QAF Limited

(Company Registration No : 195800035D)

First Quarter Unaudited Financial Statements for the Period Ended 31 March 2019

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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		
	31/03/2019	31/03/2018	+ / (-)
	S$'000	S$'000	%
Revenue	204,378	196,589	4
Costs and expenses			
Costs of materials	112,421	102,932	9
Staff costs	47,688	48,383	(1)
Amortisation and depreciation	11,257	8,958	26
Repairs and maintenance	5,864	5,906	(1)
Utilities	6,260	6,344	(1)
Advertising and promotion	2,379	3,509	(32)
Other operating expenses	16,591	18,218	(9)
Total costs and expenses	202,460	194,250	4
Profit from operating activities	1,918	2,339	(18)
Finance costs	(1,559)	(955)	63
Share of profits of joint venture	2,013	2,919	(31)
Profit before tax	2,372	4,303	(45)
Income tax expense			
- Current period	(878)	(1,401)	(37)
- Overprovision in prior periods	234	124	89
	(644)	(1,277)	(50)
Profit after tax	1,728	3,026	(43)
Attributable to:			
Owners of the parent	1,610	3,041	(47)
Non-controlling interests	118	(15)	n.m.
	1,728	3,026	(43)

n.m. = not meaningful

(i) **<u>Statement of Comprehensive Income</u>**

	Group	
	1st Quarter ended	
	31/03/2019	31/03/2018
	S$'000	S$'000
Profit after tax	1,728	3,026
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
- Currency translation arising on consolidation	(991)	(6,405)
- Share of other comprehensive income of joint venture	494	2,091
Other comprehensive income for the period, net of tax	(497)	(4,314)
Total comprehensive income for the period	1,231	(1,288)
Total comprehensive income attributable to:		
Owners of the parent	1,176	(1,124)
Non-controlling interests	55	(164)
	1,231	(1,288)

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		
	31/03/2019	31/03/2018	+ / (-)
	S$'000	S$'000	%
Other income including interest income	1,073	1,288	(17)
Other Operating Expenses which include the following:			
Operating lease rental expense	(3,116)	(3,811)	(18)
Distribution and transportation expense	(2,377)	(2,296)	4
Other professional fees	(891)	(805)	11
Loss allowance for inventories charged and inventories written off, net	(202)	(241)	(16)
Loss allowance for receivables charged and bad debts written off, net	(45)	(121)	(63)
Foreign currency translation loss	(21)	(1,846)	(99)
Gain on disposal of property, plant & equipment and investment properties	2	277	(99)

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	Group		Company	
(in Singapore Dollars)	31/03/2019 S$'000	31/12/2018 S$'000	31/03/2019 S$'000	31/12/2018 S$'000
Current assets				
Biological assets	54,304	52,121	-	-
Inventories	60,449	67,481	-	-
Trade receivables	94,800	105,037	-	-
Other receivables	26,875	28,538	38,723	52,772
Tax recoverable	2,341	1,999	-	-
Short-term investments	3,677	4,676	3,677	4,676
Cash and cash equivalents	65,559	60,259	26,650	19,647
	308,005	320,111	69,050	77,095
Non-current assets				
Property, plant & equipment	352,293	356,675	3,927	3,983
Right-of-use assets	38,169	-	262	-
Investment properties	6,155	6,215	-	-
Investment in subsidiaries	-	-	100,132	100,132
Advances to subsidiaries	-	-	157,750	149,383
Investment in joint venture	82,991	80,483	-	-
Pension assets	2,330	2,338	-	-
Long-term investments	1,801	1,801	1,776	1,776
Intangibles	121	125	1,083	1,130
Deferred tax assets	16,737	15,885	-	-
	500,597	463,522	264,930	256,404
Total assets	808,602	783,633	333,980	333,499
Current liabilities				
Trade payables	66,704	75,510	161	209
Other payables	60,692	66,725	3,041	3,903
Short-term borrowings	51,520	52,551	-	-
Long-term borrowings - current portion	4,327	4,269	-	-
Lease liabilities - current portion	7,079	599	169	-
Income tax payable	2,934	2,990	819	967
	193,256	202,644	4,190	5,079
Non-current liabilities				
Other payables	12,829	12,988	5,516	5,744
Long-term borrowings	53,715	51,564	-	-
Lease liabilities	32,643	986	95	-
Deferred tax liabilities	9,992	10,432	1,317	1,356
	109,179	75,970	6,928	7,100
Total liabilities	302,435	278,614	11,118	12,179
Net assets	506,167	505,019	322,862	321,320
Capital and reserves				
Share capital	277,043	277,043	277,043	277,043
Reserves	235,537	234,361	45,819	44,277
Equity attributable to owners of the parent	512,580	511,404	322,862	321,320
Non-controlling interests	(6,413)	(6,385)	-	-
Total equity	506,167	505,019	322,862	321,320

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 31/03/2019		As at 31/12/2018	
Secured	Unsecured	Secured	Unsecured
$'000	$'000	$'000	$'000
18,746	44,180	23,298	34,121

(b) Amount repayable after one year

As at 31/03/2019		As at 31/12/2018	
Secured	Unsecured	Secured	Unsecured
$'000	$'000	$'000	$'000
10,472	75,886	10,914	41,636

(c) Details of any collaterals

At the end of the financial period, property, plant & equipment and inventories with total net book values of $31,936,000 (as at 31/12/2018: $37,421,000) 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	31/03/2019	31/03/2018
(in Singapore Dollars)	S$'000	S$'000
Cash flows from operating activities:		
Profit before tax	2,372	4,303
Adjustments for:		
Amortisation and depreciation	11,257	8,958
Gain on disposal of property, plant & equipment and investment properties	(2)	(277)
Share of profits of joint venture	(2,013)	(2,919)
Loss allowance for receivables charged and bad debts written off, net	45	121
Interest expense	1,559	955
Interest income	(221)	(439)
Exchange differences	(5)	1,671
Operating profit before working capital changes	12,992	12,373
Decrease in trade and other receivables	8,935	677
Decrease in inventories and biological assets	4,535	701
Decrease in trade and other payables	(12,532)	(18,296)
Cash from/(used in) operations	13,930	(4,545)
Interest paid, net	(1,308)	(514)
Income tax paid	(2,429)	(2,015)
Net cash from/(used in) operating activities	**10,193**	**(7,074)**
Cash flows from investing activities:		
Purchase of property, plant & equipment and investment properties	(7,956)	(10,421)
Proceeds from disposal of property, plant & equipment and investment properties	24	393
Purchase of intangibles	-	(150)
Dividends received from joint venture	2,472	-
Proceeds from redemption of investment security	1,000	-
Net cash used in investing activities	**(4,460)**	**(10,178)**
Cash flows from financing activities:		
Proceeds from borrowings	5,974	-
Repayment of borrowings	(4,267)	(15,629)
Repayment of lease liabilities	(1,983)	(136)
Proceeds from long-term loans from non-controlling interests	-	450
Payment of remaining consideration for acquisition of non-controlling interest share in a subsidiary	-	(590)
Net cash used in financing activities	**(276)**	**(15,905)**
Net increase/(decrease) in cash and cash equivalents	5,457	(33,157)
Cash and cash equivalents at beginning of period	60,259	136,454
Effect of exchange rate changes on cash and cash equivalents	(157)	(2,009)
Cash and cash equivalents at end of period	65,559	101,288

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	Non-controlling interests $'000	Total equity $'000
Balance at 1 January 2019	277,043	244	(2,410)	146	247,429	(11,048)	(6,385)	505,019
Net profit for the period	-	-	-	-	1,610	-	118	1,728
Other comprehensive income								
Currency translation arising on consolidation	-	-	-	-	-	(928)	(63)	(991)
Share of other comprehensive income of joint venture	-	-	-	-	-	494	-	494
Other comprehensive income for the period, net of tax	-	-	-	-	-	(434)	(63)	(497)
Total comprehensive income for the period	-	-	-	-	1,610	(434)	55	1,231
Transactions with owners in their capacity as owners								
Contributions by and distributions to owners								
Transfer to other payables	-	-	-	-	-	-	(83)	(83)
Total transactions with owners in their capacity as owners	-	-	-	-	-	-	(83)	(83)
Balance at 31 March 2019	277,043	244	(2,410)	146	249,039	(11,482)	(6,413)	506,167
Balance at 1 January 2018	272,009	244	(2,410)	397	267,007	(319)	(6,367)	530,561
Net profit/(loss) for the period	-	-	-	-	3,041	-	(15)	3,026
Other comprehensive income								
Currency translation arising on consolidation	-	-	-	-	-	(6,256)	(149)	(6,405)
Share of other comprehensive income of joint venture	-	-	-	-	-	2,091	-	2,091
Other comprehensive income for the period, net of tax	-	-	-	-	-	(4,165)	(149)	(4,314)
Total comprehensive income for the period	-	-	-	-	3,041	(4,165)	(164)	(1,288)
Transactions with owners in their capacity as owners								
Contributions by and distributions to owners								
Transfer to other payables	-	-	-	-	-	-	8	8
Total transactions with owners in their capacity as owners	-	-	-	-	-	-	8	8
Balance at 31 March 2018	272,009	244	(2,410)	397	270,048	(4,484)	(6,523)	529,281

1(d)(i)

Company	Share capital $'000	Fair value reserve $'000	Revenue reserve $'000	Total equity $'000
Balance at 1 January 2019	277,043	146	44,131	321,320
Net profit for the period, representing total comprehensive income for the period	-	-	1,542	1,542
Balance at 31 March 2019	277,043	146	45,673	322,862
Balance at 1 January 2018	272,009	397	56,931	329,337
Net loss for the period, representing total comprehensive income for the period	-	-	(1,670)	(1,670)
Balance at 31 March 2018	272,009	397	55,261	327,667

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

Since 31 December 2018 up to 31 March 2019, 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 31/03/2019	As at 31/12/2018
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 31 March 2019.

There was no sale, transfer, cancellation and/or use of subsidiary holdings 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 2018. However, the Group adopted new or amended Singapore Financial Reporting Framework (International) ("SFRS(I)") and interpretations that are mandatory for financial years beginning on or after 1 January 2019.

Other than the impact on adoption of the SFRS(I) 16 *Leases* that is effective on 1 January 2019, the adoption of new or amended standards and interpretations is assessed to have no material impact 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.

SFRS(I) 16 *Leases*

SFRS(I) 16 requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make a lease payment (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use ("ROU") asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset in the income statement.

The Group adopted SFRS(I) 16 on 1 January 2019, using the modified retrospective approach, without restating prior years' information.

On adoption of SFRS(I) 16, the Group and the Company recognised an amount of ROU assets equal to the lease liabilities of $39.0 million and $0.3 million, respectively, as at 1 January 2019. Subsequent to initial recognition, the Group and the Company will depreciate the ROU assets over the shorter of the useful life of the ROU assets and the lease term, and recognise interest expenses on the lease liabilities.

The adoption of SFRS(I) 16 resulted in an increase in total assets and total liabilities, Earnings before Interest, Tax, Depreciation and amortisation ("EBITDA") and gearing ratio.

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	
	31/03/2019	31/03/2018
Basic and Diluted EPS	0.3 cents	0.5 cents
Number of shares used for the calculation of Basic and Diluted EPS:		
Weighted average number of ordinary shares in issue	575,268,000	569,216,000

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 31/03/2019	As at 31/12/2018
Group	89.1 cents	88.9 cents
QAF Limited	56.1 cents	55.9 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.**

INCOME STATEMENT

	Revenue ^			EBITDA			EBITDA margin	
	1Q 2019 $'million	1Q 2018 $'million	+ / (-) %	1Q 2019 $'million	1Q 2018 $'million	+ / (-) %	1Q 2019 %	1Q 2018 %
Segment								
Bakery	*89.3*	*84.7*	*5*	*10.7*	*11.8*	*(9)*	*12*	*14*
Share of profits and royalty income from joint venture	*1.4*	*1.4*	*-*	*3.4*	*4.3*	*(21)*		
Bakery and joint venture contribution	90.7	86.1	5	14.1	16.1	(12)		
Primary Production	88.6	84.6	5	2.5	3.4	(26)	3	4
Distribution & Warehousing	24.9	25.6	(3)	1.2	0.1	n.m.	5	0
Others *	0.2	0.3	(33)	(2.8)	(5.8)	(52)		
	204.4	196.6	4	15.0	13.8	9	7	7

* *Exclude share of profits and royalty income from joint venture GBKL*

^ *GBKL's revenue is not consolidated as it is accounted for as a joint venture. GBKL's revenue increased 5% or $3.7 million to $82.7 million in 1Q 2019 from $79.0 million in 1Q 2018.*

Group revenue increased by 4% to $204.4 million for the first quarter ended 31 March 2019 ("1Q 2019") from $196.6 million for the first quarter ended 31 March 2018 ("1Q 2018"). In constant currency terms, Group revenue increased by 7% in 1Q 2019 over 1Q 2018. Group earnings before interest, tax, depreciation and amortisation ("EBITDA") increased by 9% to $15.0 million for 1Q 2019 from $13.8 million for 1Q 2018. Excluding the impact of the adoption of SFRS(I) 16 *Leases* (as described in Section 5 above), which resulted in an increase in EBITDA of $2.1 million, Group EBITDA decreased by $0.9 million.

The Group's Bakery segment achieved overall increase in sales by 5% (6% in constant currency terms) to $89.3 million for 1Q 2019. Gardenia Bakeries (Philippines) Inc ("GBPI") achieved higher sales through the successful launch of new products, increased market penetration and increased production capacity from completion of additional bakery production lines and facilities. Bakery segment EBITDA decreased by 9%, from $11.8 million for 1Q 2018 to $10.7 million for 1Q 2019, due to higher material prices and operating costs, including higher distribution costs and higher bread return rates in line with the increased market penetration in the Philippines.

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

INCOME STATEMENT (cont'd)

In the Primary Production segment, Rivalea Holdings Pty Ltd ("Rivalea"), the Group's leading integrated industrial meat producer in Australia, is seeing signs of stabilisation in general market supply, with improvement in selling prices. Industry average pig prices have risen by 4% in 1Q 2019 and are approximately 20% higher than corresponding 1Q 2018. Primary Production revenue increased by 5% (12% in constant currency terms) in 1Q 2019 over 1Q 2018. However, Rivalea, in particular the meat sales division, continued to face challenging operating conditions with significantly higher grain costs in 1Q 2019, which had increased by approximately 45% compared to 1Q 2018, due to the severe drought conditions experienced in Eastern Australia in 2018. EBITDA for 1Q 2019 fell to $2.5 million as compared to $3.4 million for 1Q 2018.

The Group's Distribution & Warehousing segment achieved marginally lower sales due to lower export sales in 1Q 2019. The operating performance of this segment improved significantly in 1Q 2019 with the absence of losses of $0.9 million incurred in connection with the ammonia leak incident at the Group's warehouse at 1 Fishery Port Road in 1Q 2018.

The Group's costs of materials increased by 9% or $9.5 million to $112.4 million in 1Q 2019 in line with higher sales volume and raw material (flour and sugar) costs in the Bakery segment and higher grain prices, which increased approximately 45% as compared to 1Q 2018 due to the severe drought conditions in Eastern Australia, in the Primary Production segment.

As explained in Section 5 above, the Group adopted SFRS(I) 16 Leases on 1 January 2019. Consequently, amortisation and depreciation increased by 26% or $2.3 million to $11.3 million in 1Q 2019 due primarily to additional depreciation charge of $1.9 million incurred from the recognition of ROU assets. This was offset by a corresponding decrease in operating lease rental expense and costs of materials in 1Q 2019. There was also higher depreciation of $0.8 million with the commencement of operations of the new plants in the Philippines.

Advertising and promotion expenses decreased by 32% or $1.1 million to $2.4 million in 1Q 2019 in line with lower advertising activities in 1Q 2019 as compared to 1Q 2018.

Other operating expenses decreased by 9% or $1.6 million to $16.6 million in 1Q 2019 as compared to $18.2 million in 1Q 2018 due mainly to lower foreign currency translation loss. The Group recorded foreign currency translation loss of $21,000 in 1Q 2019 as compared to $1.8 million in 1Q 2018 as the AUD/SGD exchange rate remained relatively stable in 1Q 2019, as compared to a 3% depreciation of the AUD/SGD exchange rate in 1Q 2018.

Group finance costs (interest expense) increased by 63% or $0.6 million to $1.6 million in 1Q 2019 from $1.0 million in 1Q 2018 due mainly to higher interest expense of $0.4 million as a result of the adoption of SFRS(I) 16 *Leases*, and to a smaller extent, an increase of $0.2 million in line with higher Group's borrowings to fund mainly capital expenditure of the new plants in the Philippines.

The Group's share of profits of joint venture decreased by 31% or $0.9 million to $2.0 million in 1Q 2019 from $2.9 million in 1Q 2018 due to the absence of tax incentives that was recognised in 1Q 2018 by GBKL from its new bakery plant that was completed in 2018. GBKL's revenue increased 5% or $3.7 million to $82.7 million in 1Q 2019 from $79.0 million in 1Q 2018.

Group PBT decreased by 45% from $4.3 million for 1Q 2018 to $2.4 million for 1Q 2019. The decline was mainly attributable to the higher amortisation and depreciation of $2.3 million as above-mentioned, partly offset by lower foreign currency translation losses.

Group PAT decreased by 43% to $1.7 million for 1Q 2019 as compared to $3.0 million for 1Q 2018. Group income tax expense decreased by 50% to $0.6 million for 1Q 2019 as compared to $1.3 million for 1Q 2018 in line with the reduced profitability in the Group's operations.

Group PATMI decreased by 47% to $1.6 million for 1Q 2019 as compared to $3.0 million for 1Q 2018.

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

STATEMENT OF FINANCIAL POSITION

Inventories declined by 10% to $60.4 million as at end of 1Q 2019 due mainly to reduction of inventory holdings in the Distribution & Warehousing business segment, as these inventories were sold.

Trade receivables decreased by 10% to $94.8 million as at end of 1Q 2019 due to improvement in debtors' turnover.

Short-term and long-term investments relate to the Company's investments in bonds. Short-term investment of $1.0 million was fully redeemed upon maturity in 1Q 2019.

Trade payables decreased by 12% to $66.7 million as at end of 1Q 2019 due mainly to the settlement of unpaid purchases.

With the adoption of SFRS(I) 16 *Leases* as mentioned in Section 5, the ROU assets as at end of 1Q 2019 mainly related to leases of certain office premises, factories, warehousing/trading/farm facilities and motor vehicles. Accordingly, there was also a corresponding increase in lease liabilities of approximately $38.3 million as at end of 1Q 2019, resulting in an increase in net gearing ratio as at 31 March 2019 to 0.16 times, as compared to 0.10 times as at 31 December 2018.

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.**

The Group will continue to focus on organic growth, particularly in core markets to position the Group for more sustainable long term growth and to forestall and counter competition. Rolling out this strategy of investing for the future has resulted and will continue to result in higher depreciation cost, distribution cost, interest expense and staff cost.

With the completion of the Group's bakery expansion in 2018, the Group has a total of 16 bakery plants. Capital expenditure for further expansion will be dependent on market conditions and the competitive environment and is expected to be about $50 million in FY2019, which comprises mainly capital expenditure for the Bakery segment including the residual payments to be made in relation to the new plants.

The Bakery segment is expected to face continued cost pressures due to the implementation of the investment strategy referred to above. Faced with escalating cost pressures in their local environments, the Bakery units continue to implement cost management programs to partially mitigate the cost impact which is felt globally. In Malaysia, the sale of Numee wet noodles is expected to commence in 2Q 2019.

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 (cont'd)

In 2019, the meat sales division is expected to remain challenging this year as the cyclical business continues to be confronted with higher feed cost arising from the severe drought conditions experienced in 2018. Despite seeing signs of stabilisation in general market supply, with some improvement in selling prices, the Primary Production segment is expected to remain challenging this year as the drought situation in Eastern Australia in 2018 has resulted in significantly higher grain prices. Industry average pig prices have risen by 4% in 1Q 2019 and are approximately 20% higher than corresponding 1Q average pricing for 2018. Current grain prices are approximately 45% higher than the corresponding period last year. These, coupled with higher expected increases in insurance premia, are expected to impact Rivalea's 2019 results. The other smaller divisions namely meat processing under Diamond Valley Pork and stockfeed milling are expected to perform satisfactorily. In the meantime, Rivalea continues to pursue a strategy of increasing the sales of its branded and value-added downstream products to achieve less volatility in selling prices and margins. The percentage of branded products has now grown to 25% of its total revenue for 1Q 2019 as compared to 23% for 1Q 2018. The strategy to move towards introducing more branded and value-added products will entail an increase in investment in value-added processing facilities, and in advertising and promotion expenses, an investment to grow its brand equity. Rivalea continues to implement programmes to reduce overheads and other operational costs. Rivalea has expanded its biogas production capabilities with the installation of a second electricity generator in late 2018 to further defray energy costs. A third electricity generator has been ordered, with planned commissioning in 2Q 2019. As the Group's investment in Rivalea is denominated in Australian dollars, the Group will continue to be subject to foreign exchange exposure.

In Myanmar, the Group is expanding its Distribution and Warehousing business with new products, with a focus on longer shelf life bakery products.

Given its strong balance sheet and cash reserves of $65.6 million (31 December 2018: $60.3 million) as at 31 March 2019, the Group is in the position to embark on a continuing steady growth path and upgrading initiatives through its internal resources and bank borrowings. Following the completion of the major expansion of the bakery production capacity in Malaysia and the Philippines, the Group expects the increased production capacity to contribute to the cashflow of the Group in 2019 and onwards.

We remain of the view that, barring unforeseen circumstances, the Group expects to achieve better performance in FY 2019 compared to FY 2018.

11. Dividends

a.	***Current financial period reported on*** Any dividends declared?	No
b.	***Previous corresponding period*** 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 and the reason(s) for the decision.

No dividend has been recommended or declared during the three months ended 31 March 2019 as it is not the practice of the Board of Directors to recommend or declare quarterly dividend based on first quarter results.

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	Aggregate value of all interested person transactions conducted in 1st quarter ended 31 March 2019 under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000) (S$'000)
Salim Group [1] - Sale of unsold and returned bread	231
Salim Group - Purchase of raw materials, including flour	3,271
Salim Group - Purchase of finished products	1,346
TOTAL	4,848

(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.

14. 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 three months ended 31 March 2019 herein to be false or misleading in any material respect.

15. 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

Ms Serene Yeo
Company Secretary
10 May 2019