QAF Limited

(Company Registration No : 195800035D)

## Full Year Unaudited Financial Statements for the Year Ended 31 December 2015

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

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

| **Income Statement** (in Singapore Dollars) | Group | | |
|---|---|---|---|
| | Full year ended | | |
| | 31/12/2015 | 31/12/2014 | + / (-) |
| | S$'000 | S$'000 | % |
| Revenue | 998,278 | 1,023,149 | (2) |
| Costs and expenses | | | |
| Costs of materials | 521,069 | 546,541 | (5) |
| Staff costs | 226,958 | 227,687 | (0) |
| Amortisation and depreciation | 36,310 | 36,888 | (2) |
| Repairs and maintenance | 30,038 | 32,791 | (8) |
| Utilities | 28,562 | 33,364 | (14) |
| Other operating expenses | 83,978 | 84,720 | (1) |
| Total costs and expenses | 926,915 | 961,991 | (4) |
| Profit from operating activities | 71,363 | 61,158 | 17 |
| Finance costs | (2,597) | (3,241) | (20) |
| Profit before taxation | 68,766 | 57,917 | 19 |
| Taxation | | | |
| - Current year | (14,270) | (11,555) | 23 |
| - Over provision in prior years | 233 | 268 | (13) |
| | (14,037) | (11,287) | 24 |
| Profit after taxation | 54,729 | 46,630 | 17 |
| Attributable to: | | | |
| Owners of the parent | 52,536 | 45,081 | 17 |
| Non-controlling interests | 2,193 | 1,549 | 42 |
| | 54,729 | 46,630 | 17 |

n.m. = not meaningful

**(i) Statement of Comprehensive Income**

| | Group | |
|---|---|---|
| | Full year ended | |
| | 31/12/2015 | 31/12/2014 |
| | S$'000 | S$'000 |
| Profit after taxation | 54,729 | 46,630 |
| Other comprehensive income: | | |
| *Items that will not be reclassified subsequently to profit or loss:* | | |
| - Actuarial loss on defined benefit plans | (318) | (209) |
| *Items that may be reclassified subsequently to profit or loss:* | | |
| - Currency translation arising on consolidation | (20,196) | (6,586) |
| Other comprehensive income for the year, net of tax | (20,514) | (6,795) |
| Total comprehensive income for the year | 34,215 | 39,835 |
| Total comprehensive income attributable to: | | |
| Owners of the parent | 34,037 | 38,571 |
| Non-controlling interests | 178 | 1,264 |
| | 34,215 | 39,835 |

**Notes to the Income Statement**
Please see Section 8 for commentaries on the Income Statement.

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

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

| | Group | | |
|---|---|---|---|
| | Full year ended | | + / (-) |
| | 31/12/2015 | 31/12/2014 | % |
| | S$'000 | S$'000 | |
| Other income including interest income | 6,296 | 6,226 | 1 |
| Allowance for doubtful debts charged and bad debts written off, net | (967) | (539) | 79 |
| Allowance for inventory obsolescence charged | (1,282) | (261) | 391 |
| Foreign exchange loss | (2,824) | (1,863) | 52 |
| Gain on disposal of property, plant & equipment | 50 | 2,369 | (98) |

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

| **Statement of Financial Position** (in Singapore Dollars) | **Group** | | **Company** | |
|---|---|---|---|---|
| | 31/12/2015 S$'000 | 31/12/2014 S$'000 | 31/12/2015 S$'000 | 31/12/2014 S$'000 |
| Current assets | | | | |
| Biological assets | 57,518 | 55,878 | - | - |
| Inventories | 78,654 | 78,114 | - | - |
| Trade receivables | 96,528 | 95,303 | - | - |
| Other receivables | 17,289 | 13,915 | 42,998 | 57,895 |
| Tax recoverable | 1,297 | 1,312 | - | - |
| Short-term investments | 2,500 | 1,309 | 2,500 | - |
| Cash and short-term deposits | 109,052 | 92,389 | 27,893 | 22,443 |
| | 362,838 | 338,220 | 73,391 | 80,338 |
| Non-current assets | | | | |
| Property, plant & equipment | 298,174 | 291,569 | 2,471 | 2,241 |
| Investment properties | 26,929 | 26,278 | - | - |
| Subsidiaries | - | - | 98,973 | 98,973 |
| Advances to subsidiaries | - | - | 130,083 | 102,157 |
| Pension assets | 2,663 | 2,598 | - | - |
| Long-term investments | 13,488 | 17,143 | 12,459 | 16,114 |
| Intangibles | 196 | 246 | 1,696 | 1,884 |
| Deferred tax assets | 14,615 | 15,060 | - | - |
| | 356,065 | 352,894 | 245,682 | 221,369 |
| Total assets | 718,903 | 691,114 | 319,073 | 301,707 |
| Current liabilities | | | | |
| Trade payables | 82,153 | 88,256 | 135 | 50 |
| Other payables | 69,679 | 60,426 | 8,182 | 7,876 |
| Short-term borrowings | 59,141 | 62,415 | - | - |
| Long-term loans and finance leases - current portion | 4,101 | 5,460 | - | - |
| Provision for taxation | 5,282 | 5,029 | 1,148 | 1,206 |
| | 220,356 | 221,586 | 9,465 | 9,132 |
| Non-current liabilities | | | | |
| Other payables | 10,740 | 9,960 | - | - |
| Long-term loans and finance leases | 28,401 | 10,600 | - | - |
| Deferred tax liabilities | 12,353 | 12,139 | 318 | 353 |
| | 51,494 | 32,699 | 318 | 353 |
| Total liabilities | 271,850 | 254,285 | 9,783 | 9,485 |
| Net assets | 447,053 | 436,829 | 309,290 | 292,222 |
| Capital and reserves | | | | |
| Share capital | 262,774 | 254,520 | 262,774 | 254,520 |
| Reserves | 164,101 | 157,848 | 46,516 | 37,702 |
| Equity attributable to owners of the parent | 426,875 | 412,368 | 309,290 | 292,222 |
| Non-controlling interests | 20,178 | 24,461 | - | - |
| Total equity | 447,053 | 436,829 | 309,290 | 292,222 |

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

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

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

| As at 31/12/2015 | | As at 31/12/2014 | |
|---|---|---|---|
| Secured | Unsecured | Secured | Unsecured |
| $'000 | $'000 | $'000 | $'000 |
| 20,276 | 42,966 | 24,166 | 43,709 |

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

| As at 31/12/2015 | | As at 31/12/2014 | |
|---|---|---|---|
| Secured | Unsecured | Secured | Unsecured |
| $'000 | $'000 | $'000 | $'000 |
| 7,044 | 21,357 | 7,460 | 3,140 |

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

At the end of the financial year, property, plant & equipment and inventories with total net book values of $31,024,000 (as at 31/12/2014: $38,975,000) were pledged to secure certain credit facilities for the Group.

**1(c) A statement of cash flows for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year:-**

| | Group | |
|---|---|---|
| | Full year ended | |
| **Statement of Cash Flows** | 31/12/2015 | 31/12/2014 |
| (in Singapore Dollars) | S$'000 | S$'000 |
| Cash flows from operating activities: | | |
| Profit before taxation | 68,766 | 57,917 |
| Adjustments for: | | |
| Amortisation and depreciation | 36,310 | 36,888 |
| Gain on disposal of property, plant & equipment | (50) | (2,369) |
| Fair value adjustment on investment securities | 35 | 24 |
| Gain on disposal of investment securities | (193) | (28) |
| Fair value changes on biological assets | (1,236) | (24) |
| Intangibles written off | - | 1,559 |
| Allowance for doubtful debts charged and bad debts written off, net | 967 | 539 |
| Interest expense | 2,597 | 3,241 |
| Dividend and interest income | (1,995) | (1,618) |
| Exchange differences | 2,163 | 1,178 |
| Operating profit before working capital changes | 107,364 | 97,307 |
| Increase in receivables | (7,638) | (7,547) |
| (Increase)/decrease in inventories and biological assets | (7,678) | 4,500 |
| Increase/(decrease) in payables | 7,781 | (353) |
| Cash from operations | 99,829 | 93,907 |
| Interest paid, net | (621) | (1,643) |
| Income tax paid | (12,459) | (9,581) |
| **Net cash from operating activities** | **86,749** | **82,683** |
| Cash flows from investing activities: | | |
| Purchase of property, plant & equipment and investment properties | (60,406) | (37,705) |
| Progress payment for purchase of property, plant & equipment | (2,209) | - |
| Proceeds from disposal of property, plant & equipment | 507 | 9,591 |
| Purchase of investment securities | (251) | (9,302) |
| Proceeds from redemption/sale of investment securities | 2,704 | 3,714 |
| Dividends received from investment securities | - | 34 |
| **Net cash used in investing activities** | **(59,655)** | **(33,668)** |
| Cash flows from financing activities: | | |
| Proceeds from issuance of share capital | 1,144 | 402 |
| Dividends paid during the year | (20,674) | (23,385) |
| Dividends paid to non-controlling interests | (3,374) | (1,359) |
| Proceeds from/(repayment of) long-term borrowings | 13,259 | (3,632) |
| Repayment of short-term borrowings | (75) | (9,865) |
| Proceeds from long-term loan from a non-controlling interest | 3,375 | 2,250 |
| **Net cash used in financing activities** | **(6,345)** | **(35,589)** |
| Net increase in cash and cash equivalents | 20,749 | 13,426 |
| Cash and cash equivalents at beginning of year | 91,956 | 79,498 |
| Effect of exchange rate changes on cash and cash equivalents | (3,653) | (968) |
| Cash and cash equivalents at end of year (Note A) | 109,052 | 91,956 |

**1(c)** Note A : Cash and cash equivalents

| | Group | |
|---|---|---|
| | 31/12/2015 | 31/12/2014 |
| | $'000 | $'000 |
| Cash and short-term deposits | 109,052 | 92,389 |
| Less: Fixed deposits pledged as securities for credit facilities granted to a subsidiary | - | (433) |
| | 109,052 | 91,956 |

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

**Statement of Changes in Equity**
(In Singapore Dollars)

| **Group** | Share capital $'000 | Revaluation reserve $'000 | Capital reserve $'000 | Revenue reserve $'000 | Foreign currency translation reserve $'000 | Non-controlling interests $'000 | Total equity $'000 |
|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2015** | 254,520 | 2,167 | 17,941 | 164,971 | (27,231) | 24,461 | 436,829 |
| **Total comprehensive income for the year** | | | | | | | |
| Net profit for the year | - | - | - | 52,536 | - | 2,193 | 54,729 |
| Other comprehensive income | | | | | | | |
| *Currency translation arising on consolidation* | - | - | - | - | (18,212) | (1,984) | (20,196) |
| *Transfer between reserves* | - | (49) | - | 49 | - | - | - |
| *Actuarial loss on defined benefit plans* | - | - | - | (287) | - | (31) | (318) |
| Other comprehensive income for the year, net of tax | - | (49) | - | (238) | (18,212) | (2,015) | (20,514) |
| ***Total comprehensive income for the year*** | - | (49) | - | 52,298 | (18,212) | 178 | 34,215 |
| **Transactions with owners in their capacity as owners** | | | | | | | |
| Contributions by and distributions to owners | | | | | | | |
| Issuance of ordinary shares from exercise of options | 1,144 | - | - | - | - | - | 1,144 |
| Issuance of ordinary shares in lieu of cash dividends | 7,110 | - | - | - | - | - | 7,110 |
| Expiry of employee share options | - | - | (1,053) | 1,053 | - | - | - |
| Dividends | - | - | - | (27,784) | - | (4,461) | (32,245) |
| ***Total transactions with owners in their capacity as owners*** | 8,254 | - | (1,053) | (26,731) | - | (4,461) | (23,991) |
| **Balance at 31 December 2015** | 262,774 | 2,118 | 16,888 | 190,538 | (45,443) | 20,178 | 447,053 |

**1(d)(i)**

| Group | Share capital $'000 | Revaluation reserve $'000 | Capital reserve $'000 | Revenue reserve $'000 | Foreign currency translation reserve $'000 | Non-controlling interests $'000 | Total equity $'000 |
|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2014** | 250,096 | 2,215 | 17,941 | 147,474 | (20,946) | 26,898 | 423,678 |
| **Total comprehensive income for the year** | | | | | | | |
| Net profit for the year | - | - | - | 45,081 | - | 1,549 | 46,630 |
| Other comprehensive income | | | | | | | |
| *Currency translation arising on consolidation* | - | - | - | - | (6,285) | (301) | (6,586) |
| *Transfer between reserves* | - | (48) | - | 48 | - | - | - |
| *Actuarial (loss)/gain on defined benefit plans* | - | - | - | (225) | - | 16 | (209) |
| Other comprehensive income for the year, net of tax | - | (48) | - | (177) | (6,285) | (285) | (6,795) |
| ***Total comprehensive income for the year*** | - | (48) | - | 44,904 | (6,285) | 1,264 | 39,835 |
| **Transactions with owners in their capacity as owners** | | | | | | | |
| Contributions by and distributions to owners | | | | | | | |
| Issuance of ordinary shares from exercise of options | 402 | - | - | - | - | - | 402 |
| Issuance of ordinary shares in lieu of cash dividends | 4,022 | - | - | - | - | - | 4,022 |
| Dividends | - | - | - | (27,407) | - | (3,701) | (31,108) |
| ***Total transactions with owners in their capacity as owners*** | 4,424 | - | - | (27,407) | - | (3,701) | (26,684) |
| **Balance at 31 December 2014** | 254,520 | 2,167 | 17,941 | 164,971 | (27,231) | 24,461 | 436,829 |

| Company | Share capital $'000 | Capital reserve $'000 | Revenue reserve $'000 | Total equity $'000 |
|---|---|---|---|---|
| **Balance at 1 January 2015** | 254,520 | 1,705 | 35,997 | 292,222 |
| *Net profit for the year, representing total comprehensive income for the year* | - | - | 36,598 | 36,598 |
| Contributions by and distributions to owners | | | | |
| Issuance of ordinary shares from exercise of options | 1,144 | - | - | 1,144 |
| Issuance of ordinary shares in lieu of cash dividends | 7,110 | - | - | 7,110 |
| Expiry of employee share options | - | (1,053) | 1,053 | - |
| Dividends | - | - | (27,784) | (27,784) |
| ***Total transactions with owners in their capacity as*** | 8,254 | (1,053) | (26,731) | (19,530) |
| **Balance at 31 December 2015** | 262,774 | 652 | 45,864 | 309,290 |
| **Balance at 1 January 2014** | 250,096 | 1,705 | 31,481 | 283,282 |
| *Net profit for the year, representing total comprehensive income for the year* | - | - | 31,923 | 31,923 |
| Contributions by and distributions to owners | | | | |
| Issuance of ordinary shares from exercise of options | 402 | - | - | 402 |
| Issuance of ordinary shares in lieu of cash dividends | 4,022 | - | - | 4,022 |
| Dividends | - | - | (27,407) | (27,407) |
| ***Total transactions with owners in their capacity as*** | 4,424 | - | (27,407) | (22,983) |
| **Balance at 31 December 2014** | 254,520 | 1,705 | 35,997 | 292,222 |

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

For the year ended 31 December 2015, the issued and paid-up share capital of the Company was increased from 552,304,086 shares to 561,299,968 shares due to the allotment and issue of 6,865,882 ordinary shares arising from the application of QAF Scrip Dividend Scheme in respect of the final dividend for the financial year ended 31 December 2014, as well as the allotment and issue of 2,130,000 ordinary shares pursuant to the exercise by option holders.

The number of shares that may be issued on conversion of all outstanding options were as follows:

| | As at 31/12/2015 | As at 31/12/2014 |
|---|---|---|
| Outstanding options | 725,000 | 2,905,000 |

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

| | As at 31/12/2015 | As at 31/12/2014 |
|---|---|---|
| Total number of issued shares (excluding treasury shares) | 561,299,968 | 552,304,086 |

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

There are no treasury shares held by the Company during the year under review.

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

The figures have not been audited or reviewed.

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

N.A.

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

The Group has applied the same accounting policies and methods of computation as in the Group's audited financial statements for the previous year ended 31 December 2014. However, the Group adopted revised Financial Reporting Standards ("FRS") and interpretations that are mandatory for financial years beginning on or after 1 January 2015. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

N.A.

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

| | Full year ended 31/12/2015 | Full year ended 31/12/2014 |
|---|---|---|
| Basic EPS | 9.4 cents | 8.2 cents |
| Diluted EPS | 9.4 cents | 8.2 cents |
| Number of shares used for the calculation of: | | |
| i) Basic EPS<br>Weighted average number of ordinary shares in issue | 557,598,000 | 549,774,000 |
| ii) Diluted EPS<br>Weighted average number of ordinary shares in issue | 557,941,000 | 550,901,000 |

**7. Net asset value for the company and group per ordinary share based on issued share capital of the company at the end of the period reported on:**

| | As at 31/12/2015 | As at 31/12/2014 |
|---|---|---|
| Group | 76.1 cents | 74.7 cents |
| QAF Limited | 55.1 cents | 52.9 cents |
| Number of shares used for the calculation of Net asset value: | 561,299,968 | 552,304,086 |

**8. Review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

**INCOME STATEMENT**

**FY 2015 vs FY 2014**

Group revenue decreased marginally by 2% to $998.3 million for the financial year ended 31 December 2015 ('FY 2015') from $1,023 million for the financial year ended 31 December 2014 ('FY 2014'). The decrease in Group revenue is mainly attributable to the translation effect of a higher Singapore dollar exchange rate versus the domestic currencies of certain countries that the Group operates in. In particular, the lower average exchange rate of the Australian dollar against the Singapore dollar in FY 2015 as compared to FY 2014 resulted in Rivalea (Australia) Pty Ltd ('Rivalea'), the Group's fully integrated producer of meat located in Australia, seeing lower sales in terms of Singapore dollars. Similarly, the Group's Bakery operations in Malaysia achieved higher sales in terms of Malaysian Ringgit but saw lower sales when the latter is translated into Singapore dollars due to the lower average exchange rate of the Malaysian Ringgit against the Singapore dollar in FY 2015.

Without the translation effect as mentioned above, all of the Group's business segments, namely Bakery, Primary Production and Trading & Logistics achieved increases in sales. In particular, all of the Group's Bakery operations in Singapore, Malaysia, the Philippines and Australia achieved increases in sales through the launch of new products and increased market shares. Rivalea achieved increases in sales from both increased quantity of livestock sold as well as higher average selling prices. The Group's Trading & Logistics business segment achieved higher sales from its export operations.

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

## INCOME STATEMENT (cont'd)

Costs of Materials, Staff Costs, Amortisation and Depreciation and Repairs and Maintenance decreased by $25.5 million, $0.7 million, $0.6 million and $2.8 million to $521.1 million, $227.0 million, $36.3 million and $30.0 million, respectively, in FY 2015. These are mainly attributable to the lower costs and expenses in Rivalea and the Malaysian Bakery operations due to the translation effect of the higher Singapore dollar exchange rate as mentioned above. In addition, the Bakery business segment also enjoyed lower ingredient costs.

Utilities decreased by 14% to $28.6 million in FY 2015 and this is attributable to reduced utility rates as well as reduced utilisation in certain operating subsidiaries in FY 2015.

The Group made a provision for an unrealised Foreign Exchange Loss of $2.8 million in FY 2015 and this was a 52% increase from a Foreign Exchange Loss of $1.9 million in FY 2014. This increase is mainly attributable to the depreciation of certain Malaysian Ringgit denominated assets against the Singapore dollar in FY 2015 as compared to FY 2014.

Group Finance Costs (interest expense) decreased by 20% to $2.6 million in FY 2015 as compared to $3.2 million in FY 2014 due to lower borrowings.

Group Profit Before Taxation ('PBT') increased by 19% from $57.9 million for FY 2014 to $68.8 million for FY 2015. The significant increase in Group PBT is mainly attributable to the increase of profitability in Rivalea, the Group's fully integrated meat producer in Australia. Rivalea achieved substantial increases in profitability through increased sales volume, higher average selling prices from a better product mix, increased meat processing activities and lower operating costs. All of the Group's Bakery operations in Singapore, Malaysia, the Philippines and Australia also achieved encouraging levels of increased profitability due to increased sales and efficiencies. Ben Foods (S) Pte Ltd, a distributor of food products in the Group's Trading & Logistics business segment, also achieved increased profitability due to its exports of higher margin products.

Group Profit After Taxation ('PAT') increased by 17% to $54.7 million for FY 2015 as compared to a Group PAT of $46.6 million for FY 2014. Group Taxation increased by 24% to $14.0 million in FY 2015 as compared to $11.3 million in FY 2014, in line with the increased profitability in the Group's operations.

Group Profit Attributable to Owners of the Parent increased by 17% to $52.5 million in FY 2015 as compared to $45.1 million in FY 2014.

## STATEMENT OF FINANCIAL POSITION

Other Receivables increased by 24% to $17.3 million as at the end of FY 2015 as compared to $13.9 million as at the end of FY 2014. This is mainly attributable to down-payments made by the Group for its purchases of new bakery production equipment.

Short-Term and Long-Term Investments relates mainly to the Company's and the Group's investments in certain bonds and market-linked notes. These investments were made so as to achieve better returns for the Group. Total Investments decreased by 13% to $16.0 million as at the end of FY 2015, largely due to the redemption/sale of certain investments.

Other Payables, Current, increased by 15% to $69.7 million as at the end of FY 2015. The increase is largely due to the general increase in sales.

Total Long-Term Borrowings increased by 102% to $32.5 million as at the end of FY 2015. The increase in Long-Term Borrowings resulted from the increase in funding for the Group's new additional production facilities.

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

**The performance review of the Group's business segments is as follows:**

**BAKERY**

| | 2015 | 2014 | Increase/(decrease) | |
|---|---|---|---|---|
| | $'million | $'million | $'million | % |
| Segment revenue | 516.2 | 510.7 | 5.5 | 1 |
| Segment results | 60.1 | 54.0 | 6.1 | 11 |

The Bakery segment achieved only marginal increase in revenue to $516.2 million for FY 2015 as compared to $510.7 million for FY 2014 due to the translation effect of a higher Singapore dollar exchange rate versus the domestic currencies of certain countries that the Group operates in. Without the translation effect, the increase in segment revenue would have been much higher.

The increase is due to the successful launch of new products, increased production capacities and increased market shares.

Operating results increased 11% to $60.1 million for FY 2015 as compared to $54.0 million for FY 2014. This was achieved from increased profitability due to increased sales, increased efficiencies and economies of scale. However, with the commencement of operations in late FY 2014, the Group's new bakery operation in Fujian, China, continued to incur losses during the year, resulting from certain start-up costs as well as costs related to market development.

**PRIMARY PRODUCTION**

| | 2015 | 2014 | Increase/(decrease) | |
|---|---|---|---|---|
| | $'million | $'million | $'million | % |
| Segment revenue | 374.6 | 401.7 | (27.1) | (7) |
| Segment results | 16.8 | 10.2 | 6.6 | 65 |

The Group's Primary Production segment comprises Rivalea, a fully integrated meat production business in Australia which is involved in stockfeed milling, livestock farming and production, slaughterhouse operations, meat cutting and deboning as well as distribution.

The 7% decline in segment revenue is attributable to the translation effect of a higher Singapore dollar exchange rate versus the Australian dollar. In Australian Dollar terms, segment revenue saw an increase in FY 2015 against FY 2014.

Operating profits increased by 65% to $16.8 million in FY 2015 as compared to $10.2 million in FY 2014. This substantial increase in profitability was achieved by an increased sales volume, higher average selling prices due to a better product mix, increased meat processing activities and lower operating costs.

**TRADING & LOGISTICS**

| | 2015 | 2014 | Increase/(decrease) | |
|---|---|---|---|---|
| | $'million | $'million | $'million | % |
| Segment revenue | 104.7 | 102.0 | 2.7 | 3 |
| Segment results | 3.6 | 2.9 | 0.7 | 24 |

Sales revenue from the Group's Trading & Logistics segment increased by 3% to $104.7 million in FY 2015 from $102.0 million in FY 2014. The increase is mainly attributable to increased sales by the Group's wholesale and trading company, Ben Foods (S) Pte Ltd, in its export business.

Operating profits for the Trading & Logistics segment increased by 24% to $3.6 million in FY 2015 as compared to $2.9 million in FY 2014 due to increased sales.

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

**The performance review of the Group's business segments is as follows (cont'd):**

**INVESTMENTS & OTHERS**

| | 2015 | 2014 | Increase/(decrease) | |
|---|---|---|---|---|
| | $'million | $'million | $'million | % |
| Segment revenue | 27.0 | 34.4 | (7.4) | (22) |
| Segment results | (0.6) | 2.5 | (3.1) | (124) |

The sale of the Group's non-core dairy business in Australia in FY 2014 has resulted in the decrease of segment revenue.

The said disposal of the dairy business as well as the unrealised foreign exchange loss resulting from the depreciation of certain Malaysian Ringgit denominated assets against the Singapore dollar, as highlighted earlier, has led to the decline in segment results.

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

The Group's revenue and profits are in line with prior announcements.

**10. A commentary at the date of announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The regional economies are generally experiencing slower growth. Foreign exchange rates of regional currencies are also volatile and are trending downward vis-à-vis the US dollar.

Despite the challenging economic conditions, the Group is expected to achieve a satisfactory level of sales and profitability for the first quarter ending 31 March 2016, barring any unforeseen circumstances.

**11. Dividends**

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

Any dividend declared? Yes

| | Interim (paid) | Proposed Final Dividend |
|---|---|---|
| Dividend type | Cash | Cash |
| Dividend rate | 1 cent per ordinary share | 4 cents per ordinary share |
| Tax rate | Exempt 1 tier | Exempt 1 tier |

***(b) Corresponding period of immediate financial year***

Any dividend declared? Yes

| | Interim | Final Dividend |
|---|---|---|
| Dividend type | Cash | Cash or scrip |
| Dividend rate | 1 cent per ordinary share | 4 cents per ordinary share |
| Tax rate | Exempt 1 tier | Exempt 1 tier |

***(c) Date payable*** To be announced later

***(d) Book closing date*** To be announced later

**12. If no dividend has been declared or recommended, a statement to the effect.**

N.A.

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

The Group does not have an IPT general mandate for the current financial year 2015.

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

**Segment Information**
(In Singapore Dollars)

| | Bakery | Primary production | Trading & Logistics | Investments & others | Eliminations | Consolidated |
|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Revenue and expenses 2015** | | | | | | |
| Revenue from external customers | 511,547 | 371,612 | 104,447 | - | - | 987,606 |
| Other revenue from external customers | 4,637 | 2,995 | 242 | 803 | - | 8,677 |
| Inter-segment revenue | - | - | 53 | 26,170 | (26,223) | - |
| | 516,184 | 374,607 | 104,742 | 26,973 | (26,223) | 996,283 |
| Unallocated revenue | | | | | | 1,995 |
| Total revenue | | | | | | 998,278 |
| Segment results | 60,119 | 16,777 | 3,559 | (560) | - | 79,895 |
| Unallocated revenue | | | | | | 1,995 |
| Unallocated expenses | | | | | | (10,527) |
| Profit from operating activities | | | | | | 71,363 |
| Finance costs | | | | | | (2,597) |
| Profit before taxation | | | | | | 68,766 |
| Taxation | | | | | | (14,037) |
| Profit after taxation | | | | | | 54,729 |
| **Revenue and expenses 2014** | | | | | | |
| Revenue from external customers | 506,479 | 396,961 | 101,629 | 5,263 | - | 1,010,332 |
| Other revenue from external customers | 4,189 | 3,693 | 300 | 3,051 | - | 11,233 |
| Inter-segment revenue | - | 1,080 | 51 | 26,097 | (27,228) | - |
| | 510,668 | 401,734 | 101,980 | 34,411 | (27,228) | 1,021,565 |
| Unallocated revenue | | | | | | 1,584 |
| Total revenue | | | | | | 1,023,149 |
| Segment results | 54,024 | 10,247 | 2,928 | 2,498 | - | 69,697 |
| Unallocated revenue | | | | | | 1,584 |
| Unallocated expenses | | | | | | (10,123) |
| Profit from operating activities | | | | | | 61,158 |
| Finance costs | | | | | | (3,241) |
| Profit before taxation | | | | | | 57,917 |
| Taxation | | | | | | (11,287) |
| Profit after taxation | | | | | | 46,630 |

## 14. Segment Information (cont'd)

(In Singapore Dollars)

| | Bakery $'000 | Primary production $'000 | Trading & Logistics $'000 | Investments & others $'000 | Consolidated $'000 |
|---|---|---|---|---|---|
| **Assets and liabilities 31 December 2015** | | | | | |
| Segment assets | 329,267 | 236,717 | 67,842 | 69,165 | 702,991 |
| Deferred tax assets | | | | | 14,615 |
| Tax recoverable | | | | | 1,297 |
| **Total assets per consolidated statement of financial position** | | | | | 718,903 |
| Segment liabilities | 104,268 | 49,037 | 14,252 | 2,578 | 170,135 |
| Provision for taxation | | | | | 5,282 |
| Deferred tax liabilities | | | | | 12,353 |
| Bank borrowings | | | | | 84,080 |
| **Total liabilities per consolidated statement of financial position** | | | | | 271,850 |
| **Assets and liabilities 31 December 2014** | | | | | |
| Segment assets | 307,718 | 244,704 | 64,822 | 57,498 | 674,742 |
| Deferred tax assets | | | | | 15,060 |
| Tax recoverable | | | | | 1,312 |
| **Total assets per consolidated statement of financial position** | | | | | 691,114 |
| Segment liabilities | 91,093 | 58,051 | 11,699 | 2,241 | 163,084 |
| Provision for taxation | | | | | 5,029 |
| Deferred tax liabilities | | | | | 12,139 |
| Bank borrowings | | | | | 74,033 |
| **Total liabilities per consolidated statement of financial position** | | | | | 254,285 |
| **Other segment information 2015** | | | | | |
| Expenditure for non-current assets | 44,522 | 10,559 | 2,637 | 6,649 | 64,367 |
| Amortisation and depreciation | 25,247 | 8,624 | 1,923 | 516 | 36,310 |
| Allowance for inventory obsolescence charged | 197 | 155 | 930 | - | 1,282 |
| Allowance for doubtful debts charged/ (written-back) and bad debts written off, net | 633 | 70 | 264 | - | 967 |
| **Other segment information 2014** | | | | | |
| Expenditure for non-current assets | 28,073 | 8,883 | 1,405 | 2,746 | 41,107 |
| Amortisation and depreciation | 24,994 | 9,373 | 1,797 | 724 | 36,888 |
| Allowance for inventory obsolescence charged | 36 | 9 | 216 | - | 261 |
| Allowance for doubtful debts charged/ (written-back) and bad debts written off, net | 257 | 289 | (7) | - | 539 |

**14. Segment Information (cont'd)**

(In Singapore Dollars)

| | *Revenue* | | *Non-current assets* | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| | $'000 | $'000 | $'000 | $'000 |
| Singapore | 173,460 | 168,263 | 48,137 | 47,040 |
| Malaysia | 282,660 | 302,382 | 95,624 | 110,939 |
| Australia | 386,603 | 422,370 | 128,391 | 129,585 |
| Philippines | 140,889 | 120,669 | 47,580 | 25,740 |
| Other countries | 14,666 | 9,465 | 5,567 | 4,789 |
| | 998,278 | 1,023,149 | 325,299 | 318,093 |

**15. In the review of performance, the factors leasing to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Please refer to Section 8.

**16. A breakdown of sales as follows:**

| | Group | | |
|---|---|---|---|
| | 2015 | 2014 | + / (-) |
| | $'000 | $'000 | % |
| Revenue reported for first half year | 508,916 | 496,631 | 2 |
| Profit after tax before deducting non-controlling interests for the first half year | 26,760 | 23,313 | 15 |
| Revenue reported for second half year | 489,362 | 526,518 | (7) |
| Profit after tax before deducting non-controlling interests for the second half year | 27,969 | 23,317 | 20 |

**17. A breakdown of the total annual dividend for the company's latest full year and its previous full year as follows:-**

| | Full Year | Full Year |
|---|---|---|
| | 2015 | 2014 |
| | $'000 | $'000 |
| Ordinary dividend | 28,065 | 27,694 |
| Preference dividend | - | - |
| Total | 28,065 | 27,694 |

**18. Persons occupying managerial positions who are related to the directors, chief executive officer or substantial shareholder**

| Name | Age | Family relationship with any director and/or substantial shareholder | Current position and duties, and the year the position was held | Details of changes in duties and position held, if any, during the year |
|---|---|---|---|---|
| Lin Kejian | 37 | Son of Mr Andree Halim (Vice Chairman and controlling shareholder of the Company)<br><br>Nephew of Mr Anthoni Salim (Substantial shareholder of the Company) | Mr Lin is the Deputy Group Managing Director of the Company. | The Deputy Group Managing Director, in conjunction with the Group Managing Director, is responsible for the overall management of the operations and affairs of the QAF Group. |

**BY ORDER OF THE BOARD**

Ms Lee Woan Ling
Company Secretary
24 February 2016