QAF Limited

(Company Registration No : 195800035D)

Third Quarter Unaudited Financial Statements for the Period Ended 30 September 2019

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1(a) The following statements in the form presented in the group's most recently audited annual financial statements:-

(i) An income statement and statement of comprehensive income for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year:-

Income Statement	Group					
(in Singapore Dollars)	3rd Quarter ended			Year-to-date ended		
	30/09/2019	30/09/2018	+ / (-)	30/09/2019	30/09/2018	+ / (-)
	S$'000	S$'000	%	S$'000	S$'000	%
Revenue	218,201	205,587	6	639,503	601,474	6
Costs and expenses						
Costs of materials	119,410	113,976	5	351,415	325,957	8
Staff costs	47,371	47,121	1	143,912	144,274	(0)
Amortisation and depreciation	11,163	7,925	41	33,687	25,923	30
Repairs and maintenance	6,215	5,800	7	18,258	17,540	4
Utilities	6,623	7,053	(6)	19,773	20,140	(2)
Advertising and promotion	3,473	3,838	(10)	9,381	10,054	(7)
Other operating expenses	18,273	19,568	(7)	52,169	54,079	(4)
Total costs and expenses	212,528	205,281	4	628,595	597,967	5
Profit from operating activities	5,673	306	1,754	10,908	3,507	211
Finance costs	(1,429)	(744)	92	(4,540)	(2,540)	79
Share of profits of joint venture	1,149	2,429	(53)	3,273	6,591	(50)
Profit before tax	5,393	1,991	171	9,641	7,558	28
Income tax expense						
- Current period	(1,775)	(1,711)	4	(3,722)	(3,322)	12
- (Under)/overprovision in prior periods	(611)	10	n.m.	(377)	185	n.m.
	(2,386)	(1,701)	40	(4,099)	(3,137)	31
Profit after tax	3,007	290	937	5,542	4,421	25
Attributable to:						
Owners of the parent	2,889	(200)	n.m.	5,055	4,002	26
Non-controlling interests	118	490	(76)	487	419	16
	3,007	290	937	5,542	4,421	25

n.m. = not meaningful

(i) **Statement of Comprehensive Income**

	Group			
	3rd Quarter ended		Year-to-date ended	
	30/09/2019	30/09/2018	30/09/2019	30/09/2018
	S$'000	S$'000	S$'000	S$'000
Profit after tax	3,007	290	5,542	4,421
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss:				
- Currency translation arising on consolidation	(336)	(5,262)	(1,779)	(10,585)
- Share of other comprehensive income of joint venture	750	(1,964)	1	(110)
Other comprehensive income for the period, net of tax	414	(7,226)	(1,778)	(10,695)
Total comprehensive income for the period	3,421	(6,936)	3,764	(6,274)
Total comprehensive income attributable to:				
Owners of the parent	3,254	(7,546)	3,179	(6,726)
Non-controlling interests	167	610	585	452
	3,421	(6,936)	3,764	(6,274)

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		+ / (-)	Year-to-date ended		
	30/09/2019	30/09/2018	%	30/09/2019	30/09/2018	+ / (-)
	S$'000	S$'000		S$'000	S$'000	%
Other income including interest income	783	1,001	(22)	3,826	3,246	18
Other Operating Expenses which include the following:						
Operating lease rental expense	(3,406)	(4,101)	(17)	(9,341)	(11,971)	(22)
Distribution and transportation expense	(2,645)	(2,684)	(1)	(7,628)	(7,351)	4
Other professional fees	(879)	(1,106)	(21)	(2,704)	(2,542)	6
Foreign currency translation loss	(964)	(1,621)	(41)	(1,907)	(2,864)	(33)
Loss allowance for inventories charged and inventories written off, net	(241)	(38)	534	(690)	(425)	62
Loss allowance for receivables (charged)/written-back and bad debts written off, net	(234)	19	n.m.	(495)	(252)	96
Gain/(loss) on disposal of property, plant & equipment and investment properties	83	(382)	n.m.	98	1	9,700

1(b)(i) A statement of financial position for the company and group, together with a comparative statement as at the end of the immediately preceding financial year:-

Statements of Financial Position	**Group**		**Company**	
(in Singapore Dollars)	30/09/2019 S$'000	31/12/2018 S$'000	30/09/2019 S$'000	31/12/2018 S$'000
Current assets				
Biological assets	52,398	52,121	-	-
Inventories	54,856	67,481	-	-
Trade receivables	99,993	105,037	-	-
Other receivables	26,672	28,538	41,328	52,772
Tax recoverable	2,891	1,999	-	-
Short-term investments	991	4,676	991	4,676
Cash and cash equivalents	46,479	60,259	11,831	19,647
	284,280	320,111	54,150	77,095
Non-current assets				
Property, plant & equipment	350,433	356,675	3,821	3,983
Right-of-use assets	41,827	-	212	-
Investment properties	5,979	6,215	-	-
Investment in subsidiaries	-	-	100,132	100,132
Advances to subsidiaries	-	-	148,097	149,383
Investment in joint venture and associate	83,898	80,483	-	-
Pension assets	2,263	2,338	-	-
Long-term investments	1,705	1,801	1,680	1,776
Intangibles	111	125	989	1,130
Deferred tax assets	17,972	15,885	-	-
	504,188	463,522	254,931	256,404
Total assets	788,468	783,633	309,081	333,499
Current liabilities				
Trade payables	63,676	75,510	20	209
Other payables	66,920	66,725	6,605	3,903
Short-term borrowings	48,769	52,551	-	-
Long-term borrowings - current portion	4,913	4,269	-	-
Lease liabilities - current portion	8,364	599	118	-
Income tax payable	3,270	2,990	558	967
	195,912	202,644	7,301	5,079
Non-current liabilities				
Other payables	12,852	12,988	5,056	5,744
Long-term borrowings	56,965	51,564	-	-
Lease liabilities	34,953	986	99	-
Deferred tax liabilities	9,969	10,432	1,239	1,356
	114,739	75,970	6,394	7,100
Total liabilities	310,651	278,614	13,695	12,179
Net assets	477,817	505,019	295,386	321,320
Capital and reserves				
Share capital	277,043	277,043	277,043	277,043
Reserves	207,784	234,361	18,343	44,277
Equity attributable to owners of the parent	484,827	511,404	295,386	321,320
Non-controlling interests	(7,010)	(6,385)	-	-
Total equity	477,817	505,019	295,386	321,320

Please see Section 8 for commentaries on the Group's Statement of Financial Position.

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:-

(a) Amount repayable within one year including those on demand

As at 30/09/2019		As at 31/12/2018	
Secured	Unsecured	Secured	Unsecured
$'000	$'000	$'000	$'000
13,955	48,091	23,298	34,121

(b) Amount repayable after one year

As at 30/09/2019		As at 31/12/2018	
Secured	Unsecured	Secured	Unsecured
$'000	$'000	$'000	$'000
10,326	81,592	10,914	41,636

(c) Details of any collaterals

At the end of the financial period, property, plant & equipment and inventories with total net book values of $26,301,000 (as at 31/12/2018: $37,421,000) were pledged to secure certain credit facilities for the Group.

1(c) A statement of cash flows for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year:-

	Group	
	3rd Quarter ended	
Statement of Cash Flows	30/09/2019	30/09/2018
(in Singapore Dollars)	S$'000	S$'000
Cash flows from operating activities:		
Profit before tax	5,393	1,991
Adjustments for:		
Amortisation and depreciation	11,163	7,925
(Gain)/loss on disposal of property, plant & equipment and investment properties	(83)	382
Share of profits of joint venture	(1,149)	(2,429)
Impairment loss on investment securities	96	-
Fair value changes on biological assets	-	348
Loss allowance for receivables charged/(written-back) and bad debts written off, net	234	(19)
Interest expense	1,429	744
Interest income	(142)	(243)
Exchange differences	1,264	1,870
Operating profit before working capital changes	18,205	10,569
Increase in trade and other receivables	(9,050)	(7,595)
Decrease in inventories and biological assets	8,620	3,997
(Decrease)/increase in trade and other payables	(7,001)	8,596
Cash from operations	10,774	15,567
Interest paid, net	(1,357)	(458)
Income tax paid	(2,517)	(2,978)
Net cash from operating activities	**6,900**	**12,131**
Cash flows from investing activities:		
Purchase of property, plant & equipment and investment properties	(8,974)	(24,019)
Proceeds from disposal of property, plant & equipment and investment properties	292	203
Investment in associate	(140)	-
Dividends received from joint venture	-	5,018
Proceeds from redemption of investment securities	2,000	-
Net cash used in investing activities	**(6,822)**	**(18,798)**
Cash flows from financing activities:		
Dividends paid during the period	(5,753)	-
Proceeds from borrowings	3,552	2,085
Repayment of borrowings	(2,022)	(1,097)
Repayment of lease liabilities	(2,569)	(126)
Acquisition of non-controlling interest share in a subsidiary company	(1,680)	-
Net cash (used in)/from financing activities	**(8,472)**	**862**
Net decrease in cash and cash equivalents	(8,394)	(5,805)
Cash and cash equivalents at beginning of period	55,048	74,459
Effect of exchange rate changes on cash and cash equivalents	(175)	(1,375)
Cash and cash equivalents at end of period	46,479	67,279

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:-

<u>Statement of Changes in Equity</u>
(In Singapore Dollars)

Group	Share capital $'000	Revaluation reserve $'000	Capital reserve $'000	Fair value reserve $'000	Revenue reserve $'000	Foreign currency translation reserve $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 July 2019	277,043	244	(2,410)	146	226,488	(13,289)	(6,236)	481,986
Total comprehensive income for the period								
Net profit for the period	-	-	-	-	2,889	-	118	3,007
<u>Other comprehensive income</u>								
Currency translation arising on consolidation	-	-	-	-	-	(385)	49	(336)
Share of other comprehensive income of joint venture	-	-	-	-	-	750	-	750
Other comprehensive income for the period, net of tax	-	-	-	-	-	365	49	414
Total comprehensive income for the period	-	-	-	-	2,889	365	167	3,421
Transactions with owners in their capacity as owners								
<u>Contributions by and distributions to owners</u>								
Transfer to other payables	-	-	-	-	-	-	(157)	(157)
Dividends	-	-	-	-	(5,753)	-	-	(5,753)
Total contributions by and distributions to owners	-	-	-	-	(5,753)	-	(157)	(5,910)
<u>Change in ownership interest in subsidiary</u>								
Acquisition of non-controlling interests without a change in control	-	-	(896)	-	-	-	(784)	(1,680)
Total change in ownership interests in subsidiary	-	-	(896)	-	-	-	(784)	(1,680)
Total transactions with owners in their capacity as owners	-	-	(896)	-	(5,753)	-	(941)	(7,590)
Balance at 30 September 2019	277,043	244	(3,306)	146	223,624	(12,924)	(7,010)	477,817
Balance at 1 July 2018	273,403	244	(2,410)	397	248,440	(3,701)	(6,566)	509,807
Total comprehensive income for the period								
Net (loss)/profit for the period	-	-	-	-	(200)	-	490	290
<u>Other comprehensive income</u>								
Currency translation arising on consolidation	-	-	-	-	-	(5,382)	120	(5,262)
Share of other comprehensive income of joint venture	-	-	-	-	-	(1,964)	-	(1,964)
Other comprehensive income for the period, net of tax	-	-	-	-	-	(7,346)	120	(7,226)
Total comprehensive income for the period	-	-	-	-	(200)	(7,346)	610	(6,936)
Transactions with owners in their capacity as owners								
<u>Contributions by and distributions to owners</u>								
Transfer to other payables	-	-	-	-	-	-	(77)	(77)
Total transactions with owners in their capacity as owners	-	-	-	-	-	-	(77)	(77)
Balance at 30 September 2018	273,403	244	(2,410)	397	248,240	(11,047)	(6,033)	502,794

1(d)(i)

Company	Share capital $'000	Fair value reserve $'000	Revenue reserve $'000	Total equity $'000
Balance at 1 July 2019	277,043	146	23,395	300,584
Net profit for the period, representing total comprehensive income for the period	-	-	555	555
Contributions by and distributions to owners				
Dividends	-	-	(5,753)	(5,753)
Total transactions with owners in their capacity as owners	-	-	(5,753)	(5,753)
Balance at 30 September 2019	277,043	146	18,197	295,386
Balance at 1 July 2018	273,403	397	33,823	307,623
Net profit for the period, representing total comprehensive income for the period	-	-	219	219
Balance at 30 September 2018	273,403	397	34,042	307,842

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

Since 30 June 2019 up to 30 September 2019, there has been no change to the issued and paid-up share capital of the Company.

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

	As at 30/09/2019	As at 31/12/2018
Total number of issued shares (excluding treasury shares)	575,268,440	575,268,440

No treasury shares are held by the Company during the period under review.

1(d)(iv) Statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There was no sale, transfer, cancellation and/or use of treasury shares of Company during the period under review.

1(d)(v) Statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

The Company did not have any subsidiary holdings as at 30 September 2019.

There was no sale, transfer, cancellation and/or use of subsidiary holdings during the period under review.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

N.A.

4. Whether the same accounting policies and methods of computation as in the company's most recently audited financial statements have been applied.

The Group has applied the same accounting policies and methods of computation as in the Group's audited financial statements for the previous year ended 31 December 2018. However, the Group adopted new or amended Singapore Financial Reporting Framework (International) ("SFRS(I)") and interpretations that are mandatory for financial years beginning on or after 1 January 2019.

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

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

SFRS(I) 16 *Leases*

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

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

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

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

6. Earnings per ordinary share ("EPS") of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year:

	3rd Quarter ended	
	30/09/2019	30/09/2018
Basic and Diluted EPS	0.5 cents	(0.0) cents
Number of shares used for the calculation of Basic and Diluted EPS:		
Weighted average number of ordinary shares in issue	575,268,000	569,754,000

7. Net asset value for the company and group per ordinary share based on the total number of issued shares excluding treasury shares of the company at the end of the period reported on and immediately preceding financial year:

	As at 30/09/2019	As at 31/12/2018
Group	84.3 cents	88.9 cents
QAF Limited	51.3 cents	55.9 cents
Number of shares used for the calculation of Net asset value:	575,268,440	575,268,440

8. Review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

INCOME STATEMENT

3Q 2019 vs 3Q 2018

	Revenue ^			EBITDA			EBITDA margin	
	3Q 2019 $'million	**3Q 2018 $'million**	**+ / (-) %**	**3Q 2019 $'million**	**3Q 2018 $'million**	**+ / (-) %**	**3Q 2019 %**	**3Q 2018 %**
Segment								
Bakery	*96.5*	*88.4*	*9*	*13.0*	*12.5*	*4*	*13*	*14*
Royalty income from joint venture	*1.5*	*1.4*	*7*	*1.5*	*1.4*	*7*		
Share of profits from joint venture	*-*	*-*	*n.m.*	*1.1*	*2.4*	*(53)*		
Bakery and joint venture contribution	98.0	89.8	9	15.6	16.3	(4)		
Primary Production	90.7	88.6	2	3.9	(3.5)	n.m.	4	(4)
Distribution & Warehousing	29.3	27.0	9	2.0	1.1	82	7	4
Others *	0.2	0.2	0	(3.7)	(3.5)	6		
	218.2	205.6	6	17.8	10.4	71	8	5

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

^ *GBKL's revenue is not consolidated as it is accounted for as a joint venture. GBKL's revenue increased 10% or $8.3 million to $87.8 million in 3Q 2019 from $79.5 million in 3Q 2018*

Group revenue increased by 6% to $218.2 million for the third quarter ended 30 September 2019 ("3Q 2019") from $205.6 million for the third quarter ended 30 September 2018 ("3Q 2018"). In constant currency terms, Group revenue increased by 8% in 3Q 2019 over 3Q 2018. Group earnings before interest, tax, depreciation and amortisation ("EBITDA") increased by 71% to $17.8 million for 3Q 2019 from $10.4 million for 3Q 2018. Excluding the impact of the adoption of SFRS(I) 16 *Leases* (as explained in Section 5 on page 8), which resulted in an increase in EBITDA of $2.3 million, Group EBITDA would have increased by $5.1 million or 49%.

The Group's Bakery segment achieved overall increase in sales by 9% (8% in constant currency terms) to $96.5 million for 3Q 2019. Gardenia Bakeries (Philippines) Inc ("GBPI") achieved higher sales through the successful launch of new products, increased market penetration and increased production capacity from completion of additional bakery production lines and facilities in Mindanao and North Luzon. Bakery segment EBITDA grew 4% to $13.0 million for 3Q 2019, despite higher operating costs, including start-up costs related to the two new Philippine plants. Overall contribution of Bakery segment declined by 4% to $15.6 million as the share of profits from joint venture declined by $1.3 million mainly due to the absence of $0.5 million tax incentives that were recognised in 3Q 2018 by Gardenia Bakeries (KL) Sdn. Bhd. ("GBKL") following the completion of its new bakery plant in Bukit Kemuning in 2018 and adjustment of $0.8 million of benefits from tax incentives in 3Q 2019.

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

INCOME STATEMENT (cont'd)

3Q 2019 vs 3Q 2018 (cont'd)

In the Primary Production segment, Rivalea Holdings Pty Limited ("Rivalea"), the Group's leading integrated meat producer in Australia, continues to see signs of tightening general market supply, with improvement in wholesale selling prices. Despite lower sales volume, Primary Production revenue increased by 2% (8% in constant currency terms) in 3Q 2019 over 3Q 2018. However, performance of Rivalea, in particular the meat sales division, has been moderated by significantly higher grain costs in 3Q 2019 compared to 3Q 2018, due to the severe drought conditions experienced in Eastern Australia in 2018. EBITDA for 3Q 2019 increased to $3.9 million as compared to loss of $3.5 million for 3Q 018.

The Group's Distribution & Warehousing segment achieved higher local sales in 3Q 2019 as its sales in 3Q 2018 was affected by the ammonia leak incident at the Group's warehouse at 1 Fishery Port Road in January 2018. EBITDA for 3Q 2019 increased to $2.0 million as compared to $1.1 million for 3Q 2018. The increase is mainly attributable to the absence of losses of $0.9 million incurred in 3Q 2018 in connection with the ammonia leak incident, as well as the write-off of the residual book value of the old refrigeration system.

The Group's costs of materials increased by 5% or $5.4 million to $119.4 million in 3Q 2019 in line with higher sales volume in the Bakery and Distribution & Warehousing segments and higher grain prices experienced by the Primary Production segment due to the severe drought conditions in Eastern Australia in 2018.

Amortisation and depreciation increased by 41% or $3.2 million to $11.2 million in 3Q 2019 due primarily to additional depreciation charge of $2.2 million incurred from the recognition of ROU assets due to new accounting standard on leases (as explained in Section 5 on page 8). This was offset by a corresponding decrease in operating lease rental expense and costs of materials in 3Q 2019. There was also higher depreciation of $0.9 million with the commencement of operations of the new plants in the Philippines.

Advertising and promotion expenses decreased by 10% or $0.4 million to $3.5 million in 3Q 2019 in line with lower advertising activities in 3Q 2019 as compared to 3Q 2018.

Other operating expenses decreased by 7% or $1.3 million to $18.3 million in 3Q 2019 as compared to $19.6 million in 3Q 2018 due mainly to lower foreign currency translation loss and lower operating lease rental expense due to new accounting standing on leases (as explained in Section 5 on page 8). The Group recorded foreign currency translation loss of $1.0 million in 3Q 2019 as compared to $1.6 million in 3Q 2018 as the Australian Dollar depreciated less in 3Q 2019, as compared to 3Q 2018.

Group finance costs (interest expense) increased by 92% or $0.7 million to $1.4 million in 3Q 2019 from $0.7 million in 3Q 2018 due mainly to higher interest expense of $0.4 million as a result of the new accounting standard (as explained in Section 5 on page 8), and to a smaller extent, an increase of $0.3 million in line with higher Group's borrowings to fund capital expenditure of the new plants in the Philippines.

The Group's share of profits of joint venture decreased by 53% or $1.3 million to $1.1 million in 3Q 2019 from $2.4 million in 3Q 2018. In addition to the impact of tax incentives, higher depreciation of $0.8 million and finance costs of $0.3 million were incurred in 3Q 2019 mainly in connection with the new plant. GBKL's revenue increased 10% or $8.3 million to $87.8 million in 3Q 2019 from $79.5 million in 3Q 2018.

Group PBT increased by 171% from $2.0 million for 3Q 2018 to $5.4 million for 3Q 2019. Excluding the impact of new accounting standard, Group PBT would have increased by 185% from $2.0 million for 3Q 2018 to $5.7 million for 3Q 2019.

From segmental perspective, there was improved performance from Primary Production segment ($7.4 million) and Distribution & Warehousing segment ($0.9 million) offset by lower EBITDA contribution from the Bakery and joint venture contribution segment ($0.7 million).

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

INCOME STATEMENT (cont'd)

3Q 2019 vs 3Q 2018 (cont'd)

Group PAT increased by 937% to $3.0 million for 3Q 2019 as compared to $0.3 million for 3Q 2018. Excluding the impact of new accounting standard, Group PAT would have been $3.3 million for 3Q 2019. Group income tax expense increased by $0.7 million to $2.4 million for 3Q 2019 as compared to $1.7 million for 3Q 2018. Group income tax expense did not increase proportionately as increase in profit before tax was mainly attributable to reduction in Rivalea's losses. Rivalea had not recognised deferred tax assets arising from its tax losses in both 3Q 2018 and 3Q 2019.

Group PATMI increased to $2.9 million for 3Q 2019 as compared to $0.2 million loss for 3Q 2018. Excluding the impact of new accounting standard, Group PATMI would have been $3.2 million for 3Q 2019.

YTD Sep 2019 vs YTD Sep 2018

	Revenue ^			EBITDA			EBITDA margin	
	YTD Sep 2019 $'million	YTD Sep 2018 $'million	+ / (-) %	YTD Sep 2019 $'million	YTD Sep 2018 $'million	+ / (-) %	YTD Sep 2019 %	YTD Sep 2018 %
Segment								
Bakery	*276.0*	*254.6*	*8*	*33.2*	*33.7*	*(1)*	*12*	*13*
Royalty income from joint venture	*4.3*	*4.0*	*8*	*4.3*	*4.0*	*8*		
Share of profits from joint venture	*-*	*-*	*n.m.*	*3.3*	*6.6*	*(50)*		
Bakery and joint venture contribution	280.3	258.6	8	40.8	44.3	(8)		
Primary Production	276.1	263.0	5	10.6	0.5	2,020	4	0
Distribution & Warehousing	82.6	79.1	4	6.1	2.1	190	7	3
Others *	0.5	0.8	(37)	(10.2)	(12.0)	(15)		
	639.5	601.5	6	47.3	34.9	35	7	6

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

^ *GBKL's revenue is not consolidated as it is accounted for as a joint venture. GBKL's revenue increased 7% or $17.1 million to $246.0 million in YTD Sep 2019 from $228.9 million in YTD Sep 2018*

Group revenue increased by 6% to $639.5 million for 9 months ended 30 September 2019 ("YTD Sep 2019") from $601.5 million for 9 months ended 30 September 2018 ("YTD Sep 2018"). In constant currency terms, Group revenue increased by 9% in YTD Sep 2019 over YTD Sep 2018. Group EBITDA increased by 35% to $47.3 million for YTD Sep 2019 from $34.9 million for YTD Sep 2018. Excluding the impact of new accounting standard, which resulted in an increase in EBITDA of $6.5 million, Group EBITDA would have increased by $5.9 million to $40.8 million.

The Group's Bakery segment achieved overall increase in sales by 8% (8% in constant currency terms) to $276.0 million for YTD Sep 2019. GBPI achieved higher sales through the successful launch of new products, increased market penetration and increased production capacity from completion of additional bakery production lines and facilities. Bakery segment EBITDA is relatively flat at $33.2 million for YTD Sep 2019. Overall contribution of Bakery segment declined by 8% to $40.8 million as the share of profits from joint venture declined by $3.3 million mainly due to the absence of $2.3 million tax incentives that were recognised in YTD Sep 2018 by GBKL from its new bakery plant in Bukit Kemuning which was completed in 2018 and adjustment of $0.8 million of benefits from tax incentives in YTD Sep 2019.

In the Primary Production segment, Rivalea continues to see signs of tightening general market supply, with improvement in wholesale selling prices. Despite lower sales volume, Primary Production revenue increased by 5% (12% in constant currency terms) in YTD Sep 2019 over YTD Sep 2018. However, the performance of Rivalea, in particular the meat sales division, has been moderated by significantly higher grain costs in YTD Sep 2019, due to the severe drought conditions experienced in Eastern Australia in 2018. EBITDA for YTD Sep 2019 increased significantly to $10.6 million as compared to $0.5 million for YTD Sep 2018.

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

INCOME STATEMENT (cont'd)

YTD Sep 2019 vs YTD Sep 2018 (cont'd)

Distribution & Warehousing segment recognised other income of $1.1 million in YTD Sep 2019 from its insurer, being compensation for loss of revenue and costs associated with the ammonia leak incident at the Group's warehouse at 1 Fishery Port Road in 2018. Excluding the insurance compensation, segment revenue increased by 3%. In the previous year, the segment incurred operating losses of $2.1 million and wrote-off $0.5 million of assets in connection with the ammonia leak incident. In the absence of last year's non-recurring expenses, coupled with this year's insurance compensation, EBITDA for YTD Sep 2019 increased to $6.1 million as compared to $2.1 million for YTD Sep 2018.

The Group's costs of materials increased by 8% or $25.5 million to $351.4 million in YTD Sep 2019 in line with higher sales volume in the Bakery and Distribution & Warehousing segments and higher grain prices in the Primary Production segment.

Amortisation and depreciation increased by 30% or $7.8 million to $33.7 million in YTD Sep 2019 due primarily to additional depreciation charge of $6.1 million incurred from the recognition of ROU assets (as explained in Section 5 on page 8). This was offset by a corresponding decrease in operating lease rental expense and costs of materials in YTD Sep 2019. There was also higher depreciation of $2.4 million with the commencement of operations of the new plants in the Philippines.

Group finance costs (interest expense) increased by 79% or $2.0 million to $4.5 million in YTD Sep 2019 from $2.5 million in YTD Sep 2018 due mainly to higher interest expense of $1.2 million as a result of new accounting standard (as explained in Section 5 on page 8), and to a smaller extent, an increase of $1.1 million in line with higher Group's borrowings to fund capital expenditure of the new plants in the Philippines.

The Group's share of profits of joint venture decreased by 50% or $3.3 million to $3.3 million in YTD Sep 2019 from $6.6 million in YTD Sep 2018. In addition to the impact of tax incentives, higher depreciation of $2.3 million and finance costs of $1.0 million were incurred in YTD Sep 2019 mainly in connection with the new plant. GBKL's revenue increased 7% or $17.1 million to $246.1 million in YTD Sep 2019 from $228.9 million in YTD Sep 2018.

Group PBT increased by 28% from $7.6 million for YTD Sep 2018 to $9.6 million for YTD Sep 2019. Excluding the impact of new accounting standard, Group PBT would have increased by 38% from $7.6 million for YTD Sep 2018 to $10.5 million for YTD Sep 2019.

From segmental perspective, there was improved performance from Primary Production segment ($10.1 million) and Distribution & Warehousing segment ($4.0 million) offset by lower contribution of $3.5 million from the Bakery and joint venture contribution segment.

Group PAT increased by 25% to $5.5 million for YTD Sep 2019 as compared to $4.4 million for YTD Sep 2018. Excluding the impact of new accounting standard, Group PAT would have increased by 45% from $4.4 million for YTD Sep 2018 to $6.4 million for YTD Sep 2019. Group income tax expense increased by $1.0 million to $4.1 million for YTD Sep 2019 as compared to $3.1 million for YTD Sep 2018. This is largely due to Rivalea not recognising its deferred tax assets arising from its YTD Sep 2019 tax losses, as compared with YTD Sep 2018 when $1.1 million deferred tax assets was recognised in 1Q 2018.

Group PATMI increased by 26% to $5.1 million for YTD Sep 2019 as compared to $4.0 million for YTD Sep 2018. Excluding the impact of new accounting standard, Group PATMI would have been $6.0 million for YTD Sep 2019.

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

STATEMENT OF FINANCIAL POSITION

Inventories declined by 19% or $12.6 million to $54.9 million as at end of YTD Sep 2019, due mainly to reduction of inventory holdings in Distribution & Warehousing and Primary Production business segments, as these inventories were sold or used in production of goods.

Short-term bond investments declined to $1.0 million as at end of YTD Sep 2019 as investments amounted to $3.7 million were fully redeemed upon maturity in YTD Sep 2019.

Cash and cash equivalents declined by $13.8 million to $46.5 million as at end YTD Sep 2019, resulting mainly from dividend payment of $28.8 million, capital expenditures of $27.5 million offset by $38.6 million cash from operations and $4.9 million dividends received from GBKL.

Trade payables decreased by 16% to $63.7 million as at end of YTD Sep 2019 due mainly to the settlement of unpaid purchases.

Total long-term borrowings increased by 11% to $61.9 million as at end of YTD Sep 2019 due to the drawdown of loans in connection to a new Philippine plant.

With the adoption of SFRS(I) 16 *Leases* as mentioned in Section 5 on page 8, the ROU assets as at end of YTD Sep 2019 mainly related to leases of certain office premises, factories, warehousing/trading/farm facilities and motor vehicles. Accordingly, there was also a corresponding increase in total lease liabilities of approximately $42.2 million as at end of YTD Sep 2019, resulting in an increase in net gearing ratio as at 30 September 2019 to 0.22 times, as compared to 0.10 times as at 31 December 2018.

9. Where a forecast or a prospect statement has been previously disclosed to the shareholders, any variance between it and the actual results.

N.A.

10. A commentary at the date of announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Investing in its core business has resulted in Group revenue and EBITDA growth over the last four quarters as reflected in growth of 5% and 41% in the Group revenue and EBITDA respectively for the trailing 12 months. In line with its strategy of investing for the future, significant depreciation, distribution expenses, and advertising and marketing expenses will continue to impact earnings in the near term.

In Bakery, production capacity expansions in the Philippines and Malaysia have largely been completed, with significant depreciation. EBITDA however remained steady at $33.2 million for YTD Sep 2019, with depreciation of $20.4 million. The Group will continue to invest in its brand equity, product innovation and its production and distribution capabilities.

The Primary Production segment is on an upward cycle. The business has improved for four continuous quarters. Based on reported market pricing for the industry, average commodity pork prices were up 36% in YTD Sep 2019 compared to YTD Sep 2018 and 11% in 3Q 2019 compared to 2Q 2019. In Australia, continued drought conditions in northern regions, have reduced the supply of pork across the country which have led to higher prices. The outlook for drier weather is unlikely to present any material change in supply in the near future. Slaughter rates are below market demand while pork prices continue to remain firm.

Primary Production Segment	3Q 2018 A$'million	4Q 2018 A$'million	1Q 2019 A$'million	2Q2019 A$'million	3Q2019 A$'million
Revenue	88.1	91.5	90.9	101.1	95.8
EBITDA	(3.4)	0.7	2.7	4.5	4.3
Depreciation and amortisation	(1.7)	(2.4)	(3.7)	(3.6)	(3.7)
Net interest expense	(0.9)	(0.9)	(1.1)	(1.0)	(0.9)
PBT	(5.9)	(2.5)	(2.2)	(0.1)	(0.3)

Note: EBITDA, depreciation and amortisation, net interest expense for 2019 quarters have increased as a result of SFRS(I) 16. Excluding the impact of SFRS(I) 16, EBITDA would have been approximately A$1.2 million for 1Q 2019, A$3.2 million for 2Q 2019 and A$2.9 million for 3Q 2019.

10. A commentary at the date of announcement of the significant trends and competitive conditions of the industry (cont'd)

This year's market price of wheat was approximately 63% higher for the industry compared with 2018, the lagging effect of the drought conditions in 2018 which have affected performance for the year to-date. With a better harvest for November 2019 expected in Eastern Australia as compared to last year, average grain prices are expected to be lower for the 2019/2020 season. Based on higher commodity pork prices, there are likely to be fair value gains on Rivalea's biological assets. These non-cash adjustments will be audited and done at financial year end. To improve business efficiency, Rivalea is evaluating the viability of increasing value-added pork processing and grain storage capacity. Value-added processing is necessary to support anticipated growth in the sale of branded pork products. The Group is also planning for the future expansion of grain storage facilities on its existing land. This expansion will reduce costs of third-party storage, enhance flexibility and mitigate future grain price volatility. Improved facilities will also shorten time of grain receivals from suppliers. In addition, Rivalea continues to invest in R&D across animal nutrition, pig farming operations and processing and new value-added product development.

The African Swine Fever (ASF) outbreak throughout Asia is a continuing risk concern. Australia remains free of ASF due to its strict biosecurity laws and practices. Imports of pork products into Australia are restricted to frozen pork, which must be cooked before they are sold to the market. With the global shortage of pork caused by ASF, global pork prices are at recent high. Hence, competitive pressure from cheaper imported pork may ease, benefitting local Australian producers. The Australian authorities have reacted quickly to the spread of ASF to Timor-Leste, approximately 650km from Australia, in September 2019. Border controls have been stepped up, resulting in increased seizures of contaminated products at the border. It has been reported in the press recently that 27 tons of pork had been confiscated at airports. In addition, Australian veterinarians were reported to be in Timor-Leste to help with an eradication program. As a first line of defence, Australia's strict border biosecurity arrangements to protect against the disease and pathways for ASF into the country are constantly monitored by the authorities.

Rivalea has further tightened its already strict farm biosecurity policies and procedures and is in constant dialogue with government officials to enhance preparedness against ASF. It has taken market leading steps in proactively engaging with the community and industry by highlighting to these stakeholders the risks of ASF and preventive steps to be taken. Currently, the farming operations of the Primary Production segment are spread over 27 farms in New South Wales and Victoria, 8 of which are self-owned farms and the balance 19 are owned by contract farmers. The geographical diversification of the farming operations may mitigate the spread of disease. For example, Rivalea's Balpool farm in New South Wales is approximately 190km away from its main farm at Corowa.

The Rivalea Group does not have insurance coverage for disease risks as previous review for coverage indicated limited coverage and prohibitive premium cost. ASF is a Category 3 emergency animal disease in the Government and Livestock Industry Cost Sharing Deed in respect of Emergency Animal Disease Responses (EADRA) (2002)[1]. The EADRA is an agreement between Government and the Livestock Industry which covers the management and funding of responses to emergency animal diseases (EAD). The EADRA was developed to facilitate rapid responses to, and control and eradication or containment of, certain EADs. Parties to the EADRA have agreed to a mechanism for sharing certain costs of an EAD response (such as compensation to the owner of any livestock or property that is destroyed for the purpose of eradication or prevention of the spread of the EAD, and livestock that has died of the EAD (this needs to be certified)), the proportions of which depend on the disease category. In the case of ASF, the proportion of costs between the Australian Government and Pork Industry is 50/50. Australian Pork Limited (APL), the Pork Industry body, is a party to the EADRA and the Rivalea Group is a member of APL. Amongst others, the valuation formulae for compensation is under review.

Australia is a minor pork exporter contributing around 0.5% of world exports. Export volumes have plateaued due to higher domestic pig prices. These exports are predominantly sold to Singapore and other Asian countries. Singapore, which accounts for the majority of Australian exports, is expected to remain a strong volume outlet. The high quality and food safety standard of Australian produced pork, due to its high biosecurity requirements, will be vital in maintaining and increasing export markets. Rivalea's YTD exports was 1% of total pork revenue. This presents an opportunity for growth especially to Japan and Hong Kong. Exports to China from Australia are however, currently not permitted.

[1] Information obtained from www.animalhealthaustralia.com.au, the website of Animal Health Australia (AHA), AHA manages the EADRA and has members from the Australian Government, state and territory governments, and Livestock Industries.

10. A commentary at the date of announcement of the significant trends and competitive conditions of the industry (cont'd)

In 2017, the Company embarked on a possible listing of its Primary Production business in Australia, which was subsequently not pursued. The Company has recently in November 2019 appointed Rabobank Singapore to advise on strategic options in relation to its investment in the Primary Production business. Further details will be announced at an appropriate time. The Company would like to highlight that this process is in its preliminary stages and the outcome is dependent on, inter alia, the results of preparatory and other work to be undertaken, approvals from relevant regulatory authorities if necessary and other conditions. Accordingly, there is no assurance that any transaction will materialise or otherwise proceed in due course. **Shareholders and other investors are advised to refrain from taking any action in respect of their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in such securities.**

The Group intends to expand its Distribution and Warehousing business regionally, especially for the export markets in Myanmar, Thailand and China.

Barring unforeseen circumstances, the Group expects to achieve better performance in FY 2019 compared to FY 2018.

11. Dividends

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

No dividend has been declared/recommended during the three months ended 30 September 2019 as it is not the practice of the Board of Directors to recommend or declare quarterly dividend based on third quarter results.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

Name of Interested Person	Aggregate value of all interested person transactions conducted in 3rd quarter ended 30 September 2019 under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000) (S$'000)
Salim Group [1] - Sale of unsold and returned bread	236
Associate of Mr Andree Halim [2] - Sale of products (cheese)	237
Salim Group - Purchase of raw materials, including flour	4,273
Salim Group - Purchase of finished products (milk)	1,439
Associate of Mr Andree Halim [2] - Purchase of finished products (processed cheese)	356
TOTAL	6,541

(1) Salim Group refers to Mr Anthoni Salim and the group of companies controlled by him or, if the context requires, Mr Anthoni Salim. Mr Anthoni Salim is an immediate family member of Mr Andree Halim.
(2) Transactions with entity in which Mr Andree Halim has an interest.
(3) Figures in the table are rounded to the nearest S$1,000.

14. Negative confirmation pursuant to Rule 705(5) of the Listing Manual

To the best of its knowledge, nothing has come to the attention of the Board of Directors which may render the Unaudited Financial Statements for the three months ended 30 September 2019 herein to be false or misleading in any material respect.

15. Confirmation that the Issuer has procured undertakings from all its Directors and Executive Officers

The Company confirms that it has procured undertakings from all its directors and executive officers pursuant to Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Serene Yeo
Company Secretary
7 November 2019