QAF Limited

GROWING A SUSTAINABLE FUTURE

ENHANCING OUR STRENGTHS

BUILDING RESILIENT BRANDS

ANNUAL REPORT 2013

QAF LIMITED


Gardenia
BANANA WALNUT LOAF
California Raisin
Multi-Grain
FRESH
Focaccia
Country LOAF
Wraps

CONTENTS

CORPORATE INFORMATION

(As at 17 March 2014)

BOARD OF DIRECTORS

Mr Didi Dawis
Chairman

Mr Andree Halim
Vice-Chairman

Mr Tan Kong King
Group Managing Director

Ms Tarn Teh Chuen

Mr Soh Gim Teik

Mr Lin Kejian

Mr Siau Kai Bing

Mr Soh Chung Hian

AUDIT COMMITTEE

Mr Soh Chung Hian

Mr Soh Gim Teik

Mr Siau Kai Bing

NOMINATING COMMITTEE

Mr Soh Gim Teik

Mr Tan Kong King

Mr Siau Kai Bing

REMUNERATION COMMITTEE

Mr Siau Kai Bing

Mr Soh Chung Hian

Mr Didi Dawis

SECRETARY

Ms Lee Woan Ling

REGISTERED AND CORPORATE OFFICE

150 South Bridge Road
#09-04 Fook Hai Building
Singapore 058727

Tel : 6538 2866
Fax : 6538 6866

PLACE OF INCORPORATION

Singapore

DATE OF INCORPORATION

3 March 1958

COMPANY REGISTRATION NO.

195800035D

REGISTRAR

Tricor Barbinder Share
Registration Services
*(A division of Tricor
Singapore Pte Ltd)*
80 Robinson Road #02-00
Singapore 068898

Tel : 6236 3333
Fax : 6236 4399

AUDITORS

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583

AUDIT PARTNER

Mr Philip Ng
*(Since the financial year ended
31 December 2012)*

PRINCIPAL BANKERS

DBS Bank Limited

The Hongkong and Shanghai
Banking Corporation Limited

Rabobank International

Standard Chartered Bank

United Overseas Bank Limited

CHAIRMAN'S STATEMENT

Dear Shareholders,

The global recovery during the year was hesitant and uneven with the advanced economies showing signs of a pick-up, amidst slowing growth in China. Global oil prices remained high due to geopolitical tensions, and monetary policies by governments resulted in volatile currency movements.

I am pleased to report that despite a challenging external environment and rising operating costs, Group revenue sustained its upward momentum to post a 4% growth to $1.0 billion across all major business segments.

For the financial year ended 31 December 2013, the Board is pleased to recommend a final dividend of 4 cents per share. If approved by shareholders, this will bring the total dividend for the year to 5 cents per share.

On 26 February 2014, Mr. Kelvin Chia Hoo Khun and Mr. Tan Hin Huat stepped down as independent directors of the Company. The Group has benefited greatly from their wise counsel, support and invaluable contributions over the years, and on behalf of the Board, I would like to express my deepest appreciation to both Mr. Chia and Mr. Tan for their dedication and service.

I would also like to extend a warm welcome to Mr. Siau Kai Bing and Mr. Soh Chung Hian, who joined the Board as independent directors on 1 December 2013 and 15 February 2014, respectively. With their qualifications and extensive work experience, I am confident that both Mr. Siau and Mr. Soh will bring much valuable insight and guidance to the Board.

On behalf of the Board, I wish to express my sincere appreciation to our bankers, suppliers, customers, business associates and shareholders for their confidence and support, and to our loyal employees for their contributions during the year.

DIDI DAWIS
Chairman
17 March 2014

GROUP MANAGING DIRECTOR'S REPORT

For the fourth consecutive year, Malaysian consumers resoundingly voted Gardenia as their most preferred brand, winning Gardenia the Gold Award in the prestigious Putra Brand Awards 2013.

The sluggish global economy spilled over into 2013. Monetary policies by governments to support economic growth resulted in an uneven global economic recovery with the advanced economies of the United States, Europe and Japan showing signs of hesitant economic growth against the backdrop of an economic slowdown in China.

Plans by the United States to taper its massive monetary stimulus program resulted in currency volatility, and the general economic uncertainty weighed heavily on business sentiment.

Growth in Singapore was impacted by the weak demand from the major industrial economies, slower growth in China and ASEAN, escalating business costs from high oil prices and rising raw ingredient costs.

Despite the challenging economic environment, I am pleased to report that the resilience and stability of our core businesses and the strong market position of our brands enabled the Group to deliver healthy revenue growth across all its major business segments – Bakery, Primary Production and Trading & Logistics.

Group revenue rose by 4% to $1.0 billion for the financial year ended 31 December 2013 ('FY2013') from $984.2 million for the financial year ended 31 December 2012 ('FY2012'). This is the Group's fifth consecutive year of steady and consistent revenue growth since the worldwide financial crisis of 2008.

All of the Group's Bakery operations in Singapore, Malaysia, the Philippines and Australia achieved healthy increases in sales driven by the Group's core brands, launch of new products, increased production capacities and increased market shares.

Gardenia continued to reign as the top-selling brand of packaged bread in the Singapore, Malaysian and Philippine bread markets, a testament to its leading brand presence and loyal customer base. Our investment in product innovation and development has enabled Gardenia to maintain its competitive edge to drive sales in all its respective markets.

In Singapore, Gardenia Foods (S) Pte Ltd achieved record sales in the face of keen competition from packaged bread brands, supermarket house brands and new artisanal bread shops. During the year, the company saw increased sales

from the successful launches of new products, with its wholegrain product range seeing steady growth in demand.

Under Gardenia Bakeries (KL) Sdn Bhd ('GBKL'), Gardenia continued its dominance of the Malaysian packaged bread market with 2013 being another year of accolades. For the fourth consecutive year, Malaysian consumers resoundingly voted Gardenia as their most preferred brand, winning Gardenia the Gold Award in the prestigious Putra Brand Awards 2013.

Gardenia was also awarded the Putra Brand Icon award in recognition of its consistently clinching the Gold Award in the Foodstuff category. The awards have set new benchmarks for the Malaysian bakery industry and attest to GBKL's commitment to offering high quality, nutritious and value-for-money products that consumers love. During the year, sales for GBKL reached a new high over the previous year.

Despite aggressive competition from other bread manufacturers, Gardenia Bakeries (Philippines) Inc capped 15 successful years of operations in the Philippines with control over 60% of the Metro Manila packaged bread market. During the year, the company extended its distribution footprint in Mindanao and expanded the production capabilities of its Cebu plant with the addition of a second line for the production of flavoured loaves and pandesal for the Visayas and Mindanao markets.

In Australia, our bakery operations under Bakers Maison Australia Pty Ltd ('Bakers Maison') achieved another excellent year of double-digit sales growth. Bakers Maison is a specialist manufacturer of authentic frozen and par baked French-style breads, pastries and sweets. During the year, the company successfully completed a major contract manufacturing project to produce a retail packaged pizza base for a national retailer.

In the Primary Production segment, Rivalea (Australia) Pty Ltd ('Rivalea'), the Group's fully integrated producer of meat in Australia, achieved increases in sales from higher sales volumes.

The Group's Trading & Logistics segment under Ben Foods (S) Pte Ltd ('Ben Foods') recorded increased sales from its foodservice and export businesses, and higher rental income from its cold storage facility due to a shortage of cold room space in the industry. Ben Foods' proprietary brands of food and beverage products are Cowhead, Farmland, Haton, Spices of the Orient and Orchard Fresh.

During the year, the Australian dollar plummeted against the Singapore dollar. The Group made a provision for an unrealised foreign exchange loss of $5.4 million pertaining to the depreciation of its Australian dollar-denominated assets against the Singapore dollar in FY2013, as compared to FY2012.

The strong fundamentals of our core businesses have enabled us to overcome the challenges of an ever-changing business and economic environment to successfully grow sales across all major business segments.

Whilst this provision was the main cause for the decrease in Group profit before taxation, weaker overall selling prices for Rivalea's meat products in the earlier part of 2013, higher animal feed costs due to drought conditions in certain parts of Australia and increased production costs, also contributed to lower margins. However, the selling prices of Rivalea's products have showed encouraging signs of improvement in late 2013.

Operating profits for the Trading & Logistics segment also declined in FY2013, mainly due to the absence of a one-off insurance claim received in FY2012.

Despite higher ingredient, raw material and other operating costs in FY2013, the Group's Bakery operations maintained its level of profitability due to higher sales of newly launched innovative products, increased marketing and promotional efforts and increased production efficiencies. The Group's dairy and other business activities in Australia also saw increases in profitability.

On an overall basis, Group profit before taxation for FY2013 decreased by $6.2 million to $42.0 million, mainly due to the aforesaid provision for unrealised foreign exchange loss of $5.4 million.

Costs of materials increased by 7% to $558.5 million in FY2013, as compared to $523.1 million in FY2012. The increase is mainly attributable to the higher cost of animal feed and grain faced by Rivalea, as well as the higher cost of ingredients faced by the Group's Bakery operations.

Amortisation and depreciation expense increased by 4% to $38.0 million in FY2013 due to new and additional production lines in the Bakery operations.

Other operating expenses increased by 4% to $87.7 million in FY2013 from $84.4 million in FY2012 mainly attributable to the higher foreign exchange loss of $5.4 million in FY2013, as compared to $1.5 million in FY2012.

Group finance costs (interest expense) decreased by 21% to $4.1 million in FY2013 compared to $5.1 million in FY2012 due to lower interest rates.

Group taxation increased by 9% to $10.4 million in FY2013, as compared to $9.5 million in FY2012.

Group profit after taxation decreased by 18% to $31.6 million for FY2013, as compared to $38.7 million for FY2012. The decline in Group profit after taxation saw earnings per share fall from 6.6 cents to 5.6 cents. The Group's net asset value per share fell from 74.8 cents to 72.6 cents.

Group profit attributable to owners of the parent decreased by 13% to $30.2 million in FY2013, as compared to $34.6 million in FY2012.

As a responsible corporate citizen, we are committed to operating and growing our businesses in a responsible and economically sustainable manner. We also give back to society through various philanthropic, community and charitable causes that are detailed in a separate section of this annual report.

During the year, we donated thousands of Gardenia bread loaves to the victims of a 7.2 magnitude earthquake in Bohol, Philippines, the evacuees of Super Typhoon Haiyan in the central regions of the Philippines, and communities cut off by widespread flooding in the Philippines and certain states in Peninsular Malaysia.

The global economy is expected to show a fragile, but modest improvement in 2014, in line with the slow recoveries of the United States and European economies. However, uncertainties in the global economic environment include the pace at which the United States will unwind its economic stimulus and its impact on financial markets and business sentiment, and a sharper than expected slowdown in China.

Singapore is expected to see slower growth on weaker export demand, regional geopolitical disputes, rising wages and escalating business costs.

The strong fundamentals of our core businesses have enabled us to overcome the challenges of an ever-changing business and economic environment to successfully grow sales across all major business segments. We shall continue to enhance our product innovation efforts to create products that will enable us to deliver steady, reliable growth to maintain our upward drive.

However, the competitive advantage of our strong brands portfolio does not insulate us from the impact of rising raw material prices and currency movements. Rising operating costs is an ongoing challenge. To mitigate its impact on profitability and increase our competitiveness, we are committed to controlling costs and optimizing productivity through increased operational and manufacturing efficiencies and higher sales volumes.

In July 2012, the strong market leadership position of the Gardenia brand enabled us to capture new growth opportunities by expanding Gardenia's bakery operations into China.

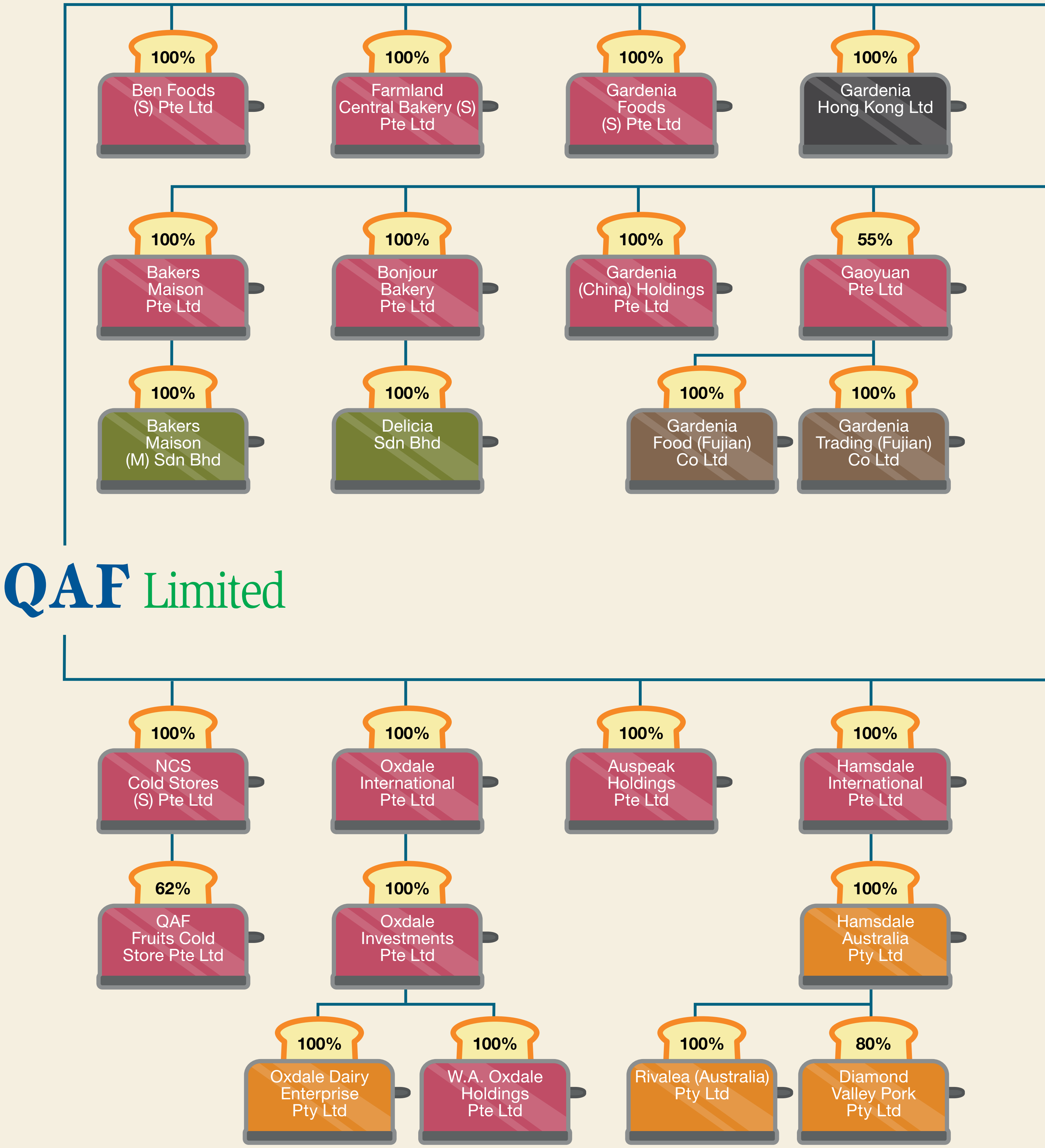
Under a joint-venture subsidiary, Gardenia Food (Fujian) Co Ltd, this bakery operation is expected to commence production in the third-quarter of 2014 and will serve as a foothold for Gardenia's future expansion into the Greater China market.

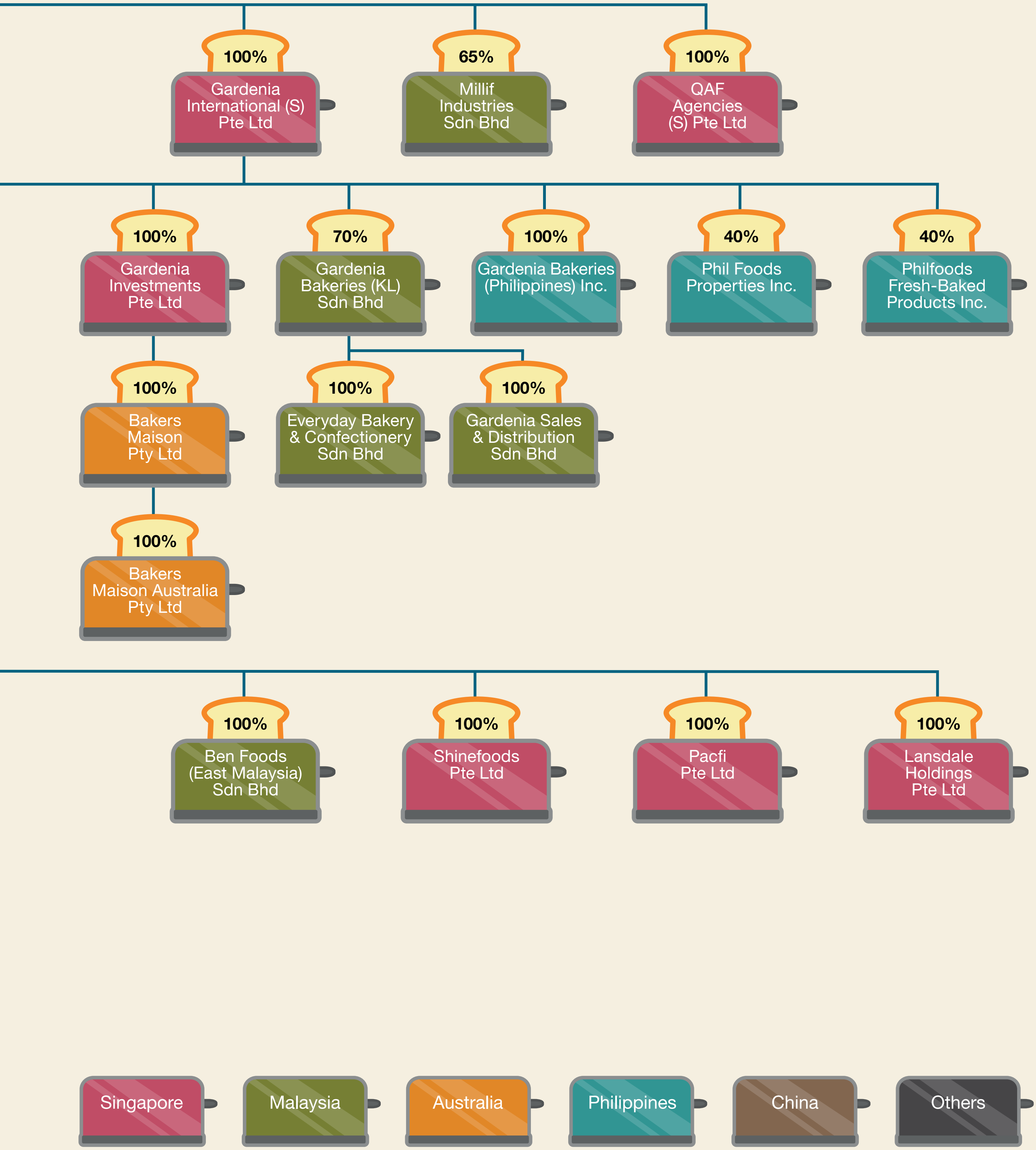
We are cautiously optimistic for the future and expect the volatility in raw material prices to stabilize in 2014, easing the pressure on margins. Barring unexpected shocks to the economic and business environment, we are hopeful that the Group will achieve an encouraging level of profitability in the coming year.

TAN KONG KING
Group Managing Director
17 March 2014

QAF SUBSIDIARIES AND ASSOCIATED COMPANIES

(As at 17 March 2014)




100%
Gardenia International (S) Pte Ltd
65%
Millif Industries Sdn Bhd
100%
QAF Agencies (S) Pte Ltd
100%
Gardenia Investments Pte Ltd
70%
Gardenia Bakeries (KL) Sdn Bhd
100%
Gardenia Bakeries (Philippines) Inc.
40%
Phil Foods Properties Inc.
40%
Philfoods Fresh-Baked Products Inc.
100%
Bakers Maison Pty Ltd
100%
Everyday Bakery & Confectionery Sdn Bhd
100%
Gardenia Sales & Distribution Sdn Bhd
100%
Bakers Maison Australia Pty Ltd
100%
Ben Foods (East Malaysia) Sdn Bhd
100%
Shinefoods Pte Ltd
100%
Pacfi Pte Ltd
100%
Lansdale Holdings Pte Ltd
Singapore
Malaysia
Australia
Philippines
China
Others

BOARD OF DIRECTORS

DIDI DAWIS

ANDREE HALIM

TAN KONG KING

TARN TEH CHUEN

SOH GIM TEIK

LIN KEJIAN

SIAU KAI BING

SOH CHUNG HIAN

DIDI DAWIS, 68
Chairman
Non-executive Director

Date of last election
25 April 2013

Board Committee
Remuneration Committee (Member)

Mr Dawis was appointed as a Director of the Company on 15 March 1988 and has been holding the position as Chairman of the Company since July 1990.

As an established entrepreneur, Mr Dawis has various business interests in Indonesia including businesses involved in the trading and distribution of building materials, real estate development (including hotel and resort). He was also the owner and joint-venture partner of a news magazine and a newspaper in Indonesia for some 8 years. Mr Didi Dawis is a member in the councils of several charitable and civic associations in Indonesia, the Permanent Honorary Chairman of Indonesia Chinese Entrepreneur Association, the chairman of the International Association of Fuqing Clansmen and Chairman of Fujian Indonesia Association.

Mr Didi Dawis is a substantial shareholder of the Company and has a deemed interest of 8.76% in the total issued shares of the Company as at 17 March 2014.

ANDREE HALIM, 66
Vice-Chairman
Non-executive Director

Date of last election
26 April 2012

Board Committee
Nil

Mr Halim was appointed as a Director and Vice Chairman of the Company on 11 October 2003.

Mr Halim graduated with a diploma in Business Studies from the South East London Technical College of United Kingdom. Mr Halim is an established entrepreneur and has investments in a wide range of businesses. He also sits on the board of directors of several private enterprises that he invested in.

Mr Andree Halim is the major substantial shareholder of the Company, having a total deemed interest of 61.71% in the total issued shares of the Company as at 17 March 2014.

TAN KONG KING, 63
Group Managing Director
Executive Director

Date of last-election
Not subject to annual re-election

Board Committee
Nominating Committee (Member)

Mr Tan was first appointed as a non-executive Director of the Company on 15 June 1995 and assumed the position as the Group Managing Director of the QAF Group in January 1996.

Since 1996, Mr Tan has streamlined and refocused the QAF Group in the food industry, expanding the Group's existing bakery segment in markets where there are long term demand and prospects, disposing off the various insignificant non-food related operations and leading the QAF Group to focus on various food related sectors, which set the ground for the Group's further growth and expansion.

In the early part of his career, Mr Tan had worked for a number of years with an international accounting firm. Subsequent to which he joined and assumed the managing directorship for the KMP Private Ltd group of companies (a Southeast Asia conglomerate) from 1981 to 2004. Mr Tan has over 33 years of experience in managing group operations and over 18 years of experience in listed group to-date.

Mr Tan holds a B.Sc. Economics degree from the London School of Economics, University of London.

TARN TEH CHUEN, 54
Executive Director

Date of last election
26 April 2012

Board Committee
Nil

Ms Tarn was appointed as a Director on 15 June 1995.

Ms Tarn has been an executive Director and the Head of Treasury for the QAF Group since 1998 taking charge of the planning and management of group financing matters. Prior to this appointment, Ms Tarn was an accountant in the KMP Private Ltd group of companies and she assumed the post as the conglomerate's group financial controller from 1990 to 2004. She has over 23 years of experience in treasury matters and group financing to-date.

Ms Tarn graduated with a Bachelor of Accountancy degree from the National University of Singapore.

SOH GIM TEIK, 59
Non-executive/Independent Director

Date of last election
25 April 2013

Board Committee
Audit Committee (Member)
Nominating Committee (Chairman)

Mr Soh was appointed as an independent Director of the Company on 11 May 2009.

Mr Soh graduated in 1978 with a degree in Bachelor of Accountancy. He had practised as a public accountant and also had many years of working experience with a listed entity as a finance director/chief financial officer. Mr Soh is currently a member of the Institute of Singapore Chartered Accountants (ISCA). He is also a Board and Governing Council member of the Singapore Institute of Directors and had also served as a committee member of the Professional Accountants in Business Committee of the International Federation of Accountants.

Mr Soh is also an independent director in three other companies (as named below) listed on the Singapore Stock Exchange.

Current directorships in other listed companies
- BBR Holdings (S) Ltd
- Craft Print International Limited
- UMS Holdings Limited

Past 3 years' directorship in other listed company
- Heng Long International Ltd (a company delisted from Singapore Stock Exchange on 20 December 2011)
- Advanced Holdings Ltd

LIN KEJIAN, 35
Executive Director

Date of last election
29 April 2011

Board Committee
Nil

Mr Lin Kejian was initially appointed as a non-executive Director of the Company on 1 December 2007. On 1 October 2010, he was re-designated as an executive Director of the Company holding the post of Operations director.

Prior to him joining the Company, Mr Lin was the business manager of Culindo Livestock (1994), a family-owned private enterprise, whose principal activity is that of importer and supplier of live pigs to Singapore. Mr Lin had previously been a director of several private enterprises which he and/or his family has an interest.

Mr Lin graduated with a degree in Business Administration (major in Finance) from California State University, Los Angeles.

Mr Lin is the son of Mr Andree Halim, a Director cum Vice Chairman of the Company. He is also a substantial shareholder of the Company, having a total deemed interest of 40.78% in the total issued shares of the Company as at 17 March 2014.

SIAU KAI BING, 60
Non-executive/Independent Director

Date of last election
Not Applicable

Board Committee
Audit Committee (Member)
Nominating Committee (Member)
Remuneration Committee (Chairman)

Mr Siau was appointed as an independent Director of the Company on 1 December 2013.

Mr Siau graduated with a degree in Bachelor of Accountancy from National University of Singapore in 1978. He has over 30 years of experience in accounting and audit and has held various senior appointments in the finance industry including his previous position as the Chief Financial Officer of a SGX-Listed company from 1999 to 2006.

Mr Siau is a Fellow Chartered Accountant of the Institute of Singapore Chartered Accountants (ISCA) and is currently the Chief Financial Officer of a major architecture services company in Singapore. He is also an independent director cum audit committee chairman of a company listed on the Singapore Stock Exchange.

Current directorship in other listed company
• Union Steel Holdings Limited

Past 3 years' directorship in other listed company
• Advanced Holdings Limited

SOH CHUNG HIAN, 60
Non-executive/Independent Director

Date of last election
Not Applicable

Board Committee
Audit Committee (Chairman)
Remuneration Committee (Member)

Mr Soh was appointed as an independent Director of the Company on 15 February 2014.

Mr Soh graduated with a degree in Bachelor of Accountancy from University of Singapore in 1977 and holds a Master of Business Administration from International Management Centre in the United Kingdom. He began his career in 1977 with Ernst & Young LLP, Singapore, and was a partner from 1990 till his retirement on 31 December 2012. His 35 years of experience saw him auditing many publicly listed companies and working on numerous IPOs of listed companies.

Mr Soh also sits on the board of two other public listed companies in Singapore as an independent director.

Current directorships in other listed company
• Eu Yang Sang Holdings Limited
• Lum Chang Holdings Limited

Gardenia Singapore

Gardenia Malaysia

Gardenia Philippines

OPERATIONAL REVIEW

BAKERY

OPERATIONAL REVIEW
Bakery

SINGAPORE
GARDENIA FOODS (S) PTE LTD (‘GARDENIA SINGAPORE’)

Gardenia Singapore achieved a year of record sales despite keen competition from other packaged bread brands, supermarket house brands and new artisanal bread shops. The robust performance was driven by Gardenia’s strong brand presence, new product launches and increased sales.

Since 1992, the company has been advocating the health benefits of wholegrain foods. These efforts, which are made in collaboration with the Health Promotion Board, have borne fruit and there has been a steady growth in demand for Gardenia’s Healthier Choice range of wholegrain breads. Food products that satisfy the strict guidelines set by the Health Promotion Board are allowed to carry the Healthier Choice symbol to indicate that they are healthier options, and this helps consumers to make informed food choices when grocery shopping.

In March 2013, the company added two new products to its wholegrain range - the Gardenia Wholemeal Hotdog Buns and Gardenia Wholemeal Hamburger Buns. Gardenia was the first bakery in Singapore to produce the Healthier Choice hamburger and hotdog buns made from wholemeal flour.

To maintain its competitive edge, the company launched a 2-month nationwide branding campaign in October 2013 to promote its wide range of wholegrain bakery products. The ‘Crown of Healthy Goodness’ campaign reiterated Gardenia’s market leadership of the whole grains bread category with the widest range of 11 varieties of packaged wholegrain bakery items.

To keep pace with the demand for ‘grab-and-go’ convenience foods, the company introduced two new variants of Gardenia Twist Buns - the Orange Custard and the Mocha Twist, and two variants of Gardenia Cream Rolls - Butter Sugar, and Cookies & Cream.

To tap into the growing flatbread trend as an alternative to sandwich bread, the company expanded its range of soft, freshly-baked wraps with a fourth variant, the Gardenia Herbs Wraps.

In April 2013, the company collaborated with Resorts World Sentosa on a major marketing campaign to increase sales and reward its customers. The 'Wholemeal Healthy Goodness Promotion' gave customers who purchased a participating Gardenia Wholegrain loaf a $10 discount off the admission ticket to Universal Studios Singapore, and a chance to win prizes worth a total of $50,000 in a lucky draw.

In June 2013, the company participated in the Singapore Food Expo to promote its Healthier Choice Gardenia Wholegrain products. The Singapore Food Expo is one of the largest exhibitions for the local food industry, attracting more than 650,000 trade buyers and visitors.

During the year, the company further extended its reach into the bread market by installing 210 bread vending machines across the island. The bold and colourful vending machines are a powerful marketing tool, enhancing Gardenia's brand presence and visibility. In 2013, the machines were upgraded to incorporate the cashless EZ-Link payment system to provide customers with greater convenience.

Gardenia Singapore is committed to helping people eat and live better by promoting the benefits of a healthy diet and active lifestyle. It undertakes various corporate social responsibility initiatives through educational and community outreach programs, including school health fairs, free tours of its bread plant facility and collaborations with health industry partners.

During the year, the company worked together with various organizations in the health sector such as the Health Promotion Board, Singapore Heart Foundation, Diabetic Society of Singapore and various hospitals and institutions to promote Low GI foods and whole grains in a healthy diet. Gardenia's wholegrain bakery products, including the diabetic-friendly Gardenia Low GI Nutri Multi-Grain Loaf, were distributed to participants at these events.

In 2013, more than 25,000 students from various primary schools across Singapore participated in the company's interactive School Health Fair programs. Its free daily educational bread plant tours also attracted more than 32,000 students, youths and the elderly.

In June and October 2013, the company collaborated with Nestle Singapore in four outdoor events to promote the importance of eating a healthy breakfast to the morning rush-hour crowd. More than 6,000 people were given a complimentary Healthier Choice breakfast comprising of a packet of Gardenia Wholemeal buns and a Milo beverage.

Gardenia Singapore is committed to cultivating a kinder and more caring society and for the ninth year, partnered with the Singapore Kindness Movement ('SKM') to spread SKM's special kindness message, 'Share Goodness, Together We Can Make Someone's Day' to the community. The message was printed on the packaging promotional bands of the Gardenia Fruit & Nut and Gardenia California Raisin loaves. These loaves were sold at special prices to encourage consumers to purchase them as gifts to spread the message of kindness.

For the year ahead, the company is committed to maintaining and growing its leadership position in the Singapore market through greater operational and cost efficiencies, increased brand enhancement activities, innovation of products that meet the needs of consumers and expansion of its market share.

MALAYSIA

GARDENIA BAKERIES (KL) SDN BHD ('GBKL')

2013 was an excellent year for GBKL despite a difficult and challenging business environment marked by higher fuel, raw material and wage costs.

Turnover reached a new high of RM734.9 million, an increase of 5.3% over the previous year, driven by new product launches and increased operational efficiencies.

In an affirmation of Gardenia's leadership and dominance of the Malaysian packaged bread market, Gardenia was once again voted 'Most Preferred Brand', winning the Gold Award in the prestigious Putra Brand Awards 2013 for the fourth consecutive year. The award is a resounding endorsement by Gardenia's loyal customers of its high quality, nutritious and value-for-money products.

Gardenia was also awarded the Putra Brand Icon in recognition of its consistently clinching the Gold Award in the Foodstuff category. Gardenia's success in its pursuit of product excellence has raised the bar for the Malaysian bakery industry.

During the year, GBKL introduced two new cream roll variants - Butterscotch and Strawberry. It also added a new variant to its Delicia soft rolls range, the Strawberry Yogurt.

The company also expanded its range of fruit breads. It launched the Delicia Raspberry Milk & Cranberries bread, a novel bread that combined the irresistible fruity flavour of raspberries with the health benefits of cranberries.

Since 1992, GBKL has been contributing its resources towards the welfare of the less fortunate.

During the year, the company added two more children's homes to its list of long-term product beneficiaries. Today, more than 65 charity homes, including old folks' homes, children's homes and shelters, receive free daily bread donations from the company.

To help struggling families defray their back-to-school expenses during a difficult economic period,

GBKL distributed 1,000 free schoolbags to poor and underprivileged children in several schools in the suburban areas of the Klang Valley in December 2013. The company also initiated a free breakfast program in five schools in the same region, providing poor and needy children with a nutritious and wholesome breakfast every school day.

During the year-end floods, GBKL was able to render quick assistance to flood victims in Pahang and Terengganu. The company diverted six Gardenia trucks laden with fresh bakery items to the nearby flood relief centres to help alleviate the hunger of flood victims who had been stranded without food for almost the whole day, due to inaccessible road conditions.

In November 2013, GBKL was honoured to receive a Certificate of Appreciation from the Spastic Children's Association of Selangor and Federal Territory in recognition of its continuous and long-term support in terms of product contributions over the last 20 years. The certificate was presented by HRH The Sultan of Selangor during the Royal Charity Dinner.

Looking ahead, 2014 is expected to be another challenging year due to increased competition, the carry-over effects of a hike in raw material prices and the possibility of more subsidy rationalizations by the government.

Despite the challenges however, GBKL is committed to strengthening its leadership position in the Malaysian bakery market by creating a stronger and broader base for steady and continued growth through strategic investments and the development of products that continue to delight consumers.

THE PHILIPPINES

GARDENIA BAKERIES (PHILIPPINES) INC ('GARDENIA PHILIPPINES')

In 2013, Gardenia Philippines capped 15 successful years of operations in the Philippines with control of over 60% of the Metro Manila packaged bread market. The company's consistent and steady growth in sales and market share over the years is a remarkable achievement, given the aggressive competition from other bread manufacturers.

The company is proactive in keeping up with consumer tastes and demands and through its consistent delivery of innovative products that consumers love, it is able to stay ahead of the competition. Its popular flavored health bread line enjoys a 90% market share. During the year, the company added a larger 600g High Fiber Wheat Raisin Loaf to meet consumer demand.

In the pandesal market, Gardenia Philippines holds a market share exceeding 50% in supermarkets and convenience stores. The pandesal is a Filipino bread staple.

During the year, the company developed the first-ever hotdog-flavored pandesal variant, the Gardenia Savory Pandesal Hotdog Flavor, an aromatic treat that is gaining consumer acceptance. To refresh its pandesal product range, the company redesigned the packagings for the Gardenia Premium Pandesal, Soft Delight Pandesal and Whole Wheat Pandesal.

To compete with the proliferation of low-priced white loaf breads and the 'Buy-1-Take-1' promotional offers of aggressive competitors, the company re-launched a revitalized Neu Bake white loaf in a 450g pack at a competitive price.

To capture the lucrative student market, Gardenia's Cream Roll was re-launched in a smaller 50g pack at an affordable, kid-friendly price that garnered positive response from thousands of students in Metro Manila and nearby cities and provinces.

During the year, the company undertook several marketing and promotional activities. These included an integrated multi-media advertising and communications blitz in celebration of its 15th anniversary, a new TV advertising campaign for its Classic White bread and a multi-media healthy indulgence advertising campaign for its Fruitylicious range of High Fiber Wheat Raisin Loaf and Wheat Cranberry Loaf.

The company's biggest campaign was 'The Next Big Sandwich Hit' contest, which encouraged consumers' active participation in the creation of new sandwich innovations. The contest was a sandwich-making and business idea generation competition to harness and develop the entrepreneurial and business management skills of students from 10 universities in the Philippines.

The contest created widespread interest and the company received more than a hundred sandwich recipe entries as participants competed to create the most tasty and innovative sandwiches. The campaign was supported by school activations, online promotions and press releases in print and broadcast media.

Gardenia Philippines celebrated the country's second Happy Bread Day Fair at the Glorietta Activity Center in Makati City. The Fair brought together thousands of bread lovers to Bread Town, where visitors were treated to fun activities, games, surprises and Gardenia bread samplings. Through multi-channel media advertising campaigns, the celebration of Happy Bread Day has gained widespread awareness in the Philippines.

To engage consumers and increase brand awareness and visibility, Gardenia Philippines also participated in various community events, including popular cultural festivals, major marathons and fun runs, where Gardenia's giant inflatable product balloon displays attracted consumers to the latest product samplings and promotional activities.

During the year, the company extended its reach to the northwest part of Mindanao, to the province of Misamis Occidental, and in the northeast, to the province of Surigao.

In Cebu, the company's production plant was expanded to include a second line to produce flavored loaves and pandesal for the Visayas and Mindanao markets. The expanded production capability and wider product range will enable the company to substantially increase sales volumes and optimize its distribution network in the southern Philippines.

Towards the end of the year, the Philippines was struck by a double disaster - a 7.2 magnitude earthquake, and the world's strongest tropical cyclone ever recorded, Super Typhoon Haiyan. The worst hit region was the Visayas, which saw massive devastation. Gardenia Philippines quickly responded to the disasters by rushing thousands of loaves of fresh bread to the severely affected areas, working with the Philippine Red Cross, media foundations, government and private relief networks. The company also worked closely with the Department of Trade and Industry in conducting food caravans to help re-supply goods and basic commodities to re-start commerce in the worst-hit areas. The company's speedy relief efforts were widely featured on TV news coverage in the Philippines.

During the year, the company's free educational bread plant tour at Laguna attracted more than 260,000 visitors. Its new plant in Cebu has also become a popular destination for thousands of students, with visitorship increasing by 115% over the previous year.

The company's wide range of innovative and exciting bread products, focused and aggressive marketing strategies and active social responsibility efforts is expected to enable it to maintain its position as the market leader in the Philippine bread industry in the coming years.

AUSTRALIA

BAKERS MAISON AUSTRALIA PTY LTD ('BAKERS MAISON')

Despite a sluggish business environment plagued by rising operating costs, Bakers Maison turned in another excellent year of double-digit sales growth, driven by expansion of its network of national distributors and independent retailers, participation in major promotional activities and increased contract manufacturing work.

Bakers Maison is a specialist manufacturer of authentic frozen and par baked French-style breads, pastries and sweets. Its products are distributed to the foodservice sector throughout Australia. The company's foodservice clients comprise cafés, restaurants, hotels, food caterers, canteens, airlines, convenience stores and supermarkets.

During the year, Bakers Maison successfully completed a major contract manufacturing project to produce a retail packaged pizza base for a national retailer. The product, which was linked to a television series, was launched in October and sold in-store across Australia for about six weeks. The successful completion of the project has enhanced Bakers Maison's reputation as a reliable contract manufacturer that is able to produce a high quality product to specifications in a timely manner.

Two new products that were developed by the company in late 2012, the Sour Dough baguette and Turkish-style sandwich, were very well received by the trade and saw strong sales growth during the year. Another product that saw increased demand from consumers was the company's range of batards. To respond to this demand, Bakers Maison increased the size of its batards from 300g to 420g.

During the year, the company participated in several promotional activities. It collaborated with a group of over 30 national distributors in a major promotional event that lasted for over six months and gave its products maximum exposure to more than 50,000 consumers in the Eastern States.

Bakers Maison also participated in Fine Food Australia, a four-day event held in Sydney that attracted over 25,000 foodservice professionals. Fine Food Australia is the largest trade event in Australia for the foodservice, hospitality and food retail industries. The event enabled Bakers Maison to showcase its products and production capabilities to the foodservice market. The company's new professionally-designed catalogue was also distributed at the event.

In September 2013, the company launched its new website. The revamped website was easier to navigate and enabled customers to sign up as members to receive regular updates on new products and activities. To increase its presence on social media, Bakers Maison also launched a new Facebook page and has plans to schedule more online activities in the coming months.

During the year, Bakers Maison continued with its initiatives to reduce operating costs. After a review of production schedules, the new bread line that was commissioned in 2012 increased its production output in the second half of the year in order to optimise productivity and yields.

The company also implemented an improved inventory management system aimed at reducing production costs through ingredients and wastage control. This initiative will be implemented over 18 months and is expected to achieve a double-digit wastage reduction rate over the coming months.

In March 2013, the company implemented a program to reduce its carbon emissions by more than 30% over a 24-month period. Utility expenses have shown a sizeable reduction in the last months of 2013 and this trend is expected to continue into 2014. The program is fully supported by the Australian Government.

OPERATIONAL REVIEW

PRIMARY PRODUCTION

OPERATIONAL REVIEW
Primary Production

AUSTRALIA

RIVALEA (AUSTRALIA) PTY LTD ('RIVALEA')

The Group's Primary Production business segment comprises the operations of its wholly-owned subsidiary, Rivalea and an 80%-owned subsidiary, Diamond Valley Pork Pty Ltd ('Diamond Valley').

Rivalea is the largest fully integrated pork production operation based in Australia. It is involved in all stages of the meat processing operations such as stockfeed milling, breeding and farm operations, abattoir (slaughterhouse) operations, deboning, meat cutting, packaging of fresh meat products and meat distribution.

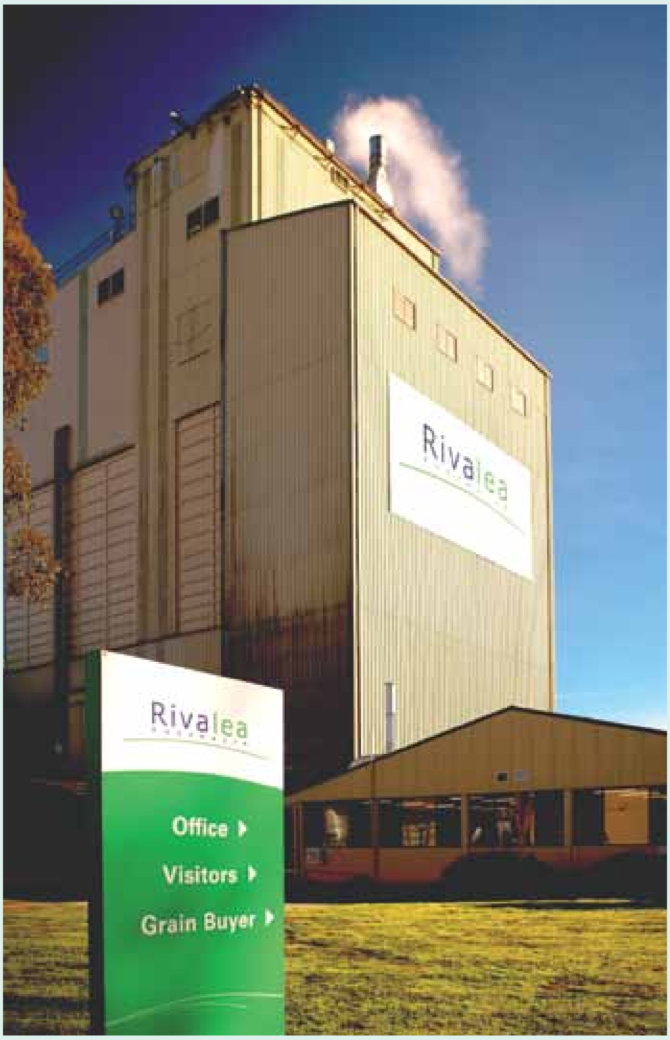
Rivalea is the largest producer of pork meat in the Australasian region and in Australia, accounting for about 20% of the latter's total meat production. The company is also one of the largest exporters of pork products to the major export markets of Japan, New Zealand and other Asian countries. In 2013, Rivalea produced and sold about 794,000 heads or about 65,000 MT of meat.

Rivalea has a major presence in the Australian meat market holding dominant positions in the various market segments. It is a major supplier of carcasses and meat products to wholesalers, and provides live animals to a major meat processor. It is also the largest producer of vacuum-packed meat cuts and tray-packed products for a major national supermarket chain. The company's own unique fresh moisture-infused meat cuts are sold in butcheries, meat retail outlets, food service customers and independent supermarkets. The meat cuts are marketed under the company's proprietary brand names - Murray Valley (for butcheries and meat retail outlets), High Country (for the food service industry), Family Chef (for independent supermarkets) and Riverview Farms (for free range meat products).

Rivalea's breeding and farm operations are carried out within the states of New South Wales and Victoria, on 6 company-owned sites spread over a total area of about 100 square kilometres. Production is also carried out by a number of third-party contract growers who provide labour and housing facilities to grow the livestock till marketable age with Rivalea providing the feed, the animals and technical knowledge, and the meat processing and distribution. This arrangement provides the flexibility for Rivalea to quickly increase livestock numbers at any time without incurring heavy capital expenditure.

Production systems at the farm operations are environmentally clean and efficient and are based on the latest methods and technologies, including eco-shelter production systems. The use of all-in-all-out ('AIAO') systems ensure that the sheds are completely cleaned out between batches of animals and Segregated Weaning Systems ('SEW') are used to separate and isolate different herd batches as they grow. These production systems maintain the health status of the herd by reducing the incidence of disease transmission.

The main raw materials used in stockfeed, such as wheat grain, barley, triticale, canola, other grains and pulses, are purchased directly from growers in the surrounding grain producing areas. The company has developed a good infrastructure for grain storage which enables it to take advantage of opportunities to secure its grain requirements at the best possible prices and quantities. The Group also owns a facility which is capable of increasing the storage capacity for grain raw materials by an additional 35,600 MT, bringing the company's grain storage capacity to almost 110,000 MT.



Rivalea's company-owned stockfeed mills produce all the company's stockfeed requirements. This in-house feed production enables Rivalea to reduce the costs of feed production through economies of scale and ensure that its livestock receives the best quality feed at the best formulations. The company owns and operates one of the largest stockfeed mills in Australia with a capacity of more than 450,000 MT per year. The main mill is situated in Corowa, NSW, while a smaller facility is located in Balpool, NSW. Rivalea also produces a wide range of branded feedstock for sale to external customers and this business has continued to achieve encouraging levels of profitability. In 2011, the Group acquired another feedmill in Corowa which has a capacity of 70,000 MT per year. This acquisition gives Rivalea increased flexibility and the necessary efficiency to produce and supply good quality stockfeed products for its rapidly expanding customer base.

All the meat used in the production of the company's meat products is supplied by the company's abattoirs and this enables Rivalea to achieve the best quality carcasses and meat cuts at the highest hygiene and sanitation standards and the lowest possible cost. Rivalea's abattoir and deboning facility at Corowa is export-registered and is the largest abattoir in Australia that is situated on a single site. It has the capacity to slaughter one million heads per annum. An adjoining boning facility uses the latest technologies to efficiently and hygienically debone the meat which is then immediately vacuum packed into case/slice ready primals for the retail market, or wrapped and chilled for either the domestic or export market.

The boning facility currently processes about 365,000 carcasses a year. A moisture enhanced facility processes Rivalea's branded moisture infused meat products. An in-house processing plant maintains quality control on the products and this is backed by integrated risk procedures and an on-site NATA accredited laboratory. The processing plant has also obtained ISO 9001:2000 certification, SQF 2000 certification and complies with the guidelines issued by the AQIS Approved Meat Safety and Quality Assurance Standard.

Diamond Valley operates another abattoir and boning business in Melbourne, Victoria. This facility slaughters approximately 658,000 heads per annum and processes animals from both Rivalea as well as external customers. The facility also has a minced meat and packing line to add value to its meat products. In 2012, the Group acquired an adjacent 1.8 hectare site which can be used for Diamond Valley's future expansion as the company is facing rapidly increasing demand for its services and products.

One of the core strengths of Rivalea lies in its established research and innovation capability. The company's Research and Innovation Division ('R&I') comprises a team of scientists who support all the operational units of the company with effective and the latest state-of-the-art technical capabilities. Rivalea is one of the largest private investors in pork meat research in Australia and a significant contributor to international research. Research programs are conducted in the areas of animal welfare, genetics and animal breeding, veterinary science, reproduction, growth and nutrition, meat science and food safety, new product development and environmental sustainability.

The R&I also undertakes contract research programs for external clients such as multinational drug companies. This extensive network of collaboration provides not only monetary benefits in the way of fees, but enables the company to apply the knowledge gained to its operations and thereby enhance the company's technological and competitive advantage. Rivalea's R&I also sells technical products to external parties through its Primegro Technologies brand ('Primegro'). Some unique Primegro products are genetics, a process to determine the future growth and efficiency potential of an animal at its birth, and insulin growth products.

In line with consumers' increasing demand that farm animals be treated humanely, Rivalea practices a comprehensive animal welfare policy. All of its sow population is now housed in group housing where there is freedom of movement. Half of the company's animals are reared in straw-bedded barns so as to provide social interaction. The company has also successfully developed and implemented its own free-range farming system. All livestock and farm workers possess National TAFE Certificates in Agriculture and are supervised by highly qualified people including veterinarians and animal behavioral scientists. Rivalea's reputation for being in the forefront of animal welfare has resulted in increased demand for its products from supermarkets and consumers.

As part of its strategy to focus more in producing value-added fresh products where it has the competitive advantage, Rivalea launched a new range of fresh mince and meat products to supply major retail customers and volumes have exceeded all expectations. The company will continue to grow and develop the fresh value-added product segment by formulating and introducing new product lines to new and existing customers.

The expertise built up by Rivalea over the years, especially in the area of product development, production systems and technological know-how may enable the company to successfully undertake new ventures and expand this area of its business.

OPERATIONAL REVIEW

TRADING & LOGISTICS

OPERATIONAL REVIEW
Trading & Logistics

SINGAPORE

BEN FOODS (S) PTE LTD ('BEN FOODS')

Ben Foods achieved another year of strong growth with sales increasing over the previous year.

Ben Foods is a wholesale distributor of a wide range of premium third-party and proprietary-brand food and beverage products to the foodservice industry. Customers include food manufacturers, food and beverage outlets, supermarkets and independent retail outlets, hotels, wholesalers, bakeries, flight kitchens and sea vessels.

The company's proprietary brands are trusted and familiar household staples. They are Cowhead (milk, dairy products, confectionery), Farmland (meat, frozen vegetables, potato snacks), Haton (seafood products), Orchard Fresh (beverages) and Spices of the Orient (sauces, seasonings). Cowhead and Farmland have attained Superbrand status and Cowhead products are exported regionally.

To strengthen its house brands and enhance its competitiveness, the company introduced 13 new products during the year.

It developed three premium chocolate bars under the Cowhead brand. The bars come in three flavours - Marble, Creamy Milk and Coffee Cocoa.

To capture the breakfast spreads market, the company launched the Cowhead Dan-Delion Soft Margarine in a tub, and four flavours of Premium Swiss Preserves. The margarine contains 65% less saturated fat than butter, and is high in polyunsaturated and monounsaturated fats, which may help in lowering cholesterol levels. The jams are produced by Orchard Fresh in Switzerland and contain 52% real berries. They come in Strawberry, Blueberry, Raspberry and Forest Berries flavours.

To meet the needs of the busy consumer who wants a healthy snack-on-the-go, Ben Foods developed the Sun Orchard All-Natural Fruits and Nuts Bars in three flavours – Strawberry Raspberry & Almond, Blueberry Pomegranate & Almond and Cherry Almond Crunch.

The company also added two varieties of chicken meatballs to its Farmland frozen meat range – Original and Cheese meatballs.

For the year ahead, Ben Foods will continue to build on its base of core brands through the development of new innovative products. It will also seek to capitalize on opportunities to expand its market share, both domestically and overseas.

NCS COLD STORES (S) PTE LTD ('NCS')

NCS is the owner and operator of the largest independent public cold store in Singapore, in terms of land area. Sited over 27,000 sq. m. of land with a capacity for 14,000 pallets, the cold store is strategically located in the Jurong seafood industrial area, about 5 minutes from Jurong Port.

NCS Cold Store provides customers with an efficient one-stop service, from the rental of multiple-temperature storage rooms, meat processing rooms and office space, to container plug-in services, cargo clearance and delivery services.

In 2013, NCS posted increased revenues over the previous year, boosted by high occupancy rates. The shortage of cold room space in the industry continued into 2013 and enabled NCS to commit about 1.5 metric tonnes of frozen cargo space under longer term leases, giving NCS a steady, fixed income stream.

As part of its social responsibility initiative to use cleaner and more cost efficient energy sources, the company had completed the replacement of plant and machinery under a grant offered under the National Environment Agency's energy efficiency program. The new machinery is expected to result in electricity usage savings of some $120,000 a year.

NCS has a 62% interest in QAF Fruits Cold Store Pte Ltd, the owner of a cold store for the storage of fresh fruits and vegetables. The cold store's 16 cold rooms and offices are leased to third-party tenants.

OPERATIONAL REVIEW

OTHER INVESTMENTS

OPERATIONAL REVIEW
Other Investments

AUSTRALIA

OXDALE DAIRY ENTERPRISE PTY LTD
('OXDALE DAIRY')

Oxdale Dairy turned in a pleasing set of results in 2013.

Sales revenue rose by 12% on the back of higher dairy volumes and pricing, and the benefit of a full year's rental income from the company's commercial warehouse property in Laverton, Victoria. The warehouse was acquired in September 2012 and is located adjacent to the Diamond Valley Pork Pty Ltd ('Diamond Valley') abattoir and boning facility. Diamond Valley is a related company and the warehouse has the potential of being utilized in the future expansion of Diamond Valley's business operations. The warehouse is currently leased to a third-party for an attractive rental income.

During the year, total dairy output increased to 8.9 million litres, from 7.6 million litres in 2012. The milk is supplied under contract to Murray Goulburn Co-operative Co. Limited, the largest milk processor in the Australian dairy industry.

In 2010, the company made a decision to diversify its business operations by acquiring industrial properties that would create a recurring revenue stream. Since then, the company has acquired the commercial warehouse at Laverton, and a large grain storage facility and a small feedmill, both located in Corowa, New South Wales.

As part of a restructuring to achieve an even balance between operational and rental investment activities, the company entered into an agreement to sell the Oxdale 1 dairy production facility, excluding livestock, in late 2013. Completion of the sale took place in March 2014.

The company's remaining dairy production facility, Oxdale 2, is a fully-equipped freehold facility of approximately 418 hectares in area. The property is in proximity to large tracts of buffer pasture land belonging to Rivalea (Australia) Pty Ltd ('Rivalea'), a related company. This has enabled the company to enjoy lower feed costs.

In 2013, Rivalea's lease on the company's grain storage facility in Corowa was re-negotiated on rollover terms.

CORPORATE SOCIAL RESPONSIBILITY

CORPORATE SOCIAL RESPONSIBILITY

The QAF Group's major business activities are bakery, primary production, and the trading and distribution of food products in Singapore, Malaysia, the Philippines and Australia.

In an age of dwindling natural resources, sustainability is not an option if we are to ensure a stable food supply for future generations. Sustainability not only involves responsibility for conserving the resources that support food production, but responsibility for developing foods that benefit society.

As a major food producer and manufacturer, we are in a unique position to make efficient use of limited food resources to create healthy and nutritious diets that reduce the incidence of diet-related diseases in the population and contribute to the betterment of society.

As a responsible corporate citizen, we are also committed to conserving the world's limited resources through economically sustainable business practices. Sustainable business practices not only minimizes our impact on the environment and eco-system, but enables us to remain financially viable, as higher cost efficiencies result in lower input costs.

To promote the importance of taking breakfast, Gardenia partnered with Nestle Singapore to distribute a complimentary Healthier Choice breakfast comprising of a Milo beverage and a packet of Gardenia Wholemeal buns to more than 6,000 members of the public.

By maintaining our price competitiveness, we are able to produce nutritious and wholesome foods that improve the quality of life of the millions of people whom we serve.

Healthy lifestyles, society and the local community, environment and the development and welfare of employees form the central focus of our corporate social responsibility initiatives.

PROMOTING HEALTHY EATING AND LIFESTYLES

Since 1992, Gardenia has been helping people to eat and live better through various initiatives, including healthy product innovations, community outreach programs and collaborations with health industry partners.

INNOVATION OF HEALTHY BREADS

Over the years, we have developed a range of healthy bakery products to address the special nutritional needs of consumers.

Gardenia produces sugar-free breads and breads with low glycemic index suitable for diabetics, breads fortified with L-carnitine to aid in weight management, breads containing beta glucans to help lower cholesterol and breads with prebiotic properties.

To encourage people to eat more whole grains, it developed a soft and fine wholemeal bread that combines the softness of white bread with the goodness of whole grains, and a 100% wholegrain bread made from Canadian purple wheat, an ingredient that is high in anti-oxidant properties.

In 2013, Gardenia expanded its whole grains range with hamburger and hotdog buns produced from wholemeal flour. The buns were the first in Singapore to carry the Health Promotion Board's Healthier Choice symbol to indicate to consumers that they were healthier options.

HEALTH PROMOTION INITIATIVES

Gardenia actively sponsors and participates in initiatives to promote the benefits of a healthy diet and active lifestyle.

For the past 23 years, Gardenia has been a regular partner and sponsor of the Singapore Health Promotion Board's health promotion initiatives and community outreach activities.

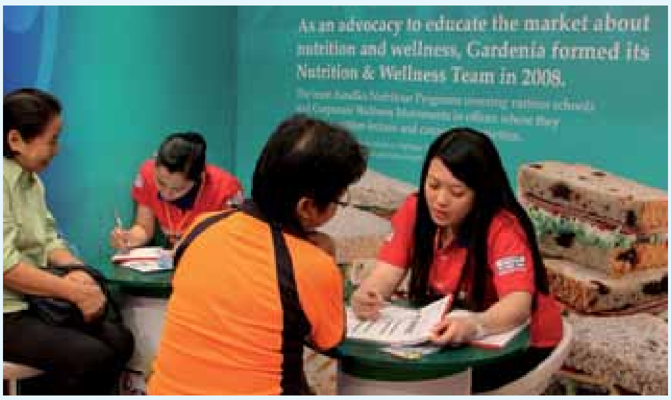
In 2013, Gardenia took part in the Board's International Women's Day event to raise the awareness of disease and improve the overall well-being of women. It also participated in the Board's National Healthy Lifestyle Campaign held at Mapletree Business City to promote Healthy Fridays to the working population. Gardenia sponsored the events with products from its Healthier Choice whole grains range.

During the year, Gardenia partnered with Nestle Singapore in four outdoor events to promote the importance of taking a good breakfast. More than 6,000 members of the public were given a complimentary Healthier Choice breakfast comprising of a Milo beverage and a packet of Gardenia Wholemeal buns.

Diabetes is on the rise and the Diabetic Society of Singapore has estimated that there are more than 400,000 diabetics in Singapore. To celebrate World Diabetes Day, Gardenia partnered with the Diabetic Society of Singapore and Alexandra Hospital in two events to promote Low GI foods and whole grains in a nutritious diet. More than 3,500 diabetic patients received complimentary Gardenia Low GI Nutri Multi-Grain loaves and Gardenia Wholemeal buns at these events.

In Malaysia, Gardenia regularly partners with health care NGOs to promote healthy eating. To instil the benefits of healthy eating and an active lifestyle to reduce diet-related chronic diseases, Gardenia worked closely with the Steering Committee Members of Nutrition Month Malaysia in 2013 to produce a children's cook book entitled, 'My Cookbook with Bread'. The cookbook teaches young children how to eat healthily and how to prepare their own meals. Twenty thousand copies of the cookbook were printed for distribution at children's activities and health events organised by healthcare professionals.

In Malaysia, 20,000 copies of a children's cook book, 'My Cookbook with Bread' were produced by Gardenia to teach young children how to eat healthily and prepare their own meals. The cook books are distributed during children's activities and health events organised by healthcare professionals.



Gardenia's in-house nutritionists provide free nutrition counselling in offices and supermarkets in the Philippines.

In the Philippines, Gardenia's registered nutritionists visit supermarkets and offices to provide free nutrition counselling on health and diet. Services include advice on Body Mass Index, diet plans and related health issues. Through its partnerships with organizations that conduct medical and dental missions, Gardenia also reaches out to the underprivileged, taking the message of good health and proper nutrition to communities living in depressed regions.

SCHOOL HEALTH FAIRS

We believe that healthy eating habits should be instilled from a young age and for over 20 years, Gardenia has been closely involved in the School Health Fair program organized by the Singapore Health Promotion Board.

The interactive School Health Fair program features a health talk, an educational skit on healthy diets and a healthy sandwich-making competition. In 2013, more than

Primary school students in Singapore take part in a School Health Fair healthy sandwich-making competition using the Healthy Diet Pyramid provided by Gardenia.

25,000 students from various primary schools across Singapore participated in the program to learn about healthy eating habits, the importance of taking breakfast and the benefits of eating wholegrain foods.

In the Philippines, Gardenia's School Nutri-Tour program teaches school children how to incorporate good eating habits with an active lifestyle. In 2013, the Nutri-Tour program reached some 43,000 students in Metro Manila and nearby cities and provinces.

EDUCATIONAL BREAD PLANT TOURS

Gardenia spreads its message of healthy eating to the larger community by opening its doors to the public and offering free educational tours of its fully-automated production facilities. The educational tour programs incorporate talks on health, hygiene, diet and nutrition.

In 2013, more than 32,000 students, youth and the elderly visited the Gardenia bread plant in Singapore.

Visitors at Gardenia's state-of-the-art bread plant in Laguna, one of the top educational tour destinations in the Philippines. More than 260,000 people visited the plant in 2013.

Visitors at Gardenia's free educational bread plant tour in Singapore learn about healthy eating and nutrition and the wholesome goodness of Gardenia bread.

In Malaysia, Gardenia has been welcoming visitors to its plant for the past 23 years. Visitors get an insight into the huge logistical challenges of delivering fresh bread to consumers all over the country on a daily basis. In 2013, the number of visitors to the plant increased by more than 30%, as compared to the previous year.

In the Philippines, Gardenia's state-of-the–art bread plant at Laguna is one of the top educational plant tour destinations in the country. During the year, more than 260,000 visitors, comprising students, parents, professionals and community groups, toured the facility.

COMMUNITIES IN NEED

We strive to be a caring corporate citizen by giving back to society through our support of various philanthropic, community and charitable causes. We actively support corporate social responsibility programs including calamity donations, entrepreneurship and sponsorships.

During the year, we were able to help the less fortunate and communities stricken by natural disasters.

RESPONDING TO CALAMITIES AND DISASTER RELIEF EFFORTS

In December 2013, the widespread flooding in some states in Peninsular Malaysia caused much hardship to people living in low-lying regions as the inundated roads were inaccessible to traffic and cut off many communities.

In response to the situation, Gardenia had diverted six trucks, laden with fresh bakery items in Pahang and Terengganu to the flood relief centres within the vicinity, where many hungry families had been stranded without food for almost the whole day. Gardenia's quick and speedy response to the dire situation provided early relief and alleviated the hunger of the flood victims.

In the Philippines, Gardenia is at the forefront of relief efforts to alleviate the suffering of victims of natural disasters like floods, typhoons and fires. It regularly partners with relief and civic organizations to provide food, aid and assistance.

Gardenia rushes fresh bread to flood victims trapped in low-lying regions in Pekan, Pahang, Malaysia.

CORPORATE SOCIAL RESPONSIBILITY

During the year, Gardenia donated thousands of bread loaves to victims in many flood-stricken areas where flooding caused by monsoon rains is a frequent occurrence. It also provided aid relief to families affected by oil spills in Cebu.

In October 2013, Gardenia worked with relief organizations, local government units and socio-civic groups to speedily despatch thousands of bread loaves and other food aid to victims of a massive 7.2 magnitude earthquake that devastated the Bohol area.

In November 2013, Super Typhoon Haiyan, the world's strongest tropical cyclone ever recorded, caused massive devastation to huge areas in the central regions of the Philippines, causing the loss of thousands of lives and making millions of families homeless.

Gardenia immediately responded to the disaster by donating thousands of bread loaves to the victims through the Philippine Red Cross, Department of Social Welfare and Development, ABS-CBN Sagip-Kapamilya Foundation, GMA Kapuso Foundation, and other charitable groups and private individuals. Gardenia also initiated a calamity donation drive for the victims, some of whom included employees who had lost their homes in the typhoon. Affected employees were provided with monetary assistance, clothes and other necessities.

Gardenia donates thousands of bread loaves to evacuees of Super Typhoon Haiyan. The typhoon caused massive devastation to the central regions of the Philippines in November 2013.

The incidence of fire is very high, especially in dense urban areas of the Philippines. In June 2013, Gardenia entered into a partnership with the Rotary Club of Alabang to speedily distribute Gardenia bread loaves to fire victims living in temporary shelters. Called the 'Response Agad (Quick Response) for Fire Victims', the project provides quick-response delivery of bread loaves to fire victims within 24 hours.

Distribution of Gardenia bread loaves to victims at an evacuation centre in Tubigon, Bohol, Philippines. In October 2013, a massive 7.2 magnitude earthquake devastated the area.

Gardenia distributes free schoolbags to poor and underprivileged schoolchildren in the Klang Valley, Malaysia. One thousand free schoolbags were given out in December 2013 in an initiative to help struggling families defray their back-to-school expenses

Free bread and bakery products are donated by Gardenia each day to more than 65 charity homes in Malaysia.

SUPPORT OF CHARITABLE CAUSES AND SPONSORSHIP OF COMMUNITY PROGRAMS

We contribute our resources towards the welfare of the less fortunate through our support of social initiatives and community programs. During the year, we supported a range of charitable organisations and causes.

In Singapore, Gardenia distributed more than 300,000 loaves of heavily-subsidized bread and buns to the poor and needy from 28 charitable homes, schools and non-profit organizations, and through product sponsorships of community and corporate social responsibility programmes.

In Malaysia, Gardenia has been supplying free bread and bakery products to more than 65 charity homes on a daily basis since 1992. These homes include old folks' homes, children's homes and shelters. In 2013, Gardenia added two more children's homes to its list of long-term product beneficiaries.

In December 2013, Gardenia distributed 1,000 free schoolbags to poor and underprivileged children in several schools in the Klang Valley, Malaysia. The free school bags helped struggling families defray their back-to-school expenses during a difficult economic period.

In 2013, Gardenia's 'Daily Bread' program in the Philippines donated approximately 10,000 bread loaves each week to some 40 regular beneficiaries comprising of depressed community groups and foundations.

In celebration of Happy Bread Day in the Philippines, Gardenia launched its 'I Shared Bread' charity campaign for the third year running, in October 2013. Gardenia pledged to donate three loaves of bread for every loaf of bread purchased by customers at the Happy Bread Day fair. The bread was distributed to two charities, and to victims of the Bohol earthquake. The 'I Shared Bread' campaign was a huge success with more than 11,000 loaves donated to the three beneficiaries.

In Australia, Rivalea provided significant sponsorships to the Amaranth Foundation and Wodonga Carer's Accommodation in 2013. These two organisations respectively, offer psychosocial support and care for families and individuals who are living with a serious, chronic or life-limiting illness, and provide emergency accommodation and support to family members and caregivers of patients predominantly suffering from cancer.

Rivalea also provided financial support and product donations to a range of other charitable organizations, local schools and sporting groups during the year.

Gardenia donates bread to students at a public elementary school in Luzon, Philippines. Gardenia's Nutrition Assistance Program aims to curb hunger and malnourishment and improve the health status of less privileged schoolchildren.

HELPING TO ALLEVIATE HUNGER AND MALNUTRITION IN SCHOOL CHILDREN

We believe that breakfast is the most important meal of the day, especially for school children, whose academic performance declines if they go to school hungry.

To ensure that children are well nourished and ready to learn, Gardenia donated free bakery goods to several schools in Malaysia and the Philippines in 2013.

During the year, Gardenia initiated a free breakfast program in five schools in Malaysia, providing poor and needy students with a nutritious and wholesome breakfast every school day. These students were also the recipients of the free schoolbags.

In the Philippines, Gardenia's Nutrition Assistance Program aims to reduce malnutrition amongst less privileged schoolchildren in various public schools. The program, which is a health advocacy initiative that includes a feeding program, benefitted close to 6,000 students from several public elementary schools in Luzon in 2013.

Under this program, Gardenia also donated bread every day to more than 1,000 students who had been identified by their school as being severely undernourished. At the end of a 3-month period, the results showed an improvement in the health status of the children.

TRANSFORMING LIVES THROUGH SPONSORSHIPS OF UNDERPRIVILEGED CHILDREN

During the year, Gardenia continued to take a proactive role in transforming lives through its continued support of the Tuloy sa Don Bosco Foundation. The Foundation gives poor and abandoned children, many of whom were former drug addicts, snatchers and thieves, a chance to receive an education and be rehabilitated into responsible citizens. To enable the Foundation to earn extra income, Gardenia hires staff from Tuloy to run its in-house bakery store at its Laguna plant. It also accepts a number of Tuloy's students for on-the-job training in engineering and production, and offers employment to qualified graduates.

PROVIDING DISCOUNTED GOODS TO CALAMITY-AFFECTED COMMUNITIES

In 2013, Gardenia actively participated in the Department of Trade and Industry's 'Diskwento Caravan' project. This government-initiated project enables people in ravaged communities in Samar, Leyte and various Visayas towns, who have no access to shops, to purchase goods and basic commodities at a discount.

COMMUNITY INVOLVEMENT

We take an active part in community activities to foster close relationships and strong ties within the communities in which we operate.

PROMOTING KINDNESS TO THE COMMUNITY

Beyond instilling healthy lifestyles, we are committed to cultivating a kinder and more caring society. For the past nine years, we have been able to achieve this through

In conjunction with World Bread Day 2013, Gardenia and the Singapore Kindness Movement shared buns with members of the public.

our partnership with the Singapore Kindness Movement (SKM). During the year, Gardenia partnered with the SKM in two community projects.

In September 2013, Gardenia collaborated with SKM in a month-long online campaign to encourage acts of kindness in daily life. Social media users were encouraged to share kindness stories and photos using the hashtag #NationofKindness on Facebook, Instagram and Twitter. SKM donated a loaf of Gardenia bread for each hashtag to families in need. The campaign was a success, with more than 4,900 hashtags featuring acts of kindness posted on social media.

During the year, Gardenia continued its annual complimentary support of the SKM's 'Share Goodness' campaign. Two of Gardenia's popular speciality loaves, the Gardenia Fruit & Nut loaf and Gardenia California Raisin loaf, carrying a special kindness message, 'Share Goodness, Together We Can Make Someone's Day', were used to spread SKM's kindness message to thousands of households across Singapore.

PROVIDING VALUABLE WORK EXPERIENCE FOR THE YOUNG

We invest in the young by providing them with opportunities to undertake a work stint in our facilities.

In Malaysia, Gardenia accepts undergraduate students into its bakeries for industrial training to expose them to the real work environment.

In Australia, Rivalea provides opportunities for local high school students to undertake work experience in its production facilities. This initiative has often led to students becoming valued future employees.

ENCOURAGING ENTREPRENEURSHIP AND HONING BUSINESS SKILLS

To harness and develop the entrepreneurial and business management skills of college students and teach them healthy eating habits, Gardenia launched an inter-varsity sandwich-making and business idea generation competition in the Philippines called 'The Next Big Sandwich Hit'.

The contest created widespread interest with teams of students from 10 universities competing to create a healthy original sandwich and conceiving a business plan that would sell the most sandwiches at the Mercato food bazaar at Bonifacio Global City. Gardenia subsidized the 2-day stall rental fees for the contest and the ingredients used in the sandwich concoctions. The contest provided students with invaluable experience on doing business in a real food bazaar: they also got to keep the extra money earned from their sandwich sales.

One of the qualifying rounds in Gardenia's 'The Next Big Sandwich Hit', an inter-varsity sandwich-making and business idea generation competition in the Philippines to create the best original healthy sandwich.

KEEPING THE COMMUNITY SAFE FROM CRIME

In Singapore, NCS joined as a member of the Jurong Waters Safety & Security Network (JSSN) in 2013. The JSSN is a community and safety initiative set up by the Police Coast Guard, Immigration & Checkpoints Authority, Central Narcotics Bureau, Singapore Customs, The Maritime & Port Authority of Singapore and the Singapore Civil Defence Force. Members help to keep the community safe by looking out for smuggling and other forms of criminal activity along the coastline.

PROMOTING ETHICAL BUSINESS PRACTICES

In 2013, Gardenia made a commitment to fight corruption and promote ethical business practices and good corporate governance. It participated in the INTEGRITY INITIATIVE of the Makati Business Club, Management Association of the Philippines and the European Chamber of Commerce. Gardenia is one of the 1,000 signatories of the Integrity Pledge, acknowledging its responsibility to be an example in the fight against corruption, and pledging to operate its businesses ethically and with integrity.

ENVIRONMENT

With climate change being one of the most serious issues facing the world, we are committed to minimizing and mitigating our negative environmental impacts and maximizing our positive environmental contributions.

During the year, we stepped up measures to further reduce our carbon footprint by optimizing our operations to be more sustainable, and collaborating for an environmentally sustainable world.

ENVIRONMENTAL MANAGEMENT SYSTEM

In Australia, Rivalea has adopted the ISO 14001 standard for Environmental Management Systems and is currently working towards compliance with the ISO 50001 standard for Energy Management Systems. All Rivalea sites are regulated under State Environment Protection Agencies and the company regularly monitors and reports on environmental issues.

Rivalea's second biogas facility started producing biogas in 2012.

BIOGAS TO ENERGY

We are focused on our efforts to reduce emissions. In 2009, Rivalea built its first biogas facility, two years ahead of the Australian government's Voluntary Carbon Farming Initiative 2011 to encourage farmers to reduce emissions.

Rivalea's second biogas facility, which started producing biogas in 2012, has exceeded expectations in regard to gas production. The amount of biogas produced has the potential to heat more than 500 homes per day. The carbon abatement from burning biogas is expected to be in excess of 12,000 tonnes of carbon dioxide, equivalent to taking 2,700 cars off the road.

In 2013, Rivalea reduced its annual overall greenhouse emissions by 5.2% from 2012. The reduction in emissions per unit of production also improved by 12.7% over 2012.

POLLUTION INCIDENT RESPONSE MANAGEMENT PLANS

In 2013, Rivalea formulated Pollution Incident Response Management Plans to prepare, co-ordinate and mitigate the impact of any pollution incident on neighbouring communities. The Plans included a commitment to training staff and having the resources and readiness to co-operate with the authorities should the need arise.

RECOVERING NUTRIENTS AND WATER FROM WASTE

We recover nutrients and water from our farming operations to meet our environmental and sustainability objectives.

Rivalea's farm at Corowa uses treated waste water to grow wheat, maize and pasture crops, which in turn are milled into highly nutritious diets for its herd. Other co-products from Rivalea's operations are processed into products such as compost and protein meal.

Rivalea is currently investigating the use of algal biomass as a potential feed ingredient. The purpose of this project is to establish a sustainable resource that can be used as an alternative source of dietary protein and energy in animal diets.

COMMUNITY ENVIRONMENTAL MEETINGS

Rivalea adopts a proactive approach to ensure that its neighbours are informed of any environmental impacts caused by its operations. It holds regular community meetings to discuss environmental issues and solutions to reduce or eliminate any environmental impacts. Its open channel of communications, which also includes phone calls, letterbox drops and personal visits, has enhanced the strong and effective relationships it has built over the years.

Rivalea uses nutrient-rich treated waste water from its operations to grow valuable crops.

ENERGY SAVING PROJECTS

To ensure that our practices and processes are not harmful to the environment, we have undertaken measures to use cleaner and more cost efficient energy sources.

In Singapore, NCS has completed the replacement of plant and machinery under a grant offered under the National Environment Agency's energy efficiency program. The energy efficient machinery is expected to result in savings of some $120,000 a year in electricity usage.

In Malaysia, Gardenia has completed the switch over to the use of natural gas for its ovens and replaced all conventional diesel-fired boilers in its production lines with electrical powered steam generators to reduce carbon emissions.

In the Philippines, Gardenia strictly implements recycling and waste segregation programs. It uses liquefied petroleum gas in its baking processes and a Waste Water Facility treats used water before it is discharged into the sewers. All delivery trucks also undergo regular maintenance to reduce air pollution.

In Australia, Bakers Maison implemented a program in 2013 to reduce its carbon emissions by more than 30% over a 24-month period. It has completed the switch over to natural gas for its hot water system and ovens and the installation of LED high efficiency light fittings. The program is fully supported by the Australian Government.

INITIATIVES TO REDUCE THE USE OF PLASTIC SHOPPING BAGS

To encourage consumers to bring their own shopping bags and reduce the usage of plastic grocery bags, Gardenia ran a marketing campaign in Singapore in 2013, giving away 70,000 reusable and foldable grocery shopping bags with the purchase of selected Gardenia products. The complimentary Gardenia bags were well received by consumers and helped to reduce the usage of plastic bags at supermarkets and hypermarkets.

To encourage consumers to use recyclable shopping bags, Gardenia gave away 70,000 reusable and foldable grocery shopping bags with the purchase of selected bread products in Singapore.

ENVIRONMENT CONSERVATION PRACTICES

As part of its commitment to promote environment protection and conservation, Gardenia participated in a tree-planting activity in Adlaon, Cebu City, in cooperation with the Pollution Control Association of the Philippines Central Visayas. The activity is part of the National Greening Program that aims to plant 1,000 trees within a year.

Employees of Gardenia participate in a National Greening Program tree-planting activity in Adlaon, Cebu City, Philippines.

ECONOMIC

DEEPENING OUR BONDS WITHIN THE COMMUNITY

We are committed to ensuring that our activities contribute to the development of the communities in which we operate for the benefit of future generations. We foster close relationships and deepen our bonds within these communities through our support of key community projects.

Together with other local Australian businesses and local councils, Rivalea had for the past two years been involved in a project to develop a fishing platform on the Murray River at Corowa. The platform is now completed and we are honoured that the local council has named it the 'Rivalea Fishing Platform' in recognition of Rivalea's support of the local community.

Rivalea Fishing Platform

In recognition of Rivalea's support of the local community, the local council named a new fishing platform on the Murray River at Corowa, the Rivalea Fishing Platform.

During the year, Rivalea also supported local commercial chef apprentices with product donations. In turn, the apprentice chefs use and promote Rivalea's products in their restaurants.

As a large local employer, Rivalea has a strong preference for using local suppliers and contractors for agriculture, farming operations and maintenance.

OUR PEOPLE

Our people are at the heart of our operations and are the key driving force behind our successes and achievements. We invest in our employees through various upgrading and career development programs, in the form of external and internal training courses. The opportunity enables employees to enhance their skills and capabilities and realise their full potential.

INVESTING IN TRAINING AND EDUCATION

Our Gardenia operations in Singapore, Malaysia and the Philippines provide local and overseas training and exposure for employees across all levels of seniority to improve their skills and equip them with the necessary knowledge and expertise to meet the changing needs of the business. During the year, Gardenia employees in Singapore attended various internal and external upgrading and career development programs. Additionally, more than 150 staff benefitted from two major internal training programs - a Fire Awareness Seminar and a Course on Workplace Safety & Risk Management conducted by the company's Human Resource Department.

Gardenia employees in Singapore attend a Fire Awareness Seminar as part of an internal training program.

In the Philippines, Gardenia continued to provide opportunities for employees to attend training courses, seminars and conventions for their education and development. The company also sponsors the costs of education for employees who wish to pursue further studies.

At Rivalea, employees have access to various training, development and career opportunities, including tertiary education.

INVESTING IN OCCUPATIONAL HEALTH AND SAFETY

The safety, health and well-being of our employees are of paramount importance to us, and we have implemented a number of health and safety related initiatives.

Rivalea uses the SafetyMAP standard for Safety Management Systems and is working towards gaining accreditation to ASNZ 4801 standard.

To promote the health and fitness of its staff, Rivalea employees are encouraged to participate in exercise programs in the company's gym, and running and walking tracks. Employees are also given annual flu vaccinations and information on a wide range of health and wellness topics.

Rivalea's in-house Rehabilitation Centre aids in the speedy recovery of any injured employee by providing safe alternative duties, rehabilitation and exercise programs. A new online integrated incident reporting system also allows for real time incident reporting to enable speedy investigations.

In Singapore, Ben Foods produced a Safety Guide Book for its staff in 2013. The guide identifies common risks at work and is part of the company's Workplace Safety Program initiative.

INVESTING IN FAMILY WORK-LIFE BALANCE

Our guiding principles are very much focused on achieving a good balance of work and family life.

In Singapore, Gardenia provides complimentary daily transportation, lunch and a loaf of bread to each employee. This initiative has helped to defray part of the costs of living for employees. Additionally, the company also provides employees with benefits such as free corporate admission passes to local attractions like the Singapore Zoo, and specially-packed mini-hampers in celebration of Singapore's National Day.

In the Philippines, Gardenia invests in the well-being of its employees through family-oriented bonding programs and activities that foster a greater sense of belonging. Gardenia hosts an annual plant visit every summer for employees' families. The visits have proved to be a morale booster for the staff, providing an opportunity for family bonding and fostering a greater sense of belonging.

Gardenia also celebrates the successes of employees whose immediate family members graduate from elementary, high school or college. The graduates are presented with gifts and congratulatory cards. Qualified tertiary students are also welcome to undertake on-the-job training in Gardenia's facilities to help them prepare for their careers.

Employees of Rivalea participate in an exercise program on the company's running and walking tracks.

A Christmas party organised by Rivalea for employees and their families where close to 400 children received a gift from Santa.

In Malaysia, Gardenia provides employees with free daily transportation and complimentary meals. The company also maintains a fund for the benefit of employees who require financial assistance.

In Australia, Rivalea's Employee Assistance Program provides assistance and counselling on a wide range of issues such as addictions, family matters, grief and bereavement and mental health.

In 2013, Rivalea held a Christmas party for employees and their families. Close to 400 children were presented with a gift and enjoyed themselves at a Christmas party complete with rides, games, activities, refreshments and a visit from Santa.

DIVERSITY

We are a multi-cultural employer with employees from a diverse range of nationalities. As an equal opportunity employer, we adhere to fair practices in relation to all employment issues.

In Australia, Rivalea's Equal Employment Opportunity Committee represents the interests of all its employees. New international employees and their families are provided with educational opportunities, including studies in the English Language.

During the year, employees of Bakers Maison in Australia celebrated Harmony Day and their cultural diversity by bringing a dish from their own country and sharing its ingredients, preparation and food traditions with colleagues.

Employees of Bakers Maison celebrating Harmony Day in Australia by sharing food from their home country. Bakers Maison employs some 70 staff from 18 different countries.

Gardenia employees in Singapore participate in the ComChest Heartstrings Walk 2013, a charity event organized by the Community Chest of Singapore.

Bakers Maison employs some 70 staff hailing from 18 different countries. The event provided opportunities for staff interaction and bonding amongst an amazing array of tastes and flavours from dishes representing France, Switzerland, Greece, Lebanon, Egypt, Iraq, Afghanistan, Pakistan, India, Bangladesh, Myanmar, China, Korea, Philippines, Vietnam, Singapore, Indonesia and Australia.

PROMOTING STAFF VOLUNTEERISM FOR A GOOD CAUSE

We believe that helping others contributes towards living a fulfilling and enriching life. Employees are encouraged to take part in community service and to reach out to the needy.

Gardenia employees in the Philippines voluntarily donate cash to the victims of flash floods through the Philippine Red Cross, and healthy employees are encouraged to donate blood to blood banks.

In 2013, Gardenia employees participated in the ‘ComChest Heartstrings Walk’, a mass walk around the Marina Bay area organized by the Community Chest of Singapore. The event attracted close to 7,200 participants and raised $1.35 million for more than 300,000 beneficiaries under the care of the Community Chest.

PRODUCT RESPONSIBILITY

Quality control is our highest priority and our foremost responsibility to our customers. We take steps to ensure that our products and production processes are safe and comply with agreed specifications and government regulations.

All our operations hold HACCP international certifications. The Gardenia and Rivalea operations have also attained ISO 9001:2008 food safety and quality control accreditations, with Rivalea possessing Export Registered Establishment, SQF 2000, Aus Meat Animal Welfare and Feed Safe accreditations. Additionally, Rivalea also holds accreditations with many of Australia’s leading supermarket chains.

In Singapore, compliance with food industry regulations at Ben Foods and NCS is overseen by an in-house Quality Assurance team. The team also ensures that the sourcing of Ben Foods’ products do not harm other animals. Ben Foods’ Farmland brand of tuna is sourced from suppliers who practice fishing methods that do not endanger dolphins.

In Australia, Rivalea's team of meat safety and quality assurance officers undertake daily testing of products and equipment relating to compliance, food safety and customer standards at its on-site microbiology laboratory. The laboratory is accredited with the National Association of Testing Authorities.

In Malaysia, all Gardenia products and production plants are certified Halal by The Department of Islamic Development Malaysia (JAKIM). In 1994, a special Internal Halal Committee was set up to ensure that all requirements are stringently adhered to and every aspect of the Halal regulations complied with.

In Singapore, all Gardenia and Bonjour bakery products are also certified Halal. In Australia, most of the Bakers Maison bakery products are certified Halal by the Australian Federation of Islamic Councils Inc, Australia's National Islamic Organisation, with plans to certify more products in future.

ANIMAL WELFARE

Rivalea is committed to the respectful and humane treatment of the animals in its care and this is achieved by breeding and raising animals within systems that deliver high standards of animal welfare.

Rivalea's commitment to removing all pregnant sow stalls by 2017 was completed in 2012, five years ahead of schedule and significantly ahead of the industry. All pregnant sows are now housed in group housing pens that meet or exceed the Model Code of Practice. This ensures that they are able to move about freely.

Rivalea is the leader in its field in the research and development of many aspects of animal welfare. Research strategies include optimising pregnant sow housing and sow grouping methods to minimise aggression, investigating alternative farrowing systems, reducing or eliminating elective husbandry procedures and free range outdoor systems. Rivalea is working alongside industry bodies to conduct research, produce recommendations and establish best practices that will be made available to the industry and the wider community.

Farmland Tuna is fished from methods that do not endanger dolphins.

Gardenia was presented with a Certificate of Appreciation from the Spastic Children's Association of Selangor and Federal Territory by HRH The Sultan of Selangor at the Royal Charity Dinner in appreciation of Gardenia's product donations over the last 20 years.

ACCOLADES & AWARDS

CERTIFICATE OF APPRECIATION FROM THE SPASTIC CHILDREN'S ASSOCIATION OF SELANGOR AND FEDERAL TERRITORY

In Malaysia, Gardenia was honoured to be awarded a Certificate of Appreciation from the Spastic Children's Association of Selangor and Federal Territory for its continuous support in terms of product contributions over the last 20 years. The certificate was presented by HRH The Sultan of Selangor during the Royal Charity Dinner in November 2013.

LAGUNA LAKE DEVELOPMENT AUTHORITY PLAQUE OF GREEN RATING FOR THE 6TH CYCLE OF PUBLIC DISCLOSURE PROGRAM FOR THE LAGUNA DE BAY REGION – GOOD ENVIRONMENTAL PERFORMANCE

In the Philippines, Gardenia's commitment to mitigating the negative environmental impact of its operations through sustainable practices was recognised when the Laguna Lake Development Authority (LLDA) awarded it with a plaque of Green rating for Good Environmental Performance (LdBR-GEP) on the 6th cycle of the Public Disclosure Program for the Laguna de Bay Region. The award recognised Gardenia's exceptional environmental performance from 2010 to 2012 with regards to its achieving wastewater effluents better than applicable standards and in compliance with LLDA regulatory requirements.

PATRON OF THE ARTS ARTS SUPPORTER AWARD 2013

During the year, QAF Limited was awarded the Arts Supporter Award 2013 by the National Arts Council for its sponsorship of the arts and its support of the fundraising activities of the Wild Rice theatre company.

The Laguna Lake Development Authority Philippines awarded Gardenia for its exceptional environmental performance and commitment to mitigating the negative environmental impact of its operations through sustainable practices, and for achieving wastewater effluents better than applicable standards.

OUR BRANDS

Auntie Rosie's

BAKERS MAISON

Bonjour
Simply Delicious

natural pet treats!
Chewbies

Cowhead

Eggstra

FAMILY CHEF

MURRAYVALLEY

Neu Bake

OPTIMILK
Experience dairy feed with a difference

Gardenia
So good...
you can even eat it on its own!

Orchard Fresh

Quick Bites

Toast'em

TWIGGIES

BLACK DIAMOND

HIGH COUNTRY

NUTRIMAX
Balanced grain additives

Riverview Farms

HATON

Primegro Technologies

Squiggles

veanavite

farmland

SPICES OF THE ORIENT

CORPORATE GOVERNANCE REPORT

In accordance with the listing rules as stated in the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), this Report describes the corporate governance processes and activities of QAF Limited ("QAF" or the "Company") and its subsidiaries ("the Group") with reference to the revised Code of Corporate Governance 2012 ("Code 2012"). The Company is generally in compliance with the key revised guidelines of the Code 2012. In areas where the Company deviated from the Code 2012, the deviation and reasons for that are as explained below.

Principle 1 : Board's Conduct of its Affairs

The Board of Directors of QAF ("Board") is scheduled to meet at least four times a year and as warranted by circumstances. For the financial year ended 2013, the attendance of the directors of the Company ("Directors") at meetings of the Board and Board committees are summarized as follows:-

	Board		Audit Committee		Nominating Committee		Remuneration Committee	
Name	No. of Meeting Held	No. of Meeting Attended	No. of Meeting Held	No. of Meeting Attended	No. of Meeting Held	No. of Meeting Attended	No. of Meeting Held	No. of Meeting Attended
Didi Dawis	4	4	NA	NA	NA	NA	1	1
Andree Halim	4	4	NA	NA	NA	NA	NA	NA
Tan Kong King	4	4	NA	NA	1	1	NA	NA
Tarn Teh Chuen	4	4	NA	NA	NA	NA	NA	NA
Kelvin Chia Hoo Khun[1]	4	4	4	4	1	1	1	1
Tan Hin Huat[1]	4	4	4	4	1	1	1	1
Soh Gim Teik	4	4	4	4	NA	NA	NA	NA
Lin Kejian	4	4	NA	NA	NA	NA	NA	NA
Siau Kai Bing[2]	NA	NA	NA	NA	NA	NA	NA	NA
Soh Chung Hian[3]	NA	NA	NA	NA	NA	NA	NA	NA

1 Mr Kelvin Chia and Mr Tan Hin Huat ceased to be Directors of the Company as of 26 February 2014.
2 Mr Siau Kai Bing was appointed as a Director of the Company on 1 December 2013.
3 Mr Soh Chung Hian was appointed as a Director of the Company on 15 February 2014.

The Articles of Association of the Company provide for the Board to convene and conduct meetings by video conferencing or telephonic-conferencing for any Director who is otherwise unable to attend the meetings in person.

The Board is responsible for overall corporate governance, strategic direction and formulation of policies to oversee the business performance and affairs of the Group. The Board also provides leadership and reviews the performance of the Management, as well as providing oversight in the proper conduct of the Group's business. Specific matters which are referred to the Board for approval include the following:-

- Approval of periodic financial results announcement
- Approval of annual audited consolidated accounts for the Group and the Directors' Report thereto
- Approval of annual budgets for the Group
- Evaluating the adequacy of internal controls and risk management for the Group
- Approval of major investment or divestment of the Group
- Approval of major funding proposal or bank borrowings
- Approval of major corporate restructuring
- Approval of interim dividends and proposal of final dividends for shareholders' approval
- Approval of issues of shares, warrants and any other equity or debt or convertible securities of the Company
- Approval of Group's major strategy or business plan which may have a significant impact on the Group's financial performance

CORPORATE GOVERNANCE REPORT

Additionally, the Board delegates and entrusts certain of its functions and power to the Audit, Nominating and Remuneration Committees.

The Management (with the assistance of external professionals when necessary) furnishes the Directors with information concerning the changes in laws, regulations or accounting standards where they may be applicable to the Company and relevant in enabling the Directors to carry out their duties and responsibilities properly. The Group Managing Director briefs the Board at the beginning of each financial year on the general economy trend, specific industry factors and developments affecting the businesses of the Group and the Group's business outlook for the year.

The Company funds the Directors' attendance at any training programme or seminar on the knowledge and information areas relevant to the duties of public-listed company directors as may be organised by the Singapore Institute of Directors and/or the SGX-ST.

Each Director when newly appointed is furnished with a letter of appointment and an induction handbook briefing him, *inter-alia*, on the salient duties and disclosure obligation as a public-listed company director, an overview on subsidiaries of the Group, and the internal control and risk management system of the Group. To familiarize new Directors with the Group's business activities, the Company also organises orientation programmes and provides the newly appointed Directors the opportunity to visit key operations of the Group.

Principle 2 : Board Composition and Balance

As at the date of this Report, the Board at present comprises eight Directors as follows:-

Didi Dawis	(non-executive/non-independent Director)
Andree Halim	(non-executive/non-independent Director)
Tan Kong King	(executive Director)
Tarn Teh Chuen	(executive Director)
Lin Kejian	(executive Director)
Soh Gim Teik	(non-executive/independent Director)
Siau Kai Bing	(non-executive/independent Director)
Soh Chung Hian	(non-executive/independent Director)

Based on the criterion of independence and principles set out in Guidelines 2.1 of the Code 2012, one third of the Board is constituted by independent non-executive Directors, namely Mr Soh Gim Teik, Mr Siau Kai Bing and Mr Soh Chung Hian.

Mr Kelvin Chia and Mr Tan Hin Huat who had served on the Board for over 9 years have stepped down on 26 February 2014 to facilitate a progressive renewal of the board composition.

Mr Andree Halim and Mr Lin Kejian are deemed as non-independent Directors in view of them having controlling stakes in the share capital of the Company. Mr Lin Kejian is the son of Mr Andree Halim and an executive Director of the Company.

Mr Didi Dawis (a substantial shareholder of the Company) is deemed as non-independent Director for being a director who has an immediate family member employed by the Company in the past three financial years (Mr Triono J. Dawis, son of Mr Didi Dawis, resigned and ceased to be an executive Director of the Company on 31 December 2012).

CORPORATE GOVERNANCE REPORT

The Board is of the view that the current board size of the Company is appropriate and effective taking into account the nature and scope of the Group's operations and the corporate goals and objectives the Group strives to achieve. The Board is made up of members with a diverse background and experience, ranging from audit, accounting and finance to entrepreneur business skills and regional investment experience which are all essential and valuable to the decision making and direction setting of the Group.

The non-executive Directors, under the leadership of the Chairman of the Board, provide feedback to the Management of their views on the performance of the Company and its subsidiaries from time to time.

Principle 3 : Chairman and Chief Executive Officer

There is a clear division of roles played by the independent Directors (who are non-executive) and the executive Directors (who are involved in the day-to-day management of the Company and/or its subsidiaries), which ensures that there is a balance of power and authority at the top of the Group.

To enhance the balance of power, the posts of Chairman and the Group Managing Director are kept separate and these positions are held by Mr Didi Dawis and Mr Tan Kong King respectively, who are not related to each other. The Board delegates the day-to-day management of the Group to the Group Managing Director, who is assisted by the other executive Directors.

The Chairman performs his duties as a non-executive Director of the Company and is responsible, *inter-alia*, to facilitate constructive workings of the Board as a whole; lead the Board to ensure its effectiveness on all aspects of its role; promote a culture of openness and debate at the Board; ensure that the directors receive complete, adequate and timely information; and facilitate the effective contribution of the non-executive directors.

The Board takes the view that there is no necessity to appoint a lead independent director. All the independent Directors of the Company sit as members of the Audit Committee and meets periodically without the presence of the other Directors.

Principle 4 : Board Membership

With the resignation of Mr Kelvin Chia and Mr Tan Hin Huat, the Nominating Committee was reconstituted on 3 March 2014 and comprises two independent Directors, namely Mr Soh Gim Teik and Mr Siau Kai Bing and one executive Director, Mr Tan Kong King. Mr Soh Gim Teik is the chairman of the Nominating Committee from 3 March 2014.

The Nominating Committee is empowered by its written Terms of Reference (as approved by the Board) to decide on the re-appointment of Directors who are subject to retirement by rotation. Article 104 of the Company's Articles of Association requires one third of the Board (other than the Group Managing Director) to retire by rotation at every Annual General Meeting of the Company ("AGM").

In deciding whether to nominate Directors to stand for re-election at each AGM, the Nominating Committee will assess and evaluate the contribution of each individual Director to the effectiveness of the Board. The review parameters for evaluating each Director include, *inter-alia*, attendance at board/committee meetings, participation and involvement in decision-makings, individual expertise, management skills, or the business knowledge and experience of the Directors, and such other relevant attributes which are valuable to the effective decision makings of the Board as a whole.

In reviewing whether Directors with other board representations are able to spend sufficient time and attention on the Company's affairs, the Nominating Committee takes into consideration the parameters as above described and is satisfied that such board representations have not compromised any Director's ability to carry out his/her duties adequately. In observance of this principle, the Board has resolved that a Director of the Company should generally refrain from holding more than six listed-company directorships at any one time.

Under its Terms of Reference, the Nominating Committee is also empowered, *inter-alia*, to select, review and assess candidates for directorship as part of the process for progressive renewal of the Board. Any recommendation of the Nominating Committee is subject to the Board's final approval, whose decision shall be final and binding.

As part of the selection process for the appointment of new directors, the Nominating Committee reviews the composition of the Board and identifies the skillsets, taking into consideration the recommendation of the Code 2012 for independent directors and the experience and expertise that will enhance the Board's effectiveness. The Nominating Committee identifies and search for candidates through various contacts and recommendations and reviews the suitability of candidates with reference to the appropriate characteristics, skills and relevant experience possessed by the candidates.

The Nominating Committee also reviews annually, and as and when circumstances require, as to whether there is a change to the independence status previously accorded to the relevant Directors following the guidelines as set out in the Code 2012.

Additional key information regarding the Directors are set out in the other section of this Annual Report, including the list of directorships in listed company which are required to be disclosed annually to the Board.

Principle 5 : Board Performance

The Nominating Committee evaluates the effectiveness of the Board as a whole and provides feedback of its assessment to the Board adopting a set of performance criteria consistent with the past financial years.

The Nominating Committee believes that in evaluating the Board's effectiveness, both quantitative and qualitative criteria of a long-term perspective ought to be taken into account. In reviewing its performance, the Nominating Committee gives due consideration to the financial performance of the Group (such as its long-term revenue or profitability, cash-flow and debt management, dividend return to shareholders, general comparison with industry peers and/or such other appropriate indicators depending on the scope of the Group's business and the prevailing business environment from time to time); the business opportunity and growth potentials brought about by the Board in setting the strategic directions of the Group; the readiness of the Board in redefining and modifying corporate strategies in a changing business environment and its ability to lend support to the Management in steering the Group towards the objectives set, all of which form part and parcel of the bases in assessing the effectiveness of the Board as a whole.

Principle 6 : Access to Information

In order to ensure that the Board is able to fulfil its responsibilities, the Management provides all the Board members with the Group's monthly management accounts. Detailed Board papers are prepared for each meeting of the Board and are normally circulated at least two days in advance of each meeting to allow sufficient lead time for Directors to peruse and review the items tabled at the meetings. The Management is required to ensure that the Board papers contain adequate information pertaining to the agenda (including, as the case may be, budgets, forecast, financial results and explanatory notes on variances) so as to enable the Directors to be properly briefed on issues to be considered at Board meetings.

CORPORATE GOVERNANCE REPORT

The Directors have separate and independent access to the Company Secretary. The Company Secretary attends all Board and Committee meetings and her responsibility includes ensuring that board procedures are followed and that applicable rules and regulations are complied with, and that minutes of meetings are properly and fairly recorded.

The Company Secretary is also tasked to co-ordinate communications for the non-executive Directors with the chief executive officers/general managers of the operating subsidiaries, the financial controllers and other senior executives as and when required by the non-executive Directors. They are encouraged to speak to the individual officer-in-charge to seek additional information as they may deem fit.

If Directors, whether as a group or individually, need independent professional advice, the Company Secretary will seek the appropriate external advice. The cost of such professional advice will be borne by the Company.

Principles 7 and 8 : Procedures for Developing Remuneration Policies/Level and Mix of Remuneration

With the resignation of Mr Kelvin Chia and Mr Tan Hin Huat, the Remuneration Committee was reconstituted on 3 March 2014 comprising three non-executive Directors, namely Mr Didi Dawis, Mr Soh Chung Hian and Mr Siau Kai Bing. A majority of the Remuneration Committee is constituted by independent non-executive Directors. Mr Siau Kai Bing is the chairman of the Remuneration Committee from 3 March 2014.

The Remuneration Committee is delegated the tasks of reviewing the remuneration packages of the Group Managing Director and the other executive Directors to ensure that the packages are competitive and sufficient to attract, retain and motivate executive directors of the required quality to run the Company and the Group successfully. The Remuneration Committee also reviews the executive Directors' compensation annually and determines appropriate adjustments. The recommendations of the Remuneration Committee are subject to the final decision and endorsement by the Board. Any Director who may have an interest in the outcome of the Board decisions is required to abstain from participation in the approval process.

The Board believes that the remuneration programme for the key executives of the Group (other than the executive Directors) is best set and determined by the Management. The Board noted that it is the Group's policy to set a level of remuneration that is appropriate to attract, retain and motivate all competent and loyal key executives. Their remuneration generally includes a fixed as well as a variable component. The fixed component is the base salary and variable component is in the form of a variable bonus linked to the individual's or the relevant subsidiary's performance. Annual adjustments to the remuneration are made taking into account the performance of the Group and/or of the relevant subsidiary, the prevailing market pay, the seniority and level of responsibilities of the individual as well as his/her performance.

In addition to the individual performance and contribution of the executive Directors to the performance of the Group, the revenue trend or year-to year profit performance of the Group, the Remuneration Committee also takes into account similar policy and approach as outlined in the paragraph above when reviewing the remuneration of the executive Directors. Executive Directors do not receive directors' fees other than their remunerations as employees of the Company.

The Group Managing Director's remuneration is subject to the terms as provided in his service contract entered into with the Company.

Most of the Remuneration Committee members have certain degree of experience in managing firms or companies. The Remuneration Committee is encouraged to seek external professional help whenever it deems necessary.

Non-executive directors are paid a basic fee and an additional fee for serving as the Chairman of the Board or chairman/members of the Audit Committee. Such fees are subject to approval by the shareholders of the Company as a lump sum payment at each AGM of the Company. The Company holds the view that the interests of maintaining the objectivity and independence of the non-executive Directors is best served by a cash-based fixed fee at a rate broadly in line with those that are adopted by a majority of other listed companies with similar market capitalization.

Principle 9 : Disclosure on Remuneration

The following tables reflect the breakdown of Directors' remuneration and the remuneration of the top 5 executives of the Group (in addition to the executive Directors) for year 2013:-

(1) Table shows breakdown of executive Directors' Remuneration (in percentage terms):

	Salary	Bonus	Other Benefits*	Total
$2,500,000 to below $2,650,000				
Tan Kong King	81%	17%	2%	100%
$600,000 to below $750,000				
Tarn Teh Chuen	78%	20%	2%	100%
Below $50,000				
Lin Kejian	100%	–	–	100%

* *excluding share options (as disclosed in the Directors' Report) or any gains where such options are exercised but includes employer's CPF contribution and car allowances.*

The Board is of the view that the disclosure showing the breakdown of the executive Directors' remuneration in the bands as stated above is able to provide a sufficient overview of their remuneration for the year 2013.

(2) Table shows non-executive Directors' Fees for year 2013:

$50,000	
Didi Dawis	Chairman of the Company
$26,000	
Andree Halim	Vice-Chairman of the Company
$41,000	
Tan Hin Huat	Member of the Board/Chairman of the Audit Committee
$39,000	
Kelvin Chia	Member of the Board/Audit Committee
Soh Gim Teik	Member of the Board/Audit Committee

* *Director's fee for Mr Siau Kai Bing will be pro-rated in respect of year 2013 for the period he served as a Director since 1 December 2013.*

(3) Table shows the gross remuneration received by key executives (other than the Directors) of the Group:

Number of the top 5 executives of the Group in remuneration bands:-	
$500,000 to below $750,000	1
$250,000 to below $500,000	4

The Board is of the view that given the sensitive and confidential nature of employees' remuneration, detailed disclosure on the top five key executives is not in the best interests of the Company and the Group. Such disclosure would disadvantage the Group in relation to its competitors and may affect adversely the cohesion and spirit of team work prevailing among the employees of the Group.

The Company employs Mr Lin Kejian as the operations director of the Group. Mr Lin Kejian is the immediate family member of Mr Andree Halim (the Vice-Chairman).

Save as provided in paragraph above, the Group does not employ any other immediate family members of a Director or the Group Managing Director.

Principle 10 : Accountability

The Directors fully recognise the principle that the Board is accountable to the shareholders while the Management is accountable to the Board.

The Company has adopted quarterly reporting since 1 January 2003. In presenting the annual financial statements and quarterly announcements to shareholders, the Board has and will continue to provide the shareholders with a balanced and understandable assessment of the Company's and the Group's performance, position and prospects.

Management provides the Board with appropriately detailed management accounts of the Company and the Group on a monthly basis.

The Board with delegated in-house legal personnel and external advisors ensures that the Company and the Group are in compliance with the relevant material legislative and regulatory requirements, including requirements under the listing rules of the SGX-ST.

Principles 11, 12 and 13 : Risk Management & Internal Controls/Audit Committee /Internal Audit

With the resignation of Mr Tan Hin Huat and Mr Kelvin Chia, the Audit Committee was reconstituted on 3 March 2014 comprising three independent Directors, namely Mr Soh Chung Hian (the chairman of the Audit Committee), Mr Soh Gim Teik and Mr Siau Kai Bing. All its members are well qualified to discharge their responsibilities. Mr Soh Gim Teik and Mr Siau Kai Bing are qualified accountants and have many years of working experience with listed entities as finance director/chief financial officer. Mr Soh Chung Hian is a former partner in Ernst & Young Singapore with vast audit background and accounting expertise.

CORPORATE GOVERNANCE REPORT

The Audit Committee performs the functions set out in the Companies Act and the Code 2012. It has written terms of reference which sets out its authority and duties. Some of its responsibilities include:

- To review the audit plans of the Company's external auditors and their evaluation of the systems of internal accounting controls arising from their audit examination

- To review the external auditors' report (including assistance given by the Company's officers to the external auditors)
- To review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and the consolidated financial statements of the Group before their submission to the Board
- To review interested person transactions pursuant to the Listing Manual
- To review annually the independence and objectivity of the external auditors, taking into consideration the non-audit services provided to the Company and to recommend on the appointment or re-appointment of the external auditors
- To review and report to the Board at least annually the adequacy and effectiveness of the internal controls and risk management system of the Group
- To review the periodic findings of the internal audit manager and effectiveness of the internal audit function
- To set up and review (as may be necessary) a whistle-blower procedure for the Group.

The Audit Committee is empowered by its written charter to investigate any matter relating to the Group's accounting, auditing, internal controls and financial practices brought to its attention. It has full access to and co-operation of the Management, including the internal audit managers, and has full discretion to invite any Director and executive officer to attend its meetings.

The Group has in place two internal audit managers who are members of the Institute of Singapore Chartered Accountants and the Institute of Internal Auditors, assisted by an internal audit executive. The internal audit managers report primarily to the chairman of the Audit Committee. The Audit Committee reviews and approves the annual internal audit plan proposed by the internal audit team. The internal audit managers, like the external auditors, report independently their findings and recommendations to the Audit Committee in each Audit Committee meeting.

In addition, the Management has formed an operation and risk committee during the year to address and review weaknesses in the operations and control environment of the subsidiaries as may be identified by the internal auditors.

In performing its function, the Audit Committee met with internal and external auditors, reviewed the audit plans of both internal and external auditors and the assistance given by Management to the auditors, so as to ensure sufficient coverage in terms of the scope of audit. All audit findings and recommendations are presented to the Audit Committee for discussion. The Audit Committee meets with the internal auditors four times a year. It also meets with the external auditors and internal auditors, without the presence of Management, at least once a year.

Since 2007, the Audit Committee has implemented a whistle-blowing framework for the Group where employees of the Group may raise concerns in confidence about possible financial or other improprieties in the subsidiaries or the Company which might have an adverse effect on the subsidiary or the Company.

The review of the Group's system of internal controls is a continuing process. The system of internal controls in respect of the financial, operational and compliance controls and the risk management system as adopted by the Group are designed to manage rather than eliminate the risk of failure to achieve business objectives. Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, reviews performed by Management and assurance received from the Group Managing Director and Group Financial Controller, the Audit Committee and the Board are of the opinion that,

(a) the financial records of the Group have been properly maintained and the financial statements give true and fair view of the Company's operations and financials; and

(b) the risk management and internal control systems in place is effective and adequate in addressing the material risks in the Group in its current business environment.

Principles 14, 15 and 16 : Shareholder Rights/Communication with Shareholders/Conduct of Shareholders Meetings

The Company believes in timely and transparent corporate disclosure as prescribed in Appendix 7.1 (Corporate Disclosure Policy) of the Listing Manual. Shareholders are informed of all major developments that affect the Group. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly to all others as soon as practicable. Communication is made through:

- annual reports that are prepared and sent to all shareholders. The Board ensures that the annual report includes key relevant information about the Company and the Group, including, *inter-alia*, a review of the Group's major operations and their general outlook, disclosures required by the Companies Act, Listing Manual, and the Accounting Standards;
- quarterly financial announcements on the financial performance of the Group for that period and operation reviews;
- circulars for extraordinary general meetings;
- announcements and disclosures to the SGX-ST via SGXNET; and
- the Company's website at http://www.qaf.com.sg at which our shareholders can access information on the Group.

All registered shareholders are invited to participate and given the right to vote on resolutions at general meetings. Every matter requiring shareholders' approval is proposed as a separate resolution. Each item of special business included in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution. Proxy form is sent with notice of general meeting to all shareholders. A shareholder may appoint up to two proxies to attend and vote on his behalf at the meeting through proxy forms deposited 48 hours before the meeting. As the authentication of shareholder identity information and other related security issues still remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail, email or fax.

All Directors, Management, Company Secretary, external auditors and legal advisors (if necessary), attend the general meetings. The procedure of general meetings provide shareholders the opportunity to ask questions relating to each resolution tabled for approval and open communication are encouraged by the shareholders with the Director on their views on matters relating to the Company.

The Company Secretary prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meetings, and responses from the Board and Management.

The Board noted that with effect from 1 August 2015, the Company is required by the Listing Rule to conduct the voting of all resolutions put to general meetings by poll. Until such time, voting at general meetings will be by show of hands unless a poll is demanded. Voting on show of hands enables the Company and shareholders to deal with the businesses of general meetings expeditiously as the result of the vote is instantly available.

INFORMATION DISCLOSED

pursuant to the Listing Manual

Rule 1207(4)(b)(iii) : Information relating to the background of key executives

Derek Cheong Kheng Beng was appointed as the Head of Corporate Development for the QAF Group in January 2002, taking charge of matters in relation to mergers, acquisitions and business development of the Group. Mr Cheong has also been tasked in December 2009 to take on the role as the finance director overseeing the primary production division of the Group (namely, Hamsdale International Pte Ltd and its subsidiaries in Australia). Prior to him joining the QAF Group, he was the senior vice president of Business Development with the KMP Private Ltd group of companies for 7 years. He had also worked as a treasury manager in a Singapore listed construction and engineering company, a corporate manager of United Industrial Corporation Limited as well as an assistant manager for Loans & Syndications in a merchant bank in Singapore before joining KMP Private Ltd. Mr Cheong graduated with a Bachelor of Commerce degree from the University of Toronto, Canada and holds a Master of Business Administration from the University of British Columbia, Canada.

Ng Cher Siang was appointed as the Managing Director of Gardenia Foods (S) Pte Ltd on 1 May 2012. Dr Ng has worked as a Senior Manager in the Gardenia operations for over 14 years. During this time, he covered various areas including leading the R&D Department, identifying and developing new production lines to expand the range of products, and overseeing all aspects of production activities. Prior to joining the QAF Group, he spent over 13 years with the Primary Production Department, now called the AVA (Agri-Food & Veterinary Authority of Singapore). During this period, he was seconded to serve at an inter government agency that was tasked with developing seafood processing technologies, and transferring these know-how to commercial enterprises from the various participating countries. Dr Ng holds a Bachelor of Science (Honours) degree in biological sciences and a doctorate degree from the Department of Microbiology, National University of Singapore.

Paul Pattison is the chief executive officer of Rivalea (Australia) Pty Ltd ("Rivalea"), a wholly-owned subsidiary of the QAF Group. He has the responsibility of overseeing the entire integrated meat production business carried out by Rivalea group of companies ("Rivalea Group") in Australia as well as the dairy farming businesses under Oxdale Dairy Enterprise. Mr Pattison has been with the Rivalea Group for over 40 years. Prior to him assuming the position as chief executive officer of Rivalea, he was in various senior management roles including smallgoods production and meat production. He has contributed much in transforming the Rivalea Group from a small producer of livestock into the largest fully integrated meat producer in Australia and one of the largest in the region. He graduated with a Diploma of Agricultural Science from Dookie Agricultural College, Australia.

Rod Williams has held the position of General Manager (Finance & Administration) of Rivalea since January 2000. In 2009, he was redesignated as Corporate Services Director taking charge of corporate services matters including the finance and corporate affairs of the Rivalea Group. Mr Williams has more than 38 years experience in the areas of finance, production, sales, operations and general management in Australia and overseas. Prior to his post in Rivalea, he worked for about 6 years as the chief executive officer of a Singapore joint venture company, KMP Bunge, a fully integrated livestock business with production facilities in Indonesia, exporting livestock to Singapore. He holds a Certificate in Business Studies Accounting from the Wangaratta College of Technical and Further Education.

Yap Kim Shin is the chief executive officer of the Gardenia Bakery group of companies in Malaysia ("Gardenia Malaysia Group"). Gardenia Malaysia Group is the major bread producer in Malaysia. Mr Yap has been with the Gardenia Malaysia Group since 1987, contributing significantly in building the "Gardenia" brand and the bakery business in Malaysia. Gardenia has been recognized as one of the Superbrands in Malaysia since 2002 and was presented the Gold Medal in The Putra Brand Awards for 4 consecutive years from 2010. Mr Yap is a Monash Science graduate and has completed a post graduate programme in Marketing Management in London. Prior to joining Gardenia Malaysia, he had worked with IAC (M) Sdn Bhd and Cold Storage Malaysia Bhd.

INFORMATION DISCLOSED

pursuant to the Listing Manual

Simplicio P. Umali, Jr assumed the position as the general manager of the Gardenia Bakery operation of the QAF Group in the Philippines in August 1999. Prior to him taking charge of the Gardenia Bakery operations in the Philippines, he was the chief executive officer of Dutch Boy (Philippines) Inc., a major paint manufacturer, and the country manager of Hoechst Marion Roussel (Philippines), a pharmaceutical company. Mr Umali has extensive experience in marketing, having taken charge of the marketing function in his previous employment for over 10 years. He is a graduate of Business Administration (majored both in Finance and Marketing) and holds a Master of Business Administration from the University of the Philippines. In 2011, he was awarded the prestigious Agora Award for Outstanding Achievement in Marketing Management from the Philippines Marketing Association and the Outstanding Alumnus Award of the University of the Philippines College of Business Administration.

Philip Lee Tuck Wah was appointed the chief executive officer for the trading and distribution arm of the QAF Group - Ben Foods since 1989. As the subsidiary of the QAF Group engaging in the trading and distribution of consumer food products, Ben Foods provides marketing and sourcing support to other subsidiaries within the QAF Group. In 1997, Mr Lee was tasked to take charge of the warehousing logistics operation of the QAF Group. Mr Lee has close to 38 years of experience in the marketing of food and beverages to-date. Prior to joining Ben Foods, he had worked with Allied Chocolate Ltd (formerly a listed company in Singapore) and Sime Darby Singapore. Mr Lee has a Bachelor degree in Social Science (Hons) from the University of Singapore.

Derrick Lum Weng Piu is the group financial controller for the QAF Group. He has been with the QAF Group since 1997 and was made the group financial controller in October 1999. Mr Lum has 28 years of experience in the area of accounting and finance. Prior to joining QAF, he was the regional controller for a multi-national and a Singapore-listed group. Mr Lum is a Fellow Chartered Accountant of Singapore as well as a chartered financial analyst of the CFA Institute. He also holds a Master of Business Administration from the United Kingdom.

Rule 1207(4)(b)(iv) : Information relating to risks

1. Disease Outbreak and Farm Contamination

The Primary Production Division of the QAF Group consists primarily of Rivalea (Australia) Pty Ltd (“Rivalea”). Rivalea is an integrated producer of meat, which operates 6 company-owned farms and 22 Contract Grower sites spread out across the Australian states of Victoria and New South Wales. Rivalea has about 46,000 breeder pigs and a total population of about 384,000 pigs. In addition, the Group operates a dairy farm at Cobram, Victoria, Australia with about 1,800 heads of dairy cows.

All livestock face potential health epidemic outbreaks. Infectious diseases can be spread by either animal contact or farm contamination. Livestock farming is the mainstay of Rivalea. If a health epidemic should erupt in the farms, depending on the locality and proximity of the contaminated areas, various animals would have to be culled and the operations shut down. In recent years, there had been outbreaks which caused massive culling of pigs and closures of farms in many countries in Asia. The pig farming industries in these countries have been adversely affected.

Although Australia is geographically isolated and has strict quarantine laws, there is no guarantee that the Group’s livestock will not be affected by disease epidemics. Rivalea has taken preventive measures of enforcing the highest standards of quarantine and by geographically spreading out its farms to prevent cross contamination. The 6 Rivalea-owned farms and the 22 Contract Grower farms are well spaced out across the two Australian states. Within each farm, large tracts of buffer land are also maintained which surrounds the production units and this minimises the probability of contamination from spreading between the different herds.

INFORMATION DISCLOSED

pursuant to the Listing Manual

2. Regulatory Sanctions

(a) *Meat Industry*

Rivalea is in the fresh meat industry, with vertically integrated operations ranging from the breeding and rearing of livestock, to the slaughtering and boning process, to the marketing and delivery of fresh products, and even the preparation of the stockfeed. These processes are regulated by numerous health and food safety organisations and subject to regulatory sanctions. In Australia, the meat industry is governed by the Australian Quarantine and Inspection Services ("AQIS") which is responsible for the registration of abattoirs for both the domestic and export markets. In terms of the export of meat, Rivalea is subject to the regulations of foreign regulatory bodies in the territories in which it markets its meat products including the Agri-Food & Veterinary Authority in Singapore and the Livestock Industry Bureau of the Ministry of Agriculture, Forestry & Fisheries in Japan.

Rivalea currently meets the regulatory requirements of the above organisations. However, as with all trade and exports in the fresh meat industry, regulatory requirements and sanctions may be imposed suddenly due to health, disease, environmental or other reasons. If such sanctions are imposed, Rivalea's business will be affected and it may be forced to seek other markets for its products. Failure to seek other markets for its products on a timely basis or at all, will adversely affect the business, financial performance and position of the Group.

(b) *Environment*

Rivalea is also regulated by the Victorian and New South Wales Environmental Protection Authorities ("EPAs"). In the ordinary course of business, large amounts of solid and liquid effluent are produced which need to be treated. As part of the obligations imposed by the EPAs, Rivalea has undertaken irrigation development plans to apply treated abattoir and livestock effluent to agricultural land over the next few years. The EPAs could impose further mandatory requirements which could affect Rivalea's business in future and have a negative impact on the Group's financial performance and position.

3. Cyclical, Seasonal and Varying Consumer Demand

The meat industry is firstly subject to the cyclical seasonal demand for certain types of meat. Consumer demand for meat could fluctuate due to seasonality, for example, surges in demand for particular cuts of meat during the Christmas season or the Chinese Lunar New Year festivities.

Further, the industry is also subject to varying consumer demand. This could be attributable to food safety considerations, such as the drop in meat sales in the aftermath of particular epidemic outbreaks. These fluctuations in demand and sales would impact Rivalea in the relevant affected markets.

4. Competition

The markets that Rivalea operates in are subject to occasional periods of oversupply. The latter can arise from a number of sources such as overproduction from local producers in Australia or 'dumping' of frozen imported products in the export markets.

However, Rivalea's strategy is to maintain itself as among the most efficient and competitive producers in the region through its production and technological expertise as well as its ability to achieve lower unit cost through economies of scale. Furthermore, Rivalea targets the fresh meat market segments in Australia and Japan which are not subject to competition from cheap imported frozen products. Rivalea is also dominant in the Australian domestic market and this should enable it to adjust its marketing strategies according to market competition.

4. Competition *(continued)*

The Group's bread manufacturing business is subject to direct competition from supermarket chain stores who manufacture their own in-house bread and bakery products under their own brand names for sale in their stores ("In-house Brands"). For example in Singapore, the Group's direct competitors in the bread manufacturing business include NTUC Fairprice Co-operative Ltd and the Cold Storage chain of supermarkets, both of which have their own In-house Brands. Although the Group's 'Gardenia' and 'Bonjour' brands are amongst the leading brands in the packaged loaf bread market in Singapore, such In-house Brands typically compete on low-pricing. In the event that the Group is unable to compete effectively and continuously attract and retain its customers, the Group's bread manufacturing business and operating results may be affected.

5. Employee Turnover/Union Risks

The Group's bakery operations require its production employees to work on shifts, which in most cases are 24 hours per day, and its sales and delivery staff (who deliver bakery products to customers such as supermarkets, convenience stores, petrol stations and provision shops) to work within a very tight time frame and mostly in the very early hours of the morning.

Rivalea is also highly dependent on skilled staff to operate its feedmills, piggeries and meat processing plants. The nature of work at the piggeries and meat processing plant requires vocationally trained personnel and staff to work on shift systems to ensure maximum productivity and that the pigs are cared for to the highest standards.

Staff members in the bakery operations and Rivalea are largely trained on-the-job. Any loss of staff or disruption in work would adversely affect the productivity and business of both the bakery operations and Rivalea until suitable replacements are found and trained. Furthermore, occupational health and safety issues, equal opportunity issues, compensation and industrial relations issues could also result in industrial action and high employee turnover. Failure of the Group to retain its trained personnel and/or to find suitable replacements on a timely basis will be disruptive to its business operations.

6. Fluctuations in Raw Material Prices

Rivalea is involved in livestock farming and the meat industries.

The prices of raw material costs affect the livestock farming and meat industries. These industries are subject to swings in production costs determined largely by grain prices. Grain prices fluctuate depending on the farming season's weather, quality and yield of crop as well as world wide market prices and such prices will in turn affect the costs of production. Grain prices affect the cost of animal feed and ultimately production cost per animal. In particular, Rivalea purchases the bulk of its grain requirements at the harvest season. Any price fluctuations of raw agriculture produce at that point will affect the production costs which Rivalea may not be able to offset commensurately by higher selling prices of their products. The fluctuations of raw material prices will have an impact on Rivalea's overall business profitability.

To some extent, the above fluctuations in raw material grain prices particularly wheat prices will also affect flour prices. The latter will lead to increases in production costs of the bakery operations which may not be able to raise selling prices of their bakery products adequately to offset the full impact of the rise in production costs.

7. Fluctuations in Energy Costs

Energy costs are subject to global economic and political developments which are largely outside of the Group's control. Bakery products are delivered by a fleet of Company-owned delivery vehicles in the early morning, seven days a week within a tight time frame to customers so as to ensure freshness. Rivalea exports its fresh chilled meat products by refrigerated containers on board commercial jet airliners. Distribution costs will increase significantly in the event of the escalation of crude oil prices.

The Group can only mitigate distribution cost increases through efficient logistics planning and controls to some extent.

8. Financial Risks

(a) *Credit Risk*

In the normal course of business, the Group sales do involve the extension of credit to customers such as supermarkets, convenience stores, petroleum companies, wholesalers, retailers and food service and catering operators.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

(b) *Liquidity risk*

The Group monitors and maintains a level of cash and cash equivalents which management deems adequate to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

(c) *Foreign currency risk*

The Group operates within the Asia Pacific region and companies within the Group maintain their books and records in their respective measurement currencies. The Group's accounting policy is to translate the profits and losses of overseas companies using the weighted average exchange rates. Net assets denominated in foreign currencies and held at year end are translated into Singapore dollars, the Group's reporting currency, at year end. Fluctuations in the exchange rate between the measurement currency of the subsidiary companies and Singapore dollars will therefore have an impact on the Group. Further, there is no assurance that the Group will be able to maintain its financial performance and position in the event of long term unfavourable movement in exchange rates. As such, significant fluctuations in foreign exchange rates would have an impact on the financial performance and position of the Group.

In addition, some companies in the Group such as Ben Foods (S) Pte Ltd and Rivalea export some of their products in United States Dollars and other currencies, respectively. The fluctuations of these currencies do have some impact on the profits of these companies.

(d) *Interest rate risk*

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's short-term and long-term bank borrowings. The interest rates on such obligations are fixed at the prevailing market rates as and when they fall due for rollover. The period for rollover is between one to six months. An increase in the prevailing interest rates will result in an increase in the interest expense of the Group and this may have an impact on the financial performance or position of the Group.

INFORMATION DISCLOSED

pursuant to the Listing Manual

Rule 907 : Interested Person Transactions for financial year 2013

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under Shareholders' Mandate pursuant to Rule 920 of the SGX Listing Manual)	Aggregate value of all interested person transactions conducted under Shareholders' Mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than $100,000)
Nil	Nil	Nil

Rule 1207(8) : Material contracts of the issuer and its subsidiaries

There were no material contracts (or loans) entered into by the Company and/or its subsidiaries with the directors or chief executive officer or substantial shareholders of the Company which were still subsisting at the end of the financial year under review, or if not then subsisting, entered into since the end of the previous financial year.

Rule 1207(9)(e) : Minimum percentage of shares held by the public

Based on the information available to the Company, the substantial shareholders and directors of the Company and its subsidiaries hold in aggregate approximately 71.7% of the shares in the Company and approximately 28.3% of the shareholdings is held in the public hands. The Company confirms that it is in compliance with Rule 723 of the SGX Listing Manual.

Rule 1207(6) : Audit and Non-Audit Services of Auditors

The Company appoints Ernst & Young LLP which is a firm registered with the Accounting and Corporate Regulatory Authority to conduct audit on its financial statements. The Company also engages Ernst & Young LLP for audit of its Singapore-incorporated subsidiaries and member firms of Ernst & Young LLP for its significant foreign incorporated subsidiaries and associated companies. The Company is in compliance with Rule 712 and 715 of the SGX Listing Manual in relation to the appointment of its audit firms for the Group.

The audit fees paid by the Group to the auditors for the audit of FY2013 and non-audit services in FY2013 amounted to approximately $979,000 and $31,000 respectively.

The Audit Committee has undertaken a review of such non-audit services provided and in the Audit Committee's opinion they would not affect the independence of the auditors.

INFORMATION DISCLOSED

pursuant to the Listing Manual

Rule 1207(10) : Board's Opinion on the Adequacy of Internal Controls

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors and reviews performed by management, the Board (with the concurrence of the Audit Committee) is of the opinion that the Group's internal controls and risk management systems addressing the financial, operational and compliance risks which the Group considers relevant and material to its operations, were adequate as at 31 December 2013.

The Board wishes to state that the system of internal controls and risk management is designed to provide reasonable, but not absolute, assurances as to financial, operational and compliance risks. No such system can provide absolute assurance against the occurrence of material errors and other situations not currently within the contemplation or beyond the control of the Board.

Rule 1207(19) : Dealings in Securities

The Company has an internal code on dealings in the shares of the Company by key executives of the Group. The internal code is issued to all Directors of the Company and the relevant executives of the Group before the start of each prohibition period to remind Directors and relevant executives to refrain from dealing in the shares of the Company on short term consideration, and to refrain from any dealings two weeks prior to release of the quarterly and four weeks prior to the release of the full year announcements of the Group's financial results.

FINANCIAL CONTENTS

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of QAF Limited (the "Company") and its subsidiaries (the "Group") and the statement of financial position of the Company for the financial year ended 31 December 2013.

Directors of the Company

The directors of the Company in office at the date of this report are:-

Didi Dawis	(Chairman)
Andree Halim	(Vice-Chairman)
Tan Kong King	(Group Managing Director)
Tarn Teh Chuen	
Soh Gim Teik	
Lin Kejian	
Siau Kai Bing	(Appointed on 1 December 2013)
Soh Chung Hian	(Appointed on 15 February 2014)

According to the register kept by the Company in accordance with Section 164 of the Singapore Companies Act (the "Act"), Chapter 50, particulars of interests of directors of the Company who held office at the end of the financial year in the shares and share options of the Company or its related corporations are as follows:

	Direct interest			**Deemed interest**		
Names of Directors	**At 1.1.2013**	**At 31.12.2013**	**At 21.1.2014**	**At 1.1.2013**	**At 31.12.2013**	**At 21.1.2014**
Number of shares in QAF Limited						
Didi Dawis	–	–	–	45,820,712	47,877,758	47,877,758
Andree Halim	–	–	–	322,837,286	337,330,542	337,330,542
Tan Kong King	3,161,136	3,803,050	3,803,050	–	–	–
Tarn Teh Chuen	951,722	994,448	994,448	–	–	–
Lin Kejian	–	–	–	207,588,509	222,884,969	222,884,969
Number of QAF Limited Share Options to subscribe for shares in the Company						
Tan Kong King	1,500,000	1,000,000	1,000,000	–	–	–
Tarn Teh Chuen	750,000	750,000	750,000	–	–	–

Save as disclosed above and save that Mr Lin Kejian is the beneficiary owner of 3,600,000 issued shares which constitute 45% of the total share capital issued by Gaoyuan Pte Ltd (a subsidiary which the Company has an interest in 55% of the issued share capital), no director who held office at the end of the financial year had an interest in any shares or debentures or rights or options over the shares in the Company or in any related corporations of the Company.

Directors of the Company *(continued)*

Save that Mr Andree Halim has been repaid the money due to him upon the expiry of the Mandatorily Exchangeable Bond, since the end of the previous financial year, no director of the Company has received or has become entitled to receive benefits under contracts (other than a benefit included in the aggregate amount on emoluments received or due and receivable by the directors as shown in Note 6 to the financial statements attached or the fixed salary of a full time employee of the Company) required to be disclosed by Section 201(8) of the Act.

Save for the share option scheme as detailed below, neither at the end of the financial year, nor at any time during the year, did there subsist any arrangements, to which the Company is a party, being arrangements whose objects are, or one of whose objects is, to enable directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Share Options to subscribe for ordinary shares

(a) Share options under the QAF Limited Share Option Scheme 2000 (the "2000 Scheme")

(i) The 2000 Scheme was approved by the members of the Company at an Extraordinary General Meeting held on 12 May 2000. The total number of shares in respect of which options may be offered on any offering date, when added to the number of shares issued or issuable in respect of options under this Scheme shall not exceed 15% of the issued share capital of the Company on the day preceding that offering date.

Each option shall entitle the holder of the option to subscribe for an ordinary share in the Company at the prescribed exercise price. The exercise price of each share in respect of an option granted may be (i) the average of the last dealt prices of the shares of the Company, as determined by reference to the Financial News or other publication published by the Singapore Exchange Securities Trading Limited, for the three consecutive trading days immediately preceding the offering date of that option ("Market Price") or (ii) at a discount not exceeding 20% of the Market Price, but in any event no exercise price shall be less than $0.40 per share (being the par value of an ordinary share in the Company immediately before the abolishment of par value by the Companies (Amendment) Act 2005).

An option granted is valid for 10 years (unless otherwise terminated or lapsed pursuant to the rules as stipulated in the 2000 Scheme) and is exercisable, for an option granted without discount to the Market Price, after a vesting period of 1 year and for an option granted at a discount to the Market Price, after a vesting period of 2 years.

The 2000 Scheme expired in 2010 without renewal. However, the discontinuation of the 2000 Scheme does not affect the rights of the option holders to validly exercise their options within the respective relevant exercise period as stated below in sub-paragraph (b).

Share Options to subscribe for ordinary shares *(continued)*

(a) Share options under the QAF Limited Share Option Scheme 2000 (the "2000 Scheme") (Cont'd)

(ii) Disclosures pursuant to Rule 852 of the Listing Manual:

The 2000 Scheme is administered by the 2000 Share Option Committee with members appointed by the Board, comprising one non-executive director (namely Mr Didi Dawis) and one executive director (namely Mr Tan Kong King). Non-executive directors, controlling owners of the parent and their associates (as defined in the Listing Manual) are not eligible to participate in the 2000 Scheme. The directors of the Company who were granted options under the 2000 Scheme are as follows:

Name of participant	Options granted during financial year under review	Aggregate options granted since commencement of the 2000 Scheme to end of financial year under review	Aggregate options exercised since commencement of the 2000 Scheme to end of financial year under review	Aggregate options outstanding as at end of financial year under review
Tan Kong King	Nil	2,600,000	1,600,000	1,000,000
Tarn Teh Chuen	Nil	1,460,000	710,000	750,000

None of the executive directors and employees of the Group who participated in the 2000 Scheme has received 5% or more of the total number of options available under the 2000 Scheme.

(b) During the financial year, 1,340,000 ordinary shares of the Company were issued pursuant to the exercise of options by employees and directors of the Group. Unissued ordinary shares under options as at 31 December 2013 comprise:

Outstanding unexercised options for ordinary shares in the Company		Exercise price per share	Exercise period
Year 2004	720,000	$0.523	14 May 2005 to 13 May 2014
Year 2005	1,220,000	$0.513	18 August 2006 to 17 August 2015
Year 2006	2,035,000	$0.565	19 May 2007 to 18 May 2016
	3,975,000		

None of the options was granted at a discount to the market price.

The holders of the options under 2000 Scheme have no right to participate by virtue of these options in any share issue of any other company in the Group.

DIRECTORS' REPORT

Audit committee

The audit committee performed the functions specified in the Act. The functions performed are detailed in the Report on Corporate Governance.

Auditor

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the board of directors:

Tan Kong King
Director

Tarn Teh Chuen
Director

Singapore
17 March 2014

STATEMENT BY DIRECTORS

We, Tan Kong King and Tarn Teh Chuen, being two of the directors of QAF Limited, do hereby state that, in the opinion of the directors:

(i) the accompanying statements of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2013 and of the results of the business, changes in equity and cash flows of the Group for the year ended on that date, and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the board of directors:

Tan Kong King
Director

Tarn Teh Chuen
Director

Singapore
17 March 2014

INDEPENDENT AUDITOR'S REPORT

For the year ended 31 December 2013

Independent Auditor's Report to the Members of QAF Limited

Report on the financial statements

We have audited the accompanying financial statements of QAF Limited (the "Company") and its subsidiaries (collectively the "Group") set out on pages 73 to 153, which comprise the statements of financial position of the Group and the Company as at 31 December 2013, the consolidated statement of changes in equity, the consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

For the year ended 31 December 2013

Independent Auditor's Report to the Members of QAF Limited

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2013 and the results, changes in equity and cash flows of the Group for the year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore
17 March 2014

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2013

(In Singapore dollars)

	Note	2013 $'000	2012 $'000 (Restated)
Revenue	3	1,024,214	984,172
Costs and expenses			
Costs of materials		558,539	523,134
Staff costs	4	228,338	221,819
Amortisation and depreciation	5	38,032	36,413
Repairs and maintenance		31,556	31,196
Utilities		34,129	33,642
Other operating expenses		87,656	84,445
Total costs and expenses		(978,250)	(930,649)
Profit from operating activities	6	45,964	53,523
Finance costs	7	(4,058)	(5,123)
Share of profits/(losses) of associates		139	(145)
Profit before taxation		42,045	48,255
Taxation	8	(10,422)	(9,526)
Profit after taxation		31,623	38,729
Attributable to:			
Owners of the parent		30,186	34,644
Non-controlling interests		1,437	4,085
		31,623	38,729
Earnings per ordinary share:	9		
– Basic		5.6 cents	6.6 cents
– Diluted		5.6 cents	6.6 cents

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

(In Singapore dollars)

	2013 $'000	2012 $'000 (Restated)
Profit after taxation	31,623	38,729
Other comprehensive income:		
Items that will not be reclassified subsequently to profit or loss:		
Actuarial gain/(loss) on defined benefit plans	2,633	(11)
Items that may be reclassified subsequently to profit or loss:		
Currency translation arising on consolidation	(22,013)	(8,510)
Share of other comprehensive income of associates	(77)	2
	(22,090)	(8,508)
Other comprehensive income for the year, net of tax	(19,457)	(8,519)
Total comprehensive income for the year	12,166	30,210
Total comprehensive income attributable to:		
Owners of the parent	11,486	26,517
Non-controlling interests	680	3,693
	12,166	30,210

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2013

(In Singapore dollars)

	Note	Group 31.12.2013 $'000	Group 31.12.2012 $'000 (Restated)	Group 1.1.2012 $'000 (Restated)	Company 31.12.2013 $'000	Company 31.12.2012 $'000
ASSETS						
Current assets						
Biological assets	10	59,676	68,414	62,507	–	–
Inventories	11	83,010	81,544	84,609	–	–
Trade receivables	12	89,757	88,838	84,467	–	–
Other receivables	13	16,068	15,004	13,896	51,895	40,566
Tax recoverable		473	369	384	–	–
Short-term investments	14	2,386	6,486	456	2,000	1,989
Cash and cash equivalents	15	79,208	69,755	74,872	19,037	8,220
		330,578	330,410	321,191	72,932	50,775
Assets classified as held for sale	16	2,487	1,630	1,673	–	–
		333,065	332,040	322,864	72,932	50,775
Non-current assets						
Property, plant and equipment	17	292,031	323,079	311,544	2,398	2,381
Investment properties	18	27,131	21,133	18,923	–	–
Subsidiaries	19	–	–	–	98,718	98,718
Advances to subsidiaries	20	–	–	–	111,268	132,314
Associates	21	1,862	1,800	1,942	–	–
Advances to associates	22	3,389	3,519	3,019	–	–
Pension assets	23	3,196	–	–	–	–
Long-term investments	24	10,566	9,034	8,886	9,057	8,034
Intangibles	25	2,129	2,763	3,058	2,072	2,261
Deferred tax assets	26	14,103	18,109	17,505	–	–
		354,407	379,437	364,877	223,513	243,708
Total assets		687,472	711,477	687,741	296,445	294,483

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2013

(In Singapore dollars)

	Note	Group			Company	
		31.12.2013 $'000	31.12.2012 $'000 (Restated)	1.1.2012 $'000 (Restated)	31.12.2013 $'000	31.12.2012 $'000
LIABILITIES						
Current liabilities						
Trade payables	27	94,870	92,642	87,040	33	33
Other payables	28	54,507	59,350	56,447	6,469	7,492
Exchangeable bond	29	–	10,000	–	–	10,000
Short-term borrowings	30	74,201	88,620	71,524	4,960	4,791
Long-term loans and finance leases – current portion	31	4,745	4,845	2,554	–	–
Provision for taxation		3,909	4,168	4,057	1,317	1,573
		232,232	259,625	221,622	12,779	23,889
Non-current liabilities						
Other payables	28	9,390	8,425	6,360	–	–
Exchangeable bond	29	–	–	10,000	–	–
Pension liabilities	23	–	70	2,815	–	–
Long-term loans and finance leases	31	11,660	16,333	23,080	–	–
Deferred tax liabilities	26	10,843	10,979	11,727	384	427
		31,893	35,807	53,982	384	427
Total liabilities		264,125	295,432	275,604	13,163	24,316
Net assets		423,347	416,045	412,137	283,282	270,167
CAPITAL AND RESERVES						
Share capital	32	250,096	230,731	227,156	250,096	230,731
Reserves	33	146,684	161,643	161,188	33,186	39,436
Equity attributable to owners of the parent		396,780	392,374	388,344	283,282	270,167
Non-controlling interests		26,567	23,671	23,793	–	–
Total equity		423,347	416,045	412,137	283,282	270,167

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

(In Singapore dollars)

	Note	Share capital $'000	Revaluation reserve $'000	Capital reserve $'000	Revenue reserve $'000	Foreign currency translation reserve $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
		Attributable to owners of the parent							
Balance at 1 January 2013									
– As previously reported		230,731	2,263	17,941	141,260	384	392,579	23,777	416,356
– Effect of change in accounting policy – FRS 19		–	–	–	(211)	6	(205)	(106)	(311)
– As restated		230,731	2,263	17,941	141,049	390	392,374	23,671	416,045
Total comprehensive income for the year									
Net profit for the year		–	–	–	30,186	–	30,186	1,437	31,623
Other comprehensive income for the year:									
– Currency translation arising on consolidation		–	–	–	–	(21,256)	(21,256)	(757)	(22,013)
– Transfer between reserves		–	(48)	–	48	–	–	–	–
– Actuarial gain on defined benefit plans		–	–	–	2,633	–	2,633	–	2,633
– Share of other comprehensive income of associates		–	–	–	3	(80)	(77)	–	(77)
Other comprehensive income for the year, net of tax		–	(48)	–	2,684	(21,336)	(18,700)	(757)	(19,457)
Total comprehensive income for the year		–	(48)	–	32,870	(21,336)	11,486	680	12,166
Transactions with owners in their capacity as owners									
Contributions by and distributions to owners									
Issuance of ordinary shares from exercise of options	32	718	–	–	–	–	718	–	718
Issuance of ordinary shares in lieu of cash dividends	32	18,647	–	–	–	–	18,647	–	18,647
Capital contribution by non-controlling interest		–	–	–	–	–	–	3,596	3,596
Dividends	34	–	–	–	(26,445)	–	(26,445)	(1,380)	(27,825)
Total transactions with owners in their capacity as owners		19,365	–	–	(26,445)	–	(7,080)	2,216	(4,864)
Balance at 31 December 2013		250,096	2,215	17,941	147,474	(20,946)	396,780	26,567	423,347

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

(In Singapore dollars)

	Note	Share capital $'000	Revaluation reserve $'000	Capital reserve $'000	Revenue reserve $'000	Foreign currency translation reserve $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
		Attributable to owners of the parent							
Balance at 1 January 2012									
– As previously reported		227,156	2,312	17,941	132,269	8,506	388,184	23,988	412,172
– Effect of change in accounting policy – FRS 19		–	–	–	160	–	160	(195)	(35)
– As restated		227,156	2,312	17,941	132,429	8,506	388,344	23,793	412,137
Total comprehensive income for the year									
Net profit for the year		–	–	–	34,644	–	34,644	4,085	38,729
Other comprehensive income for the year:									
– Currency translation arising on consolidation		–	–	–	–	(8,118)	(8,118)	(392)	(8,510)
– Transfer between reserves		–	(49)	–	49	–	–	–	–
– Actuarial loss on defined benefit plans		–	–	–	(11)	–	(11)	–	(11)
– Share of other comprehensive income of associates		–	–	–	–	2	2	–	2
Other comprehensive income for the year, net of tax		–	(49)	–	38	(8,116)	(8,127)	(392)	(8,519)
Total comprehensive income for the year		–	(49)	–	34,682	(8,116)	26,517	3,693	30,210
Transactions with owners in their capacity as owners									
Contributions by and distributions to owners									
Issuance of ordinary shares from exercise of options		1,218	–	–	–	–	1,218	–	1,218
Issuance of ordinary shares in lieu of cash dividends		2,357	–	–	–	–	2,357	–	2,357
Dividends	34	–	–	–	(26,062)	–	(26,062)	(3,815)	(29,877)
Total transactions with owners in their capacity as owners		3,575	–	–	(26,062)	–	(22,487)	(3,815)	(26,302)
Balance at 31 December 2012		230,731	2,263	17,941	141,049	390	392,374	23,671	416,045

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2013

(In Singapore dollars)

	2013 $'000	2012 $'000 (Restated)
Cash flows from operating activities:		
Profit before taxation	42,045	48,255
Adjustments for:		
Amortisation and depreciation	38,032	36,413
Gain on disposal of property, plant and equipment, investment properties and assets classified as held for sale	(273)	(136)
Share of (profits)/losses of associates	(139)	145
Fair value adjustment on investment securities	8	(109)
Fair value changes on biological assets	121	656
Interest expense	4,058	5,123
Allowance for doubtful debts charged/(written back) and bad debts written off, net	87	788
Dividend and interest income	(1,402)	(1,490)
Exchange differences	4,232	1,009
Operating profit before working capital changes	86,769	90,654
Increase in receivables	(4,261)	(7,685)
Increase in inventories and biological assets	(6,108)	(7,950)
Increase in payables	15,084	8,583
Cash from operations	91,484	83,602
Interest paid	(4,112)	(5,219)
Interest received	1,354	1,424
Income tax paid	(9,587)	(11,176)
Net cash from operating activities	79,139	68,631
Cash flows from investing activities:		
Purchase of property, plant and equipment and investment properties	(41,320)	(56,257)
Progress payment for purchase of property, plant and equipment	(2,624)	–
Proceeds from disposal of property, plant and equipment, investment properties and assets classified as held for sale	2,105	473
Purchase of investments	(3,498)	(8,866)
Proceeds from redemption of investments at maturity	6,058	2,789
Dividends received from investments	48	66
Decrease/(increase) in advances to associates	130	(500)
Net cash used in investing activities	(39,101)	(62,295)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2013

(In Singapore dollars)

	2013 $'000	2012 $'000 (Restated)
Cash flows from financing activities:		
Dividends paid during the year	(7,798)	(23,705)
Dividends paid to non-controlling interests	(3,776)	(3,800)
(Repayment of)/proceeds from short-term borrowings	(6,286)	22,935
Repayment of long-term borrowings	(3,486)	(5,025)
Proceeds from long-term loan from a non-controlling interest	–	732
Proceeds from issuance of share capital	718	1,218
Repayment of exchangeable bond upon maturity	(10,000)	–
Capital contribution by non-controlling interest	2,864	–
Net cash used in financing activities	(27,764)	(7,645)
Net increase/(decrease) in cash and cash equivalents	12,274	(1,309)
Cash and cash equivalents at beginning of year	69,755	72,014
Effect of exchange rate changes on cash and cash equivalents	(2,821)	(950)
Cash and cash equivalents at end of year (Note 15)	79,208	69,755

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

1. General

Corporate information

QAF Limited (the "Company") is a public limited liability company incorporated and domiciled in Singapore. The registered address and principal place of business of QAF Limited is 150 South Bridge Road, #09-04 Fook Hai Building, Singapore 058727.

The principal activities of the Company are those of an investment holding and management company. The principal activities of the Group consist of the manufacture and distribution of bread, bakery and confectionery products; provision for warehousing logistics for food items; trading and distribution of food and beverages; production, processing and marketing of meat; feedmilling and sale of animal feeds and related ingredients; milk production and investment holding.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The consolidated financial statements of the Group and the statement of financial position of the Company have been prepared in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on a historical cost basis, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars (SGD or $) and all values in the tables are rounded to the nearest thousand ($'000) as indicated.

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2013. Except for the Revised FRS 19 Employee Benefits, the adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

Revised FRS 19 Employee Benefits

On 1 January 2013, the Group adopted the Revised FRS 19 Employee Benefits, which is effective for annual periods beginning on or after 1 January 2013.

For defined benefit plans, the Revised FRS 19 requires all actuarial gains and losses to be recognised in other comprehensive income and unvested past service costs previously recognised over the average vesting period to be recognised immediately in profit or loss when incurred.

2. Summary of significant accounting policies *(continued)*

2.2 ***Changes in accounting policies*** *(continued)*

Revised FRS 19 Employee Benefits (continued)

Prior to adoption of the Revised FRS 19, the Group recognised actuarial gains and losses as income or expense when the net cumulative unrecognised gains and losses for each individual plan at the end of the previous period exceeded 10% of the higher of the defined benefit obligation and the fair value of the plan assets and recognised unvested past service costs as an expense on a straight-line basis over the average vesting period until the benefits become vested. Upon adoption of the revised FRS 19, the Group changed its accounting policy to recognise all actuarial gains and losses in other comprehensive income and all past service costs in profit or loss in the period they occur.

The Revised FRS 19 replaced the interest cost and expected return on plan assets with the concept of net interest on defined benefit liability or asset which is calculated by multiplying the net balance sheet defined benefit liability or asset by the discount rate used to measure the employee benefit obligation, each as at the beginning of the annual period.

The Revised FRS 19 also amended the definition of short-term employee benefits and requires employee benefits to be classified as short-term based on expected timing of settlement rather than the employee's entitlement to the benefits. In addition, the Revised FRS 19 modifies the timing of recognition for termination benefits. The modification requires the termination benefits to be recognised at the earlier of when the offer cannot be withdrawn or when the related restructuring costs are recognised.

Changes to definition of short-term employee benefits and timing of recognition for termination benefits do not have any impact to the Group's financial position and financial performance.

The changes in accounting policies have been applied retrospectively. The effects of adoption on the financial statements are as follows:

	31.12.2012 $'000	**1.1.2012 $'000**
(Decrease)/increase in:		
Consolidated statement of financial position		
Deferred tax assets	(18)	(264)
Other payables – current	(116)	(123)
Other payables – non-current	527	111
Deferred tax liabilities	(118)	(217)
Revenue reserve	(211)	160
Foreign currency translation reserve	6	–
Non-controlling interests	(106)	(195)
Total equity	(311)	(35)

2. Summary of significant accounting policies *(continued)*

2.2 ***Changes in accounting policies*** *(continued)*

Revised FRS 19 Employee Benefits (continued)

	2012 $'000
Consolidated income statement	
Decrease in staff costs	351
Increase in taxation	(86)
Increase in profit for the year	265
Increase in profit for the year attributable to:	
Owners of the parent	179
Non-controlling interests	86
	265

	2012 $'000
Consolidated statement of comprehensive income	
Decrease in actuarial gain on defined benefit obligation	(550)
Decrease in other comprehensive income for the year, net of tax attributable to owners of the parent	(550)

2. Summary of significant accounting policies *(continued)*

2.3 ***Standards issued but not yet effective***

The Group has not adopted the following standards that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
Revised FRS 27 *Separate Financial Statements*	1 January 2014
Revised FRS 28 *Investments in Associates and Joint Ventures*	1 January 2014
FRS 110 *Consolidated Financial Statements*	1 January 2014
FRS 111 *Joint Arrangements*	1 January 2014
FRS 112 *Disclosure of Interests in Other Entities*	1 January 2014
Amendments to FRS 32 *Offsetting Financial Assets and Financial Liabilities*	1 January 2014
Amendments to FRS 36 *Recoverable Amount Disclosures for Non-financial Assets*	1 January 2014
Amendments to FRS 39 *Novation of Derivatives and Continuation of Hedge Accounting*	1 January 2014
INT FRS 121 *Levies*	1 January 2014

Except for FRS 110 and Revised FRS 27, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 110 and Revised FRS 27 are described below.

FRS 110 Consolidated Financial Statements and Revised FRS 27 Separate Financial Statements

FRS 110 Consolidated Financial Statements and Revised FRS 27 Separate Financial Statements are effective for financial periods beginning on or after 1 January 2014.

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. Therefore, FRS 110 may change which entities are consolidated within a group. The Revised FRS 27 was amended to address accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

The Group does not expect adoption of these standards to have material impact to the financial statements.

2.4 ***Basis of consolidation and business combinations***

(A) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

2. Summary of significant accounting policies *(continued)*

2.4 ***Basis of consolidation and business combinations*** *(continued)*

(A) Basis of consolidation (continued)

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

(B) Business combinations

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in profit or loss or as change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.13. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

2. Summary of significant accounting policies *(continued)*

2.5 *Foreign currencies*

The Group's consolidated financial statements are presented in Singapore Dollars, which is also the parent company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions arising in foreign currencies during the year are translated into functional currencies at rates closely approximating those ruling on the transaction dates. Foreign currency monetary assets and liabilities at the end of the reporting period are translated into functional currency at exchange rates ruling at the end of the reporting period. All exchange differences arising from such translations are included in the profit or loss. Exchange differences arising from long-term inter-company balances which are effectively part of the net investments are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity.

For inclusion in the consolidated financial statements, all assets and liabilities of foreign entities are translated into Singapore dollars at the exchange rates ruling at the end of the reporting period and the results of foreign entities are translated into Singapore dollars at the average exchange rates for the year. Exchange differences due to such currency translations are included in foreign currency translation reserve. On disposal of a foreign entity, such foreign currency translation reserve is recognised in profit or loss.

Goodwill and fair value adjustments arising from the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and are translated at the closing rate.

2.6 *Property, plant and equipment*

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are included in the profit or loss. When assets are sold or retired, their cost and accumulated depreciation are removed from the statement of financial position and any gain or loss resulting from their disposal is included in the profit or loss.

Assets held under finance leases are depreciated over their estimated useful lives or terms of the leases, whichever is shorter.

2.7 *Investment properties*

Investment properties are stated at cost less accumulated depreciation and impairment loss. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are included in the profit or loss.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

2. Summary of significant accounting policies *(continued)*

2.8 ***Depreciation***

Depreciation is not provided for freehold land due to its unlimited useful life and for construction-in-progress until it is completed and put into use.

Depreciation is calculated so as to write-off the cost of other property, plant and equipment and investment properties, including those held under finance leases, on a straight-line basis over the expected useful lives of the assets concerned. The principal annual rates used for this purpose are:

		%
Investment properties	–	2 - 33 1/3
Freehold buildings	–	2 - 2 1/2
Leasehold properties	–	2 - 6
Leasehold improvements	–	2 - 20
Plant and machinery	–	5 - 33 1/3
Furniture, fittings and office equipment	–	7 1/2 - 40
Motor vehicles	–	10 - 33 1/3

The useful life and depreciation method are reviewed annually to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment and investment properties.

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

2.9 ***Subsidiaries***

A subsidiary is a company over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities. The Group generally has such power when it, directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.10 ***Associates***

The Group treats as associates those companies in which a long term equity interest of between 20 and 50 percent is held and over whose financial and operating policy decisions it has significant influence.

Associates are accounted for under the equity method whereby the Group's share of profits and losses of associates is included in the consolidated profit or loss. The Group's share of the post-acquisition reserves is included in the investments in the consolidated statement of financial position. These amounts are taken from the latest available financial statements of the companies concerned, made up to the end of the financial year of the Group.

2. Summary of significant accounting policies *(continued)*

2.10 ***Associates*** *(continued)*

Goodwill relating to an associate is included in the carrying amount of the investment.

In the Company's separate financial statements, investments in associates are accounted for at cost less impairment losses.

2.11 ***Transactions with non-controlling interests***

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

2.12 ***Financial assets***

Financial assets are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised directly in equity is recognised in profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

2. Summary of significant accounting policies *(continued)*

2.12 ***Financial assets*** *(continued)*

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category ‘financial assets at fair value through profit or loss’. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivative financial instruments are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

The Group does not designate any financial assets not held for trading as financial assets at fair value through profit and loss.

(ii) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

2.13 ***Intangibles***

(i) Goodwill

Goodwill represents the excess of the fair value of the consideration given over the fair value of the acquirer’s interest in the identifiable net assets. Goodwill which is assessed as having no continuing economic value is written-off immediately to the consolidated profit or loss.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

(ii) Negative goodwill

Negative goodwill arising on acquisition represents the excess of the fair value of the identifiable net assets acquired over the cost of acquisition. Such negative goodwill will be recognised immediately in the profit or loss.

2. Summary of significant accounting policies *(continued)*

2.13 ***Intangibles*** *(continued)*

(iii) Trademarks

Trademarks are stated at cost less accumulated amortisation and impairment loss. The useful lives of trademarks are assessed to be either finite or indefinite. Trademarks with finite lives are amortised on a straight-line basis over the estimated economic useful lives of 20 years and assessed for impairment whenever there is an indication that the trademark may be impaired. The amortisation period and the amortisation method for trademarks with finite useful lives are reviewed at least at each financial year-end. The amortisation expense on trademarks with finite lives is recognised in profit or loss through the "amortisation and depreciation" line item.

(iv) Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

2.14 ***Inventories***

Raw materials, consumables, finished goods, work-in-progress and spare parts are stated at the lower of cost and net realisable value. Cost is primarily determined on a weighted average basis or first-in-first-out basis for certain subsidiaries, and includes all costs in bringing the inventories to their present location and condition. In the case of manufactured products, cost includes all direct expenditure and production overheads based on the normal level of activity.

Net realisable value is the price at which the inventories can be realised in the normal course of business after allowing for the costs of realisation and, where appropriate, the cost of conversion from the existing state to a finished condition. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

2. Summary of significant accounting policies *(continued)*

2.15 ***Biological assets***

Livestock

Livestock are stated at their fair value less estimated point-of-sale costs, except where the fair value cannot be measured reliably, in which case it will be stated at cost. The fair value of livestock is determined based on market prices of livestock of similar age, breed and genetic merit.

Net increase or decrease in the fair value of livestock are included in the profit or loss, determined as:

(i) the difference between the total fair value of the livestock recognised at the beginning of the financial year and the total fair value of the livestock recognised at the end of the financial year; and

(ii) cost incurred during the financial year to acquire and breed livestock.

2.16 ***Trade and other receivables***

Trade and other receivables, which generally have 30-60 day terms, are recognised and carried at original invoiced amount less allowance for doubtful debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off to the profit or loss as incurred.

Trade receivables that are factored out to banks and other financial institutions with recourse to the Group are not de-recognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions are recorded as borrowings. Any fee incurred to effect factoring is net-off against borrowings and taken to the profit or loss over the period of factoring using the effective interest method.

2.17 ***Assets and liabilities held for sale***

The Group classifies assets and liabilities as held for sale when its carrying amount will be recovered through a sale transaction. The assets and liabilities must be available for immediate sale and the Group must be committed to selling the asset either through entering into a contractual sale agreement or the activation and commitment to a program to locate a buyer and dispose of the assets or liabilities.

Upon classification as held for sale, non-current assets are not depreciated and are measured at the lower of carrying amount and fair value less costs to sell. Any difference is recognised in profit or loss.

2. Summary of significant accounting policies *(continued)*

2.18 *Impairment of non-financial assets*

Goodwill

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated:

- Represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- Is not larger than a segment based on either the Group's primary or the Group's secondary reporting format.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated are tested for impairment annually and whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the unit. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. Impairment losses recognised for goodwill are not revised in subsequent periods.

Where goodwill forms part of a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Other assets

Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Assets that have an indefinite useful life and are not subject to amortisation or depreciation are tested annually for impairment.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in profit or loss. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units).

Reversal of impairment losses recognised in prior years is recorded when there has been a change in the estimates used to determine the recoverable amount. The reversal is recorded in the profit or loss except for assets that are previously revalued where the revaluation was taken to revaluation reserve. However, the increased carrying amount of an asset due to a reversal of an impairment loss is recognised to the extent it does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for that asset in prior years.

2. Summary of significant accounting policies *(continued)*

2.19 ***Financial liabilities***

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

Other financial liabilities

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2. Summary of significant accounting policies *(continued)*

2.20 ***Provisions***

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made on the amount of the obligation.

Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

2.21 ***Cash and cash equivalents***

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.22 ***Revenue recognition***

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The specific recognition criteria described below must also be met before revenue is recognised.

Revenue from the sale of goods and services are recognised upon passage of title and risks to the customer which generally coincides with their delivery and acceptance.

Rental income is recognised on a straight-line basis over the lease term.

Interest income is recognised on effective interest rate method.

Dividend income is recorded gross in the profit or loss in the accounting period in which the Group's right to receive payment is established.

2.23 ***Income taxes***

Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised directly in equity.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

2. Summary of significant accounting policies *(continued)*

2.23 ***Income taxes*** *(continued)*

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

2. Summary of significant accounting policies *(continued)*

2.24 ***Borrowing costs***

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.25 ***Employee benefits***

(i) Executives' Share Option Scheme

The Company has in place the QAF Limited Share Option Scheme 2000 for the granting of share options to eligible employees of the Group to subscribe for ordinary shares in the Company.

The cost of such transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using the binomial model. In valuing these transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ("market conditions").

The cost of these equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the directors of the Company at that date, based on the best available estimate of the number of equity instruments that will ultimately vest.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding share options is reflected as additional share dilution in the computation of earnings per share.

2. Summary of significant accounting policies *(continued)*

2.25 ***Employee benefits*** *(continued)*

(ii) Defined contribution plans

As required by law, the Group's companies in Singapore make contributions to the state pension scheme, the Central Provident Fund ("CPF"). Certain of the Group's companies outside Singapore make contributions to their respective countries' pension scheme. Such contributions are recognised as compensation expense in the same period as the employment that gives rise to the contribution.

(iii) Defined benefit plan

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation (derived using a discount rate based on government bonds) at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method.

Defined benefit costs comprise the following:

– Service cost
– Net interest on the net defined benefit liability or asset
– Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in profit or loss. Past service costs are recognised when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognised as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognised immediately in other comprehensive income in the period in which they arise. Remeasurements are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

2. Summary of significant accounting policies *(continued)*

2.25 ***Employee benefits*** *(continued)*

(iii) Defined benefit plan (continued)

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognised as a separate asset at fair value when and only when reimbursement is virtually certain.

(iv) Employee entitlements

Liabilities for paid annual leave and sick leave are recognised and measured as the amount unpaid at the end of the reporting period at current pay rates in respect of employees' services up to that date.

A liability for long service leave is recognised, on the basis of an estimation of the present value of the future cash outflows to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates that match, as closely as possible, the estimated future cash outflows.

2.26 ***Leases***

Finance leases

Finance leases, which effectively transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at amounts equal, at the inception of the lease, to the fair value of the leased item or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. Finance charges are charged directly to the profit or loss.

Operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to the profit or loss on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Rental income arising on operating leases is recorded as income in the profit or loss on a straight-line basis over the lease terms.

2.27 ***Segment information***

For management purposes, the Group is organised into operating segments based on their products and services. The management of the Company regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 43, including the factors used to identify the reportable segments and the measurement basis of segment information.

2. Summary of significant accounting policies *(continued)*

2.28 *Impairment of financial assets*

The Group assesses at each end of the reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

(a) Assets carried at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written-off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(b) Assets carried at cost

If there is objective evidence that an impairment loss on a financial asset carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2.29 *Exchangeable bonds*

At initial recognition the derivative component of the exchangeable bonds is measured at fair value and presented as part of derivative financial instruments (see Note 2.19). Any excess of proceeds over the amount initially recognised as the derivative component is recognised as the liability component.

The derivative component is subsequently remeasured in accordance with Note 2.19. The liability component is subsequently carried at amortised cost. The interest expense recognised in profit or loss on the liability component is calculated using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

2. Summary of significant accounting policies *(continued)*

2.30 ***Related parties***

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

(i) Has control or joint control over the Company;
(ii) Has significant influence over the Company; or
(iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
(vi) The entity is controlled or jointly controlled by a person identified in (a);
(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2.31 ***Significant accounting estimates and judgements***

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Impairment of goodwill

The Company and Group determine whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Group's goodwill at 31 December 2013 was $1,540,000 (2012: $1,733,000). More details are given in Note 25.

2. Summary of significant accounting policies *(continued)*

2.31 ***Significant accounting estimates and judgements*** *(continued)*

Key sources of estimation uncertainty (continued)

(ii) Impairment of non-financial assets

The Company and Group assess whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets, other than goodwill are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

(iii) Income taxes

The Group operates in various countries and is subject to different tax jurisdictions. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Company's and the Group's provision for taxation as at 31 December 2013 was $1,317,000 (2012: $1,573,000) and $3,909,000 (2012: $4,168,000) respectively. The carrying amount of the Group's tax recoverable as at 31 December 2013 was $473,000 (2012: $369,000). The carrying amount of the Company's deferred tax liabilities as at 31 December 2013 was $384,000 (2012: $427,000). The Group's deferred tax assets and deferred tax liabilities as at 31 December 2013 was $14,103,000 (2012: $18,109,000) and $10,843,000 (2012: $10,979,000) respectively.

(iv) Depreciation of property, plant and equipment and investment properties

The cost of property, plant and equipment and investment properties is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these assets to be within 2.5 to 50 years. The carrying amount of the Company's and Group's property, plant and equipment as at 31 December 2013 was $2,398,000 (2012: $2,381,000) and $292,031,000 (2012: $323,079,000). The carrying amount of the Group's investment properties as at 31 December 2013 was $27,131,000 (2012: $21,133,000). Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(v) Pension assets/liabilities

Various actuarial assumptions are required when determining the Group's pension obligations. Due to the long-term nature of these plans, such assumptions are subject to significant uncertainty. These assumptions and the related carrying amounts are disclosed in Note 23.

2. Summary of significant accounting policies *(continued)*

2.31 ***Significant accounting estimates and judgements*** *(continued)*

Critical judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made certain judgements, apart from those involving estimations, which have significant effect on the amounts recognised in the financial statements.

Impairment of investments and financial assets

The determination of whether an investment or financial asset is impaired requires significant judgement. The Group evaluates, among other factors, the duration and extent to which the fair value of an investment or financial asset is less than its cost, and the financial health of and near-term business outlook for the investment or financial asset, including factors such as industry performance, changes in technology and operational and financing cash flow.

3. Revenue

Revenue for the Group includes the invoiced value of goods sold and services rendered, less returns, discounts and goods and services tax, and excludes sales between Group companies.

	Group	
	2013	**2012**
	$'000	**$'000**
Sale of goods	1,010,255	970,885
Rental income from storage and warehousing facilities	7,423	5,692
Interest income from:		
– Fixed deposits with financial institutions	546	627
– Advances to associates	200	213
– Others	608	584
Gross dividends from investments	48	66
Miscellaneous	5,134	6,105
	1,024,214	984,172

4. Staff costs

	Group 2013 $'000	Group 2012 $'000
Staff costs (including Executive Directors):		
– salaries, wages and other related costs	211,863	206,791
– CPF and contributions to other plans	8,565	6,398
– superannuation contributions	7,910	8,630
	228,338	221,819

5. Amortisation and depreciation

	Note	Group 2013 $'000	Group 2012 $'000
Amortisation of intangibles	25	351	183
Depreciation of property, plant and equipment	17	36,383	35,137
Depreciation of investment properties	18	1,298	1,093
		38,032	36,413

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

6. Profit from operating activities

	Note	Group 2013 $'000	Group 2012 $'000
Profit from operating activities is stated after charging/(crediting):			
Auditors' remuneration:			
– Auditor of the Company		466	457
– Member firms of the auditor of the Company		513	540
Professional fees paid to:			
– Member firms of the auditor of the Company		21	7
– Other auditors		10	7
Fees and remuneration for the directors of the Company:			
– fees and remuneration		3,334	3,475
– contribution to the Central Provident Fund		22	25
Research and development cost		2,521	2,014
Decease/(increase) in the fair value less estimated point-of-sale costs of livestock, net	10	1,216	(8,438)
Foreign exchange loss, net		5,408	1,508
Operating lease rental expense		10,980	11,544
Gain on disposal of property, plant and equipment and investment properties		(273)	(136)
Allowance for inventory obsolescence charged		284	83
Allowance for doubtful trade debts (written back)/charged	12	(22)	102
Allowance for doubtful other debts (written back)/ charged	13	(431)	348
Bad debts written off		540	338
Rental income from investment properties		(7,351)	(5,633)
Direct operating expenses arising from investment properties that generate rental income		5,978	5,414
Provision for long service leave and retirement benefits charged	28(a)	3,568	1,876
Fair value adjustment on investment securities		8	(109)

7. Finance costs

	Group 2013 $'000	Group 2012 $'000
Interest expense on bank loans and finance leases	4,058	5,123

8. Taxation

	Note	Group 2013 $'000	Group 2012 $'000
Income tax expense/(credit) on the profit for the year:			
– current tax		9,620	11,631
– deferred tax		1,090	(2,676)
		10,710	8,955
(Over)/under provision in respect of prior years:			
– current tax		(392)	(318)
– deferred tax		104	889
		(288)	571
Tax expense		10,422	9,526
Deferred tax expense/(credit) related to other comprehensive income:			
– actuarial gain/(loss) on defined benefit plans	26	1,129	(5)

The income tax expense on the results of the Group differ from the amount of tax determined by applying the Singapore statutory tax rate of 17% (2012: 17%) to the profit before taxation due to the following factors:

	2013 $'000	2012 $'000
Profit before taxation	42,045	48,255
Tax expense at statutory tax rate of 17% (2012: 17%)	7,148	8,203
Adjustments:		
Income not subject to tax	(307)	(147)
Expenses not deductible for tax purposes	1,864	1,263
Tax reliefs, rebates and incentives	(631)	(629)
Utilisation of tax benefits not recognised in previous years	(570)	(2,300)
Tax benefits not recognised in current year	2,062	194
Difference in effective tax rates in other countries	1,500	2,272
(Over)/under provision in respect of prior years	(288)	571
Others	(356)	99
Tax expense	10,422	9,526

The Group has unutilised tax losses of approximately $49,168,000 (2012: $50,971,000) which subject to the provisions of relevant local tax legislation and agreement with the relevant tax authorities, can be carried forward and utilised to set off against future taxable profits. The potential tax benefit arising from such unutilised tax losses has not been recognised in the financial statements due to the uncertainty of recoverability.

9. Earnings per ordinary share ("EPS")

The calculation of earnings per ordinary share is based on the following figures:

	Group	
	2013	2012
	$'000	$'000
Group's earnings used for the calculation of EPS:		
Earnings for the financial year attributable to owners of the parent	30,186	34,644

	2013	2012
	'000	'000
Number of shares used for the calculation of:		
(i) Basic EPS		
Weighted average number of ordinary shares in issue	535,886	521,972
(ii) Diluted EPS		
Weighted average number of ordinary shares in issue	537,481	523,240

Basic earnings per share is calculated on the Group's earnings for the financial year attributable to owners of the parent divided by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated on the same basis as basic earnings per share except that the weighted average number of ordinary shares outstanding during the year have been adjusted for the effects of all dilutive potential ordinary shares.

10. Biological assets

	Group	
	31.12.2013 $'000	31.12.2012 $'000
Livestock		
– at fair value	31,496	38,764
– at cost	28,180	29,650
	59,676	68,414

The Group's livestock comprises mainly progeny and breeder pigs owned by subsidiaries. The progeny pigs are raised for slaughter and sale. The breeder pigs are held to produce further progeny pigs. The fair value was determined based on the actual selling prices approximating those at year end. Significant assumptions made in determining the value of the livestock are:

(i) Progeny pigs aged up to 17 weeks are valued at cost as no active or liquid markets exist for these pigs;

(ii) Progeny pigs aged 18 weeks and above are valued at fair value less estimated point-of-sale costs; and

(iii) Breeder pigs are valued at fair value less estimated point-of-sale costs.

	Group	
	31.12.2013	31.12.2012
Physical quantity of pigs:		
– Number of progeny	338,421	379,991
– Number of breeders	45,972	46,762
	384,393	426,753

	Group	
	31.12.2013 $'000	31.12.2012 $'000
Reconciliation of changes in the carrying amount:		
Balance at 1 January	68,414	62,507
Currency realignment	(7,522)	(2,531)
(Loss)/gain arising from changes in fair value less estimated point-of-sale costs attributable to physical changes	(2,277)	7,562
Gain arising from changes in fair value less estimated point-of-sale costs attributable to price changes	1,061	876
Balance at 31 December	59,676	68,414

11. Inventories

	Group	
	31.12.2013 $'000	31.12.2012 $'000
Raw materials	47,027	46,648
Finished goods	17,570	17,429
Spare parts and consumables	15,636	14,657
Work-in-progress	55	120
Goods-in-transit	2,722	2,690
Total inventories at lower of cost and net realisable value	83,010	81,544

The carrying value of inventories include inventories determined by the following cost methods:

First-in-first-out	27,173	24,463
Weighted average	55,837	57,081
	83,010	81,544
Inventories are stated after deducting allowance for obsolescence of	1,057	1,254

Raw materials of the Group as at 31 December 2013 amounting to $23,463,000 (2012: $24,097,000) have been pledged to a bank in connection with credit facilities granted to a subsidiary.

Inventories recognised as expense during the year approximates the cost of materials shown in the consolidated income statement.

12. Trade receivables

	Group	
	31.12.2013	31.12.2012
	$'000	$'000
Trade receivables	92,249	91,445
Less: Allowance for doubtful debts	(2,492)	(2,607)
	89,757	88,838

At the end of the reporting period, approximately 20.87% (2012: 21.27%) of the Group's trade receivables are secured by deposits received, credit insurances and letter of credits or bank guarantees issued by banks in countries where the customers are based.

An aging analysis of receivables that are past due but not impaired:

Lesser than 3 months	17,099	15,019
3 months to 6 months	1,201	930
6 months to 12 months	662	43
More than 12 months	150	9
	19,112	16,001

Receivables that are impaired:

Gross amount	2,492	2,607
Less: Allowance for doubtful debts	(2,492)	(2,607)
	–	–

Trade receivables that are determined to be impaired at the end of the reporting period relate to debtors that are in financial difficulties and have defaulted on payments.

Movements in the allowance for doubtful debts:

At 1 January	2,607	2,960
(Write back)/charge for the year (Note 6)	(22)	102
Written-off against allowance	(18)	(429)
Currency realignment	(75)	(26)
At 31 December	2,492	2,607

13. Other receivables

	Group		Company	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	$'000	$'000	$'000	$'000
Non-financial assets				
Prepayments	11,266	8,160	49	47
Financial assets				
Sundry deposits	1,084	1,490	30	30
Staff advances and loans	99	138	–	–
	1,183	1,628	30	30
Sundry debtors	3,790	10,360	6	10
Less: Allowance for doubtful debts	(463)	(5,557)	–	–
	3,327	4,803	6	10
Amounts due from subsidiaries				
– interest bearing	–	–	7,223	505
– non-interest bearing	–	–	45,508	45,264
Less: Allowance for doubtful debts	–	–	(921)	(5,290)
	–	–	51,810	40,479
Amounts due from associate	292	413	–	–
	4,802	6,844	51,846	40,519
	16,068	15,004	51,895	40,566

Receivables that are impaired:

	Group		Company	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
Gross amount	463	5,557	921	5,290
Less: Allowance for doubtful debts	(463)	(5,557)	(921)	(5,290)
	–	–	–	–

13. Other receivables *(continued)*

Movements in the allowance for doubtful debts are as follows:

	Note	Group		Company	
		31.12.2013	31.12.2012	31.12.2013	31.12.2012
		$'000	$'000	$'000	$'000
At 1 January		5,557	5,407	5,290	5,487
(Write back)/charge during the year	6	(431)	348	(75)	(1)
Written-off against allowance		(4,648)	(2)	(3,858)	–
Currency realignment		(15)	(196)	(436)	(196)
At 31 December		463	5,557	921	5,290

Staff loans are unsecured, interest-free and payable through monthly instalments over a period up to 5 years from the date the loan is granted.

The non-interest bearing amounts due from subsidiaries are unsecured and repayable upon demand. The interest bearing amounts due from subsidiaries are unsecured, bear interests at rates ranging from 1.87% to 4.00% (2012: 1.88% to 1.89%) per annum and are repayable upon demand.

The amounts due from associate are unsecured, interest-free and repayable upon demand.

The amounts due from subsidiaries and associates are to be settled in cash.

14. Short-term investments

	Group		Company	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	$'000	$'000	$'000	$'000
Fair value through profit or loss				
Quoted equity securities				
At fair value	386	–	–	–
Unquoted equity securities				
At fair value	–	502	–	–
Held-to-maturity investments				
Quoted debt securities				
At amortised cost	2,000	5,984	2,000	1,989
	2,386	6,486	2,000	1,989

15. Cash and cash equivalents

	Group		Company	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	$'000	$'000	$'000	$'000
Cash and bank balances	47,628	48,870	1,606	4,720
Fixed deposits with financial institutions	31,580	20,885	17,431	3,500
	79,208	69,755	19,037	8,220

Fixed deposits are placed for varying periods depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective short-term deposit rates. The weighted average effective interest rates as at 31 December 2013 for the Group and the Company were 2.05% and 1.72% (2012: 2.24% and 0.32%) respectively.

16. Assets classified as held for sale

As at 31 December 2013, certain freehold land and buildings of a subsidiary involved in the Investments and Others segment located in Australia, have been classified as "Assets classified as held for sale". This is due to the subsidiary's intention to sell these assets.

	Group	
	31.12.2013	31.12.2012
	$'000	$'000
Property, plant and equipment	2,487	1,630

17. Property, plant and equipment

	Freehold land $'000	Freehold buildings $'000	Leasehold properties $'000	Leasehold improve-ments $'000	Plant and machinery $'000	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Construction-in-progress $'000	Total $'000
Group									
Cost:									
At 1.1.2012	31,005	163,388	41,102	27,351	389,317	33,467	48,877	6,945	741,452
Currency realignment	(1,112)	(6,101)	(278)	(486)	(10,330)	(875)	(960)	(292)	(20,434)
Additions	243	370	1	2,783	31,494	2,070	2,786	15,992	55,739
Disposals	(17)	–	(1)	(134)	(3,512)	(512)	(1,126)	–	(5,302)
Transfers between categories	3,432	5,507	37	102	4,704	461	–	(14,243)	–
At 31.12.2012 and 1.1.2013	33,551	163,164	40,861	29,616	411,673	34,611	49,577	8,402	771,455
Currency realignment	(2,695)	(16,997)	(704)	(1,075)	(28,050)	(2,451)	(2,388)	(675)	(55,035)
Additions	12	–	–	1,083	8,092	1,572	4,224	22,465	37,448
Disposals	(118)	(3)	(28)	(3)	(1,923)	(506)	(1,016)	–	(3,597)
Transfers between categories	–	3,198	–	76	7,548	(25)	267	(11,064)	–
Transfer to assets reclassified as held for sale	(1,889)	(842)	–	–	(676)	(15)	(7)	–	(3,429)
Transfer to investment properties	(3,605)	(3,423)	–	–	(381)	(10)	–	–	(7,419)
At 31.12.2013	25,256	145,097	40,129	29,697	396,283	33,176	50,657	19,128	739,423
Accumulated depreciation:									
At 1.1.2012	–	77,482	24,380	8,790	260,503	26,988	31,765	–	429,908
Currency realignment	–	(2,973)	(62)	(93)	(7,191)	(706)	(670)	–	(11,695)
Charge for the year (Note 5)	–	3,640	413	1,273	22,437	2,208	5,166	–	35,137
Disposals	–	–	(1)	(133)	(3,312)	(457)	(1,071)	–	(4,974)
At 31.12.2012 and 1.1.2013	–	78,149	24,730	9,837	272,437	28,033	35,190	–	448,376
Currency realignment	–	(8,731)	(173)	(275)	(19,906)	(2,222)	(1,778)	–	(33,085)
Charge for the year (Note 5)	–	3,444	429	1,429	23,898	2,080	5,103	–	36,383
Disposals	–	(1)	(27)	(3)	(1,798)	(499)	(993)	–	(3,321)
Transfer to assets reclassified as held for sale	–	(333)	–	–	(595)	(7)	(7)	–	(942)
Transfer to investment properties	–	(13)	–	–	(6)	–	–	–	(19)
At 31.12.2013	–	72,515	24,959	10,988	274,030	27,385	37,515	–	447,392
Net carrying amount:									
At 31.12.2013	25,256	72,582	15,170	18,709	122,253	5,791	13,142	19,128	292,031
At 31.12.2012	33,551	85,015	16,131	19,779	139,236	6,578	14,387	8,402	323,079

17. Property, plant and equipment *(continued)*

	Leasehold office and improvements $'000	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Total $'000
Company				
Cost:				
At 1.1.2012	2,841	689	681	4,211
Additions	–	149	–	149
Disposals	–	(121)	–	(121)
At 31.12.2012 and 1.1.2013	2,841	717	681	4,239
Additions	–	26	226	252
Disposals	–	(22)	(165)	(187)
At 31.12.2013	2,841	721	742	4,304
Accumulated depreciation:				
At 1.1.2012	862	500	327	1,689
Charge for the year	53	89	103	245
Disposals	–	(76)	–	(76)
At 31.12.2012 and 1.1.2013	915	513	430	1,858
Charge for the year	52	43	140	235
Disposals	–	(22)	(165)	(187)
At 31.12.2013	967	534	405	1,906
Net carrying amount:				
At 31.12.2013	1,874	187	337	2,398
At 31.12.2012	1,926	204	251	2,381

(a) Leasehold properties owned by an overseas subsidiary was required to be revalued by the authorities in 1998. The valuation was made by the directors based on professional appraisals by Colliers Jordan Lee and Jaafar Sdn Bhd, a Chartered Valuation Surveyor, in May 1998. This one-off valuation was made on the basis of open market value on an existing use basis. The valuations were done based on permitted accounting standards at the relevant time.

(b) During the year, the Group acquired property, plant and equipment with an aggregate cost of $nil (2012: $856,000) by means of finance leases. The net carrying amount of property, plant and equipment held under finance leases as at 31 December 2013 was $2,042,000 (2012: $3,551,000) (Note 31).

(c) At the end of the financial year, property, plant and equipment with net carrying amounts of $18,712,000 (2012: $26,788,000) were mortgaged/pledged to third parties to secure credit facilities (Note 31).

18. Investment properties

	Note	Group $'000
Cost:		
At 1 January 2012		44,031
Additions		3,312
Disposals		(143)
At 31 December 2012 and 1 January 2013		47,200
Currency realignment		(824)
Additions		717
Disposals		(47)
Transfer from property, plant and equipment		7,419
At 31 December 2013		54,465
Accumulated depreciation:		
At 1 January 2012		25,108
Charge for the year	5	1,093
Disposals		(134)
At 31 December 2012 and 1 January 2013		26,067
Currency realignment		(9)
Charge for the year	5	1,298
Disposals		(41)
Transfer from property, plant and equipment		19
At 31 December 2013		27,334
Net carrying amount:		
At 31 December 2013		27,131
At 31 December 2012		21,133

The fair value of investment properties amounted to $28,806,000 (2012: $23,445,000) as at 31 December 2013. The fair value was determined based on management's assessment making references to discounted cash flow generated from the properties using discount rates ranging from 8.05% to 11.50% (2012: 7.09% to 7.42%) per annum. The fair value was determined using significant unobservable inputs (Level 3 of the fair value hierarchy).

19. Subsidiaries

	Company	
	31.12.2013	31.12.2012
	$'000	$'000
Cost of investment:		
Unquoted equity shares, at cost	102,720	102,720
Less: Impairment loss	(4,002)	(4,002)
	98,718	98,718
Movements in impairment loss are as follows:		
Balance at beginning and end of year	4,002	4,002

Details of subsidiaries are set out in Note 44(a).

20. Advances to subsidiaries

The advances to subsidiaries, which are to be settled in cash, are unsecured and interest-free except for an amount of $78,696,000 (2012: $96,047,000) with effective interest rates ranging from 1.47% to 4.00% (2012: 1.48% to 5.25%) per annum. These advances have no fixed terms of repayment and no repayments are expected within the next 12 months.

21. Associates

	Group	
	31.12.2013	31.12.2012
	$'000	$'000
Unquoted equity shares, at cost	2,128	2,128
Group's share of post-acquisition revenue reserves	143	4
Group's share of changes recognised directly in associate's equity	3	–
Currency realignment	(412)	(332)
	1,862	1,800

The Group's investment in associates represents equity shares held by a subsidiary.

Details of associates are set out in Note 44(b).

21. Associates *(continued)*

The summarised financial information of the associates are as follows:

	Group	
	31.12.2013	31.12.2012
	$'000	$'000
Statement of financial position:		
Property, plant and equipment	5,296	5,720
Other assets	1,394	944
Liabilities	(4,496)	(4,745)
	2,194	1,919
Income statement:		
Revenue	5,634	4,403
Expenses	(5,325)	(4,771)
Profit/(loss) before taxation	309	(368)
Taxation	39	7
Profit/(loss) after taxation	348	(361)

22. Advances to associates

The advances to associates, which are to be settled in cash, are unsecured, with no fixed terms of repayment and are not expected to be repaid within the next twelve months. Effective interest rate approximating 5.45% (2012: 6.13%) per annum is receivable on the advances.

23. Pension assets/(liabilities)

The Group's companies in Australia operate a superannuation scheme that include Rivalea Superannuation Fund (Defined Benefits) (the "Fund"). The Fund is managed by an external administrator and the assets of the Fund are held in a separate trustee-administered fund. The Fund guarantees its members (i.e. the employees) a superannuation payout based on level of salary and years of service, irrespective of the investment returns which the fund makes.

The superannuation scheme also includes Rivalea Superannuation Fund (Accumulation). By definition, the asset valuation of this fund is the vested benefit of members. Members are entitled to their contributions, and those of the Company, along with the return on investment the fund has achieved in their time of membership. This fund is managed by an external administrator and the assets of the Fund are invested with external fund managers.

23. Pension assets/(liabilities) *(continued)*

	Group	
	31.12.2013	**31.12.2012**
	$'000	**$'000**
Benefit asset/(liability)		
Fair value of plan assets	21,738	22,064
Present value of benefit obligation	(18,542)	(22,134)
Net benefit asset/(liability)	3,196	(70)
Changes in the fair value of plan assets are as follows:		
At 1 January	22,064	20,659
Interest income	509	589
Actual return on plan assets less interest income	2,646	1,179
Employer contributions	634	1,886
Contributions by plan participants	214	279
Benefits paid	(1,697)	(1,932)
Taxes, premiums and expenses paid	(217)	(419)
Currency realignment	(2,415)	(177)
At 31 December	21,738	22,064
Changes in the present value of the defined benefit obligation are as follows:		
At 1 January	22,134	23,474
Interest cost	502	633
Current service cost	681	744
Contributions by plan participants	214	279
Benefits paid	(1,697)	(1,932)
Actuarial (gains)/losses arising from changes in financial assumptions	(288)	409
Actuarial gains arising from liability experience	(361)	–
Taxes, premiums and expenses paid	(217)	(419)
Currency realignment	(2,426)	(1,054)
At 31 December	18,542	22,134

23. Pension assets/(liabilities) *(continued)*

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	Group 31.12.2013 %	Group 31.12.2012 %
Australian equities	30	30
Overseas equities	30	28
Fixed interest securities	22	22
Property	10	12
Other	8	8
	100	100

The principal actuarial assumptions used in determining pension benefit obligations for the Group's plan are shown below (expressed as weighted averages):

	Group 31.12.2013 %	Group 31.12.2012 %
Discount rate	3.3	2.8
Salary increase rate	4.0	4.0

The following table summarises the components of net benefit expense recognised in profit or loss:

	Group 31.12.2013 $'000	Group 31.12.2012 $'000
Net benefit expense (recognised within staff costs):		
Current service cost	681	744
Net interest cost	(7)	44
	674	788

The Group expects to contribute $497,000 to its defined benefit pension plan in 2014.

The average duration of the defined benefit obligation at the end of the reporting period is 4.4 years.

The asset ceiling has no impact on the net defined benefit asset/(liability).

Plan assets comprised solely of investment funds. The plan assets do not have quoted market prices in active market.

23. Pension assets/(liabilities) *(continued)*

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming if all other assumptions were held constant:

	Increase/ (decrease) in basis points	Effect on present value of benefit obligation 2013 $'000
Discount rate	+25	(139)
	-25	143
Salary increase rate	+25	105
	-25	(103)

The Group's defined benefit plan is funded by its subsidiaries. The employees of the subsidiaries contribute 5% of the pensionable salary and the remaining residual contributions are paid by the subsidiaries of the Group.

24. Long-term investments

	Group		Company	
	31.12.2013 $'000	31.12.2012 $'000	31.12.2013 $'000	31.12.2012 $'000
Fair value through profit or loss				
Unquoted debt securities				
At fair value	984	1,017	984	1,017
Unquoted equity securities				
At fair value	509	–	–	–
Held-to-maturity investments				
Quoted debt securities				
At amortised cost	9,073	8,017	8,073	7,017
	10,566	9,034	9,057	8,034

The unquoted debt securities does not carry interest (2012: nil) and mature in August 2017.

The quoted debt securities carry interest rates of 3.39% to 7.25% (2012: 2.36% to 4.70%) and mature between February 2016 to October 2022.

25. Intangibles

	Group				Company
	Trademark $'000	Customers lists $'000	Goodwill $'000	Total $'000	Trademark $'000
Cost:					
At 1.1.2012	2,750	1,470	1,801	6,021	7,150
Currency realignment	–	(56)	(68)	(124)	–
At 31.12.2012 and 1.1.2013	2,750	1,414	1,733	5,897	7,150
Currency realignment	–	(157)	(193)	(350)	–
At 31.12.2013	2,750	1,257	1,540	5,547	7,150
Accumulated amortisation and impairment loss:					
At 1.1.2012	2,750	213	–	2,963	4,701
Currency realignment	–	(12)	–	(12)	–
Amortisation for the year (Note 5)	–	183	–	183	188
At 31.12.2012 and 1.1.2013	2,750	384	–	3,134	4,889
Currency realignment	–	(67)	–	(67)	–
Amortisation for the year (Note 5)	–	351	–	351	189
At 31.12.2013	2,750	668	–	3,418	5,078
Net carrying amount:					
At 31.12.2013	–	589	1,540	2,129	2,072
At 31.12.2012	–	1,030	1,733	2,763	2,261

Trademark and customers lists with finite life are amortised on a straight-line basis over their useful lives. Trademark has a useful life of 20 years.

A review of the useful lives of customer lists was made during the year and consequently, the customers lists were re-assessed as having useful lives of 4.5 to 9.0 years (2012: 5 to 9 years).

Impairment testing of indefinite life goodwill

Goodwill acquired through business combinations has been allocated to the cash generating units. The recoverable amount has been determined based on value in use calculation.

To calculate this, cash flow projections are based on financial budgets approved by senior management covering a 5 year period. The discount rate applied to the cash flows is 11.5% (2012: 11.5%).

A reasonable change to the assumptions used by the management to determine the impairment required, particularly the discount rate and terminal growth rate, would not significantly affect the results.

26. Deferred taxation

	Group		Company	
	31.12.2013 $'000	31.12.2012 $'000	31.12.2013 $'000	31.12.2012 $'000
Balance at beginning of year	(7,130)	(5,778)	427	450
Currency realignment	1,547	440	–	–
Utilised/(addition) during the financial year	1,090	(2,676)	(43)	(23)
Under provision in prior years	104	889	–	–
Charged to other comprehensive income	1,129	(5)	–	–
Balance at end of year	(3,260)	(7,130)	384	427
Represented by:				
– Deferred tax assets	(14,103)	(18,109)	–	–
– Deferred tax liabilities	10,843	10,979	384	427
	(3,260)	(7,130)	384	427

The movements in the Group's deferred tax assets and liabilities during the year are as follows:

	Property, plant and equipment $'000	Employee benefits $'000	Fair value adjustment on biological assets $'000	Others $'000	Total $'000
Deferred tax assets					
At 1 January 2012	5,289	6,782	5,832	(398)	17,505
Addition/(utilised) during the year	350	172	1,090	(86)	1,526
Under/(over) recognition in prior years	10	–	(270)	(12)	(272)
Tax effect of actuarial loss on defined benefit plans charged to other comprehensive income	–	5	–	–	5
Currency realignment	(207)	(245)	(237)	34	(655)
At 31 December 2012 and 1 January 2013	5,442	6,714	6,415	(462)	18,109
Addition/(utilised) during the year	163	(1,334)	268	(131)	(1,034)
Under recognition in prior years	22	–	–	–	22
Tax effect of actuarial gain on defined benefit plans charged to other comprehensive income	–	(1,129)	–	–	(1,129)
Currency realignment	(617)	(607)	(730)	89	(1,865)
At 31 December 2013	5,010	3,644	5,953	(504)	14,103

26. Deferred taxation *(continued)*

	Property, plant and equipment $'000	Employee benefits $'000	Fair value adjustment on biological assets $'000	Others $'000	Total $'000
Deferred tax liabilities					
At 1 January 2012	10,996	(217)	839	109	11,727
(Write-back)/charged to profit or loss	(384)	95	(822)	(39)	(1,150)
Under recognition in prior year	617	–	–	–	617
Currency realignment	(210)	4	(17)	8	(215)
At 31 December 2012 and 1 January 2013	11,019	(118)	–	78	10,979
Charged/(write-back) to profit or loss	663	–	–	(607)	56
Under recognition in prior year	126	–	–	–	126
Currency realignment	(346)	4	–	24	(318)
At 31 December 2013	11,462	(114)	–	(505)	10,843

The movements in the Company's deferred tax liabilities during the year are as follows:

	Property, plant and equipment $'000
At 1 January 2012	450
Write-back to profit or loss	(23)
At 31 December 2012 and 1 January 2013	427
Write-back to profit or loss	(43)
At 31 December 2013	384

Unrecognised temporary differences relating to investments in subsidiaries

At the end of the reporting period, no deferred tax liability (2012: nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries as the Group has determined that undistributed earnings of its subsidiaries will not be distributed in the foreseeable future.

Such temporary differences for which no deferred tax liability has been recognised aggregate to $8,065,000 (2012: $6,741,000). The deferred tax liability is estimated to be $1,210,000 (2012: $1,011,000).

27. Trade payables

	Group		Company	
	31.12.2013 $'000	31.12.2012 $'000	31.12.2013 $'000	31.12.2012 $'000
Trade payables:				
– third parties	94,870	92,642	33	33

28. Other payables

	Note	Group		Company	
		31.12.2013 $'000	31.12.2012 $'000	31.12.2013 $'000	31.12.2012 $'000
(a) Other payables					
Payable within one year:					
Staff related expenses		21,334	20,566	1,151	1,211
Accrued operating expenses		12,696	11,736	248	222
Provision for long service leave		7,439	8,384	–	–
Sundry creditors		12,622	18,485	157	2
Amounts due to subsidiaries		–	–	4,913	6,057
Amount due to an associate		409	179	–	–
Derivative financial liabilities	28(b)	7	–	–	–
		54,507	59,350	6,469	7,492
Payable after one year:					
Provision for long service leave and retirement benefits		8,463	6,667	–	–
Loans from non-controlling interests		927	1,758	–	–
		9,390	8,425	–	–

The amounts due to subsidiaries and an associate are unsecured, interest-free, repayable upon demand and are to be settled in cash.

The loans from non-controlling interests of certain subsidiaries are unsecured and interest-free except for an amount of $927,000 (2012: $1,043,000) that bears interest at 7.00% (2012: 7.00%) per annum. The interest-free loan of $715,000 was capitalised into issued and paid-up capital of a subsidiary during the financial year. The interest bearing loan is expected to be repaid in May 2019.

28. Other payables *(continued)*

(a) Other payables (continued)

Movements in provision for long service leave and retirement benefits are as follows:

	Note	Group 31.12.2013 $'000	Group 31.12.2012 $'000
Balance at beginning of year		15,051	13,711
Currency realignment		(1,480)	(460)
Provision charged during the year	6	3,568	1,876
Actuarial (gains)/losses		(467)	786
Utilised during the year		(770)	(862)
Balance at end of year		15,902	15,051
Represented by:			
– Payable within one year		7,439	8,384
– Payable after one year		8,463	6,667
		15,902	15,051

(b) Derivative financial liabilities are as follows:

	31.12.2013 Contract notional amount $'000	31.12.2013 Fair value $'000	31.12.2012 Contract notional amount $'000	31.12.2012 Fair value $'000
Group				
Foreign currency contracts				
– Not designated as hedges	1,543	(7)	911	–

At 31 December 2013, the settlement dates on open foreign currency contracts ranged between 1 to 12 months for the following notional amounts:

	Group 31.12.2013 $'000	Group 31.12.2012 $'000
Contracts to deliver Singapore Dollars and receive:		
United States Dollars	130	–
Australian Dollars	901	–
Contracts to deliver Japanese Yen and receive:		
Australian Dollars	512	911
	1,543	911

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

29. Exchangeable bond

	Group and Company	
	31.12.2013 $'000	31.12.2012 $'000
Face value of exchangeable bond issued in July 2009	10,000	10,000
Derivative component of the bond at initial recognition	(500)	(500)
Liability component of the bond at initial recognition	9,500	9,500
Add: Accumulated amortisation of discount	500	500
Repayment upon maturity	(10,000)	–
Liability component of the bond at 31 December	–	10,000
Carrying value of the bond at 31 December	–	10,000
Payable within one year	–	10,000

In July 2009, the Company issued a zero-coupon Mandatorily Exchangeable bond due 2011 in a principal amount of $10 million (the "Bond") at an issue price equal to 100% of the principal amount of the Bond, to its controlling shareholder. The Bond shall be mandatorily exchangeable into fully paid and unencumbered ordinary shares (the "Hamsdale Shares") of the Company's wholly-owned subsidiary, Hamsdale International Pte Ltd ("Hamsdale"), in the event and on the date Hamsdale is listed on the Singapore Exchange Securities Trading Limited (the "SGX-ST"). Unless mandatorily exchanged and cancelled, the Company was to redeem the Bond at its principal amount on the maturity date, 31 July 2011. The maturity date of the Bond was extended and expired on 31 July 2013. The Bond has been fully repaid upon maturity during the financial year.

30 Short-term borrowings

	Group		Company	
	31.12.2013 $'000	31.12.2012 $'000	31.12.2013 $'000	31.12.2012 $'000
Short-term bank loans:				
– unsecured	53,084	66,933	4,960	4,791
– secured	21,117	21,687	–	–
	74,201	88,620	4,960	4,791

The Company's short-term bank loan bears effective interest rate of 1.50% (2012: 1.47%) per annum. The Group's short-term bank loans bear effective interest rates ranging from 1.50% to 4.58% (2012: 1.45% to 4.69%) per annum. The secured portion of the borrowings is charged against inventories of the Group.

31. Long-term loans and finance leases

	Effective interest rate per annum %	Maturities	Group 31.12.2013 $'000	Group 31.12.2012 $'000
Loans from banks:				
– Loan A	2.42	2017	8,956	13,398
– Other loans	4.94 - 9.07	2019	5,943	5,256
Finance leases			1,506	2,524
			16,405	21,178
Less: Current portion			(4,745)	(4,845)
Non-current portion of loans			11,660	16,333

Loan A, denominated in Philippines Peso, with floating interest rate of 2.42% (2012: 3.02%) per annum, is secured on certain property, plant and equipment of the Group and of an associate, and is repayable in 20 equal quarterly instalments commencing from October 2012.

Other loans, denominated in Australian Dollar, with interest rates ranging from 4.94% to 9.07% (2012: 4.99% to 9.07%) per annum, are secured on floating charge on certain property, plant and equipment of the Group, and is repayable in monthly instalments until May 2019.

Commitments under finance leases as at 31 December are as follows:

	Minimum lease payments 31.12.2013 $'000	Present value of payments 31.12.2013 $'000	Minimum lease payments 31.12.2012 $'000	Present value of payments 31.12.2012 $'000
Group				
Within one year	470	364	757	544
Between one and five years	1,222	1,142	2,149	1,980
Total minimum lease payments	1,692	1,506	2,906	2,524
Less: Amount representing finance charges	(186)	–	(382)	–
Present value of minimum lease payments	1,506	1,506	2,524	2,524

Effective interest rates on finance leases range from 4.60% to 11.57% (2012: 4.60% to 11.57%) per annum. The finance leases do not contain any escalation clauses and do not provide for contingent rents. Lease terms do not contain restrictions on the Group activities concerning dividends, additional debts or entering into other leasing agreements.

32. Share capital

	Group and Company			
	31.12.2013		31.12.2012	
	No. of shares	$'000	No. of shares	$'000
Issued and fully paid :				
At 1 January	524,227,411	230,731	518,440,634	227,156
Issued during the year	22,267,583	19,365	5,786,777	3,575
At 31 December	546,494,994	250,096	524,227,411	230,731

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and have no par value.

During the financial year,

(i) the Company issued 20,927,583 ordinary shares at $0.891 per share pursuant to the QAF Scrip Dividend Scheme in respect of the final dividend for the financial year ended 31 December 2012; and

(ii) the Company issued 1,340,000 ordinary shares for cash at the average exercise price of $0.536 per share upon the exercise of 1,340,000 share options by employees pursuant to the QAF Limited Share Option Scheme 2000 (Note 35).

33. Reserves

	Group		Company	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	$'000	$'000	$'000	$'000
Revaluation reserve	2,215	2,263	–	–
Capital reserve	17,941	17,941	1,705	1,705
Revenue reserve	147,474	141,049	31,481	37,731
Foreign currency translation reserve	(20,946)	390	–	–
	146,684	161,643	33,186	39,436

33. Reserves *(continued)*

	Company	
	31.12.2013	**31.12.2012**
	$'000	**$'000**
Analysis of movement in the reserves of the Company:		
Capital reserve		
At beginning and end of year	1,705	1,705
Revenue reserve		
At beginning of year	37,731	44,599
Net profit for the year	20,195	19,194
Dividends	(26,445)	(26,062)
At end of year	31,481	37,731
Total	33,186	39,436

Revaluation reserve

Revaluation reserve comprise of the following:

(a) surplus arising from the revaluation of property, plant and equipment by a subsidiary. In each financial year, an amount is transferred from the revaluation reserve to the revenue reserve to match the additional depreciation charge on the revalued assets; and

(b) surplus arising from share of a subsidiary's revaluation of property, plant and equipment on acquisition of additional interest in the subsidiary.

Capital reserve

Capital reserve comprise of the following:

a) cumulative value of services received from employees recorded on grant of equity-settled share options; and

b) amounts transferred from the revenue reserve due to bonus shares issued by a subsidiary as fully paid shares through capitalisation of its revenue reserve.

33. Reserves *(continued)*

Capital reserve *(continued)*

	Group		Company	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	$'000	$'000	$'000	$'000
Cumulative value of services received from employees	1,705	1,705	1,705	1,705
Bonus shares issued by a subsidiary	16,236	16,236	–	–
	17,941	17,941	1,705	1,705

Foreign currency translation reserve

The foreign currency translation reserve comprise currency translation arising from the translation of assets and liabilities of foreign subsidiaries and associates for inclusion in the consolidated financial statements and exchange differences arising from the long-term intercompany balances which are effectively part of the net investment.

34. Dividends

	Group and Company	
	31.12.2013	31.12.2012
	$'000	$'000
Interim tax-exempt (one-tier) dividend of 1 cent per share in respect of the financial year ended 31 December 2013	5,458	–
Final tax-exempt (one-tier) dividend of 4 cents per share in respect of the financial year ended 31 December 2012	20,987	–
Interim tax-exempt (one-tier) dividend of 1 cent per share in respect of the financial year ended 31 December 2012	–	5,242
Final tax-exempt (one-tier) dividend of 4 cents per share in respect of the financial year ended 31 December 2011	–	20,820
	26,445	26,062

The Company's Scrip Dividend Scheme under which shareholders may elect to receive dividends in the form of new shares in lieu of cash had been applied in respect of the final dividend for the financial years ended 31 December 2011 and 31 December 2012.

The directors have proposed a final tax-exempt (one-tier) dividend of 4 cents per share ("Proposed Final Dividend for FY 2013"), amounting to approximately $21,860,000 be paid in respect of the financial year ended 31 December 2013. The dividend will be recorded as liability in the statement of financial position of the Company and Group upon approval of the shareholders at the Annual General Meeting of the Company.

The Company's Scrip Dividend Scheme under which shareholders may elect to receive dividends in the form of new shares in lieu of cash will apply to the Proposed Final Dividend for FY 2013.

34. Dividends *(continued)*

There are no income tax consequence (2012: nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements.

35. Employee benefits

Share options

The Group has granted share options to eligible employees under The QAF Limited Share Option Scheme 2000 ("2000 Scheme").

The 2000 Scheme was approved by the members of the Company at an Extraordinary General Meeting held on 12 May 2000. The total number of shares in respect of which options may be offered on any offering date, when added to the number of shares issued or issuable in respect of options under this Scheme shall not exceed 15% of the issued share capital of the Company on the day preceding that offering date.

The exercise price of each share in respect of an option granted may be (i) the average of the last dealt prices of the shares of the Company, as determined by reference to the Financial News or other publication published by the Singapore Exchange Securities Trading Limited, for the three consecutive trading days immediately preceding the date of grant of that option ("Market Price") or (ii) at a discount not exceeding 20% of the Market Price but in any event no exercise price shall be less than $0.40 per share being the par value of an ordinary share in the Company immediately before the abolishment of the par value by the Singapore Companies (Amendments) Act 2005.

An option granted is valid for 10 years (unless otherwise terminated or lapsed pursuant to the rules as stipulated in the 2000 Scheme) and is exercisable, for an option granted without discount to the Market Price, after a vesting period of 1 year and for an option granted at a discount to the Market Price, after a vesting period of 2 years.

The 2000 Scheme expired in 2010 without renewal. However, the discontinuation of the 2000 Scheme does not affect the rights of the option holders to validly exercise their options within the respective relevant exercise period stated in the paragraph below.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

35. Employee benefits *(continued)*

Share options *(continued)*

Information with respect to the total number of options granted under the 2000 Scheme are as follows:

	No. of options in financial year 2013 '000	Weighted average exercise price in financial year 2013 $	No. of options in financial year 2012 '000	Weighted average exercise price in financial year 2012 $
Outstanding at beginning of year	5,340	0.540	7,709	0.541
Exercised	(1,340)	(0.536)	(2,243)	(0.543)
Lapsed/forfeited	(25)	(0.523)	(126)	(0.555)
Outstanding at end of year	3,975	0.541	5,340	0.540
Exercisable at end of year	3,975	0.541	5,340	0.540

The following table summarises information about options outstanding and exercisable as at 31 December 2013 to subscribe for ordinary shares in the Company:

Outstanding			Exercisable		
			Exercise period		
Offer date	Number of options	Exercise price per share	From	To	Number of options
13.05.2004	720,000	$0.523	14.05.2005	13.05.2014	720,000
18.08.2005	1,220,000	$0.513	18.08.2006	17.08.2015	1,220,000
19.05.2006	2,035,000	$0.565	19.05.2007	18.05.2016	2,035,000
	3,975,000				3,975,000

During the financial year, 1,340,000 ordinary shares of the Company were issued pursuant to the exercise of options by employees and directors of the Group.

The weighted average share price at the date of exercise of the options exercised during the financial year was $0.904 (2012: $0.708).

No options were granted during the financial year under review.

35. Employee benefits *(continued)*

Share options *(continued)*

The fair value of share options as at the date of grant is estimated using the binomial model, taking into account the terms and conditions upon which the options were granted. The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

Up to 31 December 2013, the cumulative expenses recognised in respect of share options amounted to $1,705,000 (2012: $1,705,000).

36. Commitments

	Group		Company	
	31.12.2013 $'000	31.12.2012 $'000	31.12.2013 $'000	31.12.2012 $'000
(i) Capital commitments not provided for in the financial statements:				
Expenditure contracted in respect of property, plant and equipment and investment properties	7,900	16,386	–	–
(ii) Commitments to purchase bulk supplies of raw materials	45,334	41,920	–	–
(iii) Lease commitments payable - where a group company is a lessee				
Commitments under non-cancellable operating leases. The minimum lease payments are leases which expire:				
Within one year	5,043	5,776	26	92
Between one and five years	9,998	10,644	37	71
After five years	26,769	25,859	–	–
	41,810	42,279	63	163

The Group leases office premises, warehousing/trading facilities, retail outlets and passenger and commercial vehicles under operating leases. The leases typically run for an initial period of 3 to 50 years, with an option to renew the lease after that date. Lease rentals are usually adjusted during the renewals to reflect market rentals.

(iv) In the ordinary course of its business, the Company, as the holding company, has indicated its intention to certain of its subsidiaries to continue to provide necessary financial support to these subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

37. Contingent liabilities (unsecured)

	Group		Company	
	31.12.2013 $'000	31.12.2012 $'000	31.12.2013 $'000	31.12.2012 $'000
Guarantees issued for bank facilities granted to subsidiaries	–	–	117,672	126,371
Amounts utilised by subsidiaries as at end of the reporting period	–	–	64,208	78,585

No material losses are expected to arise from the above contingencies.

38. Related party transactions

(a) In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions took place during the financial year on terms agreed by the parties concerned:

	Group		Company	
	31.12.2013 $'000	31.12.2012 $'000	31.12.2013 $'000	31.12.2012 $'000
Purchases from an associate	5,431	4,199	–	–
Land rental charges paid to an associate	327	294	–	–
Interest income from associates	200	213	–	–
Management fee income from an associate	106	112	–	–
Management fee income from subsidiaries	–	–	1,112	1,112
Royalty income from subsidiaries	–	–	24,108	23,134
Interest income from advances to subsidiaries	–	–	3,459	4,404
Dividend income from subsidiaries	–	–	17,803	8,287

(b) Compensation of key management personnel

	Group	
	31.12.2013 $'000	31.12.2012 $'000
Fees and remuneration	3,334	3,475
Contribution to the Central Provident Fund	22	25

39. Financial risk management objectives and policies

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

It is, and has been throughout the current and previous financial year the Group's and the Company's policy not to hold or issue derivative financial instruments for trading purposes.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk that entities and individuals will be unable to meet their obligations to the Group resulting in financial loss to the Group. It is the Group's policy to enter into transactions with a diversity of creditworthy parties to mitigate any significant concentration of credit risk. The Group ensures that sales of products and services are made to customers with appropriate credit history and has internal mechanisms to monitor the granting of credit and management of credit exposures. The Group has made allowances, where necessary, for potential losses on credits extended. The Group's maximum exposure to credit risk in the event the counterparties fail to perform their obligations in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the statement of financial position. The Group has no significant concentration of credit risk.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by:

– the carrying amount of each class of financial assets recognised in the statements of financial position; and

– a nominal amount of $117,672,000 (2012: $126,371,000) relating to corporate guarantees provided by the Company for bank facilities granted to subsidiaries, of which, the amounts utilised by subsidiaries as at the end of the reporting period is $64,208,000 (2012: $78,585,000).

Information regarding credit enhancements for trade receivables is disclosed in Note 12.

39. Financial risk management objectives and policies *(continued)*

(a) *Credit risk (continued)*

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the industry and country sector profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period is as follows:

	Group			
	31.12.2013		31.12.2012	
	$'000	% of total	$'000	% of total
By industry:				
Bakery	50,071	56	48,362	55
Primary production	21,364	24	22,313	25
Trading and logistics	17,859	19	17,912	20
Investments and others	463	1	251	–
	89,757	100	88,838	100
By country:				
Singapore	31,344	35	30,708	35
Australia	23,999	27	24,171	27
Philippines	16,549	18	16,756	19
Malaysia	17,461	19	15,981	18
Other countries	404	1	1,222	1
	89,757	100	88,838	100

(b) *Liquidity risk*

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to maintain sufficient liquid financial assets and have an adequate amount of committed credit facilities.

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

39. Financial risk management objectives and policies *(continued)*

(b) Liquidity risk *(continued)*

	31.12.2013				31.12.2012			
	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
Group								
Financial assets:								
Trade and other receivables	94,559	–	–	94,559	95,682	–	–	95,682
Investment securities	2,840	7,814	4,433	15,087	6,900	6,028	4,613	17,541
Cash and cash equivalents	79,208	–	–	79,208	69,755	–	–	69,755
Advances to associates	–	3,389	–	3,389	–	3,519	–	3,519
Total undiscounted financial assets	176,607	11,203	4,433	192,243	172,337	9,547	4,613	186,497
Financial liabilities:								
Trade and other payables	142,003	263	955	143,221	143,608	1,758	–	145,366
Borrowings	80,239	9,421	2,917	92,577	95,059	13,503	3,627	112,189
Exchangeable bond	–	–	–	–	10,000	–	–	10,000
Total undiscounted financial liabilities	222,242	9,684	3,872	235,798	248,667	15,261	3,627	267,555
Total net undiscounted financial (liabilities)/ assets	(45,635)	1,519	561	(43,555)	(76,330)	(5,714)	986	(81,058)

39. Financial risk management objectives and policies *(continued)*

(b) ***Liquidity risk*** *(continued)*

	31.12.2013			31.12.2012		
	1 year or less $'000	Over 1 year $'000	Total $'000	1 year or less $'000	Over 1 year $'000	Total $'000
Company						
Financial assets:						
Investment securities	2,409	10,607	13,016	2,329	9,468	11,797
Other receivables	51,846	–	51,846	40,519	–	40,519
Cash and cash equivalents	19,065	–	19,065	8,220	–	8,220
Advances to subsidiaries	–	111,268	111,268	–	132,314	132,314
Total undiscounted financial assets	73,320	121,875	195,195	51,068	141,782	192,850
Financial liabilities:						
Trade and other payables	6,502	–	6,502	7,525	–	7,525
Borrowings	4,963	–	4,963	4,791	–	4,791
Exchangeable bond	–	–	–	10,000	–	10,000
Total undiscounted financial liabilities	11,465	–	11,465	22,316	–	22,316
Total net undiscounted financial assets	61,855	121,875	183,730	28,752	141,782	170,534

The table below shows the contractual expiry by maturity of the Company's contingent liabilities. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

Company						
Financial guarantees	64,208	–	64,208	78,585	–	78,585

39. Financial risk management objectives and policies *(continued)*

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings.

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates, with all other variables held constant, of the Group's profit after taxation.

Loans denominated in	Increase/ decrease in basis points	Effect on profit after taxation 31.12.2013 $'000	Effect on profit after taxation 31.12.2012 $'000
Australian Dollar	+ 50	(353)	(347)
Australian Dollar	– 50	353	347

(d) Foreign currency risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily Singapore Dollar (SGD), Malaysian Ringgit (Ringgit), Philippine Peso (Peso), Australian Dollar (AUD) and United States Dollar (USD). The foreign currencies in which these transactions are denominated are mainly AUD. As at the end of the reporting period, the Group's net exposure to AUD (mainly relating to receivables, payables and cash and cash equivalents) amounted to $115,945,000 (2012: $121,737,000).

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Malaysia, the Philippines and Australia. The Group's net investments in Malaysia, the Philippines and Australia are not hedged as currency positions in Ringgit, AUD and Peso are considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the AUD exchange rates (against SGD), with all other variables held constant, of the Group's profit after taxation and equity.

	31.12.2013		31.12.2012	
	Profit after taxation $'000	Equity $'000	Profit after taxation $'000	Equity $'000
AUD – strengthened 1% (2012: 1%)	364	793	323	892
– weakened 1% (2012: 1%)	(364)	(793)	(323)	(892)

40. Classification of financial instruments

	Group		Company	
	31.12.2013 $'000	31.12.2012 $'000	31.12.2013 $'000	31.12.2012 $'000
Loans and receivables				
Trade receivables	89,757	88,838	–	–
Other receivables	4,802	6,844	51,846	40,519
Cash and cash equivalents	79,208	69,755	19,037	8,220
Advances to associates	3,389	3,519	–	–
Advances to subsidiaries	–	–	111,268	132,314
	177,156	168,956	182,151	181,053
Held-to-maturity financial assets				
Short-term investments	2,000	5,984	2,000	1,989
Long-term investments	9,073	8,017	8,073	7,017
	11,073	14,001	10,073	9,006
Financial liabilities measured at amortised cost				
Trade payables	94,870	92,642	33	33
Other payables	47,988	52,724	6,469	7,492
Liability component of exchangeable bond	–	10,000	–	10,000
Short-term borrowings	74,201	88,620	4,960	4,791
Long-term loans and finance leases	16,405	21,178	–	–
	233,464	265,164	11,462	22,316
Fair value through profit or loss				
Short-term investments	386	502	–	–
Long-term investments	1,493	1,017	984	1,017
Forward currency contracts	(7)	–	–	–
	1,872	1,519	984	1,017

41. Fair value of assets and liabilities

A. Assets and liabilities carried at fair value

The following table shows an analysis of assets and liabilities carried at fair value by level of fair value hierarchy:

	Group 2013			
Recurring fair value measurements	**Quoted prices in active markets for identical instruments (Level 1) $'000**	**Significant observable inputs other than quoted prices (Level 2) $'000**	**Significant unobservable inputs (Level 3) $'000**	**Total $'000**
Financial assets				
Short-term investments (Note 14)	386	–	–	386
Long-term investments (Note 24)	–	1,493	–	1,493
	386	1,493	–	1,879
Non-financial assets				
Biological assets (Note 10)	–	–	31,496	31,496
Financial liabilities				
Forward currency contracts [Note 28(b)]	–	7	–	7

Fair value hierarchy

The Group classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy have the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices), and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Determination of fair value

The fair value of long-term investments is determined by reference to statements as at the financial year-end provided by the issuer.

Fair value of biological assets is determined as described in Note 10. The key assumptions in determining fair value are the inputs of selling prices from prior transactions, age, breed and genetic merit of animals. A reasonable change in the price assumption of +5% or -5% would affect the livestock valuation by an estimated change of an increase in $1.8 million and a decrease of $1.8 million respectively.

Fair value of forward currency contracts is determined by reference to current forward exchange rates for contracts with similar maturity profiles.

41. Fair value of assets and liabilities *(continued)*

B. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Management has determined that the carrying amounts of cash and short term deposits, current trade and other receivables, current trade and other payables, current bank loans, non-current floating rate loans, non-current finance leases and loans from non-controlling interest based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature or are repriced frequently.

C. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The advances to associates have no fixed terms of repayment and are not expected to be repaid within the next twelve months. Accordingly, the fair value is not determinable as the timing of the future cash flows cannot be estimated reliably.

42 Financial risk management strategies relating to livestock

The Group is exposed to financial risks arising from the change in cost and supply of feed ingredients and the selling price of pork and related products, all of which are determined by constantly changing market forces of supply and demand, and other factors. The other factors include environmental regulations, weather conditions and livestock diseases. The Group has little or no control over these conditions and factors.

The Group is subject to risks affecting the food industry generally, including risks posed by food spoilage and contamination. Specifically, the fresh meat industry is regulated by numerous environmental, health and food safety organisations and regulatory sanctions. The Group has put into place systems to monitor food safety risks throughout all stages of manufacturing and processing to mitigate these risks. Despite the precautions taken by the Group, the authorities may impose additional regulatory requirements that may require significant capital investment at short notice.

The Group is subject to risks relating to its ability to maintain animal health status. Livestock health problems could adversely affect production and consumer confidence. The Group monitors the health of its livestock on daily basis and have procedures in place to reduce potential exposure to infectious diseases. Although policies and procedures have been put into place, there is no guarantee that the Group will not be affected by disease epidemics.

The livestock industry is exposed to risks associated with the supply and price of raw materials, mainly grain prices. Grain prices fluctuate depending on the harvest results. The shortage in the supply of grain will result in adverse fluctuation in the price of grain and will ultimately increase the Group's production cost. If necessary, the Group will enter into forward contracts to secure the supply of grain at reasonable price. Details of such commitments are disclosed in Note 36(ii).

43. Segmental reporting

For management purposes, the Group is currently organised into business units based on their products and services, and has four reportable segments as follows:

(i)	Bakery	–	Manufacture and distribution of bread, confectionery and bakery products
(ii)	Primary production	–	Production, processing and marketing of meat; feedmilling and sale of animal feeds and related ingredients
(iii)	Trading and logistics	–	Trading and distribution of food and beverage products and provision for warehousing logistics for food items
(iv)	Investments and others	–	Investment holding and other activities

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm’s length basis in a manner similar to transactions with third parties.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

43. Segmental reporting *(continued)*

	Bakery $'000	Primary production $'000	Trading and logistics $'000	Investments and others $'000	Eliminations $'000	Consolidated $'000
31.12.2013						
Revenue and expenses						
Revenue from external customers	493,788	418,620	96,730	4,740	–	1,013,878
Other revenue from external customers	3,979	3,887	274	842	–	8,982
Inter-segment revenue	–	1,195	96	25,221	(26,512)	–
	497,767	423,702	97,100	30,803	(26,512)	1,022,860
Unallocated revenue						1,354
Total revenue						1,024,214
Segment results	51,628	2,283	2,525	918	–	57,354
Unallocated revenue						1,354
Unallocated expenses						(12,744)
Profit from operating activities						45,964
Finance costs						(4,058)
Share of profits of associates	139	–	–	–	–	139
Profit before taxation						42,045
Taxation						(10,422)
Profit after taxation						31,623

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

43. Segmental reporting *(continued)*

	Bakery $'000	Primary production $'000	Trading and logistics $'000	Investments and others $'000	Eliminations $'000	Consolidated $'000
31.12.2012						
Revenue and expenses						
Revenue from external customers	473,613	403,059	92,448	4,554	–	973,674
Other revenue from external customers	3,365	3,357	2,217	135	–	9,074
Inter-segment revenue	–	417	94	24,246	(24,757)	–
	476,978	406,833	94,759	28,935	(24,757)	982,748
Unallocated revenue						1,424
Total revenue						984,172
Segment results	51,366	6,823	4,013	(58)	–	62,144
Unallocated revenue						1,424
Unallocated expenses						(10,045)
Profit from operating activities						53,523
Finance costs						(5,123)
Share of losses of associates	(145)	–	–	–	–	(145)
Profit before taxation						48,255
Taxation						(9,526)
Profit after taxation						38,729

43. Segmental reporting *(continued)*

	Bakery $'000	Primary production $'000	Trading and logistics $'000	Investments and others $'000	Consolidated $'000
31.12.2013					
Assets and liabilities					
Segment assets	280,913	260,688	65,113	60,931	667,645
Associates	5,251	–	–	–	5,251
Total assets	286,164	260,688	65,113	60,931	672,896
Deferred tax assets					14,103
Tax recoverable					473
Total assets per consolidated statement of financial position					687,472
Segment liabilities	84,522	60,476	13,094	2,181	160,273
Provision for taxation					3,909
Deferred tax liabilities					10,843
Bank borrowings					89,100
Total liabilities per consolidated statement of financial position					264,125
Other segment information					
Expenditure for non-current assets	27,681	8,130	1,767	587	38,165
Amortisation and depreciation	25,754	9,675	1,750	853	38,032
Allowance for inventory obsolescence charged	162	14	108	–	284
Allowance for doubtful debts charged/(written back) and bad debts written off, net	42	532	(29)	(458)	87

43. Segmental reporting *(continued)*

	Bakery $'000	Primary production $'000	Trading and logistics $'000	Investments and others $'000	Consolidated $'000
31.12.2012					
Assets and liabilities					
Segment assets	292,733	287,129	62,562	45,256	687,680
Associates	5,319	–	–	–	5,319
Total assets	298,052	287,129	62,562	45,256	692,999
Deferred tax assets					18,109
Tax recoverable					369
Total assets per consolidated statement of financial position					711,477
Segment liabilities	84,029	65,135	11,088	2,759	163,011
Provision for taxation					4,168
Deferred tax liabilities					10,979
Exchangeable bond					10,000
Bank borrowings					107,274
Total liabilities per consolidated statement of financial position					295,432
Other segment information					
Expenditure for non-current assets	34,783	12,078	4,017	8,173	59,051
Amortisation and depreciation	23,897	10,143	1,588	785	36,413
Allowance for inventory obsolescence charged	9	3	71	–	83
Allowance for doubtful debts charged/(written back) and bad debts written off, net	884	50	(146)	–	788

43. Segmental reporting *(continued)*

Geographical information

	Revenue		Non-current assets	
	31.12.2013 $'000	31.12.2012 $'000	31.12.2013 $'000	31.12.2012 $'000
Singapore	165,170	164,802	46,816	33,505
Malaysia	296,461	286,214	114,201	128,164
Australia	438,621	414,626	139,686	162,261
Philippines	114,620	108,035	20,333	23,045
Other countries	9,342	10,495	255	–
	1,024,214	984,172	321,291	346,975

Non-current assets information presented above consist of property, plant and equipment, investment properties and intangible assets as presented in the consolidated statement of financial position.

44. Subsidiaries and associates

(a) The subsidiaries as at 31 December 2013 are:

	Name of company (Country of incorporation)	Principal activities (place of business)	Percentage of equity held by the Group 31.12.2013 %	31.12.2012 %
	Bakery			
(1)	Gardenia Foods (S) Pte Ltd (Singapore)	Bread manufacturer (Singapore)	100	100
(2)	Gardenia Bakeries (KL) Sdn Bhd (Malaysia)	Bread manufacturer (Malaysia)	70	70
(2)	Gardenia Sales & Distribution Sdn Bhd (Malaysia)	Marketing and distribution of bakery products (Malaysia)	70	70
(1)	Farmland Central Bakery (S) Pte Ltd (Singapore)	Purchasing agent of bread, confectionery and bakery products (Singapore)	100	100
(2)	Millif Industries Sdn Bhd (Malaysia)	Manufacture of kaya and related products (Malaysia)	65	65

44. Subsidiaries and associates *(continued)*

(a) The subsidiaries as at 31 December 2013 are: *(continued)*

	Name of company (Country of incorporation)	Principal activities (place of business)	Percentage of equity held by the Group 31.12.2013 %	Percentage of equity held by the Group 31.12.2012 %
	Bakery (Cont'd)			
(4)	Gardenia Bakeries (Philippines) Inc (Philippines)	Manufacture and distribution of bread, confectionery and bakery products (Philippines)	100	100
(2)	Delicia Sdn Bhd (Malaysia)	Manufacture of bread, confectionery and bakery products (Malaysia)	100	100
(3)	Bakers Maison Australia Pty Ltd (Australia)	Manufacture of confectionery and bakery products (Australia)	100	100
(2)	Bakers Maison (M) Sdn Bhd (Malaysia)	Manufacture of bread confectionery and bakery products (Malaysia)	100	100
	Primary production			
(3)	Rivalea (Australia) Pty Ltd (Australia)	Intensive pig production and wholesaling (Australia)	100	100
(3)	Diamond Valley Pork Pty Ltd (Australia)	Pig meat processing and wholesale (Australia)	80	80
	Trading and logistics			
(1)	Ben Foods (S) Pte Ltd (Singapore)	Trading and distribution of food and beverage products (Singapore)	100	100
(2)	Ben Foods (East Malaysia) Sdn Bhd (Malaysia)	Operation of supermarkets (Malaysia)	100	100
(1)	Shinefoods Pte Ltd (Singapore)	Agency and distribution of food and beverage products (Singapore)	100	100

44. Subsidiaries and associates *(continued)*

(a) The subsidiaries as at 31 December 2013 are: *(continued)*

	Name of company (Country of incorporation)	Principal activities (place of business)	Percentage of equity held by the Group 31.12.2013 %	Percentage of equity held by the Group 31.12.2012 %
	Trading and logistics (Cont'd)			
(1)	NCS Cold Stores (S) Pte Ltd (Singapore)	Operation of warehousing logistics (Singapore)	100	100
(1)	QAF Fruits Cold Store Pte Ltd (Singapore)	Operation of cold storage warehouse (Singapore)	62	62
	Investments and others			
(3)	Oxdale Dairy Enterprise Pty Ltd (Australia)	Milk production and leasing investment (Australia)	100	100
(1)	QAF Agencies (S) Pte Ltd (Singapore)	Share trading and investment holding (Singapore)	100	100
(1)	Oxdale International Pte Ltd (Singapore)	Investment holding (Singapore)	100	100
(1)	Gardenia International (S) Pte Ltd (Singapore)	Investment holding (Singapore)	100	100
(1)	Hamsdale International Pte Ltd (Singapore)	Investment holding (Singapore)	100	100
(3)	Hamsdale Australia Pty Ltd (Australia)	Investment holding (Australia)	100	100
@	Edenc International Pte Ltd (Singapore)	Investment holding (Singapore)	–	100
(1)	Gardenia Investments Pte Ltd (Singapore)	Investment holding (Singapore)	100	100
(1)	Oxdale Investments Pte Ltd (Singapore)	Investment holding (Singapore)	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2013

44. Subsidiaries and associates *(continued)*

(a) The subsidiaries as at 31 December 2013 are: *(continued)*

	Name of company (Country of incorporation)	Principal activities (place of business)	Percentage of equity held by the Group 31.12.2013 %	Percentage of equity held by the Group 31.12.2012 %
	Investments and others (Cont'd)			
(1)	W.A. Oxdale Holdings Pte Ltd (Singapore)	Investment holding (Singapore)	100	100
(3)	Bakers Maison Pty Ltd (Australia)	Investment holding (Australia)	100	100
@	Edenc Pte Ltd (Singapore)	Investment holding (Singapore)	–	100
(1)	Pacfi Pte Ltd (Singapore)	Investment holding (Singapore)	100	100
(1)	Bakers Maison Pte Ltd (Singapore)	Investment holding (Singapore)	100	100
(1)	Bonjour Bakery Pte Ltd (Singapore)	Investment holding (Singapore)	100	100
(1)	Gaoyuan Pte Ltd (Singapore)	Investment holding (Singapore)	55	55
	Dormant corporations			
*	Auspeak Holdings Pte Ltd (Singapore)	Dormant	100	100
*	Gardenia Hong Kong Limited (Hong Kong)	Dormant	100	100
(2)	Everyday Bakery and Confectionery Sdn Bhd (Malaysia)	Dormant	70	70
*	Lansdale Holdings Pte Ltd (Singapore)	Dormant	100	100

44. Subsidiaries and associates *(continued)*

(a) The subsidiaries as at 31 December 2013 are: *(continued)*

	Name of company (Country of incorporation)	Principal activities (place of business)	Percentage of equity held by the Group 31.12.2013 %	31.12.2012 %
	Dormant corporations (Cont'd)			
(1)	Gardenia (China) Holdings Pte. Ltd. (Singapore)	Dormant	100	100
@	Hengxing Fruit Juice (Singapore) Pte Ltd (Singapore)	Dormant	–	100
#	Gardenia Food (Fujian) Co Ltd (People's Republic of China)	To commence manufacture and sale of bakery products	55	55
#	Gardenia Trading (Fujian) Co Ltd (People's Republic of China)	To commence distribution and retailing of food products	55 ^	–

(b) The associates as at 31 December 2013 are:

	Name of company (Country of incorporation)	Principal activities (place of business)	Percentage of equity held by the Group 31.12.2013 %	31.12.2012 %
(4)	Philfoods Fresh-Baked Products Inc (Philippines)	Bread manufacturer (Philippines)	40	40
(4)	Phil Foods Properties Inc (Philippines)	Investment holding (Philippines)	40	40

Note

* *Audit not required under the laws in the country of incorporation*

@ *Struck off during the year*

\# *Not material to the Group and not required to be disclosed under SGX Listing Rule 717*

^ *Incorporated during the year. Subsequent to year end, on 6 January 2014, capital amounting to RMB 3,000,000 was injected into the subsidiary*

Audited by:

(1) *Ernst & Young LLP, Singapore*

(2) *Ernst & Young, Malaysia*

(3) *Ernst & Young, Australia*

(4) *Sycip Gorres Velayo & Co, Philippines, a member firm of Ernst & Young Global*

45. Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a gearing or net debt-to-equity ratio. The net debt-to-equity ratio is calculated as net debt divided by shareholders' funds. Net debt is calculated as bank borrowings, finance leases and liability component of exchangeable bond less cash and cash equivalents. Shareholders' fund relates to equity attributable to owners of the parent. The Group's strategy, which was unchanged from 2012, is also to maintain gearing ratios on net debt-to-equity ratio of not exceeding 1.5 times.

	Group	
	31.12.2013	**31.12.2012**
	$'000	**$'000**
Net debt	11,398	50,043
Shareholders' funds	396,780	392,374
Net debt-to-equity ratio	0.03 times	0.1 times

The Group and the Company are also required by certain banks to maintain certain financial ratios, including gross debt-to-equity ratios, operating cash flow to earnings ratios, and shareholders' funds.

46. Comparative figures

Certain comparatives in the financial statements have been changed from the previous year due to the changes in accounting policies as described in Note 2 and to be consistent with current year's presentation.

47. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2013 were authorised for issue in accordance with a resolution of the directors on 17 March 2014.

LIST OF MAJOR PROPERTIES

The Group's major properties as at 31 December 2013 are:

Name of building/location	Description	Tenure of land
(a) Properties in Singapore		
#09-01 to #09-04 Fook Hai Building Singapore	Office Use	99-year lease from 18 January 1972
224 Pandan Loop Singapore	Bakery and office premises	30-year lease from 2 July 2010
230A Pandan Loop Singapore	Cold store and office premises	30-year lease from 16 August 2010
230B Pandan Loop Singapore	Warehouse, bakery and office premises	Approval in principle granted by JTC for a 20-year lease from 1 October 2011
No. 1 Fishery Port Road Singapore	Cold store, warehouse and office premises	30-year lease from March 2003
No. 9 Fishery Port Road Singapore	Cold store and office premises	17-year lease from March 2013
(b) Properties in Malaysia		
Lot 3 Jalan Gergaji 15/14 40000 Shah Alam Selangor Darul Ehsan Malaysia	Bakery and office premises	99-year lease from September 1984
Lot 3 Jalan Pelabur 23/1 40300 Shah Alam Selangor Darul Ehsan Malaysia	Bakery and office premises	99-year lease from May 1999
Lot 72100 Jalan Klinik Batu 6 ½ off Jalan Bukit Kemuning Seksyen 32 40460 Shah Alam Selangor Darul Ehsan Malaysia	Bakery and office premises	Freehold
Lot 2 & 4 Jalan TPP6/12 Taman Perindustrian Puchong Seksyen 6 47100 Petaling Jaya Malaysia	Bakery and office premises	99-year lease from October 1997

LIST OF MAJOR PROPERTIES

The Group's major properties as at 31 December 2013 are:

Name of building/location	Description	Tenure of land
(b) Properties in Malaysia (Cont'd)		
No. 35 Persiaran Sabak Bernam Seksyen 26 40400 Shah Alam Selangor Darul Ehsan Malaysia	Bakery and office premises	Freehold
(c) Properties in Australia		
Huntly Farm No. 1 and 2 Bendigo-Tennyson Road Huntly, Victoria 3351	Piggery Farming	Freehold
St. Arnaud Unit 1 Sunraysia Highway St. Arnaud, Victoria 3478	Piggery Farming	Freehold
St Arnaud Units 2 & 3 Nelson Road St Arnaud, Victoria 3478	Piggery Farming	Freehold
Corowa Piggery Hudsons Road, Corowa New South Wales 2646	Piggery Farming	Freehold
Bungowannah Piggery Howlong Road Bungowannah New South Wales	Piggery Farming	Freehold
Corowa Mill Albury Road, Corowa New South Wales 2646	Feedmilling	Freehold
Balpool 1 & 2 Piggery Balpool Station Balpool Lane, Moulamein New South Wales 2733	Piggery Farming	Freehold
Bagshot Piggery 429 Clays Road Bagshot, Victoria 3551	Piggery Farming	Freehold

LIST OF MAJOR PROPERTIES

The Group's major properties as at 31 December 2013 are:

Name of building/location	Description	Tenure of land
(c) Properties in Australia (Cont'd)		
Whitehead Street Corowa New South Wales 2646	Farming related use	Freehold
Diamond Valley Pork 13-15 Thomas Street Laverton, North Victoria	Abattoir	Freehold
Oxdale Dairy No. 1 RMB 2048 Parnell Road Cobram, Victoria 3644	Dairy Farming	Freehold
Oxdale Dairy No. 2 Murray Valley Highway Cobram, Victoria 3644	Dairy Farming	Freehold
Oxdale Dairy Lots 11, 13 and 32 Johnson Street Corowa, New South Wales 2646	Grain Storage	Freehold
Oxdale Mill 72 Whitehead Street Corowa, New South Wales	Feedmill	Freehold
Oxdale Dairy 60-66 Pipe Road Laverton North, Victoria	Investment Property	Freehold
96 to 98 Milperra Road Milperra, New South Wales	Bakery and office premises	Freehold

STATISTICS OF SHAREHOLDINGS

As at 17 March 2014

Issued and Fully paid-up Capital	:	$250,154,657
Class of Shares	:	Ordinary Shares

Analysis of Shareholders by Size of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 999	467	10.22	117,748	0.02
1,000 – 10,000	3,015	65.97	12,001,125	2.19
10,001 – 1,000,000	1,062	23.24	52,177,748	9.55
1,000,001 and above	26	0.57	482,308,373	88.24
	4,570	100.00	546,604,994	100.00

List of Twenty Largest Shareholders

S/No.	Name of Shareholder	No. of Shares	%
1.	Tian Wan Enterprises Company Limited	125,779,812	23.01
2.	Tian Wan Equities Company Limited	95,411,385	17.46
3.	Tian Wan Holdings Group Limited	95,411,384	17.46
4.	HSBC (Singapore) Nominees Pte Ltd	52,007,824	9.51
5.	DBS Nominees Pte Ltd	27,085,177	4.96
6.	J&H International Limited	20,727,961	3.79
7.	Citibank Nominees Singapore Pte Ltd	17,675,226	3.23
8.	DB Nominees (S) Pte Ltd	8,014,136	1.47
9.	Toh Tiong Wah	5,567,488	1.02
10.	CIMB Securities (Singapore) Pte Ltd	4,568,624	0.84
11.	United Overseas Bank Nominees (Private) Limited	3,943,981	0.72
12.	Tan Kong King	3,803,050	0.70
13.	UOB Kay Hian Pte Ltd	2,790,836	0.51
14.	Lee Fook Khuen	2,458,665	0.45
15.	OCBC Nominees Singapore Private Limited	2,304,364	0.42
16.	Teh Kiu Cheong	1,724,458	0.32
17.	ISI Investments Company Limited	1,693,772	0.31
18.	BNP Paribas Nominees Singapore Pte Ltd	1,576,444	0.29
19.	DBSN Services Pte Ltd	1,542,302	0.28
20.	Raffles Nominees (Pte) Ltd	1,354,966	0.25
		475,441,855	87.00

STATISTICS OF SHAREHOLDINGS

As at 17 March 2014

Substantial Shareholders

Name of Substantial Shareholder	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Andree Halim	–	–	337,330,542[(1)]	61.71	337,330,542	61.71
Lin Kejian	–	–	222,884,969[(2)]	40.78	222,884,969	40.78
Tian Wan Enterprises Company Limited	125,779,812	23.01	–	–	125,779,812	23.01
Tian Wan Equities Company Limited	95,411,385	17.46	–	–	95,411,385	17.46
Tian Wan Holdings Group Limited	95,411,384	17.46	–	–	95,411,384	17.46
Denonshire Group Limited	47,877,758	8.76	–	–	47,877,758	8.76
Didi Dawis	–	–	47,877,758[(3)]	8.76	47,877,758	8.76

Notes:

(1) Mr Andree Halim is deemed interested in the shares beneficially owned by Tian Wan Enterprises Company Limited, Tian Wan Equities Company Limited, Tian Wan Holdings Group Limited and J&H International Limited.

(2) Mr Lin Kejian is deemed interested in the shares beneficially owned by Tian Wan Enterprises Company Limited, Tian Wan Equities Company Limited and ISI Investments Company Limited.

(3) Mr Didi Dawis is deemed interested in the shares beneficially owned by Denonshire Group Limited.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at No. 224 Pandan Loop, Singapore 128411 on 28 April 2014 at 10.30 a.m. to transact the following business:-

Ordinary Business

1. To receive and adopt the audited financial statements and the reports of the Directors and Auditors for the year ended 31 December 2013. **(Resolution 1)**

2. To approve a final tax-exempt (one-tier) dividend of 4 cents per share in respect of the year ended 31 December 2013. **(Resolution 2)**

3. To re-elect the following Directors:

(a)	Mr Andree Halim	(retiring under Article 104 of the Articles of Association)	**(Resolution 3a)**
(b)	Mr Lin Kejian	(retiring under Article 104 of the Articles of Association)	**(Resolution 3b)**
(c)	Mr Siau Kai Bing	(retiring under Article 114 of the Articles of Association)	**(Resolution 3c)**
(d)	Mr Soh Chung Hian	(retiring under Article 114 of the Articles of Association)	**(Resolution 3d)**

4. To approve Directors' fees of $198,250 for the year ended 31 December 2013 (2012: $145,200). **(Resolution 4)**

5. To re-appoint Ernst & Young as Auditors of the Company and to authorize Directors to fix their remuneration. **(Resolution 5)**

6. To transact any other ordinary business of the Company which may be properly brought forward. **(Resolution 6)**

Special Business

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

7. That pursuant to Section 161 of the Companies Act, Chapter 50 and subject to Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the Directors of the Company be and are hereby authorized and empowered to issue:

   (i) shares in the capital of the Company ("**shares**"); or
   (ii) convertible securities; or
   (iii) additional convertible securities issued pursuant to adjustments; or
   (iv) shares arising from the conversion of the securities in (ii) and (iii) above,

   (whether by way of rights, bonus or otherwise or in pursuance of any offer, agreement or option made or granted by the Directors during the continuance of this authority or thereafter) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit (notwithstanding the authority conferred by this Resolution may have ceased to be in force),

NOTICE OF
ANNUAL GENERAL MEETING

provided that:

1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of convertible securities made or granted pursuant to this Resolution) does not exceed fifty per cent (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company as calculated in accordance with sub-paragraph (2) below ("**Issued Shares**"), provided that the aggregate number of shares to be issued other than on a pro-rata basis to shareholders of the Company (including shares to be issued in pursuance of convertible securities made or granted pursuant to this Resolution) does not exceed twenty per cent (20%) of the total number of Issued Shares;

2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the percentage of Issued Shares shall be based on the total issued shares (excluding treasury shares) in the capital of the Company at the time this Resolution is passed, after adjusting for:

   (i) new shares arising from the conversion or exercise of any convertible securities;

   (ii) (where applicable) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual; and

   (iii) any subsequent bonus issue, consolidation or subdivision of shares;

3) in exercising the authority conferred by this Resolution, the Company shall comply with the rules, guidelines and measures issued by the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company;

4) (unless revoked or varied by the Company in General Meeting), the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. **(Resolution 7)**

8. That the Directors be and are hereby authorized to allot and issue such number of shares as may be required to be issued pursuant to the exercise of share options in accordance with the terms and conditions of the QAF Limited Share Option Scheme 2000. **(Resolution 8)**

9. That the Directors of the Company be and are hereby authorized to allot and issue from time to time such number of new ordinary shares (credited as fully paid up to the amount as may be determined and announced by the Directors from time to time) in the Company as may be required to be allotted and issued pursuant to the QAF Limited Scrip Dividend Scheme (the "**QAF Scrip Dividend Scheme**"). **(Resolution 9)**

By Order of the Board

LEE WOAN LING (Ms)
Company Secretary

Singapore, 10 April 2014

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

i) For Ordinary Resolutions:

3(a) – Mr Andree Halim is a non-executive Director of the Company and a controlling shareholder of the Company.

3(b) – Mr Mr Lin Kejian is an executive Director of the Company. He is also a controlling shareholder of the Company.

3(c) – Mr Siau Kai Bing was first appointed as a non-executive independent Director of the Company on 1 December 2013. He is also the Chairman of the Remuneration Committee and a member of Audit Committee and Nominating Committee of the Company.

3(d) – Mr Soh Chung Hian was first appointed as a non-executive independent Director of the Company on 15 February 2014. He is also the Chairman of Audit Committee and a member of the Remuneration Committee of the Company.

Further information on the above Directors can be found on pages 11 to 13 of the Annual Report.

ii) Ordinary Resolution 7, if passed, will empower the Directors from the date of the Annual General Meeting until the date of the next Annual General Meeting of the Company, to issue shares and convertible securities in the Company up to an aggregate number not exceeding 50% of the total number of issued shares in the capital of the Company, of which the aggregate number issued other than on a pro-rata basis to all shareholders of the Company shall not exceed 20% of the total number of issued shares in the capital of the Company.

iii) Ordinary Resolution 8 authorizes the Directors to issue shares pursuant to the exercise of options under the QAF Limited Share Option Scheme 2000 which was approved by the members of the Company on 12 May 2000. Authority under Resolution 8 is in addition to the general authority to issue shares and/or convertible securities sought under Resolution 7.

iv) Ordinary Resolution 9, if passed, will authorize the Directors to issue shares in the Company pursuant to the QAF Scrip Dividend Scheme (as approved in the extraordinary general meeting held on 28 April 2006 and as modified by the Directors in accordance with the authority granted thereunder) to members who, in respect of a qualifying dividend, elect to receive scrip in lieu of cash amount of that qualifying dividend. Authority under Resolution 9 is in addition to the general authority to issue shares and/or convertible securities sought under Resolution 7.

Note:

A member of the Company entitled to attend and vote at the above meeting is entitled to appoint one or two proxies to attend and vote in his/her stead. Such proxy need not be a member of the Company. The instrument of appointing a proxy or proxies, duly executed, must be deposited at the Registered Office of the Company at 150 South Bridge Road, #09-04 Fook Hai Building, Singapore 058727, at least 48 hours before the time fixed for holding the meeting.

NOTICE OF BOOKS CLOSURE DATE

NOTICE IS HEREBY GIVEN that the Transfer Books and Register of Members of the Company will be closed from 5.00 p.m. on 7 May 2014 up to and including 8 May 2014 for the purpose of determining shareholders' entitlements to a final tax-exempt (one-tier) dividend of 4 cents per share for the financial year ended 31 December 2013 ("Dividend 2013").

Shareholders whose shares of the Company ("QAF Shares") are deposited with The Central Depository (Pte) Limited ("CDP") and whose securities accounts with CDP are credited with QAF Shares as at 5.00 p.m. on 7 May 2014 will be entitled to the Dividend 2013 on the basis of the QAF Shares standing to the credit of their securities accounts with CDP as at 5.00 p.m. on such date.

Duly completed registrable transfers received by the Company's Registrar, Tricor Barbinder Share Registration Services at 80 Robinson, #02-00, Singapore 068898 up to 5.00 p.m. on 7 May 2014 will be registered to determine shareholders' entitlements to the Dividend 2013.

The QAF Limited Scrip Dividend Scheme will apply to the Dividend 2013 which will provide the entitled members with the option to elect to receive new ordinary shares in the capital of the Company in lieu of the cash amount of the Dividend 2013 declared on shares held by them.

Dividend payment date will be announced upon the despatch of the notices of election to entitled members of the Company.

By Order of the Board

LEE WOAN LING (Ms)
Company Secretary

Singapore, 10 April 2014

PROXY FORM

Annual General Meeting of QAF Limited

(Co. Registration No. 195800035D)

IMPORTANT FOR CPF INVESTORS ONLY:
1. This Annual Report is forwarded to you at the request of your CPF Approved Nominee and is send SOLELY FOR INFORMATION ONLY.
2. This Proxy Form is therefore not valid for use by CPF investors and shall not be effective for all intents and purposes if used or purported to be used by them.
3. CPF Investors who wish to attend the Annual General Meeting as OBSERVERS have to submit their requests through their respective Agent banks so that their Agent banks may register with the Company Secretary of QAF Limited.

I/We ______________________________ NRIC/Passport No./Co. Registration No. __________________

of ____

being a Member/Members of the abovenamed Company, hereby appoint:

Name	Address	NRIC/Passport No.	Number of Shares to be represented by proxy

*and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Number of Shares to be represented by proxy

or failing him/her the Chairman of the Meeting as my/our proxy to vote on my/our behalf at the Annual General Meeting of the Company to be held on 28 April 2014 at 10.30 a.m. and at any adjournment thereof. I/We direct my/our proxy to vote (see Note 3) for or against the Resolutions to be proposed at the Meeting as hereunder indicated.

NO.	RESOLUTIONS	For	Against
1.	To adopt the audited financial statements and reports thereon.		
2.	To approve a final tax-exempt (one-tier) dividend of 4 cents per share.		
3.	To re-elect Directors: (a) Mr Andree Halim		
	(b) Mr Lin Kejian		
	(c) Mr Siau Kai Bing		
	(d) Mr Soh Chung Hian		
4.	To approve Directors' fees.		
5.	To re-appoint Ernst & Young as Auditors of the Company.		
6.	To transact any other ordinary business of the Company.		
7.	General Authority to issue shares and/or convertible securities.		
8.	Authority to issue shares pursuant to the Share Option Scheme 2000.		
9.	Authority to issue shares pursuant to the Scrip Dividend Scheme.		

Signed this ____________________ day of ____________________ 2014 by:

Total Number of Shares in:	No. of Shares
a) CDP Register	
b) Register of Members	

____
Signature of Member(s) or Common Seal

Notes

1. A member of the Company entitled to attend and vote at the above meeting is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the number of shares of his shareholding to be represented by each proxy.

2. This Proxy Form must be signed by the appointor or his/her duly authorised attorney or, if the appointor is a body corporate, signed under its common seal or under the hand of its attorney or a duly authorised officer.

3. Please indicate with an 'X' in the appropriate box against each Resolution how you wish your proxy to vote. If this Proxy Form is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit.

4. This instrument appointing a proxy together with the power of attorney (if any) under which it is signed or a certified copy thereof, must be deposited at the office of the Company at 150 South Bridge Road, #09-04 Fook Hai Building, Singapore 058727 not less than 48 hours before the time fixed for holding the Annual General Meeting.

5. Please insert in the box at the bottom left hand corner on the reverse of this form, the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

6. The Company shall be entitled to reject this instrument of proxy if it is incomplete, not properly completed or illegible or where the true intention of the appointor are not ascertainable from the instructions of the appointor specified in this instrument of proxy. In addition, in case of members whose Shares are deposited with The Central Depository (Pte) Limited ("CDP"), the Company may reject any instrument of proxy lodged if such member is not shown to have Shares entered against his name in the Depository Register 48 hours before the time fixed for holding the Annual General Meeting as certified by CDP to the Company.

Fold along this line (1)

Please affix postage stamp

The Company Secretary
QAF Limited
150 South Bridge Road
#09-04 Fook Hai Building
Singapore 058727

Fold along this line (2)

QAF LIMITED
Company Registration No. 195800035D

150 South Bridge Road #09-04
Fook Hai Building Singapore 058727

Tel: (65) 6538 2866
Fax: (65) 6538 6866
Email: info@qaf.com.sg

Website: www.qaf.com.sg