QAF Limited

Creating *value*

Annual Report 2015

Contents

Corporate Information

(As at 18 March 2016)

Board of Directors

Mr Didi Dawis
(Chairman)
Mr Andree Halim
(Vice-Chairman)
Mr Tan Kong King
(Group Managing Director)
Mr Lin Kejian
(Deputy Group Managing Director)
Ms Tarn Teh Chuen
Mr Soh Gim Teik
Mr Siau Kai Bing
Mr Soh Chung Hian
Mr Tan Hang Huat
Mr Teng Tien Eng Moses
Mr Choo Kok Kiong
Mr Gianto Gunara
Mr Triono J. Dawis
Mr Goh Kian Hwee
Mr Lee Kwong Foo Edward
Ms Dawn Pamela Lum
Mr Tan Teck Huat

Audit Committee

Mr Tan Teck Huat
Ms Dawn Pamela Lum
Mr Lee Kwong Foo Edward
Mr Soh Gim Teik

Nominating Committee

Ms Dawn Pamela Lum
Mr Andree Halim
Mr Tan Teck Huat

Remuneration Committee

Ms Dawn Pamela Lum
Mr Didi Dawis
Mr Andree Halim
Mr Lee Kwong Foo Edward
Mr Tan Teck Huat

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,

I am pleased to report that despite the challenges of a softening global economy caused by the deepening slowdown in China, sluggish economic growth in the Asia-Pacific region, and the adverse impact of a strengthening US dollar, our family of brands proved resilient and was able to deliver healthy contributions to profits in all our major business segments.

For the financial year ended 31 December 2015, the Board is pleased to recommend a final dividend of 4 cents per share. If approved by shareholders, the total dividend payout during the year will be 5 cents, including an interim dividend of 1 cent per share that was paid in September 2015.

Messrs Siau Kai Bing and Soh Chung Hian will be retiring as directors of the Company and will not be seeking re-election at the Annual General Meeting on 29 April 2016. Mr Soh Gim Teik will be resigning as a director of the Company at the close of the said Annual General Meeting. On behalf of the Board, I would like to express my sincere appreciation to Messrs Siau Kai Bing, Soh Chung Hian and Soh Gim Teik for their contribution and service to the Company.

I wish to extend a warm welcome to Ms Dawn Pamela Lum and Mr Tan Teck Huat who joined the Board as independent directors on 12 February 2016. With their qualifications and extensive work experience, I am confident that both Ms Lum and Mr Tan will bring much valuable insight and guidance to the Board.

On behalf of the Board, I would like to express my sincere appreciation to our bankers, suppliers, customers, business associates and shareholders for their loyalty and support, and to our dedicated employees for their hard work and contribution to the strong performance of the Group during the year.

DIDI DAWIS
Chairman
18 March 2016

Group Managing Director's Report

Global economic growth during the year was sluggish and uneven. The deepening slowdown in China, tumbling oil and commodity prices, and the uncertainty over when the US Federal Reserve would raise interest rates took a toll on emerging economies and affected the exchange rates of major currencies. Growth in the eurozone was weak, but was modest in advanced economies like the United States.

The Singapore economy was impacted by slumping demand from China and the economic malaise weighed on business confidence.

Despite the challenges of a difficult external environment, I am pleased to report that our stable of strong brands continued to drive sales across all our major business segments - Bakery, Primary Production, and Trading & Logistics, enabling the Group to deliver another year of strong results.

Group revenue for the financial year ended 31 December 2015 ('FY2015') was $998.3 million, a marginal decrease of 2% from $1,023 million for the financial year ended 31 December 2014 ('FY2014').

The reason for the slight decline in Group revenue is attributable mainly to the translation effect of a higher Singapore dollar exchange rate versus the domestic currencies of certain countries that the Group operates in. During the year, the Australian dollar and Malaysian ringgit plummeted against the Singapore dollar. The lower average exchange rate of the Australian dollar against the Singapore dollar in FY2015, as compared to FY2014, resulted in the Group's Primary Production business segment under Rivalea (Australia) Pty Ltd ('Rivalea') seeing lower sales in terms of Singapore dollars. Similarly, the Group's Bakery operations in Malaysia achieved higher sales in terms of Malaysian ringgit, but saw lower sales when the latter is translated into Singapore dollars due to the lower average exchange rate of the Malaysian ringgit against the Singapore dollar in FY2015. Without these translation effects, all of the Group's business segments, namely Bakery, Primary Production and Trading & Logistics achieved increases in sales.

The Group's Bakery operations in Singapore, Malaysia, the Philippines and Australia achieved increases in sales through the successful launch of new products, increased production capacities and increased market shares. Sales rose marginally to $516.2 million for FY2015, as compared to $510.7 million for FY2014, due to the translation effect of a higher Singapore dollar exchange rate versus the domestic currencies of certain countries that the Group operates in. Without the translation effect, the increase in segment revenue would have been much higher.

Gardenia maintained its leadership position as the best-selling brand in the Singapore, Malaysian and Philippine packaged bread market in 2015. Its constant pursuit of quality and excellence through brand enhancements and product innovation has enabled it to meet the needs of consumers to become the bread of choice in these markets.

In Singapore, Gardenia's strong market presence and consumer brand loyalty enabled it to stay ahead of the intense competition from other packaged bread brands, hypermarket house brands and artisanal bakery loaves. During the year, Gardenia Foods (S) Pte Ltd became the first local bakery to be awarded the prestigious Platinum Award by the Agri-Food & Veterinary Authority for achieving Grade A status in the Food Safety Excellence Scheme for 20 consecutive years.

In Malaysia, Gardenia's dominance of the local packaged bread market under Gardenia Bakeries (KL) Sdn Bhd ('GBKL') was once again reaffirmed when it was voted Malaysian consumers' 'Most Preferred Brand' in a nationwide survey, clinching the Gold Award - Foodstuff Category for the sixth consecutive year in the prestigious 2015 Putra Brand Awards. During the year, the company opened up a new distribution network to Langkawi Island, some 30 kilometres off the mainland coast of northwestern Malaysia.

In February 2016, the Group announced the execution of a conditional sale and purchase agreement for the sale of 20% of the issued and paid up share capital in GBKL to Padiberas Nasional Berhad for a total cash consideration of RM90 million.

In the Philippines, Gardenia continued to dominate the packaged fresh bread segment with a market share exceeding 60% in Metro Manila. During the year, Gardenia Bakeries (Philippines) Inc expanded its operations with three new bakery investments: the Big Smile Bread Station, a neighbourhood community bakery chain; Bakers Maison, a French-style specialty bakery; and a new 6,000 loaves-per-hour bread plant at Laguna. The company's investments in Big Smile and Bakers Maison are strategic moves that have enabled it to enter the unpackaged bread market in the Philippines.

In China, the Gardenia Bakery operation is carried out by Gardenia Food (Fujian) Co Ltd, a 55%-owned subsidiary of QAF Limited. The Gardenia factory in Fuqing commenced operations in October 2014 and currently distributes to nine major cities in Fujian province. In 2015, Gardenia garnered much positive publicity when it was appointed the official bread supplier for the first National Youth Games of the People's Republic of China.

Group Managing Director's Report

In Australia, our bakery operations under Bakers Maison Australia Pty Ltd ('Bakers Maison') saw sales growing by 18% over the previous year on the back of increased demand for the company's Bread, Croissant and Brioche products. Bakers Maison is a specialist manufacturer of authentic par baked and frozen French-style breads, pastries and sweets. Its products are distributed to the foodservice sector throughout Australia through an extensive distribution network.

The Group's Trading & Logistics business segment under Ben Foods (S) Pte Ltd ('Ben Foods') saw a 3% rise in sales revenues to $104.7 million in FY2015, from $102.0 million in FY2014. The increase is mainly attributable to higher exports of Ben Foods' proprietary products. The company's proprietary brands are trusted and familiar household staples. They are Cowhead (milk, dairy products, confectionery), Farmland (meat, frozen vegetables, canned fish, sauces, cooking oil, bakery products, potato snacks), Haton (seafood products), Orchard Fresh (beverages) and Spices of the Orient (sauces, seasonings).

In Australia, the Group's Primary Production segment under Rivalea achieved increases in sales in Australian dollar terms from increased sales of livestock as well as higher average selling prices. However, due to the translation effect of a higher Singapore dollar exchange rate versus the Australian dollar, revenue in Singapore dollar terms saw a 7% decline to $374.6 million for FY2015, as compared to $401.7 million for FY2014. If not for the loss on currency translation, the revenue in Australian dollar terms would have seen an increase in FY2015 against FY2014.

The Group's Other Investments under Oxdale Dairy Enterprise Pty Ltd ('Oxdale Dairy') comprises rental investment activities in Australia. During the year, revenue from this segment declined by 22% to $27.0 million in FY2015, from $34.4 million in FY2014, due to the disposal of Oxdale Dairy's former non-core dairy business in FY2014.

Costs of materials, staff costs, amortisation and depreciation, and repairs and maintenance decreased by $25.5 million, $0.7 million, $0.6 million and $2.8 million to $521.1 million, $227.0 million, $36.3 million and $30.0 million, respectively, in FY2015. These are mainly attributable to the lower costs and expenses in Rivalea and the Malaysian Bakery operations due to the translation effect of the higher Singapore dollar exchange rate. In addition, the Bakery business segment also enjoyed lower ingredient costs.

Utilities decreased by 14% to $28.6 million in FY2015 and this is attributable to reduced utility rates, as well as reduced utilisation in certain operating subsidiaries in FY2015.

The Group made a provision for an unrealised foreign exchange loss of $2.8 million in FY2015 and this was a 52% increase from a foreign exchange loss of $1.9 million in FY2014. This increase is mainly attributable to the depreciation of certain Malaysian ringgit denominated assets against the Singapore dollar in FY2015, as compared to FY2014.

Group finance costs (interest expense) decreased by 20% to $2.6 million in FY2015, as compared to $3.2 million in FY2014, due to lower borrowings.

Group profit before taxation ('PBT') increased by 19% from $57.9 million for FY2014, to $68.8 million for FY2015. The significant increase in Group PBT is mainly attributable to the increased contribution from Rivalea, which posted a substantial increase of 65% in operating profits to $16.8 million in FY2015, as compared to $10.2 million in FY2014. This substantial increase in profitability was achieved through increased sales volumes, higher average selling prices due to a better product mix, increased meat processing activities and lower operating costs.

The Group's Bakery operations in Singapore, Malaysia, the Philippines and Australia posted another year of increased profits. Operating results increased 11% to $60.1 million for FY2015, as compared to $54.0 million for FY2014. The strong performance was the result of increased sales, increased efficiencies, and economies of scale. However, the Group's new bakery operation in Fujian, China, continued to incur losses during the year as a result of certain start-up costs, as well as costs related to market development.

Operating profits for the Group's Trading & Logistics segment increased by 24% to $3.6 million in FY2015, as compared to $2.9 million in FY2014, due to exports of higher margin products.

Group profit after taxation ('PAT') increased by 17% to $54.7 million for FY2015, as compared to a Group PAT of $46.6 million for FY2014.

Group taxation increased by 24% to $14.0 million in FY2015, as compared to $11.3 million in FY2014, in line with the increased profitability in the Group's operations.

The increase in Group profit after taxation saw earnings per share rise by 14.6% from 8.2 cents to 9.4 cents. The Group's net asset value per share also increased from 74.7 cents to 76.1 cents.

In line with the increased profitability in the Group's operations, Group profit attributable to owners of the parent increased by 17% to $52.5 million in FY2015, as compared to $45.1 million in FY2014.

During the year, we continued to pursue our corporate social responsibility initiatives, in particular, the promotion of healthy diets and healthy lifestyles. We are committed to the production of healthy and nutritious foods while reducing our environmental footprint and these initiatives are detailed in a separate section of this annual report.

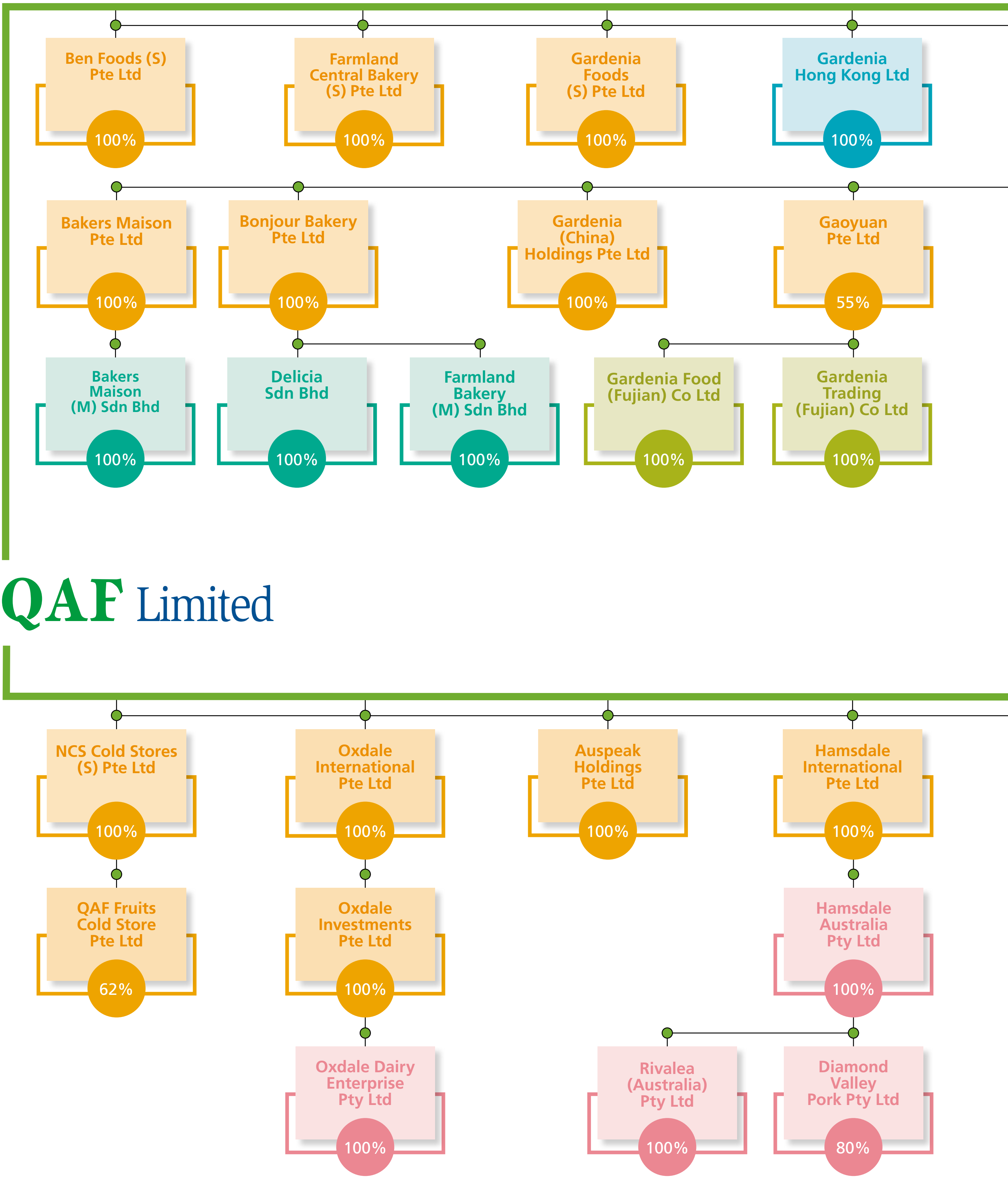
The regional economies are expected to experience slower growth in 2016, held back by a slowdown in China and weak global demand. Foreign exchange rates of regional currencies are expected to remain volatile and trend downwards vis-à-vis the US dollar. Singapore is expected to see slower growth on weaker export demand.

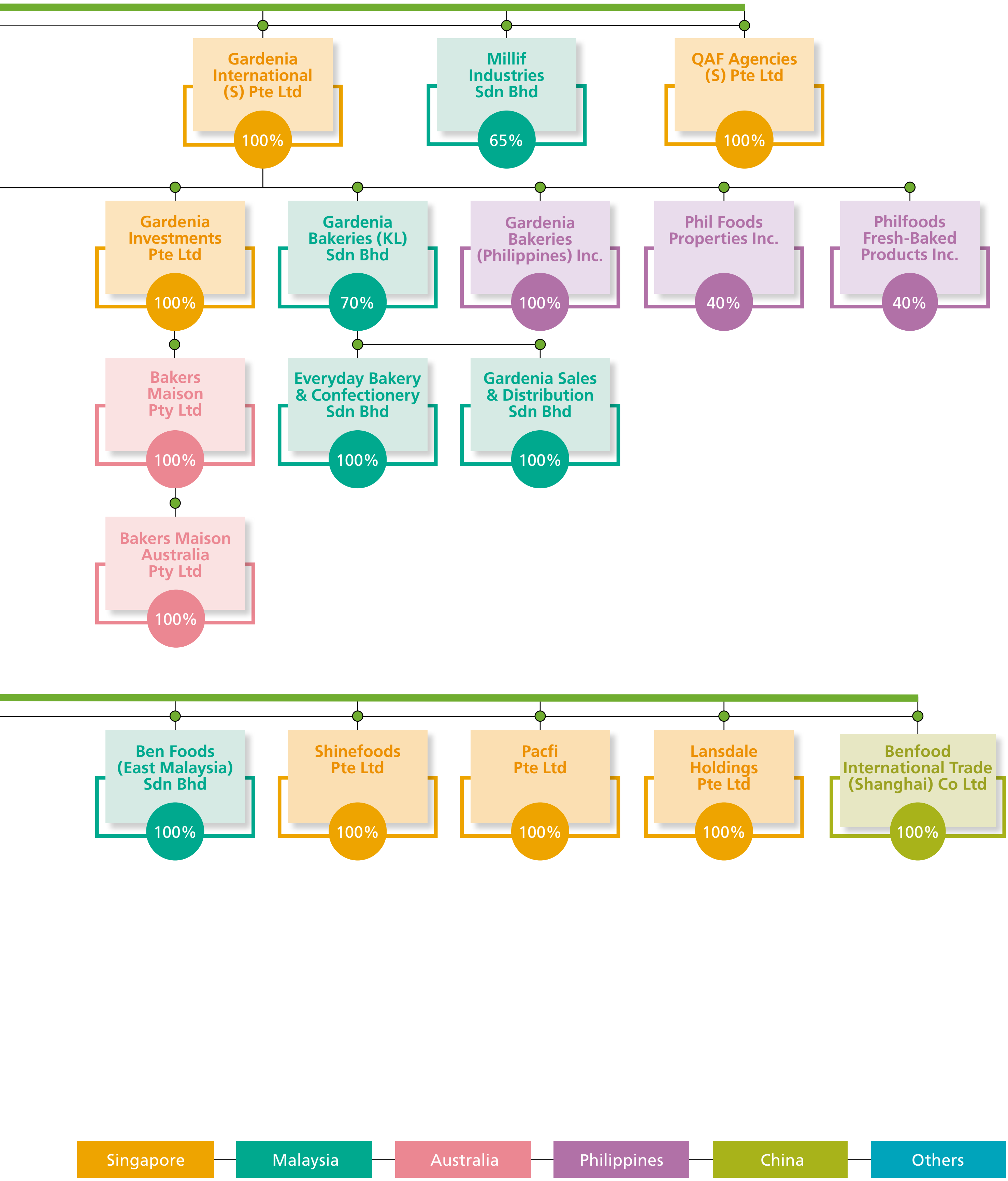
We believe that the hard work that we have put into nurturing the success and resilience of our businesses over the years will enable us to overcome the challenges of an uncertain business and economic environment to successfully grow sales across all our major business segments. We are committed to creating products that will enable us to achieve higher sales volumes and deliver steady growth. We will increase our competitiveness through better product innovation efforts and higher operational and manufacturing efficiencies.

We are cautiously optimistic for the future and barring any significant deterioration in market conditions, we expect the Group's core businesses to perform satisfactorily.

TAN KONG KING
Group Managing Director
18 March 2016

QAF Subsidiaries & Associated Companies




Gardenia International (S) Pte Ltd
100%
Millif Industries Sdn Bhd
65%
QAF Agencies (S) Pte Ltd
100%
Gardenia Investments Pte Ltd
100%
Gardenia Bakeries (KL) Sdn Bhd
70%
Gardenia Bakeries (Philippines) Inc.
100%
Phil Foods Properties Inc.
40%
Philfoods Fresh-Baked Products Inc.
40%
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
100%
Benfood International Trade (Shanghai) Co Ltd
100%
Singapore
Malaysia
Australia
Philippines
China
Others

Board of Directors
(As at 18 March 2016)

Didi Dawis, 70
Chairman
Non-executive/Independent 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.

Mr Dawis is an established entrepreneur and has various business interests in Indonesia including businesses involved in the trading and distribution of building materials, real estate development for malls, mixed-use, resorts and golf course. 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 Permanent Honorary Chairman of the International Fuqing Clansmen and Chairman of Fujian Indonesia Association.

Mr Didi Dawis is a substantial shareholder of the Company, having a deemed interest of 8.53% in the total issued shares of the Company as at 18 March 2016.

Andree Halim, 68
Vice-Chairman
Non-executive/Non-independent Director

Date of last election:
28 April 2014

Board Committee:
- Nominating Comm ittee (Member)
- Remuneration Committee (Member)

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

Mr Halim holds 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 various private enterprises that he invested in.

Mr Andree Halim is the controlling shareholder of the Company, having a total deemed interest of 50.24% in the total issued shares of the Company as at 18 March 2016.

Tan Kong King, 65
Group Managing Director
Executive Director

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

Board Committee:
Nil

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 food industry.

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 worked as the managing director of KMP Private Ltd group of companies from 1981 to 2004 prior to his current post with the Company.

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

Lin Kejian, 37

Deputy Group Managing Director
Executive Director

Date of last election:
28 April 2014

Board Committee:
Nil

Mr Lin Kejian was first appointed as a non-executive Director of the Company on 1 December 2007. On 1 October 2010, he became an executive Director of the Company holding the post of Operations director. He assumed the position of Deputy Group Managing Director of the QAF Group in September 2014.

Prior to him joining the Company, Mr Lin was the business manager of Culindo Livestock (1994), a family-owned private enterprise, which principal activity is that of importer and supplier of live pigs to Singapore.

Mr Lin holds 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 39.69% in the total issued shares of the Company as at 18 March 2016.

Tarn Teh Chuen, 56

Executive Director

Date of last election:
29 April 2015

Board Committee:
Nil

Ms Tarn was first appointed as a non-executive Director of the Company on 15 June 1995.

Since 1998, Ms Tarn has been an executive Director and the Head of Treasury for the QAF Group taking charge of the planning and management of group financing matters. Prior to this, Ms Tarn worked as an accountant in the KMP Private Ltd (“KMP”) group of companies and assumed the post as KMP’s group financial controller from 1990 to 2004.

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

Soh Gim Teik, 61

Non-executive/Independent Director

Date of last election:
29 April 2015

Board Committee:
Audit Committee (Member)

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

Mr Soh holds 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 a member of the Institute of Singapore Chartered Accountants (ISCA). He is 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.

Mr Soh had informed the Company that he would be resigning from the Board as a Director at the close of the Annual General Meeting of the Company.

Current directorships in other listed companies
- BBR Holdings (S) Ltd
- UMS Holdings Limited
- KS Energy Limited

Past 3 years’ directorships in other listed companies
- Advanced Holdings Ltd
- Craft Print International Limited

Board of Directors
(As at 18 March 2016)

Siau Kai Bing, 61
Non-executive/Independent Director

Date of last election:
28 April 2014

Board Committee:
Nil

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

Mr Siau holds a degree in Bachelor of Accountancy from the National University of Singapore. 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 also acts as the lead independent director cum audit committee chairman of another company listed on the Singapore Stock Exchange.

Mr Siau who is retiring as a Director at the close of the Annual General Meeting of the Company, had informed the Company that he would not be seeking re-election at the Annual General Meeting of the Company.

Current directorship in other listed company
- Union Steel Holdings Limited

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

Soh Chung Hian, 62
Non-executive/Independent Director

Date of last election:
28 April 2014

Board Committee:
Nil

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

Mr Soh holds a degree in Bachelor of Accountancy from the University of Singapore and a Master of Business Administration degree 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.

Mr Soh who is retiring as a Director at the close of the Annual General Meeting of the Company, had informed the Company that he would not be seeking re-election at the Annual General Meeting of the Company.

Current directorships in other listed companies
- Eu Yang Sang Holdings Limited
- Lum Chang Holdings Limited

Tan Hang Huat, 60
Non-executive/Non-independent Director

Date of last election:
29 April 2015

Board Committee:
Nil

Mr Tan was appointed as a non-executive/non-independent Director of the Company on 17 July 2014.

Mr Tan started his career with KMP Private Ltd ("KMP") as a project manager in 1990 and is currently the Group Managing Director of KMP. He was a non-executive director of Guthrie GTS Limited from 2007 to 2014.

He holds a Bachelor of Commerce degree and Master of Business Administration degree from the University of Newcastle (Australia).

Current directorship in other listed company
- PT Nippon Indosari Corpindo Tbk

Past 3 years' directorship in other listed company
- Guthrie GTS Limited
  (a company delisted from Singapore Stock Exchange in 2013)

Teng Tien Eng Moses, 55

Non-executive/Non-independent Director

Date of last election:
29 April 2015

Board Committee:
Nil

Mr Teng was appointed as a non-executive/non-independent Director of the Company on 17 July 2014.

Mr Teng is currently a director of KMP Private Ltd ("KMP") and was a Senior Project Manager in KMP from 1992 to 2004. Prior to joining KMP, he worked as an Accountant in Lum Chang Holdings Limited and Kontiki Enterprises Pte Ltd.

He holds a Bachelor of Accountancy degree from the National University of Singapore. He is also a Fellow Chartered Accountant of the Institute of Singapore Chartered Accountants.

Gianto Gunara, 53

Non-executive/Non-independent Director

Date of last election:
29 April 2015

Board Committee:
Nil

Mr Gunara was appointed as a non-executive/non-independent Director of the Company on 17 July 2014.

Mr Gunara is an executive director of Gallant Venture Ltd and PT Bintan Resort Cakrawala.

He holds a Bachelor in Business Administration degree from Simon Fraser University, Vancouver, Canada.

Mr Gunara is the cousin of Mr Andree Halim, a Director cum Vice-Chairman of the Company.

Current directorship in other listed company
- Gallant Venture Ltd

Choo Kok Kiong, 46

Non-executive/Non-independent Director

Date of last election:
29 April 2015

Board Committee:
Nil

Mr Choo was appointed as a non-executive/non-independent Director of the Company on 17 July 2014.

Mr Choo is the Chief Financial Officer of Gallant Venture Ltd overseeing corporate services. Prior to joining Gallant Venture Ltd, he held various management positions in the Sembcorp group. He has over 20 years of finance experience, having held the positions of Vice-President of Finance at SembCorp Parks Management and Sembcorp Parks Holdings Ltd (now known as Sembcorp Development Ltd), Assistant Vice-President of Finance at Sembcorp Industries Ltd and Accounts Manager with Singapore Precision Industries Pte Ltd.

He holds a Master in Business Administration from the University of Wales (UK)/Manchester Business School (UK). He had also qualifications from the Chartered Institute of Management Accountants (CIMA, UK) and Association of Chartered Certified Accountants (ACCA, UK).

Current directorship in other listed company
- Gallant Venture Ltd

Board of Directors
(As at 18 March 2016)

Triono J. Dawis, 34
Non-executive/Non-independent Director

Date of last election:
29 April 2015

Board Committee:
Nil

Mr Triono Dawis was appointed as a non-executive/non-independent Director of the Company on 17 July 2014.

Mr Triono Dawis had previously been appointed as an executive Business Development Director of QAF Limited on 1 October 2010 and resigned on 31 December 2012 to pursue his own business interests. Mr Dawis is involved in managing the various business enterprises in Indonesia owned by his family.

He holds a Bachelor of Science degree in Business Administration from the University of California, Berkeley, California.

Mr Triono Dawis is the son of Mr Didi Dawis, a Director cum Chairman of the Company.

Goh Kian Hwee, 61
Non-executive/Non-independent Director

Date of last election:
29 April 2015

Board Committee:
Nil

Mr Goh was first appointed as a non-executive independent Director of the Company on 1 December 2014. With effect from 12 February 2016, he is regarded as non-independent Director due to his proposed appointment as the Joint Managing Director (designate) of the Company.

Mr Goh is a senior partner of Rajah & Tann Singapore LLP, a legal firm, and has over 30 years' experience in corporate and capital markets law.

He holds a LLB (Honours) degree from the University of Singapore and has been a practicing lawyer since 1980.

Current directorships in other listed companies
- Hwa Hong Corporation Limited
- Hong Leong Asia Ltd
- CapitaLand Commercial Trust Management Limited (Reit Manager of CapitaLand Commercial Trust)

Lee Kwong Foo Edward, 68
Non-executive/Independent Director

Date of last election:
29 April 2015

Board Committee:
- Audit Committee (Member)
- Remuneration Committee (Member)

Mr Lee was appointed as a non-executive independent Director of the Company on 1 December 2014.

Mr Edward Lee spent 36 years in the Singapore Administrative Service (Foreign Service Branch) during which he served as Singapore's High Commissioner in Brunei Darussalem (1984 to 1990), Ambassador to the Philippines (1990 to 1993) and Ambassador to Indonesia (1994 to 2006).

Mr Lee was awarded the Public Administration Medal (Silver) in 1996, the Long Service Medal in 1997, the Public Administration Medal (Gold) in 1998 and the Meritorious Service Medal in 2006 by the Singapore Government. In 1993, the Philippines Government bestowed on him the Order of Sikatuna, Rank of Datu (Grand Cross).

In 2007, the Indonesian Government awarded him the highest civilian honour, the Bintang Jasa Utama (First Class). He is a member of the National University of Singapore's President's Advancement Advisory Council.

Mr Lee holds a Bachelor of Arts (Honours) degree from the University of Singapore and a Master of Arts degree from Cornell University.

Current directorships in other listed companies
- Keppel Land Limited
- Indofood Agri Resources Ltd

Dawn Pamela Lum, 62

Non-executive/Independent Director

Date of last election:
Not Applicable

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

Ms Lum was appointed as an independent Director of the Company on 12 February 2016.

Ms Lum holds a LLB (Honours) degree from the University of Singapore. She was admitted to the Rolls of the Supreme Court of Singapore as an advocate and solicitor in 1977 and had been a practicing lawyer for several years. Ms Lum has had over 38 years of working experience and had assumed key roles in the corporate and management functions, including being the General Manager, Corporate Affairs and Group Company Secretary of a major listed company and its subsidiaries.

Tan Teck Huat, 54

Non-executive/Independent Director

Date of last election:
Not Applicable

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

Mr Tan was appointed as an independent Director of the Company on 12 February 2016.

Mr Tan holds a Master of Arts and a Bachelor of Arts in Economics from the University of Cambridge. Mr Tan was the Chief Financial Officer of a major listed company for some 7 years. He has had over 28 years of working experience in major listed companies holding various positions in corporate development and communications, corporate finance, corporate treasury and accounting.

Operational Review
Bakery

SINGAPORE
Gardenia Foods (S) Pte Ltd
('Gardenia Singapore')

Gardenia Singapore maintained its leadership position in the Singapore packaged bread market in 2015, posting another year of increases in sales and profitability. Its successful product innovation, strong market presence and consumer brand loyalty enabled it to stay ahead of the intense competition from other packaged bread brands, hypermarket house brands and artisanal bakery loaves.

To meet the growing demand for its bakery products over the coming years, a piece of land in Johor Technology Park, Malaysia, was purchased for the construction of a new bread plant. The land is owned by Farmland Bakery (M) Sdn Bhd, a subsidiary of QAF Limited, and the estimated total project investment cost for the land, building and equipment is RM171.5 million. Construction work on the new plant has commenced and on completion, the plant will have the capacity to produce 8,000 loaves of bread and 20,000 pieces of tortilla wraps per hour. The plant is expected to commence operations by the first quarter of 2017.

During the year, Gardenia Singapore became the first local bakery to be awarded the prestigious Platinum Award by the Agri-Food & Veterinary Authority for achieving Grade A status in the Food Safety Excellence Scheme for 20 consecutive years.

Gardenia Singapore is committed to helping people acquire life-long healthy eating habits through the development of tasty and nutritious products. In 2015, the company developed the Gardenia Spelt, Quinoa & Purple Wheat Country Loaf; the loaf is made from a superior blend of heritage grains and contains the natural goodness of sourdough, olive oil, flaxseeds and sunflower seeds.

To encourage consumers of white bread to switch to healthier whole grains, the company added a 13th variant to its Healthier Choice range of wholegrain products – the Gardenia Super Fine & Soft Wholemeal Bread. This wholegrain bread is baked with 100% finely-milled wholemeal flour and has the soft texture of white bread. In celebration of Singapore's 50th birthday, customers purchasing the Gardenia Super Fine & Soft Wholemeal Bread during the special promotional period from August to September 2015, were given a 50-cents rebate.

The company also enhanced the formulation of its popular Hi Calcium Milk Bread; the new Gardenia Hi Calcium Milk Bread Plus is fortified with vitamin D3 for better calcium absorption and improved bone strength, prebiotics (inulin) to maintain a healthy digestive system, and lutein for maintaining vision health.

Operational Review
Bakery

During the year, Gardenia Singapore organised several sales and marketing campaigns. These included an exchange activity during the World Bread Day celebrations in October 2015 where customers were able to exchange any white bread wrapper for a free loaf of Gardenia Super Fine & Soft Wholemeal Bread, and a 2-week online contest conducted through the Friends of Gardenia Facebook page, where participants shared why they liked the Gardenia Super Fine & Soft Wholemeal Bread and the benefits of consuming whole grains. The company also ran a major nation-wide campaign to spread the message of healthy eating to consumers. The 'Wholemeal, Wholesome, Whole lot of fun!' campaign gave consumers of Gardenia wholegrain breads a chance to win a holiday package and cash prizes in a lucky draw.

In 2015, the company collaborated with various organizations in the health sector such as the Singapore Health Promotion Board ('HPB'), Singapore Heart Foundation, Diabetic Society of Singapore and various hospitals and institutions, to raise awareness of how chronic diseases like diabetes and obesity can be prevented through a healthy diet and lifestyle.

It also actively participated in two major HPB campaigns: 'Shop Healthy. Get More from Life' and 'Healthy Lifestyle Festival SG'. The campaigns were held at various heartland supermarkets and focused on teaching shoppers to make better nutritional choices by selecting Healthier Choice Symbol products. The collaborations have seen a steady growth in demand for Gardenia's Healthier Choice range of wholegrain loaves and buns.

As part of its educational outreach to the larger community, Gardenia Singapore provides free tours of its bread production plants. The tours incorporate talks on health, hygiene, diet and nutrition; more than 30,000 people visited the Gardenia plant in 2015.

Gardenia Singapore actively contributes to community initiatives that foster a kind and caring society. For the past 11 consecutive years, the company has partnered with the Singapore Kindness Movement to help spread the message of kindness to the community. In 2015, the company helped to spread the Kindness message, 'Spread Joy & Share Goodness with Your Neighbours' by printing the Kindness message on the bread packaging of selected Gardenia loaves: Gardenia Fruit & Nut Loaf, Gardenia Walnut Country Loaf, Gardenia Light Wholemeal Loaf, Gardenia Multigrain Country Loaf and Gardenia Spelt, Quinoa & Purple Wheat Country Loaf. The loaves were sold at discounted prices at more than 3,500 retail outlets, reaching out to thousands of households across Singapore.

To enhance Gardenia's brand visibility and provide 24/7 convenience to consumers, Gardenia products are also sold from bread vending machines located in residential areas, schools and corporations across the island. The vending machines incorporate the cashless EZ-Link payment system to provide greater convenience to consumers. The attractively designed vending machines are not only an alternative sales channel, but a strong marketing tool for Gardenia.

The company gives back to society through its support of a range of philanthropic, community and charitable causes, distributing more than 100,000 complimentary bread loaves and buns to the needy through charity events and social outreach initiatives in 2015.

During the year, the company collaborated with the Rotary Club of Singapore North on a 1-year project to distribute heavily subsidized loaves to less fortunate families staying in the Teck Ghee area, on a weekly basis.

For the year ahead, Gardenia Singapore will focus on maintaining its leadership position in the competitive Singapore bakery market through greater operational and cost efficiencies, strategic brand enhancement activities and innovation of products that meet the needs of consumers.

MALAYSIA
Gardenia Bakeries (KL) Sdn Bhd ('GBKL')

Trading conditions in 2015 were challenging as the inflationary effects of a volatile domestic currency and the introduction of a goods and services tax impacted on the spending power of Malaysian consumers, many of whom became more frugal and cautious about their spending habits. However, GBKL's innovative, high quality value-for-money products, and successful marketing initiatives, enabled it to overcome the challenges to dominate the Malaysian packaged bread market and deliver a sterling performance.

Gardenia continued to grow in strength and profitability with sales reaching a record high of RM786 million in 2015, an increase of 3% over the previous year. This impressive performance was driven mainly by an increased demand for white bread.

During the year, Gardenia's dominance of the Malaysian packaged bread market was reaffirmed when it was voted Malaysian consumers' 'Most Preferred Brand' in a nationwide survey, clinching the Gold Award - Foodstuff Category for the sixth consecutive year in the prestigious 2015 Putra Brand Awards. The Award is a testament to Malaysian consumers' loyalty to the Gardenia brand and their confidence in the quality of its products. In recognition of its creativity and successful marketing initiatives, Gardenia's marketing team was also named 'Malaysian Marketer of the Year' at the award ceremony on 21 August 2015.

In 2015, following the strong sales of its kaya spread, and to cater to the demand for competitively-priced, tasty and quality bread spreads, GBKL developed and launched two new and exciting chocolate spreads: the rich tasting and creamy Delicia Hazelnut Chocolate Spread and Delicia Milky Chocolate Spread. The spreads were initially launched on a small scale and were so well received, that the products are now sold in over 10,000 outlets.

Operational Review
Bakery

During the year, the company re-packaged its tasty single-serve Delicia Toaster Waffles into 2-pack servings to meet increased consumer demand and to reap production efficiencies from economies of scale. The waffles were first launched in September 2011 and come in five flavours: Fresh Egg Vanilla, Banana, Chocolate, Blueberry and Orange.

GBKL currently controls some 65% of the Malaysian packaged bread market and operates an extensive distribution network throughout Peninsular Malaysia. During the year, the company expanded its footprint to Langkawi Island, some 30 kilometres off the mainland coast of northwestern Malaysia. The Langkawi market presents a significant growth potential for the company and GBKL will be opening more distribution routes to serve this new market.

As a responsible corporate citizen, GBKL regularly partners with hospitals and healthcare NGOs to educate the public on reducing the risk of diet-related chronic diseases by leading an active lifestyle and cultivating healthy eating habits that incorporate whole grains. During the year, the company participated in several diabetes-related health events through the distribution of low calorie, low-GI wholegrain breads and educational leaflets to participants.

Since 1991, the company has supported more than 65 charity homes with regular product donations. It also supports many community programs; during the year, GBKL donated more than 250,000 units of bakery products to various charitable causes, including the Orang Asli Settlement, single parents, the homeless, and in support of blood donation drives.

Looking ahead, trading conditions in 2016 are expected to remain challenging: higher wage, transportation and utilities costs, and a slowdown in domestic demand amid an uncertain global economic environment will present challenges for the Malaysian bakery industry.

GBKL remains focused on retaining its competitive edge as the market leader in the Malaysian packaged bread market and has already undertaken a number of cost-cutting initiatives. It will continue to strengthen the Gardenia brand by increasing its marketing efforts, expanding Gardenia's presence on social media, and developing innovative, competitively-priced and nutritious products that meet consumers' expectations.

THE PHILIPPINES

Gardenia Bakeries (Philippines) Inc ('Gardenia Philippines')

2015 was a milestone year for Gardenia Philippines. The company posted an 11% increase in sales over the previous year, and expanded its operations with three major bakery investments: the Big Smile Bread Station, a neighbourhood community bakery chain; Bakers Maison, a French-style specialty bakery; and a new 6,000 loaves-per-hour bread plant at Laguna. Its investments in Big Smile and Bakers Maison are strategic moves that have enabled Gardenia Philippines to enter the community bakery and artisanal bakery segments of the unpackaged bread market, and to expand its market share by selling its products to all economic segments of the community.

The Big Smile Bread Station is a neighbourhood community bakery that offers classic Filipino bakery items. Big Smile products are produced in the company's central commissary bakery facilities in Laguna and delivered fresh every day to the various bread stations. The company's control over the production process ensures product consistency, freshness and quality. In addition to the traditional Filipino favourites, new and innovative items can also be introduced to keep the product selection fresh and exciting. During the year, Gardenia Philippines opened ten bread stations in Metro Manila and the nearby provinces.

Bakers Maison is an artisanal bakery, offering authentic French-style breads and pastries. It caters mainly to the middle to upper middle income market. The first Bakers Maison outlet was officially opened in February 2016 in SM North EDSA, one of the largest shopping malls in the world.

During the year, Gardenia Philippines continued to dominate the packaged fresh bread segment in the Philippines, with a market share exceeding 60% in Metro Manila. The company's new 6,000 loaves-per-hour plant started operations in November 2015 and is expected to meet the steadily growing demand from Filipino consumers over the next few years.

Operational Review
Bakery

In 2015, the company strengthened its product line with the addition of several new items: Double Delights Strawberry & Blueberry Flavored Loaf, Cheese Buns, and Cheese Toasties. The new products were very well received by the market and have contributed to an increase in sales.

During the year, Gardenia Philippines continued its efforts to expand its distribution outlets nationwide and to make Gardenia available in as many *barangays* as possible. The company implemented several marketing and promotional campaigns in the Visayas and Mindanao

regions to communicate Gardenia's high product quality and promote brand awareness and affinity. The Gardenia brand was also advertised on television and on billboards installed in six key provincial cities namely, Vigan, Iloilo, Bacolod, Cebu, Davao and Cagayan de Oro.

For the third year running, the company held 'The Next Big Sandwich Hit', a major brand awareness and marketing campaign that provided a platform for talented young adults to create and showcase innovative recipes that transform bread into an ideal meal. The popular 2-month long competition attracted 100 teams from 20 premiere colleges and universities from North Luzon, Central Luzon, South Luzon and Metro Manila. The competition saw extensive media coverage, including school activations that featured the Gardenia sandwich truck, an interactive sandwich-making game, print ad releases, and social media and digital promotions that posted 2.5 million consumer engagements. The event and grand winners of the competition were featured in major newspapers, and on three top-rated TV programs.

Gardenia Philippines is committed to giving back to the community and actively pursued its corporate social responsibility efforts and programs in 2015. Over the years, its many social and community initiatives have touched the lives and livelihoods of Filipinos in many ways.

During the year, Gardenia Philippines received a Certificate of Appreciation from the regional office of the Department of Environment and Natural Resources in recognition of its efforts at environmental conservation and protection through its contribution to the National Greening Program's tree planting activity at Kalayaan, Laguna. Some 70 Gardenia employee volunteers participated in the program and planted a total of 2,000 rubber tree seedlings.

Over the years, Gardenia Philippines' reputation for creating freshly-baked and delicious quality products that Filipinos love has seen it grow into a dominant player in the Philippine packaged bread market. The company is committed to staying ahead of the competition and intends to significantly increase its sales and distribution network nationwide. It will also expand its investments in the community and artisanal bakery sectors into new markets so as to offer consumers more innovative and exciting products.

Operational Review
Bakery

CHINA
Gardenia Food (Fujian) Co Ltd ('Gardenia Fujian')

Gardenia Food (Fujian) Co Ltd is a 55%-owned subsidiary of QAF Limited. It operates the Gardenia factory located in Fuqing City, Fujian Province, China.

The factory commenced operations in October 2014. It has four automated production lines comprising bread line, cake line, bun and roll lines. It is capable of producing a combined total of more than 13 million loaves of bread, snack cakes, buns and rolls per annum.

Despite a challenging 2015 with competition from other bakeries, Gardenia Fujian was able grow its sales and distribution network and substantially increase its market share through intensive marketing and promotional activities, and the development of exciting and delicious products.

The company currently produces 22 varieties of bread, snack cakes, buns and rolls that are distributed in nine major cities in Fujian province, and in 244 international and local chain supermarkets.

During the year, the company improved the formulation of some of its products to better suit the tastes of local consumers, and developed several new products. It launched a new Cake series, comprising of a Super Soft Chiffon Cake that is sold in packs of three pieces, and a larger cake in the shape of a hotpot. The hotpot-shaped cake is one of the company's best-selling products and is much loved for its smooth, soft taste and mouth-feel.

The company also added two new flavors of loaf breads: the Matcha Red Bean Bread and the California Raisin Bread, both of which are popular with the youth. Since its introduction in January 2015, Gardenia's Red Bean Bun has seen a 2-fold increase in sales volumes; to keep up with the increased demand, the company re-launched the buns in a pack of four mini red bean buns. Following the success of the mini Red Bean Buns, the company also launched the mini Chocolate Bun and mini NY Coconut Bun.

In June 2015, Gardenia Fujian attained ISO 22000:2005 food safety management systems accreditation from SGS. This has greatly enhanced the Gardenia brand image and the public's trust in the hygiene and safety of its products.

During the year, the company developed a mobile application that is used by its warehouse staff, promoters and van salesmen to quickly and accurately monitor the movement of its products. The application has improved work productivity and increased operating efficiencies.

In October 2015, Gardenia was appointed the official bread supplier for the first National Youth Games of the People's Republic of China. The Youth Games is a national multi-sports event attended by athletes from all over China, including Hong Kong and Macau. More than 250,000 bread loaves, buns and snack cakes were supplied for the event.

After the Games, the company and its production processes and operations were broadcast during an interview by provincial and municipal TV stations. The TV broadcasts have provided widespread publicity for Gardenia products, greatly enhancing its brand awareness and reinforcing consumer confidence in its freshness and quality.

During the year, Gardenia Fujian continued its free bread donations to five charity homes in Fuzhou city and Fuqing city. These include social welfare institutions, children's homes and nursing homes.

For the year ahead, the company will continue to expand its sales and distribution network into more supermarkets and convenience stores. It will also be collaborating with milk area distributors in a health campaign called 'Milk & Bread for A Healthier Life' that will enable Gardenia products to be delivered to some 120,000 households.

Operational Review
Bakery

AUSTRALIA
Bakers Maison Australia Pty Ltd
('Bakers Maison ')

2015 was an excellent year for Bakers Maison with sales growing by 18% over the previous year on the back of increased demand for the company's Bread, Croissant and Brioche products. Despite stagnant growth in the foodservice sector, and a slight increase in the costs of raw ingredients and packaging, the company was able to boost profitability through higher sales from its expanded network of national distributors, improved productivity and inventory management, and a reduction in utility expenses from energy-saving initiatives.

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

During the year, the company secured a manufacturing contract with a national Quick Serve Restaurant for a sandwich roll that was successfully launched in October and sold through more than 350 individual franchisees.

In the last quarter of 2015, Bakers Maison installed a new Baguette line and a Stone Bake Oven for the production of authentic French artisan-style products. In December 2015, it launched three new Sourdough Artisan breads for the retail market: Pain de Campagne, Pain au Levain and Rustic Baguettes. The new baguettes, which are baked in the stone oven to traditional French recipes, have a thicker crust and a mild to strong sourdough flavor.

In August 2015, the company produced a new catalogue and an updated website to reflect its new artisan-style product lines.

During the year, the company increased its marketing and promotional efforts in the Eastern states and developed three new products for sale through a network of over 400 individual stores located there. It also strengthened its foodservice distribution network in the Eastern seaboard states with the addition of 15 new distributors, thereby expanding its market presence in that region.

To keep up with growing consumer demand for its products, the company installed two additional mixers and increased its blast freezing capacity by 50%. It also purchased a piece of land adjacent to its factory for the construction of a new manufacturing plant to produce croissants and artisanal bread. Construction work on the new plant is expected to commence in the second quarter of 2016 and is targeted to be completed within ten to twelve months from the date of commencement. The estimated total project investment cost for the land, building and equipment is A$14.8 million.

In September 2015, Bakers Maison participated in Fine Food Australia in Sydney. Fine Food Australia is the largest international food industry trade event in Australia. The event enabled Bakers Maison to showcase its products and production capabilities, keep up with new innovations and developments in the foodservice industry, establish new business contacts and engage with its home-base customers and distributors.

During the year, the company also participated in two major distributor promotional activities that resulted in strong sales of the company's products and enhanced its business relationships with the distributors.

In March 2015, Bakers Maison was awarded 'Champion of the West' in the 'Under 100 employees' category for the completion of its Energy Saving Project in late 2014. The campaign was run by the Daily Telegraph in Sydney and rewarded key business initiatives and specific projects undertaken by small and medium-sized businesses. Bakers Maison's energy-saving initiatives comprised the conversion of its electric ovens to natural gas, the use of LED high-efficiency lighting in its factory, the installation of 1000 sq. m. of solar panels to generate electricity, and the conversion of its blast freezer to an ammonia gas system.

To entice Sydney residents with the aroma of freshly-baked French bread and pastries, Bakers Maison opened its first flagship bakery café in Sydney on 3 December 2015. Located in the heart of the business district, customers can sit down to a coffee and pastry, or pick up premium breads and pastries from a wide product range. The bakery café is a showcase for the Bakers Maison brand and will be a test bed for the company's new products.

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 Singapore, Japan, New Zealand and other Asian countries. In 2015, Rivalea produced and sold about 812,000 heads or more than 62,000 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 seven company-owned sites spread over a total area of about 76 sq. km. 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 37,600 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. The Group also owns and operates

Operational Review
Primary Production

another feedmill in Corowa with a capacity of 70,000 MT per year. This feedmill provides Rivalea with 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 will be used for Diamond Valley's future expansion as the company is facing rapidly increasing demand for its services and products.

Diamond Valley is currently embarking on a major expansion project to increase its capacity and capability. New automated equipment, including robotics, along with the most modern and up to date facilities, processes and ancillary facilities will be installed to make Diamond Valley the leading abattoir and meat processing centre in Australia.

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 practises 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

SINGAPORE
Ben Foods (S) Pte Ltd ('Ben Foods')

2015 was a good year for Ben Foods with solid contributions to sales and profitability. The strong performance was spearheaded by higher external sales from exports of its proprietary products, lower dairy prices and a favourable exchange rate.

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, canned fish, sauces, cooking oil, bakery products, potato snacks), Haton (seafood products), Orchard Fresh (beverages) and Spices of the Orient (sauces, seasonings). In 2015, the company launched a new brand, Farmchef, for food products that are not halal certified.

Cowhead and Farmland have attained Superbrand status. Cowhead products are exported regionally to the Philippines, Vietnam, Cambodia, Myanmar, Macau, China, Malaysia, Bangladesh and Brunei.

During the year, Ben Foods launched the Cowhead Butter Milk Cookies which were very well received, both domestically and regionally. It also introduced two cuts of Australia Marble Beef Steaks under the Farmchef brand – Sirloin and Ribeye; the company plans to expand the Farmchef range with processed pork-based products.

In late 2014, the company launched its new online e-store, BenMart at www.benmart.com.sg. During the year, the online store was advertised on Expat Living Singapore and SingPost.

Ben Foods will continue to develop new products to enhance its competitiveness and drive growth in domestic and overseas markets.

NCS Cold Stores (S) Pte Ltd ('NCS')

NCS owns and operates the largest independent public cold store in Singapore in terms of land area. The NCS Cold Store is sited over 27,000 sq. m. of land with a capacity for 14,000 pallets. Strategically located in the Jurong seafood industrial area, the cold store is a five-minute drive from Jurong Port.

NCS provides customers with an efficient one-stop service with multi-temperature storage rooms, fish and meat processing rooms, office space, container plug-in services, cargo clearance and delivery services. NCS is HACCP Certified and a member of the International Association of Refrigerated Warehouses, USA, and the Seafood Industries Association, Singapore.

2015 was a challenging year for the cold store industry due to the global downturn. Revenue declined by 6% due to the slowdown in rentals from long-term customers, and a decline in rental rates as a result of intense competition from newly-built cold stores in the vicinity. However, lower electricity tariffs saw cost savings of about $700,000.

During the year, NCS renewed its HACCP certification to September 2018 after a successful audit of the company's operations. To stay ahead of competition from newer cold stores, NCS also completed the replacement of its cold air refrigeration system at a cost of $1.4 million.

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

AUSTRALIA
Oxdale Dairy Enterprise Pty Ltd ('Oxdale Dairy')

Oxdale Dairy is a property investment company. It is the owner of three investment properties in Australia that are leased out for rental income.

The three properties owned by Oxdale Dairy comprise a large grain storage facility with a practical capacity of 37,600 MT, and a small feedmill, both located in Corowa, New South Wales. It also owns a commercial warehouse in Laverton, Victoria. The warehouse is sited adjacent to an abattoir and boning facility owned by Diamond Valley Pork Pty Ltd ('Diamond Valley'), a related company.

Two of the properties are leased to Rivalea (Australia) Pty Ltd on a long term basis, with the third, the commercial warehouse at Laverton being sub-let to a third party. Oxdale Dairy will, in 2016, lease its property in Laverton to Diamond Valley in order to facilitate the latter's major expansion program, which is slated for completion in late 2016.

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, Australia and China.

Since 1992, we have been a strong advocate of the importance of healthy diets and healthy lifestyles. As a major food producer and manufacturer, we are in a position to make efficient use of the world's limited food resources to produce healthy and nutritious foods that improve the quality of life of our customers.

As a responsible corporate citizen, we are committed to the conservation of the world's limited resources through economically sustainable business practices that minimise our impact on the environment and eco-system. Sustainable business practices not only help to ensure a stable food supply for future generations, but enable us to remain financially viable, as higher cost efficiencies result in lower input costs. By maintaining our price competitiveness, we are able to produce nutritious and wholesome foods at a lower cost.

We are committed to the production of healthy and nutritious foods while reducing our environmental footprint. The central focus of our corporate social responsibility initiatives are the promotion of healthy eating and lifestyles, support for society and the local community, conservation of the environment, and the development and welfare of our employees.

PROMOTING HEALTHY EATING AND LIFESTYLES

Gardenia is committed to helping people to live and eat better. It advocates life-long healthy eating habits through the development of nutritious products, and involvement in health awareness programs and community outreach activities that seek to educate consumers on the benefits of a healthy diet and an active lifestyle.

Over the years, Gardenia has developed a range of healthy bakery products to address the special nutritional needs of consumers. They include 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, breads with prebiotic properties, and wholegrain bread made from Canadian purple wheat, an ingredient high in anti-oxidants.

To encourage Singaporeans to make healthier food choices and eat more whole grains, Gardenia has also developed a Wholegrains range of high-fibre bakery products that carry the Singapore Health Promotion Board's 'Healthier Choice Symbol'. In 2015, Gardenia expanded the range with a new wholemeal bread that has the soft texture of white bread - the Super Fine & Soft Wholemeal Bread, baked with 100% extra fine wholemeal flour.

▶ Educating consumers at a Singapore Health Promotion Board roadshow on the benefits of whole grains.

▶ Bread sampling at a World Bread Day event in Singapore.

> We are in a position to make efficient use of the world's limited food resources to produce healthy and nutritious foods that improve the quality of life of our customers.

During the year, Gardenia developed a Spelt, Quinoa & Purple Wheat Country Loaf with sourdough, olive oil, flaxseeds and sunflower seeds. It also enhanced the formulation of the Gardenia Hi Calcium Milk Bread with the addition of vitamin D3, prebiotics (inulin) and lutein.

Health promotion initiatives

In 2015, Gardenia organised several campaigns to encourage consumers of white bread to switch to healthier wholemeal products. These included an exchange activity during the World Bread Day celebrations where customers could exchange any white bread wrapper for a free loaf of Gardenia Super Fine & Soft Wholemeal Bread, a nation-wide lucky draw contest called 'Wholemeal, Wholesome, Whole lot of fun!', a collaboration with 7-Eleven where customers were able to win cash prizes by selecting Gardenia wholemeal products, and an online contest conducted through the Friends of Gardenia Facebook page.

For more than two decades, Gardenia has partnered with the Singapore Health Promotion Board ('HPB') in various initiatives and community outreach activities to raise awareness of how chronic diseases like diabetes and obesity can be prevented through a healthy diet and lifestyle.

▶ Encouraging consumers of white bread to switch to wholemeal. Customers are able to exchange any white bread wrapper for a free loaf of Gardenia Super Fine & Soft Wholemeal Bread.

▶ Gardenia spreads the message of eating more whole grains during the World Bread Day event at the Ng Teng Fong Hospital in Singapore.

Corporate Social Responsibility

During the year, Gardenia collaborated with HPB in two major HPB campaigns – 'Shop Healthy. Get More from Life' and 'Healthy Lifestyle Festival SG'. Roadshows were held at various heartland supermarkets to teach shoppers how to make better nutritional choices by selecting Healthier Choice Symbol products.

With the rising incidence of diabetes, Gardenia continued to support healthcare professionals and hospitals in several diabetes-related health events.

To increase awareness of the health benefits of a low-GI diet, Gardenia's Low GI Nutri Multi-Grain loaves were distributed at the World Diabetes Day event organised by the Diabetic Society of Singapore in November 2015.

In Malaysia, Gardenia regularly partners with hospitals and healthcare NGOs to educate the public on reducing the risk of diet-related chronic diseases by leading an active lifestyle and cultivating healthy eating habits that incorporate whole grains.

During the year, Gardenia distributed low calorie, low-GI sandwiches and recipe leaflets to diabetics and their caregivers at a 3-day World Diabetes Day event held at the University Hospital. The event was organised by the Diabetes Care Unit of the University of Malaya Medical Centre.

Gardenia also distributed 2-slice packs of low-GI 100% Wholegrain with Canadian Purple Wheat bread and information leaflets to the young participants of Diabetes Camp 2015 organised by the Paediatric Endocrine Unit, University of Malaya Medical Centre. The camp teaches patients with type 1 diabetes how to take control of their diabetes, gain confidence and independence and lead a healthy life.

During Nutrition Month Malaysia 2015, Gardenia co-sponsored the 'Eat Right, Move More: Prevent Diabetes from Young' educational carnival organised by the Nutrition Society of Malaysia in collaboration with the Malaysian Dietitians' Association and Malaysian Association for the Study of Obesity. The highlight of the carnival was a healthy sandwich-making competition for young children and their parents to encourage healthy eating habits in the family. The carnival was held in a mall and attracted more than 100,000 visitors.

In the Philippines, Gardenia's registered nutritionists visited 205 offices and supermarkets as part of their Supermarket Wellness Camp and Corporate Wellness Movement activities in 2015. During the year, some 10,000 shoppers, households and office workers received free nutrition counselling and advice on diet plans and general health matters.

▶ Nutrition Month Malaysia Carnival 2015 themed 'Eat Right, Move More: Prevent Diabetes from Young'.

▶ Healthy Sandwich-making Competition at the Nutrition Month Malaysia Carnival 2015 aims to teach the young the importance of healthy eating habits.

▶ Happy visitors at the free educational tour to the Gardenia bread plant in Singapore.

School Health Fairs

We believe that healthy eating habits should be taught from a young age, and for over 20 years, Gardenia has collaborated with the HPB in its School Health Fair program to teach healthy eating habits to schoolchildren.

In the Philippines, Gardenia's School Nutri-Tour program reached more than 90,000 students in various public and private schools in 2015. The program is a comprehensive health and wellness initiative that promotes the health benefits of taking breakfast and having an active lifestyle, conveyed through an informative talk and exciting educational games.

Educational bread plant tours

Gardenia spreads the message of healthy eating and lifestyles to the larger community by providing free daily educational tours of its fully-automated production facilities. The educational tours not only showcase the bread production process, but more importantly, incorporate talks on health, hygiene, diet and nutrition.

During the year, more than 30,000 students, youths and the elderly visited the Gardenia bread plant in Singapore and got to sample its Healthier Choice range of wholegrain products. In Malaysia, the Gardenia plant received more than 35,000 visitors in 2015.

In the Philippines, a visit to the Gardenia plant at Laguna is one of the top educational field trip destinations in the country, attracting students from schools in Aparri and Laoag in the northernmost part of Luzon, to Sultan Kudarat and General Santos City in the southernmost regions of Mindanao. In addition to learning about healthy eating, hygiene and the importance of an active lifestyle, students visiting the plant receive a values enhancement education through the Rotary Four-Way Test. The Philippines plant has played host to more than three million visitors since 2002.

> In Malaysia, Gardenia regularly partners with hospitals and healthcare NGOs to educate the public on reducing the risk of diet-related chronic diseases by leading an active lifestyle and cultivating healthy eating habits that incorporate whole grains.

Corporate Social Responsibility

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.

Supporting charitable causes and sponsoring community programs

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

▶ Gardenia Singapore collaborates with the Rotary Club of Singapore North to provide heavily subsidised loaves each week for a period of one year, to less fortunate families staying in the Teck Ghee area.

In Singapore, QAF Limited and Ben Foods continued their support of the fundraising activities of Wild Rice, a local theatre company and a registered charity whose mission is to build a theatre culture in Singapore.

In April 2015, Ben Foods supported the Dover Park Hospice's fundraising activities by sponsoring the food and drink for its Charity Golf 2015 event, and donating several bottles of premium wines that were auctioned off to raise funds for the hospice.

Through various partnerships and collaborations, Gardenia provided product sponsorships to 64 charitable homes, schools and non-profit organisations in Singapore, donating more than 100,000 complimentary bread loaves and buns. During the year, it also collaborated with the Rotary Club of Singapore North on a weekly bread distribution initiative to provide heavily subsidized loaves, for a one year period, to less fortunate families staying in the Teck Ghee area.

In Malaysia, Gardenia has been supporting more than 65 charity homes with regular product donations since 1991. In 2015, Gardenia donated more than 250,000 units of bakery products to various charitable causes, including the Orang Asli Settlement, single parents, the homeless, and in support of blood donation drives.

▶ Twiggies Wagon distributing free Gardenia Twiggies buns to the students of Telok Gadong Primary School, Klang, Malaysia.

▶ Fifty Gardenia employees participate in a run to raise funds to rebuild the homes of victims of a massive flood in Kelantan.

During the year, Gardenia organised a Teachers' Day party for the teachers and special needs children at Telok Gadong Primary School, Klang. To help develop the social skills of these children, Gardenia sponsored gifts for the children to present to their teachers at the party, as a gesture of appreciation. The highlights of the celebration were the happy smiles on the teachers' faces, and the children's joy at the delicious cakes and buns that were distributed from the colourful Gardenia Twiggies Wagon parked in the school compound.

In October 2015, Gardenia provided financial support to a charitable run that was organised to raise funds to re-build the homes of victims of a massive flood in Kelantan in 2014. In order to raise more money for the flood victims, 50 Gardenia employees also participated in the run.

In December 2015, Gardenia partnered with Media Prima Berhad's TV3 station to sponsor the costs of bringing several poor families to Kuala Lumpur for a school holiday treat. The families were featured in a reality program 'Bersama Mu', a weekly television program that highlighted the plight of needy families and enabled viewers to help them with donations.

During the year, Gardenia continued its annual Bag-to-School school bag distribution program, giving out some 600 school bags to needy schoolchildren living in villages in Selangor and Kuala Lumpur. The school bag donations were made in collaboration with the National Population and Family Development Board, and helped struggling families defray their back-to-school expenses.

In the Philippines, Gardenia makes regular bread donations to 46 charitable organisations and foundations through its Daily Bread program. These include institutions that house abandoned and abused children, and former street kids.

In celebration of World Bread Month 2015, Gardenia continued its I Shared Bread charity campaign, pledging to donate to charity, twice the number of loaves purchased by plant tour visitors at its plant bread store over a 2-week period. At the end of the two weeks, Gardenia collected 1,674 bread loaf G-locks. It will be donating 3,348 bread loaves to two charities: the Bahay Tuluyan ng mga Bata (Home for Girls) in Dasmariñas, Cavite and the SOS Children's Village in Mandaue, Cebu, over the course of 2016.

▶ Families from the Bersama Mu charity reality TV show are treated to a Gardenia factory tour.

▶ Children of a village in Jenjarom, Selangor receive free school bags under Gardenia's Bag-to-School Program in 2015.

Corporate Social Responsibility

> In Australia, Rivalea provided financial support to a range of charitable and non-profit organisations.

In China, Gardenia continued to support several nursing homes and social welfare institutions with free long-term bread donations.

In Australia, Rivalea provided financial support to a range of charitable and non-profit organisations.

In 2015, Rivalea supported several major local community projects. It made a significant donation towards the construction of the Albury Wodonga Regional Cancer Centre, a major development for the local community. On completion, the Centre will house the most up-to-date cancer treatment facilities in the region. Rivalea's donation will assist in purchasing life-saving cancer equipment, fund cancer research, support staff training and other related expenditure.

Rivalea also made monetary donations to The Amaranth Foundation to support the establishment of an Advanced Chronic and Palliative Care Program for persons living with a chronic or terminal illness, and to the Corowa Rutherglen Football Club, to enable it to upgrade the lighting at their home ground. A donation to the Corowa Pre School also enabled four local families to send their children to preschool.

In July 2015, Bakers Maison and its employees celebrated We Care! Day with a donation in support

▶ A nursing home in Fuqing city is one of Gardenia's long-term beneficiaries of free bread.

▶ Rivalea donates to The Amaranth Foundation to support the establishment of an Advanced Chronic and Palliative Care Program for persons living with a chronic or terminal illness.

of White Ribbon Australia, an organization that aims to stop violence against women. Bakers Maison also supported Foodbank and the Tower Street Public School with monetary donations.

Responding to calamities and disaster relief efforts

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 organisations to provide food, aid and assistance.

In 2015, more than 4,000 loaves were distributed to victims of Typhoon Lando in Manila, Bulacan, Nueva Ecija and Tarlac, and the survivors of a fire in Pasay City under Gardenia's Response Agad (Quick Response) for Fire Victims program.

Supporting government-initiated consumer programs

During the year, Gardenia continued its active participation in several Diskwento Caravans in the Metro Manila, Laguna and Bicol areas. Diskwento Caravan is a government-initiated program between the Department of Trade and Industry ('DTI') and local food manufacturing companies, to sell basic goods at discounted prices to people living in ravaged communities.

To provide affordable bakery items to the masses, Gardenia also supported the DTI's Pinoy Tasty and Pinoy Pandesal projects, a joint project between the DTI and a group of local bakers.

Helping to alleviate hunger and malnutrition in schoolchildren

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

During the year, Gardenia donated more than 75,000 bakery items to various schools in Malaysia.

In the Philippines, Gardenia put some 1,800 students from eight public elementary schools in Luzon and Cebu under its Nutrition Assistance Program for a period of one year. The Nutrition Assistance Program is a health advocacy initiative and a feeding program that aims to reduce malnutrition in less privileged schoolchildren. Under the program, children were taught the importance of eating a well-balanced breakfast and provided with free bread. The nutritional status of the children and their performance in school will be monitored for signs of improvement.

▶ Gardenia Philippines' Nutrition Assistance Program aims to reduce malnutrition in less privileged schoolchildren.

Corporate Social Responsibility

Transforming lives through sponsorships of underprivileged children

During the year, more than 100 children from the Reception and Study Center for Children in Quezon City, Tulay ng Kabataan Foundation, Inc and White Cross Children's Home celebrated Beneficiaries' Day at the Gardenia plant. Beneficiaries' Day is an annual corporate social responsibility activity where selected charities or foundations for less privileged children, such as abandoned children, former street children and addicts, are treated to a fun-filled day with volunteers from Gardenia. The program aims to bring hope and cheer into the children's lives.

COMMUNITY INVOLVEMENT

Beyond instilling healthy lifestyles, we are committed to cultivating a kinder and more caring society. We take an active part in community activities to foster close relationships and strong ties within the communities in which we operate.

Promoting kindness in the community

For the past 11 consecutive years, Gardenia has partnered with the Singapore Kindness Movement to actively contribute to community initiatives that foster a kind and caring society. In 2015, Gardenia helped to spread the Kindness message, 'Spread Joy & Share Goodness with Your Neighbours' by printing the Kindness message on the bread packaging of selected Gardenia loaves that were then sold at more than 3,500 retail outlets.

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 Singapore, Gardenia works closely with educational institutions such as Temasek Polytechnic, Nanyang Polytechnic and the Institute of Technical Education to provide industrial attachment opportunities to selected students pursuing food science studies. These attachments enable students to acquire real-life working experience in the bakery industry.

In 2015, Gardenia collaborated with Temasek Polytechnic in the School of Applied Science's Project Show, where Baking & Culinary Science students designed culinary menus and prepared sandwiches using Gardenia products.

In Malaysia, Gardenia provides similar industrial attachment opportunities for undergraduate students.

▶ Children from the White Cross Children's Home enjoy a fun-filled day at the Gardenia bread plant in the Philippines on Beneficiaries' Day.

In Australia, international and local high school and university students are able to undertake work experience in Rivalea's production facilities and participate in key research projects. This initiative has often led to students becoming valued future employees.

Keeping the community safe from crime

In Singapore, we participate in initiatives to keep the community safe and crime-free.

NCS is a member of the Jurong Waters Safety & Security Network ('JSSN'). Together with other members, NCS helps to keep the community safe by looking out for smuggling and other forms of criminal activity along the coastline. 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.

Promoting ethical business practices

In the Philippines, Gardenia is committed to fighting corruption and promoting ethical business practices and good corporate governance. It is a participant of Integrity Initiative, an effort launched by the Makati Business Club, Management Association of the Philippines and the European Chamber of Commerce, to fight against corruption.

ENVIRONMENT

We are committed to minimising and mitigating our negative environmental impacts and maximising our positive environmental contributions. During the year, we stepped up measures to further reduce our carbon footprint by optimising our operations to be more sustainable, and collaborating for an environmentally sustainable world.

To deter flies and rodents that are usually attracted to food storage facilities, NCS took the initiative to ensure the proper disposal of food and other waste products by providing tenants of its cold store with waste bins that are emptied daily by a waste-disposal company. A National Environment Agency ('NEA') licensed pest-control company maintains the pest-free status of the cold store, and a NEA-accredited trade affluent service company disposes of trade affluent on a regular basis.

Environmental Management System

In Australia, Rivalea is working towards the ISO 14001 Environmental Management System to assure its stakeholders of its commitment to improving all environmental aspects of its operations.

Pollution incident response management plans

Rivalea continues to action its pollution incident response management plans through staff training, hazard identification and risk assessments of potential incidents, and appropriate mitigation measures. This approach ensures that Rivalea is well prepared to mitigate and respond to any potential pollution incident.

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.

Community environmental meetings

In Malaysia, Gardenia takes a pro-active role in maintaining open lines of communication with the community heads of the five locations where it has production facilities. This has resulted in close relationships and better understanding within the communities.

Rivalea also adopts a proactive approach to ensure that its neighbours are informed of any potential environmental impacts caused by its operations. It holds regular community meetings to discuss environmental issues and solutions to reduce or eliminate any potential environmental impacts. Through its open channel of communications, Rivalea seeks to build effective relationships with all its stakeholders.

Corporate Social Responsibility

Biogas to energy

We are focused on our efforts to reduce emissions and have taken steps to contribute to global carbon emissions reduction.

Rivalea built its first biogas facility in 2009; its second facility commenced biogas production in 2012 and currently produces enough biogas to heat the equivalent of more than 500 homes per day. Rivalea has long-term plans to further reduce its reliance on fossil fuels for electricity and heat.

In 2015, the Federal Government launched the Emissions Reduction Fund for the purpose of compensating businesses that reduce greenhouse gas emissions. Rivalea was successful in winning a contract with the Emissions Reduction Fund to sell 112,000 tonnes of greenhouse gas abatement over the next seven years. This will be achieved by combusting methane captured from wastewater. Combusting methane reduces its global warming potential by 21 times, as compared to carbon dioxide. Rivalea's carbon emissions from the LPG, natural gas and electricity used in its operations have been reduced by 5.6% from its 2013-2014 figures. This represents a reduction of 1,300 tonnes of carbon dioxide in the atmosphere, or around 275 cars worth.

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, the replacement of plant and machinery at the NCS Cold Store in 2013 has resulted in savings in electricity consumption.

In Malaysia, Gardenia uses natural gas for most of its ovens and electrical-powered steam generators in order to reduce carbon emissions.

In the Philippines, Gardenia strictly implements recycling and waste segregation guidelines in its plant operations. It uses LPG in its baking processes, and a Waste Water Facility treats used water before it

▶ As part of its environmental protection efforts to reduce the use of plastic bags, Gardenia Singapore gave away 100,000 reusable and foldable SG50 shopping bags.

Gardenia's environmental protection efforts extend to Fujian where it gave away 50,000 reusable and foldable non-woven shopping bags to customers.

is discharged into the sewers. All delivery trucks also undergo regular maintenance to reduce air pollution.

In Australia, Bakers Maison uses natural gas and LED high-efficiency lighting in its factory. In 2015, it saved $80,000 in energy consumption after the conversion of its blast freezer to an ammonia gas system, and the installation of solar power.

Initiatives to reduce the use of plastic shopping bags

As part of its environmental protection efforts to reduce the use of plastic bags, Gardenia ran several marketing campaigns in Singapore to encourage shoppers to use reusable shopping bags. A total of 100,000 reusable and foldable shopping bags were given away. The red and white design of Gardenia's SG50 bags were well received as they also commemorated Singapore's 50th birthday.

In China, Gardenia also held similar awareness campaigns, giving away some 50,000 reusable and foldable non-woven shopping bags to customers.

Environmental conservation practices

Gardenia is committed to the promotion of environmental protection and conservation. In 2015, seventy Gardenia employee volunteers in the Philippines planted some 2,000 rubber tree seedlings in Kalayaan, Laguna, over an area of approximately two hectares. When fully grown, the rubber trees will be a source of livelihood for the local community. Gardenia has committed to maintain and monitor the growth of the seedlings in co-ordination with the Environment and Natural Resources Office (CENRO) Laguna, a sub-organization of the Department of Environment and Natural Resources (DENR). The tree-planting initiative is part of the National Greening Program of the Philippines, which aims to plant an area of 1.5 million hectares with 1.5 billion trees by the end of 2016.

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 and local businesses.

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

To deepen its bonds within the community, Rivalea has pledged to sponsor a children's festival to be held in Corowa in 2016. The last children's festival, also sponsored by Rivalea, was held in 2014 and was attended by many employees' children, attracting close to 6,000 people from the local community and surrounding districts.

In support of the Philippines' National Greening Program, 70 volunteers from Gardenia help to plant some 2,000 rubber seedlings in Kalayaan, Laguna.

Corporate Social Responsibility

▶ Gardenia's drivers in Malaysia attend a defensive driving course to improve their skills and maximise fuel savings.

OUR PEOPLE

Our people are the key driving force behind our successes and achievements. We invest in our employees through various upgrading and career development programs. The opportunities enable our employees to enhance their skills and capabilities and realise their full potential.

Investing in training and education

The Gardenia operations in Singapore, Malaysia and the Philippines provide local and overseas training and exposure for their employees. In Singapore, internal training sessions are regularly conducted on a bi-monthly basis, with an emphasis on food safety, product knowledge and workplace safety.

In 2015, Gardenia staff across all levels in Singapore were enrolled in various upgrading and career development programs, both internal and external. These training initiatives are designed to improve employees' skills and equip them with the necessary knowledge to meet the changing needs of the business.

In Malaysia, Gardenia partnered with Shell Malaysia Trading Sdn Bhd and TC Trucks After Sales Sdn Bhd for the second year running, to conduct the Intelligent Defensive Driving Course and the Basic Truck Operation Course for its drivers. These courses have improved the drivers' skills and helped the company to maximise fuel savings.

In the Philippines, Gardenia sponsors the costs of education for employees who wish to pursue further studies.

▶ Employees of Gardenia Fujian attend the Outward Bound course as part of their staff training and skills upgrading.

In China, Gardenia regularly organizes staff training and skills upgrading courses for its employees. In 2015, Gardenia's sales and marketing team attended the Outward Bound course to learn to realise their full potential, foster team building and creativity, and hone negotiation skills.

During the year, four NCS personnel attended the fire safety and first aid programs conducted by the Singapore Civil Defence Force.

At Rivalea, employees have access to various training, development and career opportunities, including tertiary education. Rivalea has an in-house learning and development team and is equipped with its own dedicated training facilities and tailored resources. In 2015, Rivalea supported 11 employees with bachelor and post-graduate studies and over 70 employees with nationally-accredited qualifications; it also conducted many workshops, training sessions and courses. Rivalea supports employees who are studying, not only by providing them with financial assistance, but also by providing resources and access to its internal learning and development specialists, who can offer mentoring and advice.

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 employees are given annual flu vaccinations and provided with information on a wide range of health and wellness topics. To promote the health and fitness of its staff, employees are strongly encouraged to take advantage of the company's running and walking tracks.

In 2015, Rivalea held Red Apple Day in support of Bowel Cancer Australia. Every employee was given a red apple and information flyers on the disease to increase their awareness and understanding of bowel cancer.

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

▶ Four NCS personnel attend the fire safety and first aid programs conducted by the Singapore Civil Defence Force.

▶ Rivalea employees support Bowel Cancer Australia on Red Apple Day with a red apple and information flyers on the disease.

Corporate Social Responsibility

Investing in family work-life balance

We value the importance of family bonds and are focused on achieving a good balance between work and family life. We strive to provide a caring and family-oriented work environment that promotes family time and work-life balance.

In Singapore, Gardenia staff are provided with complimentary daily transportation to and from work, a convenience that has enabled them to cut down on commuting time and enjoy more personal time with their families. All office staff and shift production workers are also provided with complimentary meals in Gardenia's in-house cafeteria. The meals incorporate healthy salads, fruits and vegetables, and the communal dining arrangement encourages employees of all levels to bond with their colleagues from different departments.

Employees are given a complimentary loaf of Gardenia bread every day. To encourage the consumption of more whole grains, Gardenia also provides wholemeal loaves. On special occasions, speciality loaves such as the premium Gardenia Fruit & Nut Loaves are distributed to all employees.

Other employee benefits include free corporate admission passes to the Singapore Zoo for families and friends. Specially-packed mini-hampers are also given out to employees each year to celebrate Singapore's National Day, and to employees to celebrate the birth of their newborn children.

In Malaysia, Gardenia also provides employees with free daily transportation and complimentary meals to defray part of their living costs.

Gardenia places great importance on family bonds and promotes the close relationship between employees and their families. Employees who require financial assistance to pay the costs of medical treatment for their immediate family members are able to obtain interest-free loans from the Staff Welfare Fund to partially defray the costs of treatment. The Fund also provides financial assistance to the families of deceased employees, and families who are victims of natural disasters.

In the Philippines, Gardenia invests in the well-being of its employees through family-oriented bonding programs that enhance family relationships, and activities that foster a greater sense of belonging. Gardenia hosts an annual family plant tour every summer for employees' families. The plant tour creates an opportunity for family bonding and enables family members to see the working environment of their loved ones. The tour program includes a briefing on the company and its operations, and a fun games segment that is usually accompanied by much laughter. At the end of the tour, everyone gets to take home a goodie-bag of breads and snacks. The visits have proven to be a morale booster for the staff.

To foster a greater sense of belonging, Gardenia also celebrates the successes of employees whose immediate family members graduate from elementary school, high school or college. The graduates are presented with gifts and congratulatory cards. Family members who are qualified tertiary students are welcomed to undertake on-the-job training in the company.

Gardenia also conducts free livelihood training sessions and seminars for employees' dependents in co-operation with the Alternative Learning System, a sub-division of the Department of Education and Sta. Rosa Livelihood Organization, Laguna. In 2015, classes were conducted on coconut candy making, fruit jam processing and water lily handicraft-making.

Gardenia Philippines celebrates Wellness Week twice a year for its employees. The week-long activity includes a blood donation drive, a health risk assessment, free blood sugar and cholesterol tests, body massages, dental consultation, warts cauterization and financial seminars. Talks are also given on common health concerns such as dengue haemorrhagic fever, allergic dermatitis, hypertension and lower back pain. Participants receive health product samples from the participating sponsors.

In Australia, Bakers Maison celebrated Labour Month by honouring its employees at a Meet the Bakers Day event in October 2015. The event celebrated the valued contribution of each employee in his role in the organization, with the highlight of the occasion being a 'Bakers Wall' that featured individual photographs of each smiling employee at work. The Bakers Wall was an inspiration to all, and each employee got to take home his photo as a memento.

In November 2015, Bakers Maison held a Pizza Day for its employees in appreciation for the hard work and long hours put in to keep up with the demands of the business. Pizza was delivered throughout the day for all staff, including the evening shift production staff.

Christmas is a time for family, and Rivalea hosts children's Christmas parties for its employees at its various sites. The company's Employee Assistance Program also provides assistance and counselling on a wide range of personal matters.

Diversity

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

In Malaysia, Gardenia takes a pro-active approach towards racial harmony and integration by actively supporting the many celebrations and festivals in the country. To bring joy to the less fortunate, Gardenia products are distributed to the needy at Christmas parties, Hari Raya gatherings, Thaipusam, Wesak Day celebrations, and other major festivals.

In Australia, Bakers Maison fosters a culture of open-mindedness and acceptance of cultural diversity. In April 2015, employees celebrated Harmony Day, sharing dishes from the 27 different home countries

Bakers Maison employees from 27 different home countries celebrate Harmony Day in Australia.

Corporate Social Responsibility

of its staff. To make the event more meaningful and lend colour to the occasion, some employees donned the national costumes of their countries of origin.

At Rivalea, the company's Equality 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.

Promoting staff volunteerism for a good cause

We believe that helping others contributes towards living a fulfilling and enriching life.

In the Philippines, many Gardenia employees voluntarily donated blood and made donations to victims of flash floods, through the Philippine Red Cross.

During the year, Gardenia employees visited the SOS Children's Village in typhoon-ravaged Tacloban to treat the children to a day of food, fun and presents. The SOS Children's Village is a foundation that houses abandoned and former street children that was adopted as one of Gardenia's beneficiaries in 2014.

Gardenia employees also visited Elsie Gaches in Alabang, a centre for abandoned and neglected children with special needs such as mental retardation, autism and other developmental disabilities, and Marillac Hills Village, which houses formerly abused and exploited women. Some 40 Gardenia employee volunteers took part in these visitations to bring joy to the 110 residents at both foundations.

In China, Gardenia employees volunteered to undertake cleaning jobs at various social welfare institutions and nursing homes, and put on skits and shows to entertain the residents.

During the year, Bakers Maison employees got together to build three children's bicycles in a team building charity event called Bikes for Tykes. The completed bicycles were donated to Pens Place Doonside, a crisis accommodation centre for mistreated women and their children.

▶ Employees of Bakers Maison build three children's bicycles in the Bikes for Tykes charity event in aid of Pens Place Doonside, a crisis accommodation centre for mistreated women and their children.

▶ The multi-racial employees of Bakers Maison celebrate their diversity by donning their national costumes on Harmony Day.

▶ Gardenia employees visit the SOS Children's Village in typhoon-ravaged Tacloban to treat the children to a day of food, fun and presents.


▶ Gardenia volunteers bring cheer to a nursing home in Fuzhou city.

Corporate Social Responsibility

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 in Singapore, Malaysia, the Philippines and Australia meet the stringent requirements of the HACCP international certifications.

The Gardenia operations in Singapore, Malaysia and the Philippines, and the Rivalea operations, have all attained ISO 9001:2008 certification. In June 2015, the Gardenia operations in China attained ISO 22000:2005 food safety management systems accreditation.

Rivalea also possesses Export Registered Establishment, SQF 2000, Australian Animal Welfare Certification, Australian Industry Quality Assurance Program and FeedSafe accreditations, as well as accreditations with many of Australia's leading supermarket chains.

Many of our products are independently tested and verified by recognised independent sources. In Malaysia, the nutritional information on all Gardenia products is verified by the American Institute of Baking, and the GI values of its sandwich loaves are tested by the University of Sydney. In China, Gardenia bread samples are sent to the Quality and Technology Supervision Bureau for testing every six months.

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

In Malaysia, all Gardenia production plants and products have received Halal certification by The Department of Islamic Development Malaysia (JAKIM). Back in 1994, Gardenia took a pro-active role to set up a special Internal Halal Committee to ensure that all requirements were stringently adhered to and every aspect of the Halal regulations was complied with. This initiative was taken before the introduction of the 'halal' certification and logo in Malaysia and has served to reinforce Malaysian consumers' trust and confidence in the Gardenia brand.

In Singapore, compliance with food industry regulations at Ben Foods and NCS is overseen by an in-house Quality Assurance team. The team 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 support of responsible and sustainable farming and production practices, Ben Foods has been taking steps to work with factories that practice sustainable and ethical methods of production. Its Cowhead Le Chocolatier bars from France are made from cocoa beans that are UTZ certified. The UTZ program covers good agricultural practices, farm management, social and living conditions, and the environment.

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

“In Australia, most of Bakers Maison's products have been 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 is a proactive leader in welfare and is leading the Australian industry in the research and development of many aspects of animal welfare. With growing consumer awareness in the way animals are raised, Rivalea has embarked on a number of major programs. These include the removal of pregnant sow stalls, the establishment of two free range farming sites, the development of loose farrowing pen systems, development of environmental enrichment programs as well as research into essential husbandry procedures.

Rivalea's newly established free range farms see animals kept outdoors for their whole lives. In these systems the animals are able to display natural behaviours such as wallowing and maternal and social behaviours.

Rivalea is amongst the largest private investors in Australia in research directed towards enhanced welfare systems. The results and practical experiences we are gaining through this research is valuable to the industry. Rivalea is working alongside industry bodies, universities and animal welfare groups to conduct research, produce recommendations and establish best practices.

> In the Philippines, Gardenia received a Certificate of Appreciation from the regional office of the Department of Environment and Natural Resources in recognition of its contribution to the National Greening Program in the tree planting activity at Kalayaan, Laguna.

Certificate of Appreciation

Gardenia Bakeries Philippines, Inc.

Laguna International Industrial Park, Mamplasan, Biñan, Laguna

In grateful appreciation of dedicated hard work, cooperation and for planting during the tree planting activity held at Brgy. San Antonio, Kalayaan, Laguna that serves as a valuable contribution to the success of the office target commitment for the National Greening Program.

Given this 29th day of August 2015 at DENR-CENRO Los Baños, Laguna.

ACCOLADES AND AWARDS 2015

Food Safety Excellence Scheme, Agri-Food & Veterinary Authority, Singapore

In recognition of its consistently high food safety standards, Gardenia became the first bakery in Singapore to be awarded the prestigious Platinum Award by the Agri-Food & Veterinary Authority for achieving Grade A in the Food Safety Excellence Scheme for 20 consecutive years.

National Greening Program, Department of Environment and Natural Resources, Philippines

In the Philippines, Gardenia received a Certificate of Appreciation from the regional office of the Department of Environment and Natural Resources in recognition of its contribution to the National Greening Program in the tree planting activity at Kalayaan, Laguna.

SOS Children's Village, Philippines

Gardenia was presented with a plaque of appreciation by the SOS Children's Village in the Philippines in recognition of its support of the three SOS Children's Villages at Tacloban, Alabang and Lipa.

Workplace Health & Safety, Australian Meat Industry Council, Australia

In recognition of its proactive approach to the safe management of people working on and around forklifts, Rivalea was awarded the People's Choice Workplace Health & Safety Best Practice Award by the Australian Meat Industry Council.

Our Brands

Corporate Governance Report
(As at 18 March 2016)

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 Code of Corporate Governance 2012 ("Code 2012"). The Company is generally in compliance with the key 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

(1) The Board of Directors of QAF ("Board") is scheduled to meet at least four times a year and holds ad-hoc meetings as warranted by circumstances. For the financial year ended 2015, the attendance of the directors of the Company ("Directors") at meetings of the Board and Board committees are summarized as follows:-

Name	Board		Audit Committee		Nominating Comittee		Remuneration Committee	
	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	5	5	NA	NA	NA	NA	1	1
Andree Halim	5	5	NA	NA	1	1	NA	NA
Tan Kong King	5	5	NA	NA	NA	NA	NA	NA
Lin Kejian	5	5	NA	NA	NA	NA	NA	NA
Tarn Teh Chuen	5	5	NA	NA	NA	NA	NA	NA
Soh Gim Teik	5	5	4	4	1	1	NA	NA
Siau Kai Bing	5	5	4	4	1	1	1	1
Soh Chung Hian	5	5	4	4	NA	NA	1	1
Tan Hang Huat	5	4	NA	NA	NA	NA	NA	NA
Teng Tien Eng Moses	5	5	NA	NA	NA	NA	NA	NA
Gianto Gunara	5	3	NA	NA	NA	NA	NA	NA
Choo Kok Kiong	5	5	NA	NA	NA	NA	NA	NA
Triono J. Dawis	5	5	NA	NA	NA	NA	NA	NA
Goh Kian Hwee[1]	5	5	4	2	NA	NA	NA	NA
Lee Kwong Foo Edward[1]	5	5	4	2	NA	NA	NA	NA
Dawn Pamela Lum[2]	NA	NA	NA	NA	NA	NA	NA	NA
Tan Teck Huat[2]	NA	NA	NA	NA	NA	NA	NA	NA

[1] Mr Goh Kian Hwee and Mr Lee Kwong Foo Edward were appointed as audit committee members on 15 May 2015.

[2] Ms Dawn Pamela Lum and Mr Tan Teck Huat were appointed as Directors of the Company on 12 February 2016.

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 may also make decisions by way of circulating resolutions in writing.

(2) 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
- Approval of Interested Person Transaction exceeding certain threshold
- Approval of material acquisition and disposal of assets (including quoted shares) exceeding certain threshold
- Approval of major funding proposal or bank borrowings
- Approval of investments in fixed-yield bonds or loan stocks or notes exceeding certain threshold
- 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 strategic or business plan which may have a significant impact on the Group's financial performance
- Approval of any matter which is required by the Listing Rules of the Singapore Exchange to be publicly disclosed

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

(3) 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 Company encourages and funds the Directors for 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, terms of reference of board committees and the internal control and risk management system of the Group. To familiarize new Directors, the Company also organises orientation programmes including an induction briefing to newly appointed Directors on the Group's business, financials and operations, and provides the Directors the opportunity to visit key operations of the Group at appropriate time.

The Group Managing Director presents and updates 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.

Aside from the foregoing, Directors are at liberty to request for further explanations, briefings or information as and when required.

Principle 2 : Board Composition and Balance

(1) For financial year 2015 and as at 31 December 2015, the Board comprised fifteen Directors inclusive of five independent Directors as follows:-

Didi Dawis	(non-executive/non-independent Director)
Andree Halim	(non-executive/non-independent Director)
Tan Kong King	(executive Director)
Lin Kejian	(executive Director)
Tarn Teh Chuen	(executive Director)
Soh Gim Teik	(non-executive/independent Director)
Siau Kai Bing	(non-executive/independent Director)
Soh Chung Hian	(non-executive/independent Director)
Tan Hang Huat	(non-executive/non-independent Director)
Teng Tien Eng Moses	(non-executive/non-independent Director)
Gianto Gunara	(non-executive/non-independent Director)
Choo Kok Kiong	(non-executive/non-independent Director)
Triono J. Dawis	(non-executive/non-independent Director)
Goh Kian Hwee	(non-executive/independent Director)
Lee Kwong Foo Edward	(non-executive/independent Director)

Based on the confirmation declared by the relevant Directors in line with the criterion of independence set out in Guideline 2.1 of the Code 2012, the Board was constituted by at least one third of independent Directors during the financial year 2015.

(2) With effect from 12 February 2016, two new independent directors were appointed, namely:-

Dawn Pamela Lum	(non-executive/independent Director)
Tan Teck Huat	(non-executive/independent Director)

With effect from 12 February 2016, Mr Goh Kian Hwee declared himself as non-independent due to his proposed appointment as the Joint Managing Director (designate) of the Company.

In addition, the Nominating Committee further reviewed the non-independent status (arising due to Guideline 2.3(b) of the Code 2012) of Mr Didi Dawis, Chairman of the Company, in view that 3 years had passed since Mr Triono J. Dawis (his son) ceased to be an employee of the Company.

Notwithstanding that Mr Didi Dawis has served on the Board as Chairman for more than 9 years, the Nominating Committee is of the view and has determined that Mr Didi Dawis shall be regarded as independent with effect from financial year 2016 in view that he has consistently demonstrated strong independence in character and judgement in the discharge of his responsibilities as a Director of the Company. Mr Didi Dawis has no affiliations or business relationships with the Company or its subsidiaries, he also holds less than 10% of shares in the Company and is not associated with a 10% (or more) shareholder of the Company, nor does he has any relationships or circumstances which are likely to, or could appear to, interfere with the exercise of his independent business judgement with a view to the best interests of the Company.

Mr Andree Halim is deemed as non-independent Director in view of him having controlling stake in the share capital of the Company.

Mr Tan Hang Huat, Mr Teng Tien Eng Moses, Mr Gianto Gunara, Mr Choo Kok Kiong and Mr Triono J. Dawis are regarded as non-independent directors being nominee directors appointed to represent the controlling and a 10% (or more) substantial shareholder of the Company.

(3) 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 (including having 2 female directors) and experience, ranging from audit, accounting, finance and legal expertise to entrepreneur business skills and regional investment experience which are all essential and valuable to the decision making and direction setting of the Group.

Principle 3 : Chairman and Chief Executive Officer

(1) 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 Deputy Group Managing Director and other key executives.

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.

(2) The non-executive Directors meet as and when necessary without the presence of Management to facilitate a more open evaluation of Management. Under the leadership of the Chairman of the Board, the non-executive Directors review and provide feedback to the Management of their views on the performance of the Management, Company and its subsidiaries from time to time.

The Board takes the view that there is no necessity to appoint a lead independent director. The independent Directors of the Company may meet periodically without the presence of the other Directors as and when they see the need for issues to be discussed separately from the entire board.

Principle 4 : Board Membership

(1) During the financial year 2015, the Nominating Committee (comprising Mr Soh Gim Teik, Mr Siau Kai Bing and Mr Andree Halim) was reconstituted on 15 May 2015 to comprise Mr Goh Kian Hwee (as the chairman of the Nominating Committee), Mr Andree Halim and Mr Soh Gim Teik.

The Nominating Committee was further reconstituted on 12 February 2016 comprising two independent Directors, namely Ms Dawn Pamela Lum and Mr Tan Teck Huat and one non-executive non-independent Director, Mr Andree Halim. Ms Dawn Pamela Lum is the chairman of the Nominating Committee. A majority of the Nominating Committee is constituted by independent non-executive Directors including Ms Dawn Pamela Lum as the chairman of the Nominating Committee.

Under its written Terms of Reference, the Nominating Committee is empowered, *inter-alia*, to set up and implement procedures to facilitate a formal and transparent process for the appointment of new directors.

(2) As part of the selection process for the appointment of new directors, the Nominating Committee reviews the composition of the Board, taking into account the need to refresh Board membership progressively, the requirement under the Code 2012 for independent directors and the need for diversity in gender, skills, experience and expertise that will enhance the Board's effectiveness. The Nominating

Committee normally identifies and search for candidates through various contacts and recommendations (including proposals and recommendations of substantial shareholders) and reviews the suitability of candidates with reference to the appropriate characteristics, skills and relevant experience possessed by the candidates. Any recommendation of the Nominating Committee is subject to the Board's final approval, whose decision shall be final and binding.

(3) In addition, the Nominating Committee is empowered by its written Terms of Reference 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.

(4) 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 described in paragraph (3) above. The Board currently takes the view that there is no necessity to set a maximum number of listed company directorship each Director could held, as such other board representations have not compromised any of the Director's ability to carry out and discharge his/her duties adequately.

(5) The Nominating Committee 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.

The Nominating Committee is also responsible for identifying the training need of the Board members, with a view to ensure that Directors are kept abreast of regulatory and legislative developments and changes across the key markets on a continuing basis.

No alternate Director has been appointed to the Board in the year under review.

Principle 5 : Board Performance

(1) 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.

(2) 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

(1) 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.

(2) 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.

(3) 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

(1) During the financial year 2015, the Remuneration Committee (comprising Mr Siau Kai Bing, Mr Soh Chung Hian and Mr Didi Dawis) was reconstituted on 15 May 2015 to comprise Mr Lee Kwong Foo Edward (as the chairman of the Remuneration Committee), Mr Didi Dawis and Mr Soh Chung Hian.

The Remuneration Committee was further reconstituted on 12 February 2016 comprising five non-executive Directors, namely Ms Dawn Pamela Lum, Mr Didi Dawis, Mr Andree Halim, Mr Lee Kwong Foo Edward and Mr Tan Teck Huat. A majority of the Remuneration Committee is constituted by independent non-executive Directors including Ms Dawn Pamela Lum as the chairman of the Remuneration Committee.

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.

(2) The Remuneration Committee is delegated the tasks of reviewing the remuneration packages of the 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 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.

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 (3) below when reviewing the remuneration of the executive Directors. Executive Directors do not receive directors' fees other than their remunerations as employees of the Company.

(3) The remuneration programme for the key executives of the Group (other than the executive Directors) is primarily set by the respective chief executive of each operating subsidiary. The Group's policy as adopted by the respective chief executives is 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 as well as the relevant subsidiary's performance. The key executives' remuneration are reviewed annually at the end of each financial year and annual appraisals and adjustments 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. The respective chief executives' annual appraisal and proposed adjustments are followed by appraisal and review of the Group Managing Director. With the recent reconstitution of the Remuneration Committee in February 2016, the Board has further entasked the Remuneration Committee to review, assess and approve as it deems appropriate the proposed annual remuneration and adjustment of the top executives of the Group taking into account the appraisal report and recommendations made by the Group Managing Director to the Remuneration Committee.

(4) The Remuneration Committee reviews the drafts of service contracts entered into between the executive directors and the Company before giving its recommendation to the Board, with a particular focus on fixed appointment periods for executive director and compensation commitments in the event of early termination of executive director, to ensure that such service contracts contain fair and reasonable termination clauses.

The Group Managing Director's remuneration is subject to the terms as provided in his fixed term service contract entered into with the Company in March 2012, with a fixed base salary and variable bonus linked to the Group's performance.

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 board committees. Such fees are subject to approval by the shareholders of the Company as a lump sum payment at each AGM of the Company. The Board holds the view that the interest 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.

Guideline 8.4 of the Code 2012 came into effect in May 2012. The employment contract and letters of employment of the executive Directors and key executives were made prior to the said Guideline's implementation. An arbitrary change of the employment term without the employees' consent is undesirable and likely to lead to legal complexities. In addition, executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the executive Directors in the event of such breach of fiduciary duties.

Principle 9 : Disclosure on Remuneration

(1) The following tables reflect the breakdown of executive Directors' remuneration and Directors' fees (for non-executive Directors) for year 2015:-

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

	Salary	Bonus	Other Benefits*	Total
$2,512,416 Tan Kong King	81%	17%	2%	100%
$725,590 Tarn Teh Chuen	77%	20%	3%	100%
$ Nil Lin Kejian	-	-	-	-

* 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.

(b) Table shows the fixed fee payable to the non-executive Directors of the Company who have served in the year 2015:

Name of Director		Director's Fees
Didi Dawis	Chairman of the Company Member of Remuneration Committee	$75,000
Andree Halim	Vice Chairman of the Company Member of Nominating Committee	$45,000
Soh Chung Hian	Member of the Board Chairman of Audit Committee Member of Remuneration Committee	$75,000
Soh Gim Teik	Member of the Board Member of Audit Committee Chairman of Nominating Committee (1.1.2015 – 14.5.2015) Member of Nominating Committee (15.5.2015 – 31.12.2015)	$66,875
Siau Kai Bing	Member of the Board Member of Audit Committee Chairman of Remuneration Committee (1.1.2015 – 14.5.2015) Member of Nominating Committee (1.1.2015 – 14.5.2015)	$63,125
Goh Kian Hwee	Member of the Board Member of Audit Committee (15.5.2015 – 31.12.2015) Chairman of Nominating Committee (15.5.2015 – 31.12.2015)	$55,000
Lee Kwong Foo Edward	Member of the Board Member of Audit Committee (15.5.2015 – 31.12.2015) Chairman of Remuneration Committee (15.5.2015 – 31.12.2015)	$55,000
Tan Hang Huat	Member of the Board	$30,000
Teng Tien Eng Moses	Member of the Board	$30,000
Choo Kok Kiong	Member of the Board	$30,000
Gianto Gunara	Member of the Board	$30,000
Triono J. Dawis	Member of the Board	$30,000

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

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

The total aggregate remuneration paid to the Group's top 5 key executives for financial year ended 2015 was approximately $2.18 million.

The Board is of the view that given the sensitive and confidential nature of employees' remuneration, detailed disclosure on the top key executives of the Group 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.

(3) The Company employs Mr Lin Kejian as the Deputy Group Managing Director. Mr Lin Kejian is the immediate family member of Mr Andree Halim (the Vice-Chairman). Mr Lin Kejian elects to receive no remuneration with effect from 1 October 2014.

Save as provided in paragraph above, the Group does not employ any other immediate family members of a Director or the Group Managing Director. None of the said immediate family member's remuneration exceeds $50,000 for the year 2015.

Principle 10 : Accountability

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

(2) 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 to 13 : Risk Management & Internal Controls/Audit Committee /Internal Audit

(1) During the financial year 2015, the Audit Committee (comprising Mr Soh Chung Hian as the chairman, Mr Soh Gim Teik and Mr Siau Kai Bing) was reconstituted on 15 May 2015 to include two additional independent Directors, namely Mr Goh Kian Hwee and Mr Lee Kwong Foo Edward.

The Audit Committee was further reconstituted on 12 February 2016 comprising four independent Directors, namely Mr Tan Teck Huat, Ms Dawn Pamela Lum, Mr Lee Kwong Foo Edward and Mr Soh Gim Teik. Each of prior and current members of Audit Committee is well qualified to discharge his/her responsibilities. Current committee chairman, Mr Tan Teck Huat was the chief financial officer for a major listed company and has previously held various positions in corporate finance, treasury and accounting. Ms Dawn Pamela Lum has many years of working experience and had assumed key roles in the corporate and management functions, including being the group company secretary of a major listed company.

Mr Lee Kwong Foo Edward has been a board member of other listed entities for several years and is conversant with the roles and responsibilities as director of a listed company. Mr Soh Gim Teik is a qualified accountant and has many years of working experience with listed entities as finance director/chief financial officer.

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 managers and effectiveness of the internal audit function
- To set up and review (as may be necessary) a whistle-blower procedure for the Group.

On an on-going basis, the Audit Committee is given updates by the Group Financial Controller and information and briefings are conducted by the external auditors on the changes to accounting standards and issues which have a direct impact on financial statements.

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.

(2) The Group has in place two suitably qualified internal auditors. The Head of Internal Audit is a member of the Institute of Singapore Chartered Accountants and the Institute of Internal Auditors. The internal auditors have unfettered access to all the Group's documents and may obtain all such relevant documents upon request to the relevant department. The Head of Internal Audit reports primarily to the chairman of the Audit Committee. The Audit Committee reviews and approves the annual internal audit plan proposed by the Head of Internal Audit. The internal auditors, like the external auditors, perform their work in accordance with the standards set by Institute of Internal Auditors and report independently their findings and recommendations to the Audit Committee in each Audit Committee meeting. On an annual basis, the Audit Committee will review the adequacy and effectiveness of the internal auditor team based on the annual internal audit plan in conjunction with the work performed by the internal auditors.

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

(3) Currently, the Audit Committee, with the assistance of internal and external auditors and Management, assumes the responsibility of the risk management function. Management reviews regularly the Group's business and operational activities to identify areas of significant risks as well as appropriate measures to control and mitigate these risks. Management reviews significant policies and procedures and highlights significant matters to the Audit Committee. The Board is of the view that a separate risk committee is not required for time being.

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.

(4) Prior to the annual re-appointment of external auditor, the Audit Committee conducts a review of the independence of the external auditor. In doing so, the Audit Committee considers and reviews the amount of non-audit services provided to the Group by external auditors and its affiliates and satisfy itself that the nature and extent of such services will not prejudice their independence and objectivity. The Audit Committee also takes into account the standard of work performed by the external auditor in prior year before recommending the re-appointment of the external auditor.

No former partner or a director of the Group's existing auditing firm was appointed as a member of Audit Committee within 12 months commencing on the date of the relevant member ceasing to be a partner of the auditing firm, and in any case, for as long as he/she has any financial interest in the auditing firm.

The audit fees paid by the Group to the auditors for the audit and non-audit services in financial year 2015 amounted to approximately $902,000 and $43,000 respectively.

(5) 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.

(6) 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, compliance and information technology 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 assurances received from the Group Managing Director, Group Financial Controller and the Internal Auditor, the Board (with the concurrence of the Audit Committee) is 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 Group's internal controls and risk management systems addressing the financial, operational, information technology and compliance risks of which the Group considers relevant and material to its operations were effective and adequate in respect of the financial year ended 2015.

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, information technology 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.

Principles 14 to 16 : Shareholder Rights/Communication with Shareholders/Conduct of Shareholders Meetings

(1) 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 ("EGM");
- 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.

The Company has a designated team of personnel who are authorised to meet with analysts or institutional and retail investors who seek to have a better understanding of the Group's operations, corporate developments and/or financial performance as may be appropriate. In addition, all material corporate developments are updated regularly and published on the Company's website.

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 Directors on their views and concerns on matters relating to the Company.

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.

(2) The proxy form is sent with the notice of general meeting to all shareholders. If any shareholder is unable to attend, he/she is allowed to appoint up to two proxies to attend and vote on his/her behalf at the meeting through proxy forms deposited 48 hours before the meeting. With the amended Singapore Companies Act, Chapter 50 came into effect on 3 January 2016, the Company will allow certain members, defined as "relevant intermediary" to attend and participate in general meetings without being constrained by the two-proxy requirement in the Constitution of the Company. Relevant intermediary includes corporations holding licenses in providing nominee and custodial services and Central Provident Fund ("CPF") Board which purchases shares on behalf of the CPF investors.

Voting in absentia by mail, email or fax, however will not be implemented by the Company for the time being as the authentication of shareholder identity information and other related security issued still remain a concern.

(3) 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. The Company will conduct poll voting for all resolutions tabled at AGM and/or EGM for financial year 2015 and onwards for greater transparency in the voting process. Votes cast for, or against, each resolution will be informed to the shareholders at the meeting. The total numbers and percentage of votes cast for or against the resolutions will also be announced after the meetings via SGXNET.

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.

(4) The Company does not have a formal policy on payment of dividends. However, the Company has consistently declared an interim dividend of 1.0 cent and final dividend of 4.0 cents per share for the past four (4) financial years.

Disclosure on Compliance with the Code of Corporate Governance 2012

Guideline	Questions	How has the Company complied?
General	(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code. (b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?	Substantially yes. Where there were deviations, alternative views and justifications are provided in the respective relevant paragraphs of the Corporate Governance Report ("Report").
Board Responsibility		
Guideline 1.5	What are the types of material transactions which require approval from the Board?	Please refer to Principle 1 paragraph (2) of the Report.
Members of the Board		
Guideline 2.6	(a) What is the Board's policy with regard to diversity in identifying director nominees?	Please refer to Principle 4 paragraph (2) of the Report.
	(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.	Please refer to Principle 2 paragraph (3) of the Report.
	(c) What steps has the Board taken to achieve the balance and diversity necessary to maximize its effectiveness?	Please refer to Principle 2 paragraph (3) of the Report.
Guideline 4.6	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.	Please refer to Principle 4 paragraph (2) and (3) of the Report.
Guideline 1.6	(a) Are new directors given formal training? If not, please explain why.	Please refer to Principle 1 paragraph (3) of the Report.
	(b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?	Please refer to Principle 1 paragraph (3) of the Report.
Guideline 4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	No maximum number is prescribed.
	(b) If a maximum number has not been determined, what are the reasons?	Please refer to Principle 4 paragraph (4) of the Report.
	(c) What are the specific considerations in deciding on the capacity of directors?	Please refer to Principle 4 paragraph (4) of the Report.

Guideline	Questions	How has the Company complied?
Board Evaluation		
Guideline 5.1	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year? (b) Has the Board met its performance objectives?	Please refer to Principle 5 paragraph (1) and (2) of the Report. Yes.
Independence of Directors		
Guideline 2.1	Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Yes.
Guideline 2.3	(a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship. (b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	No. N.A.
Guideline 2.4	Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.	Yes. Please refer to Principle 2 paragraph (2) of the Report.
Disclosure on Remuneration		
Guideline 9.2	Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	Yes. Please refer to Principle 9 paragraph (1) of the Report.

Disclosure on Compliance with the Code of Corporate Governance 2012

Guideline	Questions	How has the Company complied?
Guideline 9.3	(a) Has the Company disclosed each key management personnel's remuneration, in bands of S$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	No. Please refer to Principle 9 paragraph (2) of the Report.
	(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).	Please refer to Principle 9 paragraph (2) of the Report.
Guideline 9.4	Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds S$50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO.	No.
Guideline 9.6	(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria.	Please refer to Principle 7 and 8 paragraph (2) and (3) of the Report.
	(b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?	Please refer to Principle 7 and 8 paragraph (2) and (3) of the Report.
	(c) Were all of these performance conditions met? If not, what were the reasons?	Yes.
Risk Management and Internal Controls		
Guideline 6.1	What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	Please refer to Principle 1 paragraph (3), Principle 6 paragraph (1) and Principle 10 paragraph (2) of the Report.
Guideline 13.1	Does the Company have an internal audit function? If not, please explain why.	Yes. Please refer to Principle 11 to 13 paragraph (2) of the Report.

Guideline	Questions	How has the Company complied?
Guideline 11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	Please refer to Principle 11 to 13 paragraph (6) of the Report.
	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	Yes. Please refer to Principle 11 to 13 paragraph (6) of the Report.
Guideline 12.6	(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.	Please refer to Principle 11 to 13 paragraph (4) of the Report.
	(b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.	N.A.
Communication with Shareholders		
Guideline 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	Please refer to Principle 14 to 16 paragraph (1) of the Report.
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	Please refer to Principle 14 to 16 paragraph (1) of the Report.
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	Please refer to Principle 14 to 16 paragraph (1) of the Report.
Guideline 15.5	If the Company is not paying any dividends for the financial year, please explain why.	N.A.

Information Disclosed
pursuant to the Listing Manual

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

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. 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.

Mick Hewat was appointed as the Chief Executive Officer of Rivalea (Australia) Pty Ltd ("Rivalea") on 1 April 2014. He is responsible for overseeing the entire integrated meat production business carried out by the Rivalea group of companies as well as the investment activities under Oxdale Dairy Enterprise Pty Ltd. Mr Hewat has been with the Rivalea Group for 18 years, predominantly in various finance roles, and assumed the position of General Manager – Finance in 2009. Prior to joining Rivalea, Mr Hewat had working experience in accounting roles within the Australian meat industry and for a large manufacturing company. He graduated with a Bachelor of Business (Accountancy) from Charles Sturt University Australia in 1990 and is a Certified Practising Accounting member of CPA Australia.

Rod Williams has held the position of General Manager (Finance & Administration) of Rivalea since January 2000. In 2009, he was re-designated 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 39 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 was the chief executive officer of the Gardenia Bakery group of companies in Malaysia ("Gardenia Malaysia") prior to his retirement on 29 April 2015.

Koh Chin Huat was appointed as the chief executive officer of Gardenia Malaysia in June 2015. He joined the Gardenia group as sales and marketing manager in 1991 and was made the general manager of Gardenia Foods (S) Pte Ltd in 1992. He was relocated back to Malaysia and appointed the group general manager of Gardenia Malaysia in 1994. Prior to joining Gardenia Malaysia, he has worked with Federal Flour Mills Bhd and Cold Storage (M) Bhd. Mr Koh holds a Diploma in Marketing from the Institute of Marketing, United Kingdom and a Master of Business Administration from Brunel University, United Kingdom.

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 also a part-time Marketing faculty of the De La Salle College of St. Benilde for over 20 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 Philippine 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 39 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.

Pascal Chaneliere was appointed the general manager of Bakers Maison Australia Pty Ltd ("Bakers Maison Australia") in 2005. Bakers Maison Australia manufactures and distributes frozen and par baked French-style breads and pastries to the foodservice sector throughout Australia. Mr Pascal has over 10 years of experience in sales management, having taken charge of several sales management roles and function in his previous employments. Prior to him joining Bakers Maison Australia, he has worked for two large multinational food manufacturing companies in Australia. Mr Pascal holds a Business School Diploma from France.

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 29 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 7 company-owned farms and 19 Contract Grower sites spread out across the Australian states of Victoria and New South Wales. Rivalea has about 48,000 breeder pigs and a total population of about 430,000 pigs.

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 19 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.

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.

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.

Rule 907 : Interested Person Transactions for financial year 2015

Name of Interested Person	Aggregate value of all interested person transactions entered into 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)
KMP Food Industries Pte Ltd ("KMP"), an associate (as defined in the SGX Listing Manual) of the controlling shareholder of the Company, Mr Andree Halim.	Sale of unsold and returned bread by Gardenia Foods (S) Pte Ltd ("GFS"), a wholly-owned subsidiary of the Company, to KMP. The aggregate value of transaction for the year 2015 totaled approximately $945,050 excluding GST.	Nil
Jadeluck Investment Ltd ("JIL"), an associate of the controlling shareholder of the Company, Mr Lin Kejian.	Agreement to provide a non-interest bearing shareholders' loan ("the Loan") to Gaoyuan Pte Ltd ("Gaoyuan"), a subsidiary in which the Company, via its wholly-owned subsidiary, Gardenia International (S) Pte Ltd ("GIPL"), holds 55% and JIL holds 45% in the issued share capital respectively. The Loan was to be made in proportion to the respective shareholdings of GIPL and JIL in Gaoyuan in accordance with the terms of the joint venture agreement between the parties, being the sum of $3,575,000 (from GIPL) and $2,925,000 (from JIL) respectively.	Nil

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

Save as disclosed in the section above, there were no material contracts (or loans) entered into by the Company and/or its subsidiaries with the directors or managing director or controlling shareholder 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 70.5% of the shares in the Company and approximately 29.5% 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.

Information Disclosed
pursuant to the 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 FY2015 and non-audit services in FY2015 amounted to approximately $902,000 and $43,000 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.

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

Please refer to Principle 11 to 13 paragraph (6) of the Corporate Governance Report on pages 67 and 68 of the Annual Report.

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' Statement

The directors have pleasure in presenting their statement 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 2015.

Opinion of the Directors

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 financial position of the Group and of the Company as at 31 December 2015 and of the financial performance 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.

Directors of the Company

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

Didi Dawis	(Chairman)
Andree Halim	(Vice-Chairman)
Tan Kong King	(Group Managing Director)
Lin Kejian	(Deputy Group Managing Director)
Tarn Teh Chuen	
Soh Gim Teik	
Siau Kai Bing	
Soh Chung Hian	
Tan Hang Huat	
Teng Tien Eng Moses	
Choo Kok Kiong	
Gianto Gunara	
Triono J. Dawis	
Goh Kian Hwee	
Lee Kwong Foo Edward	
Tan Teck Huat	(appointed on 12 February 2016)
Dawn Pamela Lum	(appointed on 12 February 2016)

Directors of the Company (cont'd)

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 1.1.2015**	**At 31.12.2015**	**At 21.1.2016**	**At 1.1.2015**	**At 31.12.2015**	**At 21.1.2016**
Number of shares in QAF Limited						
Didi Dawis	–	–	–	47,877,758	47,877,758	47,877,758
Andree Halim	–	–	–	282,101,133	282,101,133	282,101,133
Tan Kong King	3,803,000	4,803,034	4,803,034	–	–	–
Tarn Teh Chuen	1,245,062	1,500,007	1,500,007	–	–	–
Lin Kejian	–	–	–	222,884,969	222,884,969	222,884,969
Tan Hang Huat	5,252	5,252	5,252	–	–	–
Teng Tien Eng Moses	1,162	1,207	1,207	–	–	–
Number of QAF Limited Share Options to subscribe for shares in the Company						
Tan Kong King	1,000,000	Nil	Nil			
Tarn Teh Chuen	500,000	Nil	Nil			

Save as disclosed above and save that (i) Mr Lin Kejian has interest in an option to acquire 47,877,758 shares in QAF Limited beneficially owned by Mr Didi Dawis (a director and substantial shareholder of the Company) which option was granted on 11 January 2016 and will expire on 31 March 2019, (ii) 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 directors 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, either at the beginning of the financial year, or at the date of appointment (as the case may be), or at the end of the financial year.

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).

(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. 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	2,600,000	–
Tarn Teh Chuen	Nil	1,460,000	1,460,000	–

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.

Share Options to subscribe for ordinary shares (cont'd)

(b) During the financial year, 2,130,000 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 2015 comprise:

	Outstanding unexercised options for ordinary shares in the Company	Exercise price per share	Exercise period
Year 2006	725,000	$0.565	19 May 2007 to 18 May 2016

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.

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
18 March 2016

Independent Auditor's Report

For the Year Ended 31 December 2015

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 87 to 163, which comprise the statements of financial position of the Group and the Company as at 31 December 2015, 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 financial statements 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.

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 financial position of the Group and of the Company as at 31 December 2015 and of the financial performance, 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 subsidiary corporations 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
18 March 2016

Consolidated
Income Statement

For the Year Ended 31 December 2015

	Note	2015 $'000	2014 $'000
Revenue	3	**998,278**	**1,023,149**
Costs and expenses			
Costs of materials		521,069	546,541
Staff costs	4	226,958	227,687
Amortisation and depreciation	5	36,310	36,888
Repairs and maintenance		30,038	32,791
Utilities		28,562	33,364
Other operating expenses		83,978	84,720
Total costs and expenses		(926,915)	(961,991)
Profit from operating activities	6	71,363	61,158
Finance costs	7	(2,597)	(3,241)
Profit before taxation		68,766	57,917
Taxation	8	(14,037)	(11,287)
Profit after taxation		54,729	46,630
Attributable to:			
Owners of the parent		52,536	45,081
Non-controlling interests		2,193	1,549
		54,729	46,630
Earnings per ordinary share:	9		
– Basic		9.4 cents	8.2 cents
– Diluted		9.4 cents	8.2 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 2015

	2015 $'000	2014 $'000
Profit after taxation	54,729	46,630
Other comprehensive income:		
Items that will not be reclassified subsequently to profit or loss:		
Actuarial loss on defined benefit plans	(318)	(209)
Items that may be reclassified subsequently to profit or loss:		
Currency translation arising on consolidation	(20,196)	(6,586)
Other comprehensive income for the year, net of tax	(20,514)	(6,795)
Total comprehensive income for the year	34,215	39,835
Total comprehensive income attributable to:		
Owners of the parent	34,037	38,571
Non-controlling interests	178	1,264
	34,215	39,835

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

Statements of Financial Position

As at 31 December 2015

	Note	Group		Company	
		2015 $'000	2014 $'000	2015 $'000	2014 $'000
ASSETS					
Current assets					
Biological assets	10	57,518	55,878	–	–
Inventories	11	78,654	78,114	–	–
Trade receivables	12	96,528	95,303	–	–
Other receivables	13	17,289	13,915	42,998	57,895
Tax recoverable		1,297	1,312	–	–
Short-term investments	14	2,500	1,309	2,500	–
Cash and short-term deposits	15	109,052	92,389	27,893	22,443
		362,838	338,220	73,391	80,338
Non-current assets					
Property, plant and equipment	16	298,174	291,569	2,471	2,241
Investment properties	17	26,929	26,278	–	–
Subsidiaries	18	–	–	98,973	98,973
Advances to subsidiaries	19	–	–	130,083	102,157
Pension assets	20	2,663	2,598	–	–
Long-term investments	21	13,488	17,143	12,459	16,114
Intangibles	22	196	246	1,696	1,884
Deferred tax assets	23	14,615	15,060	–	–
		356,065	352,894	245,682	221,369
Total assets		718,903	691,114	319,073	301,707

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

Statements of Financial Position

As at 31 December 2015

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
LIABILITIES					
Current liabilities					
Trade payables	24	82,153	88,256	135	50
Other payables	25	69,679	60,426	8,182	7,876
Short-term borrowings	26	59,141	62,415	–	–
Long-term loans and finance leases - current portion	27	4,101	5,460	–	–
Provision for taxation		5,282	5,029	1,148	1,206
		220,356	221,586	9,465	9,132
Non-current liabilities					
Other payables	25	10,740	9,960	–	–
Long-term loans and finance leases	27	28,401	10,600	–	–
Deferred tax liabilities	23	12,353	12,139	318	353
		51,494	32,699	318	353
Total liabilities		271,850	254,285	9,783	9,485
Net assets		447,053	436,829	309,290	292,222
CAPITAL AND RESERVES					
Share capital	28	262,774	254,520	262,774	254,520
Reserves	29	164,101	157,848	46,516	37,702
Equity attributable to owners of the parent		426,875	412,368	309,290	292,222
Non-controlling interests		20,178	24,461	–	–
Total equity		447,053	436,829	309,290	292,222

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 2015

	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 2015		254,520	2,167	17,941	164,971	(27,231)	412,368	24,461	436,829
Total comprehensive income for the year									
Net profit for the year		–	–	–	52,536	–	52,536	2,193	54,729
Other comprehensive income for the year:									
- Currency translation arising on consolidation		–	–	–	–	(18,212)	(18,212)	(1,984)	(20,196)
- Transfer between reserves		–	(49)	–	49	–	–	–	–
- Actuarial loss on defined benefit plans		–	–	–	(287)	–	(287)	(31)	(318)
Other comprehensive income for the year, net of tax		–	(49)	–	(238)	(18,212)	(18,499)	(2,015)	(20,514)
Total comprehensive income for the year		–	(49)	–	52,298	(18,212)	34,037	178	34,215
Transactions with owners in their capacity as owners									
Contributions by and distributions to owners									
Issuance of ordinary shares from exercise of options	28	1,144	–	–	–	–	1,144	–	1,144
Issuance of ordinary shares in lieu of cash dividends	28	7,110	–	–	–	–	7,110	–	7,110
Expiry of employee share options		–	–	(1,053)	1,053	–	–	–	–
Dividends	30	–	–	–	(27,784)	–	(27,784)	(4,461)	(32,245)
Total transactions with owners in their capacity as owners		8,254	–	(1,053)	(26,731)	–	(19,530)	(4,461)	(23,991)
Balance at 31 December 2015		262,774	2,118	16,888	190,538	(45,443)	426,875	20,178	447,053

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 2015

	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 2014		250,096	2,215	17,941	147,474	(20,946)	396,780	26,898	423,678
Total comprehensive income for the year									
Net profit for the year		–	–	–	45,081	–	45,081	1,549	46,630
Other comprehensive income for the year:									
- Currency translation arising on consolidation		–	–	–	–	(6,285)	(6,285)	(301)	(6,586)
- Transfer between reserves		–	(48)	–	48	–	–	–	–
- Actuarial (loss)/gain on defined benefit plans		–	–	–	(225)	–	(225)	16	(209)
Other comprehensive income for the year, net of tax		–	(48)	–	(177)	(6,285)	(6,510)	(285)	(6,795)
Total comprehensive income for the year		–	(48)	–	44,904	(6,285)	38,571	1,264	39,835
Transactions with owners in their capacity as owners									
Contributions by and distributions to owners									
Issuance of ordinary shares from exercise of options	28	402	–	–	–	–	402	–	402
Issuance of ordinary shares in lieu of cash dividends	28	4,022	–	–	–	–	4,022	–	4,022
Dividends	30	–	–	–	(27,407)	–	(27,407)	(3,701)	(31,108)
Total transactions with owners in their capacity as owners		4,424	–	–	(27,407)	–	(22,983)	(3,701)	(26,684)
Balance at 31 December 2014		254,520	2,167	17,941	164,971	(27,231)	412,368	24,461	436,829

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 2015

	2015 $'000	2014 $'000
Cash flows from operating activities:		
Profit before taxation	68,766	57,917
Adjustments for:		
Amortisation and depreciation	36,310	36,888
Gain on disposal of property, plant and equipment	(50)	(2,369)
Fair value adjustment on investment securities	35	24
Gain on disposal of investment securities	(193)	(28)
Fair value changes on biological assets	(1,236)	(24)
Intangibles written off	–	1,559
Interest expense	2,597	3,241
Allowance for doubtful debts charged and bad debts written off, net	967	539
Dividend and interest income	(1,995)	(1,618)
Exchange differences	2,163	1,178
Operating profit before working capital changes	107,364	97,307
Increase in receivables	(7,638)	(7,547)
(Increase)/decrease in inventories and biological assets	(7,678)	4,500
Increase/(decrease) in payables	7,781	(353)
Cash from operations	99,829	93,907
Interest paid	(2,616)	(3,227)
Interest received	1,995	1,584
Income tax paid	(12,459)	(9,581)
Net cash from operating activities	86,749	82,683
Cash flows from investing activities:		
Purchase of property, plant and equipment and investment properties	(60,406)	(37,705)
Progress payment for purchase of property, plant and equipment	(2,209)	–
Proceeds from disposal of property, plant and equipment	507	9,591
Purchase of investment securities	(251)	(9,302)
Proceeds from redemption/sale of investment securities	2,704	3,714
Dividends received from investment securities	–	34
Net cash used in investing activities	(59,655)	(33,668)

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 2015

	2015 $'000	2014 $'000
Cash flows from financing activities:		
Dividends paid during the year	(20,674)	(23,385)
Dividends paid to non-controlling interests	(3,374)	(1,359)
Repayment of short-term borrowings	(75)	(9,865)
Proceed from/(repayment of) long-term borrowings	13,259	(3,632)
Proceeds from long-term loan from a non-controlling interest	3,375	2,250
Proceeds from issuance of share capital	1,144	402
Net cash used in financing activities	(6,345)	(35,589)
Net increase in cash and cash equivalents	20,749	13,426
Cash and cash equivalents at beginning of year	91,956	79,498
Effect of exchange rate changes on cash and cash equivalents	(3,653)	(968)
Cash and cash equivalents at end of year (Note 15)	109,052	91,956

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 2015

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 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 2015. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2. Summary of significant accounting policies (cont'd)

2.3 *Standards issued but not yet effective*

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

Description	**Effective for annual periods beginning on or after**
FRS 114 *Regulatory Deferral Accounts*	1 January 2016
Amendments to FRS 27 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to FRS 16 and FRS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to FRS 16 and FRS 41 *Agriculture: Bearer Plants*	1 January 2016
Amendments to FRS 111 *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Improvements to FRSs (November 2014)	
(a) Amendments to FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*	1 January 2016
(b) Amendments to FRS 107 *Financial Instruments: Disclosures*	1 January 2016
(c) Amendments to FRS 19 *Employee Benefits*	1 January 2016
(d) Amendments to FRS 34 *Interim Financial Reporting*	1 January 2016
Amendments to FRS 1 *Disclosure Initiative*	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28 *Investment Entities: Applying the Consolidation Exception*	1 January 2016
Amendments to FRS 7 *Disclosure Initiative*	1 January 2017
Amendments to FRS 12 *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018
Amendments to FRS 110 & FRS 28: *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	To be determined

2. Summary of significant accounting policies (cont'd)

2.3 ***Standards issued but not yet effective (cont'd)***

Except for FRS 115 and FRS 109, 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 115 and FRS 109 are described below.

FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Key issues for the Group include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

FRS 109 *Financial Instruments*

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Group to make changes to its current systems and processes.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.

2. Summary of significant accounting policies (cont'd)

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.

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.

2. Summary of significant accounting policies (cont'd)

2.4 *Basis of consolidation and business combinations (cont'd)*

(B) *Business combinations (cont'd)*

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 2.12. 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.

2.5 *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. Summary of significant accounting policies (cont'd)

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.

2.8 *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 - 33⅓
Freehold buildings	-	2 - 2½
Leasehold properties	-	2 - 6
Leasehold improvements	-	2 - 20
Plant and machinery	-	5 - 33⅓
Furniture, fittings and office equipment	-	7½ - 40
Motor vehicles	-	10 - 33⅓

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. Summary of significant accounting policies (cont'd)

2.9 *Subsidiaries*

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

2.10 *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's 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.

2.11 *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 (cont'd)

2.11 *Financial assets (cont'd)*

(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.

(iv) *Available-for-sale financial assets*

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

2. Summary of significant accounting policies (cont'd)

2.12 *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) *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.

(iii) *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. Summary of significant accounting policies (cont'd)

2.13 ***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.

2.14 ***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.

2.15 ***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. Summary of significant accounting policies (cont'd)

2.16 ***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 reversed 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 (cont'd)

2.17 *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 (cont'd)

2.18 *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.

2.19 *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.

2.20 *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.

2.21 *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.

2. Summary of significant accounting policies (cont'd)

2.21 *Income taxes (cont'd)*

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, 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, 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 (cont'd)

2.22 ***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.

2.23 ***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 (cont'd)

2.23 *Employee benefits (cont'd)*

(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 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 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.

2. Summary of significant accounting policies (cont'd)

2.23 *Employee benefits (cont'd)*

(iii) *Defined benefit plan (cont'd)*

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).

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.

2.24 *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 the Group does not transfer substantially all the risks and rewards of ownership of the asset 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. Summary of significant accounting policies (cont'd)

2.25 *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 39, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.26 *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. Summary of significant accounting policies (cont'd)

2.27 *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 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.

(ii) 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 2015 was $1,148,000 (2014: $1,206,000) and $5,282,000 (2014: $5,029,000) respectively. The carrying amount of the Group's tax recoverable as at 31 December 2015 was $1,297,000 (2014: $1,312,000). The carrying amount of the Company's deferred tax liabilities as at 31 December 2015 was $318,000 (2014: $353,000). The Group's deferred tax assets and deferred tax liabilities as at 31 December 2015 was $14,615,000 (2014: $15,060,000) and $12,353,000 (2014: $12,139,000) respectively.

(iii) 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 2015 was $2,471,000 (2014: $2,241,000) and $298,174,000 (2014: $291,569,000). The carrying amount of the Group's investment properties as at 31 December 2015 was $26,929,000 (2014: $26,278,000). 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.

2. Summary of significant accounting policies (cont'd)

2.27 ***Significant accounting estimates and judgements (cont'd)***

Key sources of estimation uncertainty (cont'd)

(iv) Pension assets

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 20.

(v) Biological assets

The fair value of livestock is determined based on the market prices of livestock of similar age, breed and genetic merit. In determining the fair value, a number of assumptions are made by management as disclosed in note 10.

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	
	2015 **$'000**	**2014** **$'000**
Sale of goods	985,376	1,007,027
Rental income from storage and warehousing facilities	6,575	7,333
Interest income from:		
- Fixed deposits with financial institutions	947	729
- Others	1,048	855
Gross dividends from investment securities	–	34
Miscellaneous	4,332	7,171
	998,278	1,023,149

4. Staff costs

	Group	
	2015 **$'000**	**2014** **$'000**
Staff costs (including Executive Directors):		
- salaries, wages and other related costs	211,852	210,754
- CPF and contributions to other plans	6,726	8,118
- superannuation contributions	8,380	8,815
	226,958	227,687

5. Amortisation and depreciation

		Group	
	Note	**2015** **$'000**	**2014** **$'000**
Amortisation of intangibles	22	38	337
Depreciation of property, plant and equipment	16	34,947	35,242
Depreciation of investment properties	17	1,325	1,309
		36,310	36,888

6. Profit from operating activities

	Note	Group 2015 $'000	Group 2014 $'000
Profit from operating activities is stated after charging/(crediting):			
Auditors' remuneration:			
- Auditor of the Company		485	464
- Member firms of the auditor of the Company		417	475
Professional fees paid to:			
- Auditor of the Company		36	–
- Member firms of the auditor of the Company		7	8
Fees and remuneration for the directors of the Company:			
- fees and remuneration		3,505	3,463
- contribution to the Central Provident Fund		17	21
Research and development cost		2,061	2,427
Increase in the fair value less estimated point-of-sale costs of livestock, net	10	(4,218)	(1,255)
Foreign exchange loss, net		2,824	1,863
Operating lease rental expense		10,343	10,443
Gain on disposal of property, plant and equipment		(50)	(2,369)
Allowance for inventory obsolescence charged		1,282	261
Allowance for doubtful trade debts charged	12	757	411
Allowance for doubtful other debts charged	13	2	–
Bad debts written off		208	128
Rental income from investment properties		(6,246)	(7,269)
Direct operating expenses arising from investment properties that generate rental income		4,991	5,696
Provision for long service leave and retirement benefits charged	25(a)	764	1,847
Fair value adjustment on investment securities		35	24
Intangibles written off	22	–	1,559
Gain on disposal of investment securities		(193)	(28)

7. Finance costs

	Group 2015 $'000	Group 2014 $'000
Interest expense on bank loans and finance leases	2,597	3,241

8. Taxation

	Note	Group 2015 $'000	Group 2014 $'000
Income tax expense on the profit for the year:			
- current tax		13,265	11,277
- deferred tax		1,005	278
		14,270	11,555
(Over)/under provision in respect of prior years:			
- current tax		(427)	(197)
- deferred tax		194	(71)
		(233)	(268)
Tax expense		14,037	11,287
Deferred tax credit related to other comprehensive income:			
- actuarial loss on defined benefit plans	23	(137)	(90)

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% (2014: 17%) to the profit before taxation due to the following factors:

	2015 $'000	2014 $'000
Profit before taxation	68,766	57,917
Tax expense at statutory tax rate of 17% (2014: 17%)	11,690	9,846
Adjustments:		
Income not subject to tax	–	(23)
Expenses not deductible for tax purposes	2,572	2,144
Tax reliefs, rebates and incentives	(1,230)	(338)
Utilisation of tax benefits not recognised in previous years	(4,311)	(3,904)
Tax benefits not recognised in current year	1,314	809
Difference in effective tax rates in other countries	4,112	3,098
Over provision in respect of prior years, net	(233)	(268)
Others	123	(77)
Tax expense	14,037	11,287

The Group has unutilised tax losses of approximately $19,935,000 (2014: $34,502,000) 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	
	2015 $'000	2014 $'000
Group's earnings used for the calculation of EPS:		
Earnings for the financial year attributable to owners of the parent	52,536	45,081

	2015 '000	2014 '000
Number of shares used for the calculation of:		
(i) ***Basic EPS***		
Weighted average number of ordinary shares in issue	557,598	549,774
(ii) ***Diluted EPS***		
Weighted average number of ordinary shares in issue	557,941	550,901

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	
	2015	**2014**
	$'000	**$'000**
Livestock		
- at fair value	30,503	29,343
- at cost	27,015	26,535
	57,518	55,878

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	
	2015	**2014**
Physical quantity of pigs:		
- Number of progeny	375,265	362,769
- Number of breeders	47,775	46,059
	423,040	408,828

Reconciliation of changes in the carrying amount:

	Group	
	2015	**2014**
	$'000	**$'000**
Balance at 1 January	55,878	59,676
Currency realignment	(2,578)	(2,304)
Gain arising from changes in fair value less estimated point-of-sale costs attributable to physical changes	2,366	3,729
Gain/(loss) arising from changes in fair value less estimated point-of-sale costs attributable to price changes	1,852	(2,474)
Disposal during the year	–	(2,749)
Balance at 31 December	57,518	55,878

11. Inventories

	Group	
	2015	2014
	$'000	$'000
Raw materials	42,744	43,718
Finished goods	14,868	15,805
Spare parts and consumables	14,589	15,138
Work-in-progress	59	23
Goods-in-transit	6,394	3,430
Total inventories at lower of cost and net realisable value	78,654	78,114

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

First-in-first-out	26,214	27,107
Weighted average	52,440	51,007
	78,654	78,114
Inventories are stated after deducting allowance for obsolescence of	2,172	1,086

Raw materials of the Group as at 31 December 2015 amounting to $20,840,000 (2014: $20,784,000) 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 2015 $'000	Group 2014 $'000
Trade receivables	98,777	97,654
Less: Allowance for doubtful debts	(2,249)	(2,351)
	96,528	95,303

At the end of the reporting period, approximately 20.88% (2014: 22.93%) of the Group's trade receivables are secured by deposits received, credit insurances and letters of credit 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:

	2015	2014
Lesser than 3 months	16,896	18,174
3 months to 6 months	878	1,006
6 months to 12 months	204	478
More than 12 months	64	–
	18,042	19,658

Receivables that are impaired:

	2015	2014
Gross amount	2,249	2,351
Less: Allowance for doubtful debts	(2,249)	(2,351)
	–	–

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:

	2015	2014
At 1 January	2,351	2,492
Charge for the year (Note 6)	757	411
Written-off against allowance	(756)	(518)
Currency realignment	(103)	(34)
At 31 December	2,249	2,351

13. Other receivables

	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Non-financial assets				
Prepayments	9,800	7,589	55	61
Financial assets				
Sundry deposits	1,669	1,317	29	30
Staff advances and loans	42	89	–	–
	1,711	1,406	29	30
Sundry debtors	6,064	5,418	13	11
Less: Allowance for doubtful debts	(286)	(498)	–	–
	5,778	4,920	13	11
Amounts due from subsidiaries				
- interest bearing	–	–	455	6,444
- non-interest bearing	–	–	43,832	52,389
Less: Allowance for doubtful debts	–	–	(1,386)	(1,040)
	–	–	42,901	57,793
	7,489	6,326	42,943	57,834
	17,289	13,915	42,998	57,895

Receivables that are impaired:

	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Gross amount	286	498	1,386	1,040
Less: Allowance for doubtful debts	(286)	(498)	(1,386)	(1,040)
	–	–	–	–

Movements in the allowance for doubtful debts are as follows:

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
At 1 January		498	463	1,040	921
Charged during the year	6	2	–	346	119
Written-off against allowance		(218)	–	–	–
Currency realignment		4	35	–	–
At 31 December		286	498	1,386	1,040

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 1.96% to 2.64% (2014: 1.91% to 3.50%) per annum and are repayable upon demand.

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

14. Short-term investments

	Group		Company	
	2015 **$'000**	**2014** **$'000**	**2015** **$'000**	**2014** **$'000**
Fair value through profit or loss				
Quoted equity securities				
At fair value	–	693	–	–
Held-to-maturity investments				
Quoted debt securities				
At amortised cost	2,500	–	2,500	–
Available-for-sale				
Unquoted equity securities				
At cost	–	616	–	–
	2,500	1,309	2,500	–

15. Cash and short-term deposits

	Group		Company	
	2015 **$'000**	**2014** **$'000**	**2015** **$'000**	**2014** **$'000**
Cash and bank balances	48,905	49,395	2,042	1,010
Fixed deposits with financial institutions	60,147	42,994	25,851	21,433
	109,052	92,389	27,893	22,443

Fixed deposits are placed for varying periods depending on the immediate cash requirements of the Group and the Company, and earn interest at the respective short-term deposit rates. The weighted average effective interest rates as at 31 December 2015 for the Group and the Company were 1.85% and 1.03% (2014: 2.32% and 1.96%) respectively.

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at the end of the financial year:

	Group	
	2015 **$'000**	**2014** **$'000**
Cash and bank balances	48,905	49,395
Fixed deposits with financial institutions	60,147	42,994
	109,052	92,389
Less: Fixed deposits pledged as securities for credit facilities granted to a subsidiary	–	(433)
	109,052	91,956

16. 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 1.1.2014	29,469	145,097	40,698	29,877	397,466	33,344	50,724	19,128	745,803
Currency realignment	(697)	(5,613)	(63)	(423)	(8,810)	(803)	(644)	(248)	(17,301)
Additions	39	49	2,993	1,630	13,233	2,115	4,386	15,954	40,399
Disposals	–	(103)	(1,289)	(4)	(8,100)	(308)	(1,744)	(7)	(11,555)
Transfers between categories	–	1,186	2,385	853	22,838	769	220	(28,251)	–
Transfer to assets reclassified as held for sale	(2,279)	(833)	–	–	(1,319)	(81)	(235)	–	(4,747)
At 31.12.2014 and 1.1.2015	26,532	139,783	44,724	31,933	415,308	35,036	52,707	6,576	752,599
Currency realignment	(1,657)	(7,449)	(2,335)	(2,612)	(29,397)	(1,967)	(4,008)	(284)	(49,709)
Additions	4	1,987	9,621	2,217	27,206	2,450	6,011	12,607	62,103
Disposals	–	(121)	–	(125)	(2,297)	(305)	(1,263)	–	(4,111)
Transfers between categories	–	394	584	215	2,460	2,002	248	(5,903)	–
At 31.12.2015	24,879	134,594	52,594	31,628	413,280	37,216	53,695	12,996	760,882
Accumulated depreciation:									
At 1.1.2014	–	72,515	25,022	11,038	274,817	27,527	37,557	–	448,476
Currency realignment	–	(3,007)	(12)	(57)	(6,681)	(671)	(546)	–	(10,974)
Charge for the year (Note 5)	–	3,246	539	1,515	22,849	2,058	5,035	–	35,242
Disposals	–	(26)	(1,288)	(4)	(7,255)	(288)	(1,693)	–	(10,554)
Transfer to assets reclassified as held for sale	–	(316)	–	–	(658)	(11)	(175)	–	(1,160)
At 31.12.2014 and 1.1.2015	–	72,412	24,261	12,492	283,072	28,615	40,178	–	461,030
Currency realignment	–	(3,568)	(463)	(708)	(19,975)	(1,610)	(3,285)	–	(29,609)
Charge for the year (Note 5)	–	2,820	608	1,766	22,777	2,236	4,740	–	34,947
Disposals	–	(130)	–	(5)	(2,061)	(274)	(1,190)	–	(3,660)
At 31.12.2015	–	71,534	24,406	13,545	283,813	28,967	40,443	–	462,708
Net carrying amount:									
At 31.12.2015	24,879	63,060	28,188	18,083	129,467	8,249	13,252	12,996	298,174
At 31.12.2014	26,532	67,371	20,463	19,441	132,236	6,421	12,529	6,576	291,569

16. Property, plant and equipment (cont'd)

	Leasehold office and improvements $'000	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Total $'000
Company				
Cost:				
At 1.1.2014	2,841	721	742	4,304
Additions	23	72	–	95
Disposals	–	(17)	–	(17)
At 31.12.2014 and 1.1.2015	2,864	776	742	4,382
Additions	–	18	439	457
Disposals	–	(2)	(332)	(334)
At 31.12.2015	2,864	792	849	4,505
Accumulated depreciation:				
At 1.1.2014	967	534	405	1,906
Charge for the year	55	50	147	252
Disposals	–	(17)	–	(17)
At 31.12.2014 and 1.1.2015	1,022	567	552	2,141
Charge for the year	52	55	119	226
Disposals	–	(2)	(331)	(333)
At 31.12.2015	1,074	620	340	2,034
Net carrying amount:				
At 31.12.2015	1,790	172	509	2,471
At 31.12.2014	1,842	209	190	2,241

(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 $294,000 (2014: $226,000) by means of finance leases. The net carrying amount of property, plant and equipment held under finance leases as at 31 December 2015 was $1,456,000 (2014: $1,892,000) (Note 27).

(c) At the end of the financial year, property, plant and equipment with net carrying amounts of $8,728,000 (2014: $15,866,000) were mortgaged/pledged to third parties to secure credit facilities (Note 27).

17. Investment properties

	Note	Group $'000
Cost:		
At 1 January 2014		54,465
Currency realignment		(263)
Additions		708
Disposals		(94)
At 31 December 2014 and 1 January 2015		54,816
Currency realignment		(293)
Additions		2,264
Disposals		(1,976)
At 31 December 2015		54,811
Accumulated depreciation:		
At 1 January 2014		27,334
Currency realignment		(11)
Charge for the year	5	1,309
Disposals		(94)
At 31 December 2014 and 1 January 2015		28,538
Currency realignment		(11)
Charge for the year	5	1,325
Disposals		(1,970)
At 31 December 2015		27,882
Net carrying amount:		
At 31 December 2015		26,929
At 31 December 2014		26,278

The fair value of investment properties amounted to $30,596,000 (2014: $29,258,000) as at 31 December 2015. The fair value was determined based on management's assessment making references to discounted cash flows generated from the properties. The fair value was determined using significant unobservable inputs (Level 3 of the fair value hierarchy), such as discount rates ranging from 7.94% to 9.82% (2014: 7.78% to 7.91%) per annum, and long-term revenue growth rate ranging from 1% to 2.5% (2014: 1%).

18. Subsidiaries

	Company	
	2015	**2014**
	$'000	**$'000**
Cost of investment:		
Unquoted equity shares, at cost	102,975	102,975
Less: Impairment loss	(4,002)	(4,002)
	98,973	98,973
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 40(a).

19. Advances to subsidiaries

The advances to subsidiaries, which are to be settled in cash, are unsecured and interest-free except for an amount of $52,993,000 (2014: $64,736,000) with effective interest rates ranging from 3.00% to 3.50% (2014: 3.50%) per annum. These advances have no fixed terms of repayment and no repayments are expected within the next 12 months.

20. Pension assets

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.

20. Pension assets (cont'd)

	Group 2015 $'000	Group 2014 $'000
Benefit asset		
Fair value of plan assets	19,096	18,749
Present value of benefit obligation	(16,433)	(16,151)
Net benefit asset	2,663	2,598

Changes in the fair value of plan assets are as follows:

	2015 $'000	2014 $'000
At 1 January	18,749	21,738
Interest income	332	616
Actual return on plan assets less interest income	788	1,086
Employer contributions	454	528
Contributions by plan participants	143	195
Benefits paid	(260)	(4,493)
Taxes, premiums and expenses paid	(245)	(228)
Currency realignment	(865)	(693)
At 31 December	19,096	18,749

Changes in the present value of the defined benefit obligation are as follows:

	2015 $'000	2014 $'000
At 1 January	16,151	18,542
Interest cost	282	516
Current service cost	474	562
Contributions by plan participants	143	195
Benefits paid	(260)	(4,493)
Actuarial losses arising from changes in demographic assumptions	–	211
Actuarial (gains)/losses arising from changes in financial assumptions	(136)	653
Actuarial losses arising from liability experience	770	754
Taxes, premiums and expenses paid	(245)	(228)
Currency realignment	(746)	(561)
At 31 December	16,433	16,151

20. Pension assets (cont'd)

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

	Group	
	2015	**2014**
	%	**%**
Australian equities	17	29
Overseas equities	18	32
Fixed interest securities	53	19
Property	5	9
Other	7	11
	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	
	2015	**2014**
	%	**%**
Discount rate	3.4	2.2
Salary increase rate	4.0	4.0

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

	Group	
	2015	**2014**
	$'000	**$'000**
Net benefit expense (recognised within staff costs):		
Current service cost	474	562
Net interest cost	(50)	(100)
	424	462

The Group expects to contribute $98,000 (2014: $428,000) to its defined benefit pension plan in 2016.

The average duration of the defined benefit obligation at the end of the reporting period is 3.7 years (2014: 3.5 years).

The asset ceiling has no impact on the net defined benefit asset.

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

20. Pension assets (cont'd)

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 $'000
2015		
Discount rate	+25	(102)
	-25	104
Salary increase rate	+25	90
	-25	(87)
2014		
Discount rate	+25	(154)
	-25	157
Salary increase rate	+25	131
	-25	(130)

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.

21. Long-term investments

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Fair value through profit or loss				
Unquoted debt securities				
At fair value	964	999	964	999
Held-to-maturity investments				
Quoted debt securities				
At amortised cost	12,495	16,115	11,495	15,115
Available-for-sale				
Unquoted equity securities				
At cost	29	29	–	–
	13,488	17,143	12,459	16,114

The unquoted debt securities do not carry interest (2014: nil) and mature in August 2017.

The quoted debt securities carry interest rates of 4.13% to 6.20% (2014: 3.39% to 7.25%) and mature between April 2017 to January 2026.

22. Intangibles

	Group				Company
	Trademark $'000	Customers lists $'000	Goodwill $'000	Total $'000	Trademark $'000
Cost:					
At 1.1.2014	2,750	1,257	1,540	5,547	7,150
Write-off during the year (Note 6)	–	–	(1,559)	(1,559)	–
Currency realignment	–	(50)	19	(31)	–
At 31.12.2014 and 1.1.2015	2,750	1,207	–	3,957	7,150
Write-off during the year	–	(795)	–	(795)	–
Currency realignment	–	(57)	–	(57)	–
At 31.12.2015	2,750	355	–	3,105	7,150
Accumulated amortisation and impairment loss:					
At 1.1.2014	2,750	668	–	3,418	5,078
Currency realignment	–	(44)	–	(44)	–
Amortisation for the year (Note 5)	–	337	–	337	188
At 31.12.2014 and 1.1.2015	2,750	961	–	3,711	5,266
Write-off during the year	–	(795)	–	(795)	–
Currency realignment	–	(45)	–	(45)	–
Amortisation for the year (Note 5)	–	38	–	38	188
At 31.12.2015	2,750	159	–	2,909	5,454
Net carrying amount:					
At 31.12.2015	–	196	–	196	1,696
At 31.12.2014	–	246	–	246	1,884

Trademark and customers lists with finite life are amortised on a straight-line basis over their useful lives of 20 and 9.0 years (2014: 20 and 4.5 to 9.0 years), respectively.

In 2014, the Group wrote-off the cost of goodwill amounting to $1,559,000 in view of the reduced operations of the relevant cash generating unit.

23. Deferred taxation

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Balance at beginning of year	(2,921)	(3,415)	353	384
Currency realignment	(403)	377	–	–
Utilised/(addition) during the financial year	1,005	278	(35)	(31)
Under/(over) provision in prior years	194	(71)	–	–
Charged to other comprehensive income	(137)	(90)	–	–
Balance at end of year	(2,262)	(2,921)	318	353
Represented by:				
- Deferred tax assets	(14,615)	(15,060)	–	–
- Deferred tax liabilities	12,353	12,139	318	353
	(2,262)	(2,921)	318	353

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 2014	5,010	3,736	5,953	(441)	14,258
Addition/(utilised) during the year	273	1,140	(91)	(77)	1,245
Under recognition in prior years	–	–	–	13	13
Tax effect of actuarial loss on defined benefit plans charged to other comprehensive income	–	90	–	–	90
Currency realignment	(214)	(145)	(233)	46	(546)
At 31 December 2014 and 1 January 2015	5,069	4,821	5,629	(459)	15,060
Addition/(utilised) during the year	199	(44)	(191)	161	125
Over recognition in prior years	–	–	–	(62)	(62)
Tax effect of actuarial loss on defined benefit plans charged to other comprehensive income	–	137	–	–	137
Currency realignment	(234)	(192)	(260)	41	(645)
At 31 December 2015	5,034	4,722	5,178	(319)	14,615

23. Deferred taxation (cont'd)

	Property, plant and equipment $'000	Employee benefits $'000	Others $'000	Total $'000
Deferred tax liabilities				
At 1 January 2014	11,462	(114)	(505)	10,843
Charged/(write-back) to profit or loss	1,754	–	(231)	1,523
Over recognition in prior years	(58)	–	–	(58)
Currency realignment	(193)	2	22	(169)
At 31 December 2014 and 1 January 2015	12,965	(112)	(714)	12,139
Charged/(write-back) to profit or loss	1,390	–	(260)	1,130
Under/(over) recognition in prior years	180	–	(48)	132
Currency realignment	(1,216)	14	154	(1,048)
At 31 December 2015	13,319	(98)	(868)	12,353

The movements in the Company's deferred tax liabilities during the year are as follows:

	Property, plant and equipment $'000
At 1 January 2014	384
Write-back to profit or loss	(31)
At 31 December 2014 and 1 January 2015	353
Write-back to profit or loss	(35)
At 31 December 2015	318

Unrecognised temporary differences relating to investments in subsidiaries

At the end of the reporting period, no deferred tax liability (2014: 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 $13,850,000 (2014: $10,447,000). The deferred tax liability is estimated to be $2,078,000 (2014: $1,567,000).

24. Trade payables

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Trade payables:				
- third parties	82,153	88,256	135	50

25. Other payables

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
(a) ***Other payables***					
Payable within one year:					
Staff related expenses		22,302	22,823	1,770	1,600
Accrued operating expenses		20,263	14,990	237	227
Provision for long service leave		6,008	5,645	–	–
Sundry creditors		21,106	16,925	211	182
Amounts due to subsidiaries		–	–	5,964	5,867
Derivative financial liabilities	25(b)	–	43	–	–
		69,679	60,426	8,182	7,876
Payable after one year:					
Provision for long service leave and retirement benefits		10,378	9,718	–	–
Deferred income		362	242	–	–
		10,740	9,960	–	–

The amounts due to subsidiaries are unsecured, interest-free, repayable upon demand and are to be settled in cash.

Movements in provision for long service leave and retirement benefits are as follows:

	Note	Group 2015 $'000	Group 2014 $'000
Balance at beginning of year		15,363	16,176
Currency realignment		(297)	184
Provision charged during the year	6	764	1,847
Actuarial losses/(gains)		609	(233)
Utilised during the year		(53)	(2,611)
Balance at end of year		16,386	15,363
Represented by:			
- payable within one year		6,008	5,645
- payable after one year		10,378	9,718
Balance at end of year		16,386	15,363

25. Other payables (cont'd)

(b) ***Derivative financial liabilities are as follows:***

	2015		2014	
	Contract notional amount $'000	Fair value $'000	Contract notional amount $'000	Fair value $'000
Group				
Foreign currency contracts				
- Not designated as hedges	170	–	483	(43)

At 31 December 2015, the settlement dates on open foreign currency contracts are 3 months for the following notional amounts:

	Group	
	2015 $'000	2014 $'000
Contracts to deliver Singapore Dollars and receive:		
Australian Dollars	170	–
Contracts to deliver Japanese Yen and receive:		
Australian Dollars	–	483
	170	483

26. Short-term borrowings

	Group	
	2015 $'000	2014 $'000
Short-term bank loans:		
- unsecured	40,385	43,709
- secured	18,756	18,706
	59,141	62,415

The Group's short-term bank loans bear effective interest rates ranging from 2.17% to 5.03% (2014: 1.51% to 5.75%) per annum. The secured portion of the borrowings is charged against inventories of the Group.

27. Long-term loans and finance leases

	Effective interest rate per annum %	Maturities	Group 2015 $'000	Group 2014 $'000
Loans from banks:				
- Loan A	2.90	2022	14,083	–
- Loan B	6.16 - 6.40	2021	799	–
- Loan C	2.60	2016	2,582	5,940
- Loan D	6.94	2027	3,680	765
- Loan E	4.39	2019	2,376	2,751
- Other loans	5.75 - 7.80	2017	1,419	2,162
Loans from non-controlling interests				
- Loan F	7.00	2019	848	890
- Loan G	nil	nil	5,625	2,250
Finance leases			1,090	1,302
			32,502	16,060
Less: Current portion			(4,101)	(5,460)
Non-current portion of loans			28,401	10,600

Loan A, denominated in Philippine Peso, is unsecured, bears floating interest rate of 2.90% (2014: nil) per annum and is repayable in 20 equal quarterly instalments commencing from December 2017.

Loan B, denominated in Australian Dollars, is secured by certain property, plant and equipment of the Group and bears interest rates ranging from 6.16% to 6.40% (2014: nil) per annum. The loan is expected to be repaid in April 2021.

Loan C, denominated in Philippine Peso, with floating interest rate of 2.60% (2014: 3.53%) per annum, was previously secured on certain property, plant and equipment of the Group. This facility is now unsecured and is being fully repaid in January 2016.

Loan D, denominated in Australian Dollar, with interest rate of 6.94% (2014: 6.70%) per annum, is secured on floating charge on certain property, plant and equipment of the Group, and is expected to be fully repaid by 2027.

Loan E, denominated in Australian Dollar, with interest rate of 4.39% (2014: 5.41%) per annum, is secured on floating charge on certain property, plant and equipment of the Group, and is repayable in monthly instalments till May 2019.

Other loans, denominated in Australian Dollar, with interest rates ranging from 5.75% to 7.80% (2014: 4.94% to 7.80%) per annum, are secured on floating charge on certain property, plant and equipment of the Group, and is repayable in monthly instalments until December 2017.

Loan F, denominated in Australian Dollars, is unsecured and bears interest at 7.00% (2014: 7.00%) per annum. The loan is expected to be repaid in May 2019.

Loan G, denominated in Singapore Dollars, is unsecured and interest-free. The loan has no fixed terms of repayment and no repayment is expected within the next 12 months. This loan is provided to its 55% owned subsidiary from its 45% shareholder who is also a substantial shareholder of the Company.

27. Long-term loans and finance leases (cont'd)

Commitments under finance leases as at 31 December are as follows:

	Minimum lease payments 2015 $'000	Present value of payments 2015 $'000	Minimum lease payments 2014 $'000	Present value of payments 2014 $'000
Group				
Within one year	692	649	457	388
Between one and five years	484	441	954	914
Total minimum lease payments	1,176	1,090	1,411	1,302
Less: Amount representing finance charges	(86)	–	(109)	–
Present value of minimum lease payments	1,090	1,090	1,302	1,302

Effective interest rates on finance leases range from 4.80% to 8.00% (2014: 5.72% 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.

28. Share capital

	Group and Company			
	2015		2014	
	No. of shares	$'000	No. of shares	$'000
Issued and fully paid :				
At 1 January	552,304,086	254,520	546,494,994	250,096
Issued during the year	8,995,882	8,254	5,809,092	4,424
At 31 December	561,299,968	262,774	552,304,086	254,520

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 6,865,882 (2014: 5,059,092) ordinary shares at $1.0355 (2014: $0.795) per share pursuant to the QAF Scrip Dividend Scheme in respect of the final dividend for the financial year ended 31 December 2014; and

(ii) the Company issued 2,130,000 (2014: 750,000) ordinary shares for cash at the average exercise price of $0.537 (2014: $0.536) per share upon the exercise of 2,130,000 (2014: 750,000) share options by employees pursuant to the QAF Limited Share Option Scheme 2000 (Note 31).

29. Reserves

	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Revaluation reserve	2,118	2,167	–	–
Capital reserve	16,888	17,941	652	1,705
Revenue reserve	190,538	164,971	45,864	35,997
Foreign currency translation reserve	(45,443)	(27,231)	–	–
	164,101	157,848	46,516	37,702

	Company 2015 $'000	Company 2014 $'000
Analysis of movement in the reserves of the Company:		
Capital reserve		
At beginning of year	1,705	1,705
Transfer to revenue reserve	(1,053)	–
At end of year	652	1,705
Revenue reserve		
At beginning of year	35,997	31,481
Net profit for the year	36,598	31,923
Transfer from capital reserve	1,053	–
Dividends	(27,784)	(27,407)
At end of year	45,864	35,997
Total	46,516	37,702

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.

29. Reserves (cont'd)

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 is reduced by the expiry of the 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.

	Group		Company	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Cumulative value of services received from employees	652	1,705	652	1,705
Bonus shares issued by a subsidiary	16,236	16,236	–	–
	16,888	17,941	652	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 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.

30. Dividends

	Group and Company	
	2015	2014
	$'000	$'000
Interim tax-exempt (one-tier) dividend of 1 cent per share in respect of the financial year ended 31 December 2015	5,613	–
Final tax-exempt (one-tier) dividend of 4 cents per share in respect of the financial year ended 31 December 2014	22,171	–
Interim tax-exempt (one-tier) dividend of 1 cent per share in respect of the financial year ended 31 December 2014	–	5,523
Final tax-exempt (one-tier) dividend of 4 cents per share in respect of the financial year ended 31 December 2013	–	21,884
	27,784	27,407

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 2013 and 31 December 2014.

The directors have proposed a final tax-exempt (one-tier) cash dividend of 4 cents per share ("Proposed Final Dividend for FY 2015"), amounting to approximately $22,452,000 be paid in respect of the financial year ended 31 December 2015. The cash 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.

There are no income tax consequence (2014: nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements.

31. 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 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.

31. Employee benefits (cont'd)

Share options (cont'd)

Information with respect to the total number of options granted under the 2000 Scheme are as follows:

	No. of options in financial year 2015 '000	Weighted average exercise price in financial year 2015 $	No. of options in financial year 2014 '000	Weighted average exercise price in financial year 2014 $
Outstanding at beginning of year	2,905	0.544	3,975	0.541
Exercised	(2,130)	0.537	(750)	0.536
Lapsed/forfeited	(50)	0.513	(320)	0.534
Outstanding at end of year	725	0.565	2,905	0.544
Exercisable at end of year	725	0.565	2,905	0.544

The following table summarises information about options outstanding and exercisable as at 31 December 2015 to subscribe for ordinary shares in the Company:

Outstanding			Exercisable		
Offer date	Number of options	Exercise price per share	Exercise period From	Exercise period To	Number of options
19.05.2006	725,000	$0.565	19.05.2007	18.05.2016	725,000

During the financial year, 2,130,000 (2014: 750,000) 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 $1.073 (2014: $0.888).

No options were granted during the financial year under review.

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.

32. Commitments

	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
(i) Capital commitments not provided for in the financial statements:				
Expenditure contracted in respect of property, plant and equipment and investment properties	40,120	27,060	–	–
(ii) Commitments to purchase bulk supplies of raw materials	39,842	28,479	–	–
(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	4,215	4,347	110	102
Between one and five years	10,664	8,726	42	150
After five years	25,292	25,853	–	–
	40,171	38,926	152	252

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 30 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.

33. Contingent liabilities (unsecured)

	Company 2015 $'000	Company 2014 $'000
Guarantees issued for bank facilities granted to subsidiaries	133,064	113,588
Amounts utilised by subsidiaries as at end of the reporting period	54,959	57,007

No material losses are expected to arise from the above contingencies.

34. 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	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Management fee income from subsidiaries	–	–	1,112	1,112
Royalty income from subsidiaries	–	–	25,058	24,984
Interest income from advances to subsidiaries	–	–	1,765	2,950
Dividend income from subsidiaries	–	–	27,280	20,364
Sales to a company owned by a shareholder of the Company	945	455	–	–

(b) Compensation of key management personnel

	Group 2015 $'000	Group 2014 $'000
Fees and remuneration	3,505	3,463
Contribution to the Central Provident Fund	17	21

35. 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 $133,064,000 (2014: $113,588,000) 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 $54,959,000 (2014: $57,007,000).

Information regarding credit enhancements for trade receivables is disclosed in Note 12.

35. Financial risk management objectives and policies (cont'd)

(a) ***Credit risk (cont'd)***

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			
	2015		2014	
	$'000	% of total	$'000	% of total
By industry:				
Bakery	55,419	57	52,604	55
Primary production	23,580	25	24,845	26
Trading and logistics	17,529	18	17,854	19
	96,528	100	95,303	100
By country:				
Singapore	31,451	33	31,174	33
Australia	25,929	27	26,872	28
Philippines	18,579	19	17,200	18
Malaysia	18,800	19	19,211	20
Other countries	1,769	2	846	1
	96,528	100	95,303	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.

35. Financial risk management objectives and policies (cont'd)

(b) *Liquidity risk (cont'd)*

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.

	2015				2014			
	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	104,017	–	–	104,017	101,629	–	–	101,629
Investment securities	3,165	10,862	4,350	18,377	2,101	9,766	10,851	22,718
Cash and short-term deposits	109,088	–	–	109,088	92,428	–	–	92,428
Total undiscounted financial assets	216,270	10,862	4,350	231,482	196,158	9,766	10,851	216,775
Financial liabilities:								
Trade and other payables	145,824	–	–	145,824	143,037	–	–	143,037
Borrowings	64,525	25,289	5,447	95,261	68,846	11,357	–	80,203
Total undiscounted financial liabilities	210,349	25,289	5,447	241,085	211,883	11,357	–	223,240
Total net undiscounted financial (liabilities)/assets	5,921	(14,427)	(1,097)	(9,603)	(15,725)	(1,591)	10,851	(6,465)

35. Financial risk management objectives and policies (cont'd)

(b) ***Liquidity risk (cont'd)***

	2015			2014		
	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	3,120	14,143	17,263	747	19,503	20,250
Other receivables	42,943	–	42,943	57,834	–	57,834
Cash and short-term deposits	27,905	–	27,905	22,457	–	22,457
Advances to subsidiaries	–	130,083	130,083	–	102,157	102,157
Total undiscounted financial assets	73,968	144,226	218,194	81,038	121,660	202,698
Financial liabilities:						
Trade and other payables	8,317	–	8,317	7,926	–	7,926
Total undiscounted financial liabilities	8,317	–	8,317	7,926	–	7,926
Total net undiscounted financial assets	65,651	144,226	209,877	73,112	121,660	194,772

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	54,959	–	54,959	57,007	–	57,007

35. Financial risk management objectives and policies (cont'd)

(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.

	Increase/ decrease	Effect on profit after taxation	
Loans denominated in	**in basis points**	**2015 $'000**	**2014 $'000**
Australian Dollar	+ 50	(299)	(306)
Australian Dollar	– 50	299	306

(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 Chinese Renminbi (RMB). 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 short-term deposits) amounted to $73,210,000 (2014: $103,737,000).

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Malaysia, the Philippines, Australia and People's Republic of China ("PRC"). The Group's net investments in Malaysia, the Philippines, Australia and PRC are not hedged as currency positions in Ringgit, Peso, AUD and RMB 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.

		2015		2014	
		Profit after taxation $'000	**Equity $'000**	**Profit after taxation $'000**	**Equity $'000**
AUD	– strengthened 1% (2014: 1%)	60	662	308	734
	– weakened 1% (2014: 1%)	(60)	(662)	(308)	(734)

36. Classification of financial instruments

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Loans and receivables				
Trade receivables	96,528	95,303	–	–
Other receivables	7,489	6,326	42,943	57,834
Cash and short-term deposits	109,052	92,389	27,893	22,443
Advances to subsidiaries	–	–	130,083	102,157
	213,069	194,018	200,919	182,434
Available-for-sale				
Short-term investments	–	616	–	–
Long-term investments	29	29	–	–
	29	645	–	–
Held-to-maturity financial assets				
Short-term investments	2,500	–	2,500	–
Long-term investments	12,495	16,115	11,495	15,115
	14,995	16,115	13,995	15,115
Financial liabilities measured at amortised cost				
Trade payables	82,153	88,256	135	50
Other payables	63,671	54,738	8,182	7,876
Short-term borrowings	59,141	62,415	–	–
Long-term loans and finance leases	32,502	16,060	–	–
	237,467	221,469	8,317	7,926
Fair value through profit or loss				
Short-term investments	–	693	–	–
Long-term investments	964	999	964	999
Forward currency contracts	–	(43)	–	–
	964	1,649	964	999

37. 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:

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
Group				
2015				
Financial assets				
Long-term investments (Note 21)	–	964	–	964
Non-financial assets				
Biological assets (Note 10)	–	–	30,503	30,503
2014				
Financial assets				
Short-term investments (Note 14)	693	–	–	693
Long-term investments (Note 21)	–	999	–	999
	693	999	–	1,692
Non-financial assets				
Biological assets (Note 10)	–	–	29,343	29,343
Financial liabilities				
Forward currency contracts [Note 25(b)]	–	43	–	43

37. Fair value of assets and liabilities (cont'd)

A. *Assets and liabilities are carried at fair value (cont'd)*

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 are 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 $1.5 million and a decrease of $1.5 million respectively.

Fair value of forward currency contracts is determined by reference to current forward exchange rates for contracts with similar maturity profiles.

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.

37. Fair value of assets and liabilities (cont'd)

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***

Fair value information has not been disclosed for the Group's short-term and long-term investments in unquoted equity securities that are carried at cost because fair value cannot be measured reliably. These equity securities represent ordinary shares in companies that are not quoted in any market and do not have any comparable industry peer that is listed.

Investments classified as held-to-maturity

Investments classified as held-to-maturity amounting to $15.0 million (2014: $16.1 million) for the Group and $14.0 million (2014: $15.1 million) for the Company are stated at amortised cost. The fair value of these investments as at 31 December 2015 approximate $14.5 million (2014: $16.4 million) for the Group and $13.5 million (2014: $15.4 million) for the Company. Fair value is determined by reference to their published market ask price at the end of the reporting period.

38. 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 32(ii).

39. 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.

39. Segmental reporting (cont'd)

	Bakery $'000	Primary production $'000	Trading and logistics $'000	Investments and others $'000	Eliminations $'000	Consolidated $'000
2015						
Revenue and expenses						
Revenue from external customers	511,547	371,612	104,447	–	–	987,606
Other revenue from external customers	4,637	2,995	242	803	–	8,677
Inter-segment revenue	–	–	53	26,170	(26,223)	–
	516,184	374,607	104,742	26,973	(26,223)	996,283
Unallocated revenue						1,995
Total revenue						998,278
Segment results	60,119	16,777	3,559	(560)	–	79,895
Unallocated revenue						1,995
Unallocated expenses						(10,527)
Profit from operating activities						71,363
Finance costs						(2,597)
Profit before taxation						68,766
Taxation						(14,037)
Profit after taxation						54,729
2014						
Revenue and expenses						
Revenue from external customers	506,479	396,961	101,629	5,263	–	1,010,332
Other revenue from external customers	4,189	3,693	300	3,051	–	11,233
Inter-segment revenue	–	1,080	51	26,097	(27,228)	–
	510,668	401,734	101,980	34,411	(27,228)	1,021,565
Unallocated revenue						1,584
Total revenue						1,023,149
Segment results	54,024	10,247	2,928	2,498	–	69,697
Unallocated revenue						1,584
Unallocated expenses						(10,123)
Profit from operating activities						61,158
Finance costs						(3,241)
Profit before taxation						57,917
Taxation						(11,287)
Profit after taxation						46,630

39. Segmental reporting (cont'd)

	Bakery $'000	Primary production $'000	Trading and logistics $'000	Investments and others $'000	Consolidated $'000
2015					
Assets and liabilities					
Segment assets	329,267	236,717	67,842	69,165	702,991
Deferred tax assets					14,615
Tax recoverable					1,297
Total assets per consolidated statement of financial position					718,903
Segment liabilities	104,268	49,037	14,252	2,578	170,135
Provision for taxation					5,282
Deferred tax liabilities					12,353
Bank borrowings					84,080
Total liabilities per consolidated statement of financial position					271,850
Other segment information					
Expenditure for non-current assets	44,522	10,559	2,637	6,649	64,367
Amortisation and depreciation	25,247	8,624	1,923	516	36,310
Allowance for inventory obsolescence charged	197	155	930	–	1,282
Allowance for doubtful debts charged and bad debts written off, net	633	70	264	–	967

39. Segmental reporting (cont'd)

	Bakery $'000	Primary production $'000	Trading and logistics $'000	Investments and others $'000	Consolidated $'000
2014					
Assets and liabilities					
Segment assets	307,718	244,704	64,822	57,498	674,742
Deferred tax assets					15,060
Tax recoverable					1,312
Total assets per consolidated statement of financial position					691,114
Segment liabilities	91,093	58,051	11,699	2,241	163,084
Provision for taxation					5,029
Deferred tax liabilities					12,139
Bank borrowings					74,033
Total liabilities per consolidated statement of financial position					254,285
Other segment information					
Expenditure for non-current assets	28,073	8,883	1,405	2,746	41,107
Amortisation and depreciation	24,994	9,373	1,797	724	36,888
Allowance for inventory obsolescence charged	36	9	216	–	261
Allowance for doubtful debts charged/(written back) and bad debts written off, net	257	289	(7)	–	539

Geographical information

	Revenue		Non-current assets	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Singapore	173,460	168,263	48,137	47,040
Malaysia	282,660	302,382	95,624	110,939
Australia	386,603	422,370	128,391	129,585
Philippines	140,889	120,669	47,580	25,740
Other countries	14,666	9,465	5,567	4,789
	998,278	1,023,149	325,299	318,093

Non-current assets information presented above consist of property, plant and equipment, investment properties and intangibles as presented in the consolidated statement of financial position.

40. Subsidiaries

(a) ***Composition of the Group***

The subsidiaries as at 31 December 2015 are:-

	Name of company (Country of incorporation)	Principal activities (place of business)	Percentage of equity held by the Group 2015 %	2014 %
	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
(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

40. Subsidiaries (cont'd)

(a) *Composition of the Group (cont'd)*

	Name of company (Country of incorporation)	Principal activities (place of business)	Percentage of equity held by the Group 2015 %	Percentage of equity held by the Group 2014 %
	Bakery (cont'd)			
#	Gardenia Food (Fujian) Co Ltd (People's Republic of China)	Manufacture and sale of bakery products (People's Republic of China)	55	55
#	Gardenia Trading (Fujian) Co Ltd (People's Republic of China)	Distribution and retailing of food products (People's Republic of China)	55	55
(4)	Philfoods Fresh-Baked Products Inc (Philippines)	Bread manufacturer (Philippines)	40^	40^
(4)	Phil Foods Properties Inc (Philippines)	Investment holding (Philippines)	40^	40^
	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
(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 (Singapore)	62	62

40. Subsidiaries (cont'd)

(a) ***Composition of the Group (cont'd)***

	Name of company (Country of incorporation)	Principal activities (place of business)	Percentage of equity held by the Group 2015 %	Percentage of equity held by the Group 2014 %
	Investments and others			
(3)	Oxdale Dairy Enterprise Pty Ltd (Australia)	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
(1)	Gardenia Investments Pte Ltd (Singapore)	Investment holding (Singapore)	100	100
(1)	Oxdale Investments Pte Ltd (Singapore)	Investment holding (Singapore)	100	100
@	W.A. Oxdale Holdings Pte Ltd (Singapore)	Investment holding (Singapore)	–	100
(3)	Bakers Maison Pty Ltd (Australia)	Investment holding (Australia)	100	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

40. Subsidiaries (cont'd)

(a) *Composition of the Group (cont'd)*

	Name of company (Country of incorporation)	Principal activities (place of business)	Percentage of equity held by the Group 2015 %	2014 %
	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
(1)	Gardenia (China) Holdings Pte. Ltd. (Singapore)	Dormant	100	100
#	Benfood International Trade (Shanghai) Co Ltd (People's Republic of China)	To commence import, export and wholesale of prepacked food and dairy products	100	100
(2)	Farmland Bakery (M) Sdn Bhd (Malaysia)	To commence manufacture and distribution of bread, confectionery and bakery products	100	100

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

^ *Deemed to be a subsidiary by virtue of control*

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*

40. Subsidiaries (cont'd)

(b) ***Interest in subsidiaries with material non-controlling interest (NCI)***

The Group has the following subsidiaries that have NCI that are material to the Group.

Name of subsidiary	Principal place of business	Proportion of ownership interest held by non-controlling interest %	Profit allocated to NCI during the reporting period $'000	Accumulated NCI at the end of reporting period $'000	Dividends paid to NCI $'000
31 December 2015:					
Gardenia Bakeries (KL) Sdn Bhd	Malaysia	30	3,697	12,226	4,277
QAF Fruits Cold Store Pte Ltd	Singapore	38	219	4,974	24
31 December 2014:					
Gardenia Bakeries (KL) Sdn Bhd	Malaysia	30	2,408	14,668	3,505
QAF Fruits Cold Store Pte Ltd	Singapore	38	200	4,779	–

(c) ***Summarised financial information about subsidiaries with material NCI***

Summarised financial information including consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

Summarised balance sheets

	Gardenia Bakeries (KL) Sdn Bhd		QAF Fruits Cold Store Pte Ltd	
	As at 31 December 2015 $'000	As at 31 December 2014 $'000	As at 31 December 2015 $'000	As at 31 December 2014 $'000
Current				
Assets	54,322	50,351	6,706	5,796
Liabilities	(56,179)	(51,332)	(457)	(372)
Net current (liabilities)/assets	(1,857)	(981)	6,249	5,424
Non-current				
Assets	50,233	59,211	7,161	7,473
Liabilities	(7,624)	(9,335)	(320)	(320)
Net non-current assets	42,609	49,876	6,841	7,153
Net assets	40,752	48,895	13,090	12,577

40. Subsidiaries (cont'd)

(c) *Summarised financial information about subsidiaries with material NCI (cont'd)*

Summarised statement of comprehensive income

	Gardenia Bakeries (KL) Sdn Bhd		QAF Fruits Cold Store Pte Ltd	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Revenue	279,350	297,990	2,597	2,588
Profit before income tax	16,336	10,745	682	618
Income tax expense	(4,012)	(2,719)	(106)	(93)
Profit after tax – continuing operations	12,324	8,026	576	525
Other comprehensive income	(6,210)	(1,023)	–	–
Total comprehensive income	6,114	7,003	576	525

Other summarised information

	Gardenia Bakeries (KL) Sdn Bhd		QAF Fruits Cold Store Pte Ltd	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Net cash flows from operating activities	30,245	26,982	981	640
Acquisition of significant property, plant and equipment and investment properties	7,769	11,923	37	164

41. 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 loans from non-controlling interests less cash and short-term deposits. Shareholders' fund relates to equity attributable to owners of the parent. The Group's strategy, which was unchanged from 2014, is also to maintain gearing ratios on net debt-to-equity ratio of not exceeding 1.5 times.

	Group	
	2015 $'000	**2014 $'000**
Net debt	(17,409)	(13,914)
Shareholders' funds	426,875	412,368
Net debt-to-equity ratio	(0.04 times)	(0.03 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.

42. Subsequent events

In February 2016, the Company has entered into a conditional sale and purchase agreement to dispose of a 20% shareholding in the Group's investment in Gardenia Bakeries (KL) Sdn Bhd ("GBKL") for a total cash consideration of Malaysian Ringgit 90 million.

The proposed transaction will reduce the Group's interest in GBKL from 70% to 50% and is conditional upon certain conditions precedent to be fulfilled in accordance with the terms of the agreement entered into.

43. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 18 March 2016.

List of
Major Properties

The Group's major properties as at 31 December 2015 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 6½ off Jalan Bukit Kemuning Seksyen 32 40460 Shah Alam Selangor Darul Ehsan Malaysia	Bakery and office premises	Freehold

List of
Major Properties

The Group's major properties as at 31 December 2015 are:

Name of building/location	Description	Tenure of land
(b) Properties in Malaysia (Cont'd)		
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
No. 35 Persiaran Sabak Bernam Seksyen 26 40400 Shah Alam Selangor Darul Ehsan Malaysia	Bakery and office premises	Freehold
PLO No. 67 Johor Technology Park Mukim Senai Kulai Daerah Johor Bahru Malaysia	For bakery and office premises	60-year lease
(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

List of Major Properties

The Group's major properties as at 31 December 2015 are:

Name of building/location	Description	Tenure of land
(c) Properties in Australia (Cont'd)		
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
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 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 Revesby New South Wales 2212	Bakery and office premises	Freehold
100 Milperra Road Revesby New South Wales 2212	For bakery and office premises	Freehold

Statistics of Shareholdings

As at 18 March 2016

Issued and Fully paid-up Capital	:	$262,920,566
Class of Shares	:	Ordinary Shares

Analysis of Shareholders by Size of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	246	5.33	5,974	0.00
100 - 1,000	810	17.55	636,172	0.11
1,001 - 10,000	2,454	53.16	11,177,759	1.99
10,001 - 1,000,000	1,079	23.38	54,256,855	9.66
1,000,001 and above	27	0.58	495,483,208	88.24
	4,616	100.00	561,559,968	100.00

List of Twenty Largest Shareholders

S/No.	Name of Shareholder	No. of Shares	%
1.	Tian Wan Enterprises Company Limited	125,779,812	22.40
2.	Tian Wan Equities Company Limited	95,411,385	16.99
3.	KMP Investments Pte Ltd	57,362,848	10.21
4.	Raffles Nominees (Pte) Ltd	49,992,181	8.90
5.	Tian Wan Holdings Group Limited	40,181,975	7.16
6.	DBS Nominees Pte Ltd	31,240,429	5.56
7.	Citibank Nominees Singapore Pte Ltd	21,259,796	3.79
8.	J&H International Limited	20,727,961	3.69
9.	CIMB Securities (Singapore) Pte Ltd	6,396,879	1.14
10.	DB Nominees (Singapore) Pte Ltd	5,884,453	1.05
11.	HSBC (Singapore) Nominees Pte Ltd	4,829,463	0.86
12.	Tan Kong King	4,803,034	0.86
13.	Toh Tiong Wah	4,114,943	0.73
14.	United Overseas Bank Nominees (Private) Limited	3,469,842	0.62
15.	UOB Kay Hian Pte Ltd	2,909,642	0.52
16.	Lee Fook Khuen	2,682,125	0.48
17.	BNP Paribas Nominees Singapore Pte Ltd	2,156,428	0.38
18.	OCBC Securities Private Ltd	2,139,005	0.38
19.	Teh Kiu Cheong @Teong Cheng @Cheng Chiu Chang	1,952,622	0.35
20.	OCBC Nominees Singapore Private Limited	1,857,885	0.33
		485,152,708	86.40

Statistics of Shareholdings

As at 18 March 2016

Substantial Shareholders

Name of Substantial Shareholder	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Andree Halim	-	-	282,101,133[(1)]	50.24	282,101,133	50.24
Lin Kejian	-	-	222,884,969[(2)]	39.69	222,884,969	39.69
Tian Wan Enterprises Company Limited	125,779,812	22.40	-	-	125,779,812	22.40
Tian Wan Equities Company Limited	95,411,385	16.99	-	-	95,411,385	16.99
KMP Investments Pte Ltd	57,362,848	10.21	-	-	57,362,848	10.21
KMP Private Ltd	-	-	57,362,848[(3)]	10.21	57,362,848	10.21
Mariton International Limited	-	-	57,362,848[(4)]	10.21	57,362,848	10.21
Anthoni Salim			57,362,848[(5)]	10.21	57,362,848	10.21
Denonshire Group Limited	-	-	*47,877,758[(6)]	8.53	47,877,758	8.53
Didi Dawis	-	-	*47,877,758[(6)]	8.53	47,877,758	8.53
Tian Wan Holdings Group Limited	40,181,975	7.16	-	-	40,181,975	7.16

Notes:

(1) *Mr Andree Halim is deemed interested in the QAF shares held 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 QAF shares held by Tian Wan Enterprises Company Limited, Tian Wan Equities Company Limited and ISI Investments Company Limited.*

(3) *KMP Private Ltd has a controlling interest in KMP Investments Pte Ltd and is deemed interested in the QAF shares held by KMP Investments Pte Ltd.*

(4) *Mariton International Limited has an interest in more than 20% of the issued share capital of KMP Private Ltd and is deemed interested in the QAF shares held by KMP Investments Pte Ltd.*

(5) *Mr Anthoni Salim has a controlling interest in KMP Private Ltd and Mariton International Limited and is deemed interested in the QAF shares held by KMP Investments Pte Ltd.*

(6) *Mr Didi Dawis is deemed interested in the QAF shares beneficially owned by Denonshire Group Limited.*

Option over QAF shares

*Mr Lin Kejian/Tower Ridge Limited were granted an option on 11 January 2016 to acquire the 47,877,758 QAF shares beneficially owned by Mr Didi Dawis/Denonshire Group Limited at an aggregate purchase consideration of S$55,000,000. The option will expire on 31 March 2019.

Notice of
Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at William Pickering Ballroom, Level 2, PARKROYAL on Pickering, Singapore, 3 Upper Pickering Street, Singapore 058289 on 29 April 2016 at 10.30 a.m. to transact the following business:-

ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and audited financial statements for the year ended 31 December 2015 and the Auditors' Report thereon. **(Resolution 1)**

2. To approve a final tax-exempt (one-tier) cash dividend of 4 cents per share in respect of the year ended 31 December 2015. **(Resolution 2)**

3. (i) To re-elect the following Directors:

   Retiring under Article 104 of the Company's Articles of Association

   (a) Mr Didi Dawis **(Resolution 3a)**
   (b) Mr Andree Halim **(Resolution 3b)**
   (c) Mr Lin Kejian **(Resolution 3c)**

   Retiring under Article 114 of the Company's Articles of Association

   (d) Ms Dawn Pamela Lum **(Resolution 3d)**
   (e) Mr Tan Teck Huat **(Resolution 3e)**

   (ii) (a) To note the retirement of Messrs Siau Kai Bing and Soh Chung Hian, Directors retiring pursuant to Article 104 of the Company's Article of Association at the close of the Annual General Meeting of the Company.

   (b) To note the resignation of Mr Soh Gim Teik, a Director of the Company at the close of the Annual General Meeting of the Company.

4. To approve Directors' fees of $585,000 for the year ended 31 December 2015 (2014: $267,127). **(Resolution 4)**

5. To re-appoint Ernst & Young as Auditors of the Company and to authorize Directors to fix their remuneration. **(Resolution 5)**

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

6. 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),

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 6)**

By Order of the Board

LEE WOAN LING (Ms)
Company Secretary

Singapore, 13 April 2016

Notice of
Annual General Meeting

Explanatory Notes:

1) For Ordinary Resolutions:

   3(i)(a) - Mr Didi Dawis is a non-executive independent Director of the Company and the Chairman of the Board of Directors. He is a substantial shareholder holding approximately 8.53% of the ordinary shares in the Company. Mr Dawis is also a member of the Remuneration Committee of the Company.

   3(i)(b) - Mr Andree Halim is a non-executive Director of the Company and a controlling shareholder of the Company. Mr Halim is also a member of the Nominating Committee and Remuneration Committee of the Company.

   3(i)(c) - Mr Lin Kejian is the Deputy Group Managing Director of the Company. He is also a controlling shareholder of the Company.

   3(i)(d) - Ms Dawn Pamela Lum was first appointed as a non-executive independent Director of the Company on 12 February 2016. She is a member of the Audit Committee and also the Chairman of the Nominating Committee and Remuneration Committee of the Company.

   3(i)(e) - Mr Tan Teck Huat was first appointed as a non-executive independent Director of the Company on 12 February 2016. He is the Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee of the Company.

   Further information on the above Directors can be found on pages 10 to 15 of the Annual Report.

2) For Ordinary Business 3(ii)(a) and (b),

   Independent directors, Messrs Siau Kai Bing and Soh Chung Hian who are retiring as Directors of the Company at the close of the Annual General Meeting of the Company pursuant to Article 104 of the Company's Articles of Association, had informed the Company that they would not be seeking re-election at the Annual General Meeting of the Company.

   Independent director, Mr Soh Gim Teik had informed the Company that he would be resigning from the Board as Director of the Company at the close of the Annual General Meeting of the Company.

3) Ordinary Resolution 6, 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.

Note:

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
Annual General Meeting

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting ("**AGM**") and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Notice of
Books Closure Date

NOTICE IS HEREBY GIVEN that the Transfer Books and Register of Members of the Company will be closed at 5.00 p.m. on 9 May 2016 for the purpose of determining shareholders' entitlements to a final tax-exempt (one-tier) cash dividend of 4 cents per share for the financial year ended 31 December 2015 ("Final Dividend 2015").

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 9 May 2016 will be entitled to the Final Dividend 2015 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 Road, #02-00, Singapore 068898 up to 5.00 p.m. on 9 May 2016 will be registered to determine shareholders' entitlements to the Final Dividend 2015.

Payment for the Final Dividend 2015 shall be made on 20 May 2016.

By Order of the Board

Lee Woan Ling (Ms)
Company Secretary

Singapore, 13 April 2016

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Proxy Form

Annual General Meeting of QAF Limited
(Co. Registration No. 195800035D)

IMPORTANT

1. A relevant intermediary as defined in Section 181(6) of the Companies Act, Chapter 50 may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF investors who have used their CPF monies to buy shares in the Company, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF investors should contact their respective Agent Banks if they have any queries regarding their appointment as proxies.

I/We, ______________________________ NRIC/Passport No./Co. Registration No. ____________________

of ____

being a Member/Members of the abovenamed Company, hereby appoint:

Name:	**NRIC/Passport No.:**	**Proportion of shareholdings**	
		No. of Shares	**%**
Address:			

and/or (delete as appropriate)

Name:	**NRIC/Passport No.:**	**Proportion of shareholdings**	
		No. of Shares	**%**
Address:			

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 29 April 2016 at 10.30 a.m. and at any adjournment thereof. I/We direct my/our proxy to vote for or against the Resolutions to be proposed at the Meeting as hereunder indicated. If no specific direction as to voting is given, the proxy/proxies may vote or abstain from voting at his/their discretion, as he/they may on any other matter arising at the Annual General Meeting.

No.	**Resolutions**	**No. of Votes For***	**No. of Votes Against***
1.	To adopt the audited financial statements and reports thereon.		
2.	To approve a final tax-exempt (one-tier) cash dividend of 4 cents per share.		
3.	(i) To re-elect Directors:		
	(a) Mr Didi Dawis		
	(b) Mr Andree Halim		
	(c) Mr Lin Kejian		
	(d) Ms Dawn Pamela Lum		
	(e) Mr Tan Teck Huat		
4.	To approve Directors' fees.		
5.	To re-appoint Ernst & Young as Auditors of the Company.		
6.	General Authority to issue shares and/or convertible securities.		

* *Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick (√) in the relevant box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the relevant resolution, please indicate the number of shares in the boxes provided.*

Signed this ____________ day of ______________ 2016 by:

Total number of Shares in:	**No. of Shares**
(a) CDP Register	
(b) Register of Members	

____
Signature of Member(s) / Corporation's Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

Glue and seal firmly

Glue and seal firmly

First fold (this flap for sealing)

Please affix postage stamp

The Company Secretary
QAF Limited
150 South Bridge Road
#09-04 Fook Hai Building
Singapore 058727

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Notes

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. 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. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act (Chapter 50) of Singapore ("the Act"), a member is entitled to appoint not more than two (2) proxies to attend and vote on his behalf. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
3. Pursuant to Section 181(1C) of the Act, a member who is a Relevant Intermediary, is entitled to appoint more than two (2) proxies to attend and vote at the Meeting, but each proxy must be appointed to exercise rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares held by such member in relation to which each proxy has been appointed shall be specified in the proxy form.
4. A proxy need not be a member of the Company.
5. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 150 South Bridge Road #09-04 Fook Hai Building Singapore 058727 not less than 48 hours before the time appointed for the Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointer or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

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8. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the Meeting.
9. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company. A Depositor shall not be regarded as a member of the Company entitled to attend the Meeting and to vote thereat unless his name appears on the Depository Register 72 hours before the time appointed for the Meeting.
10. An investor who buys shares using CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 13 April 2016.

QAF LIMITED
Company Registration No. 195800035D

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

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Fax: (65) 6538 6866
Email: info@qaf.com.sg

Website: www.qaf.com.sg