

**First Half Unaudited Financial Statements for the Period Ended 30 June 2022**

**1(a) The following statements in the form presented in the group's most recently audited annual financial statements:-**

**(i) An income statement and statement of comprehensive income for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year:-**

**Income Statement**

(in Singapore Dollars)

	Note	Group		
		1st Half Year ended		
		30/06/2022	30/06/2021	+ / (-)
		S\$'000	S\$'000	%
<b>Continuing operations</b>				
Revenue		270,472	268,622	1
<u>Costs and expenses</u>				
Costs of materials		148,435	138,757	7
Staff costs		54,242	55,755	(3)
Amortisation and depreciation		14,745	18,131	(19)
Repairs and maintenance		5,800	7,511	(23)
Utilities		9,223	8,055	15
Advertising and promotion		2,754	2,688	2
Other operating expenses		29,761	26,615	12
Total costs and expenses		264,960	257,512	3
Profit from operating activities		5,512	11,110	(50)
Finance costs		(818)	(1,024)	(20)
Share of profits of joint venture		3,834	836	359
Exceptional items	1(a)(ii)(c)	9,609	-	n.m.
Profit before tax from continuing operations		18,137	10,922	66
Income tax expense	1(e)(E)			
- Current period		(3,631)	(2,864)	27
- Over/(under)provision in prior periods		189	(138)	n.m.
Profit after tax from continuing operations		14,695	7,920	86
<b>Discontinued operations</b>	1(a)(ii)(b)			
(Loss)/profit after tax from discontinued operations		(6,339)	19,945	n.m.
<b>Group profit after tax</b>		<b>8,356</b>	<b>27,865</b>	<b>(70)</b>
<u>Attributable to:</u>				
Owners of the parent				
- Profit after tax from continuing operations		14,524	8,010	81
- (Loss)/profit after tax from discontinued operations		(6,339)	19,466	n.m.
		8,185	27,476	(70)
Non-controlling interests				
- Profit/(loss) after tax from continuing operations		171	(90)	n.m.
- Profit after tax from discontinued operations		-	479	(100)
		171	389	(56)
		8,356	27,865	(70)

n.m. = not meaningful

(i) **Statement of Comprehensive Income**

	<b>Group</b>	
	1st Half Year ended	
	30/06/2022	30/06/2021
	S\$'000	S\$'000
Profit after tax	8,356	27,865
Other comprehensive income:		
<i><u>Items that will not be reclassified subsequently to profit or loss:</u></i>		
- Actuarial loss on defined benefit plans, net of tax	-	(120)
<i><u>Items that may be reclassified subsequently to profit or loss:</u></i>		
- Currency translation arising on consolidation	(8,834)	(2,921)
- Share of other comprehensive income of joint venture	(1,856)	(1,194)
Other comprehensive income for the period, net of tax	(10,690)	(4,235)
Total comprehensive income for the period	(2,334)	23,630
<b><u>Total comprehensive income attributable to:</u></b>		
Owners of the parent	(2,400)	23,280
Non-controlling interests	66	350
	(2,334)	23,630
<b><u>Total comprehensive income attributable to owners of the parent:</u></b>		
From continuing operations, net of tax	(3,790)	4,935
From discontinued operations, net of tax	1,390	18,345
	(2,400)	23,280

*Note: The higher currency translation loss arising on consolidation for 1H 2022 is due to weaker Philippine Peso and Malaysian Ringgit in 1H 2022 as compared to 1H 2021.*

**Notes to the Income Statement**

Please see Section 8 for commentaries on the Income Statement.

(ii) The following items, if significant, must be included in the income statement or in the notes to the income statement for current financial period reported on and the corresponding period of the immediately preceding financial year:-

(a) Continuing operations

The Group's profit from operating activities is stated after (charging) / crediting:

	<b>Group</b>		
	1st Half Year ended		
	<u>30/06/2022</u>	<u>30/06/2021</u>	+ / (-)
	S\$'000	S\$'000	%
Other income including interest income and government grants (included in Revenue)	1,193	2,159	(45)
Interest income	488	78	526
<u>Other Operating Expenses which include the following:</u>			
Operating lease expense	(7,190)	(6,898)	4
Distribution and transportation expense	(6,773)	(5,587)	21
Foreign currency translation loss - unrealised	(4,010)	(515)	679
Foreign currency translation gain/(loss) - realised	1,010	(110)	n.m.
Professional fees	(1,160)	(1,052)	10
Loss allowance for inventories charged and inventories written off	(603)	(220)	174
Loss allowance for receivables charged and bad debts written off	(100)	(746)	(87)
Gain on disposal of property, plant and equipment	107	116	(8)

(b) Discontinued operations

As announced on 4 January 2022, the Group completed the disposal of its Primary Production business (the "Disposal") and Rivalea Holdings Pty Ltd, Oxdale Dairy Enterprise Pty Ltd, Rivalea (Australia) Pty Ltd and Diamond Valley Pork Pty Ltd have ceased to be subsidiaries of the Company.

The Group recognised a loss on disposal of \$3.8 million, as well as \$2.5 million of associated costs incurred in relation to the disposal. The total amount of \$6.3 million is reflected as Loss after tax from discontinued operations.

(c) Exceptional Items

As announced on 20 July 2022, the Group received the first interim insurance payment of MYR 30.0 million under the Group's insurance policy covering damage to its property, plant and equipment in connection with the severe flooding at one of the Group's Malaysian factories. This amount is reported as an exceptional item.

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

**Statements of Financial Position**

(in Singapore Dollars)

	Note	Group		Company	
		30/06/2022	31/12/2021	30/06/2022	31/12/2021
		S\$'000	S\$'000	S\$'000	S\$'000
<b>Current assets</b>					
Inventories		44,987	50,903	-	-
Trade receivables		71,488	79,448	-	-
Other receivables		20,429	27,249	45,345	87,971
Tax recoverable		6,965	6,440	-	-
Cash and cash equivalents		205,266	88,705	160,542	38,357
Assets belonging to disposal group <sup>(Note 1)</sup> classified as held for sale	1(e)(H)	-	306,111	-	-
		<u>349,135</u>	<u>558,856</u>	<u>205,887</u>	<u>126,328</u>
<b>Non-current assets</b>					
Property, plant & equipment	1(e)(F)	205,991	217,338	3,618	3,420
Right-of-use assets		20,696	22,475	282	327
Investment in subsidiaries		-	-	101,532	101,532
Advances to subsidiaries		-	-	152,945	156,067
Investment in joint venture and associate		73,830	75,047	-	-
Intangibles	1(e)(G)	186	168	111	83
Deferred tax assets		4,147	4,276	-	-
		<u>304,850</u>	<u>319,304</u>	<u>258,488</u>	<u>261,429</u>
Total assets		653,985	878,160	464,375	387,757
<b>Current liabilities</b>					
Trade payables		43,273	61,695	397	87
Other payables		43,211	55,576	120,959	12,730
Short-term borrowings		1,914	2,943	-	-
Long-term borrowings - current portion		6,273	4,526	-	-
Lease liabilities - current portion		3,314	3,325	90	92
Income tax payable		2,268	3,236	587	494
Liabilities belonging to disposal group classified as held for sale	1(e)(H)	-	154,229	-	-
		<u>100,253</u>	<u>285,530</u>	<u>122,033</u>	<u>13,403</u>
<b>Non-current liabilities</b>					
Other payables		8,840	9,139	3,202	3,539
Long-term borrowings		17,870	25,569	-	-
Lease liabilities		18,874	20,592	205	247
Deferred tax liabilities		4,941	5,002	682	739
		<u>50,525</u>	<u>60,302</u>	<u>4,089</u>	<u>4,525</u>
Total liabilities		150,778	345,832	126,122	17,928
Net assets		<u>503,207</u>	<u>532,328</u>	<u>338,253</u>	<u>369,829</u>
<b>Capital and reserves</b>					
Share capital		277,043	277,043	277,043	277,043
Reserves		224,324	253,511	61,210	92,786
Equity attributable to owners of the parent		<u>501,367</u>	<u>530,554</u>	<u>338,253</u>	<u>369,829</u>
Non-controlling interests		1,840	1,774	-	-
Total equity		<u>503,207</u>	<u>532,328</u>	<u>338,253</u>	<u>369,829</u>

Please see Section 8 for commentaries on the Group's Statement of Financial Position.

Note 1 As at 31 December 2021, included in assets belonging to the disposal group classified as held for sale are cash balances of \$41.8 million held by the Primary Production business. If not for the reclassification, the Group's cash and cash equivalents would have been \$130.5 million (\$88.7 million + \$41.8 million) as at 31 December 2021.

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:-

(a) **Amount repayable within one year including those on demand**

As at 30/06/2022		As at 31/12/2021	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
-	11,501	-	10,794

*Note: The above relates only to the continuing operations*

(b) **Amount repayable after one year**

As at 30/06/2022		As at 31/12/2021	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
-	36,744	-	46,161

*Note: The above relates only to the continuing operations*

(c) **Details of any collaterals**

None.

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:-**

<b>Statement of Cash Flows</b> (in Singapore Dollars)	<b>Group</b>	
	1st Half Year ended	
	<u>30/06/2022</u>	<u>30/06/2021</u>
	S\$'000	S\$'000
<b>Cash flows from operating activities:</b>		
Profit before tax from continuing operations	18,137	10,922
(Loss)/profit before tax from discontinued operations	(6,339)	21,089
Profit before tax, total	<u>11,798</u>	<u>32,011</u>
Adjustments for:		
Amortisation and depreciation	14,745	18,131
Gain on disposal of property, plant and equipment	(107)	(67)
Share of profits of joint venture	(3,834)	(836)
Allowance for receivables charged and bad debts written off, net	-	746
Loss on disposal of disposal group classified as held for sale	3,861	-
Remeasurement gain on disposal group classified as held for sale	-	(3,905)
Interest expense	818	1,915
Interest income	(488)	(135)
Exchange differences	<u>1,823</u>	<u>(593)</u>
Operating profit before working capital changes	28,616	47,267
Decrease/(increase) in trade and other receivables	11,725	(3,509)
Increase in inventories and biological assets	4,939	10,709
(Decrease)/increase in trade and other payables	<u>(24,247)</u>	<u>815</u>
Cash from operations	21,033	55,282
Interest paid	(845)	(1,928)
Interest received	488	135
Income tax paid	<u>(5,618)</u>	<u>(5,717)</u>
<b>Net cash from operating activities</b>	<b><u>15,058</u></b>	<b><u>47,772</u></b>
<b>Cash flows from investing activities:</b>		
Purchase of property, plant and equipment	(10,516)	(14,305)
Proceeds from disposal of property, plant and equipment	140	654
Purchase of intangibles	(28)	(28)
Dividends received from joint venture	3,122	-
Net proceeds from disposal of disposal group classified as held for sale (Note A)	<u>111,489</u>	<u>-</u>
<b>Net cash from/(used in) investing activities</b>	<b><u>104,207</u></b>	<b><u>(13,679)</u></b>
<b>Cash flows from financing activities:</b>		
Dividends paid during the period	(34,516)	(23,010)
Dividends paid to non-controlling interests	-	(82)
Proceeds from borrowings	-	37
Repayment of borrowings	(4,864)	(29,434)
Repayment of lease liabilities	(1,711)	(4,852)
Proceeds from long-term loans from non-controlling interests	<u>-</u>	<u>124</u>
<b>Net cash used in financing activities</b>	<b><u>(41,091)</u></b>	<b><u>(57,217)</u></b>
Net increase/(decrease) in cash and cash equivalents	78,174	(23,124)
Cash and cash equivalents at beginning of period	130,488	120,107
Effect of exchange rate changes on cash and cash equivalents	<u>(3,396)</u>	<u>(591)</u>
Cash and cash equivalents at end of period (Note B)	<u><u>205,266</u></u>	<u><u>96,392</u></u>

**1(c) Statement of cash flows (cont'd)**

Note A : Analysis of the disposal of the disposal group classified as held for sale

	1st Half Year ended <u>30/06/2022</u> S\$'000
Biological assets	61,416
Inventories	37,656
Trade and other receivables	26,481
Cash and cash equivalents	41,783
Property, plant & equipment	128,721
Right-of-use assets	19,341
Pension assets	2,108
Deferred tax assets	12,640
Remeasurement loss	(24,035)
Trade and other payables	(62,137)
Short-term borrowings	(39,079)
Long-term borrowings	(16,961)
Lease liabilities	(13,904)
Deferred tax liabilities	(22,148)
Net assets disposed	<u>151,882</u>
Loss on disposal, gross	(3,861)
Reclassification of reserves	7,729
Cash consideration	<u>155,750</u>
Cash and cash equivalents of disposal group	(41,783)
Associated costs incurred for the disposal	(2,478)
Net cash inflow on disposal of disposal group held for sale	<u><u>111,489</u></u>

Note B : Cash and cash equivalents

For the purpose of the statement of cash flow, the consolidated cash and cash equivalents at end of period comprised of the following:

	<b>Group</b>	
	<u>30/06/2022</u>	<u>30/06/2021</u>
	\$'000	\$'000
Cash and cash equivalents		
- Continuing operations	205,266	72,390
- Discontinued operations	-	24,002
	<u><u>205,266</u></u>	<u><u>96,392</u></u>

**1(d)(i) A statement for the company and group showing all changes in equity, together with a comparative statement for the corresponding period of the immediately preceding financial year:-**

**Statement of Changes in Equity**

(In Singapore Dollars)

Group	Share capital	Capital reserve	Revenue reserve	Foreign currency translation reserve	Reserve of disposal group classified as held for sale #	Non-controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 January 2022</b>	277,043	(1,511)	267,662	(3,360)	(9,280)	1,774	532,328
<b>Total comprehensive income for the period</b>							
Net profit for the period	-	-	8,185	-	-	171	8,356
<u>Other comprehensive income</u>							
Currency translation arising on consolidation	-	-	-	(8,729)	-	(105)	(8,834)
Share of other comprehensive income of joint venture	-	-	-	(1,856)	-	-	(1,856)
Other comprehensive income for the period, net of tax	-	-	-	(10,585)	-	(105)	(10,690)
<b>Total comprehensive income for the period</b>	-	-	8,185	(10,585)	-	66	(2,334)
<b>Transactions with owners in their capacity as owners</b>							
<u>Contributions by and distributions to owners</u>							
Dividends	-	-	(34,516)	-	-	-	(34,516)
Total contributions by and distributions to owners	-	-	(34,516)	-	-	-	(34,516)
<u>Change in ownership interest in subsidiaries</u>							
Disposal of subsidiaries	-	-	(1,551)	-	9,280	-	7,729
Total change in ownership interests in subsidiaries	-	-	(1,551)	-	9,280	-	7,729
<b>Total transactions with owners in their capacity as owners</b>	-	-	(36,067)	-	9,280	-	(26,787)
<b>Balance at 30 June 2022</b>	<b>277,043</b>	<b>(1,511)</b>	<b>239,780</b>	<b>(13,945)</b>	<b>-</b>	<b>1,840</b>	<b>503,207</b>
<b>Balance at 1 January 2021</b>	277,043	(1,511)	243,526	2,296	(5,044)	609	516,919
<b>Total comprehensive income for the period</b>							
Net profit for the period	-	-	27,476	-	-	389	27,865
<u>Other comprehensive income</u>							
Currency translation arising on consolidation	-	-	-	(1,755)	(1,121)	(45)	(2,921)
Actuarial (loss)/gain on defined benefit plans	-	-	(126)	-	-	6	(120)
Share of other comprehensive income of joint venture	-	-	-	(1,194)	-	-	(1,194)
Other comprehensive income for the period, net of tax	-	-	(126)	(2,949)	(1,121)	(39)	(4,235)
<b>Total comprehensive income for the period</b>	-	-	27,350	(2,949)	(1,121)	350	23,630
<b>Transactions with owners in their capacity as owners</b>							
<u>Contributions by and distributions to owners</u>							
Transfer to other payables	-	-	-	-	-	(479)	(479)
Dividends	-	-	(23,092)	-	-	-	(23,092)
<b>Total transactions with owners in their capacity as owners</b>	-	-	(23,092)	-	-	(479)	(23,571)
<b>Balance at 30 June 2021</b>	<b>277,043</b>	<b>(1,511)</b>	<b>247,784</b>	<b>(653)</b>	<b>(6,165)</b>	<b>480</b>	<b>516,978</b>

# See page 12, Note 1(e)(H)



**1(d)(i)**

<b>Company</b>	Share capital \$'000	Revenue reserve \$'000	Total equity \$'000
<b>Balance at 1 January 2022</b>	277,043	92,786	369,829
<i>Net profit for the period</i>	-	2,940	2,940
<u>Contributions by and distributions to owners</u>			
Dividends	-	(34,516)	(34,516)
<b>Total transactions with owners in their capacity as owners</b>	-	(34,516)	(34,516)
<b>Balance at 30 June 2022</b>	<u>277,043</u>	<u>61,210</u>	<u>338,253</u>
<b>Balance at 1 January 2021</b>	277,043	38,794	315,837
<i>Net profit for the period</i>	-	3,932	3,932
<u>Contributions by and distributions to owners</u>			
Dividends	-	(23,010)	(23,010)
<b>Total transactions with owners in their capacity as owners</b>	-	(23,010)	(23,010)
<b>Balance at 30 June 2021</b>	<u>277,043</u>	<u>19,716</u>	<u>296,759</u>

**1(d)(ii) Details of any changes in the company's issued share capital.**

Since 31 December 2021 up to 30 June 2022, there has been no change to the issued and paid-up share capital of the Company.

**1(d)(iii) Total number of issued shares excluding treasury shares.**

	<u>As at</u> <u>30/06/2022</u>	<u>As at</u> <u>31/12/2021</u>
Total number of issued shares (excluding treasury shares)	575,268,440	575,268,440

No treasury shares are held by the Company during the period under review.

**1(d)(iv) Statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There was no sale, transfer, cancellation and/or use of treasury shares of Company during the period under review.

**1(d)(v) Statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

The Company did not have any subsidiary holdings as at 30 June 2022.

There was no sale, transfer, cancellation and/or use of subsidiary holdings during the period under review.

## 1(e) Selected Notes to the Interim Financial Statements

For the half year ended 30 June 2022

### A. CORPORATE INFORMATION

QAF Limited (the "Company") is a public limited liability company incorporated and domiciled in Singapore. The registered address and principal place of business of the Company is 150 South Bridge Road, #09-03 Fook Hai Building, Singapore 058727.

The principal activities of the Company are those of an investment holding and management company. The principal activities of the Group consist of the manufacture and distribution of bread, bakery and confectionery products; provision for warehousing logistics for food items; trading and distribution of food and beverages and investment holding.

### B. BASIS OF PREPARATION

The condensed interim financial statements for the six months ended 30 June 2022 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 December 2021.

### C. 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 and estimates 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 December 2021.

### D. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2022 and 31 December 2021:

	<b>Group</b>	
	30/06/2022	31/12/2021
	S\$'000	S\$'000
<b><i>Loans and receivables</i></b>		
Trade receivables	71,488	79,448
Other receivables	5,368	13,285
Cash and cash equivalents	205,266	88,705
	<u>282,122</u>	<u>181,438</u>
<b><i>Financial liabilities measured at amortised cost</i></b>		
Trade payables	43,273	61,695
Other payables	41,391	52,469
Short-term borrowings	1,914	2,943
Long-term borrowings	24,143	30,095
	<u>110,721</u>	<u>147,202</u>

**1(e) Selected Notes to the Interim Financial Statements (cont'd)**  
*For the half year ended 30 June 2022 (cont'd)*

**E. INCOME TAX EXPENSE**

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated income statement are:

	1st Half Year ended	
	<u>30/06/2022</u>	<u>30/06/2021</u>
	S\$'000	S\$'000
Current income tax expense	(3,638)	(3,554)
Deferred tax relating to origination and reversal of temporary differences	196	552
	<u>(3,442)</u>	<u>(3,002)</u>

*Note: The above relates only to the continuing operations.*

**F. PROPERTY, PLANT AND EQUIPMENT**

During the six months ended 30 June 2022, the Group acquired assets amounting to \$10,570,000 (30 June 2021: 9,181,000) and disposed of assets amounting to \$33,000 (30 June 2021: \$468,000). Capital commitments not provided for in the financial statements amounted to \$36,084,000 as at 30 June 2022.

*Note: The above relates only to the continuing operations.*

**G. INTANGIBLE ASSETS**

	Group			
	Trademark	Intellectual property	Software	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Cost:				
At 1.1.2021	2,750	147	55	2,952
Additions	-	-	28	28
Currency realignment	-	(6)	-	(6)
At 31.12.2021 and 1.1.2022	<u>2,750</u>	<u>141</u>	<u>83</u>	<u>2,974</u>
Additions	-	-	28	28
Currency realignment	-	(4)	-	(4)
At 30.06.2022	<u>2,750</u>	<u>137</u>	<u>111</u>	<u>2,998</u>
Accumulated amortisation and impairment loss:				
At 1.1.2021	2,750	44	-	2,794
Amortisation for the year	-	15	-	15
Currency realignment	-	(3)	-	(3)
At 31.12.2021 and 1.1.2022	<u>2,750</u>	<u>56</u>	<u>-</u>	<u>2,806</u>
Amortisation for the year	-	7	-	7
Currency realignment	-	(1)	-	(1)
At 30.06.2022	<u>2,750</u>	<u>62</u>	<u>-</u>	<u>2,812</u>
Net carrying amount:				
At 30.06.2022	<u>-</u>	<u>75</u>	<u>111</u>	<u>186</u>
At 31.12.2021	<u>-</u>	<u>85</u>	<u>83</u>	<u>168</u>

Trademark and intellectual property with finite lives are amortised on a straight-line basis over their useful lives of 20 and 10 years respectively.

Software with finite life will commence amortisation on a straight-line basis over its useful life of 5 years once it is available for use.

**1(e) Selected Notes to the Interim Financial Statements (cont'd)**  
*For the half year ended 30 June 2022 (cont'd)*

**H. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE**

The assets and liabilities related to Primary Production business have been presented in the balance sheet as “Assets belonging to disposal group classified as held for sale” and “Liabilities belonging to disposal group classified as held for sale”, and its results are presented separately in profit or loss as “Profit after tax from discontinuing operations”. The disposal was completed on 4 January 2022.

***Balance sheet disclosures***

The major classes of assets and liabilities of the disposal group classified as held for sale are as follows:

	31/12/2021 S\$'000
Assets:	
Biological assets	61,416
Inventories	37,656
Trade and other receivables	26,481
Cash and cash equivalents	41,783
Property, plant and equipment	128,721
Right-of-use assets	19,341
Pension assets	2,108
Deferred tax assets	12,640
Remeasurement loss	(24,035)
Assets belonging to disposal group classified as held for sale	306,111
Liabilities:	
Trade and other payables	62,137
Short-term borrowings	39,079
Long-term borrowings	16,961
Lease liabilities	13,904
Deferred tax liabilities	22,148
Liabilities belonging to disposal group classified as held for sale	154,229
Net assets belonging to disposal group classified as held for sale	151,882
Reserves:	
Revaluation reserve	244
Capital reserve	(1,795)
Foreign currency translation reserve	(7,729)
	(9,280)

As at 31 December 2021, inventories and property, plant and equipment belonging to the disposal group, with net carrying amounts of \$32,834,000, were mortgaged/pledged to the financial institutions to secure credit facilities.

**1(e) Selected Notes to the Interim Financial Statements (cont'd)**  
*For the half year ended 30 June 2022 (cont'd)*

**H. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (cont'd)**

***Income statement disclosures***

	1st Half Year ended	
	<u>30/06/2022</u>	<u>30/06/2021</u>
	S\$'000	S\$'000
Revenue	-	205,752
Less: Expenses	-	(186,683)
Profit from operating activities	-	19,069
Less: Finance costs	-	(889)
Add: Gain recognised on remeasurement to fair value less cost to sell	-	3,905
Less: Loss on disposal of disposal group classified as held for sale	(3,861)	-
Less: Associated costs incurred for the disposal	(2,478)	(996)
(Loss)/Profit before tax	(6,339)	21,089
Income tax expense	-	(1,144)
Net (loss)/profit after tax from discontinued operations	(6,339)	19,945

**I. DIVIDENDS**

	1st Half Year ended	
	<u>30/06/2022</u>	<u>30/06/2021</u>
	S\$'000	S\$'000
Ordinary dividends paid:		
Final tax-exempt (one-tier) dividend of 4 cents per share in respect of the financial year ended 31 December 2021	23,010	-
Special tax-exempt (one-tier) dividend of 2 cents per share in respect of the financial year ending 31 December 2022	11,506	-
Final tax-exempt (one-tier) dividend of 4 cents per share in respect of the financial year ended 31 December 2020	-	23,010
Share of a subsidiary's dividends paid to a non-controlling interest in respect of the financial year ended 31 December 2021	-	82
	<u>34,516</u>	<u>23,092</u>

**J. RELATED PARTY TRANSACTIONS**

The following significant transactions took place during the financial period on terms agreed by the parties concerned:

	1st Half Year ended	
	<u>30/06/2022</u>	<u>30/06/2021</u>
	S\$'000	S\$'000
Royalty income from joint venture	2,884	2,467
Purchase of goods from joint venture	1,743	1,117
Sale of goods to joint venture	15,433	35,593
Dividend income from joint venture	3,170	-
Purchase of goods from a company in which Mr Andree Halim and immediate family member of Ms Rachel Liem Yuan Fang have an interest	1,450	605
Sale of goods to a company in which Mr Andree Halim and immediate family member of Ms Rachel Liem Yuan Fang have an interest	2,141	945

**1(e) Selected Notes to the Interim Financial Statements (cont'd)**  
*For the half year ended 30 June 2022 (cont'd)*

**K. FAIR VALUE OF ASSETS AND LIABILITIES**

The Group does not have any financial instruments carried at fair value.

**L. SUBSEQUENT EVENTS**

There are no known subsequent events which led to adjustments to this set of interim financial statements.

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

The figures have not been audited or reviewed.

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

N.A.

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

The Group has applied the same accounting policies and methods of computation as in the Group's audited financial statements for the previous year ended 31 December 2021. However, the Group adopted new or amended Singapore Financial Reporting Standards (International) ("SFRS(I)") that are mandatory for financial years beginning on or after 1 January 2022. The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

**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.**

N.A.

**6. Earnings per ordinary share ("EPS") of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year:**

	1st Half Year ended	
	<u>30/06/2022</u>	<u>30/06/2021</u>
Basic and Diluted EPS	1.4 cents	4.8 cents
- continuing operations	2.5 cents	1.4 cents
- discontinued operations	(1.1) cents	3.4 cents

Number of shares used for the calculation of Basic and Diluted EPS:

Weighted average number of ordinary shares in issue	575,268,440	575,268,440
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7. **Net asset value for the company and group per ordinary share based on the total number of issued shares excluding treasury shares of the company at the end of the period reported on and immediately preceding financial year:**

	As at <u>30/06/2022</u>	As at <u>31/12/2021</u>
Group	87.2 cents	92.2 cents
QAF Limited	58.8 cents	64.3 cents
Number of shares used for the calculation of Net asset value:	575,268,440	575,268,440

Group net assets value per share dropped from 92.2 cents as at 31 December 2021 to 87.2 cents as at 30 June 2022 mainly due to dividends declared and paid during the period (See page 13, Note 1(e)(I)).

8. **Review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

#### **INCOME STATEMENT**

*Note: Any discrepancies in percentages included in Section 8 between the amounts shown and the corresponding percentage are due to rounding. Accordingly, figures shown as percentages in Section 8 may not be derived directly from such amounts shown.*

#### **1H 2022 vs 1H 2021**

##### Continuing operations

	Revenue <sup>^</sup>			EBITDA before exceptional items			EBITDA margin	
	1H 2022 \$'million	1H 2021 \$'million	+ / (-) %	1H 2022 \$'million	1H 2021 \$'million	+ / (-) %	2022 %	2021 %
<b>Segment</b>								
Bakery	195.8	205.0	(4)	22.1	29.0	(24)	11	14
Royalty income from joint venture	3.2	2.8	14	3.2	2.8	14		
Share of profits of joint venture	-	-	-	3.8	0.8	375		
Bakery and joint venture contribution	199.0	207.8	(4)	29.1	32.6	(11)		
Distribution & Warehousing	71.6	61.2	17	3.2	3.6	(11)	4	6
Others * (including head office financials)	(0.1)	(0.4)	(75)	(8.7)	(6.2)	40		
	<u>270.5</u>	<u>268.6</u>	<u>1</u>	<u>23.6</u>	<u>30.0</u>	<u>(21)</u>	<u>9</u>	<u>11</u>

\* Exclude share of profits and royalty income from joint venture Gardenia Bakeries (KL) Sdn Bhd ("GBKL"). Includes non-cash net foreign exchange translation loss of \$3.0 million in 1H 2022 and \$0.6 million in 1H 2021 recorded at head office.

<sup>^</sup> GBKL's revenue is not consolidated as it is accounted for as a joint venture. GBKL's revenue increased 16% or \$26.6 million to \$194.2 million in 1H 2022 from \$167.6 million in 1H 2021

Group revenue increased by 1% to \$270.5 million for the first half year ended 30 June 2022 ("1H 2022") from \$268.6 million for the first half year ended 30 June 2021 ("1H 2021"). Group earnings before interest, tax, depreciation and amortisation ("EBITDA") before exceptional items reduced by 21% to \$23.6 million for 1H 2022 from \$30.0 million for 1H 2021. The decrease in performance of 1H 2022 as compared with 1H 2021 was largely due to higher raw materials and energy costs in 1H 2022, especially the increase in flour prices and utilities. The shutdown of certain production lines arising from the severe flooding in December 2021 in Peninsular Malaysia, higher non-cash net foreign currency translation loss and distribution and transportation expense also adversely affected the Group EBITDA before exceptional items in 1H 2022.

## 8. Review of the performance of the group (cont'd)

### INCOME STATEMENT (cont'd)

#### 1H 2022 vs 1H 2021 (cont'd)

##### Continuing operations (cont'd)

The Group's Bakery segment sales reduced by 4% (1% in constant currency terms) to \$195.8 million for 1H 2022. Gardenia Malaysia (excluding GBKL) sales were affected by the shutdown of certain production lines arising from the severe flooding in December 2021 in Peninsular Malaysia. However, if the effects of the production lines shutdown are excluded, the Group's Bakery segment would have achieved an overall increase in sales. Higher costs of raw materials, distribution and transportation expense and utilities posed a significant pressure on the segment. These costs increase reduced the Group Bakery segment EBITDA by 24%, from \$29.0 million for 1H 2021 to \$22.1 million for 1H 2022.

For 1H 2022, Distribution & Warehousing segment achieved increase in revenue by 17% or \$10.4 million to \$71.6 million, up from \$61.2 million for 1H 2021, mainly contributed by higher sales to food services and export sales, partly offset by lower sales to retail supermarkets. EBITDA for 1H 2022 decreased to \$3.2 million as compared with \$3.6 million for 1H 2021 due mainly to higher distribution and warehousing costs and advertising and promotion activities for 1H 2022.

Other income including interest income and government grants reduced by 45% or \$1.0 million from \$2.2 million in 1H 2021 to \$1.2 million in 1H 2022 mainly due to the receipt of government pandemic-related grants of \$1.2 million in 1H 2021 in connection with the Covid-19 pandemic; whereas there were no such grants in 1H 2022.

The Group's costs of raw materials increased by 7% or \$9.6 million from \$138.8 million in 1H 2021 to \$148.4 million in 1H 2022, mainly due to higher raw materials (particularly flour) costs.

Amortisation and depreciation decreased 19% or \$3.4 million from \$18.1 million in 1H 2021 to \$14.7 million in 1H 2022 due to lower depreciation charges by the Malaysian bakery factory, following the impairment of its property, plant and equipment that were affected by the flood in December 2021, as well as a one-off adjustment made in 1H 2021 to revise the useful life of certain property, plant and equipment.

Repairs and maintenance decreased 23% from \$7.5 million in 1H 2021 to \$5.8 million in 1H 2022 due to fewer infrastructure and facilities improvements implemented by Bakery segment. Utilities increased 15% from \$8.1 million in 1H 2021 to \$9.2 million in 1H 2022 while distribution and transportation expense increased by 21% or \$1.2 million from \$5.6 million in 1H 2021 to \$6.8 million in 1H 2022 due mainly to an increase in electricity, gas and fuel prices.

Other operating expenses increased by 12% or \$3.2 million to \$29.8 million in 1H 2022 from \$26.6 million in 1H 2021 mainly due to higher non-cash net foreign currency translation loss. The Group recorded a non-cash net foreign currency translation loss of \$3.0 million in 1H 2022 as compared with \$0.6 million in 1H 2021 as the Australian Dollar had depreciated vis a vis the Singapore Dollar. The 1H 2022 foreign currency translation loss of \$3.0 million comprised of unrealised loss of \$4.0 million, offset by \$1.0 million realised gain.

Group finance costs (interest expense) decreased by 20% or \$0.2 million to \$0.8 million in 1H 2022 from \$1.0 million in 1H 2021 due mainly to lower borrowings.

Exceptional items relate to insurance claims received in relation to the Malaysian bakery factory affected by flood in December 2021 as announced on 20 July 2022.



## 8. Review of the performance of the group (cont'd)

### **INCOME STATEMENT (cont'd)**

#### **1H 2022 vs 1H 2021 (cont'd)**

##### Continuing operations (cont'd)

The Group's share of profits of joint venture increased by 359% or \$3.0 million to \$3.8 million in 1H 2022 from \$0.8 million in 1H 2021. GBKL's sales, which are not included in the Group's revenue, increased 16% or \$26.6 million to \$194.2 million in 1H 2022 from \$167.6 million in 1H 2021. The increase in sales was due mainly to the low base in 1H 2021 as GBKL was impacted by the severe lockdown measures imposed by the Malaysian government in response to the Covid-19 pandemic which were not imposed in 1H 2022. Including the royalty income from GBKL, the contribution to the Group increased by 94% from \$3.6 million for 1H 2021 to \$7.0 million for 1H 2022.

Group profit before tax ("PBT") from continuing operations increased by 66% or \$7.2 million from \$10.9 million for 1H 2021 to \$18.1 million for 1H 2022. Excluding the exceptional items, Group PBT would have decreased by 22% to \$8.5 million for 1H 2022. Group PBT margin (excluding the exceptional items) reduced from 4.1% for 1H 2021 to 3.2% for 1H 2022. Group income tax expense increased by 15% or \$0.4 million to \$3.4 million for 1H 2022 as compared with \$3.0 million for 1H 2021 in line with the higher PBT.

As a result, Group profit after tax ("PAT") from continuing operations increased by \$6.8 million or 86% to \$14.7 million for 1H 2022 as compared with \$7.9 million for 1H 2021. PAT margin increased from 2.9% in 1H 2021 to 5.4% in 1H 2022. Group profit attributable to owners of the parent ("PATMI") from continuing operations increased by 81% to \$14.5 million for 1H 2022 as compared with \$8.0 million for 1H 2021.

##### Discontinued operations

With the completion of the disposal of the Primary Production business on 4 January 2022, the Group recognised a loss on disposal, net of associated costs incurred for the disposal, of \$6.3 million for 1H 2022.

### **STATEMENT OF FINANCIAL POSITION**

Inventories declined by 12% from \$50.9 million as at end of financial year 2021 ("FY 2021") to \$45.0 million as at end of 1H 2022 due mainly to reduction of inventory holdings in the Distribution & Warehousing business segment, as these inventories were sold due to festive season demands in the first quarter of financial year 2022 ("FY 2022").

Trade receivables decreased by 10% from \$79.4 million as at end of FY 2021 to \$71.5 million as at end of 1H 2022 mainly due to effects of shutdown of certain production lines by the Malaysian bakery affected by the flood in December 2021.

Other receivables decreased by 25% or \$6.8 million from \$27.2 million as at end of FY 2021 to \$20.4 million as at end of 1H 2022, largely due to receipt of trust monies receivable of \$8.6 million in relation to the disposal of the Primary Production business, offset by prepayment of insurance premia.

Cash and cash equivalents for the Group increased by \$116.6 million from \$88.7 million as at end of FY 2021 to \$205.3 million as at end of 1H 2022, resulting mainly from receipt of sales proceeds of \$155.7 million from the disposal of Primary Production business and positive cash from operating activities of \$15.1 million, offset by dividend payment of \$34.5 million, capital expenditure of \$10.5 million and repayment of borrowings and lease liabilities of \$6.6 million. At Company level, cash position increased from \$38.4 million to \$160.5 million after the receipt of cash proceeds from sale of Primary Production, offset by dividend payments made in February and May 2022. As at end of 1H 2022, the Company had \$144.6 million (A\$151.1 million) of cash and cash equivalents denominated in Australian Dollar.

## 8. Review of the performance of the group (cont'd)

### **STATEMENT OF FINANCIAL POSITION (cont'd)**

With the disposal of Primary Production business, assets and liabilities belonging to the disposal group classified as held for sale were derecognised.

Trade payables reduced by \$18.4 million from \$61.7 million as at end of FY 2021 to \$43.3 million as at end of 1H 2022, due to lower inventory holdings and effects of shutdown of certain production lines of the Malaysian bakery affected by the flood in December 2021.

Other payables (current) decreased 22% to \$43.2 million as at end of 1H 2022 due mainly to discharge of corresponding payables recognised in relation to trust monies receivable of \$8.6 million upon completion of the disposal of the Primary Production business.

Total short-term and long-term borrowings decreased by 21% from \$33.0 million as at end of FY 2021 to \$26.1 million as at end of 1H 2022 due to repayment of loans. Including lease liabilities, the Group's gearing ratio is 0.10 times as at 30 June 2022 compared to 0.11 times as at 31 December 2021. However, as the Group's cash of \$205.3 million is higher than its debt of \$48.2 million, the Group is in a net cash position. Net cash position increased from \$31.8 million as at end of FY 2021 to \$157.1 million as at end of 1H 2022.

Income tax payable reduced by \$1.0 million from \$3.2 million as at end of FY 2021 to \$2.2 million as at end of 1H 2022, due mainly to payments made, partly offset by additional tax provision made during the period.

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

Please refer to the Company's profit guidance announcement dated 20 July 2022. In line with such announcement, the Group has reported a significant improvement of 66% and 86%, respectively, in its profit before tax and profit after tax and after exceptional items, from continuing operations, for 1H 2022 compared to 1H 2021. The significant improvement is attributable to an exceptional item relating to the receipt of approximately S\$9.6 million (equivalent to RM30 million), being the first interim insurance payment under the Group's insurance policy covering damage to its property, plant and equipment in connection with the severe flooding at one of the Group's Malaysian factories. Please refer to pages 3 and 16 of this announcement.

## 10. A commentary at the date of 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.

### **Global Economic Environment**

Based on advance estimates by the Ministry of Trade and Industry, the Singapore economy grew by 4% in 1Q 2022 and 4.8% in 2Q 2022 on a year-on-year basis. In the Philippines, GDP for 1Q 2022 posted real growth of 8.3% year-on-year and 1.9% quarter-on-quarter on a seasonally-adjusted basis. The Malaysian economy registered a 5.0% growth year-on-year and 3.9% quarter-on-quarter in 1Q 2022, supported by improving domestic demand with the easing of lockdown measures and the recovery in employment. Australia's 1Q 2022 GDP rose 3.3% year-on-year and 0.8% over 4Q 2021. In general, the economies of our core markets set out above have improved compared with 1H 2021.

On the other hand, current global inflation is high, driven by a combination of factors including COVID-related disruptions to supply chains, the war in Ukraine, and increase in interest rates particularly the US Federal Reserve interest rate. Singapore's overall headline inflation reached 6.7% in June 2022, from 4% in December 2021. The Philippines' annual headline inflation rose from 3% in December 2021 to 6.1% in June 2022. In July, the highest recorded inflation since October 2018 was reached at 6.4%. Although Malaysia's overall inflation of 3.4% in June 2022 was slightly higher than the 3.2% in December 2021, food inflation has been increasing and reached 5.4% in June 2022. Australia's CPI inflation increased to 6.1% for 2Q 2022, the highest level since 2009.

In response to high inflationary pressures, the United States Federal Reserve has been raising its overnight target lending from 0.25% at the beginning of the year to 2.25-2.5% in July 2022. The Philippine central bank raised its benchmark interest rate three times this year from 2% in May to 3.25% in July while Bank Negara Malaysia raised its interest rates twice from 1.75% to 2.25%. The Reserve Bank of Australia has been raising its interest rates from 0.1% in May 2022 to 1.85% in August 2022.

**10. A commentary at the date of announcement of the significant trends and competitive conditions of the industry (cont'd)**

**Global Economic Environment (cont'd)**

The overall economic growth has resulted in declining unemployment rates in the four key markets in which the Group operates. In particular, Malaysia, Singapore and Australia are facing shortages of labour, though the situation in Singapore is expected to improve going forward. Together with rising inflation, there will be added pressure for wage increases by our operating entities. Increase in raw materials, utilities, and transportation and distribution costs have a direct impact on the Group's margins and financial performance. We have stated in our 1H 2021 announcement that we do not, as a policy, hedge the risks of future increase in commodity prices. Financial hedging can be costly and there are also risks of price moving in a different direction which may result in losses. In addition, we recognise that raw materials cost is an issue that affects the entire industry and our strategy is to focus on improving our competitive advantage.

**Impact on our Performance**

Our 1H 2022 financial performance has been impacted by significant inflationary pressures. We started the year with increased costs of raw materials, utilities, and transportation and distribution caused by the supply chain disruptions from the continuing pandemic situation. This was exacerbated by the outbreak of war in Ukraine in February. Rising US interest rates have strengthened the US\$ relative to other currencies and this has a direct impact on US\$-denominated commodities, especially for oil and gas and wheat which have implications on our costs. Year to date till 31 July 2022, the SGD has dropped approximately 2%, PHP 10%, MYR 6% and AUD 4% relative to the US\$.

1H 2022 Profit before tax from continuing operations before exceptional items was \$2.4 million lower than 1H 2021, mainly attributable to unrealised foreign exchange loss of \$4 million offset by realised foreign exchange gain of \$1 million. However, including the exceptional items of \$9.6 million interim insurance payout, Profit before and after tax from continuing operations were \$6.8 million higher.

**Outlook**

Owing to rising global interest rates and expectation of further increase of such rates, business and consumer sentiments have begun to ease, leading to reduced demand for commodities. On the supply side, Russia and Ukraine signed separate agreements with Turkey and the UN in July 2022 to allow the shipment of grain in the Black Sea from Russia and Ukraine. This should alleviate the tight global supply in the near term, with the first shipment having left Ukraine on 1 August. However, uncertainties still remain as Russia has warned that the agreement may fail should economic sanctions impeding Russian exports are not eased. Commodity prices have started to trade below their peak prices from June onwards. As at 31 July 2022, oil and gas prices have declined by about 20% and 15% respectively, with oil price at about US\$103 (Brent), 9% higher than the level before the war in Ukraine broke out. Wheat prices were near December 2021 levels, having declined by about 35% since its peak in May. However, the global price of oil is still at a level higher than that at the beginning of 2022 and for wheat it is slightly higher than prices prevailing at the beginning of 2022. Owing to the current macroeconomic and geopolitical volatility, and adverse weather particularly in the United States (the fourth largest wheat exporter) there is some degree of uncertainty as to the future direction of the price of oil and gas, wheat and other relevant commodities. It is uncertain whether and to what degree, the continuing war in Ukraine will affect the planting of wheat for the next harvest in Ukraine. Inflationary pressures may also increase the costs to process wheat to flour. Therefore, any decrease in our costs of flour may be more measured in comparison to any fall in wheat prices. In addition, any significant drop in commodity prices on our performance will not be felt until much later owing to the time lag between such a drop and the impact on our flour price, for example our supply of flour is typically secured on a pre-commitment basis. Accordingly, we expect that such impact, if at all, will only be felt after FY2022. To mitigate the impact of rising costs, the Group has implemented and will continue to implement strategic adjustments to product mix, costs especially discretionary costs and pricing.

**10. A commentary at the date of announcement of the significant trends and competitive conditions of the industry (cont'd)**

**Outlook (cont'd)**

Although we are a major player in the consumer staples sector which is relatively resilient in terms of demand, the current macroeconomic and geopolitical volatility, and the ongoing pandemic situation with new variants and sub-variants, have given rise to significant risks that may continue to affect our performance. In particular, the Group will face increasing financing costs, continuing inflationary pressures on our costs and risks of dampening of business and consumer sentiments amidst talks of recession and stagflation. The pandemic poses continuing challenges to our operations, in particular if there is a resurgence of Covid cases. The relative strengthening of SGD vis-à-vis the MYR, PHP and AUD may adversely affect our reported earnings from our core markets in Malaysia, the Philippines and Australia. In addition, as we hold significant AUD deposits of approximately A\$151.1 million as at 30 June 2022 following the completion of the sale of the primary production business, any depreciation in AUD against SGD will result in unrealised currency translation loss. We do not have a policy of hedging our foreign currency exposure as financial hedging can be costly and there are also risks of price moving in a different direction which may result in realised losses. As a natural hedge to mitigate foreign currency volatility and to instill financial discipline, we do have a policy of encouraging our foreign units to borrow in local currency to fund their needs without recourse to QAF. In addition, the AUD deposits are interest generating, which is rising. For 1H 2022, interest income was about \$488,000 as compared with \$78,000 in 1H 2021.

In the current volatile environment, it is challenging to comment on the trend for 2H 2022, although typically, the 2H operating performance would be better than the 1H operating performance. Accordingly, barring unforeseen circumstances, we expect operating performance of the Group before exceptional items for 2H 2022 to be better than that of 1H 2022. As announced on 20 July 2022, we have received the second interim insurance payout of \$6.3 million to cover flood damage at one of our Malaysian factories, which will be recorded as an exceptional item in our financial results for 2H 2022. The entire amount recovered under the insurance for property damage will be used to fund a substantial part of the costs of reinstating the damaged production lines at that Malaysian factory.

The Group's balance sheet remains strong with a net cash position of \$157 million and this will enable the Group to withstand unexpected financial stress that may arise in these unprecedented challenging times and to take advantage of investment opportunities in the food industry. The Board has decided to declare an interim dividend of \$0.01 per share for FY2022.

We are continuing to pursue organic growth as well as to grow and expand our existing core business. Currently, we are focusing on expanding our distribution business, for example we intend to set up a new trading office to focus on distribution of products between Australia/New Zealand and Asia. The current adverse economic situation has also given rise to investment opportunities in the food industry for our Group, which we are exploring. We are also evaluating investment in the production and distribution of products with longer shelf-life, such as frozen parbaked bakery products, and non-bakery products.

To enhance the Group's talent bench strength, we have recently engaged new senior management, including an additional Independent Director and consultants with deep knowledge and experience in the food industry. Dr Lian Hwee Peng Rebecca, who joined our Board of Directors on 1 May 2022, is a veteran in the food industry with extensive experience with major food groups such as Nestle, where she served for close to 34 years holding various leadership positions in Nestle Operations and as Head of Manufacturing China as well as Head of R&D Centre of Nestle China. Mr John Miller, who is one of our recently appointed consultants, has more than 36 years of experience and assumed key roles in the corporate and management function. His experience spans three major multi-national food and consumer goods groups: Nestle, Danone and Unilever. During his 12 years with Nestle he held various senior roles for Philippines, Indochina, Singapore and Africa.

**11. Dividends**

**(a) Current financial period reported on**

Name of dividend	Interim
Dividend type	Cash
Dividend rate	\$0.01 per ordinary share
Tax rate	Exempt 1 tier

**(b) Previous corresponding period**

Name of dividend	Interim
Dividend type	Cash
Dividend rate	\$0.01 per ordinary share
Tax rate	Exempt 1 tier

**(c) Date payable**

To be announced later

**(d) Book closing date**

To be announced later

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

N.A.

**13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

<b>Name of Interested Person</b>	<b>Nature of Relationship</b>	<b>Aggregate value of all interested person transactions conducted under Shareholders' Mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than \$100,000) (S\$'000)</b>
Salim Group - Sale of unsold and returned bread	See Note <sup>(1)</sup>	501
Austral Dairy Group Sdn. Bhd. - Sale of products (cheese)	Entity in which Mr Andree Halim and immediate family member of Ms Rachel Liem Yuan Fang has an interest	2,141
Salim Group - Purchase of raw materials including flour	See Note <sup>(1)</sup>	10,584
Austral Dairy Group Sdn. Bhd. - Purchase of finished products (processed cheese)	Entity in which Mr Andree Halim and immediate family member of Ms Rachel Liem Yuan Fang has an interest	1,450
	<b>TOTAL</b>	<b>14,676</b>

**Note:**

<sup>(1)</sup> Salim Group refers to Mr Anthoni Salim and the group of companies controlled by him or, if the context requires, Mr Anthoni Salim. Mr Anthoni Salim is an immediate family member of Mr Andree Halim.

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

**Segment Information**

(In Singapore Dollars)

	← Continuing operations →			Discontinued operations		Consolidated \$'000
	Bakery \$'000	Distribution & warehousing \$'000	Investments & others \$'000	Primary production \$'000	Adjustments & eliminations \$'000	
<b>Revenue and expenses 1H 2022</b>						
Revenue from external customers	193,273	70,880	3,221	-	-	267,374
Other revenue from external customers	2,346	193	71	-	-	2,610
Inter-segment revenue	174	548	8,061	-	(8,783)	-
	<u>195,793</u>	<u>71,621</u>	<u>11,353</u>	-	<u>(8,783)</u>	<u>269,984</u>
Unallocated revenue						488
Total revenue						<u>270,472</u>
Segment EBITDA	22,059	3,234	341	-	-	25,634
Amortisation and depreciation	(12,934)	(1,668)	(143)	-	-	(14,745)
Segment EBIT	<u>9,125</u>	<u>1,566</u>	<u>198</u>	-	-	<u>10,889</u>
Unallocated revenue						488
Unallocated expenses						(5,865)
Profit from operating activities						<u>5,512</u>
Finance costs						(818)
Exceptional items						9,609
Share of profits of joint venture	3,834	-	-	-	-	<u>3,834</u>
Profit before tax						<u>18,137</u>
Income tax expense						(3,442)
Profit after tax						<u>14,695</u>
<b>Timing of transfer of goods or services</b>						
At a point in time	195,607	68,784	99	-	-	264,490
Over time	125	2,261	3,596	-	-	5,982
	<u>195,732</u>	<u>71,045</u>	<u>3,695</u>	-	-	<u>270,472</u>
<b>Revenue and expenses 1H 2021</b>						
Revenue from external customers	201,785	60,119	2,804	203,089	(203,089)	264,708
Other revenue from external customers	3,056	589	191	2,606	(2,606)	3,836
Inter-segment revenue	123	536	7,492	-	(8,151)	-
	<u>204,964</u>	<u>61,244</u>	<u>10,487</u>	<u>205,695</u>	<u>(213,846)</u>	<u>268,544</u>
Unallocated revenue						78
Total revenue						<u>268,622</u>
Segment EBITDA	28,953	3,562	2,964	19,012	(19,012)	35,479
Amortisation and depreciation	(16,279)	(1,692)	(160)	-	-	(18,131)
Segment EBIT	<u>12,674</u>	<u>1,870</u>	<u>2,804</u>	<u>19,012</u>	<u>(19,012)</u>	<u>17,348</u>
Unallocated revenue						78
Unallocated expenses						(6,316)
Profit from operating activities						<u>11,110</u>
Finance costs						(1,024)
Share of profits of joint venture	836	-	-	-	-	<u>836</u>
Profit before tax						<u>10,922</u>
Income tax expense						(3,002)
Profit after tax						<u>7,920</u>
<b>Timing of transfer of goods or services</b>						
At a point in time	204,828	58,408	191	205,650	(205,650)	263,427
Over time	68	2,302	2,825	102	(102)	5,195
	<u>204,896</u>	<u>60,710</u>	<u>3,016</u>	<u>205,752</u>	<u>(205,752)</u>	<u>268,622</u>

14. **Segment Information (cont'd)**  
(In Singapore Dollars)

	← Continuing operations →			Discontinued operations	Consolidated \$'000
	Bakery \$'000	Distribution & warehousing \$'000	Investments & others \$'000	Primary production \$'000	
<b><u>Assets and liabilities 30 June 2022</u></b>					
Segment assets	325,411	75,941	167,691	-	569,043
Investment in joint venture and associate	73,830	-	-	-	73,830
<b>Total assets</b>	<b>399,241</b>	<b>75,941</b>	<b>167,691</b>	<b>-</b>	<b>642,873</b>
Deferred tax assets					4,147
Tax recoverable					6,965
<b>Total assets per consolidated statement of financial position</b>					<b>653,985</b>
Segment liabilities	83,042	27,505	6,965	-	117,512
Income tax payable					2,268
Deferred tax liabilities					4,941
Bank borrowings					26,057
<b>Total liabilities per consolidated statement of financial position</b>					<b>150,778</b>
<b><u>Assets and liabilities 31 December 2021</u></b>					
Segment assets	349,390	84,206	52,690	306,111	792,397
Investment in joint venture and associate	75,047	-	-	-	75,047
<b>Total assets</b>	<b>424,437</b>	<b>84,206</b>	<b>52,690</b>	<b>306,111</b>	<b>867,444</b>
Deferred tax assets					4,276
Tax recoverable					6,440
<b>Total assets per consolidated statement of financial position</b>					<b>878,160</b>
Segment liabilities	96,087	37,039	17,201	154,229	304,556
Income tax payable					3,236
Deferred tax liabilities					5,002
Bank borrowings					33,038
<b>Total liabilities per consolidated statement of financial position</b>					<b>345,832</b>
<b><u>Other segment information 1H 2022</u></b>					
Expenditure for non-current assets	8,102	2,171	325	-	10,598
Loss allowance for inventories charged and inventories written off, net	103	498	2	-	603
Loss allowance for receivables charged and bad debts written off, net	100	-	-	-	100
<b><u>Other segment information 1H 2021</u></b>					
Expenditure for non-current assets	8,569	599	41	4,976	14,185
Loss allowance for inventories charged/ (written-back) and inventories written off, net	113	107	-	-	220
Loss allowance for receivables charged and bad debts written off, net	756	(10)	-	-	746

**14. Segment Information (cont'd)**  
(In Singapore Dollars)

	<b>Revenue</b>		<b>Non-current assets</b>	
	30/06/2022	30/06/2021	30/06/2022	31/12/2021
	\$'000	\$'000	\$'000	\$'000
Philippines	126,428	112,378	86,353	96,918
Singapore	98,803	97,527	61,856	62,645
Malaysia	21,879	40,664	56,475	57,586
Australia	17,452	217,002	22,189	170,894
Other countries	5,910	6,803	-	-
Less: Disposal group classified as held for sale	-	(205,752)	-	(148,062)
	<u>270,472</u>	<u>268,622</u>	<u>226,873</u>	<u>239,981</u>

Non-current assets information presented above consist of property, plant and equipment, right-of-use assets and intangibles as presented in the consolidated statement of financial position.

**15. Negative confirmation pursuant to Rule 705(5) of the Listing Manual**

To the best of its knowledge, nothing has come to the attention of the Board of Directors which may render the Unaudited Financial Statements for the six months ended 30 June 2022 herein to be false or misleading in any material respect.

**16. Confirmation that the Issuer has procured undertakings from all its Directors and Executive Officers**

The Company confirms that it has procured undertakings from all its directors and executive officers pursuant to Rule 720(1) of the Listing Manual.

**BY ORDER OF THE BOARD**

Serene Yeo  
Company Secretary  
5 August 2022