

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

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 JANUARY 2024

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

	Note	GROUP		Increase/ (Decrease) %
		31 January 2024 \$'000	31 January 2023 \$'000	
Revenue		35,409	37,540	(6)
Dividend income		13	12	8
Other net changes in fair value on financial assets at fair value through profit or loss	*	(260)	179	NM
Other income	5.2	483	439	10
Changes in inventories		(454)	(2,090)	(78)
Purchases of inventories		(31,856)	(31,884)	-
Employee benefits expense		(1,962)	(1,915)	2
Depreciation and amortisation expenses				
- property, plant and equipment		(238)	(252)	(6)
- right-of-use assets		(65)	(70)	(7)
- investment property		(101)	(101)	-
Share of results of associates, net of tax		145	302	(52)
Finance costs		(4)	(3)	33
Other expenses		(1,365)	(1,271)	7
(Loss)/Profit before tax		(255)	886	
Income tax expense	6	(203)	(363)	
(Loss)/Profit for the financial period		(458)	523	
(Loss)/Profit for the financial period attributable to:				
Equity holders of the Company		(545)	399	
Non-controlling interests		87	124	
		(458)	523	
(Loss)/Earnings per share attributable to equity holders of the Company [in cents]				
Basic and diluted		(2.11)	1.55	

* refer to Other information required by Listing Rule Appendix 7.2 item 11

NM - Not meaningful

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

	GROUP		Increase/ (Decrease) %
	6 months ended		
	31 January 2024 \$'000	31 January 2023 \$'000	
(Loss)/Profit for the financial period	(458)	523	
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	<u>1</u>	<u>6</u>	(83)
	<u>1</u>	<u>6</u>	
Items that may be reclassified subsequently to profit or loss:			
Translation differences relating to financial statements of foreign operations	<u>(1,356)</u>	<u>(107)</u>	1,167
Other comprehensive loss, net of tax	<u>(1,355)</u>	<u>(101)</u>	
Total comprehensive (loss)/income for the financial period	<u><u>(1,813)</u></u>	<u><u>422</u></u>	
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company	(1,812)	304	
Non-controlling interests	<u>(1)</u>	<u>118</u>	
	<u><u>(1,813)</u></u>	<u><u>422</u></u>	

B CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Note	GROUP			COMPANY	
		31 January 2024 \$'000	31 July 2023 \$'000	Increase/ (Decrease) %	31 January 2024 \$'000	31 July 2023 \$'000
ASSETS AND LIABILITIES						
Non-Current Assets						
Property, plant and equipment		3,605	3,851	(6)	570	625
Right-of-use assets		1,834	1,968	(7)	-	-
Investment property	9	12,897	12,998	(1)	12,897	12,998
Investments in subsidiaries		-	-	-	18,287	18,287
Investments in associates	10	19,202	20,067	(4)	1,500	1,500
Financial assets at fair value through other comprehensive income ("FVOCI")		237	246	(4)	-	-
Deferred tax assets		27	28	(4)	-	-
		37,802	39,158		33,254	33,410
Current Assets						
Inventories		7,166	7,892	(9)	-	-
Short-term investments	11	1,527	1,787	(15)	-	-
Trade receivables	* 12	12,577	11,299	11	481	451
Other receivables		234	262	(11)	66	102
Tax recoverable		313	136	130	-	-
Amounts owing by a subsidiary		-	-	-	138	148
Amounts owing by an associate		750	750	-	750	750
Fixed deposits		1,900	1,773	7	1,900	1,773
Cash and bank balances		2,806	3,743	(25)	818	1,356
		27,273	27,642		4,153	4,580
Less: Current Liabilities						
Trade payables	*	7,854	7,133	10	281	347
Other payables	*	1,024	1,323	(23)	235	400
Amounts owing to a subsidiary		-	-	-	400	400
Lease liabilities		54	57	(5)	-	-
		8,932	8,513		916	1,147
Net Current Assets		18,341	19,129		3,237	3,433
Less: Non-Current Liabilities						
Lease liabilities		59	89	(34)	-	-
Provision for retirement benefits		242	230	5	242	230
Deferred tax liabilities		68	71	(4)	-	-
		369	390		242	230
Net Assets		55,774	57,897		36,249	36,613

B CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION – cont'd

	Note	GROUP			COMPANY	
		31 January 2024 \$'000	31 July 2023 \$'000	Increase/ (Decrease) %	31 January 2024 \$'000	31 July 2023 \$'000
EQUITY						
Share capital	13	33,279	33,279		33,279	33,279
Capital reserve		283	282		-	-
Foreign currency translation reserve		(4,202)	(2,934)		-	-
Retained profits		23,988	24,791		2,970	3,334
Attributable to equity holders of the Company		53,348	55,418		36,249	36,613
Non-controlling interests		2,426	2,479		-	-
Total Equity		55,774	57,897		36,249	36,613

* refer to Other information required by Listing Rule Appendix 7.2 item 11

C CONDENSED INTERIM 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
2024							
At 1 August 2023	33,279	282	(2,934)	24,791	55,418	2,479	57,897
(Loss)/Profit for the financial period	-	-	-	(545)	(545)	87	(458)
Other comprehensive (loss)/income for the financial period	-	1	(1,268)	-	(1,267)	(88)	(1,355)
Total comprehensive (loss)/income for the financial period	-	1	(1,268)	(545)	(1,812)	(1)	(1,813)
Dividends paid by							
- the Company	-	-	-	(258)	(258)	-	(258)
- subsidiaries to non-controlling interests	-	-	-	-	-	(52)	(52)
At 31 January 2024	33,279	283	(4,202)	23,988	53,348	2,426	55,774
2023							
At 1 August 2022	33,279	284	(971)	25,593	58,185	2,548	60,733
Profit for the financial period	-	-	-	399	399	124	523
Other comprehensive income/(loss) for the financial period	-	6	(101)	-	(95)	(6)	(101)
Total comprehensive income/(loss) for the financial period	-	6	(101)	399	304	118	422
Dividends paid by							
- the Company	-	-	-	(516)	(516)	-	(516)
- subsidiaries to non-controlling interests	-	-	-	-	-	(55)	(55)
At 31 January 2023	33,279	290	(1,072)	25,476	57,973	2,611	60,584

C CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY – cont'd

COMPANY	Note	Share capital \$'000	Retained profit \$'000	Total equity \$'000
2024				
At 1 August 2023		33,279	3,334	36,613
Loss for the financial period		-	(106)	(106)
Other comprehensive income for the financial period		-	-	-
Total comprehensive loss for the financial period		-	(106)	(106)
Dividend paid	7	-	(258)	(258)
At 31 January 2024		33,279	2,970	36,249
2023				
At 1 August 2022		33,279	3,923	37,202
Profit for the financial period		-	20	20
Other comprehensive income for the financial period		-	-	-
Total comprehensive income for the financial period		-	20	20
Dividend paid	7	-	(516)	(516)
At 31 January 2023		33,279	3,427	36,706

D CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	GROUP	
	6 months ended	
	31 January 2024 \$'000	31 January 2023 \$'000
Cash flows from operating activities:		
(Loss)/Profit before tax	(255)	886
Adjustments for non-cash and other items:		
Depreciation and amortisation expenses	404	423
Fair value loss/(gain) on short-term investments	260	(179)
Gain on disposal of property, plant and equipment	(1)	(8)
Inventory written off	42	40
Interest expense	4	3
Interest income	(66)	(52)
Provision for retirement benefits	12	13
Reversal of allowance on impairment of trade receivables	-	(12)
Share of results of associates, net of tax	(145)	(302)
	510	(74)
Operating profit before working capital changes	255	812
Decrease in short-term investments	-	8
Decrease in inventories	412	2,051
Increase in trade and other receivables	(1,851)	(1,440)
Increase/(Decrease) in trade and other payables	709	(2,404)
	(730)	(1,785)
Cash used in operations	(475)	(973)
Income tax paid	(203)	(317)
Interest received	66	52
	(137)	(265)
Net cash used in operating activities	(612)	(1,238)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(99)	(370)
Loans to an associate	-	(440)
Proceeds from disposal of property, plant and equipment	1	47
Dividend received from an associate	309	333
Net cash generated from/(used in) investing activities	211	(430)
	(401)	(1,668)

D CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS – cont'd

	GROUP	
	6 months ended	
	31 January	31 January
	2024	2023
	\$'000	\$'000
Cash flows from financing activities:		
Dividend paid by the Company	(258)	(516)
Dividends paid by subsidiaries to non-controlling interests	(52)	(55)
Repayment of lease liabilities	(28)	(30)
Lease liabilities interest paid	(4)	(3)
Net cash used in financing activities	(342)	(604)
Net decrease in cash and cash equivalents	(743)	(2,272)
Cash and cash equivalents at beginning of the financial period	5,516	6,321
Effects of currency translations on cash and cash equivalents	(67)	(13)
Cash and cash equivalents at end of the financial period	4,706	4,036
Represented by:		
Fixed deposits	1,900	2,117
Cash and bank balances	2,806	1,919
	4,706	4,036

E NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1 BASIS OF PREPARATION

The condensed interim financial statements for the six months ended 31 January 2024 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim 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 annual financial statements for the year ended 31 July 2023.

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 1.1.

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

1.1 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.

1.2 USE OF JUDGEMENTS AND ESTIMATES

In preparing the condensed interim financial statements, 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 year ended 31 July 2023.

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 is included in the following notes:

Note 12 - Allowance on impairment of trade receivables

2 SEASONAL OPERATIONS

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

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

3 SEGMENT AND REVENUE INFORMATION

The Group is organised into the following main business segments:

- Segment 1: 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.

3.1 Reportable segments

	GROUP			
	Segment 1	Segment 2	Segment 3	Consolidated
	\$'000	\$'000	\$'000	\$'000
1 August 2023 to 31 January 2024				
Total segment revenue	35,454	-	-	35,454
Inter-segment revenue	(45)	-	-	(45)
Revenue from external parties	35,409	-	-	35,409
Dividend income	-	-	13	13
Interest income	66	-	-	66
Miscellaneous income	417	-	-	417
Total other income	483	-	13	496
Total revenue and other income	35,892	-	13	35,905
Results				
(Loss)/Profit before interest, taxation and depreciation and amortisation	341	(403)	4	(58)
Depreciation and amortisation	(382)	(22)	-	(404)
Operating (loss)/profit	(41)	(425)	4	(462)
Interest expense				(4)
Interest income				66
Share of results of associates, net of tax				145
Taxation				(203)
Loss after tax				(458)

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

3 SEGMENT AND REVENUE INFORMATION – cont'd

3.1 Reportable segments – cont'd

	GROUP			
	Segment 1	Segment 2	Segment 3	Consolidated
	\$'000	\$'000	\$'000	\$'000
1 August 2023 to 31 January 2024 – cont'd				
Assets and Liabilities				
Segments assets	43,340	1,768	321	45,429
Associates				19,202
Unallocated assets				444
				<u>65,075</u>
Segments liabilities	8,900	12	4	8,916
Unallocated liabilities				385
				<u>9,301</u>
Other segments information				
Expenditure for non-current assets	99	-	-	99
Other non-cash items				
Foreign exchange loss	67	-	-	67
Inventory written off	42	-	-	42
1 August 2022 to 31 January 2023				
Total segment revenue	37,561	-	-	37,561
Inter-segment revenue	(21)	-	-	(21)
Revenue from external parties	37,540	-	-	37,540
Dividend income	-	-	12	12
Interest income	52	-	-	52
Miscellaneous income	386	1	-	387
Total other income	438	1	12	451
Total revenue and other income	<u>37,978</u>	<u>1</u>	<u>12</u>	<u>37,991</u>

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

3 SEGMENT AND REVENUE INFORMATION – cont'd

3.1 Reportable segments – cont'd

	GROUP			
	Segment 1	Segment 2	Segment 3	Consolidated
	\$'000	\$'000	\$'000	\$'000
1 August 2022 to 31 January 2023				
Results				
Profit before interest, taxation and depreciation and amortisation	908	46	4	958
Depreciation and amortisation	(401)	(22)	-	(423)
Operating profit	507	24	4	535
Interest expense				(3)
Interest income				52
Share of results of associates, net of tax				302
Taxation				(363)
Profit after tax				<u>523</u>
Assets and Liabilities				
Segments assets	44,395	2,422	338	47,155
Associates				21,326
Unallocated assets				75
				<u>68,556</u>
Segments liabilities	7,343	11	4	7,358
Unallocated liabilities				614
				<u>7,972</u>
Other segments information				
Expenditure for non-current assets	370	-	-	370
Other non-cash items				
Reversal of allowance on impairment of trade receivables	(12)			(12)
Foreign exchange loss	9	-	-	9
Inventory written off	40	-	-	40

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

3 SEGMENT AND REVENUE INFORMATION – cont'd

3.2 Disaggregation of Revenue

	GROUP			
	6 months ended 31 January 2024			
	Segment 1	Segment 2	Segment 3	Consolidated
	\$'000	\$'000	\$'000	\$'000
Types of goods:				
Sales of goods	35,409	-	-	35,409
Timing of revenue recognition:				
At a point in time	35,409	-	-	35,409
Geographical information:				
Singapore	875	-	-	875
Malaysia	34,534			34,534
	35,409	-	-	35,409

	GROUP			
	6 months ended 31 January 2023			
	Segment 1	Segment 2	Segment 3	Consolidated
	\$'000	\$'000	\$'000	\$'000
Types of goods:				
Sales of goods	37,540	-	-	37,540
Timing of revenue recognition:				
At a point in time	37,540	-	-	37,540
Geographical information:				
Singapore	1,056	-	-	1,056
Malaysia	36,484			36,484
	37,540	-	-	37,540

E NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS – cont'd**4 FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

Set out below is an overview of the financial assets and liabilities of the Group as at 31 January 2024 and 31 July 2023:

	GROUP		COMPANY	
	31 January 2024 \$'000	31 July 2023 \$'000	31 January 2024 \$'000	31 July 2023 \$'000
Financial Assets				
Financial assets at fair value through profit or loss ("FVPL")	1,527	1,787	-	-
Financial assets at FVOCI	237	246	-	-
Cash and bank balances and fixed deposits and amounts owing by an associate and amounts owing by a subsidiary and trade and other receivables (Amortised cost)	<u>18,200</u>	<u>17,723</u>	<u>4,124</u>	<u>4,501</u>
	<u>19,964</u>	<u>19,756</u>	<u>4,124</u>	<u>4,501</u>
Financial Liabilities				
Trade and other payables and lease liabilities and amounts owing to a subsidiary	<u>8,982</u>	<u>8,593</u>	<u>907</u>	<u>1,138</u>

5 (LOSS)/PROFIT BEFORE TAX**5.1 Significant items**

	GROUP	
	6 months ended	
	31 January 2024 \$'000	31 January 2023 \$'000
Expenses		
Interest on leases	4	3
Depreciation and amortisation	404	423
Allowance on impairment of trade receivables	-	-
Bad debts written off	-	-
Inventory written off	42	40
Foreign exchange loss	67	9

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

5 (LOSS)/PROFIT BEFORE TAX – cont'd

5.2 Other income

	GROUP	
	6 months ended	
	31 January	31 January
	2024	2023
	\$'000	\$'000
Rental income	291	271
Government grant	1	1
Interest income	66	52
Reversal of allowance on impairment of trade receivables	-	12
Gain on disposal of property, plant and equipment	1	8
Others	124	95
	<u>483</u>	<u>439</u>

5.3 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 period:

	GROUP		COMPANY	
	6 months ended		6 months ended	
	31 January	31 January	31 January	31 January
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Purchases from				
- Associate	6,987	7,709	710	917
- Related parties	4,228	3,849	6	5
Sales to related parties	<u>73</u>	<u>190</u>	<u>-</u>	<u>-</u>

6 INCOME TAX EXPENSE

	GROUP	
	6 months ended	
	31 January	31 January
	2024	2023
	\$'000	\$'000
Current taxation		
- Malaysian tax	202	361
- tax deducted at source	1	1
Prior year's underprovision	-	1
	<u>203</u>	<u>363</u>

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

7 DIVIDEND

	GROUP AND COMPANY	
	6 months ended	
	31 January	31 January
	2024	2023
	\$'000	\$'000
Ordinary dividends paid:		
Final tax exempt one-tier dividend of \$0.01 per ordinary share (2023: Final tax exempt one-tier dividend of \$0.02 per ordinary share)	258	516

8 NET ASSET VALUE

	GROUP		COMPANY	
	31 January	31 July	31 January	31 July
	2024	2023	2024	2023
	\$	\$	\$	\$
Net asset value per ordinary share	2.07	2.15	1.40	1.42

9 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.

	GROUP AND COMPANY	
	31 January	31 July
	2024	2023
	\$'000	\$'000
Cost		
Balance at beginning and end of financial period	13,974	13,974
Accumulated depreciation		
Balance at beginning of financial period	976	774
Charge for the financial period	101	202
Balance at end of financial period	1,077	976
Carrying Amount		
As at end of the financial period	12,897	12,998

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

9 INVESTMENT PROPERTY – cont'd

9.1 Valuation

The Group engages external, independent and qualified valuers to determine the fair value of the Group investment property every five year or when necessary.

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.

The Company's investment property was appraised on 31 July 2023 by an independent valuer, Edmund Tie & Company (SEA) Pte Ltd at a fair value of \$23,000,000.

10 INVESTMENTS IN ASSOCIATES

	GROUP	
	31 January 2024 \$'000	31 July 2023 \$'000
Unquoted equity investment, at cost	13,535	13,535
Share of post-acquisition reserves	14,202	14,366
Share of capital reserve	54	53
Foreign currency translation reserve	(8,589)	(7,887)
	<u>19,202</u>	<u>20,067</u>

Movements for share of post-acquisition reserves:

	GROUP	
	31 January 2024 \$'000	31 July 2023 \$'000
Balance at beginning of financial period	14,366	14,625
Share of results	145	74
Dividend received	(309)	(333)
Balance at end of financial period	<u>14,202</u>	<u>14,366</u>

Details of the associates as at 31 January 2024 and 31 July 2023 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

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

11 SHORT-TERM INVESTMENTS

	GROUP	
	31 January 2024 \$'000	31 July 2023 \$'000
Balance at beginning of financial period	1,787	1,737
Purchases	-	3
Disposal	-	(10)
Unrealised (loss)/gain in fair value	(260)	57
Balance at end of financial period	<u>1,527</u>	<u>1,787</u>
Other net changes in fair value on financial assets at FVPL:		
Gain on sale of short-term investments, realised	-	-
Fair value (loss)/gain on short-term investments, unrealised	(260)	57
	<u>(260)</u>	<u>57</u>

12 TRADE RECEIVABLES

	GROUP		COMPANY	
	31 January 2024 \$'000	31 July 2023 \$'000	31 January 2024 \$'000	31 July 2023 \$'000
Trade receivables:				
- Third parties	12,848	11,484	481	451
- Related parties	82	180	-	-
	<u>12,930</u>	<u>11,664</u>	<u>481</u>	<u>451</u>
Less:				
Allowance on impairment of trade receivables	(353)	(365)	-	-
	<u>12,577</u>	<u>11,299</u>	<u>481</u>	<u>451</u>

	GROUP	
	31 January 2024 \$'000	31 July 2023 \$'000
Movement in allowance accounts:		
Balance at the beginning of the financial period	(365)	(228)
Allowance made	-	(195)
Allowance written back	-	36
Bad debts written off	-	5
Currency translation difference	12	17
Balance at the end of the financial period	<u>(353)</u>	<u>(365)</u>

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

13 SHARE CAPITAL

	GROUP AND COMPANY	
	31 January	31 July
	2024	2023
	\$'000	\$'000
Issued and fully paid 25,812,520 (2023: 25,812,520) ordinary shares	<u>33,279</u>	<u>33,279</u>

The Company did not hold any treasury shares as at 31 January 2024.

The Company's subsidiaries do not hold any shares in the Company as at 31 January 2024 and 31 July 2023.

14 BORROWINGS

	GROUP	
	31 January	31 July
	2024	2023
	\$'000	\$'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 leasehold 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 January 2024 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.

	6 months ended		Increase/ (Decrease) \$'000
	31 January 2024 \$'000	31 January 2023 \$'000	
Revenue			
Tong Guan Food Products Sdn. Bhd. ("TGF")	20,480	20,835	(355)
Swee Hin Chan Company Sdn. Berhad. ("SHC")	14,054	15,649	(1,595)
Others	875	1,056	(181)
	<u>35,409</u>	<u>37,540</u>	<u>(2,131)</u>

The Group's revenue for the six months ended 31 January 2024 ("HY2024") decreased by 5.7% to \$35,409,000 primarily due to the appreciation of the Singapore Dollar against the Malaysian Ringgit.

TGF's sales in Ringgit terms increased by 4.8% across its key product segments with improved consumer spending, widening of the company's product portfolio and increased channel coverage of key brands.

SHC's revenue in Ringgit terms decreased by 4.0% due to lower sales volume and selling prices of its wheat flour and starch products, resulting from lower market demand and price competition.

The Group made a loss attributable to equity holders of the Company amounting to \$545,000 for HY2024, compared with a profit of \$399,000 for the 6 months ended 31 January 2023 ("HY2023"). This was primarily due to (a) the decrease in the combined net profit after tax for its two Malaysia subsidiaries, SHC and TGF, by \$259,000 to \$478,000, (b) the fair value loss from short-term investments amounting to \$260,000 compared with a fair value gain of \$179,000 in HY2023, and (c) the decrease in share of results from its associates net of tax, which decreased from \$302,000 to \$145,000 during the period.

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 operations will continue to face volatile market conditions as geopolitical tensions and uncertain weather conditions may affect the Group's businesses.

The Group foresees difficulty in passing down higher costs to consumers moving forward as Malaysian consumers struggle with price inflation, resulting in weak consumer demand.

The Group's associate in Malaysia will continue to face high electricity costs resulting from the Imbalance Cost Pass Through (ICPT) tariff implemented on 1st January 2023. The Malaysian government increased the Sales Service Tax (SST) from 6% to 8% from 1st March 2024 onwards, which may impact a portion of goods and services purchased by the Group's associate.

Any continued weakness in the Malaysian Ringgit against the Singapore Dollar will impact the Group's results reported in Singapore Dollars.

The Group continues to explore and develop new products to drive revenue growth.

5 Dividend Information

5a Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

None

5b Corresponding Period of the Immediate Preceding Financial Year

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

None

5c Date Payable

Not Applicable

5d Record Date

Not Applicable

6 If no dividend has been declared (recommended), a statement to the effect and the reason(s) for the decision.

The Company normally decides dividend payments at the end of each financial year.

7 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 for the preference dividends.

	GROUP	
	31 January 2024	31 January 2023
(Loss)/Profit for the financial period attributable to Equity holders of the Company	\$(545,000)	\$399,000
Weighted average number of ordinary shares in issue	25,812,520	25,812,520
Basic earnings per share in cents	(2.11)	1.55
Diluted earnings per share in cents	(2.11)	1.55

8 Interested person transactions

Aggregate value of Interested Person Transactions entered into for the six months ended 31 January 2024.

Name of interested person	Nature of Relationship	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 Khong Guan Limited Group from:			
Chung Ying Confectionery & Food Products Sdn Bhd	Associates of Chew Family*		1,345,000
Khong Guan Biscuit Factory (Borneo) Sdn Bhd	Associates of Chew Family*		2,716,000
United Malayan Flour (1996) Sdn. Bhd. ('UMF')	Associates of Chew Family*		7,263,000
Sales by UMF Group (Associates) to:			
Khian Guan Biscuit Manufacturing Co Sdn Bhd	Associates of Chew Family*		289,000
Sunshine Traders Sdn Bhd	Associates of Chew Family*		225,000
Corporate Guarantee to third parties on behalf of :			
Tong Guan Food Products Sdn Bhd	Subsidiary of Khong Guan Limited	2,228,000 (RM7,870,000)	

* As defined in the Shareholders' mandate for Interested Person Transactions

9 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.

10 Negative Assurance

The Board of Directors hereby confirms to the best of its knowledge that nothing has come to its attention which may render the financial statements for the six months ended 31 January 2024 to be false or misleading in any material aspect.

11 Other information

Other net changes in fair value on financial assets at fair value through profit or loss as follow:

	GROUP	
	6 months ended	
	31 January	31 January
	2024	2023
	\$'000	\$'000
Gain on sale of short-term investments, realised	-	-
Fair value (loss)/gain on short-term investments, unrealised	(260)	179
	<u>(260)</u>	<u>179</u>

Trade receivables increased from \$11,299,000 to \$12,577,000 as a result of more sales before and up to the Chinese New Year festival.

Trade payables increased from \$7,133,000 to \$7,854,000 due to longer credit term.

Other payables decreased from \$1,323,000 to \$1,024,000 as a result of payments of bonus which was provided in the previous period.

By Order of the Board
Chew Kian Boon Daniel
Executive Director
14 March 2024