Petra Foods Limited
Unaudited Financial Statements and Dividend Announcement
For the 1st Quarter Ended 31 March 2015

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PART I - INFORMATION REQUIRED FOR ANNOUNCEMENT OF QUARTERLY (1Q, 2Q, 3Q & 4Q), HALF YEAR AND FULL YEAR RESULTS

1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group together with a comparative statement for the corresponding period of the immediately preceding financial year.

		Group		
		1Q ended 31 March		
		2015	2014	Change
	Notes	**US$'000**	US$'000	%
Revenue	1	**106,236**	122,749	(13.5)
Cost of Sales		**(74,027)**	(83,615)	(11.5)
Gross Profit		**32,209**	39,134	(17.7)
Other operating income		**904**	1,033	(12.5)
Expenses				
Selling and distribution costs		**(15,430)**	(16,172)	(4.6)
Administrative expenses		**(4,697)**	(4,445)	5.7
Finance costs		**(1,023)**	(599)	70.8
Other operating expenses		**(692)**	(628)	10.2
Exceptional items	2	**(94)**	(316)	(70.3)
Share of (loss)/profit of associated companies		**(7)**	194	NM
Profit before income tax		**11,170**	18,201	(38.6)
Income tax expense		**(3,445)**	(4,742)	(27.4)
Total profit	3	**7,725**	13,459	(42.6)
Profit attributable to:				
Equity holders of the Company		**7,740**	13,541	(42.8)
Non-controlling interest		**(15)**	(82)	(81.7)
		7,725	13,459	(42.6)
EBITDA		**13,762**	20,673	(33.4)
Earnings per share (US cents) - Basic and Diluted[a]		**1.27**	2.22	(42.8)
Return on equity		**10.4%**	17.1%[b]	(6.7% pt)

a. As there are no potentially dilutive ordinary shares, diluted Earnings per Share (EPS) is the same as basic Earnings per Share. EPS is calculated by dividing the net profit attributable to shareholders of the Company by the number of shares of 611,157,000.

b. Relates to FY2014 audited figures and excludes Exceptional items.

Explanatory notes on income statement

Note 1 - Revenue

(a) Information is based on the location of the markets in which the Group operates.

	1Q ended 31 March		
	2015	2014	Change
	US$'000	US$'000	%
Indonesia	**73,513**	88,108	(16.6)
Regional markets	**32,723**	34,641	(5.5)
	106,236	122,749	(13.5)

(b) Breakdown of Sales

	1Q ended 31 March		
	2015	2014	Change
	US$'000	US$'000	%
Own Brands	**67,244**	77,913	(13.7)
Agency Brands	**38,992**	44,836	(13.0)
	106,236	122,749	(13.5)

Note 2 - Exceptional Items

This comprised costs incurred by the Company pertaining to the dispute with Barry Callebaut (see paragraph 8 on page 16 and 17).

Note 3 - Net Profit

Net Profit is derived after (deducting)/crediting the following:

	1Q ended 31 March		
	2015	2014	Change
	US$'000	US$'000	%
Depreciation of property, plant and equipment	**(2,015)**	(1,969)	2.3
Amortisation of intangible assets	**(31)**	(18)	72.2
Net foreign exchange loss	**(501)**	(622)	(19.5)
Group (under)/over provision of tax in prior years	**(6)**	439	NM
Gain on disposal of property, plant and equipment	**17**	34	(50.0)
Writeback/(Impairment loss) on trade receivables	**54**	(27)	NM
Inventories written off	**(43)**	(211)	(79.6)
Allowance made for inventory obsolescence	**(184)**	(268)	(31.3)

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

		Group		Company	
		31-Mar-15	31-Dec-14	**31-Mar-15**	31-Dec-14
	Notes	**US$'000**	US$'000	**US$'000**	US$'000
ASSETS					
Current assets					
Cash and cash equivalents		**177,024**	171,953	**169,568**	159,985
Derivative assets		**100**	40	**100**	30
Trade receivables		**68,090**	82,055	**1,972**	1,682
Inventories		**71,480**	72,750	**113**	105
Tax recoverable		**2,695**	2,753	**-**	-
Other current assets		**16,439**	18,275	**3,275**	5,681
		335,828	347,826	**175,028**	167,483
Non-current assets					
Investments in subsidiaries	1	**-**	-	**35,972**	32,942
Investments in associated companies and joint venture		**2,961**	3,145	**3,000**	3,000
Loans to associated company and joint venture		**2,947**	2,968	**274**	310
Property, plant and equipment	2	**110,682**	111,138	**1,153**	1,303
Intangibles assets		**4,937**	4,897	**4,785**	4,793
Deferred income tax assets		**512**	418	**-**	-
Other non-current assets		**60**	100	**-**	3,035
		122,099	122,666	**45,184**	45,383
Total Assets		**457,927**	470,492	**220,212**	212,866
LIABILITIES					
Current liabilities					
Trade payables		**30,171**	31,931	**1,705**	1,400
Other payables		**48,634**	52,023	**20,691**	21,338
Current income tax liabilities		**1,129**	1,265	**-**	-
Derivative liabilities		**4**	-	**4**	-
Borrowings	3	**58,758**	64,806	**125**	139
		138,696	150,025	**22,525**	22,877
Non-current liabilities					
Borrowings	3	**7,597**	9,204	**353**	399
Deferred income tax liabilities		**4,480**	4,340	**-**	-
Provisions for other liabilities and charges		**9,490**	9,597	**-**	-
		21,567	23,141	**353**	399
Total liabilities		**160,263**	173,166	**22,878**	23,276
NET ASSETS		**297,664**	297,326	**197,334**	189,590
Capital and reserves attributable to the Company's equity holders of the Company					
Share capital		**155,951**	155,951	**155,951**	155,951
Foreign currency translation reserve		**(53,059)**	(45,677)	**-**	-
Other reserves		**2,002**	2,002	**-**	-
Retained earnings		**192,648**	184,907	**41,383**	33,639
		297,542	297,183	**197,334**	189,590
Non controlling interest		**122**	143	**-**	-
Total equity		**297,664**	297,326	**197,334**	189,590

Explanatory notes on Statement of Financial Position

Note 1 - Investment in Subsidiaries

On 23 January 2015, the Company increased its investment in Delfi Marketing, Inc. ("DMI"), a wholly owned subsidiary in the Philippines, by PHP135 million (equivalent to US$3.0 million) by subscribing for an additional 1.35 million ordinary shares with a par value of PHP 100 each in the share capital of DMI. The consideration was paid in cash and funded through the Company's internal resources.

Note 2 - Capital Expenditure on Property, Plant and Equipment

Compared to 1Q 2014, capital expenditure was higher by US$0.8 million this quarter. This is in line with the Group's strategy of further building capacity and capabilities of its manufacturing and distribution assets to capture the long term growth opportunities of its business. The capital expenditure was funded mainly through the Company's operating cash flow.

The allocation of this capital expenditure by geographical region is as follows:

	Group	
	1Q 2015	1Q 2014
	US$'000	US$'000
Indonesia	**6,900**	5,843
Regional Markets	**106**	345
	7,006	6,188

Note 3 - Borrowings

	Group		Company	
	31-Mar-15	31-Dec-14	**31-Mar-15**	31-Dec-14
	US$'000	US$'000	**US$'000**	US$'000
Bank overdraft	**23,785**	22,741	**-**	5
Bank borrowings	**27,584**	32,631	**-**	-
Finance lease liabilities	**6,802**	8,224	**478**	533
Trade finance and short term advances	**8,184**	10,414	**-**	-
	66,355	74,010	**478**	538
Breakdown of borrowings:				
Current	**58,758**	64,806	**125**	139
Non current	**7,597**	9,204	**353**	399
	66,355	74,010	**478**	538

The lower receivables enabled the Group to reduce its borrowings by US$7.7 million to US$66.4 million as of 31 March 2015.

Note 4 - Key Ratios

	31-Mar-15	31-Dec-14
Current ratio	**2.42**	2.32
Average Inventory Days	**89**	74
Average Receivable Days	**64**	57
Average Payable Days	**38**	39
Return on Equity	**10.4%**	17.1%

The Group's inventory level at 31 March 2015, although lower compared to 31 December 2014, remained high relative to our Sales/Cost of Sales used in the Average Inventory Days computation which resulted in the higher ratio. The 1Q 2015 inventory level reflects the higher cost of finished goods during 1Q 2015 and the higher level of inventories carried in anticipation of the run up to the Muslim festivity of Lebaran.

Average Receivable Days edged up due to higher sales contribution from Regional Markets during the quarter which has longer trading terms.

1(b)(ii) Aggregate amount of the group's borrowings and debt securities

	Group		**Company**	
	31-Mar-15	31-Dec-14	**31-Mar-15**	31-Dec-14
	US$'000	US$'000	**US$'000**	US$'000
Amount repayable in one year or less, or on demand				
- Secured	**22,733**	25,499	**125**	134
- Unsecured	**36,025**	39,307	**-**	5
	58,758	64,806	**125**	139
Amount repayable after one year				
- Secured	**2,247**	3,173	**353**	399
- Unsecured	**5,350**	6,031	**-**	-
	7,597	9,204	**353**	399

Details of collateral

Of the Group's total bank borrowings, US$25.0 million (2014: US$28.7 million) are secured on inventories, property, plant and equipment and building of certain subsidiaries of 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.

	Notes	Period ended 31-Mar-15	Period ended 31-Mar-14
		US$'000	US$'000
Cash flows from operating activities			
Total profit		**7,725**	13,459
Adjustments:			
Income tax expense		**3,445**	4,742
Depreciation and amortisation		**2,046**	1,987
Property, plant and equipment written off		**-**	5
Gain on disposal of property, plant and equipment		**(17)**	(34)
Interest income		**(571)**	(429)
Interest expense		**1,023**	599
Fair value (gains)/losses on derivatives		**(56)**	31
Share of loss/(profit) from associated companies and joint venture		**7**	(194)
Operating cash flow before working capital changes		**13,602**	20,166
Change in working capital:			
Inventories		**1,270**	(1,562)
Trade and other receivables		**15,841**	(11,817)
Trade and other payables		**(9,499)**	(4,026)
Cash provided by operations		**21,214**	2,761
Interest received		**571**	429
Income tax paid		**(3,221)**	(4,447)
Net cash provided by/(used in) operating activities		**18,564**	(1,257)
Cash flows from investing activities			
Purchases of property, plant and equipment	1	**(7,006)**	(591)
Payments for patents and trademarks		**(28)**	(36)
Proceeds from disposal of property, plant and equipment		**17**	40
Net cash used in investing activities		**(7,017)**	(587)
Cash flows from financing activities			
Proceeds from bank borrowings		**-**	381
Repayment of trade finance		**(2,230)**	(269)
Repayment of bank borrowings		**(4,203)**	(262)
Repayment of lease liabilities		**(1,402)**	(775)
Interest paid		**(1,038)**	(613)
Net cash used in financing activities		**(8,873)**	(1,538)
Net increase/(decrease) in cash and cash equivalents		**2,674**	(3,382)
Cash and cash equivalents			
Beginning of financial year		**149,212**	177,781
Effects of currency translation on cash and cash equivalents		**1,353**	(235)
End of financial year		**153,239**	174,164

Notes
1. In 1Q 2015, none of the addition of property, plant and equipment is financed by lease liabilities (1Q 2014: US$5.6 million).

For the purpose of presenting the consolidated statement of cash flows, the consolidated cash and cash equivalents comprise the following:

	31-Mar-15	31-Mar-14
	US$'000	US$'000
Cash and bank balances	**54,114**	98,292
Short term deposits	**122,910**	100,129
Less: Bank overdrafts	**(23,785)**	(24,257)
	153,239	174,164

Consolidated Statement of Comprehensive Income

	1Q ended 31 March	
	2015	2014
	US$'000	US$'000
Profit for the period	**7,725**	13,459
Other comprehensive income/(loss):		
Items that may be reclassified to profit or loss:		
Foreign currency translation reserve		
- Currency translation differences arising from consolidation	**(7,387)**	9,271
Other comprehensive (loss)/income, net of tax	**(7,387)**	9,271
Total comprehensive income for the year	**338**	22,730
Total comprehensive income attributable to:		
Equity holders of the Company	**359**	22,811
Non-controlling interest	**(21)**	(81)
	338	22,730

1(d)(i) A statement (for the issuer and group) showing either (a) all changes in equity or (b) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Attributable to equity holders of the Company							
	Share capital	Foreign currency translation reserve	General reserve	Defined pension benefits obligation	Retained earnings	Total	Non-controlling interest	Total equity
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
The Group								
1Q 2015								
Balance at 1 January 2015	155,951	(45,677)	2,072	(70)	184,907	297,183	143	297,326
Profit for the period	-	-	-	-	7,741	7,741	(16)	7,725
Total comprehensive loss for the period	-	(7,382)	-	-	-	(7,382)	(5)	(7,387)
Balance at 31 March 2015	155,951	(53,059)	2,072	(70)	192,648	297,542	122	297,664
The Group								
1Q 2014								
Balance at 1 January 2014	155,951	(42,877)	1,987	528	174,596	290,185	201	290,386
Profit for the period	-	-	-	-	13,541	13,541	(82)	13,459
Total comprehensive income for the period	-	9,270	-	-	-	9,270	1	9,271
Balance at 31 March 2014	155,951	(33,607)	1,987	528	188,137	312,996	120	313,116

Statement of Changes in Equity for the Company

	Attributable to equity holders of the Company		
	Share capital	**Retained earnings**	**Total equity**
	US$'000	US$'000	US$'000
The Company			
1Q 2015			
Balance at 1 January 2015	155,951	33,639	189,590
Profit for the period	-	7,744	7,744
Balance at 31 March 2015	155,951	41,383	197,334
The Company			
1Q 2014			
Balance at 1 January 2014	155,951	40,914	196,865
Profit for the period	-	5,722	5,722
Balance at 31 March 2014	155,951	46,636	202,587

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

For 1Q ended 31 March 2015, there was no change in the issued and paid up share capital of the Company.

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

Not applicable.

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

The Company and the Group have applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with those for the audited financial statements for the year ended 31 December 2014, except for the adoption of following accounting standards (including their consequential amendments) and interpretations applicable for financial period on or after 1 July 2014.

FRS 103	Business Combinations
FRS 108	Operating Segments
FRS 24	Related Party Disclosures
Amendments to FRS19	Employee Benefits - Defined Benefit Plans: Employee contribution

The adoption of the above new/revised accounting standards and interpretations does not have any material impact on the financial statements of the Group and of the Company but will require more disclosures in the financial statements.

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.

Please refer to paragraph 4.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

		1Q ended 31 March	
		2015	2014
(i)	Based on weighted average number of ordinary shares in issue - (US cents)	1.27	2.22
(ii)	On a fully diluted basis - (US cents)	1.27	2.22

Notes

1. Basic Earnings per Share is computed based on 611,157,000 shares.
2. There are no potentially dilutive ordinary shares as at 31 March 2015 and 31 March 2014 respectively.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:

(a) current period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	31-Mar-15	31-Dec-14	**31-Mar-15**	31-Dec-14
Net asset value per ordinary share based on issued share capital - (US cents)	**48.7**	48.6	**32.3**	31.0

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**

(a) 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; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Key Figures for the Group (unaudited)

	1Q ended 31 March			
	2015	2014	% Change	
	US$'000	US$'000	In USD term	In constant exchange rate
Indonesia	**73,513**	88,108	(16.6)	(12.3)
Regional Markets	**32,723**	34,641	(5.5)	(1.7)
REVENUE	**106,236**	122,749	(13.5)	(9.3)
Indonesia	**13,303**	20,355	(34.6)	(30.9)
Regional Markets	**459**	318	44.3	53.3
EBITDA	**13,762**	20,673	(33.4)	(29.6)
Profit before tax	**11,170**	18,201	(38.6)	(34.9)
Net profit attributable to shareholders	**7,740**	13,541	(42.8)	(39.1)

Key performance indicators

	1Q ended 31 March		
	2015	2014	% Change
Gross profit margin	**30.3%**	31.9%	(1.6% pt)

Review of the Group's 1Q 2015 Financial Performance

Figure 1 - Key Financial Highlights

(In US$ Million)	1Q 2015	1Q 2014	% chg Y-o-Y	% chg Y-o-Y in Constant Exch Rates *
Indonesia	73.5	88.1	(16.6%)	(12.3%)
The Regional Markets	32.7	34.6	(5.5%)	(1.7%)
Total Revenue	**106.2**	**122.7**	**(13.5%)**	**(9.3%)**
Gross Profit Margin (%)	30.3%	31.9%	(1.6% pt)	(1.6% pt)
EBITDA	**13.8**	**20.7**	**(33.4%)**	**(29.6%)**
PATMI	**7.7**	**13.5**	**(42.8%)**	**(39.1%)**

Note: * For comparative purposes only, this shows the effect of using the respective exchange rates of the regional currencies in 1Q 2014 in translating 1Q 2015 results.

The Group's lower Y-o-Y performance mainly reflects the recent slowdown in the Indonesian economy. GDP contracted in 1Q 2015 for the second quarter in a row, the Rupiah weakened by 5.1% versus 1Q 2014 and government spending slowed. In this poor economic environment, consumer off-take was lower than expected in first quarter 2015. As a result, our trade customers have reacted to reduce their inventory levels, which have negatively affected our sales.

Our profit performance was further affected by increases in our costs of raw and packaging materials which increased due to the weaker Rupiah.

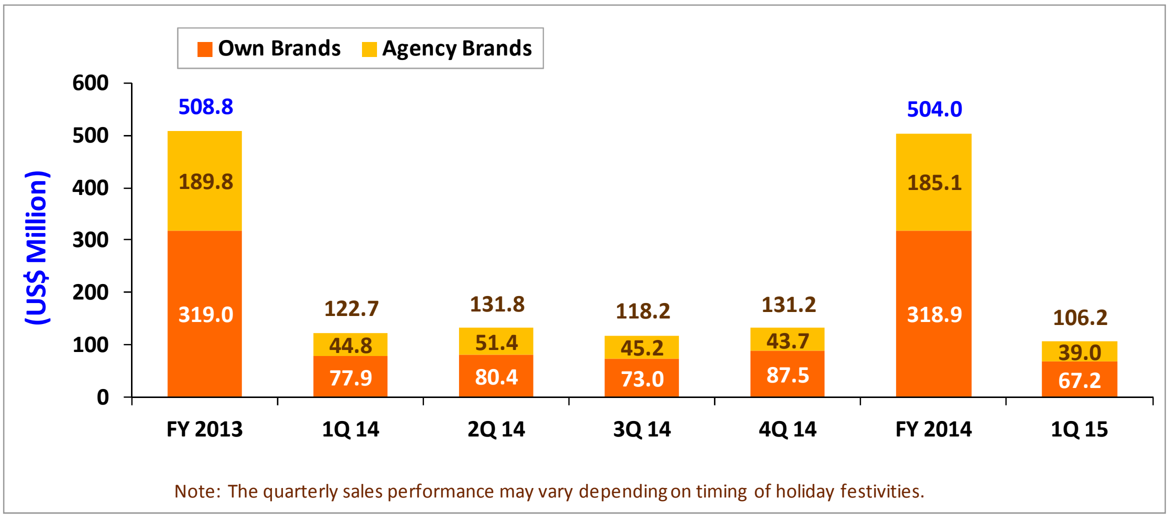
Performance review of Own Brands and Agency Brands

For 1Q 2015, Own Brands sales continued to be a major contributor to the Group's business, forming more than 60% of the Group's revenue. Over the years, our portfolio of Own Brands has progressively expanded and today extends into the categories of chocolate confectionery, biscuits and wafers, breakfast, baking and beverages.

In local currency terms, our Own Brands sales in the Philippines achieved strong double digit growth although with the lower than expected sales in Indonesia, this resulted in overall Own Brands sales lower by 10.0% Y-o-Y in 1Q 2015.

As noted above, Indonesia's weaker economy impacted consumer spending but management believes that this is not specific to the Company's product range. Based on shelf space data in Indonesia, consumer demand for our major brands remained positive.

Figure 2 - Own Brands & Agency Brands Revenue Performance (Quarterly and Full Year)



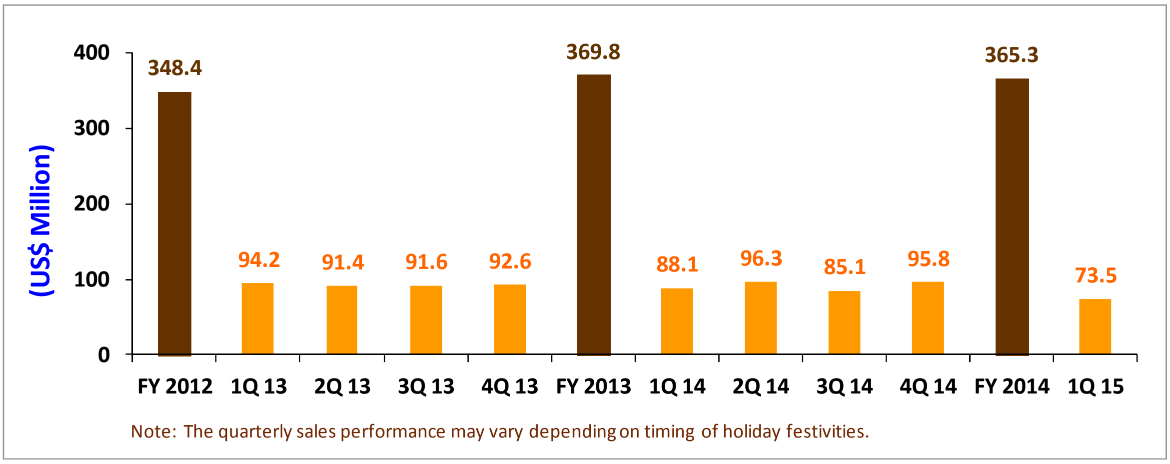
For 1Q 2015, Agency Brands sales were lower by 8.1% Y-o-Y in local currency terms with the lower sales attributable to the strategic initiative taken to discontinue some of the less profitable Agency Brands in 2014. Excluding the discontinued Agency Brands, sales growth of 2.9% was achieved.

Performance Review by Markets

Indonesia

The Indonesian economy weakened further in 1Q 2015, with GDP declining for the second consecutive quarter in a row, and this generated a decline in consumer confidence related to the high inflation environment coupled with the weakness in the Indonesian Rupiah, and dampened consumer spending across a number of consumer categories (including chocolate confectionery).

Figure 3 - Indonesia's Revenue Performance (Quarterly and Full Year)



As a result, overall sales generated by our business in Indonesia was lower by 16.6% Y-o-Y in 1Q 2015 in the Group's US Dollar reporting currency (in local currency terms, lower by 12.3% Y-o-Y). On the back of the weaker consumer spending, sales of our Own Brands products was lower by more than 10.0% Y-o-Y.

Despite the challenging environment (as discussed) and against the background of intensifying competition in Indonesia in 1Q 2015, our market share remains above 50%. We will continue to accelerate innovation for Own Brands as this remains a key priority for us and our objective is to reach many more consumers by developing innovative products that will address different consumer needs at different price points. In addition, to position our business for long term success, we will continue to implement a number of significant initiatives which include increased brand building investments into our major brands as well as investments to strengthen our route-to-market capabilities.

The Regional Markets

For our regional markets (which comprise the Philippines, Malaysia and Singapore), 1Q 2015 revenues were lower by 5.5% in the Group's US Dollar reporting currency. However, in local currency terms and excluding the discontinued Agency Brands, a Y-o-Y growth of 11.3% was achieved with the strongest rate of growth in the Philippines.

In the Philippines, our portfolio of Own Brands achieved strong double digit revenue growth in 1Q 2015, reflecting the strong returns from all the investments (including brand development programmes) we made to strengthen our brands portfolio (comprising mainly the *Goya* and *Knick Knacks* brands) and our routes-to-market. Our brands portfolio continues to be strengthened through aggressive new product launches with extension into other chocolate categories.

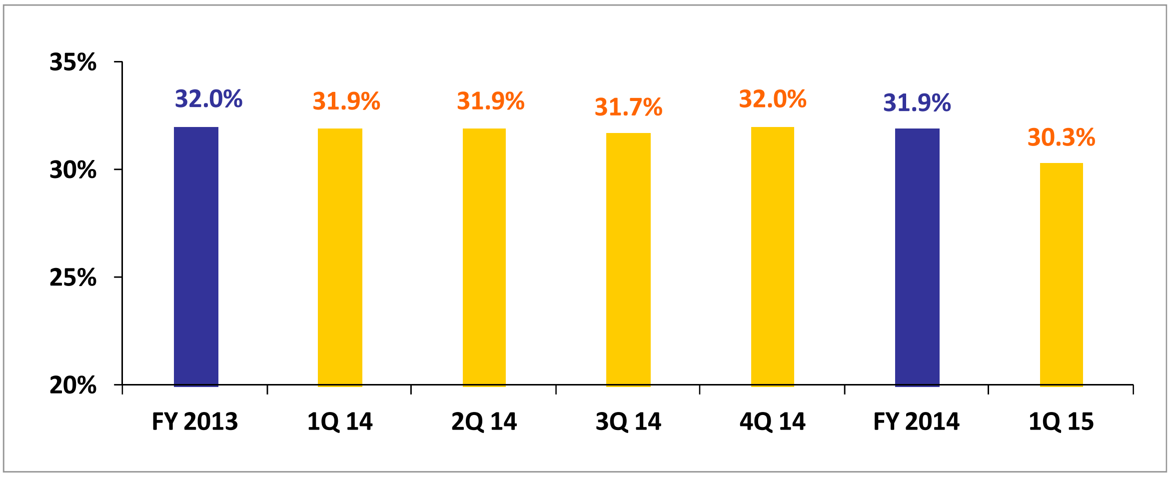
<u>Review of Profitability</u>

On the back of the revenue of US$106.2 million in 1Q 2015, the Group generated EBITDA of US$13.8 million and PATMI of US$7.7 million, lower Y-o-Y by 33.4% and 42.8% respectively in the Group's US Dollar reporting currency. From a local currency perspective, for a comparison of the underlying performance of the business, 1Q 2015 EBITDA and PATMI were still lower but by only 29.6% and 39.1% respectively.

The lower profitability can be attributed mainly to the lower sales and gross profit margin. The 1Q 2015 Gross Profit margin of 30.3% (lower Y-o-Y by 1.6% point) reflects higher raw material costs arising from weakness in regional currencies (especially the Indonesian Rupiah). Although lower Y-o-Y, the gross profit margin as a percent of sales was above the Group's target of 30%.

In addition, selling and distribution costs remained high (as a percent of the Group's sales) on increased logistics costs (especially in Indonesia) as well as continued investments to strengthen our route-to-market capabilities. The latter is necessary as we continue to strengthen our infrastructure to support the Group's long term growth.

__Figure 4 - Gross Profit Margin (Quarterly and Full Year)__



Note:
* It should be highlighted that quarterly margins achieved may vary depending on composition of sales mix, both within Own Brands and mix of Own Brands and Agency Brands.

For Own Brands, our ongoing strategy to tackle higher input costs includes a combination of the following: proactive price adjustments and product rightsizing, launch of higher margined new products and cost containment initiatives. In addition, the strategy of buying forward our main raw material requirements in a timely manner serves to lock-in forward costs to a major extent thus providing greater cost visibility and margin stability. In addition, we will continue to drive higher sales volume, and increase efficiency and reduce costs in the supply chain.

Update on the Divestment of the Cocoa Ingredients Business

The Divestment of the Cocoa Ingredients business to Barry Callebaut was completed on 30 June 2013. The net proceeds, which are in the hands of the Company, after allowing for repayment of net borrowings pertaining to the Cocoa Ingredients Division that were not transferred with the Sales Assets and the Sale Shares is estimated at US$164.5 million.

As previously disclosed, the total consideration received is subject to final post-completion adjustments which are the subject of arbitration. Therefore, the net gain and net proceeds can only be determined once the disputes are determined or resolved.

As announced on 21 October 2013, the amended and restated Share Purchase Agreement (SPA) dated 30 June 2013 provided a mechanism and process for Barry Callebaut to seek a closing price adjustment (which contemplate the delivery by Barry Callebaut of a draft completion statement) if necessary and justified. On 23 September 2013, Barry Callebaut purported to deliver a draft Completion Statement to the Company. In it, Barry Callebaut sought a closing price reduction of US$98.3 million. The Company's position, which had been communicated to Barry Callebaut, is (a) that the purported draft Completion Statement is not in compliance with the SPA and the law; (b) that since Barry Callebaut had refused to make it compliant, it is now out of time to issue any draft completion statement or to seek any closing price reduction; and (c) that without prejudice to that position, the Company also considers that the price adjustment sought by Barry Callebaut does not have a proper or valid basis and/or has not been properly substantiated or justified. The claims referred to above are being challenged. There is therefore a dispute.

On 17 December 2013, the Company announced that it had filed a Notice of Arbitration on 16 December 2013 with the Singapore International Arbitration Centre to resolve disputes arising out of and in connection with the SPA. On 27 January 2014, Barry Callebaut filed a response to the Company's Notice of Arbitration in which they added two new claims amounting to US$4.7

million, bringing the total amount claimed to US$103.0 million. These further claims are also being challenged.

The Company will provide further updates if there are material developments. The final net gain on disposal and net proceeds on disposal can only be determined after the dispute is resolved.

The Company will keep shareholders updated and further announcements will be made in due course.

Notification of Tax Claims

As announced on 24 February 2015, pursuant to the SPA, on 30 June 2013, the Company and Barry Callebaut entered into a Tax Deed of Covenant ("**Tax Deed**"). Under the Tax Deed, Barry Callebaut is required to notify the Company of any claim for taxation which could give rise to a liability after completion of the sale of the Cocoa Ingredients business to Barry Callebaut. Barry Callebaut has notified the Company of various claims from the Brazil tax authorities against Delfi Cacau Brazil Ltda, which Barry Callebaut purchased as part of the sale of the Cocoa Ingredients business, which are:

(1) a claim of Brazilian Real ("BRL") 18,588,593.72 in connection with a tax assessment of the "Social Integration Program/Public Employee Savings Program" and the "Contribution for the Financing of Social Security";

(2) a claim of BRL 227,440.04 for unpaid import tax arising from the import of a bean roaster; and

(3) a claim of BRL 15,643,285.54 for unpaid tax duties arising from the import of cocoa beans.

The claims amount to BRL 34,459,319.30 (which is equivalent to US$12.8 million) in total.

While reserving its rights in relation to the notifications, the Company has requested Barry Callebaut to defend these claims. The management believes that there are grounds to resist these claims and, therefore, no provision has been made.

Review of Financial Position and Cash Flow

Balance Sheet as at	31-Mar-15	31-Dec-14	Change
	US$'000	US$'000	US$'000
Cash and cash equivalent	**177,024**	171,953	5,071
Total Assets	**457,927**	470,492	(12,565)
Borrowings	**66,355**	74,010	(7,655)
Shareholders' Equity	**297,542**	297,183	359
Current ratio	**2.42**	2.32	

As at 31 March 2015, the Group's cash balance of US$177.0 million was higher by US$5.1 million compared to December 2014 on the higher cash flow generated from operations. The cash balance comprised mainly the sales proceeds received from the divestment of its Cocoa Ingredients business on 30 June 2013. Pending resolution of the dispute as disclosed in paragraph 8 on page 16 and 17, the net proceeds from divestment are currently deposited with financial institutions.

Shareholders' Equity was higher by US$0.4 million to US$297.5 million despite the weaker regional currencies against the US$ which increased foreign translation loss by US$7.4 million (see paragraph 1(d) on page 9). This resulted in a decrease in the Group's property, plant and equipment by US$0.4 million although the Group invested US$7.0 million in capital expenditure in 1Q 2015 to support its long term growth (see paragraph 1(c) page 7). For its capital expenditure programme, the Group's strategic programme is to focus on the most critical and immediately income generating projects.

Compared to 31 December 2014, accounts receivables and inventories were also lowered by US$14.0 million and US$1.3 million respectively. The lower working capital translated into higher operating cash flow (see paragraph 1(c) page 7) which enabled the Group to fund its business expansion and repay part of its borrowings. As a result, total assets and borrowings were reduced by US$12.6 million and US$7.7 million respectively.

The improvement in the Group's financial position places it in a strong position to seize growth opportunities in the fast growing regional consumer markets.

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

The slowing Indonesian economy and the overall weakening economic sentiment, especially in the first quarter 2015 resulted in a sharper than expected slowdown in consumer spending and reduction of inventory levels in the chocolate confectionary supply chain. Our 1Q 2015 results are, therefore, below the expectations which had been indicated in Paragraph 10 of the Group's "4Q and Full Year 2014 Unaudited Financial Statement and Dividend Announcement".

10. A commentary at the date of the announcement of the 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.

For FY2015, we expect the Group's performance to be affected by the challenging operating environment in Indonesia, the volatility in regional currencies and raw material costs. It is unclear at this stage how prolonged the present economic weakness in Indonesia will be but we do not expect the decline in 1Q 2015 to continue at the same rate throughout 2015. Management is, however, taking proactive steps to maintain our performance not only for the short term but also in line with our long term strategies.

To sustain profitable growth over the longer term, we are taking actions to further strengthen our business including aligning of our organisation and our growth plans; growing our key brands in our markets; and further broadening our routes-to-market to capture the significant growth opportunities. In addition, we will prudently invest to build capacity and capabilities but only where there are clear bottlenecks and expansion opportunities. We will also increase our productivity and efficiency targets in our manufacturing and distribution infrastructure. To add further value over the longer term to our quality earnings, we will continue to explore opportunities to enter new markets and to extend to new categories.

We believe our geographic and product portfolio positions us well for future growth. Over the long term, the consumption environment in our regional markets will continue to be supported by the robust economies and the fast growing middle income classes.

Other than post completion adjustments which are the subject of the arbitration, there will be no further impact from the Cocoa Ingredients business.

11. Dividend

a. Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No

b. Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the preceding financial period reported on? No

c. Date payable

Not applicable.

d. Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

No interim dividend for 1Q ended 31 March 2015 has been recommended.

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

The Company has obtained a general mandate ("Shareholders' Mandate") from its shareholders for the Group's IPTs with the following interested persons. The Shareholders' mandate was approved at the Annual General Meeting ("AGM") of the Company held on 28 April 2015 and will be effective until the next AGM. The aggregate value of transactions conducted pursuant to the general mandate is as follows:

	[1] **Aggregate value of all transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual**
	1Q 2015
	US$'000
PT Freyabadi Indotama	
- Sales of goods	66
- Purchase of products	4,088
	4,154
PT Fajar Mataram Sedayu	
- Purchase of goods	126
	126
PT Sederhana Djaja	
- Lease of properties	8
	4,288

14. Negative confirmation pursuant to Rule 705(5)

On behalf of the Board, we, directors of the Company, Mr Chuang Tiong Choon and Mr Chuang Tiong Kie, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial results of the Group for the 1st Quarter ended 31 March 2015 to be false or misleading.

BY ORDER OF THE BOARD

Madelyn Kwang Yeit Lam/Evelyn Chuang
Secretaries

6 May 2015