Petra Foods Limited
Unaudited Financial Statements and Dividend Announcement
For the 2nd Quarter and 1st Half Year Ended 30 June 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			Group		
		2Q ended 30 June			1H ended 30 June		
		2015	2014	%	**2015**	2014	%
	Notes	**US$'000**	US$'000		**US$'000**	US$'000	
Revenue	1	**115,050**	131,821	(12.7)	**221,286**	254,570	(13.1)
Cost of Sales		**(81,286)**	(89,708)	(9.4)	**(155,313)**	(173,323)	(10.4)
Gross Profit		**33,764**	42,113	(19.8)	**65,973**	81,247	(18.8)
Other operating income	2	**1,847**	698	164.6	**2,751**	1,731	58.9
Expenses							
Selling and distribution costs		**(17,091)**	(16,788)	1.8	**(32,521)**	(32,960)	(1.3)
Administrative expenses		**(5,378)**	(5,686)	(5.4)	**(10,075)**	(10,131)	(0.6)
Finance costs		**(1,117)**	(715)	56.2	**(2,140)**	(1,314)	62.9
Other operating expenses	2	**(901)**	(570)	58.1	**(1,593)**	(1,198)	33.0
Exceptional items	3	**(462)**	(825)	(44.0)	**(556)**	(1,141)	(51.3)
Share of profit of associated companies		**349**	9	NM	**342**	203	68.5
Profit before income tax		**11,011**	18,236	(39.6)	**22,181**	36,437	(39.1)
Income tax expense		**(3,582)**	(5,868)	(39.0)	**(7,027)**	(10,610)	(33.8)
Total profit	4	**7,429**	12,368	(39.9)	**15,154**	25,827	(41.3)
Profit/(loss) attributable to:							
Equity holders of the Company		**7,431**	12,370	(39.9)	**15,171**	25,911	(41.4)
Non-controlling interest		**(2)**	(2)	0.0	**(17)**	(84)	(79.8)
		7,429	12,368	(39.9)	**15,154**	25,827	(41.3)
EBITDA		**13,951**	21,316	(34.6)	**27,712**	41,989	(34.0)
Earnings per share (US cents) - Basic and Diluted[a]		**1.22**	2.02	(39.9)	**2.48**	4.24	(41.4)
Return on equity					**10.5%**	17.1%[b]	(6.6%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.

	2Q ended 30 June			1H ended 30 June		
	2015	2014	Change	**2015**	2014	Change
	US$'000	US$'000	%	**US$'000**	US$'000	%
Indonesia	**81,212**	96,332	(15.7)	**154,725**	184,440	(16.1)
Regional Markets	**33,838**	35,489	(4.7)	**66,561**	70,130	(5.1)
	115,050	131,821	(12.7)	**221,286**	254,570	(13.1)

(b) Breakdown of Sales

	2Q ended 30 June			1H ended 30 June		
	2015	2014	Change	**2015**	2014	Change
	US$'000	US$'000	%	**US$'000**	US$'000	'%
Own Brands	**67,990**	80,442	(15.4)	**135,234**	158,355	(14.6)
Agency Brands	**47,060**	51,379	(8.5)	**86,052**	96,215	(10.6)
	115,050	131,821	(12.7)	**221,286**	254,570	(13.1)

Note 2 - Other Operating Income and Other Operating Expense

Included in Other Operating Income is a gain of US$1.2 million arising from the sale of fixed assets.

On 10 June 2015, the Group announced that it will cease its distribution business in Singapore. This resulted in a provision for restructuring cost of US$0.7 million which was included in Other Operating Expense.

Note 3 - Exceptional Items

This comprised costs incurred by the Company pertaining to the dispute with Barry Callebaut (see paragraph 8 on page 19 and 20).

Note 4 - Net Profit

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

	2Q ended 30 June			1H ended 30 June		
	2015	2014	Change	**2015**	2014	Change
	US$'000	US$'000	%	**US$'000**	US$'000	%
Depreciation of property, plant and equipment	**(1,856)**	(1,913)	(3.0)	**(3,871)**	(3,882)	(0.3)
Amortisation of intangible assets	**(44)**	(22)	100.0	**(75)**	(40)	87.5
Net foreign exchange loss	**(248)**	(533)	(53.5)	**(749)**	(1,155)	(35.2)
Group (under)/over provision of tax in prior years	**(5)**	(116)	NM	**(11)**	323	NM
Gain on disposal of property, plant and equipment	**1,257**	85	1,378.8	**1,274**	119	970.6
(Impairment loss) / writeback on trade receivables	**(50)**	(145)	(65.5)	**4**	(172)	NM
Inventories written off	**(398)**	(245)	62.4	**(441)**	(456)	(3.3)
Allowance made for inventory obsolescence	**(404)**	(362)	11.6	**(588)**	(630)	(6.7)

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	
		30-Jun-15	31-Dec-14	**30-Jun-15**	31-Dec-14
	Notes	**US$'000**	US$'000	**US$'000**	US$'000
ASSETS					
Current assets					
Cash and cash equivalents		**151,383**	171,953	**147,762**	159,985
Derivative assets		**18**	40	**11**	30
Trade receivables		**74,639**	82,055	**1,313**	1,682
Loans to subsidiaries		**-**	-	**86**	-
Inventories		**66,260**	72,750	**40**	105
Tax recoverable		**3,988**	2,753	**-**	-
Other current assets		**21,142**	18,275	**2,151**	5,681
		317,430	347,826	**151,363**	167,483
Non-current assets					
Investments in subsidiaries	1	**-**	-	**35,972**	32,942
Investments in associated companies and joint venture		**3,292**	3,145	**3,000**	3,000
Loans to associated company and joint venture		**2,677**	2,968	**-**	310
Property, plant and equipment	2	**112,218**	111,138	**968**	1,303
Intangibles assets		**5,178**	4,897	**4,776**	4,793
Deferred income tax assets		**553**	418	**-**	-
Other non-current assets		**43**	100	**-**	3,035
		123,961	122,666	**44,716**	45,383
Total Assets		**441,391**	470,492	**196,079**	212,866
LIABILITIES					
Current liabilities					
Trade payables		**31,253**	31,931	**864**	1,400
Other payables		**49,752**	52,023	**21,114**	21,338
Current income tax liabilities		**1,208**	1,265	**-**	-
Derivative liabilities		**2**	-	**2**	-
Borrowings	3	**57,984**	64,806	**104**	139
		140,199	150,025	**22,084**	22,877
Non-current liabilities					
Borrowings	3	**6,509**	9,204	**316**	399
Deferred income tax liabilities		**4,359**	4,340	**-**	-
Provisions for other liabilities and charges		**9,650**	9,597	**-**	-
		20,518	23,141	**316**	399
Total liabilities		**160,717**	173,166	**22,400**	23,276
NET ASSETS		**280,674**	297,326	**173,679**	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		**(55,776)**	(45,677)	**-**	-
Other reserves		**2,055**	2,002	**-**	-
Retained earnings		**178,321**	184,907	**17,728**	33,639
		280,551	297,183	**173,679**	189,590
Non controlling interest		**123**	143	**-**	-
Total equity		**280,674**	297,326	**173,679**	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 PHP 135 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 2Q 2014, capital expenditure for 2Q 2015 was lower Y-o-Y by US$7.5 million. This reflected the Group's prudent investment strategy in light of the slowing economy in Indonesia. 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:

	2Q 2015	2Q 2014	**1H 2015**	1H 2014
	US$'000	US$'000	**US$'000**	US$'000
Indonesia	**5,109**	12,255	**12,009**	18,098
Regional Markets	**409**	773	**515**	1,118
	5,518	13,028	**12,524**	19,216

Note 3 - Borrowings

	Group		**Company**	
	30-Jun-15	31-Dec-14	**30-Jun-15**	31-Dec-14
	US$'000	US$'000	**US$'000**	US$'000
Bank overdraft	**24,711**	22,741	**-**	5
Bank borrowings	**26,225**	32,631	**-**	-
Finance lease liabilities	**5,503**	8,224	**420**	533
Trade finance	**8,054**	10,414	**-**	-
	64,493	74,010	**420**	538
Breakdown of borrowings:				
Current	**57,984**	64,806	**104**	139
Non current	**6,509**	9,204	**316**	399
	64,493	74,010	**420**	538

The lower trade receivables and inventories have enabled the Group to generate operating cash flow to reduce its borrowings by US$9.5 million to US$64.5 million as at 30 June 2015.

Note 4 - Key Ratios

	30-Jun-15	31-Dec-14
Current ratio	**2.26**	2.32
Average Inventory Days	**82**	74
Average Receivable Days	**65**	57
Average Payable Days	**37**	39
Return on Equity	**10.5%**	17.1%

The Group's inventory level at 30 June 2015, although lower compared to 31 December 2014, remained high relative to our Cost of Sales used in the Average Inventory Days computation which resulted in the higher ratio. The 1H 2015 inventory level also reflects the higher cost of finished goods during 1H 2015.

Average Receivable Days edged up due to seasonal sales in Indonesia during May/June 2015 and a higher proportion of Regional Markets sales which have longer trading terms. Sales in the Regional Markets as percentage of total sales for 1H 2015 was 30.1% versus FY2014's 27.5%.

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

	Group		**Company**	
	30-Jun-15	31-Dec-14	**30-Jun-15**	31-Dec-14
	US$'000	US$'000	**US$'000**	US$'000
Amount repayable in one year or less, or on demand				
- Secured	**21,827**	25,499	**104**	134
- Unsecured	**36,157**	39,307	**-**	5
	57,984	64,806	**104**	139
Amount repayable after one year				
- Secured	**1,634**	3,173	**316**	399
- Unsecured	**4,875**	6,031	**-**	-
	6,509	9,204	**316**	399

Details of collateral

Of the Group's total bank borrowings as at 30 June 2015, US$23.5 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 30-Jun-15 US$'000	Period ended 30-Jun-14 US$'000
Cash flows from operating activities			
Total profit		**15,154**	25,827
Adjustments:			
Income tax expense		**7,027**	10,610
Depreciation and amortisation		**3,946**	3,922
Gain on disposal of property, plant and equipment		**(1,274)**	(119)
Interest (income)		**(1,111)**	(824)
Interest expense		**2,140**	1,314
Fair value losses on derivatives		**24**	23
Share of gain from associated companies		**(342)**	(203)
Operating cash flow before working capital changes		**25,564**	40,550
Change in working capital			
Inventories		**6,490**	(6,631)
Trade and other receivables		**4,605**	3,147
Trade and other payables		**(8,517)**	(17,103)
Cash provided by operations		**28,142**	19,963
Interest received		**1,111**	824
Income tax paid		**(8,142)**	(12,319)
Net cash provided by operating activities		**21,111**	8,468
Cash flows from investing activities			
Purchases of property, plant and equipment	1	**(12,524)**	(12,380)
Payments for patents and trademarks		**(169)**	(72)
Proceeds from disposal of property, plant and equipment		**1,330**	160
Net cash used in investing activities		**(11,363)**	(12,292)
Cash flows from financing activities			
Proceeds from bank borrowings		**-**	2,330
(Repayment of)/proceeds from trade finance		**(2,358)**	1,069
Repayment of bank borrowings		**(5,133)**	(634)
Repayment of lease liabilities		**(2,717)**	(1,931)
Interest paid		**(2,154)**	(1,329)
Dividends paid to equity holders of company		**(21,757)**	(24,996)
Net cash used in financing activities		**(34,119)**	(25,491)
Net decrease in cash and cash equivalents		**(24,371)**	(29,315)
Cash and cash equivalents			
Beginning of financial year		**149,212**	177,781
Effects of currency translation on cash and cash equivalents		**1,831**	1,404
End of financial year		**126,672**	149,870

Notes
1. In 1H 2015, none of the addition of property, plant and equipment is financed by lease liabilities (1H 2014: US$6.8 million).

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

	Period ended	
	30-Jun-15	30-Jun-14
	US$'000	US$'000
Cash and bank balances	**31,254**	81,404
Short term deposits	**120,129**	100,129
Less: Bank overdrafts	**(24,711)**	(31,663)
	126,672	149,870

Consolidated Statement of Comprehensive Income

	2Q ended 30 June		1H ended 30 June	
	2015	2014	**2015**	2014
	US$'000	US$'000	**US$'000**	US$'000
Profit for the period	**7,429**	12,368	**15,154**	25,827
Other comprehensive income/(loss):				
Items that may be reclassified to profit or loss:				
Foreign currency translation reserve				
-Currency translation differences arising from consolidation	**(2,717)**	(5,524)	**(10,102)**	3,747
Items that will not be reclassified to profit or loss:				
Defined pension benefits obligation				
- Share of other comprehensive loss of associated companies	**53**	-	**53**	-
Other comprehensive loss, net of tax	**(2,664)**	(5,524)	**(10,049)**	3,747
Total comprehensive income for the year	**4,765**	6,844	**5,105**	29,574
Total comprehensive income/(loss) attributable to:				
Equity holders of the Company	**4,764**	6,845	**5,125**	29,656
Non-controlling interest	**1**	(1)	**(20)**	(82)
	4,765	6,844	**5,105**	29,574

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
Other comprehensive income 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
2Q 2015								
Balance at 1 April 2015	155,951	(53,059)	2,072	(70)	192,648	297,542	122	297,664
Profit for the period	-	-	-	-	7,430	7,430	(1)	7,429
Other comprehensive income for the period	-	(2,717)	-	53	-	(2,664)	2	(2,662)
Final and special dividend relating to 2014	-	-	-	-	(21,757)	(21,757)	-	(21,757)
Balance at 30 June 2015	155,951	(55,776)	2,072	(17)	178,321	280,551	123	280,674

	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 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
Other 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
2Q 2014								
Balance at 1 April 2014	155,951	(33,607)	1,987	528	188,137	312,996	120	313,116
Profit for the period	-	-	-	-	12370	12,370		12,370
Other comprehensive income for the period	-	(5,525)	-	-	-	(5,525)	(1)	(5,526)
Final and special dividend relating to 2013	-	-	-	-	(24,996)	(24,996)	-	(24,996)
Balance at 30 June 2014	155,951	(39,132)	1,987	528	175,511	294,845	119	294,964

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	33,640	189,591
Total comprehensive income for the quarter	-	7,744	7,744
Balance at 31 March 2015	155,951	41,384	197,335
2Q 2015			
Balance at 1 April 2015	155,951	41,384	197,335
Total comprehensive income for the period	-	(1,899)	(1,899)
Final and special dividend relating to 2014	-	(21,757)	(21,757)
Balance at 30 June 2015	155,951	17,728	173,679
The Company			
1Q 2014			
Balance at 1 January 2014	155,951	40,914	196,865
Total comprehensive income for the quarter	-	5,722	5,722
Balance at 31 March 2014	155,951	46,636	202,587
2Q 2014			
Balance at 1 April 2014	155,951	46,636	202,587
Total comprehensive income for the period	-	17,702	17,702
Final and special dividend relating to 2013	-	(24,996)	(24,996)
Balance at 30 June 2014	155,951	39,342	195,293

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 2Q and Half Year ended 30 June 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.

	2Q ended 30 June		Half Year ended 30 June	
	2015	2014	**2015**	2014
(i) Based on weighted average number of ordinary shares in issue - (US cents)	**1.22**	2.02	**2.48**	4.24
(ii) On a fully diluted basis - (US cents)	**1.22**	2.02	**2.48**	4.24

<u>Notes</u>

1. Basic Earnings per Share is computed based on 611,157,000 shares.
2. There are no potentially dilutive ordinary shares as at 30 June 2015 and 30 June 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	
	30-Jun-15	31-Dec-14	**30-Jun-15**	31-Dec-14
Net asset value per ordinary share based on issued share capital - (US cents)	**45.9**	48.6	**28.4**	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)

	2Q ended 30 June				1H ended 30 June			
	2015	2014	% Change		**2015**	2014	% Change	
	US$'000	US$'000	In USD term	In constant exchange rate	**US$'000**	US$'000	In USD term	In constant exchange rate
Indonesia	**81,212**	96,332	(15.7)	(4.8)	**154,725**	184,440	(16.1)	(8.3)
Regional Markets	**33,838**	35,489	(4.7)	1.9	**66,561**	70,130	(5.1)	0.1
REVENUE	**115,050**	131,821	(12.7)	(3.0)	**221,286**	254,570	(13.1)	(6.0)
Indonesia	**13,836**	21,315	(35.1)	(25.3)	**27,139**	41,670	(34.9)	(28.0)
Regional Markets	**115**	1	NM	NM	**573**	319	79.8	83.6
EBITDA	**13,951**	21,316	(34.6)	(24.8)	**27,712**	41,989	(34.0)	(27.2)
Profit before tax	**11,011**	18,236	(39.6)	(29.7)	**22,181**	36,437	(39.1)	(67.7)
Net profit attributable to shareholders	**7,431**	12,370	(39.9)	(29.2)	**15,171**	25,911	(41.4)	(34.4)

Key performance indicators

	2Q ended 30 June			1H ended 30 June		
	2015	2014	%	**2015**	2014	%
Gross profit margin	**29.3%**	31.9%	(2.6% pt)	**29.8%**	31.9%	(2.1% pt)

Review of the Group's 2Q 2015 and 1H 2015 Financial Performance

Figure 1 - Key Financial Highlights

(In US$ Million)	2Q 2015	2Q 2014	% chg Y-o-Y	% chg Y-o-Y in Constant Exch Rates *	1H 2015	1H 2014	% chg Y-o-Y	% chg Y-o-Y in Constant Exch Rates *
Indonesia	81.2	96.3	(15.7%)	(4.8%)	154.7	184.5	(16.1%)	(8.3%)
The Regional Markets	33.9	35.5	(4.7%)	1.9%	66.6	70.1	(5.1%)	0.1%
Total Revenue	**115.1**	**131.8**	**(12.7%)**	**(3.0%)**	**221.3**	**254.6**	**(13.1%)**	**(6.0%)**
Gross Profit Margin (%)	29.3%	31.9%	(2.6% pt)	(2.6% pt)	29.8%	31.9%	(2.1% pt)	(2.1% pt)
EBITDA	**14.0**	**21.3**	**(34.6%)**	**(24.8%)**	**27.7**	**42.0**	**(34.0%)**	**(27.2%)**
PATMI	**7.4**	**12.4**	**(39.9%)**	**(29.2%)**	**15.2**	**25.9**	**(41.4%)**	**(34.4%)**

Note: * For comparative purposes only, this shows the effect of using the respective exchange rates of the regional currencies in 2Q 2014 and 1H 2014 in translating 2Q 2015 and 1H 2015 results.

The Group's lower Y-o-Y performance mainly reflects the slowdown in the Indonesian economy in 2Q and 1H 2015 and the continued weakening of the Indonesian Rupiah (the Rupiah weakened by 9.3% against the US Dollar in 1H 2015 vs 1H 2014). The slowing Indonesian economy resulted in consumption weakening across a number of consumer categories (including chocolate confectionery). As a result, our trade customers have reacted to reduce their inventory levels, which negatively affected our sales.

In addition to the lower sales, our profit performance was further affected by increases in our costs of raw and packaging materials which increased due to the weaker Rupiah.

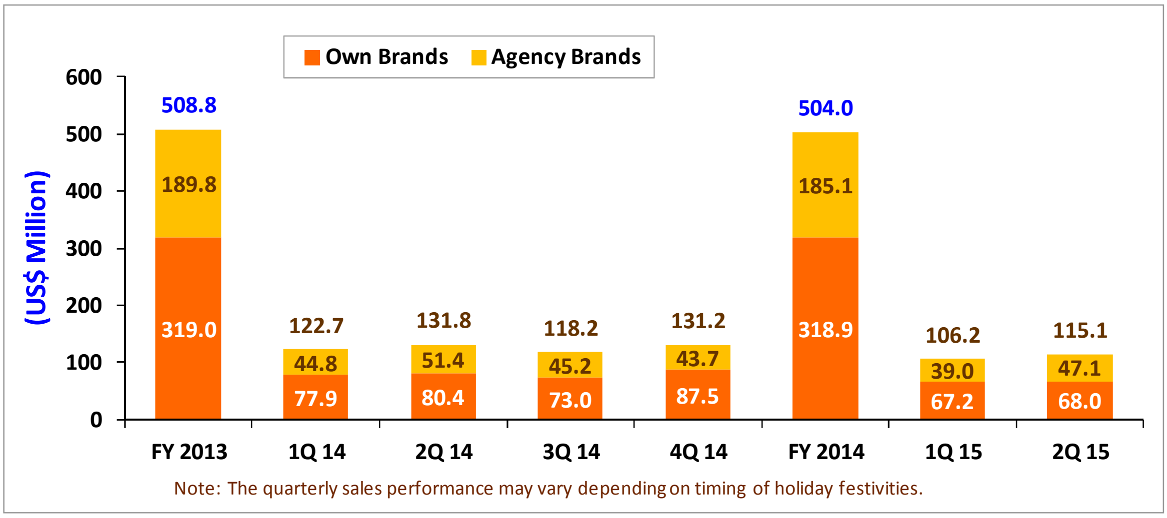
Performance review of Own Brands and Agency Brands

For 1H 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 5.9% and 7.9% Y-o-Y in 2Q 2015 and 1H 2015 respectively.

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)



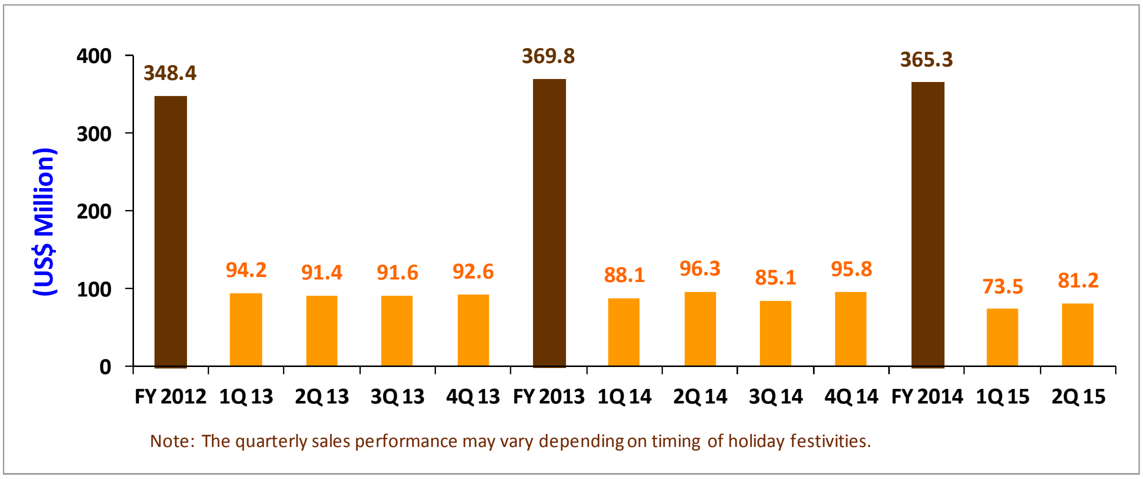
For 2Q 2015, Agency Brands sales in local currency terms was higher Y-o-Y by 1.6% although for 1H 2015, it was lower by 2.9% Y-o-Y. The lower sales achieved was attributable to the strategic initiative taken in 2014 to discontinue some of the less profitable Agency Brands. Excluding those discontinued Agency Brands, sales growth of 11.2% and 7.4% were achieved for 2Q and 1H 2015 respectively.

Performance Review by Markets

Indonesia

The continued slowdown in the Indonesian economy in 2Q 2015, coupled with the high inflation environment and the weakness in the Indonesian Rupiah, had the effect of dampening consumer spending in Indonesia.

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



On the back of the weak consumer sentiment, overall sales generated by our business in Indonesia was lower by 15.7% and 16.1% Y-o-Y in 2Q and 1H 2015 respectively in the Group's US Dollar reporting currency. Although from a local currency perspective, which is more representative of the fundamental underlying performance of the business, overall sales was lower by 4.8% and 8.3% for 2Q 2015 and 1H 2015 respectively.

With the run up to the Muslim Lebaran festivities, 2Q 2015 sales achieved was higher compared to 1Q 2015's. Sales of our Own Brands products in 2Q 2015 was lower by 5.9% Y-o-Y compared to 1Q 2015's Y-o-Y decline in local currency terms.

Despite the challenging environment and against the background of intensifying competition in Indonesia in 1H 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), 2Q and 1H 2015 revenues were lower by 4.7% and 5.1% respectively in the Group's US Dollar reporting currency. However, in local currency terms and excluding the discontinued Agency Brands, Y-o-Y growth of 17.0% and 14.2% 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 1H 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 route-to-market. Our brands portfolio continues to be strengthened through aggressive new product launches with extension into other chocolate categories.

As announced on 10 June 2015, the Group will cease its distribution business in Singapore due to the relatively small scale which the business has been able to achieve after all these years. The decision to exit the business in Singapore will however not detract from our objective of continuing to grow the presence of our Own Brands of chocolate confectionery in the Singapore market which will be achieved through the appointment of a distributor.

The decision to exit the Singapore distribution business relates only to the distribution market in Singapore and is not a change in the Group's overall strategy. The distribution business will remain as a core part of our business strategy because with the scale we have in our key markets of Indonesia, Philippines and Malaysia, the complementary nature of our Own Brands together with the Agency Brands allows us to gain significant shelf space.

Review of Profitability

On the back of the revenue of US$115.1 million in 2Q 2015, the Group generated EBITDA of US$14.0 million and PATMI of US$7.4 million, lower Y-o-Y by 34.6% and 39.9% respectively in the Group's US Dollar reporting currency. From a local currency perspective, for a comparison of the underlying performance of the business, 2Q 2015 EBITDA and PATMI were still lower by 24.8% and 29.2% respectively.

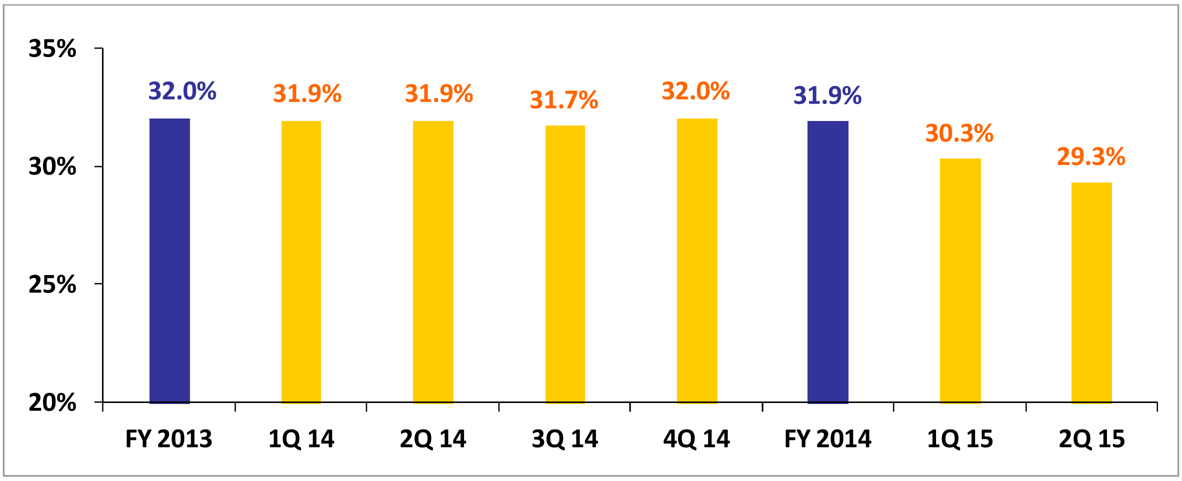
The lower profitability can be attributed mainly to the lower sales and gross profit margin. The 2Q 2015 Gross Profit margin of 29.3% (lower Y-o-Y by 2.6% point) reflects higher raw material costs arising from weakness in regional currencies (especially the Indonesian Rupiah). Although lower Y-o-Y, the gross profit margin as a percent of sales was slightly below the Group's target of 30%.

In July 2015, the Group implemented pricing adjustments and product rightsizing for selected products in Indonesia to mitigate the high input costs.

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.

For 2Q 2015, 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 in our brand building initiatives and 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.

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 business 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	**30-Jun-15**	31-Dec-14	Change
	US$'000	US$'000	US$'000
Cash and cash equivalent	**151,383**	171,953	(20,570)
Total Assets	**441,391**	470,492	(29,101)
Borrowings	**64,493**	74,010	(9,517)
Shareholders' Equity	**280,551**	297,183	(16,632)
Current ratio	**2.26**	2.32	

As at 30 June 2015, the Group's cash balance totaled US$151.4 million which comprised mainly the sales proceeds received from the divestment of its Cocoa Ingredients business on 30 June

2013. This cash balance was after payment of a final and special dividend in May 2015 totaling US$21.8 million (see paragraph 1(d)(i) page 10). This special dividend paid enabled the Group to achieve a more efficient capital structure by distributing some of the sales proceeds to its shareholders. Pending resolution of the dispute as disclosed in paragraph 8 on page 19 and 20, the net proceeds from divestment are currently deposited with financial institutions.

During 2Q 2015, the regional currencies such as Indonesia Rupiah and Malaysian Ringgit weakened further against the US Dollar. As a result, this increased foreign translation loss by US$10.1 million (see paragraph 1(d) on page 10). The foreign translation loss coupled with the dividends paid reduced shareholders' equity by US$16.6 million to US$280.6 million.

Although capital expenditure of US$12.5 million was invested in 1H 2015 to support the Group's long term growth (see paragraph 1(c) page 8), the Group's property, plant and equipment increased only marginally by US$1.1 million to US$112.2 million as a result of translation into the Group's US Dollar reporting currency. For its capital expenditure programme, the Group's strategy is to focus on the most critical and immediately income generating projects.

Compared to the balances at end-2014, accounts receivables and inventories were lower by US$7.4 million and US$6.5 million respectively. The lower working capital translated into higher operating cash flow (see paragraph 1(c) page 8) which allowed the Group to fund its capital expenditure and generate free cash flow for the repayment of part of its borrowings. As a result, total assets and borrowings were reduced by US$29.1 million to US$441.4 million and US$9.5 million to US$64.5 million respectively.

The Group's current 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 Group's results for 2Q and 1H 2015 are in line with the commentary made on 6 May 2015 in Paragraph 10 of the Group's "1Q 2015 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 and currency weakness in Indonesia will be but, barring unforeseen circumstances, we do not expect the Y-o-Y decline in 1H 2015 in local currency terms to continue at the same rate throughout the remainder of 2015. Management is, however, taking proactive and measured 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 to capture the significant growth opportunities. These include ensuring our organization is efficiently aligned to our growth plans; growing our key brands in our markets; and taking measured steps to strengthen our distribution infrastructure. 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? Yes

Name of Dividend	Interim	Special
Dividend Type	Cash	Cash
Dividend Amount per share (in Singapore cents)	1.75 cents per ordinary share	1.11 cents per ordinary share

Having reviewed the capital structure and leverage position of the Group and the Company, the Board of Directors is of the view that the capital is in excess of its immediate requirements and a special dividend payout will help the Company achieve a more efficient capital structure and also enables the Company to distribute some of its sales proceeds from the divestment of its Cocoa Ingredients business to its shareholders.

In light of this, an interim dividend of 1.28 US cents or 1.75 Singapore cents per share and a special dividend of 0.81 US cents or 1.11 Singapore cents per share is declared based on 611,157,000 ordinary shares issued. Together with the final and special dividend of 3.56 US cents or 4.77 Singapore cents pertaining to FY2014 paid on 19 May 2015, the total cash distributions received by shareholders this year will amount to 5.65 US cents or 7.63 Singapore cents per share in 2015 (2014: 6.30 US cents or 7.87 Singapore cents).

b. Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the preceding financial period reported on? Yes

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per share (in Singapore cents)	2.73 cents per ordinary share (one-tier tax exempt)

c. Date payable

The interim and special dividends will be paid on 9 September 2015.

d. Books closure date

NOTICE IS HEREBY GIVEN that, the Transfer Books and the Register of Members of the Company will be closed at 5:00 p.m. on 27 August 2015 (“Books Closure Date”) for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company’s Share Registrar, M&C Services Private Limited, 112 Robinson Road, #05-01, Singapore 068906 before 5:00

p.m. on Books Closure Date will be registered to determine shareholder's entitlements to the interim and special dividends. In respect of ordinary shares in securities accounts with The Central Depository (Pte) Limited ("CDP"), the interim and special dividends will be paid by the Company to CDP which will, in turn, distribute the interim and special dividends entitlements to the CDP account holders in accordance with its normal practice.

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

Not applicable.

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**	
	2Q 2015	**1H 2015**
	US$'000	US$'000
PT Freyabadi Indotama		
- Sales of goods	22	88
- Purchase of products	4,250	8,295
	4,272	**8,383**
PT Fajar Mataram Sedayu		
- Sales of goods	-	-
- Purchase of goods	157	283
	157	**283**
PT Sederhana Djaja		
- Lease of properties	8	16
	4,437	**8,682**

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 2nd Quarter and 1st Half Year ended 30 June 2015 to be false or misleading.

BY ORDER OF THE BOARD

Madelyn Kwang Yeit Lam/Evelyn Chuang
Secretaries

13 August 2015