

Third Quarter Unaudited Financial Statements for the Period Ended 30 September 2014

- 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		
	3rd Quarter ended		
	*(Restated)		
	<u>30/09/2014</u>	<u>30/09/2013</u>	+ / (-)
	S\$'000	S\$'000	%
Revenue	255,960	250,706	2
<u>Costs and expenses</u>			
Costs of materials	137,882	141,305	(2)
Staff costs	57,469	56,016	3
Amortisation and depreciation	9,128	9,416	(3)
Repairs and maintenance	8,451	7,826	8
Utilities	8,769	8,956	(2)
Other operating expenses	23,067	20,468	13
Total costs and expenses	<u>244,766</u>	<u>243,987</u>	0
Profit from operating activities	11,194	6,719	67
Finance costs	(771)	(965)	(20)
Profit before taxation	<u>10,423</u>	<u>5,754</u>	81
Taxation			
- Current period	(2,261)	(1,391)	63
- Under provision in prior periods	(60)	(405)	(85)
	<u>(2,321)</u>	<u>(1,796)</u>	29
Profit after taxation	<u>8,102</u>	<u>3,958</u>	105
<u>Attributable to:</u>			
Owners of the parent	8,114	3,847	111
Non-controlling interests	(12)	111	n.m.
	<u>8,102</u>	<u>3,958</u>	105

* Relates to retrospective effect upon adoption of FRS 110 *Consolidated Financial Statements* and Revised FRS 27 *Separate Financial Statements* (see Section 5 for further details).

n.m. = not meaningful

(i) **Statement of Comprehensive Income**

	Group	
	3rd Quarter ended	
	*(Restated)	
	<u>30/09/2014</u>	<u>30/09/2013</u>
	S\$'000	S\$'000
Profit after taxation	8,102	3,958
Other comprehensive income:		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
- Currency translation arising on consolidation	(7,558)	(3,710)
Other comprehensive income for the period, net of tax	(7,558)	(3,710)
Total comprehensive income for the period	<u>544</u>	<u>248</u>
<u>Total comprehensive income attributable to:</u>		
Owners of the parent	464	853
Non-controlling interests	80	(605)
	<u>544</u>	<u>248</u>

* Relates to retrospective effect upon adoption of FRS 110 *Consolidated Financial Statements* and Revised FRS 27 *Separate Financial Statements* (see Section 5 for further details).

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		
	3rd Quarter ended		+ / (-)
	*(Restated)		
	<u>30/09/2014</u>	<u>30/09/2013</u>	%
	S\$'000	S\$'000	
Other income including interest income	2,082	1,512	38
Allowance for doubtful debts charged and bad debts written off	(258)	(299)	(14)
Allowance for inventory obsolescence charged	(216)	(73)	196
Foreign exchange loss	(1,861)	(301)	518
Gain on disposal of property, plant & equipment	185	176	5

* Relates to retrospective effect upon adoption of FRS 110 *Consolidated Financial Statements* and Revised FRS 27 *Separate Financial Statements* (see Section 5 for further details).

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	
	30/09/2014 S\$'000	* (Restated) 31/12/2013 S\$'000	30/09/2014 S\$'000	31/12/2013 S\$'000
Current assets				
Biological assets	62,809	59,676	-	-
Inventories	61,936	83,010	-	-
Trade receivables	91,251	89,757	-	-
Other receivables	16,349	15,956	44,009	51,895
Tax recoverable	1,236	817	-	-
Short-term investments	1,308	2,386	-	2,000
Cash and cash equivalents	61,930	79,498	8,483	19,037
Assets classified as held for sale	3,630	2,487	-	-
	300,449	333,587	52,492	72,932
Non-current assets				
Property, plant & equipment	295,307	297,327	2,296	2,398
Investment properties	26,656	27,131	-	-
Subsidiaries	-	-	98,973	98,718
Advances to subsidiaries	-	-	109,334	111,268
Pension assets	3,156	3,196	-	-
Long-term investments	17,219	10,593	15,645	9,057
Intangibles	1,807	2,129	1,931	2,072
Deferred tax assets	14,237	14,258	-	-
	358,382	354,634	228,179	223,513
Total assets	658,831	688,221	280,671	296,445
Current liabilities				
Trade payables	70,040	94,870	48	33
Other payables	62,472	54,651	7,929	6,469
Short-term borrowings	52,455	74,201	-	4,960
Long-term loans and finance leases - current portion	5,436	4,745	-	-
Provision for taxation	4,342	3,909	927	1,317
	194,745	232,376	8,904	12,779
Non-current liabilities				
Other payables	10,087	8,737	-	-
Long-term loans and finance leases	11,617	12,587	-	-
Deferred tax liabilities	11,574	10,843	384	384
	33,278	32,167	384	384
Total liabilities	228,023	264,543	9,288	13,163
Net assets	430,808	423,678	271,383	283,282
Capital and reserves				
Share capital	254,520	250,096	254,520	250,096
Reserves	148,048	146,684	16,863	33,186
Equity attributable to owners of the parent	402,568	396,780	271,383	283,282
Non-controlling interests	28,240	26,898	-	-
Total equity	430,808	423,678	271,383	283,282

* Relates to retrospective effect upon adoption of FRS 110 *Consolidated Financial Statements* and Revised FRS 27 *Separate Financial Statements* (see Section 5 for further details).

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 30/09/2014		As at 31/12/2013	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
13,510	44,381	25,862	53,084

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

As at 30/09/2014		As at 31/12/2013	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
8,451	3,166	11,660	927

(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 \$26,658,000 (as at 31/12/2013: \$44,217,000) 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:-**

Statement of Cash Flows (in Singapore Dollars)	Group	
	3rd Quarter ended	
	30/09/2014	* (Restated) 30/09/2013
	S\$'000	S\$'000
Cash flows from operating activities:		
Profit before taxation	10,423	5,754
Adjustments for:		
Amortisation and depreciation	9,128	9,416
Gain on disposal of property, plant & equipment	(185)	(176)
Fair value adjustment on investment securities	137	-
Fair value changes on biological assets	-	(5)
Allowance for doubtful debts charged and bad debts written off	258	299
Interest expense	771	965
Dividend and interest income	(321)	(244)
Exchange differences	1,826	(50)
Operating profit before working capital changes	22,037	15,959
(Increase)/decrease in receivables	(2,965)	3,924
Decrease in inventories and biological assets	11,516	9,120
Decrease in payables	(2,156)	(862)
Cash from operations	28,432	28,141
Interest paid, net	(461)	(752)
Income tax paid	(2,150)	(2,418)
Net cash from operating activities	25,821	24,971
Cash flows from investing activities:		
Purchase of property, plant & equipment and investment properties	(8,567)	(16,131)
Proceeds from disposal of property, plant & equipment	776	182
Purchase of investments	(1,266)	(2,016)
Proceeds from redemption/sale of investments	503	3,995
Dividends received from investments	-	49
Net cash used in investing activities	(8,554)	(13,921)
Cash flows from financing activities:		
Proceeds from issuance of share capital	6	29
Dividends paid during the period	(5,523)	(5,458)
Dividends paid to non-controlling interests	-	(1,064)
Repayment of long-term borrowings	(725)	(1,269)
Repayment of short-term borrowings	(8,618)	(2,419)
Net cash used in financing activities	(14,860)	(10,181)
Net increase in cash and cash equivalents	2,407	869
Cash and cash equivalents at beginning of period	60,315	68,890
Effect of exchange rate changes on cash and cash equivalents	(1,238)	(670)
Cash and cash equivalents at end of period (Note A)	61,484	69,089

* Relates to retrospective effect upon adoption of FRS 110 *Consolidated Financial Statements* and Revised FRS 27 *Separate Financial Statements* (see Section 5 for further details).

1(c) Note A: Cash and cash equivalents

	Group	
	30/09/2014 \$'000	30/09/2013 \$'000
Cash and deposits	61,930	69,089
Less: Fixed deposits pledged as security for credit facilities granted to a subsidiary	(446)	-
	<u>61,484</u>	<u>69,089</u>

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 July 2014	254,514	2,215	17,941	147,657	(14,706)	28,160	435,781
Total comprehensive income for the period							
Net profit for the period	-	-	-	8,114	-	(12)	8,102
<u>Other comprehensive income</u>							
<i>Currency translation arising on consolidation</i>	-	-	-	-	(7,650)	92	(7,558)
Total comprehensive income for the period	-	-	-	8,114	(7,650)	80	544
Transactions with owners in their capacity as owners							
<u>Contributions by and distributions to owners</u>							
Issuance of ordinary shares from exercise of options	6	-	-	-	-	-	6
Dividends - Cash	-	-	-	(5,523)	-	-	(5,523)
Total transactions with owners in their capacity as owners	6	-	-	(5,523)	-	-	(5,517)
Balance at 30 September 2014	<u>254,520</u>	<u>2,215</u>	<u>17,941</u>	<u>150,248</u>	<u>(22,356)</u>	<u>28,240</u>	<u>430,808</u>

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 July 2013							
- as previously reported	249,724	2,263	17,941	134,653	(12,759)	27,326	419,148
- effects of adopting FRS 110 & Revised FRS 27	-	-	-	-	-	99	99
- as restated	249,724	2,263	17,941	134,653	(12,759)	27,425	419,247
Total comprehensive income for the period							
Net profit for the period	-	-	-	3,847	-	111	3,958
<u>Other comprehensive income</u>							
<i>Currency translation arising on consolidation</i>	-	-	-	-	(2,994)	(716)	(3,710)
Total comprehensive income for the period	-	-	-	3,847	(2,994)	(605)	248
Transactions with owners in their capacity as owners							
<u>Contributions by and distributions to owners</u>							
Issuance of ordinary shares from exercise of options	29	-	-	-	-	-	29
Dividends - Cash	-	-	-	(5,458)	-	-	(5,458)
Total transactions with owners in their capacity as owners	29	-	-	(5,458)	-	-	(5,429)
Balance at 30 September 2013	249,753	2,263	17,941	133,042	(15,753)	26,820	414,066

Company	Share capital \$'000	Capital reserve \$'000	Revenue reserve \$'000	Total equity \$'000
Balance at 1 July 2014	254,514	1,705	22,755	278,974
<i>Net profit for the period, representing total comprehensive income for the period</i>	-	-	(2,074)	(2,074)
<u>Contributions by and distributions to owners</u>				
Issuance of ordinary shares from exercise of options	6	-	-	6
Dividends - Cash	-	-	(5,523)	(5,523)
<i>Total transactions with owners in their capacity as owners</i>	6	-	(5,523)	(5,517)
Balance at 30 September 2014	254,520	1,705	15,158	271,383
Balance at 1 July 2013	249,724	1,705	15,787	267,216
<i>Net profit for the period, representing total comprehensive income for the period</i>	-	-	3,692	3,692
<u>Contributions by and distributions to owners</u>				
Issuance of ordinary shares from exercise of options	29	-	-	29
Dividends - Cash	-	-	(5,458)	(5,458)
<i>Total transactions with owners in their capacity as owners</i>	29	-	(5,458)	(5,429)
Balance at 30 September 2013	249,753	1,705	14,021	265,479

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

For the period ended 30 September 2014, the issued and paid-up share capital of the Company was increased from 552,294,086 shares to 552,304,086 shares due to the allotment and issue of 10,000 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:

	<u>As at</u> <u>30/09/2014</u>	<u>As at</u> <u>30/09/2013</u>
Outstanding options	2,985,000	4,650,000

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

	<u>As at</u> <u>30/09/2014</u>	<u>As at</u> <u>31/12/2013</u>
Total number of issued shares (excluding treasury shares)	552,304,086	546,494,994

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 2013. 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 2014. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company except for FRS 110 *Consolidated Financial Statements* and Revised FRS 27 *Separate Financial Statements*.

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

FRS 110 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by FRS 110 will require management to exercise significant judgment to determine which entities are controlled, and therefore are required to be consolidated by the Group, compared with the requirements that were in FRS 27. The changes in accounting policies have been applied retrospectively. The effects of adoption on the financial statements are as follows:

	As at <u>31/12/2013</u> \$'000
(Decrease)/increase in:	
<i>Consolidated statement of financial position</i>	
Other receivables	(112)
Tax recoverable	344
Cash and cash equivalents	290
Property, plant & equipment	5,296
Associates	(1,862)
Advances to associates	(3,389)
Long-term investments	27
Deferred tax assets	155
Other payables - current	144
Other payables - non-current	274
Non-controlling interests	331
	3rd Quarter ended <u>30/09/2013</u> \$'000
<i>Consolidated income statement</i>	
Decrease in revenue	(49)
Increase in staff costs	(256)
Increase in amortisation and depreciation	(68)
Increase in repairs and maintenance	(50)
Increase in utilities	(124)
Decrease in other operating expenses	942
Decrease in share of profits of associates	(155)
Increase in profit before taxation	240
Increase in taxation	(7)
Increase in profit for the period	<u>233</u>
Increase in profit for the period attributable to:	
Non-controlling interests	<u>233</u>
<i>Consolidated statement of comprehensive income</i>	
Decrease in currency translation arising on consolidation	(95)
Decrease in other comprehensive income for the period, net of tax attributable to non-controlling interests	<u>(95)</u>

The effect of this restatement is not significant and consequently a restated Group Balance Sheet at the start of the previous reporting period has not been presented.

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:**

	3rd Quarter ended	
	<u>30/09/2014</u>	<u>30/09/2013</u>
Basic EPS	1.5 cents	0.7 cents
Diluted EPS	1.5 cents	0.7 cents

Number of shares used for the calculation of:

i) Basic EPS		
Weighted average number of ordinary shares in issue	548,922,000	532,448,000
ii) Diluted EPS		
Weighted average number of ordinary shares in issue	550,015,000	534,397,000

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 <u>30/09/2014</u>	As at <u>31/12/2013</u>
Group	72.9 cents	72.6 cents
QAF Limited	49.1 cents	51.8 cents
Number of shares used for the calculation of Net asset value:	552,304,086	546,494,994

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

3Q 2014 vs 3Q 2013

Group revenue increased by 2% to \$256.0 million for the third quarter ended 30 September 2014 (‘3Q 2014’) from \$250.7 million for the third quarter ended 30 September 2013 (‘3Q 2013’). 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 market shares. The Group’s Trading & Logistics segment achieved higher sales from its food service and export operations as well as from increased rental income from its cold storage operations. However, the Group’s fully integrated producer of meat located in Australia, Rivalea (Australia) Pty Ltd (‘Rivalea’) saw a slight reduction of sales revenue due to the reduction of sales of lower margin products.

Costs of Materials decreased by 2% to \$137.9 million in 3Q 2014 as compared to \$141.3 million in 3Q 2013 mainly due to lower cost of feed for Rivalea.

Staff Costs increased by 3% in 3Q 2014 due mainly to new hirings for increased production and sales distribution activities in the Bakery segment as well as higher wage adjustments for staff in certain Bakery operations. Repairs and Maintenance costs increased by 8% to \$8.5 million in 3Q 2014 due to higher repairs of production facilities and distribution vehicles in the Group’s Bakery operations as a result of increased production and distribution activities.

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

INCOME STATEMENT (cont'd)

Other Operating Expenses increased by 13% to \$23.1 million in 3Q 2014 and this is mainly attributable to an unrealised foreign exchange loss of \$1.9 million in 3Q 2014 as compared to an unrealised foreign exchange loss of \$0.3 million in 3Q 2013. This unrealised foreign exchange loss pertains mainly to the translation of the Group's Australian dollar denominated assets into Singapore dollars. These Australian dollar denominated assets have been affected by the depreciation of the Australian dollar against the Singapore dollar in 3Q 2014 as compared to that of 3Q 2013. The Group's operations also saw higher distribution and transportation expenses due to the higher world-wide cost of fuel.

Group Finance Costs (interest expense) decreased by 20% to \$0.8 million in 3Q 2014 as compared to \$1.0 million in 3Q 2013 due to lower borrowings.

Group Profit Before Taxation ("PBT") increased by a significant 81% from \$5.8 million in 3Q 2013 to \$10.4 million in 3Q 2014. All of the Group's business segments achieved increased profitability. In particular, Rivalea's performance improved significantly as the company achieved higher overall prices through a better product mix as well as from productivity gains and lower raw material costs. The Group's Bakery business segment also achieved increased profitability due to increased sales, increased efficiencies and higher overall selling prices. The Trading & Logistics segment also saw higher profits due to increased sales as well as increased rental income from its cold storage operations.

Group Profit After Taxation ("PAT") increased by 105% to \$8.1 million for 3Q 2014 as compared to \$4.0 million for 3Q 2013. The increase in Group PAT is higher than the increase in Group PBT as the profits in a certain subsidiary is presently not liable for tax due to its existing tax benefits structure.

Group Profit Attributable to Owners of the Parent increased by a substantial 111% to \$8.1 million in 3Q 2014 as compared to \$3.8 million in 3Q 2013.

STATEMENT OF FINANCIAL POSITION

Inventories declined by 25% to \$61.9 million as at the end of 3Q 2014 from \$83.0 million as at the end of the financial year ended 31 December 2013 ('FYE 2013') due mainly to the reduction of inventory holdings in the Primary Production and Trading & Logistics business segments as inventories were sold.

Short-Term and Long-Term Investments relates mainly to the Company's and the Group's investments in certain bonds and market-linked notes. These investments were made so as to achieve better returns for the Group. Total Investments increased by 43% to \$18.5 million as at the end of 3Q 2014.

Trade Payables decreased by 26% to \$70.0 million as at the end of 3Q 2014. The reduction is largely due to the payment of balances owed to creditors.

Other Payables, Current, increased by 14% to \$62.5 million as at end of 3Q 2014. This increase results from the general increase in sales.

Short-Term Borrowings and total Long-Term Loans declined by 29% and 2% to \$52.5 million and \$17.1 million, respectively, as at end of 3Q 2014. These reductions are largely due to the repayment of loans.

Other Payables, Non-current, increased by 15% to \$10.1 million as at end of 3Q 2014, when compared to FYE 2013, due mainly to additional provision for long service leave pertaining to the Group's overall operations.

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.**

As a result of the momentum achieved to-date by all of the Group's major business segments as well as the successful implementation of business strategies, the Group is highly confident that it will achieve higher profits in the financial year ending 31 December 2014 as compared to the financial year ended 31 December 2013.

11. **Dividends**

(a) Current financial period reported on	
Any dividend declared?	No
(b) Corresponding period of immediate financial year	
Any dividend 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/recommendeded for the quarter ended 30 September 2014.

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 2014.

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 3rd Quarter ended 30 September 2014 to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Ms Lee Woan Ling
Company Secretary
13 November 2014