QAF Limited

(Company Registration No : 195800035D)

## Full Year Unaudited Financial Statements for the Year Ended 31 December 2011

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

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

| **Income Statement** (in Singapore Dollars) | Group | | |
|---|---|---|---|
| | Full year ended | | |
| | 31/12/2011 | 31/12/2010 | + / (-) |
| | S$'000 | S$'000 | % |
| Revenue | 976,981 | 856,410 | 14 |
| Costs and expenses | | | |
| Costs of materials | 541,796 | 455,595 | 19 |
| Staff costs | 206,809 | 183,105 | 13 |
| Amortisation and depreciation | 34,791 | 31,139 | 12 |
| Repairs and maintenance | 31,964 | 27,365 | 17 |
| Other operating expenses | 73,284 | 79,648 | (8) |
| Total costs and expenses | 888,644 | 776,852 | 14 |
| Profit from operating activities | 88,337 | 79,558 | 11 |
| Finance costs | (6,725) | (6,808) | (1) |
| Share of profits/(losses) of associates | 42 | (1,811) | n.m. |
| Profit before taxation | 81,654 | 70,939 | 15 |
| Taxation | | | |
| - Current year | (16,370) | (14,163) | 16 |
| - Overprovision in prior years | 624 | 71 | 779 |
| | (15,746) | (14,092) | 12 |
| Profit after taxation | 65,908 | 56,847 | 16 |
| Attributable to: | | | |
| Owners of the parent | 59,162 | 48,737 | 21 |
| Non-controlling interests | 6,746 | 8,110 | (17) |
| | 65,908 | 56,847 | 16 |

n.m. = not meaningful

**(i) Statement of Comprehensive Income**

| | Group | |
|---|---|---|
| | Full year ended | |
| | 31/12/2011 | 31/12/2010 |
| | S$'000 | S$'000 |
| Profit after taxation | 65,908 | 56,847 |
| Other comprehensive income: | | |
| - Currency translation arising on consolidation | (342) | 6,513 |
| - Actuarial loss on defined benefit plans | (2,886) | (1,297) |
| - Realisation of reserves upon disposal of an associate | (694) | - |
| - Share of other comprehensive income of associates | 4 | (24) |
| Other comprehensive income for the year, net of tax | (3,918) | 5,192 |
| Total comprehensive income for the year | 61,990 | 62,039 |
| Total comprehensive income attributable to: | | |
| Owners of the parent | 55,637 | 53,575 |
| Non-controlling interests | 6,353 | 8,464 |
| | 61,990 | 62,039 |

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

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

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

| | Group | | |
|---|---|---|---|
| | Full year ended | | + / (-) |
| | 31/12/2011 | 31/12/2010 | % |
| | S$'000 | S$'000 | |
| Other income including interest income | 9,756 | 8,159 | 20 |
| Allowance for doubtful debts written back | 21,280 | 5,749 | 270 |
| Allowance for inventory obsolescence written back/(charged) | 67 | (59) | n.m. |
| Foreign exchange (loss)/gain | (677) | 1,345 | n.m. |
| Gain on disposal of property, plant & equipment and investment properties | 383 | 1,201 | (68) |
| Impairment charge on net investment in an associate | - | (691) | 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:-**

| **Statement of Financial Position** (in Singapore Dollars) | **Group** | | **Company** | |
|---|---|---|---|---|
| | 31/12/2011 S$'000 | 31/12/2010 S$'000 | 31/12/2011 S$'000 | 31/12/2010 S$'000 |
| Current assets | | | | |
| Biological assets | 62,507 | 60,500 | - | - |
| Inventories | 84,609 | 65,637 | - | - |
| Trade receivables | 84,467 | 78,824 | - | - |
| Other receivables | 13,896 | 37,145 | 40,668 | 41,912 |
| Tax recoverable | 384 | 135 | - | - |
| Short-term investments | 456 | 381 | - | - |
| Cash and deposits | 74,872 | 68,046 | 25,735 | 21,436 |
| Assets classified as held for sale | 1,673 | 8,810 | - | - |
| | 322,864 | 319,478 | 66,403 | 63,348 |
| Non-current assets | | | | |
| Property, plant & equipment | 311,544 | 261,599 | 2,522 | 2,502 |
| Investment properties | 18,923 | 19,548 | - | - |
| Subsidiaries | - | - | 98,718 | 98,718 |
| Advances to subsidiaries | - | - | 123,210 | 111,631 |
| Associates | 1,942 | 1,896 | - | - |
| Advances to associates | 3,019 | 3,009 | - | - |
| Long-term investments | 8,886 | - | 6,886 | - |
| Intangibles | 3,058 | 2,726 | 2,449 | 2,638 |
| Deferred tax assets | 17,769 | 17,749 | - | - |
| | 365,141 | 306,527 | 233,785 | 215,489 |
| Total assets | 688,005 | 626,005 | 300,188 | 278,837 |
| Current liabilities | | | | |
| Trade payables | 87,040 | 73,243 | 55 | 71 |
| Other payables | 48,135 | 41,044 | 6,688 | 7,110 |
| Exchangeable bond | - | 10,000 | - | 10,000 |
| Short-term borrowings | 71,524 | 41,416 | 7,863 | - |
| Long-term loans and finance leases - current portion | 2,554 | 18,543 | - | 9,851 |
| Provision for taxation | 4,057 | 6,179 | 1,672 | 1,995 |
| | 213,310 | 190,425 | 16,278 | 29,027 |
| Non-current liabilities | | | | |
| Other payables | 14,684 | 13,655 | - | - |
| Exchangeable bond | 10,000 | - | 10,000 | - |
| Pension liabilities | 2,815 | 740 | - | - |
| Long-term loans and finance leases | 23,080 | 43,694 | - | 7,469 |
| Deferred tax liabilities | 11,944 | 10,674 | 450 | 485 |
| | 62,523 | 68,763 | 10,450 | 7,954 |
| Total liabilities | 275,833 | 259,188 | 26,728 | 36,981 |
| Net assets | 412,172 | 366,817 | 273,460 | 241,856 |
| Capital and reserves | | | | |
| Share capital | 227,156 | 214,823 | 227,156 | 214,823 |
| Reserves | 161,028 | 125,517 | 46,304 | 27,033 |
| Equity attributable to owners of the parent | 388,184 | 340,340 | 273,460 | 241,856 |
| Non-controlling interests | 23,988 | 26,477 | - | - |
| Total equity | 412,172 | 366,817 | 273,460 | 241,856 |

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

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

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

| As at 31/12/2011 | | As at 31/12/2010 | |
|---|---|---|---|
| Secured | Unsecured | Secured | Unsecured |
| $'000 | $'000 | $'000 | $'000 |
| 24,516 | 49,562 | 10,451 | 59,508 |

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

| As at 31/12/2011 | | As at 31/12/2010 | |
|---|---|---|---|
| Secured | Unsecured | Secured | Unsecured |
| $'000 | $'000 | $'000 | $'000 |
| 23,080 | 9,500 | 23,200 | 20,494 |

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

At the end of the financial year, property, plant & equipment, inventories and fixed deposits with total net book values of $58,059,000 (as at 31/12/2010: $41,316,000) were pledged to secure certain credit facilities for the Group.

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

| | Group | |
|---|---|---|
| | Full year ended | |
| **Statement of Cash Flows** | 31/12/2011 | 31/12/2010 |
| (in Singapore Dollars) | S$'000 | S$'000 |
| Cash flows from operating activities: | | |
| Profit before taxation | 81,654 | 70,939 |
| Adjustments for: | | |
| Amortisation and depreciation | 34,791 | 31,139 |
| Gain on disposal of property, plant & equipment and investment properties | (383) | (1,201) |
| Share of (profits)/losses of associates | (42) | 1,811 |
| Fair value adjustment on investment securities | 92 | - |
| Negative goodwill on acquisition of business | (786) | - |
| Fair value changes on biological assets | (1,338) | 3,154 |
| Allowance for doubtful debts written-back | (21,280) | (5,749) |
| Impairment charge on net investment in an associate | - | 691 |
| Gain on disposal of an associate | (766) | - |
| Interest expense | 6,725 | 6,808 |
| Dividend and interest income | (2,338) | (1,790) |
| Exchange differences | (546) | (2,997) |
| Operating profit before working capital changes | 95,783 | 102,805 |
| Decrease/(increase) in receivables | 22,114 | (628) |
| (Increase)/decrease in inventories and biological assets | (19,109) | 9,459 |
| Increase in payables | 15,970 | 10,892 |
| Cash from operations | 114,758 | 122,528 |
| Interest paid, net | (4,507) | (5,046) |
| Income tax paid | (15,357) | (15,996) |
| **Net cash from operating activities** | **94,894** | **101,486** |
| Cash flows from investing activities: | | |
| Purchase of property, plant & equipment and investment properties | (57,010) | (37,714) |
| Progress payment for purchase of property, plant & equipment | - | (16,222) |
| Proceeds from disposal of property, plant & equipment and investment properties | 1,891 | 1,795 |
| Purchase of investments | (9,039) | (55) |
| (Increase)/decrease in advances to associates | (10) | 81 |
| Net cash outflow from decrease in interest in a subsidiary | - | (1) |
| Net proceeds from disposal of an associate (Note A) | 72 | - |
| Acquisition of business (Note B) | (2,264) | (3,944) |
| Dividends received from investments | 56 | 53 |
| **Net cash used in investing activities** | **(66,304)** | **(56,007)** |
| Cash flows from financing activities: | | |
| Proceeds from issuance of share capital | 590 | 2,674 |
| Dividends paid during the year | (8,383) | (9,950) |
| Dividends paid to non-controlling interests | (5,155) | (10,641) |
| Repayment of long-term borrowings | (41,208) | (22,276) |
| Proceeds from short-term borrowings | 29,599 | 2,861 |
| **Net cash used in financing activities** | **(24,557)** | **(37,332)** |
| Net increase in cash and cash equivalents | 4,033 | 8,147 |
| Cash and cash equivalents at beginning of year | 68,046 | 58,950 |
| Effect of exchange rate changes on cash and cash equivalents | (65) | 949 |
| Cash and cash equivalents at end of year (Note C) | 72,014 | 68,046 |

**1(c)** Note A : Analysis of disposal of an associate

| | 31/12/2011<br>S$'000 |
|---|---|
| Net assets disposed | - |
| Gain on disposal | 766 |
| Realisation of reserves | (694) |
| Net cash inflow on disposal of an associate | 72 |

Note B : Analysis of acquisition of business

| | 31/12/2011<br>S$'000 |
|---|---|
| Property, plant and equipment | (2,602) |
| Intangibles | (448) |
| Net business acquired | (3,050) |
| Negative goodwill arising on consolidation | 786 |
| Net cash outflow on acquisition of business | (2,264) |

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 | |
|---|---|---|
| | 31/12/2011<br>$'000 | 31/12/2010<br>$'000 |
| Cash and deposits | 74,872 | 68,046 |
| Less: Fixed deposits pledged as security for credit facilities granted to a subsidiary | (2,858) | - |
| | 72,014 | 68,046 |

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

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

| Group | Share capital $'000 | Revaluation reserve $'000 | Capital reserve $'000 | Revenue reserve $'000 | Foreign currency translation reserve $'000 | Non-controlling interests $'000 | Total equity $'000 |
|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2011** | 214,823 | 2,360 | 19,005 | 96,071 | 8,081 | 26,477 | 366,817 |
| **Total comprehensive income for the year** | | | | | | | |
| Net profit for the year | - | - | - | 59,162 | - | 6,746 | 65,908 |
| Other comprehensive income | | | | | | | |
| *Currency translation arising on consolidation* | - | - | - | - | 51 | (393) | (342) |
| *Transfer between reserves* | - | (48) | - | 48 | - | - | - |
| *Actuarial loss on defined benefit plans* | - | - | - | (2,886) | - | - | (2,886) |
| *Realisation of reserves upon disposal of an associate* | - | - | (1,064) | - | 370 | - | (694) |
| *Share of other comprehensive income of associates* | - | - | - | - | 4 | - | 4 |
| Other comprehensive income for the year, net of tax | - | (48) | (1,064) | (2,838) | 425 | (393) | (3,918) |
| ***Total comprehensive income for the year*** | - | (48) | (1,064) | 56,324 | 425 | 6,353 | 61,990 |
| **Transactions with owners in their capacity as owners** | | | | | | | |
| Contributions by and distributions to owners | | | | | | | |
| Issuance of ordinary shares from exercise of options | 590 | - | - | - | - | - | 590 |
| Issuance of ordinary shares in lieu of cash dividends | 11,743 | - | - | - | - | - | 11,743 |
| Dividends | - | - | - | (20,126) | - | (8,842) | (28,968) |
| ***Transactions with owners in their capacity as owners*** | 12,333 | - | - | (20,126) | - | (8,842) | (16,635) |
| **Balance at 31 December 2011** | 227,156 | 2,312 | 17,941 | 132,269 | 8,506 | 23,988 | 412,172 |

**1(d)(i)**

| Group | Share capital $'000 | Revaluation reserve $'000 | Capital reserve $'000 | Revenue reserve $'000 | Foreign currency translation reserve $'000 | Non-controlling interests $'000 | Total equity $'000 |
|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2010** | 202,692 | 2,409 | 19,005 | 67,989 | 1,946 | 28,370 | 322,411 |
| **Total comprehensive income for the year** | | | | | | | |
| Net profit for the year | - | - | - | 48,737 | - | 8,110 | 56,847 |
| Other comprehensive income | | | | | | | - |
| *Currency translation arising on consolidation* | - | - | - | - | 6,159 | 354 | 6,513 |
| *Transfer between reserves* | - | (49) | - | 49 | - | - | - |
| *Actuarial loss on defined benefit plans* | - | - | - | (1,297) | - | - | (1,297) |
| *Share of other comprehensive income of associates* | - | - | - | - | (24) | - | (24) |
| Other comprehensive income for the year, net of tax | - | (49) | - | (1,248) | 6,135 | 354 | 5,192 |
| ***Total comprehensive income for the year*** | - | (49) | - | 47,489 | 6,135 | 8,464 | 62,039 |
| **Transactions with owners in their capacity as owners** | | | | | | | |
| Contributions by and distributions to owners | | | | | | | |
| 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) |
| ***Transactions with owners in their capacity as owners*** | 12,131 | - | - | (19,407) | - | (10,357) | (17,633) |
| **Balance at 31 December 2010** | 214,823 | 2,360 | 19,005 | 96,071 | 8,081 | 26,477 | 366,817 |

**1(d)(i)**

| Company | Share capital $'000 | Capital reserve $'000 | Revenue reserve $'000 | Total equity $'000 |
|---|---|---|---|---|
| **Balance at 1 January 2011** | 214,823 | 1,705 | 25,328 | 241,856 |
| *Net profit for the year, representing total comprehensive income for the year* | - | - | 39,397 | 39,397 |
| Contributions by and distributions to owners | | | | |
| Issuance of ordinary shares from exercise of options | 590 | - | - | 590 |
| Issuance of ordinary shares in lieu of cash dividends | 11,743 | - | - | 11,743 |
| Dividends | - | - | (20,126) | (20,126) |
| *Total transactions with owners in their capacity as owners* | 12,333 | - | (20,126) | (7,793) |
| **Balance at 31 December 2011** | 227,156 | 1,705 | 44,599 | 273,460 |
| **Balance at 1 January 2010** | 202,692 | 1,705 | 17,808 | 222,205 |
| *Net profit for the year, representing total comprehensive income for the year* | - | - | 26,927 | 26,927 |
| Contributions by and distributions to owners | | | | |
| 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) |
| *Total transactions with owners in their capacity as owners* | 12,131 | - | (19,407) | (7,276) |
| **Balance at 31 December 2010** | 214,823 | 1,705 | 25,328 | 241,856 |

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

For the year ended 31 December 2011, the issued and paid-up share capital of the Company was increased from 497,106,083 shares to 518,440,634 shares due to the allotment and issue of 20,212,551 ordinary shares arising from the application of QAF Scrip Dividend Scheme in respect of the final dividend for the financial year ended 31 December 2010, as well as the the allotment and issue of 1,122,000 ordinary shares pursuant to the exercise by option holders.

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

| | As at 31/12/2011 | As at 31/12/2010 |
|---|---|---|
| Outstanding options | 7,709,000 | 9,167,000 |

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

| | As at 31/12/2011 | As at 31/12/2010 |
|---|---|---|
| Total number of issued shares (excluding treasury shares) | 518,440,634 | 497,106,083 |

**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 2010. 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 2011. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

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

N.A.

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

| | Full year ended | |
|---|---|---|
| | 31/12/2011 | 31/12/2010 |
| Basic EPS | 11.6 cents | 10.0 cents |
| Diluted EPS | 11.6 cents | 10.0 cents |
| Number of shares used for the calculation of: | | |
| i) Basic EPS<br>Weighted average number of ordinary shares in issue | 508,246,049 | 488,076,905 |
| ii) Diluted EPS<br>Weighted average number of ordinary shares in issue | 509,184,803 | 489,249,357 |

**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 31/12/2011 | As at 31/12/2010 |
|---|---|---|
| Group | 74.9 cents | 68.5 cents |
| QAF Limited | 52.7 cents | 48.7 cents |
| Number of shares used for the calculation of Net asset value: | 518,440,634 | 497,106,083 |

**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 revenue increased by 14% to $977.0 million for the financial year ended 31 December 2011 ('FY 2011') from $856.4 million for the financial year ended 31 December 2010 ('FY 2010'). All the business segments in the Group, namely Bakery, Primary Production and Trading & Logistics, achieved increases in sales. In particular, the bakery operations in Malaysia, the Philippines and Australia achieved significant increases in sales due to increased market penetration as well as from newly installed additional production facilities. The Group's fully integrated producer of meat located in Australia, Rivalea (Australia) Pty Ltd ('Rivalea'), saw an increase in sales of its branded and value-added products as well as increased meat trading activities.

Group Profit Before Taxation ('PBT') increased by a creditable 15% to $81.7 million for FY 2011 from $70.9 million for FY 2010.

The Group experienced high costs of raw materials in FY 2011. In particular, there were rapid increases in the prices of flour, other raw material food ingredients, utilities, fuel and diesel costs which occurred on a world-wide basis in FY 2011. While the Group's bakery operations in Malaysia, the Philippines, and Australia achieved high growth in sales, which should in normal circumstances lead to commensurate increases in profits, they had to contend with the high cost increases as mentioned above, and these resulted in lower margins. The Malaysian operations also saw higher costs and expenses associated with the commissioning and initial operations of additional new production facilities.

However, Rivalea achieved success in its strategy to increase the sales of more value-added and branded products to protect its overall margins and this has resulted in increased profitability for the company. There was also a write-back of Allowance for Doubtful Debts which was previously provided on advances that had been made to a former associate. The provision is no longer needed as the Group's interest in the associate has been sold and all receivables due from the latter have been collected in FY 2011.

Costs of Materials increased by 19% to $541.8 million in FY 2011. Rivalea increased its meat trading business and this involves relatively higher costs of materials. The Bakery segment also saw higher costs of materials in FY 2011 as compared to FY 2010 due mainly to increased additional sales and production from newly installed production facilities in its Malaysian operations. This further added to the high raw material costs experienced by the operations in FY 2011 as mentioned above.

Staff Costs increased by 13% and this is in line with the increase in Group sales. Amortisation and Depreciation increased by 12% to $34.8 million due mainly to increased depreciation charges in the bakery operations due to the installation and commissioning of new production lines and facilities. Repairs and Maintenance rose by 17% to $32.0 million and this is due mainly to higher maintenance expenses associated with increased value-added meat sales which require a high level of meat cutting and boning operational activity.

Other Operating Expenses fell by 8% to $73.3 million in FY 2011 as compared to $79.6 million in FY 2010. The lower operating expenses resulted mainly from the write-back of Allowance for Doubtful Debts as mentioned above. However, the Group's operations also saw higher distribution and transportation expenses due to higher petrol and diesel costs as well as higher utility costs which resulted from higher world-wide oil prices.

Other Income including Interest Income increased by 20% to $9.8 million in FY 2011 due to increased interest income from a larger amount of cash deposits placed with financial institutions. The Group also recognised a negative goodwill of $0.8 million on acquisition of a feedmill business in Australia and a gain on disposal of an associate in FY 2011 amounting to $0.8 million.

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

**INCOME STATEMENT (cont'd)**

Share of Profits of Associates was $0.04 million for FY 2011 as compared to a Share of Losses of $1.8 million in FY 2010. This resulted from the ceasing of the loss making operations of Challenge Australian Dairy Pty Ltd, a dairy product manufacturing associate in Australia.

Group Taxation increased by 12% to $15.7 million in FY 2011 as compared to $14.1 million in FY 2010, in line with the higher Group PBT.

Group Profit After Taxation ('PAT') increased by 16% to $65.9 million for FY 2011 as compared to a Group PAT of $56.8 million for FY 2010.

**STATEMENT OF FINANCIAL POSITION**

Inventories have increased by 29% to $84.6 million as at the end of FY 2011 from $65.6 million as at the end of FY 2010, mainly due to a delay in purchases of Rivalea's grain inventory for FY 2010 to early FY 2011 due to exceptionally wet weather conditions which delayed grain harvests in Australia. This resulted in an exceptionally low inventory level as at end of FY 2010.

Other Receivables decreased by 63% to $13.9 million as at the end of FY 2011 as compared to $37.1 million as at the end of FY 2010. This is mainly attributable to the reclassification of down-payments made by the Group in FY 2010 for its purchases of new bakery production facilities and equipment to Property, Plant and Equipment upon the completion of the installation in FY 2011.

Assets Classified as Held for Sale decreased by 81% to $1.7 million as at the end of FY 2011 from $8.8 million as at the end of FY 2010. This is because certain freehold land and buildings of a certain subsidiary that are not needed for its current operations and have been earmarked for disposal have been reclassified back to Property, Plant and Equipment until such time as when market conditions for their eventual sale improve.

Property, Plant and Equipment increased by 19% to $311.5 million as at the end of FY 2011 and this is mainly attributable to the addition of new bakery production facilities and equipment as well as the upgrading of some existing facilities and equipment.

Long-Term Investments of $8.9 million as at the end of FY 2011 relates to the Group's investments in certain medium-term corporate bonds and market-linked notes. These investments were made so as to achieve better returns for the Group.

Trade Payables and Other Payables have increased by 19% to $87.0 million and 17% to $48.1 million, respectively, as at the end of FY 2011. The increase is largely in line with the increase in sales.

The Exchangeable Bond of $10 million was reclassified to Non-Current Liabilities from Current Liabilities when its maturity date was extended for another 2 years in FY 2011. This Exchangeable Bond is a zero-coupon mandatorily exchangeable bond for the principal amount of $10 million exchangeable into ordinary shares of a subsidiary of the Group, Hamsdale International Pte Ltd ('Hamsdale'), in the event that Hamsdale is listed on the SGX-ST.

Short-Term Borrowings increased by 73% to $71.5 million as at end of FY 2011. This increase in Short-Term Borrowings was made to finance the Group's working capital requirements as well as to fund the Group's increased production capacities.

Total Long-Term Loans and Finance Leases fell by 59% to $25.6 million as at the end of FY 2011 as compared to $62.2 million as at the end of FY 2010 due to the repayment of loans.

Provision for Taxation decreased by 34% to $4.1 million as at the end of FY 2011 and this is attributable to the payment of income tax liabilities.

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

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

**BAKERY**

| | 2011 | 2010 | Increase/(decrease) | |
|---|---|---|---|---|
| | $'million | $'million | $'million | % |
| Segment revenue | 473.1 | 431.1 | 42.0 | 10 |
| Segment results | 60.0 | 66.8 | (6.8) | (10) |

The Bakery segment achieved a 10% overall increase in revenue to $473.1 million for FY 2011 as compared to $431.1 million for FY 2010. The Group's bakery operations in Malaysia, the Philippines and Australia achieved increased sales. The said operations have continued to increase their respective market shares aided by newly installed additional production facilities.

Operating results declined by 10% to $60.0 million for FY 2011 as compared to $66.8 million for FY 2010 due to the erosion of margins caused by the escalation of raw materials, utilities, fuel and diesel costs as well as higher costs and expenses associated with the commissioning and initial operations of additional new production facilities.

**PRIMARY PRODUCTION**

| | 2011 | 2010 | Increase/(decrease) | |
|---|---|---|---|---|
| | $'million | $'million | $'million | % |
| Segment revenue | 405.6 | 336.7 | 68.9 | 20 |
| Segment results | 9.8 | 9.0 | 0.8 | 9 |

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 20% to $405.6 million for FY 2011 as compared to $336.7 million for FY 2010 contributed by higher sales of its branded & value-added products as well as increased trading business from its Sydney distribution arm which was acquired in the middle of 2010.

Operating profits increased by 9% to $9.8 million in FY 2011 as compared to $9.0 million in FY 2010 due to a higher proportion of branded and value-added product sales which achieved more stable margins.

**TRADING & LOGISTICS**

| | 2011 | 2010 | Increase/(decrease) | |
|---|---|---|---|---|
| | $'million | $'million | $'million | % |
| Segment revenue | 90.2 | 84.2 | 6.0 | 7 |
| Segment results | 3.1 | 3.8 | (0.7) | (18) |

Sales revenue from the Group's Trading & Logistics segment increased by 7% to $90.2 million in FY 2011 from $84.2 million in FY 2010. 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 $3.1 million in FY 2011 and this is a 18% decline over that of $3.8 million in FY 2010. The decrease is attributable to higher costs of food products in FY 2011 which reduced overall margins significantly.

**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. 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 in the financial year ending 31 December 2012 ('FY 2012').

There are early signs which point to the likely easing of raw material costs on the international markets. As such and on an overall basis, the Group expects to achieve an encouraging level of profitability in FY 2012.

**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 | 4 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 2011.

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

Any dividend declared? Yes

| | Interim | Final Dividend |
|---|---|---|
| Dividend type | Cash | Cash or scrip |
| Dividend rate | 1 cent per ordinary share | 3 cents per ordinary share |
| Tax rate | Exempt 1 tier | Exempt 1 tier |

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

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

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

N.A.

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

The Group does not have an IPT general mandate for the current financial year 2011.

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

**Segment Information**
(In Singapore Dollars)

| | Bakery | Primary production | Trading & Logistics | Investments & others | Eliminations | Consolidated |
|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Revenue and expenses 2011** | | | | | | |
| Revenue from external customers | 470,346 | 399,852 | 89,314 | 4,675 | - | 964,187 |
| Other revenue from external customers | 2,783 | 5,124 | 819 | 1,786 | - | 10,512 |
| Inter-segment revenue | 14 | 627 | 62 | 23,999 | (24,702) | - |
| | 473,143 | 405,603 | 90,195 | 30,460 | (24,702) | 974,699 |
| Unallocated revenue | | | | | | 2,282 |
| Total revenue | | | | | | 976,981 |
| Segment results | 60,029 | 9,830 | 3,134 | 22,612 | - | 95,605 |
| Unallocated revenue | | | | | | 2,282 |
| Unallocated expenses | | | | | | (9,550) |
| Profit from operating activities | | | | | | 88,337 |
| Finance costs | | | | | | (6,725) |
| Share of profits of associates | 42 | - | - | - | - | 42 |
| Profit before taxation | | | | | | 81,654 |
| Taxation | | | | | | (15,746) |
| Profit after taxation | | | | | | 65,908 |
| **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 | 84 | - | 10,532 |
| Inter-segment revenue | - | 980 | 55 | 21,199 | (22,234) | - |
| | 431,099 | 336,718 | 84,236 | 24,854 | (22,234) | 854,673 |
| Unallocated revenue | | | | | | 1,737 |
| Total revenue | | | | | | 856,410 |
| Segment results | 66,791 | 9,000 | 3,771 | 6,216 | - | 85,778 |
| Unallocated revenue | | | | | | 1,737 |
| Unallocated expenses | | | | | | (7,957) |
| Profit from operating activities | | | | | | 79,558 |
| Finance costs | | | | | | (6,808) |
| Share of profits/(losses) of associates | 33 | - | - | (1,844) | - | (1,811) |
| Profit before taxation | | | | | | 70,939 |
| Taxation | | | | | | (14,092) |
| Profit after taxation | | | | | | 56,847 |

## 14. Segment Information (cont'd)

(In Singapore Dollars)

| | Bakery | Primary production | Trading & Logistics | Investments & others | Consolidated |
|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Assets and liabilities 31 December 2011** | | | | | |
| Segment assets | 276,071 | 276,621 | 60,734 | 51,465 | 664,891 |
| Associates | 4,961 | - | - | - | 4,961 |
| Total assets | 281,032 | 276,621 | 60,734 | 51,465 | 669,852 |
| Deferred tax assets | | | | | 17,769 |
| Tax recoverable | | | | | 384 |
| **Total assets per consolidated statement of financial position** | | | | | 688,005 |
| Segment liabilities | 80,094 | 59,834 | 12,831 | 2,455 | 155,214 |
| Provision for taxation | | | | | 4,057 |
| Deferred tax liabilities | | | | | 11,944 |
| Exchangeable bond | | | | | 10,000 |
| Bank borrowings | | | | | 94,618 |
| **Total liabilities per consolidated statement of financial position** | | | | | 275,833 |
| **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 |
| **Other segment information 2011** | | | | | |
| Expenditure for non-current assets | 61,476 | 12,749 | 1,892 | 2,946 | 79,063 |
| Amortisation and depreciation | 22,295 | 10,433 | 1,527 | 536 | 34,791 |
| Allowance for inventory obsolescence (written-back)/charged | (77) | - | 10 | - | (67) |
| Allowance for doubtful debts charged/ (written-back) | 165 | 40 | 73 | (21,558) | (21,280) |
| **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) |

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

(In Singapore Dollars)

| | *Revenue* | | *Non-current assets* | |
|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 |
| | $'000 | $'000 | $'000 | $'000 |
| Singapore | 166,639 | 165,609 | 31,375 | 28,362 |
| Malaysia | 294,082 | 268,712 | 119,252 | 84,006 |
| Australia | 407,778 | 326,287 | 157,819 | 145,800 |
| Philippines | 101,999 | 87,150 | 25,079 | 25,705 |
| Other countries | 6,483 | 8,652 | - | - |
| | 976,981 | 856,410 | 333,525 | 283,873 |

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

Please refer to paragraph 8.

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

| | Group | | |
|---|---|---|---|
| | 2011 | 2010 | + / (-) |
| | $'000 | $'000 | % |
| Revenue reported for first half year | 469,150 | 401,352 | 17 |
| Profit after tax before deducting non-controlling interests for the first half year | 39,027 | 27,331 | 43 |
| Revenue reported for second half year | 507,831 | 455,058 | 12 |
| Profit after tax before deducting non-controlling interests for the second half year | 26,881 | 29,516 | (9) |

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

| | Full Year 2011 $'000 | Full Year 2010 $'000 |
|---|---|---|
| Ordinary dividend | 25,922 | 19,881 |
| Preference dividend | - | - |
| Total | 25,922 | 19,881 |

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

| Name | Age | Family relationship with any director and/or substantial shareholder | Current position and duties, and the year the position was held | Details of changes in duties and position held, if any, during the year |
|---|---|---|---|---|
| Lin Kejian | 33 | Son of Mr Andree Halim (who is the Vice Chairman and a Substantial Shareholder of the Company) | Appointed as executive director (Operations director) on 1 October 2010. Assisting the Group Managing Director in overseeing certain operations of the Company. | No change |
| Triono J. Dawis | 30 | Son of Mr Didi Dawis (who is the Chairman and a Substantial Shareholder of the Company) | Appointed as executive director (Business Development director) on 1 October 2010. Assisting the Group Managing Director in overseeing certain business developments of the Company. | No change |

**BY ORDER OF THE BOARD**

Ms Lee Woan Ling
Company Secretary
27 February 2012