QAF Limited

(Company Registration No : 195800035D)

First Quarter Unaudited Financial Statements for the Period Ended 31 March 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		
	1st Quarter ended		
	31/03/2016	31/03/2015	+ / (-)
	S$'000	S$'000	%
Revenue	250,852	256,446	(2)
Costs and expenses			
Costs of materials	127,816	135,683	(6)
Staff costs	56,868	58,136	(2)
Amortisation and depreciation	9,830	9,106	8
Repairs and maintenance	7,292	8,240	(12)
Utilities	6,707	6,647	1
Other operating expenses	21,016	20,708	1
Total costs and expenses	229,529	238,520	(4)
Profit from operating activities	21,323	17,926	19
Finance costs	(752)	(715)	5
Profit before taxation	20,571	17,211	20
Taxation			
- Current period	(3,510)	(3,382)	4
- Over provision in prior periods	26	105	(75)
	(3,484)	(3,277)	6
Profit after taxation	17,087	13,934	23
Attributable to:			
Owners of the parent	16,418	13,091	25
Non-controlling interests	669	843	(21)
	17,087	13,934	23

n.m. = not meaningful

(i) Statement of Comprehensive Income

	Group	
	1st Quarter ended	
	31/03/2016	31/03/2015
	S$'000	S$'000
Profit after taxation	17,087	13,934
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	3,304	(5,718)
Other comprehensive income for the period, net of tax	2,894	(5,718)
Total comprehensive income for the period	19,981	8,216
Total comprehensive income attributable to:		
Owners of the parent	19,043	7,483
Non-controlling interests	938	733
	19,981	8,216

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		+ / (-)
	31/03/2016	31/03/2015	%
	S$'000	S$'000	
Other income including interest income	1,787	2,147	(17)
Allowance for doubtful debts charged and bad debts written off, net	(102)	(118)	(14)
Allowance for inventory obsolescence charged	(276)	(646)	(57)
Foreign exchange gain/(loss)	139	(935)	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**	
	31/03/2016 S$'000	31/12/2015 S$'000	31/03/2016 S$'000	31/12/2015 S$'000
Current assets				
Biological assets	59,478	57,518	-	-
Inventories	58,572	78,654	-	-
Trade receivables	75,402	96,528	-	-
Other receivables	17,007	17,289	38,940	42,998
Tax recoverable	1,599	1,297	-	-
Short-term investments	2,000	2,500	2,000	2,500
Cash and short-term deposits	86,713	109,052	33,583	27,893
Assets classified as held for sale	110,000	-	-	-
	410,771	362,838	74,523	73,391
Non-current assets				
Property, plant & equipment	252,923	298,174	2,402	2,471
Investment properties	27,510	26,929	-	-
Subsidiaries	-	-	98,973	98,973
Advances to subsidiaries	-	-	131,277	130,083
Pension assets	2,658	2,663	-	-
Long-term investments	13,486	13,488	12,458	12,459
Intangibles	186	196	1,648	1,696
Deferred tax assets	14,566	14,615	-	-
	311,329	356,065	246,758	245,682
Total assets	722,100	718,903	321,281	319,073
Current liabilities				
Trade payables	53,025	82,153	243	135
Other payables	52,548	69,679	6,716	8,182
Short-term borrowings	51,566	59,141	-	-
Long-term loans and finance leases - current portion	2,637	4,101	-	-
Provision for taxation	5,016	5,282	1,036	1,148
Liabilities directly associated with Assets classified as held for sale	42,296	-	-	-
	207,088	220,356	7,995	9,465
Non-current liabilities				
Other payables	6,942	10,740	-	-
Long-term loans and finance leases	32,641	28,401	-	-
Deferred tax liabilities	8,666	12,353	318	318
	48,249	51,494	318	318
Total liabilities	255,337	271,850	8,313	9,783
Net assets	466,763	447,053	312,968	309,290
Capital and reserves				
Share capital	262,921	262,774	262,921	262,774
Reserves	183,144	164,101	50,047	46,516
Equity attributable to owners of the parent	446,065	426,875	312,968	309,290
Non-controlling interests	20,698	20,178	-	-
Total equity	466,763	447,053	312,968	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 31/3/2016		As at 31/12/2015	
Secured	Unsecured	Secured	Unsecured
$'000	$'000	$'000	$'000
17,490	36,713	20,276	42,966

(b) Amount repayable after one year

As at 31/3/2016		As at 31/12/2015	
Secured	Unsecured	Secured	Unsecured
$'000	$'000	$'000	$'000
9,720	22,921	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 $30,598,000 (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	
	1st Quarter ended	
Statement of Cash Flows	31/03/2016	31/03/2015
(in Singapore Dollars)	S$'000	S$'000
Cash flows from operating activities:		
Profit before taxation	20,571	17,211
Adjustments for:		
Amortisation and depreciation	9,830	9,106
Gain on disposal of property, plant & equipment	(61)	(23)
Gain on disposal of investment securities	-	(40)
Allowance for doubtful debts charged and bad debts written off, net	102	118
Interest expense	752	715
Interest income	(510)	(560)
Exchange differences	(340)	559
Operating profit before working capital changes	30,344	27,086
Decrease in receivables	777	5,889
Decrease in inventories and biological assets	5,061	6,367
Decrease in payables	(11,837)	(12,226)
Cash from operations	24,345	27,116
Interest paid, net	(258)	(151)
Income tax paid	(3,154)	(2,006)
Net cash from operating activities	**20,933**	**24,959**
Cash flows from investing activities:		
Purchase of property, plant & equipment and investment properties	(14,116)	(11,838)
Progress payment for purchase of property, plant & equipment	(1,473)	(4,833)
Proceeds from disposal of property, plant & equipment	69	85
Proceeds upon maturity/sale of investment securities	500	696
Net cash used in investing activities	**(15,020)**	**(15,890)**
Cash flows from financing activities:		
Proceeds from issuance of share capital	147	353
Dividends paid to non-controlling interests	(3,035)	(1,685)
Proceeds from/(repayment of) long-term borrowings	401	(1,227)
Repayment of short-term borrowings	(5,649)	(10,582)
Proceeds from long-term loan from a non-controlling interest	900	1,350
Net cash used in financing activities	**(7,236)**	**(11,791)**
Net decrease in cash and cash equivalents	(1,323)	(2,722)
Cash and cash equivalents at beginning of period	109,052	91,956
Effect of exchange rate changes on cash and cash equivalents	1,168	(968)
Cash and cash equivalents at end of period (Note A)	108,897	88,266

1(c) Note A : Cash and cash equivalents

	Group	
	31/03/2016 $'000	31/03/2015 $'000
Cash and short-term deposits	86,713	88,684
Add: Cash and short-term deposits included in Assets classified as held for sale	22,184	-
Less: Fixed deposits pledged as security for credit facilities granted to a subsidiary	-	(418)
	108,897	88,266

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

Statement of Changes in Equity
(In Singapore Dollars)

Group	Share capital $'000	Revaluation reserve $'000	Capital reserve $'000	Revenue reserve $'000	Foreign currency translation reserve $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 January 2016	262,774	2,118	16,888	190,538	(45,443)	20,178	447,053
Total comprehensive income for the period							
Net profit for the period	-	-	-	16,418	-	669	17,087
Other comprehensive income							
Currency translation arising on consolidation	-	-	-	-	2,912	392	3,304
Actuarial loss on defined benefit plans	-	-	-	(287)	-	(123)	(410)
Total comprehensive income for the period	-	-	-	16,131	2,912	938	19,981
Transactions with owners in their capacity as owners							
Contributions by and distributions to owners							
Issuance of ordinary shares from exercise of options	147	-	-	-	-	-	147
Dividends	-	-	-	-	-	(418)	(418)
Total transactions with owners in their capacity as owners	147	-	-	-	-	(418)	(271)
Balance at 31 March 2016	262,921	2,118	16,888	206,669	(42,531)	20,698	466,763
Balance at 1 January 2015	254,520	2,167	17,941	164,971	(27,231)	24,461	436,829
Total comprehensive income for the period							
Net profit for the period	-	-	-	13,091	-	843	13,934
Other comprehensive income							
Currency translation arising on consolidation	-	-	-	-	(5,608)	(110)	(5,718)
Total comprehensive income for the period	-	-	-	13,091	(5,608)	733	8,216
Transactions with owners in their capacity as owners							
Contributions by and distributions to owners							
Issuance of ordinary shares from exercise of options	353	-	-	-	-	-	353
Total transactions with owners in their capacity as owners	353	-	-	-	-	-	353
Balance at 31 March 2015	254,873	2,167	17,941	178,062	(32,839)	25,194	445,398

1(d)(i)

Company	Share capital $'000	Capital reserve $'000	Revenue reserve $'000	Total equity $'000
Balance at 1 January 2016	262,774	652	45,864	309,290
Net profit for the period, representing total comprehensive income for the period	-	-	3,531	3,531
Contributions by and distributions to owners				
Issuance of ordinary shares from exercise of options	147	-	-	147
Total transactions with owners in their capacity as owners	147	-	-	147
Balance at 31 March 2016	262,921	652	49,395	312,968
Balance at 1 January 2015	254,520	1,705	35,997	292,222
Net profit for the period, representing total comprehensive income for the period	-	-	1,332	1,332
Contributions by and distributions to owners				
Issuance of ordinary shares from exercise of options	353	-	-	353
Total transactions with owners in their capacity as owners	353	-	-	353
Balance at 31 March 2015	254,873	1,705	37,329	293,907

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

For the period ended 31 March 2016, the issued and paid-up share capital of the Company was increased from 561,299,968 shares to 561,559,968 shares due to the allotment and issue of 260,000 ordinary shares pursuant to the exercise by option holders.

The number of shares that may be issued on conversion of all outstanding options were as follows:

	As at 31/3/2016	As at 31/3/2015
Outstanding options	425,000	2,220,000

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

	As at 31/3/2016	As at 31/12/2015
Total number of issued shares (excluding treasury shares)	561,559,968	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:

	1st Quarter ended	
	31/03/2016	31/03/2015
Basic EPS	2.9 cents	2.4 cents
Diluted EPS	2.9 cents	2.4 cents
Number of shares used for the calculation of:		
i) Basic EPS Weighted average number of ordinary shares in issue	561,406,000	552,787,000
ii) Diluted EPS Weighted average number of ordinary shares in issue	561,595,000	553,825,000

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 31/03/2016	As at 31/12/2015
Group	79.4 cents	76.1 cents
QAF Limited	55.7 cents	55.1 cents
Number of shares used for the calculation of Net asset value:	561,559,968	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

1Q 2016 vs 1Q 2015

Group revenue decreased marginally by 2% to $250.9 million for the first quarter ended 31 March 2016 ('1Q 2016') from $256.4 million for the first quarter ended 31 March 2015 ('1Q 2015'). The decrease in Group revenue is mainly attributable to the translation effect of a higher Singapore dollar exchange rate versus the domestic currencies of certain countries that the Group operates in. In particular, the lower average exchange rate of the Australian dollar against the Singapore dollar in 1Q 2016 as compared to 1Q 2015 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 1Q 2016.

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, increased market penetration as well as from newly installed additional production facilities. Rivalea achieved increases in sales from higher average selling prices. The Group's Trading & Logistics business segment achieved marginally lower sales which resulted from a lower volume of trading activities in 1Q 2016.

Costs of Materials, Staff Costs and Repairs and Maintenance decreased by $7.9 million, $1.3 million and $0.9 million to $127.8 million, $56.9 million and $7.3 million, respectively, in 1Q 2016. These are mainly attributable to the lower costs and expenses in Rivalea and the Malaysian Bakery operations due to the translation effect of the higher Singapore dollar exchange rate as mentioned above. In addition, the Bakery business segment enjoyed lower raw material costs such as lower flour costs while Rivalea also saw lower feed costs.

Amortisation and depreciation increased by 8% to $9.8 million in 1Q 2016 due mainly to increased depreciation charges resulting from additional production lines and facilities in the Bakery operations.

Utilities increased marginally by 1% to $6.7 million in 1Q 2016 and this is attributable to higher utilisation in certain operating subsidiaries in 1Q 2016.

Other Operating Expenses increased by 1% to $21.0 million in 1Q 2016. This is mainly attributable to the Group's Bakery operations which incurred higher Advertising and Promotion expenses to build up higher market shares. However, the Group made a provision for an unrealised Foreign Exchange Gain of $0.1 million in 1Q 2016 as compared to a provision for an unrealised Foreign Exchange Loss of $0.9 million in 1Q 2015.

Group Finance Costs (interest expense) increased by 5% to $0.8 million in 1Q 2016 as compared to $0.7 million in 1Q 2015 due to higher borrowings.

Group Profit Before Taxation ('PBT') increased by 20% from $17.2 million for 1Q 2015 to $20.6 million for 1Q 2016. The significant increase in Group PBT is mainly attributable to the increase of profitability in Rivalea, the Group's fully integrated meat producer in Australia. Rivalea achieved very substantial increases in profitability through higher average selling prices from a better product mix, increased meat processing activities and lower operating costs. As mentioned above, the Group's Bakery operations significantly increased Advertising and Promotion expenses to build up higher market shares and these increased expenditures have resulted, in the short term, in a reduction of overall profit margin in 1Q 2016 as compared to 1Q 2015. Ben Foods (S) Pte Ltd, a distributor of food products in the Group's Trading & Logistics business segment, achieved increased profitability due to a higher 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)

Group Profit After Taxation ('PAT') increased by 23% to $17.1 million for 1Q 2016 as compared to a Group PAT of $13.9 million for 1Q 2015. Group Taxation increased by 6% to $3.5 million in 1Q 2016 as compared to $3.3 million in 1Q 2015, in line with the increased profitability in the Group's operations.

Group Profit Attributable to Owners of the Parent increased by 25% to $16.4 million in 1Q 2016 as compared to $13.1 million in 1Q 2015.

STATEMENT OF FINANCIAL POSITION

In February 2016, the Company entered into a conditional sale and purchase agreement to dispose of a 20% shareholding in the Group's investment in Gardenia Bakeries (KL) Sdn Bhd ('GBKL') for a total cash consideration of Malaysian Ringgit 90 million. Consequently, in accordance with Singapore Financial Reporting Standards 105 *Non-current Assets Held for Sale and Discontinued Operations*, all assets and liabilities relating to GBKL have been reclassified to Assets Classified as Held for Sale and Liabilities Directly Associated with Assets Classified as Held for Sale, respectively, as at 31 March 2016. This reclassification has resulted in reductions in the Group's Inventories, Trade Receivables, Cash and Short-Term Deposits, Property, Plant & Equipment, Trade Payables, Other Payables – Current and Non-current, and Deferred Tax Liabilities. With the completion of the sale of the 20% stake in GBKL in April 2016, the Group's remaining 50% investment in GBKL will subsequently be classified under Investment in Joint Venture.

Short-Term Borrowings declined by 13% to $51.6 million as at the end of 1Q 2016. The reduction is largely due to the repayment of loans.

Total Long-Term Borrowings increased by 9% to $35.3 million as at the end of 1Q 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.

On 6 April 2016, the Group announced the completion of the sale of its 20% stake in Gardenia Bakeries (KL) Sdn Bhd ('GBKL') and that the Group's stake in GBKL is now reduced to 50%. Accordingly, GBKL has ceased to be a subsidiary of the Group and has become a joint-venture of the Group. As a result, the financial results of GBKL will be deconsolidated from the Group's from the second quarter ending 30 June 2016 ('2Q 2016') onwards. The effect of this deconsolidation is that the sales contribution as well as the contribution to Group Profit from Operating Activities from GBKL will be deconsolidated from the Group's accounts and there will be instead a contribution by GBKL to Share of Results from Joint Venture. The estimated net gain of about S$8.4 million from the sale of the 20% stake in GBKL (as announced by the Group on 25 February 2016) will also be recognised by the Group in 2Q 2016.

Pursuant to FRS, the Group's remaining 50% stake in GKBL will be classified as Investment in Joint Venture; and, the Group will have to determine the fair values of the Joint venture's identifiable assets and liabilities. The Group will appoint external consultants to assist in establishing these fair values and will make an appropriate announcement when these fair values have been determined and arrived at.

Save for the effects as described above, the Group is expected to perform satisfactorily for 2Q 2016, barring any unforeseen circumstances.

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/recommended for quarter ended 31 March 2016.

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 1st Quarter ended 31 March 2016 to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Ms Lee Woan Ling
Company Secretary
26 April 2016