KHONG GUAN FLOUR MILLING LIMITED

(Company Regn. No. 196000096G)
(Incorporated in the Republic of Singapore)

ANNUAL REPORT 2014

Contents

Corporate Information

Directors

Chew Soo Lin (Chairman)
Chew Soo Eng (Managing Director)
Tay Kwang Lip Willie
Chan Weng Kee
Ng Peng Teng Dr
Sam Teng Choong

Audit Committee

Tay Kwang Lip Willie (Chairman)
Chan Weng Kee
Sam Teng Choong

Nominating Committee

Chan Weng Kee (Chairman)
Tay Kwang Lip Willie
Ng Peng Teng Dr

Remuneration Committee

Tay Kwang Lip Willie (Chairman)
Chan Weng Kee
Ng Peng Teng Dr

Company Secretary

Koe Eng Chuan

Registered Office

2 MacTaggart Road (Level 3)
Singapore 368078
Telephone No. 62822511
Fax No. 62855868

Auditor

RT LLP
Public Accountants and Chartered Accountants
1 Raffles Place, #17-02
One Raffles Place
Singapore 048616
Audit Partner: Tsang Siu For Thomas
(appointed since financial year ended
31 July 2013)

Solicitors

Chan Weng Kee & Associates

Bankers

Standard Chartered Bank
DBS Bank Ltd
The Hongkong and Shanghai Banking Corporation Limited
RHB Bank Berhad

Registrar

B.A.C.S. Private Limited
63 Cantonment Road
Singapore 089758

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of KHONG GUAN FLOUR MILLING LIMITED will be held at 2 MacTaggart Road (Level 2), Singapore 368078 on Thursday, 27 November 2014 at 12.00 noon to transact the following business:-

Ordinary Business

1. To adopt the audited financial statements for the financial year ended 31 July 2014 and the Independent Auditor's Report and Directors' Report thereon.

2. To declare a first and final tax exempt one-tier dividend of $0.03 per ordinary share for the financial year ended 31 July 2014.

3. To approve the payment of directors' fees of $84,000 (2013: $84,000) for the financial year ended 31 July 2014.

4. To re-elect Mr Chew Soo Lin, who retires in accordance with Article 94 of the Company's Articles of Association and who being eligible, offers himself for re-election as a director of the Company.

5. To re-elect Mr Sam Teng Choong, who retires in accordance with Article 94 of the Company's Articles of Association and who being eligible, offers himself for re-election as a director of the Company.

   Note:- Mr Sam Teng Choong, will upon re-election, remain as a member of the Audit Committee and will be considered as an independent director.

6. To re-elect Mr Tay Kwang Lip Willie, who retires in accordance with Article 99 of the Company's Articles of Association and who being eligible, offers himself for re-election, as Director of the Company.

   Note:- Mr Willie Tay, will upon re-election, remain as the Chairman of the Audit and Remuneration Committees and a member of the Nominating Committee. Mr Willie Tay is considered as independent director.

7. To re-appoint RT LLP as Independent Auditor and to authorise the directors to fix their remuneration.

8. To transact any other ordinary business.

Special Business

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions with or without any modifications:-

9. Renewal of shareholders' mandate for interested person transactions

   "That:-

   (a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual of Singapore Exchange Securities Trading Limited (**"SGX-ST"**), for the renewal of the mandate (the **"Shareholders' Mandate"**) which has been amended to incorporate certain changes including the revised individual and aggregate thresholds, particulars of which are set out in the Appendix to this Notice of Annual General Meeting for the Company and its subsidiaries or any of them to enter into any of the transactions falling within the types of the interested person transactions described in the said Appendix;

(b) the Shareholders' Mandate shall, unless revoked or varied by the Company in general meeting, continue to be in force until the next Annual General Meeting of the Company; and

(c) the directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to this Resolution."

10. Share Issue Mandate

"That pursuant to Section 161 of the Act, the Articles of Association of the Company and the Listing Manual of SGX-ST, authority be and is hereby given to the directors of the Company to:-

(a) (i) issue shares in the capital of the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the directors may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the directors while this Resolution was in force,

provided that:-

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution), does not exceed 50% of the issued share capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the issued share capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above:-

(i) the percentage of issued share capital is based on the issued share capital of the Company as at the date of the passing of this Resolution after adjusting for:-

(a) new shares arising from the conversion of convertible securities or employee share options on issue when this Resolution is passed; and

(b) any subsequent consolidation or subdivision of shares; and

(ii) in relation to an Instrument, the number of shares shall be taken to be that number as would have been issued had the rights therein been fully exercised or effected on the date of the making or granting of the Instrument;

(3) in exercising the power to make or grant Instruments (including the making of any adjustments under any relevant Instrument), the Company shall comply with the provisions of the Listing Manual of SGX-ST for the time being in force (unless such compliance has been waived by SGX-ST) and the Articles of Association for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue to be in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

NOTICE OF BOOKS CLOSURE

NOTICE IS ALSO HEREBY GIVEN that the Transfer Book and Register of Members of the Company will be closed on 5 December 2014 for the preparation of dividend warrants. Duly completed registrable transfers received by the Company's share registrar, B.A.C.S. Private Limited, 63 Cantonment Road, Singapore 089758, up to 5.00 p.m. on 4 December 2014 will be registered to determine members' entitlements to the proposed dividend. Members whose securities accounts with The Central Depository (Pte) Limited are credited with Shares at 5.00 p.m. on 4 December 2014 will be entitled to the proposed dividend. Payment of the dividend, if approved by shareholders at the Annual General Meeting, will be made on 15 December 2014.

By Order of the Board
Koe Eng Chuan
Company Secretary

Singapore, 12 November 2014

NOTE: A member of the Company entitled to attend and vote at the meeting may appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company. The instrument appointing a proxy must be deposited at the registered office of the Company at 2 MacTaggart Road (Level 3), Singapore 368078 (Attention : Company Secretary) not less than forty-eight hours before the time appointed for holding the meeting.

Chairman's Statement

Review of Operations

Group turnover for the year of $61,991,000 was 8.9% lower than the previous year's $68,055,000. The decline was attributable to the generally weak retail market in Sabah, devaluation of Ringgit Malaysia against Singapore dollars and the subdued trading in short-term quoted securities.

The foregoing situation had a direct impact on the Group operating profits for the year which dropped to $1,571,000 compared to $3,096,000 for last year excluding the one-time gain of $11,935,000 realized from the disposal of long-term quoted investment as previously reported.

Trading Operations

Swee Hin Chan Co Sdn Bhd '**SHC**'

SHC, our subsidiary trading in northern Peninsula Malaysia did fairly well in its sales of wheat flour and imported starches which were to certain extent more than offset the lower sales of animal feeds and feed wheat. Sales of animal feeds and feed wheat faced keen competition from imported maize and excess local rice husks produced from a bumper rice crop used as substitutes for animal feeds.

Turnover of SHC was $22,326,000 for the year, a slight decrease from $22,755,000 a year ago. SHC would have improved its profit for the year if it had not incurred additional expenses relating to the purchase of a warehouse which included depreciation of equipment and amortization of leasehold property. Reduced contribution from the sales of animal feeds and feed wheat also affected the overall profit of SHC.

With a bigger warehouse storage facility, SHC would be able to increase its purchases of imported starches to meet the market demand which has a growth potential. Presently, SHC is one of the biggest importers of starches in Malaysia. SHC was established in 1914 and a celebration to mark its centennial anniversary has been scheduled in Penang towards the end of the year.

Tong Guan Food Products Sdn Bhd '**TGF**'

With the incidents happening along the coastal region in Sabah and the imposition of curfew, business activities in these areas had slowed down and this affected the retail market. TGF operates branches in the affected areas and its turnover for the year was down from $37,944,000 to $34,917,000. The fall in turnover was partly due to falling sales of high-margin biscuits and the cessation of edible oil sales caused by the closure of its sole supplier's local edible oil refinery. As such, TGF's profit for the year was comparatively lower than that of last year.

TGF had recently secured several new food products agencies which include the supply of edible oil and other related products from an established Malaysian co-operative. These new products would help TGF to improve its operating results.

The combined profit for the two Malaysian trading subsidiaries for the year was $1,831,000 (2013: $2,223,000). Sales and profits of our Malaysian operations were also affected by the weaker Ringgit Malaysia when translated into Singapore Dollars.

Chairman's Statement

Manufacturing Operations

The Group's 30% equity held associate, United Malayan Flour (1996) Sdn Bhd '**UMF**' performed well with a net profit of $4,238,000 (2013: $4,266,000) and on a turnover of $90,653,000 (2013: $92,094,000) for the year.

Flour milling industry in Malaysia has all along been very competitive and millers utilize rebates to increase their sales of wheat flour. The prices of wheat grains which were stable during the year helped to stabilize the selling prices of wheat flour and this would enable our associate to operate favorably. The oats milling subsidiary of UMF had also made higher contribution towards UMF's profit as it increased its production of quick cooking and instant oats mainly for export markets.

The group's 40% equity held interest in Henan Khong Guan Cereal and Oil Food Products Company Limited fared unfavourably as it faced high cost of local wheat grains which could not be adjusted into the selling prices of wheat flour. Profit for the year dwindled to $39,000 as compared with $299,000 a year ago despite an increase in turnover to $18,113,000 from $18,008,000 previously.

Redevelopment of Existing Property

The Company is proposing to redevelop the existing freehold property which is under conservation as a heritage building by constructing a 7-storey industrial building on the property. The Company has engaged architects and other professionals to design and prepare the building plans for approval by relevant authorities. As it is a major investment for the Company, a general meeting will be convened in due course to seek shareholders' approval for the redevelopment.

Dividend

A first and final tax exempt one-tier dividend of $0.03 per ordinary share for the financial year ended 31 July 2014 has been recommended by the directors for approval by shareholders at the forthcoming Annual General Meeting.

Prospects

The trading subsidiaries in Malaysia are expected to do better and the associate would operate more favourably in view of lower wheat grain prices. As such, the directors envisage an improved group operating profit for the coming year.

Acknowledgements

On behalf of the Board of Directors, I would like to take this opportunity to extend our deepest appreciation to our shareholders, customers and business associates for their continued support. In addition, I would like to extend our appreciation to the management and staff of the group for their hard work and dedication throughout the year. Last but not least, I would also like to thank my fellow directors for their invaluable guidance and advice.

Chew Soo Lin
Chairman

Corporate Governance

The Board is committed to maintaining good corporate governance in accordance with the principles and guidelines set out in the Code of Corporate Governance 2012

This report outlines the main corporate governance practices during the financial year ended 31 July 2014 that were in place throughout the financial year, with specific references to each of the principles of the Code.

PRINCIPLE 1: THE BOARD'S CONDUCT OF ITS AFFAIRS

The principal functions of the Board of Directors of the Company (the "Board") are to provide guidance and to decide on certain important matters, including those involving the review and approval of strategic plans, direction and policies, to review the Group's performance, to review the adequacy and integrity of internal controls, and to approve material acquisitions and disposals of assets.

These functions are either carried out directly by the Board or through committees, namely the Audit Committee, the Nominating Committee and the Remuneration Committee, established by the Board (collectively referred to as "Board Committees").

Matters which are specifically reserved to the full Board for decision-making include those involving the review and approval of strategic plans, direction and policies, material acquisitions and disposals of assets, corporate or financial restructuring and share issuances, dividends and other returns to shareholders.

The number of Board and Board Committee meetings held in the financial year ended 31 July 2014 and the attendance of directors during these meetings is as follows:

	Board	Audit Committee	Nominating Committee	Remuneration Committee
Total held in FY2014	4	4	2	1
Chew Soo Lin*	4	2	NA	NA
Chew Soo Eng	4	NA	NA	NA
Tay Kwang Lip Willie*	2	2	1	1
Chan Weng Kee	4	4	2	1
Sam Teng Choong	4	4	2	NA
Ng Peng Teng Dr	4	NA	NA	1

*On 15 January 2014 Mr Tay Kwang Lip Willie was appointed as a member of Audit Committee in place of Mr Chew Soo Lin who ceased to be a member.

The newly appointed director, Mr Tay Kwang Lip Willie, was given a tour and in-depth briefing of key facilities and activities of the Group by the Group's Managing Director as well as senior management. The briefing covers the structure, business and governance practices, growth strategies of the Group and overview of key business risks, issues and challenges the Group faces.

The particulars of training programmes conducted by Singapore Institute of Directors and attended by certain directors of the Group during FY2014 are as follows:

- Audit Committee Essentials
- Risk Management Essentials
- Effective Board Leadership

PRINCIPLE 2: BOARD COMPOSITION AND BALANCE

The Company endeavors to maintain a strong and independent element on the Board. Four out of the six Board members are independent directors.

The criteria of independence are based on the definition given in the Code. The Nominating Committee is tasked to determine on an annual basis and as and when the circumstances require whether or not a director is independent. For the purpose of determining directors' independence, every director has provided declaration of their independence which is deliberated upon by the Nominating Committee and the Board.

The Board also recognizes that independent directors may over time develop significant insights in the Group's business and operations, and can continue to provide significant and valuable contribution objectively to the Board as a whole. Presently, Mr Chan Weng Kee and Dr Ng Peng Teng have served as independent directors of the Company for more than nine years since their appointment. The Board has subject their independence to a particularly rigorous review.

Taking into account the views of the Nominating Committee, the Board concurs that Mr Chan Weng Kee and Dr Ng Peng Teng continue to demonstrate strong independence in character and judgement in the discharge of their responsibilities as directors of the Company. They continue to express their individual viewpoints, debate issues and objectively scrutinized and challenged management. They also sought clarification and amplification as they deemed necessary and through direct access to Group's employees.

Further, having gained in-depth understanding of business and operating environment of the Group, they provide the Company with much needed experience and knowledge of the industry. Based on their declaration of independence received from Mr Chan Weng Kee and Dr Ng Peng Teng, they has no association with management that could compromise their independence.

After taking into account all of these factors and also having weighed the need of the Board's refreshment against tenure for relative benefit, the Board has determined that Mr Chan Weng Kee and Dr Ng Peng Teng continue to be considered independent directors, notwithstanding they have served on the Board for more than nine years from the dates of their appointments.

Key information regarding the Directors is disclosed in Board of Directors and Key Executive. Together the Board members have a diverse wealth of experience as well as skills and knowledge to carry out their responsibilities. The Board comprises the following members:

Executive Directors

Chew Soo Lin
Chew Soo Eng

Independent directors

Tay Kwang Lip Willie
Chan Weng Kee
Ng Peng Teng Dr
Sam Teng Choong

The Board is of the view that the current Board, with independent non-Executive Directors making up at least two third of the Board, provides for a strong and independent element on the Board capable of exercising objective judgement on corporate affairs of the Group. No individual or small group of individuals dominates the Board's decision-making. The Board's structure, size and composition is reviewed annually by the NC. The board is the view that the present size of the Board is appropriate after taking into account the scope and nature of the Group's operation.

PRINCIPLE 3: ROLE OF CHAIRMAN AND MANAGING DIRECTOR

The company has a separate Chairman and Managing Director. Mr Chew Soo Lin is the Executive Chairman and Mr Chew Soo Eng is the Managing Director. Both Mr Chew Soo Lin and Mr Chew Soo Eng are part of the executive management team. As all major decisions made by the Chairman and the Managing Director are reviewed by the Board and the company has a simple organization structure, the Board is of the opinion that this arrangement does not undermine the accountability and capacity of the Board for independent decision making.

The Board is of the opinion that despite both the Chairman and the Managing Director being Executive Directors, with the composition of the Board comprising of four Independent Directors, there are sufficient checks and safeguards to ensure that the process of decision making by the Board is independent and based on shared agreement without any individual exercising any significant concentration of control or authority.

In addition, the responsibilities of the Chairman and the Managing Director are clearly defined. The Managing Director is the most senior executive in the Company and bears responsibility for the Company's business, while the Chairman is responsible for the leadership of the Board. The Chairman schedules board meetings and sets board agenda in consultation with the Managing Director. The Chairman ensures that all Board members are provided with complete, adequate and timely information.

The Board appointed Mr Tay Kwang Lip Willie to act as the lead independent director. Shareholders with concern may contact him directly when contact through the normal channels via the Chairman and Managing Director has failed to provide satisfactory resolution, or when such contact is inappropriate. All independent directors, including the lead independent director, meet at least annually without the presence of other executive and non-independent directors to discuss matters of significance which are then reported to the Chairman accordingly.

PRINCIPLE 4: BOARD MEMBERSHIP

NOMINATING COMMITTEE

The Nominating Committee ("NC") comprises the following three members who are all independent and non-executive.

Chan Weng Kee (Chairman)
Tay Kwang Lip Willie
Sam Teng Choong

The principal functions of the NC are, among other matters, to recommend all Board and Board Committee appointments, reappointments or re-elections, to determine the independence of each Director, and to identify new Directors who have the diversity of experience and appropriate knowledge and skills to contribute effectively to the Board.

New Directors are at present appointed by way of a Board resolution, after the NC approves their appointment. The Company's Articles of Association provide that one-third of the Directors shall retire by rotation at each annual general meeting and if eligible, they may offer themselves for re-election.

In considering the appointment of any new director, the NC ensures that the new director possesses the necessary skills, knowledge and experience that could facilitate the Board in making sound and well-considered decisions.

PRINCIPLE 4: BOARD MEMBERSHIP – *cont'd*

NOMINATING COMMITTEE – *cont'd*

The NC recommends

- Chew Soo Lin and Sam Teng Choong retiring by rotation, and being eligible, be nominated for re-election.

- Tay Kwang Lip Willie retiring under the Company's Article 99 and being eligible, be nominated for re-election.

PRINCIPLE 5: BOARD PERFORMANCE

A review of the Board's performance will be undertaken collectively by the Board as a whole. The Company believes that the Board's performance is ultimately reflected in the performance of the Group. The Board, through the delegation of its authority to the NC, ensures that the Directors appointed to the Board possess the relevant necessary background, experience, knowledge and skills so as to enable each Director to bring to the Board an independent and objective perspective to contribute to the effectiveness of the Board.

The Nominating Committee Chairman, in conjunction with the Chairman of the Board, conduct an annual assessment of the effectiveness of the Board as a whole, effectiveness of its Board committees and the contribution by each individual director. The assessment comprises of self-assessment, Board assessment and peer evaluations.

The Company believes that apart from the Directors' fiduciary duties (i.e. acting in good faith, with due diligence and care, and in the best interests of the Company and its shareholders), the Board's key responsibilities are to set strategic directions and to ensure that the long term objective of enhancing shareholders' wealth is achieved.

PRINCIPLE 6: ACCESS TO INFORMATION

In order to ensure that the Board is able to fulfill its responsibilities, management provides the Board members with regular updates of the performance and financial position of the Group including periodic updates. Management staff and the Company's auditor, who can provide insight into the matters for discussion, are also invited from time to time to attend such meetings. The Company Secretary attends all Board meetings and ensures that all Board procedures are followed. The Company Secretary, together with other management staff of the Company, also ensures that the Company complies with the applicable statutory and regulatory rules.

The Directors have separate and independent access to the Company's senior management and the Company Secretary at all times. Should the Directors, whether as a group or individually, need independent professional advice, the Company will appoint a professional advisor selected by the group or individual, and approved by the Chairman and CEO, to render the advice. The cost of such independent professional advice will be borne by the Company.

PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATI0N POLICIES
PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION

PRINCIPLE 9: DISCLOSURE ON REMUNERATION

REMUNERATION COMMITTEE

The Remuneration Committee ("RC") comprises the following three members who are independent and non-executive.

Tay Kwang Lip Willie (Chairman)
Chan Weng Kee
Ng Peng Teng Dr

The terms of reference for the RC include reviewing and approving the existing benefits and remuneration of executive directors and senior executives and recommending the fees of non-executive directors.

The RC in establishing the framework of remuneration policies endorsed by the Board for its executive directors and senior executives aims to be fair, linking rewards to corporate and individual performance.

The group sets remuneration packages which are competitive in line with the market and sufficient to attract, retain and motivate senior management with adequate experience and expertise to manage the business and operations of the group.

The RC presently adopts a remuneration policy of fixed and variable components. The fixed component is in the form of a basic salary and the variable component is in the form of a bonus which is linked to the performance of the group. No director is involved in deciding his own remuneration.

The Board has also recommended a fixed fee for non-executive directors, taking into account the effort, time spent and responsibilities of each non-executive director. The fee of non-executive directors is subject to shareholders' approval at the Annual General Meeting.

The immediate family members of the Managing Director, Mr Chew Kian Boon Daniel, had received remuneration in the band of between $100,000 to $150,000 and Mr Chew Kian Hong Michael, had received remuneration in the band between $50,000 to $100,000 during the financial year.

The remuneration components paid to each of the group's key executive directors and non-executive directors for the period ended 31 July 2014 are set out below:-

Name of Director	Salary %	Bonus %	Fees %	Total %
Between $250,001 to $500,000				
Chew Soo Lin	78	14	8	100
Chew Soo Eng	82	14	4	100
Below $100,000				
Tay Kwang Lip Willie	–	–	100	100
Chan Weng Kee	–	–	100	100
Sam Teng Choong	–	–	100	100
Ng Peng Teng Dr	–	–	100	100

The Company is of the view that due to confidentiality, competitiveness and personal security reasons, the total remuneration on a named basis of each Director is not disclosed.

PRINCIPLE 9: DISCLOSURE ON REMUNERATION *– cont'd*

REMUNERATION COMMITTEE *– cont'd*

Key Senior Management Remuneration

Mr Chew Soo Lin and Mr Chew Soo Eng who are executive directors of the Company are the only key management of the group. The other management staff for the group (who are not directors) received remuneration for the financial year ended 31st July 2014 within the band of $250,000 and below.

PRINCIPLE 10: ACCOUNTABILITY

The Board is accountable to the shareholders for providing them with a balanced and understandable assessment of the group's financial results, financial position and prospects through announcements. The Management has provided the Board on a regular basis and as and when required with management accounts which present a balanced and understandable assessment of the group's performance, position and prospects.

PRINCIPLE 11: AUDIT COMMITTEE

The Audit Committee ('AC') comprises the following members:-

Tay Kwang Lip Willie (Chairman)
Chan Weng Kee
Sam Teng Choong

All members of the Committee are independent and non-executive. The AC is able to exercise objective judgement independent from Management and no individual or small group of individuals will dominate the decisions of the Board. The Board is satisfied that all members of the AC are appropriately qualified to discharge their responsibilities.

The principal functions of the AC, among other matters, are:

- to review the half-yearly and full year financial statements to be issued by the Group with management and, where appropriate, with the Company's external auditor, before their submission to the Board;
- to review the scope and results of the audit and its cost-effectiveness and the independence and objectivity of the external auditor;
- to review the effectiveness of the internal audit function;
- to provide oversight on Group's risk management;
- to make recommendations to the Board on the appointment, re-appointment and/or removal of external auditor, and to approve the remuneration and terms of engagement of the external auditor;
- to review interested person transactions and

The number of meetings convened by the AC is set out in Principle 1: The Board's Conduct of its Affairs.

The Board and the AC are satisfied that the appointments of different auditors for the group's oversea subsidiaries and associates would not compromise the standard and effectiveness of the group's audit.

PRINCIPLE 11: AUDIT COMMITTEE – *cont'd*

To create an environment for open discussion on audit matters, the AC meets with the external and internal auditors, without the presence of the Management, at least once a year.

The AC has full access to and co-operation from the management. The external auditor has unrestricted access to the AC.

Minutes of the AC meeting were given to the Board members for their information and review. The AC also met with the external auditor without the presence of management.

The AC assesses the external auditor based on factors such as the performance and quality of their audit and the independence of the auditor, and recommends their appointment to the Board.

The Group has complied with Rules 712 and 715 of the Listing Manual issued by SGX in relation to its auditors.

The AC has reviewed the Group's whistle–blowing policy where the staff of the Group and third parties may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, with the objective of ensuring that arrangements are in place for the independent investigation of such matters for appropriate follow–up action.

PRINCIPLE 12: INTERNAL CONTROLS

The Board recognizes the importance of good corporate governance practices and a sound system of internal controls in safeguarding shareholders' investment as well as the group's assets. With the assistance of the external and internal auditors, the AC conducts annual review of their reports on the system of internal controls and to satisfy that the group's internal controls are adequate. The Board with the concurrence of the AC is of the opinion that system of the company's internal controls, addressing financial, operational, compliance and information technology controls, and risk management systems are adequate and effective in meeting the current needs of the group's business operations.

As there are inherent limitations in any system of internal controls, this system is designed to manage rather than eliminate risks that may impede the achievement of the group's business objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss.

The AC has confirmed that there are no non-audit services provided by the external auditors which affect the independence of the auditors.

PRINCIPLE 13: RISK MANAGEMENT AND INTERNAL AUDIT

The group's internal audit function in respect of the Malaysian operations has been outsourced to SMS Risk Management Sdn Bhd, an experienced and qualified professional risk management company in Malaysia. The internal audit function in respect of the remaining group's operations is performed by the group's in-house auditor.

The internal audit team performs risk assessment and conducts the review of the effectiveness of the Group's internal controls, including financial, operational and compliance controls and risk management systems. The internal auditors have unrestricted access to the AC on internal audit matters. The AC reviews and endorses the internal audit plan and internal audit reports of the Group. Any material non-compliance or failures in the internal audit function and recommendations for improvements are reported to the AC.

The Group adopts a decentralized approach to risk management, whereby the individual head of business units takes ownership and accountability for risks at their respective levels. The individual business units through a risk monitor, updates the Board on their operational, financial and compliance risks management.

PRINCIPLE 14: COMMUNICATION WITH SHAREHOLDERS

The company ensures an adequate and timely disclosure of all material information to the shareholders. The company communicates with its shareholders through the Annual Report, Annual General Meeting, Circulars to Shareholders and announcements through SGXNET.

Shareholders are given the opportunity to participate effectively and vote at the general meetings of shareholders, separate resolutions are also voted on each substantially separate issue.

PRINCIPLE 15: GREATER SHAREHOLDER PARTICIPATION

At general meetings of the Company, shareholders are given the opportunity to communicate their views and ask the Directors and management questions regarding matters affecting the Company. The Board, external auditor and senior management are available at the Annual General Meeting to respond to, and to assist the Directors in responding to shareholders' questions.

In accordance with the Articles of Association of the Company, each shareholder may appoint not more than two proxies to attend and vote on their behalf. A proxy need not be a member of the Company.

DEALING IN SECURITIES

Directors and employees have been advised not to deal in the company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information. They are required to report their dealings in the shares of the company and are advised from time to time not to deal in the company's shares during certain periods of the year in accordance with the guidelines set out in the SGX-ST Best Practices Guides.

Notifications, in accordance with the SGX Rule 1207(19), are issued to all the directors and employees annually not to deal in the securities of the company during the period of one month immediately before the announcement of the company's half year and full year financial statements.

PRINCIPLE 15: GREATER SHAREHOLDER PARTICIPATION – *cont'd*

INTERESTED PERSON TRANSACTIONS ("IPT")

The company has established a procedure for recording and reporting interested person transactions which are to be transacted on normal commercial terms and reviewed by the Audit Committee. Details of significant interested person transactions for the financial year ended 31 July 2014 are set out below:-

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

There were no other material contracts entered into by the company and its subsidiaries involving the interest of the substantial shareholders or directors, which are either subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year.

MATERIAL CONTRACTS

No material contracts were entered between the company and its subsidiaries involving the interests of the directors or controlling shareholders at the end of the financial year.

Profile of Directors and Key Executives

DIRECTORS

Chew Soo Lin

Mr Chew, who is an executive director, was appointed Chairman in August 2007.

Mr Chew qualified as a Chartered Accountant in November 1971 and worked for international accounting firms till 1978, when he joined the Khong Guan Group of Companies, assuming responsibilities in general and financial management.

Mr Chew is an independent director of Asia-Pacific Strategic Investments Ltd, Duty Free International Limited and MTQ Corporation Limited.

Chew Soo Eng

Mr Chew, who is an executive director, was appointed as Managing Director in January 2007.

Mr Chew graduated with a degree of Bachelor of Commerce (Accounting) from University of Western Australia in 1969. Currently Mr Chew is in charge of the Group's overall business operations. He is also director of several companies within the Khong Guan Group of Companies and the Managing Director of United Malayan Flour (1996) Sdn Bhd, an associated company.

Tay Kwang Lip Willie

Mr Willie Tay was appointed as Lead Independent Director, Chairman of the Audit and Remuneration Committees and a member of the Nominating Committee in January 2014.

He is the Managing Director of a certified public accounting corporation and is responsible for the running, managing and developing the assurance, advisory and consultancy business of the corporation.

Mr Tay is a Member of the Institute of Singapore Chartered Accountants, Singapore Institute of Directors and CPA Australia.

Chan Weng Kee

Mr Chan was appointed a non-executive independent director in June 1998.

Mr Chan is an Advocate & Solicitor of the Supreme Court, Singapore, and was called to the Bar on 16 January 1974, after which he served his full-time National Service in the Army from April 1974 to September 1976.

After his discharge from the Army (where he attained the rank of Captain in the Reserves), Mr Chan resumed practice in October 1976 and has been in continuous practice since then.

Mr Chan is also a Commissioner for Oaths, and has served an appointment as a Judge-Advocate of the SAF Military Court.

He was appointed to the Audit Committee in July 2003, and is a member of the Remuneration Committee and Chairman of the Nominating Committee.

Profile of Directors and Key Executives

Ng Peng Teng Dr

Dr Ng was appointed as a non-executive director in July 2003. He became a member of Remuneration Committee in December 2006.

Dr Ng is a member of the Institute of Electrical and Electronic Engineers, USA. He graduated with a degree of Bachelor of Science in Electrical Engineering and is a Doctor of Philosophy in Systems Science and Engineering conferred by the Massachusetts Institute of Technology, U.S.A. Dr Ng previously held engineering positions at RCA, GTE and IBM.

Sam Teng Choong

Mr Sam was appointed as director and member of Audit Committee in October 2007 and as member of Nominating Committee in December 2007. Mr Sam is a non-executive and independent director.

Mr Sam qualified as a Chartered Accountant in 1971 after graduating with a Bachelor of Commerce Degree from University of Liverpool in 1967. He worked as an auditor in an accounting firm in Malaysia before joining Arthur Young & Co., an international firm of accountants as a partner in 1978. He left Arthur Young & Co in 1990 to start his own practice until his retirement in 2005. He is now a secretarial and tax consultant.

KEY MANAGEMENT EXECUTIVES

Chew Soo Lin

Please refer to directors' profile.

Chew Soo Eng

Please refer to directors' profile.

Directors' Report for the financial year ended 31 July 2014

The directors present their report to the members together with the audited consolidated financial statements of the Group for the financial year ended 31 July 2014 and the statement of financial position of the Company as at 31 July 2014.

DIRECTORS

The directors of the Company in office at the date of this report are:-

Chew Soo Lin
Chew Soo Eng
Tay Kwang Lip Willie
Chan Weng Kee
Ng Peng Teng Dr
Sam Teng Choong

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of the financial year nor at any time during the year did there subsist any arrangements to which the Company or corporations in the Group was a party whereby directors of the Company or corporations in the Group might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTEREST IN SHARES OR DEBENTURES

According to the register kept under Section 164 of the Singapore Companies Act, Cap. 50, the following directors of the Company who held office at the end of the financial year had an interest in the shares of the Company and related corporations as stated below :-

	Number of shares registered in the name of directors and their nominees as at		Other shareholdings in which directors are deemed to have an interest as at	
	01.08.2013	31.07.2014	01.08.2013	31.07.2014
Khong Guan Flour Milling Limited				
Chew Soo Lin	6,000	6,000	—	—
Chew Soo Eng	201,666	201,666	19,200	19,200
Ng Peng Teng Dr	200,000	200,000	—	—
Subsidiary				
Tong Guan Food Products Sdn. Bhd.				
Chew Soo Lin	4,000	4,000	—	—
Chew Soo Eng	4,000	4,000	168,000	168,000

DIRECTORS' INTEREST IN SHARES OR DEBENTURES – *cont'd*

None of the other directors had any interest in the shares of the Company or its related corporations.

No debentures have been issued by the Company.

There were no changes in any of the abovementioned interests between the end of the financial year and 21 August 2014.

DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director of the Company has received or has become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Singapore Companies Act, Cap. 50 by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest except as disclosed in the financial statements.

SHARE OPTIONS

During the financial year, no option was granted to take up unissued shares of the Company or corporations in the Group.

During the financial year, there were no shares issued by virtue of the exercise of an option granted to take up unissued shares of the Company or corporations in the Group.

At the end of the financial year, there were no unissued shares of the Company or corporations in the Group under option.

OTHER INFORMATION

No material contracts to which the Company or any subsidiary is a party and which involve directors' interests subsisted at the end of the financial year, or have been entered into since the end of the previous financial year.

AUDIT COMMITTEE

The members of the Audit Committee ("Committee") at the date of this report are as follows:-

Tay Kwang Lip Willie (Chairman)
Chan Weng Kee
Sam Teng Choong

The Committee held several meetings since the last directors' report to perform its function of discussing and reviewing the financial statements, accounting system and policies, audit plan and internal controls for the Company and the Group, as well as independent auditors' reports with the board of directors and external auditors. The Committee has reviewed the annual financial statements and the auditor's report on the financial statements of the Group for the year ended 31 July 2014 and the statement of financial position as at 31 July 2014 of the Company before their submission to the Board of Directors of the Company for approval.

AUDIT COMMITTEE – *cont'd*

The Committee has recommended to the Board of Directors that the independent auditor, RT LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

INTERNAL AUDIT FUNCTIONS

The Group's internal audit function in respect of the Malaysian operations continues to be outsourced to an independent Malaysian risk management company. The primary mandate of the internal auditors is to examine and evaluate the effectiveness of the applicable operational activities and the systems of internal operational and financial control, so as to bring any material deficiencies, instances of non-compliance and development needs to the attention of the Audit Committee.

The Board, having reviewed and taken into consideration the comments of the Audit Committee on the reports submitted by the independent internal auditors, is of the opinion that the internal control procedures of the Group are adequate and will review these procedures on an on-going basis and address any specific issues or risks whenever necessary.

INDEPENDENT AUDITOR

The independent auditor, RT LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

Chew Soo Lin
Director

Chew Soo Eng
Director

Singapore, 23 October 2014

Statement by Directors for the financial year ended 31 July 2014

In the opinion of the directors,

(a) the accompanying statements of financial position of the Company and the consolidated financial statements of the Group are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 July 2014 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

Chew Soo Lin
Director

Chew Soo Eng
Director

Singapore, 23 October 2014

Independent Auditor's Report to the Members of Khong Guan Flour Milling Limited for the financial year ended 31 July 2014

Report on the Financial Statements

We have audited the accompanying financial statements of Khong Guan Flour Milling Limited (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and of the Company as at 31 July 2014, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report to the Members of Khong Guan Flour Milling Limited for the financial year ended 31 July 2014

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 July 2014, and the results, changes in equity and cash flows of the Group for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

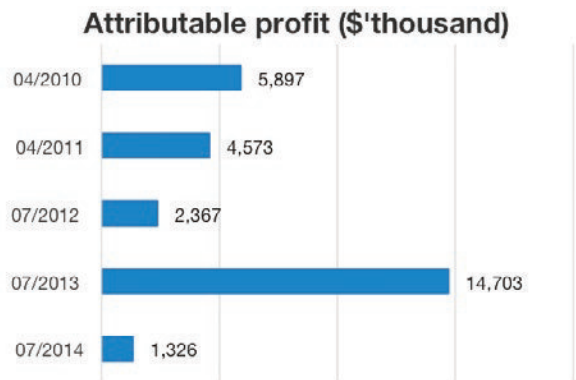
In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditor, have been properly kept in accordance with the provisions of the Act.

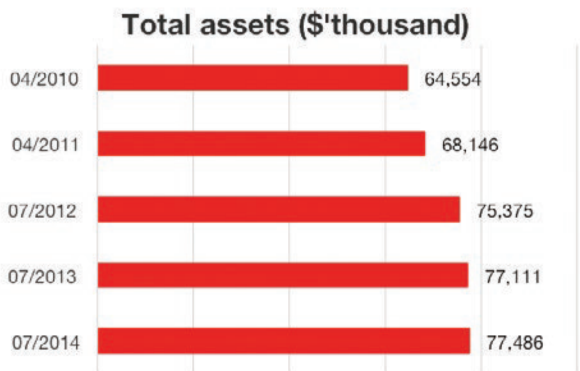
RT LLP
Public Accountants and
Chartered Accountants

Singapore, 23 October 2014

Group Financial Highlights as at 31 July 2014

	07/2014	07/2013	07/2012	04/2011	04/2010
($'thousand)					
Revenue	61,991	68,055	79,253	57,084	59,557
Attributable profit	1,326	14,703	2,367	4,573	5,897
Total assets	77,486	77,111	75,375	68,146	64,554
Shareholders' equity	68,929	68,768	66,682	61,084	56,471
	209,732	228,637	223,677	190,887	186,479





	Note	GROUP 2014 $	GROUP 31 July 2013 $ (Restated)	GROUP 1 August 2012 $ (Restated)	COMPANY 2014 $	COMPANY 31 July 2013 $ (Restated)	COMPANY 1 August 2012 $ (Restated)
ASSETS AND LIABILITIES							
Non-Current Assets							
Property, plant and equipment	3	3,172,130	1,556,186	1,605,195	405,675	130,939	172,171
Prepaid lease	4	2,018,907	508,060	211,181	—	—	—
Investment properties	5	3,879,481	3,879,481	3,879,481	3,879,481	3,879,481	3,879,481
Investments in subsidiaries	6	—	—	—	18,287,368	18,287,368	18,011,985
Investments in associates	7	21,824,674	21,282,550	20,344,554	2,843,189	2,880,916	2,084,993
Long-term investments	8	1,542,354	1,584,180	15,412,079	1,514,522	1,556,114	15,383,991
Deferred tax assets	9	—	8,117	11,911	—	—	—
		32,437,546	28,818,574	41,464,401	26,930,235	26,734,818	39,532,621
Current Assets							
Inventories	11	6,008,453	6,137,100	6,114,235	49,467	100,084	48,236
Short-term investments	12	7,828,963	7,581,735	9,919,467	—	—	—
Trade receivables	13	10,045,336	9,559,673	9,525,580	375,802	369,114	352,787
Other receivables	14	230,708	182,712	120,321	63,831	58,391	35,589
Tax recoverable		280,051	156,436	108,475	—	—	—
Amounts owing by subsidiaries	10	—	—	—	4,486,000	3,530,000	6,389,687
Asset classified as held for sale	15	—	31,173	—	—	—	—
Fixed deposits	16	16,818,736	20,452,700	3,950,000	16,739,942	18,441,158	3,950,000
Cash and bank balances	17	3,836,607	4,190,629	4,172,788	1,111,453	991,467	566,047
		45,048,854	48,292,158	33,910,866	22,826,495	23,490,214	11,342,346
Less: Current Liabilities							
Trade payables	18	4,555,874	4,627,528	4,537,662	558,934	340,883	350,567
Other payables	19	767,120	720,989	676,908	495,913	467,356	431,753
Amounts owing to banks	20	31,248	—	407,072	—	—	—
		5,354,242	5,348,517	5,621,642	1,054,847	808,239	782,320
Net Current Assets		39,694,612	42,943,641	28,289,224	21,771,648	22,681,975	10,560,026
Less: Non-Current Liabilities							
Provision for retirement benefits	21	280,264	255,933	221,032	280,264	255,933	221,032
Deferred tax liabilities	9	628,250	591,292	592,267	—	—	—
		908,514	847,225	813,299	280,264	255,933	221,032
Net Assets		71,223,644	70,914,990	68,940,326	48,421,619	49,160,860	49,871,615

EQUITY							
Share capital	22	33,278,673	33,278,673	33,278,673	33,278,673	33,278,673	33,278,673
Capital reserves	23	452,082	517,822	12,176,866	358,906	400,498	11,966,687
Foreign currency translation reserves		(3,536,093)	(3,211,571)	(3,219,916)	—	—	—
Retained profits		38,734,199	38,182,953	24,446,384	14,784,040	15,481,689	4,626,255
Attributable to equity holders of the Company		68,928,861	68,767,877	66,682,007	48,421,619	49,160,860	49,871,615
Non-controlling interests		2,294,783	2,147,113	2,258,319	—	—	—
Total Equity		71,223,644	70,914,990	68,940,326	48,421,619	49,160,860	49,871,615

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income
for the financial year ended 31 July 2014

	Note	2014 $	2013 $ (Restated)
Revenue	24	61,991,024	68,055,097
Other income	25	508,027	12,705,861
Changes in short-term investments		247,228	(2,337,732)
Changes in inventories		(77,945)	27,138
Purchases of short-term investments		(2,570,053)	(1,911,159)
Purchases of inventories		(52,995,907)	(56,269,917)
Employee benefits expense		(3,761,287)	(3,498,337)
Depreciation and amortisation expenses			
- property, plant and equipment	3	(398,939)	(323,371)
- prepaid lease	4	(31,121)	(12,379)
Finance costs	26	(6,025)	(2,668)
Share of results of associates, net of tax	7	1,279,816	1,404,130
Other expenses		(2,170,099)	(2,048,607)
Profit before tax	26	2,014,719	15,788,056
Income tax expense	27	(443,613)	(756,744)
Profit for the financial year		1,571,106	15,031,312
Profit for the financial year attributable to:			
Equity holders of the Company		1,325,622	14,703,416
Non-controlling interests		245,484	327,896
		1,571,106	15,031,312
Earnings per share for profit attributable to equity holders of the Company (in cents)			
Basic and diluted	28	5.14	56.96

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income
for the financial year ended 31 July 2014

	Note	2014 $	2013 $ (Restated)
Profit for the financial year		1,571,106	15,031,312
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss:			
Fair value gain on long-term quoted investments	8	—	185,510
Fair value (loss)/gain on long-term unquoted investments	8	(41,592)	183,731
Reclassification of fair value gain on disposal of long-term quoted investments	23	—	(11,935,430)
Share of associates' capital reserve	23	(24,148)	(92,855)
Translation differences relating to financial statements of foreign operations		(340,629)	3,741
Other comprehensive loss, net of tax		(406,369)	(11,655,303)
Total comprehensive income for the financial year		1,164,737	3,376,009
Total comprehensive income attributable to:			
Equity holders of the Company		935,360	3,052,717
Non-controlling interests		229,377	323,292
		1,164,737	3,376,009

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Changes In Equity

for the financial year ended 31 July 2014

	Note	Share capital $	Capital reserves $	Foreign currency translation reserves $	Retained profits $	Total attributable to equity holders of the Company $	Non-controlling interests $	Total equity $
At 1 August 2012								
As previously reported		33,278,673	11,960,099	(3,219,916)	24,446,384	66,465,240	2,258,319	68,723,559
Prior year adjustments		—	216,767	—	—	216,767	—	216,767
As restated	38	33,278,673	12,176,866	(3,219,916)	24,446,384	66,682,007	2,258,319	68,940,326
Total comprehensive income for the financial year		—	(11,659,044)	8,345	14,703,416	3,052,717	323,292	3,376,009
Acquisition of non-controlling interest		—	—	—	65,654	65,654	(368,429)	(302,775)
Dividends paid by								
- the Company	29	—	—	—	(1,032,501)	(1,032,501)	—	(1,032,501)
- subsidiaries to non-controlling interests		—	—	—	—	—	(66,069)	(66,069)
At 31 July 2013		33,278,673	517,822	(3,211,571)	38,182,953	68,767,877	2,147,113	70,914,990
At 31 July 2013								
As previously reported		33,278,673	117,324	(3,211,571)	38,182,953	68,367,379	2,147,113	70,514,492
Prior year adjustments		—	400,498	—	—	400,498	—	400,498
As restated	38	33,278,673	517,822	(3,211,571)	38,182,953	68,767,877	2,147,113	70,914,990
Total comprehensive income for the financial year		—	(65,740)	(324,522)	1,325,622	935,360	229,377	1,164,737
Dividends paid by								
- the Company	29	—	—	—	(774,376)	(774,376)	—	(774,376)
- subsidiaries to non-controlling interests		—	—	—	—	—	(81,707)	(81,707)
At 31 July 2014		33,278,673	452,082	(3,536,093)	38,734,199	68,928,861	2,294,783	71,223,644

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows
for the financial year ended 31 July 2014

	2014 $	2013 $
Cash flows from operating activities:-		
Profit before tax	2,014,719	15,788,056
Adjustments for non-cash and other items:-		
Allowance for doubtful trade receivables	—	17,921
Allowance for obsolete inventories	24,377	—
Adjustments for associate from deconsolidated subsidiary	—	(146,015)
Depreciation and amortisation expenses	430,060	335,750
Fair value loss/(gain) on short-term investments	288,802	(92,848)
Reclassification of fair value gain on disposal of long-term quoted investment	—	(11,935,430)
Net gain on disposal of property, plant and equipment	(194,263)	(7,391)
Impairment loss on long-term investments	—	30,933
Interest expense	6,025	2,668
Interest income	(187,731)	(316,260)
Loss on deconsolidation of a subsidiary	—	42,363
Payables written back, non-trade	—	(9,793)
Provision for retirement benefits	24,331	34,901
Reversal of allowance for doubtful trade receivables	(5,764)	(22,984)
Share of results of associates, net of tax	(1,279,816)	(1,404,130)
	(893,979)	(13,470,315)
Operating profit before working capital changes	1,120,740	2,317,741
(Increase)/decrease in short-term investments	(536,030)	2,430,580
Decreased/(increase) in inventories	53,568	(27,138)
Increase in trade and other receivables	(724,620)	(150,542)
Increase in trade and other payables	14,487	153,393
	(1,192,595)	2,406,293
Cash (used in)/generated from operations	(71,855)	4,724,034
Income tax paid	(398,651)	(753,708)
Interest paid	(6,025)	(2,668)
Interest received	187,731	316,260
	(216,945)	(440,116)
Net cash (used in)/generated from operating activities	(288,800)	4,283,918
Cash flows from investing activities:-		
Purchases of property, plant and equipment	(2,035,213)	(292,552)
Payment for lease	(1,529,590)	(328,225)
Proceeds from disposal of property, plant and equipment	250,106	7,391
Proceeds from disposal of long-term investment	—	14,166,185
Dividends received from associates	491,259	507,531
Net cash outflow on deconsolidation of a subsidiary	—	(2,184)
Acquisition of additional interests in a subsidiary	—	(302,775)
Net cash (used in)/generated from investing activities	(2,823,438)	13,755,371
	(3,112,238)	18,039,289

Consolidated Statement of Cash Flows
for the financial year ended 31 July 2014

	2014 $	2013 $
Cash flows from financing activities:-		
Dividends paid by the Company	(774,376)	(1,032,501)
Dividends paid by subsidiaries to non-controlling interests	(81,707)	(66,069)
Repayment of bank borrowings	—	(412,217)
Net cash used in financing activities	(856,083)	(1,510,787)
Net (decrease)/increase in cash and cash equivalents	(3,968,321)	16,528,502
Cash and cash equivalents at beginning of the financial year	24,643,329	8,122,788
Effects of currency translations on cash and cash equivalents	(50,913)	(7,961)
Cash and cash equivalents at end of the financial year (Note 30)	20,624,095	24,643,329

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL INFORMATION

The Company is a limited liability company listed on the Singapore Exchange Securities Trading Limited. It is incorporated and domiciled in the Republic of Singapore with the registered office and principal place of business at 2 MacTaggart Road, (Level 3), Singapore 368078.

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

The principal activities of the subsidiaries are set out in Note 6.

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

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates, assumptions and judgements. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.3.

2.2 CHANGES IN ACCOUNTING POLICIES

On 1 August 2013, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Group's and Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

2.3 SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2. **SIGNIFICANT ACCOUNTING POLICIES** – *cont'd*

2.3 **SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS** – *cont'd*

(a) Critical accounting estimates and assumptions

(i) Depreciation of investment properties and property, plant and equipment

The cost, less the residual values, of investment properties and property, plant and equipment are depreciated on the straight-line method over their estimated economic useful lives. Management estimates the economic useful lives of these assets to be within 5 to 999 years. As changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, future depreciation charges could be revised. The carrying amounts of the Group's property, plant and equipment and investment properties are disclosed in Notes 3 and 5 respectively.

(ii) Allowance for inventory obsolescence

At the end of the reporting period, the Group assesses whether any allowance for inventory obsolescence is required based on the best available facts and circumstances, including but not limited to, the inventories' physical conditions, age of inventories, their market selling prices, and estimated costs to be incurred for their sales. An amount of estimation is required to determine the inventory obsolescence. The allowances are re-evaluated and adjusted when additional information are received which affects the amount estimated.

As at the reporting date, allowance made for inventory obsolescence is disclosed in Note 11.

(iii) Allowance for doubtful trade receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that the recoverability of a receivable is doubtful. The determination of allowance for doubtful receivables is based on the review of the ageing analysis of outstanding accounts, past collection and payment history and the current financial status of each customer for any objective evidence that the debts is not recoverable. A considerable amount of estimation is required to determine the ultimate realisation of these receivables.

The carrying amounts of trade receivables and the allowance for doubtful trade receivables are disclosed in Note 13.

(iv) Income tax

The Group has exposure to income taxes in various jurisdictions. Significant judgement is involved in determining the Group's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the current income tax and deferred income tax provision in the financial year in which such determination is made.

2. SIGNIFICANT ACCOUNTING POLICIES – *cont'd*

2.3 SIGNIFICANT ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS – *cont'd*

(a) Critical accounting estimates and assumptions – *cont'd*

(iv) Income tax – *cont'd*

The Group is subject to income taxes in various jurisdictions. In determining the income tax liabilities, management is required to estimate the amount of capital allowances and the deductibility of certain expenses ("uncertain tax positions") at each tax jurisdiction.

(v) Provision for retirement benefits

The principal assumption used in determining the retirement benefits is the discounting rate of 1% (2013: 1%) per annum based on fixed deposit rate placed in bank.

The management has assessed that the employees who are entitled to the retirement benefits are paid off at their retirement age of 62 years.

(b) Critical judgements in applying the Group's accounting policies

Impairment of financial assets available-for-sale

Equity investment at fair value

The Group records impairment charges on available-for-sale equity investments carried at fair value where there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group has considered, among other factors, the short-term duration of the decline, the small magnitude by which the fair value of the investment is below cost, the financial health and short-term business outlook of the investee.

Equity investment at cost

The Group follows the guidance of FRS 39 in determining when an available-for-sale financial asset is considered impaired. This determination requires significant judgement. Management reviews any objective evidence of impairment on an annual basis. Where there is objective evidence of impairment, management makes judgement as to whether an impairment loss should be recorded in profit or loss. The carrying amount of the financial assets, available-for-sale at cost affected by the judgement is $933,448 (2013: $933,682).

The cumulative amount of impairment loss recognised for the Group's available-for-sale financial assets was $350,472 (2013: $350,561).

2. SIGNIFICANT ACCOUNTING POLICIES – *cont'd*

2.4 GROUP ACCOUNTING

(a) Subsidiaries

(i) Consolidation

Subsidiaries are entities (including special purpose entities) over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanied by a shareholding giving rise to a majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisition of businesses

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill.

2. **SIGNIFICANT ACCOUNTING POLICIES** – *cont'd*

2.4 **GROUP ACCOUNTING** – *cont'd*

(a) Subsidiaries - *cont'd*

(iii) Disposals of subsidiaries or businesses

When a change in the Company's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific standard.

Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained investment at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to Note 2.7 for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

(b) Transactions with non-controlling interests

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Group. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised directly in retained profits.

(c) Associates

Associates are entities over which the Group has significant influence, but not control, and generally accompanied by a shareholding giving rise to between and including 20% and 50% of the voting rights. Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

Investments in associates are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies represents the excess of the cost of acquisition of the associate over the Group's share of the fair value of the identifiable net assets of the associate and is included in the carrying amount of the investments.

In applying the equity method of accounting, the Group's share of its associates' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associated companies are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associate.

2. **SIGNIFICANT ACCOUNTING POLICIES** – *cont'd*

2.4 **GROUP ACCOUNTING** – *cont'd*

(c) Associates - *cont'd*

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of associates have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Gains and losses arising from partial disposals or dilutions in investments in associates are recognised in profit or loss.

Investments in associates are derecognised when the Group loses significant influence. Any retained interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained investment at the date when significant influence is lost and its fair value is recognised in profit or loss.

Please refer to Note 2.7 for the accounting policy on investments in associates in the separate financial statements of the Company.

2.5 **PROPERTY, PLANT AND EQUIPMENT**

(a) Measurement

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses if any, except for certain leasehold land and buildings that are carried at their revalued amounts in 1982, less subsequent accumulated depreciation. The revaluation was based on valuation reports of independent professional valuers using the open market value basis.

In accordance with the relevant accounting standards, an entity that had revalued its property, plant and equipment before 1 January 1984 (in accordance with the prevailing accounting standard at that time); or performed any one-off revaluation on its property, plant and equipment between 1 January 1984 and 31 December 1996 (both dates inclusive), there will be no need for the entity to revalue its assets in accordance with the standard with effect from 19 January 2007.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(b) Depreciation

Depreciation is calculated using a straight line method to allocate their depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	Years
Leasehold land	924
Leasehold buildings	50
Leasehold land and buildings	25 to 999
Motor vehicles	5 to 10
Office equipment and fittings	5 to 10

2. SIGNIFICANT ACCOUNTING POLICIES – *cont'd*

2.5 PROPERTY, PLANT AND EQUIPMENT – *cont'd*

(b) Depreciation - *cont'd*

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated assets still in use are retained in the financial statements.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss.

2.6 INVESTMENT PROPERTIES

An investment property is a property held either to earn rental income and/or for capital appreciation rather than for use in production or supply of goods or services or for administrative purposes.

An investment property is initially recognised at cost and subsequently carried at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated using the straight-line method to allocate the depreciable amounts of the investment properties over the estimated useful lives as follows:-

	Years
Leasehold buildings	50

No depreciation is provided on freehold land.

The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

2.7 INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

Investments in subsidiaries and associates are carried at cost less any accumulated impairment losses in the Company's statement of financial position. On disposal of investments in subsidiaries and associates, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2. **SIGNIFICANT ACCOUNTING POLICIES** – *cont'd*

2.8 FINANCIAL ASSETS

(a) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets, at fair value through profit or loss

A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Short-term investments are classified in this category and are presented as current assets in the statement of financial position.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the end of the reporting period which are presented as non-current assets. Loans and receivables are presented as "trade receivables", "other receivables", "fixed deposits", "cash and bank balances", and "amounts owing by subsidiaries" on the statement of financial position.

(iii) Financial assets, available-for-sale

Financial assets, available-for-sale, are non-derivatives that are either designated in this category or not classified in any of the other categories. Long-term investments are classified in this category and are presented as non-current assets unless management intends to dispose off the assets within 12 months after the end of the reporting period.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount in the fair value reserve relating to that asset is reclassified to the consolidated statement of comprehensive income.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

2. SIGNIFICANT ACCOUNTING POLICIES – *cont'd*

2.8 FINANCIAL ASSETS – *cont'd*

(d) Subsequent measurement

Financial assets, both available-for-sale (quoted equity securities) and at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Unquoted equity securities are subsequently carried at fair value unless their fair values cannot be reliably measured in which case, they are carried at cost less impairments, if any.

Changes in the fair values of financial assets at fair value through profit or loss including the effects of currency translation are recognised in profit or loss when the changes arise.

Interest and dividend income on financial assets, available-for-sale are recognised separately in profit or loss when available-for-sale equity securities are carried at fair value. Changes in their fair values (i.e. non-monetary items) are recognised in the fair value reserve, together with the related currency translation differences.

(e) Impairment

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(ii) Financial assets, available-for-sale (carried at fair value)

In addition to the objective evidence of impairment described in Note 2.8(e)(i), a significant or prolonged decline in the value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

2. **SIGNIFICANT ACCOUNTING POLICIES** – *cont'd*

2.8 **FINANCIAL ASSETS** – *cont'd*

(e) Impairment - *cont'd*

(ii) Financial assets, available-for-sale (carried at fair value) - *cont'd*

If any evidence of impairment exists, the cumulative loss that was recognised in the fair value reserve is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

(iii) Financial assets, available-for-sale (carried at cost)

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost had been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2.9 **INVENTORIES**

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. A write down on cost is made when the cost is not recoverable or if their selling prices have declined. Allowance is made for deteriorated, damaged, obsolete and slow moving stocks.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.10 **CASH AND CASH EQUIVALENTS**

Cash and bank balances are defined as cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash on hand and in banks and short-term deposits which are held to maturity are carried at cost.

For the purposes of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

2. **SIGNIFICANT ACCOUNTING POLICIES** – *cont'd*

2.11 FINANCIAL LIABILITIES

Financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual agreements of the financial instrument and are classified according to the substance of the contractual agreements entered into. Financial liabilities are initially stated at cost which is the fair value plus direct attributable transaction costs, and subsequently measured at amortised cost using the effective interest method. Financial liabilities include bank overdrafts, trade payables and other payables.

The financial liability is derecognised when the obligation under the liability is discharged or cancelled or has expired. The gains or losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. All interest-related charges are recognised in profit or loss.

2.12 FAIR VALUE ESTIMATION OF FINANCIAL ASSETS AND LIABILITIES

The fair values of financial instruments traded in active markets (such as exchange traded and over-the-counter securities and derivatives) are based on quoted market prices at the end of the reporting period. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices for financial liabilities are the current asking prices.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.13 IMPAIRMENT OF NON-FINANCIAL ASSETS

Property, plant and equipment, investment properties, investments in subsidiaries and associates are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the Cash-Generating Unit ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease. Please refer to the paragraph "Property, plant and equipment" for the treatment of a revaluation decrease.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

2. SIGNIFICANT ACCOUNTING POLICIES – *cont'd*

2.13 IMPAIRMENT OF NON-FINANCIAL ASSETS – *cont'd*

A reversal of impairment loss for an asset is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also credited to profit or loss.

2.14 INCOME TAX

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in other comprehensive income. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2.15 CORPORATE GUARANTEES

Corporate guarantees are initially recognised at their fair values plus transaction costs in the Company's statement of financial position.

Corporate guarantees are subsequently amortised to profit or loss over the period of the subsidiaries' borrowings, unless it is probable that the Company will reimburse the bank for an amount higher than the unamortised amount. In this case, the corporate guarantees shall be carried at the expected amount payable to the bank in the Company's statement of financial position.

Intra-group transactions are eliminated on consolidation.

2. SIGNIFICANT ACCOUNTING POLICIES – *cont'd*

2.16 CURRENCY TRANSLATION

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Singapore Dollars ("$"), which is the functional and presentation currency of the Company.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of the reporting period are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency of the Company are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing exchange rate at the end of the reporting period;

(ii) Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) All resulting currency translation differences are recognised in the foreign currency translation reserve.

2.17 SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.18 DIVIDENDS TO COMPANY'S SHAREHOLDERS

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

2. **SIGNIFICANT ACCOUNTING POLICIES** – *cont'd*

2.19 REVENUE RECOGNITION

The Group recognises revenue when the amount of revenue and related costs can be reliably measured, when it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) Sale of goods – Trading income

Sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer which generally coincides with delivery and acceptance of the goods sold.

(b) Interest income

Interest income is recognised using the effective interest method.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

(d) Rental income

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

(e) Sales of investments

Revenue from sales of investments is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

2.20 GOVERNMENT GRANTS

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

2.21 BORROWING COSTS

Borrowing costs are recognised in profit or loss in the year in which they are incurred using the effective interest method.

2.22 EMPLOYEE BENEFITS

(a) Contributions to provident funds

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. Singapore companies make contributions to the Central Provident Fund, a defined contribution pension scheme. Contributions to national pension schemes are recognised as an expense in the same year as the employment that gives rise to the contributions.

2. SIGNIFICANT ACCOUNTING POLICIES – *cont'd*

2.22 EMPLOYEE BENEFITS – *cont'd*

(b) Provision for retirement benefits

Defined benefit plans are post-employment benefit pension plans other than defined contribution plans. Defined benefit plans typically define the amount of benefit that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of a defined benefit pension plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, if any, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yields of high quality government bonds that are denominated in the currency in which the benefits will be paid, and have tenures approximating to that of the related post-employment benefit obligations.

Actuarial gains and losses are recognised in profit or loss in the year when they arise.

Past service costs are recognised immediately in profit or loss, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

(c) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting year.

2.23 LEASES

(a) When the Group is the lessee:

The Group leases land and buildings under operating leases from non-related parties.

Lessee - Operating leases

Leases of property, plant and equipment where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

(b) When the Group is the lessor

The Group leases land and building under operating leases to related and non-related parties.

2. SIGNIFICANT ACCOUNTING POLICIES – *cont'd*

2.23 LEASES – *cont'd*

(b) When the Group is the lessor - *cont'd*

Lessor - Operating leases

Leases of land and buildings where the Group retains substantially all risk and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

2.24 SEGMENT REPORTING

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

2.25 NON-CURRENT ASSETS HELD FOR SALE

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through sale transactions rather than through continuing use. This condition is recognised as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amounts and fair values less costs of realisation.

2.26 PREPAID LEASE PAYMENTS

Leasehold land that normally has a definite economic life and where the title is not expected to pass to the lessee by the end of the lease term is treated as an operating lease. Payments made on entering into or acquiring leasehold land are accounted as prepaid lease payments and amortised evenly over the lease terms of the land.

3. PROPERTY, PLANT AND EQUIPMENT

GROUP	Revalued cost: Leasehold land $ (Restated)	Revalued cost: Leasehold buildings $	Cost: Leasehold land and buildings $ (Restated)	Cost: Motor vehicles $	Cost: Office equipment and fittings $	Total $
Cost						
At 1 August 2012						
- as previously stated	74,373	138,460	1,295,396	2,525,290	720,541	4,754,060
Reclassified to prepaid lease (Note 4)	(39,560)	—	(438,545)	—	—	(478,105)
As restated	34,813	138,460	856,851	2,525,290	720,541	4,275,955
Additions	—	—	146,887	102,028	43,637	292,552
Disposals	—	—	—	(37,890)	—	(37,890)
Transfer to asset classified as held for sale	—	(47,436)	—	—	—	(47,436)
Currency translation differences	(26)	(105)	(2,594)	(2,081)	(702)	(5,508)
At 31 July 2013	34,787	90,919	1,001,144	2,587,347	763,476	4,477,673
Additions	—	—	1,207,572	544,933	282,708	2,035,213
Disposals	—	—	—	(121,367)	(24,445)	(145,812)
Currency translation differences	(291)	(759)	5,036	(12,138)	(1,409)	(9,561)
At 31 July 2014	34,496	90,160	2,213,752	2,998,775	1,020,330	6,357,513
Accumulated Depreciation						
At 1 August 2012						
- as previously stated	25,797	86,523	635,532	1,638,075	551,757	2,937,684
Reclassified to prepaid lease (Note 4)	(24,644)	—	(242,280)	—	—	(266,924)
As restated	1,153	86,523	393,252	1,638,075	551,757	2,670,760
Charge for the year	38	2,211	22,847	259,527	38,748	323,371
Disposals	—	—	—	(37,890)	—	(37,890)
Transfer to asset classified as held for sale	—	(30,892)	—	—	—	(30,892)
Currency translation differences	(1)	(129)	(567)	(2,587)	(578)	(3,862)
At 31 July 2013	1,190	57,713	415,532	1,857,125	589,927	2,921,487
Charge for the year	37	1,783	38,376	296,318	62,425	398,939
Disposals	—	—	—	(96,341)	(24,201)	(120,542)
Currency translation differences	(10)	(462)	(3,043)	(8,460)	(2,526)	(14,501)
At 31 July 2014	1,217	59,034	450,865	2,048,642	625,625	3,185,383
Net Carrying Amount						
At 31 July 2013	33,597	33,206	585,612	730,222	173,549	1,556,186
At 31 July 2014	33,279	31,126	1,762,887	950,133	394,705	3,172,130

3. PROPERTY, PLANT AND EQUIPMENT – *cont'd*

COMPANY	Motor vehicles $	Office equipment and fittings $	Total $
Cost			
At 1 August 2012	448,105	263,583	711,688
Additions	–	16,578	16,578
At 31 July 2013	448,105	280,161	728,266
Additions	363,888	13,000	376,888
Disposals	(114,001)	–	(114,001)
At 31 July 2014	697,992	293,161	991,153
Accumulated Depreciation			
At 1 August 2012	300,504	239,013	539,517
Charge for the year	44,811	12,999	57,810
At 31 July 2013	345,315	252,012	597,327
Charge for the year	64,060	13,066	77,126
Disposals	(88,975)	–	(88,975)
At 31 July 2014	320,400	265,078	585,478
Net Carrying Amount			
At 31 July 2013	102,790	28,149	130,939
At 31 July 2014	377,592	28,083	405,675

Leasehold land and buildings of the Group with a total net carrying amount of $484,755 (2013: $510,371) have been mortgaged to secure banking facilities granted to a subsidiary (Note 20).

The Group's leasehold land and leasehold buildings stated at valuation were based on an independent appraisal by professional valuer, C. H. William, Talhar & Wong (Sabah) Sdn Bhd on 27 February 1982 at $34,496 and $90,160 (equivalent to RM88,000 and RM230,000 respectively) which were the fair value at that date.

Details of properties used for office and warehouse purposes are as follows:-

3. **PROPERTY, PLANT AND EQUIPMENT** – *cont'd*

Location	Site area *(sq. m)*	Tenure
TTB 2195, Lot 10, Taman Anson, Tawau, Sabah	410	999 years from 1905
TD 2205, Lot 20, Taman Anson, Tawau, Sabah	377	999 years from 1905

4. **PREPAID LEASE**

	GROUP	
	2014 **$**	**2013** **$**
Cost		
Balance at beginning of the financial year	762,096	478,105
Additions	1,529,590	328,225
Transfer to asset classified as held for sale	–	(39,530)
Currency translation difference	10,602	(4,704)
Balance at end of the financial year	2,302,288	762,096
Accumulated Amortisation		
Balance at beginning of the financial year	254,036	266,924
Charge for the year	31,121	12,379
Transfer to asset classified as held for sale	–	(24,901)
Currency translation difference	(1,776)	(366)
Balance at end of the financial year	283,381	254,036
Net Carrying Amount	2,018,907	508,060

Prepaid lease of the Group with a total net carrying amount of $427,022 (2013: $438,487) have been mortgaged to secure banking facilities granted to a subsidiary (Note 20).

The comparative figure has been reclassified from property, plant and equipment to prepaid lease to conform with current year application of relevant Singapore Financial Reporting Standard (Note 3).

Details of leasehold land used for office and warehouse purposes are as follows:-

Location	Site area *(sq. m)*	Tenure
Lot 3, Km 8, Jalan Tuaran, Kota Kinabalu, Sabah	8,025	60 years from 2013
Lot 8, Block C, Saguking Warehouse, Federal Territory of Labuan	280	99 years from 1982
MDLD 1434, Lot 4B, Hopeley Ind. Shophouse, Lahad Datu, Sabah	168	59 years from 1974
Lot 118, SEDCO Industrial Estate, Phase II B, Mile 3, North Road, Sandakan, Sabah	464	25 years from 2013
Lot PT 1542, Mukim 1, Daerah Seberang Perai Tengah, Pulau Pinang	7,918	60 years from 1985

5. INVESTMENT PROPERTIES

GROUP AND COMPANY	Freehold land
	$
Cost	
At 31 July 2013 and 31 July 2014	3,879,481
Net Carrying Amount	
At 31 July 2013 and 31 July 2014	3,879,481
Fair Value	
At 31 July 2013	5,000,000
At 31 July 2014	12,500,000

The freehold building has no value in the accounts.

The following amounts are recognised in profit or loss:-

	GROUP AND COMPANY	
	2014	2013
	$	$
Rental income from investment properties (Note 25)	82,134	101,200
Direct operating expenses arising from:		
- Investment properties that generated rental income	8,187	9,519
- Investment properties that did not generate rental income	8,397	7,378

The investment properties of the Group were leased to tenants under operating leases.

The Company's investment property (land value only) was appraised as at 31 July 2014 by an independent valuer, DTZ Debenham Tie Leung (SEA) Pte Ltd, at a fair value of $12,500,000. The fair values of $5,000,000 at 31 July 2013 are determined by internal assessment based on the estimated open market values of properties transacted within the same vicinity (Level 3 fair value hierachy).

This property is professionally appraised every 5 years.

Details of the investment property is as follows:-

Location	**Site area** *(sq. m)*	**Tenure**
2 MacTaggart Road, Singapore 368078	1,020	Freehold

6. INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2014	2013
	$	$
Unquoted equity investments, at cost	20,649,874	20,649,874
Less: Impairment losses	(2,362,506)	(2,362,506)
	18,287,368	18,287,368

6. **INVESTMENTS IN SUBSIDIARIES** – *cont'd*

Details of the subsidiaries are as follows:-

Name of subsidiary	Principal activities	Place of incorporation/ business	Percentage of equity held 2014 %	2013 %
Held by the Company				
Khong Guan Food Products Pte Ltd^	Trading in quoted investments	Singapore	100.00	100.00
Victus Marketing Pte. Ltd.^	Trading in edible foods and quoted investments	Singapore	100.00	100.00
Tau Meng Investments Pte Ltd ^	Investment holding	Singapore	100.00	100.00
Swee Hin Chan Company Sdn. Berhad #	Wholesaler of wheat flour, general goods, and related products	Malaysia	89.82	89.82
Tong Guan Food Products Sdn. Bhd.@	Wholesaler of wheat flour, biscuits and other consumer goods	Malaysia	84.31	84.31
Held by Tong Guan Food Products Sdn. Bhd.				
Sasinco Sdn. Bhd.@	Wholesaler of consumer goods	Malaysia	100.00	100.00

^ Audited by RT LLP
# Audited by Ernst & Young, Malaysia
@ Audited by Deloitte KassimChan, Malaysia

In accordance with Rule 716 of The Singapore Exchange Securities Trading Limited, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries and significant associates (Note 7) would not compromise the standard and effectiveness of the audit of the Company.

7. INVESTMENTS IN ASSOCIATES

	GROUP		COMPANY	
	2014	2013	2014	2013
	$	$	$	$
Unquoted equity investments, at cost	14,948,396	14,948,396	4,816,357	4,816,357
Less: Impairment losses:-				
Balance at beginning of the financial year	–	–	(1,935,441)	(2,405,091)
Impairment losses (charged)/written back	–	–	(37,727)	469,650
Balance at end of the financial year	–	–	(1,973,168)	(1,935,441)
	14,948,396	14,948,396	2,843,189	2,880,916
Share of post-acquisition reserves	9,363,123	8,574,566	–	–
Share of capital reserve	92,871	117,019	–	–
Foreign currency translation reserves	(2,579,716)	(2,357,431)	–	–
	21,824,674	21,282,550	2,843,189	2,880,916

Movements for share of post- acquisition reserves

	2014	2013
Balance at beginning of the financial year	8,574,566	7,677,967
Share of results	1,279,816	1,404,130
Dividends received	(491,259)	(507,531)
Balance at end of the financial year	9,363,123	8,574,566

Summarised financial information of the associates, not adjusted for the proportion of ownership held by the Group, is as follows:-

	GROUP	
	2014	2013
	$	$
Assets and liabilities:		
Total assets	85,626,686	84,227,315
Total liabilities	7,007,898	7,997,593
Net assets	78,618,788	76,229,722
Associates' non-controlling interest	8,284,621	7,756,076
Results:		
Revenue	109,463,205	111,091,236
Profit for the year	4,262,291	4,575,420

7. **INVESTMENTS IN ASSOCIATES** – *cont'd*

Details of the associates are as follows:-

Name of company	Principal activities	Place of incorporation/ business	Effective interest held by group 2014 %	2013 %
Held by the Company				
Henan Khong Guan Cereal and Oil Food Products Company Limited #	Milling of wheat flour and related by-products	The People's Republic of China	40.60	40.60
Held by Tong Guan Food Products Sdn. Bhd.				
Borneo Can Sendirian Berhad @	Manufacturing and sale of paper cartons, metal tins and cans	Malaysia	23.67	23.67
Held by Tau Meng Investments Pte Ltd				
United Malayan Flour (1996) Sdn. Bhd. +	Milling and trading of wheat flour and related products	Malaysia	30.00	30.00

Audited by Henan Junguangxin Accountant Firm Co.,Ltd, The People's Republic of China.

@ Audited by Deloitte KassimChan, Malaysia

+ Audited by Ernst & Young, Malaysia

8. LONG-TERM INVESTMENTS

Long-term investments are classified as available-for-sale financial assets as follows:-

	GROUP		COMPANY	
	2014 $	2013 $ (Restated)	2014 $	2013 $ (Restated)
Available-for-sale financial assets				
Quoted equity investments:-				
At fair value				
Balance at beginning of the financial year	–	13,980,675	–	13,980,675
Fair value gain (Note 23)	–	185,510	–	185,510
Disposal	–	(14,166,185)	–	(14,166,185)
Balance at end of the financial year	–	–	–	–
Unquoted equity investments:-				
At fair value				
Balance at beginning of the financial year – as previously reported	250,000	250,000	250,000	250,000
Prior year adjustments (Note 38)	400,498	216,767	400,498	216,767
As restated	650,498	466,767	650,498	466,767
Fair value (loss)/gain (Note 23)	(41,592)	183,731	(41,592)	183,731
Balance at end of the financial year	608,906	650,498	608,906	650,498
Unquoted equity investments:-				
At cost	1,283,920	1,284,243	1,245,504	1,245,504
Less: Impairment loss:-				
Balance at beginning of the financial year	(350,561)	(319,636)	(339,888)	(308,955)
Allowance made for the financial year	–	(30,933)	–	(30,933)
Currencies translation differences	89	8	–	–
Balance at end of the financial year	(350,472)	(350,561)	(339,888)	(339,888)
	933,448	933,682	905,616	905,616
Total equity investments	1,542,354	1,584,180	1,514,522	1,556,114

8. **LONG-TERM INVESTMENTS** – *cont'd*

Available-for-sale financial assets comprise the following:-

	GROUP			
	2014		2013	
	At fair value $	At cost $	At fair value $	At cost $
Quoted equity investments :-				
- Malaysia	–	–	–	–
Unquoted equity investments :-				
- Singapore	608,906	–	650,498	–
- Malaysia	–	27,832	–	28,066
- Hong Kong	–	905,616	–	905,616
	608,906	933,448	650,498	933.682

	COMPANY			
	2014		2013	
	At fair value $	At cost $	At fair value $	At cost $
Quoted equity investments :-				
- Malaysia	–	–	–	–
Unquoted equity investments :-				
- Singapore	608,906	–	650,498	–
- Hong Kong	–	905,616	–	905,616
	608,906	905,616	650,498	905,616

The available-for-sale unquoted equity investment is carried at its cost because fair value cannot be reliably measured. This investment is not quoted on any market. In addition, the variability in the range of reasonable fair value estimates derived from valuation techniques is significant. Consequently, it is carried at cost less provision for impairment. The Group does not intend to dispose this investment in the foreseeable future.

During the financial year, no impairment loss has been recognised against the unquoted equity investment based on the review of the recoverable amount of its investment.

9. DEFERRED TAX ASSETS/LIABILITIES

Recognised deferred tax assets and liabilities, determined after appropriate offsetting, are attributable to the following:-

	GROUP	
	2014 $	2013 $
Deferred tax assets		
Provisions and other temporary differences	—	8,117
Deferred tax liabilities		
Fair value gains on short-term investments	496,415	513,876
Excess of carrying amount over tax written down value of property, plant and equipment and others	131,835	77,416
	628,250	591,292

Deferred tax assets and liabilities are netted off when related to the same tax authority.

Movements in deferred tax assets and liabilities of the Group are analysed as follows:-

	GROUP	
	2014 $	2013 $
Deferred tax assets		
Balance at beginning of the financial year	8,117	11,911
(Charged)/credited to profit or loss		
- current	(7,961)	796
- prior years	—	(4,632)
Currency translation differences	(156)	42
Balance at end of the financial year	—	8,117
Deferred tax liabilities		
Balance at beginning of the financial year	591,292	592,267
Charged/(credited) to profit or loss		
- current	26,546	(800)
- prior years	10,454	—
Currency translation differences	(42)	(175)
Balance at end of the financial year	628,250	591,292
Net deferred taxation charged to profit or loss (Note 27)	44,961	3,036

10. AMOUNTS OWING BY SUBSIDIARIES

	COMPANY	
	2014	2013
	$	$
Amounts owing by subsidiaries, non-trade	4,600,000	3,700,000
Less: Allowance for doubtful receivables		
Balance at beginning of the financial year	(170,000)	(193,000)
Written back for the financial year	56,000	23,000
Balance at end of the financial year	(114,000)	(170,000)
	4,486,000	3,530,000

The amounts owing by subsidiaries are unsecured, repayable on demand and interest-free.

Amounts owing by subsidiaries are denominated in the following currencies:-

	COMPANY	
	2014	2013
	$	$
Singapore Dollars	4,486,000	3,530,000

11. INVENTORIES

	GROUP		COMPANY	
	2014	2013	2014	2013
	$	$	$	$
Trading inventories				
- at cost	5,664,029	5,671,389	49,467	69,084
Goods-in-transit				
- at cost	368,801	465,711	–	31,000
Allowance for obsolete inventories				
Balance at beginning of the financial year	–	–	–	–
Charge for the financial year	(24,377)	–	–	–
Balance at end of the financial year	(24,377)	–	–	–
	6,008,453	6,137,100	49,467	100,084

The cost of inventories recognised as an expense as included in the consolidated statement of comprehensive income amounts to $53,073,852 (2013: $56,242,779).

12. SHORT-TERM INVESTMENTS

Short-term investments are classified as financial assets at fair value through profit or loss as follows:-

	GROUP	
	2014	**2013**
	$	**$**
Held for trading		
Equity investments quoted in :-		
- Singapore	5,232,452	4,948,172
- Malaysia	2,593,659	2,632,735
- Hong Kong	2,852	828
	7,828,963	7,581,735

Financial assets at fair value through profit or loss are denominated in the following currencies:

	GROUP	
	2014	**2013**
	$	**$**
Singapore Dollars	5,176,100	4,891,002
Ringgit Malaysia	2,593,659	2,632,735
United States Dollars	56,352	57,170
Hong Kong Dollars	2,852	828
	7,828,963	7,581,735

13. TRADE RECEIVABLES

	GROUP		COMPANY	
	2014	**2013**	**2014**	**2013**
	$	**$**	**$**	**$**
Third parties	9,888,596	9,380,969	401,289	398,601
Related parties	192,268	225,875	—	—
	10,080,864	9,606,844	401,289	398,601
Less: Allowance for doubtful trade receivables :-				
Balance at beginning of the financial year	(47,171)	(68,853)	(29,487)	(32,237)
Allowance written back for the financial year	5,764	5,063	4,000	2,750
Bad debts written off	5,649	16,845	—	—
Currency translation differences	230	(226)	—	—
Balance at end of the financial year	(35,528)	(47,171)	(25,487)	(29,487)
	10,045,336	9,559,673	375,802	369,114

13. TRADE RECEIVABLES – *cont'd*

Trade receivables are denominated in the following currencies:-

	GROUP 2014 $	GROUP 2013 $	COMPANY 2014 $	COMPANY 2013 $
Singapore Dollars	560,179	369,114	375,802	369,114
Ringgit Malaysia	9,485,157	9,190,559	–	–
	10,045,336	9,559,673	375,802	369,114

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2013: 30 to 90 days) term. Trade receivables are not secured by any collateral.

The Group's and Company's trade receivables at the end of the reporting period are analysed as follows:

	GROUP 2014 $	GROUP 2013 $	COMPANY 2014 $	COMPANY 2013 $
Not past due and not impaired (a)	8,583,066	8,457,073	265,043	251,871
Past due but not impaired (b)	1,462,270	1,102,600	110,759	117,243
	10,045,336	9,559,673	375,802	369,114
Impaired receivables (c)				
Individually assessed	35,528	47,171	25,487	29,487
Allowance for doubtful receivables	(35,528)	(47,171)	(25,487)	(29,487)
	–	–	–	–
	10,045,336	9,559,673	375,802	369,114

(a) Not past due and not impaired

Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

(b) Ageing of receivables which are past due but not impaired:

	GROUP 2014 $	GROUP 2013 $	COMPANY 2014 $	COMPANY 2013 $
Less than 30 days	801,736	830,734	77,574	97,580
31 to 60 days	276,390	149,680	13,517	17,130
61 to 90 days	85,529	78,786	10,940	2,533
More than 90 days	298,615	43,400	8,728	–
	1,462,270	1,102,600	110,759	117,243

13. **TRADE RECEIVABLES** – *cont'd*

(c) Impaired receivables:

Impaired receivables, individually determined at the end of the reporting period, relate to debtors who are in significant financial difficulties and have defaulted in payments. These receivables are not secured by any collateral.

14. OTHER RECEIVABLES

	GROUP		COMPANY	
	2014	2013	2014	2013
	$	$	$	$
Related parties, non-trade	–	4,996	–	4,996
Sundry receivables	75,728	1,102	642	744
Interest receivable	6,574	6,391	6,574	6,391
Deposits	60,523	102,102	2,167	6,329
Prepayments	87,883	68,121	54,448	39,931
	230,708	182,712	63,831	58,391

Balances with related parties are unsecured, interest-free and are repayable on demand.

Other receivables are denominated in the following currencies:-

	GROUP		COMPANY	
	2014	2013	2014	2013
	$	$	$	$
Singapore Dollars	61,464	56,470	57,883	52,582
Ringgit Malaysia	169,244	126,242	5,948	5,809
	230,708	182,712	63,831	58,391

15. ASSET CLASSIFIED AS HELD FOR SALE

	GROUP	
	2014	2013
	$	$
Leasehold building	–	16,544
Leasehold land	–	14,629
	–	31,173

This represented a short-term leasehold property in Sandakan, Sabah. In December 2012, Tong Guan Food Products Sdn. Bhd entered into an agreement with a third party to sell the said property for $138,355 (equivalent to RM350,000). The sale was completed in August 2013.

16. FIXED DEPOSITS

Fixed deposits of the Group and Company are placed with licensed financial institutions and mature within one month (2013: one month) from the end of the reporting period. The effective interest rate is 0.05% to 3.20% (2013: 0.05% to 3.20%) per annum.

Fixed deposits are denominated in the following currencies:-

	GROUP		COMPANY	
	2014 $	2013 $	2014 $	2013 $
Singapore Dollars	12,500,000	14,300,000	12,500,000	14,300,000
Ringgit Malaysia	4,318,736	6,152,700	4,239,942	4,141,158
	16,818,736	20,452,700	16,739,942	18,441,158

17. CASH AND BANK BALANCES

Cash and bank balances are denominated in the following currencies:-

	GROUP		COMPANY	
	2014 $	2013 $	2014 $	2013 $
Singapore Dollars	2,954,811	2,827,819	1,104,367	976,496
Ringgit Malaysia	880,047	1,211,114	7,086	14,971
United States Dollars	—	146,608	—	—
Hong Kong Dollars	1,749	5,088	—	—
	3,836,607	4,190,629	1,111,453	991,467

18. TRADE PAYABLES

	GROUP		COMPANY	
	2014 $	2013 $	2014 $	2013 $
Third parties	2,067,906	2,888,173	4,096	6,069
Related parties (Note 31)	2,487,968	1,739,355	554,838	334,814
	4,555,874	4,627,528	558,934	340,883

18. TRADE PAYABLES – *cont'd*

Trade payables are denominated in the following currencies:-

	GROUP		COMPANY	
	2014	2013	2014	2013
	$	$	$	$
Singapore Dollars	558,934	340,895	558,934	340,883
United States Dollars	353,603	452,863	—	—
Ringgit Malaysia	3,643,337	3,833,770	—	—
	4,555,874	4,627,528	558,934	340,883

Trade payables are non interest-bearing and are normally settled within 30 to 90 days (2013: 30 to 90 days).

Included in trade payables, is an aggregate amount of $748,081 (equivalent to RM1,908,370) (2013: $984,533 (equivalent to RM2,490,597)) which is secured by corporate guarantees provided by the Company to certain suppliers of a subsidiary (Note 34 (b)).

19. OTHER PAYABLES

	GROUP		COMPANY	
	2014	2013	2014	2013
	$	$	$	$
Sundry payables	211,334	163,879	162,415	161,083
Deposits				
- related parties (Note 31)	13,179	16,719	13,179	16,719
- third parties	510	17,850	510	3,738
Accrued expenses	542,097	522,541	319,809	285,816
	767,120	720,989	495,913	467,356

Non-trade payables are non-interest bearing and are normally settled within 90 (2013: 90) days or on demand.

The payables are denominated in the following currencies:-

	GROUP		COMPANY	
	2014	2013	2014	2013
	$	$	$	$
Singapore Dollars	550,917	522,668	495,913	467,356
Ringgit Malaysia	216,203	198,321	—	—
	767,120	720,989	495,913	467,356

20. AMOUNTS OWING TO BANKS

	GROUP	
	2014	2013
	$	$
Bank overdraft	31,248	–
	31,248	–

The bank overdraft bears interest at 7.62% (2013: nil) per annum.

The banking facilities are secured by:-

(a) mortgages over leasehold land and buildings with a total net carrying amount of $484,755 (2013: $510,371) (Note 3) of the Group;

(b) mortgages over prepaid lease payments with a total net carrying amount of $427,022 (2013: $438,487) (Note 4) of the Group;

(c) corporate guarantees from the Company (see Note 34(a)); and

(d) a negative pledge by a subsidiary.

Bank overdraft is denominated in Ringgit Malaysia.

21. PROVISION FOR RETIREMENT BENEFITS

	GROUP AND COMPANY	
	2014	2013
	$	$
Balance at beginning of the financial year	255,933	221,032
Provision made	24,331	34,901
Balance at end of the financial year	280,264	255,933

The Company has a defined benefits plan for qualifying employees of the Company. Under the plan, the employees are entitled to receive a benefit of 10/26 of their final salary for each year of service up to the retirement age of 62 years.

	GROUP AND COMPANY	
	2014	2013
	$	$
Obligations recognised in the statement of financial position for:		
Pension benefits	280,264	255,933
Expenses charged to profit or loss:		
Pension benefits	24,331	34,901

21. PROVISION FOR RETIREMENT BENEFITS – *cont'd*

Pension benefits

	GROUP AND COMPANY	
	2014	2013
	$	$
The amount recognised in the statement of financial position is determined as follows:		
Present value of unfunded obligations and liability recognised in the statement of financial position	280,264	255,933

	GROUP AND COMPANY	
	2014	2013
	$	$
The amounts recognised in profit or loss are as follows:		
Current service cost	21,404	29,085
Interest cost	243	349
Remeasurement - loss from change in financial assumptions	2,684	5,467
	24,331	34,901

Movement in the defined benefit obligation is as follows:

	GROUP AND COMPANY	
	2014	2013
	$	$
Balance at beginning of the financial year	255,933	221,032
Amount recognised in profit or loss	24,331	34,901
Balance at end of the financial year	280,264	255,933

There is no benefit paid during the financial year 2014 and 2013.

The significant acturial assumptions used were as follows:

	GROUP AND COMPANY	
	2014	2013
Discount rate	1.0%	1.0%

The sensitivity of the defined benefit obligation to changes in the weighted principal assumption is:

	GROUP AND COMPANY Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.50%	Decrease by 4.7%	Increase by 5.2%

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

22. SHARE CAPITAL

	GROUP AND COMPANY	
	2014	2013
	$	$
Issued and fully paid:-		
25,812,520 ordinary shares	33,278,673	33,278,673

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

23. CAPITAL RESERVES

	GROUP		COMPANY	
	2014	2013	2014	2013
	$	$	$	$
		(Restated)		(Restated)
NON-DISTRIBUTABLE				
Fair value reserve :-				
Quoted long-term investments				
Balance at beginning of the financial year	–	11,749,920	–	11,749,920
Fair value gain (Note 8)	–	185,510	–	185,510
Reclassification to profit or loss on disposal	–	(11,935,430)	–	(11,935,430)
Balance at end of the financial year	–	–	–	–
Unquoted long-term investments				
Balance at beginning of the financial year - as previously stated	–	–	–	–
Prior year adjustments (Note 38)	400,498	216,767	400,498	216,767
As restated	400,498	216,767	400,498	216,767
Fair value (loss)/gain (Note 8)	(41,592)	183,731	(41,592)	183,731
Balance at end of the financial year	358,906	400,498	358,906	400,498
Other capital reserve:-				
Balance at beginning of the financial year	117,324	210,179	–	–
Share of associates' capital reserve	(24,148)	(92,855)	–	–
Balance at end of the financial year	93,176	117,324	–	–
	452,082	517,822	358,906	400,498

Fair value reserve records the cumulative fair value changes of long-term investments classified as available-for-sale financial assets until they are derecognised or impaired.

Other capital reserve records the share of the associates' capital reserve which represents fair value reserve and surplus on disposal of investments.

24. REVENUE

	GROUP 2014 $	GROUP 2013 $
Sale of goods to :-		
third parties	58,735,736	61,760,282
related parties	747,746	1,104,295
Sale of short-term investments	2,291,180	4,913,757
Gross dividends from:-		
quoted equity investments	205,617	263,828
unquoted equity investments	10,745	12,935
	61,991,024	68,055,097

25. OTHER INCOME

	GROUP 2014 $	GROUP 2013 $
Reversal of allowance for doubtful trade receivables	5,764	22,984
Bad debts recovered, trade	1,939	59,178
Gain on disposal of property, plant and equipment	194,507	7,391
Reclassification from other comprehensive income on disposal of long-term quoted investment	—	11,935,430
Government grants	16,997	49,138
Foreign exchange gain	—	30,771
Interest income	187,731	316,260
Management fee received from a related party	12,000	12,000
Payables written back, non-trade	—	9,793
Rental from investment properties received from		
- associates	79,074	73,802
- related parties	—	24,338
- third parties	3,060	3,060
Adjustments for associate from deconsolidated subsidiary	—	144,045
Sundry income	6,955	17,671
	508,027	12,705,861

26. PROFIT BEFORE TAX

This is stated after charging/(crediting) the following items which have not been otherwise disclosed elsewhere in the financial statements:-

	GROUP	
	2014 $	2013 $
The aggregate amount of:		
- audit fees paid to the external auditors	61,077	63,833
- non-audit fees paid to the external auditors	5,428	3,180
Allowance for doubtful trade receivables	—	17,921
Allowance for impairment loss on long-term investments	—	30,993
Net loss/(gain) on short-term investments	31,646	(664,866)
Contributions to provident funds		
- directors	26,568	26,127
- employees	279,149	255,526
Directors' remuneration		
- directors of the Company	732,296	629,829
- directors of subsidiaries	98,072	93,290
Foreign exchange loss/(gain), net	46,700	(30,771)
Bank interest expenses	6,025	2,668
Operating lease expense	136,881	144,565
Retainer fee paid to a firm in which a director of the company is the sole principal	3,000	3,000
Provision for retirement benefits	24,331	34,901
Allowance for obsolete inventories	24,377	—
Net gain on disposal of property, plant and equipment	(194,263)	(7,391)

Key management personnel comprise directors of the Group and their remuneration is disclosed in the above note.

27. INCOME TAX EXPENSE

	GROUP	
	2014 $	2013 $
Current taxation:-		
Malaysian tax	491,637	750,035
Tax deducted at source	2,513	9,393
	494,150	759,428

27. INCOME TAX EXPENSE – *cont'd*

	GROUP	
	2014	2013
	$	$
Deferred taxation:-		
Current	34,507	(1,596)
Prior year's underprovision	10,454	4,632
	44,961	3,036
	539,111	762,464
Overprovision in prior years		
Current income tax	(95,498)	(5,720)
	443,613	756,744

A numerical reconciliation between the accounting profit and tax expense is as follows:-

	GROUP	
	2014	2013
	$	$
Profit before tax	2,014,719	15,788,056
Tax at the applicable rate of 17%	342,502	2,683,970
Tax effects of :-		
Expenses not deductible for tax purposes	78,991	57,401
Income not subject to tax	(156,510)	(2,095,717)
Share of results of associates	(217,568)	(238,702)
Utilisation of unabsorbed tax losses	(4,725)	(70,744)
Difference in tax rate of other countries	190,799	240,267
Deferred tax benefits not recognised	294,163	176,282
Others	(1,305)	1,783
	526,347	754,540
Withholding tax	2,310	3,292
Prior year's over provision	(85,044)	(1,088)
Tax expense	443,613	756,744

At the end of the reporting period, the Group has estimated unabsorbed tax losses totaling $23,852,000 (2013: $22,154,000) available for offsetting against future taxable profit earned by respective members of the Group incorporated in Singapore subject to the agreement of the Singapore tax authority.

Deferred tax benefits arising from such unabsorbed tax losses amounting to approximately $4,055,000 (2013: $3,766,000) for the Group have not been recognised as it is not currently probable that sufficient future taxable profits will be available against which they can be utilised.

28. EARNINGS PER SHARE

Basic and diluted earnings per share amounts are calculated by dividing the profit attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the basic and diluted earnings per share computations for the financial year:

	GROUP	
	2014	2013
Net profit attributable to ordinary equity holders on issue applicable to basic and diluted earnings per share ($)	1,325,622	14,703,416
Weighted average number of ordinary shares on issue applicable to basic and diluted earnings per share	25,812,520	25,812,520
Basic and diluted (in cents)	5.14	56.96

Diluted earnings per share is the same as the basic earnings per share as there are no dilutive ordinary shares.

29. DIVIDENDS

The final tax exempt one-tier dividend of $0.03 (2013: one-tier dividend and special dividend of $0.03 and $0.01) per ordinary share amounting to $774,376 (2013: $774,376 and $258,125 respectively) declared for the financial year ended 31 July 2013 (2013: declared for the financial year ended 31 July 2012) was approved and paid during the financial year ended 31 July 2014.

The directors propose a final tax exempt one-tier dividend of $0.03 per ordinary share amounting to $774,376 in respect of the financial year ended 31 July 2014. This dividend has not been recognised as a liability at the end of the financial year as this is subject to approval at the Annual General Meeting of the Company.

30. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following items:-

	GROUP	
	2014 $	2013 $
Fixed deposits (Note 16)	16,818,736	20,452,700
Cash and bank balances (Note 17)	3,836,607	4,190,629
Bank overdraft (Note 20)	(31,248)	–
	20,624,095	24,643,329

31. SIGNIFICANT RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party is subject to common control, or the party is a member of key management personnel of the Group, or the party is a close family member of any individual of the key management personnel or controlling party.

Related parties include key management personnel such as directors who have the authority and responsibility for planning, directing and controlling the activities of the Group. Directors' remuneration is disclosed in Notes 26 and 32 to the financial statements.

In addition to information disclosed elsewhere in the financial statements, transactions with related parties at terms agreed between the parties were as follows:-

	GROUP		COMPANY	
	2014 $	2013 $	2014 $	2013 $
Purchases from				
- associate	16,007,041	16,371,358	1,806,797	1,767,473
- related parties	7,601,519	8,541,200	23,182	34,241
Interest received				
- subsidiary	–	–	–	9,127
Rental income received from associates	79,074	73,802	79,074	73,802
Loans to/ (repayment from) subsidiaries	–	–	900,000	(2,882,687)
Management fees received from subsidiaries	–	–	46,203	47,902

32. DIRECTORS' REMUNERATION

The number of directors of the Company whose remuneration falls within the following remuneration bands is:-

	GROUP	
	2014 Number of directors	2013 Number of directors
Below $100,000	4	4
$100,001 to $250,000	0	1
$250,001 to $500,000	2	1

33. SEGMENT INFORMATION

For management purposes, the Group is organised into strategic business units based on their products and geography. The Group has three reportable operating segments as follows:-

(a) Trading of wheat flour and consumer goods – trading of wheat flour and consumer goods in Singapore and Malaysia;
(b) Investment trading – trading of shares listed in Singapore, Malaysia and Hong Kong; and
(c) Investment holding – holding of shares in Singapore and Malaysia for dividend income.

33. SEGMENT INFORMATION – *cont'd*

Management monitors the results of each of the above operating segments for the purpose of making decisions about resource allocation and performance assessment. Performance is measured based on segment earnings before interest, taxation, depreciation and amortisation ("EBITDA"). EBITDA is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments. Segment assets and liabilities are presented net of inter-segment balances. Inter-segment pricing is determined on arm's length basis.

Geographically, management reviews the performance of the businesses in Singapore, Malaysia and China. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Non-current assets and total assets are based on the geographical location of the assets.

Information regarding the Group's reportable segments is presented below:

BUSINESS SEGMENTS

2014	Trading of wheat flour and consumer goods $	Investment trading $	Investment holding $	Group $
Revenue				
External revenue	59,483,482	2,291,180	216,362	61,991,024
Results				
Profit before interest, taxation, depreciation and amortisation	1,174,444	(397,065)	205,878	983,257
Depreciation and amortisation	(384,028)	(46,032)	–	(430,060)
Operating profit	790,416	(443,097)	205,878	553,197
Interest expense				(6,025)
Interest income				187,731
Share of results of associates, net of tax				1,279,816
Taxation				(443,613)
Profit after tax				1,571,106
Assets and Liabilities				
Segment assets	43,622,750	9,980,507	1,696,441	55,299,698
Associates				21,824,674
Unallocated assets				362,028
				77,486,400
Segments liabilities	5,368,168	48,023	6,981	5,423,172
Unallocated liabilities				839,584
				6,262,756

33. SEGMENT INFORMATION – *cont'd*

BUSINESS SEGMENTS – *cont'd*

2014 – *cont'd*	**Trading of wheat flour and consumer goods $**	**Investment trading $**	**Investment holding $**	**Group $**
Other segments information				
Expenditure for non-current assets	3,554,246	10,557	—	3,564,803
Other non-cash items:				
Foreign exchange loss	42,557	4,122	21	46,700
2013				
Revenue				
External revenue	62,864,577	4,913,757	276,763	68,055,097
Results				
Profit before interest, taxation, depreciation and amortisation	1,801,098	309,775	12,295,211	14,406,084
Depreciation and amortisation	(290,292)	(45,458)	—	(335,750)
Operating profit	1,510,806	264,317	12,295,211	14,070,334
Interest expense				(2,668)
Interest income				316,260
Share of results of associates, net of tax				1,404,130
Taxation				(756,744)
Profit after tax				15,031,312

33. SEGMENT INFORMATION – *cont'd*

BUSINESS SEGMENTS – *cont'd*

2013 – *cont'd*	**Trading of wheat flour and consumer goods $**	**Investment trading $**	**Investment holding $**	**Group $**
Assets and Liabilities				
Segment assets	44,201,013	9,312,259	2,149,999	55,663,271
Associates				21,282,550
Unallocated assets				164,911
				77,110,732
Segments liabilities	5,385,247	48,397	6,927	5,440,571
Unallocated liabilities				755,171
				6,195,742
Other segments information				
Expenditure for non-current assets	620,777	–	–	620,777
Other non-cash items:				
Impairment loss	–	–	30,933	30,933

GEOGRAPHICAL SEGMENTS

	Singapore $	**Malaysia $**	**The People's Republic of China $**	**Group $**
2014				
Revenue				
External revenue	4,737,326	57,253,698	–	61,991,024
Assets				
Segment assets	34,295,383	21,004,315	–	55,299,698
Associates	–	18,980,624	2,844,050	21,824,674
Unallocated assets				362,028
				77,486,400
2013				
Revenue				
External revenue	7,343,373	60,711,724	–	68,055,097
Assets				
Segment assets	35,432,892	20,230,379	–	55,663,271
Associates	–	18,376,619	2,905,931	21,282,550
Unallocated assets				164,911
				77,110,732

There is no revenue from transactions with a single external customer amounting to 10% or more of the Group's revenues.

34. CONTINGENT LIABILITIES - unsecured

(a) The Company has issued corporate guarantees amounting to $2,255,960 (equivalent to RM5,755,000) [2013: $2,274,952 (equivalent to RM5,755,000)] to certain banks for facilities granted to two subsidiaries. The aggregate amount of facilities utilised as at 31 July 2014 was $31,248 [2013: $NIL].

(b) The Company has issued corporate guarantees amounting to $2,744,000 (equivalent to RM7,000,000) (2013: $2,767,100 (equivalent to RM7,000,000)) to certain suppliers of one subsidiary for credit purchases made from the suppliers.

(c) The directors are of the view that the fair values of corporate guarantees provided by the Company are not material.

35. COMMITMENTS

(a) Operating lease commitments where the Group is a lessee

The future minimum lease payables under non-cancellable operating leases contracted for at the end of the reporting year but not recognised as liabilities, are as follows:

	GROUP	
	2014	**2013**
	$	**$**
Not later than one year	38,220	68,822
Between one and five years	14,210	48,721
	52,430	117,543

(b) Operating lease commitments where the Group and Company are lessors

The future minimum lease receivables under non-cancellable operating leases contracted for at the end of the reporting year but not recognised as receivables, are as follows:

	GROUP AND COMPANY	
	2014	**2013**
	$	**$**
Not later than one year	29,418	82,134
Between one and five years	255	29,673
	29,673	111,807

(c) Capital commitments

Capital expenditure contracted for and outstanding at the end of the reporting year but not recognised in the financial statements:

	GROUP	
	2014	**2013**
	$	**$**
Property, plant and equipment	–	40,672

36. FINANCIAL RISK MANAGEMENT

Financial Risk Management

Financial risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's financial risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group's activities expose it to market risk, credit risk and liquidity risk.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and market prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's interest rate exposure relates primarily from its fixed deposits (see Note 16) and bank borrowings obligations (see Note 20).

The Group places surplus funds with major financial institutions as fixed deposits to generate interest income. Interest rates on fixed deposits and borrowings are determined based on market rates. Interest rate risk is managed by placing such surplus funds on varying maturities and interest rate terms. The Group does not use derivative financial instruments to hedge against interest rate risk. There have been no changes to this policy during the financial year.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if interest rates had been 100 (2013: 100) basis points higher/lower with all other variables held constant, the effect on the Group's profit before tax would have been $167,875 (2013: $204,527) higher/lower, arising mainly as a result of higher/lower interest income on fixed deposits and bank borrowings. The methods and assumptions used are consistent with previous period.

(ii) Foreign exchange rate risk

Foreign currency risk arises from change in foreign exchange rates that may have an adverse effect on the Group's result in the current reporting period and in the future years. The Group monitors its foreign currency risk exposure regularly and maintains natural hedge whenever possible by receiving and paying in the same foreign currency to minimise foreign currency risk. There have been no changes to this policy during the financial year.

The Group's exposure to foreign exchange risk relates to transactions denominated in currencies other than the respective functional currencies of group entities, arising from normal trading and investment activities which are disclosed in the respective notes to the financial statements. The Group does not use foreign currency forward contracts for trading purposes.

36. **FINANCIAL RISK MANAGEMENT** – *cont'd*

Market risk – *cont'd*

(ii) Foreign exchange rate risk – *cont'd*

Entities within the Group, including the Group's associates maintain their books in their respective functional currencies. Profits and net assets of overseas entities are translated into Singapore Dollar, the Group's reporting currency for consolidation purposes. Fluctuations in the exchange rate between the functional currencies and Singapore Dollar will have an impact on the Group. As these investments are held on long term basis, hedging of exchange risk is inappropriate.

The Group's currency exposure is as follows:

Group	Ringgit Malaysia ("RM") $	Hong Kong Dollars ("HKD") $	United States Dollars ("USD") $	Singapore Dollars ("SGD") $	Total $
2014					
Assets					
Long-term investments	27,832	905,616	–	608,906	1,542,354
Short-term investments	2,593,659	2,852	56,352	5,176,100	7,828,963
Trade and other receivables	9,654,401	–	–	621,643	10,276,044
Fixed deposits	4,318,736	–	–	12,500,000	16,818,736
Cash and bank balances	880,047	1,749	–	2,954,811	3,836,607
	17,474,675	910,217	56,352	21,861,460	40,302,704
Liabilities					
Trade and other payables	3,859,540	–	353,603	1,109,851	5,322,994
Amounts owing to banks	31,248	–	–	–	31,248
	3,890,788	–	353,603	1,109,851	5,354,242
Net financial assets/ (liabilities)	13,583,887	910,217	(297,251)	20,751,609	34,948,462
Less: Net financial assets denominated in the respective entities' functional currencies	6,630,778	–	–	20,751,609	27,382,387
Currency exposure of financial assets/ (liabilities)	6,953,109	910,217	(297,251)	–	7,566,075

36. FINANCIAL RISK MANAGEMENT – *cont'd*

Market risk – *cont'd*

(ii) Foreign exchange rate risk – *cont'd*

Group	Ringgit Malaysia ("RM") $	Hong Kong Dollars ("HKD") $	United States Dollars ("USD") $	Singapore Dollars ("SGD") $	Total $
2013					
Assets					
Long-term investments	28,066	905,616	–	650,498	1,584,180
Short-term investments	2,632,735	828	57,170	4,891,002	7,581,735
Trade and other receivables	9,316,801	–	–	425,584	9,742,385
Fixed deposits	6,152,700	–	–	14,300,000	20,452,700
Cash and bank balances	1,211,114	5,088	146,608	2,827,819	4,190,629
	19,341,416	911,532	203,778	23,094,903	43,551,629
Liabilities					
Trade and other payables	4,032,091	–	452,863	863,563	5,348,517
	4,032,091	–	452,863	863,563	5,348,517
Net financial assets/ (liabilities)	15,309,325	911,532	(249,085)	22,231,340	38,203,112
Less: Net financial assets denominated in the respective entities' functional currencies	8,419,697	–	–	22,231,340	30,651,037
Currency exposure of financial assets/ (liabilities)	6,889,628	911,532	(249,085)	–	7,552,075

36. FINANCIAL RISK MANAGEMENT – *cont'd*

Market risk – *cont'd*

(ii) Foreign exchange rate risk – *cont'd*

Company	Ringgit Malaysia ("RM") $	Hong Kong Dollars ("HKD") $	Singapore Dollars (functional currency) ("SGD") $	Total $
2014				
Assets				
Long-term investments	–	905,616	608,906	1,514,522
Trade and other receivables	5,948	–	433,685	439,633
Amounts owing by subsidiaries	–	–	4,486,000	4,486,000
Fixed deposits	4,239,942	–	12,500,000	16,739,942
Cash and bank balances	7,086	–	1,104,367	1,111,453
	4,252,976	905,616	19,132,958	24,291,550
Liabilities				
Trade and other payables	–	–	1,054,847	1,054,847
	–	–	1,054,847	1,054,847
Net financial assets	4,252,976	905,616	18,078,111	23,236,703
Less: Net financial assets denominated in the respective entities' functional currencies	–	–	18,078,111	18,078,111
Currency exposure of financial assets	4,252,976	905,616	–	5,158,592

Company	Ringgit Malaysia ("RM") $	Hong Kong Dollars ("HKD") $	Singapore Dollars (functional currency) ("SGD") $	Total $
2013				
Assets				
Long-term investments	–	905,616	650,498	1,556,114
Trade and other receivables	5,809	–	421,696	427,505
Amounts owing by subsidiaries	–	–	3,530,000	3,530,000
Fixed deposits	4,141,158	–	14,300,000	18,441,158
Cash and bank balances	14,971	–	976,496	991,467
	4,161,938	905,616	19,878,690	24,946,244
Liabilities				
Trade and other payables	–	–	808,239	808,239
	–	–	808,239	808,239
Net financial assets	4,161,938	905,616	19,070,451	24,138,005
Less: Net financial assets denominated in the respective entities' functional currencies	–	–	19,070,451	19,070,451
Currency exposure of financial assets	4,161,938	905,616	–	5,067,554

36. **FINANCIAL RISK MANAGEMENT** – *cont'd*

Market risk – *cont'd*

(ii) Foreign exchange rate risk – *cont'd*

If the above currencies change against the SGD by 1% (2013: 1%) with all other variables including tax rate being held constant, the effects arising from the net financial assets/liabilities position will be as follows:

	2014 Increase/(decrease)		2013 Increase/(decrease)	
	Net profit $	Equity $	Net profit $	Equity $
Group				
RM against SGD				
- strengthened	69,531	–	68,896	–
- weakened	(69,531)	–	(68,896)	–
HKD against SGD				
- strengthened	46	9,056	59	9,056
- weakened	(46)	(9,056)	(59)	(9,056)
USD against SGD				
- strengthened	(2,973)	–	(2,491)	–
- weakened	2,973	–	2,491	–

	2014 Increase/(decrease)		2013 Increase/(decrease)	
	Net profit $	Equity $	Net profit $	Equity $
Company				
RM against SGD				
- strengthened	42,530	–	41,619	–
- weakened	(42,530)	–	(41,619)	–
HKD against SGD				
- strengthened	–	9,056	–	9,056
- weakened	–	(9,056)	–	(9,056)

(iii) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to equity price risk arising from its investment in quoted equity instruments (long-term and short-term investments). These instruments are listed mainly in Singapore and Malaysia and they are classified as fair value through profit or loss and available-for-sale financial assets.

36. FINANCIAL RISK MANAGEMENT – *cont'd*

Market risk – *cont'd*

(iii) Market price risk – *cont'd*

The Group's policy is to manage investments returns and equity price risk using a mix of investment grade shares with steady dividend yield and non-investment grade shares with high volatility. There have been no changes to this policy during the financial year.

Sensitivity analysis for equity risk

At the end of the reporting period, if prices for equity securities listed in Singapore and Malaysia changed by 10% (2013: 10%) and 5% (2013: 5%) respectively, with all other variables including tax rate being held constant, the effects on profit after tax and other comprehensive income would have been:

	2014		2013	
	Profit after tax $	Other comprehensive income $	Profit after tax $	Other comprehensive income $
Group				
Listed in Singapore				
- increased by	523,245	–	489,100	–
- decreased by	(523,245)	–	(489,100)	–
Listed in Malaysia				
- increased by	129,683	–	131,637	–
- decreased by	(129,683)	–	(131,637)	–

	2014		2013	
	Profit after tax $	Other comprehensive income $	Profit after tax $	Other comprehensive income $
Company				
Listed in Malaysia				
- increased by	–	–	–	–
- decreased by	–	–	–	–

36. **FINANCIAL RISK MANAGEMENT** – *cont'd*

Credit risk

Credit risk is the potential risk of financial loss resulting from the failure of customers or other parties to settle their financial and contractual obligations to the Group as and when they fall due. The Group's exposure to credit risk mainly relates to long-term and short-term investments, trade and other receivables and cash and cash equivalents.

For trade and other receivables, management has a credit policy in place and the exposure of credit risk is monitored on an ongoing basis to minimise credit risk. Monies due from customers are followed up, reviewed on a regular basis to understand the reasons, if any, of non-payment or delay in payment so that appropriate action can be implemented promptly. Credit risks of individual counterparties are restricted by credit limits that are approved based on ongoing credit evaluations.

Cash and fixed deposits are placed with major banks and financial institutions. The Group limits its credit risk exposures in respect of investments by only investing in liquid securities and placing it with diverse creditworthy financial institutions.

In relation to the corporate guarantees issued by the Company on behalf of its subsidiaries, the credit risk, being the principal risk to which the Company is exposed, represents the loss that would be recognised upon a default by the subsidiaries.

There have been no changes in the above policy during the financial year.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:-

	2014		2013	
	$	**% of total**	**$**	**% of total**
By Country				
Singapore	560,179	6	369,114	4
Malaysia	9,485,157	94	9,190,559	96
	10,045,336	100	9,559,673	100

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of financial assets and financial liabilities.

The Group manages liquidity risk by maintaining sufficient cash to meet normal operating commitments. There have been no changes to this policy during the financial year.

The table below analyses the Group's financial liabilities exposure into relevant maturity groupings based on contractual undiscounted cash flows.

36. FINANCIAL RISK MANAGEMENT – *cont'd*

Liquidity risk – *cont'd*

	Within 1 year $
Group	
2014	
Trade and other payables	5,322,994
Amount owing to banks	31,248
	5,354,242
2013	
Trade and other payables	5,348,517
Company	
2014	
Trade and other payables	1,054,847
2013	
Trade and other payables	808,239

Fair value measurements

The following table analyses financial instruments carried at fair value. The different levels have been defined as follows:

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The following table presents the assets and liabilities measured at fair value at 31 July 2014 and 31 July 2013.

36. FINANCIAL RISK MANAGEMENT – *cont'd*

Fair value measurements – *cont'd*

	Level 1 $	Level 2 $	Total $
Group			
2014			
Long-term investments	–	608,906	608,906
Short-term investments	7,828,963	–	7,828,963
	7,828,963	608,906	8,437,869
2013			
Long-term investments	–	650,498	650,498
Short-term investments	7,581,735	–	7,581,735
	7,581,735	650,498	8,232,233

	Level 2 $	Total $
Company		
2014		
Long-term investments	608,906	608,906
2013		
Long-term investments	650,498	650,498

Assets not carried at fair value but which fair value are disclosed

Group and Company	Carrying amount $	Level 1 $	Level 2 $	Level 3 $
2014				
Investment properties	3,879,481	–	–	12,500,000
2013				
Investment properties	3,879,481	–	–	5,000,000

The carrying amounts of cash and bank balances, fixed deposits, trade and other receivables and trade and other payables are assumed to approximate their fair value as these instruments are relatively short-term in nature. For long-term investments and short-term investments, their fair values are based on market quoted price. Unquoted investments which are stated at fair value are indirectly derived from quoted prices. Unquoted investments are stated at cost less impairment loss, if any, as they have no market price and their fair value cannot be reliably measured by valuation techniques and the Group has no intention to dispose them.

36. FINANCIAL RISK MANAGEMENT – *cont'd*

Financial Instrument by category

The carrying amount of the different categories of financial instruments is as described in Note 8 and Note 12 to the financial statements and as follows:

	GROUP		COMPANY	
	2014 $	2013 $	2014 $	2013 $
Loans and receivables	30,843,504	34,317,593	22,722,580	23,350,199
Financial liabilities at amortised cost	5,354,242	5,348,517	1,054,847	808,239

37. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to maintain a good credit rating and healthy capital ratios in order to support its business and enhance shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group adjusts the dividend payment to shareholders, returns capital to shareholders or issues new shares. No changes were made in the objectives, policies or processes during the years ended 31 July 2014 and 31 July 2013.

The capital structure of the Group consists of equity attributable to equity holders of the Company.

The Group and the Company are not subject to externally imposed capital requirements for the financial year ended 31 July 2014 and 2013.

38. COMPARATIVE FIGURES AND PRIOR YEAR ADJUSTMENTS

The statements of financial position as at 1 August 2012 and 31 July 2013, statements of changes in equity for the financial years ended 1 August 2012 and 31 July 2013 and statement of comprehensive income for the financial year ended 31 July 2013 have been restated in the current financial year to correct prior year errors as follows:

The long-term investments included certain unquoted equity investments which were inappropriately accounted for in prior years at cost instead of at fair value when its fair value could actually be measured reliably and this resulted in the long-term investments and capital reserve being understated by an amount of $216,767 as at 1 August 2012 and $400,498 as at 31 July 2013.

38. COMPARATIVE FIGURES AND PRIOR YEAR ADJUSTMENTS – *cont'd*

The restatement is summarised as follows:

	As previously stated $	Prior year adjustments due to under-statement $	As restated $
GROUP			
(a) Statement of financial position			
(i) As at 31 July 2013			
Long-term investments	1,183,682	400,498	1,584,180
Capital reserves – fair value	117,324	400,498	517,822
(ii) As at 1 August 2012			
Long-term investments	15,195,312	216,767	15,412,079
Capital reserves – fair value	11,960,099	216,767	12,176,866
(b) Statement of changes in equity			
(i) For the financial year ended 31 July 2013			
Capital reserves – fair value	117,324	400,498	517,822
(ii) For the financial year ended 31 July 2012			
Capital reserves – fair value	11,960,099	216,767	12,176,866
(c) Statement of comprehensive income			
(i) For the financial year ended 31 July 2013			
Other comprehensive income			
Fair value gain on long-term unquoted investments	–	183,731	183,731

Also refer to Note 4 for reclassification of prepaid lease in prior year.

	As previously stated $	Prior year adjustments due to under-statement $	As restated $
COMPANY			
(a) Statement of financial position			
(i) As at 31 July 2013			
Long-term investments	1,155,616	400,498	1,556,114
Capital reserves – fair value	–	400,498	400,498
(ii) As at 1 August 2012			
Long-term investments	15,167,224	216,767	15,383,991
Capital reserves – fair value	11,749,920	216,767	11,966,687

39. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATION

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 August 2014 or later periods and which the Group has not early adopted:

FRS	Title	Effective date (annual periods beginning on or after)
FRS 27 (Revised 2011)	Separate Financial Statements	1 January 2014
FRS 28 (Revised 2011)	Investments in Associates and Joint Ventures	1 January 2014
FRS 110	Consolidated Financial Statements	1 January 2014
FRS 112	Disclosure of Interests in Other Entities	1 January 2014
INT FRS 121	Levies	1 January 2014
Amendments to FRS 32	Financial Instruments: Presentation – offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 36	Impairments of assets – Recoverable amount disclosures for non-financial assets	1 January 2014
Improvements to FRS (January 2014)		1 July 2014
Improvements to FRS (February 2014)		1 July 2014

The management anticipates that the adoption of the above FRSs and amendments and improvements to FRSs in the future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

Analysis of Shareholdings as at 16 October 2014

ISSUED AND FULLY PAID-UP CAPITAL	:	S$33,278,673
NO. OF SHARES ISSUED	:	25,812,520
CLASS OF SHARES	:	ORDINARY SHARES
VOTING RIGHTS	:	1 VOTE PER SHARE
NO. OF TREASURY SHARES	:	NIL

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
1 - 999	151	17.26	28,883	0.11
1,000 - 10,000	601	68.68	1,951,801	7.56
10,001 - 1,000,000	116	13.26	6,340,911	24.57
1,000,001 & ABOVE	7	0.80	17,490,925	67.76
TOTAL	875	100.00	25,812,520	100.00

SHAREHOLDINGS IN THE HANDS OF THE PUBLIC AS AT 16 OCTOBER 2014

The percentage of shareholdings in the hands of the public was approximately 32.68% and hence the company has complied with Rule 723 of the New SGX-ST Listing Manual which states that an issuer must ensure that at least 10% of its listed securities is at all time held by the public.

TOP TWENTY SHAREHOLDERS AS AT 16 OCTOBER 2014

NAME OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
KAH HONG PTE LTD	4,470,830	17.32
CEPHEUS CORPORATION PTE LTD	4,202,430	16.28
UOB NOMINEES (2006) PTE LTD	2,375,000	9.20
HONG LEONG FINANCE NOMINEES PTE LTD	2,026,000	7.85
KHONG GUAN DEVELOPMENT PTE LTD	1,641,600	6.36
INTER-OCEAN SHIPPING & TRADING PTE LTD	1,558,000	6.04
GOLDEN RIVER INTERNATIONAL PTE LTD	1,217,065	4.72
UNITED OVERSEAS BANK NOMINEES PTE LTD	746,000	2.89
GOH TEE KIA	600,000	2.33
DBS NOMINEES PTE LTD	563,000	2.18
TAN KHIOK KWEE	270,000	1.05
NG KIM HOCK FREDDIE	248,000	0.96
CHEW SOO ENG	201,666	0.78
CITIBANK NOMINEES S'PORE PTE LTD	200,000	0.78
NG SOO GIAP OR CHEW SOOI GUAT	173,000	0.67
CHUA PANG	150,000	0.58
WANG TONG PENG @ WANG TONG PANG	141,000	0.55
CHONG SHEE JAN	124,800	0.48
THIA CHENG SONG	120,000	0.47
YAP MUI CHENG, ANGELA	108,000	0.42
TOTAL	21,136,391	81.91

Analysis of Shareholdings as at 16 October 2014

SUBSTANTIAL SHAREHOLDERS

	DIRECT INTEREST		DEEMED INTEREST	
NAME OF SHAREHOLDERS	NO. OF SHARES	%	NO. OF SHARES	%
CEPHEUS CORPORATION PTE LTD	5,152,430	19.96	2,477,400 *1	9.60
KAH HONG PTE LTD	4,670,830	18.10	2,477,400 *2	9.60
KHONG GUAN GROUP PTE LTD	102,400	0.40	2,375,000 *3	9.20
KHONG GUAN BISCUIT FACTORY (S) PTE LTD	2,375,000	9.20	—	—
KHONG GUAN DEVELOPMENT PTE LTD	1,641,600	6.36	—	—
INTER-OCEAN SHIPPING & TRADING PTE LTD	1,558,000	6.04	—	—
GOH TEE KIA	600,000	2.32	2,170,000 *4	8.41
GTK HOLDING PTE LTD	1,600,000	6.20	200,000 *5	0.77

Notes:

*1 Cepheus Corporation Pte Ltd is deemed to be interested in the 2,375,000 shares held by Khong Guan Biscuit Factory (S) Pte Ltd and 102,400 shares held by Khong Guan Group Pte Ltd by virtue of the provisions of Section 7 of Companies Act, Cap. 50.

*2 Kah Hong Pte Ltd is deemed to be interested in the 2,375,000 shares held by Khong Guan Biscuit Factory (S) Pte Ltd and 102,400 shares held by Khong Guan Group Pte Ltd by virtue of the provisions of Section 7 of Companies Act, Cap. 50.

*3 Khong Guan Group Pte Ltd is deemed to be interested in the 2,375,000 shares held by Khong Guan Biscuit Factory (S) Pte Ltd by virtue of the provisions of Section 7 of Companies Act, Cap. 50.

*4 Mr Goh Tee Kia is deemed to be interested in the 200,000 shares held by G & C General Contractors Pte Ltd, 1,600,000 shares held by GTK Holding Pte Ltd, 220,000 shares held by GTK Investment (S) Pte Ltd and 150,000 shares held by Madam Chua Pang (wife) by virtue of the provisions of Section 7 of Companies Act, Cap. 50.

*5 GTK Holding Pte Ltd is deemed to be interested in the 200,000 shares held by G & C General Contractors Pte Ltd by virtue of the provisions of Section 7 of Companies Act, Cap. 50.

KHONG GUAN FLOUR MILLING LIMITED

(Company Regn. No. 196000096G)
(Incorporated in the Republic of Singapore)
Registered Office :
2 MacTaggart Road (Level 3), Singapore 368078

Important:
1. For investors who have used their CPF monies to buy Khong Guan Flour Milling Limited shares, this Annual Report is sent to them at the request of their CPF Approved Nominees solely FOR INFORMATION ONLY.
2. This Proxy Form is FOR USE ONLY BY MEMBERS whose shares in Khong Guan Flour Milling Ltd are registered in their names. It is not valid for use by CPF investors and persons whose shares are not registered in their own names, and shall be ineffective for all intents and purposes if used or purported to be used by them.

FORM OF PROXY

I/We ____

of ____

being a member/members of Khong Guan Flour Milling Limited ("the Company"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)
and/or (delete as appropriate)			

as my/our proxy/proxies to vote for me/us on my/our behalf and, if necessary, to demand a poll at the Annual General Meeting of the Company to be held on Thursday, 27 November 2014 at 12.00 noon and at any adjournment thereof.

(Please indicate with an "X' in the space provided whether you wish your vote(s) to be cast for or against the Resolutions set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit).

No.	Resolutions	For	Against
1.	To adopt Reports and Financial Statements		
2.	To declare Dividend		
3.	To approve Directors' Fees		
4.	To re-elect a Director; Mr Chew Soo Lin		
5.	To re-elect a Director; Mr Sam Teng Choong		
6.	To re-elect a Director; Mr Tay Kwang Lip Willie		
7.	To re-appoint an Independent Auditor		
8.	Any other business		
9.	To renew the shareholders' mandate for interested person transactions		
10.	To approve the proposed Share Issue Mandate		

As witness my/our hand/s this ______________ day of ______________ 2014.

No. of Shares Held:	
Register of Members	
Depository Register	

____
Signature(s) of Member(s)/Common Seal

IMPORTANT
Please read Notes on the reverse.

Notes:

1. A member entitled to attend and vote at a Meeting is entitled to appoint one or two proxies to attend and vote in his stead.

2. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.

3. A proxy need not be a member of the Company.

4. Please insert the total number of Shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert the number of shares. If you have shares entered against your name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

5. The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at 2 MacTaggart Road (Level 3), Singapore 368078, not less than 48 hours before the time set for the meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

7. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

General :

The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of shares entered in the Depository Register, the Company may reject a Proxy Form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.