QAF Limited

(Company Registration No : 195800035D)

Second Quarter Unaudited Financial Statements for the Period Ended 30 June 2016

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					
	2nd Quarter ended			1st Half Year ended		
	30/06/2016	30/06/2015	+ / (-)	30/06/2016	30/06/2015	+ / (-)
	S$'000	S$'000	%	S$'000	S$'000	%
Revenue	208,420	252,470	(17)	459,272	508,916	(10)
Costs and expenses						
Costs of materials	106,154	133,300	(20)	233,970	268,983	(13)
Staff costs	46,674	57,389	(19)	103,542	115,525	(10)
Amortisation and depreciation	7,555	9,063	(17)	17,385	18,169	(4)
Repairs and maintenance	5,352	7,387	(28)	12,644	15,627	(19)
Utilities	5,732	8,029	(29)	12,439	14,676	(15)
Other operating expenses	17,432	20,779	(16)	38,448	41,487	(7)
Total costs and expenses	188,899	235,947	(20)	418,428	474,467	(12)
Profit from operating activities	19,521	16,523	18	40,844	34,449	19
Finance costs	(702)	(607)	16	(1,454)	(1,322)	10
Exceptional items	9,690	-	n.m.	9,690	-	n.m.
Share of profits of joint venture	1,810	-	n.m.	1,810	-	n.m.
Profit before taxation	30,319	15,916	90	50,890	33,127	54
Taxation						
- Current period	(1,932)	(3,074)	(37)	(5,442)	(6,456)	(16)
- Over/(under) provision in prior periods	4	(16)	n.m.	30	89	(66)
	(1,928)	(3,090)	(38)	(5,412)	(6,367)	(15)
Profit after taxation	28,391	12,826	121	45,478	26,760	70
Attributable to:						
Owners of the parent	28,773	12,210	136	45,191	25,301	79
Non-controlling interests	(382)	616	n.m.	287	1,459	(80)
	28,391	12,826	121	45,478	26,760	70

n.m. = not meaningful

(i) Statement of Comprehensive Income

	Group			
	2nd Quarter ended		1st Half Year ended	
	30/06/2016	30/06/2015	30/06/2016	30/06/2015
	S$'000	S$'000	S$'000	S$'000
Profit after taxation	28,391	12,826	45,478	26,760
Other comprehensive income:				
Items that will not be reclassified subsequently to profit or loss:				
- Actuarial loss on defined benefit plans	-	-	(410)	-
Items that may be reclassified subsequently to profit or loss:				
- Currency translation arising on consolidation	4,377	(7,507)	7,681	(13,225)
- Share of other comprehensive income of joint venture	(618)	-	(618)	-
Other comprehensive income for the period, net of tax	3,759	(7,507)	6,653	(13,225)
Total comprehensive income for the period	32,150	5,319	52,131	13,535
Total comprehensive income attributable to:				
Owners of the parent	32,714	5,444	51,757	12,927
Non-controlling interests	(564)	(125)	374	608
	32,150	5,319	52,131	13,535

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					
	2nd Quarter ended		+ / (-)	1st Half Year ended		+ / (-)
	30/06/2016	30/06/2015	%	30/06/2016	30/06/2015	%
	S$'000	S$'000		S$'000	S$'000	
Other income including interest income	1,306	1,020	28	3,093	3,167	(2)
Allowance for doubtful debts charged and bad debts written off, net	(179)	(200)	(11)	(281)	(318)	(12)
Allowance for inventory obsolescence charged	(116)	(697)	(83)	(392)	(1,343)	(71)
Foreign exchange loss	(829)	(437)	90	(690)	(1,372)	(50)
Gain/(loss) on disposal of property, plant & equipment	42	(102)	n.m.	103	(79)	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**	
	30/06/2016 S$'000	31/12/2015 S$'000	30/06/2016 S$'000	31/12/2015 S$'000
Current assets				
Biological assets	60,081	57,518	-	-
Inventories	54,557	78,654	-	-
Trade receivables	91,026	96,528	-	-
Other receivables	38,613	17,289	31,609	42,998
Tax recoverable	1,874	1,297	-	-
Short-term investments	3,500	2,500	3,500	2,500
Cash and short-term deposits	97,065	109,052	27,188	27,893
	346,716	362,838	62,297	73,391
Non-current assets				
Property, plant & equipment	249,712	298,174	2,344	2,471
Investment properties	28,725	26,929	-	-
Subsidiaries	-	-	98,973	98,973
Advances to subsidiaries	-	-	121,857	130,083
Joint venture	24,221	-	-	-
Pension assets	2,586	2,663	-	-
Long-term investments	11,965	13,488	10,937	12,459
Intangibles	172	196	1,601	1,696
Deferred tax assets	14,188	14,615	-	-
	331,569	356,065	235,712	245,682
Total assets	678,285	718,903	298,009	319,073
Current liabilities				
Trade payables	56,362	82,153	198	135
Other payables	53,190	69,679	6,721	8,182
Short-term borrowings	47,600	59,141	-	-
Long-term loans and finance leases - current portion	4,710	4,101	-	-
Provision for taxation	4,805	5,282	633	1,148
	166,667	220,356	7,552	9,465
Non-current liabilities				
Other payables	6,953	10,740	-	-
Long-term loans and finance leases	33,323	28,401	-	-
Deferred tax liabilities	8,516	12,353	318	318
	48,792	51,494	318	318
Total liabilities	215,459	271,850	7,870	9,783
Net assets	462,826	447,053	290,139	309,290
Capital and reserves				
Share capital	263,087	262,774	263,087	262,774
Reserves	193,390	164,101	27,052	46,516
Equity attributable to owners of the parent	456,477	426,875	290,139	309,290
Non-controlling interests	6,349	20,178	-	-
Total equity	462,826	447,053	290,139	309,290

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 30/06/2016		As at 31/12/2015	
Secured	Unsecured	Secured	Unsecured
$'000	$'000	$'000	$'000
15,593	36,717	20,276	42,966

(b) Amount repayable after one year

As at 30/06/2016		As at 31/12/2015	
Secured	Unsecured	Secured	Unsecured
$'000	$'000	$'000	$'000
10,757	22,566	7,044	21,357

(c) Details of any collaterals

At the end of the financial period, property, plant & equipment and inventories with total net book values of $29,448,000 (as at 31/12/2015: $31,024,000) 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	
	2nd Quarter ended	
Statement of Cash Flows	30/06/2016	30/06/2015
(in Singapore Dollars)	S$'000	S$'000
Cash flows from operating activities:		
Profit before taxation	30,319	15,916
Adjustments for:		
Amortisation and depreciation	7,555	9,063
(Gain)/loss on disposal of property, plant & equipment	(42)	102
Share of profits of joint venture	(1,810)	-
Allowance for doubtful debts charged and bad debts written off, net	179	200
Gain on dilution of interest in subsidiary company	(9,690)	-
Interest expense	702	607
Interest income	(440)	(452)
Exchange differences	197	454
Operating profit before working capital changes	26,970	25,890
Increase in receivables	(98)	(10,111)
Decrease in inventories and biological assets	696	870
Increase in payables	7,855	10,320
Cash from operations	35,423	26,969
Interest paid, net	(264)	(182)
Income tax paid	(2,481)	(3,138)
Net cash from operating activities	**32,678**	**23,649**
Cash flows from investing activities:		
Purchase of property, plant & equipment and investment properties	(11,234)	(9,620)
Progress payment for purchase of property, plant & equipment	-	(2,600)
Proceeds from disposal of property, plant & equipment	120	65
Dividends received from joint venture	2,526	-
Net cash outflow from dilution of interest in a subsidiary company (Note A)	(12,208)	-
Net cash used in investing activities	**(20,796)**	**(12,155)**
Cash flows from financing activities:		
Proceeds from issuance of share capital	166	733
Dividends paid during the period	(22,468)	(15,061)
Dividends paid to non-controlling interests	-	(1,687)
Proceeds from/(repayment of) long-term borrowings	2,312	(83)
(Repayment of)/proceeds from short-term borrowings	(2,606)	169
Net cash used in financing activities	**(22,596)**	**(15,929)**
Net decrease in cash and cash equivalents	(10,714)	(4,435)
Cash and cash equivalents at beginning of period	108,897	88,266
Effect of exchange rate changes on cash and cash equivalents	(1,118)	(1,385)
Cash and cash equivalents at end of period (Note B)	97,065	82,446

1(c) Note A: Analysis of dilution of interest in a subsidiary company

	Group 30/06/2016 $'000
Property, plant & equipment	51,710
Inventories	13,572
Trade and other receivables	22,610
Trade and other payables	(59,212)
Provision for taxation and Deferred tax liabilities	(4,861)
Cash and cash equivalents	22,184
Non-controlling interests	(13,785)
Net assets deconsolidated	32,218
Gain on dilution	9,690
Release of reserves upon dilution of interest	11,700
Reclassification to Joint venture	(23,028)
Consideration	30,580
Deferred cash settlement	(20,100)
Exchange difference	(504)
Cash and cash equivalents disposed	(22,184)
Net cash outflow	(12,208)

Note B : Cash and cash equivalents

	Group	
	30/06/2016 $'000	30/06/2015 $'000
Cash and short-term deposits	97,065	82,859
Less: Fixed deposits pledged as security for credit facilities granted to a subsidiary	-	(413)
	97,065	82,446

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 April 2016	262,921	2,118	16,888	206,669	(42,531)	20,698	466,763
Total comprehensive income for the period							
Net profit for the period	-	-	-	28,773	-	(382)	28,391
Other comprehensive income							
Currency translation arising on consolidation	-	-	-	-	4,559	(182)	4,377
Share of other comprehensive income of joint venture	-	-	-	-	(618)	-	(618)
Other comprehensive income for the period, net of tax	-	-	-	-	3,941	(182)	3,759
Total comprehensive income for the period	-	-	-	28,773	3,941	(564)	32,150
Transactions with owners in their capacity as owners							
Issuance of ordinary shares from exercise of options	166	-	-	-	-	-	166
Expiry of employee share options	-	-	(652)	652	-	-	-
Dividends - Cash	-	-	-	(22,468)	-	-	(22,468)
Dilution of interest in a subsidiary	-	(1,874)	(16,236)	18,110	-	(13,785)	(13,785)
Total transactions with owners in their capacity as owners	166	(1,874)	(16,888)	(3,706)	-	(13,785)	(36,087)
Balance at 30 June 2016	263,087	244	-	231,736	(38,590)	6,349	462,826
Balance at 1 April 2015	254,873	2,167	17,941	178,062	(32,839)	25,194	445,398
Total comprehensive income for the period							
Net profit for the period	-	-	-	12,210	-	616	12,826
Other comprehensive income							
Currency translation arising on consolidation	-	-	-	-	(6,766)	(741)	(7,507)
Total comprehensive income for the period	-	-	-	12,210	(6,766)	(125)	5,319
Transactions with owners in their capacity as owners							
Issuance of ordinary shares from exercise of options	733	-	-	-	-	-	733
Issuance of ordinary shares in lieu of cash dividends	7,110	-	-	-	-	-	7,110
Dividends - Cash	-	-	-	(15,061)	-	(24)	(15,085)
Dividends - Scrip	-	-	-	(7,110)	-	-	(7,110)
Total transactions with owners in their capacity as owners	7,843	-	-	(22,171)	-	(24)	(14,352)
Balance at 30 June 2015	262,716	2,167	17,941	168,101	(39,605)	25,045	436,365

1(d)(i)

Company	Share capital $'000	Capital reserve $'000	Revenue reserve $'000	Total equity $'000
Balance at 1 April 2016	262,921	652	49,395	312,968
Net loss for the period, representing total comprehensive income for the period	-	-	(527)	(527)
Contributions by and distributions to owners				
Issuance of ordinary shares from exercise of options	166	-	-	166
Expiry of employee share options	-	(652)	652	-
Dividends - Cash	-	-	(22,468)	(22,468)
Total transactions with owners in their capacity as owners	166	(652)	(21,816)	(22,302)
Balance at 30 June 2016	263,087	-	27,052	290,139
Balance at 1 April 2015	254,873	1,705	37,329	293,907
Net profit for the period, representing total comprehensive income for the period	-	-	2,144	2,144
Contributions by and distributions to owners				
Issuance of ordinary shares from exercise of options	733	-	-	733
Issuance of ordinary shares in lieu of cash dividends	7,110	-	-	7,110
Dividends - Cash	-	-	(15,061)	(15,061)
Dividends - Scrip	-	-	(7,110)	(7,110)
Total transactions with owners in their capacity as owners	7,843	-	(22,171)	(14,328)
Balance at 30 June 2015	262,716	1,705	17,302	281,723

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

For the period ended 30 June 2016, the issued and paid-up share capital of the Company was increased from 561,559,968 shares to 561,854,968 shares due to the allotment and issue of 295,000 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 30/06/2016	As at 30/06/2015
Outstanding options	-	885,000

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

	As at 30/06/2016	As at 31/12/2015
Total number of issued shares (excluding treasury shares)	561,854,968	561,299,968

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 2015. 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 2016. 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:

	2nd Quarter ended	
	30/06/2016	30/06/2015
Basic EPS	5.1 cents	2.2 cents
Diluted EPS	5.1 cents	2.2 cents
Number of shares used for the calculation of:		
i) Basic EPS Weighted average number of ordinary shares in issue	561,585,000	553,861,000
ii) Diluted EPS Weighted average number of ordinary shares in issue	561,585,000	554,293,000

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 30/06/2016	As at 31/12/2015
Group	81.2 cents	76.1 cents
QAF Limited	51.6 cents	55.1 cents
Number of shares used for the calculation of Net asset value:	561,854,968	561,299,968

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

2Q 2016 vs 2Q 2015

Group revenue decreased by 17% to $208.4 million for the second quarter ended 30 June 2016 ('2Q 2016') from $252.5 million for the second quarter ended 30 June 2015 ('2Q 2015'). The decrease in Group revenue is mainly attributable to the deconsolidation of the financial results of Gardenia Bakeries (KL) Sdn Bhd ('GBKL') from that of the Group's, as the Group has sold 20% of its shareholdings in GBKL in April 2016 thereby reducing the Group's stake to 50% of GBKL's total shareholdings. Accordingly, GBKL has ceased to be a subsidiary of the Group and has become a Joint Venture of the Group.

Other than the abovementioned deconsolidation of the financial results of GBKL, increases in sales were achieved by all the business segments of the Group – Bakery, Primary Production and Trading & Logistics. The Group's Bakery segment achieved overall increases in sales through the launch of new products, increased market penetration as well as from newly installed additional production facilities. Rivalea (Australia) Pty Ltd ('Rivalea'), the Group's fully integrated producer of meat located in Australia, achieved increases in sales from a higher general sales volume as well as higher average selling prices. The Group's Trading & Logistics business segment achieved higher sales which resulted from a higher volume of trading activities in 2Q 2016.

Certain expenses of the Group decreased in 2Q 2016 over that of 2Q 2015 due to the deconsolidation of GBKL's financial results from that of the Group's. As a result of the said deconsolidation, Costs of Materials, Staff Costs, Amortisation and Depreciation, Repairs and Maintenance, Utilities and Other Operating Expenses decreased to $106.2 million, $46.7 million, $7.6 million, $5.4 million, $5.7 million and $17.4 million, respectively, in 2Q 2016. In addition, the Bakery business segment enjoyed lower raw material costs such as lower flour costs while Rivalea also saw lower feed costs.

Other Income including Interest Income increased by 28% to $1.3 million in 2Q 2016 as compared to $1.0 million in 2Q 2015 because Rivalea achieved increased miscellaneous income in 2Q 2016.

Group Finance Costs (interest expense) increased by 16% to $0.7 million in 2Q 2016 as compared to $0.6 million in 2Q 2015 due to higher borrowings.

The Group had an exceptional gain of $9.7 million in 2Q 2016 and this resulted from the Group's sale of its 20% shareholding interest in GBKL in 2Q 2016.

The Group recognised a Share of Profits of Joint Venture of $1.8 million in 2Q 2016 and this is attributable to the Group's share of the profits of GBKL.

Despite the deconsolidation of the financial results of GBKL and the resulting declassification and exclusion of GBKL's operating profits from the Group's consolidated operating profits, the Group still achieved a significant increase in Profit from Operating Activities by 18% to $19.5 million in 2Q 2016 as compared to $16.5 million in 2Q 2015.

Group Profit Before Taxation ('PBT') increased substantially by 90% to $30.3 million for 2Q 2016 from $15.9 million for 2Q 2015. Excluding the one-off exceptional gain as abovementioned, the significant increase in Group PBT is mainly attributable to the increased profitability in Rivalea, the Group's fully integrated meat producer in Australia. Rivalea achieved substantial increases in profitability through higher average selling prices from a better product mix, increased meat processing activities and lower operating costs. In addition, Ben Foods (S) Pte Ltd, a distributor of food products in the Group's Trading & Logistics business segment, achieved increased profitability due to higher sales as well as a larger proportion of sales of higher margin products in its total sales mix.

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

INCOME STATEMENT (cont'd)

2Q 2016 vs 2Q 2015 (cont'd)

Group Profit After Taxation ('PAT') increased by a substantial 121% to $28.4 million for 2Q 2016 as compared to a Group PAT of $12.8 million for 2Q 2015. The increase in Group PAT is higher than the increase in Group PBT as the one-off exceptional gain from the sale of the Group's 20% shareholding in GBKL is not subject to tax as well as lower taxes paid by other subsidiaries.

Group Profit Attributable to Owners of the Parent increased by a substantial 136% to $28.8 million in 2Q 2016 as compared to $12.2 million in 2Q 2015.

1H 2016 vs 1H 2015

Group net revenue declined by 10% to $459.3 million for the first half year ended 30 June 2016 ('1H 2016') from $508.9 million for the first half year ended 30 June 2015 ('1H 2015'). The decrease in Group revenue is attributable to the deconsolidation of the financial results of Gardenia Bakeries (KL) Sdn Bhd ('GBKL') from that of the Group's, as the Group has sold 20% of its shareholdings in GBKL in April 2016 thereby reducing the Group's stake to 50% of GBKL's total shareholdings. Accordingly, GBKL has ceased to be a subsidiary of the Group and has become a Joint Venture of the Group.

Other than the abovementioned deconsolidation of the financial results of GBKL, the major businesses of the Group achieved increases in revenue. The Group's Bakery segment achieved overall increases in sales through the launch of new products, increased market penetration as well as from newly installed additional production facilities. Rivalea (Australia) Pty Ltd ('Rivalea'), the Group's fully integrated producer of meat located in Australia, achieved increases in sales from higher average selling prices. The Group's Trading & Logistics business segment achieved higher sales from a higher volume of trading activities in 1H 2016.

Certain expenses of the Group decreased in 1H 2016 over that of 1H 2015 due to the deconsolidation of GBKL's financial results from that of the Group's. As a result of the said deconsolidation, Costs of Materials, Staff Costs, Amortisation and depreciation, Repairs and Maintenance, Utilities and Other Operating Expenses decreased to $234.0 million, $103.5 million, $17.4 million, $12.6 million, $12.4 million and $38.4 million, respectively, in 1H 2016. In addition, the Bakery business segment enjoyed lower raw material costs such as lower flour costs while Rivalea also achieved lower feed costs as well as lower operating expenses such as reduced staff costs.

Group Finance Costs (interest expense) increased by 10% to $1.5 million in 1H 2016 as compared to $1.3 million in 1H 2015 due to higher borrowings.

The Group had an exceptional gain of $9.7 million in 1H 2016 and this resulted from the Group's sale of its 20% shareholding interest in GBKL in 2016.

The Group recognised a Share of Profits of Joint Venture of $1.8 million in 1H 2016 and this is attributable to the Group's share of the profits of GBKL.

Despite the deconsolidation of the financial results of GBKL and the resulting declassification and exclusion of GBKL's operating profits from the Group's consolidated operating profits from 2Q 2016 onwards, the Group still achieved a significant increase in Profit from Operating Activities by 19% to $40.8 million in 1H 2016 as compared to $34.4 million in 1H 2015.

Group Profit Before Taxation ('PBT') increased significantly by 54% to $50.9 million for 1H 2016 from $33.1 million for 1H 2015. Excluding the one-off exceptional gain as abovementioned, the significant increase in Group PBT is mainly attributable to the increased profitability in Rivalea, the Group's fully integrated meat producer in Australia. Rivalea achieved substantial increases in profitability through higher average selling prices from a better product mix, increased meat processing activities and lower operating costs.

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

INCOME STATEMENT (cont'd)

1H 2016 vs 1H 2015 (cont'd)

Group Profit After Taxation ('PAT') increased by a substantial 70% to $45.5 million for 1H 2016 as compared to a Group PAT of $26.8 million for 1H 2015. The increase in Group PAT is higher than the increase in Group PBT as the one-off exceptional gain from the sale of the Group's 20% shareholding in GBKL is not subject to tax as well as lower taxes paid by other subsidiaries.

Group Profit Attributable to Owners of the Parent increased by a substantial 79% to $45.2 million in 1H 2016 as compared to $25.3 million in 1H 2015.

STATEMENT OF FINANCIAL POSITION

The deconsolidation of GBKL's financial results from that of the Group's in April 2016 resulted in reductions in the Group's Inventories, Cash and Short-Term Deposits, Properties, Plant and Equipment, Trade Payables, Other Payables – Current and Non-current, and Deferred Tax Liabilities.

As GBKL has become a joint venture company within the Group, the Group's cost of investment in GBKL is now reclassified as an investment in joint venture.

Other Receivables increased by 123% to $38.6 million as at the end of 2Q 2016. The increase is largely due to the 2nd and 3rd tranche of the sales consideration receivable from the sale of GBKL under the sales agreement.

Short-Term and Long-Term Investments relate mainly to the Company's and the Group's investments in bonds and market-linked notes. These investments were made so as to achieve better returns for the Group. Certain Long-Term Investments have been reclassified to Short-Term as the maturity period is now less than 1 year.

Short-Term Borrowings declined by 20% to $47.6 million as at the end of 2Q 2016. The reduction is largely due to the repayment of loans.

Total Long-Term Borrowings increased by 17% to $38.0 million as at the end of 2Q 2016. The increase in Long-Term Borrowings resulted from the increase in funding for the Group's new additional production facilities.

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 announced by the Group on 26 April 2016, in compliance with FRS, the Group is required to determine the fair value of the Group's remaining 50% stake in GKBL. The Group has engaged external valuers to support the determination of the fair value and an announcement will be made when the fair valuation is completed. In the event where the fair value is higher than the carrying value of the 50% stake in GBKL, the Group will recognise the excess as a gain in the income statement. Subsequently, the resultant carrying value of the joint venture will be subjected to a yearly impairment review.

Save for the effects as described above, the Group is expected to perform satisfactorily for 3Q 2016, barring any unforeseen circumstances.

11. Dividends

(a) Current financial period reported on

Name of dividend	Interim
Dividend type	Cash
Dividend rate	1.00 cent per ordinary share
Tax rate	One tier tax exempt

(b) Corresponding period of immediate financial year

Name of dividend	Interim
Dividend type	Cash
Dividend rate	1.00 cent per ordinary share
Tax rate	One tier tax exempt

(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 2016.

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 2nd Quarter ended 30 June 2016 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 in compliance with Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Ms Lee Woan Ling
Company Secretary
12 August 2016