

FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT::HALF YEARLY RESULTS

Issuer & Securities

Issuer/ Manager

QAF LIMITED

Securities

QAF LIMITED - SG1A49000759 - Q01

Stapled Security

No

Announcement Details

Announcement Title

Financial Statements and Related Announcement

Date & Time of Broadcast

08-Aug-2024 17:36:32

Status

New

Announcement Sub Title

Half Yearly Results

Announcement Reference

SG240808OTHRXU5B

Submitted By (Co./ Ind. Name)

Serene Yeo

Designation

Company Secretary

Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)

1H2024 Unaudited Results Announcement

Additional Details

For Financial Period Ended

30/06/2024

Attachments

[QAF 1H 2024 Unaudited Results Announcement 8.8.24.pdf](#)

Total size = 509K MB

First Half Unaudited Financial Statements for the Period Ended 30 June 2024

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 | | + / (-) % |
|---|-------------|-----------------------|-----------------------|--------------|
| | | 30/06/2024 S\$'000 | 30/06/2023 S\$'000 | |
| Revenue | | 309,228 | 301,625 | 3 |
| <u>Costs and expenses</u> | | | | |
| Costs of materials | | 162,728 | 164,033 | (1) |
| Staff costs | | 62,342 | 59,721 | 4 |
| Amortisation and depreciation | | 13,530 | 11,206 | 21 |
| Repairs and maintenance | | 6,598 | 6,326 | 4 |
| Utilities | | 10,066 | 10,295 | (2) |
| Advertising and promotion | | 3,678 | 4,457 | (17) |
| Other operating expenses | | 31,493 | 30,878 | 2 |
| Total costs and expenses | | 290,435 | 286,916 | 1 |
| Profit from operating activities | | 18,793 | 14,709 | 28 |
| Finance costs | | (1,097) | (1,099) | (0) |
| Share of losses of joint venture | 1(a)(ii)(b) | (862) | (10,000) | (91) |
| Exceptional items | 1(a)(ii)(c) | - | 7,485 | (100) |
| Profit before tax | | 16,834 | 11,095 | 52 |
| Income tax expense | 1(e)(E) | | | |
| - Current period | | (4,713) | (5,819) | (19) |
| - Over/(under) provision in prior periods | | 287 | (306) | n.m. |
| | | (4,426) | (6,125) | (28) |
| Profit after tax | | 12,408 | 4,970 | 150 |
| <u>Attributable to:</u> | | | | |
| Owners of the parent | | 12,481 | 4,905 | 154 |
| Non-controlling interests | | (73) | 65 | n.m. |
| | | 12,408 | 4,970 | 150 |

n.m. = not meaningful

1(a)(i) Statement of Comprehensive Income

| | Group | |
|--|---------------------|-------------------|
| | 1st Half Year ended | |
| | <u>30/06/2024</u> | <u>30/06/2023</u> |
| | S\$'000 | S\$'000 |
| Profit after tax | 12,408 | 4,970 |
| Other comprehensive income: | | |
| <i><u>Items that may be reclassified subsequently to profit or loss:</u></i> | | |
| - Currency translation arising on consolidation | (3,072) | (1,163) |
| - Share of other comprehensive income of joint venture | 126 | (2,748) |
| Other comprehensive income for the period, net of tax | (2,946) | (3,911) |
| Total comprehensive income for the period | <u>9,462</u> | <u>1,059</u> |
| <u>Total comprehensive income attributable to:</u> | | |
| Owners of the parent | 9,592 | 936 |
| Non-controlling interests | (130) | 123 |
| | <u>9,462</u> | <u>1,059</u> |

Notes to the Income Statement

Please see Section 8 for commentaries on the Income Statement.

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

| | Group | | |
|--|---------------------|-------------------|---------|
| | 1st Half Year ended | | |
| | <u>30/06/2024</u> | <u>30/06/2023</u> | + / (-) |
| | S\$'000 | S\$'000 | % |
| Other income including interest income (included in Revenue) | 4,158 | 3,470 | 20 |
| Interest income (included in Other income disclosed above) | 3,553 | 2,826 | 26 |
| <u>Other Operating Expenses which include the following:</u> | | | |
| Distribution and transportation expense | (8,046) | (6,804) | 18 |
| Operating lease expense | (7,972) | (7,728) | 3 |
| Professional fees | (929) | (966) | (4) |
| Allowance for inventories charged and inventories written off, net | (384) | (440) | (13) |
| Allowance for receivables charged and bad debts written off, net | (236) | (147) | 61 |
| Foreign currency translation loss | (57) | (2,169) | (97) |
| Gain/(loss) on disposal of property, plant and equipment | 142 | (116) | n.m. |

1(a)(ii)

(b) Share of losses of joint venture

Following the periodic assessment of the recoverable amount of the Group's investment in its joint venture, Gardena Bakeries (KL) Sdn Bhd ("GBKL"), the Group had recognised a non-cash impairment of \$1.2 million in the half year ended 30 June 2024 (\$9.2 million in half year ended 30 June 2023), as part of the Group's share of losses of joint venture.

The Group had reduced its shareholding in GBKL from 70% to 50% in April 2016 to comply with Malaysian regulatory conditions. GBKL accordingly ceased to be a subsidiary of the Group and became a 50/50 joint venture. Under the shareholders' agreement, the parties are to work towards a listing of GBKL by a specified date, currently 31 March 2028, and subject to the terms of the agreement, if such listing cannot be achieved by then and, amongst others, there is no acquisition by one shareholder of the GBKL shares of the other, GBKL shall be wound up and the shareholders' agreement shall terminate. The listing target date may however be extended by mutual agreement and as previously announced in July 2020, the parties had agreed to an extension of such date from April 2026 to the current March 2028 date.

In accordance with Singapore's Financial Reporting Standards, the Group was required to remeasure its remaining 50% investment in GBKL to its fair value as at 31 March 2016. An external valuer was appointed to perform this valuation. As a result, the Group recorded a net fair value uplift on identifiable assets of \$28.9 million and a goodwill of \$25.0 million arising from this valuation. SFRS(I) requires the Group to assess the recoverable amount of its investment in GBKL periodically. The Group has performed an assessment on the recoverable amount of its investment and determined that a non-cash write-down of approximately \$1.2 million as at 30 June 2024 is required. The accumulated impairment recognised in profit or loss to-date amounts to approximately \$15.7 million. The Group cannot rule out non-cash write-downs of its investment in future years subject to, amongst other things, trading performance, a future decision by the joint venture parties concerning the business beyond 31 March 2028, currency movements and interest rates.

(c) Exceptional Items

The Group "Exceptional Items" relate to interim insurance payments received in half year ended 30 June 2023 in connection with the severe flooding in Peninsular Malaysia which affected one of the Group's Malaysian factories in December 2021.

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 | |
|---|---------|-----------------------|-----------------------|-----------------------|-----------------------|
| | | 30/06/2024 S\$'000 | 31/12/2023 S\$'000 | 30/06/2024 S\$'000 | 31/12/2023 S\$'000 |
| <u>Current assets</u> | | | | | |
| Inventories | | 42,414 | 49,098 | - | - |
| Trade receivables | | 84,294 | 93,681 | - | - |
| Other receivables | | 22,669 | 16,966 | 42,411 | 41,292 |
| Tax recoverable | | 7,318 | 6,919 | - | - |
| Cash and cash equivalents | | 190,498 | 215,677 | 149,668 | 158,075 |
| Assets classified as held for sale | 1(e)(F) | 5,494 | 5,736 | - | - |
| | | <u>352,687</u> | <u>388,077</u> | <u>192,079</u> | <u>199,367</u> |
| <u>Non-current assets</u> | | | | | |
| Property, plant & equipment | 1(e)(G) | 206,899 | 213,206 | 3,193 | 3,269 |
| Right-of-use assets | | 18,286 | 17,156 | 196 | 281 |
| Investment in subsidiaries | | - | - | 103,536 | 102,532 |
| Advances to subsidiaries | | - | - | 134,407 | 137,897 |
| Investment in joint venture | | 43,017 | 46,605 | - | - |
| Intangibles | 1(e)(H) | 134 | 152 | 88 | 99 |
| Deferred tax assets | | 4,097 | 3,964 | - | - |
| | | <u>272,433</u> | <u>281,083</u> | <u>241,420</u> | <u>244,078</u> |
| Total assets | | 625,120 | 669,160 | 433,499 | 443,445 |
| <u>Current liabilities</u> | | | | | |
| Trade payables | | 43,713 | 56,299 | 155 | 41 |
| Other payables | | 45,601 | 55,153 | 113,900 | 115,093 |
| Short-term borrowings | | 10,938 | 17,556 | - | - |
| Long-term borrowings - current portion | | 5,781 | 6,030 | - | - |
| Lease liabilities - current portion | | 3,252 | 2,177 | 142 | 169 |
| Income tax payable | | 4,380 | 4,626 | 655 | 585 |
| | | <u>113,665</u> | <u>141,841</u> | <u>114,852</u> | <u>115,888</u> |
| <u>Non-current liabilities</u> | | | | | |
| Other payables | | 9,137 | 9,235 | 1,854 | 2,191 |
| Long-term borrowings | | 3,263 | 6,419 | - | - |
| Lease liabilities | | 16,826 | 16,741 | 65 | 122 |
| Deferred tax liabilities | | 6,865 | 6,442 | 901 | 958 |
| | | <u>36,091</u> | <u>38,837</u> | <u>2,820</u> | <u>3,271</u> |
| Total liabilities | | 149,756 | 180,678 | 117,672 | 119,159 |
| Net assets | | <u>475,364</u> | <u>488,482</u> | <u>315,827</u> | <u>324,286</u> |
| <u>Capital and reserves</u> | | | | | |
| Share capital | | 277,043 | 277,043 | 277,043 | 277,043 |
| Reserves | | 196,389 | 209,808 | 38,784 | 47,243 |
| Equity attributable to owners of the parent | | <u>473,432</u> | <u>486,851</u> | <u>315,827</u> | <u>324,286</u> |
| Non-controlling interests | | 1,932 | 1,631 | - | - |
| Total equity | | <u>475,364</u> | <u>488,482</u> | <u>315,827</u> | <u>324,286</u> |

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

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 30/06/2024 | | As at 31/12/2023 | |
|------------------|-----------|------------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| \$'000 | \$'000 | \$'000 | \$'000 |
| 5,735 | 14,236 | 12,540 | 13,223 |

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

| As at 30/06/2024 | | As at 31/12/2023 | |
|------------------|-----------|------------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| \$'000 | \$'000 | \$'000 | \$'000 |
| - | 20,089 | - | 23,160 |

(c) ***Details of any collaterals***

At the end of the financial period, property, plant & equipment with total net book values of \$5,735,000 (as at 31/12/2023: \$12,540,000) were pledged to secure certain credit facilities for the Group.

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:-

| <u>Statement of Cash Flows</u> (in Singapore Dollars) | Group | |
|--|------------------------------|------------------------------|
| | 1st Half Year ended | |
| | <u>30/06/2024</u> S\$'000 | <u>30/06/2023</u> S\$'000 |
| <u>Cash flows from operating activities:</u> | | |
| Profit before tax | 16,834 | 11,095 |
| Adjustments for: | | |
| Amortisation and depreciation | 13,530 | 11,206 |
| (Gain)/loss on disposal of property, plant and equipment | (142) | 116 |
| Share of losses of joint venture | 862 | 10,000 |
| Allowance for receivables charged and bad debts written off, net | 236 | 147 |
| Interest expense | 1,097 | 1,099 |
| Interest income | (3,553) | (2,826) |
| Exchange differences | 603 | 1,458 |
| Operating profit before working capital changes | 29,467 | 32,295 |
| Decrease/(increase) in trade and other receivables | 4,779 | (6,568) |
| Decrease in inventories | 6,553 | 13,292 |
| Decrease in trade and other payables | (18,550) | (19,062) |
| Cash from operations | 22,249 | 19,957 |
| Interest paid | (1,121) | (1,072) |
| Interest received | 3,553 | 2,826 |
| Income tax paid | (5,341) | (5,262) |
| Net cash from operating activities | 19,340 | 16,449 |
| <u>Cash flows from investing activities:</u> | | |
| Purchase of property, plant and equipment | (9,585) | (23,514) |
| Proceeds from disposal of property, plant and equipment | 173 | 381 |
| Dividends received from joint venture | - | 2,994 |
| Net cash used in investing activities | (9,412) | (20,139) |
| <u>Cash flows from financing activities:</u> | | |
| Dividends paid during the period | (23,011) | (23,011) |
| Proceeds from borrowings | - | 12,099 |
| Repayment of borrowings | (9,758) | (5,183) |
| Payment of lease liabilities | (1,836) | (1,797) |
| Capital contribution by non-controlling interest | 431 | - |
| Net cash used in financing activities | (34,174) | (17,892) |
| Net decrease in cash and cash equivalents | (24,246) | (21,582) |
| Cash and cash equivalents at beginning of period | 215,677 | 216,792 |
| Effect of exchange rate changes on cash and cash equivalents | (933) | (1,576) |
| Cash and cash equivalents at end of period | <u>190,498</u> | <u>193,634</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 | Non-controlling interests | Total equity |
|---|----------------|-----------------|-----------------|--------------------------------------|---------------------------|----------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Balance at 1 January 2024 | 277,043 | (1,511) | 243,189 | (31,870) | 1,631 | 488,482 |
| Total comprehensive income for the period | | | | | | |
| Net profit for the period | - | - | 12,481 | - | (73) | 12,408 |
| <u>Other comprehensive income</u> | | | | | | |
| <i>Currency translation arising on consolidation</i> | - | - | - | (3,015) | (57) | (3,072) |
| <i>Share of other comprehensive income of joint venture</i> | - | - | - | 126 | - | 126 |
| Other comprehensive income for the period, net of tax | - | - | - | (2,889) | (57) | (2,946) |
| Total comprehensive income for the period | - | - | 12,481 | (2,889) | (130) | 9,462 |
| Transactions with owners in their capacity as owners | | | | | | |
| <u>Contributions by and distributions to owners</u> | | | | | | |
| Capital contribution by non-controlling interest | - | - | - | - | 431 | 431 |
| Dividends | - | - | (23,011) | - | - | (23,011) |
| Total transactions with owners in their capacity as owners | - | - | (23,011) | - | 431 | (22,580) |
| Balance at 30 June 2024 | <u>277,043</u> | <u>(1,511)</u> | <u>232,659</u> | <u>(34,759)</u> | <u>1,932</u> | <u>475,364</u> |
| Balance at 1 January 2023 | 277,043 | (1,511) | 245,407 | (23,231) | 1,751 | 499,459 |
| Total comprehensive income for the period | | | | | | |
| Net profit for the period | - | - | 4,905 | - | 65 | 4,970 |
| <u>Other comprehensive income</u> | | | | | | |
| <i>Currency translation arising on consolidation</i> | - | - | - | (1,221) | 58 | (1,163) |
| <i>Share of other comprehensive income of joint venture</i> | - | - | - | (2,748) | - | (2,748) |
| Other comprehensive income for the period, net of tax | - | - | - | (3,969) | 58 | (3,911) |
| Total comprehensive income for the period | - | - | 4,905 | (3,969) | 123 | 1,059 |
| Transactions with owners in their capacity as owners | | | | | | |
| <u>Contributions by and distributions to owners</u> | | | | | | |
| Dividends | - | - | (23,011) | - | - | (23,011) |
| Total transactions with owners in their capacity as owners | - | - | (23,011) | - | - | (23,011) |
| Balance at 30 June 2023 | <u>277,043</u> | <u>(1,511)</u> | <u>227,301</u> | <u>(27,200)</u> | <u>1,874</u> | <u>477,507</u> |

1(d)(i)

| Company | Share capital \$'000 | Revenue reserve \$'000 | Total equity \$'000 |
|---|----------------------------|------------------------------|---------------------------|
| Balance at 1 January 2024 | 277,043 | 47,243 | 324,286 |
| <i>Net profit for the period</i> | - | 14,552 | 14,552 |
| <u>Contributions by and distributions to owners</u> | | | |
| Dividends | - | (23,011) | (23,011) |
| Total transactions with owners in their capacity as owners | - | (23,011) | (23,011) |
| Balance at 30 June 2024 | <u>277,043</u> | <u>38,784</u> | <u>315,827</u> |
| | | | |
| Balance at 1 January 2023 | 277,043 | 65,758 | 342,801 |
| <i>Net profit for the period</i> | - | 2,945 | 2,945 |
| <u>Contributions by and distributions to owners</u> | | | |
| Dividends | - | (23,011) | (23,011) |
| Total transactions with owners in their capacity as owners | - | (23,011) | (23,011) |
| Balance at 30 June 2023 | <u>277,043</u> | <u>45,692</u> | <u>322,735</u> |

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

There has been no change to the issued and paid-up share capital of the Company since 31 December 2023 up to 30 June 2024.

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

| | <u>As at 30/06/2024</u> | <u>As at 31/12/2023</u> |
|---|-----------------------------|-----------------------------|
| Total number of issued shares (excluding treasury shares) | 575,268,440 | 575,268,440 |

No treasury shares were 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.

Not applicable.

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.

Not applicable. No subsidiary holdings (as defined in the Listing Manual) were held by the Company as at 30 June 2024.

1(e) Selected Notes to the Interim Financial Statements

For the half year ended 30 June 2024

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.

B. BASIS OF PREPARATION

The condensed interim financial statements for the financial period ended 30 June 2024 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Committee. 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 2023.

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 end of the year ended 31 December 2023.

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 2024 and 31 December 2023:

| | Group | |
|--|----------------|----------------|
| | 30/06/2024 | 31/12/2023 |
| | S\$'000 | S\$'000 |
| <i>Financial assets measured at amortised cost</i> | | |
| Trade receivables | 84,294 | 93,681 |
| Other receivables | 10,887 | 6,215 |
| Cash and cash equivalents | 190,498 | 215,677 |
| | <u>285,679</u> | <u>315,573</u> |
| <i>Financial liabilities measured at amortised cost</i> | | |
| Trade payables | 43,713 | 56,299 |
| Other payables | 43,264 | 51,832 |
| Short-term borrowings | 10,938 | 17,556 |
| Long-term borrowings | 9,044 | 12,449 |
| | <u>106,959</u> | <u>138,136</u> |

1(e) Selected Notes to the Interim Financial Statements (cont'd)*For the half year ended 30 June 2024 (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>30/06/2024</u> | <u>30/06/2023</u> |
| | S\$'000 | S\$'000 |
| Current income tax expense | (4,502) | (6,168) |
| Deferred tax relating to origination and reversal of temporary differences | 76 | 43 |
| | <u>(4,426)</u> | <u>(6,125)</u> |

F. ASSETS CLASSIFIED AS HELD FOR SALE

As at 30 June 2024, certain Plant and Equipment and related spare parts of a subsidiary involved in the Bakery segment located in Singapore, have been classified as held for sale due to the subsidiary's intention to sell these assets.

G. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired assets amounting to \$8,351,000 (30 June 2023: \$23,766,000) and disposed of assets amounting to \$31,000 (30 June 2023: \$497,000). Capital commitments not provided for in the financial statements amounted to \$3,819,000 as at 30 June 2024.

H. INTANGIBLES

| | Group | | | |
|---|--------------|-----------------------|------------|--------------|
| | Trademark | Intellectual property | Software | Total |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Cost: | | | | |
| At 1.1.2023 | 2,750 | 131 | 110 | 2,991 |
| Additions | - | - | 22 | 22 |
| Currency realignment | - | (1) | - | (1) |
| At 31.12.2023 and 1.1.2024 | <u>2,750</u> | <u>130</u> | <u>132</u> | <u>3,012</u> |
| Currency realignment | - | (1) | - | (1) |
| At 30.06.2024 | <u>2,750</u> | <u>129</u> | <u>132</u> | <u>3,011</u> |
| Accumulated amortisation and impairment loss: | | | | |
| At 1.1.2023 | 2,750 | 65 | 11 | 2,826 |
| Amortisation for the year | - | 13 | 22 | 35 |
| Currency realignment | - | (1) | - | (1) |
| At 31.12.2023 and 1.1.2024 | <u>2,750</u> | <u>77</u> | <u>33</u> | <u>2,860</u> |
| Amortisation for the period | - | 6 | 11 | 17 |
| At 30.06.2024 | <u>2,750</u> | <u>83</u> | <u>44</u> | <u>2,877</u> |
| Net carrying amount: | | | | |
| At 30.06.2024 | - | 46 | 88 | 134 |
| At 31.12.2023 | - | 53 | 99 | 152 |

Trademark, intellectual property and software with finite lives are amortised on a straight-line basis over their useful lives of 20, 10 and 5 years respectively.

1(e) Selected Notes to the Interim Financial Statements (cont'd)
For the half year ended 30 June 2024 (cont'd)

I. DIVIDENDS

| | 1st Half Year ended | |
|---|---------------------|-------------------|
| | <u>30/06/2024</u> | <u>30/06/2023</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 2023 | 23,011 | - |
| Final tax-exempt (one-tier) dividend of 4 cents per share in respect of the financial year ended 31 December 2022 | - | 23,011 |
| | <u>23,011</u> | <u>23,011</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>30/06/2024</u> | <u>30/06/2023</u> |
| | S\$'000 | S\$'000 |
| Royalty income from joint venture | 2,860 | 2,900 |
| Purchase of goods from joint venture | 1,478 | 1,690 |
| Sales of goods to joint venture | 29,100 | 20,266 |
| Dividend income from joint venture | 2,850 | 3,000 |
| Purchase of goods from a company in which Mr Lam Sing Chung, Ms Rachel Liem Yuan Fang and her immediate family member have an interest | 1,215 | 1,805 |
| Sales of goods to a company in which Mr Lam Sing Chung, Ms Rachel Liem Yuan Fang and her immediate family member have an interest (Proceeds of the sales is covered by the personal guarantee by Mr Lam Sing Chung of up to \$1 million) | 1,462 | 1,419 |
| Purchase of goods from a company in which Mr Lin Kejian has an interest | 28 | - |
| Shared services income from a company in which Mr Lin Kejian has an interest | - | 30 |
| | <u>-</u> | <u>30</u> |

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).

Not applicable.

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 2023. 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 2024. 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.

Not applicable.

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>30/06/2024</u> | <u>30/06/2023</u> |
| Basic and Diluted EPS | 2.2 cents | 0.9 cents |
| <u>Number of shares used for the calculation of Basic and Diluted EPS:</u> | | |
| Weighted average number of ordinary shares in issue | 575,268,440 | 575,268,440 |

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 | As at |
|---|-------------------|-------------------|
| | <u>30/06/2024</u> | <u>31/12/2023</u> |
| Group | 82.3 cents | 84.6 cents |
| QAF Limited | 54.9 cents | 56.4 cents |
| Number of shares used for the calculation of Net asset value: | 575,268,440 | 575,268,440 |

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 2024 | 1H 2023 | + / (-) |
|---|-------------------|-------------------|----------------|
| | \$'million | \$'million | % |
| Segment Revenue [^] | | | |
| Bakery | 221.1 | 216.1 | 2 |
| Royalty income from joint venture | 3.2 | 3.2 | - |
| Bakery and joint venture contribution | 224.3 | 219.3 | 2 |
| Distribution & Warehousing | 82.3 | 80.3 | 2 |
| Others * (including head office financials) | 2.6 | 2.0 | 30 |
| | 309.2 | 301.6 | 3 |

Segment EBITDA before exceptional items

| | | | |
|---|-------------|-------------|------------|
| Bakery | 27.1 | 24.8 | 9 |
| Royalty income from joint venture | 3.2 | 3.2 | - |
| Share of losses of joint venture | (0.9) | (10.0) | (91) |
| Bakery and joint venture contribution | 29.4 | 18.0 | 63 |
| Distribution & Warehousing | 3.8 | 4.5 | (16) |
| Others * (including head office financials) | (5.3) | (9.4) | (44) |
| | 27.9 | 13.1 | 113 |

Segment EBITDA Margin

| | 1H 2024 | 1H 2023 |
|----------------------------|----------------|----------------|
| | % | % |
| Bakery | 12 | 11 |
| Distribution & Warehousing | 5 | 6 |
| Group | 9 | 4 |

[^] *Gardenia Bakeries (KL) Sdn Bhd ("GBKL") revenue is not consolidated as it is accounted for as a joint venture. GBKL's revenue decreased by 1% or \$1.4 million from \$194.5 million in 1H 2023 to \$193.1 million in 1H 2024. In constant currency terms, GBKL revenue increased by 4%.*

* *Excludes share of losses and royalty income from the joint venture, GBKL. Includes foreign currency translation loss recorded at head office of \$0.1 million in 1H 2024 and \$2.2 million in 1H 2023.*

Group revenue increased by 3% or \$7.6 million to \$309.2 million for the first half year ended 30 June 2024 ("1H 2024") from \$301.6 million for the first half year ended 30 June 2023 ("1H 2023"). In constant currency terms, Group revenue increased by 4% in 1H 2024 compared to 1H 2023.

With the successful reinstatement of the production lines at our Malaysian bakery factory that were damaged by floods in December 2021, the Group's Malaysian Bakery sales increased by \$9.1 million in 1H 2024 compared to 1H 2023. This is however partly offset by challenges faced by the bakery operations in the Philippines amid high food inflation which negatively impacted the demand for bread.

Other income including interest income increased by 20% or \$0.7 million from \$3.5 million in 1H 2023 to \$4.2 million in 1H 2024, due to higher interest income earned in the higher interest rate environment (see section 1(a)(ii) on page 2).

The Group's costs of materials and utilities marginally decreased in 1H 2024, due to the stabilisation of raw material costs and electricity costs. Staff costs and repairs and maintenance which increased in 1H 2024 by 4% compared to 1H 2023 were partly caused by the reinstatement of production operations at our Malaysian bakery factory that was affected by floods in December 2021.

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

INCOME STATEMENT (cont'd)

Amortisation and depreciation increased by 21% or \$2.3 million from \$11.2 million in 1H 2023 to \$13.5 million in 1H 2024, mainly due to higher depreciation charges for the Malaysian bakery factory that had successfully reinstated its production lines.

Advertising and promotion expenses decreased by 17% or \$0.8 million to \$3.7 million in 1H 2024 due to a rationalisation of marketing expenses by the Bakery segment.

Other operating expenses which included operating lease expense, distribution and transportation expense and foreign currency translation loss, increased by 2% or \$0.6 million from \$30.9 million in 1H 2023 to \$31.5 million in 1H 2024. The Group recorded foreign currency translation loss of \$0.1 million in 1H 2024 as compared with \$2.2 million in 1H 2023 (see section 1(a)(ii) on page 2). The major component of the foreign currency translation loss relates to unrealised losses arising from the translation of the Group's substantial holdings in AUD-denominated cash and cash equivalents to SGD. Distribution and transportation expense increased by 18% from \$6.8 million in 1H 2023 to \$8.0 million in 1H 2024 as a result of higher fuel costs and third-party services.

The Group recognised a non-cash impairment of \$1.2 million on the Group's investment in its joint venture in 1H 2024, compared to \$9.2 million in 1H 2023 (see section 1(a)(ii)(b) on page 3). The share of operating profits or losses of joint venture, before the Group's impairment on its investment, was \$0.3 million profit for 1H 2024, recovering from \$0.8 million loss for 1H 2023. The recovery was due to a moderation of raw material costs and operating overheads. Accordingly, after impairment on its investment, the Group recorded a share of losses of joint venture of \$0.9 million in 1H 2024 as compared to a share of losses of joint venture of \$10.0 million in 1H 2023.

Exceptional items relate to interim payments received in connection to the claim for insurance relating to the damage sustained at one of the Group's Malaysian bakery factories in December 2021. Insurance payments received were RM25 million (equivalent to \$7.5 million) in 1H 2023.

Group earnings before interest, tax, depreciation and amortisation ("EBITDA") before exceptional items increased by 113% from \$13.1 million for 1H 2023 to \$27.9 million for 1H 2024.

In relation to the profits before and after tax for the Group, please refer to the table below which sets out a summary:

| | 1H 2024 | 1H 2023 | + / (-) |
|---|------------|------------|---------|
| | \$'million | \$'million | % |
| Group profit before tax ("PBT") | 16.8 | 11.1 | 52 |
| Group PBT excluding exceptional items and GBKL impairment | 18.0 | 12.8 | 41 |
| PBT <i>Margin</i> excluding exceptional items and GBKL impairment (%) | 5.8% | 4.2% | |
| Group income tax expense | (4.4) | (6.1) | (28) |
| Group profit after tax ("PAT") | 12.4 | 5.0 | 150 |
| PAT <i>Margin</i> (%) | 4.0% | 1.7% | |
| Group profit attributable to owners of the parent ("PATMI") | 12.5 | 4.9 | 154 |

Group PBT excluding exceptional items and GBKL impairment improved by 41% from \$12.8 million for 1H 2023 to \$18.0 million for 1H 2024. The increase in Group PBT excluding exceptional items and GBKL impairment for 1H 2024 as compared to 1H 2023 was largely due to the successful reinstatement of the bakery production lines at our Malaysian factory that were damaged by floods in December 2021. Lower foreign currency translation losses, lower advertising and promotion expense, increased sales and higher interest income also contributed to the overall improvement in the operating performance for the Group.

Group income tax expense decreased by 28% or \$1.7 million to \$4.4 million for 1H 2024 as compared with \$6.1 million for 1H 2023.

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

INCOME STATEMENT (cont'd)

Group PAT increased by \$7.4 million or 150% to \$12.4 million in 1H 2024 as compared with \$5.0 million for 1H 2023. In line with the Company's announcement dated 23 July 2024, Group PATMI increased by \$7.6 million or 154% to \$12.5 million in 1H 2024 as compared with \$4.9 million for 1H 2023.

STATEMENT OF FINANCIAL POSITION

Inventories declined by 14% from \$49.1 million as at end of financial year 2023 ("FY 2023") to \$42.4 million as at end of 1H 2024 due mainly to seasonal reductions in the Distribution & Warehousing business segment, following the annual sell down during the festive season in the first quarter 2024.

Trade receivables decreased by 10% or \$9.4 million from \$93.7 million as at end of FY 2023 to \$84.3 million as at end of 1H 2024 mainly due to an improvement in debtors collections.

Other receivables increased by 34% from \$17.0 million at end of FY 2023 to \$22.7 million as at end of 1H 2024. This was largely due to the prepayment of property taxes and insurance premia, as well as royalty and dividend incomes from the GBKL joint venture that were accrued in 1H 2024 but received in July 2024.

Trade payables decreased by 22% from \$56.3 million at end of FY 2023 to \$43.7 million as at end of 1H 2024, and other payables (current) decreased by 17% from \$55.2 million at end of FY 2023 to \$45.6 million as at end of 1H 2024. Both decreases were due mainly to the settlement of unpaid purchases.

Total short-term and long-term borrowings decreased by 33% from \$30.0 million as at end of FY 2023 to \$20.0 million as at end of 1H 2024 mainly due to the repayment of loans. Including lease liabilities, the Group's gross gearing ratio was 0.08 times as at 30 June 2024 compared to 0.10 times as at 31 December 2023.

At the end of 1H 2024, the Group's cash and cash equivalent of \$190.5 million was higher than its debt of \$40.1 million, resulting in a net cash position of \$150.4 million compared to \$166.8 million as at end of FY 2023.

In March 2024, the Group incorporated a wholly-owned subsidiary, Mingfu Food (Fujian) Co., Ltd., with a registered capital of RMB 26.5 million (approximately \$5.0 million), that will focus on the production of food products. In May 2024, the Group incorporated a wholly-owned subsidiary, Fuqing Yuanfu Trading Co. Ltd., with a registered capital of RMB 1.0 million (approximately \$0.2 million), that will focus on the trading of food products. The registered capital of the two subsidiaries will be paid at the appropriate time.

STATEMENT OF CASH FLOWS

Cash and cash equivalents for the Group decreased by \$25.2 million from \$215.7 million as at end of FY 2023 to \$190.5 million as at end of 1H 2024. Cash from operating activities of \$19.3 million was offset by dividend payment of \$23.0 million, net financing outflows from borrowings and lease liabilities of \$11.6 million and capital expenditure of \$9.6 million.

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

No deviation. In line with the Company's announcement dated 23 July 2024, the Group has reported an improvement for 1H 2024 of 154% in its profit attributable to owners of the Company, compared to the same period last year. The details of this improvement have been elaborated in section 8 above.

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.

The Group continues to operate in a challenging economic environment. Persistent inflation and high interest rates have reduced the purchasing power of consumers across our operating regions and continues to increase their sensitivity to prices. In addition, the Group faces cost pressures in both labour and distribution. On a positive note, lower key commodity costs relating to raw materials have continued from the downward trend of FY2023. Foreign currency exchange rate movements remain volatile and may continue to impact both the reported results and our business operations in foreign markets.

Our focus remains unchanged. To maintain stable revenue growth, the Group continues to look for opportunities to expand our channels, develop new products and strategically adjust our product mix. The Group has also sustained efforts to pursue the expansion of trading activities, with a concentration on long shelf-life consumer products, and any opportunities to grow in new regions. New personnel resources have recently been added with experience in business development, and e-commerce to further support this area.

In respect of the Malaysian factory that had been damaged by floods in December 2021, the Group including its joint venture, GBKL, continues to work on finalising the remaining insurance claims.

With a strong balance sheet and sufficient cash reserves, the Group is confident it is well-positioned to withstand any unexpected financial stresses whilst pursuing suitable growth opportunities.

11. Dividends

(a) Current financial period reported on

Any dividend declared Yes

| | Interim |
|---------------|---------------------------|
| Dividend type | Cash |
| Dividend rate | 1 cent per ordinary share |
| Tax rate | Exempt 1 tier |

The QAF Scrip Dividend Scheme will not apply to the interim dividend.

(b) Previous corresponding period

Any dividend declared Yes

| | Interim |
|---------------|---------------------------|
| Dividend type | Cash |
| Dividend rate | 1 cent 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.

Not applicable.

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.

| Name of Interested Person | Nature of Relationship | 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) |
|---|--|---|
| Salim Group - Purchase of raw materials including flour | See Note ⁽¹⁾ | 5,400 |
| Salim Group - Purchase of finished products (vegetables) | See Note ⁽¹⁾ | 707 |
| Austral Dairy Group Sdn. Bhd. - Sale of products (cheese) | Entity in which Mr Lam Sing Chung, Ms Rachel Liem Yuan Fang and her immediate family member have an interest | 1,462 |
| Austral Dairy Group Sdn. Bhd. - Purchase of finished products (processed cheese) | Entity in which Mr Lam Sing Chung, Ms Rachel Liem Yuan Fang and her immediate family member have an interest | 1,215 |
| | TOTAL | 8,784 |

Note:

⁽¹⁾ 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 Lam Sing Chung.

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)

| | Bakery \$'000 | Distribution & warehousing \$'000 | Investments & others \$'000 | Adjustments & eliminations \$'000 | Consolidated \$'000 |
|--|------------------|---|-----------------------------------|---|------------------------|
| Revenue and expenses 1H 2024 | | | | | |
| Revenue from external customers | 217,985 | 81,471 | 3,198 | - | 302,654 |
| Other revenue from external customers | 2,815 | 176 | 30 | - | 3,021 |
| Inter-segment revenue | 346 | 658 | 8,401 | (9,405) | - |
| | <u>221,146</u> | <u>82,305</u> | <u>11,629</u> | <u>(9,405)</u> | <u>305,675</u> |
| Unallocated revenue | | | | | 3,553 |
| Total revenue | | | | | <u>309,228</u> |
| Segment EBITDA | 27,086 | 3,752 | 3,173 | - | 34,011 |
| Amortisation and depreciation | (11,577) | (1,782) | (171) | - | (13,530) |
| Segment EBIT | <u>15,509</u> | <u>1,970</u> | <u>3,002</u> | - | <u>20,481</u> |
| Unallocated revenue | | | | | 3,553 |
| Unallocated expenses | | | | | (5,241) |
| Profit from operating activities | | | | | <u>18,793</u> |
| Finance costs | | | | | (1,097) |
| Share of losses of joint venture | (862) | - | - | - | (862) |
| Profit before tax | | | | | <u>16,834</u> |
| Income tax expense | | | | | (4,426) |
| Profit after tax | | | | | <u>12,408</u> |
| Timing of transfer of goods or services | | | | | |
| At a point in time | 220,768 | 79,209 | 54 | - | 300,031 |
| Over time | 250 | 2,444 | 6,503 | - | 9,197 |
| | <u>221,018</u> | <u>81,653</u> | <u>6,557</u> | - | <u>309,228</u> |
| Revenue and expenses 1H 2023 | | | | | |
| Revenue from external customers | 213,342 | 79,515 | 3,238 | - | 296,095 |
| Other revenue from external customers | 2,383 | 224 | 97 | - | 2,704 |
| Inter-segment revenue | 395 | 531 | 8,543 | (9,469) | - |
| | <u>216,120</u> | <u>80,270</u> | <u>11,878</u> | <u>(9,469)</u> | <u>298,799</u> |
| Unallocated revenue | | | | | 2,826 |
| Total revenue | | | | | <u>301,625</u> |
| Segment EBITDA | 24,804 | 4,458 | 1,634 | - | 30,896 |
| Amortisation and depreciation | (9,254) | (1,758) | (194) | - | (11,206) |
| Segment EBIT | <u>15,550</u> | <u>2,700</u> | <u>1,440</u> | - | <u>19,690</u> |
| Unallocated revenue | | | | | 2,826 |
| Unallocated expenses | | | | | (7,807) |
| Profit from operating activities | | | | | <u>14,709</u> |
| Finance costs | | | | | (1,099) |
| Exceptional items | | | | | 7,485 |
| Share of losses of joint venture | (10,000) | - | - | - | (10,000) |
| Profit before tax | | | | | <u>11,095</u> |
| Income tax expense | | | | | (6,125) |
| Profit after tax | | | | | <u>4,970</u> |
| Timing of transfer of goods or services | | | | | |
| At a point in time | 215,717 | 77,307 | 93 | - | 293,117 |
| Over time | 222 | 2,442 | 5,844 | - | 8,508 |
| | <u>215,939</u> | <u>79,749</u> | <u>5,937</u> | - | <u>301,625</u> |

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

| | Bakery \$'000 | Distribution & warehousing \$'000 | Investments & others \$'000 | Consolidated \$'000 |
|---|------------------|--------------------------------------|--------------------------------|------------------------|
| <u>Assets and liabilities 30 June 2024</u> | | | | |
| Segment assets | 325,403 | 86,294 | 158,991 | 570,688 |
| Investment in joint venture | 43,017 | - | - | 43,017 |
| Total assets | 368,420 | 86,294 | 158,991 | 613,705 |
| Deferred tax assets | | | | 4,097 |
| Tax recoverable | | | | 7,318 |
| Total assets per consolidated statement of financial position | | | | 625,120 |
| Segment liabilities | 87,270 | 26,015 | 5,244 | 118,529 |
| Income tax payable | | | | 4,380 |
| Deferred tax liabilities | | | | 6,865 |
| Bank borrowings | | | | 19,982 |
| Total liabilities per consolidated statement of financial position | | | | 149,756 |
| <u>Assets and liabilities 31 December 2023</u> | | | | |
| Segment assets | 354,119 | 94,111 | 163,442 | 611,672 |
| Investment in joint venture | 46,605 | - | - | 46,605 |
| Total assets | 400,724 | 94,111 | 163,442 | 658,277 |
| Deferred tax assets | | | | 3,964 |
| Tax recoverable | | | | 6,919 |
| Total assets per consolidated statement of financial position | | | | 669,160 |
| Segment liabilities | 98,236 | 34,746 | 6,623 | 139,605 |
| Income tax payable | | | | 4,626 |
| Deferred tax liabilities | | | | 6,442 |
| Bank borrowings | | | | 30,005 |
| Total liabilities per consolidated statement of financial position | | | | 180,678 |
| <u>Other segment information 1H 2024</u> | | | | |
| Expenditure for non-current assets | 7,294 | 1,057 | - | 8,351 |
| Allowance for inventories charged and inventories written off, net | 115 | 269 | - | 384 |
| Allowance for receivables charged and bad debts written off, net | 187 | 49 | - | 236 |
| <u>Other segment information 1H 2023</u> | | | | |
| Expenditure for non-current assets | 22,821 | 945 | - | 23,766 |
| Allowance for inventories charged and inventories written off, net | 40 | 400 | - | 440 |
| Allowance for receivables charged and bad debts written off, net | 105 | 42 | - | 147 |

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

| | Revenue | | Non-current assets | |
|-----------------|----------------|----------------|---------------------------|----------------|
| | 30/06/2024 | 30/06/2023 | 30/06/2024 | 31/12/2023 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Philippines | 130,719 | 139,032 | 72,819 | 77,877 |
| Singapore | 115,869 | 109,055 | 53,716 | 52,850 |
| Malaysia | 34,828 | 26,038 | 78,198 | 79,670 |
| Australia | 23,240 | 21,730 | 20,586 | 20,117 |
| Other countries | 4,572 | 5,770 | - | - |
| | <u>309,228</u> | <u>301,625</u> | <u>225,319</u> | <u>230,514</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 2024 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
8 August 2024