QAF Limited

(Company Registration No : 195800035D)

Full Year Unaudited Financial Statement for the Year Ended 31 December 2010

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

(i) An income statement 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		
	31/12/2010	31/12/2009	+ / (-)
	S$'000	S$'000	%
Revenue	856,410	854,982	0
Costs and expenses			
Costs of materials	455,595	445,229	2
Staff costs	183,105	168,552	9
Amortisation and depreciation	31,139	28,336	10
Repairs and maintenance	27,365	26,907	2
Other operating expenses	79,648	111,306	(28)
Total costs and expenses	776,852	780,330	(0)
Profit from operating activities	79,558	74,652	7
Finance costs	(6,808)	(6,040)	13
Exceptional items	-	928	n.m.
Share of losses of associates and joint venture	(1,811)	(8,911)	(80)
Profit before taxation	70,939	60,629	17
Taxation			
- Current year	(14,163)	(2,077)	582
- Overprovision in prior years	71	746	(90)
	(14,092)	(1,331)	959
Profit after taxation	56,847	59,298	(4)
Attributable to:			
Owners of the parent	48,737	56,346	(14)
Non-controlling interests	8,110	2,952	175
	56,847	59,298	(4)

n.m. = not meaningful

(i) Statement of Comprehensive Income

	Group	
	Full year ended	
	31/12/2010	31/12/2009
	S$'000	S$'000
Profit after taxation	56,847	59,298
Other comprehensive income:		
- Currency translation arising on consolidation	6,513	31,265
- Actuarial (loss)/gain on defined benefit plans	(1,297)	1,748
- Net fair value changes on cash flow hedges	-	755
- Share of other comprehensive income of associates and joint venture	(24)	555
Other comprehensive income for the year, net of tax	5,192	34,323
Total comprehensive income for the year	62,039	93,621
Total comprehensive income attributable to:		
Owners of the parent	53,575	89,214
Non-controlling interests	8,464	4,407
	62,039	93,621

Notes to the Income Statement
Please see section 8 for commentaries on the income statement.

The Group's "Exceptional Items" comprise:

	Group	
	Full year ended	
	31/12/2010	31/12/2009
	S$'000	S$'000
Gain on disposal of a subsidiary	-	697
Negative goodwill on acquisition of a subsidiary	-	231
	-	928

(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		+ / (-)
	31/12/2010	31/12/2009	%
	S$'000	S$'000	
Other income including interest income	8,981	6,098	47
Allowance for doubtful debts written back/(charged)	5,749	(23,635)	n.m.
Allowance for inventory obsolescence charged	(59)	(2,060)	(97)
Foreign exchange gain	1,345	12,548	(89)
Impairment charge on net investment in an associate	(691)	-	n.m.
Impairment charge on property, plant and equipment	-	(606)	n.m.
Gain on disposal of property, plant & equipment and investment properties	1,201	743	62

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	
	31/12/2010 S$'000	31/12/2009 S$'000	31/12/2010 S$'000	31/12/2009 S$'000
Current assets				
Biological assets	60,500	64,105	-	-
Inventories	65,637	79,635	-	-
Trade receivables	78,824	80,940	-	-
Other receivables	37,145	16,947	64,169	62,138
Tax recoverable	135	196	-	-
Short-term investments	381	-	-	-
Cash and deposits	68,046	64,112	21,436	13,350
Assets classified as held for sale	8,810	2,052	-	-
	319,478	307,987	85,605	75,488
Non-current assets				
Property, plant & equipment	261,599	266,960	2,502	2,361
Investment properties	19,548	19,547	-	-
Subsidiaries	-	-	98,718	104,350
Advances to subsidiaries	-	-	89,374	85,622
Associates	1,896	1,887	-	-
Advances to associates	3,009	3,090	-	-
Long-term investments	-	311	-	-
Intangibles	2,726	20	2,638	2,846
Deferred tax assets	17,749	15,039	-	-
	306,527	306,854	193,232	195,179
Total assets	626,005	614,841	278,837	270,667
Current liabilities				
Trade payables	73,243	68,024	71	4
Other payables	41,044	51,974	7,110	9,816
Exchangeable bond	10,000	-	10,000	-
Short-term borrowings	41,416	64,485	-	-
Long-term loans and finance leases - current portion	18,543	23,021	9,851	9,728
Provision for taxation	6,179	6,300	1,995	1,153
	190,425	213,804	29,027	20,701
Non-current liabilities				
Other payables	13,655	12,845	-	-
Exchangeable bond	-	10,000	-	10,000
Pension liabilities	740	918	-	-
Long-term loans and finance leases	43,694	44,914	7,469	17,321
Deferred tax liabilities	10,674	9,949	485	440
	68,763	78,626	7,954	27,761
Total liabilities	259,188	292,430	36,981	48,462
Net assets	366,817	322,411	241,856	222,205
Capital and reserves				
Share capital	214,823	202,692	214,823	202,692
Reserves	125,517	91,349	27,033	19,513
Equity attributable to owners of the parent	340,340	294,041	241,856	222,205
Non-controlling interests	26,477	28,370	-	-
Total equity	366,817	322,411	241,856	222,205

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

1(b)(i) Challenge Australian Diary Pty Ltd ('Challenge')

The Company announced on 29 October 2010 that Challenge, an associated company of the Company, had been placed under voluntary administration upon the decisions taken by the directors of Challenge and that PricewaterhouseCoopers had also been appointed by Challenge's main banker to be the Receivers and Managers of Challenge.

Subsequently, the Voluntary Administrators, having failed to secure a Deed of Arrangement to restructure and rehabilitate the company, had recommended the creditors to vote and place Challenge into winding-up and liquidation. Resolution by creditors to wind up the company was passed by creditors at a meeting held in January 2011.

The assets of Challenge will first be sold by the Receiver (as appointed by the bank which has a charge over all or nearly all the properties and assets of Challenge), and any money realized will be used to satisfy the debts owing to the bank and the remaining amount will go towards the payment of all remaining creditors of Challenge, including shareholder loans extended by the Group to Challenge.

The net book value of the investment in Challenge has been fully written down to nil and the outstanding shareholder's loan advanced by the Group to Challenge is $1.4 million, approximately, as at 31 December 2010.

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 31/12/2010		As at 31/12/2009	
Secured	Unsecured	Secured	Unsecured
$'000	$'000	$'000	$'000
10,451	59,508	29,088	58,418

(b) Amount repayable after one year

As at 31/12/2010		As at 31/12/2009	
Secured	Unsecured	Secured	Unsecured
$'000	$'000	$'000	$'000
23,200	20,494	7,503	46,911

(c) Details of any collaterals

At the end of the financial year, property, plant & equipment and inventories with total net book values of $41,316,000 (as at 31/12/2009: $51,822,000) 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 (in Singapore Dollars)	31/12/2010	31/12/2009
	$'000	$'000
Cash flows from operating activities:		
Profit before taxation	70,939	60,629
Adjustments for:		
Amortisation and depreciation	31,139	28,336
Gain on disposal of property, plant & equipment and investment properties	(1,201)	(743)
Share of losses of associates and joint venture	1,811	8,911
Gain on disposal of a subsidiary	-	(697)
Negative goodwill on acquisition of a subsidiary	-	(231)
Fair value changes on derivative financial instruments	-	(968)
Fair value changes on biological assets	3,154	(3,633)
Intangibles written off	-	812
Allowance for doubtful debts (written-back)/charged and debts written off	(5,749)	23,635
Impairment charge on property, plant and equipment	-	606
Impairment charge on net investment in an associate	691	-
Interest expense	6,808	6,040
Dividend and interest income	(1,790)	(1,247)
Exchange differences	(2,997)	(4,902)
Operating profit before working capital changes	102,805	116,548
(Increase)/decrease in receivables	(628)	1,942
Decrease/(increase) in inventories and biological assets	9,459	(1,758)
Increase/(decrease) in payables	10,892	(10,655)
Cash from operations	122,528	106,077
Interest paid, net	(5,046)	(4,908)
Income tax paid	(15,996)	(11,773)
Net cash from operating activities	**101,486**	**89,396**
Cash flows from investing activities:		
Purchase of property, plant & equipment and investment properties	(37,714)	(37,572)
Progress payment for purchase of property, plant & equipment	(16,222)	-
Proceeds from disposal of property, plant & equipment and investment properties	1,795	2,448
Purchase of investments	(55)	(33)
Decrease in advances to associates	81	275
Purchase of additional shares in an associate	-	(1,471)
Acquisition of a subsidiary, net of cash acquired	-	(2,674)
Net cash outflow from decrease in interest in a subsidiary (Note A)	(1)	-
Net proceeds from disposal of a subsidiary	-	1,086
Acquisition of business (Note B)	(3,944)	-
Dividends received from investments	53	21
Net cash used in investing activities	**(56,007)**	**(37,920)**
Cash flows from financing activities:		
Proceeds from issuance of exchangeable bond	-	10,000
Proceeds from issuance of share capital	2,674	598
Dividends paid during the year	(9,950)	(2,048)
Dividends paid to non-controlling interests	(10,641)	(4,611)
(Repayment of)/proceeds from long-term borrowings	(22,276)	1,082
Proceeds from/(repayment of) short-term borrowings	2,861	(45,779)
Net cash used in financing activities	**(37,332)**	**(40,758)**
Net increase in cash and cash equivalents	8,147	10,718
Cash and cash equivalents at beginning of year	58,950	44,450
Effect of exchange rate changes on cash and cash equivalents	949	3,782
Cash and cash equivalents at end of year (Note C)	68,046	58,950

1(c) Note A : Analysis of decrease in interest in a subsidiary

	$'000
Property, plant & equipment	12,369
Inventories	10,506
Receivables	11,075
Deferred taxation	663
Payables	(23,160)
Borrowings	(7,224)
Cash and cash equivalents	1
Non-controlling interests	(2,375)
Net assets disposed	1,855
Realisation of foreign currency translation reserve	644
Reclassification to Associates	(2,499)
Consideration	-
Cash and cash equivalents deconsolidated	(1)
Net cash outflow on decrease in interest in a subsidiary	(1)

Note B : Analysis of acquisition of business

	$'000
Inventories	(1,248)
Receivables	(474)
Intangibles	(2,553)
Payables	78
Deferred taxation	253
Net business acquired / Cash paid	(3,944)

Note C : Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, the consolidated cash and cash equivalents at the end of the financial year comprised the following:

	Group	
	31/12/2010	31/12/2009
	$'000	$'000
Cash and deposits	68,046	64,112
Less : Bank overdrafts	-	(5,162)
	68,046	58,950

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	Hedging reserve $'000	Revenue reserve $'000	Foreign currency translation reserve $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 January 2010	202,692	2,409	19,005	-	67,989	1,946	28,370	322,411
Net profit for the year	-	-	-	-	48,737	-	8,110	56,847
Other comprehensive income for the year	-	(49)	-	-	(1,248)	6,135	354	5,192
Total comprehensive income for the year	-	(49)	-	-	47,489	6,135	8,464	62,039
Effect of changes in group structure	-	-	-	-	-	-	(2,375)	(2,375)
Issuance of ordinary shares from exercise of options	2,674	-	-	-	-	-	-	2,674
Issuance of ordinary shares in lieu of cash dividends	9,457	-	-	-	-	-	-	9,457
Dividends	-	-	-	-	(19,407)	-	(7,982)	(27,389)
Balance at 31 December 2010	214,823	2,360	19,005	-	96,071	8,081	26,477	366,817
Balance at 1 January 2009	195,123	2,214	19,005	(755)	18,865	(28,098)	26,448	232,802
Net profit for the year	-	-	-	-	56,346	-	2,952	59,298
Other comprehensive income for the year	-	195	-	755	1,797	30,121	1,455	34,323
Total comprehensive income for the year	-	195	-	755	58,143	30,121	4,407	93,621
Effect of changes in group structure	-	-	-	-	-	(77)	1,625	1,548
Issuance of ordinary shares from exercise of warrants	598	-	-	-	-	-	-	598
Issuance of ordinary shares in lieu of cash dividends	6,971	-	-	-	-	-	-	6,971
Dividends	-	-	-	-	(9,019)	-	(4,110)	(13,129)
Balance at 31 December 2009	202,692	2,409	19,005	-	67,989	1,946	28,370	322,411

1(d)(i)

Company	Share capital $'000	Capital reserve $'000	Revenue reserve $'000	Total equity $'000
Balance at 1 January 2010	202,692	1,705	17,808	222,205
Net profit for the year	-	-	26,927	26,927
Total comprehensive income for the year	-	-	26,927	26,927
Issuance of ordinary shares from exercise of options	2,674	-	-	2,674
Issuance of ordinary shares in lieu of cash dividends	9,457	-	-	9,457
Dividends	-	-	(19,407)	(19,407)
Balance at 31 December 2010	214,823	1,705	25,328	241,856
Balance at 1 January 2009	195,123	1,705	13,722	210,550
Net profit for the year	-	-	13,105	13,105
Total comprehensive income for the year	-	-	13,105	13,105
Issuance of ordinary shares from exercise of warrants	598	-	-	598
Issuance of ordinary shares in lieu of cash dividends	6,971	-	-	6,971
Dividends	-	-	(9,019)	(9,019)
Balance at 31 December 2009	202,692	1,705	17,808	222,205

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

For the year ended 31 December 2010, the issued and paid-up share capital of the Company was increased from 477,245,971 shares to 497,106,083 shares due to the allotment and issue of 15,083,112 shares arising from the application of QAF Scrip Dividend Scheme in respect of the final dividend for the financial year ended 31 December 2009, as well as the allotment and issue of 4,777,000 shares pursuant to the exercise by option holders.

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

	As at 31/12/2010	As at 31/12/2009
Outstanding options	9,167,000	14,384,000

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

	As at 31/12/2010	As at 31/12/2009
Total number of issued shares (excluding treasury shares)	497,106,083	477,245,971

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 2009. However, the Group adopted new and revised Financial Reporting Standards ("FRS") and interpretations that are mandatory for financial years beginning on or after 1 January 2010, as indicated in Note 5 below.

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.

FRS 27 (revised) Consolidated and Separate Financial Statements
The revised FRS 27 requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill, nor will it give rise to a gain or loss recognised in profit or loss. When control is lost, any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss.

FRS 103 (revised) Business Combinations
The revised FRS 103 continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed.

The adoption of above standards has no significant impact on the financial statements.

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	
	31/12/2010	31/12/2009
Basic EPS	10.0 cents	12.1 cents
Diluted EPS	10.0 cents	12.1 cents
Number of shares used for the calculation of:		
i) Basic EPS Weighted average number of ordinary shares in issue	488,076,905	464,187,343
ii) Diluted EPS Weighted average number of ordinary shares in issue	489,249,357	464,187,343

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 31/12/2010	As at 31/12/2009
Group	68.5 cents	61.6 cents
QAF Limited	48.7 cents	46.6 cents
Number of shares used for the calculation of Net asset value:	497,106,083	477,245,971

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

Group net revenue improved by $1.4 million to $856.4 million for the financial year ended 31 December 2010 ('FY 2010') from $855.0 million for the financial year ended 31 December 2009 ('FY 2009'). Increases in sales were achieved by all the major business segments of the Group – Bakery, Primary Production and Trading & Logistics. The bakery operations in Malaysia and the Philippines achieved increases in sales as both companies continued to achieve increases in their respective market shares. The bakery operation in Australia, Bakers Maison Australia Pty Ltd, also achieved increases in sales to more food service customers. The Group's fully integrated producer of meat located in Australia, Rivalea (Australia) Pty Ltd ('Rivalea'), saw higher increases in sales revenue due mainly to greater sales volume. The Group's Trading & Logistics segment achieved increases in sales to its retail, wholesale, food service and export customers. Better rental revenue from its cold storage operations also contributed to the increased sales in this business segment. However, the above increases in sales were offset by a decline in sales from the Food Manufacturing segment due to the deconsolidation of the financial results of Challenge Australian Dairy Pty Ltd ('Challenge'), a manufacturer of milk and dairy products in Australia, which became an associate of the Group when the Group's shareholding in the company was diluted to 49% in early 2010.

Group Profit Before Taxation ('PBT') increased by a creditable 17% to $70.9 million for FY 2010 as compared to a Group PBT of $60.6 million for FY 2009. The Group's Trading & Logistics segment achieved a significant increase in profits due to higher sales, better trading conditions and effective cost controls. Challenge also managed to reduce its operating losses in FY 2010 as compared to that in FY 2009. The Group had made a provision for impairment of receivables due from Shaanxi Hengxing Fruit Juice Co. Ltd. ('Shaanxi Hengxing'), an associate which manufactures fruit juices in China, in FY 2009. No further provision for impairment of receivables due from Shaanxi Hengxing is needed to be made in FY 2010. Although the Bakery segment achieved encouraging levels of profitability on an overall basis, general cost of production increases especially for raw materials resulted in some pressure in margins. Rivalea also faced low selling prices, due mainly to cheap imports into Australia, which affected margins.

Staff costs rose by 9% to $183.1 million in FY 2010. The increase resulted mainly from the consolidation of the financial results of Diamond Valley Pork Pty Ltd ('Diamond Valley'), an abattoir operation located in Melbourne, Australia, with that of Rivalea's. Rivalea increased its shareholdings in Diamond Valley to 80% of the company in the second quarter of 2009. The higher rate of exchange used in translating the Staff Costs of the Group into Singapore Dollar terms also contributed to this increase.

Amortisation and Depreciation increased by 10% to $31.1 million in FY 2010. This resulted mainly from increased depreciation charges in the bakery operations due to the installation and commissioning of new production lines and facilities.

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

Other operating expenses declined by 28% to $79.6 million in FY 2010. The lower operating expenses resulted mainly from the partial write-back of Allowance for Doubtful Debts amounting to $5.7 million in FY 2010 as compared to a $23.6 million provision charge in FY 2009. The write-back resulted from amounts collected from Shaanxi Hengxing which were previously provided for and is also net of provisions made on some advances extended previously to Challenge.

Other income including interest income increased by $2.9 million to $9.0 million in FY 2010 due to higher miscellaneous income from Rivalea.

The Group has a Foreign Exchange Gain of $1.3 million in FY 2010 and this gain relates to the translation of the Group's Australian Dollar denominated assets into Singapore Dollars. However, this Foreign Exchange Gain due to the appreciation of the Australian Dollar vis-à-vis the Singapore Dollar is less than that of FY 2009 and this results in an 89% decline in Foreign Exchange Gain in FY 2010 as compared to FY 2009.

Finance costs (interest expense) increased by 13% to $6.8 million in FY 2010 compared to $6.0 million in FY 2009 due to the increase in interest rates on borrowings in Australia.

Share of Losses of Associates and Joint Venture was $1.8 million for FY 2010 as compared to a Share of Losses of $8.9 million in FY 2009. The higher Share of Losses in FY 2009 was mainly attributable to Shaanxi Hengxing.

Group Taxation increased by $12.8 million to $14.1 million for FY 2010 as compared to $1.3 million for FY 2009. Rivalea had recognised a one-time tax credit of $18.7 million in FY 2009, which arose from a timing difference of tax payable due to a revaluation of its livestock and this has caused the effective tax for the Group to be distorted to a low of only 2% for FY 2009.

As a result of the abovementioned Group Taxation, Group Profit After Taxation ('PAT') decreased by 4% to $56.8 million for FY 2010 as compared to a Group PAT of $59.3 million for FY 2009 even though the Group's PBT for FY 2010 has increased by 17% over that of FY 2009.

STATEMENT OF FINANCIAL POSITION

The deconsolidation of Challenge's financial results from that of the Group's has resulted in reductions in the Group's Inventories and Other Payables-Current as at the end of FY 2010 when compared to their respective amounts as at the end of FY 2009.

Other Receivables increased by 119% to $37.1 million as at the end of FY 2010 and these pertain to down-payments made by the Group for its purchases of new bakery production facilities and equipment.

Assets Classified as Held for Sale increased to $8.8 million as at the end of FY 2010 from $2.1 million as at the end of FY 2009. This increase was mainly because the Group intends to sell some freehold land and buildings of a certain subsidiary that are not needed for its current operations.

Intangibles increased to $2.7 million as at the end of FY 2010 due to Rivalea's acquisition of a Sydney meat distribution business in mid-2010.

Deferred Tax Assets increased to $17.7 million as at the end of FY 2010 from $15.0 million as at the end of FY 2009 and this resulted mainly from Rivalea's recognition of tax credits from a timing difference of tax payable due to a revaluation of its livestock.

Short-Term Borrowings and total Long-Term Loans declined by 36% and 8% to $41.4 million and $62.2 million, respectively, as at the end of FY 2010. These reductions are largely due to the repayment of loans and the deconsolidation of some short-term borrowings.

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

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

FOOD MANUFACTURING

	2010	2009	Increase/(decrease)	
	$'million	$'million	$'million	%
Segment revenue	-	98.1	(98.1)	n.m.
Segment results	-	(36.9)	36.9	n.m.

The decrease in Food Manufacturing segment is due to the deconsolidation of the financial results of Challenge Australian Dairy Pty Ltd ('Challenge'), a manufacturer of milk and dairy products in Australia, which became an associate of the Group when the Group's shareholding in the company was diluted to 49% in early 2010.

In addition, the Group had made a provision for impairment of receivables due from Shaanxi Hengxing Fruit Juice Co. Ltd. ('Shaanxi Hengxing'), an associate which manufactures fruit juices in China, in FY 2009. No further provision for impairment of receivables due from Shaanxi Hengxing needed to be made in FY 2010.

BAKERY

	2010	2009	Increase/(decrease)	
	$'million	$'million	$'million	%
Segment revenue	431.1	389.2	41.9	11
Segment results	66.8	73.1	(6.3)	(9)

The Bakery segment achieved a 11% overall increase in revenue to $431.1 million for FY 2010 as compared to $389.2 million for FY 2009. The Group's bakery operations in Malaysia and the Philippines achieved increased sales. The said operations have continued to increase their respective market shares aided by new production capacity.

Operating results declined by 9% to $66.8 million for FY 2010 as compared to $73.1 million for FY 2009 due to the erosion of margins caused by the escalation of raw material and fuel costs.

PRIMARY PRODUCTION

	2010	2009	Increase/(decrease)	
	$'million	$'million	$'million	%
Segment revenue	336.7	290.0	46.7	16
Segment results	9.0	33.9	(24.9)	(73)

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.

Sales improved by 16% to $336.7 million for FY 2010 as compared to $290.0 million for FY 2009 contributed by higher sales of stockfeed & value-added products. The newly acquired Sydney distribution business also contributed to the increased sales.

Operating profits fell by 73% to $9.0 million in FY 2010 as compared to $33.9 million in FY 2009. In FY 2010, there was a high level of cheap imports into Australia which caused a general drop in the selling prices of pork in Australia. This general fall in selling prices has affected Rivalea's margins.

TRADING & LOGISTICS

	2010	2009	Increase/(decrease)	
	$'million	$'million	$'million	%
Segment revenue	84.2	74.6	9.6	13
Segment results	3.8	0.8	3.0	375

Sales revenue from the Group's Trading & Logistics segment increased by 13% to $84.2 million in FY 2010 from $74.6 million in FY 2009. The increase is attributable to increased sales by the Group's wholesale and trading company, Ben Foods (S) Pte Ltd, in both the domestic and export markets.

This segment achieved operating profits of $3.8 million in FY 2010 and this is a 375% increase over that of $0.8 million in FY 2009. The increase is attributed to higher sales, better trading conditions and effective cost controls.

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 Group expects the Bakery operations to continue to gain market share and achieve sales growth. New production capacity, which is scheduled to come on stream in the financial year ending 31 December 2011 ('FY 2011'), will also contribute to this sales growth.

Rivalea is also expected to achieve sales growth through the introduction of new higher value added products as well as the implementation of new marketing and distribution initiatives.

On an overall basis, the Group expects to achieve an encouraging level of profitability in FY 2011.

11. Dividends

(a) Current financial period reported on

Any dividend declared? Yes

	Interim (paid)	Proposed Final Dividend
Dividend type	Cash	Cash or scrip
Dividend rate	1 cent per ordinary share	3 cents per ordinary share
Tax rate	Exempt 1 tier	Exempt 1 tier

The QAF Limited Scrip Dividend Scheme (as adopted at the extraordinary general meeting of the Company held on 28 April 2006) under which shareholders may elect to receive dividends in the form of scrip in lieu of cash is to be applicable to the Proposed Final Dividend for FY 2010.

(b) Corresponding period of immediate financial year

Any dividend declared? Yes

	First & Final	Bonus Dividend	Total Final Dividend
Dividend type	Cash or scrip	Cash or scrip	Cash or scrip
Dividend rate	2 cents per ordinary share	1 cent per ordinary share	3 cents per ordinary share
Tax rate	Exempt 1 tier	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. 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)

	Food manufacturing	Bakery	Primary production	Trading & Logistics	Investments & others	Eliminations	Consolidated
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue and expenses 2010							
Revenue from external customers	-	428,444	328,007	84,119	3,571	-	844,141
Other revenue from external customers	-	2,655	7,731	62	842	-	11,290
Inter-segment revenue	-	-	980	55	21,199	(22,234)	-
	-	431,099	336,718	84,236	25,612	(22,234)	855,431
Unallocated revenue							979
Total revenue							856,410
Segment results	-	66,791	9,000	3,771	6,974	-	86,536
Unallocated revenue							979
Unallocated expenses							(7,957)
Profit from operating activities							79,558
Finance costs							(6,808)
Share of (losses)/profits of associates	(1,844)	33	-	-	-	-	(1,811)
Profit before taxation							70,939
Taxation							(14,092)
Profit after taxation							56,847
Revenue and expenses 2009							
Revenue from external customers	97,709	386,975	284,230	74,508	2,782	-	846,204
Other revenue from external customers	365	2,168	4,935	51	394	-	7,913
Inter-segment revenue	6	21	869	50	18,892	(19,838)	-
	98,080	389,164	290,034	74,609	22,068	(19,838)	854,117
Unallocated revenue							865
Total revenue							854,982
Segment results	(36,859)	73,064	33,943	789	1,683	-	72,620
Unallocated revenue							865
Unallocated expenses							1,167
Profit from operating activities							74,652
Finance costs							(6,040)
Exceptional items							928
Share of (losses)/profits of associates and joint venture	(9,357)	37	409	-	-	-	(8,911)
Profit before taxation							60,629
Taxation							(1,331)
Profit after taxation							59,298

13. Segment Information (cont'd)

(In Singapore Dollars)

	Food manufacturing	Bakery	Primary production	Trading & Logistics	Investments & others	Consolidated
	$'000	$'000	$'000	$'000	$'000	$'000
Assets and liabilities 31 December 2010						
Segment assets	-	244,262	265,341	54,652	38,961	603,216
Associates	-	4,905	-	-	-	4,905
Total assets	-	249,167	265,341	54,652	38,961	608,121
Deferred tax assets						17,749
Tax recoverable						135
Total assets per consolidated statement of financial position						626,005
Segment liabilities	-	63,244	54,083	9,608	2,874	129,809
Provision for taxation						6,179
Deferred tax liabilities						10,674
Exchangeable bond						10,000
Bank borrowings						102,526
Total liabilities per consolidated statement of financial position						259,188
Assets and liabilities 31 December 2009						
Segment assets	34,239	214,668	265,747	52,413	27,562	594,629
Associates	-	4,977	-	-	-	4,977
Total assets	34,239	219,645	265,747	52,413	27,562	599,606
Deferred tax assets						15,039
Tax recoverable						196
Total assets per consolidated statement of financial position						614,841
Segment liabilities	19,287	56,627	45,951	11,025	2,586	135,476
Provision for taxation						6,300
Deferred tax liabilities						9,949
Exchangeable bond						10,000
Bank borrowings						130,705
Total liabilities per consolidated statement of financial position						292,430
Other segment information 2010						
Expenditure for non-current assets	-	16,498	12,097	1,941	11,329	41,865
Amortisation and depreciation	-	19,125	9,742	1,811	461	31,139
Impairment loss	-	-	-	-	691	691
Allowance for inventory obsolescence charged/(written-back)	-	48	(162)	173	-	59
Allowance for doubtful debts charged/ (written-back)	-	470	(41)	132	(6,310)	(5,749)
Other segment information 2009						
Expenditure for non-current assets	1,616	28,021	7,695	569	39	37,940
Amortisation and depreciation	1,620	16,292	8,091	1,863	470	28,336
Impairment loss	606	-	-	-	-	606
Allowance for inventory obsolescence	1,197	93	218	552	-	2,060
Allowance for doubtful debts charged	23,095	339	131	68	2	23,635

13. Segment Information (cont'd)

(In Singapore Dollars)

	Revenue		*Non-current assets*	
	2010	2009	2010	2009
	$'000	$'000	$'000	$'000
Singapore	165,609	177,929	37,021	28,851
Malaysia	268,712	239,011	75,347	75,415
Australia	326,287	351,822	145,800	155,445
Philippines	87,150	74,170	25,705	26,816
Other countries	8,652	12,050	-	-
	856,410	854,982	283,873	286,527

Non-current assets information presented above consist of Property, Plant and Equipment, Investment Properties and Intangible Assets as presented in the consolidated statement of financial position.

14. 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 paragraph 8.

15. A breakdown of sales as follows:

	Group		
	2010	2009	+ / (-)
	$'000	$'000	%
Revenue reported for first half year	401,352	403,628	(1)
Profit after tax before deducting non-controlling interests for the first half year	27,331	31,456	(13)
Revenue reported for second half year	455,058	451,354	1
Profit after tax before deducting non-controlling interests for the second half year	29,516	27,842	6

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

	Full Year 2010 $'000	Full Year 2009 $'000
Ordinary dividend	19,881	14,439
Preference dividend	-	-
Total	19,881	14,439

BY ORDER OF THE BOARD

Ms Lee Woan Ling
Company Secretary
25 February 2011