QAF Limited

(Company Registration No : 195800035D)

First Quarter Unaudited Financial Statements for the Period Ended 31 March 2015

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

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

Income Statement (in Singapore Dollars)	Group		
	1st Quarter ended		
	31/03/2015	31/03/2014	+ / (-)
	S$'000	S$'000	%
Revenue	256,446	243,032	6
Costs and expenses			
Costs of materials	135,683	127,573	6
Staff costs	58,136	55,150	5
Amortisation and depreciation	9,106	9,228	(1)
Repairs and maintenance	8,240	7,682	7
Utilities	6,647	8,254	(19)
Other operating expenses	20,708	17,880	16
Total costs and expenses	238,520	225,767	6
Profit from operating activities	17,926	17,265	4
Finance costs	(715)	(902)	(21)
Profit before taxation	17,211	16,363	5
Taxation			
- Current period	(3,382)	(2,851)	19
- Over provision in prior periods	105	-	n.m.
	(3,277)	(2,851)	15
Profit after taxation	13,934	13,512	3
Attributable to:			
Owners of the parent	13,091	12,749	3
Non-controlling interests	843	763	10
	13,934	13,512	3

n.m. = not meaningful

(i) Statement of Comprehensive Income

	Group	
	1st Quarter ended	
	31/03/2015	31/03/2014
	S$'000	S$'000
Profit after taxation	13,934	13,512
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
- Currency translation arising on consolidation	(5,718)	3,875
Other comprehensive income for the period, net of tax	(5,718)	3,875
Total comprehensive income for the period	8,216	17,387
Total comprehensive income attributable to:		
Owners of the parent	7,483	16,730
Non-controlling interests	733	657
	8,216	17,387

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		
	1st Quarter ended		+ / (-)
	31/03/2015	31/03/2014	%
	S$'000	S$'000	
Other income including interest income	2,147	1,406	53
Allowance for doubtful debts charged and bad debts written off, net	(118)	(141)	(16)
Allowance for inventory obsolescence charged	(646)	(471)	37
Foreign exchange (loss)/gain	(935)	1,173	n.m.
Gain on disposal of property, plant & equipment & assets classified as held for sale	23	409	(94)

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**	
	31/03/2015 S$'000	31/12/2014 S$'000	31/03/2015 S$'000	31/12/2014 S$'000
Current assets				
Biological assets	56,295	55,878	-	-
Inventories	67,952	78,114	-	-
Trade receivables	89,556	95,303	-	-
Other receivables	17,611	13,915	53,836	57,895
Tax recoverable	1,625	1,312	-	-
Short-term investments	1,095	1,309	500	-
Cash and short-term deposits	88,684	92,389	24,874	22,443
	322,818	338,220	79,210	80,338
Non-current assets				
Property, plant & equipment	289,822	291,569	2,193	2,241
Investment properties	25,782	26,278	-	-
Subsidiaries	-	-	98,973	98,973
Advances to subsidiaries	-	-	105,204	102,157
Pension assets	2,509	2,598	-	-
Long-term investments	16,582	17,143	15,552	16,114
Intangibles	228	246	1,837	1,884
Deferred tax assets	14,621	15,060	-	-
	349,544	352,894	223,759	221,369
Total assets	672,362	691,114	302,969	301,707
Current liabilities				
Trade payables	74,699	88,256	2	50
Other payables	58,080	60,426	7,268	7,876
Short-term borrowings	49,962	62,415	-	-
Long-term loans and finance leases - current portion	5,274	5,460	-	-
Provision for taxation	6,430	5,029	1,439	1,206
	194,445	221,586	8,709	9,132
Non-current liabilities				
Other payables	9,694	9,960	-	-
Long-term loans and finance leases	10,996	10,600	-	-
Deferred tax liabilities	11,829	12,139	353	353
	32,519	32,699	353	353
Total liabilities	226,964	254,285	9,062	9,485
Net assets	445,398	436,829	293,907	292,222
Capital and reserves				
Share capital	254,873	254,520	254,873	254,520
Reserves	165,331	157,848	39,034	37,702
Equity attributable to owners of the parent	420,204	412,368	293,907	292,222
Non-controlling interests	25,194	24,461	-	-
Total equity	445,398	436,829	293,907	292,222

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

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

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

As at 31/03/2015		As at 31/12/2014	
Secured	Unsecured	Secured	Unsecured
$'000	$'000	$'000	$'000
18,660	36,576	24,166	43,709

(b) Amount repayable after one year

As at 31/03/2015		As at 31/12/2014	
Secured	Unsecured	Secured	Unsecured
$'000	$'000	$'000	$'000
6,536	4,460	7,460	3,140

(c) Details of any collaterals

At the end of the financial period, property, plant & equipment, inventories and fixed deposits with total net book values of $32,326,000 (as at 31/12/2014: $38,975,000) were pledged to secure certain credit facilities for the Group.

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

	Group	
	1st Quarter ended	
Statement of Cash Flows	31/03/2015	31/03/2014
(in Singapore Dollars)	S$'000	S$'000
Cash flows from operating activities:		
Profit before taxation	17,211	16,363
Adjustments for:		
Amortisation and depreciation	9,106	9,228
Gain on disposal of property, plant & equipment & assets classified as held for sale	(23)	(409)
Fair value adjustment on investment securities	-	7
Gain on disposal of investment securities	(40)	-
Allowance for doubtful debts charged and bad debts written off, net	118	141
Interest expense	715	902
Interest income	(560)	(364)
Exchange differences	559	(793)
Operating profit before working capital changes	27,086	25,075
Decrease in receivables	5,889	3,726
Decrease in inventories and biological assets	6,367	6,959
Decrease in payables	(12,226)	(21,864)
Cash from operations	27,116	13,896
Interest paid, net	(151)	(517)
Income tax paid	(2,006)	(1,954)
Net cash from operating activities	**24,959**	**11,425**
Cash flows from investing activities:		
Purchase of property, plant & equipment and investment properties	(11,838)	(7,880)
Progress payment for purchase of property, plant & equipment	(4,833)	-
Proceeds from disposal of property, plant & equipment & assets classified as held for sale	85	3,013
Purchase of investment securities	-	(4,872)
Proceeds from redemption/sale of investment securities	696	2,000
Net cash used in investing activities	**(15,890)**	**(7,739)**
Cash flows from financing activities:		
Proceeds from issuance of share capital	353	250
Dividends paid to non-controlling interests	(1,685)	(577)
Repayment of long-term borrowings	(1,227)	(1,250)
Repayment of short-term borrowings	(10,582)	(5,111)
Proceeds from long-term loan from a non-controlling interest	1,350	-
Net cash used in financing activities	**(11,791)**	**(6,688)**
Net increase in cash and cash equivalents	(2,722)	(3,002)
Cash and cash equivalents at beginning of period	91,956	79,498
Effect of exchange rate changes on cash and cash equivalents	(968)	666
Cash and cash equivalents at end of period (Note A)	88,266	77,162

1(c) Note A : Cash and cash equivalents

	Group	
	31/03/2015	31/03/2014
	$'000	$'000
Cash and short-term deposits	88,684	77,162
Less: Fixed deposits pledged as security for credit facilities granted to a subsidiary	(418)	-
	88,266	77,162

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

Statement of Changes in Equity
(In Singapore Dollars)

Group	Share capital $'000	Revaluation reserve $'000	Capital reserve $'000	Revenue reserve $'000	Foreign currency translation reserve $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 January 2015	254,520	2,167	17,941	164,971	(27,231)	24,461	436,829
Total comprehensive income for the period							
Net profit for the period	-	-	-	13,091	-	843	13,934
Other comprehensive income							
Currency translation arising on consolidation	-	-	-	-	(5,608)	(110)	(5,718)
Total comprehensive income for the period	-	-	-	13,091	(5,608)	733	8,216
Transactions with owners in their capacity as owners							
Contributions by and distributions to owners							
Issuance of ordinary shares from exercise of options	353	-	-	-	-	-	353
Total transactions with owners in their capacity as owners	353	-	-	-	-	-	353
Balance at 31 March 2015	254,873	2,167	17,941	178,062	(32,839)	25,194	445,398
Balance at 1 January 2014	250,096	2,215	17,941	147,474	(20,946)	26,898	423,678
Total comprehensive income for the period							
Net profit for the period	-	-	-	12,749	-	763	13,512
Other comprehensive income							
Currency translation arising on consolidation	-	-	-	-	3,981	(106)	3,875
Total comprehensive income for the period	-	-	-	12,749	3,981	657	17,387
Transactions with owners in their capacity as owners							
Contributions by and distributions to owners							
Issuance of ordinary shares from exercise of options	250	-	-	-	-	-	250
Total transactions with owners in their capacity as owners	250	-	-	-	-	-	250
Balance at 31 March 2014	250,346	2,215	17,941	160,223	(16,965)	27,555	441,315

1(d)(i)

Company	Share capital $'000	Capital reserve $'000	Revenue reserve $'000	Total equity $'000
Balance at 1 January 2015	254,520	1,705	35,997	292,222
Net profit for the period, representing total comprehensive income for the period	-	-	1,332	1,332
Contributions by and distributions to owners				
Issuance of ordinary shares from exercise of options	353	-	-	353
Total transactions with owners in their capacity as owners	353	-	-	353
Balance at 31 March 2015	254,873	1,705	37,329	293,907
Balance at 1 January 2014	250,096	1,705	31,481	283,282
Net profit for the period, representing total comprehensive income for the period	-	-	8,092	8,092
Contributions by and distributions to owners				
Issuance of ordinary shares from exercise of options	250	-	-	250
Total transactions with owners in their capacity as owners	250	-	-	250
Balance at 31 March 2014	250,346	1,705	39,573	291,624

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

For the period ended 31 March 2015, the issued and paid-up share capital of the Company was increased from 552,304,086 shares to 552,989,086 shares due to the allotment and issue of 685,000 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 31/03/2015	As at 31/03/2014
Outstanding options	2,220,000	3,505,000

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

	As at 31/03/2015	As at 31/12/2014
Total number of issued shares (excluding treasury shares)	552,989,086	552,304,086

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

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

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

The figures have not been audited or reviewed.

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

N.A.

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

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

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

N.A.

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

	1st Quarter ended	
	31/03/2015	31/03/2014
Basic EPS	2.4 cents	2.3 cents
Diluted EPS	2.4 cents	2.3 cents
Number of shares used for the calculation of:		
i) Basic EPS Weighted average number of ordinary shares in issue	552,787,000	546,599,000
ii) Diluted EPS Weighted average number of ordinary shares in issue	553,825,000	547,789,000

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

	As at	As at
	31/03/2015	31/12/2014
Group	76.0 cents	74.7 cents
QAF Limited	53.1 cents	52.9 cents
Number of shares used for the calculation of Net asset value:	552,989,086	552,304,086

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

INCOME STATEMENT

Group revenue increased by 6% to $256.4 million for the first quarter ended 31 March 2015 ('1Q 2015') from $243.0 million for the first quarter ended 31 March 2014 ('1Q 2014'). Increases in sales were achieved by all the business segments of the Group – Bakery, Primary Production and Trading & Logistics. All of the Group's Bakery operations in Singapore, Malaysia, the Philippines and Australia achieved increases in sales through the launch of new products and increased production capacities. The Group's fully integrated producer of meat located in Australia, Rivalea (Australia) Pty Ltd ('Rivalea') also achieved increases in sales from a higher general sales volume. The Group's Trading & Logistics segment achieved higher sales from its export operations.

On an overall basis, Costs of Materials increased by 6% to $135.7 million in 1Q 2015 and this increase is proportional to the increase in Group revenue. Repairs and Maintenance increased by 7% to $8.2 million in 1Q 2015 due to increased maintenance expenses associated with additional bakery production facilities as well as higher repair and maintenance expenses pertaining to processing facilities in Rivalea.

Utilities decreased by 19% to $6.6 million in 1Q 2015 and this is attributable to reduced utility rates as well as reduced utilisation in certain operating subsidiaries in 1Q 2015.

Other Operating Expenses increased by 16% to $20.7 million in 1Q 2015. This is mainly attributable to the Group making a provision for an unrealised foreign exchange loss of $0.9 million pertaining to the depreciation of the Group's Australian dollar denominated assets against the Singapore dollar in 1Q 2015 as compared to that of 1Q 2014. This is in contrast to the Group making a provision for unrealised foreign exchange gain of $1.2 million in 1Q 2014.

Other Income including Interest Income increased by 53% to $2.1 million in 1Q 2015 due mainly to increased miscellaneous income from Rivalea.

Group Finance Costs (interest expense) decreased by 21% to $0.7 million in 1Q 2015 as compared to $0.9 million in 1Q 2014 due to lower borrowings.

Group Profit Before Taxation ('PBT') increased by 5% from $16.4 million for 1Q 2014 to $17.2 million for 1Q 2015. All of the Group's business segments achieved increased profitability. In particular, the Group's bakery operations achieved increased profitability through higher sales and successful product launches. Rivalea also achieved higher profits due to higher sales and a better product mix which resulted in higher overall prices. The Trading & Logistics segment also saw higher profits due to increased sales.

Group Taxation increased by 15% to $3.3 million in 1Q 2015 as compared to $2.9 million in 1Q 2014, in line with the increased profitability in the Group's operations.

Group Profit After Taxation ('PAT') increased by 3% to $13.9 million for 1Q 2015 as compared to a Group PAT of $13.5 million for 1Q 2014.

Group Profit Attributable to Owners of the Parent increased by 3% to $13.1 million in 1Q 2015 as compared to $12.7 million in 1Q 2014.

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

STATEMENT OF FINANCIAL POSITION

Inventories declined by 13% to $68.0 million as at the end of 1Q 2015 from $78.1 million as at the end of the financial year ended 31 December 2014 ('FYE 2014') due mainly to reduction of inventory holdings, in the Primary Production and Trading & Logistics business segments, as these inventories were sold.

Other Receivables increased by 27% to $17.6 million as at the end of 1Q 2015 as compared to $13.9 million as at the end of FYE 2014. This is mainly attributable to down-payments made by the Group for its purchases of new bakery production equipment.

Trade Payables decreased by 15% to $74.7 million as at the end of 1Q 2015. The reduction is largely due to the payment of balances owed to creditors.

Short-Term Borrowings declined by 20% to $50.0 million as at the end of 1Q 2015. These reductions are largely due to the repayment of loans.

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.

Barring any unforeseen circumstances, the Group expects to achieve an encouraging level of sales and profitability for the second quarter ending 30 June 2015.

The Company is currently evaluating options for a restructuring of its partially-owned subsidiary, Gardenia Bakeries (KL) Sdn Bhd ("GBKL" or the "Subsidiary") ("Restructuring").

The Company currently holds indirectly 70% of the issued shares of GBKL, with the remaining 30% held by Padiberas Nasional Berhad ("BERNAS"), a Malaysia incorporated company.

GBKL is a principal subsidiary of QAF which manufactures and distributes bread and bakery products in Malaysia. It is currently the sole licensee authorised by the Company for the use of the "Gardenia" trademarks in West Malaysia. The licensing agreement granted by the Company is due to expire in March 2016.

The proposed Restructuring is initiated with the purpose to address the then national economic policy of Malaysia ("NEP") that imposed equity conditions on Malaysia companies when they applied for manufacturing license or acquire land for manufacturing. Such equity conditions were issued generally prior to June 2004 to require the companies that came under its purview to reduce their foreign ownership to not more than 30% over time. The Subsidiary purchased the land for its plant in 1996 and was granted the manufacturing license with the equity condition attached by the relevant Malaysia government agency.

The NEP was changed in June 2004 and 100% foreign equity holding has since been permitted for all investments in new projects irrespective of the levels of exports. Notwithstanding the change in the NEP, the relevant government agency has written to follow up on the status of the NEP compliance by GBKL. The Company has responded and obtained an extension for the compliance of the equity conditions until 7 May 2016.

Any form of Restructuring may require the consent of BERNAS, for example the change in the authorised and issued shares as well as the Memorandum and Articles of Association of GBKL. In the event of any difficulty or delay, the Company will seek extension for compliance in the equity conditions.

For the financial year ended 2014, GBKL has contributed approximately S$298 million in revenue and S$10.7 million in profit before tax to the QAF Group financials.

11. Dividends

(a)	***Current financial period reported on***	
	Any dividends declared?	No
(b)	***Corresponding period of immediate financial year***	
	Any dividends declared?	No
(c)	***Date payable***	N.A.
(d)	***Book closing date***	N.A.

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

No dividend has been declared/recommended for quarter ended 31/03/2015.

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

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

14. Negative Assurance Confirmation pursuant to Rule 705(5) of the Listing Manual

To the best knowledge of the Board of Directors, nothing has come to the attention of the Board of Directors which may render the unaudited financials of the Group and the Company for the 1st Quarter ended 31 March 2015 to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Ms Lee Woan Ling
Company Secretary
27 April 2015