

KHONG GUAN LIMITED
(Company registration number: 196000096G)
AND ITS SUBSIDIARIES

CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS AND FULL YEAR ENDED 31 JULY 2022

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A CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	GROUP				Increase/ (Decrease) %
		6 months ended		12 months ended		
		31 July	31 July	31 July	31 July	
		2022	2021	2022	2021	
		\$'000	\$'000	\$'000	\$'000	
Revenue		36,656	29,896	69,686	62,327	11.81
Dividend income		25	32	37	60	(38.33)
Other net changes in fair value on financial assets at fair value through profit or loss	12	16	(60)	(172)	(72)	138.89
Other income	6.2	383	273	709	694	2.16
Changes in inventories	*	3,965	1,425	2,109	54	3,805.56
Purchases of inventories	*	(36,223)	(28,042)	(64,094)	(55,745)	14.98
Employee benefits expense		(1,964)	(2,008)	(3,857)	(3,910)	(1.36)
Depreciation and amortisation expenses						
- property, plant and equipment		(264)	(264)	(516)	(530)	(2.64)
- right-of-use assets		(71)	(71)	(144)	(142)	1.41
- investment property		(101)	(101)	(202)	(202)	-
Share of results of associates, net of tax		282	(544)	420	41	924.39
Finance costs		(3)	(4)	(7)	(7)	-
Other expenses	*	(1,402)	(1,055)	(2,548)	(2,163)	17.80
Profit/(Loss) before tax		<u>1,299</u>	<u>(523)</u>	<u>1,421</u>	<u>405</u>	
Income tax expense	7	<u>(484)</u>	<u>(235)</u>	<u>(770)</u>	<u>(555)</u>	
Profit/(Loss) for the financial period		<u><u>815</u></u>	<u><u>(758)</u></u>	<u><u>651</u></u>	<u><u>(150)</u></u>	
Profit/(Loss) for the financial period attributable to :						
Equity holders of the Company		638	(848)	371	(353)	
Non-controlling interests		177	90	280	203	
		<u><u>815</u></u>	<u><u>(758)</u></u>	<u><u>651</u></u>	<u><u>(150)</u></u>	
Earnings per share for profit/(loss) attributable to equity holders of the Company [in cents]						
Basic and diluted		<u><u>2.47</u></u>	<u><u>(3.29)</u></u>	<u><u>1.44</u></u>	<u><u>(1.37)</u></u>	

* refer to Other information required by Listing Rule Appendix 7.2 item 12

A CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME – cont'd

	GROUP				Increase/ (Decrease) %
	6 months ended		12 months ended		
	31 July	31 July	31 July	31 July	
	2022	2021	2022	2021	
	\$'000	\$'000	\$'000	\$'000	
Profit/(Loss) for the financial period	815	(758)	651	(150)	
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Share of associate's capital reserve on financial assets at fair value through other comprehensive income	(23)	(29)	(23)	(29)	(20.69)
	(23)	(29)	(23)	(29)	
Items that may be reclassified subsequently to profit or loss:					
Translation differences relating to financial statements of foreign operations	(1,666)	(958)	(1,349)	(356)	278.93
	(1,666)	(958)	(1,349)	(356)	
Other comprehensive income, net of tax	(1,689)	(987)	(1,372)	(385)	256.36
Total comprehensive income for the financial period	(874)	(1,745)	(721)	(535)	
Total comprehensive income attributable to:					
Equity holders of the Company	(944)	(1,773)	(914)	(715)	
Non-controlling interests	70	28	193	180	
	(874)	(1,745)	(721)	(535)	

B CONDENSED STATEMENTS OF FINANCIAL POSITION

	Note	GROUP		Increase/ (Decrease) %	COMPANY	
		31 July 2022 \$'000	31 July 2021 \$'000		31 July 2022 \$'000	31 July 2021 \$'000
ASSETS AND LIABILITIES						
Non-Current Assets						
Property, plant and equipment		4,156	4,523	(8.11)	586	706
Right-of-use assets		2,057	2,224	(7.51)	-	-
Investment property	10	13,200	13,402	(1.51)	13,200	13,402
Investments in subsidiaries		-	-	-	18,287	18,287
Investments in associates	11	21,408	22,053	(2.92)	1,500	1,500
Financial assets at fair value through other comprehensive income		260	269	(3.35)	-	-
Deferred tax assets		-	16	(100.00)	-	-
		41,081	42,487		33,573	33,895
Current Assets						
Inventories	*	8,971	7,169	25.14	-	-
Short-term investments	12	1,737	1,791	(3.02)	-	-
Trade receivables	* 13	12,370	9,456	30.82	419	312
Other receivables		227	182	24.73	104	79
Tax recoverable		5	153	(96.73)	-	-
Amounts owing by subsidiaries		-	-	-	265	275
Amounts owing by associate		315	-	-	315	-
Fixed deposits		2,184	2,226	(1.89)	2,184	2,226
Cash and bank balances		4,137	5,090	(18.72)	1,213	1,832
		29,946	26,067		4,500	4,724
Less: Current Liabilities						
Trade payables	*	8,322	4,555	82.70	254	273
Other payables		1,510	1,340	12.69	406	378
Lease liabilities		38	50	(24.00)	-	-
Current income tax liabilities		109	65	67.69	-	-
		9,979	6,010		660	651
Net Current Assets		19,967	20,057		3,840	4,073
Less: Non-Current Liabilities						
Lease liabilities		17	21	(19.05)	-	-
Provision for retirement benefits		211	290	(27.24)	211	290
Deferred tax liabilities		86	76	13.16	-	-
		314	387		211	290
Net Assets		60,734	62,157		37,202	37,678
EQUITY						
Share capital	14	33,279	33,279		33,279	33,279
Capital reserve		284	307		-	-
Foreign currency translation reserve		(971)	291		-	-
Retained profits		25,593	25,738		3,923	4,399
Attributable to equity holders of the Company		58,185	59,615		37,202	37,678
Non-controlling interests		2,549	2,542		-	-
Total Equity		60,734	62,157		37,202	37,678

* refer to Other information required by Listing Rule Appendix 7.2 item 12

C CONDENSED STATEMENTS OF CHANGES IN EQUITY

GROUP	Share capital \$'000	Capital reserve \$'000	Foreign currency translation reserve \$'000	Retained profits \$'000	Total attributable to equity holders of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
2022							
At 1 August 2021	33,279	307	291	25,738	59,615	2,542	62,157
Profit for the financial year	-	-	-	371	371	280	651
Other comprehensive income for the financial year	-	(23)	(1,262)	-	(1,285)	(87)	(1,372)
Total comprehensive income for the financial year	-	(23)	(1,262)	371	(914)	193	(721)
Dividends paid by							
- the Company	-	-	-	(516)	(516)	-	(516)
- subsidiaries to non-controlling interests	-	-	-	-	-	(186)	(186)
At 31 July 2022	33,279	284	(971)	25,593	58,185	2,549	60,734
2021							
At 1 August 2020	33,279	336	624	26,607	60,846	2,532	63,378
(Loss)/Profit for the financial year	-	-	-	(353)	(353)	203	(150)
Other comprehensive income for the financial year	-	(29)	(333)	-	(362)	(23)	(385)
Total comprehensive income for the financial year	-	(29)	(333)	(353)	(715)	180	(535)
Dividends paid by							
- the Company	-	-	-	(516)	(516)	-	(516)
- subsidiaries to non-controlling interests	-	-	-	-	-	(170)	(170)
At 31 July 2021	33,279	307	291	25,738	59,615	2,542	62,157

C CONDENSED STATEMENTS OF CHANGES IN EQUITY – cont'd

COMPANY		Share capital \$'000	Retained profits \$'000	Total equity \$'000
2022				
At 1 August 2021		33,279	4,399	37,678
Profit for the financial year		-	40	40
Other comprehensive income for the financial year		-	-	-
Total comprehensive income for the financial year		-	40	40
Dividend paid	8	-	(516)	(516)
At 31 July 2022		33,279	3,923	37,202
2021				
At 1 August 2020		33,279	4,756	38,035
Profit for the financial year		-	159	159
Other comprehensive income for the financial year		-	-	-
Total comprehensive income for the financial year		-	159	159
Dividend paid	8	-	(516)	(516)
At 31 July 2021		33,279	4,399	37,678

D CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	GROUP	
	12 months ended	
	31 July	31 July
	2022	2021
	\$'000	\$'000
Cash flows from operating activities :		
Profit before tax	1,421	405
Adjustments for non-cash and other items :		
Allowance on impairment of trade receivables	71	18
Depreciation and amortisation expenses	862	874
Fair value loss on short-term investments	172	107
Gain on disposal of property, plant and equipment	(17)	(9)
Inventory written off	110	147
Interest expense	7	7
Interest income	(37)	(36)
Property, plant and equipment written off	-	4
Provision for retirement benefits	21	30
Reversal of allowance on impairment of trade receivables	(60)	(26)
Share of results of associates, net of tax	(420)	(41)
	<u>709</u>	<u>1,075</u>
Operating profit before working capital changes	2,130	1,480
(Increase)/Decrease in short-term investments	(118)	1,033
Increase in inventories	(2,219)	(201)
(Increase)/Decrease in trade and other receivables	(3,234)	950
Increase in amounts owing by associate	(315)	-
Increase/(Decrease) in trade and other payables	4,250	(2,018)
	<u>(1,636)</u>	<u>(236)</u>
Cash generated from operations	494	1,244
Income tax paid	(694)	(479)
Interest received	37	36
Payment of retirement benefits	(100)	-
	<u>(757)</u>	<u>(443)</u>
Net cash (used in)/generated from operating activities	(263)	801

D CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS – cont'd

	GROUP	
	12 months ended	
	31 July	31 July
	2022	2021
	\$'000	\$'000
Cash flows from investing activities :		
Purchases of property, plant and equipment	(262)	(224)
Acquisition of a newly incorporated associate	-	(1,500)
Proceeds from disposal of property, plant and equipment	17	18
Dividend received from associate	347	352
Net cash generated from/(used in) investing activities	102	(1,354)
	(161)	(553)
Cash flows from financing activities :		
Dividend paid by the Company	(516)	(516)
Dividends paid by subsidiaries to non-controlling interests	(186)	(170)
Repayment of lease liabilities	(62)	(59)
Lease liabilities interest paid	(7)	(7)
Net cash used in financing activities	(771)	(752)
Net decrease in cash and cash equivalents	(932)	(1,305)
Cash and cash equivalents at beginning of the financial year	7,316	8,634
Effects of currency translations on cash and cash equivalents	(63)	(13)
Cash and cash equivalents at end of the financial year	6,321	7,316

E NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

Khong Guan Limited (the Company) is incorporated and domiciled in Singapore and whose shares are publicly traded on the Mainboard of the Singapore Exchange. These condensed consolidated financial statements as at and for the six and 12 months ended 31 July 2022 comprise the Company and its subsidiaries (collectively, the Group).

The principal activities of the Company are the trading of wheat flour and other edible products and investment holding.

The principal activities of the subsidiaries are:

- a) Wholesale of wheat flour, general goods and related products
- b) Wholesale of wheat flour, biscuits and other consumer goods
- c) Trading in quoted investments
- d) Investment holding

The consolidated financial statements of the Group and the statement of financial position of the Company were authorised for issue in accordance with a resolution of the directors on the date of the Directors' Statement.

2 BASIS OF PREPARATION

The condensed financial statements for the six months ended 31 July 2022 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last interim financial statements for the period ended 31 January 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed financial statements are presented in Singapore dollar which is the Company's functional currency.

2.1 NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2 USE OF JUDGEMENTS AND ESTIMATES

In preparing the condensed financial statements, the management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the financial year ended 31 July 2021.

E NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – cont'd

2 BASIS OF PREPARATION – cont'd

2.2 USE OF JUDGEMENTS AND ESTIMATES – cont'd

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements include the following:

Note 10 - Classification of investment property
Note 13 - Allowance on impairment of trade receivables

3 SEASONAL OPERATIONS

The Group's business is not affected significantly by seasonal or cyclical factors during the financial period.

4 SEGMENT AND REVENUE INFORMATION

The Group is organised into the following main business segments:

- Segment 1: Trading of wheat flour and consumer goods – trading of wheat flour and consumer goods in Singapore and Malaysia
- Segment 2: Investment trading – trading of shares listed in Singapore and Malaysia; and
- Segment 3: Investment holding – holding of shares in Singapore and Malaysia for dividend income

These operating segments are reported in a manner consistent with internal reporting provided to the management who are responsible for allocating resources and assessing performance of the operating segments.

4.1 Reportable segments

	GROUP			
	Segment 1	Segment 2	Segment 3	Consolidated
	\$'000	\$'000	\$'000	\$'000
1 February 2022 to 31 July 2022				
Total segment revenue	36,668	-	-	36,668
Intercompany revenue	(12)	-	-	(12)
Revenue from external parties	36,656	-	-	36,656
Dividend income	-	-	25	25
Interest income	21	-	-	21
Miscellaneous income	361	1	-	362
Total other income	382	1	25	408
Total revenue and other income	37,038	1	25	37,064

E NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – cont'd

4 SEGMENT AND REVENUE INFORMATION – cont'd

4.1 Reportable segments – cont'd

	GROUP			
	Segment 1	Segment 2	Segment 3	Consolidated
	\$'000	\$'000	\$'000	\$'000
1 February 2022 to 31 July 2022 – cont'd				
Results				
Profit/(Loss) before interest, taxation and depreciation and amortisation	1,553	(135)	17	1,435
Depreciation and amortisation	(414)	(22)	-	(436)
Operating profit/(loss)	<u>1,139</u>	<u>(157)</u>	<u>17</u>	<u>999</u>
Interest expense				(3)
Interest income				21
Share of results of associates, net of tax				282
Taxation				<u>(484)</u>
Profit after tax				<u>815</u>
Assets and Liabilities				
Segments assets	<u>3,453</u>	<u>(115)</u>	<u>(18)</u>	<u>3,320</u>
Associates				(601)
Unallocated assets				<u>(202)</u>
				<u>2,517</u>
Segments liabilities	<u>3,343</u>	<u>15</u>	<u>2</u>	<u>3,360</u>
Unallocated liabilities				<u>159</u>
				<u>3,519</u>
Other segments information				
Expenditure for non-current assets	149	-	-	149
Other non-cash items				
Allowance on impairment of trade receivables	71	-	-	71
Reversal of allowance on impairment of trade receivables	(60)	-	-	(60)
Inventory written off	47	-	-	47
Foreign exchange loss	109	-	-	109

E NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – cont'd

4 SEGMENT AND REVENUE INFORMATION – cont'd

4.1 Reportable segments – cont'd

	GROUP			Consolidated \$'000
	Segment 1 \$'000	Segment 2 \$'000	Segment 3 \$'000	
1 February 2021 to 31 July 2021				
Total segment revenue	29,911	-	-	29,911
Intercompany revenue	(15)	-	-	(15)
Revenue from external parties	29,896	-	-	29,896
Dividend income	-	-	32	32
Interest income	16	1	-	17
Miscellaneous income	236	20	-	256
Total other income	252	21	32	305
Total revenue and other income	30,148	21	32	30,201
Results				
Profit/(Loss) before interest, taxation and depreciation and amortisation	627	(207)	24	444
Depreciation and amortisation	(413)	(23)	-	(436)
Operating profit/(loss)	214	(230)	24	8
Interest expense				(4)
Interest income				17
Share of results of associates, net of tax				(544)
Taxation				(235)
Loss after tax				(758)
Assets and Liabilities				
Segments assets	(2,152)	(380)	(11)	(2,543)
Associates				427
Unallocated assets				13
				(2,103)
Segments liabilities	(325)	16	3	(306)
Unallocated liabilities				98
				(208)

E NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – cont'd

4 SEGMENT AND REVENUE INFORMATION – cont'd

4.1 Reportable segments – cont'd

	Segment 1 \$'000	Segment 2 \$'000	GROUP Segment 3 \$'000	Consolidated \$'000
1 February 2021 to 31 July 2021 – cont'd				
Other segments information				
Expenditure for non-current assets	85	-	-	85
Other non-cash items				
Allowance on impairment of trade receivables	18	-	-	18
Reversal of allowance on impairment of trade receivables	(24)	-	-	(24)
Inventory written off	147	-	-	147
Foreign exchange loss	66	1	-	67
1 August 2021 to 31 July 2022				
Total segment revenue	69,705	-	-	69,705
Intercompany revenue	(19)	-	-	(19)
Revenue from external parties	69,686	-	-	69,686
Dividend income	-	-	37	37
Interest income	37	-	-	37
Miscellaneous income	670	2	-	672
Total other income	707	2	37	746
Total revenue and other income	70,393	2	37	70,432
Results				
Profit/(Loss) before interest, taxation and depreciation and amortisation	2,270	(458)	21	1,833
Depreciation and amortisation	(818)	(44)	-	(862)
Operating profit/(loss)	1,452	(502)	21	971
Interest expense				(7)
Interest income				37
Share of results of associates, net of tax				420
Taxation				(770)
Profit after tax				651

E NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – cont'd

4 SEGMENT AND REVENUE INFORMATION – cont'd

4.1 Reportable segments – cont'd

	GROUP			
	Segment 1	Segment 2	Segment 3	Consolidated
	\$'000	\$'000	\$'000	\$'000
1 August 2021 to 31 July 2022 – cont'd				
Assets and Liabilities				
Segments assets	46,300	2,906	334	49,540
Associates				21,408
Unallocated assets				79
				<u>71,027</u>
Segments liabilities	9,653	31	5	9,689
Unallocated liabilities				604
				<u>10,293</u>
Other segments information				
Expenditure for non-current assets	262	-	-	262
Other non-cash items				
Allowance on impairment of trade receivables	71	-	-	71
Reversal of allowance on impairment of trade receivables	(60)	-	-	(60)
Inventory written off	110	-	-	110
Foreign exchange loss	91	-	-	91
1 August 2020 to 31 July 2021				
Total segment revenue	62,342	-	-	62,342
Intercompany revenue	(15)	-	-	(15)
Revenue from external parties	62,327	-	-	62,327
Dividend income	-	-	60	60
Interest income	35	1	-	36
Miscellaneous income	612	46	-	658
Total other income	647	47	60	754
Total revenue and other income	62,974	47	60	63,081

E NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – cont'd

4 SEGMENT AND REVENUE INFORMATION – cont'd

4.1 Reportable segments – cont'd

	GROUP			
	Segment 1	Segment 2	Segment 3	Consolidated
	\$'000	\$'000	\$'000	\$'000
1 August 2020 to 31 July 2021 – cont'd				
Results				
Profit/(Loss) before interest, taxation and depreciation and amortisation	1,590	(426)	45	1,209
Depreciation and amortisation	(822)	(52)	-	(874)
Operating profit/(loss)	<u>768</u>	<u>(478)</u>	<u>45</u>	<u>335</u>
Interest expense				(7)
Interest income				36
Share of results of associates, net of tax				41
Taxation				<u>(555)</u>
Loss after tax				<u>(150)</u>
Assets and Liabilities				
Segments assets	<u>42,580</u>	<u>3,384</u>	<u>333</u>	<u>46,297</u>
Associates				22,053
Unallocated assets				<u>204</u>
				<u>68,554</u>
Segments liabilities	<u>5,823</u>	<u>42</u>	<u>6</u>	<u>5,871</u>
Unallocated liabilities				<u>526</u>
				<u>6,397</u>
Other segments information				
Expenditure for non-current assets	224	-	-	224
Other non-cash items				
Allowance on impairment of trade receivables	18	-	-	18
Reversal of allowance on impairment of trade receivables	(26)	-	-	(26)
Inventory written off	147	-	-	147
Foreign exchange loss	<u>33</u>	<u>-</u>	<u>-</u>	<u>33</u>

E NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – cont'd**4 SEGMENT AND REVENUE INFORMATION – cont'd****4.2 Disaggregation of Revenue**

	GROUP			
	6 months ended 31 July 2022			
	Segment 1	Segment 2	Segment 3	Consolidated
	\$'000	\$'000	\$'000	\$'000
Types of goods:				
Sales of goods	36,656	-	-	36,656
Timing of revenue recognition:				
At a point in time	36,656	-	-	36,656
Geographical information:				
Singapore	753	-	-	753
Malaysia	35,903	-	-	35,903
	36,656	-	-	36,656

	GROUP			
	6 months ended 31 July 2021			
	Segment 1	Segment 2	Segment 3	Consolidated
	\$'000	\$'000	\$'000	\$'000
Types of goods:				
Sales of goods	29,896	-	-	29,896
Timing of revenue recognition:				
At a point in time	29,896	-	-	29,896
Geographical information:				
Singapore	629	-	-	629
Malaysia	29,267	-	-	29,267
	29,896	-	-	29,896

E NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – cont'd

4 SEGMENT AND REVENUE INFORMATION – cont'd

4.2 Disaggregation of Revenue – cont'd

	GROUP			
	12 months ended 31 July 2022			
	Segment 1	Segment 2	Segment 3	Consolidated
	\$'000	\$'000	\$'000	\$'000
Types of goods:				
Sales of goods	69,686	-	-	69,686
Timing of revenue recognition:				
At a point in time	69,686	-	-	69,686
Geographical information:				
Singapore	1,514	-	-	1,514
Malaysia	68,172	-	-	68,172
	69,686	-	-	69,686

	GROUP			
	12 months ended 31 July 2021			
	Segment 1	Segment 2	Segment 3	Consolidated
	\$'000	\$'000	\$'000	\$'000
Types of goods:				
Sales of goods	62,327	-	-	62,327
Timing of revenue recognition:				
At a point in time	62,327	-	-	62,327
Geographical information:				
Singapore	1,438	-	-	1,438
Malaysia	60,889	-	-	60,889
	62,327	-	-	62,327

E NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – cont'd

4 SEGMENT AND REVENUE INFORMATION – cont'd

4.2 Disaggregation of Revenue – cont'd

A breakdown of sales:

	GROUP		
	12 months ended		
	31 July 2022 \$'000	31 July 2021 \$'000	Increase/ (Decrease) %
Sales reported for first half year	33,030	32,431	1.85
Operating (loss)/profit after tax before deducting non-controlling interests reported for first half year	(164)	608	(126.97)
Sales reported for second half year	36,656	29,896	22.61
Operating profit/(loss) after tax before deducting non-controlling interests reported for second half year	815	(758)	(207.52)

5 FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Set out below is an overview of the financial assets and liabilities of the Group as at 31 July 2022 and 31 July 2021:

	GROUP		COMPANY	
	31 July 2022 \$'000	31 July 2021 \$'000	31 July 2022 \$'000	31 July 2021 \$'000
Financial Assets				
Financial assets at fair value through profit or loss ("FVPL")	1,737	1,791	-	-
Financial assets at FVOCI	260	269	-	-
Cash and bank balances and fixed deposits and trade and other receivables and amount owing by associate and amounts owing by subsidiaries (Amortised cost)	19,126	16,847	4,418	4,649
	<u>21,123</u>	<u>18,907</u>	<u>4,418</u>	<u>4,649</u>
Financial Liabilities				
Trade and other payables and lease liabilities	9,887	5,966	660	651
	<u>9,887</u>	<u>5,966</u>	<u>660</u>	<u>651</u>

E NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – cont'd

6 PROFIT BEFORE TAXATION

6.1 Significant items

	GROUP			
	6 months ended		12 months ended	
	31 July	31 July	31 July	31 July
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Expenses				
Interest on leases	3	4	7	7
Depreciation and amortisation	436	436	862	874
Allowance on impairment of trade receivables	71	18	71	18
Bad debts written off	-	-	-	-
Inventory written off	47	147	110	147
Property, plant and equipment written off	-	4	-	4
Foreign exchange loss	109	67	91	33

6.2 Other income

	GROUP			
	6 months ended		12 months ended	
	31 July	31 July	31 July	31 July
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Rental income	271	223	499	424
Government grant	2	48	4	151
Insurance claim	-	13	-	13
Interest income	21	17	37	36
Reversal of allowance on impairment of trade receivables	60	24	60	26
Gain on disposal of property, plant and equipment	17	9	17	9
Foreign exchange gain	(18)	(34)	-	-
Others	30	(27)	92	35
	<u>383</u>	<u>273</u>	<u>709</u>	<u>694</u>

6.3 Related party transactions

In addition to the related party information disclosed elsewhere in the condensed financial statements, the following transactions with related parties took place at term agreed between the parties during the financial year:

	GROUP		COMPANY	
	12 months ended		12 months ended	
	31 July	31 July	31 July	31 July
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Purchases from				
- Associates	11,311	11,231	1,320	1,187
- Related parties	7,401	7,354	13	10
	<u>18,712</u>	<u>18,585</u>	<u>1,333</u>	<u>1,200</u>

E NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – cont'd**7 INCOME TAX EXPENSE**

	GROUP			
	6 months ended		12 months ended	
	31 July	31 July	31 July	31 July
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Current taxation				
- Malaysian tax	460	245	745	564
- tax deducted at source	1	1	2	2
Deferred taxation	24	3	24	3
Overprovision for taxation in prior years	(1)	(14)	(1)	(14)
	<u>484</u>	<u>235</u>	<u>770</u>	<u>555</u>

8 DIVIDEND

	GROUP AND COMPANY	
	12 months ended	
	31 July	31 July
	2022	2021
	\$'000	\$'000
Ordinary dividend paid:		
Final tax exempt one-tier dividend of \$0.02 per ordinary share (2021: Final tax exempt one-tier dividend of \$0.02 per ordinary share)	<u>516</u>	<u>516</u>

9 NET ASSET VALUE

	GROUP		COMPANY	
	31 July	31 July	31 July	31 July
	2022	2021	2022	2021
	\$	\$	\$	\$
Net asset value per ordinary share	<u>2.25</u>	<u>2.31</u>	<u>1.44</u>	<u>1.46</u>

10 INVESTMENT PROPERTY

The Company's investment property held for long-term rental yields and/or capital appreciation and is not substantially occupied by the Company. Other than the portion for the Company's own use, the balance of the investment property is leased to third parties under operating leases.

E NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – cont'd

10 INVESTMENT PROPERTY – cont'd

	GROUP AND COMPANY	
	31 July 2022 \$'000	31 July 2021 \$'000
Cost		
Balance at beginning and end of financial year	<u>13,974</u>	<u>13,974</u>
Accumulated Depreciation		
Balance at beginning of financial year	572	370
Charge for the financial year	<u>202</u>	<u>202</u>
Balance at end of financial year	<u><u>774</u></u>	<u><u>572</u></u>
Carrying Amount		
As at 31 July	<u>13,200</u>	<u>13,402</u>
Fair Value		
As at 31 July	<u><u>21,000</u></u>	<u><u>21,000</u></u>

10.1 Valuation

The Group engages external, independent and qualified valuers to determine the fair value of the Group's investment property every five years or when necessary. The last valuation was done on 7 October 2020.

The fair value of the Group's investment property is determined based on significant unobservable inputs and is categorized under Level 3 of the fair value measurement hierarchy. Level 3 fair value has been derived using the market value approach where the valuation is based on the highest value at which the sale interest in property might reasonably be expected at the date of valuation.

11 INVESTMENTS IN ASSOCIATES

	GROUP	
	31 July 2022 \$'000	31 July 2021 \$'000
Unquoted equity investment, at cost		
Balance at beginning of financial year	13,535	12,035
Acquisition during the financial year	<u>-</u>	<u>1,500</u>
Balance at end of financial year	13,535	13,535
Share of post-acquisition reserves	14,625	14,552
Share of capital reserve	55	77
Foreign currency translation reserve	<u>(6,807)</u>	<u>(6,111)</u>
	<u><u>21,408</u></u>	<u><u>22,053</u></u>

E NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – cont'd

11 INVESTMENTS IN ASSOCIATES – cont'd

Movements for share of post-acquisition reserves:

	GROUP	
	31 July 2022 \$'000	31 July 2021 \$'000
Balance at beginning of financial year	14,552	14,863
Share of results	420	41
Dividend received	(347)	(352)
Balance at end of financial year	<u>14,625</u>	<u>14,552</u>

Details of the associates as at 31 July 2022 and 31 July 2021 are as follows:

Name of company	Principal activities	Place of incorporation/ business	Percentage of equity held %
<u>Held by the Company</u>			
SGProtein Pte. Ltd.	Manufacturing of plant-based protein products and research and experimental development on food science.	Singapore	30.00
<u>Held by Tau Meng Investments Pte Ltd</u>			
United Malayan Flour (1996) Sdn. Bhd.	Milling and trading of wheat flour and related products	Malaysia	30.00

12 SHORT-TERM INVESTMENTS

	GROUP	
	31 July 2022 \$'000	31 July 2021 \$'000
Balance at beginning of financial year	1,791	2,931
Purchases	119	26
Disposal	(1)	(1,059)
Unrealised loss in fair value	(172)	(107)
Balance at end of financial year	<u>1,737</u>	<u>1,791</u>
Other net changes in fair value on financial assets at FVPL:		
Gain on sale of short-term investments, realised	-	35
Fair value loss on short-term investments, unrealised	(172)	(107)
	<u>(172)</u>	<u>(72)</u>

E NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – cont'd

13 TRADE RECEIVABLES

	GROUP		COMPANY	
	31 July 2022 \$'000	31 July 2021 \$'000	31 July 2022 \$'000	31 July 2021 \$'000
Trade receivables:				
- Third parties	12,434	9,963	419	312
- Related parties	164	183	-	-
	<u>12,598</u>	<u>10,146</u>	<u>419</u>	<u>312</u>
Less:				
Allowance on impairment of trade receivables	(228)	(690)	-	-
	<u>12,370</u>	<u>9,456</u>	<u>419</u>	<u>312</u>

	GROUP	
	31 July 2022 \$'000	31 July 2021 \$'000
Movement in allowance accounts:		
Balance at the beginning of the financial year	(690)	(775)
Allowance made	(71)	(18)
Allowance written back	60	26
Bad debts written off	464	76
Currency translation difference	9	1
Balance at the end of the financial year	<u>(228)</u>	<u>(690)</u>

14 SHARE CAPITAL

	GROUP AND COMPANY	
	31 July 2022 \$'000	31 July 2021 \$'000
Issued and fully paid 25,812,520 (2021: 25,812,520) ordinary shares	<u>33,279</u>	<u>33,279</u>

The Company did not hold any treasury shares as at 31 July 2022.

The Company's subsidiaries do not hold any shares in the Company as at 31 July 2022 and 31 July 2021.

E NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – cont'd

15 BORROWINGS

	GROUP	
	31 July 2022 \$'000	31 July 2021 \$'000
Amount repayable within one year or on demand		
Secured	-	-
Unsecured	-	-
Amount repayable after one year		
Secured	-	-
Unsecured	-	-

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

**OTHER INFORMATION REQUIRED BY LISTING RULE
APPENDIX 7.2**

OTHER INFORMATION

1 Review

The condensed consolidated statement of financial position of Khong Guan Limited and its subsidiaries as at 31 July 2022 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed by the Company's auditor.

2 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.

	31 July 2022 \$'000	31 July 2021 \$'000	Increase/ (Decrease) \$'000
Revenue			
Tong Guan Food Products Sdn. Bhd. ("TGF")	40,062	35,639	4,423
Swee Hin Chan Company Sdn. Berhad. ("SHC")	28,110	25,250	2,860
Others	1,514	1,438	76
	<u>69,686</u>	<u>62,327</u>	<u>7,359</u>

Despite ongoing Covid-19 restrictions, disruption to global trade caused by the container trade imbalance, and high raw material prices, the Group managed to increase its turnover by 11.8% to \$69,686,000 (2021: \$62,327,000) on the back of better sales performance at both its subsidiaries, TGF and SHC.

TGF increased its revenue across most product categories in the retail and food service segments by 12.4% to \$40,062,000 (2021: \$35,639,000) with the gradual easing of local and overseas border restrictions. TGF also secured the distribution of several new brands, adding to its existing portfolio of products. This contributed positively to its performance for the period.

SHC increased its revenue by 11.3% to \$28,110,000 (2021: \$25,250,000) despite challenging market conditions due to high commodity prices and global supply disruptions. This was achieved through timely purchases which ensured minimal disruption to supply of goods to its customers, and higher selling prices for its products.

The combined profit after tax for TGF and SHC for the year increased by 36.7% to \$2,233,000 (2021: \$1,633,000). This was due to better overall performance of both subsidiaries and the improved selling margins from the sale of starches by SHC.

The revenue of the associate, United Malayan Flour (1996) Sdn Bhd ("UMF"), increased by 5.5% to \$84,987,000 (2021: \$80,534,000) as a result of higher selling prices of its wheat flour products. UMF's profit attributable to equity holders of the company increased significantly to \$2,742,000 (2021: \$364,000) on the back of better performance at UMF through timely purchase of its raw materials and better selling prices. Share of results of associates, net of tax was \$420,000 (2021: \$41,000) as a result of UMF's profit, partially offset by startup losses from SGProtein Pte Ltd.

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

Not applicable

4 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 Group's subsidiaries in Malaysia are optimistic that the easing of Covid-19 and travel restrictions will bode well for its business. Local demand from the food manufacturing, retail and food service segments is expected to improve and translate to higher demand for products from the Group's subsidiaries.

The easing of commodity prices globally is expected to benefit the Group's associate, UMF. The expectation of a larger agricultural crop across major exporting countries in the 2022/23 season has started to ease the impact of high raw material costs.

However, raw material and logistics costs are expected to remain volatile in light of the ensuing Russia-Ukraine conflict and China's Zero-Covid policy. The Group will continue to diversify its sources of supply amidst supply uncertainties to ensure minimal disruption to its business.

Recessionary pressure with persistent inflation globally may affect the Group's business. However, the Group is optimistic that any such impact would be manageable as many of its products are essential and non-discretionary food items.

The weakening of the Malaysian Ringgit will drive input costs across many of the Group's subsidiaries and associates who are reliant on local sales in Malaysia. Persistent inflation and the government price controls may affect the Group's abilities to pass down these high costs to its consumers.

Despite the headwinds expected in 2022/23, the Group is confident that its businesses will remain resilient and is cautiously optimistic about its prospects.

5 Dividend Information

5a Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? Yes

Name of Dividend	Final
Dividend type	Cash
Dividend per share	2 cents
Tax rate	Tax exempt

5b Corresponding Period of the Immediate Preceding Financial Year

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

Name of Dividend	Final
Dividend type	Cash
Dividend per share	2 cents
Tax rate	Tax exempt

5c Date Payable

The proposed dividend in paragraph 5a, if approved at the Annual General Meeting of the Company to be held on 30 November 2022 will be paid on 15 December 2022.

5d Record Date

The Company's Register of Members and the Share Transfer Books will be closed at 5.00 p.m. on 8 December 2022 ("**Record Date**"). Duly completed registrable transfers received by the Company's Share Registrar, B.A.C.S. Private Limited at 77 Robinson Road #06-03 Robinson 77, Singapore 068896 up to 5.00 p.m. on 8 December 2022 will be registered to determine the Shareholders' entitlement to the proposed Dividend. Shareholders whose Securities Account with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on Record Date will be entitled to such proposed Dividend.

6 Interested person transactions

Aggregate value of Interest Person Transactions entered into for the year ended 31 July 2022.

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$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 \$100,000)
	\$	\$
Purchases by KGL Group from:		
Chung Ying Confectionery & Food Products Sdn Bhd	--	2,354,000
Federal Oats Mills Sdn Bhd	--	118,000
Khong Guan Biscuit Factory (Borneo) Sdn Bhd	--	4,543,000
Leong Hong Oil Mill Sdn Bhd	--	180,000
United Malayan Flour (1996) Sdn Bhd	--	12,325,000
Sales by UMF Group (Associate) to:		
Khian Guan Biscuit Manufacturing Co Sdn Bhd	--	696,000
Khong Guan Biscuit Factory (Johore) Sdn Bhd	--	303,000
Sunshine Traders Sdn Bhd	--	561,000
Corporate Guarantee to third parties on behalf of		
Tong Guan Food Products Sdn Bhd:	2,439,000* (RM7,870,000)	

* The Company has provided corporate guarantees to two suppliers of TGF (a 84.31% owned subsidiary of the company) for goods supplied to TGF not exceeding the sum of \$2,439,000 (RM7,870,000). As of 31 July 2022, the amounts outstanding owing to these suppliers was \$1,185,000 (RM3,824,000).

7 Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7 under Rule 720(1)).

The company confirms that it has procured undertakings from all its directors and executive officers in the format set out in appendix 7.7 under rule 720(1) of the Listing Manual.

8 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 2.

9 Disclosure of persons occupying managerial positions who are related to a director, CEO or substantial shareholder

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	74	Cousin of Mr Chew Soo Eng Director cum shareholder of Cepheus Corporation Pte Ltd, a substantial shareholder.	Chairman of the Board (Since 23.08.2007) Leadership and managing the business of the Board, including strategic matters of the Group.	Nil
Chew Soo Eng	74	Cousin of Mr Chew Soo Lin Director cum shareholder of Kah Hong Pte Ltd, a substantial shareholder.	Managing Director (Since 11.01.2007) Responsible for the Group's management team, business operations and execution of the Board's strategies.	Nil
Chew Kian Boon Daniel	47	Son of Mr Chew Soo Eng	Executive Director (Since 25.02.2016) Managing procurement of raw materials, shipping and logistics.	Nil
Chew Kian Hong Michael	41	Son of Mr Chew Soo Eng	Director of a subsidiary company (Since 11.06.2019) Responsible for business operations and development.	Nil

10 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 \$'000	Previous Full Year \$'000
Ordinary	516	516
Preference	-	-
Total	516	516

11 Negative Assurance

The board of directors hereby confirms 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 2022 to be false or misleading in any material aspect.

12 Other information

Changes in inventories and purchases of inventories increased as a result of higher purchases during the last few months of the year.

Other expenses increased mainly due to insurance paid for staff hospitalization policy and fire policy on increased inventories, payment for professional fee for mandatory transfer pricing documents for Malaysia subsidiaries, higher transport charges due to increase in fuel prices and transport rates and higher allowance of doubtful receivables recognised.

Inventories and trade payables increased as a result of higher purchases in the last few months of the year.

Trade receivables increased as a result of higher sales in the last few months of the year.

By Order of the Board
Chew Kian Boon Daniel
Executive Director
29 September 2022