ANNUAL REPORT









ORIENTAL

ORIENTAL FOOD INDUSTRIES HOLDINGS BERHAD (389769-M)

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NOTICE OF ANNUAL GENERAL MEETING

21ST ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE Twenty-First Annual General Meeting ("21st AGM") 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 Thursday, 24 August 2017 at 2.30 p.m. to transact the following businesses:-

AGENDA

ORDINARY BUSINESS

1. To receive the Statutory Financial Statements for the financial year ended 31 March 2017 together with the Directors' and Auditors' Reports thereon.

2. To approve the payment of Directors' fees amounting to RM315,000.00 for the financial year ended 31 March 2017. **(Resolution 1)**

3. To approve the payment of Directors' remuneration and benefits (excluding Directors' fees) up to an amount of RM185,000 to the Directors with effect from 31 January 2017 until the next Annual General Meeting ("AGM"). **(Resolution 2)**

4. To re-elect the following Directors, each of whom retires by rotation in accordance with Article 75 of the Constitution of the Company:-

   4.1 Datuk Son Tong Leong **(Resolution 3)**
   4.2 Datuk Son Tong Eng **(Resolution 4)**

5. To approve the re-appointment of Tan Sri Dato' Azizan Bin Husain as Director of the Company. **(Resolution 5)**

6. To re-appoint Messrs. Ernst & Young as Auditors of the Company for the financial year ending 31 March 2018 and to authorise the Directors to determine their remuneration. **(Resolution 6)**

SPECIAL BUSINESS

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

7. **Approval to Continue In Office as an Independent Non-Executive Director** **(Resolution 7)**

   "THAT Tan Sri Dato' Azizan Bin Husain who has served the Board as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years since 8 June 2000 be and is hereby retained and continue to act as the Independent Non-Executive Director of the Company."

8. **Approval to Continue In Office as an Independent Non-Executive Director** **(Resolution 8)**

   "THAT Mr. Lim Hwa Yu who has served the Board as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years since 23 February 1999 be and is hereby retained and continue to act as the Independent Non-Executive Director of the Company."

9. **Approval to Continue In Office as an Independent Non-Executive Director** **(Resolution 9)**

   "THAT Datuk Jeffery Ong Cheng Lock who has served the Board as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years since 14 May 2007 be and is hereby retained and continue to act as the Independent Non-Executive Director of the Company."

Notice of Annual General Meeting

10. Authority to Allot Shares pursuant to Sections 75 and 76 of the Companies Act, 2016 **(Resolution 10)**

"THAT subject always to the Companies Act, 2016 ("the Act"), the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Company's Constitution and the approval of the relevant government/regulatory authorities, the Directors be and are hereby empowered pursuant to Sections 75 and 76 of the Act to issue and allot new shares in the Company at any time at such price, upon such terms and conditions, for such purposes and to such person(s) whomsoever as the Directors may in their absolute discretion, deem fit and expedient in the interest of the Company, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval from Bursa Securities for the listing of and quotation for the additional shares so issued AND THAT such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next AGM of the Company."

11. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature **(Resolution 11)**

"THAT authority be and is hereby given in line with Paragraph 10.09 of the Main Market Listing Requirements of Bursa Securities for the Company and/or its subsidiaries to enter into any of the transactions falling within the types of the Recurrent Related Party Transactions, particulars of which are set out in Part A, Circular to Shareholders dated 26 July 2017, with the Related Parties as described in the said Circular, provided that such transactions are of revenue or trading nature, which are necessary for the day-to-day operations of the Company and/or its subsidiaries within the ordinary course of business of the Company and/or its subsidiaries, made on an arm's length basis and on normal commercial terms which are generally available to the public and are not detrimental to the minority shareholders of the Company;

ANT THAT such authority shall commence immediately upon the passing of this Resolution until:

i. the conclusion of the next AGM of the Company at which time the authority shall lapse, unless by Ordinary Resolution passed at a general meeting, the authority is renewed; or

ii. the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act; or

iii. revoked or varied by a Resolution passed by the shareholders of the Company at a general meeting,

whichever is earlier.

AND FURTHER THAT the Board of Directors be and is hereby authorised to do all acts, deeds and things as may be deemed fit, necessary, expedient and/or appropriate in order to implement the Proposed RRPT Mandate with full power to assent to all or any conditions, variations, modifications and/or amendments in any manner as may be required by any relevant authorities or otherwise and to deal with all matters relating thereto and to take all such steps and to execute, sign and deliver for and on behalf of the Company all such documents, agreements, arrangements and/or undertakings, with any party or parties and to carry out any other matters as may be required to implement, finalise and complete, and give full effect to the Proposed RRPT Mandate in the best interest of the Company."

NOTICE OF ANNUAL GENERAL MEETING

12. Proposed Renewal of Share Buy-Back Authority **(Resolution 12)**

THAT, subject to the compliance with Section 127 of the Act, the provisions of the Constitution of the Company, the Main Market Listing Requirements of Bursa Securities and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares in the Company as may be determined by the Board of Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Board of Directors may deem fit and expedient in the interest of the Company provided that:-

i. the aggregate number of shares purchased does not exceed ten per cent (10%) of the total issued and paid-up share capital of the Company as quoted on Bursa Securities as at the point of purchase;

ii. the maximum amount of funds to be allocated for the proposed Share Buy-Back shall not exceed the aggregate of retained profits and/or share premium account of the Company based on the latest audited financial statements and/or the latest management accounts of the Company (where applicable) available at the time of the purchase(s); and

iii. the Board of Directors of the Company may decide either to retain the shares purchased as treasury shares or cancel the shares or retain part of the shares so purchased as treasury shares and cancel the remainder or to resell the shares or distribute the shares as dividend.

THAT such authority shall commence upon the passing of this resolution and shall continue to be in force until:

a. the conclusion of the next AGM of the Company at which time the authority will lapse, unless by ordinary resolution passed at the next AGM, the authority is renewed, either unconditionally or subject to conditions; or

b. the expiration of the period within which the next AGM after that date is required by law to be held; or

c. revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting,

whichever occurs first.

AND THAT authority be and is hereby given unconditionally and generally to the Board of Directors of the Company to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under Securities Industry (Central Depositories) Act, 1991, and the entering into all other agreements, arrangements and guarantee with any party or parties) to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities and with the fullest power to do all such acts and things thereafter (including without limitation, the cancellation and/or retention and/or distribution and/or selling of all or any part of the purchased shares in accordance with the Companies Act, 2016, the provisions of the Constitution of the Company and the requirements and/or guidelines of Bursa Securities for the Main Market and all other relevant governmental and/or regulatory authorities."

13. To transact any other business of the Company which due notices shall be given in accordance with the Constitution of the Company and the Companies Act, 2016.

BY ORDER OF THE BOARD

KARINA CHONG MEI YING (LS 0009542)
CHAN SAU LENG (MAICSA 7012211)
RUZETI EMAR BINTI MOHD ROSLI (LS 0009965)
Joint Secretaries
Selangor Darul Ehsan

26 July 2017

Notice of Annual General Meeting

NOTES:

1. In regard of deposited securities, only members whose names appear in the Record of Depositors as at 15 August 2017 ("General Meeting Record of Depositors") shall be eligible to attend and vote at the Meeting.

2. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company. There shall be no restriction as to the qualifications of the proxy.

3. 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.

4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

5. 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.

6. The instrument appointing proxy shall be deemed to confer authority to demand or join in demanding a poll.

7. 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 not less than twenty-four (24) hours before the time appointed for holding the meeting or any adjournment thereof as Paragraph 8.29(A) of the Main Market Listing Requirements of Bursa Securities requires all resolutions set out in the Notice of General Meeting to be put to vote by poll.

8. Proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.

9. **Personal Data Privacy:**

   By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof), and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

EXPLANATORY NOTES ON SPECIAL BUSINESS:

1. Statutory Financial Statements for the financial year ended 31 March 2017

This agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Act requires the Statutory Financial Statements to be laid at the AGM. As such, this agenda item does not require shareholders' approval and hence, is not put forward for voting.

NOTICE OF ANNUAL GENERAL MEETING

2. Resolution 2 - Directors' remuneration and benefits (excluding Directors' fees)

Resolution 2 relates to the proposed payment of Directors' remuneration and benefits (excluding Directors' fees) to the Directors from 31 January 2017 until the next AGM of the Company, which comprise the followings:-

Description	Chairman	Independent Non-Executive Directors & Non-Independent Non-Executive Directors	Executive Directors
Monthly Fixed Allowance	RM6,000 per month	Not Applicable	Not Applicable
Meeting Allowance for attendance of Board and Board Committee Meetings, and general meetings	RM500 per meeting	RM500 per meeting	Not Applicable
Monthly Claims	RM24,000 per annum	Not Applicable	Not Applicable

3. Resolution 7, 8 and 9 – Approval to Continue in Office as Independent Non-Executive Director

The Board of Directors has via the Nomination Committee conducted an annual performance evaluation and assessment of Tan Sri Dato' Azizan Bin Husain, Mr. Lim Hwa Yu and Datuk Jeffery Ong Cheng Lock who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years since 8 June 2000, 23 February 1999 and 14 May 2007 respectively, and hereby recommends them to continue to act as Independent Non-Executive Directors of the Company based on the following justifications:-

i. They have fulfilled the criteria under the definition on Independent Directors as stated in the Bursa Securities' Main Market Listing Requirements, and therefore is able to bring independent and objective judgement to the Board;
ii. They have been with the Company for more than nine (9) years and therefore understand the Company's business operations which enable them to participate actively and contribute during deliberations or discussions at the Meetings;
iii. They have contributed sufficient time and efforts and attended all the Meetings for informed and balanced decision making; and
iv. They have exercised due care and diligence during their tenure as Independent Non-Executive Directors of the Company and carried out their fiduciary duty in the interest of the Company and shareholders without being subject to influence of management.

4. Resolution 10 – Authority to allot shares pursuant to Sections 75 and 76 of the Companies Act, 2016

The Resolution 10, if approved, will empower the Directors of the Company, from the date of the above AGM, authority to issue and allot shares in the Company up to an aggregate amount not exceeding 10% of the total number of issued shares 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 AGM of the Company.

The Mandate is as renewal of the Mandate granted by the members at the last AGM held on 23 August 2016. The Mandate granted at the last AGM was not utilised by the Company and thus, no proceeds were raised.

The Renewed Mandate will empower the Directors to raise fund via issuance of new shares without delay, in the event of business opportunities arise.

Notice of Annual General Meeting

5. Resolution 11 – Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The Resolution 11, 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 AGM.

Further information on the proposed Ordinary Resolution No. 11 is set out in Part A, Circular to Shareholders dated 26 July 2017 which is dispatched together with the Annual Report 2017 of the Company.

6. Resolution 12 – Proposed Renewal of Share Buy-Back Authority

The Resolution 12, if approved, will empower the Board of Directors to allocate not exceeding the retained profits and/or share premium accounts of the Company for the purpose of and to purchase such amount of ordinary shares in the Company from time to time on the market of Bursa Securities upon such terms and conditions as the Board of Directors may deem fit in the interest of the Company provided that the aggregate number of shares purchased pursuant to this Resolution does not exceed 10% of the total issued and paid-up share capital of the Company.

Further information on the proposed Ordinary Resolution No. 12 is set out in Part B, Statement to Shareholders in relation to the Proposed Renewal of Share Buy-Back Authority dated 26 July 2017 which is dispatched together with the Annual Report 2017 of the Company.

STATEMENT ACCOMPANYING NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING

NAMES OF DIRECTORS STANDING FOR RE-ELECTION OR RE-APPOINTMENT

1. Resolution 3 and 4 - Re-election of Directors

The Directors who are retiring pursuant to Article 75 of the Constitution of the Company and seeking for re-election at the forthcoming 21st AGM are as follows:

a. Datuk Son Tong Leong
b. Datuk Son Tong Eng

2. Resolution 5 - Re-appointment of Director

There is no age limit to act as directors in a public company pursuant to the Companies Act 2016 which came in force on 31 January 2017. In this respect, Tan Sri Dato' Azizan Bin Husain, aged above 70 who was re-appointed pursuant to Section 129 of the Companies Act 1965 at the last AGM of the Company, will hold office until the conclusion of this 21st AGM.

The Ordinary Resolution 5, if passed, will enable Tan Sri Dato' Azizan Bin Husain, who has offered himself for re-appointment as Director at the 21st AGM, to continue to act as a Director of the Company and he shall be subject to retirement by rotation at a later date.

Details of the above Directors are set out in the Directors' Profiles section and their shareholdings in the Company, where applicable, are set out in the Analysis of Shareholdings section appearing on pages 17 to 19 and 98 to 99 respectively of the Company's Annual Report respectively.

CHAIRMAN'S STATEMENT

To Our Valued Shareholders,



I am pleased to report that that Oriental Food Industries Holdings Berhad ("the Company" or "the Group") delivered a good set of financial results for 2017. The Company is in a sound financial position with positive growth in revenue and profit as we made steady progress towards our objective of delivering sustainable value for our shareholders.

On behalf of the Board of Directors, I am pleased to present the 2017 Annual Report detailing a comprehensive report to our shareholders, on the activities, results and strategies of our Company.

Financial and Operations Review

Another financial milestone with the continuing growth in revenue for the Group was seen in the financial year ended 31 March 2017 ("FY 2017"). Revenue increased 4.6% on a year-on-year basis from RM244.9 million in financial year ended 31 March 2016 ("FY 2016") to RM256.1 million in FY 2017. The growth was largely attributable to the increase in volume of business.

The Group's revenue was derived primarily from the Snack Food and Confectioneries segment, which stood at RM256.1 million, representing 100% of the Group's total revenue.

In terms of geographical segment, the Group's mixed revenue comprised of 36.5% local sales against 63.5% export sales. Due to the emphasis that the Group put on export sales, an increase of 8.0% was seen in this segment as opposed to the decrease of 1% in the local sales segment.

Pre-tax profit of the Group decreased as compared to FY 2016. The Group recorded a decrease of 28.1% from RM32.1 million in FY 2016 to RM23.1 million in FY 2017.

Looking at the product performance, the financial year under review achieved encouraging growth of 8.7% in cakes category, outperforming the growth in sales of snacks and wafers. This growth was particularly spurred by the rising trend of sales for our layer cakes.

Despite all challenges, the Group achieved satisfactory total comprehensive income attributable to the shareholders of RM18.2 million in FY 2017. This translates to basic earnings per share of 7.60 sen.

In terms of our balance sheet, total loans and borrowings stood at nominal amount of RM14.4 million against the backdrop of shareholders' fund of RM182.1 million and cash and bank balances of RM19.0 million. The Group's good financial leverage has put the Group in a position that allows us to undertake further expansion activities.

We are indeed very pleased with our financial performance in the financial year under review, and are optimistic on maintaining this uptrend.

Dividends

In line with the commendable financial performance of the Group, the total dividend payout for the year amounted to RM9.6 million of FY 2017's net profits.

The dividend policy of paying a minimum of 35% of net profit to the shareholders remains unchanged. With this, shareholders will be able to consistently enjoy the returns in correspondence with the future growth of the Group.

CHAIRMAN'S STATEMENT

Business Outlook & Strategies

The Company has ensured that many exciting plans are underway in 2017, namely the launching of several new products, the construction of a new manufacturing plant as well as adding high technology and fully automated production line to accommodate both local and overseas demands.

Our snack food and confectionery business have benefitted from the increase in demand in the last financial year. Although competition in the food retail market has increased in recent years, but the Company has managed to emerge as one of the leading snack food and confectionery manufacturer. Consumers' brand loyalty, has boosted the sales of our "Jacker" brand, namely for potato products.

In order to have a firm footing in the industry, the Research and Development ("R&D") division of the Group led by the Top Management has continuously focused on market research and obtained overseas expert opinions in improvising the current products as well as develop new products to introduce healthier snacks for the benefit of health-conscious consumers.

The Group also emphasised on the importance of packaging design because packaging is as important as the product itself. Attractive and premium quality packaging equals in increased sales as it is often a consumer's first point of contact with the product.

On the regional front, the Group aims to continue growing its sales volume by appointing more distributors in major oversea markets. Presently, Oriental's products are sold to more than 40 countries in the region, including highly-discerning consumer markets such as Japan and Australia.

With the ISO 9001:2008 and HACCP (Hazard Analysis and Critical Control Point) certification, the Group endeavors to continuously improve its product quality to keep up with the ever-demanding international health standards and proceed with the on-going upgrading of the current facilities in line with our project to obtain the HACCP certification for the production of wafer and confectionery products. The Company manufactures only Halal products which have been certified by the Department of Islamic Development Malaysia ("JAKIM") and the relevant recognised Islamic authorities. The Company is also in the midst of obtaining the ISO 22000 certification.

Corporate Social Responsibility ("CSR")

The Group has a reputation for recognizing the importance of corporate social responsibility. is and continuously supporting charitable endeavours both in the local community and nationally.

The Group practices a few broad categories of CSR namely philanthropy by donating to national and local charities as it has resources that can benefit charities and local community programs. In our local communities, we have continuously participated in various CSR initiatives to give back to the public which include monetary and products donations to various non-profitable and charitable organization.

We also accommodate industrial trainees from local institutions to assist these students to be exposed in real work environment and gain valuable experience and at the same time.

In addition, we practice ethical labour by treating employees fairly and ethically.

We have at all times try our very best to commit ourselves in social, economic and environmental responsibilities. Apart from focusing on profitability to optimize shareholders' value, we also acknowledge that our role in society has never been more important without expecting anything in return.



CHAIRMAN'S STATEMENT

Corporate Governance

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

The Board has recently incorporated the following policies which can be viewed at the Company's corporate website www.ofih.com.my :-

a. Board Charter
b. Code of Conduct
c. Whistle-Blowing Policy
d. Nomination and Election Process of Board Members
e. Board Remuneration Policy
f. Corporate Disclosure Policy
g. Corporate Social Responsibility, Environmental and Sustainability Policy

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 the Corporate Governance Statement in this Annual Report.

Acknowledgement

On behalf of the Board, I would like to thank the Top Management for their excellent management of the business and nurturing of its employee culture that drive such excellent results both commercially and in corporate responsibility.

I wish to thank my fellow Directors for their continued support and guidance and extend my utmost gratitude to our dedicated employees for their outstanding contribution over the last 12 months resulting in our growth and success throughout the year.

The Board is grateful for the support and loyalty of our Shareholders and we thank you for your continuous confidence in the Group.

Last but not least, we extend our sincere appreciation to our customers, business partners, suppliers and governmental agencies for their trust and unwavering support.

Tan Sri Dato' Azizan Bin Husain
Chairman



MANAGEMENT DISCUSSION AND ANALYSIS

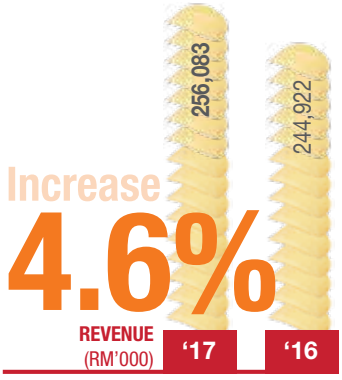
OVERVIEW OF THE GROUPS' BUSINESS AND OPERATIONS

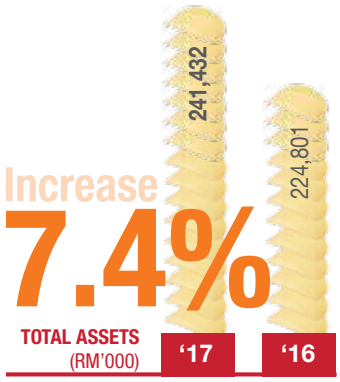
Oriental Food Industries Holdings Berhad ("the Company" or "the Group") has made its mark in the snack food and confectionery manufacturing industry today as one of the companies holding the leading position in the said industry in Malaysia.

The Group remain focused on placing the needs and interests of its customers' first by manufacturing an assortment of snack food and confectionery products that focuses on quality. Generally these products can be divided into four (4) broad categories, which are snack food, wafer, potato snacks and bakery products.

The Group has various product brand names, most of which are commercially strong and generating the required sales and profit both locally and oversea. Super Ring, Jacker, Rota and Oriental are currently well-known household brand names in Malaysia.







FINANCIAL RESULTS AND FINANCIAL CONDITION

Despite undergoing a challenging year in 2016, the Group has managed to secure a continued growth in revenue as seen in the financial year ended 31 March 2017 ("FY 2017") results as reflected in the table below:

	2017 RM'000	2016 RM'000	Y-O-Y RM'000	%
Revenue	256,083	244,922	11,161	4.6%
Gross Profit	55,177	63,827	(8,650)	(13.5%)
Profit Before Tax ("PBT")	23,062	32,059	(8,997)	(28.1%)
Financial Costs	543	444	(99)	(22.3%)
Profit After Tax ("PAT")	18,233	25,475	(7,242)	(28.4%)
Shareholders' Fund	182,089	173,443	8,646	5.0%
Total Assets	241,432	224,801	16,631	7.4%
Borrowings	14,371	10,083	(4,288)	(42.5%)
Debt/ Equity (%)	13.6%	N/A		
Earnings Per Share	7.60	10.61		
Net Assets Per Share	0.76	0.72		

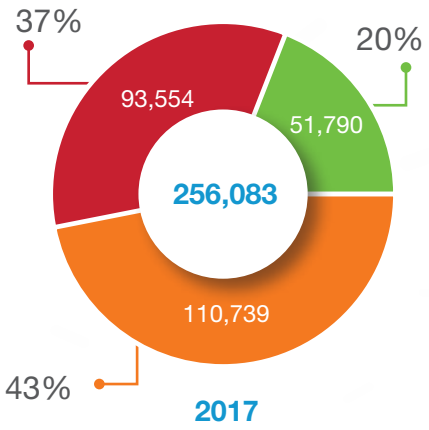
Management Discussion and Analysis

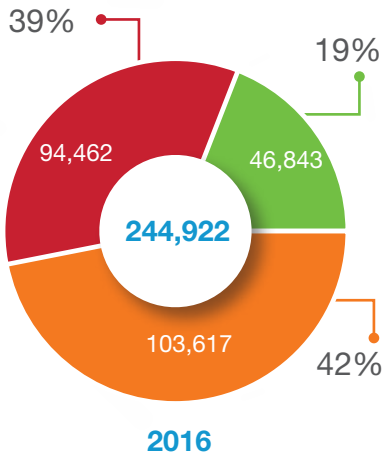
REVENUE

The Group recorded a higher revenue of RM256.1 million in financial year 2017, an increase of 4.6% as compared to previous financial year of RM244.9 million. The increase was mainly contributed by higher export sales which comprise of 63.5% of the total sales.

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

	Revenues			
	01.04.2016 - 31.03.2017		01.04.2015 - 31.03.2016	
	RM'000	%	RM'000	%
Malaysia	93,554	37%	94,462	39%
Asia	110,739	43%	103,617	42%
Others	51,790	20%	46,843	19%
Total reported segments	256,083	100%	244,922	100%





NET PROFITS

The Group's profit after tax, however, is lower at RM18.2 million as compared to RM25.5 million in the previous financial year. This is due to rising costs, fluctuations in foreign currencies and the inability to pass on the increased cost to customers. Earnings per share of the Group stood at 7.60 sen.



Management Discussion and Analysis

FINANCIAL POSITION

The Group's financial position remains strong with total assets of RM241.4 million against total liabilities of RM58.7 million. The Group has cash reserve of RM19.0 million at the financial year end as compared to RM43.3 million in the previous year as one of its major subsidiary is embarking on capital expansion projects which are expected to carry on for the next few years.

Net tangible asset per share, attributable to owner improve to RM0.76 (2016: RM0.72). Gearing ratio of the Group stood at 13.6% (2016: nil) and the shareholders' funds is RM182.1 million. The Group's liquidity, measure by current ratio is 2.7.

DIVIDEND

The Group constantly declare a dividend payout for every quarter for the past years. Total dividend declared for the financial year 2017 was 4.0 sen (2016: 6.5 sen) per share.

GROUP'S PROSPECTS

The Group is currently making machinery acquisitions for some expansion projects for new product lines. The management expects that these new lines will contribute positively towards the growth and profitability of the Group. These programs are expected to be completed in stages in the next few years.

The Board expects that the performance of the Group will be satisfactory for the next financial year ending 31 March 2018, despite facing various challenges of competitive markets.



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 Bhd in August 2000 and 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 with a group of subsidiaries that are engaged in the following activities:

ORIENTAL

100%

Oriental Food Industries Sdn. Bhd. ("OFI")

Manufacturing and marketing of snack food and confectioneries.

99.99%

OFI Properties Sdn. Bhd. ("OFIP")

Property Development.

100%

Oriental Food Marketing (M) Sdn. Bhd. ("OFM")

Sales and marketing of snack food and confectioneries.

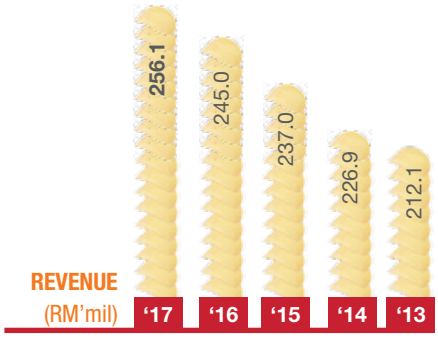
Major Subsidiaries

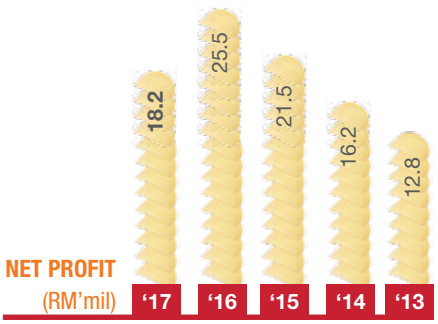
Subsidiary of Oriental Food Industries Sdn. Bhd.

GROUP FINANCIAL HIGHLIGHTS

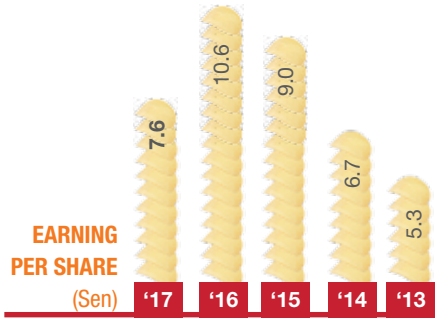
Income Statements RM'mil	2013	2014	2015	2016	2017
Revenue	**212.10**	**226.89**	**237.03**	**244.92**	**256.08**
Cost of sales	(166.43)	(174.34)	(180.47)	(181.09)	(200.91)
Gross Profit	**45.67**	**52.55**	**56.56**	**63.83**	**55.17**
Other operating income	0.79	0.43	2.91	6.28	4.83
Selling and distribution cost	(20.21)	(21.29)	(22.33)	(22.64)	(20.72)
Administrative expenses	(9.46)	(9.97)	(11.27)	(13.45)	(15.60)
Other operating expenses	(0.14)	(0.84)	(0.27)	(1.52)	(0.08)
Profit from operations	**16.64**	**20.89**	**25.60**	**32.50**	**23.60**
Finance cost	(0.33)	(0.24)	(0.18)	(0.44)	(0.54)
Profit before tax	**16.31**	**20.64**	**25.42**	**32.06**	**23.06**
Tax	(3.46)	(4.43)	(3.91)	(6.58)	(4.83)
Profit after tax	**12.85**	**16.21**	**21.51**	**25.48**	**18.23**
Non-controlling Interest	0.08	0.04	-	0.02	(0.01)
Net Profit	**12.77**	**16.17**	**21.51**	**25.46**	**18.24**
Net dividend per share (sen)*	**8.00**	**8.00**	**9.50**	**12.50**	**4.00**
Earnings per share	**5.32**	**6.74**	**8.96**	**10.61**	**7.60**
Depreciation & Amortisation	**6.27**	**6.84**	**7.63**	**9.01**	**9.32**
Number of Shares	**60.00**	**60.00**	**60.00**	**240.00**	**240.00**
EBITDA	**22.91**	**27.72**	**33.23**	**41.51**	**32.91**

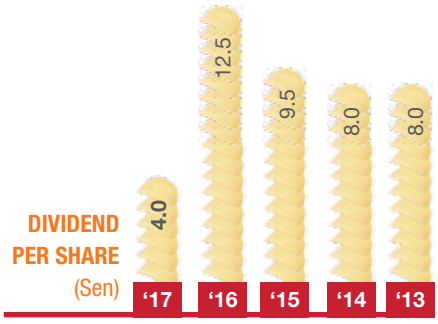
* Dividend recognised/paid during the financial year and is excluding the dividend paid after the respective financial year end and final dividend proposed for the shareholders' approval











CORPORATE INFORMATION



BOARD OF DIRECTORS

Tan Sri Dato' Azizan bin Husain	Chairman Independent Non-Executive Director
Datuk Seri Son Chen Chuan	Managing Director
Datuk Son Tong Leong	Executive Director
Datuk Son Tong Eng	Executive Director
Lim Keat Sear	Non-Independent 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 (LS 0009542)
Chan Sau Leng (MAICSA 7012211)
Ruzeti Emar Binti Mohd Rosli (LS0009965)

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 Management Sdn Bhd
Lot 9-7, Menara Sentral Vista
No. 150, Jalan Sultan Abdul Samad Brickfields
50470 Kuala Lumpur
Malaysia
Tel : +603 2276 6138
Fax : +603 2276 6131

AUDITORS

Ernst & Young (AF 0039)

CORPORATE HEAD OFFICE

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

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad
OCBC Bank (Malaysia) Berhad
Public Bank Berhad
CIMB Bank Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

STOCK NAME

OFI

STOCK CODE

7107

PROFILE OF THE BOARD OF DIRECTORS

Tan Sri Dato'Azizan Bin Husain

Aged : 73
Gender : Male
Nationality : Malaysian
Position : Independent Non-Executive Chairman

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

Tan Sri Azizan is currently the Chairman of another listed company, namely Fiamma Holdings Berhad. He is also a Director of Tai Thong Group. At the same time, he serves on the Board of other private companies.

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.

Tan Sri Azizan started his career with the Ministry of Agriculture 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 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) with the Ministry of Finance.

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

Tan Sri Azizan does not hold shares in the Company and is not related to any Director and/or major shareholders 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 five (5) years.

Datuk Seri Son Chen Chuan

Aged : 70
Gender : Male
Nationality : Malaysian
Position : Managing Director

Datuk Seri Son Chen Chuan ("Datuk Son") was appointed Managing Director since 8 June 2000.

Datuk Seri 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. Datuk Son had through the years foster close relationships with the suppliers and customers.

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

Datuk Seri Son is related to Datuk Son Tong Leong (son) and Datuk Son Tong Eng (son). He is a substantial shareholder in the Company by virtue of his direct and indirect interests in the shareholdings held by himself and his children and via his shareholding in Apendo Capital Sdn. Bhd. and Summer Legend Sdn. Bhd. Other than the recurrent related party transactions as disclosed in page 102, he does not have any conflict of interest with the Company and has not been convicted of any offence within the past five (5) years.

PROFILE OF THE BOARD OF DIRECTORS

Datuk Son Tong Leong

Aged : 47
Gender : Male
Nationality : Malaysian
Position : Executive Director

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

He is a shareholder of the Company and is related to Datuk Seri Son Chen Chuan (father) and Datuk Son Tong Eng (brother), all of whom are Directors 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 five (5) years.

Datuk Son Tong Eng

Aged : 46
Gender : Male
Nationality : Malaysian
Position : Executive Director

Datuk 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 a shareholder of the Company and is related to Datuk Seri Son Chen Chuan (father) and Datuk Son Tong Leong (brother), all of whom are the Directors 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 five (5) years.

Mr. Lim Hwa Yu

Aged : 61
Gender : Male
Nationality : Malaysian
Position : 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, Remuneration Committee and Nomination 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 is also currently a Director in Pos Malaysia Berhad.

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

Mr. Lim 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 five (5) years.

PROFILE OF THE BOARD OF DIRECTORS

Datuk Jeffery Ong Cheng Lock

Aged : 66
Gender : Male
Nationality : Malaysian
Position : 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, Remuneration Committee and Nomination 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, 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 is also a Former Board Member of OSH National Council, 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 five (5) years.

Mr. Lim Keat Sear

Aged : 66
Gender : Male
Nationality : Malaysian
Position : Non Independent Non-Executive Director

Mr. Lim Keat Sear was appointed to the Board on 8 June 2000. He also serves as a member of the 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 a substantial shareholder of the Company by virtue of his direct and indirect interest via Syarikat Perniagaan Chong Mah Sdn. Bhd., Thung Shung (M) Sdn. Bhd. and Summer Legend Sdn. Bhd. and is not related to any of the Directors of the Company. Other than the recurrent related party transactions as disclosed in page 102, he does not have any conflict of interest with the Company and has not been convicted of any offence within the past five (5) years.



PROFILE OF KEY SENIOR MANAGEMENT

Karina Chong Mei Ying

Aged : 46
Gender : Female
Nationality : Malaysian
Position : Group Company Secretary

Ms Karina Chong first joined the Group in 1996 to 2005 and thereafter re-joined the Group in 1 February 2007. She holds a Bachelor of Laws degree from the University of London and is a Registered License Secretary with the Companies Commission of Malaysia. She has twenty-one (21) years of experience in her scope of duties.

She is in charge of the secretarial, legal, corporate, human resources and administration matters and reports to the Directors of the Group. She is also the Joint Company Secretary of the Group.

She does not hold shares in the Company and is not related to any Director and/or major shareholders of the Company. She does not have any conflict of interest with the Company and has not been convicted of any offence within the past five (5) years.

Yap Siew Kuan

Aged : 48
Gender : Female
Nationality : Malaysian
Position : Group Accountant

Ms Yap Siew Kuan joined the Company on 15 January 2015. She was a graduate from Chartered Institute of Management Accountants and is a member of Malaysian Institute of Accountants. She has twenty (20) years of experience in the accounting and audit line.

She is in charge of the corporate accounts and finances of the Group and reports to the Directors of the Company.

She does not hold shares in the Company and is not related to any Director and/or major shareholders of the Company. She does not have any conflict of interest with the Company and has not been convicted of any offence within the past five (5) years.

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("the Board") observes the Malaysian Code on Corporate Governance 2012 ("MCCG 2012") and ensures the highest standards of corporate governance is practiced throughout Oriental Food Industries Holdings Berhad's group of companies ("the Group") as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and the financial performance of the Group.

The Group's corporate governance structure has been developed and enhanced based on the principles and recommendations of best practices prescribed in the MCCG 2012.

The Board is pleased to inform that the Company has established the following policies which can be viewed at the Company's corporate website www.ofih.com.my :-

a. Board Charter
b. Code of Conduct
c. Whistle-Blowing Policy
d. Nomination and Election Process of Board Members
e. Board Remuneration Policy
f. Corporate Disclosure Policy
g. Corporate Social Responsibility, Environmental and Sustainability Policy

A. BOARD OF DIRECTORS

Board Charter and Code of Conduct

The Board Charter and Code of Conduct ("The Charter") adopted by the Board provides guidance to the Board in the fulfilment of its roles, duties and responsibilities which are in line with the principles of good corporate governance. The Charter is subject to periodical review to ensure consistency with the Board's strategic intent as well as relevant standards of corporate governance.

The Board is also committed to conducting business in accordance with the highest standards of business ethics and complying with applicable laws, rules and regulations. The Code of Conduct provides guidance for Directors regarding ethical and behavioural considerations and/or actions as they address their duties and obligations during the appointment.

The Board is responsible to determine its optimised size in order to carry out its responsibility and authority effectively and efficiently.

The Charter will periodically be reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact in discharging the Board's responsibilities. The Charter was last reviewed and approved on 28 May 2013.

Composition of the Board

The Board currently has seven (7) members, three (3) Executive Directors, one (1) Non-Independent Non-Executive Director and three (3) Independent Non-Executive Directors. This composition in compliance with the minimum one-third requirement for Independent Directors to be on the Board. The Board is led by Tan Sri Dato' Azizan Bin Husain, an Independent Non-Executive Chairman, while the executives are led by Datuk Seri Son Chen Chuan, the Managing Director.

The present size and composition of the Board is appropriate for the complexity and scale of operations of the Group. 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 together with Management ensures proper implementation of policies and strategies as adopted by the Board for the business operations of the Group.

The evaluation of the potential candidate for new directorship and director nominated for re-election are delegated to Nomination Committee ("NC") with recommendation being made to the Board for decision. On the appointment of the new director, such new director is required to commit sufficient time in order to discharge his/her duty and responsibility with reasonable due care, skills and diligence. Members of the Board is expected to devote sufficient time and effort to discharge their individual responsibilities with reasonable due care, skills and diligence. Individual members of the Board are required to inform the Chairman before accepting the new appointment and to communicate the time he/she expects to spend for the new appointment.

STATEMENT ON CORPORATE GOVERNANCE

A. BOARD OF DIRECTORS (CONTINUED)

The Board composition is governed by the Constitution of the Company. The Board shall comprise at least two (2) directors and not more than fifteen (15) directors, in accordance with the Constitution of the Company. Furthermore, in order to assert independence element and check and balance role to the Board, at least two (2) Directors or one third (1/3) of the Board (whichever is higher), shall be independent, in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Main LR")

The tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, such Independent Director may continue to serve on the Board subject to the Directors' re-designation as a Non-Independent Director. Otherwise, the Board must justify and seek Shareholders' approval in the event it retains as an Independent Director.

The retirement and re-election of Directors are in accordance to the Constitution of the Company, which provides that all Directors of the Company, including the Managing Director are subject to retirement. At least one third (1/3) in number of the Board and who have been longest in office are subject to retirement by rotation during the annual general meeting. A newly appointed Director shall retire at next annual general meeting. A retiring Director is eligible for re-election.

The Non-Executive Directors are independent from the Management and major 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 in pages 17 to 19 of this Annual Report.

Board Meetings

The Board meets at least once in a quarter. The Meeting agendas and a set of Board Paper which is circulated at least seven (7) days prior to the Board Meetings in a timely manner to ensure that the Directors can peruse the matters for discussion and able to obtain further explanations, where necessary, to make informed decisions. Senior Management is invited to attend these meetings to explain and clarify matters, where necessary.

The Company Secretaries organise and attend all Board Meetings to ensure proper records of the proceedings.

Directors are given access to any information within the Company and are free to seek independent professional advice at the Company's expense, if necessary, in furtherance of their duties. All Directors also have access to the advice and services of the Company Secretaries who are responsible for ensuring that Board procedures are met and in accordance with regulatory requirements.

During the financial year ended 31 March 2017, 4 meetings were held and the Directors' attendance at the Board Meetings are as follows:

Name	Designation	No. of Board Meetings Attended	Percentage of Attendance (%)
Tan Sri Dato' Azizan Bin Husain	Chairman/Independent Non-Executive Director	4/4	100
Datuk Seri Son Chen Chuan	Managing Director	4/4	100
Datuk Son Tong Leong	Executive Director	4/4	100
Datuk Son Tong Eng	Executive Director	4/4	100
Lim Keat Sear	Non-Independent 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 ON CORPORATE GOVERNANCE

A. BOARD OF DIRECTORS (CONTINUED)

Appointment, Retirement and Re-election

The retirement and re-election of Directors are in accordance to the Constitution of the Company, which provides that all Directors of the Company, including the Managing Director are subject to retirement. At every Annual General Meeting ("AGM"), at least one third (1/3) in number of the Board and who have been longest in office are subject to retirement by rotation. Any newly appointed Directors during the year must offer themselves to the Shareholders for re-election at the first AGM following their appointment.

At the 20th AGM held on 23 August 2016, Tan Sri Dato' Azizan Bin Husain was re-appointed as a Director of the Company to hold office until the conclusion of this year AGM pursuant to Section 129(6) of the Companies Act, 1965. With the enforcement of the Companies Act, 2016, a public company is no longer required to seek shareholders' approval on the re-appointment for Directors above age of 70 for re-appointment annually at the AGM. Tan Sri Dato' Azizan Bin Husain who will hold office until the conclusion of this AGM, has offered himself for re-appointment as Director at the 21st AGM.

The tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Pursuant to MCCG 2012, an Independent Director who has served for a cumulative term of more than nine (9) years would need to seek re-election at the AGM.

Independent Director shall only remain as Independent Director if:

i. The independence assessment conducted by the Nomination Committee (with such independent director being abstained from the deliberation if he is a member) based on the above procedure and criteria on such Independent Director determines that the independence of such Independent Director is preserved and is not deteriorated in any manner due to passage of time and reported as such to the Board; and

ii. The continuing of such Director as Independent Director is recommended by the Board, based on the independence assessment conducted by the Nomination Committee with the results of the independent assessment being disclosed in the notice to such general meeting, to the Shareholders for ratification to continue to act as Independent Director in a general meeting and the ordinary resolution for such agenda is ratified by the shareholders during such general meeting.

All Directors seeking re-election/re-appointment need to be assessed by the Nomination Committee on their capability and suitability.

Directors' Training

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

Directors are encouraged to attend seminars and/or conferences organised by relevant regulatory authorities and professional bodies to keep abreast with the latest developments in the market place and new statutory and regulatory requirements.

Details of trainings attended by the Directors are as follows:-

Name of Directors	Training Programmes	Date
Tan Sri Dato' Azizan Bin Husain	• ISO 22000 Food Safety Management System	8 September 2016
	• Good Manufacturing Practices (GMP)	8 September 2016
Datuk Seri Son Chen Chuan	• ISO 22000 Food Safety Management System	8 September 2016
	• Good Manufacturing Practices (GMP)	8 September 2016
Mr. Lim Hwa Yu	• Tax Issues for Land Traders, Investors and Property Developers	14 January 2016
	• New Framework and New Guidelines Issued by IRBM	21 January 2016
	• New Public Rulings – 2015 & 2016	26 February 2016
	• Managing Tax Audits in Present Regime	31 March 2016
	• Preparation and Submission of Return Forms 2015	13 April 2016
	• Tax Implication and Practical Application of Intercompany Loan Transactions	3 August 2016
	• Seminar Percukaian Kebangsaan 2016	15 November 2016
	• An Overview of MPERS – Part 2: Transition to the MPERS-Constructing the Opening Balance Sheet Position (Day 1 adjustments)	9 May 2017

STATEMENT ON CORPORATE GOVERNANCE

A. BOARD OF DIRECTORS (CONTINUED)

Directors' Training (continued)

Name of Directors	Training Programmes	Date
Mr. Lim Hwa Yu	• An Overview of MPERS – Part 2: Practical Approach to Recognistion and Measurement principles including Updates	25 & 26 April 2017
	• Income Tax & GST Implication and Application Leveraging the New Companies Act 2016	15 March 2017
Datuk Son Tong Leong	• ISO 22000 Food Safety Management System	8 September 2016
	• Good Manufacturing Practices (GMP)	8 September 2016
Mr. Lim Keat Sear	• ISO 22000 Food Safety Management System	8 September 2016
	• Good Manufacturing Practices (GMP)	8 September 2016
Datuk Son Tong Eng	• ISO 22000 Food Safety Management System	8 September 2016
	• Good Manufacturing Practices (GMP)	8 September 2016
Datuk Jeffery Ong Cheng Lock	• ISO 22000 Food Safety Management System	8 September 2016
	• Good Manufacturing Practices (GMP)	8 September 2016

All the Directors have attended at least one (1) training session.

The Board is also regularly updated by the Company Secretaries on the latest amendments to the Main Market Listing Requirements.

The Board will on a continuing basis evaluate and determine the training needs of each Director, particularly on relevant new laws and regulations and essential practices for effective corporate governance and risk management to enable the Directors to effectively discharge their duties.

B. BOARD COMMITTEES

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

- Audit Committee
- Nomination Committee
- Remuneration Committee

i. Audit Committee

The role of the Audit Committee is to support the Board in overseeing the processes for production of the financial data, review of the financial reports and internal control of the Group. The Audit Committee holds a meeting every quarter to review the financial reports of the Company.

The Audit Committee comprises of not less than three (3) members which fulfill the following requirements:

a. a majority must be Independent Directors.

b. at least one (1) member -

   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 three (3) years' working experience and :-

      - he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
      - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.

STATEMENT ON CORPORATE GOVERNANCE

B. BOARD COMMITTEES (CONTINUED)

i. Audit Committee (continued)

c. Alternate Director shall not be appointed as a member of the Audit Committee.

d. The members of the Audit Committee shall elect a chairman from amongst themselves who shall be an Independent Director.

e. In the event of any vacancy in the Audit Committee resulting in the non-compliance of subparagraphs 15.09(1) and 15.10 of the Listing Requirements, the vacancy must be filled within 3 months.

The objectives of the Audit Committee are as follows:

a. Provide assistance to the Board in fulfilling its statutory and fiduciary responsibilities for examinations of the Company and in monitoring its accounting and financial reporting practices.

b. 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.

c. 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.

d. Provide direction and controls over the internal audit function and the external auditors.

There were four (4) meetings held during the financial year.

ii. Nomination Committee

The Nomination Committee was set up by the Board to ensure it has an appropriate balance, size and the required mix of skills, experience and core competencies to govern the organisation towards achieving its intended goals and objectives. The nomination and election process of Board Members are set out in the Nomination and Election Process of Board Members published in the Company's website.

The members of the Committee are as follows:-

Chairman	:	Datuk Jeffery Ong Cheng Lock *(Independent Non-Executive Director)*
Members	:	Tan Sri Dato' Azizan Bin Husain *(Independent Non-Executive Director)* Lim Hwa Yu *(Independent Non-Executive Director)*

The Board delegated the annual assessment of effectiveness of the Board as a whole, individual members and its Board Committees to Nomination Committee. Nomination Committee is required to carry out the assessments, at least once per financial year, in accordance with the structured assessment process established by the Board and to report annually assessment of the full Board,

The function of the Nomination Committee are summarised as follows:

a. Consider, and make recommendations on candidates for directorships proposed by the Managing Director or by any other Executive Directors or Directors or Shareholders;

b. Recommend to the Board, Directors to fill the seat on Board Committees;

c. Assess annually the following for recommendation the Board for approval:-

- performance and effectiveness of the Board as a whole, the committees of the Board and the contribution of each existing individual Director;
- required mix of skills and experience and other qualities, including core competencies which non-Executive Directors should bring to the Board;
- re-election of Directors pursuant to the Constitution of the Company and the Companies Act, 2016;
- independence of the Independent Directors as recommended by the Code.

There were three (3) meetings held during the financial year.

STATEMENT ON CORPORATE GOVERNANCE

B. BOARD COMMITTEES (CONTINUED)

iii. Remuneration Committee

The Remuneration Committee comprises the following members:-

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

The function of the Remuneration Committee is to recommend to the Board, the remuneration packages of Managing Director, Executive Directors and any other persons of the Group as the Committee is designated to consider.

The remuneration procedures are set out in the Board Remuneration Policy adopted by Board. The Directors' fees are recommended by the Board and are subject to the approval of the shareholders of the Company at general meeting.

In discharging this responsibility, the Committee has obtained the advice of independent professional consultant on compensation for Top Management and Senior Directors at the expense of the Company.

There were four (4) meetings held during the financial year.

C. DIRECTORS' REMUNERATION

The aggregate remuneration of Directors for the financial year ended 31 March 2017 are as follows:-

	Directors' fees		Salaries/ Allowances (RM)	Bonuses (RM)	Benefits-in-kind (RM)	Other emoluments (RM)	Total (RM)
	Company RM	Subsidiaries RM					
Executive	135,000	60,000	1,787,700	609,200	-	483,011	56,000
Non-Executive	180,000	-	-	-	72,000	10,800	-

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	1
• RM50,000 – RM100,000	Nil	2
• RM100,001 – RM150,000	Nil	1
• 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	3	Nil

D. SUPPLY OF INFORMATION

All Directors are provided 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 Secretaries and independent professional advisers whenever appropriate at the Company's expense. Members of the Board are regularly updated on any new statutory and regulatory requirements.

STATEMENT ON CORPORATE GOVERNANCE

E. RELATIONSHIP WITH SHAREHOLDERS & INVESTORS

Shareholders and investors' relationship is 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 Securities Berhad.

c. The website of the Company which provides the updated information of the Company such as products and activities.

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

F. 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 38 of this Annual Report.

Internal Control and Internal Audit Function

The Board acknowledges the importance of internal control including 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 control as well as risk management.

The Group's Statement on Risk Management and Internal Control are set out on pages 29 to 33 of this Annual Report. The said Statement has been duly reviewed by the external auditors.

Relationship with Auditors

The Audit Committee maintains a transparent relationship with both internal and external auditors in seeking their professional advice and ensuring compliance with the applicable laws and regulations. The Audit Committee seeks regular assurance on the effectiveness of the internal control system through independent appraisal by the auditors in ensuring compliance with the applicable accounting standard in Malaysia. Liaison and unrestricted communication exists between the Audit Committee and the External Auditors.

In relation to our audit of the financial statements of the Company for the financial year ended 31 March 2017, the External Auditors have maintained their independency in accordance with the By-laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.

The scope of audit and emphasis are as follows:

- Property, Plant and Equipment
- Inventories
- Trade and other receivables
- Related party transactions
- Other matters

The External Auditors were responsible for planning and performing the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by fraud or error.

STATEMENT ON CORPORATE GOVERNANCE

F. ACCOUNTABILITY AND AUDIT (CONTINUED)

Corporate Disclosure

The Company has adopted a Corporate Disclosure Policy to ensure accurate, clear, timely and complete disclosure of material information necessary for informed investing and take reasonable steps to ensure that all who invest in the Company's securities enjoy equal access to such information to avoid an individual or selective disclosure.

Apart from the above, the Company also has implemented a whistle-blowing policy programme. Through this program, employees are encouraged to discreetly disclose concerns about illegal, unethical or improper business conduct within the Company. In this manner, the employees can help the Company to monitor and keep track of such illegal, unethical or improper business conduct within the Company which otherwise may not be easily detected through normal process or transaction.

This policy is designed to facilitate employees to disclose any improper conduct (misconduct or criminal offence) through internal channel. Such misconduct or criminal offences include (but not limited to) the following:

i. Fraud;
ii. Bribery;
iii. Abuse of Power;
iv. Conflict of Interest;
v. Theft or embezzlement;
vi. Misuse of Company's Property; and
vii. Non Compliance with Procedure.

This policy is for the employees to raise the matters in an independent and unbiased manner. Employees are not required to prove the cases but rather to provide sufficient information for the management to take appropriate steps.

This Policy is administered by the Group's Top Management and overseen by the Audit Committee.

Sustainability Policy

The Board is committed to operate its business in accordance with environmental, social and economic responsibility. These include working within the laws in order to be innovative and demonstrate initiative to meet the requirements of various stakeholders.

The Company strives to achieve sustainable long term balance between meeting its business goals and preserving the environment, its commitments with respect to sustainability are in the areas of workplace, marketplace, community and environment.

The strategies to promote sustainability and its implementation can be found at the Company's website.

G. CORPORATE SOCIAL RESPONSIBILITIES ("CSR")

The Company recognises the importance of CSR and has taken a proactive approach wherever possible to provide monetary and products contributions to governmental departments, non-profitable and charitable organisations.

The Company also organises 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.

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

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("the Board") of Oriental Food Industries Holdings Berhad ("OFIH") acknowledges the importance of maintaining good risk management and internal control system within OFIH and its subsidiaries ("the Group") and is pleased to provide the following statement on the state of the risk management and internal control systems which outlines the nature and scope of risk management and internal control systems of the Group for the financial year ended 31 March 2017 disclosed pursuant to Paragraph 15.26(b) of Main Market Listing Requirements. This statement was prepared by taking into account of the Statement on Risk Management and Internal Control: Guidelines for Director and Listed Issuers ("The Guidelines") pursuant to Practice Note 9 of Main Market Listing Requirements.

A. BOARD RESPONSIBILITY

The Board affirms its overall responsibility for maintaining a sound risk management and internal control system and for reviewing their adequacy and effectiveness so as to safeguard all its stakeholders' interests and protecting the Group's assets. The Board is responsible to determine the acceptable risk appetite of the Group as well as to articulate and implement risk management and internal control system. The Board delegates the duty of identification, assessment and management of key business risks to the Managing Director and Executive Directors. The role of review of the adequacy and effectiveness of the risk management and internal control system within the Group is delegated to the Audit Committee by the Board, through its terms of reference approved by the Board, in order to provide assurance to the Board on the adequacy and effectiveness of governance, risk, control structures and processes of the Group. Through the Audit Committee, the Board is kept informed of all significant control issues brought to the attention of the Audit Committee by the Management, the outsourced internal audit function and the External Auditors.

The system of internal controls covers inter-alia, risk assessment as well as financial, operational, environmental and compliance controls. However, in view of the limitations that are inherent in any system of risk management and internal controls, the system of risk management and internal control are designed to manage, rather than to eliminate, the risk of failure to achieve the Group's business objectives. Accordingly, the system of risk management and internal control can only provide reasonable and not absolute assurance against material misstatement of losses and fraud.

B. RISK MANAGEMENT

The Board recognises that an important element of a sound risk management and internal control system is to have a risk management practice put in place to identify, evaluate and manage significant risks faced by the Group systematically during the financial year under review.

The Board adopts systematic risk management structure and processes for the enterprise wide risk management activities that are embedded throughout the Group as a second line-of-defence.

Systematic risk management process is employed by the Executive Directors and the Management for risk identification, risk assessment, control identification, risk treatment and control activities. Risk assessment, at gross and residual level, are guided by the likelihood rating and impact rating established by the Board. Based on the risk management process, key risks profile was compiled by the Executive Directors and the Management, with relevant key risks identified based on the agreed risk rating. The key risks profile is used for the identification of high residual risks which are above the risk appetite of the Group that requires the Executive Directors and the Board's immediate attention and risk treatment as well as for future risk monitoring. As an important risk monitoring mechanism, the key risks profile of the Group as well as assessment and treatment of emerging risks identified at strategic and operational level are reported to the Audit Committee for review and its reporting to the Board.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

B. RISK MANAGEMENT (CONTINUED)

At strategic level, business plans and business strategies with risks consideration are formulated by Managing Director and Executive Directors and presented to the Board for review to ensure proposed strategies are in line with the Group's risk appetite. Update of the implementation progress of the approved strategies are being discussed in subsequent Board meetings for follow-up and review.

At operational level (first line-of-defence), the respective Head of Departments (i.e. risk owners) are responsible for managing the risks within their department. Risk owners are responsible for adequate and effective operational monitoring and management by way of maintaining adequate and effective internal control and the execution of risks and control procedures on a daily basis. Changes in the key business risks faced by the Group or emergence of new business risks and the corresponding internal control are discussed during management meetings to determine the risk treatment and implementation of effective controls to manage the risk. Critical and material changes in the key business risks faced by the Group or emergence of new material business risks are highlighted to the Managing Director and Executive Directors for the decision on the risk treatment and its implementation as well as its reporting to the Audit Committee and the Board.

The above process has been practiced by the Group for the financial year under review and up to the date of approval of this statement.

C. INTERNAL CONTROL SYSTEM

The key features of the Group's internal control systems are described below:

i. Board of Directors/Board Committees

Board Committees (i.e. Audit Committee, Remuneration Committee and Nomination Committee) being established to carry out duties and responsibilities delegated by the Board, governed by their respective written terms of reference.

Meetings of Board of Directors and respective Board Committees are carried out on scheduled basis to review the performance of the Group, from financial to operational perspective. Business plans and business strategies are proposed by the Group Managing Director to the Board for review and approval after taking into account the risk consideration and responses.

ii. Integrity and Ethical Value

The tone from the top on integrity and ethical value are enshrined in formal Code of Conduct established and approved by the Board. The formal code forms the foundation of integrity and ethical value for the Group. Formal Whistle-Blowing Policy is put in place by the Board and overseen by the Audit Committee to provide a channel for employees and other interested parties to confidentially bring to the attention of the Executive Director any concerns related to matters covered by the Group's Code of Conduct, legal issues and accounting or audit matters.

iii. Organisation Structure and Authorisation Procedures

The Group has a formal organisation structure in place for planning, organising and executing the business operations of the Group to ensure its objectives are met. The authorisation requirements for key processes are stated in the Group's policies and procedures.

iv. Policies and Procedures

The Group has documented policies and procedures that are periodically reviewed and updated to ensure its relevance to regulate key operations in compliance with its Halal certification, International Organisation for Standardisation (ISO 9001:2008) certification, Hazard Analysis and Critical Control Points (HACCP) certification and internal control requirements. The authorisation requirements for key processes are stated in the Group's policies and procedures.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

C. INTERNAL CONTROL SYSTEM (CONTINUED)

v. Human Resource Policy

The Group has put in place formal Human Resource Policy and Employee Handbook throughout the Group to ensure the Group's ability to operate in an effective and efficient manner by employing and retaining adequate competent employees possessing necessary knowledge, skill and experience in order to carry out their duties and responsibilities assigned effectively and efficiently. Training needs of employees are identified annually so that relevant trainings are provided to such employees to upgrade their knowledge and skill sets.

vi. Information and Communication

At operational level, clear reporting lines established across the Group and operation and management reports are prepared for dissemination to relevant personnel for effective communication of critical Information throughout the Group for timely decision making and execution in pursuit of the business objectives. Matters that require the Board and Senior Management's attention are highlighted for review, deliberation and decision on a timely basis.

The Group puts in place effective and efficient information and communication infrastructures and channels, i.e. computerized enterprise resources planning systems, secured intranet, electronic mail system and modern telecommunication, so that operation data and management information can be communicated timely and securely to dedicated personnel within the Group for decision making and for communication with relevant external stakeholders for execution and information collection. Apart from that, relevant financial and management reports are generated for different level of the organization structure for review and decision making. The management and board meetings are held for effective two-way communication of information at different level of management and the Board.

vii. External Bodies Certification

The operating subsidiary is certified and in compliance with the Halal certification, ISO 9001:2008 (Quality Management System) for all products and Hazard and Critical Control Point certification for its potato crisps product.

viii. Monitoring and Review Activities

a. Daily management meetings of Head of Departments are held to review operational performance of key divisions/ departments within the Group.

b. Monthly review of the management accounts of the Company and its subsidiaries by the Senior Management team.

c. Quarterly unaudited financial reports reviewed by Audit Committee together with management, and subsequently reported to the Board.

d. Internal audit conducted by Outsourced Internal Audit function (which is reporting directly to the Audit Committee) based on key risk areas identified. The Outsourced Internal Audit function assesses the adequacy and effectiveness of risk management and internal control in relation to specific governance, risk and control processes and highlights any potential risks may be posed to the Group to the Audit Committee based on the results of the audit work performed. Recommendations for improvement are proposed by the internal audit function to minimise the potential risks identified.

e. Independent review of compliance with relevant laws and regulations in relation to specific areas of safety, health and environment by independent consultants engaged by the Group and/or relevant regulatory bodies.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

D. INTERNAL AUDIT FUNCTION

The Group relies on internal audit function as the third line-of-defence to provide the Board and the Management with the required level of assurance that the governance, risk management, internal control system is operating adequately and effectively in mitigating organisational risks to achieve the Group's corporate objectives. The Group's internal audit function is outsourced to an independent professional firm which is reporting directly to the Audit Committee.

The engagement director of the Outsourced Internal Audit Function is a Certified Internal Auditor accredited by the Institute of Internal Auditors Global and a professional member of the Institute of Internal Auditors Malaysia. The internal audits are carried out, in material aspects, in accordance with the International Professional Practices Framework established by the Institute of Internal Auditors Global.

The internal audit plan in respect to financial year 31 March 2017 was prepared using risk based approach that takes into consideration of the existing and emergent key business risks identified in the Group's key risk profile and management's input. Such internal audit plan was presented to the Audit Committee for review before recommending to the Board for approval. Scheduled internal audits were performed by the Internal Audit function based on the approved internal audit plan with any subsequent change to the approved plan and scope was referred to the Audit Committee for review and its recommendation to the Board for approval prior to the commencement of the audit.

The internal control review procedures performed by the internal audit function are designed to understand, document and evaluate risks and related controls to determine the adequacy and effectiveness of governance, risk and control structures and processes and to formulate recommendations for improvement thereon. The internal audit procedures applied principally consist of process evaluations through interviews with relevant personnel involved in the process under review, review of the Standard Operating Procedures and/or process flows provided and observations of the functioning of processes in compliance with results of interviews and/or documented Standard Operating Procedures and/or process flows. Thereafter, testing of controls for the respective audit areas through the review of the samples selected based on sample size calculated through the use of predetermined formulation, subject to the nature of testing and verification of the samples.

During the financial year under review, the internal audit functions have conducted review of receipt and inspection, issuance and distribution, reject management, inventory planning, physical security, physical inventory management, scrap and damaged goods disposal, slow moving inventory management and user access management of inventory management for the Group's business operations located in Malaysia.

Upon the completion of the internal audit works, internal audit reports which states internal audit findings, recommendations, management responses and action plans were presented by the Internal Audit function to the Audit Committee for review and deliberation during Audit Committee meeting. Updates on the status of implementation of management action plans as identified in the previous internal audit reports were also presented during the financial year under review for the Audi Committee to ensure action plans were satisfactorily implemented to address the individual risks associated with the findings. The Audit Committee reported the results of the review and deliberation to the Board in order for the Board to discharge its responsibility to ensure that the risk management and internal controls are in place and working adequately and effectively to manage the risks within the risk appetite of the Group and for regulatory compliance.

The Internal Audit function was outsourced to Needsbridge Advisory Sdn Bhd. The total costs incurred for the Internal Audit function for the financial year under review amounted to RM 26,000.00.

During the financial year, aside from reporting on the audit findings and the status of agreed management action plans for previous internal audit report, the resources, experience, competency and continuous professional development of the Outsourced Internal Audit Function was also reported to the Audit Committee for their review and assessed on the adequacy and effectiveness of the Outsourced Internal Audit Function. Based on the above review and reporting mechanism as well as reporting of results of internal audits by Outsourced Internal Audit Function, the Audit Committee is of the view that the scope, functions (including independence), competency, resources, authorities granted to the Outsourced Internal Audit Function as well as internal audit program and processes are adequate to provide the Audit Committee with reasonable assurance that governance, risk and control structures and processes of the Group is adequate and effective and that the results of the internal audit program, processes or investigation undertaken is adequately communicated to the Audit Committee and appropriate actions are taken on the recommendations of the internal auditors.

In addition to the above, for the purpose of compliance with HACCP and ISO 9001:2008 Quality Management Systems Internal quality audits are carried out by in-house independent personnel and surveillance audit is conducted by an independent certification body to provide assurance of compliance with established ISO procedures. The Company has also engaged an independent consultant to assist in the migration from the current ISO 9001:2008 to ISO 22000 certification.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

E. ASSURANCE PROVIDED BY THE MANAGING DIRECTOR AND EXECUTIVE DIRECTOR RESPONSIBLE FOR FINANCIAL MANAGEMENT

In line with the Guidelines, the Managing Director, being the highest ranking executive in the Company and Executive Director responsible for financial management of the Group, being the person primarily responsible for the management of the financial affairs of the Company have provided assurance to the Board stating that the Group's risk management and internal control systems have operated adequately and effectively, in all material aspects, to meet the Group's objectives during the financial year under review.

F. OPINION AND CONCLUSION

During the meetings of Board of Directors in the financial year under review, the performances of the Group were reviewed and deliberated by the Board, including, but not limited to, the adequacy and effectiveness of specific risk management and internal control system of the Group put in place to address potential business risks identified by the Board during such reviews and deliberation. Through such reviews by the Board as well as the monitoring and review mechanism stipulated above coupled with the assurance provided by the Managing Director and the Executive Director responsible for financial management of the Group and independent internal control reviews conducted by outsourced internal audit function and other professionals and regulatory bodies and reported to the Board, the Board is of the opinion that the risk management and internal control systems are satisfactory and have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report.

The Board is committed towards maintaining an effective risk management and internal control systems throughout the Group and where necessary put in place appropriate plans to further enhance the Group's risk management and internal control systems. Notwithstanding this, the Board will continue to evaluate and manage the significant business risks faced by the Group in order to meet its business objectives in the current and challenging business environment.

G. REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditors, Ernst & Young have reviewed this Statement on Risk Management and Internal Control for inclusion in the 2017 Annual Report. Their limited assurance review was performed in accordance with Recommended Practice Guide 5 (Revised 2015) ("RPG 5"), Guidance for Auditors on Engagement to Report on the Statement on Risk Management and Internal Control, issued by the Malaysian Institute of Accountants. RPG 5 does not require the auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control of the Group.

AUDIT COMMITTEE REPORT

A. MEMBERSHIP

The Audit Committee of the Company comprises the following Board members:-

Name of Member	Position
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 Committee must consist of not less than three (3) members;

b. The Committee is made up of non-executive directors with the majority of members must be Independent Directors;

c. The Chairman of the 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 three (3) years' working experience and:-

      • has passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or

      • is 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 Bursa Malaysia Securities Berhad ("Bursa Securities").

e. No alternate director shall be appointed as a member of the Committee.

f. In the event of any vacancy in the Audit Committee resulting in the non-compliance of subparagraphs 15.09(1) and 15.10 of the Listing Requirements, the vacancy must be filled within 3 months.

II. Objectives

a. Provide assistance to the Board of Directors in fulfilling its statutory and fiduciary responsibilities for examinations of the company and in monitoring its accounting and financial reporting practices.

b. 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.

c. 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

d. Provide direction and controls over the internal audit function and the external auditors.

AUDIT COMMITTEE REPORT

B. TERMS OF REFERENCE OF AUDIT COMMITTEE (CONTINUED)

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

Three (3) Audit Committee Meetings were held during the financial year ended 31 March 2017. The attendance records of each member are as follows:-

Name	Number of meetings attended
Tan Sri Dato' Azizan Bin Husain	3/3
Datuk Jeffery Ong Cheng Lock	3/3
Lim Hwa Yu	3/3

One (1) Audit Committee Meeting was held subsequent to the financial year as at the date of Directors' Report. The attendance records of each member are as follows:-

Name	Number of meetings attended
Tan Sri Dato' Azizan Bin Husain	1/1
Datuk Jeffery Ong Cheng Lock	1/1
Lim Hwa Yu	1/1

The Internal Auditors and representatives of the External Auditors would 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 in its deliberations. The Committee also met with the External Auditors without the presence of the Executive Directors.

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

IV. Authority

a. 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.

b. To access and obtain outside legal or other independent professional advice as it considers necessary.

c. To have direct communication channels to deal with the external auditors and person(s) carrying out the internal audit function or activity.

d. To convene meetings with the external auditors, excluding the attendance of the executive members of the Committee, whenever deemed necessary.

e. The Committee shall have all necessary resources to perform its duties.

AUDIT COMMITTEE REPORT

B. TERMS OF REFERENCE OF AUDIT COMMITTEE (CONTINUED)

V. Duties and responsibilities

a. To review the maintenance of an effective accounting system and controls in the business process.

b. To review the Company's accounting policies and reporting requirements to ensure compliance with the relevant laws and standards.

c. To review the Company's compliance with relevant law and Listing Requirements of Bursa Securities.

d. To review the scope of the external audit and internal audit to ensure no unjustified restrictions are imposed by Management.

e. To review the assistance given by employees of the Company to the internal and external auditors.

f. To review the adequacy of the scope, functions, competency and resources of the internal audit functions and the necessary authority to carry out its work.

g. To recommend the appointment and remuneration of external auditors.

h. To liaise directly with the external auditors, the Management and the Board as a whole, particularly with regard to the Audit plan and Audit report.

i. To review the findings of internal and external auditors on internal controls and other audit comments.

j. To review the internal audit programme, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal auditors.

k. To review the quarterly results and year-end financial statements, before the approval by the Board of Directors, focusing particularly on:

    i. changes in or implementation of major accounting policy changes;

    ii. significant matters highlighted including financial reporting issues, significant judgments made by the Management, significant and unusual events or transactions, and how these matters are addressed; and

    iii. compliance with accounting standards and other legal requirement.

l. To review the contents of the Annual Report prior to submission to the Board.

m. 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.

n. To review any letter of resignation from the external auditors of the Company; and

o. To review whether there is a reason (supported by grounds) to believe that the Company's external auditors is not suitable for re-appointment.

AUDIT COMMITTEE REPORT

C. SUMMARY ACTIVITIES OF AUDIT COMMITTEE

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

a. Reviewed and commented on the quarterly financial reports before recommending the same for Board's approval.

b. Reviewed the year end audited financial statements presented by the External Auditors and attended to the relevant matters pertaining to the financial statements of the Company.

c. 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 resources and assistance provided to them.

d. Reviewed independency of external auditors.

e. Discussed and noted the changes in accounting policies/standards that are applicable to the Company.

f. Reviewed the internal audit reports, which highlighted the audit issues and Management's response.

g. Reviewed the internal audit resource requirements, internal audit plan, findings and progress for the financial year under review.

h. Reviewed the Statement on Internal Control and Audit Committee Report prior to the Board's approval for inclusion in the Company's Annual Report.

i. 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.

j. Conducted independent meetings with the Internal and External Auditors.

D. INTERNAL AUDIT FUNCTION

The internal audit function of the Group was outsourced to a professional consulting firm, Needsbridge Advisory Sdn Bhd to undertake independent, objective and systematic reviews of the internal control systems 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 were tabled to the Committee at their schedule meetings highlighting the following:

a. Internal audit findings/areas for improvement;

b. Recommendations to remedy the control weaknesses/improve existing internal control systems; and

c. 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 in respect of the financial year amounted to RM26,000.00.

STATEMENT OF DIRECTORS' RESPONSIBILITY

As required under the Companies Act, 2016, the Directors of Oriental Food Industries Holdings Berhad have made a statement expressing an opinion on the financial statements. The Board is of the opinion that the financial statements have been drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company for the financial year ended 31 March 2017.

In preparing the financial statements for the financial year ended 31 March 2017, the Directors have:

- Adopted suitable accounting policies and practices to ensure that they were consistently applied throughout the year;
- Made judgements and estimates that are prudent and reasonable;
- Ensured all applicable accounting standards have been followed, subject to any material departure and explained in the financial statements; and
- Prepared the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

Additionally, the Directors relied on the system of internal controls to ensure that the information generated for the preparation of the financial statements from the underlying accounting records is accurate and reliable.

This statement is made in accordance with a resolution of the Board of Directors dated 21 July 2017.

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DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2017.

Principal activities

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are manufacturing and marketing of snack food and confectioneries and property development.

Other information relating to the subsidiaries are disclosed in Note 17 to the financial statements.

Results

	Group RM	Company RM
Profit net of tax, attributable to:		
Owners of the parent	18,245,344	9,937,420
Non-controlling interest	(11,976)	-
	18,233,368	9,937,420

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Dividends

The amounts of dividends paid by the Company since 31 March 2016 were as follows:

	RM
In respect of the financial year ended 31 March 2016 as reported in the directors' report of that year:	
Interim single tier dividend of 1 sen per ordinary share, declared on 13 June 2016 and paid on 5 July 2016	2,400,000
In respect of the financial year ended 31 March 2017:	
Interim single tier dividend of 1 sen per ordinary share, declared on 13 September 2016 and paid on 6 October 2016	2,400,000
Interim single tier dividend of 1 sen per ordinary share, declared on 14 December 2016 and paid on 6 January 2017	2,400,000
Interim single tier dividend of 1 sen per ordinary share, declared on 10 March 2017 and paid on 3 April 2017	2,400,000
	9,600,000

The directors do not recommend the payment of any final dividend for the financial year ended 31 March 2017.

DIRECTORS' REPORT

Directors

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

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

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might 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 any benefits (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 12 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 30 to the financial statements.

Indemnifying Directors, Officers or Auditors

During the financial year, the total amount of indemnity coverage and insurance premium paid for Directors and Officers of the Company are RM9,000,000 and RM14,850 respectively.

Directors' interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares			
	1.4.2016	Acquired	Sold	31.3.2017
The Company				
Direct interest:				
Datuk Seri Son Chen Chuan	73,229,532	-	-	73,229,532
Datuk Son Tong Leong	5,724,700	50,000	-	5,774,700
Datuk Son Tong Eng	5,420,496	50,000	-	5,470,496
Lim Keat Sear	2,935,012	-	-	2,935,012
Deemed interest:				
Datuk Seri Son Chen Chuan	17,638,092	175,000	-	17,813,092
Lim Keat Sear	47,192,896	-	-	47,192,896

Datuk Seri Son Chen Chuan by virtue of his interests in shares in the Company is also deemed interested in shares of all the Company's subsidiaries to the extent the Company has interest.

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' REPORT

Other statutory information

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

(i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Company inadequate to any substantial extent; and

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

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

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

(i) 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 will or may affect the ability of the Group or of the Company to meet its obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Subsequent events

Details of the subsequent events are disclosed in Note 37 to the financial statements.

DIRECTORS' REPORT

Auditors

The auditors, Ernst & Young have expressed their willingness to continue in office.

Auditors' remuneration are disclosed in Note 10 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the directors dated 21 July 2017.

Datuk Seri Son Chen Chuan

Datuk Son Tong Leong

STATEMENT BY DIRECTORS
Pursuant to Section 251(2) of the Companies Act 2016

We, Datuk Seri Son Chen Chuan and Datuk Son Tong Leong, being two of the directors of Oriental Food Industries Holdings Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 49 to 96 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2017 and of their financial performance and cash flows for the year then ended.

The information set out in Note 39 on page 97 of the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 21 July 2017.

Datuk Seri Son Chen Chuan **Datuk Son Tong Leong**

STATUTORY DECLARATION
Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Datuk Son Tong Leong, being the director primarily responsible for the financial management of Oriental Food Industries Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 49 to 97 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.

Subscribed and solemnly declared by
the abovenamed, Datuk Son Tong Leong
at Melaka in the State of Melaka
on 21 July 2017.

Datuk Son Tong Leong

Before me,

ZALINA BINTI ZAINUDDIN
Commissioner of Oaths

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF ORIENTAL FOOD INDUSTRIES HOLDINGS BERHAD (INCORPORATED IN MALAYSIA)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Oriental Food Industries Holdings Berhad, which comprise the statements of financial position as at 31 March 2017 of the Group and of the Company, and the statements of comprehensive income , statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 49 to 96.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2017, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Independent auditors' report
to the members of Oriental Food Industries Holdings Berhad (Incorporated in Malaysia)

Key Audit Matters (continued)

Areas of focus	How our audit addressed the risk factors
Revenue recognition (Refer to Note 3.5 and Note 7 to the financial statements). The Group recognised revenue from sale of goods amounting to approximately RM256 million during the year. Given the nature of the manufacturing operations of the Group, we identified revenue recognition in respect of sale of goods to be an area of audit focus as we consider the high volume of transactions for numerous types of finished goods produced by the Group to be a possible cause of higher risk of material misstatements in respect of the timing and amount of revenue recognised. Furthermore, the key performance indicators for the key management personnel are measured based on the financial performance of the Group (revenue is the key determinant of the overall financial performance). Specifically, we focused our audit efforts to determine the possibility of overstatement of revenue.	In addressing this risk, we tested the Group's internal controls over the timing and amount of revenue recognised. We also inspected the terms of significant sales transactions to determine the point of transfer of significant risk and rewards and assessed whether revenue was recognised in accordance with the terms stated in the respective sales arrangements. In addition, we inspected relevant documents which evidenced the delivery of goods to customers. We also focused on testing the recording of sales transactions close to the year end, including credit notes issued after year end, to establish whether the transactions were recorded in the correct accounting period. The notes relating to revenue are disclosed in Note 3.5 and Note 7 to the financial statements.
Inventories (Refer to Note 3.14, Note 6(ii) and Note 21 to the financial statements). As at 31 March 2017, inventories amounted to approximately RM25,957,000 which represents about 25% of total current assets of the Group. The balance is a material balance for the Group which requires management judgement in determining an appropriate costing basis and in assessing adequacy of provision for inventory obsolescence. The Group's manufacturing segment uses standard costing in measuring its finished goods, which includes an element of estimation in the allocation of overhead cost. Provision for inventory obsolescence is assessed on a quarterly basis and is based on inventory usage which takes into consideration forecast of sale of finished goods. We focused on these areas because of the significance of the balances and these assessments involve management judgement and estimation.	As part of our audit procedures, we obtained an understanding of management's process in determining appropriate costing basis, including the allocation of conversion cost and overhead costs. We have designed and performed control effectiveness testing on the weighted average costing module and the requisition and distribution order module that generate the inventory consumption report. Our testing of the design and operation of the controls provided a basis for us to continue with the planned nature, timing and extent of our detailed audit procedures. We tested the costing on samples of finished goods by examining the elements which made up the standard cost and by comparing the standard cost against the actual cost. We also obtained an understanding of management's process in determining provision for inventory obsolescence. Our procedures also include testing the reliability of the inventory aging report and evaluating the basis in determining slow moving inventories by analyzing the consumption movement and expected future consumptions and sales.

Independent auditors' report
to the members of Oriental Food Industries Holdings Berhad (Incorporated in Malaysia)

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

Independent auditors' report
to the members of Oriental Food Industries Holdings Berhad (Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other reporting responsibilities

The supplementary information set out in Note 39 on page 97 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF 0039
Chartered Accountants

Lee Ming Li
2983/03/18(J)
Chartered Accountant

Johor Bahru, Malaysia
Date: 21 July 2017

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Revenue	7	256,083,138	244,921,719	10,652,913	72,576,814
Cost of sales		(200,905,763)	(181,094,796)	-	-
Gross profit		55,177,375	63,826,923	10,652,913	72,576,814
Other income	8	4,827,116	6,285,599	311	3,129
Other items of expense					
General and administrative		(15,683,741)	(14,973,900)	(715,802)	(986,614)
Selling and distribution		(20,715,944)	(22,634,925)	-	-
Finance costs	9	(542,682)	(444,382)	-	-
Profit before tax	10	23,062,124	32,059,315	9,937,422	71,593,329
Income tax expense	13	(4,828,756)	(6,583,955)	(2)	(23,098)
Profit net of tax, representing total comprehensive income for the year		18,233,368	25,475,360	9,937,420	71,570,231
Attributable to:					
Owners of the parent		18,245,344	25,458,781	9,937,420	71,570,231
Non-controlling interest		(11,976)	16,579	-	-
		18,233,368	25,475,360	9,937,420	71,570,231
Earnings per share attributable to owners of the parent (sen per share)					
Basic	14	7.60	10.61		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2017

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Assets					
Non-current assets					
Property, plant and equipment	15	132,538,641	100,627,804	-	-
Land held for property development	19	961,569	957,769	-	-
Investment properties	16	2,984,220	3,088,264	-	-
Investment in subsidiaries	17	-	-	124,968,751	124,968,751
Investment security	18	372,438	372,438	-	-
Investment properties under construction	20	2,094,840	1,570,500	-	-
		138,951,708	106,616,775	124,968,751	124,968,751
Current assets					
Inventories	21	25,957,155	20,881,740	-	-
Trade and other receivables	22	49,135,187	40,152,497	907,500	308,144
Other current assets	23	6,512,440	13,542,550	2,410,910	2,433,182
Income tax recoverable		1,878,435	341,040	125,141	106,456
Cash and bank balances	24	18,997,444	43,266,236	13,551	237,266
		102,480,661	118,184,063	3,457,102	3,085,048
Total assets		241,432,369	224,800,838	128,425,853	128,053,799
Equity and liabilities					
Current liabilities					
Income tax payable		290,600	346,312	-	-
Loans and borrowings	25	3,877,830	4,841,239	-	-
Trade and other payables	26	33,396,565	29,896,684	2,817,709	2,783,075
		37,564,995	35,084,235	2,817,709	2,783,075
Net current assets		64,915,666	83,099,828	639,393	301,973
Non-current liabilities					
Deferred tax liabilities	27	10,636,783	10,370,783	-	-
Loans and borrowings	25	10,493,585	5,242,182	-	-
		21,130,368	15,612,965	-	-
Total liabilities		58,695,363	50,697,200	2,817,709	2,783,075
Net assets		182,737,006	174,103,638	125,608,144	125,270,724
Equity attributable to owners of the parent					
Share capital	28	120,000,000	120,000,000	120,000,000	120,000,000
Retained earnings	29	62,088,615	53,443,271	5,608,144	5,270,724
		182,088,615	173,443,271	125,608,144	125,270,724
Non-controlling interest		648,391	660,367	-	-
Total equity		182,737,006	174,103,638	125,608,144	125,270,724
Total equity and liabilities		241,432,369	224,800,838	128,425,853	128,053,799

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGE OF EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

Group 2017	Note	Equity, total RM	Equity attributable to owners of the parent, total RM	Non-distributable Share capital RM	Distributable Retained earnings RM	Non-controlling interest RM
Opening balance at 1 April 2016		174,103,638	173,443,271	120,000,000	53,443,271	660,367
Total comprehensive income		18,233,368	18,245,344	-	18,245,344	(11,976)
Transaction with owners						
Dividends on ordinary shares	36	(9,600,000)	(9,600,000)	-	(9,600,000)	-
Closing balance at 31 March 2017		182,737,006	182,088,615	120,000,000	62,088,615	648,391
2016						
Opening balance at 1 April 2015		160,628,278	159,984,490	60,000,000	99,984,490	643,788
Total comprehensive income		25,475,360	25,458,781	-	25,458,781	16,579
Transactions with owners						
Capitalisation as bonus issue	28	-	-	60,000,000	(60,000,000)	-
Dividends on ordinary shares	36	(12,000,000)	(12,000,000)	-	(12,000,000)	-
Closing balance at 31 March 2016		174,103,638	173,443,271	120,000,000	53,443,271	660,367

Company 2017	Note	Equity, total RM	Non-distributable Share capital RM	Non-distributable Share premium RM	Distributable Retained earnings RM
Opening balance at 1 April 2016		125,270,724	120,000,000	-	5,270,724
Total comprehensive income		9,937,420	-	-	9,937,420
Transaction with owners					
Dividends on ordinary shares	36	(9,600,000)	-	-	(9,600,000)
Closing balance at 31 March 2017		125,608,144	120,000,000	-	5,608,144
2016					
Opening balance at 1 April 2015		65,700,493	60,000,000	5,530,994	169,499
Total comprehensive income		71,570,231	-	-	71,570,231
Transactions with owners					
Capitalisation as bonus issue	28	-	60,000,000	(5,530,994)	(54,469,006)
Dividends on ordinary shares	36	(12,000,000)	-	-	(12,000,000)
Closing balance at 31 March 2016		125,270,724	120,000,000	-	5,270,724

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Operating activities				
Profit before tax:	23,062,124	32,059,315	9,937,422	71,593,329
Adjustments for:				
Depreciation of:				
- Property, plant and equipment	9,212,768	8,903,029	-	-
- Investment properties	104,044	104,044	-	-
Dividend income	-	-	(10,652,913)	(72,576,814)
Finance costs	542,682	444,382	-	-
Interest income	(308,679)	(212,587)	(311)	(3,129)
Inventories written off	1,160,101	1,433,416	-	-
(Gain)/loss on disposal of property, plant and equipment	27,464	(2,242,109)	-	-
Fair value gain on money market fund	(14,724)	(37,841)	-	-
Fair value gain on investment property	-	(404,488)	-	-
Property, plant and equipment written off	70,303	3,874	-	-
Allowance for impairment of trade receivable	43,003	94,509	-	-
Reversal of allowance for impairment of trade receivable	(304)	(43,810)	-	-
Unrealised (gain)/loss on foreign exchange	(3,014,237)	1,511,982	-	-
Total adjustments	7,822,421	9,554,401	(10,653,224)	(72,579,943)
Operating cash flows before changes in working capital	30,884,545	41,613,716	(715,802)	(986,614)
Changes in working capital				
(Increase)/decrease in inventories	(6,235,516)	1,916,441	-	-
(Increase)/decrease in receivables	(5,308,851)	(7,706,518)	22,917	(1,212,675)
(Decrease)/increase in payables	879,974	7,009,008	(2,365,366)	(1,177,338)
Total changes in working capital	(10,664,393)	1,218,931	(2,342,449)	(2,390,013)
Cash flows generated from/(used in) operations	20,220,152	42,832,647	(3,058,251)	(3,376,627)
Interest received	308,679	212,587	311	3,129
Interest paid	(542,682)	(444,382)	-	-
Income taxes paid	(6,361,118)	(6,288,462)	(23,943)	(6,087)
Income taxes refunded	205,255	227,060	5,255	6,994
Net cash flows generated from/(used in) operating activities	13,830,286	36,539,450	(3,076,628)	(3,372,591)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Investing activities				
Purchase of property, plant and equipment	(27,313,370)	(11,558,738)	-	-
Advances to suppliers of property, plant and equipment	(6,868,879)	(7,764,025)	-	-
Investment properties under construction	(524,340)	(1,570,500)	-	-
Land held for property development	(3,800)	-	-	-
Proceeds from disposal of property, plant and equipment	120,830	5,431,686	-	-
Withdrawal of investment in money market fund	1,103,423	-	-	-
Dividend income	-	-	10,652,913	72,576,814
Net cash flows (used in)/generated from investing activities	(33,486,136)	(15,461,577)	10,652,913	72,576,814
Financing activities				
Dividends paid on ordinary shares	(7,200,000)	(9,600,000)	(7,200,000)	(9,600,000)
Proceeds from loans and borrowings	10,000,000	-	-	-
Repayment of loans and borrowings	(4,177,118)	(3,242,503)	-	-
Advances to subsidiaries	-	-	(600,000)	(59,537,175)
Net cash flows used in financing activities	(1,377,118)	(12,842,503)	(7,800,000)	(69,137,175)
Net (decrease)/increase in cash and cash equivalents	(21,032,968)	8,235,370	(223,715)	67,048
Effect of exchange rate changes on cash and cash equivalents	(612,237)	(10,503)	-	-
Cash and cash equivalents at 1 April	40,641,331	32,416,464	237,266	170,218
Cash and cash equivalents at 31 March (Note 24)	18,996,126	40,641,331	13,551	237,266

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The principal place of business of the Company is located at No. 65, Jalan Usaha 7, Ayer Keroh Industrial Estate, 75450 Melaka.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are described in Note 17 to the financial statements. There have been no significant changes in the nature of the principal activities during the financial year.

2. Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (MFRS), as issued by the Malaysian Accounting Standards Board (MASB), International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and the requirements of the Companies Act 2016 in Malaysia.

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM).

3. Summary of significant accounting policies

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has:

(i) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) exposure, or rights, to variable returns from its investment with the investee; and

(iii) the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(i) the contractual arrangement with the other vote holders of the investee;

(ii) rights arising from other contractual arrangements; and

(iii) the Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

3. Summary of significant accounting policies (continued)

3.1 Basis of consolidation (continued)

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the owners of the parent and to the non-controlling interest, even if this results in the non-controlling interest having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the carrying amount of any non-controlling interests;
- derecognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

3.2 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss. It is then considered in the determination of goodwill.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 139 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in either profit or loss or as a change to OCI. If the contingent consideration is not within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

Notes to the Financial Statements
For the financial year ended 31 March 2017

3. Summary of significant accounting policies (continued)

3.2 Business combinations and goodwill (continued)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Subsidiaries that were consolidated prior to 1 January 2002 are in accordance with Malaysian Accounting Standard No. 2, Accounting for Acquisition and Mergers. The Group has applied the exemption provided by MFRS 3 to apply this standard prospectively. Accordingly, business combinations entered into prior to the effective date have not been restated to comply with this standard.

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 difference between the cost of merger and the nominal value of the shares acquired is adjusted against retained earnings.

3.3 Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset as current when it is:

- expected to be realised or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- it is expected to be settled in normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax liabilities are classified as non-current assets and liabilities.

Notes to the Financial Statements
For the financial year ended 31 March 2017

3. Summary of significant accounting policies (continued)

3.4 Fair value measurement

The Group measures financial instruments, such as derivatives, at fair value at each statement of financial position date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or

- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3.5 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to inventory and credit risks.

Notes to the Financial Statements
For the financial year ended 31 March 2017

3. Summary of significant accounting policies (continued)

3.5 Revenue recognition (continued)

The specific recognition criteria described below must also be met before revenue is recognised.

(i) Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

(ii) Dividends

Revenue is recognised when the Company's right to receive the payment is established.

(ii) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(iv) Sale of development properties

Revenue from sale of development properties under development is accounted for by the stage of completion method.

Revenue from sale of completed development properties is recognised net of discount and upon significant risks and rewards of ownership have passed to the buyer. Revenue is not recognised to the extent were there are significant uncertainties regarding recovery of the consideration due, associated costs or possible return of completed development properties.

3.6 Taxes

(i) Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in Malaysia, where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Notes to the Financial Statements
For the financial year ended 31 March 2017

3. Summary of significant accounting policies (continued)

3.6 Taxes (continued)

(ii) Deferred tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets, if any, is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(iii) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the amount of GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

3.7 Foreign currencies

The Group's consolidated financial statements are presented in RM, which is also the parent company's functional currency. For each entity the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and has elected to recycle the gain or loss that arises using this method.

Notes to the Financial Statements
For the financial year ended 31 March 2017

3. Summary of significant accounting policies (continued)

3.7 Foreign currencies (continued)

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

3.8 Cash dividend and non-cash distribution to owners of the parent

The Company recognises a liability to make cash or non-cash distributions to owners of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the profit or loss.

3.9 Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Freehold land has an unlimited useful life and therefore is not depreciated. Capital work-in-progress is not depreciated as these assets are not ready for use. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

- Long term leasehold land: 58 to 99 years
- Buildings: 20 years
- Plant and machinery: 10 to 20 years
- Other assets: 5 to 10 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

3. Summary of significant accounting policies (continued)

3.10 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

(i) Group as a lessee

Finance leases that transfer substantially all the risks and benefits incidental to ownership of the leased item to the Group, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the profit or loss on a straight-line basis over the lease term.

(ii) Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

3.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.12 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the profit or loss in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

3. Summary of significant accounting policies (continued)

3.13 Financial instruments – initial recognition and subsequent measurement

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

(i) Financial assets

(a) Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

(b) Subsequent measurement

For purposes of subsequent measurement financial assets are classified in four categories:

- Financial assets at fair value through profit or loss;
- Loans and receivables;
- Held-to-maturity investments; and
- Available-for-sale financial assets.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by MFRS 139. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the profit or loss.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Re-assessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

Loans and receivables

oans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

3. Summary of significant accounting policies (continued)

3.13 Financial instruments – initial recognition and subsequent measurement (continued)

(i) Financial assets (continued)

(b) Subsequent measurement (continued)

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, held to maturity investments are measured at amortised cost using the EIR, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss as finance costs.

Available-for-sale (AFS) financial assets

AFS financial assets include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited in the AFS reserve until the asset is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the asset is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the profit or loss in finance costs. Interest earned whilst holding AFS financial assets is reported as interest income using the EIR method.

Equity investments whose fair values cannot be reliably measured are measured at cost net of impairment loss, if any.

The Group evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the profit or loss.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired, or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Notes to the Financial Statements
For the financial year ended 31 March 2017

3. Summary of significant accounting policies (continued)

3.13 Financial instruments – initial recognition and subsequent measurement (continued)

(i) Financial assets (continued)

(c) Derecognition

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(ii) Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income (recorded as finance income in the profit or loss) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the profit or loss.

3. Summary of significant accounting policies (continued)

3.13 Financial instruments – initial recognition and subsequent measurement (continued)

(ii) Impairment of financial assets (continued)

(b) Available-for-sale (AFS) financial assets

For AFS financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the profit or loss – is removed from OCI and recognised in the profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in OCI.

Impairment losses on equity investments measured at cost are directly recognised in the profit or loss.

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the profit or loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the profit or loss, the impairment loss is reversed through the profit or loss.

(iii) Financial liabilities

(a) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

(b) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Notes to the Financial Statements
For the financial year ended 31 March 2017

3. Summary of significant accounting policies (continued)

3.13 Financial instruments – initial recognition and subsequent measurement (continued)

(iii) Financial liabilities (continued)

(b) Subsequent measurement (continued)

Financial liabilities at fair value through profit or loss (continued)

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments that are not designated as hedging instruments in hedge relationships as defined by MFRS 139. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 139 are satisfied.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the profit or loss.

Financial guarantee contracts

Financial guarantee contracts are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

(c) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the profit or loss.

(iv) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3. Summary of significant accounting policies (continued)

3.14 Inventories

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

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: purchase cost on a weighted average basis;

- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs; and

- Completed commercial properties: cost of land, construction and appropriate development overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

3.15 Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses, including impairment on inventories, are recognised in the profit or loss in expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit or loss.

3.16 Cash and short-term deposits

Cash and short-term deposits in the statements of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less.

For the purpose of the statements of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above excluding the investment in money market fund, net of outstanding bank overdrafts.

3.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the profit or loss net of any reimbursement.

Notes to the Financial Statements
For the financial year ended 31 March 2017

3. Summary of significant accounting policies (continued)

3.18 Pensions benefits

The Group makes contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

3.19 Subsidiaries

A subsidiary is an entity over which the Group has all the following:

(i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);
(ii) Exposure, or rights, to variable returns from its investment with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

3.20 Land held for property development and property development costs

(i) Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(ii) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial 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, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the profit or loss over billings to purchasers is classified as accrued billings and the excess of billings to purchasers over revenue recognised in profit or loss is classified as progress billings.

3. Summary of significant accounting policies (continued)

3.21 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3.22 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Group who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 35, including the factors used to identify the reportable segments and the measurement basis of segment information.

4. Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 April 2016, the Group and the Company adopted the following amended MFRS mandatory for annual financial periods beginning on or after 1 January 2016.

Description	Effective for annual periods beginning on or after
MFRS 14 : Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 101 : Disclosure Initiative	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 : Investment Entities : Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 127 : Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 11 : Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 116 and MFRS 138 : Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141 : Agriculture : Bearer Plants	1 January 2016
Annual Improvements to MFRSs 2012-2014 Cycle	1 January 2016

The nature and impact of the new and amended MFRSs and IC Interpretation are described below:

Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset forms part of the business) rather than the economic benefits that are consumed through the use of an asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

The amendments do not have any impact to the Group as the Group has not used a revenue-based method to depreciate its non-current assets.

Notes to the Financial Statements
For the financial year ended 31 March 2017

4. Changes in accounting policies (continued)

Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of MFRS 141. Instead, MFRS 116 will apply. After initial recognition, bearer plants will be measured under MFRS 116 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of MFRS 141 and are measured at fair value less costs to sell.

The amendments are applied retrospectively and do not have any impact on the Group's and the Company's financial statements.

Amendments to MFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations

The amendments to MFRS 11 require that a joint operator which acquires an interest in a joint operations which constitute a business to apply the relevant MFRS 3 Business Combinations principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to MFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

These amendments do not have any impact on the Group's and the Company's consolidated financial statements as there has been no interest acquired in a joint operation during the year.

Amendments to MFRS 127: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associate in their separate financial statements. Entities already applying MFRS and electing to change to the equity method in its separate financial statements will have to apply this change retrospectively. For first-time adopters of MFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to MFRS.

These amendments do not have any impact on the Group's and the Company's financial statements.

Amendments to MFRS 101: Disclosure Initiatives

The amendments to MFRS 101 include narrow-focus improvements in the following five areas:

- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income arising from equity accounted investments

The amendments do not have any impact on the Group's and the Company's financial statements.

Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception

The amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. The amendments further clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. In addition, the amendments also provides that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries.

The amendments do not have any impact on the Group's and the Company's financial statements as the Group and the Company does not apply the consolidation exception.

4. Changes in accounting policies (continued)

MFRS 14 Regulatory Deferral Accounts

MFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulations, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of MFRS. Entities that adopt MFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in the account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. Since the Company is an existing MFRS preparer, this standard does not apply.

Annual Improvements to MFRSs 2012–2014 Cycle

The Annual Improvements to MFRSs 2012-2014 Cycle include a number of amendments to various MFRSs, which are summarised below. These amendments do not have a significant impact on the Company's financial statements.

(a) MFRS 5 Non-current Assets Held for Sale and Discontinued Operations

The amendment to MFRS 5 clarifies that changing from one disposal method to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in MFRS 5.

The amendment also clarifies that changing the disposal method does not change the date of classification. This amendment is applied prospectively.

(b) MFRS 7 Financial Instruments: Disclosures

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in MFRS 7 in order to assess whether the disclosures are required.

In addition, the amendment also clarifies that the disclosures in respect of offsetting of financial assets and financial liabilities are not required in the condensed interim financial report. This amendment is applied retrospectively.

(c) MFRS 119 Employee Benefits

The amendment to MFRS 119 clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment is applied prospectively.

(d) MFRS 134 Interim Financial Reporting

The amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment is applied retrospectively.

Notes to the Financial Statements
For the financial year ended 31 March 2017

5. Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
MFRS 107: Disclosures Initiatives (Amendments to MFRS 107)	1 January 2017
MFRS 112: Recognition of Deferred Tax for Unrealised Losses (Amendments to MFRS 112)	1 January 2017
Amendments to MFRS 12: Disclosure of Interests in Other Entities	1 January 2017
Annual Improvements to MFRSs 2014-2016 Cycle	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4: Insurance Contracts	1 January 2018
Amendments to MFRS 140: Transfers of Investment Property	1 January 2018
MFRS 2: Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)	1 January 2018
MFRS 15: Revenue from Contracts with Customers	1 January 2018
MFRS 9: Financial Instruments	1 January 2018
IC Interpretation 22: Foreign Currency Transactions and Advance Consideration	1 January 2018
MFRS 16: Leases	1 January 2019
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application except as discussed below:

MFRS 107 Disclosures Initiatives (Amendments to MFRS 107)

The amendments to MFRS 107 Statement of Cash Flows require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of these amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted.

MFRS 112 Recognition of Deferred Tax for Unrealised Losses (Amendments to MFRS 112)

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after 1 January 2017 with early application permitted. If an entity applies this amendments for an earlier period, it must disclose that fact. These amendments are not expected to have any impact on the Group and the Company.

5. Standards issued but not yet effective (continued)

MFRS 2 Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)

The amendments to MFRS 2 address three main areas:

(a) The effects of vesting conditions on the measurement of a cash-settled share-based payment transaction;

(b) The classification of a share-based payment transaction with net settlement features for withholding tax obligations; and

(c) Accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after 1 January 2018, with early application permitted. These amendments are not expected to have any impact on the Group and the Company.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Directors anticipate that the application of MFRS 15 will have impact on the amounts reported and disclosures made in the Company’s financial statements. The Group and the Company are currently assessing the impact of MFRS 15 and plan to adopt the new standard on the required effective date.

MFRS 9 Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will have an effect on the classification and measurement of the Group’s and the Company’s financial assets, but no impact on the classification and measurement of the Group’s and the Company’s financial liabilities.

MFRS 16 Leases

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to recognise interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

Notes to the Financial Statements
For the financial year ended 31 March 2017

5. Standards issued but not yet effective (continued)

MFRS 16 Leases (continued)

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group and the Company are currently assessing the potential effect of MFRS 16 and plan to adopt the new standard on the required effective date.

Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify that:

- gains and losses resulting from transactions involving assets that do not constitute a business, between investor and its associate or joint venture are recognised in the entity's financial statements only to the extent of unrelated investors' interests in the associate or joint venture; and

- gains and losses resulting from transactions involving the sale or contribution of assets to an associate of a joint venture that constitute a business is recognised in full.

The amendments are to be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined by Malaysian Accounting Standards Board. Earlier application is permitted. These amendments are not expected to have any impact on the Group and the Company.

6. Significant accounting judgements, estimates and assumptions

The preparation of the Group's and the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

(i) Judgements

In the process of applying the Group's accounting policies, the management did not make any judgement which has significant effect on the amounts recognised in the financial statements.

Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on MFRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(ii) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

6. Significant accounting judgements, estimates and assumptions (continued)

(ii) Estimates and assumptions (continued)

Depreciation of plant and machinery

The costs of plant and machinery for the manufacture of snack food and confectioneries are depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimates the useful lives of these plant and machinery to be 10 to 20 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Group's plant and machinery at the reporting date is disclosed in Note 15.

Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the reporting date is disclosed in Note 22.

Inventories valuation

The Group reviews the adequacy of provision for slow moving inventories at each reporting date to ensure that inventories are stated at the lower of cost and net realisable value. In assessing the extent of provision for slow moving inventories, the directors, having considered all available information, are of the opinion that these goods can be realised in the ordinary course of business.

7. Revenue

	Group		Company	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Sale of goods	256,083,138	244,921,719	-	-
Dividend income from a subsidiary	-	-	10,652,913	72,576,814
	256,083,138	244,921,719	10,652,913	72,576,814

8. Other income

	Group		Company	
	2017 RM	**2016 RM**	**2017 RM**	**2016 RM**
Gain on foreign exchange:				
- realised	1,219,446	2,976,334	-	-
- unrealised	3,014,237	-	-	-
Interest income	308,679	212,587	311	3,129
Rental income	148,800	167,600	-	-
Miscellaneous	120,926	200,830	-	-
Gain on disposal of property, plant and equipment	-	2,242,109	-	-
Reversal of allowance for impairment of trade receivables (Note 22)	304	43,810	-	-
Fair value gain on money market fund	14,724	37,841	-	-
Fair value gain on investment property	-	404,488	-	-
	4,827,116	6,285,599	311	3,129

Notes to the Financial Statements
For the financial year ended 31 March 2017

9. Finance costs

	Group	
	2017 RM	2016 RM
Interest expense on:		
- Bank loans	531,879	443,952
- Bank overdrafts	10,803	430
Total finance costs	542,682	444,382

10. Profit before tax

The following items have been included in arriving at profit before tax:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Auditors' remuneration:				
- Current year	91,000	85,000	29,000	29,000
- Overprovision in prior year	-	(8,580)	-	(7,580)
- Other services	5,000	5,000	5,000	5,000
Depreciation of:				
- Property, plant and equipment (Note 15)	9,212,768	8,903,029	-	-
- Investment properties (Note 16)	104,044	104,044	-	-
Direct operating expenses arising from investment properties				
- Rental generating properties	13,821	13,082	-	-
Employee benefits expense (Note 11)	28,731,268	24,077,543	176,400	151,200
Loss on disposal of property, plant and equipment	27,464	-	-	-
Loss on foreign exchange:				
- Unrealised	-	1,511,982	-	-
Inventories written off	1,160,101	1,433,416	-	-
Operating leases:				
- Minimum lease payments for premises	358,252	312,883	-	-
Property, plant and equipment written off	70,303	3,874	-	-
Allowance for impairment of trade receivables (Note 22)	43,003	94,509	-	-

11. Employee benefits expense

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Salaries, bonus and allowances	25,549,177	21,519,084	135,000	135,000
Under provision in prior year	25,200	-	25,200	-
Defined contribution plan	2,020,797	1,665,411	16,200	16,200
Other employee benefits	1,136,094	893,048	-	-
	28,731,268	24,077,543	176,400	151,200

Included in employee benefits expense of the Group and the Company are executive directors' remuneration amounting to RM3,100,111 (2016: RM2,851,161) and RM176,400 (2016: RM151,200) respectively.

12. Directors' remuneration

The details of directors' remuneration during the year are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Executive:				
- Fees	195,000	213,000	135,000	135,000
- Under provision in prior year	25,200	-	25,200	-
- Salaries and other emoluments	2,396,900	2,196,500	-	-
- Defined contribution plan	483,011	441,661	16,200	16,200
Total executive directors' remuneration (excluding benefits-in-kind)	3,100,111	2,851,161	176,400	151,200
Estimated money value of benefits-in-kind	56,000	49,070	-	-
Total executive directors' remuneration (including benefits-in-kind)	3,156,111	2,900,231	176,400	151,200
Non-executive:				
- Fees	180,000	180,000	180,000	180,000
- Other emolument	72,000	65,000	72,000	65,000
- Defined contribution plan	10,800	10,800	10,800	10,800
Total non-executive directors' remuneration	262,800	255,800	262,800	255,800
Total directors' remuneration	3,418,911	3,156,031	439,200	407,000

13. Income tax expense

Major components of income tax expense

The major components of tax expense for the years ended 31 March 2017 and 2016 are:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Statements of comprehensive income:				
- Current income tax	4,300,000	5,963,257	-	743
- Underprovision in respect of previous years	262,756	295,698	2	22,355
	4,562,756	6,258,955	2	23,098
Deferred income tax (Note 27):				
Relating to origination and reversal of temporary differences	(197,608)	185,162	-	-
Relating to reduction in tax rates	-	(2,175)	-	-
Underprovision in respect of previous years	463,608	142,013	-	-
	266,000	325,000	-	-
Income tax expense recognised in profit or loss	4,828,756	6,583,955	2	23,098

Notes to the Financial Statements
For the financial year ended 31 March 2017

13. Income tax expense (continued)

Reconciliation between income tax expense and accounting profit

The reconciliation between income tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 March 2017 and 2016 are as follows:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Profit before tax	23,062,124	32,059,315	9,937,422	71,593,329
Tax at Malaysian statutory tax rate of 24% (2016: 24%)	5,534,910	7,694,236	2,384,981	17,182,399
Adjustments:				
Income not subject to taxation	(615,348)	(665,071)	(2,556,699)	(17,418,435)
Effect of 1% reduction in tax rate	-	(2,175)	-	-
Non-deductible expenses	673,405	632,514	171,718	236,779
Effect on certain expenses eligible for double deduction	(649,125)	(1,010,643)	-	-
Deferred tax assets recognised on unutilised increased export/reinvestment allowance	(868,629)	(502,617)	-	-
Deferred tax assets recognised on current year business loss	27,179	-	-	-
Underprovision of deferred income tax in respect of previous years	463,608	142,013	-	-
Underprovision of income tax in respect of previous years	262,756	295,698	2	22,355
Income tax expense recognised in profit or loss	4,828,756	6,583,955	2	23,098

Income tax is calculated at the Malaysian statutory tax rate of 24% (2016: 24%) of the estimated assessable profit for the year.

Tax savings during the financial year arising from:

	Group	
	2017 RM	2016 RM
Unutilisation of reinvestment allowances	-	1,182,000

14. Earnings per share

(a) Basic

Basic earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2017 RM	2016 RM
Profit net of tax attributable to owners of the parent (RM)	18,245,344	25,458,781
Weighted average number of ordinary shares	240,000,000	60,000,000
Effect of share split	-	120,000,000
Effect of bonus issue	-	60,000,000
Adjusted weighted average number of ordinary shares	240,000,000	240,000,000
Basic earnings per share (sen)	7.60	10.61

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14. Earnings per share (continued)

(b) Diluted

There is no diluted earnings per share as the Company does not have any dilutive potential ordinary shares during the financial year.

15. Property, plant and equipment

Group	* Land and buildings RM	Renovation RM	Plant and machinery RM	Motor vehicles RM	Furniture, fittings and office equipment RM	Capital work-in-progress RM	Total RM
Cost							
At 1 April 2015	49,094,425	522,823	105,723,178	6,002,413	14,343,642	1,556,222	177,242,703
Additions	450,065	503,868	971,922	2,405,306	202,643	7,024,934	11,558,738
Disposals	(2,670,000)	-	(7,500)	(1,684,950)	-	-	(4,362,450)
Written off	-	-	(1,200)	-	(27,770)	-	(28,970)
At 31 March 2016 and 1 April 2016	46,874,490	1,026,691	106,686,400	6,722,769	14,518,515	8,581,156	184,410,021
Additions	1,607	1,328,659	2,122,749	1,147,873	271,246	22,441,236	27,313,370
Disposals	-	-	(327,796)	(539,397)	-	-	(867,193)
Written off	-	-	(157,100)	-	(13,088)	-	(170,188)
Reclassifications	148,334	-	4,097,225	-	61,779	(4,307,338)	-
Transfer from other current assets	-	-	-	-	-	14,028,832	14,028,832
At 31 March 2017	47,024,431	2,355,350	112,421,478	7,331,245	14,838,452	40,743,886	224,714,842
Accumulated depreciation							
At 1 April 2015	8,670,269	76,564	53,458,774	3,280,338	10,591,212	-	76,077,157
Depreciation charge for the year (Note10)	1,548,261	58,502	5,585,899	873,919	836,448	-	8,903,029
Disposals	(205,086)	-	(125)	(967,662)	-	-	(1,172,873)
Written off	-	-	(190)	-	(24,906)	-	(25,096)
At 31 March 2016 and 1 April 2016	10,013,444	135,066	59,044,358	3,186,595	11,402,754	-	83,782,217
Depreciation charge for the year (Note 10)	1,549,928	193,338	5,670,219	1,109,395	689,888	-	9,212,768
Disposals	-	-	(197,272)	(521,627)	-	-	(718,899)
Written off	-	-	(88,182)	-	(11,703)	-	(99,885)
At 31 March 2017	11,563,372	328,404	64,429,123	3,774,363	12,080,939	-	92,176,201
Net carrying amount							
At 31 March 2016	36,861,046	891,625	47,642,042	3,536,174	3,115,761	8,581,156	100,627,804
At 31 March 2017	35,461,059	2,026,946	47,992,355	3,556,882	2,757,513	40,743,886	132,538,641

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15. Property, plant and equipment (continued)

*** Land and buildings**

Group	Freehold land RM	Leasehold land RM	Buildings RM	Total RM
Cost				
At 1 April 2015	1,150,000	22,400,732	25,543,693	49,094,425
Additions	-	324,047	126,018	450,065
Disposal	-	(2,670,000)	-	(2,670,000)
At 31 March 2016 and 1 April 2016	1,150,000	20,054,779	25,669,711	46,874,490
Additions	-	-	1,607	1,607
Reclassifications	-	-	148,334	148,334
At 31 March 2017	1,150,000	20,054,779	25,819,652	47,024,431
Accumulated depreciation				
At 1 April 2015	-	1,972,062	6,698,207	8,670,269
Depreciation charge for the year	-	336,885	1,211,376	1,548,261
Disposal during the year	-	(205,086)	-	(205,086)
At 31 March 2016 and 1 April 2016	-	2,103,861	7,909,583	10,013,444
Depreciation charge for the year	-	318,701	1,231,227	1,549,928
At 31 March 2017	-	2,422,562	9,140,810	11,563,372
Net carrying amount				
At 31 March 2016	1,150,000	17,950,918	17,760,128	36,861,046
At 31 March 2017	1,150,000	17,632,217	16,678,842	35,461,059

The leasehold land and buildings and certain plant and machinery are pledged as securities for bank borrowings as disclosed in Note 25.

16. Investment properties

	Group	
	2017 RM	2016 RM
Cost:		
At 1 April	3,377,209	1,077,209
Additions	-	2,300,000
At 31 March	3,377,209	3,377,209
Accumulated depreciation:		
At 1 April	288,945	184,901
Depreciation charge for the year (Note 10)	104,044	104,044
At 31 March	392,989	288,945
Net carrying amount	2,984,220	3,088,264
Fair value	6,790,261	4,831,000

The fair value of the investment properties was determined based on Level 3 valuation techniques of the fair value hierarchy.

Valuation is performed by accredited independent valuers with recent experience in the location and category of properties being valued.

Notes to the Financial Statements
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17. Investment in subsidiaries

	Company	
	2017 RM	2016 RM
Unquoted shares in Malaysia, at cost	124,968,751	124,968,751

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

Name of subsidiaries	Principal activities	Proportion (%) of ownership interest	
		2017	2016
Oriental Food Industries Sdn. Bhd.	Manufacturing and marketing of snack food and confectioneries	100	100
OFI Properties Sdn. Bhd.	Property development	90	90
Held through Oriental Food Industries Sdn. Bhd.:			
Oriental Food Marketing (M) Sdn. Bhd.	Sales and marketing of snack food and confectioneries	100	100

18. Investment security

	Group	
	2017 RM	2016 RM
Available-for-sale financial asset		
- Equity instrument (unquoted), at cost	372,438	372,438

The investment in unquoted equity instrument represents ordinary shares that are not quoted on any active market and carried at cost less any accumulated impairment losses as its fair value cannot be measured reliably.

The available-for-sale financial asset is classified as non-current assets as it is not expected to be realised within 12 months after the reporting date.

19. Property development costs

Group

Land held for property development

Cost/carrying amount:	Leasehold land RM
At 1 April 2015/31 March 2016	957,769
Addition	3,800
At 31 March 2017	961,569

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20. Investment properties under construction

	Group	
	2017 RM	2016 RM
At 1 April	1,570,500	-
Transfer from other current assets	-	267,000
Additions during the year	524,340	1,303,500
At 31 March	2,094,840	1,570,500
Fair value	2,370,000	2,370,000

The fair value of the investment properties was determined based on Level 3 valuation techniques of the fair value hierarchy.

21. Inventories

	Group	
	2017 RM	2016 RM
Cost		
Raw materials	18,532,206	13,494,601
Work-in-progress	45,164	71,204
Finished goods	5,390,201	5,326,350
Development properties	1,989,584	1,989,585
	25,957,155	20,881,740

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group was RM200,905,763 (2016: RM181,094,796).

22. Trade and other receivables

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Trade receivables				
Third parties	44,817,993	38,120,231	-	-
Less: Allowance for impairment	(52,561)	(1,355,727)	-	-
Trade receivables, net	44,765,432	36,764,504	-	-
Other receivables				
Third parties	3,484,826	2,583,882	-	644
Amounts due from subsidiaries	-	-	892,500	292,500
Refundable deposits	873,779	763,961	15,000	15,000
Staff loans	11,150	40,150	-	-
	4,369,755	3,387,993	907,500	308,144
Total trade and other receivables	49,135,187	40,152,497	907,500	308,144
Add: Cash and bank balances (Note 24)	18,997,444	43,266,236	13,551	237,266
Total loans and receivables	68,132,631	83,418,733	921,051	545,410

22. Trade and other receivables (continued)

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 120 days (2016: 30 to 120 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2017 RM	2016 RM
Neither past due nor impaired	11,980,596	13,382,074
1 to 30 days past due not impaired	18,204,820	14,343,548
31 to 60 days past due not impaired	5,993,362	5,511,665
More than 61 days past due not impaired	8,586,654	3,527,217
	32,784,836	23,382,430
Impaired	52,561	1,355,727
	44,817,993	38,120,231

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM32,784,836 (2016: RM23,382,430) that are past due at the reporting date but not impaired. These receivables are active accounts which the management considers to be recoverable.

Receivables that are impaired

The Group's trade receivables that are individually impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2017 RM	2016 RM
Trade receivables - nominal amounts	52,561	1,355,727
Less: Allowance for impairment	(52,561)	(1,355,727)
	-	-
Movement in allowance accounts:		
At 1 April	1,355,727	1,305,028
Impairment loss recovered during the year (Note 8)	(304)	(43,810)
Additions (Note 10)	43,003	94,509
Written off	(1,345,865)	-
At 31 March	52,561	1,355,727

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and/or have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

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22. Trade and other receivables (continued)

(b) Related party balances

The amounts due from subsidiaries are unsecured, non-interest bearing and are repayable upon demand.

(c) Staff loans

Staff loans are unsecured and non-interest bearing. The loans are recognised initially at fair value. The difference between the fair value and the nominal loan amount represents payment for services to be rendered during the period of the loan and is recorded as part of prepaid operating expenses.

23. Other current assets

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Advances to suppliers of property, plant and equipment	3,412,059	10,572,012	-	-
Prepaid operating expenses	700,381	570,538	10,910	33,182
Deposit placed in Bursa Malaysia Securities Berhad's dividend account	2,400,000	2,400,000	2,400,000	2,400,000
	6,512,440	13,542,550	2,410,910	2,433,182

24. Cash and bank balances

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Cash at banks and on hand	15,680,810	36,456,458	13,551	237,266
Short term deposits with licensed banks	3,315,316	5,719,761	-	-
Investment in money market fund	1,318	1,090,017	-	-
Cash and bank balances (Note 22)	18,997,444	43,266,236	13,551	237,266

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following at the reporting date:

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Cash and bank balances	18,997,444	43,266,236	13,551	237,266
Bank overdraft (Note 25)	-	(1,534,888)	-	-
	18,997,444	41,731,348	13,551	237,266
(Less):				
Investment in money market fund	(1,318)	(1,090,017)	-	-
Cash and cash equivalents	18,996,126	40,641,331	13,551	237,266

24. Cash and bank balances (continued)

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of between one month and three months depending on the immediate cash requirements of the Group and earn interests at respective short term deposit rates. The weighted average effective interest rate as at 31 March 2017 for the Group was 3.18% (2016: 3.32%) per annum.

The weighted average effective interest rate of investment in money market fund of the Group at the reporting date was 3.49% (2016: 3.60%) per annum.

25. Loans and borrowings

		Group	
	Maturity	2017 RM	2016 RM
Current			
Bank overdraft (Note 24)		-	1,534,888
Bank loans:			
- RM loan at COF + 0.50% p.a. - unsecured *	2018	441,995	1,706,351
- RM loan at BFR - 2.35% p.a. - secured ^	2018	1,600,000	1,600,000
- RM loan at BFR - 2.30% p.a. - secured ^	2018	1,835,835	-
		3,877,830	4,841,239
Non-current			
Bank loans:			
- RM loan at COF + 0.50% p.a. - unsecured *		-	442,182
- RM loan at BFR - 2.35% p.a. - secured ^	2020	3,200,000	4,800,000
- RM loan at BFR - 2.30% p.a. - secured ^	2022	7,293,585	-
		10,493,585	5,242,182
Total loans and borrowings (Note 26)		14,371,415	10,083,421

* Cost of funds per annum
^ Base financing rate per annum

The remaining maturities of the loans and borrowings as at reporting date are as follows:

	Group	
	2017 RM	2016 RM
On demand or within one year	3,877,830	4,841,239
More than 1 year and less than 2 years	3,519,216	2,042,182
More than 2 years but less than 5 years	6,974,369	3,200,000
	14,371,415	10,083,421

Bank loans

These bank loans are secured by way of a corporate guarantees by the Company and a charge over leasehold land and factory buildings and certain plant and machinery as disclosed in Note 15.

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26. Trade and other payables

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Trade payables				
Third parties	21,157,876	18,760,551	-	-
Other payables				
Third parties	6,391,762	5,692,462	11,137	-
Accrued operating expenses	3,073,382	2,759,671	406,572	383,075
Deposit received	373,545	284,000	-	-
Dividend payable	2,400,000	2,400,000	2,400,000	2,400,000
	12,238,689	11,136,133	2,817,709	2,783,075
Total trade and other payables	33,396,565	29,896,684	2,817,709	2,783,075
Add: Loans and borrowings (Note 25)	14,371,415	10,083,421	-	-
Total financial liabilities carried at amortised cost	47,767,980	39,980,105	2,817,709	2,783,075

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on average 60 days (2016: 60 days) term.

(b) Other payables

These amounts are non-interest bearing. Other payables are normally settled on average 60 days (2016: 60 days) term.

27. Deferred tax liabilities

Deferred income tax as at reporting date relates to the following:

	Deferred tax liabilities	Deferred tax assets			
Group	Property, plant and equipment RM	Unabsorbed reinvestment allowances RM	Unabsorbed allowances for increase in export RM	Others RM	Total RM
At 1 April 2015	11,369,707	(968,227)	(278,802)	(76,895)	10,045,783
Recognised in profit or loss (Note 13)	(483,140)	967,727	278,802	(438,389)	325,000
At 31 March 2016 and 1 April 2016	10,886,567	(500)	-	(515,284)	10,370,783
Recognised in profit or loss (Note 13)	(168,375)	-	-	434,375	266,000
At 31 March 2017	10,718,192	(500)	-	(80,909)	10,636,783

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28. Share capital

	Number of ordinary shares issued		Amount	
	2017	2016	2017 RM	2016 RM
Issued and fully paid				
At beginning of the year	240,000,000	60,000,000	120,000,000	60,000,000
Increase during the year	-	60,000,000	-	60,000,000
Increased by way of share split	-	120,000,000	-	-
At end of the year	240,000,000	240,000,000	120,000,000	120,000,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company residual assets.

Implementation of Companies Act 2016

On 31 January 2017, the Companies Act 2016 (“”CA 2016””) came into operation. Consequently, entities shall comply with CA 2016 in the preparation of financial statements for the financial year ending on or after 31 January 2017.

Section 74 of CA 2016 states that all shares issued before or after 31 Jan 2017 shall have no par or nominal value. CA 2016 provides certain transitional provisions relating to the abolition of nominal value.

29. Retained earnings

The Company may distribute dividends out of its entire retained earnings as at 31 March 2017 under the single tier system.

30. Related party transactions

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

Group	2017 RM	2016 RM
Transactions with a company in which a director has interest:		
Sales of goods to Syarikat Perniagaan Chong Mah	2,284,722	3,058,092
Transaction with a company in which a director has interest:		
Rental income received from Skyline Motion Sdn. Bhd.	48,000	48,000
Company		
Transaction with a subsidiary:		
Dividend income received from Oriental Food Industries Sdn. Bhd.	10,652,913	72,576,814

(b) Compensation of key management personnel

There is no other key management personnel other than the executive directors. The remuneration of executive directors is disclosed in Note 12.

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31. Commitments

Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group	
	2017 RM	2016 RM
Capital expenditure approved and contracted for:		
Property, plant and equipment	11,452,996	20,568,723
Investment properties	118,500	631,640
	11,571,496	21,200,363

32. Fair value measurement of financial instruments

(a) Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Group's assets and liabilities.

	Fair value measurement using			
	Quoted prices in active market Level 1 RM	Significant observable inputs Level 2 RM	Significant unobservable inputs Level 3 RM	Total RM
At 31 March 2017				
Financial asset:				
Investment in money market fund	-	1,318	-	1,318
Investment properties	-	-	6,790,261	6,790,261
At 31 March 2016				
Financial asset:				
Investment in money market fund	-	1,090,017	-	1,090,017
Investment properties	-	-	4,831,000	4,831,000

The Group classifies fair value measurement using the fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

There have been no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial years ended 31 March 2017 and 31 March 2016.

32. Fair value measurement of financial instruments (continued)

(b) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables	22
Trade and other payables	26
Loans and borrowings	25

The carrying amounts of the trade and other receivables and payables are reasonable approximation of their fair values due to their relatively short maturity periods.

The carrying amounts of the current portion of loans and borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

The carrying amounts of non-current portion of floating rate loans and borrowings are reasonable approximation of fair values as the interest charge on these loans and borrowings are pegged to, or close to, market interest rates near or at reporting date.

(c) Fair value of financial instrument that is not carried at fair value and whose carrying amount is not reasonable approximations of fair value

		2017		2016	
	Note	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Financial asset:					
Equity instrument (unquoted), at cost	18	372,438	*	372,438	*

* Fair value information has not been disclosed for the Group's investment in equity instrument that is carried at cost because the fair value cannot be measured reliably. This equity instrument represents ordinary shares in a Malaysian property development company that is not quoted on any market and does not have any comparable industry peer that is listed. In addition, the variability in the range of reasonable fair value estimates derived from valuation techniques is significant. The Group does not intend to dispose of this investment in the foreseeable future.

33. Financial risk management objectives and policies

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include loans, trade and other receivables, and cash and short-term deposits that derive directly from its operations. The Group also holds available-for-sale financial asset and financial assets at fair value through profit or loss.

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For the financial year ended 31 March 2017

33. Financial risk management objectives and policies (continued)

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks to ensure that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, deposits, available-for-sale financial assets and financial assets at fair value through profit or loss.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's non-current loans and borrowings with floating interest rates.

Interest rate sensitivity

At the reporting date, if interest rates had been 10 basis points lower/higher, with all other variables held constant, the effect of the changes in the market interest rates to the Group's profit before tax would be immaterial, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

(ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency).

The Group has transactional exposures arising from sales that are denominated in foreign currencies. The foreign currency in which these transactions are denominated is mainly United States Dollars ("USD").

The Group holds cash and bank balances denominated in foreign currencies for working capital purposes. The other financial instruments denominated in foreign currencies includes trade receivables and trade payables.

At the reporting date, the Group's cash and bank balances denominated in USD amounted to RM6,287,414 (2016: RM29,261,313). Approximately 31% (2016: 25%) of the Group's gross trade receivables is denominated in USD.

Sensitivity analysis for foreign currency risk

The following table illustrates the hypothetical sensitivity of the Group's profit before tax to a reasonably possible change in the USD exchange rate at the reporting date against RM, assuming all other variables remain unchanged.

	Increase/(decrease) in Group's profit before tax	
	2017 RM	2016 RM
USD strengthened by 3% (2016: 3%)	521,756	1,037,345
USD weakened by 3% (2016: 3%)	(521,756)	(1,037,345)

33. Financial risk management objectives and policies (continued)

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

(i) Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an individual credit limits and are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date on an individual basis for major receivables. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actual incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in statements of financial position. The Group does not hold collateral as security.

At the reporting date, approximately 28% (2016: 31%) of the Group's gross trade receivables were due from two (2016: two) customers totaling RM12.40 million (2016: RM11.70 million).

A nominal amount of RM51 million (2016: RM41 million) relating to a corporate guarantee was provided by the Company to banks for a subsidiary's bank loans.

(ii) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed in accordance with the Group's policy. Counterparty credit limits are reviewed by the Board of Directors on an annual basis, and may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty's failure to make payments. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in statements of financial position except for trade receivables as disclosed above.

(c) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted repayment obligations.

31 March 2017	Within one year RM	One to five years RM	Total RM
Group			
Financial liabilities:			
Trade and other payables	33,396,565	-	33,396,565
Loans and borrowings	4,433,249	11,254,544	15,687,793
Total undiscounted financial liabilities	37,829,814	11,254,544	49,084,358

Notes to the Financial Statements
For the financial year ended 31 March 2017

33. Financial risk management objectives and policies (continued)

(c) Liquidity risk (continued)

31 March 2017	Within one year RM	One to five years RM	Total RM
Company			
Financial liability:			
Trade and other payables	2,817,709	-	2,817,709
As at 31 March 2016			
Group			
Financial liabilities:			
Trade and other payables	29,896,684	-	29,896,684
Loans and borrowings	4,841,239	5,579,006	10,420,245
Total undiscounted financial liabilities	34,737,923	5,579,006	40,316,929
Company			
Financial liability:			
Trade and other payables	2,783,075	-	2,783,075

34. Capital management

For the purpose of the Group's capital management, capital includes issued capital, share premium and all other equity reserves attributable to owners of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowings in the current period.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and bank balances.

Notes to the Financial Statements
For the financial year ended 31 March 2017

34. Capital management (continued)

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Loans and borrowings	14,371,415	10,083,421	-	-
Trade and other payables	33,396,565	29,896,684	2,817,709	2,783,075
Less: - Cash and bank balances	(18,997,444)	(43,266,236)	(13,551)	(237,266)
Net debt	28,770,536	(3,286,131)	2,804,158	2,545,809
Equity attributable to owners of the parent	182,088,615	173,443,271	125,608,144	125,270,724
Capital and net debt	210,859,151	170,157,140	128,412,302	127,816,533
Gearing ratio	13.6%	N/A	2.2%	2.0%

35. Segment information

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

I. Manufacturing and marketing of snack food and confectioneries

II. Property development

III. Investment holding

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Notes to the Financial Statements
For the financial year ended 31 March 2017

35. Segment information (continued)

	Manufacturing and marketing of snack food and confectioneries RM	Property development RM	Investment holding RM	Adjustments and eliminations RM	Notes	Per consolidated financial statements RM
31 March 2017						
Revenue:						
External customers	256,083,138	-	-	-		256,083,138
Inter-segment	-	-	10,652,913	(10,652,913)	A	-
Total revenue	256,083,138	-	10,652,913	(10,652,913)		256,083,138
Results:						
Interest income	237,769	70,599	311	-		308,679
Depreciation of:						
- Property, plant and equipment	9,212,768	-	-	-		9,212,768
- Investment properties	15,783	88,261	-	-		104,044
Other non-cash income	1,741,134	-	-	-	B	1,741,134
Segment profit/(loss)	23,152,685	(90,872)	9,937,422	(9,937,111)	C	23,062,124
Assets:						
Additions to non-current assets	41,342,202	-	-	-	D	41,342,202
Segment assets	231,157,374	7,710,393	2,564,602	-	E	241,432,369
Segment liabilities	55,561,241	316,413	2,817,709	-	F	58,695,363
31 March 2016						
Revenue:						
External customers	244,921,719	-	-	-		244,921,719
Inter-segment	-	-	72,576,814	(72,576,814)	A	-
Total revenue	244,921,719	-	72,576,814	(72,576,814)		244,921,719
Results:						
Interest income	208,695	763	3,129	-		212,587
Depreciation of:						
- Property, plant and equipment	8,903,029	-	-	-		8,903,029
- Investment properties	15,784	88,260	-	-		104,044
Other non-cash expenses	2,999,971	-	-	-	B	2,999,971
Segment profit	31,840,022	219,293	71,593,329	(71,593,329)	C	32,059,315
Assets:						
Additions to non-current assets	11,558,738	2,300,000	-	-	D	13,858,738
Segment assets	214,298,298	7,709,992	2,792,548	-	E	224,800,838
Segment liabilities	47,100,308	1,106,317	2,490,575	-	F	50,697,200

35. Segment information (continued)

A Inter-segment revenues are eliminated on consolidation.

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

	2017 RM	2016 RM
Impairment loss on trade receivables	(42,699)	(50,699)
Property, plant and equipment written off	(70,303)	(3,874)
Inventories written off	(1,160,101)	(1,433,416)
Unrealised gain/(loss) on foreign exchange	3,014,237	(1,511,982)
	1,741,134	(2,999,971)

C The following items are added to/(deducted from) segment profit to arrive at "Profit before tax" presented in the consolidated statement of comprehensive income:

	2017 RM	2016 RM
Dividend income from inter-segment	10,652,913	72,576,814
Unallocated corporate expenses	(715,802)	(983,485)
	9,937,111	71,593,329

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

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

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

Geographical information

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

	Revenues	
	2017 RM	2016 RM
Malaysia	93,553,852	94,462,518
Asia	110,739,122	103,616,716
Others	51,790,164	46,842,485
	256,083,138	244,921,719

Notes to the Financial Statements
For the financial year ended 31 March 2017

36. Dividends

	Group and Company	
	2017	2016
	RM	RM
Recognised during the financial year:		
Dividends on ordinary shares:		
- Interim single tier dividend for 2015: 5 sen	-	3,000,000
- Interim single tier dividend for 2016: 1 sen (2015: 2 sen) per share	2,400,000	1,200,000
- Interim single tier dividend for 2017: 1 sen (2016: 3 sen) per share	2,400,000	1,800,000
- Interim single tier dividend for 2017: 1 sen (2016: 1.5 sen) per share	2,400,000	3,600,000
- Interim single tier dividend for 2017: 1 sen (2016: 1 sen) per share	2,400,000	2,400,000
	9,600,000	12,000,000

The directors do not recommend the payment of any final dividend for the financial year ended 31 March 2017.

37. Subsequent events

On 20 December 2016, OFI Properties Sdn. Bhd., the subsidiary of the group was served with a Winding-up Petition by a minority shareholder claiming for the winding-up of the Company under section 218(1)(f) and (i) of the Companies Act, 1965 and consequential orders.

Vide consent order dated 16 May 2017, the matter was settled in that:

a) the Company purchased 100,000 shares in OFI Properties Sdn. Bhd. owned by the minority shareholder at RM500,000;

b) the minority shareholder resigned as director of OFI Properties Sdn. Bhd.;

c) the minority shareholder tendered letter of apology to the Company and the three directors; and

d) the Company and the three directors discontinued the defamation suit in Melaka Sessions Court against the minority shareholder.

38. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 March 2017 were authorised for issue in accordance with a resolution of the directors on 21 July 2017.

39. Supplementary information – Breakdown of realised and unrealised retained earnings

The breakdown of the retained earnings of the Group and of the Company as at 31 March 2017 into realised and unrealised earnings is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Total retained earnings of the Company and its subsidiaries:				
- Realised	95,447,209	101,136,879	5,608,144	5,270,724
- Unrealised	(7,622,546)	(11,882,765)	-	-
	87,824,663	89,254,114	5,608,144	5,270,724
Less: Consolidated adjustments	(25,736,048)	(35,810,843)	-	-
Retained earnings as per financial statements	62,088,615	53,443,271	5,608,144	5,270,724

ANALYSIS OF SHAREHOLDINGS
AS AT 30 JUNE 2017

Issued and Fully Paid-up	:	RM120,000,000
Class of Shares	:	Ordinary Shares
Voting Rights	:	One (1) Vote Per Ordinary Share

DISTRIBUTION OF SHAREHOLDERS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	18	1.3168	548	0.0002
100 - 1,000	151	11.0461	98,212	0.0409
1,001 - 10,000	714	52.2312	3,842,624	1.6011
10,001 - 100,000	388	28.3833	11,393,400	4.7473
100,001 - less than 5% of issued shares	94	6.8764	117,111,496	48.7965
5% and above of issued shares	2	0.1463	107,553,720	44.8141
	1,367	100.0000	240,000,000	100.0000

LIST OF THIRTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Total No. of Shares Held	%
1	Datuk Seri Son Chen Chuan	73,229,532	30.51
2	Syarikat Perniagaan Chong Mah Sdn. Bhd.	34,324,188	14.30
3	Thung Shung (M) Sdn Bhd	11,756,708	4.90
4	Summer Legend Sdn. Bhd.	7,393,200	3.08
5	Citigroup Nominees (Tempatan) Sdn.Bhd. Employees Provident Fund Board (RHB INV)	6,569,500	2.74
6	Datuk Son Tong Eng	5,470,496	2.28
7	Citigroup Nominees (Tempatan) Sdn.Bhd. Kumpulan Wang Persaraan (Diperbadankan) (AFFIN AM B EQ)	5,255,900	2.19
8	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad for Eastspring Investssmall-Cap Fund	4,496,500	1.87
9	HSBC Nominees (Tempatan) Sdn. Bhd. HSBC (M) Trustee Bhd for RHB Smart Treasure Fund	4,360,000	1.82
10	Citigroup Nominees (Asing) Sdn. Bhd. Exempt an for Citibank New York (Norges Bank 14)	3,652,000	1.52
11	Cimsec Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Son Tong Leong (MY1225)	3,600,000	1.50
12	HSBC Nominees (Tempatan) Sdn. Bhd. HSBC (M) Trustee Bhd for RHB Kidsave Trust	3,551,900	1.48
13	Lim Keat Sear	2,935,012	1.22
14	HSBC Nominees (Tempatan) Sdn. Bhd. HSBC (M) Trustee Bhd for RHB Equity Trust	2,360,000	0.98
15	Lee Kong Hooi	2,358,200	0.98
16	Lim Siew Guat	2,354,800	0.98
17	HSBC Nominees (Tempatan) Sdn. Bhd. HSBC (M) Trustee Bhd for Manulife Investment Progress Fund (4082)	2,175,300	0.91
18	Lee Siew Geok	2,134,084	0.89
19	Summer Legend Sdn. Bhd.	2,123,200	0.88
20	Lim Wei Hong	2,033,400	0.85

ANALYSIS OF SHAREHOLDINGS
AS AT 30 JUNE 2017

LIST OF THIRTY LARGEST SHAREHOLDERS (CONTINUED)

\No.	Name of Shareholders	Total No. of Shares Held	%
21	Chen Woei Herng	2,000,000	0.83
22	HSBC Nominees (Tempatan) Sdn. Bhd. HSBC (M) Trustee Bhd for RHB Private Fund – Series 3	1,994,800	0.83
23	HSBC Nominees (Tempatan) Sdn. Bhd. HSBC (M) Trustee Bhd for RHB Growth and Income Focus Trust	1,970,000	0.82
24	Son Mei Chin	1,884,200	0.79
25	Son Kee Geok	1,853,896	0.77
26	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ting Siew Pin (8118995)	1,853,600	0.77
27	Chew Tee Yong	1,790,600	0.75
28	Son Chew Pheng	1,717,800	0.72
29	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for CIMB-Principal Small Cap Fund (240218)	1,604,300	0.67
30	HSBC Nominees (Tempatan) Sdn. Bhd. HSBC (M) Trustee Bhd for RHB Small Cap Opportunity Unit Trust	1,601,500	0.67

SUBSTANTIAL SHAREHOLDERS

	Direct		Indirect	
Name	No. of Shares	%	No. of Shares	%
Datuk Seri Son Chen Chuan	73,229,532	30.51	27,329,492[1]	11.39
Lim Keat Sear	2,935,012	1.22	47,192,896[2]	19.66
Syarikat Perniagaan Chong Mah Sdn. Bhd.	34,324,188	14.30	-	-

Notes:

(1) Deemed interested pursuant to Section 8(4) of the Companies Act, 2016 ("the Act") by virtue of his substantial shareholding in Apendo Capital Sdn. Bhd., Summer Legend Sdn. Bhd. and shares held by his children.

(2) Deemed interested pursuant to Section 8(4) of the Act by virtue of his substantial shareholding in Apendo Capital Sdn. Bhd., Syarikat Perniagaan Chong Mah Sdn Bhd and Thung Shung (M) Sdn Bhd.

ANALYSIS OF SHAREHOLDINGS AS AT 30 JUNE 2017

Directors Shareholdings

	Direct		Indirect	
Name	No. of Shares	%	No. of Shares	%
Datuk Seri Son Chen Chuan	73,229,532	30.51	27,329,492[1]	11.39
Lim Keat Sear	2,935,012	1.22	47,192,896[2]	19.66
Datuk Son Tong Leong	5,724,700	2.39	-	-
Datuk Son Tong Eng	5,420,496	2.26	-	-

Notes:

(1) Deemed interested pursuant to Section 8(4) of the Act by virtue of his substantial shareholdings in Apendo Capital Sdn. Bhd., Summer Legend Sdn. Bhd. and shares held by his children.

(2) Deemed interested pursuant to Section 8(4) of the Act by virtue of his substantial shareholdings in Apendo Capital Sdn. Bhd., Syarikat Perniagaan Chong Mah Sdn Bhd and Thung Shung (M) Sdn Bhd.

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 31.03.2017 (RM)
1	Factory complexes, warehouses and an office block with a total built up area of approximately 26,972 square metres. The age of the buildings range from 5 to 18 years	No. 65, Jalan Usaha 7, Ayer Keroh Industrial Estate, 75450 Melaka	40,660	Leasehold (99 years) expiring on 30 May 2072	24 Aug 2000	15,994,696
2	Factory complexes with a total built up area of approximately 6,235 square metres. The age of the building range from 18 to 19 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. 96A)* 12 Nov 1990 *(Plot No. 96B)*	2,912,439
3	Factory complex with a built up area of approximately 4,896 square metres. The age of the buildings are approximately 28 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	1,933,514
4	2 units of semi detached factory buildings with a total built up area of approximately 2,303 square metres. The age of the buildings are approximately 40 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)*	1,053,770
5	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 20 years	No. 7, 7A & 7B and No. 9. 9A & 9B, Jalan Melaka Raya 11, Taman Melaka Raya, 75000 Melaka.	143 per unit	Leasehold (99 years) expiring on 7 July 2093	19 Oct 1992 *(No. 7, 7A & 7B)* 21 Oct 1992 *(No. 9, 9A & 9B))*	448,270
6	Vacant Land	Lot No. 6148, Mukim Bukit Katil, Daerah Melaka Tengah, Negeri Melaka.	1,077	Freehold	4 Dec 1999	173,895
7	Vacant Land	Lot No. 6096, Mukim Bukit Katil, Daerah Melaka Tengah, Negeri Melaka.	2,157	Freehold	4 Dec 1999	238,576

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 31.03.2017 (RM)
8	Semidetached factories with a built up area of approximately 478 square metres. The age of the building is approximately 12 years	No. 20, Jalan TPP 1/1A, Taman Industri Puchong, Batu 12, Jalan Puchong, 47100 Puchong, Selangor	1,407	Freehold	10 Jul 2002	1,323,329
9	Industrial Land together with a factory building	Lot 97, Jalan Usaha 7, Ayer Keroh Industrial Estate, 75450 Melaka	42,640	Leasehold (99 years) expiring on 30 May 2072	23 Jun 2014	12,243,311
10	3-Storey Shop Office with a built up area of approximately 431.81 square metres. The age of the buildings are approximately 4 years	No. 8, 8-1, 8-2, Jalan Komersial TAKH 3, Taman Ayer Keroh Height, 75450 Melaka.	145	Leasehold (99 years) expiring on 15 February 2111	n/a	646,276
11	3-Storey Shop Office with a built up area of approximately 431.81 square metres. The age of the buildings are approximately 4 years	No. 3, 3-1, 3-2; Jalan Komersial TAKH 2, Taman Ayer Keroh Height, 75450 Melaka.	145	Leasehold (99 years) expiring on 15 February 2111	n/a	646,276
12	3-Storey Shop Office 3 Storey Shop Office with a built up area of approximately 774 square metres. The age of the buildings are approximately 4 years	No. 1, 1-1, 1-2 Jalan Komersial TAKH 2, Taman Ayer Keroh Height, 75450 Melaka.	248	Leasehold (99 years) expiring on 15 February 2111	n/a	830,928
13	2 units of Double Storey Shop Office with a built up area of approximately 384 square metres	Unit No. S-1-4 & S-2-4 and S-1-5 & S-2-5	384 per unit	Leasehold (99 years) expiring on 17 September 2112	30 June 2015	2,094,840

Notes:

- Properties No. 1 to 5 were revalued by Messrs C. H. Williams Talhar & Wong on 15 March 2013, Property No. 8 on 4 April 2013, Property No. 9 on 6 January 2015, Property No. 11 on 20 May 2016 and Property No. 12 on 25 January 2016.
- Property No. 13: The properties shall be completed and vacant possession be delivered within 36 months from 30 June 2015.

OTHER INFORMATION

1. Utilisation of Proceeds raised from Corporate Proposal

The Company did not undertake any corporate proposal to raise proceeds during the financial year end 31 March 2017.

2. Audit and Non-Audit Fees

The audit and non-audit fees paid/payable to the external auditors by for services rendered to the Company and/or its subsidiaries for the financial year end 31 March 2017 are as follows:

	Group (RM)	Company (RM)
Audit Fees		
- Statutory auditors	62,000	26,000
Non-audit fees		
- Statutory auditors	-	5,000
Total	62,000	31,000

3. Material Contracts

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 Circular, other than contract entered into in the ordinary course of business.

4. Revaluation of Landed Properties

The Group had previously adopted the policy of regular revaluation on the Group's landed properties. Upon transition to MFRS, the Group has elected to measures all its landed properties using cost model and regard the carrying amounts at valuation of landed properties as at 31 March 2013 as deemed cost at the date of transition. Further information are stated in Note 3.9 and Note 15 of the financial statements.

5. Recurrent Related Parties Transactions

Pursuant to a Shareholders' Mandate obtained on 23 August 2016, the Company and its' subsidiaries have carried out recurrent related party transactions with Syarikat Perniagaan Chong Mah Sdn. Bhd. for distribution and wholesales of snack food and confectioneries products for a total value of RM2,121,607 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.

FORM OF PROXY

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

No. of ordinary shares held	
CDS Account No.	

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

_____
(Full Name in Capital Letters)

of _____
(Full address)

or failing him/her of _____
(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 21st 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 Thursday, 24 August 2017 at 2.30 p.m. and at every adjournment thereof to vote as indicated below:

No.	Ordinary Business		For	Against
1.	To approve the payment of Directors' fees amounting to RM315,000.00 for the financial year ended 31 March 2017.	Resolution 1		
2.	To approve the payment of Directors' remuneration and benefits (excluding Directors' fees) up to an amount of RM185,000 to the Directors with effect from 31 January 2017 until the next Annual General Meeting.	Resolution 2		
3.	To re-elect the following Directors, each of whom retires by rotation in accordance with Article 75 of the Constitution of the Company:- 3.1. Datuk Son Tong Leong 3.2. Datuk Son Tong Eng	 Resolution 3 Resolution 4		
4.	To approve the re-appointment of Tan Sri Dato' Azizan Bin Husain as Director of the Company.	Resolution 5		
5.	To re-appoint Messrs. Ernst & Young as Auditors of the Company for the financial year ending 31 March 2018 and to authorise the Directors to determine their remuneration.	Resolution 6		
As Special Business				
6.	To approve continuation in office of Tan Sri Dato' Azizan Bin Husain as an Independent Non-Executive Director of the Company.	Resolution 7		
7.	To approve continuation in office of Mr. Lim Hwa Yu as an Independent Non-Executive Director of the Company.	Resolution 8		
8.	To approve continuation in office of Datuk Jeffery Ong Cheng Lock as an Independent Non-Executive Director of the Company.	Resolution 9		
9.	To authorise the Directors to issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016.	Resolution 10		
10.	To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.	Resolution 11		
11.	To approve the Proposed Renewal of Share Buy-Back Authority.	Resolution 12		

(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	%
	100%

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_____ 2017.

_____
Signature

Notes:

1. In regard of deposited securities, only members whose names appear in the Record of Depositors as at 15 August 2017 ("General Meeting Record of Depositors") shall be eligible to attend and vote at the Meeting.
2. A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company. There shall be no restriction as to the qualifications of the proxy.
3. 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.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. 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.
6. The instrument appointing proxy shall be deemed to confer authority to demand or join in demanding a poll.
7. 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 not less than twenty-four (24) hours before the time appointed for holding the meeting or any adjournment thereof as Paragraph 8.29(A) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad requires all resolutions set out in the Notice of General Meeting to be put to vote by poll.
8. Proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.
9. **Personal Data Privacy:**
   By submitting an instrument appointing a proxy(ies) and/or representative(s), the members accepts and agrees to the Personal Data Privacy terms set out in the Notice of AGM dated 26 July 2017.

Fold Here

Fold Here

Affix
stamp

THE COMPANY SECRETARY

ORIENTAL FOOD INDUSTRIES HOLDINGS BERHAD
(Company No : 389769-M)
Level 8 Symphony House
Block D13 Pusat Dagangan Dana 1
Jalan PJU1A/46
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

Fold Here



ORIENTAL FOOD INDUSTRIES HOLDINGS BERHAD (389769-M)
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