QAF Limited

(Company Registration No : 195800035D)

First Half Unaudited Financial Statements for the Period Ended 30 June 2021

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

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

Income Statement (in Singapore Dollars)	Note	Group 1st Half Year ended 30/06/2021 S$'000	(Restated) 30/06/2020 S$'000	+ / (-) %
Continuing operations				
Revenue		268,622	284,273	(6)
Costs and expenses				
Costs of materials		138,757	137,044	1
Staff costs		55,755	55,355	1
Amortisation and depreciation		18,131	16,627	9
Repairs and maintenance		7,511	6,057	24
Utilities		8,055	7,875	2
Advertising and promotion		2,688	3,241	(17)
Other operating expenses		26,615	29,206	(9)
Total costs and expenses		257,512	255,405	1
Profit from operating activities		11,110	28,868	(62)
Finance costs		(1,024)	(1,399)	(27)
Share of profits of joint venture		836	2,332	(64)
Profit before tax from continuing operations		10,922	29,801	(63)
Income tax expense	1(e)(E)			
- Current period		(2,864)	(7,860)	(64)
- Underprovision in prior periods		(138)	(42)	229
		(3,002)	(7,902)	(62)
Profit after tax from continuing operations		7,920	21,899	(64)
Discontinuing operations [see page 3, Note 1(a)(ii)(a)]				
Profit after tax from discontinuing operations		19,945	6,794	194
Group profit after tax		27,865	28,693	(3)
Attributable to:				
Owners of the parent				
- Profit after tax from continuing operations		8,010	21,769	(63)
- Profit after tax from discontinuing operations		19,466	6,433	203
		27,476	28,202	(3)
Non-controlling interests				
- (Loss)/profit after tax from continuing operations		(90)	130	n.m.
- Profit after tax from discontinuing operations		479	361	33
		389	491	(21)
		27,865	28,693	(3)

n.m. = not meaningful

(i) Statement of Comprehensive Income

	Group	
	1st Half Year ended	
		(Restated)
	30/06/2021	30/06/2020
	S$'000	S$'000
Profit after tax	27,865	28,693
Other comprehensive income:		
Items that will not be reclassified subsequently to profit or loss:		
- Actuarial loss on defined benefit plans, net of tax	(120)	-
Items that may be reclassified subsequently to profit or loss:		
- Currency translation arising on consolidation	(2,921)	4,801
- Share of other comprehensive income of joint venture	(1,194)	(873)
Other comprehensive income for the period, net of tax	(4,235)	3,928
Total comprehensive income for the period	23,630	32,621
Total comprehensive income attributable to:		
Owners of the parent	23,280	32,192
Non-controlling interests	350	429
	23,630	32,621
Total comprehensive income attributable to owners of the parent:		
From continuing operations, net of tax	4,935	24,029
From discontinuing operations, net of tax	18,345	8,163
	23,280	32,192

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Notes to the Income Statement

Please see Section 8 for commentaries on the Income Statement.

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

(a) Discontinuing operations

As announced on 8 June 2021, the Group entered into a sale and purchase agreement ("SPA") to dispose of its Primary Production business (the "Disposal"). The Disposal is conditional upon the satisfaction (or waiver in accordance with the SPA) of certain conditions.

The Group had already reclassified the business as a disposal group held for sale in accordance with SFRS(I) 5 *Noncurrent Assets Held for Sale and Discontinued Operations* in FY2020. Based on the indicative purchase price, the Group recorded in 1H 2021, as an exceptional item, a non-cash gain on remeasurement of $3.9 million on the Primary Production business. In compliance with SFRS(I) 5, the Group is required to cease depreciation on the assets held for sale. These resulted in a profit after tax of $19.9 million for 1H 2021. The remeasurement gain and cessation of depreciation are taken at Group consolidated accounts level and do not affect the financial results of Rivalea. Excluding such remeasurement gain and cessation of depreciation of $11.9 million, as well as associated costs incurred for the Disposal of $1.0 million, Primary Production business would have recorded a profit after tax of $9.0 million for 1H 2021, as compared with $6.8 million for 1H 2020.

(b) Continuing operations

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

	Group		
	1st Half Year ended		
		(Restated)	
	30/06/2021	30/06/2020	+ / (-)
	S$'000	S$'000	%
Other income including interest income and government grants	2,159	4,339	(50)
Other Operating Expenses which include the following:			
Operating lease expense	(6,898)	(7,079)	(3)
Distribution and transportation expense	(5,587)	(4,807)	16
Other professional fees	(1,052)	(1,078)	(2)
Loss allowance for receivables charged and bad debts written off, net	(746)	(5,879)	(87)
Foreign currency translation (loss)/gain	(625)	1,619	n.m.
Loss allowance for inventories charged and inventories written off, net	(220)	(510)	(57)
Gain on disposal of property, plant & equipment	116	2	n.m.

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

Statements of Financial Position (in Singapore Dollars)	Note	Group 30/06/2021 S$'000	Group 31/12/2020 S$'000	Company 30/06/2021 S$'000	Company 31/12/2020 S$'000
Current assets					
Inventories		39,498	45,150	-	-
Trade receivables		67,076	77,536	-	-
Other receivables		28,978	17,520	89,581	88,275
Tax recoverable		5,565	4,546	-	-
Cash and cash equivalents		72,390	81,362	23,766	36,488
Assets belonging to disposal group (Note 1) classified as held for sale	1(e)(H)	283,754	293,824	-	-
		497,261	519,938	113,347	124,763
Non-current assets					
Property, plant & equipment	1(e)(F)	229,786	238,567	3,501	3,600
Right-of-use assets		24,132	25,837	218	267
Investment in subsidiaries		-	-	101,532	100,132
Advances to subsidiaries		-	-	95,726	97,530
Investment in joint venture and associate		78,140	78,497	-	-
Intangibles	1(e)(G)	178	158	83	55
Deferred tax assets		5,153	5,084	-	-
		337,389	348,143	201,060	201,584
Total assets		834,650	868,081	314,407	326,347
Current liabilities					
Trade payables		39,113	43,062	259	87
Other payables		56,846	53,846	11,874	4,384
Short-term borrowings		4,798	6,114	-	-
Long-term borrowings - current portion		5,931	5,666	-	-
Lease liabilities - current portion		3,444	3,538	96	94
Income tax payable		2,563	3,744	609	692
Liabilities belonging to disposal group classified as held for sale	1(e)(H)	135,961	160,181	-	-
		248,656	276,151	12,838	5,257
Non-current liabilities					
Other payables		12,217	11,962	3,876	4,214
Long-term borrowings		28,105	32,354	-	-
Lease liabilities		22,006	23,657	135	183
Deferred tax liabilities		6,688	7,038	799	856
		69,016	75,011	4,810	5,253
Total liabilities		317,672	351,162	17,648	10,510
Net assets		516,978	516,919	296,759	315,837
Capital and reserves					
Share capital		277,043	277,043	277,043	277,043
Reserves		239,455	239,267	19,716	38,794
Equity attributable to owners of the parent		516,498	516,310	296,759	315,837
Non-controlling interests		480	609	-	-
Total equity		516,978	516,919	296,759	315,837

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

Note 1 Included in assets belonging to disposal group classified as held for sale are cash balances of $24.0 million (31/12/2020: $38.7 million) held by the Primary Production business. If not for the reclassification, the Group's cash and cash equivalents would have been $96.4 million ($72.4 million + $24.0 million) [31/12/2020: $120.1 million ($81.4 million + $38.7 million)].

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

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

As at 30/06/2021		As at 31/12/2020	
Secured	Unsecured	Secured	Unsecured
$'000	$'000	$'000	$'000
154	14,019	284	15,034

Note: The above relates only to the continuing operations

(b) Amount repayable after one year

As at 30/06/2021		As at 31/12/2020	
Secured	Unsecured	Secured	Unsecured
$'000	$'000	$'000	$'000
-	50,111	52	55,959

Note: The above relates only to the continuing operations

(c) Details of any collaterals

At the end of the financial period, property, plant & equipment with net book values of $588,000 (as at 31/12/2020: $1,383,000) were pledged to secure certain credit facilities for the Group's continuing operations.

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	
	1st Half Year ended	
		(Restated)
Statement of Cash Flows	30/06/2021	30/06/2020
(in Singapore Dollars)	S$'000	S$'000
Cash flows from operating activities:		
Profit before tax from continuing operations	10,922	29,801
Profit before tax from discontinuing operations	21,089	7,669
Profit before tax, total	32,011	37,470
Adjustments for:		
Amortisation and depreciation	18,131	23,312
(Gain)/loss on disposal of property, plant & equipment	(67)	1
Share of profits of joint venture	(836)	(2,332)
Loss allowance for receivables charged and bad debts written off, net	746	5,937
Remeasurement gain on disposal group classified as held for sale	(3,905)	-
Interest expense	1,915	2,442
Interest income	(135)	(274)
Exchange differences	(593)	(2,525)
Operating profit before working capital changes	47,267	64,031
Increase in trade and other receivables	(3,509)	(7,695)
Decrease in inventories and biological assets	10,709	3,696
Increase/(decrease) in trade and other payables	815	(5,745)
Cash from operations	55,282	54,287
Interest paid, net	(1,793)	(2,166)
Income tax paid	(5,717)	(4,207)
Net cash from operating activities	**47,772**	**47,914**
Cash flows from investing activities:		
Purchase of property, plant & equipment	(14,305)	(12,895)
Proceeds from disposal of property, plant & equipment	654	48
Purchase of intangibles	(28)	-
Investment in associate	-	(8)
Dividends received from joint venture	-	4,955
Net cash used in investing activities	**(13,679)**	**(7,900)**
Cash flows from financing activities:		
Dividends paid during the period	(23,010)	(23,010)
Dividends paid to non-controlling interests	(82)	-
Proceeds from borrowings	37	6,233
Repayment of borrowings	(29,434)	(1,615)
Repayment of lease liabilities	(4,852)	(4,419)
Proceeds from long-term loans from non-controlling interests	124	225
Net cash used in financing activities	**(57,217)**	**(22,586)**
Net (decrease)/increase in cash and cash equivalents	(23,124)	17,428
Cash and cash equivalents at beginning of period	120,107	73,167
Effect of exchange rate changes on cash and cash equivalents	(591)	887
Cash and cash equivalents at end of period (Note A)	96,392	91,482

Note A : Cash and cash equivalents

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

	Group	
	30/06/2021	30/06/2020
	$'000	$'000
Cash and cash equivalents		
- Continuing operations	72,390	60,526
- Discontinuing operations	24,002	30,956
	96,392	91,482

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	Fair value reserve $'000	Revenue reserve $'000	Foreign currency translation reserve $'000	Reserve of disposal group classified as held for sale # $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 January 2021	277,043	-	(1,511)	-	243,526	2,296	(5,044)	609	516,919
Total comprehensive income for the period									
Net profit for the period	-	-	-	-	27,476	-	-	389	27,865
Other comprehensive income									
Currency translation arising on consolidation	-	-	-	-	-	(1,755)	(1,121)	(45)	(2,921)
Actuarial (loss)/gain on defined benefit plans, net of tax	-	-	-	-	(126)	-	-	6	(120)
Share of other comprehensive income of joint venture	-	-	-	-	-	(1,194)	-	-	(1,194)
Other comprehensive income for the period, net of tax	-	-	-	-	(126)	(2,949)	(1,121)	(39)	(4,235)
Total comprehensive income for the period	-	-	-	-	27,350	(2,949)	(1,121)	350	23,630
Transactions with owners in their capacity as owners									
Contributions by and distributions to owners									
Transfer to other payables	-	-	-	-	-	-	-	(479)	(479)
Dividends	-	-	-	-	(23,092)	-	-	-	(23,092)
Total transactions with owners in their capacity as owners	-	-	-	-	(23,092)	-	-	(479)	(23,571)
Balance at 30 June 2021	277,043	-	(1,511)	-	247,784	(653)	(6,165)	480	516,978
Balance at 1 January 2020	277,043	244	(3,306)	(21)	245,427	(11,802)	-	(7,265)	500,320
Total comprehensive income for the period									
Net profit for the period	-	-	-	-	28,202	-	-	491	28,693
Other comprehensive income									
Currency translation arising on consolidation	-	-	-	-	-	4,863	-	(62)	4,801
Share of other comprehensive income of joint venture	-	-	-	-	(156)	(717)	-	-	(873)
Other comprehensive income for the period, net of tax	-	-	-	-	(156)	4,146	-	(62)	3,928
Total comprehensive income for the period	-	-	-	-	28,046	4,146	-	429	32,621
Transactions with owners in their capacity as owners									
Contributions by and distributions to owners									
Waiver of debt from shareholder of a subsidiary	-	-	-	-	100	-	-	8,103	8,203
Transfer to other payables	-	-	-	-	-	-	-	(360)	(360)
Dividends	-	-	-	-	(23,010)	-	-	-	(23,010)
Total transactions with owners in their capacity as owners	-	-	-	-	(22,910)	-	-	7,743	(15,167)
Balance at 30 June 2020	277,043	244	(3,306)	(21)	250,563	(7,656)	-	907	517,774

See page 11, Note 1(e)(H)

1(d)(i)

Company	Share capital $'000	Fair value reserve $'000	Revenue reserve $'000	Total equity $'000
Balance at 1 January 2021	277,043	-	38,794	315,837
Net profit for the period	-	-	3,932	3,932
Contributions by and distributions to owners				
Dividends	-	-	(23,010)	(23,010)
Total transactions with owners in their capacity as owners	-	-	(23,010)	(23,010)
Balance at 30 June 2021	277,043	-	19,716	296,759
Balance at 1 January 2020	277,043	(21)	38,949	315,971
Net profit for the period	-	-	4,344	4,344
Contributions by and distributions to owners				
Dividends	-	-	(23,010)	(23,010)
Total transactions with owners in their capacity as owners	-	-	(23,010)	(23,010)
Balance at 30 June 2020	277,043	(21)	20,283	297,305

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

Since 31 December 2020 up to 30 June 2021, there has been no change to the issued and paid-up share capital of the Company.

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

	As at 30/06/2021	As at 31/12/2020
Total number of issued shares (excluding treasury shares)	575,268,440	575,268,440

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

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

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

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

The Company did not have any subsidiary holdings as at 30 June 2021.

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

1(e) Selected Notes to the Interim Financial Statements

For the half year ended 30 June 2021

A. CORPORATE INFORMATION

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

The principal activities of the Company are those of an investment holding and management company. The principal activities of the Group consist of the manufacture and distribution of bread, bakery and confectionery products; provision for warehousing logistics for food items; trading and distribution of food and beverages; production, processing and marketing of meat; feedmilling and sale of animal feeds and related ingredients and investment holding.

B. BASIS OF PREPARATION

The condensed interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2020.

C. USE OF JUDGEMENTS AND ESTIMATES

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements and estimates made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

D. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2021 and 31 December 2020:

	Group	
	30/06/2021 S$'000	31/12/2020 S$'000
Loans and receivables		
Trade receivables	67,076	77,536
Other receivables	13,720	3,587
Cash and cash equivalents	72,390	81,362
	153,186	162,485
Financial liabilities measured at amortised cost		
Trade payables	39,113	43,062
Other payables	54,971	49,821
Short-term borrowings	4,798	6,114
Long-term borrowings	34,036	38,020
Lease liabilities	25,450	27,195
	158,368	164,212

1(e) Selected Notes to the Interim Financial Statements (cont'd)
For the half year ended 30 June 2021 (cont'd)

E. INCOME TAX EXPENSE

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

	1st Half Year ended	
	30/06/2021	30/06/2020
	S$'000	S$'000
Current income tax expense	(3,554)	(8,024)
Deferred tax relating to origination and reversal of temporary differences	552	122
	(3,002)	(7,902)

Note: The above relates only to the continuing operations.

F. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group acquired assets amounting to $9,181,000 (30 June 2020: $5,336,000) and disposed of assets amounting to $468,000 (30 June 2020: $49,000). Capital commitments not provided for in the financial statements amounted to $11,209,000 as at 30 June 2021.
Note: The above relates only to the continuing operations.

G. INTANGIBLE ASSETS

	Group			
	Trademark	**Intellectual property**	**Software**	**Total**
	S$'000	S$'000	S$'000	S$'000
Cost:				
At 1.1.2020	2,750	136	-	2,886
Additions	-	-	55	55
Currency realignment	-	11	-	11
At 31.12.2020 and 1.1.2021	2,750	147	55	2,952
Additions	-	-	28	28
Currency realignment	-	(1)	-	(1)
At 30.06.2021	2,750	146	83	2,979
Accumulated amortisation and impairment loss:				
At 1.1.2020	2,750	27	-	2,777
Amortisation for the period	-	14	-	14
Currency realignment	-	3	-	3
At 31.12.2020 and 1.1.2021	2,750	44	-	2,794
Amortisation for the period	-	7	-	7
At 30.06.2021	2,750	51	-	2,801
Net carrying amount:				
At 30.06.2021	-	95	83	178
At 31.12.2020	-	103	55	158

Note: The above relates only to the continuing operations.

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

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

1(e) Selected Notes to the Interim Financial Statements (cont'd)
For the half year ended 30 June 2021 (cont'd)

H. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

The assets and liabilities related to Primary Production business have been presented in the balance sheet as "Assets belonging to disposal group classified as held for sale" and "Liabilities belonging to disposal group classified as held for sale", and its results are presented separately in profit or loss as "Profit after tax from discontinuing operations". The Disposal has not been completed as at the date of the announcement.

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

	30/06/2021 S$'000	31/12/2020 S$'000
Assets:		
Biological assets	64,958	64,681
Inventories	35,256	41,652
Trade and other receivables	28,665	27,335
Cash and cash equivalents	24,002	38,745
Property, plant and equipment	125,321	121,621
Right-of-use assets	16,444	14,651
Pension assets	2,758	2,783
Deferred tax assets	12,913	13,028
Remeasurement loss	(26,563)	(30,672)
Assets belonging to disposal group classified as held for sale	283,754	293,824
Liabilities:		
Trade and other payables	56,668	55,519
Short-term borrowings	39,592	62,091
Long-term borrowings	19,079	20,889
Lease liabilities	13,772	14,785
Income tax payable	723	714
Deferred tax liabilities	6,127	6,183
Liabilities belonging to disposal group classified as held for sale	135,961	160,181
Net assets belonging to disposal group classified as held for sale	147,793	133,643
Reserves:		
Revaluation reserve	244	244
Capital reserve	(1,795)	(1,795)
Foreign currency translation reserve	(4,614)	(3,493)
	(6,165)	(5,044)

At the end of the financial period, inventories and property, plant and equipment belonging to the disposal group, with net book values of $38,884,000 (as at 31/12/2020: $45,742,000) were pledged to secure certain credit facilities for the disposal group.

1(e) Selected Notes to the Interim Financial Statements (cont'd)

For the half year ended 30 June 2021 (cont'd)

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

Income statement disclosures

	1st Half Year ended	
	30/06/2021	30/06/2020
	S$'000	S$'000
Revenue	205,752	178,349
Less: Expenses	(186,683)	(169,636)
Profit from operating activities	19,069	8,713
Less: Finance costs	(889)	(1,044)
Add: Gain recognised on remeasurement to fair value less cost to sell	3,905	-
Less: Associated costs incurred for the Disposal	(996)	-
Profit before tax	21,089	7,669
Income tax expense	(1,144)	(875)
Net profit after tax from discontinuing operations	19,945	6,794

Note: In compliance with SFRS(I) 5, the Group is required to cease depreciation (amounting to S$8.0 million for 1H 2021) on the assets held for sale.

I. DIVIDENDS

	1st Half Year ended	
	30/06/2021	30/06/2020
	S$'000	S$'000
Ordinary dividends paid:		
Final tax-exempt (one-tier) dividend of $0.04 per share in respect of the financial year ended 31 December 2020	23,010	-
Interm tax-exempt (one-tier) dividend of $0.04 per share in respect of the financial year ended 31 December 2019	-	23,010
Share of a subsidiary's dividends paid to a non-controlling interest in respect of the financial year ending 31 December 2021	82	-
	23,092	23,010

J. RELATED PARTY TRANSACTIONS

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

	1st Half Year ended	
	30/06/2021	30/06/2020
	S$'000	S$'000
Royalty income from joint venture	2,467	2,631
Purchase of goods from joint venture	1,117	759
Sale of goods to joint venture	35,593	39,489
Purchase of goods from a company in which Mr Andree Halim has an interest	945	2,639
Sale of goods to a company where Mr Andree Halim has an interest	605	467

K. FAIR VALUE OF ASSETS AND LIABILITIES

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

1(e) **Selected Notes to the Interim Financial Statements (cont'd)**
For the half year ended 30 June 2021 (cont'd)

L. SUBSEQUENT EVENTS

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

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

The figures have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any 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 2020. However, the Group adopted new or amended Singapore Financial Reporting Standards (International) ("SFRS(I)") that are mandatory for financial years beginning on or after 1 January 2021. The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

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

N.A.

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

	1st Half Year ended	
	30/06/2021	30/06/2020
Basic and Diluted EPS	4.8 cents	4.9 cents
- continuing operations	1.4 cents	3.8 cents
- discontinuing operations	3.4 cents	1.1 cents
Number of shares used for the calculation of Basic and Diluted EPS:		
Weighted average number of ordinary shares in issue	575,268,440	575,268,440

7. Net asset value for the company and group per ordinary share based on the total number of issued shares excluding treasury shares of the company at the end of the period reported on and immediately preceding financial year:

	As at 30/06/2021	As at 31/12/2020
Group	89.8 cents	89.8 cents
QAF Limited	51.6 cents	54.9 cents
Number of shares used for the calculation of Net asset value:	575,268,440	575,268,440

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

<u>INCOME STATEMENT</u>

<u>1H 2021 vs 1H 2020</u>

<u>Continuing operations</u>

	Revenue ^			EBITDA			EBITDA margin	
	1H 2021 $'million	1H 2020 $'million	+ / (-) %	1H 2021 $'million	1H 2020 $'million	+ / (-) %	1H 2021 %	1H 2020 %
Segment								
Bakery	*205.0*	*220.7*	*(7)*	*29.0*	*43.1*	*(33)*	*14*	*20*
Royalty income from joint venture	*2.8*	*3.1*	*(10)*	*2.8*	*3.1*	*(10)*		
Share of profits of joint venture	*-*	*-*	*-*	*0.8*	*2.3*	*(64)*		
Bakery and joint venture contribution	207.8	223.8	(7)	32.6	48.5	(33)		
Distribution & Warehousing	61.2	60.5	1	3.6	4.4	(18)	6	7
Others *	(0.4)	-	n.m.	(6.2)	(5.3)	17		
	268.6	284.3	(6)	30.0	47.6	(37)	11	17

* *Exclude share of profits and royalty income from joint venture Gardenia Bakeries (KL) Sdn Bhd ("GBKL")*

^ *GBKL's revenue is not consolidated as it is accounted for as a joint venture. GBKL's revenue decreased 6% or $10.8 million to $167.6 million in 1H 2021 from $178.4 million in 1H 2020*

Group revenue decreased by 6% to $268.6 million for the first half year ended 30 June 2021 ("1H 2021") from $284.3 million for the first half year ended 30 June 2020 ("1H 2020"). Group earnings before interest, tax, depreciation and amortisation ("EBITDA") reduced by 37% to $30.0 million for 1H 2021 from $47.6 million for 1H 2020. The decrease in performance of 1H 2021 as compared with 1H 2020 was largely due to the high base set by the Bakery segment's 1H 2020 performance. The exceptional performance in 1H 2020 was attributable to the onset of the coronavirus ("Covid-19") pandemic which caused panic buying and this resulted in lower bread returns. Foreign currency translation loss, higher repair and maintenance costs and lower government support also affected the Group EBITDA in 1H 2021.

The Group's costs of materials increased by 1% or $1.7 million from $137.0 million in 1H 2020 to $138.7 million in 1H 2021. Despite a drop in revenue of 6%, material costs went up by 1% because the overall 1H 2021 bread returns were higher than the returns in 1H 2020 for the reason set out above.

Other income including interest income and government grants reduced by 50% or $2.1 million from $4.3 million in 1H 2020 to $2.2 million in 1H 2021 mainly due to the recognition of lower government pandemic-related grants received of $1.2 million (1H 2020: $3.5 million) in connection with the Covid-19 pandemic.

Repairs and maintenance increased 24% from $6.1 million in 1H 2020 to $7.5 million in 1H 2021 due to infrastructure and facilities improvements implemented by Bakery segment.

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

INCOME STATEMENT (cont'd)

1H 2021 vs 1H 2020 (cont'd)

Advertising and promotion reduced 17% from $3.2 million in 1H 2020 to $2.7 million in 1H 2021 due mainly to cutback of marketing expenses by the Distribution & Warehousing segment.

Other operating expenses decreased by 9% or $2.6 million to $26.6 million in 1H 2021 from $29.2 million in 1H 2020 mainly due to lower loss allowance for receivables, partly offset by foreign currency translation loss. In 1H 2021, loss allowance for receivables improved against 1H 2020 because in 1H 2020, there was an additional $4.2 million provision for trade receivables relating to Gardenia Bakery Philippines Inc. ("GBPI")'s Big Smile and Bakers Maison franchise operations. However, the Group recorded foreign currency translation loss of $0.6 million in 1H 2021 as compared with foreign currency translation gain of $1.6 million in 1H 2020 as the Australian Dollar had appreciated vis a vis the Singapore Dollar.

Group finance costs (interest expense) decreased by 27% or $0.4 million to $1.0 million in 1H 2021 from $1.4 million in 1H 2020 due mainly to lower interest rates.

The Group's share of profits of joint venture decreased by 64% or $1.5 million to $0.8 million in 1H 2021 from $2.3 million in 1H 2020 due mainly to the high base set by the Bakery segment's 1H 2020 performance. GBKL's revenue decreased 6% or $10.8 million to $167.6 million in 1H 2021 from $178.4 million in 1H 2020. Including the royalty income from GBKL, the contribution to the Group decreased by 33% from $5.4 million to $3.6 million. The exceptional performance for Malaysia in 1H 2020 was attributable to the onset of the Covid-19 pandemic which caused panic buying.

Similarly, Group profit before tax ("PBT") from continuing operations reduced by 63% or $18.9 million from $29.8 million for 1H 2020 to $10.9 million for 1H 2021. Group PBT margin reduced from 10.5% to 4.1% due mainly to the exceptional high margin in 1H 2020 arising from panic buying which led to lower bread returns. Group income tax expense reduced by 62% or $4.9 million to $3.0 million for 1H 2021 as compared with $7.9 million for 1H 2020 in line with the lower PBT.

As a result, Group profit after tax ("PAT") from continuing operations reduced by $14.0 million or 64% to $7.9 million for 1H 2021 as compared with $21.9 million for 1H 2020. PAT margin reduced from 7.7% in 1H 2020 to 2.9% in 1H 2021. Group profit attributable to owners of the parent ("PATMI") from continuing operations reduced by 63% to $8.0 million for 1H 2021 as compared with $21.8 million for 1H 2020.

Discontinuing operations

The Group had already reclassified the Primary Production business as a disposal group held for sale in accordance with SFRS(I) 5 *Noncurrent Assets Held for Sale and Discontinued Operations* in the financial year ended 31 December 2020 ("FY 2020").

	Revenue			EBITDA			EBITDA margin	
	1H 2021	1H 2020	+ / (-)	1H 2021	1H 2020	+ / (-)	1H 2021	1H 2020
	$'million	$'million	%	$'million	$'million	%	%	%
Primary Production	205.7	178.4	15	19.0	15.4	23	9	9

Primary Production's 1H 2021 revenue was 3% higher in constant currency terms, resulting from higher pork sales and processing volumes. In Singapore dollar terms, 1H 2021 revenue was 15% higher year-on-year because of foreign currency translation. Primary Production benefitted from lower average wheat and barley prices in 1H 2021 compared with 1H 2020.

As announced on 8 June 2021, the Group entered into a sale and purchase agreement to dispose of its Primary Production business, conditional upon the satisfaction (or waiver in accordance with the SPA) of certain conditions. Based on the indicative purchase price, the Group recorded in 1H 2021, as an exceptional item, a non-cash gain on remeasurement of $3.9 million on the Primary Production business. In compliance with SFRS(I) 5, the Group is required to cease depreciation on the assets held for sale. These resulted in a profit after tax of $19.9 million for 1H 2021. The remeasurement gain and cessation of depreciation are taken at Group consolidated accounts level and do not affect the financial results of Rivalea. Excluding such remeasurement gain and cessation of depreciation of $11.9 million, as well as associated costs incurred for the Disposal of $1.0 million, Primary Production business would have recorded a profit after tax of $9.0 million for 1H 2021 compared with 1H 2020 of $6.8 million.

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

STATEMENT OF FINANCIAL POSITION

Inventories declined by 13% from $45.2 million as at end of FY 2020 to $39.5 million as at end of 1H 2021 due mainly to reduction of inventory holdings in the Distribution & Warehousing business segment, as these inventories were sold due to the festive season in the first quarter of FY 2021.

Trade receivables decreased by 13% from $77.5 million as at end of FY 2020 to $67.1 million as at end of 1H 2021 mainly due to lower sales as well as an improvement in debtors' turnover.

Other receivables increased by 65% or $11.5 million from $17.5 million as at end of FY 2020 to $29.0 million as at end of 1H 2021 largely due to trust monies receivable of $8.8 million relating to deposit received upon signing of the sale and purchase agreement to dispose of the Primary Production business, as well as an increase in prepayment of insurance premia.

Tax recoverable increased by 22% or $1.0 million from $4.5 million as at end of FY 2020 to $5.5 million as at end 1H 2021 due mainly to the Philippines group of companies' accumulated certificates of creditable tax withheld. Philippines tax regulations mandate the advance withholding of tax for selected transactions which is paid directly to the tax authority and are useable as income tax credits. The excess creditable withholding taxes may be carried forward to succeeding years until fully utilized.

Cash and cash equivalents for the Group (including disposal group) reduced by $23.7 million from $120.1 million as at end of FY 2020 to $96.4 million as at end of 1H 2021, resulting mainly from repayment of borrowings and lease liabilities of $34.3 million, dividend payment of $23.1 million and capital expenditure of $14.3 million, offset by positive cash from operating activities of $47.8 million. At Company level, cash position fell from $36.5 million to $23.8 million after the dividend payment made in May 2021.

Total short-term and long-term borrowings decreased by 12% from $44.1 million as at end of FY 2020 to $38.8 million as at end of 1H 2021 due to repayment of loans. Net gearing ratio (including disposal group) as at 30 June 2021 was 0.08 times as compared with 0.09 times as at 31 December 2020. Excluding disposal group, the Group would be in a net cash position.

Liabilities belonging to disposal group classified as held for sale decreased by 15% or $24.2 million from $160.2 million as at end of FY 2020 to $136.0 million as at end of 1H 2021 mainly due to repayment of loans.

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

Continuing operations

	1st Half Year ended				
	30/06/2021	30/06/2020	1H21 vs 1H20	30/06/2019	1H21 vs 1H19
	S$'m	S$'m	+ / (-) %	S$'m	+ / (-) %
Bakery segment					
Revenue	205.0	220.7	(7)	179.5	14
EBITDA	29.0	43.1	(33)	20.2	44
EBITDA and joint venture contribution	32.6	48.5	(33)	25.2	29
Distribution & Warehousing					
Revenue	61.2	60.5	1	53.3	15
EBITDA	3.6	4.4	(18)	4.0	(10)
Continuing operations					
Revenue	268.6	284.3	(6)	235.9	14
EBITDA and joint venture contribution	30.0	47.6	(37)	22.7	32

BAKERY

The Group's Bakery segment achieved exceptional performance in 1H 2020 with higher demand triggered by the Covid-19 pandemic. With the normalisation of sales in 1H 2021, the Group's Bakery segment sales reduced by 7% (8% in constant currency terms) or $15.7 million from $220.7 million for 1H 2020 to $205.0 million for 1H 2021. EBITDA reduced by 33% or $14.1 million, from $43.1 million for 1H 2020 to $29.0 million for 1H 2021. Including GBKL, overall contribution of Bakery segment reduced by 33% or $15.9 million from $48.5 million for 1H 2020 to $32.6 million for 1H 2021.

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

<u>The performance review of the Group's business segments is as follows (cont'd):</u>

<u>Continuing operations (cont'd)</u>

However, when compared with the pre-Covid situation in 1H 2019, the Group's Bakery segment sales increased by 14% or $25.5 million from $179.5 million from 1H 2019 to $205.0 million for 1H 2021, and EBITDA increased by 44%, from $20.2 million for 1H 2019 to $29.0 million for 1H 2021. The Group's Bakery segment EBITDA margin improved from 11% for 1H 2019 to 14% for 1H 2021.

GBKL's sales, which are not included in the Group's revenue, decreased by 6% or $10.8 million to $167.6 million in 1H 2021 from $178.4 million in 1H 2020. The decline in sales is due mainly to the high base set by the Bakery segment's 1H 2020 performance. The exceptional performance for Malaysia in 1H 2020 was attributable to the onset of Covid-19 pandemic which caused panic buying and this resulted in lower bread returns. Its EBITDA, including royalty income to QAF Limited, decreased by 28% from $18.4 million for 1H 2020 to $13.2 million for 1H 2021 with a margin of 8%, mainly due to exceptional performance in 1H 2020 and also, higher staff and other costs related to the pandemic, marketing expenses and repairs and maintenance. When compared with the pre-Covid situation in 1H 2019, GBKL's sales increased by 6% or $9.3 million from $158.3 million.

As mentioned earlier, share of profits of joint venture of $0.8 million in 1H 2021 declined by 64% or $1.5 million compared against 1H 2020. It declined by 62% or $1.3 million from $2.1 million in 1H 2019. Including royalty income from GBKL, the contribution to the Group declined by 28% from $5.0 million in 1H 2019 to $3.6 million. The decline in 1H 2021 is mainly due to higher staff and other costs related to the pandemic, marketing expenses and repairs and maintenance.

DISTRIBUTION & WAREHOUSING

The Group's Distribution & Warehousing segment achieved increase in revenue by 1% or $0.7 million to $61.2 million in 1H 2021, up from $60.5 million for 1H 2020. The increase is mainly contributed by higher food services sales, partly offset by lower sales to retail supermarkets. EBITDA for 1H 2021 decreased to $3.6 million as compared with $4.4 million for 1H 2020 due mainly to lower government grants received in connection with the Covid-19 pandemic.

However, in comparison with the pre-Covid situation in 1H 2019 revenue of $53.3 million, 1H 2021 revenue increased by 15% or $7.9 million. Against 1H 2019 EBITDA of $4.0 million, which included $1.1 million insurance compensation, 1H 2021 EBITDA decreased by 10% or $0.4 million. Excluding the impact of the insurance compensation, EBITDA would have increased by 24% or $0.7 million.

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

<u>The performance review of the Group's business segments is as follows (cont'd):</u>

Discontinuing operations

	1st Half Year ended				
	30/06/2021 S$'m	30/06/2020 S$'m	+ / (-) %	30/06/2019 S$'m	+ / (-) %
Discontinuing operations					
Revenue	205.7	178.4	15	185.4	11
EBITDA	19.0	15.4	23	6.7	184

PRIMARY PRODUCTION

In the Primary Production segment, Rivalea Holdings Pty Limited ("Rivalea"), the Group's leading integrated meat producer in Australia, achieved 15% revenue growth (3% in constant currency terms) or $27.3 million from $178.4 million in 1H 2020 to $205.7 million in 1H 2021. This was mainly driven by higher pork sales and processing volumes despite a weakening in the wholesale selling prices. Primary Production's EBITDA for 1H 2021 increased by 23% or $3.6 million to $19.0 million as compared with $15.4 million for 1H 2020.

When compared with 1H 2019, revenue increased by 11% or $20.3 million from $185.4 million to $205.7 million for 1H 2021. EBITDA almost tripled with an increase of $12.3 million from $6.7 million in 1H 2019.

Following the recovery from the severe drought conditions in Eastern Australia and oversupply of pork in 2018, Primary Production benefited from lower average wheat and barley prices in 1H 2021, compared with both 1H 2020 and 1H 2019. In 1H 2020 and 1H 2019, higher grain prices were experienced by the Primary Production segment due to the lagging effects of the severe drought conditions and oversupply of pork in 2018.

As announced on 8 June 2021, the Group entered into a sale and purchase agreement to dispose of its Primary Production business, conditional upon the satisfaction (or waiver in accordance with the SPA) of certain conditions. Based on the indicative purchase price, the Group recorded in 1H 2021, as an exceptional item, a non-cash gain on remeasurement of $3.9 million on the Primary Production business. In compliance with SFRS(I) 5, the Group is required to cease depreciation on the assets held for sale. This resulted in a profit after tax of $19.9 million for 1H 2021. The remeasurement gain and cessation of depreciation are taken at Group consolidated accounts level and do not affect the financial results of Rivalea. Excluding such remeasurement gain and cessation of depreciation of $11.9 million, as well as associated costs incurred for the Disposal of $1.0 million, Primary Production business would have recorded a profit after tax of $9.0 million for 1H 2021 as compared with $6.8 million for 1H 2020.

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

N.A.

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.

Continuing operations

Based on advance estimates by the Ministry of Trade and Industry, the Singapore economy grew by 14.3% on a year-on-year basis in 2Q 2021, extending the 1.3% growth in the previous quarter. The strong growth was largely due to the low base in 2Q 2020 when GDP fell by 13.3% due to lockdown measures from 7 April to 1 June 2020. However, compared with 1Q 2021, GDP in 2Q 2021 contracted 2% after lockdown measures were tightened in May and June. In the Philippines, GDP for 1Q 2021 contracted by 4.2% year-on-year as partial lockdowns weighed on consumer sentiments and overall economic activity. Malaysia's 1Q 2021 GDP contracted mildly by 0.5% year-on-year but showed a 2.7% improvement over the preceding quarter. Australia's 1Q 2021 GDP rose 1.1% year-on-year and 1.8% over 4Q 2020, reflecting the easing of COVID-19 restrictions and the recovery in the labour market.

Various forms of pandemic-related restrictions have since been imposed by these governments in response to subsequent waves of the Covid-19 pandemic, with the spread of new variants. The pandemic continues to cast uncertainty over the business environment and has affected the economies of our core markets, which may result in lower household consumption. Singapore rolled back its planned reopening in May 2021 after a resurgence of Covid-19 cases. The Philippines prolonged its lockdown measures into 2021. In Malaysia, severe lockdown measures were reimposed on several occasions. New lockdown measures were introduced by Australia starting in June 2021, after outbreaks of the new Covid-19 Delta variant in key cities including Sydney.

As mentioned in our FY 2020 results announcement and annual report, FY 2020 has been an exceptionally good year for the Bakery business which is expected to moderate as our business started to normalise in FY 2021. In line with such commentary, Group Bakery revenue for 1H 2021 fell against last year. It dropped by 7% from $220.7 million to $205 million. However, compared with the pre-Covid situation in 1H 2019, Group Bakery revenue grew by 14% from $179.5 million. Although business has normalised, our performance in the Bakery segment in these markets was relatively steady compared with the general industry for fast moving consumer products. For Bakers Maison Australia Pty Ltd ("BMA"), after initial setbacks in its sales to food service and airline customers when the pandemic started, the company had seen strong recovery in June 2020 with the growing meal kit business and general recovery in the food service sector. Since June 2021 with further outbreaks of the pandemic in Australia, BMA's business in the food service sector has again been affected, although to a lesser extent than last year.

The pandemic situation in our core markets of Singapore, Malaysia and the Philippines has continued to pose operational challenges leading to increased costs. In addition, the pandemic is expected to disrupt the Group's supply chain which will result in higher operating costs, especially flour, and lower margins. We do not as a policy hedge the risks of future increase in commodity prices. Financial hedging can be costly and there are also risks of price moving in a different direction which may result in losses. In addition, we recognise that raw materials cost is an issue that affects the entire industry and our strategy is to focus on improving our competitive advantage. The Group's operating entities have, as a risk management measure, adopted stringent health and safety measures including arranging for testing and vaccination of staff. Nevertheless, business risks remain as the situation may worsen or continue with multiple waves of infection, increased lockdown measures, spread of COVID-19 variants, and challenges to rolling-out of available vaccines. Such risks include, but are not limited to disruption of supply chains including higher cost of materials such as flour, energy and packaging materials, higher inventory and shipping costs, temporary closure of production, processing and warehousing facilities, labour shortages, increased costs of implementing safe management measures including sanitation requirements, testing and vaccination costs, and workplace distancing measures such as split operations/additional shifts, hardship allowances and work from home arrangements, as well as credit risks, especially for retail food service sector, as more companies go into financial difficulties.

As mentioned in our earlier announcement on 8 June 2021, there are planned capital expenditures for our Bakery business totalling $116 million. GBKL's new bun and roll line at Bukit Kemuning remains on schedule to be completed by late 2021. Some improvements have already been made to our plants in Singapore in 1H 2021. Given the continued uncertainty arising from the pandemic and the age of the plant in Singapore, we are currently still evaluating the scope of the remaining upgrading works. Plans to expand production facilities at North Luzon in the Philippines and an additional bread line at our Johor plant are still being reviewed, taking into consideration the completion of the sale of the Primary Production business and in the case of the Philippines, our expectation of increased market competition.

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

Continuing operations (cont'd)

In the Distribution & Warehousing segment, being nimble and responsive to changing market demand have helped us to maintain continued year-on-year sales increase in 1H 2021. While sales growth in FY 2020 was largely attributable to supermarkets and exports, the growth in 1H 2021 was largely attributable to the recovery in the food service sector. Owing to the disruption to our supply chain caused by the pandemic, costs have increased and margins have contracted. This is partly caused by food manufacturers worldwide facing difficulty meeting demand and disruption in the shipping industry which increased shipping costs. EBITDA in 1H 2021 of $3.6 million is lower than 1H 2020's $4.4 million due mainly to lower amount of grants received in connection with the Covid-19 pandemic. We expect the segment to face similar conditions for the rest of the year. As compared with 1H 2019 operating EBITDA of $2.9 million (excluding the insurance compensation), the operating EBITDA has shown significant improvement. Repair works on the roof structure of our warehouse are ongoing and are reducing our coldroom capacity by 30% during the renovation period. The pandemic situation has also cast uncertainty on the final costs and time required to complete the repair works. Our latest estimate is that $2.3 million is expected to be incurred for these repairs.

The Group remains committed to its corporate social responsibility and will continue to give back to the community. For example, GFS has continued to donate bread products to underprivileged communities. GBKL has continued to work closely with government agencies and NGOs to provide products and cash to help those financially affected by the COVID-19 pandemic. GBPI remains focus on bread donations to crisis-affected poor communities and COVID-19 frontline workers in hospitals and security checkpoints, and other essential services workers. Immediate bread donations were also made in the aftermath of typhoons that hit the Philippines this year. Including our joint-venture company, GBKL, donations of $0.8 million were incurred by the Group. The Group also incurred expenses for vaccines and other workplace safety measures necessary to mitigate the pandemic risks.

Separately, we are in the process of exiting from our investment in Gaoyuan Pte Ltd ("Gaoyuan"). Gaoyuan is a 55%/45% joint venture company between the Group and Jadeluck Investments Limited, a company in which our controlling shareholder has an interest. Following a restructuring, Gaoyuan will be wholly-owned by Jadeluck. This company and its operating PRC subsidiaries have accumulated more than $20 million of losses since 2012 and ceased operations in 2017. Together with its subsidiaries, it is technically insolvent. An accounting gain of $1.5 million is expected to be recognised on completion of the restructuring in 2H 2021 as the Group will no longer need to recognise its share of Gaoyuan's net liabilities. Further information will be announced by the Company in due course.

In line with the strategy of sustainable long-term growth, we will continue to review our current strategy of pursuing organic growth. Any future investments will take into account the pandemic situation and completion of the sale of our Primary Production business.

Discontinuing operations

Average market prices for commodity pork for the 1H 2021 of A$3.51* has declined from December 2020 level of A$3.82* and are lower than FY2020's average prices of A$3.56*. This is attributable to the increase in progeny slaughter volumes in 2021 compared with the same period in the last two years. Grain prices have gradually increased during the 1H 2021 but is still lower than FY 2020 average price. Australian farmers are expected to produce a good winter crop for the 2021-22 harvest season, for the second consecutive year.

Primary Production's overall pork and trade meat sales for 1H 2021 increased 3% against last year with price decline offset by volume increase. Benefiting from the nationwide increase in processing volumes, processing revenues rose 8% over last year. The external feed milling division continued to be affected by the better harvest creating oversupply and better pasture conditions providing alternative feed for farmers. The revenue from the external feed division thus fell 5% against last year. All 3 divisions of the business achieved positive EBITDA growth year-on-year with Pork sales, Diamond Valley Pork Pty Ltd ("DVP") and external feed milling recording A$9.7 million (+4%), A$6.1 million (+18%), A$2.6 million (25%) respectively for the 1H 2021. On an aggregate level, the Primary Production business revenue for 1H 2021 saw 3% growth in constant currency terms against last year. EBITDA grew 10% to A$18 million driven mainly by improvements from DVP and external feed milling. The performance of 2H 2021 is expected to remain satisfactory, barring unforeseen circumstances.

* Australian Eastern Seaboard Pig Market Prices (Buyer)

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

Discontinuing operations (cont'd)

As the Group intends to focus on its Bakery and Distribution and Warehousing segments in the core markets of Singapore, Malaysia and the Philippines, catering to a growing 650 million population of ASEAN countries, the Group entered into a sale and purchase agreement ("SPA") on 8 June 2021 to dispose of its Primary Production business in Australia

The Group, through Rabobank Singapore as financial advisor, undertook a competitive international and domestic sale process including placing advertisements for the sale in the Australian Financial Review (a leading Australian newspaper) and publishing an advertisement marketing the sale on the Rivalea website in 2H 2020. Allens Linklaters is acting as the Australian legal adviser to the Group. Over 70 potential investors were approached. The sale process lasted approximately nine months from August 2020 and included extensive due diligence by shortlisted bidders.

The SPA was signed with Industry Park Pty Ltd, an Australian subsidiary of JBS S.A. ("JBS"), which was selected on the basis of its clearly superior cash and non-cash terms. JBS is a Brazilian company listed on the Brazilian Stock Exchange with a market capitalization of approximately USD15 billion. JBS is the largest animal protein business and second largest food company in the world with operations in North America, South America, Europe, Australia and New Zealand. JBS has been present in Australia since 2007 and is one of the largest meat and food processors in the country with a portfolio of beef, lamb, pork and value added products. JBS' Australian business employs about 12,000 people and generated revenues of approximately A$6.8 billion in FY2019.

The sale is scheduled to complete within six months after the date of signing the SPA, subject to three conditions precedent being met, namely, approvals from the Australian Competition and Consumer Commission ("ACCC") and Australia's Foreign Investment Review Board ("FIRB") and if necessary, approval of QAF's shareholders at an extraordinary general meeting.

It is estimated that approximately $5.1 million of professional advisors' costs (including financial, legal, accounting, tax, due diligence) in connection with the sale will be incurred in FY 2021, of which approximately $2.5 million will be contingent on the completion of the sale. Out of the $5.1 million, $1 million has already been incurred and provided for in 1H 2021.

As previously announced on 8 June 2021, the Company intends, after the completion of the Disposal, to pay a special dividend of $0.02 per share ("Special Dividend"). Based on 575,268,440 issued shares in the capital of the Company ("Shares") as at the date of this Announcement, the Company proposes to set aside a total of approximately $11.5 million for the Special Dividend. Subject to the completion of the Disposal, the Company will announce the record date for the Special Dividend in due course. The net proceeds will enable the Group to focus on and support the growth of the Bakery and Distribution and Warehousing businesses and enable the Group to invest in new business opportunities related to these businesses. **It is highlighted that there is no assurance that the sale and purchase under the SPA will be completed or payment of a special dividend will materialise in due course. Shareholders and other investors are reminded to exercise caution when dealing in the securities of the Company and should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers if they are in doubt about the actions that they should take.**

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

Group

	1st Half Year ended				
	30/06/2021 S$'m	30/06/2020 S$'m	1H21 vs 1H20 + / (-) %	30/06/2019 S$'m	1H21 vs 1H19 + / (-) %
Continuing operations					
Revenue	268.6	284.3	(6)	235.9	14
EBITDA	30.0	47.6	(37)	22.7	32
PATMI	8.0	21.8	(63)	4.6	74
Discontinuing operations					
Revenue	205.7	178.4	15	185.4	11
EBITDA	19.0	15.4	23	6.7	184
PATMI	19.5	6.4	203	(2.5)	n.m.
Group (Continuing and discontinuing operations)					
Revenue	474.3	462.7	3	421.3	13
EBITDA	49.0	63.0	(22)	29.4	67
PATMI	27.5	28.2	(3)	2.1	1,210

On an overall group level including both continuing and discontinuing operations, 1H 2021 revenue was 3% and 13% higher than 1H 2020 and 1H 2019, respectively. 1H 2021 EBITDA was 22% lower with the normalisation of the Bakery business against 1H 2020 but was 67% higher than 1H 2019. 1H2021 PATMI, though flat against 1H 2020 was significantly higher than 1H 2019 largely from improvement in performance of the discontinuing operations. The significant improvement in PATMI of discontinuing operations resulted from the recovery of the Primary Production business from the severe drought conditions in Eastern Australia and oversupply of pork in 2018. Since 2018, Primary Production has benefited from declining wheat and barley prices as a result of better growing conditions.

Barring unforeseen circumstances, we expect operating performance of the Group for 2H 2021 to remain satisfactory when compared with 1H 2021.

The Group's balance sheet remains strong. Excluding the discontinuing operations, the Group is in a net cash position. Including discontinuing operations, the net gearing is 0.08 times. The Board has decided to declare an interim dividend of $0.01 per share for FY2021.

11. Dividends

(a) Current financial period reported on

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

(b) Previous corresponding period

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

(c) Date payable To be announced later

(d) Book closing date To be announced later

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

N.A.

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

Name of Interested Person	Nature of Relationship	Aggregate value of all interested person transactions conducted under Shareholders' Mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than $100,000) (S$'000)
Salim Group - Sale of unsold and returned bread	See Note (1)	490
Tiong Lian Food Pte Ltd - Sale of products (pork products)	See Note (2)	1,807
Austral Dairy Group Sdn. Bhd. - Sale of products (cheese)	Entity in which Mr Andree Halim has an interest	945
Salim Group - Purchase of raw materials including flour	See Note (1)	8,497
Salim Group - Purchase of finished products (noodles)	See Note (1)	97
Austral Dairy Group Sdn. Bhd. - Purchase of finished products (processed cheese)	Entity in which Mr Andree Halim has an interest	605
	TOTAL	12,441

Note:

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

(2) Entity in which the Salim Group has shareholding interest.

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

Segment Information
(In Singapore Dollars)

	Continuing operations			Discontinuing operations		
	Bakery $'000	Distribution & warehousing $'000	Investments & others $'000	Primary production $'000	Adjustments & eliminations $'000	Consolidated $'000
Revenue and expenses 1H 2021						
Revenue from external customers	201,785	60,119	2,804	203,089	(203,089)	264,708
Other revenue from external customers	3,056	589	191	2,606	(2,606)	3,836
Inter-segment revenue	123	536	7,492	-	(8,151)	-
	204,964	61,244	10,487	205,695	(213,846)	268,544
Unallocated revenue						78
Total revenue						268,622
Segment EBITDA	28,953	3,562	2,964	19,012	(19,012)	35,479
Amortisation and depreciation	(16,279)	(1,692)	(160)	-	-	(18,131)
Segment EBIT	12,674	1,870	2,804	19,012	(19,012)	17,348
Unallocated revenue						78
Unallocated expenses						(6,316)
Profit from operating activities						11,110
Finance costs						(1,024)
Share of profits of joint venture	836	-	-	-	-	836
Profit before tax						10,922
Income tax expense						(3,002)
Profit after tax						7,920
Timing of transfer of goods or services						
At a point in time	204,828	58,408	191	205,650	(205,650)	263,427
Over time	68	2,302	2,825	102	(102)	5,195
	204,896	60,710	3,016	205,752	(205,752)	268,622
Revenue and expenses 1H 2020						
Revenue from external customers	216,697	59,037	3,090	177,312	(177,312)	278,824
Other revenue from external customers	3,946	925	352	989	(989)	5,223
Inter-segment revenue	71	584	8,515	54	(9,224)	-
	220,714	60,546	11,957	178,355	(187,525)	284,047
Unallocated revenue						226
Total revenue						284,273
Segment EBITDA	43,137	4,422	3,520	15,350	(15,350)	51,079
Amortisation and depreciation	(14,778)	(1,689)	(160)	(6,685)	6,685	(16,627)
Segment EBIT	28,359	2,733	3,360	8,665	(8,665)	34,452
Unallocated revenue						226
Unallocated expenses						(5,810)
Profit from operating activities						28,868
Finance costs						(1,399)
Share of profits of joint venture	2,332	-	-	-	-	2,332
Profit before tax						29,801
Income tax expense						(7,902)
Profit after tax						21,899
Timing of transfer of goods or services						
At a point in time	220,631	57,449	351	178,271	(178,271)	278,431
Over time	81	2,517	3,244	78	(78)	5,842
	220,712	59,966	3,595	178,349	(178,349)	284,273

14. Segment Information (cont'd)

(In Singapore Dollars)

	Continuing operations			Discontinuing operations	
	Bakery $'000	Distribution & warehousing $'000	Investments & others $'000	Primary production $'000	Consolidated $'000
Assets and liabilities 30 June 2021					
Segment assets	350,996	72,723	38,319	283,754	745,792
Investment in joint venture and associate	78,140	-	-	-	78,140
Total assets	429,136	72,723	38,319	283,754	823,932
Deferred tax assets					5,153
Tax recoverable					5,565
Total assets per consolidated statement of financial position					834,650
Segment liabilities	91,220	25,370	17,406	135,961	269,957
Income tax payable					2,563
Deferred tax liabilities					6,688
Bank borrowings					38,464
Total liabilities per consolidated statement of financial position					317,672
Assets and liabilities 31 December 2020					
Segment assets	362,725	81,899	41,506	293,824	779,954
Investment in joint venture and associate	78,497	-	-	-	78,497
Total assets	441,222	81,899	41,506	293,824	858,451
Deferred tax assets					5,084
Tax recoverable					4,546
Total assets per consolidated statement of financial position					868,081
Segment liabilities	93,347	33,477	9,487	160,181	296,492
Income tax payable					3,744
Deferred tax liabilities					7,038
Bank borrowings					43,888
Total liabilities per consolidated statement of financial position					351,162
Other segment information 1H 2021					
Expenditure for non-current assets	8,569	599	41	-	9,209
Loss allowance for inventories charged and inventories written off, net	113	107	-	-	220
Loss allowance for receivables charged/ (written-back) and bad debts written off, net	756	(10)	-	-	746
Other segment information 1H 2020					
Expenditure for non-current assets	4,915	382	39	6,951	12,287
Loss allowance for inventories charged and inventories written off, net	321	189	-	-	510
Loss allowance for receivables charged and bad debts written off, net	5,774	105	-	-	5,879

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

	Revenue		*Non-current assets*	
	1H 2021	1H 2020	30/06/2021	31/12/2020
	$'000	$'000	$'000	$'000
Australia	217,001	181,908	166,075	161,620
Philippines	112,378	123,862	101,536	105,111
Singapore	97,527	101,573	65,515	67,016
Malaysia	40,664	46,261	62,735	67,087
Other countries	6,804	9,018	-	-
Less: Disposal group classified as held for sale	(205,752)	(178,349)	(141,765)	(136,272)
	268,622	284,273	254,096	264,562

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

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

To the best of its knowledge, nothing has come to the attention of the Board of Directors which may render the Unaudited Financial Statements for the six months ended 30 June 2021 herein to be false or misleading in any material respect.

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

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

BY ORDER OF THE BOARD

Serene Yeo
Company Secretary
6 August 2021