QAF Limited

(Company Registration No : 195800035D)

Full Year Unaudited Financial Statements for the Year Ended 31 December 2020

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

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

Income Statement	Group					
(in Singapore Dollars)	2nd Half ended			Full Year ended		
		(Restated)			(Restated)	
	31/12/2020	31/12/2019	+ / (-)	31/12/2020	31/12/2019	+ / (-)
	S$'000	S$'000	%	S$'000	S$'000	%
Continuing operations						
Revenue	277,512	261,162	6	561,785	497,041	13
Costs and expenses						
Costs of materials	140,498	136,520	3	277,542	260,714	6
Staff costs	54,516	50,140	9	109,871	99,260	11
Amortisation and depreciation	17,248	15,797	9	33,875	31,340	8
Repairs and maintenance	7,639	6,448	18	13,696	12,545	9
Utilities	7,670	8,271	(7)	15,545	16,285	(5)
Advertising and promotion	4,186	4,171	0	7,427	8,469	(12)
Other operating expenses	23,209	25,106	(8)	52,415	48,255	9
Total costs and expenses	254,966	246,453	3	510,371	476,868	7
Profit from operating activities	22,546	14,709	53	51,414	20,173	155
Finance costs	(1,177)	(1,637)	(28)	(2,576)	(3,432)	(25)
Share of profits of joint venture	3,230	3,896	(17)	5,562	6,020	(8)
Profit before tax from continuing operations	24,599	16,968	45	54,400	22,761	139
Income tax expense						
- Current year	(3,637)	(2,914)	25	(11,497)	(4,193)	174
- Underprovision in prior years	(608)	(525)	16	(650)	(291)	123
	(4,245)	(3,439)	23	(12,147)	(4,484)	171
Profit after tax from continuing operations	20,354	13,529	50	42,253	18,277	131
Discontinuing operations [see page 3, Note 1(a)(ii)(a)]						
(Loss)/profit after tax from discontinuing operations	(20,487)	12,174	n.m.	(13,693)	9,961	n.m.
(Loss)/profit after tax	(133)	25,703	n.m.	28,560	28,238	1
Attributable to:						
Owners of the parent						
- Profit after tax from continuing operations	20,297	13,522	50	42,066	18,171	132
- (Loss)/profit after tax from discontinuing operations	(20,763)	11,891	n.m.	(14,330)	9,408	n.m.
	(466)	25,413	n.m.	27,736	27,579	1
Non-controlling interests						
- Profit after tax from continuing operations	57	7	714	187	106	76
- Profit after tax from discontinuing operations	276	283	(2)	637	553	15
	333	290	15	824	659	25
	(133)	25,703	n.m.	28,560	28,238	1

n.m. = not meaningful

(i) Statement of Comprehensive Income

	Group			
	2nd Half ended		Full Year ended	
		(Restated)		(Restated)
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	S$'000	S$'000	S$'000	S$'000
(Loss)/profit after tax	(133)	25,703	28,560	28,238
Other comprehensive income:				
Items that will not be reclassified subsequently to profit or loss:				
- Actuarial loss on defined benefit plans	(469)	(804)	(469)	(804)
Items that may be reclassified subsequently to profit or loss:				
- Currency translation arising on consolidation	5,696	1,072	10,498	(371)
- Net fair value loss on investment securities at fair value through other comprehensive income	-	(70)	-	(70)
- Net fair value changes on investment securities at fair value through other comprehensive income reclassified to profit or loss	21	(97)	21	(97)
- Share of other comprehensive income of joint venture	555	506	(318)	(243)
Other comprehensive income for the year, net of tax	5,803	607	9,732	(1,585)
Total comprehensive income for the year	5,670	26,310	38,292	26,653
Total comprehensive income attributable to:				
Owners of the parent	5,349	26,010	37,542	25,935
Non-controlling interests	321	300	750	718
	5,670	26,310	38,292	26,653
Total comprehensive income attributable to owners of the parent:				
From continuing operations, net of tax	21,018	14,188	45,048	18,012
From discontinuing operations, net of tax	(15,669)	11,822	(7,506)	7,923
	5,349	26,010	37,542	25,935

Notes to the Income Statement

Please see Section 8 for commentaries on the Income Statement.

(ii) The following items, if significant, must be included in the income statement or in the notes to the income statement for current financial period reported on and the corresponding period of the immediately preceding financial year:-

(a) Discontinuing operations

Following the Group's decision to pursue a sale of the Primary Production business, the Group has reclassified the business as a disposal group held for sale in accordance with SFRS(I) 5 *Noncurrent Assets Held for Sale and Discontinued Operations*. In connection with such reclassification and based on management's current estimates, the Group recorded as an exceptional item, a non-cash loss on remeasurement of $28.7 million on the Primary Production business. This resulted in a loss from discontinuing operations of $13.7 million for FY 2020. This remeasurement loss is taken at Group consolidated accounts level and does not affect the financial results of Rivalea. Excluding this remeasurement loss of $28.7 million, Primary Production business would have recorded a Profit after tax of $15.0 million.

(b) Continuing operations

The Group's profit from operating activities is stated after (charging) / crediting:

	Group					
	2nd Half ended		+ / (-)	Full Year ended		
		(Restated)			(Restated)	
	31/12/2020	31/12/2019	%	31/12/2020	31/12/2019	+ / (-)
	S$'000	S$'000		S$'000	S$'000	%
Other income including interest income and government grants	3,361	606	455	7,700	2,618	194
Other Operating Expenses which include the following:						
Operating lease expense	(7,496)	(6,776)	11	(14,575)	(12,379)	18
Distribution and transportation expense	(5,310)	(5,442)	(2)	(10,117)	(10,425)	(3)
Loss allowance for receivables written-back/ (charged) and bad debts written off, net	473	(649)	n.m.	(5,406)	(910)	494
Foreign currency translation gain/(loss)	3,473	(430)	n.m.	5,092	(1,373)	n.m.
Other professional fees	(1,612)	(1,412)	14	(2,690)	(2,351)	14
Impairment loss on property, plant & equipment	(1,035)	-	n.m.	(1,035)	-	n.m.
Gain/(loss) on disposal of property, plant & equipment and investment properties	98	(109)	n.m.	100	(94)	n.m.
Loss allowance for inventories written-back/ (charged) and inventories written off, net	433	(423)	n.m.	(77)	(872)	(91)

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

Statements of Financial Position	Group		Company	
(in Singapore Dollars)	31/12/2020 S$'000	31/12/2019 S$'000	31/12/2020 S$'000	31/12/2019 S$'000
Current assets				
Biological assets	-	58,573	-	-
Inventories	45,150	75,745	-	-
Trade receivables	77,536	106,847	-	-
Other receivables	17,520	30,479	88,275	46,468
Tax recoverable	4,546	3,054	-	-
Cash and cash equivalents	81,362	73,167	36,488	22,186
Assets belonging to disposal group (Note 1) classified as held for sale	293,824	-	-	-
	519,938	347,865	124,763	68,654
Non-current assets				
Property, plant & equipment	238,567	355,550	3,600	3,770
Right-of-use assets	25,837	41,328	267	354
Investment in subsidiaries	-	-	100,132	100,132
Advances to subsidiaries	-	-	97,530	152,091
Investment in joint venture and associate	78,497	79,814	-	-
Pension assets	-	2,795	-	-
Long-term investments	-	1,618	-	1,618
Intangibles	158	109	55	942
Deferred tax assets	5,084	21,394	-	-
	348,143	502,608	201,584	258,907
Total assets	868,081	850,473	326,347	327,561
Current liabilities				
Trade payables	43,062	88,855	87	173
Other payables	53,846	65,398	4,384	4,359
Short-term borrowings	6,114	58,522	-	-
Long-term borrowings - current portion	5,666	6,679	-	-
Lease liabilities - current portion	3,538	8,629	94	94
Income tax payable	3,744	3,652	692	708
Liabilities belonging to disposal group classified as held for sale	160,181	-	-	-
	276,151	231,735	5,257	5,334
Non-current liabilities				
Other payables	11,962	15,009	4,214	4,826
Long-term borrowings	32,354	57,577	-	-
Lease liabilities	23,657	34,248	183	266
Deferred tax liabilities	7,038	11,584	856	1,164
	75,011	118,418	5,253	6,256
Total liabilities	351,162	350,153	10,510	11,590
Net assets	516,919	500,320	315,837	315,971
Capital and reserves				
Share capital	277,043	277,043	277,043	277,043
Reserves	239,267	230,542	38,794	38,928
Equity attributable to owners of the parent	516,310	507,585	315,837	315,971
Non-controlling interests	609	(7,265)	-	-
Total equity	516,919	500,320	315,837	315,971

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

Note 1 Included in assets belonging to disposal group classified as held for sale are cash balances of $38.7 million held by the Primary Production business. If not for the reclassification, the Group’s cash and cash equivalents would have been $120.1 million ($81.4 million + $38.7 million).

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

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

As at 31/12/2020		As at 31/12/2019	
Secured	Unsecured	Secured	Unsecured
$'000	$'000	$'000	$'000
284	15,034	22,597	51,233

(b) Amount repayable after one year

As at 31/12/2020		As at 31/12/2019	
Secured	Unsecured	Secured	Unsecured
$'000	$'000	$'000	$'000
52	55,959	11,985	79,840

(c) Details of any collaterals

At the end of the financial year, property, plant & equipment and assets belonging to disposal group classified as held for sale with total net book values of $47,125,000 (as at 31/12/2019: $39,627,000) were pledged to secure certain credit facilities for the Group.

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

Statement of Cash Flows (in Singapore Dollars)	**Group** Full Year ended 31/12/2020 S$'000	 31/12/2019 S$'000
Cash flows from operating activities:		
Profit before tax from continuing operations	54,400	22,761
(Loss)/profit before tax from discontinuing operations	(8,910)	10,317
Profit before tax, total	45,490	33,078
Adjustments for:		
Amortisation and depreciation	48,064	45,313
(Gain)/loss on disposal of property, plant & equipment and investment properties	(97)	541
Share of profits of joint venture	(5,562)	(6,020)
Impairment loss on investment securities	-	21
Impairment loss on property, plant & equipment	1,035	-
Gain on disposal of investment securities	(361)	(34)
Fair value changes on biological assets	1,836	(7,304)
Loss allowance for receivables charged and bad debts written off, net	5,466	883
Remeasurement loss on disposal group	28,664	-
Interest expense	4,566	5,841
Interest income	(472)	(801)
Exchange differences	(5,620)	995
Operating profit before working capital changes	123,009	72,513
Decrease/(increase) in trade and other receivables	10,398	(5,997)
Increase in inventories and biological assets	(11,118)	(9,124)
(Decrease)/increase in trade and other payables	(12,694)	16,262
Cash from operations	109,595	73,654
Interest paid, net	(4,167)	(5,014)
Income tax paid	(9,448)	(9,260)
Net cash from operating activities	**95,980**	**59,380**
Cash flows from investing activities:		
Purchase of property, plant & equipment and investment properties	(31,149)	(35,472)
Proceeds from disposal of property, plant & equipment and investment properties	422	1,103
Purchase of intangibles	(55)	-
Investment in associate	(8)	(140)
Dividends received from joint venture	9,851	8,196
Proceeds from redemption of investment securities	2,000	4,706
Net cash used in investing activities	**(18,939)**	**(21,607)**
Cash flows from financing activities:		
Dividends paid during the year	(28,763)	(28,763)
Dividends paid to non-controlling interests	(327)	(379)
Proceeds from borrowings	14,965	23,227
Repayment of borrowings	(10,914)	(8,421)
Repayment of lease liabilities	(8,646)	(8,809)
Proceeds from long-term loans from non-controlling interests	294	71
Acquisition of non-controlling interest share in a subsidiary	-	(1,680)
Net cash used in financing activities	**(33,391)**	**(24,754)**
Net increase in cash and cash equivalents	43,650	13,019
Cash and cash equivalents at beginning of year	73,167	60,259
Effect of exchange rate changes on cash and cash equivalents	3,290	(111)
Cash and cash equivalents at end of year (Note A)	120,107	73,167

1(c)

Note A : Cash and cash equivalents

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

	Group 31/12/2020 $'000	Group 31/12/2019 $'000
Cash and short-term deposits	81,362	73,167
Add: Cash and short-term deposits included in Assets belonging to disposal group classified as held for sale	38,745	-
	120,107	73,167

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

Statement of Changes in Equity

(In Singapore Dollars)

Group	Share capital $'000	Revaluation reserve $'000	Capital reserve $'000	Fair value reserve $'000	Revenue reserve $'000	Foreign currency translation reserve $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 January 2020	277,043	244	(3,306)	(21)	245,427	(11,802)	(7,265)	500,320
Total comprehensive income for the year								
Net profit for the year	-	-	-	-	27,736	-	824	28,560
Other comprehensive income								
Currency translation arising on consolidation	-	-	-	-	-	10,610	(112)	10,498
Net fair value changes on investment securities at fair value through other comprehensive income reclassified to profit or loss	-	-	-	21	-	-	-	21
Actuarial (loss)/gain on defined benefit plans	-	-	-	-	(507)	-	38	(469)
Share of other comprehensive income of joint venture	-	-	-	-	(313)	(5)	-	(318)
Other comprehensive income for the year, net of tax	-	-	-	21	(820)	10,605	(74)	9,732
Total comprehensive income for the year	-	-	-	21	26,916	10,605	750	38,292
Transactions with owners in their capacity as owners								
Contributions by and distributions to owners								
Waiver of debt from shareholder of a subsidiary	-	-	-	-	-	-	8,021	8,021
Transfer to other payables	-	-	-	-	-	-	(624)	(624)
Dividends	-	-	-	-	(28,817)	-	(273)	(29,090)
Total transactions with owners in their capacity as owners	-	-	-	-	(28,817)	-	7,124	(21,693)
Balance at 31 December 2020	277,043	244	(3,306)	-	243,526	(1,197)	609	516,919

1(d)(i)

Group	Share capital $'000	Revaluation reserve $'000	Capital reserve $'000	Fair value reserve $'000	Revenue reserve $'000	Foreign currency translation reserve $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 January 2019	277,043	244	(2,410)	146	247,429	(11,048)	(6,385)	505,019
Total comprehensive income for the year								
Net profit for the year	-	-	-	-	27,579	-	659	28,238
Other comprehensive income								
Currency translation arising on consolidation	-	-	-	-	-	(511)	140	(371)
Net fair value loss on investment securities at fair value through other comprehensive income	-	-	-	(70)	-	-	-	(70)
Net fair value changes on investment securities at fair value through other comprehensive income reclassified to profit or loss	-	-	-	(97)	-	-	-	(97)
Actuarial loss on defined benefit plans	-	-	-	-	(723)	-	(81)	(804)
Share of other comprehensive income of joint venture	-	-	-	-	-	(243)	-	(243)
Other comprehensive income for the year, net of tax	-	-	-	(167)	(723)	(754)	59	(1,585)
Total comprehensive income for the year	-	-	-	(167)	26,856	(754)	718	26,653
Transactions with owners in their capacity as owners								
Contributions by and distributions to owners								
Transfer to other payables	-	-	-	-	-	-	(530)	(530)
Dividends	-	-	-	-	(28,858)	-	(284)	(29,142)
Total contributions by and distributions to owners	-	-	-	-	(28,858)	-	(814)	(29,672)
Change in ownership interest in subsidiary								
Acquisition of non-controlling interests without a change in control	-	-	(896)	-	-	-	(784)	(1,680)
Total change in ownership interest in subsidiary	-	-	(896)	-	-	-	(784)	(1,680)
Total transactions with owners in their capacity as owners	-	-	(896)	-	(28,858)	-	(1,598)	(31,352)
Balance at 31 December 2019	277,043	244	(3,306)	(21)	245,427	(11,802)	(7,265)	500,320

Company	Share capital $'000	Fair value reserve $'000	Revenue reserve $'000	Total equity $'000
Balance at 1 January 2020	277,043	(21)	38,949	315,971
Net profit for the year	-	-	28,608	28,608
Other comprehensive income				
Net fair value changes on investment securities at fair value through other comprehensive income reclassified to profit or loss	-	21	-	21
Total comprehensive income for the year	-	21	28,608	28,629
Contributions by and distributions to owners				
Dividends	-	-	(28,763)	(28,763)
Total transactions with owners in their capacity as owners	-	-	(28,763)	(28,763)
Balance at 31 December 2020	277,043	-	38,794	315,837

1(d)(i)

Company	Share capital $'000	Fair value reserve $'000	Revenue reserve $'000	Total equity $'000
Balance at 1 January 2019	277,043	146	44,131	321,320
Net profit for the year	-	-	23,581	23,581
Other comprehensive income				
Net fair value loss on investment securities at fair value through other comprehensive income	-	(70)	-	(70)
Net fair value changes on investment securities at fair value through other comprehensive income reclassified to profit or loss	-	(97)	-	(97)
Total comprehensive income for the year	-	(167)	23,581	23,414
Contributions by and distributions to owners				
Dividends	-	-	(28,763)	(28,763)
Total transactions with owners in their capacity as owners	-	-	(28,763)	(28,763)
Balance at 31 December 2019	277,043	(21)	38,949	315,971

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

Since 30 June 2020 up to 31 December 2020, there has been no change to the issued and paid-up share capital of the Company.

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

	As at 31/12/2020	As at 31/12/2019
Total number of issued shares (excluding treasury shares)	575,268,440	575,268,440

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

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

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

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

The Company did not have any subsidiary holdings as at 31 December 2020.

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

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

The figures have not been audited or reviewed.

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

N.A.

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

The Group has applied the same accounting policies and methods of computation as in the Group's audited financial statements for the previous year ended 31 December 2019. However, the Group adopted new or amended Singapore Financial Reporting Standards (International) ("SFRS(I)") that are mandatory for financial years beginning on or after 1 January 2020. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

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

N.A.

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

Earnings per ordinary share	Full Year ended 31/12/2020	Full Year ended 31/12/2019
Basic and Diluted EPS	4.8 cents	4.8 cents
- continuing operations	7.3 cents	3.2 cents
- discontinuing operations	(2.5) cents	1.6 cents
Number of shares used for the calculation of Basic and Diluted EPS:		
Weighted average number of ordinary shares in issue	575,268,440	575,268,440

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

	As at 31/12/2020	As at 31/12/2019
Group	89.8 cents	88.2 cents
QAF Limited	54.9 cents	54.9 cents
Number of shares used for the calculation of Net asset value:	575,268,440	575,268,440

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

INCOME STATEMENT

2H 2020 vs 2H 2019

Continuing operations

	Revenue ^			EBITDA			EBITDA margin	
	2H 2020	**2H 2019**	**+ / (-)**	**2H 2020**	**2H 2019**	**+ / (-)**	**2H 2020**	**2H 2019**
Segment	**$'million**	**$'million**	**%**	**$'million**	**$'million**	**%**	**%**	**%**
Bakery	*212.6*	*199.9*	*6*	*36.5*	*30.0*	*22*	*17*	*15*
Royalty income from joint venture	*1.7*	*2.0*	*(15)*	*1.7*	*2.0*	*(15)*		
Share of profits of joint venture	*-*	*-*	*-*	*3.2*	*3.9*	*(17)*		
Bakery and joint venture contribution	214.3	201.9	6	41.4	35.9	15		
Distribution & Warehousing	64.0	59.0	8	2.6	3.9	(33)	4	7
Others *	(0.8)	0.3	n.m.	(1.1)	(5.7)	(81)		
	277.5	261.2	6	42.9	34.1	26	15	13

* *Exclude share of profits and royalty income from joint venture Gardenia Bakeries (KL) Sdn Bhd ("GBKL")*

^ *GBKL's revenue is not consolidated as it is accounted for as a joint venture. GBKL's revenue decreased 2% or $3.0 million to $175.8 million in 2H 2020 from $178.8 million in 2H 2019*

Group revenue increased by 6% to $277.5 million for the second half year ended 31 December 2020 ("2H 2020") from $261.2 million for the second half year ended 31 December 2019 ("2H 2019"). In constant currency terms, Group revenue increased by 4% in 2H 2020 over 2H 2019. Group earnings before interest, tax, depreciation and amortisation ("EBITDA") increased by 26% to $42.9 million for 2H 2020 from $34.1 million for 2H 2019. The increase was largely due to better performance of Bakery segment. In particular, the Group's costs of materials increased by 3% or $4.0 million to $140.5 million in 2H 2020 driven by higher sales volume of the Bakery and Distribution & Warehousing segments. This rate of increase of 3% in costs of materials is lower than the increase in revenue of 6% as bread returns in the Philippines fell substantially. Foreign currency translation gain, government support and cutback of marketing expenses in the Philippines also contributed to the EBITDA improvement.

Other income including interest income increased by 455% or $2.8 million to $3.4 million in 2H 2020 mainly due to the recognition of one-off government grants of $3.0 million in connection with the Coronavirus ("Covid-19") pandemic.

Staff costs increased by $4.4 million to $54.5 million in 2H 2020 due mainly to higher overtime costs, hardship allowances and additional temporary staff employed because of restrictions during the pandemic. For example, temporary accommodation for Malaysian workers in Singapore were provided from March to July during the year.

Amortisation and depreciation increased by 9% or $1.5 million to $17.2 million in 2H 2020, due to additional capital expenditure relating to bakery production lines and facilities.

Repairs and maintenance increased 18% from $6.4 million in 2H 2019 to $7.6 million in 2H 2020 due to infrastructure and facilities improvements implemented by Bakery segment. Utilities decreased by 7% to $7.7 million in 2H 2020 due to an overall decrease in electricity and gas price.

Other operating expenses decreased by 8% to $23.2 million in 2H 2020 mainly due to foreign currency translation gain, offset by one-off impairment loss of $1.0 million to write down net book values of certain Properties, Plant and Equipment in the Distribution & Warehousing segment and higher operating lease expense. Lease expenses increased as more commercial vehicles were added to expand our bakery distribution network. The Group recorded foreign currency translation gain of $3.5 million in 2H 2020 as compared to foreign currency translation loss of $0.4 million in 2H 2019 as the Australian Dollar had appreciated.

Group finance costs (interest expense) decreased by 28% or $0.5 million to $1.1 million in 2H 2020 from $1.6 million in 2H 2019 due mainly to lower interest rates.

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

INCOME STATEMENT (cont'd)

2H 2020 vs 2H 2019 (cont'd)

The Group's share of profits of joint venture decreased by 17% or $0.7 million to $3.2 million in 2H 2020 from $3.9 million in 2H 2019 due mainly to effects of lower sales and higher raw material prices. GBKL's revenue decreased 2% or $3.0 million to $175.8 million in 2H 2020 from $178.8 million in 2H 2019 as its operations were negatively impacted by the Covid-19 pandemic.

Group profit before tax ("PBT") from continuing operations increased by 45% from $17.0 million for 2H 2019 to $24.6 million for 2H 2020 with margin improving from 6.5% to 8.9%. Group income tax expense increased by 23% to $4.2 million for 2H 2020 as compared to $3.4 million for 2H 2019 due to increased profitability in the Group's operations.

Group profit after tax ("PAT") from continuing operations increased 50% to $20.4 million for 2H 2020 as compared to $13.5 million for 2H 2019. PAT margin improved from 5.2% in 2H 2019 to 7.3% in 2H 2020. Group profit attributable to owners of the parent ("PATMI") from continuing operations increased by 50% to $20.3 million for 2H 2020 as compared to $13.5 million for 2H 2019 with margin improving from 5.2% to 7.3%.

Discontinuing operations

Following the Group's decision to pursue a sale of the Primary Production business, the Group has reclassified the business as a disposal group held for sale in accordance with SFRS(I) 5 *Noncurrent Assets Held for Sale and Discontinued Operations*.

	Revenue			EBITDA			EBITDA margin	
	2H 2020	2H 2019	+ / (-)	2H 2020	2H 2019	+ / (-)	2H 2020	2H 2019
	$'million	$'million	%	$'million	$'million	%	%	%
Primary Production	194.8	181.4	7	20.5	19.9	3	11	11

Primary Production's 2H 2020 revenue was 2% higher in constant currency terms, resulting from higher sales volume. In Singapore dollar terms, 2H 2020 revenue was 7% higher year-on-year because of foreign currency translation. Although Primary Production benefitted from lower average wheat and barley prices in 2H 2020 compared to 2H 2019, this is however partly offset by the recognition of $1.8 million loss on revaluation of biological assets in 2H 2020 in line with lower selling prices, whereas in 2H 2019, there was a revaluation gain of $7.3 million, resulting in the flat EBITDA margin.

In connection with such reclassification and based on management's current estimates, the Group recorded as an exceptional item, a non-cash loss on remeasurement of $28.7 million on the Primary Production business. This remeasurement loss is taken at Group consolidated accounts level and does not affect the financial results of Rivalea. Excluding this loss on remeasurement, Primary Production segment would have recorded profit after tax of $8.2 million for 2H 2020.

FY 2020 vs FY 2019

Continuing operations

	Revenue ^			EBITDA			EBITDA margin	
	FY 2020	FY 2019	+ / (-)	FY 2020	FY 2019	+ / (-)	FY 2020	FY 2019
	$'million	$'million	%	$'million	$'million	%	%	%
Segment								
Bakery	*433.3*	*379.4*	*14*	*79.6*	*50.2*	*59*	*18*	*13*
Royalty income from joint venture	*4.8*	*4.9*	*(2)*	*4.8*	*4.9*	*(2)*		
Share of profits of joint venture	*-*	*-*	*-*	*5.6*	*6.0*	*(8)*		
Bakery and joint venture contribution	438.1	384.3	14	90.0	61.1	47		
Distribution & Warehousing	124.0	112.3	10	7.0	7.9	(11)	6	7
Others *	(0.3)	0.4	n.m.	(6.5)	(12.2)	(47)		
	561.8	497.0	13	90.5	56.8	59	16	11

* *Exclude share of profits and royalty income from joint venture Gardenia Bakeries (KL) Sdn Bhd ("GBKL")*

^ *GBKL's revenue is not consolidated as it is accounted for as a joint venture. GBKL's revenue increased 5% or $17.1 million to $354.2 million in FY 2020 from $337.1 million in FY 2019*

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

INCOME STATEMENT (cont'd)

FY 2020 vs FY 2019 (cont'd)

Group revenue increased by 13% to $561.8 million for the financial year ended 31 December 2020 ("FY 2020") from $497.0 million for the financial year ended 31 December 2019 ("FY 2019"). In constant currency terms, Group revenue increased by 11% in FY 2020 over FY 2019. Group EBITDA increased by 59% to $90.5 million for FY 2020 from $56.8 million for FY 2019. The increase was largely due to better performances by the Bakery segment. Overall EBITDA margin for the Bakery segment improved mainly due to lower bread returns, governmental support and cutback of marketing expenses in the Philippines. The Group's EBITDA also benefited from foreign currency translation gain.

The Group's costs of materials increased by 6% or $16.8 million to $277.5 million in FY 2020 driven by higher sales volume of the Bakery and Distribution & Warehousing segments.

Other income including interest income increased by 194% or $5.1 million to $7.7 million in FY 2020 mainly due to the recognition of one-off government grants of $6.7 million in connection with the Covid-19 pandemic.

Staff costs increased by $10.6 million to $109.9 million in FY 2020 due mainly to higher overtime costs, hardship allowances and additional temporary staff employed because of restrictions during the pandemic. For example, temporary accommodation for Malaysian workers in Singapore were provided from March to July during the year.

Amortisation and depreciation increased by 8% or $2.5 million to $33.9 million in FY 2020, due to additional capital expenditure relating to bakery production lines and facilities.

Repairs and maintenance increased 9% from $12.5 million in FY 2019 to $13.7 million in FY 2020 due to infrastructure and facilities improvements implemented by Bakery segment. Utilities decreased by 5% to $15.5 million in FY 2020 due to an overall decrease in electricity and gas price.

Advertising and promotion expenses was lower at $7.4 million in FY 2020 as compared to $8.5 million in FY 2019, in line with lower advertising activities by Bakery segment.

Other operating expenses increased by 9% to $52.4 million in FY 2020 due mainly to higher loss allowance for receivables, higher operating lease expense and one-off impairment loss of $1.0 million to write down net book values of certain Properties, Plant and Equipment in the Distribution & Warehousing segment. Lease expenses increased as more commercial vehicles were added to expand our bakery distribution network. The Group recorded foreign currency translation gain of $5.1 million in FY 2020 as compared to foreign currency translation loss of $1.4 million in FY 2019 as the Australian Dollar had appreciated.

In FY 2020, there were additional provisions and expenses of $6.9 million, including $4.2 million for trade receivables relating to Gardenia Bakeries (Philippines) Inc's Big Smile and Bakers Maison franchise operations and $2.7 million for Covid-19 relief efforts.

Group finance costs (interest expense) decreased by 25% or $0.8 million to $2.6 million in FY 2020 from $3.4 million in FY 2019 due mainly to lower interest rates.

The Group's share of profits of joint venture decreased by 8% or $0.4 million to $5.6 million in FY 2020 from $6.0 million in FY 2019 due mainly to higher raw material prices. GBKL's revenue increased 5% or $17.1 million to $354.2 million in FY 2020 from $337.1 million in FY 2019.

Group PBT from continuing operations increased by 139% from $22.8 million for FY 2019 to $54.4 million for FY 2020 with margin improving from 4.6% to 9.7%. Group income tax expense increased by 171% to $12.1 million for FY 2020 as compared to $4.5 million for FY 2019 due to increased profitability in the Group's operations.

Group PAT from continuing operations increased by 131% compared to FY 2019. PAT margin improved from 3.7% in FY 2019 to 7.5% in FY 2020. Group PATMI from continuing operations increased by 132% to $42.1 million for FY 2020 as compared to $18.2 million for FY 2019, with margin improving from 3.7% to 7.5%.

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

INCOME STATEMENT (cont'd)

FY 2020 vs FY 2019 (cont'd)

Discontinuing operations

Following the Group's decision to pursue a sale of the Primary Production business, the Group has reclassified the business as a disposal group held for sale in accordance with SFRS(I) 5 *Noncurrent Assets Held for Sale and Discontinued Operations*.

	Revenue			EBITDA			EBITDA margin	
	FY 2020	FY 2019	+ / (-)	FY 2020	FY 2019	+ / (-)	FY 2020	FY 2019
	$'million	$'million	%	$'million	$'million	%	%	%
Primary Production	373.2	366.8	2	35.9	26.6	35	10	7

Primary Production's FY 2020 revenue increased 2% due to higher sales volume. Primary Production benefitted from lower average wheat and barley prices in FY 2020 compared to FY 2019, despite the recognition of $1.8 million loss on revaluation of biological assets in FY 2020 in line with lower selling prices, whereas in FY 2019, there was a revaluation gain of $7.3 million, resulting in EBITDA margin improving from 7% to 10%.

In connection with such reclassification and based on management's current estimates, the Group recorded as an exceptional item, a non-cash loss on remeasurement of $28.7 million on the Primary Production business. This remeasurement loss is taken at Group consolidated accounts level and does not affect the financial results of Rivalea. Excluding this loss on remeasurement, Primary Production segment would have recorded profit after tax of $15.0 million for FY 2020.

STATEMENT OF FINANCIAL POSITION

Following the Group's decision to pursue a sale of the Primary Production business, the Group has reclassified the business as a disposal group held for sale in accordance with SFRS(I) 5 *Noncurrent Assets Held for Sale and Discontinued Operations*. Accordingly, all assets and liabilities relating to Primary Production business have been reclassified to Assets belonging to disposal group classified as held for sale and Liabilities belonging to disposal group classified as held for sale, respectively, as at 31 December 2020. This reclassification has resulted in reductions in the Group's Biological assets, Inventories, Trade receivables, Other receivables, Cash and cash equivalents, Property, plant and equipment, Right-of-use assets, Pension assets, Deferred tax assets, Trade payables, Other payables (current and non-current), Short-term borrowings, Long-term borrowings, Lease liabilities and Deferred tax liabilities.

Tax recoverable increased by 49% or $1.5 million as at end FY 2020 due mainly to the Philippine group of companies' accumulated certificates of creditable tax withheld. Philippine tax regulations mandate the advance withholding of tax for selected transactions, paid directly to the tax authority and are useable as income tax credits. The excess creditable withholding taxes are expected to be recovered over the next few years.

Long-term investments relate to the Company's investments in bonds. Long-term investments of $1.6 million were redeemed during the year.

Net gearing ratio (including disposal group) as at 31 December 2020 was 0.09 times as compared to 0.18 times as at 31 December 2019.

The performance review of the Group's business segments is as follows:

Continuing operations

BAKERY

In 2H 2020, the Group's Bakery segment achieved overall increase in sales and earnings. Sales increased by 6% (3% in constant currency terms) to $212.6 million for 2H 2020, and EBITDA increased by 22%, from $30.0 million for 2H 2019 to $36.5 million for 2H 2020. Overall EBITDA margin for the Bakery segment improved mainly due to lower bread returns, governmental support and cutback of marketing expenses. GBKL's sales, which are not included in the Group's revenue, decreased by 2% or $3.0 million to $175.8 million in 2H 2020.

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

The performance review of the Group's business segments is as follows (cont'd):

BAKERY (cont'd)

For FY 2020, Bakery segment revenue increased by 14% to $433.3 million from $379.4 million in FY 2019. In constant currency terms, Bakery revenue increased by 11% in FY 2020 over FY 2019. Gardenia Bakeries (Philippines) Inc ("GBPI"), Farmland Bakery (M) Sdn Bhd, Gardenia Foods (S) Pte Ltd ("GFS") and Bakers Maison Australia Pty Ltd achieved higher sales with higher demand during the Covid-19 pandemic. GBKL's sales, which are not included in the Group's revenue, increased by 5% or $17.1 million to $354.2 million in FY 2020. Its EBITDA, including royalty income to QAF Ltd, decreased by 5% to $37.8 million with a margin of 11%.

Bakery EBITDA, excluding GBKL, increased 59% or $29.4 million, from $50.2 million for FY 2019 to $79.6 million for FY 2020, mainly due to better utilisation of plants from higher sales and more streamlined production, lower bread returns, government support and cutback of marketing expenses. Including GBKL, overall contribution of Bakery segment increased 47% to $90.0 million. Share of profits of joint venture declined by $0.4 million mainly due to effects of higher raw material prices. The pandemic has also impacted the sale of its packaged buns and rolls.

DISTRIBUTION & WAREHOUSING

The Group's Distribution & Warehousing segment achieved increase in revenue by 8% or $5.0 million to $64.0 million in 2H 2020, up from $59.0 million for 2H 2019. The increase is mainly contributed by higher domestic sales to retail supermarkets and exports. EBITDA for 2H 2020 decreased to $2.6 million as compared to $3.9 million for 2H 2019 due to one-off impairment loss of $1.0 million to write down the net book values of certain Properties, Plant and Equipment, higher staff costs and distribution costs.

For FY 2020, Distribution & Warehousing revenue increased by 10% or $11.7 million to $124.0 million, up from $112.3 million for FY 2019, mainly contributed by higher domestic and export sales.

EBITDA for the Distribution & Warehousing segment decreased by 11% or $0.9 million, from $7.9 million for FY 2019 to $7.0 million for FY 2020. The lower EBITDA included one-off impairment loss of $1.0 million in FY 2020 to write down the net book values of certain Properties, Plant and Equipment, whereas in FY 2019, there was a one-off $1.1 million insurance income, being compensation for loss of revenue and costs associated with the ammonia leak incident in 2018. Excluding the impairment, last year's insurance income of $1.1 million and various grants by the government this year, the segment EBITDA would have decreased by 6% from $6.8 million in 2019 to $6.4 million in 2020.

Discontinuing operations

PRIMARY PRODUCTION

In the Primary Production segment, Rivalea, the Group's leading integrated meat producer in Australia, achieved 7% revenue growth (2% in constant currency terms) to $194.8 million in 2H 2020, contributed by higher sales pricing. Primary Production's EBITDA for 2H 2020 increased to $20.5 million as compared to $19.9 million for 2H 2019.

For FY 2020, revenue for the Primary Production segment increased by 2% or $6.4 million from $366.8 million in FY 2019 to $373.2 million in FY 2020 due to higher sales pricing. Although revenue increased by 2%, EBITDA and corresponding profit before tax improved significantly. EBITDA uplift to $35.9 million for FY 2020 was driven by improved performance of processing division, better margins across feed milling division and cost savings realised in pork division, in particular lower cost of grains for livestock feed. In constant currency terms, Primary Production segment revenue increased marginally by 1% in FY 2020 over FY 2019. Primary Production segment continued to benefit mainly from higher average selling prices and lower cost of materials.

Primary Production benefited from lower average wheat and barley prices in 2H 2020 and FY 2020, compared to 2H 2019 and FY 2019. In 2H 2019 and FY 2019, high grain prices were experienced by the Primary Production segment due to the lagging effects of the severe drought conditions in Eastern Australia in 2018. This is partly offset by the recognition of $1.8 million write-down on revaluation of biological assets in 2H 2020 and FY 2020, whereas in 2H 2019 and FY 2019, there was a $7.3 million revaluation gain.

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

<u>The performance review of the Group's business segments is as follows (cont'd):</u>

PRIMARY PRODUCTION (cont'd)

In connection with the reclassification in accordance to the accounting standard SFRS(I) 5, and based on management's current estimates, the Group recorded as an exceptional item, a non-cash loss on remeasurement of $28.7 million on the Primary Production business. This remeasurement loss is taken at Group consolidated accounts level and does not affect the financial results of Rivalea. Excluding this loss, Primary Production segment PAT would have increased 50% to $15.0 million in FY 2020 as compared to $10.0 million in FY 2019.

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

The Company had in its 22 September 2020 announcement in relation to the Primary Production business, stated that in connection with the sale process, Rivalea is projecting to achieve net revenues and EBITDA (excluding fair value changes on biological assets) of A$395 million and A$36 million, respectively, for FY2020. Actual FY2020 unaudited net revenues achieved was A$387 million, due to lower carcass weight of pigs sold and lower volumes of branded products sold. The actual unaudited EBITDA (excluding fair value changes on biological assets) achieved was A$40.3 million, exceeding the A$36 million projection, because of cost savings in farming division, better margins for feed milling and meat processing divisons. The 22 September 2020 announcement stated, amongst others, that the projection disclosed therein was a forward-looking statement, which had been produced for the purpose of the sale process being undertaken for the Primary Production business. The projection had been set out solely for reasons of disclosure; the actual future performance, outcome and results of the Primary Production business may differ materially from the projection as a result of, inter alia, known and unknown risks, uncertainties, bases and assumptions including uncertainty arising from the pandemic and/or matters beyond the Group's control; and that there was no assurance that the projection would be realised or prove to be correct.

In connection with the reclassification in accordance to the accounting standard SFRS(I) 5, and based on management's current estimates, the Group recorded as an exceptional item, a non-cash loss on remeasurement of $28.7 million on the Primary Production business. This remeasurement loss is taken at Group consolidated accounts level and does not affect the financial results of Rivalea.

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

<u>Continuing operations</u>

The COVID-19 pandemic severely impacted global economies during the year, including those countries that the Group operates in. Based on official government statistics, Singapore's economy contracted by 5.4% in 2020 while Malaysia fell 5.6%. At the same time, the latest official estimates for the Philippines was -9.5% and IMF's estimate for Australia was -2.9%. Although the IMF expects these economies to bounce back in 2021, not all economies will recover fully to pre-pandemic levels rapidly. The Group's business, being mainly in the consumer staples sector, had and is expected to remain resilient amidst the Covid-19 pandemic. This pandemic will continue to impact each QAF business segment differently. Though additional operational challenges were encountered, the pandemic has given rise to certain market opportunities.

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

Continuing operations (cont'd)

Various forms of pandemic-related restrictions have been imposed by governments in Singapore, Malaysia, the Philippines and Australia in response to the pandemic. The Group's primary bakery businesses in these countries have successfully coped with these new challenges. In Singapore, Malaysia and the Philippines, these were largely achieved by changing product mix and production scheduling to maintain cost efficiency and the extensive distribution networks built up over the years. Higher demand for bakery products and stable flour prices during the year were key factors in the resilience of these businesses. In Australia, Bakers Maison had faced a challenging business environment with food service and airline businesses being adversely impacted during the second quarter of 2020. Its sales, however, have recovered from June 2020 onwards with some recovery of the food service business and significant growth in its meal kit business. The Group's focus continues to be on sustainable long-term growth. Pursuant to such an objective, our joint venture company, GBKL, will add a new bun and roll line at Bukit Kemuning. Investment for plant and equipment will be self-funded by GBKL through external bank loans and internal resources. Expected to complete by late 2021, the line will allow GBKL to increase its product range and strengthen its market share in Malaysia.

Although there was a significant improvement over 2019, the bakery business is expected to moderate from 2021 onwards, as it has started to normalise from 2H 2020 with gradual easing of restrictions and re-opening of businesses. There is thus a need for prudent capital management and to watch cashflow. There is also a need to upgrade the Singapore bakery plants due to the age of the facilities. These upgrades will improve productivity, food safety and quality, and help to reduce future maintenance costs and manpower requirements. In line with the strategy of sustainable long-term growth, the Group will continue to review other plans for an opportune time to invest, taking into account the post-pandemic situation. These include Gardenia Philippines' expansion of production facilities at North Luzon and a new bread line at Farmland Malaysia to supply both Malaysia and Singapore markets.

In the Distribution & Warehousing segment, there has been no material disruption to supply chains resulting from the pandemic. Suppliers have been able to continue to support the Group's operational requirements. There has been strong growth in sales to major supermarkets and in export markets. Sales increase from major supermarkets and export markets more than offset a decline in sales to food service customers, whose business were adversely affected by lockdowns. Monitoring of inventory and trade receivables have become more important during this pandemic. Being nimble and responsive to changing market demand had helped to prevent any significant inventory or receivables write-down during the year. The Group expects the same for the coming year.

The Group's operating entities have adopted stringent health and safety measures as a risk management measure. Nevertheless, business risks remain as the situation may worsen with multiple waves of infection, increased restrictions in movement of goods and people, emergence of COVID-19 variants, and challenges to rolling-out of available vaccines. Such risks include, but are not limited to, disruption of supply chains, temporary closure of production, processing and warehousing facilities in case a cluster is detected, labour shortages, transition to split operations/additional shifts resulting in higher costs, increased sanitation requirements and production downtime, higher cost of raw materials, as well as credit risks, especially for retail food service sector, as more companies go into financial difficulties.

In 2020, products were distributed to essential service, healthcare and frontline workers in Singapore, Malaysia and the Philippines. Including our joint-venture company GBKL, more than S$3.6 million additional staff allowances and donations were incurred by the Group. This amount does not include additional expenses incurred such as overtime and cost of temporary workers because of the pandemic. The Group remains committed to its corporate social responsibility and will continue to give back to the community. For example, GBKL has pledged RM1 million in products and cash to help those financially affected by the COVID-19 pandemic. Part of the pledge was fulfilled in the financial year 2020 while the balance is expected to be fulfilled in financial year 2021. It is also working closely with government agencies and NGOs to distribute more products to people in need.

Governmental support amounting to S$7.8 million were received for the Group's business in 2020. Such support had helped to offset the negative financial impact arising from the COVID-19 pandemic.

The Group had previously announced that a collective sale committee had been appointed to pursue an en-bloc sale of Fook Hai Building, in which the Group owns 5 strata office units. As the required consensus has not been obtained, the collective sale process has ended in Jan 2021.

Growth of our business in 2021 is expected to moderate as our business has started to normalise in 2H 2020. For prudence, the Group will continue to adopt a conservative capital management strategy and in particular, to watch operating cashflow closely.

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

Continuing operations (cont'd)

The Company aims to pay consistent and sustainable dividends having regard, amongst others, to the long-term nature of the Group's business. The Board has decided to recommend a final dividend of 4 cents per share for FY2020. Together with the interim 1 cent per share dividend paid in 2020, the total dividend for FY2020 would amount in total to 5 cents per share.

Discontinuing operations

As previously announced, the Group intends to focus on the Bakery and the Distribution and Warehousing segments in the core markets of Singapore, Malaysia and the Philippines, catering to a growing 650 million population of ASEAN countries. The sale process for the Group's Primary Production business, has already started and is ongoing. Several interested parties have been invited to conduct, and are conducting, due diligence on the business. It is expected that following completion of due diligence, negotiation phase for the sale and purchase agreement (SPA) will take place. Subject to successful negotiation and signing of the SPA, completion will take place in the event conditions to be agreed upon, including any requisite regulatory approvals, are satisfied. It is the intention of the Company that upon successful closing of the transaction, the Company will propose payment of a special dividend of 2 cents per share. **It is highlighted that there is no assurance that a sale of the Primary Production business or payment of a special dividend will materialise in due course. Shareholders and other investors are reminded to exercise caution when dealing in the securities of the Company and should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers if they are in doubt about the actions that they should take.**

Despite the pandemic having a material adverse effect on pork sales to food service customers in Australia, Rivalea's overall business has performed positively. Market prices for commodity pork were considerably higher in the first two months of 2020 compared to that in 2019. It then declined by about 25% from March 2020 to June 2020 due to lower demand resulting in excess livestock inventory because of the pandemic. Prices have stabilized since June 2020 and current market prices for commodity pork are about 7% above the average prices in 2019. Although overall pork sales were flat, sales revenue for carcase and boned meat had increased by 15% and 7% respectively. The Group's processing division, saw significant increase in processing volumes during the year with processing revenues increasing 10%. However, sales for the group's external feed milling divisionfell by 19%, constrained by better pasture conditions which have increased the supply of alternative livestock feed for farmers.

Rivalea increased in profitability to A$19 million profit before tax in 2020 with all three business divisions (ie. farming covering both commodity and branded pork sales, feed milling, and meat processing) recording growth in EBITDA for the year. Rivalea's performance improved in spite of Covid-19 challenges, a plant shutdown and lower commodity pork prices. Although revenue increased by 2%, EBITDA and profit before tax improved significantly. EBITDA uplift was driven by improved performance of its processing division, better margins across feed milling divisionand cost savings realized in pork division, in particular lower cost of grains for livestock feed. Commodity wheat and barley prices had fallen by 11% and 24% respectively in 2020 compared to 2019. As a testament to Rivalea's operational strength, it was honoured with the "Woolworths Sustainability Supplier of the year 2020" award, which recognized its wide ranging efforts towards sustainability.

Expansion works in its Melbourne processing plant which began in 2019 are expected to be completed in first quarter 2021. Rivalea will commence works at its Bungowannah farming site to improve its environmental management practices as necessary regulatory approvals have now been obtained. In addition, plans for further expansion of our grain storage facilities are currently awaiting regulatory approvals. The grain storage capacity increase will allow greater flexibility in managing grain purchases and the cost of production for both our farming and feed milling divisions.

11. Dividends

(a) Current financial period reported on

Any dividend declared? Yes

	Interim (paid)	Proposed Final Dividend
Dividend type	Cash	Cash
Dividend rate	1 cent per ordinary share	4 cents per ordinary share
Tax rate	Exempt 1 tier	Exempt 1 tier

The QAF Scrip Dividend Scheme will not apply to the proposed final dividend.

(b) Previous corresponding period

Any dividend declared Yes

	Interim	Final Dividend
Dividend type	Cash	Cash
Dividend rate	1 cent per ordinary share	4 cents per ordinary share
Tax rate	Exempt 1 tier	Exempt 1 tier

(c) Date payable To be announced later

(d) Book closing date To be announced later

12. If no dividend has been declared or recommended, a statement to the effect and the reason(s) for the decision.

N.A.

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

Name of Interested Person	Nature of Relationship	Aggregate value of all interested person transactions conducted under Shareholders' Mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than $100,000) (S$'000)
Salim Group - Sale of unsold and returned bread	See Note [(1)]	967
Tiong Lian Food Pte Ltd - Sale of products (pork products)	See Note [(2)]	2,812
Austral Dairy Group Sdn. Bhd. - Sale of products (cheese)	Entity in which Mr Andree Halim has an interest	3,004
Salim Group - Purchase of raw materials including flour	See Note [(1)]	17,906
Salim Group - Purchase of finished products (noodles)	See Note [(1)]	483
Austral Dairy Group Sdn. Bhd. - Purchase of finished products (processed cheese)	Entity in which Mr Andree Halim has an interest	1,142
	TOTAL	26,314

Note:

(1) Salim Group refers to Mr Anthoni Salim and the group of companies controlled by him or, if the context requires, Mr Anthoni Salim. Mr Anthoni Salim is an immediate family member of Mr Andree Halim.

(2) Entity in which the Salim Group has shareholding interest.

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

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

15. **Segmented revenue and results for business or geographical segments (of the group) in the form presented in the company's most recently audited financial statements, with comparative information for the immediately preceding year.**

Segment Information
(In Singapore Dollars)

	Continuing operations			Discontinuing operations		
	Bakery $'000	Distribution & warehousing $'000	Investments & others $'000	Primary production $'000	Adjustments & eliminations $'000	Consolidated $'000
Revenue and expenses 2020						
Revenue from external customers	425,466	121,171	4,798	368,125	(368,125)	551,435
Other revenue from external customers	7,608	1,748	617	5,040	(5,040)	9,973
Inter-segment revenue	189	1,116	16,108	64	(17,477)	-
	433,263	124,035	21,523	373,229	(390,642)	561,408
Unallocated revenue						377
Total revenue						561,785
Segment EBITDA	79,577	6,955	4,888	35,889	(35,889)	91,420
Amortisation and depreciation	(30,162)	(3,394)	(319)	(14,189)	14,189	(33,875)
Segment EBIT	49,415	3,561	4,569	21,700	(21,700)	57,545
Unallocated revenue						377
Unallocated expenses						(6,508)
Profit from operating activities						51,414
Finance costs						(2,576)
Share of profits of joint venture	5,562	-	-	-	-	5,562
Profit before tax						54,400
Income tax expense						(12,147)
Profit after tax						42,253
Revenue and expenses 2019						
Revenue from external customers	375,847	110,848	4,877	364,262	(364,262)	491,572
Other revenue from external customers	3,495	1,224	22	2,516	(2,516)	4,741
Inter-segment revenue	65	204	14,400	-	(14,669)	-
	379,407	112,276	19,299	366,778	(381,447)	496,313
Unallocated revenue						728
Total revenue						497,041
Segment EBITDA	50,228	7,932	5,116	26,612	(26,612)	63,276
Amortisation and depreciation	(27,614)	(3,407)	(319)	(13,973)	13,973	(31,340)
Segment EBIT	22,614	4,525	4,797	12,639	(12,639)	31,936
Unallocated revenue						728
Unallocated expenses						(12,491)
Profit from operating activities						20,173
Finance costs						(3,432)
Share of profits of joint venture	6,020	-	-	-	-	6,020
Profit before tax						22,761
Income tax expense						(4,484)
Profit after tax						18,277

15. Segment Information (cont'd)

(In Singapore Dollars)

	Continuing operations			Discontinuing operations	
	Bakery	Distribution & warehousing	Investments & others	Primary production	Consolidated
	$'000	$'000	$'000	$'000	$'000
Assets and liabilities 31 December 2020					
Segment assets	362,725	81,899	41,506	293,824	779,954
Investment in joint venture and associate	78,497	-	-	-	78,497
Total assets	441,222	81,899	41,506	293,824	858,451
Deferred tax assets					5,084
Tax recoverable					4,546
Total assets per consolidated statement of financial position					868,081
Segment liabilities	93,347	33,477	9,487	160,181	296,492
Income tax payable					3,744
Deferred tax liabilities					7,038
Bank borrowings					43,888
Total liabilities per consolidated statement of financial position					351,162
Assets and liabilities 31 December 2019					
Segment assets	360,743	80,272	31,933	273,263	746,211
Investment in joint venture and associate	79,814	-	-	-	79,814
Total assets	440,557	80,272	31,933	273,263	826,025
Deferred tax assets					21,394
Tax recoverable					3,054
Total assets per consolidated statement of financial position					850,473
Segment liabilities	109,643	30,586	9,736	71,736	221,701
Income tax payable					3,652
Deferred tax liabilities					11,584
Bank borrowings					113,216
Total liabilities per consolidated statement of financial position					350,153
Other segment information 2020					
Expenditure for non-current assets	14,567	1,265	108	14,676	30,616
Impairment loss	-	1,035	-	-	1,035
Loss allowance for inventories charged/ (written-back) and inventories written off, net	282	(205)	-	-	77
Loss allowance for receivables charged and bad debts written off, net	5,203	203	-	-	5,406
Other segment information 2019					
Expenditure for non-current assets	19,949	1,468	6	10,173	31,596
Impairment loss	-	-	21	-	21
Loss allowance for inventories charged and inventories written off, net	128	744	-	-	872
Loss allowance for receivables charged and bad debts written off, net	851	59	-	-	910

15. **Segment Information (cont'd)**
(In Singapore Dollars)

	Revenue		*Non-current assets*	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Australia	386,491	380,248	161,620	145,540
Philippines	248,354	208,883	105,111	108,099
Singapore	193,477	179,885	67,016	71,285
Malaysia	88,640	79,504	67,086	72,063
Other countries	18,083	15,372	-	-
Disposal group	(373,260)	(366,851)	(136,271)	-
	561,785	497,041	264,562	396,987

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

16. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Please refer to Section 8.

17. **A breakdown of sales as follows:**

	Group				
	Continuing operations		Discontinuing operations		
	2020	2019	2020	2019	+ / (-)
	$'000	$'000	$'000	$'000	%
Revenue reported for first half year	284,273	235,879	178,350	185,423	10
Profit/(loss) after tax before deducting non-controlling interests for the first half year	21,899	4,748	6,794	(2,213)	1,032
Revenue reported for second half year	277,512	261,162	194,910	181,428	7
Profit/(loss) after tax before deducting non-controlling interests for the second half year	20,354	13,529	(20,487)	12,174	n.m.

18. **A breakdown of the total annual dividend for the company's latest full year and its previous full year as follows:-**

	Full Year	Full Year
	2020	2019
	$'000	$'000
Ordinary dividend	28,763	28,763

19. Persons occupying managerial positions who are related to the directors, chief executive officer or substantial shareholder

Pursuant to Rule 704(13) of the Listing Manual of the SGX-ST, set out below are details of each person occupying a managerial position in the Company and/or its principal subsidiaries who is a relative of a Director or chief executive officer or substantial shareholder of the Company:

Name	Age	Family relationship with any director, CEO and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Lin Kejian	42	Son of Mr Andree Halim (Vice Chairman and a controlling shareholder of the Company)	Mr Lin was appointed as Joint Group Managing Director with effect from 1 January 2017. As Joint Group Managing Director, Mr Lin together with the other Joint Group Managing Director, is responsible for the leadership and overall management of the affairs of QAF and overall oversight of the QAF group of companies and is tasked to set strategic objectives and implement strategies to achieve the long-term growth and value creation of the QAF Group.	N.A.

BY ORDER OF THE BOARD

Serene Yeo
Company Secretary
26 February 2021