semi detached factory with a built up area of approximately 478 square metres. The age of the building is approximately 6 years ⁽⁵⁾	No. 20, Jalan TPP 1/1A, Taman Industri Puchong, Batu 12, Jalan Puchong, 47100 Puchong, Selangor	1,407	Freehold	10 Jul 2002	1,476,455
12	Vacant Land ^{(6) & (6A)}	No. PT 19503, Mukim Bukit Katil, Daerah Melaka Tengah Melaka	21,020	Leasehold (99 years) expiring on 13 May 2108 ^(6B)	3 Apr 2006	6,636,042

Notes:

⁽¹⁾ The acquisition of this property was completed on 15 January 2001.

⁽²⁾ The acquisition of this property was completed on 29 December 1999 and subsequently disposed off to Melaka Indians Education, Economic, Welfare and Cultural development Association (MINDA) via a Sales and Purchase Agreement signed between the Purchaser and OFI on 22 December 2009. The date of completion of the transaction was in April 2010.

⁽³⁾ The acquisition of this property was completed on 6 December 2000.

⁽⁴⁾ The acquisition of this property was completed on 19 October 2000.

⁽⁵⁾ The acquisition of this property was completed on 6 September 2004.

⁽⁶⁾ The acquisition of this property was completed on 10 October 2006.

^(6A) On 15 December 2008, a Sale and Purchase Agreement ("the SPA") was entered between OFI Properties Sdn Bhd ("OFIP") with SPM Restaurants Sdn Bhd for the disposal of leasehold vacant land measuring approximately 3,981 square metres (42,851 square feet) (currently known as No. PT 19502, Mukim Bukit Katil, Daerah Melaka Tengah, Melaka) which form part of Lot. No. 4260, Mukim Bukit Katil, Melaka Tengah, Melaka ("the Property") (currently known as No. PT 19503, Mukim Bukit Katil, Daerah Melaka Tengah, Melaka) for a cash consideration of RM3,128,123.00.

^(6B) On 14 May 2009 OFIH obtained the issuance of the separate individual title for the Property under commercial category of land use with tenure of 99 years expiring 13 May 2108.

- All the above properties (except for properties nos. 6 to 10 and 12) were revalued by Messrs C. H. Williams Talhar & Wong In February 2009.

Recurrent Related Parties Transactions

Pursuant to a Shareholders' Mandate obtained on 26 August 2009, the Company and its' subsidiaries have carried out recurrent related party transactions for a total value of RM4,129,816 from the effective date of Shareholders' Mandate until the date of this Annual Report.

The Company is seeking a renewal of the Shareholders' Mandate for the Company and/or its subsidiaries to enter into a Recurrent Related Party Transactions with Related Parties under the Special Business in the forthcoming AGM.

Share Buyback

The Company did not make any share buyback during the financial year.

Options, Warrants or Convertible Securities

No options, warrants or convertible securities were exercised by the Company in the financial year.

American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Programme

During the financial year, the Company did not sponsor any ADR or GDR programme.

Imposition of Sanctions/Penalties

There were no public sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the regulatory bodies.

Non-audit Fees

The amount of non-audit fees paid and payable to the external auditors by the Group for the financial year ended 31 March 2010 was RM11,050.00.

Contracts Relating to Loans

There were no contracts relating to loans by the Company in respect of the material contracts involving Directors and major shareholders.

Material Contracts

Except for the following Agreement, neither OFIH nor its subsidiary companies has entered into any other contract which are or may be material during the two (2) years preceding the date of this Annual Report, other than contract entered into the ordinary course of business:

- Sales and Purchase Agreement dated 22 December 2009 between Oriental Food Industries Sdn Bhd (Company No. 38289-A) ("the Vendor") and Melaka Indians Education, Economic, Welfare and Cultural Development Association (MINDA) ("the Purchaser") for the purchase of all that piece of land situated in the Mukim Bukit Katil, Daerah Melaka Tengah, Melaka, marked as No. Lot 5921 containing an area of 130 square metres comprised in and held under Geran No. Pendaftaran 18282 together with a double storey terrace shophouse erected thereon and known as No. 47, Taman Puncak 2, Taman Puncak Bukit Katil, 75450 Melaka for a cash consideration of RM140,000.00.
- Sales and Purchase Agreement dated 15 December 2008 between OFI Properties Sdn Bhd (Company No. 701435-K) ("the Vendor") and SPM Restaurants Sdn Bhd ("the Purchaser") for the disposal of a piece of leasehold vacant land measuring approximately 3,981 square metres which form part of Lot 4260, Mukim Bukit Katil, Melaka Tengah, Melaka for a cash consideration of RM3,128,123.00.

Material Contracts Involving Directors' And Substantial Shareholders' Interests

Since the end of the previous financial year, the Company and its subsidiaries have not entered into any material contract involving directors and substantial shareholders.

Revaluation of Landed Properties

The Group has adopted the policy of regular revaluation on the Group's landed properties. The details of the revaluation are stated in Note 2(c) and 11 of the financial statements.

FORM OF PROXY

ORIENTAL FOOD INDUSTRIES HOLDINGS BERHAD

(Company No : 389769-M)
(Incorporated in Malaysia)

No. of ordinary shares held	
-----------------------------	--

I/We _____
(Full Name in Capital Letters)

of _____
(Full address)

being a Member/Members of ORIENTAL FOOD INDUSTRIES HOLDINGS BERHAD hereby appoint * the Chairman of the meeting or

of _____
(Full address)

or failing him/her _____
(Full Name in Capital Letters)

of _____
(Full address)

as * my/our proxy/proxies to attend and vote for *me/us and on *my/our behalf at the 14th Annual General Meeting of the Company, to be held at Tiara Banquet Hall, Tiara Melaka Golf and Country Club, Jalan Gapam, Bukit Katil, 75760 Melaka on Wednesday, 18 August 2010 at 2.00 p.m. and, at every adjournment thereof to vote as indicated below :

		For	Against
Resolution 1	To receive and adopt the statutory financial statements for the year ended 31 March 2010 together with the Directors' and Auditors' Reports thereon.		
Resolution 2	To declare the following final dividends for the year ended 31 March 2010 : (a) Tax exempt dividend of RM0.02 per share amounting to RM1,200,000 on 60,000,000 ordinary shares of RM1.00 each ; and (b) Franked dividend of RM0.02 per share less 25% tax at a total net amount of RM900,000 on 60,000,000 ordinary shares of RM1.00 each.		
Resolution 3	To approve the payment of directors' fees of RM200,000/- for the year ended 31 March 2010.		
Resolution 4	To re-elect Mr Son Chen Chuan who retires in accordance with Article 75 of the Company's Articles of Association.		
Resolution 5	To re-elect Mr Son Tong Eng who retires in accordance with Article 75 of the Company's Articles of Association.		
Resolution 6	To re-elect Datuk Jeffery Ong Cheng Lock who retires in accordance with Article 75 of the Company's Articles of Association.		
Resolution 7	To re-appoint Messrs PricewaterhouseCoopers as auditors for the ensuing year and to authorise the Directors to fix their remuneration.		
	Special Business		
Resolution 8	To authorise the Directors to issue shares pursuant to Section 132D of the Companies Act, 1965.		
Resolution 9	To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature with Syarikat Perniagaan Chong Mah Sdn Bhd.		

(Please indicate with an "X" in the space provided above on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at this discretion.)

The proportion of my holdings to be represented by my *proxy/proxies are as follows :-

First name Proxy	%
Second name Proxy	%
	<u>100%</u>

In case of a vote taken by a show of hands, the First Proxy shall vote on *my/our behalf. *Strike out whichever is not desired.

As witness my hand _____ day of _____ 2010. _____
Signature

Notes :

1. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company. Section 149(1)(b) of the Companies Act, 1965 shall not apply.
2. A member may appoint more than two (2) proxies to attend at the same meeting. Where a member appoints two (2) or more proxies, the proxies shall not be valid unless the member specifies the proportion of his shareholdings to be represented by each proxy.
3. The instrument appointing a proxy in the case of an individual shall be signed by the appointor or his attorney and in the case of a corporation, the instrument appointing a proxy or proxies must be under seal or under the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
5. The instrument appointing a proxy must be deposited at the Registered Office at Level 8, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan at least forty-eight (48) hours before the time approved for holding the meeting or any adjournment thereof.

Fold this flap for sealing

**AFFIX
STAMP
HERE**

THE COMPANY SECRETARY

Level 8 Symphony House
Block D13 Pusat Dagangan Dana 1
Jalan PJU1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

Fold this flap for sealing



Level 8 Symphony House
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Selangor Darul Ehsan

Tel : +603 7841 8000
Fax : +603 7841 8199
www.ofih.com.my
www.jacker.com.my



ORIENTAL FOOD INDUSTRIES HOLDINGS BERHAD (Company No: 389769-M)

ADDENDUM

NOTICE OF 14TH ANNUAL GENERAL MEETING

To the attention of the shareholders:

Dear Sir / Madam

This is an addendum in regards to the following:-

AUTHORITY TO ALLOT SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

The Explanatory Notes on Special Business under Resolution 8 of the Notice of the 14th Annual General Meeting which was announced via Bursa Link on 26 July 2010 and published in The Sun newspaper on 27 July 2010 should be accompanied with the following additional statements :-

The mandate is a renewal of the mandate obtained from the shareholders of the Company at the 13th Annual General Meeting held on 26 August 2009. The Company did not utilize the mandate obtained at the last Annual General Meeting and thus no proceeds were raised from the previous mandate.

The Renewed Mandate will enable the Directors to take swift action in case of a need for corporate exercise or in the event business opportunities arise which involve the issue of new shares, and to avoid delay and cost in convening general meetings to approve such issue of shares.

Yours faithfully

ORIENTAL FOOD INDUSTRIES HOLDINGS BERHAD

CHONG SWEE YOON (F)
MAICSA 7010242
Company Secretary

Dated : 28 July 2010



ORIENTAL FOOD INDUSTRIES HOLDINGS BERHAD

(Company No : 389769-M)
(Incorporated in Malaysia)

Date : 27 July 2010

Dear Shareholder

Re : eDividend (Electronic Dividend) service

We are pleased to inform you that Oriental Food Industries Holdings Berhad ("the Company") will be providing eDividend to shareholders to be implemented in the third quarter of 2010. The eDividend refers to the payment of cash dividends by a listed issuer directly into the shareholders' bank accounts. One of the main objectives of implementing eDividend is to promote greater efficiency of the payment system which is aligned to the national agenda of migrating to electronic payment.

1. **Benefits of eDividend**

- 1.1 eDividend extends to all companies listed on Bursa Malaysia Securities Berhad ("listed issuers") and provides, amongst others, faster access to your cash dividends, eliminates the inconvenience of having to deposit the dividend cheques and problems such as misplaced, lost or expired cheques and unauthorized deposit of dividend cheques.
- 1.2 For those shareholders who have previously opt for direct crediting of dividend entitlement via GIRO Service with the Company, you will still need to register for eDividend to enjoy the following additional benefits:-
 - (a) the convenience of a one-off registration for entitlement to eDividend from all listed issuers; and
 - (b) the option to consolidate the dividends from all your Central Depository System ("CDS") accounts into one bank account for better management.

2. **Registration for eDividend**

- 2.1 Registration for eDividend will commence on 19 April 2010 for a period of 1 year until 18 April 2011, at no cost to the shareholders. If you register after the 1 year period, an administrative charge will be imposed.

To register for eDividend, you are required to provide to Bursa Malaysia Depository Sdn Bhd ("Bursa Depository") through your stock broker, your bank account number and other information by completing the prescribed form. This form can be obtained in due course from your stock broker's office where your CDS account is maintained, or downloaded from Bursa Malaysia's website at <http://www.bursamalaysia.com>.

- 2.2 You need to submit to your stock broker's office where your CDS account is maintained, the duly completed prescribed form and the following for registration:-

- (a) Individual depositor : Copy of identification documents i.e. NRIC, Passport, Authority Card or other acceptable identification documents. Original documents must be produced for your stock broker's verification.

Corporate depositor:- Certified true copy of the Certificate of Incorporation/Certificate of Registration; and

- (b) Copy of your bank statement / bank savings book / details of your bank account obtained from your banks website that has been certified by your bank / copy of letter from your bank confirming your bank account particulars. For individuals, original documents must be produced for your stock broker's verification. For corporate entities, a certified true copy is to be submitted.

If the CDS account is held in the name of a nominee, the nominee will register for the eDividend.

2.3 If you are not able to be present at your stock broker's office to submit the prescribed form and supporting documents, please ensure that the signing of the prescribed form and the supporting documents have been witnessed by an acceptable witness specified by Bursa Depository. In this regard, an acceptable witness includes an Authorised Officer of your stock broker, a Dealer's Representative, a notary public and an Authorised Officer of the Malaysia Embassy/High Commission.

3. Notification of eDividend payment after registration

3.1 You are encouraged to provide in the prescribed form to Bursa Depository both your mobile phone number and email address, if any. This is to enable the Company to issue electronic notification to you either e-mail or sms, at the discretion of the Company, once the Company has paid the cash dividend out of its account. Please note that if you provide only your mobile phone number, you may only be notified of the cash dividend payment when you receive your dividend warrant or tax certificate.

4. Additional information for shareholders

4.1 Your savings or current account, must be an active bank account, maintained with a local bank under your name or in the case of a joint account, has your name as one of the account holders. It must also be a bank account with a financial institution that is a member of the Malaysian Electronic Payment System Inter-Bank GIRO (IBG) set out below, which can be found on this website:

http://www.meps.com.my/faq/interbank_giro.asp?id=2#answer

- | | |
|--|---|
| 1. Affin Bank Berhad | 12. EON Bank Berhad |
| 2. Alliance Bank Malaysia Berhad | 13. Hong Leong Bank Berhad |
| 3. AmBank (M) Berhad | 14. HSBC Bank Malaysia Berhad |
| 4. Bank Islam Malaysia Berhad | 15. Malayan Banking Berhad |
| 5. Bank Muamalat Malaysia Berhad | 16. OCBC Bank (Malaysia) Berhad |
| 6. Bank Kerjasama Rakyat Malaysia Berhad | 17. Public Bank Berhad |
| 7. Bank of America | 18. RHB Bank Berhad |
| 8. Bank Simpanan Nasional Berhad | 19. Standard Chartered Bank Malaysia Berhad |
| 9. CIMB Bank Berhad | 20. The Royal Bank of Scotland Berhad |
| 10. Citibank Berhad | 21. United Overseas Bank (Malaysia) Bhd |
| 11. Deutsche Bank Berhad | |

4.2 Your bank account particulars and other related information is protected under the Securities Industry (Central Depositories) Act 1991 which strictly prohibits the disclosure of such information to any person unless you expressly authorise the disclosure of your bank account particulars and other related information to persons necessary to facilitate the eDividend such as the Company, the share registrar and the appointed paying banks.

4.3 Once you have registered for eDividend, any cash dividend entitlement of which the book closure date is announced by the Company on or after 1 September 2010, shall be paid to you via eDividend.

We look forward to a successful implementation of eDividend through your active participation, and to serving you better as our valued shareholders.

Thank you

Yours faithfully
For and on behalf of the Board of
Directors
ORIENTAL FOOD INDUSTRIES
HOLDINGS BERHAD

Son Chen Chuan
Managing Director