QAF Limited

(Company Registration No : 195800035D)

Second Quarter Unaudited Financial Statements for the Period Ended 30 June 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					
	2nd Quarter ended			1st Half Year ended		
		*(Restated)			*(Restated)	
	30/06/2014	30/06/2013	+ / (-)	30/06/2014	30/06/2013	+ / (-)
	S$'000	S$'000	%	S$'000	S$'000	%
Revenue	253,599	259,170	(2)	496,631	509,884	(3)
Costs and expenses						
Costs of materials	136,664	142,133	(4)	264,237	275,855	(4)
Staff costs	57,622	58,380	(1)	112,772	115,753	(3)
Amortisation and depreciation	9,317	9,648	(3)	18,545	19,427	(5)
Repairs and maintenance	7,988	8,106	(1)	15,670	15,703	(0)
Utilities	9,014	9,125	(1)	17,268	17,274	(0)
Other operating expenses	19,435	24,206	(20)	37,315	42,858	(13)
Total costs and expenses	240,040	251,598	(5)	465,807	486,870	(4)
Profit from operating activities	13,559	7,572	79	30,824	23,014	34
Finance costs	(863)	(1,072)	(19)	(1,765)	(2,228)	(21)
Profit before taxation	12,696	6,500	95	29,059	20,786	40
Taxation						
- Current period	(2,907)	(3,128)	(7)	(5,758)	(5,449)	6
- Over/(under) provision in prior periods	12	(2)	n.m.	12	59	(80)
	(2,895)	(3,130)	(8)	(5,746)	(5,390)	7
Profit after taxation	9,801	3,370	191	23,313	15,396	51
Attributable to:						
Owners of the parent	9,318	3,095	201	22,067	14,591	51
Non-controlling interests	483	275	76	1,246	805	55
	9,801	3,370	191	23,313	15,396	51

* 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			
	2nd Quarter ended		1st Half Year ended	
		*(Restated)		*(Restated)
	30/06/2014	30/06/2013	30/06/2014	30/06/2013
	S$'000	S$'000	S$'000	S$'000
Profit after taxation	9,801	3,370	23,313	15,396
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
- Currency translation arising on consolidation	2,381	(17,160)	6,256	(13,082)
Other comprehensive income for the period, net of tax	2,381	(17,160)	6,256	(13,082)
Total comprehensive income for the period	12,182	(13,790)	29,569	2,314
Total comprehensive income attributable to:				
Owners of the parent	11,577	(14,053)	28,307	1,442
Non-controlling interests	605	263	1,262	872
	12,182	(13,790)	29,569	2,314

* 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					
	2nd Quarter ended		+ / (-)	1st Half Year ended		+ / (-)
		*(Restated)			*(Restated)	
	30/06/2014	30/06/2013	%	30/06/2014	30/06/2013	%
	S$'000	S$'000		S$'000	S$'000	
Other income including interest income	1,045	1,201	(13)	2,451	2,805	(13)
Allowance for doubtful debts (charged)/ written back and bad debts (written off)	(161)	(76)	112	(302)	206	n.m.
Allowance for inventory obsolescence charged	(492)	(452)	9	(963)	(629)	53
Foreign exchange gain/(loss)	393	(4,238)	n.m.	1,566	(3,440)	n.m.
(Loss)/gain on disposal of property, plant & equipment and assets classified as held for sale	(3)	10	n.m.	406	82	395

* 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	**Group**		**Company**	
(in Singapore Dollars)	30/06/2014 S$'000	* (Restated) 31/12/2013 S$'000	30/06/2014 S$'000	31/12/2013 S$'000
Current assets				
Biological assets	68,570	59,676	-	-
Inventories	72,987	83,010	-	-
Trade receivables	90,020	89,757	-	-
Other receivables	16,418	15,956	43,887	51,895
Tax recoverable	1,096	817	-	-
Short-term investments	1,444	2,386	-	2,000
Cash and cash equivalents	60,785	79,498	9,390	19,037
Assets classified as held for sale	3,859	2,487	-	-
	315,179	333,587	53,277	72,932
Non-current assets				
Property, plant & equipment	301,962	297,327	2,339	2,398
Investment properties	27,048	27,131	-	-
Subsidiaries	-	-	98,973	98,718
Advances to subsidiaries	-	-	116,197	111,268
Pension assets	3,326	3,196	-	-
Long-term investments	16,589	10,593	15,001	9,057
Intangibles	2,008	2,129	1,978	2,072
Deferred tax assets	14,872	14,258	-	-
	365,805	354,634	234,488	223,513
Total assets	680,984	688,221	287,765	296,445
Current liabilities				
Trade payables	78,961	94,870	60	33
Other payables	57,769	54,651	7,209	6,469
Short-term borrowings	63,878	74,201	-	4,960
Long-term loans and finance leases - current portion	5,498	4,745	-	-
Provision for taxation	5,103	3,909	1,138	1,317
	211,209	232,376	8,407	12,779
Non-current liabilities				
Other payables	10,178	8,737	-	-
Long-term loans and finance leases	12,749	12,587	-	-
Deferred tax liabilities	11,067	10,843	384	384
	33,994	32,167	384	384
Total liabilities	245,203	264,543	8,791	13,163
Net assets	435,781	423,678	278,974	283,282
Capital and reserves				
Share capital	254,514	250,096	254,514	250,096
Reserves	153,107	146,684	24,460	33,186
Equity attributable to owners of the parent	407,621	396,780	278,974	283,282
Non-controlling interests	28,160	26,898	-	-
Total equity	435,781	423,678	278,974	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 30/06/2014		As at 31/12/2013	
Secured	Unsecured	Secured	Unsecured
$'000	$'000	$'000	$'000
22,233	47,143	25,862	53,084

(b) Amount repayable after one year

As at 30/06/2014		As at 31/12/2013	
Secured	Unsecured	Secured	Unsecured
$'000	$'000	$'000	$'000
9,534	3,215	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 $38,941,000 (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:-

	Group	
	2nd Quarter ended	
		* (Restated)
Statement of Cash Flows	30/06/2014	30/06/2013
(in Singapore Dollars)	S$'000	S$'000
Cash flows from operating activities:		
Profit before taxation	12,696	6,500
Adjustments for:		
Amortisation and depreciation	9,317	9,648
Loss/(gain) on disposal of property, plant & equipment and assets classified as held for sale	3	(10)
Fair value adjustment on investment securities	(99)	-
Fair value changes on biological assets	-	64
Allowance for doubtful debts charged and bad debts written off	161	76
Interest expense	863	1,072
Interest income	(481)	(336)
Exchange differences	(440)	4,420
Operating profit before working capital changes	22,020	21,434
Increase in receivables	(5,800)	(7,477)
Increase in inventories and biological assets	(1,661)	(791)
Increase in payables	8,254	5,195
Cash from operations	22,813	18,361
Interest paid, net	(383)	(733)
Income tax paid	(2,820)	(3,444)
Net cash from operating activities	**19,610**	**14,184**
Cash flows from investing activities:		
Purchase of property, plant & equipment and investment properties	(10,275)	(7,123)
Progress payment for purchase of property, plant & equipment	-	(2,627)
Proceeds from disposal of property, plant & equipment and assets classified as held for sale	74	804
(Purchase)/disposal of investments	(2,006)	37
Net cash used in investing activities	**(12,207)**	**(8,909)**
Cash flows from financing activities:		
Proceeds from issuance of share capital	146	257
Dividends paid during the period	(17,862)	(2,340)
Dividends paid to non-controlling interests	(583)	(883)
Repayment of long-term borrowings	(377)	(655)
(Repayment of)/proceeds from short-term borrowings	(8,194)	53
Proceeds from long-term loan from a non-controlling interest	2,250	-
Capital contribution by non-controlling interest	-	2,054
Net cash used in financing activities	**(24,620)**	**(1,514)**
Net (decrease)/increase in cash and cash equivalents	(17,217)	3,761
Cash and cash equivalents at beginning of period	77,162	67,174
Effect of exchange rate changes on cash and cash equivalents	370	(2,045)
Cash and cash equivalents at end of period (Note A)	60,315	68,890

* 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	
	30/06/2014	30/06/2013
	$'000	$'000
Cash and deposits	60,785	68,890
Less: Fixed deposits pledged as security for credit facilities granted to a subsidiary	(470)	-
	60,315	68,890

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 2014	250,346	2,215	17,941	160,223	(16,965)	27,555	441,315
Total comprehensive income for the period							
Net profit for the period	-	-	-	9,318	-	483	9,801
Other comprehensive income							
Currency translation arising on consolidation	-	-	-	-	2,259	122	2,381
Total comprehensive income for the period	-	-	-	9,318	2,259	605	12,182
Transactions with owners in their capacity as owners							
Contributions by and distributions to owners							
Issuance of ordinary shares from exercise of options	146	-	-	-	-	-	146
Issuance of ordinary shares in lieu of cash dividends	4,022	-	-	-	-	-	4,022
Dividends - Cash	-	-	-	(17,862)	-	-	(17,862)
Dividends - Scrip	-	-	-	(4,022)	-	-	(4,022)
Total transactions with owners in their capacity as owners	4,168	-	-	(21,884)	-	-	(17,716)
Balance at 30 June 2014	254,514	2,215	17,941	147,657	(14,706)	28,160	435,781

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 April 2013							
- as previously reported	230,820	2,263	17,941	152,545	4,389	24,234	432,192
- effects of adopting FRS 110 & Revised FRS 27	-	-	-	-	-	166	166
- as restated	230,820	2,263	17,941	152,545	4,389	24,400	432,358
Total comprehensive income for the period							
Net profit for the period	-	-	-	3,095	-	275	3,370
Other comprehensive income							
Currency translation arising on consolidation	-	-	-	-	(17,148)	(12)	(17,160)
Total comprehensive income for the period	-	-	-	3,095	(17,148)	263	(13,790)
Transactions with owners in their capacity as owners							
Contributions by and distributions to owners							
Issuance of ordinary shares from exercise of options	257	-	-	-	-	-	257
Issuance of ordinary shares in lieu of cash dividends	18,647	-	-	-	-	-	18,647
Capital contribution by non-controlling interest	-	-	-	-	-	2,786	2,786
Dividends - Cash	-	-	-	(2,340)	-	(24)	(2,364)
Dividends - Scrip	-	-	-	(18,647)	-	-	(18,647)
Total transactions with owners in their capacity as owners	18,904	-	-	(20,987)	-	2,762	679
Balance at 30 June 2013	249,724	2,263	17,941	134,653	(12,759)	27,425	419,247

Company	Share capital $'000	Capital reserve $'000	Revenue reserve $'000	Total equity $'000
Balance at 1 April 2014	250,346	1,705	39,573	291,624
Net profit for the period, representing total comprehensive income for the period	-	-	5,066	5,066
Contributions by and distributions to owners				
Issuance of ordinary shares from exercise of options	146	-	-	146
Issuance of ordinary shares in lieu of cash dividends	4,022	-	-	4,022
Dividends - Cash	-	-	(17,862)	(17,862)
Dividends - Scrip	-	-	(4,022)	(4,022)
Total transactions with owners in their capacity as owners	4,168	-	(21,884)	(17,716)
Balance at 30 June 2014	254,514	1,705	22,755	278,974

1(d)(i)

Company	Share capital $'000	Capital reserve $'000	Revenue reserve $'000	Total equity $'000
Balance at 1 April 2013	230,820	1,705	44,853	277,378
Net profit for the period, representing total comprehensive income for the period	-	-	(8,079)	(8,079)
Contributions by and distributions to owners				
Issuance of ordinary shares from exercise of options	257	-	-	257
Issuance of ordinary shares in lieu of cash dividends	18,647	-	-	18,647
Dividends - Cash	-	-	(2,340)	(2,340)
Dividends - Scrip	-	-	(18,647)	(18,647)
Total transactions with owners in their capacity as owners	18,904	-	(20,987)	(2,083)
Balance at 30 June 2013	249,724	1,705	15,787	267,216

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

For the period ended 30 June 2014, the issued and paid-up share capital of the Company was increased from 546,964,994 shares to 552,294,086 shares due to the allotment and issue of 5,059,092 ordinary shares arising from the application of QAF Scrip Dividend Scheme in respect of the final dividend for the financial year ended 31 December 2013, as well as the allotment and issue of 270,000 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 30/06/2014	As at 30/06/2013
Outstanding options	2,995,000	4,705,000

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

	As at 30/06/2014	As at 31/12/2013
Total number of issued shares (excluding treasury shares)	552,294,086	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 31/12/2013 $'000
(Decrease)/increase in:	
Consolidated statement of financial position	
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

5. Changes in the accounting policies and methods of computation (cont'd)

	2nd Quarter ended 30/06/2013 $'000	1st Half Year ended 30/06/2013 $'000
Consolidated income statement		
Decrease in revenue	(41)	(92)
Increase in staff costs	(306)	(581)
Increase in amortisation and depreciation	(74)	(151)
Increase in repairs and maintenance	(49)	(100)
Increase in utilities	(110)	(231)
Decrease in other operating expenses	392	1,007
Decrease in share of losses of associates	72	56
Decrease in profit before taxation	(116)	(92)
Decrease in taxation	7	7
Decrease in profit for the period	(109)	(85)
Decrease in profit for the period attributable to:		
Non-controlling interests	(109)	(85)
Consolidated statement of comprehensive income		
Increase in currency translation arising on consolidation	42	64
Increase in other comprehensive income for the period, net of tax attributable to non-controlling interests	42	64

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:

	2nd Quarter ended 30/06/2014	30/06/2013
Basic EPS	1.7 cents	0.6 cents
Diluted EPS	1.7 cents	0.6 cents
Number of shares used for the calculation of:		
i) Basic EPS Weighted average number of ordinary shares in issue	547,207,000	525,646,000
ii) Diluted EPS Weighted average number of ordinary shares in issue	548,258,000	527,568,000

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 30/06/2014	As at 31/12/2013
Group	73.8 cents	72.6 cents
QAF Limited	50.5 cents	51.8 cents
Number of shares used for the calculation of Net asset value:	552,294,086	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

2Q 2014 vs 2Q 2013

Group revenue decreased marginally by 2% to $253.6 million for the second quarter ended 30 June 2014 ('2Q 2014') from $259.2 million for the second quarter ended 30 June 2013 ('2Q 2013'). The slight decline in Group revenue is mainly attributable to the translation effect of a higher Singapore dollar exchange rate versus the domestic currencies in certain countries that the Group operates in. In particular, the lower average exchange rate of the Australian dollar against the Singapore dollar in 2Q 2014 as compared to 2Q 2013 resulted in Rivalea (Australia) Pty Ltd ('Rivalea'), the Group's fully integrated producer of meat located in Australia, seeing lower sales in terms of Singapore dollars. In addition, Rivalea has reduced its low margin meat trading activity, which resulted in a decrease in sales for the Primary Production business segment. Similarly, the Group's bakery operations in Malaysia achieved higher sales in terms of Malaysian Ringgit but saw lower sales when the latter is translated into Singapore dollars due to the lower average exchange rate of the Malaysian Ringgit against the Singapore dollar in 2Q 2014.

Without the translation effect as mentioned above, the Group's Bakery segment achieved overall increases in sales. Increases in sales were achieved through the launch of new products and increased market shares. The Group's Trading & Logistics segment achieved higher sales from its trading and cold storage rental operations.

Costs of Materials decreased by 4% to $136.7 million in 2Q 2014 as compared to $142.1 million in 2Q 2013 mainly due to Rivalea's lower raw material costs in terms of Singapore dollars due to the higher Singapore dollar exchange rate as mentioned above.

Other Operating Expenses decreased by 20% to $19.4 million in 2Q 2014 and this is mainly attributable to the foreign exchange gain of $0.4 million in 2Q 2014 as compared to a foreign exchange loss of $4.2 million in 2Q 2013.

Group Finance Costs (interest expense) decreased by 19% to $0.9 million in 2Q 2014 as compared to $1.1 million in 2Q 2013 due to lower borrowings.

Group Profit Before Taxation ("PBT") increased by a significant 95% from $6.5 million in 2Q 2013 to $12.7 million in 2Q 2014. Rivalea's performance improved significantly as it achieved higher profitability due to a better product mix which resulted in higher overall selling prices. The Trading & Logistics segment also saw higher profits due to increased sales from its food trading activities under Ben Foods (S) Pte Ltd as well as higher rental income from its cold storage operations. These, as well as the absence of a foreign exchange loss in 2Q 2014, have led to the large increase of the Group's PBT in 2Q 2014 over that of 2Q 2013. However, the Group's bakery segment saw a small decline in profitability in 2Q 2014 due to higher distribution costs which were mainly caused by higher world-wide cost of fuel as well as higher advertising and promotion expenses incurred as certain operations penetrated new market segments. The Singapore operations also faced higher labour costs due to the tight domestic labour market and higher foreign worker levies as well as higher depreciation charges due to new additional production facilities.

Group Profit After Taxation ('PAT') increased by an even more substantial 191% to $9.8 million for 2Q 2014 as compared to $3.4 million for 2Q 2013. Group PAT increased by a larger percentage compared to the increase in Group PBT as the Group's provision for unrealised foreign exchange gains or losses have no tax effect.

Group Profit Attributable to Owners of the Parent increased by a substantial 201% to $9.3 million in 2Q 2014 as compared to $3.1 million in 2Q 2013.

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

INCOME STATEMENT (cont'd)

1H 2014 vs 1H 2013

Group revenue decreased marginally by 3% to $496.6 million for the first half year ended 30 June 2014 ('1H 2014') from $509.9 million for the first half year ended 30 June 2013 ('1H 2013'). The slight decline in Group revenue is mainly attributable to the translation effect of a higher Singapore dollar exchange rate versus the domestic currencies in certain countries that the Group operates in. In particular, the lower average exchange rate of the Australian dollar against the Singapore dollar in 1H 2014 as compared to 1H 2013 resulted in Rivalea (Australia) Pty Ltd ('Rivalea'), the Group's fully integrated producer of meat located in Australia, seeing lower sales in terms of Singapore dollars. Similarly, the Group's bakery operations in Malaysia achieved higher sales in terms of Malaysian Ringgit but saw lower sales when the latter is translated into Singapore dollars due to the lower average exchange rate of the Malaysian Ringgit against the Singapore dollar in 1H 2014.

Without the translation effect as mentioned above, the Group's bakery operations achieved overall increases in sales. Increases in sales were achieved through the launch of new products and increased market shares. The Group's Trading & Logistics segment achieved higher sales from its trading and cold storage operations.

Costs of Materials decreased by 4% to $264.2 million in 1H 2014 as compared to $275.9 million in 1H 2013 mainly due to Rivalea's lower raw material costs in terms of Singapore dollars due to the higher Singapore dollar exchange rate as mentioned above, as well as the effects of the reduction of its low margin meat trading activity.

Other Operating Expenses decreased by 13% to $37.3 million in 1H 2014, mainly attributable to the foreign exchange gain of $1.6 million in 1H 2014 as compared to a foreign exchange loss of $3.4 million in 1H 2013.

Group Finance Costs (interest expense) decreased by 21% to $1.8 million in 1H 2014 as compared to $2.2 million in 1H 2013 due to lower borrowings.

Group Profit Before Taxation ('PBT') increased by 40% from $20.8 million in 1H 2013 to $29.1 million in 1H 2014. All of the Group's business segments achieved increased profitability. In particular, Rivalea achieved significantly higher profits due to a better product mix which resulted in higher overall prices. The Group's bakery operations in Malaysia, the Philippines and Australia achieved increased profitability through higher sales, successful product launches, increased efficiencies and economies of scale. The Trading & Logistics segment also saw higher profits as a result of higher rental income from its cold storage operations. The above as well as the foreign exchange gain in 1H 2014 as mentioned earlier have contributed to the significant increase in Group PBT for 1H 2014.

Group Profit After Taxation ('PAT') increased significantly by 51% to $23.3 million for 1H 2014 as compared to $15.4 million for 1H 2013. Group PAT increased by a larger percentage compared to the increase in Group PBT as the Group's provision for unrealised foreign exchange gains or losses have no tax effect.

Group Profit Attributable to Owners of the Parent increased by 51% to $22.1 million in 1H 2014 as compared to $14.6 million in 1H 2013.

STATEMENT OF FINANCIAL POSITION

Biological Assets have increased by 15% to $68.6 million as at the end of 2Q 2014 from $59.7 million as at the end of the financial year ended 31 December 2013 ('FYE 2013'). The increase is mainly caused by an increase in value in Rivalea's animal inventory in 2Q 2014.

Inventories declined by 12% to $73.0 million as at the end of 2Q 2014 from $83.0 million as at the end of FYE 2013 due mainly to the reduction of inventory holdings in the Primary Production and Trading & Logistics business segments as inventories were sold.

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

STATEMENT OF FINANCIAL POSITION (cont'd)

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 39% to $18.0 million as at the end of 2Q 2014.

Trade Payables decreased by 17% to $79.0 million as at the end of 2Q 2014. The reduction is largely due to the payment of balances owed to creditors.

Short-Term Borrowings declined by 14% to $63.9 million as at end of 2Q 2014. The reduction is largely due to the repayment of loans.

Other Payables, Non-current, increased by 16% to $10.2 million as at end of 2Q 2014, when compared to the financial year ended 31 December 2013, due mainly to additional provision for long service leave pertaining to the Group's Australian operations as a result of currency translation.

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 is confident that it will achieve higher profits in the third quarter ending 30 September 2014 and the full financial year ending 31 December 2014 as compared to the third quarter ended 30 September 2013 and the full financial year ended 31 December 2013, respectively.

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 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 2nd Quarter ended 30 June 2014 to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Ms Lee Woan Ling
Company Secretary
12 August 2014