



KHONG GUAN FLOUR MILLING LIMITED

(Company Reg. No. 196000096G)

Full Year Financial Statement And Dividend Announcement for the Period Ended 31/07/2014

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

| | | GROUP | | |
|--|-------|--------------|---------------|---------------------|
| | | 31/07/2014 | 31/07/2013 | Increase/(Decrease) |
| Income Statement | Notes | S\$'000 | S\$'000 | % |
| Revenue | | 61,991 | 68,055 | (8.91) |
| Other income | 1 | 508 | 12,706 | (96.00) |
| Changes in short-term investments | 2 | 247 | (2,338) | NM |
| Changes in inventories | | (78) | 27 | NM |
| Purchases of short-term investments | | (2,570) | (1,911) | 34.48 |
| Purchases of inventories | | (52,996) | (56,270) | (5.82) |
| Employee benefits expense | | (3,761) | (3,498) | 7.52 |
| Depreciation expenses | | (430) | (336) | 27.98 |
| Finance costs | | (6) | (3) | 100.00 |
| Share of results of associates, net of tax | 3 | 1,280 | 1,404 | (8.83) |
| Other expenses | | (2,170) | (2,047) | 6.01 |
| Profit before tax | | 2,015 | 15,789 | (87.24) |
| Income tax expense | 4 | (444) | (757) | (41.35) |
| Profit after tax | | <u>1,571</u> | <u>15,032</u> | (89.55) |
| Attributable to : | | | | |
| Equity holders of the company | | 1,325 | 14,704 | (90.99) |
| Non-controlling interests | | 246 | 328 | (25.00) |
| | | <u>1,571</u> | <u>15,032</u> | (89.55) |

NM - Not Meaningful

Statement of Comprehensive Income

| | | GROUP | |
|--|--|--------------|--------------|
| | | 31/07/2014 | 31/07/2013 |
| | | S\$'000 | S\$'000 |
| Profit after tax | | 1,571 | 15,032 |
| Other comprehensive income : | | | |
| Items that may be reclassified to profit or loss: | | | |
| Fair value gain on long-term quoted investments sold | | 0 | 185 |
| Reversal of prior years' fair value gain on long-term quoted investments | | 0 | (11,935) |
| Share of associates' capital reserve | | (24) | (93) |
| Translating differences relating to financial statements of foreign operations | | (340) | 3 |
| Total comprehensive income for the year | | <u>1,207</u> | <u>3,192</u> |
| Attributable to : | | | |
| Equity holders of the company | | 977 | 2,869 |
| Non-controlling interests | | 230 | 323 |
| | | <u>1,207</u> | <u>3,192</u> |

1(a)(ii) Profit after taxation includes the following :-

| | 31/07/2014 S\$'000 | 31/07/2013 S\$'000 |
|--|-----------------------|-----------------------|
| (a) Investment income | 216 | 277 |
| (b) Interest income | 188 | 316 |
| (c) Interest on borrowings | (6) | (3) |
| (d) Depreciation expenses | (430) | (336) |
| (e) Allowance for doubtful receivables written back and bad debts written off | 5 | 5 |
| (f) Write off for stock obsolescence | (28) | (4) |
| (g) Impairment loss on unquoted investments | 0 | (30) |
| (h) Foreign exchange (loss)/gain | (47) | 31 |
| (i) Overprovision of tax in respect of prior years | 85 | 1 |
| (j) Profit on sale of quoted short-term investments | 257 | 572 |
| (k) Profit on disposal of long-term quoted investments | 0 | 11,935 |
| (l) Profit on disposal of property, plant and equipment | 194 | 7 |
| (m) Fair value (loss)/gain on short-term investments, unrealised | (289) | 93 |

Notes :

1 Other income comprises:

| | 31/07/2014 S\$'000 | 31/07/2013 S\$'000 |
|--|-----------------------|-----------------------|
| Profit on disposal of long-term quoted investments | - | 11,935 |
| Interest income and others | 508 | 771 |
| | <u>508</u> | <u>12,706</u> |

The increase in other income is due to the profit on disposal of long-term quoted investments made up as follows:-

| | | |
|---|----------|---------------|
| Net sales proceeds | 0 | 14,166 |
| Cost of acquisition | 0 | (2,231) |
| Surplus over cost | 0 | 11,935 |
| Less | | |
| Fair value gain taken up in prior years | 0 | 11,750 |
| Fair value gain for the current year | 0 | 185 |
| | <u>0</u> | <u>11,935</u> |
| | <u>0</u> | <u>0</u> |

2 Changes in short-term investments were arrived at as follows :-

| | 31/07/2014 S\$'000 | 31/07/2013 S\$'000 |
|------------------------------------|-----------------------|-----------------------|
| Purchases | 2,570 | 1,911 |
| Cost of sales | | |
| Cost of investments sold | (2,137) | (4,507) |
| Fair value loss, realised | 103 | 165 |
| Fair value of investments sold | (2,034) | (4,342) |
| Fair value (loss)/gain, unrealised | (289) | 93 |
| | <u>247</u> | <u>(2,338)</u> |

3 The lower share of results of associated companies is explained in the review of the group performance under item 8.

4 Income tax expense

| | 31/07/2014 S\$'000 | 31/07/2013 S\$'000 |
|---|-----------------------|-----------------------|
| Current taxation | | |
| - Malaysian tax | 491 | 750 |
| - tax deducted at source | 3 | 10 |
| Overprovision for taxation in prior years | (85) | (1) |
| Deferred taxation | 35 | (2) |
| | <u>444</u> | <u>757</u> |

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

| Notes | GROUP | | COMPANY | | |
|--------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|--------|
| | 31/07/2014 S\$'000 | 31/07/2013 S\$'000 | 31/07/2014 S\$'000 | 31/07/2013 S\$'000 | |
| ASSETS AND LIABILITIES | | | | | |
| Non-Current Assets | | | | | |
| | 1 | 5,191 | 2,064 | 406 | 131 |
| | | 3,879 | 3,879 | 3,879 | 3,879 |
| | | 0 | 0 | 18,287 | 18,287 |
| | 2 | 21,825 | 21,283 | 2,843 | 2,881 |
| | 3 | 1,184 | 1,184 | 1,156 | 1,156 |
| | | 0 | 8 | 0 | 0 |
| | | 32,079 | 28,418 | 26,571 | 26,334 |
| Current Assets | | | | | |
| | | 6,008 | 6,137 | 50 | 100 |
| | 4 | 7,829 | 7,582 | 0 | 0 |
| | | 10,046 | 9,559 | 376 | 369 |
| | | 230 | 183 | 64 | 59 |
| | | 280 | 156 | 0 | 0 |
| | | 0 | 0 | 4,486 | 3,530 |
| | | 0 | 31 | 0 | 0 |
| | | 16,819 | 20,453 | 16,740 | 18,441 |
| | | 3,837 | 4,191 | 1,111 | 991 |
| | | 45,049 | 48,292 | 22,827 | 23,490 |
| Less | | | | | |
| Current Liabilities | | | | | |
| | | 4,556 | 4,628 | 559 | 341 |
| | | 768 | 721 | 496 | 467 |
| | | 31 | 0 | 0 | 0 |
| | | 5,355 | 5,349 | 1,055 | 808 |
| Net Current Assets | | | | | |
| | | 39,694 | 42,943 | 21,772 | 22,682 |
| Less | | | | | |
| Non-Current Liabilities | | | | | |
| | | 280 | 256 | 280 | 256 |
| | | 628 | 591 | 0 | 0 |
| | | 908 | 847 | 280 | 256 |
| | | 70,865 | 70,514 | 48,063 | 48,760 |
| EQUITY | | | | | |
| | | 33,279 | 33,279 | 33,279 | 33,279 |
| | | 93 | 117 | 0 | 0 |
| | | (3,536) | (3,212) | 0 | 0 |
| | | 38,734 | 38,183 | 14,784 | 15,481 |
| | | 68,570 | 68,367 | 48,063 | 48,760 |
| | | 2,295 | 2,147 | 0 | 0 |
| | | 70,865 | 70,514 | 48,063 | 48,760 |

Notes :-

1 During the year, the Malaysian subsidiary in Penang purchased a leasehold land and building for S\$2,737,000 with the objective to centralise warehousing facilities from several rental premises. The new warehouse provides enough space to cater for the expansion of the company's general goods trading activities.

2 Investments in associates were arrived as follows :-

| | GROUP | | COMPANY | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31/07/2014 S\$'000 | 31/07/2013 S\$'000 | 31/07/2014 S\$'000 | 31/07/2013 S\$'000 |
| Unquoted equity investments, at cost | 0 | 0 | 4,816 | 4,816 |
| Share of net assets at acquisition date | 14,948 | 14,948 | 0 | 0 |
| | 14,948 | 14,948 | 4,816 | 4,816 |
| Less | | | | |
| Impairment losses :- | | | | |
| Balance at beginning of the year | 0 | 0 | (1,935) | (2,405) |
| Movement during the year | 0 | 0 | (38) | 470 |
| Balance at end of the year | 0 | 0 | (1,973) | (1,935) |
| | 14,948 | 14,948 | 2,843 | 2,881 |
| Share of post-acquisition reserves | 9,364 | 8,575 | 0 | 0 |
| Share of post-acquisition capital reserve | 93 | 117 | 0 | 0 |
| Foreign currency translation reserves | (2,580) | (2,357) | 0 | 0 |
| | 21,825 | 21,283 | 2,843 | 2,881 |

3 Long-term Investments were arrived as follows :-

| | GROUP | | COMPANY | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31/07/2014 S\$'000 | 31/07/2013 S\$'000 | 31/07/2014 S\$'000 | 31/07/2013 S\$'000 |
| Unquoted equity investments, at cost | 1,539 | 1,539 | 1,495 | 1,495 |
| Translation difference | (5) | (5) | 0 | 0 |
| | 1,534 | 1,534 | 1,495 | 1,495 |
| Less | | | | |
| Impairment losses :- | | | | |
| Balance at beginning of the year | (350) | (320) | (339) | (309) |
| Movement during the year | 0 | (30) | 0 | (30) |
| Balance at end of the year | (350) | (350) | (339) | (339) |
| | 1,184 | 1,184 | 1,156 | 1,156 |
| Quoted equity investments, at fair value | 0 | 13,981 | 0 | 13,981 |
| Fair value gain | 0 | 185 | 0 | 185 |
| Disposal during the year | 0 | (14,166) | 0 | (14,166) |
| | 0 | 0 | 0 | 0 |
| Balance at end of the year | 1,184 | 1,184 | 1,156 | 1,156 |

4 Short-term Investments were arrived at as follows :-

| | GROUP | |
|------------------------------------|-----------------------|-----------------------|
| | 31/07/2014 S\$'000 | 31/07/2013 S\$'000 |
| Quoted investments, at fair value | | |
| Balance at beginning of the year | 7,582 | 9,920 |
| Sales | (2,034) | (4,342) |
| Purchases | 2,570 | 1,911 |
| Fair value (loss)/gain, unrealised | (289) | 93 |
| Balance at end of the year | 7,829 | 7,582 |

1(b)(ii) Aggregate amount of group's borrowings and debts securities.

| | As at 31/07/2014 | | As at 31/07/2013 | |
|---|--------------------|----------------------|--------------------|----------------------|
| | Secured S\$'000 | Unsecured S\$'000 | Secured S\$'000 | Unsecured S\$'000 |
| Amount repayable in one year or less, or on demand | 31 | 0 | 0 | 0 |
| Amount repayable after one year | 0 | 0 | 0 | 0 |

Details of any collateral

The bank overdrafts and other credit facilities are secured by way of fixed charges on a subsidiary company's landed properties and are also guaranteed by the holding company.

1(b)(iii) Additional information

| | Short-term | Long-term | Total | *Percentage of NTA |
|-------------------------------|-----------------------------|-----------------------------|-------------|-----------------------|
| | Quoted Securities S\$ | Quoted Securities S\$ | | |
| Cost as at 1 August 2013 | 6,441,099 | 0 | 6,441,099 | 9.39 |
| Purchases | 2,570,053 | 0 | 2,570,053 | 3.75 |
| Cost of investments sold | (2,136,714) | 0 | (2,136,714) | (3.12) |
| Cost as at 31 July 2014 | 6,874,438 | 0 | 6,874,438 | 10.03 |
| Fair value gain movements | | | | |
| Balance as at 1 August 2013 | 1,140,636 | 0 | 1,140,636 | 1.66 |
| Fair value loss, unrealised | (288,802) | 0 | (288,802) | (0.42) |
| Fair value loss, realised | 102,691 | 0 | 102,691 | 0.15 |
| Balance as at 31 July 2014 | 954,525 | 0 | 954,525 | 1.39 |
| Fair value as at 31 July 2014 | 7,828,963 | 0 | 7,828,963 | 11.42 |
| Fair value as at 31 July 2013 | 7,581,735 | 0 | 7,581,735 | |

* NTA (Net Tangible Assets Value) is based on the unaudited consolidated statement of financial position as at 31 July 2014

1(c) **A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

| | GROUP | |
|---|-----------------------|-----------------------|
| | 31/07/2014 S\$'000 | 31/07/2013 S\$'000 |
| Cash flows from operating activities :- | | |
| Profit before tax | 2,015 | 15,789 |
| Adjustments for non-cash and other items :- | | |
| Allowance for doubtful trade receivables | 0 | 17 |
| Adjustment for associate from deconsolidated subsidiary | 0 | (146) |
| Depreciation expenses | 430 | 336 |
| Dividend income | (216) | (277) |
| Fair value loss/(gain) on short-term investments | 289 | (93) |
| Gain on disposal of property, plant and equipment | (194) | (7) |
| Gain on disposal of long-term quoted investments | 0 | (11,935) |
| Loss on deconsolidation of a subsidiary | 0 | 42 |
| Impairment loss on long-term investments | 0 | 30 |
| Interest expense | 6 | 3 |
| Interest income | (188) | (316) |
| Payable written back, non-trade | 0 | (10) |
| Provision for retirement benefits | 24 | 34 |
| Reversal of allowance for doubtful trade receivables | (5) | (22) |
| Share of results of associates, net of tax | (1,280) | (1,404) |
| | (1,134) | (13,748) |
| Operating profit before working capital changes | 881 | 2,041 |
| (Increase)/Decrease in short-term investments | (536) | 2,431 |
| Decrease/(Increase) in inventories | 78 | (27) |
| Increase in trade and other receivables | (725) | (151) |
| Decrease in trade and other payables | 14 | 153 |
| | (1,169) | 2,406 |
| Cash (used in)/generated from operations | (288) | 4,447 |
| Dividends received | 216 | 268 |
| Income tax paid | (398) | (744) |
| Interest paid | (6) | (3) |
| Interest received | 188 | 316 |
| | 0 | (163) |
| Net cash (used in)/generated from operating activities | (288) | 4,284 |
| Cash flows from investing activities :- | | |
| Purchase of property, plant and equipment | (3,565) | (621) |
| Proceeds from disposal of property, plant and equipment | 250 | 7 |
| Proceeds from disposal of long-term quoted investment | 0 | 14,166 |
| Dividends received from associates | 491 | 508 |
| Net cash outflow on deconsolidation of a subsidiary | 0 | (2) |
| Acquisition of additional interests in a subsidiary | 0 | (303) |
| | (2,824) | 13,755 |
| Net cash (used in)/generated from investing activities | (3,112) | 18,039 |
| Cash flows from financing activities :- | | |
| Dividends paid by the company | (774) | (1,033) |
| Dividends paid by subsidiaries to non-controlling interests | (82) | (66) |
| Repayment of bank borrowings | 0 | (412) |
| Net cash used in financing activities | (856) | (1,511) |
| Net (decrease)/increase in cash and cash equivalents | (3,968) | 16,528 |
| Cash and cash equivalents at beginning of the year | 24,644 | 8,123 |
| Effects of currency translations on cash and cash equivalents | (51) | (7) |
| Cash and cash equivalents at end of the year | 20,625 | 24,644 |
| Fixed deposits | 16,819 | 20,453 |
| Cash and bank balances | 3,837 | 4,191 |
| Bank overdraft | (31) | 0 |
| | 20,625 | 24,644 |

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

| | Share capital S\$'000 | Fair value reserve S\$'000 | Other capital reserves S\$'000 | Foreign currency translation reserves S\$'000 | Retained profits S\$'000 | Total attributable to equity holders of company S\$'000 | Non- controlling interests S\$'000 | Total equity S\$'000 |
|---|--------------------------|----------------------------------|--------------------------------------|---|--------------------------------|---|---|----------------------------|
| GROUP | | | | | | | | |
| At 1 August 2012 | 33,279 | 11,750 | 210 | (3,220) | 24,446 | 66,465 | 2,258 | 68,723 |
| Dividends paid by | | | | | | | | |
| - the company | 0 | 0 | 0 | 0 | (1,033) | (1,033) | 0 | (1,033) |
| - subsidiaries to non-controlling interests | 0 | 0 | 0 | 0 | 0 | 0 | (66) | (66) |
| Acquisition of non-controlling interests without a change in control | 0 | 0 | 0 | 0 | 66 | 66 | (368) | (302) |
| Total comprehensive income for the year | 0 | (11,750) | (93) | 8 | 14,704 | 2,869 | 323 | 3,192 |
| At 31 July 2013 | 33,279 | 0 | 117 | (3,212) | 38,183 | 68,367 | 2,147 | 70,514 |
| Dividends paid by | | | | | | | | |
| - the company | 0 | 0 | 0 | 0 | (774) | (774) | 0 | (774) |
| - subsidiaries to non-controlling interests | 0 | 0 | 0 | 0 | 0 | 0 | (82) | (82) |
| Total comprehensive income for the year | 0 | 0 | (24) | (324) | 1,325 | 977 | 230 | 1,207 |
| At 31 July 2014 | 33,279 | 0 | 93 | (3,536) | 38,734 | 68,570 | 2,295 | 70,865 |
| COMPANY | | | | | | | | |
| At 1 August 2012 | 33,279 | 11,750 | 0 | 0 | 4,626 | 49,655 | | |
| Dividend paid | 0 | 0 | 0 | 0 | (1,033) | (1,033) | | |
| Total comprehensive income for the year | 0 | (11,750) | 0 | 0 | 11,888 | 138 | | |
| At 31 July 2013 | 33,279 | 0 | 0 | 0 | 15,481 | 48,760 | | |
| Dividends paid | 0 | 0 | 0 | 0 | (774) | (774) | | |
| Total comprehensive income for the year | 0 | 0 | 0 | 0 | 77 | 77 | | |
| At 31 July 2014 | 33,279 | 0 | 0 | 0 | 14,784 | 48,063 | | |

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Not Applicable

1(d)(iii) To show the number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The total number of issued ordinary shares as at 31 July 2014 was 25,812,520 (31 July 2013 : 25,812,520).

2 Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures for the year ended 31 July 2014 have not been audited or reviewed.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not Applicable

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The group has applied the same accounting policies and methods of computation in the financial statements for the current financial year as compared with the most recent audited financial statements for the period ended 31 July 2013.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not Applicable

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

| | GROUP | |
|---|--------------|---------------|
| | 31/07/2014 | 31/07/2013 |
| Net profit for the year attributable to equity holders of the company | S\$1,325,000 | S\$14,704,000 |
| Weighted average number of ordinary shares in issue | 25,812,520 | 25,812,520 |
| Basic earnings per share (in cents) | 5.13 | 56.96 |
| Diluted earnings per share (in cents) | 5.13 | 56.96 |

7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the :-

- (a) current financial period reported on; and
(b) immediately preceding financial year.

| | GROUP | | COMPANY | |
|---|------------|------------|------------|------------|
| | 31/07/2014 | 31/07/2013 | 31/07/2014 | 31/07/2013 |
| Net asset value per ordinary share based on total number of issued shares | S\$2.66 | S\$2.65 | S\$1.86 | S\$1.89 |

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following :-

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

TURNOVER

| | 31/07/2014 S\$'000 | 31/07/2013 S\$'000 | Increase/ (Decrease) S\$'000 |
|--|-----------------------|-----------------------|------------------------------------|
| Wheat flour and other consumer products trading | | | |
| Tong Guan Food Products Sdn Bhd ('TGF') | 34,917 | 37,944 | (3,027) |
| Swee Hin Chan Co Sdn Bhd ('SHC') | 22,326 | 22,755 | (429) |
| Others | 2,241 | 2,165 | 76 |
| | 59,484 | 62,864 | (3,380) |
| Investment trading | | | |
| Sales | 2,291 | 4,914 | (2,623) |
| Dividend income | 216 | 277 | (61) |
| | 2,507 | 5,191 | (2,684) |
| | 61,991 | 68,055 | (6,064) |

Group turnover for the year just ended of \$61,991,000 reflected a general decline in group trading activities as against the last year's \$68,055,000.

TGF's main operations in the state of Sabah, especially in retail biscuit business were detrimentally affected by military action conducted in that state. The consequential closure of an edible oil refinery by the company's sole supplier due to curfew imposition also contributed towards lower turnover.

Whilst market competition pulled down animal feed sales, SHC was able to continue improving marketing imported starches besides maintaining its market share for wheat flour in the northern region of Malaysia.

The weakening of Malaysia Ringgit used in the subsidiaries' trade also caused turnover to dip slightly.

The subdued local stock market had an adverse effect on the trading of short-term investments. Sales, though not significant overall, were substantially reduced.

Contributing components of profit for the year were:-

| | 31/07/2014 S\$'000 | 31/07/2013 S\$'000 |
|---|-----------------------|-----------------------|
| Profits attributable to two principal Malaysian subsidiaries | 1,831 | 2,223 |
| Share of results of associates, net of tax | 1,280 | 1,404 |
| Profit on disposal of long-term quoted investments | 0 | 11,935 |
| Interest income | 188 | 316 |
| Dividend income | 216 | 277 |
| (Loss)/profit attributable to investment trading subsidiaries | (154) | 178 |
| Fair value (loss)/gain on short-term investments, unrealised | (289) | 93 |
| | <u>3,072</u> | <u>16,426</u> |

Decreased turnover of the two Malaysian subsidiaries had a direct impact on their profits. TGF's profit was affected by the cessation in the sale of edible oil and the lower sales of biscuits with high margin.

SHC was able to maintain its profitability due to better rebates from wheat flour sales. Animal feeds faced increasing competition from the import of maize and excess rice husks from a bumper local rice crop used as substitutes for animal feeds.

United Malayan Flour (1996) Sdn Bhd 'UMF' in which the group holds a 30% equity interest performed satisfactorily with a net profit of \$4,238,000 (2013: \$4,266,000) on a turnover of \$90,653,000 (2013: \$92,094,000). Though the flour milling industry in Malaysia was very competitive, the stable prices of wheat grains during the year help to stabilize the selling prices of wheat flour. The increase in the production capacity of its oats milling subsidiary after the replacement with more efficient equipment contributed positively towards UMF's profitability.

Faced with the high cost of local wheat grains purchased which could not be adjusted into the selling prices of wheat flour under the prevalent market conditions, the 40% equity held associate Henan Khong Guan Cereal and Oil Food Products Co Ltd did not fare well and the profit for the year dwindled to \$39,000 as compared with \$299,000 a year ago despite an increase in turnover to \$18,113,000 from \$18,008,000 previously.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not Applicable

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The trading subsidiary SHC has moved to its new warehouse with bigger storage facility in September 2014. This will enable SHC to increase the import of starches and other goods. The trading subsidiary TGF had recently secured in principle several new food products agencies which include the supply of edible oil and other new products for sales in Sabah. These new appointments will increase the trading activities of TGF and improve its profitability.

Although the wheat flour market remains competitive, UMF is expected to do better as its oats milling subsidiary has begun to utilize the increased production capacity for exports to the regional and Middle East markets under the Captain Oats brand.

The directors therefore envisage that the company would be able to improve its group operating profit in the coming year.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Yes

| | |
|---------------------------|----------------------------|
| Name of Dividend | First & Final |
| Dividend Type | Cash |
| Dividend Amount per Share | S\$0.03 per ordinary share |
| Tax Rate | Tax exempt one-tier |

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes

| | |
|---------------------------|----------------------------|
| Name of Dividend | First & Final |
| Dividend Type | Cash |
| Dividend Amount per Share | S\$0.03 per ordinary share |
| Tax Rate | Tax exempt one-tier |

(c) Date payable

The proposed dividend in (a), if approved at the Annual General Meeting to be held on 27 November 2014, will be paid on 15 December 2014.

(d) Books closure date

Registrable transfers received by the Company up to 5.00 p.m. on 4 December 2014 will be registered before entitlements to the dividend are determined. The transfer register will be closed on 5 December 2014 for the preparation of the dividend warrants.

12 If no dividend has been declared/recommended, a statement to the effect.

Not applicable

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13 **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

(I) BY BUSINESS SEGMENTS

| | Trading of wheat flour and consumer products S\$'000 | Investment trading S\$'000 | Investment holding S\$'000 | Elimination S\$'000 | Group S\$'000 |
|---|--|----------------------------------|----------------------------------|------------------------|------------------|
| 31/07/2014 | | | | | |
| Revenue | | | | | |
| External revenue | 59,484 | 2,291 | 216 | | 61,991 |
| Inter-segment revenue | 0 | 0 | 0 | | 0 |
| | <u>59,484</u> | <u>2,291</u> | <u>216</u> | | <u>61,991</u> |
| Results | | | | | |
| Profit before interest, taxation and depreciation | 1,174 | (397) | 206 | | 983 |
| Depreciation | (384) | (46) | 0 | | (430) |
| Operating Profit | <u>790</u> | <u>(443)</u> | <u>206</u> | | <u>553</u> |
| Interest expense | | | | | (6) |
| Interest income | | | | | 188 |
| Share of net results of associates, net of tax | | | | | 1,280 |
| Taxation | | | | | (444) |
| Profit after tax | | | | | <u>1,571</u> |
| Assets and Liabilities | | | | | |
| Segments assets | <u>43,622</u> | <u>9,981</u> | <u>1,338</u> | | <u>54,941</u> |
| Associates | | | | | 21,825 |
| Unallocated assets | | | | | 362 |
| | | | | | <u>77,128</u> |
| Segments liabilities | <u>5,373</u> | <u>43</u> | <u>7</u> | | <u>5,423</u> |
| Unallocated liabilities | | | | | 840 |
| | | | | | <u>6,263</u> |
| Other segments information | | | | | |
| Expenditure for non-current assets | 3,554 | 11 | 0 | | 3,565 |
| Other non-cash items | | | | | |
| Foreign exchange loss | 43 | 4 | 0 | | 47 |
| Impairment loss | 0 | 0 | 0 | | 0 |
| Stocks written off | 28 | 0 | 0 | | 28 |
| | <u>3,554</u> | <u>11</u> | <u>0</u> | | <u>3,565</u> |
| 31/07/2013 | | | | | |
| Revenue | | | | | |
| External revenue | 62,864 | 4,914 | 277 | | 68,055 |
| Inter-segment revenue | 0 | 0 | 0 | | 0 |
| | <u>62,864</u> | <u>4,914</u> | <u>277</u> | | <u>68,055</u> |
| Results | | | | | |
| Profit before interest, taxation and depreciation | 1,801 | 312 | 12,295 | | 14,408 |
| Depreciation | (290) | (46) | 0 | | (336) |
| Operating Profit | <u>1,511</u> | <u>266</u> | <u>12,295</u> | | <u>14,072</u> |
| Interest expense | | | | | (3) |
| Interest income | | | | | 316 |
| Share of net results of associates, net of tax | | | | | 1,404 |
| Taxation | | | | | (757) |
| Profit after tax | | | | | <u>15,032</u> |

| | Trading of wheat flour and consumer products S\$'000 | Investment trading S\$'000 | Investment holding S\$'000 | Elimination S\$'000 | Group S\$'000 |
|------------------------------------|--|----------------------------------|----------------------------------|------------------------|------------------|
| Assets and Liabilities | | | | | |
| Segments assets | 44,736 | 8,777 | 1,750 | | 55,263 |
| Associates | | | | | 21,283 |
| Unallocated assets | | | | | 164 |
| | | | | | <u>76,710</u> |
| Segments liabilities | 5,390 | 43 | 8 | | 5,441 |
| Unallocated liabilities | | | | | 755 |
| | | | | | <u>6,196</u> |
| Other segments information | | | | | |
| Expenditure for non-current assets | 621 | 0 | 0 | | 621 |
| Other non-cash items | | | | | |
| Impairment loss | 0 | 0 | 30 | | 30 |
| Stocks written off | 4 | 0 | 0 | | 4 |

(II) BY GEOGRAPHICAL SEGMENTS

| | Singapore S\$'000 | Malaysia S\$'000 | China S\$'000 | Group S\$'000 |
|-----------------------|----------------------|---------------------|------------------|------------------|
| 31/07/2014 | | | | |
| Revenue | | | | |
| External revenue | 4,737 | 57,254 | 0 | 61,991 |
| Inter-segment revenue | 0 | 0 | 0 | 0 |
| | <u>4,737</u> | <u>57,254</u> | <u>0</u> | <u>61,991</u> |
| Assets | | | | |
| Segments assets | 33,937 | 21,004 | - | 54,941 |
| Associates | 0 | 18,981 | 2,844 | 21,825 |
| Unallocated assets | | | | 362 |
| | | | | <u>77,128</u> |
| 31/07/2013 | | | | |
| Revenue | | | | |
| External revenue | 7,343 | 60,712 | 0 | 68,055 |
| Inter-segment revenue | 0 | 0 | 0 | 0 |
| | <u>7,343</u> | <u>60,712</u> | <u>0</u> | <u>68,055</u> |
| Assets | | | | |
| Segments assets | 35,033 | 20,230 | - | 55,263 |
| Associates | 0 | 18,377 | 2,906 | 21,283 |
| Unallocated assets | | | | 164 |
| | | | | <u>76,710</u> |

14 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to item 8.

15 A breakdown of sales as follow :

| | GROUP | | Increase/(Decrease) % |
|--|-----------------------|-----------------------|--------------------------|
| | 31/07/2014 S\$'000 | 31/07/2013 S\$'000 | |
| (a) Sales reported for first half year | 30,485 | 33,943 | (10.19) |
| (b) Operating profit after tax before deducting minority interests reported for first half year | 167 | 13,533 | (98.77) |
| (c) Sales reported for second half year | 31,506 | 34,112 | (7.64) |
| (d) Operating profit after tax before deducting minority interests reported for second half year | 1,404 | 1,499 | (6.34) |

16 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

| | Latest Full Year (S\$'000) | Previous Full Year (S\$'000) |
|------------|----------------------------|------------------------------|
| Ordinary | 744 | 744 |
| Preference | 0 | 0 |
| Total : | 744 | 744 |

17 Negative Assurance

The Board of Directors hereby confirm to the best of their knowledge that nothing has come to their attention which may render the financial statements for the year ended 31 July 2014 to be false or misleading in any material aspect.

18 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13)

| Name | Age | Family relationship with any director and/or substantial shareholder | Current position and duties, and the year the position was held | Details of changes in duties and position held, if any, during the year |
|--------------|-----|--|---|---|
| Chew Soo Lin | 66 | Cousin of Mr Chew Soo Eng Director cum shareholder of Cepheus Corporation Pte Ltd, a substantial shareholder. | Chairman of the Board In charge of financial matters. | Nil |
| Chew Soo Eng | 66 | Cousin of Mr Chew Soo Lin Director cum shareholder of Kah Hong Pte Ltd, a substantial shareholder. | Managing Director In charge of Group's business operations and management. | Nil |

19 Other Announcements

Aggregate value of Interest Person Transactions entered into for the year ended 31 July 2014.

| Name of interested person | Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) | Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) |
|--|--|--|
| | S\$ | S\$ |
| Purchases from | | |
| United Malayan Flour (1996) Sdn Bhd | -- | 13,376,000 |
| Khong Guan Biscuit Factory (Borneo) Sdn Bhd | -- | 4,565,000 |
| Chung Ying Confectionery & Food Products Sdn Bhd | -- | 3,032,000 |
| Leong Hong Oil Mill Sdn Bhd | -- | 2,286,000 |
| Federal Oats Mills Sdn Bhd | -- | 190,000 |
| Sales to | | |
| Hock Guan (Johore) Sdn Bhd | -- | 180,000 |
| Khian Guan Biscuit Manufacturing Co Sdn Bhd | -- | 439,000 |
| Khong Guan Biscuit Factory (Johore) Sdn Bhd | -- | 229,000 |
| Khong Guan Trading Sdn Bhd | -- | 140,000 |
| Lian Guan Food Products Sdn Bhd | -- | 125,000 |
| Lian Seng Hang Sdn Bhd | -- | 1,191,000 |
| Poh Seng Trading (Ipoh) Sdn Bhd | -- | 1,775,000 |
| Soon Guan Chan Sdn Bhd | -- | 525,000 |
| Soon Guan Co Sdn Bhd | -- | 321,000 |
| Thong Hong Trading Sdn Bhd | -- | 609,000 |

BY ORDER OF THE BOARD

KOE ENG CHUAN

Company Secretary

25 September 2014