Delfi

ANNUAL REPORT

2018

At The Heart Of Every Generation

Growing with our consumers in every way, adding delight to their every day.

Contents

Big Dreamers

Every big dream starts with a small step. Delfi has through the years grown from humble beginnings to become a regionally recognised brand. Our journey has led us to transform with the times, propelling us to adapt the way we think and work to meet evolving consumer tastes. Despite these changes, our dream remains the same, which is to create delights that fill the heart. With each step forward, we will always place our consumers first, building on a trusted heritage to develop innovative products that will always be a favourite in every generation.

Creative Thinkers

We may be a brand steeped in heritage, but we are just as much creative thinkers, constantly developing new and innovative ways to bring our products closer to our consumers. Leveraging on decades of experience and expertise, we are confident of paving the way forward and forging stronger connections with consumers in more ways than one.

Future Builders

We aspire to develop products that stand the test of time. At Delfi, we strive to grow alongside our consumers, even as they enter different stages in life. From enjoying *Ceres* chocolate sprinkles and *Delfi Cha Cha* as a child, to being inspired by our products as an adult, we will build on our strengths to become a familiar favourite in the hearts of our consumers now and in the future.

Moment Seizers

With more than 10 master brands in our portfolio, including *SilverQueen*, *Ceres*, *Delfi*, *Selamat* and *Goya*, we are driven to grow with the times – to stay relevant and be a part of every generation's culture and experience.

Today's millenial generation appreciates living in the moment and making each day count. In this era of enjoying experiences, it is the simple joy that will turn an ordinary day into an extraordinary one.

Every generation has a story to tell. Whether it is for a longtime friend with a fondness for our SilverQueen bars, or a new consumer discovering the joy of Delfi chocolate, we always deliver delights that fill the heart.

Five-Year Financial Highlights & Review

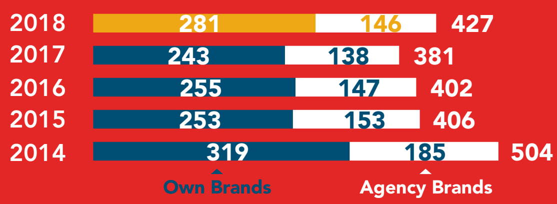
REVENUE BREAKDOWN
By Geography

20 18

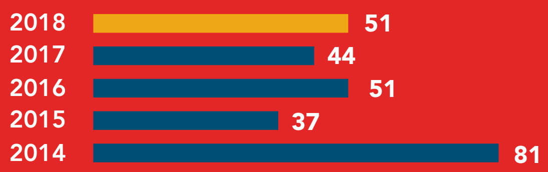
REGIONAL MARKETS 28.4%

INDONESIA 71.6%

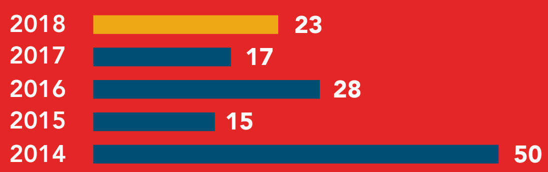
GROUP REVENUE
(US$ million)



GROUP EBITDA
(US$ million)



GROUP PATMI*
(US$ million)



* Excludes exceptional/non-recurring items

2018 SHARE PRICE PERFORMANCE
(S$/Share)

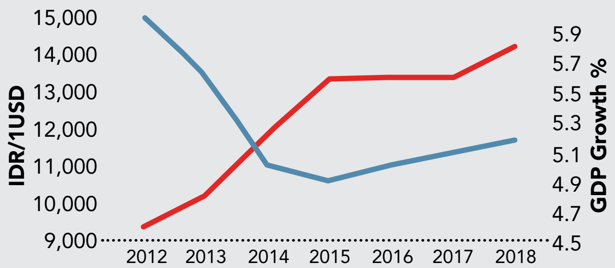
Five-Year Financial Highlights & Review

Revenue

After the Group achieved US$504.0 million in revenue and US$80.9 million of EBITDA in 2014, our business was subsequently affected by several factors which contributed to the negative performance, especially for our operations in Indonesia. The most significant of these included the slowdown of the Indonesian economy and the weakening of the Indonesian Rupiah which, together with higher inflation, had a serious negative impact on consumer confidence. This led to a significant downturn in consumer confidence and spending in 2015 which affected a number of consumer categories in Indonesia, including chocolate confectionery. For us, this resulted in our trade customers both reducing their orders and, at the same time, reducing their inventory levels, which in turn had a doubly negative impact on our sales.

The weakening of the operating currencies of our regional businesses (i.e. the Indonesian Rupiah, the Philippine Peso, the Malaysian Ringgit and the Singapore Dollar) during this period against the US Dollar, which is the reporting currency for the Group, also had a negative translational impact on our financial results. With more than 70% of the Group's revenue generated from Indonesia, the movement of the Indonesian Rupiah against the USD, in particular, contributed significantly to the negative translational impact. As illustrated in the figure below, the Indonesian Rupiah devalued close to 20% against the USD over the last five years.

INDONESIAN PINCER MOVEMENT: CURRENCY DEPRECIATION AND GDP SLOWDOWN



	2012	2013	2014	2015	2016	2017	2018
Average IDR/USD	9,374	10,333	11,865	13,344	13,360	13,389	14,190
GDP	6.0	5.6	5.0	4.9	5.0	5.1	5.2

Average IDR/USD — GDP

Source - Bloomberg; Asian Development Bank

Consequently, the local sales reported in USD were even lower. For example, comparing 2018 to 2014, our revenue in the USD reporting currency was lower by close to 4.1% compounded annually, while from a constant currency perspective, it was only lower by about 0.4%.

In addition, our performance over 2015 to 2017 reflected the strategic initiatives we made to our business model in response to the evolving business landscape in Indonesia. The key changes in Indonesia's retail landscape included the significant growth of the Modern Trade channel, especially in the minimart and convenience store formats, and the increased level of competition, especially from foreign brands looking to enter the market.

In the face of these changes, we implemented a number of strategic initiatives to critically change our business model in Indonesia to position it for long term growth. The changes included (i) eliminating from our portfolio of Own Brands underperforming SKUs (comprising mainly flavour variants that underperformed in terms of our new, higher benchmark for sales velocity and/or margin performance); and (ii) revising our routes-to-market strategy and our supply chain approach in order to improve the service levels to our retail customers, which increased the speed to market for our products whilst securing a high level of product availability and ensuring that our products continue to maintain significant shelf space presence.

These changes (notably the product rationalisation programme), coupled with the macroeconomic headwinds encountered in Indonesia in 2015, had a negative impact on our sales during 2015 to 2017. To put the magnitude of this rationalisation exercise into perspective, we reduced our portfolio in Indonesia by almost one-third which, together with the SKUs eliminated from our portfolio in the Philippines, totalled more than 180 SKUs (or 40% of our total portfolio).

After the lower sales in the previous three years, the benefits of our restructuring are starting to show and Group's revenues recovered in 2018 driven mainly by higher Own Brands sales. The growth achieved essentially reflected the benefits of our growth initiatives implemented over the past three years to position our business for long term sustainable growth.

Sales in 2018 were still 15% below those of 2014 but were well above the levels seen during 2015 to 2017. This was despite the headwind of the 20% devaluation in the Indonesian Rupiah over the five-year period. In 2018, sales of our Own Brands products were higher Y-o-Y by 16.0% with the growth driven mainly by our portfolio in Indonesia from (i) higher sales growth of our products in the premium format category; and (ii) benefits from our direct shipment initiative to certain mini-mart retail customers.

Gross Profit

In line with the sales decline in 2015 and the higher cost of raw and packaging materials, the Group's 2015 Gross Profit declined 24.8% Y-o-Y to US$120.8 million. As a result, our Gross Profit Margin ("GPM") reduced to 29.8% from 31.9% in 2014. To mitigate the higher input costs, pricing adjustments and product resizing for selected products in Indonesia were implemented in late 3Q 2015.

For Own Brands, our strategy to tackle higher input costs includes a combination of the following: proactive price adjustments and product rightsizing, launching of higher margined new products and cost containment initiatives. Furthermore, the ongoing 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.

For the periods of 2016 to 2018, the improvement in our GPM from the 2015 level reflected a combination of the following - (i) the benefit of price increases and product resizing implemented in 2015, 2016 and 2018 for selected products; (ii) higher sales of premium Own Brands products achieved; and (iii) through our ongoing cost-containment initiatives. The improvement was achieved despite the currency headwinds faced over the period.

Over the last three years, we have achieved an average GPM of 34.5% which is 260 basis points higher than 2014's GPM.

EBITDA

Over the 2015-2018 period, the Group's EBITDA performance reflects the Group's Gross Profit achieved and higher selling and distribution costs. Selling and distribution costs remained high (as a percentage of the Group's sales) as a result of continued investments in our brand building initiatives and as we strengthened our route-to-market capabilities.

To position our business for long term success, we increased our spending to build our core brands and focused on where we believe the strongest growth opportunities are. To cater to the different consumer groups, we have chocolate confectionery products that spans across multiple price points and across many product categories.

For 2018, the Group generated EBITDA growth of 15.5% with the key drivers being (i) the higher revenue achieved; (ii) the improvement in our Gross Profit Margin; and (iii) tighter control of our selling and distribution costs. To support our long term growth, we will continue to invest in our brand building initiatives and in our routes-to-market capabilities.

For The Year (US$ million)	2018	2017 (Restated)[c]	2016 (Restated)[c]	2015	2014
BRANDED CONSUMER					
Revenue	427.0	381.3	402.1	405.9	504.0
Gross Profit	147.9	129.6	139.7	120.8	160.8
Gross Margin	34.60%	34.0%	34.8%	29.8%	31.9%
EBITDA	51.3	44.4	50.6	37.5	80.9
Net profit attributable to shareholders	**23.0**	**17.3**	**28.2**	**15.3**	**50.3**
- Exceptional & Non-recurring items[a]	(2.1)	2.4	–	–	–
DIVESTED COCOA INGREDIENTS					
Net loss attributable to shareholders[b]	–	–	(2.0)	(20.0)	(1.5)
GROUP					
Net profit/(loss) attributable to shareholders[b]	**20.9**	19.7	26.2	(4.7)	48.8
At Year End (US$ million)	2018	2017	2016	2015	2014
Total Assets	361.1	352.7	345.6	387.6	470.5
Total Liabilities	(154.9)	(148.4)	(147.2)	(145.4)	(173.2)
Total Shareholders' Equity	**206.2**	**204.3**	**198.4**	**242.2**	**297.3**
Total Debt	(59.0)	(52.2)	(53.8)	(74.7)	(74.0)
Net (Debt)/Cash	(4.3)	15.2	14.0	44.9	97.9
Return on Equity (%)					
- Branded Consumer	11.2	8.6	12.6	5.7	17.1
- Group	10.2	9.8	11.8	(1.8)	16.6
PER SHARE DATA					
Dividend (US cents)	**1.89**	**1.80**	**2.31**	**2.09**	**5.77**
- Normal	1.89	1.80	2.31	1.28	4.13
- Special	–	–	–	0.81	1.64
Earnings/(Losses) (US cents) - Basic & Fully Diluted					
- Excludes exceptional & non-recurring items [a] [b]	3.8	2.8	4.6	2.5	8.2
- Include exceptional & non-recurring items [a] [b]	3.4	3.2	4.3	(0.8)	8.0
Net Tangible Assets (US cents)	**30.1**	**32.0**	**31.6**	**38.8**	**47.8**

Notes:
(a) Pertains to (i) the charge of US$2.1 million and US$2.0 million incurred in 2018 and 2017 respectively from improper and unsubstantiated transactions uncovered in the Philippines; and (ii) the net gain on sale of PT Ceres–Meiji Indotama ("CMI") of US$4.4 million (after tax) in 2017.
(b) There were exceptional changes incurred in 2016, 2015 and 2014 after the divestment of the Cocoa ingredients business in 2013.
(c) Please refer to Note 38 to the financial statements for details of the the prior year restatements.

Letter From Our Chairman

Pedro Mata
Chairman

Dear Shareholders,

As I shared with you in my letter last year, your management team has in recent years, developed and implemented a comprehensive strategy to reorient and refocus our operations in the face of changes that are taking place in the operating landscape of our markets.

Excluding some one-off negatives, the Group's PATMI growth for the year was 32.7% which more accurately reflects the strong growth in our core businesses.

Some of the changes we implemented were indeed difficult choices to make but were necessary to drive our business forward and adapt to the evolving business environments in which we operate. Since 2016 we have undertaken a number of initiatives to streamline our product portfolio, re-energise our organisation and revamp our supply chains. The resulting benefits are reflected in our impressive performance achieved in 2018. Despite headwinds from global macroeconomic uncertainties, regional currency volatility and intensifying competition locally, our revenue grew by 12.0% to US$427.0 million while attributable profits increased by 6.0% to US$20.9 million. Our profits would have been higher had it not been for some one-off negatives that were booked in 2018.

Given the Group's strong performance, the Board has proposed a final dividend of 0.81 US cents (1.10 Singapore cents) per share for 2018, bringing the full year dividend pay-out to 1.89 US cents (2.57 Singapore cents), which represents a pay-out ratio of 55.4%. If approved, this will mean we have paid out to shareholders a total of US$309.7 million (comprising normal and special dividends and including the US$60.0 million cash distribution in 2016) since our listing in 2004. Returning capital to shareholders through dividends continues to be a central pillar of our effort to create superior shareholder value.

At Delfi, we firmly believe in championing a socially responsible and operationally sustainable business. I am therefore pleased to report that Delfi published its inaugural Sustainability Report in 2018, which contains details of our ethos and practices that underpin our commitment to sustainable development within the Group and the communities in which we operate. The Sustainability Report complements our business and financial reporting in the Annual Report.

The Board would like to thank the management team, led by your Chief Executive Officer John Chuang, in delivering the Group's strong performance in 2018. The past few years have been tough and the management team has done a great job in realigning the business and steadfastly following through with its strategies.

I congratulate John and the team on further elevating our portfolio of brands in 2018 with the acquisition of the exclusive and perpetual rights to the *Van Houten* brand of consumer products for markets in Asia (excluding India, Middle East and Korea). I will let John elaborate more in his letter. This acquisition is significant for us as it allows us to leverage the *Van Houten* name, a renowned and trusted brand that is familiar across the major markets in South East Asia, to further accelerate greater extension into our current markets as well as our planned expansion into new markets.

Our goal is to create value for our shareholders. We look to our assets - brand portfolio, business relationships and people - and make choices to improve shareholder value. For example, by purposefully reorienting our operations and streamlining our product portfolio in order to take full advantage of the new market reality and regain our growth trajectory.

We have an active Board with committed members participating in regular meetings. Supporting the main Board are the Audit Committee, the Remuneration Committee, the Nomination Committee, the Risk Management Committee and more recently, the Market Sustainability and Strategy Committee to focus on the Group's growth and responsible development for the long term.

During the year, these Committees met independently to discuss strategies and the key issues of the day under their respective areas, before their recommendations are tabled to the Board. We have always taken a long-term view of our core markets and the objective is to focus on strategy and emerging risks.

Looking forward, the future for Delfi promises to be exciting despite global economic uncertainties and volatility in prices and currencies. We will continue to focus on the key drivers of success by developing and enhancing our portfolio of brands, leveraging the strengths of our business model to create more vibrant brands, deepening our existing distribution network, expanding our manufacturing capabilities and increasing our product and service innovations.

As a stronger organisation with our improved business structure, revamped product portfolio and expanded market access, we are ready to capture a greater market share in our current markets. We will continue to sharpen our market competitiveness and enhance our operational excellence to serve the evolving needs of our consumers. We will also build upon our strengths and expand our footprint outside our Regional Markets.

Our goal is to create value for our shareholders. We look to our assets-brand portfolio, business relationships and people-and make choices to improve shareholder value.

In closing, I would like to express my gratitude to my fellow Board members for their active participation and sound advice, and the leadership of the management team under John. Together, we remain committed to doing our best in reinforcing the strategies on long-term value creation for our Shareholders as well as those other stakeholders connected to our business, such as our retail customers and partners in our ecosystem. Above all, I would like to personally thank our shareholders for your unwavering trust and support, and especially for being with us through this demanding period of transition.

Pedro Mata
Chairman
20 March 2019

Letter From Our CEO

John T C Chuang
Chief Executive Officer

Dear Shareholders,

The year just past has been an exciting one for our Group. I am pleased to report that our business recorded a strong performance for the year, despite the currency headwinds faced and some one-off exceptional items. We expanded our portfolio of Own Brands with the acquisition of the *Van Houten* brand and further extended into the snacking segment of the market in Indonesia with the launch of the *Black Thunder* and *Big Thunder* biscuit snacks through our partnership with Yuraku Corporation of Japan. We also completed the roll out of the SAP platform across our business which will allow us to more efficiently harness our business data in order to drive business growth.

The Group's revenue grew at a double-digit rate year-on-year to US$427.0 million driven by the strong performance of our Own Brands especially in Indonesia. On the back of this growth and the higher margins achieved, the Group generated EBITDA of US$51.3 million and PATMI of US$20.9 million, representing year-on-year growth of 15.5% and 6.0% respectively. For 2018, our Group generated a Return on Equity of 10.2%, an improvement of 40 basis points from a year ago. However, excluding the one-off exceptional items, our PATMI growth would have been higher at 32.7% and ROE of 11.2%, an improvement of 260 basis points.

Our positive underlying performance in 2018 is a reflection of the benefits of the extensive reorganisation and restructuring to our operations initiated three years ago which was substantially completed in 2018. In summary, our emphasis has been on strengthening our Own Brands portfolio, especially in the premium format category; restructuring and reorganising our senior management team; overhauling and strengthening our routes-to-market; and tightening our supply chain operations.

Strengthening our Own Brands portfolio

For our Own Brands portfolio, we have and will focus on strengthening our core brands through the introduction of unique products and extending further into the snacking segment. In the second half of 2018, we launched our Green Tea variant under our flagship *SilverQueen* brand and I am pleased to share that consumer response has been very positive thus far. We also launched new products in the snacking category to satisfy consumers' needs at different price points - products like our *Delfi Take-It Big*, *Delfi Zap*, *Delfi Buzza*, *Delfi Black Thunder* and *Delfi Big Thunder* which were among the other premium products introduced during the year.

Our strategy for accelerating the growth of our Own Brands portfolio has always included the acquisition of complementary brands which are viewed as strategic to our growth initiatives and which will contribute positively to the business. We achieved this in 2018 with the acquisition of the perpetual and exclusive license to the *Van Houten* brand for markets in Asia, excluding India, Korea and the Middle East.

The brand is an iconic European brand with a history going back to 1828, when it was created by Coenraad Van Houten, a Dutch chocolate maker who invented the cocoa press. The process revolutionised the chocolate industry, paving the way for the manufacturing of chocolate bars. *Van Houten* has had a presence in Asia since the 1960s where many of us grew up with the brand and are familiar with the quality and authenticity of its products. This gives us a recognisable hallmark that can be immediately leveraged across the region. Our immediate priority now is to rejuvenate *Van Houten*'s brand equity by innovating and extending its offerings across product categories with strong growth potential.

Strengthening our distribution networks and enlarging the routes-to-market

The major changes and investments we made in our supply chain in the last couple of years were to ensure it remains a competitive advantage for us. One of the major initiatives we implemented was to deliver directly to some of our Modern Trade customers in Indonesia. By returning control back to our in-house team, we were able to raise the responsiveness and service levels for these key customers by significantly improving the timely fulfilment of their orders. This is an ongoing initiative as we aim to progressively extend this not only to other customers but also throughout Indonesia. As part of our initiatives to strengthen our business in the Traditional Trade format, we restructured our business model in this area which included replacing some of our team of distributors.

As a result of these concerted strategies, total Own Brands sales increased by 16.0% in 2018.

Enhancing operational excellence

The demands on our business have increased significantly over the recent years. This has been driven by a number of factors: our operating environment has evolved significantly and has grown increasingly complex as a result of the rapid retail chain transformation and increased consumer demand, coupled with a greater emphasis on higher quality products, food safety and compliance with government regulations.

In line with these market changes, we strategically reorganised the leadership of our product manufacturing and technology under two key areas in 2019 – Manufacturing Operations; and Quality Assurance, Food Safety, Research and Development and Technology. This reorganisation will allow us to respond quickly and more effectively to changes whilst also enabling us to increase our focus on executing our strategy of growing Delfi.

Manufacturing Operations will be driven by our most recent hire, Mike Roberts in his role as the Group's "Chief of Manufacturing, Engineering, Chocolate Technology and Projects". Mike will oversee our manufacturing operations, supply chain function and new product development initiatives. We are delighted to welcome Mike to the Delfi family and I am confident that his knowledge and expertise in chocolate manufacturing and chocolate technology will add valuable talent to Delfi's drive in strengthening our position as a major chocolate player.

Ms. SB Lim, who was previously Delfi's Chief Operating Officer will head our "Quality Assurance, Food Safety, R&D and Technology" function, which includes all aspects of quality assurance and food safety standards, research and development, checks and audits, and supporting systems and processes. This will enable us to offer even higher standards of food safety and pleasure to our consumers.

We have always recognised that our operations have an impact on the environment and our society. As such we understand the need to mitigate any negative environmental and social impact such as in the areas of water usage and treatment and disposal of effluents and waste, while at the same time ensuring we are continuously building a sustainable business. Our Sustainability Report details our existing platform on which we can base our strategy on how to further reduce any negative environmental impact.

A number of improvements were made to drive productivity across our operations. Notably, the migration and harmonisation of the Group's databases onto SAP was completed in 2018. With this completed, we can expect improved data access across and within all our units. Leveraging on this platform, we will begin on our next phase which is to harness the data in order to perform better analytics so that we can manage our business more effectively and achieve better operational efficiencies over the long term.

Outlook

While the current operating environment remains highly dynamic, we are confident that we have the solid foundations, right strategy and plans in place to deliver our growth objectives. Over the longer term, we remain confident that the consumption environment in our key markets will continue to be supported by robust economies and the fast growing middle-income classes. With our scale and reach, and the successful execution of our growth strategies, we believe we are well placed to capture the growth opportunities presented and unlock the untapped opportunities in all areas.

Acknowledgements

I would like to take this opportunity to express my appreciation to Ben Ryan, who retired in September 2018 after 14 years with Delfi. In his role as Chief Financial Officer, Ben, as part of the team, contributed in bringing Delfi to where we are today. Taking over from him is Alan Koo and I am confident that Delfi will benefit from Alan's extensive track record in supporting business transformations. He will also add to our financial talent pool in order for Delfi to move to a higher level of achievement.

It is only through great team work that we have been able to achieve the great results for 2018, so I would like to thank the many dedicated members of the Delfi family who have contributed. Without their dedication, commitment, enthusiasm and competence, we would not have overcome the challenges we have faced, nor would we have achieved the successes we have achieved. With their continued support, I am confident that we can continue our progress and growth.

John T C Chuang
Chief Executive Officer
20 March 2019

Board Of Directors

Mr Pedro Mata-Bruckmann

74

Independent Director
AMERICAN

Pedro began his career at W.R. Grace & Co., in 1968 where he served as President and CEO of several divisions. Through a series of promotions, in 1989, he rose to the position of Chief Executive Officer of Grace Cocoa, a division of W.R. Grace & Co. Grace Cocoa (subsequently sold to ADM and renamed ADM Cocoa) was the world's leading and premier supplier of cocoa ingredients to the confectionery, dairy, bakery and beverage industries on a global basis. After leaving W.R. Grace & Co., in 1995, Pedro established MGS Mata Global Solutions, advising companies on strategic growth and joint venturing. Between 2000 and 2012, Pedro was a senior advisor to Quad-C (a USA based private equity fund). Between 2009 and 2012, he served as CEO of Classic Party Rentals. Headquartered in Los Angeles, Classic Party Rentals (a Division of Quad C) was the leading US party and event rental company. Pedro has served in several not-for-profit organizations including Trustee and Chairman of Zamorano University and Director of TransFair USA, a fair trade organization.

Date Of First Appointment As Director:
12 June 2001

Date Of Last Re-Election:
30 April 2018

Board Committee(s) Served On:
Nominating Committee (Chairman)
Audit Committee (Member)
Remuneration Committee (Member)
Risk Management Committee (Member)
Market Sustainability and Strategy Committee (Member)

Educational & Professional Qualifications:
Bachelor of Science & Masters of Engineering, Cornell University, Ithaca, NY, USA

Present Directorships:
Delfi Limited
Corporation LionCity – Development SA
Mata Global Solutions
FOMAT Medical Research SA – Ecuador
FOMAT Medical Research, Inc – USA

Past Directorship Over The Preceding Three Years (From 1 January 2016 To 31 December 2018):
Grace Institute of New York City, New York, USA

Mr Davinder Singh

61

Non-Independent Director

SINGAPOREAN

Davinder was appointed as a Non-Executive Director of Delfi Limited on 12 June 2001. Davinder is the Executive Chairman of Davinder Singh Chambers LLC and has been a practising lawyer for over 30 years. He has litigated in almost every area of the law. Davinder is also the Chairman of the Singapore International Arbitration Centre (SIAC) and a director on the board of the Singapore International Mediation Centre. He is an arbitrator on the SIAC panel of arbitrators and an accredited mediator with the Singapore Mediation Centre. He is Vice-Chairman on the ICC Commission on Corporate Responsibility & Anti-corruption. He was appointed as Senior Counsel in 1997.

Date Of First Appointment As Director:
12 June 2001

Date Of Last Re-Election:
30 April 2018

Board Committee(s) Served On:
Nominating Committee (Member)
Remuneration Committee (Member)

Educational & Professional Qualifications:
LL.B. (Honours), National University of Singapore
Admitted to the Singapore Bar

Present Directorships:
Delfi Limited
Davinder Singh Chambers LLC
PSA International Pte Ltd
Singapore International Arbitration Centre
Singapore International Mediation Centre

Past Directorship Over The Preceding Three Years (From 1 January 2016 To 31 December 2018):
Singapore Technologies Engineering Ltd

Board Of Directors

Mr Anthony Michael Dean ("Mike") 58

Independent Director

BRITISH

Mike has over 35 years of business experience in the investment and finance industries with over 25 of those years being spent in Asia. He is the co-founder of AIM-listed Myanmar Investments International Limited. Between 1990 and 2000, he was with CLSA, most latterly as Managing Director of its Singapore merchant bank, where he was responsible for both investment banking and private equity. From 2001 to 2004, he was a director of the Singapore private equity investment arm of Prudential Plc. Between 2004 and 2013, he was the CFO for the Epic Shipping Group, a global shipping group.

Date Of First Appointment As Director:
6 May 2005

Date Of Last Re-Election:
26 April 2017

Board Committee(s) Served On:
Audit Committee (Chairman)
Risk Management Committee (Chairman)
Nominating Committee (Member)

Educational & Professional Qualifications:
Bachelor of Science in Business Studies, University of Bradford
Fellow of the Institute of Chartered Accountants in England and Wales and Member of its Corporate Finance faculty
Associate of the Chartered Institute of Taxation
Member of the Singapore Institute of Directors

Present Directorships:
Delfi Limited
Consulsis Limited
Myanmar Investments International Ltd
Myanmar Investments Ltd
MIL Management Pte Ltd
MIL Management Co., Ltd
Medicare International Health and Beauty Pte Ltd
MIL 3 Pte Ltd

Past Directorship Over The Preceding Three Years (From 1 January 2016 To 31 December 2018):
Apollo Towers Pte Ltd

Mr Koh Poh Tiong 72

Independent Director
SINGAPOREAN

Poh Tiong was appointed to our Board on 19 December 2011 as an Independent Director. Poh Tiong retired as CEO, Food and Beverage, of Fraser and Neave Limited in October 2011, having previously served as Chief Executive Officer of Asia Pacific Breweries Limited from 1993 to 2008.

Poh Tiong is currently the Non-Executive Chairman of Yunnan Yulinquan Liquor Company Ltd, Times Publishing Ltd, Bukit Sembawang Estates Ltd and Saigon Beer Alcohol Beverage Corporation.

He is also a Director, Adviser and Chairman of the Executive Committee of Fraser and Neave Limited and a Director at Great Eastern Life Assurance (Malaysia) Berhad, Great Eastern General Insurance (Malaysia) Berhad and Raffles Medical Group Ltd.

He is also the Chairman of both the National Kidney Foundation and the Singapore Kindness Movement.

Poh Tiong was the Non-Executive and Non-Independent Chairman and Senior Advisor of Ezra Holdings Limited and Chairman of the Agri-Food & Veterinary Authority and a Director at SATS Ltd, The Great Eastern Life Assurance Company Limited, United Engineers Limited, Wildlife Reserves Singapore Pte Ltd, Jurong Bird Park Pte Ltd and Media Corporation of Singapore Pte Ltd. Noted for his strong civic involvement and long-standing interest in sports and education, he has served on the Singapore Youth Olympic Games Organising Committee, the Singapore Sports Council, Football Association of Singapore, and on the MBA Advisory Board of the Nanyang Technological University. For his contributions to society and business, Poh Tiong was conferred both the Public Service Medal and the Service to Education Medal in 2007 as well as the Public Service Star Award in 2013. He was also named Outstanding Chief Executive of the Year at the Singapore Business Awards 1998 organised by DHL and The Business Times.

Date Of First Appointment As Director:
19 December 2011

Date Of Last Re-Election:
26 April 2017

Board Committee(s) Served On:
Remuneration Committee (Chairman)
Audit Committee (Member)
Nominating Committee (Member)
Risk Management Committee (Member)
Market Sustainability and Strategy Committee (Member)

Educational & Professional Qualifications:
Bachelor of Science from the University of Singapore

Present Directorships:
Delfi Limited
Bukit Sembawang Estates Limited
Fraser and Neave Limited
National Kidney Foundation
Raffles Medical Group Ltd
Singapore Kindness Movement
Times Publishing Limited
Yunnan Yulinquan Liquor Company Limited
Great Eastern Life Assurance (Malaysia) Berhad
Great Eastern General Insurance (Malaysia) Berhad
Saigon Beer Alcohol Beverage Corporation

Past Directorship Over The Preceding Three Years (From 1 January 2016 To 31 December 2018):
Ezra Holdings Limited
The Great Eastern Life Assurance Company Limited
United Engineers Limited
SATS Ltd

Board Of Directors

Mr Doreswamy Nandkishore ("Nandu") 60

Independent Director
INDIAN

Nandu has 36 years of global experience in leadership roles across a diverse set of environments across both emerging and developed global markets. Nandu was an executive board member of Nestlé S.A from 2010 to 2015, responsible before his retirement, for Asia, Oceania and Africa, and earlier as the global CEO for Nestlé Nutrition, in charge of markets all over the world including the USA, Europe and Latam.

Nandu is currently an Executive Fellow at the London Business School and a Professor at the Indian School of Business.

Date Of First Appointment As Director:
3 January 2017

Date Of Last Re-Election:
26 April 2017

Board Committee(s) Served On:
Market Sustainability and Strategy Committee (Chairman)
Remuneration Committee (Member)
Nominating Committee (Member)

Educational & Professional Qualifications:
Bachelor's degree in Engineering (B-Tech), The Indian Institute of Technology
Post Graduate in Management and Business Administration (PGDM), The Indian Institute of Management
Program for Executive Development, IMD Lausanne

Present Directorships:
Delfi Limited
I & N Developmental Investments Ltd

Past Directorship Over The Preceding Three Years (From 1 January 2016 To 31 December 2018):
EZE Engineering Solutions Pte Ltd
Blippar.com Ltd
Tiserin Capital Management

Mr John Chuang Tiong Choon

70

Group Chief Executive Officer

SINGAPOREAN

John is the Chief Executive Officer of our Group and he is responsible for the overall strategic planning, management and business development of our Group. John has over 30 years of experience in the chocolate, confectionery and cocoa industry. He started his career in 1974 in our predecessor businesses in Indonesia and Singapore. From 1979 to 1983, he undertook the appointments of both Vice-Chairman of the Independence Bank of California and the President of Wardley Development Inc., California. John established the Company in 1984 and was subsequently appointed Chief Executive Officer. In 2004, Petra Foods Limited (now known as Delfi Limited), was presented the Enterprise Award by the then President of Singapore, the late S.R. Nathan. Under the Singapore Business Awards, John was awarded the title of Best CEO of 2011; and in 2012, he was recognised as Businessman of the Year. In 2015, John was one of the recipients of the SG50 Outstanding Chinese Business Pioneers Awards.

Date Of First Appointment As Director:
1 November 1989

Date Of Last Re-Election:
26 April 2016

Board Committee(s) Served On:
Executive Committee (Chairman)
Nominating Committee (Member)
Risk Management Committee (Member)
Market Sustainability and Strategy Committee (Member)

Educational & Professional Qualifications:
Bachelor of Engineering (Honours), University of Liverpool
Masters in Business Administration, Cranfield Business School

Present Directorships:
Delfi Limited
Alsa Industries, Inc
Aerodrome International Limited
Berlian Enterprises Limited
Ceres Sime Confectionery Sdn Bhd
Cocoa Specialties Inc
Delfi Marketing, Inc
Delfi Foods, Inc
Delfi Singapore Pte. Ltd.
McKeeson Investments Pte Ltd
Ceres (International) Marketing Pte Ltd
PT Sederhana Djaja
PT Perusahaan Industri Ceres
PT Nirwana Lestari
PT General Food Industries
Springbright Investments Limited

Past Directorship Over The Preceding Three Years (From 1 January 2016 To 31 December 2018):
Zeballos Shipping Limited
PT Ceres-Meiji Indotama

Board Of Directors

Mr Joseph Chuang Tiong Liep

67

Group Chief Growth and Marketing Officer
SINGAPOREAN

Joseph is an Executive Director and is the Group Chief Growth and Marketing Officer. He was previously President Director, Branded Consumer Division of our Group. Joseph is responsible for the overall management and business development of our Branded Consumer business and has over 30 years of experience in senior management positions within the chocolate, confectionery and cocoa industry. As an integral part of his role, Joseph mentors staff in business development, marketing and sales. From 1980 to 1983, he was appointed as the President of McCoa Inc., Philippines. From 1983 to 1984, Joseph worked as a Personal Assistant to the President of Allied Foods Management (Singapore). He was subsequently appointed as the Chief Operating Officer for both PT Perusahaan Industri Ceres and PT General Food Industries from 1984, and he has served in various senior executive positions within the group since.

Date Of First Appointment As Director:
2 March 1999

Date Of Last Re-Election:
26 April 2016

Board Committee(s) Served On:
Executive Committee (Member)
Market Sustainability and Strategy Committee (Member)

Educational & Professional Qualifications:
GCE "A" Level Certification

Present Directorships:
Delfi Limited
Brands of Hudsons Sdn. Bhd.
Ceres Sime Confectionery Sdn Bhd
Ceres Super Pte Ltd
Delfi Marketing Sdn Bhd
Delfi Singapore Pte. Ltd.
Maplegold Assets Ltd
Pavilion View Holdings Limited
Ceres (International) Marketing Pte Ltd
PT Nirwana Lestari
PT Citra Tunggal Lestari
PT Freyabadi Indotama
PT Perusahaan Industri Ceres
Delfi-Orion Pte Ltd
Delfi Yuraku Pte Ltd
Freyabadi (Thailand) Co. Ltd

Past Directorship Over The Preceding Three Years (From 1 January 2016 To 31 December 2018):
PT Ceres-Meiji Indotama

Mr William Chuang Tiong Kie

60

Business Development Director

SINGAPOREAN

William is an Executive Director of Delfi Limited and a Business Development Director of our Group. William was appointed to our Board on 31 May 2001. Being based largely at the Group's corporate headquarters in Singapore, William is responsible for the overall business expansion of our business, As an integral part of his role, he is responsible for the existing joint ventures including Delfi-Orion Pte. Ltd., and Delfi Yuraku Pte. Ltd. William has close to 30 years of experience in senior management positions within the chocolate, confectionery and cocoa industry.

Date Of First Appointment As Director:
31 May 2001

Date Of Last Re-Election:
26 April 2017

Board Committee(s) Served On:
Executive Committee (Member)

Educational & Professional Qualifications:
Bachelor of Science, California State University, Long Beach

Present Directorships:
Delfi Limited
McKeeson Consultants Pte Ltd
McKeeson Investment 1 Pte Ltd
PT Freyabadi Indotama
PT General Food Industries
Freyabadi (Thailand) Co., Ltd
Delfi-Orion Pte. Ltd.
Delfi Yuraku Pte. Ltd.
PT Delfi-Yuraku Indonesia

Past Directorship Over The Preceding Three Years (From 1 January 2016 To 31 December 2018):
PT Ceres-Meiji Indotama
Willson Holdings Limited

Senior Management

Nancy Florensia, 60

President Director, PT Perusahaan Industri Ceres

Nancy joined PT Ceres in 1991. In addition to her role as Finance Director, she assumed her role as President Director of PT Perusahaan Industri Ceres in 2017. Prior to joining our Group, Nancy had 10 years of experience in accounting and financial positions in PT Indocement, PT Henoch Jaya and the PT Kedaung Group.

Educational & Professional Qualifications

Master of Business Administration

Company & Group Responsibility

Nancy is responsible for all tax, HR, corporate, finance and administrative support for our business in Indonesia.

Ferry Haryanto, 64

Director, General Affairs (Indonesia)

Before joining our group, Ferry gained more than 10 years experience in sales and marketing roles with PT Guinness Indonesia, San Miguel Brewery Indonesia and PT Gunung Agung Trading from 1982 to 1995 with the latest position as Commercial Director.

Educational & Professional Qualifications

Master of Business Administration

Company & Group Responsibility

In his current position, Ferry provides corporate and regulatory support for our business in Indonesia. His previous position was Director, Commercial for PT Nirwana Lestari.

Lim Hock Thye, 59

President Director, PT Nirwana Lestari

Hock Thye has over 20 years of work experience in the cocoa and chocolate industry. He served as General Manager, Delfi Cocoa (Malaysia) Sdn Bhd from 2003 to 2013. Currently he serves the Group as President Director, PT Nirwana Lestari.

Educational & Professional Qualifications

Bachelor of Commerce

Company & Group Responsibility

Hock Thye brings with him a wealth of finance, accounting and general management experience to help build the organization and improve financial controls and administration in PT Nirwana Lestari in Indonesia.

Dennis Foo, 44

Director, Agency Brands PT Nirwana Lestari

Dennis joined the Group as the Director, Agency Brands for our business in Indonesia. Dennis brings with him close to 20 years of extensive FMCG experience, and prior to joining Delfi he was Vice President (Consumer Goods), DKSH Vietnam for 4 years, and General Manager, (Consumer Goods), Phnom Penh, Cambodia for 4 years.

Educational & Professional Qualifications

Bachelor of Economics with Honours, Northern University of Malaysia

Company & Group Responsibility

Dennis spearheads PT Nirwana Lestari's efforts and initiatives in the marketing, sales and distribution of our portfolio of Agency Brand products in Indonesia.

Johnny Katio, 61

Commercial Director, Route-to-Market for PT Perusahaan Industri Ceres

Johnny joined PT Perusahaan Industri Ceres ("PT Ceres") in 2017 as Commercial Director, Route-to-Market. He brings with him over 30 years of extensive experience in Indonesia's fast moving consumer goods ("FMCG") industry and prior to joining Delfi, his last position was as President Director, Heinz ABC Indonesia.

Educational & Professional Qualifications

Master in Business Administration - University of Bridgeport, Conneticut, USA

Bachelor of Arts (Accounting) - Nommensen University, Medan, Indonesia

Company & Group Responsibility

Johnny is tasked with spearheading the development and growth of Delfi's Own Brands products and overseeing Agency Brands across all the retail channels in Indonesia.

Amos Moses Yang, 45

Director (Business Strategy) (in the CEO's Office)

Amos has over 20 years of experience in Sales and Marketing. He has spent the majority of his career in the US where he held various Marketing and Sales management positions within Novartis Consumer Health, L'Oreal Paris and Philip Morris USA. Amos has extensive FMCG experience across major multinational companies.

Educational & Professional Qualifications

Bachelor of Science in Marketing, Seton Hall University

Company & Group Responsibility

Amos assists our CEO, Mr John Chuang, in business strategy matters concerning the Group, as well as assists Mr Joseph Chuang, our Chief Growth and Marketing Officer, in the Group's sales and marketing initiatives.

Lim Seok Bee ("SB"), 65

Chief of Quality Assurance, Food Safety, R&D and Technology

SB joined the Group as the Director of Quality Assurance, Technology and Operations in 1991, and has over 31 years of experience in the quality assurance and quality development aspects of the cocoa and chocolate industry. Before joining Delfi Limited, SB worked for Chocolate Products (M) Sdn Bhd, in roles encompassing quality control and production, and in De Zaan Far East (S) Pte Ltd as Quality Assurance and Development Manager, and Vice President (Quality Assurance and External Project Development) in 1989.

Educational & Professional Qualifications

University of London, Bachelor of Science (Hons)

Company & Group Responsibility

SB, in her current role, heads all quality assurance and food safety standards, research and development, checks and audits, and supporting systems and processes for the Group. SB is responsible for the Group's Food Safety and Quality Assurance objectives and compliance policies and goals. In addition, she supports our CEO, Mr John Chuang in the areas of strategic management and human resource matters.

Senior Management

Koo Liang Kwee ("Alan"), 48

Chief Financial Officer

Alan joined Delfi Limited as Chief Financial Officer in September 2018. He is a finance veteran with more than 20 years of extensive experience in senior financial roles with Novartis Consumer Health, Afton Chemical Pte Ltd and Heineken Asia Pacific Pte Ltd of which the last seven years was as Finance Director of Heineken Asia Pacific's China and Vietnam operations.

Educational & Professional Qualifications

Macquarie Graduate School of Business (Australia) – Master in Business Administration

Nanyang Technological University (Singapore) – Bachelor of Accountancy (2nd Class Honours')

Institute of Certified Public Accountants of Singapore – Non-Practising CPA

Company & Group Responsibility

As Chief Financial Officer, Alan is in charge of all the Group's financial operations. In addition to leading the Group's finance function, he is tasked with assisting our Chief Executive Officer on strategic and key business development matters for the Group.

Michael Wynne Roberts ("Mike"), 54

Chief of Manufacturing, Engineering, Chocolate Technology and Projects

Mike joined Delfi Limited in February 2019. He brings with him more than 23 years of experience in the area of chocolate manufacturing. From 1994 to 2014, Mike held various senior positions within Barry Callebaut Global, Cocoa and Chocolate Company ("Barry Callebaut"), which included 10 years as Vice President, Supply Chain and Manufacturing. He left Barry Callebaut in 2014 to join Louis Dreyfuss Co, as Asia Head of Industry, and returned to Barry Callebaut as Site Director in 2017, where he remained immediately prior to joining Delfi.

Educational & Professional Qualifications

Master of Business Administration, University of Wales (UK)

International Supply Chain Management, Singapore Institute of Material Management

Diploma in Food Safety, University of Liverpool (UK)

NEBOSH Professional qualification in Environmental Health and Safety, UK

Diploma in Industrial Management, Yale College (UK)

Mechanical Diploma, Yale College (UK)

Company & Group Responsibility

Mike is tasked with overseeing our manufacturing operations (essentially comprising the activities of manufacturing, engineering, chocolate technology and projects), supply chain functions and new product development initiatives.

Corporate Information

Corporate Information

Registered Office
111 Somerset Road, #12-03
TripleOne Somerset
Singapore 238164

Auditors
PricewaterhouseCoopers LLP
7 Straits View,
Marina One, East Tower,
Level 12
Singapore 018936

Partner-in-charge
Mrs. Deborah Ong
(Ms. Deborah Tan Yang Sock)
since 2014

Stock Codes
SGX: Delfi Ltd
Bloomberg: Delfi SP
Reuters: DELF.SI

Company Secretaries
Chuang Yok Hoa, ACIS
Raymond Lam Kuo Wei

Principal Bankers
DBS Bank Ltd
Marina Bay Financial (Tower 3)
12 Marina Boulevard, Level 43
Singapore 018982

Malayan Banking Berhad
Menara Maybank
100 Jalan Tun Perak
50050 Kuala Lumpur
Malaysia

PT Bank Central Asia Tbk
Wisma BCA / Lantai 11
Jl Jend Sudirman Kav 22-23
Jakarta 12920, Indonesia

United Overseas Bank Limited
80 Raffles Place
UOB Plaza 1
Singapore 048624

Banco De Oro
BDO Corporate Center
7899 Makati Avenue
Makati City 0726
Philippines

Registrar and Share Transfer Office
M&C Services Private Limited
112 Robinson Road #05-01
The Corporate Office
Singapore 068902

Website
www.delfilimited.com

Location

Singapore
111 Somerset Road, #12-03
TripleOne Somerset
Singapore 238164

Investor Relations
Contact: Mr. Richard Chung
Email: enquiry@delfilimited.com

Indonesia
Bandung
Jln Raya Dayeuhkolot no. 92
Pesawahan,
Kabupaten Bandung 40256,
Indonesia

Bekasi
Jl. Siliwangi Km 7,
Bojong Menteng
Bekasi 17117, Jawa Barat,
Indonesia

Malaysia
Kuala Lumpur
Level 6, Block A,
Sky Park One City,
Jalan USJ 25/1,
Subang Jaya,
47650 Selangor, Malaysia

The Philippines
No. 30 M. Tuazon St., Parang,
Marikina City 1809,
Philippines

FINANCIAL CALENDAR

Annual General Meeting	April 2019
Announcement of First Quarter Results	May 2019
Announcement of Half Year Results	August 2019
Announcement of Third Quarter Results	November 2019

Business Profile & Review

Continuing the Long Tradition of Premium Quality and Great Taste

Delfi Limited has a long history in chocolate confectionery that dates back to the early 1950s, and a vibrant tradition steeped in quality and innovation. We set up our first production facility in Indonesia and introduced *SilverQueen* and *Ceres* to local consumers. For many, it was their first taste of a chocolate that would lead to a lifetime of devotion for the irresistible treats. In the 1970s, we launched *Selamat*, and in the 1980s, *Delfi* with its signature skier logo.

Over the years, we created strong emotional bonds between consumers and our brands. Many of our Own Brands have grown to become cherished household names today. Our diverse brands and respected products continue to delight generations, as we stay committed in upholding the highest standards for all Delfi products and pave the way towards excellence by creating confectionery products that will bring a smile to consumers time after time. Our portfolio of Own Brands has progressively expanded into various categories, including chocolate confectionery, biscuits and wafers, breakfast, beverages and baking.

Over the years, we created strong emotional bonds between consumers and our brands. Many of our Own Brands have grown to become cherished household names today.

Our Business has grown from strength to strength to become a trusted name among both our consumers and our business partners. We achieved this by steadily building the business from the ground up and by staying true to our core business principles of complete customer satisfaction, superior product quality, constant innovation, prudent financial practices and seamless teamwork.

In 2006, we entered the Philippines market through the strategic acquisition of a chocolate manufacturing, marketing and distribution operation, from which we now own two well-known local brands: *Goya* and *Knick Knacks*.

From a single market place business, we have grown to become a regional chocolate confectionery business backed by integrated production capabilities and an extensive distribution network and supported by a strong portfolio of Own Brands. We distribute our Own Brands and a range of well-known Agency Brands, covering a broad spectrum of consumer categories, through our extensive sales, marketing and distribution network in Indonesia and our Regional Markets. Indonesia continues to be our largest market, as we grow our presence in the Philippines and Malaysia and export to more than 20 countries internationally.

Today, the business of the Delfi group of companies is built on a solid foundation with demonstrated strengths in brand development, manufacturing and distribution of a portfolio of cherished chocolate brands in the region. Our brands are enjoyed by millions of discerning chocolate lovers.

Building On Our Solid Foundation of Productive Assets and Core Strengths

Manufacturing Excellence

We operate two chocolate confectionery producing facilities, one in Indonesia and the other in the Philippines, with a combined production capacity of close to 100,000 tonnes pa. These facilities are responsible for producing and ensuring the quality of our wide-ranging Own Brands of chocolate confectionery categories, including *Delfi, SilverQueen*, *Ceres*, *TOP* and *Selamat* in Indonesia, and *Goya* and *Knick Knacks* in the Philippines.

Over the last five years, we invested more than US$100 million in a multi-year program to upgrade and modernize our production facilities and infrastructure to support long-term growth. This included the activation of mechanical

and engineering works in the new factory building in Indonesia, the implementation of the SAP enterprise resource planning (ERP) system across the Group and various conservation efforts in energy, water and waste management.

Food safety and product quality are of paramount importance to us. As a responsible manufacturer, we regularly audit our production facilities and processes to ensure full compliance with international standards, including the Food Safety System Certification 22000 (FSSC 22000), the British Retail Consortium Food Safety Standard (BRC), the International Organization for Standardization 22000 for Food Safety Management System (ISO 22000), the Hazard Analysis and Critical Control Points (HACCP), and the Occupational Health and Safety Assessment Series (OHS 18001). It is this uncompromising approach to food safety and quality that has allowed us to provide our retail and trade customers with added assurance and confidence.

Business Profile & Review

Trusted Brands

Strong brands are fundamental to our objective of sustainably growing our business. We pride ourselves as a brand of choice in Indonesia and our Regional Markets; trusted by generations of consumers who grew up enjoying the premium quality, refined flavours and affordable prices of our chocolate confectionery. At Delfi, we value innovation that enhances our consumers' satisfaction and we invest heavily in the development of brand equity to strengthen the connections between the consumers and Delfi's products.

Our team of brand builders and taste experts are committed to creating products that will enrich our consumers' lives. Our portfolio of products is carefully curated to offer consumers a wide range of options from chocolate snacks, such as molded chocolate, dragées and enrobed wafers, to biscuits, chocolate spreads, baking condiments and beverages. Whether it is for a wholesome breakfast, a late-night snack, a pick-me-up or a chocolate craving, on happy days or wet weathers, we have just the chocolate for every occasion and any time of the day and night.

Our flavours and packaging are regularly refreshed and enhanced to elevate our consumers' experiences. Many of our products are sold in different sizes and price points which greatly enhanced their appeal and affordability to different consumer groups in key markets. Our ability to cater to the local tastes in our markets keeps us well connected with consumers and allows our brands to stay at the front of our consumers' minds.

Multi-layered distribution network

We have a long track record of successfully navigating the complex and evolving retail landscape in Indonesia and our Regional Markets. With a robust logistics infrastructure that is carefully developed over the decades, we have the capability to reach consumers across different retail formats, market segments and geography.

At the core of this is a multi-layered distribution network, comprising our in-house team, third-party distributors, sub-distributors and wholesalers who complement our supply network, giving us deep access to both the Modern Trade and Traditional Trade channels: from warung shops and small retailers to wholesalers, minimarts, convenience stores, supermarkets and hypermarkets. Through this vast distribution structure, we are able to cover 100% of the Modern Trade in Indonesia and provide excellent reach throughout the archipelago through theTraditional Trade.

We always aim to work collaboratively with our retail customers to deliver superior in-store execution with the right products, sizes and price points supported by good merchandising, shelving and marketing campaigns.

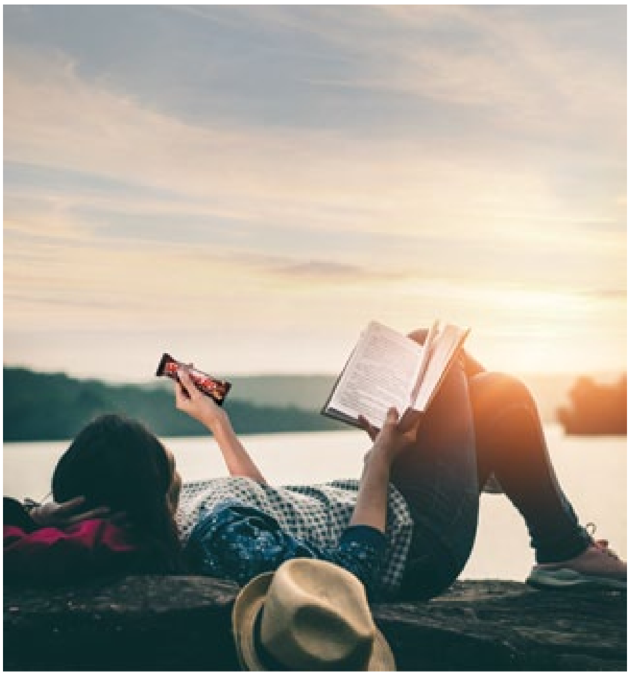
Our ability to bring products swiftly and efficiently to market coupled with our strong consumer following have earned us the reputation as a distributor of choice for the region. Besides Own Brands, we distribute more than 40 Agency Brands covering multiple product categories in Indonesia and our Regional Markets. The Agency Brands, which include leading household names in international food and beverage often complement and extend our Own Brands that helped to optimize our distribution efforts in gaining greater access into the modern trade.

Key Developments in 2018 to Drive Future Growth

Developing Core Markets

Both Indonesia and the Philippines are vast and sprawling archipelagos with a large and young population as well as an expanding middle class eager for new experiences. Both are emerging economies that enjoy rapid economic growth, increased urbanization and greater discretionary spending.

In Indonesia, the combined effect of improved economic prospects, modernization and improved consumer confidence has led to a significant transformation of its retail landscape. Although the Traditional Trade format like the mom-and-pop shops are still growing, they are fast being overtaken by better stocked retail convenience store chains and minimarts. The minimarts in particular offer a



premium shopping experience being air-conditioned and well lit, with professional displays and trained staff. This trend, that began in the major cities, is quickly spreading to other cities and rural townships while accelerating the retail growth and market reach in Indonesia. Similarly, competition intensified as local and international chocolate brands capitalize on the market opportunity driven by the rapid changes in the retail landscape.

The success of our business is deeply rooted in the strong foundation that we have built over the years and are continually adapting to changing market conditions and consumer trends in order to strengthen all our pillars of strength.

Against the backdrop of the retail landscape changes in our key markets, the Board and our senior management took decisive and major initiatives between 2016 and 2018 to reconstitute our Own Brands portfolio, enhance our routes-to-market and expand the capabilities of the management team. Our objective was to restructure the operations and reposition the business to fully benefit from the new market reality and prepare it for future growth.

The benefits of these strategic initiatives are reflected in this year's performance. Our growth was mainly driven by increased sales in our Premium segment category in Indonesia (our Own Brands continue to be the major contributor to the top line, at more than 60% of the Group's revenue) and our direct shipment initiative to some of our select Modern Trade customers, which increased service levels to these customers and the speed-to-market for our products.

Accelerating Own Brands Growth

Our streamlined product portfolio enabled Delfi to maintain high shelf visibility in the modern trade environment and take on the intensifying competition. With the completion of the product rationalization exercise in 2017, we continue to conduct regular reviews of our product portfolio to ensure its alignment with consumer demand and profitability, and continue to refine the brand and product mix to drive growth in Indonesia's modern trade.

We refreshed our brand communication program to strengthen the connection between our consumers and our brands, and to highlight the key differentiating factors between Delfi's products and those from the competition to achieve consistent brand messaging across multiple touch points.

Product innovation remains a key priority for us. Our objective is to target our consumers by developing different products that will address different needs across multiple price points, like *Ceres* Spread and *Delfi Cha Cha* novelty tubes, and at the same time, create youthful and outgoing brand personas to attract younger consumers.

In 2018, several new products were launched. In addition to *Delfi Zap*, *Delfi Buzza* and *Delfi Take-It Big*, we launched *Delfi Black Thunder* and *Delfi Big Thunder* to extend our portfolio into the snacking category aiming at younger consumers. We also extended the SilverQueen range with the launch of *SilverQueen Green Tea* variant targeting the Premium segment.

Product innovation remains a key priority for us. Our objective is to target our consumers by developing different products that will address different needs across multiple price points.

Business Profile & Review

In the Philippines, we ran highly successful campaigns on both traditional and social media platforms to promote the "*Goya No. 1 Bar*" campaign. This was part of a two-year-long campaign to promote *Goya* as a premium brand with extended categories from bars and spreads to baking and chocolate wafers. Our *Goya Spread* continued to achieve double-digit growth with its "double the hazelnut at less the price" tagline targeting conscientious buyers. Product displays in key Modern Trade channels was enhanced for *Goya* bars and spreads, and *Take-It*.

A keynote event in the year was Delfi's acquisition of the perpetual and exclusive license to the *Van Houten* brand for markets in Asia, excluding India, Korea and the Middle East. *Van Houten* is a premium European brand and has been in Asia since the 1960's. The brand has a well established presence in Indonesia, Thailand, Malaysia, and Singapore.

Following the acquisition, *Van Houten* was inducted into Delfi's Own Brands as a core brand. The acquisition of *Van Houten* is of strategic importance to Delfi. *Van Houten* has heritage, brand prestige and consumer trust - factors we are leveraging to grow our business in our current markets and now extending into new geographic markets and categories.

Post the acquisition of the perpetual rights, the *Van Houten* brand equity will be re-energized through a series of brand building initiatives while the final product packaging is also being refreshed. In Malaysia and other export markets, we leveraged on our distribution network to rebuild *Van Houten's* presence in its current markets for gifting while taking advantage of its cocoa powder products to enter the consumer baking segment.

We believe that with our management's in-depth knowledge and experience as brand builders, we will be able to successfully rebuild the *Van Houten* brand.

Reinforcing Routes-to-Market

Strong brands and innovation represent one part of our success formula. Another fundamental component is our routes-to-market. We operate in a crowded and noisy market and it is not just enough to stand out from the competition, we have to make sure we are at as many places as possible throughout the marketplace and at each of those places our products are highly visible and reliably available. This requires intelligent management of our multiple supply chains.

The ongoing evolution of our supply chain and go-to market strategy enabled us to broaden our market reach, improve our performance and margins through optimized operations, and leverage partnerships throughout our value chain to drive sustainable growth. Our distribution strategy to place the right product mix in the Modern Trade outlets while maintaining significant shelf space presence, allowed us to respond more nimbly to the competition as well as changes in market demand.

We dramatically transformed our supply chain with the implementation of a direct shipment model to our major minimarket customers in Java. The initiative was carried out in phases from late-2017 to mid-2018. By returning control back to our in-house team, we were able to raise the responsiveness and service level for these key customers and significantly improve the timely fulfilment of customer orders and freshness of our products.

As our objective is to improve the overall service level for our retail customers, we will look to incrementally expand our coverage of direct shipments to more of our key Modern Trade customers. We will be focusing on speed of response, logistics service and IT investments to ensure that seamless integration is achieved across supply chains and the operations can enjoy the full benefits of this route-to-market initiative.

Key accounts management was also enhanced with dedicated sales teams and management representatives to manage the relationships with key Modern Trade customers. We also reorganized the network of distributors to improve the coverage of Traditional Trade in areas still underserved by Modern Trade.

Strong brands and innovation represent one part of our success formula. Another fundamental component is our routes-to-market.

Product availability and visibility, especially for Premium and Core segments, were improved with better planogramming and in-store promotions to drive sales volume during festive periods. Relevant products in assorted formats and at different price points were offered based on local consumption patterns.

Harmonizing Business Processes

Several improvements were made to the operations to improve productivity and reduce costs. We completed the implementation of SAP across the Group as the core Enterprise Resource Planning ("ERP") system covering areas such as inventory and warehouse management, order and shipment, production planning, quality management and finance.

The SAP system is expected to introduce best industry practices into our business operations while fulfilling the information requirements to better drive the business. It will support Delfi's growth and strategy by harmonizing business processes, improving data access across the Group for better planning purposes and optimizing cost management.

Building Strategic Partnerships

The constant evolving retail landscape and growing consumer expectations have made it vital for Delfi to collaborate with strategic partners who can boost our market leverage. Over the years, we have formed synergistic joint ventures with established brands that not only enriched our product portfolio with new categories but expanded our customer base and strengthened our foothold in our core markets.

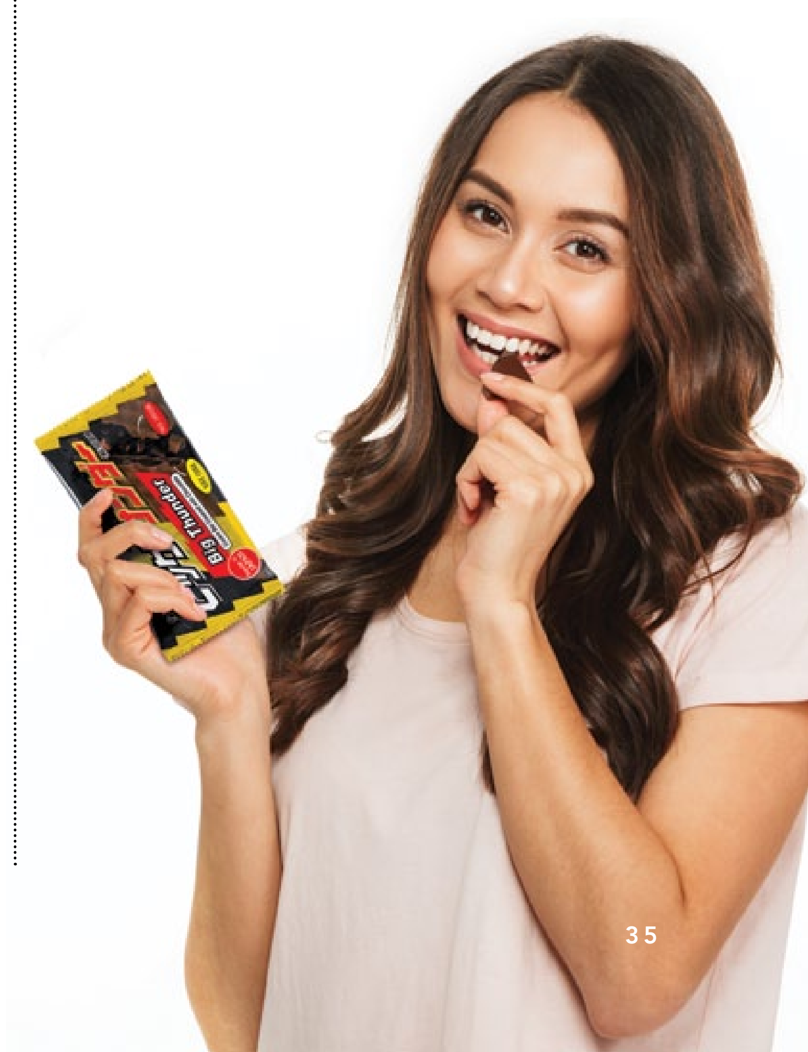
Delfi Yuraku Pte Ltd, our joint venture with Japan's Yuraku Confectionery Company Ltd was formed in 2017 and started commercial production of two new chocolate snacks, *Delfi Black Thunder* and *Delfi Big Thunder*, during the latter part of 2018. The products had a successful launch campaign and expanded our product portfolio to capture more growth in the snacking category.

This new partnership came after our 2016 joint venture with Orion Corporation, one of South Korea's largest snack and confectionery companies, to develop and market a range of soft biscuit and cake products in Indonesia. While the revenue contribution is currently still not significant, nevertheless, we are pleased that the business has generated 68% sales growth in 2018.

Crafting Another Delicious Year in 2019 and Beyond

Asia is currently the fastest growing economy in the world with strong consumer consumption and offers huge opportunities for chocolate producers. Market forecasts have put the Indonesian chocolate confectionery market at US$1.1 billion by 2023, growing at a CAGR of 4% at constant 2018 prices.

In addition to our strong foundations, the strategic initiatives we have implemented allow Delfi to capture further market opportunities as they materialize. Delfi as a brand is already well-positioned. With the recent improvements made to the organization, operations, processes, strategies and portfolio, we are ready to take on the new market dynamics and capture the growing demand for chocolate confectionery in Indonesia and our Regional Markets in 2019 and beyond.



Corporate Social Responsibility

As a leading player within South East Asia in branded chocolate confectionery, Delfi is committed to building a sustainable business model. We continually seek to adhere to best practices in delivering high-quality products of nutritional value, that meet the needs of today's consumers. Further to that, we acknowledge that as a corporation, we play a key role in propagating and developing sustainability at all points along our value chain – to reduce any potential negative environmental and social impact on our business' activities, our stakeholders or the communities around us.

All sustainability matters and CSR activities, categorised under our Four Sustainability Pillars are considered as an integral part of the Board's strategy and are aligned with our global Corporate Social Responsibility ("CSR") mission.

Delfi's Global CSR Mission

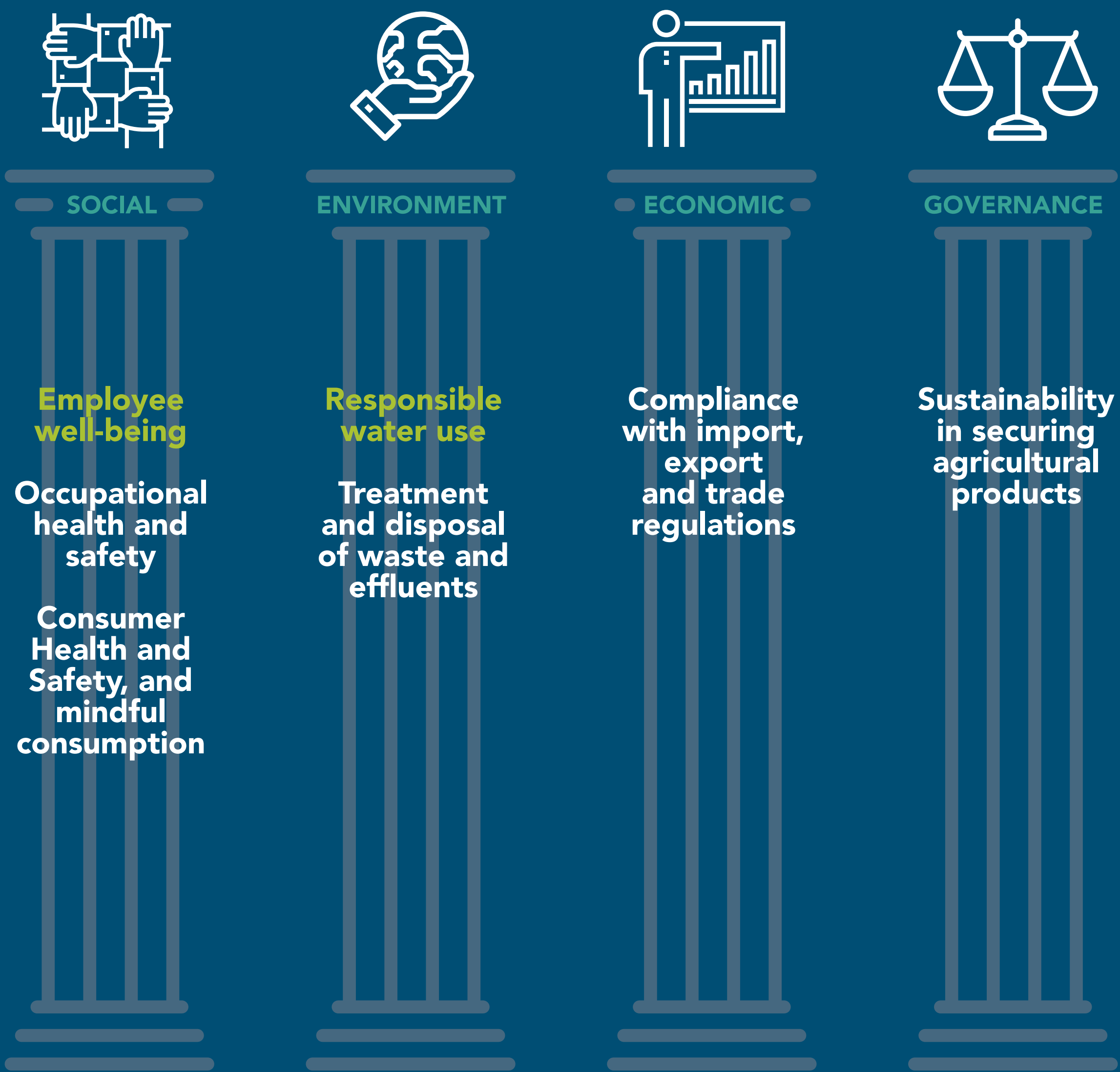
- Act in the interest of all stakeholders
- Embrace the needs of the community
- Care for the environment

The Board is further supported by Delfi's Market Sustainability and Strategy Committee (MSSC), which was established in 2017 to oversee, develop and advance our business' sustainability initiatives and strategic growth. Together, we stand by the notion that 'We Care and Are Always With You'.

Our Sustainability Pillars and Material Sustainability Matters

We believe that our Four Sustainability Pillars are the themes of social, environmental, economic and governance issues that affect and shape our sustainability mission. Over the course of the past year, an exercise was conducted to identify and prioritise the sustainability matters that are material to the Group and its key stakeholders within each of these Four Sustainability Pillars. The Board identified two additional matters, namely, managing responsible water use and employee well-being that are relevant for reporting in 2018 and beyond. Our material sustainability matters have been divided into the Four Sustainability Pillars as follows:

Our Sustainability Pillars



Key sustainability matters reported in SR2017
Newly added sustainability matters for SR2018

Corporate Social Responsibility

Employee Well-being

In recognising that our employees are key to the continued success at Delfi, we have included employee well-being as one of the material sustainability matters for reporting in 2018. At Delfi, we take pride in building a work environment that is conducive, inclusive and one that embraces diversity. The male to female ratio of our permanent staff is about 57:43. We have in place sound Human Resource ("HR") policies and practices that aims to ensure a fair recruitment process, retention of right talent, as well as, the provision of equitable opportunities for personal development and career advancement. Training was also accordingly tailored to ensure that our staff receives the necessary skill sets they need to execute their duties safely and effectively. Further to that, a remuneration and benefits package is also provided to all employees.

19% **reduction in workplace injury rates in 2018**

Occupational Health and Safety

In addition to sound employee management, ensuring the safety of our employees and workers remains a priority at Delfi. Our policies and practices are aimed at the promotion of workplace safety, in ensuring the well-being of our workforce is taken care of to keep them in optimum condition. We remain committed to our yearly goal of zero fatalities. There were 14 workplace injuries during the year. In 2018, we managed to achieve zero fatalities and a 19% reduction in injury rate as compared to the previous year. There is more that we can do, especially in ingraining a "Work Safely, Stay Safe" culture in all our employees. Nonetheless, this achievement in injury rate reduction during the year is a testament to our continued efforts towards ensuring the health, safety and well-being of our team members.

Strengthening consumer health & safety and quality of our products

As a food manufacturer, we remain steadfast in ensuring the quality of our products as well as the well-being of our consumers. We strongly adhere to both internationally-recognised food safety and quality standards and safety regulations in the countries we operate in. In response to changing consumers' dietary habits, we have begun to phase out artificial trans fats, otherwise known as partially hydrogenated oils (PHO), in our manufactured food products given their potential to cause adverse health effects.

"By end 2019, the business plans to remove all artificial trans fats from our products"

Responsible water use, treatment and disposal of effluents and waste

As a responsible steward of the environment, Delfi recognizes the importance of managing the impact from our operations. We view the management of responsible water use as well as our effluents and waste as being closely interconnected – by treating the effluents discharged and recycling the water used, we would in turn be able to reduce the amount of waste and water used during our production process. The introduction of 'responsible water use' as a material matter in this year's sustainability report is a clear expression of this view. In 2018, we used 246,151 m^3 of water, and this was a 32% reduction in overall water use on a per unit (metric ton basis) production of output. As a demonstration of our commitment, Delfi has managed to reduce not only our overall water consumption, but also waste and the treated effluents discharge per unit of production output (on a per metric ton basis) by 29% and 16% respectively, when comparing between 2017 and 2018.

32%
Reduction in overall water use per unit of production output

29%
Reduction in overall waste per unit of production output

16%
Reduction in overall effluents per unit of production output

Compliance

Delfi endeavours to maintain strong governance and CSR standards across our operations and at a minimum seeks to comply with all applicable regulations and legal obligations. This includes staying compliant with all applicable import, export and trade regulations. To that end, Delfi achieved its ongoing target of zero material incidence of non-compliance this year.

Sustainability in securing agricultural products

As a responsible buyer, the business strongly believes in ensuring that our supply of key ingredients are sustainably and responsibly sourced with integrity. In recognition of the increased demand for accountability, Delfi is in the introductory phase of rolling out a supplier assessment to assess new potential suppliers on social and environmental aspects of their value chain. This supplier assessment tool incorporates key criterion based on internationally-recognised standards such as, but not limited to ISO14001, SEDEX membership and OSHAS, whilst taking into consideration the respective countries' environmental conservation laws. Notwithstanding that, we encourage all existing suppliers to adhere to our "Prescribed Standards, Requirements and Practices for the Environment, Social and Working Conditions, Purchasing Products, Materials and Services" ("Best Practices Manual"). and continue to maintain good supplier relations. Our stakeholders and our brands are important to us.


Delfi
SILVER QUEEN
VAN
SINCE 1828
CHOCOLATE
Selamat
wafer
Delfi


Delfi
CHACHA
Goya
Delfi
TOP
CERES

A Hallmark of Excellence, now part of Delfi's Own Brands


Assortment
WHOLE ROASTED ALMONDS, HAZELNUTS AND RAISINS coated with MILK CHOCOLATE
& Nuts
SEALED FOR FRESHNESS
Milk Chocolate
VAN HOUTEN
SINCE 1828
COCOA
POWDER
KAKAO BUBUK
COCOA POWDER
Berat Bersih/
Net Weight : 180 g

Operating & Financial Review

Mr Alan Koo
Group Chief
Financial Officer

For 2018, our Group achieved revenue of US$427.0 million and PATMI of US$20.9 million, higher Y-o-Y by 12.0% and 6.0% respectively in the Group's US Dollar reporting currency. The positive results were recorded despite intensified competition and higher cost inflation during the year. Other headwinds included the weakened regional currencies, in particular the Indonesian Rupiah and the Philippine Peso which fell an average of 6.0% and 4.3% against the US Dollar in 2018.

The revenue growth generated can be attributed mainly to higher Own Brands sales, which reflected the benefits of our growth initiatives implemented over the past three years to position our business for long term sustainable growth. Sales of our Own Brands products were higher Y-o-Y by 16.0% with the growth driven mainly by our portfolio in Indonesia from (i) higher sales growth of our products in the premium format category; and (ii) benefits from our direct shipment initiative to certain mini-mart retail customers.

KEY FINANCIAL HIGHLIGHTS

US$ million	FY2018	FY2017 (Restated)[a]	% chg Y-o-Y
Indonesia	305.8	271.0	12.8%
The Regional Markets	121.2	110.3	9.9%
Total Revenue	**427.0**	**381.3**	**12.0%**
Gross Profit Margin (%)	34.6%	34.0%	0.6% pt
EBITDA	**51.3**	**44.4**	**15.5%**
EBITDA Margin (%)	12.0%	11.6%	0.4%
PATMI (exclude exceptional and non-recurring Items)[b]	**23.0**	**17.3**	**32.7%**
PATMI (include exceptional and non-recurring Items)[b]	**20.9**	**19.7**	**6.0%**

a Please refer to Note 38 to the financial statements for details on the prior year restatements.
b For details of the exceptional & non-recurring items, please refer to Page 48.

Our Agency Brands business across our markets achieved Y-o-Y revenue growth of 5.0% and to provide better clarity on this performance, the following should be highlighted:

(i) Sales of the *Van Houten* products in Indonesia from 2Q 2018 were classified as Own Brands; and

(ii) The performance for the Philippines reflected the discontinuation of some less profitable Agency Brands.

If adjusted for these factors, our Agency Brands' fundamental underlying sales performance Y-o-Y would have reflected a growth of 15.6% for FY2018.

On 13 April 2018, the Company acquired the perpetual and exclusive license and associated rights to the *Van Houten* brand name for consumer chocolate and consumer cocoa products for markets in Asia (excluding Korea, India and the Middle East) for US$13.0 million. Currently, the main markets for the *Van Houten* consumer chocolate and cocoa products are Indonesia, Thailand, Malaysia, and Singapore with a small presence in the Philippines and Vietnam. Prior to the acquisition, the Group's wholly owned subsidiary, PT Perusahaan Industri Ceres, was the sub-licensee for the *Van Houten* brand in Indonesia for the past nine years. The acquisition will be an opportunity to strengthen our portfolio and will open up opportunities for growth outside our Regional Markets.

For 2018, the Group generated EBITDA of US$51.3 million, representing Y-o-Y growth of 15.5%, where in addition to higher sales achieved, the other key profitability drivers were the higher Gross Profit Margin achieved and tighter control of our selling and distribution costs.

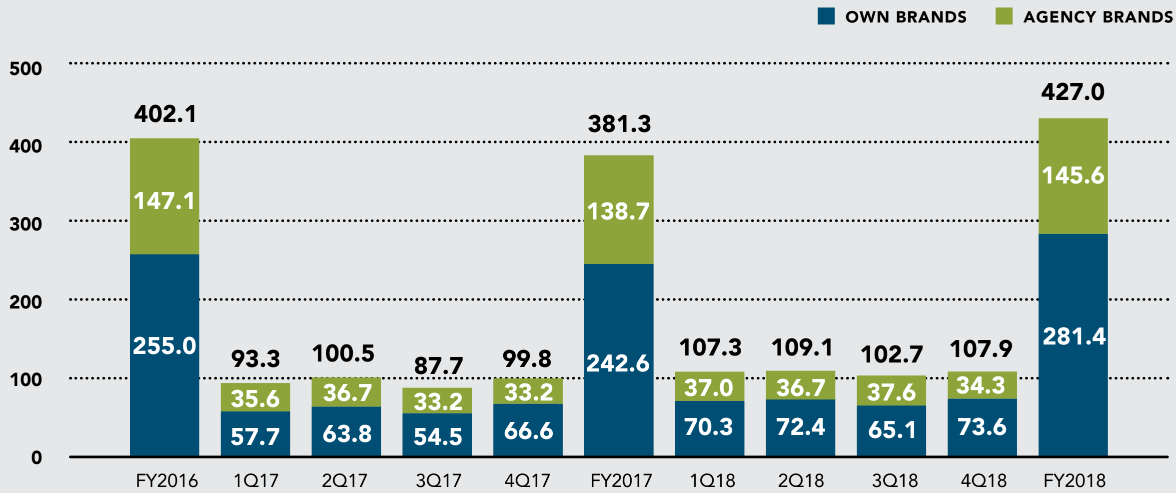
The Group's FY2018 PATMI of US$20.9 million was higher Y-o-Y by 6.0%. Included in PATMI were the following exceptional and non-recurring items:

(a) For FY2018, exceptional and non-recurring losses of US$2.1 million on the back of improper and unsubstantiated transactions uncovered in our Philippines operations, including related legal and professional fees of US$0.6 million.

(b) For FY2017, (i) US$4.4 million net gain (net of tax) on the sale of CMI; and (ii) exceptional and non-recurring losses of US$2.0 million due to improper and unsubstantiated transactions in the Philippines.

More details of the improper and unsubstantiated transactions uncovered in our Philippines operations are detailed on page 48. Excluding exceptional and non-recurring items, the Group's PATMI growth for the year was 32.7% which more accurately reflects the strong growth in our core businesses.

OWN BRANDS & AGENCY BRANDS REVENUE PERFORMANCE (QUARTERLY AND FULL YEAR)
US$ million



Note: The quarterly sales performance may vary depending on timing of holiday festivities

Operating & Financial Review

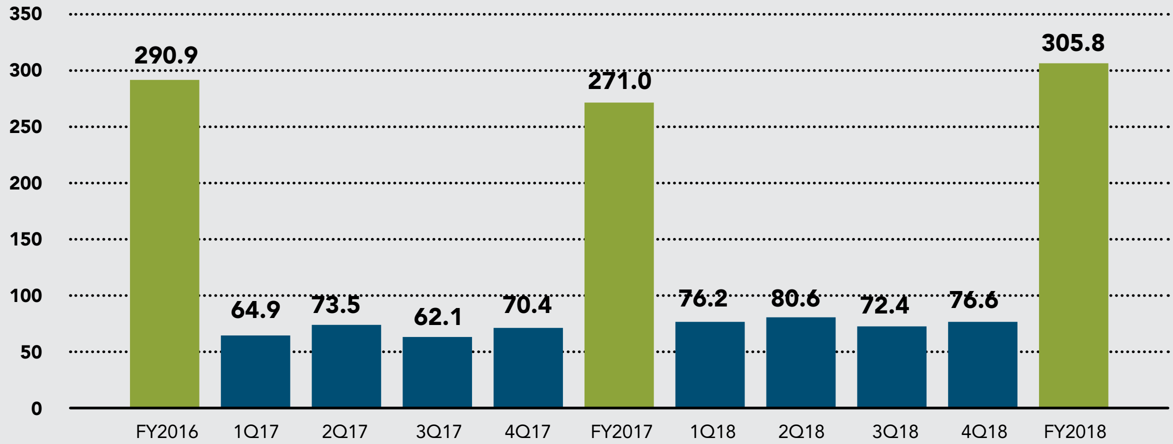
Performance Review by Markets

Indonesia

Our business in Indonesia achieved FY2018 revenue of US$305.8 million, higher Y-o-Y by 12.8% on the back of higher sales of Own Brands products. Our premium brands of *SilverQueen*, *Delfi Premium*, *Selamat*, *Ceres* and *Cha Cha* grew in excess of 20% for the year. Included in Own Brands sales were also sales of *Van Houten* products which from 2Q 2018, have been reclassified to Own Brands from Agency Brands previously.

The growth generated by our portfolio of Own Brands products reflected the benefits of the growth initiatives we have implemented over the past three years. These initiatives included (i) focusing on higher sales velocity and/or margin performance products; (ii) withdrawing lower performing SKU's; and (iii) reorganizing our supply chain management. The supply chain reorganization, which included implementing direct deliveries to the distribution centres of some of our Modern Trade customers, resulted in increased service levels to these customers and increased the speed to market for our products, albeit with higher working capital commitments.

INDONESIA'S REVENUE PERFORMANCE (QUARTERLY AND FULL YEAR)
US$ million



Note: The quarterly sales performance may vary depending on timing of holiday festivities

To position our business for long term success, we refocused our spending on building our core brands and on where the strongest growth opportunities are. Innovation for our Own Brands remains a key priority for us and our objective is to reach many more consumers by developing products that will address different consumer needs at different price points. We have also refreshed our brand communication programmes to strengthen our brands' connection with our consumers.

In addition, we continued investing in our sales force and in our routes-to-market capabilities to develop a distribution network that can quickly respond to the constantly evolving retail landscape both in Indonesia and our Regional Markets, and to ensure that our Own Brands portfolio continues to maintain a significant shelf space presence. Our objective is to continue improving service levels to all our retail customers.

The sales performance of our Agency Brands sales in Indonesia reflected the reclassification of *Van Houten* sales to Own Brands. Adjusted for this, Agency Brands sales would have been higher Y-o-Y by 11.7% with double digit growth achieved for some of our core Agency Brands in confectionery and snacking, and breakfast categories.

The Regional Markets

For our Regional Markets, revenues for FY2018 were higher Y-o-Y by 9.9%. The growth was mainly driven by higher sales in Malaysia while growth of Own Brands sales in the Philippines reflected our "*Goya – No. 1 Bar*" marketing campaign. Agency Brands sales in the Regional Markets were, however, negatively impacted by the discontinuation of two major Agency Brands - one in the Philippines and one in Malaysia during second half of 2017.

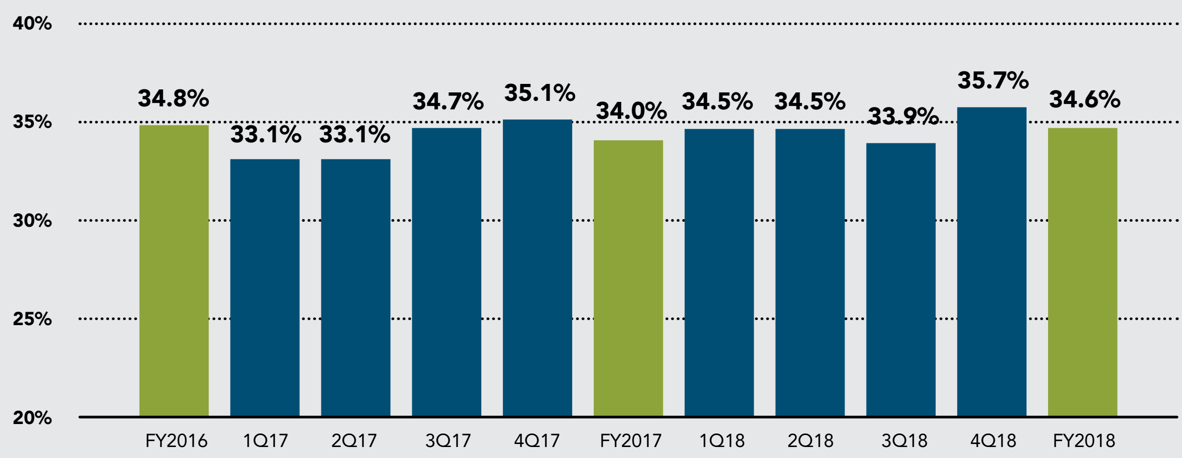
Excluding the discontinued Agency Brands, Regional Markets' FY2018 sales would have been higher by 15.2%.

Review of Profitability

The Group generated EBITDA of US$51.3 million for FY2018. The key drivers of this were (i) higher revenue achieved by the Group; (ii) the improvement in our Group's Gross Profit Margin ("GPM"); and (iii) tighter control of our selling and distribution costs.

For FY2018, the Group achieved a GPM of 34.6% (higher Y-o-Y by 60 basis points). The improvement, despite the currency headwinds faced, can be attributed to the higher sales of our premium products and our on-going cost containment initiatives. To mitigate the impact of higher input costs, we had implemented a product resizing programme for some of our Own Brands products as well as price increases for selected Agency Brands in 3Q 2018.

GROSS PROFIT MARGIN (QUARTERLY AND FULL YEAR)- AS REPORTED



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

Operating & Financial Review

For Own Brands, our ongoing strategy to tackle higher input costs includes a combination of the following: pro-active price adjustments and product right-sizing, launch of new higher margined 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.

The Group's EBITDA growth of 15.5% for FY2018 was achieved despite sales and distribution costs remaining high as a percentage of sales (albeit lower in 2018 vs 2017). In Indonesia, we continue to invest in our brand building initiatives and in our routes-to-market capabilities, which we believe is necessary as we continue to strengthen our distribution infrastructure to support long term growth. The higher costs also reflected our investment to grow our shelf space presence across all retail channels for our strategic brands and in-store promotions to generate consumer sales in Indonesia.

Despite the increase in selling and distribution costs, the Group achieved EBITDA margin of 12.0% (higher Y-o-Y by 40 basis points) for FY2018.

Improper and Unsubstantiated Transactions uncovered in the Philippines operations

In June 2018, the Group discovered improper transactions in one of its wholly–owned subsidiaries, Delfi Marketing, Inc. ("DMI") in the Philippines. Immediately on becoming aware of these transactions apparently carried out by certain employees, DMI subjected these employees to administrative disciplinary proceedings, and imposed sanctions, including dismissal. The Group also implemented a thorough restructuring of DMI's finance function and tightened its systems control and operating procedures.

The Group also carried out an internal investigation assisted by Ernst & Young Advisory Pte Ltd and assigned a team from head office to take over the leadership of DMI's finance function. With assistance from Delfi's internal auditors and a professional accounting firm, the Group completed a thorough review of DMI's financials in 4Q 2018.

To date, the forensic investigation into these activities resulted in the identification of improper transactions between 2013 and 2018 amounting to Philippine Peso 165.0 million (equivalent to US$3.1 million). In addition, a thorough review of DMI's financials identified unsubstantiated transactions over this same period totalling Philippine Peso 106.6 million (equivalent to US$2.1 million). The improper and unsubstantiated transactions identified totalled US$5.2 million (FY2018: US$1.6 million; FY2017: US$2.0 million; and from FY2013-2016: US$1.6 million).

For the year under review, the Group recognized an exceptional charge for the improper and unsubstantiated transactions of US$2.1 million. Included in the exceptional charge were professional fees incurred for the investigation and financial review carried out amounting to US$0.6 million for FY2018. The Group's FY2017 income statement was also restated to record an exceptional charge of US$2.0 million for the improper and unsubstantiated transactions uncovered pertaining to the year 2017.

For the improper transactions, the Company engaged law firms, Angara Abello Concepcion Regala & Cruz and Poblador, Bautista & Reyes in the Philippines, to pursue legal action and all remedies available. The matter is now in the hands of the lawyers. For the unsubstantiated transactions, the Company will carry out further investigations, assisted by an independent forensics and disputes advisory firm.

Update on Claims Associated with the Disposal of Delfi Cacau Brasil Ltda.

By way of background, on 24 February 2015, the Company had announced that Barry Callebaut had notified the Company of various claims from the Brazil tax authorities ("Notifications") against the former Delfi Cacau Brazil Ltda ("DCBR"), which Barry Callebaut purchased as part of the sale of the Cocoa Ingredients business. In the Company's announcement made on 28 August 2015, the Company also pointed out that although the Settlement Agreement fully settled the dispute over the closing price adjustments, Barry Callebaut remained entitled to bring any further claims that may arise under the continuing warranties.

As previously announced, the Company was notified of a total of 9 claims associated with the disposal of DCBR totalling BRL 87,002,187 as of 31 December 2016. In FY2016, the Group recognized an exceptional charge of US$2.0 million pertaining to the claims. In FY2017 and 2018, the Company was not notified of any further claims. As at 31 December 2018, the Company's total exposure in respect of notified tax and labour claims in Brazil has increased to BRL 85,299,000 (2017: BRL 83,496,000) primarily due to indexation. In USD terms, the Company's total exposure as at 31 December 2018 was US$22,079,000 (2017: US$25,302,000).

The Company, while reserving its rights in relation to the Notifications, has requested Barry Callebaut to defend these claims and the cases are proceeding through the Administration and Judicial processes in Brazil. The Board and management believe that there are grounds to resist these claims and the Company will keep the shareholders updated as to material developments in relation to these claims.

In assessing the relevant liabilities, management has considered, among other factors, industry developments and the legal environment in Brazil, and assessed that the amounts recognized in respect of these claims are adequate as at 31 December 2018. As management considers the disclosure of further details of these claims can be expected to seriously prejudice the Group's position in relation to the claims, further information has not been disclosed in the Group's financial statements.

Cash Flow Generation and Capital Expenditure

Our operating cash flow provides the primary source of cash to fund the Group's operating needs and capital expenditure as well as the dividends paid to shareholders. During 2018, the Group generated operating cash flow before working capital changes of US$51.0 million. This was higher Y-o-Y by US$6.9 million mainly as a result of the higher profitability achieved.

As a result of the higher working capital requirements, the Group's net cash generated from operating activities was lower by US$13.3 million to US$12.0 million. The higher working capital requirements can be attributed mainly to higher receivables and inventories balances.

Operating & Financial Review

Despite the lower net cash generated from operating activities in 2018, it was sufficient to fund the Group's 2018 capital expenditure of US$6.5 million. Capital expenditure was incurred mainly for the implementation of the SAP platform as the Group's Enterprise Resource Planning system. Of the total capital expenditure, 46% was utilised for Indonesia.

For 2019, the Group will remain disciplined in its capital expenditure and our strategy is to focus on (i) increasing capacity to meet the demands from our markets; (ii) build capabilities to enter new and attractive categories; and (iii) to optimize production capacity through automation and process improvement.

After the capital expenditure, the Group generated free cash flow of US$0.6 million. During the year under review, the Group's US$13.0 million investment in the *Van Houten* brand was funded from our retained cash balances.

We believe our financial condition continues to be of high quality, as evidenced by our ability to generate cash from operations, while we have ready access to capital markets at competitive rates.

Strong Balance Sheet

As at 31 December 2018, the Group maintained a healthy cash balance of US$54.7 million which was lower Y-o-Y by US$12.7 million, after the dividend payments in 2018, totalling US$10.1 million and the acquisition of the exclusive and perpetual rights to *Van Houten* chocolate brand for US$13.0 million. The cash balance will be sufficient to support our foreseeable near term business and investment needs together with any contingent liabilities.

At end-2018, total assets increased by US$8.4 million for the year under review mainly on higher trade receivables and inventories balance. Compared to end-2017, trade receivables and inventories were higher by US$12.6 million and US$11.1 million respectively. The higher receivables balance can be attributed to our increased sales to the mini-market retail channel which carry longer settlement terms.

The Group's higher inventories balance can be attributed to the following:

1. The change to the direct shipment model where during FY2018, the Group progressively took over from its Regional Distributors the distribution function to its Modern Trade customers' distribution centres in Java, Indonesia. Previously undertaken by our distributors, the direct shipment model has improved the service level to these Modern Trade customers while allowing our distributors to increase their focus on the Traditional Trade format; and

2. The Group increased its inventories level in Indonesia during 4Q 2018 to prepare for the run-up to the Valentine's Day celebrations and the Lebaran festivities in 2019. This is to ensure that our core Own Brands and Agency Brands products are always made available to meet the orders from both Traditional Trade and Modern Trade channels on a timely basis during the festive periods in the first half of 2019.

The Group's property, plant and equipment of US$109.4 million was lower compared to the end-2017 balance by US$13.7 million reflecting depreciation and the Group's lower capital expenditure in 2018. Capital expenditure in 2018 of US$6.5 million was also lower by US$5.3 million compared to 2017.

The Group's shareholders' equity was higher by US$1.9 million for FY2018 on the Group's net profit achieved after the dividend payments. We believe the Group's current financial position places it in a strong position to seize growth opportunities in the fast growing regional consumer markets.

Outlook

The strategic restructuring of our organization, product portfolio, supply chain and routes-to-market implemented over the last three years are continuing to yield the desired results. We will invest in our Core Brands and focus on leveraging our core strengths so as to drive further growth in our business and profitability.

The Group's focus will be to continuously work closely with our trade customers and partners to grow our business by ensuring that our brands are always available, properly displayed and at the right price points. We will focus our brand building initiatives and trade promotions for our core products while ensuring that our products continue to maintain significant shelf space presence. In addition to growing our sales, we will focus on driving cost efficiencies throughout our organization and especially our supply chain. To mitigate the impact of higher input costs, we will continue our product resizing programme whilst launching higher margined products. In addition, we will assess implementing price increases where appropriate.

Through this combination of top line focus and stepped up productivity efforts, we expect, barring unforeseen circumstances, the Group's operations to provide longer term stability and profitability. We will further strengthen the Group's cash flow generation through focused capital expenditure and working capital management.

Over the long term, we believe the consumption environment in our markets will continue to be supported by robust economies and the fast growing middle income classes. To capture the growth opportunities and drive the long term growth of our business, we will work to:

1. Grow our key brands. Innovation remains a key part of this strategy, whether it is through product innovation in order to provide us with a competitive edge or through continuous marketing reinvention to stay relevant by creating excitement at the shelf space while focusing on the core brands and products that can deliver growth in sales and margins;

2. Extend market reach by having better channel segmentation for both the Modern Trade and Traditional Trade retail formats in order to widen and strengthen our distribution coverage to capture the growth opportunities; and

3. Prudently invest to build capacity and capabilities where there are clear expansion opportunities into new and attractive categories; and increase our productivity and efficiency targets in our production and distribution infrastructure.

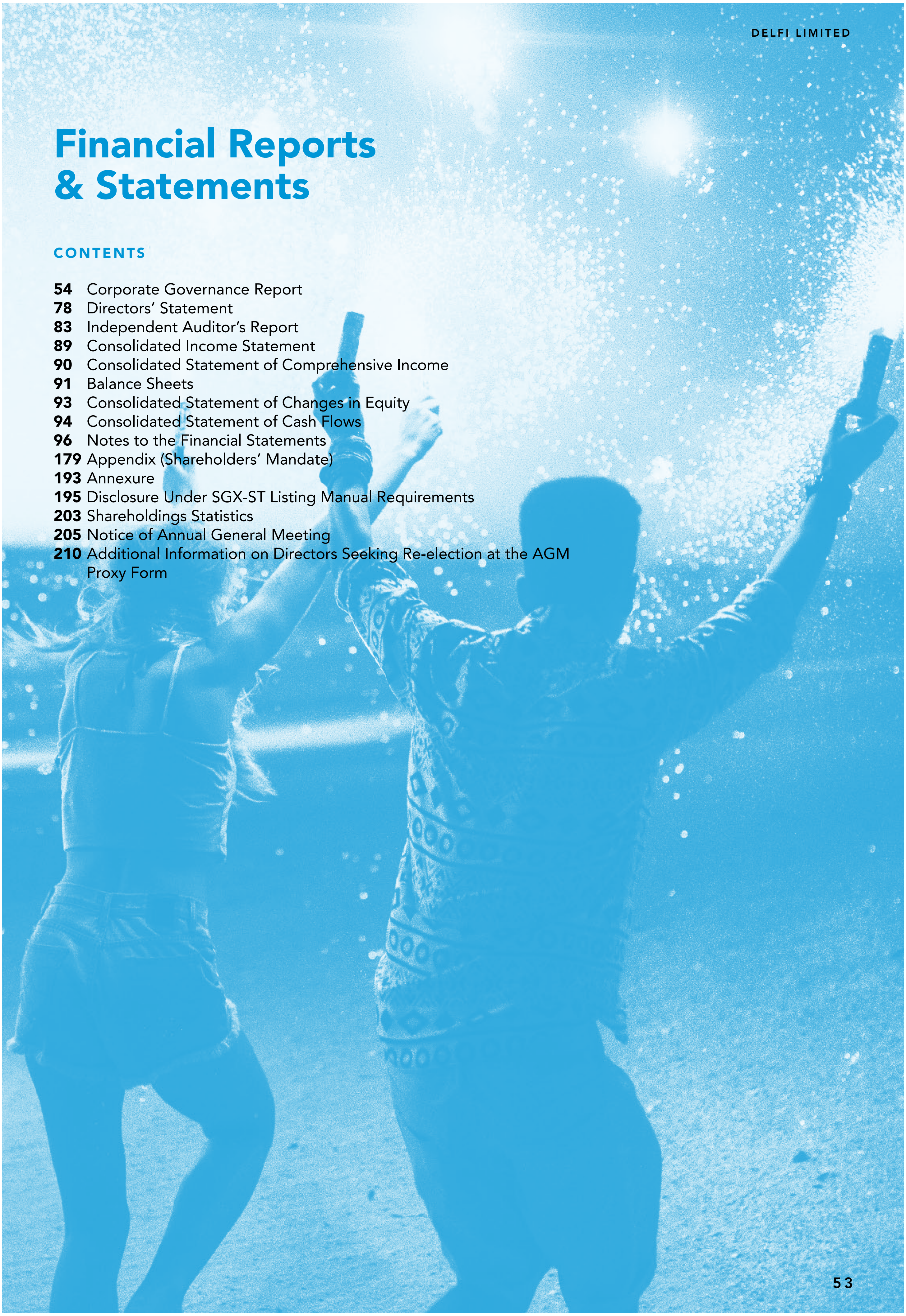
To add further value over the longer term to our quality earnings, we will continue to explore opportunities to enter new markets and to extend to new categories if suitable acquisitions or partnerships meet our investment criteria.

Operating & Financial Review

FY 31 December (US$ million)	2018	2017 (Restated)[a]	% chg	%chg in constant currency
Revenue	427.0	381.3	12.0	16.0
EBITDA	51.3	44.4	15.5	23.1
Profit before tax excluding exceptional & non-recurring Items	38.1	30.4	25.5	34.0
Exceptional & non-recurring Items[b]	(2.1)	2.6	NM	NM
Profit before tax	36.0	33.0	9.0	16.7
Net Profit attributable to Shareholders	**20.9**	**19.7**	6.0	15.1
Earnings per share (US cents)	**3.4**	**3.2**	6.0	15.1

At Year End (US$ million)	2018	2017 (Restated)[a]	% chg
Total Assets	361.1	352.7	2.4
Total Liabilities	(154.9)	(148.4)	4.3
Total Shareholders' Equity	**206.2**	**204.3**	**0.9**
Total Debt	(59.0)	(52.2)	13.0
Net (Debt)/Cash	(4.3)	15.2	NM
Return on Equity			
- Exclude exceptional & non-recurring items	11.2%	8.6%	2.6 pt
- Include exceptional & non-recurring items	10.2%	9.8%	0.4 pt

a Please refer to Note 38 to the financial statements for details on the prior year restatements.
b Pertains to (i) the charge of US$2.1 million and US$2.0 million incurred in 2018 and 2017 respectively from improper and unsubstantiated transactions uncovered in the Philippines; and (ii) a pre-tax gain of US$4.6 million on the sale of CMI in 2017.



Financial Reports & Statements

CONTENTS

Corporate Governance Report

Delfi Limited's[1] core values are grounded in integrity, excellence and commitment, and these values guide all of us as we seek to enhance the Company's development, performance and growth. These core values are therefore embedded within our concept of corporate governance and form an integral part of Delfi Limited's ethos, business, systems, processes and operations. Our mission is to delight customers with superior products and services.

The protocols and Terms of Reference that define our Board and its sub-committees, coupled with our Human Resource Manual, document and elaborate on Delfi's corporate culture as a central foundation of our modus operandi. We believe that this has been instrumental in our long-term success.

We pride ourselves on having a unique corporate culture. As an organisation, we are imbued with the following attributes; (a) Responsible, committed and passionate employees who are ready and willing to go the extra mile in providing our customers with superior products and services; (b) A positive mind-set capable of motivating others; (c) Sensitivity to others; (d) Respect for the individual; and (e) Frugality.

Our annual corporate governance practices review is conducted in the recognition that these values and practices help us create long term value for our shareholders not only because it is the right thing to do but at the same time it reduces risk and enhances returns. We are committed to upholding the Code of Corporate Governance (the "Code"). The format of our report below reflects the Principles laid out in the Code of Corporate Governance 2018 ("CG2018") in line with the Amended Rule 710 of the Listing Rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"), with reference where applicable, to the Code of Corporate Governance 2012 ("CG2012").

We are confident that we have fulfilled not only the letter of the Code but more importantly the spirit of the Code. We seek to be fully compliant with the Code, and if there are any instances where we feel we may be in only partial compliance with the Code, we have clearly explained why our position remains appropriate in the circumstances and how our practices are consistent with the aim and philosophy of the relevant Principle of CG2018.

1 All references to Delfi, Delfi Limited or the Company refers to Delfi Limited and all its subsidiaries which is also referred to as the "Delfi Limited Group", "Delfi Group" or the "Group".

Our Leadership Mix

The Board of Delfi comprises a healthy well-balanced mix of entrepreneurs, professionals and corporate expertise, who as a group, provide the appropriate balance and mix of skills, knowledge and experience. Out of a total of eight Directors, the board of Directors (the "Board") comprises three executive Directors, four non-executive independent Directors and one non-executive non-independent Director. A majority of our Board is non-executive with more than one-third being independent. There is a clear separation of the role of the Chief Executive Officer ("CEO") and the Chairman. One of our three executive Directors serves as CEO and Managing Director ("MD"). The Board meets regularly and is provided with timely updates and information. As and when there are urgent commercial or other corporate matters, Board meetings are convened to seek guidance from the Board or to elicit a decision. All Directors are expected to act in good faith, and to act in the interests of Delfi.

The Board is supported by the Executive Committee, the Audit Committee, the Remuneration Committee, the Nominating Committee, the Risk Management Committee and the Market Sustainability and Strategy Committee. The Committees (with the exception of the Executive Committee) provide guidance and regularly review matters within their respective purview.

Our corporate governance practices are given below with specific references to CG2018, and where applicable, CG2012.

(I) BOARD MATTERS

Principle 1 - The Board's Conduct of Affairs: The Company is headed by an effective Board which is collectively responsible and works with Management for the long term success of the Company.

Policy and Practice

We have broken this section of the report down into the following key topics:

1. Leading, Managing and Supervising
2. Independent Judgment
3. Delegation by the Board
4. Key Board Processes
5. Board Approval
6. Committee Responsibilities
7. Market Sustainability and Strategy Committee
8. Social Responsibility and Sustainability

1. Leading, Managing and Supervising

The Board takes the lead by focussing on three key areas, namely:

(a) setting corporate strategy and direction;

(b) ensuring that there is effective entrepreneurial leadership and management; and

(c) supervising the proper conduct of matters.

The Board's focus on the key areas mentioned above encompasses a diverse range of issues such as profitability, financing, corporate planning, human resources, stakeholder matters, sustainability and environmental impact, capital expenditure, organisational development, risk management, business continuity, information technology, innovation and internal controls.

Each Director acts in good faith and in the best interests of the Company and contributes their own expertise, skills, knowledge and experience to the Board for the benefit of all stakeholders.

The Board has eight Directors comprising five non-executive Directors, of whom four are independent Directors. Half of the Board is considered independent. The independent Directors, at the date of this report, are Mr. Anthony Michael Dean ("Mike Dean"), Mr. Koh Poh Tiong, Mr. Doreswamy Nandkishore ("Nandu") and Mr. Pedro Mata-Bruckmann, who is also the Chairman of the Board. Mr. Davinder Singh is deemed a non-executive non-independent Director[2]. Mr. Chuang Tiong Choon ("John Chuang") is the CEO and MD. Profiles of all the Directors are found on page 18 to 25.

The assessment of "independence" is covered in the paragraphs immediately following, and further under Principle 5 below.

2 Mr. Davinder Singh is deemed a non-executive Director. For the financial year ended 31 December 2018, Mr. Davinder Singh is deemed a non-executive non-independent Director by virtue of his relationship with the Company in respect of Provision 2.1 and 4.4 of CG2018 and his position as Managing Director of Drew & Napier LLC and Director of DrewCorp Services Pte Ltd, both of which provided material services to Delfi. Notwithstanding that, we are confident that Mr Singh is able to exercise strong independent judgment in the best interests of the Company. The rest of the Board is unanimous and remains steadfast in its view that he has maintained a high standard of conduct, care and duty and has observed the ethical standards of his profession and is conscious of the need to disclose any conflict of interests arising from any other engagements

DIRECTORS

2. Independent Judgment

- Due Diligence
- Company's Interest
- Independent Judgment
- Objective Decisions

All our Directors exercise due diligence and independent judgment and make decisions objectively in the best interests of the Company. The Board has also carried out its annual evaluation of the independence of each of its non-executive Directors, taking into account the relevant provisions of the Code, namely, whether the Directors are independent in character and judgment and free from relationships or circumstances which are likely to affect, or could appear to affect, the Directors' judgment. In the event of any conflict of interest, the relevant Directors will recuse themselves from discussions and decisions involving the issues of conflict. The Board has concluded that all of the four non-executive independent Directors are independent and that no one individual or one grouping exerts an undue influence on others.

In its evaluation, the Board notes that Mr. Pedro Mata-Bruckmann, Mr. Davinder Singh and Mr. Mike Dean have been Directors for a period exceeding the nine years flagged under Guideline 2.4 of CG2012. However, this is by no means a critical factor in determining their independence, as the other members of the Board are unanimous in their opinion that each of these Directors' professionalism, lack of conflicts of interest and high standing in their respective fields of expertise, in commerce and society, combined with their in-depth understanding of the Company's business enable them to exercise strong independent judgment and act in the best interests of the Company.

In line with the Nominating Committee's policies and procedures, each Director has the option of accepting or rejecting a Director's declaration regarding his independence. The Board would accept a Director's declaration of independence only if the Board is of the unanimous opinion that a Director is indeed independent.

The strategic policies of the Company and significant business transactions and projects are reviewed and deliberated on by the Board. Discussions and approvals from the Board's deliberations will be communicated to Management and are recorded by way of minutes of Board meetings or resolutions in writing of the Directors. The Board approves the annual budget, reviews the performance of the business and approves the release of the quarterly and full year financial results at its regular Board meetings. As part of this process, the Board reviews the financial and human resources of Delfi and assesses (a) whether changes to these are needed and (b) whether the proposed strategy can be realistically executed with such existing or planned increased resources.

Corporate Governance Report

3. Delegation by the Board

The Board delegates specific responsibilities to committees namely:

(a) the Audit Committee ("AC");
(b) the Nominating Committee ("NC");
(c) the Remuneration Committee ("RC");
(d) the Executive Committee ("EC");
(e) the Risk Management Committee ("RMC"); and
(f) the Market Sustainability and Strategy Committee ("MSSC").

Information on each of the Committees is set out below. The Board accepts that while these Committees have been mandated to examine specific areas or issues, and make decisions or recommendations, ultimate authority and responsibility on all matters rests with the Board.

The composition of the Board and each Committee as at the date of this report is illustrated immediately below:

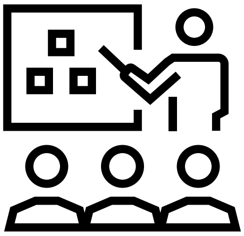
	Board	AC	NC	RC	RMC	EC	MSSC
Pedro Mata- Bruckmann	Chairman & ID	Member	Chairman	Member	Member	NA	Member
John Chuang	CEO, MD & ED	NA	Member	NA	Member	Chairman	Member
Chuang Tiong Liep	ED	NA	NA	NA	NA	Member	Member
Chuang Tiong Kie	ED	NA	NA	NA	NA	Member	NA
Mike Dean	ID	Chairman	Member	NA	Chairman	NA	NA
Davinder Singh	NE-NID	NA	Member	Member	NA	NA	NA
Koh Poh Tiong	ID	Member	Member	Chairman	Member	NA	Member
Doreswamy Nandkishore	ID	NA	Member	Member	NA	NA	Chairman

Notes:
1. CEO – Chief Executive Officer
2. ED – Executive Director
3. ID – Independent Director
4. NE-NID – Non-Executive, Non-Independent Director
5. MD – Managing Director
6. NA – Not Applicable

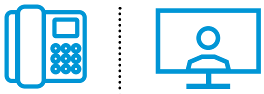
The attendance of the Board and Committees meetings during the financial year 2018 is given in the matrix below:

	Board		Committee									
			AC		NC		RC		RMC		MSSC	
	A	B	A	B	A	B	A	B	A	B	A	B
Pedro Mata-Bruckmann	7	6	5	3	3	2	2	2	2	2	4	4
John Chuang	7	7	NA	NA	3	2	NA	NA	2	2	4	4
Chuang Tiong Liep	7	7	NA	NA	NA	NA	NA	NA	NA	NA	4	4
Chuang Tiong Kie	7	7	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Mike Dean	7	7	5	5	3	3	NA	NA	2	2	NA	NA
Davinder Singh	7	6	NA	NA	3	2	2	2	NA	NA	NA	NA
Koh Poh Tiong	7	6	5	5	3	2	2	2	2	2	4	4
Doreswamy Nandkishore	7	6	NA	NA	3	3	2	2	NA	NA	4	4

Notes:
A – number of meetings held
B – meetings attended



4. Key Board Processes



Telephonic and video-conferencing, enables the Board to provide direction, guidance and advice to Management quickly and sometimes at short notice.

The Company conducts regular Board meetings. Directors who are not able to be physically present, attend and participate through telephonic or video-conferencing, enabling the Board to provide direction, guidance and advice to Management quickly and sometimes at short notice (as and when the need arises), in the best interests of the Company and our businesses. Attendance at Board meetings via audio and visual means are provided for in our Constitution.

The Board's responsiveness has allowed the Management of Delfi to manage business and corporate matters effectively in an increasingly competitive business environment. Individual Directors make themselves available and accessible to Management for discussion and consultation outside the formal framework of Board, Committee and Management meetings. The majority of the non-executive Directors are resident in Singapore.

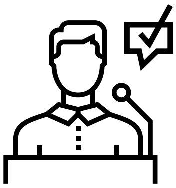
Management provides the Directors with complete, adequate and timely information prior to meetings. The Board is also regularly provided with information and updates on the Company's policies and procedures relating to issues pertaining to governance, disclosure of interests in securities and restrictions on disclosure of price sensitive information, changes in reporting standards and issues which have a direct impact on financial statements, so as to enable them to properly discharge their duties and responsibilities as Board members or Committee members.

The Company conducts a programme to familiarise new Directors with its business, operations and governance practices. The programme is conducted by the CEO and his key executives. The programme allows the new Director to get acquainted with key executives and Management, to help pave the way for Board interaction and direct access to Management.

The programme would typically involve at least one or two meetings where the new Director has the opportunity to interact with and get to know fellow members of the Board and key executives. In addition, the key executives would conduct formal sessions where the new director would be briefed on the current status of the Company's business. Thereafter and on an on-going basis, the Directors are provided with opportunities to develop and maintain their skills and knowledge at the Company's expense. These ranges from in-house talks by invited speakers or training or seminars conducted by external parties, including the Singapore Institute of Directors.

The Board is conscious that our staff are individuals and as an organisation, do not live or work in isolation. As such, the Board emphasises the need for Delfi to live up to its corporate and social responsibilities. This is important to us and we have embedded these values in our code of conduct as well as our Best Practices manual, which the Company and staff are committed to uphold. Everyone is urged to promote a conducive, healthy and safe work environment, as well as to be socially and environmentally conscious.

The Board endorses the maxim that awareness and being engaged in relevant and current issues help us in knowing and embracing what is right and what needs to be done and helps us to assess and decide how we can respond appropriately and within our means as good corporate citizens.



5. Board Approval

The Board has given Management clear direction through prescribed written guidelines, that the following matters should be reserved for the Board's decision, namely:

(a) appointment of Directors or Company secretary; (b) removal of CEO or MD; (c) establishing Committees; (d) entering into leases, tenders and/or contracts not in the ordinary course of business; (e) approval of material acquisitions or disposals; (f) approving the annual business plan and/or budget; (g) approving capital expenditure which is not budgeted in or in excess of that budgeted in the approved annual business plan, and such amount or excess amount is in excess of US$3,000,000; (h) accepting bank facilities that are in excess of US$20,000,000; (i) accept loans or approve guarantees that are in excess of US$20,000,000 for the purpose of financing projects (j) approving announcements in relation to the Company's

Corporate Governance Report

financial results or announcements that are price sensitive; (k) initiate or settle litigation involving amounts in excess of US$1 million; (l) allot new shares or debentures of any class; (m) reduce capital; and (n) declare dividends and/or other returns to shareholders.

Letters of appointment have been issued to each of the non-executive Directors, setting out their duties and responsibilities.

6. Committee Responsibility

On the understanding that the Committees under the Board may revise and/or supplement their responsibilities, the responsibilities of the Committees are to:

(I) Work with the Board, CEO and executive management to oversee the priorities and objectives set out in their respective Terms of Reference, for business, development, sustainability and growth, in the Company's best interests.

(II) Review opportunities, risks and threats of the market sustainability and/or market strategies as identified by the Company's assessment, and the potential impact of any emerging or evolving competitive product, technology, market trends or other competitive developments, activities or threats.

(III) Provide feedback, advice and/or input to the Board, CEO and executive management.

(IV) Oversee, review and/or make any recommendations to the Board or any Committee, on any business, corporate, market sustainability or strategic decisions regarding the entry into or introduction of any new lines of business or products; and/or any potential exit from any line of business or product.

The Committees may draw upon the expertise of executive management and corporate staff as and when needed; or where the need arises, to work with external advisors and professional consultants at the expense of the Company.

7. Market Sustainability and Strategy Committee

We formed the Market Sustainability and Strategy Committee ("MSSC") on 3rd January 2017 and its charter requires it to be composed of at least three Directors or more, with a majority or at least half of whom shall be independent Directors. The MSSC is chaired by Mr. Nandu, and Messrs. Pedro Mata-Bruckmann, Koh Poh Tiong, John Chuang and Joseph Chuang are members. The Mandate of the MSSC is as follows:

(A) Promoting, developing and advancing market strategies and/or initiatives for market development, sustainability and growth. For the purpose of the MSSC Charter, 'sustainability' shall mean and be deemed to include, sustainability in respect of the business, people, corporate culture, environment and social responsibility;

(B) Fostering ideas and the understanding, application and use of market knowledge and market development initiatives;

(C) Encouraging and nurturing network development and market development regionally and globally in the furtherance and advancement of the Company's interests; and

(D) Benchmarking the priorities and responsibilities outlined in (A) to (C) (above).

The Chairman or CEO, or the Board may in their discretion, assign the MSSC to assist in reviewing and/or advising on any tie-up, venture, acquisition or divestment as the case may be.

The MSSC may from time to time, raise any issue and/or matter, or make any recommendations that have an impact on or address the Company's market strategy or strategic market initiatives.

8. Social Responsibility and Sustainability

At Delfi, we are committed to championing our corporate social responsibility and sustainability mission, through which we seek to achieve the following,

(a) embrace the needs of the community,

(b) care for the environment, and

(c) act in the interests of our stakeholders.

During 2018, we published our inaugural Sustainability Report in which we set out and commented on the material sustainability matters which we consider to be the first priority for our business. These include (i) customer health and safety, (ii) occupational health and safety, and mindful consumption, (iii) securing sustainable agricultural products, (iv) treatment and disposal of waste and effluents, and (v) compliance with import, export and trade regulations.

The material sustainability matters we will continue to report on, emphasize what we have always believed, namely that we acknowledge and recognise that our business has an impact on the social and environmental framework, in particular people's working conditions and the environment both locally (in each country we operate or do business in) and globally. We believe that we can be a good business partner, and this is a pre-condition to our future growth, which we intend to achieve by partnering businesses, suppliers, service providers and individuals who share the same vision, mission and approach.

In this vein, we would constantly and persistently be challenging ourselves and our partners with our guiding principles, and demanding that we act collectively in the best interests of (i) workers, (ii) children, and (iii) the environment, and consistently assessing whether or not we are doing enough to soothe the environment in which we live and operate in.

The Company impresses on all its partners, suppliers, stakeholders and staff, to comply with and uphold the 'Prescribed Standards, Requirements and Practices for the Environment, Social and Working Conditions, Purchasing Products, Materials and Services' Manual (which we refer to as our "Best Practices"), which seeks to ensure that our policies and activities:

(a) protect and soothe the environment from air, noise, water and ground pollution;

(b) protect and soothe the environment from the handling and/or use of chemicals needed in the production of our confectionery products;

(c) protect the environment from any hazardous waste;

(d) protect the environment from fire, whilst also ensuring that the safety and well-being of workers and the community are preserved; and

(e) enhance the safety and well-being of workers and the community so that they have better working and living conditions.

In the Company's quest to be socially responsible and for sustainability, we have special regard for the health, safety and well-being of workers. All our partners, suppliers, stakeholders and staff, are urged to comply with the Company's policies, activities and initiatives to uphold and improve, (i) health and safety training, (ii) use of safety equipment and devices, (iii) safety policies and guidelines, (iv) avoidance of hazards, (v) use of personal protection equipment (PPE), (vi) use of first aid equipment, (vii) application of first aid training, (viii) preservation of air quality, (ix) monitoring of temperature, (x) workplace noise and conditions, (xi) lighting conditions, (xii) availability of potable water, (xiii) hygiene, (xiv) food, and (xv) health safety.

As an ethical employer and partner, in addition to compliance with applicable laws and regulations, we require all our companies, businesses and staff within the Group, to uphold and enforce a fair wage policy. We uphold a 'no child labour' policy in line with and in support of the United Nations Convention on the Rights of the Child, and reject outright any form of forced labour, bonded labour and discrimination. We prescribe these ethical practices (outlined in our Best Practices Manual) a copy of which is extended to all our partners, suppliers and service providers, and as part of our processes, and we would request their written agreement to accept and uphold the same.

We remain steadfast in our two-pronged approach to contributing to corporate social responsibility, at an international level and within our local spheres of influence. We engage with ethical, environmental and social responsibility issues that affect our industry at an international strategic level. We contribute our views, insights and involve ourselves in targeted initiatives that allow us to add value. Our actions and initiatives at a local level are focused on three main areas, namely:

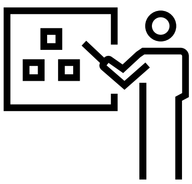
Corporate Governance Report

Objective	Initiatives
Food Safety Initiatives	Use of technology, systems and processes to enhance food safety.
	Accurate and responsible labelling of our products to facilitate informed consumption habits.
Practices to preserve the environment.	Water recycling and waste water purification in our manufacturing plants.
	Recycling of paper and other materials in our plants and offices.
	Use of filters to eliminate or limit the escape of odours into the community at large.
	Monitoring smoke and dust emissions.
Community Support Initiatives.	Financial support for education and school endowment funds.
	Financial support for destitute and poor patients in need of dialysis.
	Drainage improvement projects to alleviate flooding.
	Sponsorship and support for fund raising for charities, education and youth.
	Sponsorship for public service publications.
	Sales of surplus materials gratis or at 'peppercorn' prices to help foster local trade.

The above initiatives will also assist the Group in achieving its sustainability priorities as set out above.

Following the disposal of our Cocoa Ingredients business in 2013, most of Delfi's initiatives and programs launched in cooperation with other industry players and other bodies undertaken for several years now are coming to an end. We are however seeking to explore and work on new opportunities.

Principle 2 - Board Composition and Guidance: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.



Policy and Practice

Guidance from the Board

The non-executive Directors have been specifically assembled to ensure that collectively they not only have an in-depth range of expertise in business, commerce, finance and law to be able to challenge Management but that they are also independent from the Chuang family which owns 51% or more, of the Company's shares.

As a result, it is well able to professionally challenge Management and the "Substantial shareholder"[3]. This challenge is conducted in a harmonious and professional atmosphere and provides for informative discussions and a lively exchange of ideas. This in turn has assisted Management in the performance of its role and function.

The Board is supported by key committees to provide proper oversight of the Board itself and Management. The AC, MSSC, NC, RC and RMC are each chaired by independent Directors. Committees or sub-committees may be formed from time to time to address specific areas as and when the need arises. Leadership of the Committees is based on the notion of fair distribution of responsibilities and to draw on the relevant experiences of the Directors.

Board Independence

An independent Director is one who is both (a) independent from Management and business relationships with the Company, and (b) independent from any Substantial shareholder. Based on this definition, half of the Board is considered independent. The Board places great emphasis on ensuring that each and every one of our four independent Directors is truly independent, in substance and not just form. See further details on this under Principle 5 below. As a result, the Board is of the opinion that there is a proven framework for ensuring that Management is able to exercise entrepreneurial drive within the context of a constructively challenged supervisory environment to ensure that overall strategy is both sound and realistically achievable.

In parallel with this, potential conflicts of interest, in respect of the majority shareholder group and also Management, are identified and appropriately managed.

Directors Meeting without Management

The non-executive Directors and/or independent Directors, led by the independent Chairman or other independent Director as appropriate, regularly meet and communicate on diverse issues of their choice, without the presence of the executive Directors and/or Management. The chairman of such meetings provides feedback to the Board as appropriate.

Principle 3 - Chairman and Chief Executive Officer: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision making.

Policy and Practice

Mr. Pedro Mata-Bruckmann is the Chairman of the Board. There is a clear separation of his roles and responsibilities as Chairman and Mr. John Chuang, the CEO.

The Chairman acts independently in the best interests of the Company and its shareholders. The Chairman helps ensure that there is mentorship, unity of purpose within the Board and that the Board engages in productive discussions on strategic, tactical, business, financial and planning issues. The Chairman often takes the lead in discussions on strategy, facilitating a lively exchange of ideas at the Board, open constructive debate, eliciting the contribution of Directors, encouraging constructive relations between Board and Management and effective communication with shareholders.

The Chairman and CEO jointly oversee the observance of high standards in corporate governance and compliance with the Code.

The CEO and MD, Mr. John Chuang, drives the Company's businesses with full executive responsibility over the business executive decisions of the Company.

The CEO makes sure that the information that is shared with the Board is timely, appropriate and of the requisite quality so that the Board can discharge its duties and responsibilities effectively.

As the Chairman, Mr. Pedro Mata-Bruckmann, is an independent Director, and whose role and function is distinct and separate from the CEO, there is no need for a lead independent director.

Principle 4 - Board Membership: The Board has a formal and transparent process for the appointment and reappointment of directors, taking into account the need for progressive renewal of the Board.

Policy and Practice

Nominations for and appointment of Directors are within the rights of the shareholders. Every Director in the Company will be due for re-election at least once every three years. The Company's Constitution requires one-third of the Directors to retire and submit themselves for re-election by the shareholders at every annual general meeting ("AGM").

The NC oversees the nomination of Directors for election or re-election. The NC seeks to balance Board renewal, which brings in fresh insights with maintenance of knowledge and experience of the Company's operations, both of which are good for the Company. The NC strives to ensure that the Board and its Committees comprise individuals who are best able to discharge their duties and responsibilities as Directors with regard to the highest standards of corporate governance. The NC also reviews candidates for senior management positions for Delfi. The terms of reference for the NC (including its framework for

3 The term "Substantial shareholder" shall refer to a person who has an interest or interests in one or more voting shares in the Company and the total votes attached to that share, or those shares, is not less than 5% of the total votes attached to all the voting shares in the Company.

Corporate Governance Report

considering and determining if a Director is independent) are set out under Principle 5, below.

Delfi adopts a comprehensive and detailed process in the selection of new Directors and key management personnel. Candidates are first sourced externally through an extensive network of contacts and discreet searches and identified based on the needs of the Company. Once the NC Chairman, the CEO, the Chairman of the Board and the other NC members have interviewed the candidates, the candidates are further shortlisted for the NC's formal consideration for appointment to the Board. The NC complies with the following criteria when reviewing a nomination for a proposed Board appointment:

(a) a determination of the candidate's independence;

(b) whether the candidate is a fit and proper person taking into account the Company's guidelines and his/her track record, age, experience and capabilities and such other relevant experience as may be determined by the NC; and

(c) whether his/her appointment will result in any non-compliance for the Board and its Board committees.

The Company's guidelines on a fit and proper person broadly take into account the candidate's expertise, skills, experience and diversity that will best complement the effectiveness of the Board. In its assessment and evaluation of candidates for the Board, the NC and the Board will have regard to internationally accepted criteria, which includes, (a) integrity and honesty, (b) sound business acumen and judgment, (c) appropriate or unique expertise or professional qualifications, (d) relevant experience, (e) fulfilling and meeting the legal requirements of serving on the Board, (f) the willingness and ability to attend to Board matters and Committee meetings, as and when these arise; and (g) financial soundness.

Delfi strives to achieve an appropriately balanced mix of talent on the Board, principally through combining Directors with diverse but complimentary backgrounds and experiences, but also through gender and racial diversity. Our current Board consists of independent Directors who table a solid balance of commercial, legal and financial competencies and skillsets. The Board is chaired by Mr. Pedro Mata-Bruckmann, who has extensive experience across the various industries in which Delfi operates. In addition, Mr. Koh Poh Tiong and Mr. Nandu bring with them industry and commercial knowledge from a global perspective. Mr. Davinder Singh provides us significant legal expertise and Mr. Mike Dean has a strong financial background stemming from his experiences as both a financier and a CFO. The current composition of the Board brings together Directors with the right qualifications and experience to support Delfi in forging and achieving its strategic direction.

The NC oversees the induction, orientation, training and professional development, where appropriate, for any new and existing Directors. The NC also ensures that new Directors are aware of their duties and obligations and that the Directors are able to adequately carry out his duties as a Director of the Company.

There are no alternate Directors on the Board.

Principle 5 - Board Performance: The Board undertakes a formal assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

Policy and Practice

The NC was originally established on 13 July 2004 when its original charter was adopted by the Board. During the year, the NC comprised Mr. John Chuang, Mr. Pedro Mata-Bruckmann, Mr. Davinder Singh, Mr. Mike Dean, Mr. Koh Poh Tiong and Mr. Nandu. Mr. Pedro Mata-Bruckmann has been Chairman of the NC since 6 May 2015. The majority of the NC members including the NC Chairman are independent. The Secretary of the Company is the Secretary of the NC.

The NC applies objective performance criteria when it assesses the performance and contributions of individual Directors, the Committees of the Board and the Board. This process has been endorsed by the Board as an effective means of self-assessment and evaluation.

The NC seeks to build a company headed by an effective Board which is collectively responsible and works with Management for the long term success of the Company.

The NC also seeks to ensure that the Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

The NC Chairman reports on NC proceedings to the Board with minutes of NC meetings, or by such other mode as the Chairman (or NC Chairman) deems appropriate.

The terms of reference for the NC are as follows:

(i) To review the structure, size and composition of the Board and Board Committees.

(ii) To establish the criteria and desirable attributes of new appointees to the Board and to make recommendations to the Board on all Board appointments.

(iii) To review succession plans for Directors, in particular the appointment and/or replacement of the Chairman, CEO and key management personnel.

(iv) To consider and make recommendations on all nominations, appointments and re-appointment of Directors (including the independent Directors) for re-election having regard to the Director's past contributions and performance.

(v) To determine annually whether or not a Director is independent, bearing in mind the salient factors set out in the Code (as may from time to time be amended or supplemented) for determining independence as well as all other relevant circumstances and facts.

(vi) To assess each Director's contribution and performance and this may involve the following matters:

- Attendance;
- Preparedness;
- Participation; and
- Candour.

(vii) To recommend to the Board objective performance criteria for the purpose of evaluating the Board's performance as a whole and to implement performance evaluation established by the Board. The performance criteria were refreshed in 2013 and are reviewed annually to ensure that the criteria remain relevant and effective.

(viii)To evaluate the Board's performance as a whole.

(ix) To assess and review whether each Director is able to commit enough time to discharge their responsibilities and to determine the maximum number of listed company Board representation which a Director may hold; and

(x) To review the training and professional development programmes for the Board and its directors.

Board Evaluation Process & Performance Criteria

Under the mentorship of the Chairman and the guidance of the NC, the Board conducts regular self-assessments at the individual and collective levels, to establish if a Director is contributing effectively, applying the following criteria:

1. Contribution towards development of Company strategy
2. Constructive discussion/interaction among Directors
3. Board's response to urgent matters/issues
4. Profitability*
5. Return on Investments/Sales*
6. Attendance at Board meetings and Committee meetings
7. Understanding the macro-environment (countries & sector)
8. Understanding & monitoring risks
9. Compliance & governance
10. Board/Management succession planning
11. Communication between Directors and Management

* Criteria 4 and 5 (above) do not apply to the non-executive Directors.

The criteria mentioned above, are tabulated in performance assessment forms, which require each Director to assess his peers individually, as well as the performance of each Committee. In its annual review, the NC also seeks to assess and ensure the effectiveness of the criteria and performance assessment.

Executive Management is not involved in the performance assessment, which is administered on a confidential basis by Drewcorp Services Pte Ltd ("Drewcorp"). The results and data collated from the input and performance assessments from Directors, are consolidated and shared first with the Chairman by the CEO of Drewcorp, prior to the results being tabulated for review and discussion at the NC meeting and the Board meeting.

The NC reviews the Board's composition to maintain a mix of talent, expertise, knowledge and experience. Where possible, gender and racial diversity are also sought. The NC aims to ensure that the Directors have a good mix of backgrounds so that different insights can be brought to the Board deliberations.

We have adopted an approach of building and managing checks and balances in our compliance and governance framework. Primary responsibility for driving compliance and governance rests with the CEO, CFO, and General Counsel who focuses on and drives compliance and governance individually and collectively.

Continuous Review of Directors' Independence

Whilst each non-executive Director is required to reflect on and sign a declaration of independence based on the substantive requirements of the Code, the NC makes it a point to review the declarations, to satisfy itself that

Corporate Governance Report

the substantive principles in the Code on independence are indeed fulfilled, and the NC asks each independent Director to confirm in writing that they consider each of the other independent Directors to be acting independently.

The NC and the Board are of the view that service of an independent Director beyond a nine-year term is not necessarily a critical factor in determining independence. Our independent Directors' professionalism and high standing in the commercial sector and civil society enable them to exercise strong independent judgment in the best interests of the Company. It follows that the Board is confident and remains steadfast in its view that our non-executive Directors have maintained a high standard of conduct, care and duty and have observed the ethical standards and independence, and all our non-executive Directors are conscious of the need to disclose any conflict of interests arising from any other engagements or interests. The directorships held by and the principal commitments of the non-executive Directors for the past 3 years are disclosed at page 18 to 25.

Limitation on Directorships

In consultation with the NC, the Board has prescribed that non-executive Directors may not hold more than 6 directorships in other public listed companies.

There is no magic in the self-imposed limitation of 6 directorships, and the limit chosen by the Board is influenced by international practices and conventions, where it appeared that a person's involvement in anything more than 6 other active directorships could possibly impose some measure of strain on the individual, as well as his or her ability to attend Board and Committee meetings.

The performance of the non-executive Directors is assessed by reference to their contributions at the Board, Committee and individual level.

The performance of the executive Directors is assessed not only on the basis of short term financial indicators, which while relevant, are not always indicative of long term growth, but also on the basis of people development or value creation within the Company. The performance of executive Directors is assessed also by reference to factors such as long term vision, strategic focus on shareholder value and risk management.

It is an established practice that each member of the Board and NC abstains from voting on any resolutions in respect of the assessment of his/her performance or re-nomination as a Director.

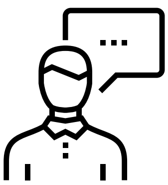
Adequate and Timely Information

The Board has full and free access to Management, the Company Secretaries and information in the Company. Management understands the importance of responding to Directors' requests for information. The Board takes independent advice from external advisers at the Company's expense, if necessary, to enable it to better discharge its responsibilities and duties.

The Board is furnished with timely, comprehensive and relevant information on matters which require its attention and decision. This is done in response to specific requests, by way of regular updates and at Board and Committee meetings.

To give Directors enough time to prepare for Board and Committee meetings, the agenda and Board papers including background, supporting materials, copies of disclosure documents, budget forecasts, and financial statements are as a general rule sent to them 7 days in advance. The documents are sent to them securely.

Material variances between projections and/or budget and actual results are disclosed and explained to Directors. The Board is always kept updated of any significant developments on projects, business initiatives, industry developments, regulatory updates and press or analyst's commentaries. The Directors have the names and contact details of the key and senior members of the Company's Management to facilitate direct and swift access to Management.



Independent Professional Advice

It is an annual practice for members of the AC to meet the external and internal auditors at least once a year without the presence of the CEO and other members of the Management team, to ensure that there is a free and uninhibited flow of information relevant to the AC's tasks in the Company's best interests.

Mr. Raymond Lam Kuo Wei and Ms. Evelyn Chuang serve as Joint Secretaries to the Company. The Board has full and free access to both the Joint Company Secretaries for information, advice and consultation and the appointment or removal of the Company Secretaries is a matter for consideration and approval of the Board as a whole. The Company Secretaries attend all Board and Committee meetings and help oversee compliance as well as follow up on matters arising from Board and Committee meetings.

(II) REMUNERATION MATTERS

Principle 6 - Procedures for Developing Remuneration Policies: The Board has a formal and transparent procedure for developing policies on Director and executive remuneration, and for fixing the remuneration packages of individual Directors and key management personnel. No Director is involved in deciding his or her own remuneration.

Principle 7 - Level and Mix of Remuneration: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

Policy and Practice for Principles 6 and 7

The Remuneration Committee ("RC") has a formal and transparent procedure for developing policies on Directors and executive remuneration and for fixing the remuneration packages of individual Directors and key executives.

The RC considers all aspects of remuneration, including termination terms, to ensure they are fair. In focusing on remuneration of Directors and key executives, the RC's review shall ensure that the level and structure of remuneration, is appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company. The remuneration is appropriate to attract, retain and motivate the Directors to provide good stewardship of the Company and for key management personnel to successfully manage the Company for the long term. No Director or key executive is involved in deciding his or her own remuneration.

The RC which has oversight of procedures for developing remuneration policies and the level and mix of remuneration, was established on 6 July 2001.

The RC has been chaired by Mr. Koh Poh Tiong, an independent director, since 15 January 2014 and currently also comprises Mr. Pedro Mata-Bruckmann, Mr. Nandu and Mr. Davinder Singh as members, being three independent Directors and one non-executive non-independent Director. The Secretary of the Company is the Secretary of the RC.

The terms of reference for the RC are to:

(i) Oversee the development of talent, expertise and leadership in the Company;

(ii) Oversee the development and management of appropriate compensation policies and practices, including (but not limited to) a compensation structure & programme for Directors, key executives and staff to attract, retain and motivate talent to provide good stewardship of the Company and key executives, to successfully manage the Company for the long term;

(iii) Working with the Nominating Committee to set and approve talent management framework applicable to the Company and its subsidiaries, with a specific focus on its application to senior management (including succession planning for key roles, career development, leadership assessment, identification and segmentation of critical talent, and attraction and retention of critical talent), and to link these to the remuneration framework;

(iv) Ensure that the Company has competitive compensation packages, programmes and schemes with a view to building long term sustainable growth, returns for shareholders and value creation of the Company;

(v) Ensure that the contractual terms and any termination payments are fair to the individual and the Company;

(vi) Report its decisions to the Board and refer all matters concerning, related to or in any way connected to the above terms of reference, for the Board's written approval; and

(vii) Ensure that the remuneration of non-executive directors is appropriate to the level of contribution, taking into account factors such as effort, time spent and responsibilities.

The RC has access to independent expert professional advice on human resource matters and it takes into consideration industry practices and norms in determining compensation. The Kornferry has advised Management and the RC on human resource and remuneration matters. Delfi's relationship with Kornferry is purely on an arm's length professional basis. The RC oversees the remuneration policies of the senior management and strives to ensure that the Board and Management have the leadership and expertise needed to sustain and grow the Company's business. The RC sets incentive compensation targets for key executives and senior management.

Corporate Governance Report

The RC reviews the remuneration of each Director. In the case of Directors, key executives and senior management, it makes recommendations to the Board for approval. The CEO, Mr. John Chuang, works closely with the RC and attends the RC meetings as an advisor. He gives his views on human resource, compensation issues, performance measures and policies. Mr. John Chuang is always excluded from RC discussions on his own remuneration.

Each member of the RC abstains from voting on any resolution in respect of his/her remuneration.

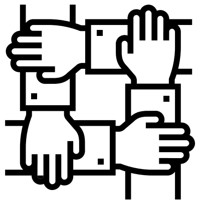
The members of RC may meet together for the dispatch of any business, adjourn and otherwise regulate their meetings as they think fit. The quorum necessary for the RC meeting is two, with the majority of quorum being independent Directors. Matters to be resolved at any RC meeting shall be decided by a majority of votes from RC members who are independent and in case of an equality of votes, the Chairman shall have a second or casting vote.

The proceedings of RC shall be governed by the provisions of the Company's Constitution (as may from time to time be amended or supplemented) regulating the meetings and the proceedings of the Directors, so far as the same are capable of applying.

The members of the RC may pass resolutions in writing, a copy of which is sent or circulated by letter, facsimile or electronic communications to all RC members and which is signed by a majority of RC members who are independent, shall be as valid and effectual as if it had been passed at a meeting of the RC duly convened and held. Such resolutions in writing may consist of several documents each signed by one or more of the RC members in counterparts. The Company may accept copies of signed resolutions in writing delivered to the Company by personal delivery, post, facsimile or electronic communications.

All minutes of the RC, decisions taken and resolutions passed are to be tabled at the next available meeting of the Board.

No member of RC shall participate in any deliberation or decision if he/she is directly or indirectly interested in respect of the matter to be resolved by the RC.



Company's Philosophy on Culture and Talent

The Company's Human Resource Manual sets out the Group's philosophy directed at attracting, retaining and motivating talent needed to achieve its vision and mission. The Group is on the constant lookout for staff, who (a) are highly qualified and who best fit the organisation, corporate culture and performance orientation, (b) possess superior performance and high potential, (c) have a strong sense of responsibility, loyalty, and commitment, and (d) have a desire to reach their fullest potential to enjoy high job satisfaction, as the Group seeks to nurture, groom and reward staff of the right calibre and potential. The executives and staff we attract and retain, would have an impact on our succession plan, and the strength of our leadership.

Performance Based Compensation

The Company adopts a remuneration policy that is performance based for staff, comprising a fixed component and a variable component. The fixed component is in the form of a base salary and benefits. The variable component is in the form of a variable bonus that is linked to the Company's and individual performance. The RC endorses the bonus for distribution to key executives and Directors based on individual performance and presents its recommendations to the Board for approval. In determining remuneration and bonus awards, Management makes recommendations to the RC, having regard to key performance indicators, such as, (a) sales & profit targets, (b) strategic requirements and goals of the Company, (c) investment in future growth, and ultimately (d) the individual executive's contribution to these objectives.

In this direction, the Group rewards staff with excellent performance, who have fulfilled their obligations and met their performance targets; contributed to the growth and development of the organisation and corporate culture; and in some cases, contributed to their division and organisation in ways that have exceeded what was expected of them.

Pay for performance is thus emphasised by linking the total compensation to the achievement of corporate and individual performance objectives, taking into account relevant comparative compensation in the market to maintain competitiveness.

The Board is of the view that as the Group pays variable compensation through bonuses on the actual results of the Company (and not on possible future results) as well as the performance and results that have actually been delivered by its executive Directors and key executives, "claw back" provisions in employment contracts may not be relevant or appropriate.

While staff may be rewarded for having met their profit, sales or project targets, it is a considered policy to motivate managers and staff in performing and fulfilling their strategic goals, their commitment to investing in future growth, and resource and organisational development, and meeting and exceeding these key performance indicators ("KPIs") could have significant positive impact on their variable compensation. On the contrary, if they are proven to neglect or fall short of these KPIs, their variable compensation may be adversely impacted. These performance measures intensify the link between performance and the long term growth of the Company. Managers and staff who meet their KPIs in furtherance of the Company's best interests would be justly and reasonably rewarded.

There are no restrictions on the non-executive Directors holding shares in the Company, provided that the shares are not transacted during the no-dealing periods as prescribed by the Listing Rules of the SGX-ST and where they are in possession of price sensitive information. Nevertheless, the non-executive Directors are encouraged to hold shares in the Company, to better align their interests with shareholders.

The Company had a share option scheme and a share incentive plan (collectively "the Schemes") but these expired at the end of September 2014. No awards were ever made under the Schemes.

Principle 8 - Disclosure on Remuneration: The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

Policy and Practice

Non-executive Directors' Fees

The non-executive Directors' fees are determined in accordance with a framework of fees reflecting their contribution to the Company through membership of the Board, Chairmanship of the Board and the fees attributed to their chairing and being members of specific Committees as set out at page 197. The overall level of these fees is set through periodic benchmarking exercises conducted with the assistance of independent consultants.

Executive Director's and Key Executive's Remuneration

The executive Directors do not receive Directors' fees.

A breakdown (in percentage terms) showing the level and mix of each key executive's and executive Director's remuneration paid and payable for 2018 is set out in page 196 to 198.

The remuneration (in incremental bands of S$100,000) of employee(s) who is/are substantial shareholders of the Company or immediate family member(s) of a Director, the CEO or a substantial shareholder of the Company is also set out in page 198.

The remuneration of our executive Directors and key executives are set out in incremental bands of S$250,000. We are of the view that this level of disclosure in incremental bands is both sufficient and adequate, because any further disclosure could be detrimental to the Group's interests, as it may lead to poaching of key executives, or the revelation of the Group's trade practices or tactics to competitors, in what is a highly competitive industry.

Principle 9 - Risk Management and Internal Controls: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

Policy and Practice

The Board and the Management of the Delfi Group are committed to maintaining throughout the Company a culture of risk awareness.

The Board retains the responsibility for determining the type and level of business risks that the Group undertakes on an integrated basis to achieve its business strategy and objectives.

Management is responsible for the design, execution and reporting of the Delfi Risk Management Program. Additionally, Management is responsible to propose to the Board, medium and long term strategic plans with appropriate risk and reward analysis, annual plans and updates on both the strategies and the associated risk levels. The Board's responsibility is to accept, modify or reject the plans proposed by the Management.

Management is responsible to report to the board on significant progress or deviations of the plans, and to report on events that represent new risks to the Company.

Corporate Governance Report

The Board:

(a) Is responsible for ensuring that the proper risk management is in place.
(b) Will provide the necessary support to Management to perform its duties.
(c) Will satisfy itself that Management is executing the agreed plans and properly reporting to the Board.
(d) Will satisfy itself that Management is operating within the framework of the approved strategies and risk tolerance levels.

In discharging this responsibility, the Board continually monitors the threat and impact of risks to the Company's business and in parallel, assesses the Company's internal systems and procedures that monitor, control and mitigate these risks. Assurances are also provided to the Board by:

(a) the CEO and CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and

(b) the CEO and other key executives responsible regarding the adequacy and effectiveness of the Company's risk management and internal control systems.

The Board has determined areas where it takes a zero tolerance to risk and those areas of less materiality where risk management may be flexed to reflect the lessened likely occurrence of the risk or its likely impact.

Based on this assessment, the Board has determined a three level approach to risk management:

1. Risks whose responsibility falls to Management to manage and to report to the Board on an exceptions basis;

2. Risks whose responsibility falls to Management to manage but which must be reported on periodically to the Board; and

3. Risks where specialist input is required in the assessment and/or management as required. This latter group may involve third parties, for example in areas such as food health and safety, IT or insurance. It may also include delegation to the AC, RC, RMC, NC or MSSC.

Risk Management

To assist the Board in its supervision of risk management, policies and initiatives, the RMC was established on 15 January 2014 under a written charter. The RMC which comprises a combination of executive and non-executive Directors, is chaired by Mr. Mike Dean. Its members include Mr. Pedro Mata-Bruckmann, Mr. John Chuang and Mr. Koh Poh Tiong, a majority of whom are independent.

The RMC works closely with Management in fostering a culture of risk awareness and consciousness, throughout the Company. The RMC reviews the Delfi Risk Management Program and ensures that it is brought to the Board for periodic assessment as to its appropriateness and adequacy and to ensure that proper risk management is in place. In this regard, the RMC and the Board periodically undertake an enterprise-wide assessment of the universe of risks that the Delfi Group faces together with the mitigating factors and risk management policies already in place and thereby determine the net residual risk the Delfi Group faces. From this, the RMC agrees with the Board and Management a range of the specific risks that Management needs to address and to report back to the full Board at regular intervals to ensure that the Board is kept closely in touch with the risks, the mitigating factors and risk management policies and the net residual risk. Since the RMC's creation, Management has adhered to this schedule of presentations to the Board. The Board believes that risk management is a serious obligation entrusted to the Board and as such, the specific review of risk and risk management should not be delegated to a sub-committee. Rather, during the course of the year Management presents each risk and the associated risk management to the full Board so that all of the skills and experience our Directors possess are brought to bear in evaluating and managing this critical process.

In addition to formal meetings, Management keeps the RMC and the Board informed on developments in the industry and the Group's operations which may have an impact on the Group's risk profile.

The terms of reference for the RMC are to:

(a) develop and monitor the processes through which the Board and Management can properly communicate and carry on their risk management responsibilities; and

(b) meet periodically or as and when reasonably necessary to determine which of the Group's risks and its attendant risk management procedures should be brought to the Board's attention for their review.

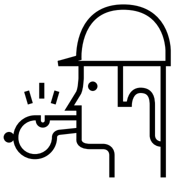
Through the RMC, the Board will satisfy itself that Management in the Company is executing the agreed-upon plans and reporting the progress to the Board, regularly and properly; within the framework of approved strategies and initiatives in keeping with the risk tolerance levels.

Economic and financial conditions result in challenging trading conditions or economic uncertainty. Our results may be affected by the impact of economic conditions on consumer confidence and buying habits. Our business model comprising wholesale and distribution, along with our regional footprint provides for counter economic protection.

Regular reviews through customer research, review of competitor activity, together with forecasting disciplines, are in place to assess current market conditions and to ensure that any issues are dealt with in a timely fashion. Our Sales and Wholesales team manages closely credit terms and use of insurance and/or bank guarantees with trading partners to balance their ability to purchase goods with managing the risk of bad debts. Our Treasury also monitors the stability of financial institutions that hold our deposits and investments are spread over a number of institutions to mitigate the inherent risks and ensure competitive terms.

The Board is of the opinion that the risk management framework and the internal controls (including information technology controls) and systems maintained by Management provide reasonable but not absolute safeguards against material loss and/or financial misstatements. The Board further acknowledges that no cost effective internal control framework will provide an infallible system to serve as an absolute safeguard against all risks, losses, financial misstatements, errors, poor judgment in decision making, human error, losses, fraud or other irregularities. The system is designed to manage rather than to totally eliminate such risks.

Shortly after its listing in 2004, Delfi implemented a Code of Conduct which provides a framework for ethical decision making and good conduct. The code contains important core values and principles of the Company's professional conduct and governance and applies to the Delfi Limited Group of Companies comprising all its subsidiaries and associated companies in the ASEAN region. The Board of Directors, Management and staff are dedicated to upholding the code. In addition, Delfi maintains an Ethics Committee, to which matters of ethical concern or complaint may be surfaced so that such matters may be dealt with objectively, and subject to investigation, disciplinary action or legal process if justified and necessary.



Whistle Blower Protection Mechanism and Policy

The Company's whistle blowing mechanism and policy is an integral part of its Code of Conduct and Human Resource Manual. The policy seeks to encourage reporting in good faith, of matters which may comprise misdemeanours, misconduct, fraud, corruption, illegal acts, acts of default or other transgressions ("Reportable Conduct"). The mechanism and policy seeks to provide for reporting of Reportable Conduct in confidence that employees or other persons who file such reports are treated fairly and shielded from any reprisal.

The Board, with the concurrence of the AC, is of the opinion that the Company's risk management framework and internal controls are adequate and effective given the financial, operational, compliance and information technology risks that Delfi faces.

As required under the Code, the Board has been assured by the Group's CEO and CFO, as well as relevant key management personnel:

- that the Company's financial records have been properly maintained and the financial statements give a true and fair view of its operations and finances; and
- that the Company's risk management and internal control systems have both been appropriately established and also tested to ensure that they are effective.

The Board is of the view that Delfi's risk identification and management framework are sufficient and adequate.

Principle 10 - Audit Committee: The Board has an Audit Committee which discharges its duties objectively.

Policy and Practice

The AC was formed on 6 July 2001 under a written charter ("AC Charter"). During 2018, the members of the AC were Mr. Mike Dean (Chairman), Mr. Pedro Mata-Bruckmann and Mr. Koh Poh Tiong. The AC Chairman and all the members of the AC are independent. None of the members of the AC was a former partner or a director of the Company's Internal Auditors, Ernst and Young LLP or External Auditors, PricewaterhouseCoopers LLP.

The AC is a standing committee established by resolution of the Board in accordance with Section 201B of the Companies Act (Chapter 50) of Singapore (the "Act"). In

Corporate Governance Report

compliance with Principle 10 of CG2018, the Board has an AC which discharges its duties objectively, to ensure the integrity of the financial reports and to oversee the Company's financial reporting, internal accounting control system and audit function.

The AC is empowered and functions as required by the provisions of section 201B of the Act, the Listing Manual of the SGX-ST and the Code issued by Corporate Governance Council, as from time to time amended, modified or supplemented.

With strong educational and professional qualifications in finance, and more than 35 years' experience in the finance and investment industries, Mr. Mike Dean is eminently qualified to serve as the Company's AC Chairman. On the AC bench with him are Mr. Pedro Mata-Bruckmann and Mr. Koh Poh Tiong. Pedro's strong global cocoa, chocolate and multinational company experience of more than 50 years, plus Poh Tiong's unique blend of private and public sector work of over 45 years, forges the AC as a formidable tribunal of expertise.

The AC Charter is periodically reviewed and updated to ensure that evolutions in those financial and business risks and corporate governance matters delegated to it are properly identified and managed. The last review was conducted in 2018 and the present AC Charter was adopted on 27 November 2018.

The present AC Charter defines the AC's duties as follows:

1. **Financial Reporting and Judgements**

   The AC shall review the financial reporting issues and judgements so as to ensure the integrity of financial statements, and of announcements on the Company's financial performance and recommend changes, if any, to the Board. Specifically, the AC shall:

   (a) Monitor the integrity of the financial reports prepared by the Company. In particular, it shall review the application and consistency of the accounting standards used (i.e. company and group levels).

   (b) Assess, and challenge, where necessary, the accuracy, completeness, and consistency of financial reports (including interim reports), before they are submitted to the Board for approval or made public.

   (c) Review the assurance provided by the CEO and CFO that the financial records have been properly maintained, and that the financial statements give a true and fair view of the Company's operations and finances.

2. **Internal Controls**

The AC shall review and report to the Board on the adequacy and effectiveness of the company's risk management and internal controls in relation to financial reporting and other financial-related risk and controls (and to the extent delegated to it by the Board). Specifically, the AC shall:

(a) review the Company's financial risk profile/risk dashboard on a regular basis to understand the significant financial reporting and other financial-related risks facing the Company, and how they are being mitigated.

(b) review the risk appetite statements in relation to financial reporting and other financial-related risks and recommend such to the Board for approval.

(c) review the Company's levels of risk tolerance and risk policies relating to financial reporting and other financial-related risks.

(d) at least annually, review the adequacy and effectiveness of the risk management and internal control systems regarding financial reporting and other financial-related risks (and other risk and controls as delegated by the Board). The AC should state whether it concurs with the Board's comment on the adequacy and effectiveness of the Company's internal controls and risk management systems. The annual review may include reviewing Management and/or the assurance provider reports (for example, the internal audit reports) to highlight significant findings and recommendations, including Management's responses.

(e) coordinate with the Risk Management Committee ("RMC") on its oversight of non-financial and financial risk management and internal control matters. Arrange for access to, and review of, RMC reports on the adequacy and effectiveness of risk management and internal control systems.

(f) where responsibility is delegated by the Board, prepare the report on the AC activities (including the AC's oversight of aspects of the internal control system) and the adequacy and effectiveness of risk management and internal control systems in relation to financial reporting and other financial-related risks (and other risk and controls as delegated by the Board) to the RMC and/or Board for disclosures in the Company's annual report (as part of the requirements of Rule 1207(10) of the Listing Rules of the SGX-ST and Principle 9 of the Code of Corporate Governance).

(g) review disclosures in the annual report relating to the adequacy and effectiveness of risk management and internal control systems in relation to the financial reporting and financial-related risks and controls, including assurances received from the CEO and CFO, and concurrences received from the AC.

3. Internal Audit

The AC shall review the adequacy, effectiveness, independence, scope and results of the Company's internal audit function. Specifically, it shall:

(a) monitor and assess the role and effectiveness of the internal audit function, including the internal audit charter, plans, activities, staffing, budget, resources, and organisational structure of the internal audit function.

(b) ensure that a Quality Assurance Review ("QAR") is independently conducted at least once every five years.

(c) where the QAR identities gaps or lack of expertise with the existing internal audit function, consider co-sourcing or outsourcing the internal audit function.

(d) review the internal audit programme and reports on a periodic basis and monitor Management's responsiveness to the findings and recommendations.

(e) ensure that the IA (or equivalent) has direct and unrestricted access to the AC Chairman, and that he is able to meet separately and privately to discuss matters and concerns.

(f) participate in the appointment, replacement or dismissal, evaluation and compensation of the IA (or equivalent).

4. External Audit

The AC shall review the scope and results of the external audit ("EA"), and the independence and objectivity of the EA. It shall then recommend to the Board the appointment, reappointment and removal of the EA, and its remuneration and terms of engagement. Specifically, the AC shall:

(a) oversee the Company's relations with the EA, including its audit scope, approach, remuneration and terms of engagement.

(b) review the performance of the EA and facilitate its selection, appointment, reappointment, and removal. The factors to consider include an assessment of their effectiveness through the level of errors identified, accuracy in handling key accounting and audit judgements, and response to queries from the AC.

(c) monitor and assess annually whether the EA's independence or objectivity is impaired. The factors to consider include the amount of fees paid to the EA for the financial year, and the breakdown of aggregate fees for audit and non-audit services provided by the EA.

(d) discuss Key Audit Matters ("KAM") with the EA and ascertain if there are any follow-up actions which should be taken to reduce the extent of uncertainty and corresponding need for judgement for future periods.

(e) review the audit representation letter (particularly in relation to non-standard issues), and the EA's management letter to assess if it is based on a good understanding of the Company's business. It should monitor the responsiveness of Management to the recommendations made, or the reasons why they have not been acted upon.

(f) meet regularly with the EA to discuss matters that the AC or auditors believe should be discussed privately.

(g) ensure that the EA has direct and unrestricted access to the Chairman of the AC and the Chairman of the Board.

5. Statutory Duties

The AC shall ensure that the Company complies with the requisite laws and regulations as they relate to finance and the finance function. Specifically, the AC shall:

(a) review the effectiveness of the system that monitors compliance with laws and regulations, and the results of Management's investigation. It shall also follow up on any instances of non-compliance.

(b) monitor the processes for addressing complaints on accounting, internal controls or auditing matters.

(c) clarify the Company's code of conduct and process for communicating with all company staff and monitor levels of compliance.

Corporate Governance Report

(d) maintain open communication with and receive periodic reports on compliance matters from Management and the company's legal counsel.

(e) be aware of anti-corruption laws in the various jurisdictions in which the Company operates and ensure that processes are in place to comply with these laws.

6. Fraud Prevention

The AC shall ensure that the Company has programmes and policies in place to identify and prevent fraud. Specifically, the AC shall:

(a) work with Management to oversee the establishment appropriate controls and anti-fraud programmes.

(b) ensure that a system of reporting on potential and actual frauds is implemented, and take necessary steps when fraud is detected.

(c) review and ensure that the Company has implemented an appropriate ethics and compliance programme.

(d) monitor Management's and auditors' assessments of internal controls, in particular over financial reporting.

7. Whistle Blowing

The AC should also oversee the establishment and operation of the whistleblowing process in the Company. Specifically, the AC shall:

(a) review with the EA and the IA and report to the Board, findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of Internal Controls or infringement of any law, rule or regulation applicable to the Company or its subsidiaries which has or is likely to have a material impact on the Group's operating results and/or financial position.

(b) review the arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters or other matters, and to ensure that there is independent investigation of such matters and appropriate follow up actions.

(c) ensure that there is independent investigation of such matters and appropriate follow up actions.

8. IPTs and RPTs

The AC review all IPTs and RPTs. Specifically, the AC shall:

(a) review IPTs and RPTs to ensure that they are on normal commercial terms, and that they do not prejudice the interests of the Company or its minority shareholders.

(b) determine methods or procedures for checking that the transaction prices are adequate for transactions to be carried out on normal commercial terms, and that they will not prejudice the Company or its minority shareholders.

(c) subject to a specific mandate, direct Management to present the rationale, cost-benefit analysis and other details relating to IPTs and RPTs.

(d) received reports from Management and internal audit regarding IPTs and RPTs.

(e) ensure proper disclosure and reporting to shareholders on IPTs as required by the SGX-ST Listing Manual.

(f) ensure proper disclosure and reporting in the annual report on RPTs as required by the accounting standards.

(g) recommend the appointment of an independent financial adviser ("IFA") and its fees in respect of IPTs and any other transaction, matter, or other corporate action taken by the Company where the services of such IFA is required.

The AC Charter sets out its functions and responsibilities in greater detail. The AC agrees and reviews its key performance metrics with the NC, with respect to how it discharges its role and responsibilities.

The main objectives of the AC are to focus on financial reporting, financial-related risks, internal controls and the internal and external audits and thereby enhance the standard of the Company's corporate governance and to assist the Board in fulfilling its fiduciary responsibilities for the Company and each of its subsidiaries and thereby act in the interest of the Company's shareholders as a whole.

More specifically, the AC helps the Board with its oversight responsibilities in key areas including:

- Financial statement preparation and reporting, and integrity.

- Risk management and internal controls (in relation to financial reporting and other financial-related risks).
- Internal audit (scope, resources, performance, and results of work).
- External audit (qualifications, independence, engagement, fees and audit report).

The AC has oversight responsibilities in the following areas:

- Compliance with financial related legal, regulatory and company policies.
- Fraud risk management.
- Whistleblowing policies, processes and reporting.
- IPTs and RPTs.

The AC serves as an independent and objective party to review the integrity of the financial information presented by Management to shareholders, regulators and the general public; and it provides communication between the Board and the External and Internal Auditors.

The second edition of the "Guidelines for Audit Committees in Singapore" was issued on 19 August 2014. The Singapore Institute of Directors had also issued the third edition of its "Audit Committee Guide" in 2018. The AC has reviewed its Charter and practises in the light of these guidelines and has satisfied itself that the present AC Charter and practises reflect the best practices espoused by the guidelines.

The AC meets regularly. In addition, as and where necessary, it holds informal discussions and meetings with Management. The AC has full discretion to invite any Director, executive officer, staff, professional, consultant or any other person to attend its meetings. Access to and the full co-operation of the Company's Management has been accorded to the AC. In practise, all AC meetings will be attended by the Group's CFO and CEO so that they are better able to give a complete account of the issues being reviewed and answer questions from the AC members. However, where there are matters of potential sensitivity, Management will be asked to excuse themselves from the meeting so that the AC may discuss matters openly.

In addition, both the External and Internal Auditors have unrestricted access to the AC and at least once each year meet the AC without Management being present to discuss matters concerning the Company in addition to periodic informal meetings with the AC Chairman. The AC has kept abreast of accounting standards and issues that could potentially impact financial reporting, through in-house training, briefing sessions, and regular updates and advice from its Internal and External Auditors.

Delfi understands the need for continuing vigilance and transparency, so that corporate governance principles are upheld. Ernst & Young LLP ("E&Y") was the appointed Internal Auditor and helps the AC in its objective of being continuously vigilant and transparent, by fulfilling the role of Internal Auditors. The AC was satisfied that the Internal audit function for FY2018 was independent, effective and adequately resourced.

The AC has full authority to investigate or look into any matter in its reasonable discretion and in the Company's best interests and engage any resources as it may reasonably require to discharge its functions properly.

The Company has reviewed the suitability of the External Auditors, PricewaterhouseCoopers LLP ("PwC") for their role by assessing a wide range of factors including the quality of their work, their expertise and resources for a job involving the size and complexity of the Company's operations, and whether their own quality control procedures are dedicated to upholding the Code. In addition, Delfi maintains an Ethics Committee, to which matters of ethical concern or complaint may be surfaced so that such matters may be dealt with objectively, and subject to investigation, disciplinary action or legal process if justified and necessary.

Key Audit Matters

On a quarterly basis, the AC receives and reviews in detail the Group's consolidated management accounts, together with supporting analyses and papers prepared by Management. During the review process, the AC identifies the critical accounting estimates and judgments for the Group, which will be assessed against the key audit matters identified by PwC during the audit of the annual financial statements. The AC also considers, with input from PwC and other subject matter experts, the appropriateness of the critical accounting estimates and judgments made in preparing the annual financial statements.

In particular, the AC reviewed the following matters which it considered to be "key audit matters" in accordance with the definition provided in Singapore Standards of Auditing 701(13), during its review of the financial statements for the year ended 31 December 2018.

1. Claims associated with the disposal of Delfi Cacau Brasil Ltda
   Refer to Notes 3(i) and 33(b) to the financial statements.

The Company has been notified by Barry Callebaut ("BC") of various tax claims and a labour claim made in Brazil. This comprises nine claims made by the Brazilian authorities against Barry Callebaut Industriae E Commercio de Producto Alimenties Ltda ("BCBI"), the BC company succeeding

Corporate Governance Report

Delfi Cacau Brasil Ltda, a divested Brazil subsidiary which BC purchased as part of the sale of the Cocoa Ingredients business. In accordance with SFRS(I) 1-37 (on Provisions, Contingent Liabilities and Contingent Assets), the Group should ensure that an appropriate provision is recognised for the relevant liabilities in respect of these claims.

The AC received and reviewed an update of these notified claims prepared by the Group General Counsel and CFO, and duly noted the Company's position that while reserving its rights in relation to the notifications, the Company has requested BC to defend these claims, as Management believes that there are grounds to resist these claims. The AC also considered the work performed by the external auditors, PwC which included, inter alia, seeking input from their tax specialists in Brazil in evaluating Management's assessment of the claims and the adequacy of the amounts recognised in respect of these claims. The AC is satisfied that the amounts recognised and disclosures in respect of these claims as set out at pages 115 and 150 are reasonable and adequate. As Management considers the disclosure of further details of these claims can be expected to seriously prejudice the Group's position in relation to these claims, further information has not been disclosed in the Group's financial statements.

2. Assessment of impairment of brands and license
   Refer to Notes 3(ii), 20 and 21 to the financial statements.

The Group has brands and a license with an indefinite useful life. In accordance with SFRS(I) 1-36 Impairment of Assets, the license and each of these brands are tested annually for impairment as well as when there is any indication that the carrying amounts may not be recoverable.

The AC considered whether impairment was required for the license and each of these brands. The AC reviewed (a) the valuation methodology, (b) the basis for the key assumptions (royalty rates, expected long-term growth rates and the appropriate discount rates applied to the future cash flow forecasts) and (c) the key drivers of the expected future sales of the branded products for the license and each brand, in determining the reasonable recoverable amount of the license and each brand. The AC challenged Management on its assumptions and is satisfied that they are reasonable and appropriate. The AC has also reviewed the sensitivity analysis prepared by Management in their review of brand and license impairment. In addition, the strategic business plan detailing Management's expectations of future sales of the branded products that had been approved by the Senior Management team and the Board of Directors was also considered. The AC concurred with Management's conclusion that no impairment was required for the license and each of the brands.

The AC also reviewed the adequacy of the disclosures in respect of the brands and license in Notes 20 and 21, and in particular the sensitivity analysis as disclosed in Note 3(ii) on page 115 and found these to be reasonable and appropriate.

Other than the key audit matters described above, the AC reviewed the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2018, as well as the Independent Auditor's Report thereon prior to their submission to the Board of Directors for approval. During the course of the review, there were a number of other matters that were subject to a similar level of scrutiny by the AC but, in concurrence with the external auditors, these were not so material as to be classified as "key audit matters".

Interested Person Transactions

The Company renewed the Shareholders' Mandate for it to enter into certain categories of transactions with specified classes of the Company's Interested Persons. Each quarter the AC received and reviewed a report on all interested person transactions prepared by the Management. In addition, all interested person transactions conducted during the financial year were reviewed and reported to the AC by the Internal Auditors in accordance with the pre-agreed set of procedures.

Improper and unsubstantiated transactions

Following the discovery of the improper and unsubstantiated transactions in the Philippines as described in Note 38 (d), the AC has worked closely with Management, the Board of Directors, the Internal Auditors and the External Auditors to better understand the circumstances that gave rise to the improper transactions and to take reasonable steps to ensure that such transactions should not recur going forward.

The AC has reviewed the steps taken by Management, including seeking input from third party experts in their forensic analysis of the improper transactions. Based on the findings reported to Management, appropriate changes have been made to the organisational structure and the Group's operating procedures in the Philippines.

In respect of the unsubstantiated transactions, Management will carry out further investigations, assisted by an independent forensics and dispute advisory firm.

Internal Audit and Compliance

Prior to the start of the financial year, the AC reviewed and approved the annual Internal Audit (IA) plan with the Internal Auditors. Thereafter the AC regularly met with the Internal Auditors and received regular updates from the Internal Auditors on their progress in meeting the plan objectives. Following the discovery of the improper and unsubstantiated transactions in the Philippines, the AC discussed with Management and the Internal Auditors to make appropriate revisions to the IA plan for the year. The AC discussed the result of the Internal Auditors' audit findings and their evaluation of the Group's system of internal accounting controls together with responses from Management. Each quarter, the AC also reviewed progress by Management in addressing the issues identified by the Internal Auditors. The IA plan was achieved, and appropriate enhancements were made to the organisational structure, operating procedures and systems and processes in the Philippines.

External Audit and Auditor Independence

PwC has been the Company's auditors since 2003. The Group audit partner is rotated on a five-yearly basis. The current Group audit partner, Mrs. Deborah Ong (Ms Deborah Tan Yang Sock), has been in place since the audit for the year ended 31 December 2014.

During the year, the AC approved the scope of the audit plans to be undertaken by PwC. The AC discussed the results of the audit with PwC and considered the extent to which the audit plan had been met, the robustness and perceptiveness of work performed on key accounting and audit judgments and the content of its audit reports. On this basis, the AC assessed and concluded that PwC has fulfilled its responsibilities as external auditor.

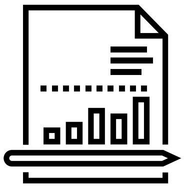
Based on the above, the AC is pleased to recommend to the Board that PricewaterhouseCoopers LLP be re-appointed as the independent auditor of the Company at the next Annual General Meeting. The Board has concurred with this and accordingly a motion to this effect will be tabled at the forthcoming Annual General Meeting.

External Auditors Fees

The fees paid to the External Auditors are disclosed in page 202. There were also non-audit services provided by the External Auditors, and the non-audit fees are disclosed in page 202.

The AC has also performed an annual review of non-audit services provided by PwC to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the independent auditor. PwC has also provided a report confirming that it believes it remained independent throughout the year, within the meaning of the regulations on this matter. The AC is satisfied that the nature and extent of the services provided will not prejudice the professionalism, independence and objectivity of the External Auditors.

The Company conforms with the rules relating to appointment of External Auditors as set out in Rules 712 and 715 of the Listing Manual of the SGX-ST.



Internal Audit

With the concurrence of the AC, the Board is of the opinion that Delfi's internal controls are adequate and appropriate given the financial, operational and compliance risks that face the Company.

The Board recognises that it has overall responsibility to ensure accurate financial reporting for the Company and for the Company's overall internal control framework, including financial, operational and compliance controls, risk management policies and systems needed to safeguard the shareholders' investments and assets of the Company.

The Internal and External Auditors together with Management, assist the AC in its review of the adequacy of the internal controls, through regular evaluation of the Company's internal controls, financial and accounting policies and risk management policies and procedures. Among other things, the aim is to ensure that the internal controls are adequate.

E&Y, whom were appointed as the Company's Internal Auditors in 2018, worked closely with the AC and the Company to closely monitor the internal audit framework. The Internal Auditors report directly to the AC on audit matters and to the Group CFO on administrative matters; and they have unfettered access to documents, records, properties and staff of the Company. Management is of the view that the Internal Auditors meet and exceed the international standards for the professional practice of the Institute of Internal Auditors Singapore internal auditing (Standards) (the "IIA" standards).

The Board is of the opinion that the internal controls (including information technology controls) and systems maintained by Management provide reasonable but not absolute safeguards against material loss and/or financial misstatements. The Board further acknowledges that no cost effective internal control framework will provide an

Corporate Governance Report

infallible system to serve as an absolute safeguard against all losses, financial misstatements, errors, poor judgment in decision making, human error, losses, fraud or other irregularities. The system is designed to manage rather than to totally eliminate such risks.

As Delfi operates internationally, it could be affected by a number of risks, including industry and/or the country risks, as well as risks that may generally arise from, inter alia, the use and application of cocoa ingredients, and/or the production, use and consumption of chocolate and other confectionery products, availability of talent, business risks, market risks, a downturn in the economy and political factors such as instability or anarchy in any country that Delfi operates in.

There may also be additional risks not presently known to the industry or the Company, or that the Company may, with the information presently available, currently deem immaterial, which could affect its business and operations. New and/or other risks may well emerge due to environmental, economic, technological, biological and/or other developments.

While the Board and the AC have made every reasonable effort to place a robust and effective system of internal controls to address financial, operational and compliance risks and to prevent, manage and/or buffer risks, should some risks develop into actual events, the business, results of operations, financial condition and prospects of Delfi could be materially and/or adversely affected.

In accordance with good corporate practice, the AC periodically reviews the appointment of its Internal Auditor and following such a review E&Y were re-appointed as the Company's Internal Auditor for 2018.

(IV) SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 11 - Shareholder Rights: The Company treats all shareholders fairly and equitably in order to enable them to exercise of shareholders' rights, and to have the opportunity to communicate their views on matters affecting the company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Policy and Practice

The Company respects and upholds shareholders' rights and manages its communication with shareholders and investors with care and diligence in an open and non-discriminatory way, so that timely, regular and relevant information regarding the Group's performance, progress and prospects, helps shareholders and investors in their investment decisions. The Board recognises and exercises its overall responsibility to shareholders, by ensuring accurate financial reporting for Delfi and for the Company's overall internal control framework, including financial, operational and compliance controls, risk management policies and through systems needed to safeguard the shareholders' investments and assets of Delfi. The Company's Constitution was amended to provide for the attendance by nominees of shareholders at general meetings. Although the Company's Constitution allows for absentia voting at general meetings of shareholders, the Company has decided against implementing voting in absentia by mail, email or facsimile, until all relevant issues on security and integrity on such mode of communication are satisfactorily resolved.

The Company makes timely and relevant disclosures of material information to the SGX-ST, and these filings are also then posted on the Company's website to allow shareholders, investors and members of the public to keep abreast of developments in the Company's business and corporate activities.

We encourage and facilitate shareholder engagement and participation through our meetings and briefings referred to in Principle 12 (below).

The Company conveys its financial performance, position and outlook on a quarterly basis via announcements to the SGX-ST and subsequently through the Company's website. Regular communication with shareholders enhances the Company's transparency. We also hold briefing sessions with the investment community when financial results are announced.

The Company's Investor Relations and Corporate Communications Department meets with key investors regularly and answers queries from shareholders. Where constructive and practicable, feedback received from our shareholders is addressed in the preparation of our annual and quarterly reports. It is the Company's policy to answer queries and emails requesting information within our targeted 3 to 5 business days.

Our Investor Relations representative may be contacted through the details listed in the Corporate Information Section (inside back cover).

In accordance with applicable regulations, all financial results comprising financial performance, position and prospects as well as price sensitive information are initially released through SGXNET and then subsequently through various media including press releases, and/or the Company's website at http://www.delfilimited.com.

The Company has clear Board approved policies and guidelines for dealings in securities of the Company by Directors and officers, in conformity with the rules relating to dealings in securities in Rule 1207(19) of the Listing Manual. The Company prohibits selected employees from trading in its securities for a period commencing one month before the announcement of full year financial results and two weeks from the release of quarterly financial results; and consistently reminds Directors, officers and staff of the need to avoid trading in its securities on short term considerations, as well as to observe laws and regulations on trading in shares, including (but not limited to) insider trading laws.

The Company's dividend policy is integral to Delfi's investment story. We seek to distribute a sensible portion of the Company's cash profit each year taking into account numerous factors including the prevailing economic conditions and prospects in the markets in which we operate, anticipated capital expenditure, likely acquisition opportunities, the availability and cost of borrowings and the need to reward shareholders for their investment in the Company.

Principle 12 - Conduct of Shareholder Meetings: The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.

Principle 13 – Engagement with Stakeholders: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

Policy and Practice

The Board strives in its communications with shareholders to give them an objective, balanced and clear assessment of the Company's results. Our view is that regular communication with shareholders enhances the Company's transparency.

All shareholders of the Company receive the annual report and a notice of the AGM and the notice is advertised in the main Singapore newspapers.

The Company conveys its financial performance, position and outlook on a quarterly basis via announcements to the SGX-ST and subsequently through the Company's website. Additional disclosures, when required, are also made through the same communication channels.

In accordance with applicable regulations, all financial results comprising financial performance, position and prospects as well as price sensitive information are firstly released through SGXNET and then subsequently through various media including press releases and/or the Company's website at http://www.delfilimited.com. We hold briefing sessions with the investment community following the announcement of financial results and the Company's investor relations team meets with key investors regularly and answers queries from shareholders.

Communications with shareholders are overseen by the Investor Relations and Corporate Communications Department, headed by the Group Chief Financial Officer. This Department communicates with investors on a regular basis and attends to their queries.

The majority of our Directors including our Chairman and CEO always attend our AGM. Our Directors always endeavour to attend the AGM and shareholders are given the opportunity to share their thoughts and ideas or ask questions relating to matters which are the subject of the resolutions to be passed.

An independent external party is appointed as scrutineer for the electronic poll voting process. It is the role of the scrutineer to review the proxies and the electronic poll voting system, as well as attend to the proxy verification process, to ensure that the poll voting information is compiled correctly. All of the Company's resolutions are voted on via a poll as this assures shareholders of better transparency. Electronic poll voting devices are used to register the votes of shareholders.

At the AGM, the voting results for each resolution are disclosed to shareholders. When voting for a resolution has concluded, the poll voting results including the number and percentage of votes cast (both for and against the resolution in question) are immediately made known to shareholders. The poll voting and proxy voting results are promptly filed with the SGX-ST.

The Company's Constitution provides for shareholders to participate and vote at general meetings, and shareholders are encouraged to do so. As a matter of good order, we will continue to propose and table separate resolutions in respect of each issue referred to shareholders for approval at general meetings, unless such resolutions are interdependent or linked.

Our lawyers, auditors and consultants make it a point to attend our general meetings.

As a matter of policy and practice, minutes of general meetings including comments from shareholders, on all or any issues on the agenda, and responses from the Board and Management, are always available to shareholders upon request.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2018 and the balance sheet of the Company as at 31 December 2018.

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 89 to 178 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2018 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

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

DIRECTORS

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

Pedro Mata-Bruckmann (Chairman)
Chuang Tiong Choon
Chuang Tiong Liep
Chuang Tiong Kie
Anthony Michael Dean
Davinder Singh
Koh Poh Tiong
Doreswamy Nandkishore

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed in this report.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

(a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations (other than wholly-owned subsidiaries), except as follows:

	Holdings registered in the name of a director or nominee		Holdings in which a director is deemed to have an interest	
	At 31.12.2018	At 1.1.2018	**At 31.12.2018**	At 1.1.2018
The Company				
(No. of ordinary shares)				
Pedro Mata-Bruckmann	**177,000**	177,000	**–**	–
Chuang Tiong Choon	**604,800**	604,800	**313,479,400**	313,360,400
Chuang Tiong Liep	**270,800**	270,800	**309,061,000**	309,061,000
Chuang Tiong Kie	**630,800**	630,800	**–**	–
Anthony Michael Dean	**50,000**	50,000	**–**	–
Davinder Singh	**100,000**	100,000	**–**	–
Koh Poh Tiong	**–**	–	**–**	–
Doreswamy Nandkishore	**22,000**	22,000	**–**	–
Cocoa Specialities, Inc.				
(Ordinary shares of Pesos 100 each)				
Chuang Tiong Choon	**1**	1	**–**	–
Delfi Foods, Inc.				
(Ordinary shares of Peso 1 each)				
Chuang Tiong Choon	**1**	1	**–**	–
Delfi Marketing, Inc.				
(Ordinary shares of Pesos 100 each)				
Chuang Tiong Choon	**1**	1	**–**	–
Chuang Tiong Liep	**1**	1	**–**	–
Springbright Investments Limited				
(Ordinary shares of US$1 each)				
Chuang Tiong Choon	**–**	–	**51**	51
Chuang Tiong Liep	**–**	–	**30**	30
Chuang Tiong Kie	**–**	–	**19**	19
Berlian Enterprises Limited				
(Ordinary shares of US$1 each)				
Chuang Tiong Choon	**–**	–	**51**	51
Chuang Tiong Liep	**–**	–	**30**	30
Chuang Tiong Kie	**–**	–	**19**	19

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (continued)

(a) (continued)

	Holdings registered in the name of a director or nominee		Holdings in which a director is deemed to have an interest	
	At 31.12.2018	At 1.1.2018	**At 31.12.2018**	At 1.1.2018
Aerodrome International Limited*				
(Ordinary shares of US$1 each)				
Chuang Tiong Choon	**–**	–	**10**	10
Ceres Super Pte Ltd				
(Ordinary shares of S$1 each)				
Chuang Tiong Choon	**–**	–	**900,000**	900,000
Chuang Tiong Liep	**–**	–	**900,000**	900,000

* Aerodrome International Limited ("AIL") is held by Johnsonville Assets Limited ("JAL") (70%) and Johnsonville Holdings Limited ("JHL") (30%). Credit Suisse Trust Limited ("CST") is a Singapore registered public trust company. CST's deemed interest arises from its 100% shareholding in AIL as the trustee of JAL and JHL. Mdm Lim Mee Len (wife of Mr Chuang Tiong Choon) is the beneficiary of Johnsonville Assets Trust of which CST has been appointed as the trustee. Mdm Lim Mee Len and Mr Chuang Tiong Choon are beneficiaries of Johnsonville Holdings Trust of which CST has been appointed as the trustee.

(b) Chuang Tiong Choon and Chuang Tiong Liep who by virtue of their interest of not less than 20% of the issued capital of the Company, are deemed to have interests in the whole of the share capital of the Company's wholly-owned subsidiaries.

(c) The directors' interests in the shares of the Company as at 21 January 2019 were the same as those as at 31 December 2018 for all the directors.

SHARE OPTIONS

Share-based incentive schemes

The Delfi Employees Share Option Scheme and the Delfi Share Incentive Plan (collectively, the "Schemes") had expired on 30 September 2014. As the Schemes were neither implemented nor activated through Shareholders' approval, and no awards were ever made during the life of the Schemes (including the financial year), there were no unissued shares of the Company under option at the end of the financial year.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

AUDIT COMMITTEE

The members of the Audit Committee ("AC") at the end of the financial year were:

Anthony Michael Dean (Chairman)
Pedro Mata-Bruckmann
Koh Poh Tiong

All AC members, including the Chairman, were independent directors. The AC performed its functions in accordance with section 201B(5) of the Singapore Companies Act, Cap 50, the SGX-ST Listing Manual, the Code of Corporate Governance 2012 and 2018, and the Guidebook for Audit Committees in Singapore 2014.

The key responsibilities of the AC are to assist the Board in fulfilling its statutory and other responsibilities relating to the integrity of the financial statements, monitoring of the system of internal controls and the independence of the external auditors.

The AC has full access to and has the co-operation of management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any executive officer to attend its meetings. The external and internal auditors have unrestricted access to the AC.

INTERNAL AND EXTERNAL AUDIT

The AC has reviewed the overall scope of both internal and external audits and the assistance given by the Company's officers to the auditors. It has met the Company's internal and independent auditors to discuss the results of their respective examinations and their evaluation of the Company's system of internal accounting controls.

The AC also held discussions with the internal and external auditors and is satisfied that the processes put in place by management provide reasonable assurance on mitigation of fraud risk exposure to the Group.

FINANCIAL REPORTING

The AC has reviewed the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2018, as well as the Independent Auditor's Report thereon prior to its submission to the Board of Directors for approval. The AC has also reviewed the key audit matters set out in the Independent Auditor's report from page 84 to 85 and included its commentary in the Group's Corporate Governance Report.

INTERESTED PERSON TRANSACTIONS

The Company renewed its Shareholders' Mandate for it to enter into certain categories of transactions with specified classes of the Company's Interested Persons. The AC has also reviewed the interested person transactions of the Group during the financial year in accordance with established procedures.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

EXTERNAL AUDIT AND AUDITOR INDEPENDENCE

The AC has nominated PricewaterhouseCoopers LLP ("PwC") for re-appointment as the independent auditor of the Company at the forthcoming Annual General Meeting. The AC has conducted an annual review of non-audit services to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the independent auditor.

In appointing our auditors for the Company, subsidiaries and significant associated companies, we have complied with Rules 712, 715 and 716 of the Listing Manual of the SGX-ST.

Based on the above, the Board concurred with the AC's recommendation. Accordingly, the Board has nominated PwC for re-appointment as the independent auditor of the Company at the forthcoming Annual General Meeting.

INDEPENDENT AUDITOR

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

CHUANG TIONG CHOON
Director

CHUANG TIONG KIE
Director

20 March 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DELFI LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the accompanying consolidated financial statements of Delfi Limited (the "Company") and its subsidiaries (the "Group") and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

What we have audited

The financial statements of the Company and the Group comprise:

- the consolidated income statement of the Group for the year ended 31 December 2018;
- the consolidated statement of comprehensive income of the Group for the year ended 31 December 2018;
- the balance sheets of the Group and of the Company as at 31 December 2018;
- the consolidated statement of changes in equity of the Group for the year then ended;
- the consolidated statement of cash flows of the Group for the year then ended, and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

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

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DELFI LIMITED

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2018. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Claims associated with the disposal of Delfi Cacau Brasil Ltda *Refer to Notes 3(i) and 33(b) to the financial statements.* As explained in Note 3(i) to the financial statements, the Company is liable for claims notified by Barry Callebaut ("BC"). This comprised nine claims made by the Brazilian authorities against Barry Callebaut Industriae E Commercio de Productos Alimenties Ltda ("BCBI"), the BC company succeeding Delfi Cacau Brasil Ltda, a divested Brazil subsidiary. The Company's total exposure in respect of these notified claims as at 31 December 2018 amounted to **BRL85.3 million (US$22.1 million)**. We focused on this area due to the high level of management judgement associated with determining the need for, and magnitude of, the provisions for liabilities associated with these claims.	We evaluated the reasonableness of management's assessment of the outcome of these claims and the adequacy of the amounts recognised in respect of these claims. We involved our tax specialists in Brazil to assist us in the evaluation of management's assessment. We also considered the adequacy of the Group's disclosures (in Note 3(i) and Note 33(b)) made in relation to the amounts recognised in respect of these claims. Based on the audit procedures performed, the position taken by management is consistent with our evaluation.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DELFI LIMITED

Key Audit Matter	How our audit addressed the Key Audit Matter
Assessment of impairment of brands and licence *Refer to Notes 3(ii), 20 and 21 to the financial statements.* The Group has brands and a licence with indefinite useful life, with a total carrying value of **US$17.2 million** as at 31 December 2018. The assessment of impairment was an area of focus because the assessment of the recoverable amounts of the brands and licence with indefinite useful lives involves significant judgements about the expected future sales of the branded products, royalty rates, expected long term growth rates and the appropriate discount rates applied to the future cash flow forecasts.	We verified the expected future sales of the branded products to internal forecasts and strategic plans that were approved by senior management and the Board of Directors. We also compared the actual sales of the branded products for 2018 with the forecast figures included in the prior year to consider whether the assumptions included in the forecast, with hindsight, had been reasonable. We involved our valuation specialists to evaluate the valuation methodology and management's assumptions applied as follows: • Royalty rates – we assessed them against rates charged by comparable organisations; • Long-term growth rates – we compared them against economic and industry forecasts; and • Discount rates – we assessed the weighted average cost of capital for the Group against comparable organisations, as well as considering territory specific factors. We evaluated management's sensitivity calculations over the Group's individual brands and licence to assess the impact on the recoverable amount for each brand and licence. We also considered the adequacy of the Group's disclosures (in Notes 3(ii), 20 and 21) made in relation to brands and licence with indefinite useful lives. Based on the audit procedures performed, we found management's assessment to be consistent with the results of our procedures.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DELFI LIMITED

Other Information

Management is responsible for the other information. The other information comprises the following sections of the annual report, which we obtained prior to the date of this auditor's report, and excludes the financial statements and our auditor's report thereon:

- Five-year financial highlights & review
- Letter from our Chairman
- Letter from our CEO
- Board of directors
- Senior management
- Corporate information
- Business profile & review
- Corporate Social Responsibility
- Operating & financial review
- Corporate governance report
- Directors' statement
- Shareholders' mandate
- General information relating to Chapter 9 of the listing manual
- Disclosure under SGX-ST listing manual requirements
- Shareholdings statistics
- Notice of Annual General Meeting
- Additional information on directors seeking re-election at the AGM
- Proxy form

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DELFI LIMITED

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DELFI LIMITED

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Mrs. Deborah Ong (Ms. Deborah Tan Yang Sock).

PricewaterhouseCoopers

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 20 March 2019

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	The Group 2018 US$'000	The Group 2017 (Restated) US$'000
Revenue	4	**426,969**	381,296
Cost of sales		**(279,051)**	(251,675)
Gross profit		**147,918**	129,621
Other operating income	4	**3,309**	6,223
Expenses			
Selling and distribution costs		**(83,088)**	(76,563)
Administrative expenses		**(25,911)**	(20,223)
Finance costs	6	**(2,900)**	(2,982)
Other operating expenses		**(1,169)**	(578)
Exceptional items	9	**(2,136)**	(2,011)
Share of results of associated companies and joint ventures	17(a),(b)	**(67)**	(506)
Profit before income tax		**35,956**	32,981
Income tax expense	8(a)	**(15,096)**	(13,298)
Total profit		**20,860**	19,683
Profit/(loss) attributable to:			
Equity holders of the Company		**20,862**	19,685
Non-controlling interest		**(2)**	(2)
		20,860	19,683
Earnings per ordinary share[1] (expressed in US cents per share)			
Basic and Diluted (exclude exceptional items)	10	**3.76**	3.55
Basic and Diluted (include exceptional items)	10	**3.41**	3.22

Note:

(1) Diluted earnings per share for financial years 2018 and 2017 are the same as basic earnings per share as there were no potentially dilutive ordinary shares.

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	The Group	
	2018	2017 (Restated)
	US$'000	US$'000
Profit for the year	**20,860**	19,683
Other comprehensive loss:		
Items that may be reclassified to profit or loss:		
Foreign currency translation reserve		
– Currency translation differences arising from consolidation	**(10,363)**	328
Items that will not be reclassified to profit or loss:		
Defined pension benefits obligation		
– Remeasurements of defined pension benefits obligation (Note 27(b))	**2,060**	(1,072)
– Tax on remeasurements (Note 8(b))	**(532)**	259
– Share of other comprehensive loss of associated company	**(28)**	(11)
	1,500	(824)
Other comprehensive loss, net of tax	**(8,863)**	(496)
Total comprehensive income for the year	**11,997**	19,187
Total comprehensive income/(loss) attributable to:		
Equity holders of the Company	**12,002**	19,179
Non-controlling interest	**(5)**	8
	11,997	19,187

The accompanying notes form an integral part of these financial statements.

BALANCE SHEETS

AS AT 31 DECEMBER 2018

	Note	The Group 31 December 2018 US$'000	The Group 31 December 2017 (Restated) US$'000	The Group 1 January 2017 (Restated) US$'000	The Company 31 December 2018 US$'000	The Company 31 December 2017 US$'000	The Company 1 January 2017 US$'000
ASSETS							
Current assets							
Cash and cash equivalents	11	**54,708**	67,368	67,737	**44,612**	58,894	60,030
Derivative assets		**–**	–	4	**–**	–	–
Trade receivables	12	**72,446**	59,812	61,529	**2,144**	1,110	1,337
Loan to subsidiary	13	**–**	–	–	**–**	600	700
Loan to joint venture	18	**60**	60	–	**60**	60	–
Inventories	14	**76,215**	65,087	54,685	**–**	–	–
Contract assets	4(a)	**2,083**	2,710	2,979	**–**	–	–
Tax recoverable		**1,309**	1,004	5,792	**–**	–	–
Other current assets	15	**13,575**	15,808	12,697	**2,926**	4,034	888
		220,396	211,849	205,423	**49,742**	64,698	62,955
Non-current assets							
Investments in subsidiaries	16	**–**	–	–	**40,992**	35,935	35,935
Investments in associated companies and joint ventures	17	**3,764**	3,830	2,769	**3,900**	3,900	3,000
Loans to associated company and joint venture	18	**881**	930	932	**–**	–	–
Property, plant and equipment	19	**109,383**	123,113	126,768	**567**	751	905
Intangible assets	20	**22,285**	8,564	5,243	**17,659**	4,543	5,167
Deferred income tax assets	8(b)	**1,343**	1,746	1,306	**–**	–	–
Other non-current assets	22	**3,066**	2,698	3,173	**–**	–	–
		140,722	140,881	140,191	**63,118**	45,129	45,007
Total assets		**361,118**	352,730	345,614	**112,860**	109,827	107,962
LIABILITIES							
Current liabilities							
Trade payables	23	**34,626**	31,254	34,689	**1,917**	1,075	332
Contract liabilities	4(a)	**3,457**	4,374	4,689	**–**	–	–
Other payables	24	**43,228**	44,713	39,278	**3,288**	3,693	4,086
Current income tax liabilities		**2,011**	1,506	1,382	**–**	–	–
Derivative liabilities		**57**	143	91	**57**	82	91
Borrowings	25	**58,834**	47,136	44,197	**100**	104	95
		142,213	129,126	124,326	**5,362**	4,954	4,604

The accompanying notes form an integral part of these financial statements.

BALANCE SHEETS

AS AT 31 DECEMBER 2018

	Note	The Group **31 December 2018** **US$'000**	31 December 2017 (Restated) US$'000	1 January 2017 (Restated) US$'000	The Company **31 December 2018** **US$'000**	31 December 2017 US$'000	1 January 2017 US$'000
Non-current liabilities							
Borrowings	25	**171**	5,064	9,578	**153**	172	190
Deferred income tax liabilities	8(b)	**810**	1,291	1,628	**–**	–	–
Provisions for other liabilities and charges	27	**11,677**	12,940	11,654	**–**	–	–
		12,658	19,295	22,860	**153**	172	190
Total liabilities		**154,871**	148,421	147,186	**5,515**	5,126	4,794
NET ASSETS		**206,247**	204,309	198,428	**107,345**	104,701	103,168
EQUITY							
Capital and reserves attributable to equity holders of the Company							
Share capital	28	**95,936**	95,936	95,936	**95,936**	95,936	95,936
Foreign currency translation reserve	29(a)	**(10,042)**	318	–	**–**	–	–
Other reserves	29(b)	**2,580**	1,010	1,760	**–**	–	–
Retained earnings	30	**117,656**	106,923	100,618	**11,409**	8,765	7,232
		206,130	204,187	198,314	**107,345**	104,701	103,168
Non-controlling interest		**117**	122	114	**–**	–	–
TOTAL EQUITY		**206,247**	204,309	198,428	**107,345**	104,701	103,168

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		Attributable to equity holders of the Company							
	Note	Share capital US$'000	Foreign currency translation reserve US$'000	General reserve US$'000	Defined pension benefits obligation US$'000	Retained earnings US$'000	Total US$'000	Non-controlling interest US$'000	Total equity US$'000
The Group									
Balance at 31 December 2017 as previously stated		**95,936**	**(59,873)**	**2,296**	**(1,286)**	**172,437**	**209,510**	**122**	**209,632**
Adoption of SFRS(I)	38(e)	–	60,077	–	–	(61,442)	(1,365)	–	(1,365)
Retrospective adjustment in relation to correction of errors	38(e)	–	114	–	–	(4,072)	(3,958)	–	(3,958)
Balance at 1 January 2018 as restated		**95,936**	**318**	**2,296**	**(1,286)**	**106,923**	**204,187**	**122**	**204,309**
Profit/(loss) for the year		–	–	–	–	20,862	20,862	(2)	20,860
Other comprehensive (loss)/ income for the year		–	(10,360)	–	1,500	–	(8,860)	(3)	(8,863)
Total comprehensive (loss)/ income for the year		**–**	**(10,360)**	**–**	**1,500**	**20,862**	**12,002**	**(5)**	**11,997**
Transfer to general reserve	30(a)	–	–	70	–	(70)	–	–	–
Final dividend relating to 2017 paid	31	–	–	–	–	(3,545)	(3,545)	–	(3,545)
Interim dividend relating to 2018 paid	31	–	–	–	–	(6,514)	(6,514)	–	(6,514)
Total transactions with owners, recognised directly in equity		**–**	**–**	**70**	**–**	**(10,129)**	**(10,059)**	**–**	**(10,059)**
Balance at 31 December 2018		**95,936**	**(10,042)**	**2,366**	**214**	**117,656**	**206,130**	**117**	**206,247**
Balance at 31 December 2016 as previously stated		**95,936**	**(60,228)**	**2,222**	**(462)**	**163,710**	**201,178**	**114**	**201,292**
Adoption of SFRS(I)	38(e)	–	60,092	–	–	(61,498)	(1,406)	–	(1,406)
Retrospective adjustment in relation to correction of errors	38(e)	–	136	–	–	(1,594)	(1,458)	–	(1,458)
Balance as at 1 January 2017 as restated		**95,936**	**–**	**2,222**	**(462)**	**100,618**	**198,314**	**114**	**198,428**
Profit/(loss) for the year		–	–	–	–	19,685	19,685	(2)	19,683
Other comprehensive income/ (loss) for the year		–	318	–	(824)	–	(506)	10	(496)
Total comprehensive income/ (loss) for the year		**–**	**318**	**–**	**(824)**	**19,685**	**19,179**	**8**	**19,187**
Transfer to general reserve	30(a)	–	–	74	–	(74)	–	–	–
Final dividend relating to 2016 paid	31	–	–	–	–	(5,806)	(5,806)	–	(5,806)
Interim dividend relating to 2017 paid	31	–	–	–	–	(7,500)	(7,500)	–	(7,500)
Total transactions with owners, recognised directly in equity		**–**	**–**	**74**	**–**	**(13,380)**	**(13,306)**	**–**	**(13,306)**
Balance at 31 December 2017		**95,936**	**318**	**2,296**	**(1,286)**	**106,923**	**204,187**	**122**	**204,309**

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 US$'000	2017 (Restated) US$'000
Cash flows from operating activities			
Total profit		**20,860**	19,683
Adjustments:			
Income tax expense	8(a)	**15,096**	13,298
Depreciation and amortisation		**11,491**	11,328
Gain on disposal of property, plant and equipment		**(231)**	(180)
Exceptional items	9	**2,136**	2,011
Interest income		**(1,224)**	(948)
Interest expense		**2,900**	2,982
Fair value (gain)/loss on derivatives		**(86)**	56
Gain on disposal of associated company		**–**	(4,629)
Share of results of associated companies and joint ventures		**67**	506
Operating cash flow before working capital changes		**51,009**	44,107
Changes in working capital			
Inventories		**(11,128)**	(10,402)
Trade and other receivables		**(9,447)**	(744)
Contract assets		**627**	269
Trade and other payables		**(1,886)**	2,376
Contract liabilities		**(917)**	(315)
Exceptional items	9	**(2,136)**	(2,011)
Cash generated from operations		**26,122**	33,280
Interest received		**1,224**	948
Income tax paid, net of tax refund received		**(15,386)**	(9,010)
Net cash provided by operating activities		**11,960**	25,218
Cash flows from investing activities			
Purchases of property, plant and equipment		**(4,415)**	(8,216)
Advances for purchase of property, plant and equipment	15	**(1,322)**	
Investment in joint ventures		**–**	(3,900)
Purchases of intangible assets		**(15,085)**	(3,563)
Loan to a joint venture		**–**	(60)
Payment for liquidation of joint venture	17(b)	**–**	(660)
Proceeds from disposal of associated company, net of transaction cost paid	17(a)	**–**	8,197
Proceeds from disposal of property, plant and equipment		**240**	240
Net cash used in investing activities		**(20,582)**	(7,962)
Cash flows from financing activities			
Proceeds from bank borrowings		**16,467**	12,974
Proceeds from trade finance		**3,404**	4,466
Repayment of bank borrowings		**(10,902)**	(12,612)
Repayment of lease liabilities		**(324)**	(841)
Interest paid		**(2,900)**	(2,982)
Dividends paid to equity holders of the Company		**(10,059)**	(13,306)
Net cash used in financing activities		**(4,314)**	(12,301)
Net (decrease)/increase in cash and cash equivalents		**(12,936)**	4,955
Cash and cash equivalents			
Beginning of financial year	11	**50,405**	45,235
Effects of currency translation on cash and cash equivalents		**745**	215
End of financial year	11	**38,214**	50,405

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Reconciliation of liabilities arising from financing activities

	2017	Repayment	Proceeds	Non-cash changes		2018
				Additions	Foreign exchange movement	
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Bank borrowings	24,310	(10,902)	16,467	–	(1,461)	**28,414**
Lease liabilities	547	(324)	–	108	(18)	**313**
Trade finance	10,380	–	3,404	–	–	**13,784**

	2016	Repayment	Proceeds	Non-cash changes		2017
				Additions	Foreign exchange movement	
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Bank borrowings	24,088	(12,612)	12,974	–	(140)	24,310
Lease liabilities	1,271	(841)	–	84	33	547
Trade finance	5,914	–	4,466	–	–	10,380

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL INFORMATION

Delfi Limited (the "Company") is incorporated and domiciled in Singapore and is publicly traded on the Singapore Exchange Securities Trading Limited. The address of its registered office is 111 Somerset Road, #12-03 TripleOne Somerset, Singapore 238164.

The principal activities of the Company are the marketing and distribution of chocolate, chocolate confectionery and investment holding. The principal activities of each of the subsidiaries are set out in Note 16.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements are prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of critical accounting estimates and assumptions. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2.2 Adoption of SFRS(I)

As required by the listing requirements of the Singapore Exchange, the Group has adopted SFRS(I) on 1 January 2018. These financial statements for the year ended 31 December 2018 are the first set of financial statements the Group prepared in accordance to SFRS(I). The Group's previously issued financial statements for periods up to and including the financial year ended 31 December 2017 were prepared in accordance with Singapore Financial Reporting Standards ("SFRS").

In adopting SFRS(I) on 1 January 2018, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of SFRS(I).*

Under SFRS(I) 1, these financial statements are required to be prepared using accounting policies that comply with SFRS(I) effective as at 31 December 2018. The same accounting policies are applied throughout all periods presented in these financial statements, subject to mandatory exceptions and optional exemptions under SFRS(I) 1.

The Group's opening balance sheet has been prepared as at 1 January 2017, which is the Group's date of transition to SFRS(I) ("date of transition").

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Adoption of SFRS(I) (continued)

Optional exemptions applied

SFRS(I) 1 allows the exemption from application of certain requirements under SFRS(I) on a retrospective basis. The Group has applied the following exemptions in preparing its first set of financial statements in accordance with SFRS(I):

(i) Cumulative translation differences

The Group has elected to deem the cumulative translation differences for all foreign operations to be zero as at the date of transition to SFRS(I) on 1 January 2017.

(ii) Leases

The Group has not re-assessed the determination whether an arrangement contained a lease in accordance with SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*.

(iii) Short-term exemption on adoption of SFRS(I) 9 *Financial Instruments*

The Group has elected to apply the short term exemption to adopt SFRS(I) 9 on 1 January 2018. Accordingly, the requirements of SFRS 39 *Financial Instruments: Recognition and Measurement* are applied to financial instruments up to the financial year ended 31 December 2017. The Group is also exempted from complying with SFRS(I) 7 *Financial Instruments: Disclosure* to the extent that the disclosures required by SFRS(I) 7 relate to the items within scope of SFRS(I) 9.

As a result, the requirements under SFRS are applied in place of the requirements under SFRS(I) 7 and SFRS(I) 9 to comparative information about items within scope of SFRS(I) 9.

Please refer to Note 38 for the reconciliation of the Group's financial statements reported in accordance with SFRS to SFRS(I).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which that control ceases.

In preparing the consolidated financial statements, intercompany transactions and balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations by the Group.

The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to Note 2.14(a) for the accounting policy on goodwill subsequent to initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(a) Subsidiaries (continued)

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to Note 2.12 for the Company's accounting policy on investments in subsidiaries.

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised in a separate reserve within equity attributable to the equity holders of the Company.

(c) Associated companies and joint ventures

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by shareholding giving rise to voting rights of 20% and above but not exceeding 50%.

Joint ventures are entities over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities.

Investments in associated companies and joint ventures are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisitions

Investments in associated companies and joint ventures are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies and joint ventures represents the excess of the cost of acquisition of the associated company or joint venture over the Group's share of the fair value of the identifiable net assets of the associated company or joint venture and is included in the carrying amount of the investments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Group accounting (continued)

(c) Associated companies and joint ventures (continued)

(ii) Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associated companies' or joint ventures' post-acquisition profits or losses of the investee in the Group's profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associated companies or joint ventures are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in an associated company or joint venture equals to or exceeds its interest in the associated company or joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations to make, or has made, payments on behalf of the associated company or joint venture. If the associated company or joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its associated companies or joint ventures are eliminated to the extent of the Group's interest in the associated companies or joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the assets transferred. The accounting policies of associated companies or joint ventures are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) Disposals

Investments in associated companies or joint ventures are derecognised when the Group loses significant influence or joint control. If the retained equity interest in the former associated company or joint venture is a financial asset, the retained equity interest is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence or joint control is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Please refer to Note 2.12 for the Company's accounting policy on investments in associated companies and joint ventures.

2.4 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in United States Dollars, which is the Company's functional and presentation currency.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Currency translation (continued)

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss.

However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any borrowings forming part of the net investment in the foreign operation are repaid, a proportionate share of the accumulated currency translation difference is reclassified to profit or loss, as part of the gain or loss on disposal.

All foreign exchange gains and losses impacting profit or loss are presented in the income statement within "Other operating income" or "Other operating expenses".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair value measurements are determined.

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in the other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Revenue and other operating income recognition

(a) Sale of goods

The Group manufactures and sells a range of chocolate, chocolate confectionery and consumer products. Revenue from the sale of these goods is recognised at a point in time when the products are delivered to the customer.

Sales are made with a credit term not exceeding 90 days. Based on customary business practice, some customers have a right to return the goods to the Group. Therefore, a contract liability (refund liability) and a right to the returned goods (included in contract assets) are recognised for products expected to be returned.

Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method). Based on historical trend, it is highly probable that a significant reversal in the cumulative revenue recognised will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date. The asset is initially measured at the carrying amount of the goods at the time of sale, less expected cost to recover the goods which is not expected to be material.

The returned asset will be presented and assessed for impairment separately from the refund liability. The Group will need to assess the returned asset for impairment, and adjust the value of the asset if it becomes impaired.

A receivable (financial asset) is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before payment is due.

(b) Interest income

Interest income is recognised on a time-proportion basis, using the effective interest method.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be reliably measured.

(d) Royalty income

Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreement with related companies.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of properties and assets under construction. This includes those costs on borrowings acquired specifically for the construction or development of properties and assets under construction, as well as those in relation to general borrowings used to finance the construction or development of properties and assets under construction. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings.

2.7 Exceptional items

Exceptional items are items of income and expense of such size, nature or incidence that their disclosure is relevant to explain the performance of the Group for the year.

2.8 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associated companies and joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred income tax on temporary differences arising from the fair value gains and losses on cash flow hedges are charged or credited directly to equity in the same period the temporary differences arise. Deferred income tax arising from a business combination is adjusted against goodwill on acquisition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value, net of bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet.

2.10 Loans and receivables

Before 1 January 2018

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables comprise cash and cash equivalents, trade receivables, other receivables, deposits, loans to associated company and joint venture and loans to subsidiaries.

Loans and receivables are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest method, less accumulated impairment losses. An allowance for impairment of loans and receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the loans and receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance is recognised in profit or loss.

After 1 January 2018

Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. These instruments comprise of cash and cash equivalents, trade receivables, other receivables, deposits, loans to associated company and joint venture and loans to subsidiaries.

The Group assesses on a forward looking basis the expected credit losses with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables and contract assets, the Group applies the simplified approach permitted by SFRS(I) 9, which requires expected timeline losses to be recognised from initial recognition of the receivables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes all costs incurred in bringing each product to its present location and condition. Inventories comprise manufactured and purchased inventories.

The cost of manufactured inventories includes raw material cost, direct labour cost and production overheads based on the normal level of activity but excludes borrowing costs. The raw material cost, which comprises primarily cocoa ingredients, milk, sugar and packaging materials, includes their purchase price, inward shipping costs and import duties and charges. Direct labour cost comprises primarily manufacturing staff cost. Production overheads comprise primarily utilities charges, rental costs, depreciation of plant and machinery and indirect costs relating to the manufacturing of the inventories.

Work-in-progress inventories include direct material cost and direct labour cost incurred to the date of the financial statements. The amount also includes an allocated amount of production overheads by applying an overhead rate to the estimated stage of completion.

The cost of goods purchased includes their purchase price, inward shipping costs and import duties and charges.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

2.12 Investments in subsidiaries, associated companies and joint ventures

Investments in subsidiaries, associated companies and joint ventures are stated at cost less accumulated impairment losses (Note 2.15(c)) in the Company's balance sheet. On disposal of investments in subsidiaries, associated companies and joint ventures, the differences between disposal proceeds and the carrying amount of the investments are recognised in profit or loss.

2.13 Property, plant and equipment

(a) Measurement

(i) Property, plant and equipment

All items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses (Note 2.15(c)).

(ii) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs (refer to Note 2.6 on borrowing costs). The projected cost of dismantlement, removal or restoration is also included as part of the cost of property, plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of acquiring the assets or using the assets for purposes other than to produce inventories.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Property, plant and equipment (continued)

(b) Depreciation

Construction work-in-progress are not depreciated.

Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	Useful lives
Leasehold land	Over the lease term of 17 to 30 years
Buildings and improvements	10 – 30 years
Machinery and equipment	10 – 15 years
Motor vehicles	5 years
Office equipment	5 – 10 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Intangible assets

(a) Goodwill on acquisitions

Goodwill on acquisitions of subsidiaries and businesses represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired. Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on acquisition of joint ventures and associated companies represents the excess of the cost of acquisition over the Group's share of the fair value of the identifiable net assets acquired and contingent liabilities of the acquired joint ventures, associated companies or subsidiaries at the date of acquisition. Goodwill on associated companies and joint ventures is included in the carrying amount of the investments.

Goodwill is recognised separately as an intangible asset and carried at cost less accumulated impairment losses (Note 2.15(a)).

Negative goodwill represents the excess of the fair value of the identifiable net assets of subsidiaries or associated companies or joint ventures when acquired over the cost of acquisition. Negative goodwill is recognised immediately in profit or loss.

Gains and losses on disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(b) Brands, licence, patents and trademarks

Brands and licence acquired as part of business combinations are recognised when they arise from contractual or other legal rights, or are separable.

Such brands and licence are recognised at their fair values at the acquisition date and subsequently carried at cost (i.e. the fair values at initial recognition) less accumulated amortisation and accumulated impairment losses.

Brands and licence that are regarded as having indefinite useful lives are not amortised and are subsequently tested for impairment annually (Note 2.15(b)).

Brands and licence that are regarded as having limited useful lives are stated at cost less accumulated amortisation and accumulated impairment losses (Note 2.15(c)). Amortisation is calculated using the straight-line method to allocate the cost of brands over their estimated useful lives of 5 years.

Patents and trademarks are stated at cost less accumulated amortisation and accumulated impairment losses (Note 2.15(c)). Amortisation is calculated using the straight-line method to allocate the cost of patents and trademarks over their estimated useful lives of up to 5 years.

The useful lives of brands and licence, patents and trademarks are assessed at each balance sheet date and adjustments are included in profit or loss in the financial year in which the changes arise.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Intangible assets (continued)

(c) Acquired computer software licences

Acquired computer software licences are initially capitalised at cost which includes the purchase prices (net of any discounts and rebates) and other directly attributable costs of preparing the assets for its intended use. Costs associated with maintaining the computer software are expensed when incurred.

Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of period of licence, or 5 years, whichever is shorter.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

2.15 Impairment of non-financial assets

(a) Goodwill

Goodwill is tested for impairment annually, and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies of the business combination.

An impairment loss is recognised in profit or loss when the carrying amount of the CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of the CGU is the higher of the CGU's fair value less costs to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) Brands and licence with indefinite useful lives

Brands and licence that are regarded as having indefinite useful lives are tested annually for impairment, as well as when there is any indication that the carrying amounts may not be recoverable.

An impairment loss is recognised in profit or loss when the carrying amount of the acquired brand and licence exceeds the recoverable amount of the acquired brand and licence. The recoverable amount of the brand and licence is the higher of a brand's and licence's fair value less costs to sell and value-in-use.

An impairment loss on brand and licence is recognised as an expense and is reversed if, and only if, there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the brand's and licence's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Impairment of non-financial assets (continued)

(c) Other intangible assets
Property, plant and equipment
Investments in subsidiaries, associated companies and joint ventures

Other intangible assets, property, plant and equipment and investments in subsidiaries, associated companies and joint ventures are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less costs to sell and value-in-use) of the asset is estimated to determine the amount of impairment loss.

For the purpose of impairment testing, the recoverable amount is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from the other assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for these assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for these assets is recognised in profit or loss.

2.16 Derivative financial instruments and hedging activities

A derivative financial instrument is initially recognised at fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

At the inception of a hedge relationship, the Group formally designates and documents the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

Where the derivative qualifies for hedge accounting, recognition of any resultant gain or loss is based on the nature of the item being hedged. The Group designates certain derivatives as hedges of highly probable forecast transactions (cash flow hedges).

Cash flow hedges refer to hedges against exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability, or a highly probable forecast transaction.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Derivative financial instruments and hedging activities (continued)

Hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Upon discontinuation of hedge accounting, any cumulative gains or losses on the hedging instrument that remain recognised in the cash flow hedge reserve from the period when the hedge was effective should remain in equity and are transferred to profit or loss in the periods when the forecast transactions are recognised in profit or loss. If the forecast transaction is no longer expected to occur, the net cumulative gain or loss is immediately recognised in profit or loss.

Derivatives that are not designated or do not qualify for hedge accounting are categorised as financial assets at fair value through profit or loss. Fair value changes on these derivatives were recognised within other operating income or other operating expenses.

2.17 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

2.19 Financial guarantees

The Company has issued corporate guarantees to banks for bank borrowings of its subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantees are initially recognised at their fair value plus transaction costs in the Company's balance sheet.

Financial guarantees are subsequently amortised to profit or loss over the period of the subsidiaries' borrowings, unless it is probable that the Company will reimburse the bank for an amount higher than the unamortised amount. In this case, the financial guarantee shall be carried at the expected amount payable to the bank in the Company's balance sheet.

Intra-group transactions are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Borrowings

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are also presented as current liabilities when the Group has the intention to repay the borrowings within 12 months after the balance sheet date.

2.21 Leases

Lessee – Finance leases

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

Lessee – Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22 Employee compensation

(a) Defined benefit plans

Defined benefit plans are post-employment benefit pension plans other than defined contribution plans. Defined benefit plans typically define the amount of benefit that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and unrecognised past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related post-employment benefit obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period when they arise.

Past service costs are recognised immediately in profit or loss.

(b) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis.

The Group's obligation, in regard to the defined contribution plans, is limited to the amount it contributes to the fund. The Group's contributions to defined contribution plans are recognised in the financial year to which they relate.

(c) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

(d) Termination benefits

Termination benefits are those benefits which are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.23 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.24 Dividends

Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved for payment by the shareholders.

2.25 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting to the Executive Committee whose members are responsible for allocating resources and assessing performance of the operating segments.

2.26 Fair value estimation of financial assets and liabilities

The carrying amounts of current financial assets and liabilities carried at amortised cost approximate their fair values.

The fair values of borrowings carried at amortised cost are estimated by discounting the future contractual cash flows at the current market interest rates that are available to the Group for similar financial liabilities.

2.27 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants relating to expenses are deducted against the related expenses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom exactly equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Claims associated with the disposal of Delfi Cacau Brasil Ltda

Barry Callebaut acquired Delfi Cacau Brasil Ltda ("DCBR"), a subsidiary of the Company, as part of the sale of the Cocoa Ingredients business on 30 June 2013. On 2 June 2014, Barry Callebaut restructured and merged DCBR into a new entity, Barry Callebaut Industriae E Commercio de Producto Alimenties Ltda ("BCBI").

In 2015, the Company entered into a settlement agreement with Barry Callebaut with regards to the dispute and the resulting arbitration that had been commenced by the Company against Barry Callebaut in relation to adjustments to the closing price that had been paid by Barry Callebaut to the Company. As part of the settlement, the parties had mutually agreed to terminate the Sales and Purchase Agreement on 28 August 2015, although the parties agreed that certain environmental, tax and other warranties would continue. Barry Callebaut remained entitled to bring any further claims that may arise under the continuing warranties.

In 2015 and 2016, Barry Callebaut notified the Company of various tax claims and a labour claim against BCBI, in relation to the activities of DCBR.

In 2017 and 2018, the Company was not notified of any further claims.

As at 31 December 2018, the nine notified claims were as follows:

(1) 2 claims totalling BRL33,709,062 (2017: BRL32,950,102) in connection with tax assessments of the "Social Integration Program / Public Employee Savings Program (PIS)" and the "Contribution for the Financing of Social Security (COFINS)";

(2) A claim of BRL756,772 (2017: BRL725,767) for unpaid import tax arising from the import of a bean roaster;

(3) 3 claims totalling BRL50,307,790 (2017: BRL49,305,506) for the restitution of taxes and import duties arising from the import of cocoa beans;

(4) 2 claims totalling BRL525,308 (2017: BRL514,865) for allegedly incorrect or overstating credits due arising from tax assessments from prior years;

(5) An unquantified claim based on a labour law complaint relating to outsourcing of activities to contract workers has been referred on appeal to the second level judicial court. The penalty of BRL500,000 (2017: BRL500,000) was notified to the Company in 2015.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

(i) Claims associated with the disposal of Delfi Cacau Brasil Ltda (continued)

As at 31 December 2018, the Company's total exposure in respect of notified tax and labour claims in Brazil has increased to BRL85,299,000 (2017: BRL83,496,000) primarily due to indexation. In USD terms, the Company's total exposure as at 31 December 2018 was US$22,079,000 (2017: US$25,302,000).

While reserving its rights in relation to the claims set out above, the Company has requested Barry Callebaut to defend these claims. There are grounds to resist these claims.

In assessing the relevant liabilities, management has considered, among other factors, industry practices and the legal environment in Brazil, and assessed that the amounts recognised in respect of these claims are adequate as at 31 December 2018. As management considers the disclosure of further details of these claims can be expected to seriously prejudice the Group's position in relation to the claims, further information has not been disclosed in these financial statements.

(ii) Estimated impairment of brands and licence

Brands and licence with indefinite useful lives are tested for impairment annually, in accordance with the accounting policy stated in Note 2.15(b). As at 31 December 2018, the carrying amounts of brands and licence with indefinite useful lives were US$17,234,000 (2017: US$4,267,000).

Impairment tests are conducted annually to assess the brands and licence with indefinite useful lives and ensure that these brands and licence are not carried above their recoverable amounts. The recoverable amounts of the brands and licence have been determined based on Royalty Relief Approach. Estimating the recoverable amounts requires the Group to forecast future cash flows based on expected future sales of the branded products, royalty rates, expected long term growth rates and the appropriate discount rates applied to the future cash flow forecasts (Note 21).

If management's estimated royalty rate of the brands and licence at 31 December 2018 was lowered by 1% (2017: 1%), the recoverable amounts of these brands and licence would be reduced by US$7,358,000 (2017: US$5,319,000) and the Group would have recognised an impairment charge of US$870,000 (2017: US$58,000) on two (2017: one) of the brands. However, this change in assumption would not cause the carrying amounts of the other brands and licence to exceed their recoverable amounts.

If management's estimated pre-tax discount rate of the brands and licence at 31 December 2018 was increased by 1% (2017: 1%), the recoverable amounts of these brands and licence would be reduced by US$4,637,000 (2017: US$1,755,000) and the Group would have recognised an impairment charge of US$169,000 (2017: Nil) on two (2017: Nil) of the brands. However, this change in assumption would not cause the carrying amounts of the other brands and licence to exceed their recoverable amounts.

If management's estimated long term growth rate of the brands and licence at 31 December 2018 was lowered by 1% (2017: 1%), the recoverable amounts of these brands and licence would be reduced by US$3,814,000 (2017: US$1,374,000) and the Group would have recognised an impairment charge of US$83,000 (2017: Nil) on one (2017: Nil) of the brands. However, this change in assumption would not cause the carrying amounts of the other brands and licence to exceed their recoverable amounts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4. REVENUE FROM CONTRACTS WITH CUSTOMERS AND OTHER OPERATING INCOME

(a) Revenue from contracts with customers

	The Group	
	2018	2017 (Restated)
	US$'000	US$'000
Sale of goods	**426,969**	381,296

The Group derives revenue from the transfer of goods at a point in time (Note 2.5(a)). Disaggregation of revenue from contracts with customers by country is disclosed in Note 37(b).

(i) Contract assets and liabilities

	The Group			The Company		
	31 December 2018	31 December 2017	1 January 2017	**31 December 2018**	31 December 2017	1 January 2017
	US$'000	US$'000	US$'000	**US$'000**	US$'000	US$'000
Contract assets						
– Right to return	**2,083**	2,710	2,979	**–**	–	–
Total contract assets	**2,083**	2,710	2,979	**–**	–	–
Contract liabilities						
– Right to return	**3,457**	4,374	4,689	**–**	–	–
Total contract liabilities	**3,457**	4,374	4,689	**–**	–	–

The Group recognises a contract liability (or refund liability) on its sales when a customer has a right to return the products and a contract asset for products expected to be returned. The Group has assessed its contract assets for impairment separately from the refund liability (Note 2.5(a) and Note 38).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

4. REVENUE FROM CONTRACTS WITH CUSTOMERS AND OTHER OPERATING INCOME (continued)

(b) Other operating income

	The Group	
	2018	2017 (Restated)
	US$'000	US$'000
Other operating income:		
– Gain on disposal of associated company (Note (i))	**–**	4,629
– Interest income	**1,224**	948
– Gain on disposal of property, plant and equipment	**231**	180
– Foreign exchange gain (net)	**733**	–
– Service fee	**339**	192
– Miscellaneous income	**782**	274
Total other operating income	**3,309**	6,223

(i) In May 2017, the Group recognised a pre-tax gain of US$4,629,000 on completion of a divestment of the Group's 50% stake in PT Ceres-Meiji Indotama ("CMI") (Note 17(a)).

5. EMPLOYEE COMPENSATION

	The Group	
	2018	2017
	US$'000	US$'000
Wages and salaries	**40,872**	38,567
Employer's contribution to defined contribution plans	**1,277**	1,108
Defined benefit plans (Note 27(b))	**2,595**	946
	44,744	40,621
Less: Government grant	**(10)**	(3)
	44,734	40,618

6. FINANCE COSTS

	The Group	
	2018	2017
	US$'000	US$'000
Interest expense:		
– Bank borrowings and overdrafts	**2,520**	2,687
– Trade finance	**360**	253
– Finance lease liabilities	**20**	42
	2,900	2,982

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

7. EXPENSES BY NATURE

The following items have been included in arriving at profit before tax:

	The Group	
	2018	2017 (Restated)
	US$'000	US$'000
Advertising and promotion	**42,085**	42,883
Amortisation of intangible assets (Note 20(d))	**1,072**	346
Cost of inventories recognised as an expense	**241,257**	213,064
Depreciation of property, plant and equipment (Note 19)	**10,419**	10,982
Employee compensation (Note 5)	**44,734**	40,618
Foreign exchange loss – net	**–**	192
Inventories written off	**2,022**	2,325
Allowance made for inventory obsolescence	**714**	2,140
Impairment loss on trade receivables (Note 35(b)(i))	**349**	657
Logistics and insurance	**12,900**	12,454
Professional fees	**1,201**	1,133
Rentals on operating leases	**2,687**	2,346
Travelling expenses	**2,556**	2,708

8. INCOME TAXES

(a) Income tax expense

	The Group	
	2018	2017 (Restated)
	US$'000	US$'000
Tax expense attributable to profit is made up of:		
Profit for the financial year:		
Current income tax		
– Foreign	**14,856**	13,018
Deferred income tax (Note 8(b))	**(520)**	(476)
	14,336	12,542
Under provision in prior financial years:		
– Current income tax	**760**	756
Total income tax expense	**15,096**	13,298

The tax liabilities of the Company and its subsidiaries have been measured based on the corporate tax rate and tax laws prevailing at balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

8. INCOME TAXES (continued)

(a) Income tax expense (continued)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	The Group	
	2018	2017 (Restated)
	US$'000	US$'000
Profit before tax	**35,956**	32,981
Share of results of associated companies and joint ventures, net of tax	**67**	506
Profit before tax and share of results of associated companies and joint ventures	**36,023**	33,487
Tax calculated at a tax rate of 17% (2017: 17%)	**6,124**	5,693
Effects of:		
– Different tax rates in other countries	**2,728**	2,908
– Income not subject to tax	**(152)**	(633)
– Tax incentive	**(4)**	(4)
– Expenses not deductible for tax purposes	**1,515**	1,274
– Withholding tax on dividends and royalties paid by foreign subsidiaries	**2,891**	2,487
– Deferred tax assets not recognised	**1,386**	878
– Utilisation of previously unrecognised tax losses and capital allowances	**(152)**	(61)
– Under provision in prior financial years	**760**	756
Tax charge	**15,096**	13,298

(b) Deferred income taxes

Deferred income tax assets and deferred income tax liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown in the balance sheets as follows:

	The Group			The Company		
	31 December 2018	31 December 2017 (Restated)	1 January 2017 (Restated)	**31 December 2018**	31 December 2017	1 January 2017
	US$'000	US$'000	US$'000	**US$'000**	US$'000	US$'000
Deferred income tax assets	**(1,343)**	(1,746)	(1,306)	**–**	–	–
Deferred income tax liabilities	**810**	1,291	1,628	**–**	–	–
Net deferred tax assets	**(533)**	(455)	322	**–**	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

8. INCOME TAXES (continued)

(b) Deferred income taxes (continued)

The movement in deferred income tax account is as follows:

	The Group		The Company	
	2018	2017 (Restated)	**2018**	**2017**
	US$'000	US$'000	**US$'000**	**US$'000**
Beginning of financial year				
As previously stated	**57**	853	**–**	**–**
– Adoption of SFRS(I) (Note 38(e))	**(512)**	(531)	**–**	**–**
As restated	**(455)**	322	**–**	**–**
Tax (credited)/charged to:				
– Profit or loss	**(520)**	(476)	**–**	**–**
– Other comprehensive income[(1)]	**532**	(259)	**–**	**–**
Currency translation differences	**(90)**	(42)	**–**	**–**
End of financial year	**(533)**	(455)	**–**	**–**

Note:

(1) This relates to tax credit on remeasurements of defined pension benefits obligation.

Deferred income tax assets are recognised for capital allowances and tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable.

The Group has unrecognised capital allowances of US$6,765,000 (2017: US$6,481,000) and unrecognised tax losses of US$99,032,000 (2017: US$91,721,000) at the balance sheet date, which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements in the respective countries of incorporation of those companies with unrecognised capital allowances and tax losses. The Company has unrecognised capital allowances of US$5,195,000 (2017: US$4,882,000) and tax losses of US$84,090,000 (2017: US$80,878,000) at the balance sheet date, which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements in Singapore.

These capital allowances and tax losses do not have any expiry dates, except for tax losses of US$2,561,000 (2017: Nil) incurred by a subsidiary which will expire in 2021.

Deferred income tax liabilities of the Group of US$17.7 million (2017: US$16.7 million) have not been recognised for the withholding taxes that will be payable on the earnings of the overseas subsidiaries if remitted to the holding company, as the holding company is able to control the timing of such remittance and there is no current intention of remitting the unremitted earnings of the overseas subsidiaries to the holding company in the foreseeable future. The Company has determined that these unremitted earnings, net of non-distributable retained earnings (Note 30(a)), amounted to US$178.0 million (2017: US$167.4 million) at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

8. INCOME TAXES (continued)

(b) Deferred income taxes (continued)

The movement in the deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the year is as follows:

The Group

Deferred income tax liabilities

	Accelerated tax depreciation US$'000	Other taxable temporary differences US$'000	Total US$'000
2018			
Beginning of financial year	**6,178**	**94**	**6,272**
Credited to profit or loss	**(205)**	**(655)**	**(860)**
Currency translation differences	**(393)**	**–**	**(393)**
End of financial year	**5,580**	**(561)**	**5,019**
2017			
Beginning of financial year	6,085	575	6,660
Charged/(credited) to profit or loss	139	(481)	(342)
Currency translation differences	(46)	–	(46)
End of financial year	6,178	94	6,272

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

8. INCOME TAXES (continued)

(b) Deferred income taxes (continued)

Deferred income tax assets

	Provisions US$'000	Unutilised tax losses and tax allowances US$'000	Unrealised exchange losses US$'000	Total US$'000
2018				
Beginning of financial year				
As previously stated	**(6,252)**	**3**	**34**	**(6,215)**
– Adoption of SFRS(I)s (Note 38(e))	**(512)**	**–**	**–**	**(512)**
As restated	**(6,764)**	**3**	**34**	**(6,727)**
Charged/(credited) to:				
– Profit or loss	**371**	**–**	**(31)**	**340**
– Other comprehensive income(1)	**532**	**–**	**–**	**532**
Currency translation differences	**305**	**–**	**(2)**	**303**
End of financial year	**(5,556)**	**3**	**1**	**(5,552)**

	Provisions US$'000	Unutilised tax losses and tax allowances US$'000	Unrealised exchange losses US$'000	Total US$'000
2017				
Beginning of financial year				
As previously stated	(5,807)	3	(3)	(5,807)
– Adoption of SFRS(I)s (Note 38(e))	(531)	–	–	(531)
As restated	(6,338)	3	(3)	(6,338)
(Credited)/charged to:				
– Profit or loss	(172)	–	38	(134)
– Other comprehensive income(1)	(259)	–	–	(259)
Currency translation differences	5	–	(1)	4
End of financial year	(6,764)	3	34	(6,727)

Note:

(1) This relates to tax credit on remeasurements of defined pension benefits obligation.

The Company

The Company had no deferred tax assets or liabilities recognised at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

9. EXCEPTIONAL ITEMS

The Group recognised an exceptional loss of US$2,136,000 and US$2,011,000 for 2018 and 2017 respectively due to the discovery of improper and unsubstantiated transactions in one of its subsidiaries in the Philippines (Note 38(d)). Included in the 2018 exceptional loss were professional fees of US$557,000 incurred for the investigation and financial review carried out for the subsidiary.

10. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	2018	2017 (Restated)
Exclude exceptional items		
Net profit attributable to equity holders of the Company (US$'000)	**22,998**	21,696
Weighted average number of ordinary shares ('000)	**611,157**	611,157
Basic earnings per share (US cents)	**3.76**	3.55
Include exceptional items		
Net profit attributable to equity holders of the Company (US$'000)	**20,862**	19,685
Weighted average number of ordinary shares ('000)	**611,157**	611,157
Basic earnings per share (US cents)	**3.41**	3.22

(b) Diluted earnings per share

Diluted earnings per share for financial years 2018 and 2017 are the same as basic earnings per share as there were no potentially dilutive ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

11. CASH AND CASH EQUIVALENTS

	The Group			The Company		
	31 December 2018 US$'000	31 December 2017 US$'000	1 January 2017 US$'000	**31 December 2018 US$'000**	31 December 2017 US$'000	1 January 2017 US$'000
Cash at bank and on hand	**12,477**	14,966	10,329	**5,612**	8,894	5,030
Short-term bank deposits	**42,231**	52,402	57,408	**39,000**	50,000	55,000
	54,708	67,368	67,737	**44,612**	58,894	60,030

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

	The Group		
	31 December 2018 US$'000	31 December 2017 US$'000	1 January 2017 US$'000
Cash and bank balances (as above)	**54,708**	67,368	67,737
Less: Bank overdrafts (Note 25)	**(16,494)**	(16,963)	(22,502)
Cash and cash equivalents per consolidated statement of cash flows	**38,214**	50,405	45,235

12. TRADE RECEIVABLES

	The Group			The Company		
	31 December 2018 US$'000	31 December 2017 (Restated) US$'000	1 January 2017 (Restated) US$'000	**31 December 2018 US$'000**	31 December 2017 US$'000	1 January 2017 US$'000
Trade receivables						
– Non-related parties	**73,311**	61,054	62,061	**810**	–	–
– Subsidiaries	**–**	–	–	**1,334**	1,110	1,337
– Associated company	**510**	–	15	**–**	–	–
– Related parties	**8**	73	93	**–**	–	–
	73,829	61,127	62,169	**2,144**	1,110	1,337
Less: Allowance for impairment of receivables – non-related parties	**(1,383)**	(1,315)	(640)	**–**	–	–
	72,446	59,812	61,529	**2,144**	1,110	1,337

Related parties represent corporations in which certain directors have substantial financial interests.

An Indonesian subsidiary of the Group recognised an additional impairment loss of US$430,000 (2017: US$689,000) due to a decline in the appraised value of collateral from a disengaged distributor in Indonesia (Note 15(b)).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

13. LOAN TO SUBSIDIARY

The loan to a subsidiary was fully repaid in 2018. In 2017, the loan to a subsidiary carried interest at variable rate and the effective interest rate as at 31 December 2017 was 2.65% to 2.816% per annum.

14 INVENTORIES

	The Group		
	31 December 2018 US$'000	31 December 2017 US$'000	1 January 2017 US$'000
Raw materials	**12,901**	9,729	8,508
Work-in-progress	**1,266**	1,483	850
Finished goods	**56,412**	47,905	39,099
Packaging materials and others	**5,636**	5,970	6,228
	76,215	65,087	54,685

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

15. OTHER CURRENT ASSETS

	The Group			The Company		
	31 December 2018	31 December 2017 (Restated)	1 January 2017	**31 December 2018**	31 December 2017	1 January 2017
	US$'000	US$'000	US$'000	**US$'000**	US$'000	US$'000
Other receivables						
– Non-related parties	**9,227**	11,466	9,702	**309**	198	533
– Subsidiaries (non-trade)	**–**	–	–	**2,464**	3,396	242
– Associated companies (non-trade)	**215**	320	253	**1**	–	–
– Joint ventures (non-trade)	**377**	210	21	**30**	43	21
– Related parties (non-trade)	**14**	8	10	**–**	–	–
	9,833	12,004	9,986	**2,804**	3,637	796
Less: Allowance for impairment of receivables – subsidiaries	**–**	–	–	**–**	–	(87)
	9,833	12,004	9,986	**2,804**	3,637	709
Deposits	**2,897**	1,608	1,560	**14**	31	28
Prepayments	**845**	2,196	1,151	**108**	366	151
	13,575	15,808	12,697	**2,926**	4,034	888

(a) Other non-trade receivables due from subsidiaries, associated companies and related parties are unsecured, interest free and repayable upon demand.

(b) Included in other receivables due from non-related parties are advances for purchase of property, plant and equipment of US$1,322,000 and an outstanding loan of US$1,354,000 from one of the disengaged distributors in Indonesia (2017: US$1,669,000).

In 2018, the disengaged distributor in Indonesia repaid US$240,000 (2017: US$534,000) of the loan from the proceeds from a sale of one of the pledged properties. The outstanding amount is fully secured by remaining collateralised properties. The distributor is expected to fully settle the loan through proceeds from the sale of properties secured.

The carrying amounts of these current assets approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

16. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2018	2017
	US$'000	US$'000
Equity investments, at cost		
Beginning of financial year	**42,914**	42,914
Additions	**5,057**	–
End of financial year	**47,971**	42,914
Accumulated impairment		
Beginning and end of financial year	**6,979**	6,979
End of financial year	**40,992**	35,935

In December 2018, the Company increased its investment in Delfi Marketing Inc ("DMI"), a wholly owned subsidiary in the Philippines, by PHP270,000,000 or US$5.1 million by subscribing for an additional 2.7 million ordinary shares with a par value of PHP100 in the share capital of DMI. The consideration was paid in cash and funded through the Company's internal resources.

The list of subsidiaries in the Group is as follows:

Name of subsidiary/ Country of incorporation	Principal activities	Country of business	Equity holding		
			31 December 2018	31 December 2017	1 January 2017
			%	%	%
Held by the Company					
McKeeson Consultants Private Limited^ (Singapore)	Management consultants	Singapore	**100**	100	100
PT Perusahaan Industri Ceres*# (Indonesia)	Investment holding, manufacturing and marketing of chocolate confectionery products	Indonesia	**99.988**	99.988	99.988
PT General Food Industries* (Indonesia)	Marketing and distribution of consumer confectionery	Indonesia	**99.936**	99.936	99.936
PT Nirwana Lestari*# (Indonesia)	Marketing and distribution of chocolate confectionery and other consumer products	Indonesia	**99.862**	99.862	99.862

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

16. INVESTMENTS IN SUBSIDIARIES (continued)

Name of subsidiary/ Country of incorporation	Principal activities	Country of business	Equity holding 31 December 2018 %	31 December 2017 %	1 January 2017 %
Held by the Company (continued)					
Ceres Sime Confectionery Sdn Bhd∞ (Malaysia)	Investment holding	Malaysia	**100**	100	100
Cocoa Specialities, Inc.* (Philippines)	Administrative services	Philippines	**100**	100	100
Delfi Chocolate Manufacturing S.A.* (Switzerland)	Administrative services	Switzerland	**100**	100	100
Delfi Cocoa Investments SA+ (Switzerland)	Investment holding	Switzerland	**100**	100	100
Delfi Singapore Pte Ltd^ (Singapore)	Dormant	Singapore	**100**	100	100
Ceres Super Pte Ltd@ (Singapore)	Dormant	Singapore	**60**	60	60
Delfi Marketing Sdn Bhd* (Malaysia)	Marketing and distribution of healthcare and other consumer products	Malaysia	**100**	100	100
Delfi Foods, Inc.* (Philippines)	Manufacturing of chocolate confectionery products	Philippines	**100**	100	100
Delfi Marketing, Inc.* (Philippines)	Marketing and distribution of chocolate confectionery and other consumer products	Philippines	**100**	100	100
Held by Ceres Sime Confectionery Sdn Bhd					
Brands of Hudsons Sdn Bhd∞ (Malaysia)	Marketing of consumer confectionery	Malaysia	**100**	100	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

16. INVESTMENTS IN SUBSIDIARIES (continued)

Name of subsidiary/ Country of incorporation	Principal activities	Country of business	Equity holding 31 December 2018 %	31 December 2017 %	1 January 2017 %
Held by McKeeson Consultants Private Limited					
PT Perusahaan Industri Ceres*# (Indonesia)	Investment holding, manufacturing and marketing of chocolate confectionery products	Indonesia	**0.012**	0.012	0.012
PT General Food Industries* (Indonesia)	Marketing and distribution of consumer confectionery	Indonesia	**0.064**	0.064	0.064
PT Nirwana Lestari*# (Indonesia)	Marketing and distribution of chocolate confectionery and other consumer products	Indonesia	**0.138**	0.138	0.138
Delfi Cocoa Ecuador SA+ (Ecuador)	Dormant	Ecuador	**0.004**	0.004	0.004
Held by Delfi Cocoa Investments SA					
Delfi Cocoa Ecuador SA+ (Ecuador)	Dormant	Ecuador	**99.996**	99.996	99.996
Held by PT Perusahaan Industri Ceres					
Ceres (International) Marketing Pte Ltd^ (Singapore)	Marketing of consumer confectionery	Singapore	**100**	100	100

^ Audited by PricewaterhouseCoopers LLP, Singapore.

* Audited by PricewaterhouseCoopers member firms outside Singapore.

@ Audited by RSM Chio Lim, Singapore.

∞ Audited by Grant Thornton, Malaysia.

+ Not required to be audited by law in country of incorporation.

Significant subsidiaries of the Group under the SGX-ST Listing Manual.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

17. INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES

	The Group			The Company		
	31 December 2018 US$'000	31 December 2017 US$'000	1 January 2017 US$'000	**31 December 2018 US$'000**	31 December 2017 US$'000	1 January 2017 US$'000
Investments in associated companies (Note (a))	**–**	–	2,769	**–**	–	3,000
Investments in joint ventures (Note (b))	**3,764**	3,830	–	**3,900**	3,900	–
	3,764	3,830	2,769	**3,900**	3,900	3,000

(a) Investments in associated companies

	The Company		
	31 December 2018 US$'000	31 December 2017 US$'000	1 January 2017 US$'000
Equity investment, at cost	**–**	3,000	3,000
Disposal	**–**	(3,000)	–
	–	–	3,000

The details of the associated companies are as follows:

Name of company	Place of business/ country of incorporation	Principal activities	Equity holding 31 December 2018 %	31 December 2017 %	1 January 2017 %
Held by the Company					
PT Ceres – Meiji Indotama ("CMI") *#	Indonesia	Manufacturing and marketing of snacks and food products	**–**	–	40
Held by Delfi Foods, Inc.					
Alsa Industries, Inc. ("Alsa")*	Philippines	Leasing of property	**40**	40	40

* Audited by PricewaterhouseCoopers member firms outside Singapore.

The Group's effective interest is 50%, including 10% held by PT Perusahaan Industri Ceres.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

17. INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES (continued)

(a) Investments in associated companies (continued)

The Group's investment in Alsa was fully impaired as at 31 December 2018 and 2017. In 2018, the Group did not recognise its share of losses of US$49,000 (2017: share of profits of US$29,000) because the Group's share of losses exceeded its interest in Alsa and the Group has no obligation in respect of those losses.

On 10 May 2017, the Company and its subsidiary, PT Perusahaan Industri Ceres ("Ceres") completed the sale of their respective entire shareholdings - a combined total of 3,750,000 ordinary shares which represented 50% of the total number of issued shares in PT Ceres - Meiji Indotama ("CMI") for a consideration of US$8,197,000, net of transaction cost paid, received in cash. Following the disposal, CMI ceased to be an associated company of the Company.

Set out below are the summarised financial information for PT Ceres – Meiji Indotama as of 1 January 2017.

Summarised balance sheet

	1 January 2017 US$'000
Current assets	2,425
Includes:	
– Cash and cash equivalents	445
Current liabilities	(3,050)
Includes:	
– Financial liabilities (excluding trade payables)	(2,513)
Non-current assets	7,158
Non-current liabilities	(995)
Includes:	
– Financial liabilities	(901)
– Other liabilities	(94)
Net assets	5,538

In 2017, the Group recognised a share of profit of US$224,000 for its share of CMI's results up to the date of completion of the disposal.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

17. INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES (continued)

(a) Investments in associated companies (continued)

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented, to the carrying amount of the Group's interest in associated companies, is as follows:

PT Ceres – Meiji Indotama	2016 US$'000
Net assets	
At 1 January 2016	5,893
Loss for the year	(531)
Other comprehensive income	15
Currency translation difference	161
At 31 December 2016 and 1 January 2017	5,538
At 1 January 2017:	
Effective interest in associated company (50%)	2,769
Carrying value of Group's interest in associated companies	2,769

(b) Investments in joint ventures

	The Company		
	31 December 2018 US$'000	31 December 2017 US$'000	1 January 2017 US$'000
Equity investment, at cost	**3,900**	405	405
Additions	**–**	3,900	–
Allowance for impairment	**–**	(405)	(405)
End of financial year	**3,900**	3,900	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

17. INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES (continued)

(b) Investments in joint ventures (continued)

(i) On 11 May 2016, the Company announced its joint venture ("JV") with South Korea's Orion Corporation ("Orion"). As part of the JV, the Company and Orion have established Delfi-Orion Pte. Ltd. ("Delfi-Orion"), a company incorporated in Singapore with an issued and paid-up capital of US$2 of 2 ordinary shares where the Company and Orion each hold 1 ordinary share (Initial Subscription). On 30 March 2017, the Company subscribed for an additional 900,000 new ordinary shares in Delfi-Orion, a Singapore incorporated company by paying a cash consideration of US$900,000. As a result of the subscription, the Company holds 900,001 ordinary shares in Delfi-Orion, for total consideration of US$900,001 representing 50% of the total issued shares of Delfi-Orion. South Korea's Orion Corporation holds the remaining 50%.

(ii) In 2017, the Company and Japan's Yuraku Confectionery Company Ltd ("Yuraku") incorporated Delfi Yuraku Pte Ltd ("Delfi Yuraku"), a 60/40 JV Singapore company under a JV agreement dated 21 April 2017. The Company and Yuraku injected a total paid up capital of US$5,000,010 in Delfi Yuraku by subscribing to a total number of 5,000,010 ordinary shares. The Company holds 3,000,006 ordinary shares for a total consideration of US$3,000,006 representing 60% of total issued shares of Delfi Yuraku. Yuraku holds the remaining 40%.

The Company has also, through its joint venture and subsidiary, Delfi Yuraku and Ceres, incorporated a new company, PT Delfi Yuraku Indonesia ("PT Delfi Yuraku") in Indonesia. PT Delfi Yuraku has an issued and paid up capital of US$5,000,000 comprising 5,000,000 ordinary shares, of which 4,995,000 and 5,000 were registered to Delfi Yuraku and Ceres respectively. PT Delfi Yuraku commenced commercial operations in October 2018.

(iii) In 2017, the Company entered into an agreement with Cemoi Group ("Cemoi") and Blommer Chocolate Company ("Blommer") that will lead to the winding down of the PACTS (Processors Alliance for Cocoa Traceability and Sustainability) programme. The Company recognised its share of liquidation cost of US$660,000 in relation to PACTS SA under the agreement. The Company's investment in PACTS SA was fully impaired as at 31 December 2018 and 2017. In 2017, the Group did not recognise its share of losses of US$3,000 because the Group's share of losses exceeded its interest in PACTS SA and the Group has no obligation in respect of those losses. In 2018, PACTS SA is currently undergoing liquidation, and ceased its operations since 8 January 2018.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

17. INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES (continued)

(b) Investments in joint ventures (continued)

The details of the joint ventures are as follows:

Name of company	Principal activities	Country of incorporation	Equity holding 31 December 2018 %	31 December 2017 %	1 January 2017 %
Held by the Company					
PACTS SA[1]	Undergoing liquidation	Switzerland	**33.33**	33.33	33.33
Delfi-Orion Pte Ltd[2]	Development, marketing and sale of a range of branded confectionery products	Singapore	**50.0**	50.0	50.0
Delfi Yuraku Pte Ltd[2]	Investment holding	Singapore	**60.0**	60.0	–
Held by Delfi Yuraku Pte Ltd					
PT Delfi Yuraku Indonesia[3]	Manufacture, sale, and marketing of a range of chocolate snack products	Indonesia	**99.9**	99.9	–

1 Deemed to be a joint venture as the Group shares control of the entity with two other joint venture partners.

2 Delfi-Orion and Delfi Yuraku are joint ventures as all board matters relating to the companies require unanimous consent from both parties.

3 The Group's effective interest is 60% including 0.1% held by PT Perusahaan Industri Ceres.

In 2018, the Group recognised US$105,000 (2017: US$70,000) as its share of loss of Delfi-Orion in the current financial year.

Set out below is the summarised financial information for Delfi Yuraku, that is material to the Group.

Summarised balance sheet

	Delfi Yuraku 31 December 2018 US$'000	31 December 2017 US$'000	1 January 2017 US$'000
Current assets	**1,993**	5,140	–
Includes:			
– Cash and cash equivalents	**1,083**	4,788	–
Current liabilities	**(1,063)**	(140)	–
Includes:			
– Financial liabilities (excluding trade payables)	**(285)**	(100)	–
Non-current assets	**4,135**	–	–
Net Assets	**5,065**	5,000	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

17. INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES (continued)

(b) Investments in joint ventures (continued)

Summarised statement of comprehensive income

	Delfi Yuraku For the year ended 31 December	
	2018	2017
	US$'000	US$'000
Revenue	**711**	–
Interest income	**2**	–
Expenses		
Includes:		
– Depreciation	**(68)**	–
– Interest expense	**(2)**	–
Profit from operations	**64**	–
Income tax expense	**–**	–
Post-tax profit and total comprehensive income	**64**	–
Dividends received from joint venture	**–**	–

In 2018, the Group recognised a share of profit of US$38,000 (2017: Nil) for its share of Delfi Yuraku's results in the current financial year.

The information above reflects the amounts presented in the financial statements of the joint venture (and not the Group's share of those amounts).

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in joint ventures, is as follows:

	Delfi Yuraku		
	31 December 2018	31 December 2017	1 January 2017
	US$'000	US$'000	US$'000
Net Assets	**5,065**	5,000	–
Group's equity interest	**60%**	60%	–
Group's share of net assets and carrying value	**3,039**	3,000	–
Add:			
Carrying value of individually immaterial joint ventures	**725**	830	–
Carrying value of Group's interest in joint ventures	**3,764**	3,830	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

18. LOANS TO ASSOCIATED COMPANY AND JOINT VENTURE

	The Group			The Company		
	31 December 2018 US$'000	31 December 2017 US$'000	1 January 2017 US$'000	**31 December 2018 US$'000**	31 December 2017 US$'000	1 January 2017 US$'000
Loan to associated company	**881**	930	932	**–**	–	–
Loan to joint venture	**60**	60	285	**60**	60	285
	941	990	1,217	**60**	60	285
Less: Allowance for impairment of loan to joint venture	**–**	–	(285)	**–**	–	(285)
	941	990	932	**60**	60	–
Current						
Loan to joint venture	**60**	60	–	**60**	60	–
Non-Current						
Loan to associated company	**881**	930	932	**–**	–	–

The loan to an associated company is unsecured and not expected to be repaid within the next 12 months. The loan bears interest at 6.125% (2017: 3.25%) per annum.

In 2017, the Company wrote off its loan to PACTS SA of US$285,000 as it is in the process of winding down (Note 17(b)).

On 1 December 2017, the Company and Yuraku extended a loan of US$100,000 (in proportion to their respective shareholding of 60% and 40% in the joint venture company) to Delfi Yuraku (Note 17(b)). As at 31 December 2018, the loan to joint venture amounted to US$60,000 (2017: US$60,000). The loan bears interest at 3.516% (2017: 2.008%) per annum and repayable on demand.

The carrying amounts approximate their fair values.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

19. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land US$'000	Buildings and improvements US$'000	Machinery and equipment US$'000	Motor vehicles US$'000	Office equipment US$'000	Construction in progress US$'000	Total US$'000
The Group							
Cost							
At 1 January 2018	3,875	51,468	94,547	4,581	16,772	23,984	195,227
Currency translation differences	(250)	(3,260)	(6,148)	(236)	(908)	(1,582)	(12,384)
Additions	–	237	165	249	611	3,261	4,523
Disposals/written off	–	–	–	(521)	(178)	–	(699)
Reclassification	–	115	1,657	(20)	51	(1,803)	–
At 31 December 2018	3,625	48,560	90,221	4,053	16,348	23,860	186,667
Accumulated depreciation							
At 1 January 2018	1,034	11,136	43,601	3,163	13,180	–	72,114
Currency translation differences	(35)	(719)	(2,945)	(174)	(686)	–	(4,559)
Disposals/written off	–	–	–	(517)	(173)	–	(690)
Depreciation charge (Note 7)	110	2,572	5,900	565	1,272	–	10,419
Reclassifications	–	–	25	(20)	(5)	–	–
At 31 December 2018	1,109	12,989	46,581	3,017	13,588	–	77,284
Net book value							
At 31 December 2018	**2,516**	**35,571**	**43,640**	**1,036**	**2,760**	**23,860**	**109,383**
Cost							
At 1 January 2017	3,907	50,271	92,273	5,551	16,662	22,760	191,424
Currency translation differences	(32)	(410)	(765)	(18)	13	(164)	(1,376)
Additions	–	90	2,037	723	569	4,881	8,300
Disposals/written off	–	–	(379)	(504)	(2,238)	–	(3,121)
Reclassification	–	1,517	1,381	(1,171)	1,766	(3,493)	–
At 31 December 2017	3,875	51,468	94,547	4,581	16,772	23,984	195,227
Accumulated depreciation							
At 1 January 2017	921	8,526	38,155	4,236	12,818	–	64,656
Currency translation differences	(5)	(85)	(367)	(14)	8	–	(463)
Disposals/written off	–	–	(343)	(495)	(2,223)	–	(3,061)
Depreciation charge (Note 7)	118	2,706	6,156	588	1,414	–	10,982
Reclassifications	–	(11)	–	(1,152)	1,163	–	–
At 31 December 2017	1,034	11,136	43,601	3,163	13,180	–	72,114
Net book value							
At 31 December 2017	**2,841**	**40,332**	**50,946**	**1,418**	**3,592**	**23,984**	**123,113**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

19. PROPERTY, PLANT AND EQUIPMENT (continued)

	Buildings and improvements US$'000	Motor vehicles US$'000	Office equipment US$'000	Total US$'000
The Company				
Cost				
At 1 January 2018	362	776	2,254	3,392
Additions	–	146	7	153
Disposals	–	–	(5)	(5)
At 31 December 2018	362	922	2,256	3,540
Accumulated depreciation				
At 1 January 2018	201	340	2,100	2,641
Disposals	–	–	(4)	(4)
Depreciation charge	121	165	50	336
At 31 December 2018	322	505	2,146	2,973
Net book value				
At 31 December 2018	**40**	**417**	**110**	**567**
Cost				
At 1 January 2017	360	805	3,652	4,817
Additions	2	169	30	201
Disposals	–	(198)	(1,428)	(1,626)
At 31 December 2017	362	776	2,254	3,392
Accumulated depreciation				
At 1 January 2017	80	403	3,429	3,912
Disposals	–	(198)	(1,428)	(1,626)
Depreciation charge	121	135	99	355
At 31 December 2017	201	340	2,100	2,641
Net book value				
At 31 December 2017	**161**	**436**	**154**	**751**

(a) In 2018, the additions of property, plant and equipment under finance leases (where the Group is the lessee) amounted to US$87,000 (2017: US$84,000).

(b) The carrying amount of property, plant and equipment of the Group and the Company held under finance leases at 31 December 2018 amounted to US$1,191,000 (2017: US$1,633,000) and US$136,000 (2017: US$443,000) respectively.

(c) Bank borrowings are secured on property, plant and equipment and buildings of the Group with a carrying value of US$3,990,000 (2017: US$3,484,000) (Note 25(a)).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

20. INTANGIBLE ASSETS

	The Group			The Company		
	31 December 2018 US$'000	31 December 2017 US$'000	1 January 2017 US$'000	**31 December 2018 US$'000**	31 December 2017 US$'000	1 January 2017 US$'000
Brands and licence (Note (a))	**17,234**	4,267	4,141	**17,351**	4,351	4,351
Patents and trademarks (Note (b))	**177**	208	265	**–**	–	–
Computer software licences (Note (c))	**4,874**	4,089	837	**308**	192	816
	22,285	8,564	5,243	**17,659**	4,543	5,167

(a) Brands and licence

	The Group		The Company	
	2018 US$'000	2017 US$'000	**2018 US$'000**	2017 US$'000
Net book value				
Beginning of financial year	**4,267**	4,141	**4,351**	4,351
Additions	**13,000**	–	**13,000**	–
Currency translation difference	**(33)**	126	**–**	–
End of financial year	**17,234**	4,267	**17,351**	4,351
End of financial year				
Cost	**17,619**	4,652	**17,616**	4,616
Accumulated amortisation and impairment loss	**(385)**	(385)	**(265)**	(265)
Net book value	**17,234**	4,267	**17,351**	4,351

On 13 April 2018, the Company acquired the perpetual and exclusive licence and associated rights to the "Van Houten" brand name for consumer chocolate and consumer cocoa products for markets in Asia Pacific (excluding Korea, India and the Middle East) for US$13.0 million.

Brands and licence that are regarded as having indefinite useful lives are not amortised and are tested for impairment annually (Note 2.15(b)). These brands and licence have a long heritage and are protected in all of the markets where they are sold by trademarks, which are renewed indefinitely without involvement of significant cost.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

20. INTANGIBLE ASSETS (continued)

(b) Patents and trademarks

	The Group		The Company	
	2018	2017	**2018**	2017
	US$'000	US$'000	**US$'000**	US$'000
Net book value				
Beginning of financial year	**208**	265	**–**	–
Additions	**86**	48	**–**	–
Currency translation difference	**(2)**	12	**–**	–
Amortisation	**(115)**	(117)	**–**	–
End of financial year	**177**	208	**–**	–
End of financial year				
Cost	**1,846**	1,781	**–**	–
Accumulated amortisation	**(1,669)**	(1,573)	**–**	–
Net book value	**177**	208	**–**	–

(c) Computer software licences

	The Group		The Company	
	2018	2017	**2018**	2017
	US$'000	US$'000	**US$'000**	US$'000
Net book value				
Beginning of financial year	**4,089**	837	**192**	816
Additions	**1,999**	3,515	**193**	30
Disposal	**–**	–	**–**	(618)
Currency translation difference	**(257)**	(34)	**–**	–
Amortisation	**(957)**	(229)	**(77)**	(36)
End of financial year	**4,874**	4,089	**308**	192
End of financial year				
Cost	**6,109**	4,397	**493**	299
Accumulated amortisation	**(1,235)**	(308)	**(185)**	(107)
Net book value	**4,874**	4,089	**308**	192

In 2018, the Group invested US$1,990,000 (2017: US$3,499,000) for the implementation of the SAP platform as the Group's Enterprise Resource Planning (ERP) system.

In 2017, the Company re-charged the attributable costs of implementation of the SAP platform to its respective subsidiaries.

(d) Amortisation expense included in other operating expenses is analysed as follows:

	The Group	
	2018	2017
	US$'000	US$'000
Patents and trademarks	**115**	117
Computer software licences	**957**	229
Total (Note 7)	**1,072**	346

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

21. IMPAIRMENT TESTS

Brands and licence

The carrying values of brands and licence that are regarded as having indefinite useful lives are as follows:

	The Group			The Company		
	31 December 2018 US$'000	31 December 2017 US$'000	1 January 2017 US$'000	**31 December 2018 US$'000**	31 December 2017 US$'000	1 January 2017 US$'000
Carrying amount of brands and licence	**17,234**	4,267	4,141	**17,351**	4,351	4,351

The recoverable amounts of the brands and licence are determined based on value-in-use using the Royalty Relief Approach.

Key assumptions used for the Royalty Relief Approach:

	2018 %	2017 %
Royalty rates	**2.1 to 7.0**	2.1 to 4.1
Growth rate[(1)]	**2.8 to 6.7**	3.0
Discount rates[(2)]	**7.2 to 13.0**	8.9 to 9.7

Notes:

(1) Weighted average growth rate used to extrapolate cash flows beyond the budget period

(2) Based on weighted average cost of capital, adjusted for country risk premium and brand risk premium

In determining the recoverable amount of the Van Houten licence, management has engaged an external independent valuer to determine the fair value of the licence for its annual impairment test. The cash flows, which related to royalty earnings arising from sales of related products in key markets in Indonesia, Malaysia, Thailand, Singapore, Vietnam and the Philippines, were determined based on historical sales extrapolated over a five-year projection period using the market compounded annual growth rate for each category of chocolate confectionery products sold in each of these countries. The royalty rate used were based on a pre-existing agreement entered by the seller.

For the remaining brands, cash flow projections used in the value-in-use calculations were based on financial budgets approved by management covering a four year period. Management determined a royalty rate for each brand based on a benchmarking study of royalty agreements in the confectionery and food processing sector by an independent valuer.

The weighted average growth rates used are consistent with the forecasts included in industry reports relevant to the brands and licence. The discount rates used are based on the weighted average cost of capital (WACC), which is calculated based on publicly available market data and is pre-tax and reflects specific risks relating to the principal countries of the brands and licence.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

22. OTHER NON-CURRENT ASSETS

	The Group		
	31 December 2018 US$'000	31 December 2017 US$'000	1 January 2017 US$'000
Loan to third party	**–**	–	968
Deposits	**–**	99	18
Prepayments	**110**	34	45
Guarantee deposits	**93**	195	4
Tax recoverable	**2,129**	2,248	2,076
Others	**734**	122	62
	3,066	2,698	3,173

The carrying amounts of these non-current assets approximate their fair values.

23. TRADE PAYABLES

	The Group			The Company		
	31 December 2018 US$'000	31 December 2017 (Restated) US$'000	1 January 2017 US$'000	**31 December 2018 US$'000**	31 December 2017 US$'000	1 January 2017 US$'000
Trade payables:						
– Non-related parties	**32,435**	29,624	31,339	**917**	–	–
– Subsidiaries	**–**	–	–	**1,000**	1,075	332
– Associated company	**–**	–	1,151	**–**	–	–
– Joint venture	**738**	165	–	**–**	–	–
– Related parties	**1,453**	1,465	2,199	**–**	–	–
	34,626	31,254	34,689	**1,917**	1,075	332

Related parties represent corporations in which certain directors have substantial financial interests.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

24. OTHER PAYABLES

	The Group			The Company		
	31 December 2018	31 December 2017 (Restated)	1 January 2017 (Restated)	**31 December 2018**	31 December 2017	1 January 2017
	US$'000	US$'000	US$'000	**US$'000**	US$'000	US$'000
Other payables:						
– Non-related parties	**12,848**	16,004	17,740	**284**	233	215
– Subsidiaries	**–**	–	–	**363**	528	613
– Associated companies	**–**	78	–	**–**	1	–
– Joint venture	**4**	–	8	**4**	–	8
	12,852	16,082	17,748	**651**	762	836
Accrued operating expenses	**30,376**	28,631	21,530	**2,637**	2,931	3,250
	43,228	44,713	39,278	**3,288**	3,693	4,086

Other non-trade payables due to subsidiaries, associated companies and joint venture are unsecured, interest free and repayable upon demand.

25. BORROWINGS

	The Group			The Company		
	31 December 2018	31 December 2017	1 January 2017	**31 December 2018**	31 December 2017	1 January 2017
	US$'000	US$'000	US$'000	**US$'000**	US$'000	US$'000
Current						
Secured						
Bank borrowings	**4,268**	1,703	4,035	**–**	–	–
Finance lease liabilities (Note 26)	**142**	328	813	**100**	104	95
Trade finance	**13,784**	10,380	5,914	**–**	–	–
	18,194	12,411	10,762	**100**	104	95
Unsecured						
Bank overdrafts	**16,494**	16,963	22,502	**–**	–	–
Bank borrowings	**24,146**	17,762	10,933	**–**	–	–
	40,640	34,725	33,435	**–**	–	–
Total borrowings (current)	**58,834**	47,136	44,197	**100**	104	95
Non-current						
Secured						
Finance lease liabilities (Note 26)	**171**	219	458	**153**	172	190
Unsecured						
Bank borrowings	**–**	4,845	9,120	**–**	–	–
Total borrowings (non-current)	**171**	5,064	9,578	**153**	172	190
Total borrowings	**59,005**	52,200	53,775	**253**	276	285

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

25. BORROWINGS (continued)

The exposure of borrowings of the Group and of the Company to interest rate changes based on the contractual repricing dates at the balance sheet date is as follows:

	The Group			The Company		
	31 December 2018 US$'000	31 December 2017 US$'000	1 January 2017 US$'000	**31 December 2018 US$'000**	31 December 2017 US$'000	1 January 2017 US$'000
6 months or less	**43,238**	51,654	43,016	**–**	–	–
6 – 12 months	**15,532**	168	9,947	**49**	–	–
1 – 5 years	**150**	378	812	**119**	276	285
Over 5 years	**85**	–	–	**85**	–	–
	59,005	52,200	53,775	**253**	276	285

(a) Security granted

Bank borrowings of one of the subsidiaries are secured by property, plant and equipment (Note 19). Finance lease liabilities of the Group are secured by the rights to the leased property, plant and equipment (Note 19), which would revert to the lessor in the event of default by the Group.

(b) Maturity of non-current borrowings

The non-current borrowings (excluding finance lease liabilities (Note 26)) have the following maturity:

	The Group		
	31 December 2018 US$'000	31 December 2017 US$'000	1 January 2017 US$'000
Between one to two years	**–**	4,845	5,211
Between two to five years	**–**	–	3,909
	–	4,845	9,120

(c) Carrying amounts and fair value

The carrying amounts of borrowings approximate their fair value as the borrowings bear interest at variable rates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

26. FINANCE LEASE LIABILITIES

	The Group			The Company		
	31 December 2018 US$'000	31 December 2017 US$'000	1 January 2017 US$'000	**31 December 2018 US$'000**	31 December 2017 US$'000	1 January 2017 US$'000
Minimum lease payments due:						
– Not later than one year	**154**	347	852	**110**	114	105
– Between one to five years	**162**	232	479	**142**	183	200
– Later than five years	**26**	–	–	**26**	–	–
	342	579	1,331	**278**	297	305
Less: Future finance charges	**(29)**	(32)	(60)	**(25)**	(21)	(20)
Present value of finance lease liabilities	**313**	547	1,271	**253**	276	285

The present values of finance lease liabilities are analysed as follows:

	The Group			The Company		
	31 December 2018 US$'000	31 December 2017 US$'000	1 January 2017 US$'000	**31 December 2018 US$'000**	31 December 2017 US$'000	1 January 2017 US$'000
Not later than one year (Note 25)	**142**	328	813	**100**	104	95
Between one to five years (Note 25)	**146**	219	458	**128**	172	190
Later than five years (Note 25)	**25**	–	–	**25**	–	–
	313	547	1,271	**253**	276	285

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

27. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

(a) Non-current

	The Group		
	31 December 2018 US$'000	31 December 2017 US$'000	1 January 2017 US$'000
Employee post-employment defined benefit obligation	**11,444**	12,641	11,163
Others	**233**	299	491
	11,677	12,940	11,654

(b) Employee post-employment defined benefit obligation

The Group operates defined benefit plans for severance and service benefits required under the labour laws in Indonesia and the Philippines. These defined benefit plans are unfunded and are devised based on local market conditions and practices. All valuations were performed by independent actuaries at the end of each financial year using the projected unit credit method (Note 2.22(a)) and the Group reviews the assumptions used with its independent actuaries.

The amounts recognised in profit or loss are as follows:

	The Group	
	2018 US$'000	2017 US$'000
Current service cost	**1,332**	982
Interest cost	**834**	831
	2,166	1,813
Actuarial (gain)/loss recognised during the year	**(18)**	22
Past service cost due to curtailment	**–**	(927)
Past service cost due to plan amendment	**(104)**	–
Provision for termination benefits	**551**	38
Total, included in employee benefits expenses (Note 5)	**2,595**	946

The amounts recognised in other comprehensive income are as follows:

	The Group	
	2018 US$'000	2017 US$'000
Remeasurements of defined benefit obligation:		
– Actuarial gain on experience adjustments	**(136)**	(63)
– Actuarial (gain)/loss on changes in actuarial assumptions	**(1,924)**	1,135
	(2,060)	1,072

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

27. PROVISIONS FOR OTHER LIABILITIES AND CHARGES (continued)

(b) Employee post-employment defined benefit obligation (continued)

The movement in the defined benefit obligation recognised in the balance sheet is as follows:

	The Group	
	2018	2017
	US$'000	US$'000
Beginning of financial year	**12,641**	11,163
Total, included in employee benefits expenses (Note 5)	**2,595**	946
Benefits paid	**(926)**	(428)
Actuarial (gain)/loss recognised in other comprehensive income	**(2,060)**	1,072
Currency translation differences	**(806)**	(112)
End of financial year	**11,444**	12,641

The amounts recognised in the balance sheet are determined as follows:

	The Group		
	31 December	31 December	1 January
	2018	2017	2017
	US$'000	US$'000	US$'000
Present value of unfunded obligations	**11,444**	12,641	11,163

The valuation of defined benefit liabilities involves the use of appropriate assumptions such as discount rates, future salary increases, mortality rates, disability rates, retirement assumption rates and resignation rates. In determining the appropriate discount rates, management considers the market yields on government bonds in the respective countries. The mortality rates, disability rates and retirement assumption rates are based on country-specific mortality tables and labour laws of Indonesia and the Philippines. Future salary increases and resignation rates are projected based on historical information which are also objective and easily observed.

The significant actuarial assumptions used were as follows:

	The Group	
	2018	2017
	%	%
Discount rates (per annum)	**5.0 to 8.4**	5.0 to 7.4
Future salary increase (per annum)	**5.0 to 7.0**	5.0 to 7.0

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

27. PROVISIONS FOR OTHER LIABILITIES AND CHARGES (continued)

(b) Employee post-employment defined benefit obligation (continued)

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

			Increase/(decrease) in defined benefit obligation			
	Change in assumption		**Increase in assumption**		**Decrease in assumption**	
	2018	2017	**2018**	2017	**2018**	2017
	%	%	**US$'000**	US$'000	**US$'000**	US$'000
Discount rate	**0.5**	0.5	**(480)**	(782)	**554**	536
Future salary increases	**0.5**	0.5	**544**	574	**(480)**	(725)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

28. SHARE CAPITAL

	The Group and the Company Issued share capital	
	Number of shares '000	**Share capital US$'000**
2018		
Beginning and end of financial year	**611,157**	**95,936**
2017		
Beginning and end of financial year	611,157	95,936

All issued shares are fully paid. There is no par value for these ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

29. RESERVES

(a) Foreign currency translation reserve

	The Group	
	2018	2017
	US$'000	US$'000
Beginning of financial year:		
As previously stated	**(59,873)**	(60,228)
– Adoption of SFRS(I)s (Note 38(e))	**60,077**	60,092
– Retrospective adjustment of prior year errors (Note 38(e))	**114**	136
As restated	**318**	–
Net currency translation differences of financial statements of foreign subsidiaries, associated companies and joint ventures	**(10,363)**	328
Less: Non-controlling interest	**3**	(10)
	(10,360)	318
End of financial year	**(10,042)**	318

On 1 January 2017, the Group's foreign currency translation reserve was reduced to zero as at the date of transition to SFRS(I) (Note 2.2 and Note 38(a)).

(b) Other reserves

Other reserves comprise general reserve (Note 30(a)) and defined pension benefits obligations (Note 27).

30. RETAINED EARNINGS

(a) The Group's retained earnings as at 1 January 2017 and 31 December 2017 were reduced by US$60.1 million as a result of setting the cumulative translation differences for all foreign operations to zero as at the date of transition to SFRS(I) (Note 2.2 and Note 38(a)).

Subsidiaries in Indonesia are required under their local laws to set aside an amount from their net profit to a general reserve until this reserve accumulates to amounts of 20% of their fully paid capital. Such reserves are not distributable.

Retained earnings of the Group and the Company are distributable except for retained earnings of subsidiaries in Indonesia amounting to US$1,256,000 (2017: US$1,326,000) which are included in the Group's retained earnings.

(b) Movement in retained earnings for the Company is as follows:

	The Company	
	2018	2017
	US$'000	US$'000
Beginning of financial year	**8,765**	7,232
Profit for the year	**12,703**	14,839
Dividends paid (Note 31)	**(10,059)**	(13,306)
End of financial year	**11,409**	8,765

Movement in retained earnings for the Group is shown in the Consolidated Statement of Changes in Equity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

31. DIVIDENDS

	The Group	
	2018	2017
	US$'000	US$'000
Declared and paid during the year		
Final dividend for 2017: 0.58 US cents or 0.76 Singapore cents (2017: 0.95 US cents or 1.35 Singapore cents) per share	**3,545**	5,806
Interim dividend for 2018: 1.08 US cents or 1.47 Singapore cents (2017: 1.22 US cents or 1.66 Singapore cents) per share	**6,514**	7,500
	10,059	13,306

At the forthcoming Annual General Meeting on 29 April 2019, a final dividend of 0.81 US cents or 1.10 Singapore cents per share amounting to a total of US$4,950,000 will be recommended. The financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2019.

32. IMMEDIATE AND ULTIMATE HOLDING CORPORATIONS

The Company's immediate holding corporation is Aerodrome International Limited, a corporation that is incorporated in the British Virgin Islands. The Company's ultimate holding corporation is Credit Suisse Trust Limited ("CST"), incorporated in Singapore, in its capacity as trustee of Johnsonville Assets Limited and Johnsonville Holdings Limited. Mdm Lim Mee Len (wife of Mr Chuang Tiong Choon) is the beneficiary of Johnsonville Assets Trust of which CST has been appointed as the trustee. Mdm Lim Mee Len and Mr Chuang Tiong Choon are beneficiaries of Johnsonville Holdings Trust of which CST has been appointed as the trustee.

33. CONTINGENT LIABILITIES

(a) As at the balance sheet date, the Company has issued corporate guarantees to banks for its subsidiaries' and one of associated company's bank borrowings as follows:

	The Company		
	31 December 2018	31 December 2017	1 January 2017
	US$'000	US$'000	US$'000
Corporate guarantees			
– Subsidiaries	**16,735**	19,310	6,602
– Associated company	**–**	–	1,000
	16,735	19,310	7,602

(b) The Company was notified by Barry Callebaut of various claims under the continuing warranties, the details of which are set out in Note 3(i). In the event of an unfavourable outcome of any of these claims, and subject to the reservation of rights referred to in Note 3(i), the Company may have to pay and recognise additional liabilities and associated legal costs to Barry Callebaut.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

34. COMMITMENTS FOR EXPENDITURE

(a) Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	The Group			The Company		
	31 December 2018 US$'000	31 December 2017 US$'000	1 January 2017 US$'000	**31 December 2018 US$'000**	31 December 2017 US$'000	1 January 2017 US$'000
Expenditure for property, plant and equipment – Approved and contracted for	**429**	717	4,460	**–**	–	–

(b) Operating lease commitments

The Group and the Company lease various warehouses and office premises and warehouse equipments under operating lease agreements. The leases have varying terms and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	The Group			The Company		
	31 December 2018 US$'000	31 December 2017 US$'000	1 January 2017 US$'000	**31 December 2018 US$'000**	31 December 2017 US$'000	1 January 2017 US$'000
Not later than one year	**1,688**	2,223	2,302	**255**	964	899
Between one and five years	**1,534**	998	2,115	**22**	206	1,009
	3,222	3,221	4,417	**277**	1,170	1,908

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

35. FINANCIAL RISK MANAGEMENT

Overview

The Group's activities expose it to a variety of financial risks, market risks (including currency risk, price risk and interest rate risk), commodity price risk, credit risk and liquidity risk. The Group's overall risk management programme seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group uses derivative financial instruments, such as foreign exchange forwards, non-deliverable forwards and foreign currency borrowings, strictly for risk management.

Financial risk management is an integral part of the way the Group is managed. The Board provides written principles for overall risk management as well as written policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, and the use of derivative and non-derivative financial instruments. Risk management is executed jointly by a central Treasury department ("Group Treasury") and the Group's operating entities in accordance with the established policies and guidelines under close supervision by the Risk Management Committee and senior management. The Group Treasury identifies and evaluates certain financial risks in close co-operation with the Group's operating entities.

(a) Market risk

(i) Currency risk

The Group has transactional currency exposures arising from sales, purchases and operating costs by operating units in currencies other than the respective functional currencies of Group entities, primarily, Indonesian Rupiah ("IDR"), Philippine Pesos ("PHP") and Malaysian Ringgit ("MYR"). The foreign currencies in which these transactions are denominated are mainly the United States Dollar ("USD"), Singapore Dollar ("SGD") and EURO ("EUR").

The operating entities' revenue, financing and a majority of its costs and operating expenditures are denominated in the functional currency in the locations they operate. A majority of the Group's raw material purchases and imports of agency brands are denominated in currencies that are not the entities' functional currencies. The Group engages in risk management activities to minimise the impact of volatility of these foreign currencies on the Group's performance. Active management of currency exposures involves an ongoing assessment of the movement of the foreign exchange rate on the Group's profitability and determining the most efficient methods of minimising these risks with the objective of reducing the overall impact of currency risks to the business.

The Group Treasury assists the operating entities in monitoring the foreign exchange exposure on a net basis by monitoring their receipts and payments in each individual foreign currency, and in using foreign exchange forward contracts to manage certain currency exposures arising from transactions that are denominated in foreign currencies. It is the Group's policy not to enter a forward contract until a firm commitment is in place. Such contracts allow the Group to sell or buy currencies at pre-determined forward rates.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations. The Group's net investments in Indonesia, Malaysia, the Philippines and Singapore are managed primarily through borrowings denominated in the relevant foreign currencies.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

35. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group's currency exposure based on the information provided to key management is as follows:

	USD US$'000	GBP US$'000	SGD US$'000	PHP US$'000	EUR US$'000	Others US$'000	Total US$'000
At 31 December 2018							
Financial assets	53,950	34	1,342	18,084	167	86,955	160,532
Financial liabilities	(10,733)	(286)	(6,126)	(24,654)	(1,619)	(111,995)	(155,413)
Net financial assets/(liabilities)	**43,217**	**(252)**	**(4,784)**	**(6,570)**	**(1,452)**	**(25,040)**	**5,119**
Adjust: Net financial (assets)/liabilities denominated in functional currency	(47,451)	–	2,171	6,439	–	25,287	(13,554)
Currency exposure of financial (liabilities)/ assets net of those denominated in the respective entities' functional currencies	(4,234)	(252)	(2,613)	(131)	(1,452)	247	(8,435)
Firm commitments in foreign currencies	(3,585)	2	254	–	(1,987)	(885)	(6,201)
Derivative financial instruments							
Foreign exchange forwards	4,700	–	–	–	1,025	–	5,725
Currency Exposure	**(3,119)**	**(250)**	**(2,359)**	**(131)**	**(2,414)**	**(638)**	**(8,911)**
At 31 December 2017 (Restated)							
Financial assets	71,214	25	675	13,344	120	77,415	162,793
Financial liabilities	(9,125)	(441)	(4,857)	(21,848)	(649)	(107,714)	(144,634)
Net financial assets/(liabilities)	**62,089**	**(416)**	**(4,182)**	**(8,504)**	**(529)**	**(30,299)**	**18,159**
Adjust: Net financial (assets)/liabilities denominated in functional currency	(62,698)	–	2,058	7,213	–	29,767	(23,660)
Currency exposure of financial liabilities net of those denominated in the respective entities' functional currencies	(609)	(416)	(2,124)	(1,291)	(529)	(532)	(5,501)
Firm commitments in foreign currencies	(4,462)	–	81	–	(1,180)	(48)	(5,609)
Derivative financial instruments							
Foreign exchange forwards	5,189	–	–	–	600	–	5,789
Currency Exposure	**118**	**(416)**	**(2,043)**	**(1,291)**	**(1,109)**	**(580)**	**(5,321)**
At 1 January 2017 (Restated)							
Financial assets	66,140	10	2,160	21,836	85	72,146	162,377
Financial liabilities	(14,286)	(726)	(4,904)	(24,859)	(1,066)	(104,255)	(150,096)
Net financial assets/(liabilities)	**51,854**	**(716)**	**(2,744)**	**(3,023)**	**(981)**	**(32,109)**	**12,281**
Adjust: Net financial (assets)/liabilities denominated in functional currency	(58,826)	–	1,921	3,017	–	31,233	(22,655)
Currency exposure of financial liabilities net of those denominated in the respective entities' functional currencies	(6,972)	(716)	(823)	(6)	(981)	(876)	(10,374)
Firm commitments in foreign currencies	(233)	–	154	–	(143)	(51)	(273)
Derivative financial instruments							
Foreign exchange forwards	979	798	–	–	73	–	1,850
Currency Exposure	**(6,226)**	**82**	**(669)**	**(6)**	**(1,051)**	**(927)**	**(8,797)**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

35. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Company's currency exposure based on the information provided to key management is as follows:

	USD US$'000	SGD US$'000	GBP US$'000	EUR US$'000	Others US$'000	Total US$'000
At 31 December 2018						
Financial assets	47,742	678	18	7	1,015	49,460
Financial liabilities	(1,936)	(2,842)	(17)	(257)	(385)	(5,437)
Net financial assets/(liabilities)	**45,806**	**(2,164)**	**1**	**(250)**	**630**	**44,023**
Adjust: Net financial assets denominated in functional currency	(45,806)	–	–	–	–	(45,806)
Currency exposure of financial (liabilities)/assets net of those denominated in functional currency	–	(2,164)	1	(250)	630	(1,783)
Firm commitments in foreign currencies	–	(86)	2	(41)	–	(125)
Currency exposure	**–**	**(2,250)**	**3**	**(291)**	**630**	**(1,908)**
At 31 December 2017						
Financial assets	64,051	107	10	6	75	64,249
Financial liabilities	(1,563)	(2,084)	–	(85)	(1,292)	(5,024)
Net financial assets/(liabilities)	**62,488**	**(1,977)**	**10**	**(79)**	**(1,217)**	**59,225**
Adjust: Net financial assets denominated in functional currency	(62,488)	–	–	–	–	(62,488)
Currency exposure of financial (liabilities)/assets net of those denominated in functional currency	–	(1,977)	10	(79)	(1,217)	(3,263)
Firm commitments in foreign currencies	–	(29)	–	–	–	(29)
Currency exposure	**–**	**(2,006)**	**10**	**(79)**	**(1,217)**	**(3,292)**
At 1 January 2017						
Financial assets	62,237	306	9	6	70	62,628
Financial liabilities	(2,777)	(1,891)	–	(8)	(6)	(4,682)
Net financial assets/(liabilities)	**59,460**	**(1,585)**	**9**	**(2)**	**64**	**57,946**
Adjust: Net financial assets denominated in functional currency	(59,460)	–	–	–	–	(59,460)
Currency exposure of financial (liabilities)/assets net of those denominated in functional currency	–	(1,585)	9	(2)	64	(1,514)
Firm commitments in foreign currencies	–	(18)	–	–	–	(18)
Derivative financial instruments						
Foreign exchange forwards	–	–	798	–	–	798
Currency exposure	**–**	**(1,603)**	**807**	**(2)**	**64**	**(734)**

In addition to the above, the Company entered into foreign exchange forward contracts of US$2,100,000 and EUR600,000 (2017: US$3,286,000) to manage the currency exposure arising from foreign currency forward purchases made by its subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

35. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

Sensitivity analysis to foreign exchange movement

Assuming that all other variables, in particular interest rates, remain constant, a change of the United States Dollar against the following currencies at the balance sheet date will increase/(decrease) profit after tax by the amounts shown below:

	The Group			The Company		
	31 December 2018 US$'000	31 December 2017 US$'000	1 January 2017 US$'000	**31 December 2018 US$'000**	31 December 2017 US$'000	1 January 2017 US$'000
USD against SGD						
– strengthened 5% (2017: 5%)	**168**	124	66	**90**	82	66
– weakened 5% (2017: 5%)	**(168)**	(124)	(66)	**(90)**	(82)	(66)
USD against IDR						
– strengthened 5% (2017: 5%)	**(81)**	1	(111)	**–**	–	–
– weakened 5% (2017: 5%)	**81**	(1)	111	**–**	–	–
USD against MYR						
– strengthened 5% (2017: 5%)	**(19)**	34	(85)	**–**	–	–
– weakened 5% (2017: 5%)	**19**	(34)	85	**–**	–	–
USD against PHP						
– strengthened 5% (2017: 5%)	**62**	38	(43)	**5**	54	–
– weakened 5% (2017: 5%)	**(62)**	(38)	43	**(5)**	(54)	–

As at 31 December 2018, the total notional amounts of the Group's and the Company's foreign exchange forwards are US$5,725,000 and US$2,786,000 (2017: US$5,876,000 and US$3,286,000) respectively.

Any movement in GBP and EUR against USD would not have material impact on the Group's and the Company's financial results.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

35. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(ii) Price risk

The Group's business operations are exposed to fluctuations in the prices of its raw materials, especially cocoa ingredients, milk, sugar and packaging materials.

The Group monitors its exposure to raw material prices as an integral part of its overall risk management process and seeks to mitigate the exposure by buying forward its main raw material requirements based on forecasted sales. Purchase contracts for key raw materials are entered into up to 18 months ahead of the actual production date.

(iii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's exposure to interest rate risks arise primarily from its short-term bank deposits and debt obligations. The short-term bank deposits and borrowings are mainly at variable rates and these expose the Group and the Company to cash flow interest rate risks.

The net impact of the interest rate risks as at 31 December 2018 and 2017 is considered insignificant. Consequently, no sensitivity analysis is prepared by the Group and Company.

(b) Credit risk

Credit risk refers to the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's and the Company's major classes of financial assets are bank deposits (Note 11), and trade and other receivables (Notes 12 and 15).

For trade and other receivables, and loan to third party, the Group adopts the policy of dealing only with customers and other counterparties of appropriate credit history and where possible, the Group has obtained sufficient security to mitigate credit risk.

The credit exposure and credit terms granted to our customers are continuously monitored at the entity level by the respective management and at the Group level by the Group Treasury.

For derivatives and bank deposits, the Group and the Company only transact with high credit quality financial institutions. The Group limits the amount of credit exposure to any financial institution.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

35. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet, except as follows:

	The Company		
	31 December 2018	31 December 2017	1 January 2017
	US$'000	US$'000	US$'000
Corporate guarantees			
– Subsidiaries	**16,735**	19,310	6,602
– Associated company	**–**	–	1,000
	16,735	19,310	7,602

Concentrations of credit risk with respect to trade receivables are limited due to the large number of customers of the Group and the Company.

The credit risk for trade receivables based on the information provided to key management is as follows:

	The Group			The Company		
	31 December 2018	31 December 2017 (Restated)	1 January 2017 (Restated)	**31 December 2018**	31 December 2017	1 January 2017
	US$'000	US$'000	US$'000	**US$'000**	US$'000	US$'000
By geographical areas						
Indonesia	**48,128**	37,350	40,356	**710**	1,023	1,243
Singapore	**325**	27	140	**259**	–	–
Philippines	**7,095**	6,661	8,131	**81**	87	94
Thailand	**865**	302	200	**415**	–	–
Malaysia	**15,910**	15,387	12,655	**565**	–	–
China	**–**	–	12	**–**	–	–
Other countries in Asia	**123**	85	35	**114**	–	–
	72,446	59,812	61,529	**2,144**	1,110	1,337
By types of customers						
Subsidiaries	**–**	–	–	**1,334**	1,110	1,337
Related parties, associated companies and joint venture	**518**	73	108	**–**	–	–
Non-related parties:						
– International food and beverage companies	**22**	–	–	**22**	–	–
– Retail chains	**37,086**	28,412	25,248	**–**	–	–
– Wholesalers and distributors	**28,143**	23,917	31,284	**788**	–	–
– Others	**6,677**	7,410	4,889	**–**	–	–
	72,446	59,812	61,529	**2,144**	1,110	1,337

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

35. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(i) Trade receivables

The Group applies the SFRS(I) 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 6 years before 31 December 2018 or 1 January 2018 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the Group's credit risk exposure in relation to trade receivables as at 31 December 2018 and 1 January 2018 (on adoption of SFRS(I) 9) are set out in the provision matrix as follows:

	Current US$'000	Past due less than 30 days US$'000	Past due 1 to 3 months US$'000	Past due 3 to 6 months US$'000	Past due over 6 months US$'000	Total US$'000
31 December 2018:						
Expected loss rate	0.16%	0.34%	0.52%	0.43%	–	
Gross carrying amount	43,374	19,132	5,183	2,787	1,896	72,372
Loss allowance *	**71**	**66**	**27**	**12**	**–**	**176**
1 January 2018:						
Expected loss rate	0.22%	0.47%	1.21%	1.20%	–	
Gross carrying amount	39,785	15,481	3,710	898	151	60,025
Loss allowance *	**86**	**72**	**45**	**10**	**–**	**213**

* Excludes trade receivables which were individually determined to be impaired.

There is no provision made on trade receivables past due over 6 months as the outstanding balances relate to the Group's retail chain customers where there is no history of credit loss for the last 6 years before 31 December 2018 or 1 January 2018.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

35. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(i) Trade receivables (continued)

The movements in credit loss allowances in relation to trade receivables are as follows:

	2018 US$'000	2017 US$'000
Balance at 31 December – calculated under SFRS	**1,102**	413
Application of SFRS(I) 9 (Note 38(e))	**213**	227
Balance at 1 January – calculated under SFRS(I) 9	**1,315**	640
Increase in loss allowance recognised in profit or loss during the year	**349**	657
Receivables written off as uncollectible	**(210)**	(3)
Currency translation difference	**(71)**	21
At 31 December	**1,383**	1,315

Cash and cash equivalents, contract assets, loan to subsidiary, loans to associated company and joint venture and other receivables are subject to immaterial credit loss.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 180 days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

(ii) Previous accounting policy for impairment of trade receivables

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. Trade receivables that were individually determined to be impaired at the balance sheet date relate to debtors that were in significant financial difficulty and have defaulted on payments. These receivables were not secured by collateral or credit enhancement.

Receivables for which an impairment provision was recognised were written off against the provision when there was no expectation of recovering additional cash.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

35. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(ii) Previous accounting policy for impairment of trade receivables (continued)

Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit ratings assigned by international credit-rating agencies. Trade and other receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

Financial assets that are past due and/or impaired

There were no other class of financial assets that was past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	The Group		The Company	
	31 December 2017 US$'000	1 January 2017 US$'000	31 December 2017 US$'000	1 January 2017 US$'000
Past due less than 1 month	15,442	16,135	530	–
Past due 1 to 3 months	3,702	5,472	–	–
Past due 3 to 6 months	898	1,488	–	–
Past due over 6 months	151	25	–	–
	20,193	23,120	530	–

The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	The Group		The Company	
	31 December 2017 US$'000	1 January 2017 US$'000	31 December 2017 US$'000	1 January 2017 US$'000
Gross amount	1,102	413	–	–
Less: Allowance for impairment	(1,102)	(413)	–	–
	–	–	–	–
Beginning of financial year	413	365	–	–
Currency translation difference	16	(26)	–	–
Allowance made	675	77	–	–
Allowance utilised	(2)	(3)	–	–
End of financial year	1,102	413	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

35. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. Prudent liquidity risk management includes maintaining sufficient cash and having an adequate amount of committed credit facilities to meet the forecast net cash requirement of the Group's operations.

The table below analyses the Group's and Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year US$'000	Between 1 and 2 years US$'000	Between 2 and 5 years US$'000	Over 5 years US$'000	Total US$'000
The Group					
At 31 December 2018					
Trade and other payables	**(80,821)**	**–**	**–**	**–**	**(80,821)**
Provisions for other liabilities and charges	**–**	**–**	**–**	**(232)**	**(232)**
Borrowings	**(59,494)**	**(75)**	**(87)**	**(26)**	**(59,682)**
	(140,315)	**(75)**	**(87)**	**(258)**	**(140,735)**
At 31 December 2017 (restated)					
Trade and other payables	(80,292)	–	–	–	(80,292)
Provisions for other liabilities and charges	–	(18)	–	(279)	(297)
Borrowings	(48,156)	(5,155)	(85)	–	(53,396)
	(128,448)	(5,173)	(85)	(279)	(133,985)
At 1 January 2017 (restated)					
Trade and other payables	(78,628)	–	–	–	(78,628)
Provisions for other liabilities and charges	–	(319)	–	(172)	(491)
Borrowings	(45,722)	(6,220)	(4,175)	–	(56,117)
	(124,350)	(6,539)	(4,175)	(172)	(135,236)
The Company					
At 31 December 2018					
Trade and other payables	**(5,205)**	**–**	**–**	**–**	**(5,205)**
Borrowings	**(110)**	**(60)**	**(82)**	**(26)**	**(278)**
	(5,315)	**(60)**	**(82)**	**(26)**	**(5,483)**
At 31 December 2017					
Trade and other payables	(4,768)	–	–	–	(4,768)
Borrowings	(114)	(97)	(86)	–	(297)
	(4,882)	(97)	(86)	–	(5,065)
At 1 January 2017					
Trade and other payables	(4,418)	–	–	–	(4,418)
Borrowings	(105)	(96)	(104)	–	(305)
	(4,523)	(96)	(104)	–	(4,723)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

35. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

The table below analyses the Group's and the Company's derivative financial instruments for which contractual maturities are essential for an understanding of the timing of the cash flows into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year US$'000	Between 1 and 2 years US$'000	Between 2 and 5 years US$'000	Over 5 years US$'000	Total US$'000
The Group					
At 31 December 2018					
Net-settled non-deliverable forwards	**(57)**	**–**	**–**	**–**	**(57)**
At 31 December 2017					
Net-settled non-deliverable forwards	(82)	–	–	–	(82)
Gross-settled foreign exchange forwards					
– Payments	(2,993)	–	–	–	(2,993)
– Receipts	2,932	–	–	–	2,932
	(143)	–	–	–	(143)
At 1 January 2017					
Net-settled non-deliverable forwards	(91)	–	–	–	(91)
Gross-settled foreign exchange forwards					
– Payments	(797)	–	–	–	(797)
– Receipts	801	–	–	–	801
	(87)	–	–	–	(87)
The Company					
At 31 December 2018					
Net-settled non-deliverable forwards	**(57)**	**–**	**–**	**–**	**(57)**
At 31 December 2017					
Net-settled non-deliverable forwards	(82)	–	–	–	(82)
At 1 January 2017					
Net-settled non-deliverable forwards	(91)	–	–	–	(91)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

35. FINANCIAL RISK MANAGEMENT (continued)

(d) Capital risk

The Group's objectives when managing capital are to minimise the overall cost of capital and to achieve an optimal capital structure so as to maximise shareholder value. The Group leverages on its credit profile and business standing in broadening its financing options to include the capital markets. In 2014, the Company established a US$500 million Multicurrency Medium Term Note ("MTN") programme. The Multicurrency MTN programme enables the Group to reduce dependence on bank financing; provide flexibility and currency-matched financing of short and long term assets and reduce effective interest cost over the longer term. As at 31 December 2018, there was no draw down of the MTN (2017: Nil).

Management monitors capital based on the Group's gearing ratio. The Group and the Company are required by the banks to maintain a gearing ratio of not exceeding 300% (31 December 2017 and 1 January 2017: 300%). The gearing ratio is calculated as net debt divided by the Group's total equity. Net debt is calculated as borrowings less cash and cash equivalents. As of 31 December 2018, the Group is in a net borrowing position of US$4,297,000 (31 December 2017 and 1 January 2017: net cash position of US$15,168,000 and US$13,962,000 respectively).

The Group and the Company are also required by the banks to maintain a current ratio (current assets divided by current liabilities) of more than 100% (31 December 2017 and 1 January 2017: 100%).

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2018 and 2017.

(e) Fair value measurements

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2);

(iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

35. FINANCIAL RISK MANAGEMENT (continued)

(e) Fair value measurements (continued)

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
The Group				
At 31 December 2018				
Assets				
Derivative assets				
– Foreign exchange forwards	**–**	**–**	**–**	**–**
Liabilities				
Derivative liabilities				
– Non-deliverable forwards	**–**	**57**	**–**	**57**
At 31 December 2017				
Assets				
Derivative assets				
– Foreign exchange forwards	–	–	–	–
Liabilities				
Derivative liabilities				
– Foreign exchange forwards	–	61	–	61
– Non-deliverable forwards	–	82	–	82
At 1 January 2017				
Assets				
Derivative assets				
– Foreign exchange forwards	–	4	–	4
Liabilities				
Derivative liabilities				
– Non-deliverable forwards	–	91	–	91
The Company				
At 31 December 2018				
Liabilities				
Derivative liabilities				
– Non-deliverable forwards	**–**	**57**	**–**	**57**
At 31 December 2017				
Liabilities				
Derivative liabilities				
– Non-deliverable forwards	–	82	–	82
At 1 January 2017				
Liabilities				
Derivative liabilities				
– Non-deliverable forwards	–	91	–	91

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

35. FINANCIAL RISK MANAGEMENT (continued)

(e) Fair value measurements (continued)

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. The fair value of foreign exchange and non-deliverable forward contracts are determined using forward exchange rates at the balance sheet date. These instruments are included in Level 2. There are no financial instruments classified as Level 3 as the Group has not applied valuation techniques that are based on significant unobservable inputs.

The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated based on quoted market prices or dealer quotes for similar instruments by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The carrying amounts of borrowings approximate their fair values (Note 25(c)).

(f) Financial instruments by category

The carrying amounts of the different categories of financial instruments are as follows:

	The Group			The Company		
	31 December 2018	31 December 2017 (Restated)	1 January 2017 (Restated)	**31 December 2018**	31 December 2017	1 January 2017
	US$'000	US$'000	US$'000	**US$'000**	US$'000	US$'000
Loans and receivables	**139,319**	139,694	142,165	**49,463**	61,549	62,628
Financial assets at fair value through profit or loss	**–**	–	4	**–**	–	–
Financial liabilities at fair value through profit or loss	**57**	143	91	**57**	82	91
Financial liabilities at amortised cost	**139,881**	131,483	132,434	**5,437**	5,024	4,682

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

36. RELATED PARTY TRANSACTIONS

In addition to other related party information included elsewhere in the financial statements, the following related party transactions took place between the Group and related parties during the financial year:

(a) Sales and purchases of goods and services

	The Group	
	2018	2017
	US$'000	US$'000
Revenue:		
Sales to joint venture	**473**	–
Sales to related parties	**78**	740
Interest income from associated companies/joint venture	**40**	30
Service income from associated companies/joint ventures	**339**	192
Service income from related parties	**51**	54
Expenditure:		
Purchases from associated companies/joint venture	**2,869**	4,823
Purchases from related parties	**14,085**	15,424
Rental payable to associated companies	**71**	70
Professional fee payable to a related party	**36**	126
Directors' fees	**469**	473

Related parties represent corporations in which certain directors have substantial financial interests. The related party transactions between the Group and related parties were conducted at arm's length and on normal commercial terms.

Outstanding balances at 31 December 2018, arising from sale/purchase of goods and services, are unsecured and receivable/payable within 12 months from balance sheet date and are disclosed in Notes 12, 15, 23 and 24.

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	The Group	
	2018	2017
	US$'000	US$'000
Salaries and other short-term employee benefits	**5,813**	6,678
Post-employment benefits – contribution to CPF	**70**	69
	5,883	6,747

Included above is total compensation to directors of the Company amounting to US$2,303,000 (2017: US$3,136,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

37. SEGMENT INFORMATION

The Group engages in the manufacture and marketing of chocolate confectionery products under a variety of brands and distribution of a wide range of food and other consumer products, including agency brands.

Management has determined the operating segments based on the reports reviewed by the Executive Committee that are used to make strategic decisions. The Executive Committee comprises the Executive Directors. The Executive Committee manages and monitors its Branded Consumer business based on its two geographical segments, namely Indonesia and Regional Markets (which comprise the Philippines, Malaysia and Singapore).

The segment information provided to the Executive Committee for the reportable segments for the year ended 31 December 2018 is as follows:

	Indonesia US$'000	Regional Markets US$'000	Total US$'000
Sales:			
– Total segment sales	316,207	121,269	437,476
– Inter-segment sales	(10,464)	(43)	(10,507)
Sales to external parties	**305,743**	**121,226**	**426,969**
EBITDA	53,489	(2,230)	51,259
Interest income			1,224
Finance costs			(2,900)
Share of results of associated companies and joint ventures			(67)
Income tax expense			(15,096)
Other segment information			
Depreciation and amortisation	(10,454)	(1,037)	(11,491)
Capital expenditure on property, plant and equipment and intangible assets	2,988	3,534	6,522
Sales are analysed as:			
– Own Brands	233,327	48,014	281,341
– Agency Brands	72,416	73,212	145,628
	305,743	**121,226**	**426,969**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

37. SEGMENT INFORMATION (continued)

The segment information provided to the Executive Committee for the reportable segments for the year ended 31 December 2017 is as follows:

	Indonesia US$'000	Regional Markets US$'000	Total US$'000
Sales (restated):			
– Total segment sales	279,518	110,377	389,895
– Inter-segment sales	(8,511)	(88)	(8,599)
Sales to external parties	**271,007**	**110,289**	**381,296**
EBITDA (restated)	46,639	(2,254)	44,385
Interest income			948
Finance costs			(2,982)
Share of results of associated companies and joint ventures			(506)
Income tax expense			(13,298)
Other segment information			
Depreciation and amortisation	(10,524)	(804)	(11,328)
Capital expenditure on property, plant and equipment and intangible assets	9,647	2,168	11,815
Sales are analysed as:			
– Own Brands	198,558	44,065	242,623
– Agency Brands	72,449	66,224	138,673
	271,007	**110,289**	**381,296**

Sales between segments are carried out at arm's length. The revenue from external parties reported to the Executive Committee is measured in a manner consistent with that in the consolidated income statement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

37. SEGMENT INFORMATION (continued)

(a) Reconciliation of segment profits

The Executive Committee assesses the performance of the operating segments based on a measure of earnings before interest, tax, depreciation and amortisation ("EBITDA") for its operations. This measurement basis excludes the effect of expenditure from the operating segments that are not expected to recur regularly in every period which are separately analysed. Interest income and finance expenses are not allocated to segments, as this type of activity is driven by the Group Treasury, which manages the cash position of the Group.

A reconciliation of EBITDA to profit before tax is set out below:

	The Group	
	2018	2017 (Restated)
	US$'000	US$'000
EBITDA	**51,259**	44,385
Interest expense (Note 6)	**(2,900)**	(2,982)
Interest income (Note 4)	**1,224**	948
Depreciation of property, plant and equipment (Note 19)	**(10,419)**	(10,982)
Amortisation of intangible assets (Note 20(d))	**(1,072)**	(346)
Gain on disposal of associated company (Note 4)	**–**	4,629
Payment for liquidation of a joint venture (Note 17(b))	**–**	(660)
Exceptional items (Note 9)	**(2,136)**	(2,011)
Profit before tax	**35,956**	32,981

(b) Geographical information

Sales are based on the country in which the customer is located. Non-current assets are shown by the country where the assets are located.

	Revenue		Non-current assets	
	2018	2017 (Restated)	**2018**	2017
	US$'000	US$'000	**US$'000**	US$'000
Indonesia	**305,743**	271,007	**104,926**	119,282
Regional Markets:				
– Philippines	**40,885**	43,199	**10,842**	9,583
– Malaysia	**73,171**	62,739	**1,766**	836
– Singapore	**1,970**	928	**21,845**	9,434
– Other countries	**5,200**	3,423	**–**	–
	426,969	381,296	**139,379**	139,135

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

38. RECONCILIATION OF THE GROUP'S FINANCIAL STATEMENTS REPORTED

(a) Adoption of SFRS(I) 1 *First-time Adoption of SFRS(I)*

As disclosed in Note 2.2(i), the Group has elected to deem the cumulative translation differences for all foreign operations to be zero at the date of transition to SFRS(I) on 1 January 2017. As a result, the foreign currency translation reserve and retained earnings as at 31 December 2017 and 1 January 2017 were both reduced by US$60.1 million respectively to reflect the translation losses that arose before the date of transition being excluded.

(b) Adoption of SFRS(I) 15 *Revenue from Contracts with Customers*

In accordance with the requirements of SFRS(I) 1, the Group adopted SFRS(I) 15 retrospectively. The adoption of SFRS(I) 15 resulted in adjustments to the previously issued SFRS financial statements as explained below:

When a customer has a right to return the product within a given period, under SFRS, the Group recognised a provision for returns which was measured at the net price on the sale (US$58,000 at 31 December 2017 and US$1,767,000 at 1 January 2017), with revenue adjusted for the expected value of returns and cost of sales adjusted for the value of the corresponding goods expected to be returned.

The accounting for such sales with a right to return under the SFRS(I) 15 is as disclosed in Note 2.5(a). Accordingly, the Group presented a refund liability and a right to recover the products from its customer as an asset in its SFRS(I) financial statements. The amount of refund liability and rights to the returned goods at 31 December 2017 was US$4,374,000 and US$2,710,000 (1 January 2017: US$4,689,000 and US$2,979,000) respectively.

(c) Adoption of SFRS(I) 9 *Financial Instruments*

As disclosed in Note 2.2(iii), the Group has elected to apply the short-term exemption to adopt SFRS(I) 9 on 1 January 2018. Accordingly, the requirements of SFRS *Financial Instruments: Recognition and Measurement* are applied to financial instruments up to the financial year ended 31 December 2017.

At the same time, the Group is exempted from complying with SFRS(I) 7 *Financial instruments: Disclosures* for the comparative period to the extent that the disclosures required by SFRS(I) 7 and SFRS(I) 9 to comparative information about items within the scope of the SFRS(I) 9.

The accounting policies for financial instruments under SFRS(I) 9 is as disclosed in Note 2.10.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

38. RECONCILIATION OF THE GROUP'S FINANCIAL STATEMENTS REPORTED (continued)

(c) Adoption of SFRS(I) 9 *Financial Instruments* (continued)

The following financial assets will be subject to the expected credit loss impairment model under SFRS(I) 9:

- Trade receivables; and
- Loans to related parties and other receivables at amortised cost.

Arising from the adoption of SFRS(I) 9 as disclosed in Note 35(b)(i), retained earnings as at 1 January 2017 and 31 December 2017 will be reduced by US$161,000 (net of tax US$66,000) and US$150,000 (net of tax US$61,000) respectively with the recognition of impairment loss on trade receivables.

(d) Retrospective adjustment of prior year errors

During 2018, the Group discovered improper and unsubstantiated transactions in one of its wholly owned subsidiaries in the Philippines totalling $3.1 million (Peso 165.0 million) and US$2.1 million (Peso 106.6 million) respectively. These improper and unsubstantiated transactions resulted in the following retrospective adjustments to the Group's financial statements:

(i) Retained earnings as of 31 December 2017 and 1 January 2017 were reduced by US$4,072,000 and US$1,594,000 respectively.

(ii) Total comprehensive income for 2017 was reduced by US$2,479,000, of which US$468,000 related to an adjustment to cost of sales.

Other financial effects of the above retrospective adjustments made against other current assets, trade payables, other payables and exceptional items are set out in Note 38(e) and Note 38(f).

The Company has engaged Philippines law firms, Angara Abello Concepcion Regala & Cruz and Poblador, Bautista & Reyes, to pursue legal action and all remedies available. For the unsubstantiated transactions of US$2.1 million (Peso 106.6 million), the Company will carry out further investigations, assisted by an independent forensics and dispute advisory firm.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

38. RECONCILIATION OF THE GROUP'S FINANCIAL STATEMENTS REPORTED (continued)

(e) Reconciliation of the Group's equity reported

As at 1 January 2017	Reported under SFRS US$'000	(a) Effects of applying SFRS(I) 1 US$'000	(b) Effects of applying SFRS(I) 15 US$'000	(c) Effects of applying SFRS(I) 9 US$'000	(d) Retrospective adjustment in relation to correction of errors US$'000	Reported under SFRS(I) US$'000
ASSETS						
Current assets						
Cash and cash equivalents	67,737	–	–	–	–	67,737
Derivative assets	4	–	–	–	–	4
Trade receivables	61,756	–	–	(227)	–	61,529
Loan to subsidiary	–	–	–	–	–	–
Loan to joint venture	–	–	–	–	–	–
Inventories	54,685	–	–	–	–	54,685
Contract assets	–	–	2,979	–	–	2,979
Tax recoverable	5,792	–	–	–	–	5,792
Other current assets	12,697	–	–	–	–	12,697
	202,671	–	2,979	(227)	–	205,423
Non-current assets						
Investments in subsidiaries	–	–	–	–	–	–
Investments in associated companies and joint ventures	2,769	–	–	–	–	2,769
Loans to associated company and joint venture	932	–	–	–	–	932
Property, plant and equipment	126,768	–	–	–	–	126,768
Intangible assets	5,243	–	–	–	–	5,243
Deferred income tax assets	775	–	465	66	–	1,306
Other non-current assets	3,173	–	–	–	–	3,173
	139,660	–	465	66	–	140,191
Total assets	**342,331**	**–**	**3,444**	**(161)**	**–**	**345,614**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

38. RECONCILIATION OF THE GROUP'S FINANCIAL STATEMENTS REPORTED (continued)

(e) Reconciliation of the Group's equity reported (continued)

As at 1 January 2017	Reported under SFRS US$'000	(a) Effects of applying SFRS(I) 1 US$'000	(b) Effects of applying SFRS(I) 15 US$'000	(c) Effects of applying SFRS(I) 9 US$'000	(d) Retrospective adjustment in relation to correction of errors US$'000	Reported under SFRS(I) US$'000
LIABILITIES						
Current liabilities						
Trade payables	34,689	–	–	–	–	34,689
Contract liabilities	–	–	4,689	–	–	4,689
Other payables	37,820	–	–	–	1,458	39,278
Current income tax liabilities	1,382	–	–	–	–	1,382
Derivative liabilities	91	–	–	–	–	91
Borrowings	44,197	–	–	–	–	44,197
	118,179	–	4,689	–	1,458	124,326
Non-current liabilities						
Borrowings	9,578	–	–	–	–	9,578
Deferred income tax liabilities	1,628	–	–	–	–	1,628
Provisions for other liabilities and charges	11,654	–	–	–	–	11,654
	22,860	–	–	–	–	22,860
Total liabilities	**141,039**	**–**	**4,689**	**–**	**1,458**	**147,186**
NET ASSETS	**201,292**	**–**	**(1,245)**	**(161)**	**(1,458)**	**198,428**
EQUITY						
Capital and reserves attributable to equity holders of the Company						
Share capital	95,936	–	–	–	–	95,936
Foreign currency translation reserve	(60,228)	60,092	–	–	136	–
Other reserves	1,760	–	–	–	–	1,760
Retained earnings	163,710	(60,092)	(1,245)	(161)	(1,594)	100,618
	201,178	–	(1,245)	(161)	(1,458)	198,314
Non-controlling interest	114	–	–	–	–	114
TOTAL EQUITY	**201,292**	**–**	**(1,245)**	**(161)**	**(1,458)**	**198,428**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

38. RECONCILIATION OF THE GROUP'S FINANCIAL STATEMENTS REPORTED (continued)

(e) Reconciliation of the Group's equity reported (continued)

	As at 31 Dec 2017 reported under SFRS US$'000	(a) Effects of applying SFRS(I) 1 US$'000	(b) Effects of applying SFRS(I) 15 US$'000	(c) Effects of applying SFRS(I) 9 US$'000	(d) Retrospective adjustment in relation to correction of errors US$'000	As at 1 Jan 2018 reported under SFRS(I) US$'000
ASSETS						
Current assets						
Cash and cash equivalents	67,368	–	–	–	–	67,368
Derivative assets	–	–	–	–	–	–
Trade receivables	60,025	–	–	(213)	–	59,812
Loan to subsidiary	–	–	–	–	–	–
Loan to joint venture	60	–	–	–	–	60
Inventories	65,087	–	–	–	–	65,087
Contract assets	–	–	2,710	–	–	2,710
Tax recoverable	1,004	–	–	–	–	1,004
Other current assets	17,191	–	–	–	(1,383)	15,808
	210,735	–	2,710	(213)	(1,383)	211,849
Non-current assets						
Investments in subsidiaries	–	–	–	–	–	–
Investments in associated companies and joint ventures	3,830	–	–	–	–	3,830
Loans to associated company and joint venture	930	–	–	–	–	930
Property, plant and equipment	123,113	–	–	–	–	123,113
Intangible assets	8,564	–	–	–	–	8,564
Deferred income tax assets	1,234	–	451	61	–	1,746
Other non-current assets	2,698	–	–	–	–	2,698
	140,369	–	451	61	–	140,881
Total assets	**351,104**	**–**	**3,161**	**(152)**	**(1,383)**	**352,730**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

38. RECONCILIATION OF THE GROUP'S FINANCIAL STATEMENTS REPORTED (continued)

(e) Reconciliation of the Group's equity reported (continued)

	As at 31 Dec 2017 reported under SFRS US$'000	(a) Effects of applying SFRS(I) 1 US$'000	(b) Effects of applying SFRS(I) 15 US$'000	(c) Effects of applying SFRS(I) 9 US$'000	(d) Retrospective adjustment in relation to correction of errors US$'000	As at 1 Jan 2018 reported under SFRS(I) US$'000
LIABILITIES						
Current liabilities						
Trade payables	30,593	–	–	–	661	31,254
Contract liabilities	–	–	4,374	–	–	4,374
Other payables	42,799	–	–	–	1,914	44,713
Current income tax liabilities	1,506	–	–	–	–	1,506
Derivative liabilities	143	–	–	–	–	143
Borrowings	47,136	–	–	–	–	47,136
	122,177	–	4,374	–	2,575	129,126
Non-current liabilities						
Borrowings	5,064	–	–	–	–	5,064
Deferred income tax liabilities	1,291	–	–	–	–	1,291
Provisions for other liabilities and charges	12,940	–	–	–	–	12,940
	19,295	–	–	–	–	19,295
Total liabilities	**141,472**	**–**	**4,374**	**–**	**2,575**	**148,421**
NET ASSETS	**209,632**	**–**	**(1,213)**	**(152)**	**(3,958)**	**204,309**
EQUITY						
Capital and reserves attributable to equity holders of the Company						
Share capital	95,936	–	–	–	–	95,936
Foreign currency translation reserve	(59,873)	60,092	(13)	(2)	114	318
Other reserves	1,010	–	–	–	–	1,010
Retained earnings	172,437	(60,092)	(1,200)	(150)	(4,072)	106,923
	209,510	–	(1,213)	(152)	(3,958)	204,187
Non-controlling interest	122	–	–	–	–	122
TOTAL EQUITY	**209,632**	**–**	**(1,213)**	**(152)**	**(3,958)**	**204,309**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

38. RECONCILIATION OF THE GROUP'S FINANCIAL STATEMENTS REPORTED (continued)

(f) Reconciliation of the Group's total comprehensive income reported

For the financial year ended 31 December 2017	Reported under SFRS US$'000	(a) Effects of applying SFRS(I) 1 US$'000	(b) Effects of applying SFRS(I) 15 US$'000	(c) Effects of applying SFRS(I) 9 US$'000	(d) Retrospective adjustment in relation to correction of errors US$'000	Reported under SFRS(I) US$'000
Revenue	380,910	–	386	–	–	381,296
Cost of sales	(250,917)	–	(290)	–	(468)	(251,675)
Gross profit	129,993	–	96	–	(468)	129,621
Other operating income	6,223	–	–	–	–	6,223
Expenses						
Selling and distribution costs	(76,545)	–	(38)	20	–	(76,563)
Administrative expenses	(20,223)	–	–	–	–	(20,223)
Finance costs	(2,982)	–	–	–	–	(2,982)
Other operating expenses	(578)	–	–	–		(578)
Exceptional items	–	–	–	–	(2,011)	(2,011)
Share of results of associated companies and joint ventures	(506)	–	–	–	–	(506)
Profit before income tax	35,382	–	58	20	(2,479)	32,981
Income tax expense	(13,277)	–	(15)	(6)	–	(13,298)
Total profit	**22,105**	**–**	**43**	**14**	**(2,479)**	**19,683**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

38. RECONCILIATION OF THE GROUP'S FINANCIAL STATEMENTS REPORTED (continued)

(f) Reconciliation of the Group's total comprehensive income reported (continued)

For the financial year ended 31 December 2017	Reported under SFRS US$'000	(a) Effects of applying SFRS(I) 1 US$'000	(b) Effects of applying SFRS(I) 15 US$'000	(c) Effects of applying SFRS(I) 9 US$'000	(d) Retrospective adjustment in relation to correction of errors US$'000	Reported under SFRS(I) US$'000
Total profit for the year	22,105	–	43	14	(2,479)	19,683
Other comprehensive (loss)/income:						
Items that may be reclassified to profit or loss:						
– Currency translation differences arising from consolidation	365	–	(13)	(2)	(22)	328
Items that will not be reclassified to profit or loss:						
– Remeasurements of defined pension benefits obligation	(1,072)	–	–	–	–	(1,072)
– Tax on remeasurements	259	–	–	–	–	259
– Share of other comprehensive loss of associated company	(11)	–	–	–	–	(11)
	(824)	–	–	–	–	(824)
Other comprehensive (loss)/income, net of tax	(459)	–	(13)	(2)	(22)	(496)
Total comprehensive income /(loss) for the year	**21,646**	**–**	**30**	**12**	**(2,501)**	**19,187**

(g) There were no material adjustments to the Group's restatement of cash flows arising from the transition from SFRS to SFRS(I).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

39. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant to the Group's accounting periods beginning on or after 1 January 2019 and which the Group has not early adopted:

SFRS(I) 16 *Leases* (effective for annual periods beginning on or after 1 January 2019)

SFRS(I) 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

As at 31 December 2018, the Group has non-cancellable operating lease commitments of US$3,222,000 (Note 34(b)). Of these commitments, approximately US$491,000 relate to short term leases and US$110,000 relate to low-value leases which will be recognised on a straight-line basis as expense in profit or loss.

For the remaining leases commitments the Group expects to recognise right-of-use assets of approximately US$2,396,000 on 1 January 2019 and lease liabilities of US$2,396,000 (after adjustments for prepayments). Net current assets will be US$1,085,000 lower due to the presentation of a portion of the liability as a current liability.

The application of SFRS(I) 16 is not expected to have significant impact on the Group's net profit after tax.

40. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Delfi Limited on 20 March 2019.

APPENDIX (SHAREHOLDERS' MANDATE)

This Appendix is circulated to Shareholders of Delfi Limited together with the Company's annual report. Its purpose is to provide Shareholders with the relevant information relating to, and to seek Shareholders' approval to renew the Shareholders' Mandate to be tabled at the Annual General Meeting to be held on 29 April 2019 at 2:00 p.m., at Singapore Marriott Tang Plaza Hotel, Ballroom III, Level 3, 320 Orchard Road, Singapore 238865.

The Notice of Annual General Meeting and a Proxy Form are enclosed with the Annual Report.

DELFI LIMITED

(Incorporated in the Republic of Singapore)
Company Registration Number: 198403096C

**APPENDIX IN RELATION TO
THE PROPOSED RENEWAL OF
THE SHAREHOLDERS' MANDATE FOR
INTERESTED PERSON TRANSACTIONS**

APPENDIX (SHAREHOLDERS' MANDATE)

DEFINITIONS

In this appendix (***Appendix***), the following definitions apply throughout unless otherwise stated:

AGM	:	The annual general meeting of the Company to be convened on 29 April 2019, notice of which is set out in the Annual Report 2018 despatched together with this Appendix;
Audit Committee	:	An audit committee of the Company comprising Mr Anthony Michael Dean (Chairman), Mr Pedro Mata-Bruckmann and Mr Koh Poh Tiong;
CDP	:	The Central Depository (Pte) Limited;
Company	:	Delfi Limited;
Companies Act	:	Companies Act, Chapter 50 of Singapore;
Directors	:	The directors of the Company as at the date of this Appendix;
Executive Directors	:	The executive directors as at the date of this Appendix, unless otherwise stated;
Group	:	The Company and its subsidiaries;
Independent Director(s)	:	The independent director(s) of the Company as at the date of this Appendix unless otherwise stated;
Interested Person	:	A director, chief executive officer or controlling shareholder of the Company or an associate of such director, chief executive officer or controlling shareholder;
Interested Person Transaction	:	A transaction proposed to be entered into between the Group and any Interested Person;
John Chuang	:	Chuang Tiong Choon also known as Ma Wei Lin
Joseph Chuang	:	Chuang Tiong Liep also known as Chit Ko Ko
Latest Practicable Date	:	The latest practicable date prior to the printing of this Appendix, being 14 March 2019;
Listing Manual	:	The listing manual of the SGX-ST;
Rp or Rupiah	:	Indonesian Rupiah;
Securities Account	:	A securities account maintained by a Depositor with CDP but does not include a securities sub-account;
SGX-ST	:	Singapore Exchange Securities Trading Limited;

APPENDIX (SHAREHOLDERS' MANDATE)

Shareholders	:	Registered holders of Shares, except that where the registered holder is CDP, the term ***Shareholders*** shall, where the context admits, mean the Depositors whose Securities Accounts are credited with Shares;
Shares	:	Ordinary shares in the capital of the Company;
Substantial Shareholder	:	A person who has an interest in Shares which is 5% or more of the total votes attached to all the voting ;
S$	:	Singapore dollars;
US$ and cents	:	United States dollars and cents, respectively;
William Chuang	:	Chuang Tiong Kie also known as Maung Lu Win; and
% or per cent.	:	Per centum or percentage.

The terms ***Depositor*** and ***Depository Register*** shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore (***Securities and Futures Act***).

Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Listing Manual and Securities and Futures Act or any modification thereof and not otherwise defined in this Appendix shall have the same meaning assigned to it under the Companies Act, the Listing Manual and Securities and Futures Act or any modification thereof, as the case may be.

Any reference to a time of day in this Appendix is made by reference to Singapore time unless otherwise stated.

APPENDIX (SHAREHOLDERS' MANDATE)

1. INTRODUCTION

The purpose of this Appendix is to provide Shareholders with the relevant information relating to, and to seek Shareholders' approval at the AGM to renew the general mandate (***Shareholders' Mandate***) that will enable the Group to enter into transactions with the Interested Persons in compliance with Chapter 9 of the Listing Manual.

Chapter 9 of the Listing Manual applies to transactions which a listed company or any of its subsidiaries or associated companies propose to enter into with an interested person of the listed company. An ***interested person*** is defined as a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder.

Chapter 9 of the Listing Manual allows a listed company to seek a Shareholders' Mandate for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations, which may be carried out with the listed company's ***interested persons***.

The Shareholders' Mandate was approved at the annual general meeting of the Company held on 30 April 2018 and will be effective until the next annual general meeting is held or required by law to be held, whichever is the earlier. Accordingly, the Directors propose that the Shareholders' Mandate be renewed at the AGM to be held on 29 April 2019, to take effect until the next annual general meeting of the Company.

General information relating to Chapter 9 of the Listing Manual, including the meanings of terms such as ***interested person, associate, associated company*** and ***controlling shareholder***, are set out in the Annexure of this Appendix.

2. THE RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

2.1 Classes of Interested Persons

The Shareholders' Mandate will apply to the Group's interested person transactions including PT Tri Keeson Utama, PT Fajar Mataram Sedayu, PT Freyabadi Indotama and PT Sederhana Djaja and each of their associates. Please refer to the section "Potential Conflicts of Interest" in the Company's prospectus dated 28 October 2004 for more details.

Transactions with Interested Persons which do not fall within the ambit of the proposed Shareholders' Mandate will be subject to the provisions of Chapter 9 and/or other applicable provisions of the Listing Manual.

APPENDIX (SHAREHOLDERS' MANDATE)

2. THE RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS (continued)

2.2 Scope of Interested Person Transactions

The interested person transactions with the Interested Persons which will be covered by the Shareholders' Mandate are the following:-

(a) Transactions with PT Tri Keeson Utama

By virtue of their aggregate interest in 99.9% of the shareholding in PT Sederhana Djaja, the Executive Directors, Mr John Chuang, Mr Joseph Chuang and Mr William Chuang are deemed to be interested in 100.0% of the issued share capital of PT Tri Keeson Utama held by PT Sederhana Djaja. Accordingly, transactions between the Group and PT Tri Keeson Utama are deemed to be interested person transactions.

PT Tri Keeson Utama is principally engaged in the business of mixing and blending cocoa cakes and cocoa powder. The Company and/or its subsidiary, PT General Food Industries, has been selling cocoa products such as cocoa powder and cocoa cakes to PT Tri Keeson Utama. The value of the Company's sales to PT Tri Keeson Utama for the period from 1 January 2018 up to the Latest Practicable Date are as set out below:-

	For the period from 1 January 2018 up to the Latest Practicable Date
Aggregate value of sales to PT Tri Keeson Utama (US$'000)	Nil

These transactions were entered into on a willing buyer and willing seller basis. The provision of cocoa products to PT Tri Keeson Utama is a recurrent interested person transaction.

Following the completion of the divestment of Cocoa Ingredients Division on 30 June 2013, sales of cocoa ingredients or products to PT Tri Keeson Utama has ceased. However, the Company may continue to provide some products to PT Tri Keeson Utama.

(b) Transactions with PT Fajar Mataram Sedayu

By virtue of their indirect interest in 99.9% of the shareholding in PT Sederhana Djaja, the Executive Directors, Mr John Chuang, Mr Joseph Chuang and Mr William Chuang are deemed to be interested in 51.0% of the issued share capital of PT Fajar Mataram Sedayu. The remaining shareholding interest in PT Fajar Mataram Sedayu is held by unrelated third parties. Accordingly, transactions between the Group and PT Fajar Mataram Sedayu are deemed to be interested person transactions.

APPENDIX (SHAREHOLDERS' MANDATE)

2. THE RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS (continued)

2.2 Scope of Interested Person Transactions (continued)

(b) Transactions with PT Fajar Mataram Sedayu (continued)

PT Fajar Mataram Sedayu is principally engaged in the manufacture and sale of compound chocolate rice primarily for industrial use, as well as the manufacture and sale of consumer chocolate targeted at the lower segment of the Indonesian consumer chocolate market.

(i) Sale of materials by the Group to PT Fajar Mataram Sedayu

The Company's subsidiaries, PT Perusahaan Industri Ceres and PT General Food Industries, have been undertaking the sale of products such as cocoa liquor, cocoa butter and vegetable fats to PT Fajar Mataram Sedayu. The value of the Company's sales to PT Fajar Mataram Sedayu for the period from 1 January 2018 up to the Latest Practicable Date are as set out below:-

	For the period from 1 January 2018 up to the Latest Practicable Date
Aggregate value of sales to PT Fajar Mataram Sedayu (US$'000)	Nil

These transactions were entered into on a willing buyer and willing seller basis. The provision of products such as cocoa liquor, cocoa butter and vegetable fats to PT Fajar Mataram Sedayu is a recurrent interested person transaction.

Following the completion of the divestment of Cocoa Ingredients Division on 30 June 2013, sales of cocoa ingredients or products to PT Fajar Mataram Sedayu has ceased. However, the Company may continue to provide some of the Company's products to PT Fajar Mataram Sedayu.

(ii) Purchase of goods from PT Fajar Mataram Sedayu

The Company's subsidiary, PT Nirwana Lestari, has been undertaking the purchase of products from PT Fajar Mataram Sedayu, for distribution in Bali, Indonesia. PT Nirwana Lestari intends to continue purchasing such products from PT Fajar Mataram Sedayu. The quantum of the Company's purchases from PT Fajar Mataram Sedayu for the period 1 January 2018 to the Latest Practicable Date are set out below:-

	For the period from 1 January 2018 up to the Latest Practicable Date
Aggregate value of purchases from PT Fajar Mataram Sedayu (US$'000)	703

These transactions were entered into on a willing buyer and willing seller basis. The purchase of chocolate rice, chocolate spread, wafer, and other products from PT Fajar Mataram Sedayu is a recurrent interested person transaction. The Company intends to continue purchasing such products from PT Fajar Mataram Sedayu.

APPENDIX (SHAREHOLDERS' MANDATE)

2. THE RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS (continued)

2.2 Scope of Interested Person Transactions (continued)

(c) Transactions with PT Freyabadi Indotama

By virtue of their aggregate interest in 100.0% of the shareholding in Berlian Enterprises Limited, the Executive Directors, Mr John Chuang, Mr Joseph Chuang and Mr William Chuang are deemed to be interested in 49.0% of the issued share capital of PT Freyabadi Indotama held in aggregate by McKeeson Investments Pte Ltd and PT Sederhana Djaja. Accordingly, transactions between the Group and PT Freyabadi Indotama are deemed to be interested person transactions.

PT Freyabadi Indotama is a joint venture entity, in which Fuji Oil Ltd, an unrelated third party, McKeeson Investments Pte Ltd and PT Sederhana Djaja own 51.0%, 30.0% and 19.0% of its issued share capital respectively. PT Freyabadi Indotama is principally engaged in the manufacture and sale of industrial chocolate.

(i) Sale of materials by the Group to PT Freyabadi Indotama

The Company's subsidiaries, PT Perusahaan Industri Ceres, PT Nirwana Lestari and PT General Food Industries have been undertaking the sale of products such as cocoa powder, cocoa butter, chocolate rice, cocoa liquor and other products to PT Freyabadi Indotama. The value of the Company's sales to PT Freyabadi Indotama for the period from 1 January 2018 up to the Latest Practicable Date are set out below:-

	For the period from 1 January 2018 up to the Latest Practicable Date
Aggregate revenue received from PT Freyabadi Indotama (US$'000)	78

These transactions were entered into on a willing buyer and willing seller basis. The provision of products such as cocoa powder, cocoa butter, chocolate rice, cocoa liquor and other products to PT Freyabadi Indotama is a recurrent interested person transaction. The Company intends to continue providing the Company's products to PT Freyabadi Indotama.

APPENDIX (SHAREHOLDERS' MANDATE)

2. THE RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS (continued)

2.2 Scope of Interested Person Transactions (continued)

(c) Transactions with PT Freyabadi Indotama (continued)

(ii) Purchase of products from PT Freyabadi Indotama

The Company's subsidiaries, PT Nirwana Lestari and PT Perusahaan Industri Ceres have been undertaking the purchase of chocolate coating and plastic packaging products from PT Freyabadi Indotama. The value of the Company's purchases from PT Freyabadi Indotama for the period from 1 January 2018 up to the Latest Practicable Date are as set out below:-

	For the period from 1 January 2018 up to the Latest Practicable Date
Aggregate purchases from PT Freyabadi Indotama (US$'000)	13,382

These transactions were entered into on a willing buyer and willing seller basis. The purchase of chocolate coating and plastic packaging products from PT Freyabadi Indotama is a recurrent interested person transaction. The Company intends to continue purchasing such products from PT Freyabadi Indotama.

(d) Transactions with PT Sederhana Djaja

By virtue of their aggregate interest in 100.0% of the shareholding in Berlian Enterprises Limited, the Executive Directors, Mr John Chuang, Mr Joseph Chuang and Mr William Chuang are deemed to be interested in 99.9% of the issued share capital of PT Sederhana Djaja held by McKeeson Investments Pte Ltd. Accordingly, transactions between the Group and PT Sederhana Djaja are deemed to be interested person transactions. PT Sederhana Djaja is an investment holding company.

The total annual rental paid by the Group to PT Sederhana Djaja for the period from 1 January 2018 up to the Latest Practicable Date are as set out below:-

	For the period from 1 January 2018 up to the Latest Practicable Date
Total annual rental paid to PT Sederhana Djaja (US$'000)	–

These transactions were entered into on a willing buyer and willing seller basis. The Group has terminated its lease agreements with PT Sederhana Djaja in 2018. However, the Company may continue to lease properties from PT Sederhana Djaja.

APPENDIX (SHAREHOLDERS' MANDATE)

2. THE RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS (continued)

2.3 Rationale for and Benefits of the Shareholders' Mandate

Shareholders' Mandate

In the ordinary course of the Group's business activities, the Group and the Interested Persons may enter into transactions with each other from time to time. Further, it is likely that such transactions will occur with some degree of frequency and could arise at any time.

The Directors are of the view that it will be beneficial to the Group to transact or continue to transact with the Interested Persons, especially since the transactions are to be entered into on normal commercial terms.

Due to the time-sensitive nature of commercial transactions, the Company is seeking Shareholders' approval pursuant to Chapter 9 of the Listing Manual for the renewal of the Shareholders' Mandate to enable the Group to enter into transactions with the Interested Persons, provided that such transactions are entered into in the Group's ordinary course of business, are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

The Shareholders' Mandate is intended to enhance the Group's ability to pursue business opportunities which are time-sensitive in nature, and will eliminate the need for the Company to announce, or to announce and convene separate general meetings on each occasion to seek Shareholders' prior approval for the entry by the Group into such transactions. This will substantially reduce administrative time and expenses associated with the making of such announcements or the convening of general meetings from time to time, and allow resources to be focused towards other corporate and business opportunities.

The Shareholders' Mandate will not cover any transactions between the Group and the Interested Persons which have a value below S$100,000 as the threshold and aggregation requirements under Chapter 9 of the Listing Manual do not apply to such transactions. In addition, the transactions will not include the purchase or sale of assets, undertakings or businesses that are not in the Group's ordinary course of business.

If approved at the AGM, the Shareholders' Mandate will take effect from the date of the passing of the resolution to be proposed at the AGM and will continue to be in force until the next annual general meeting. The Company will seek the approval of Shareholders for the renewal of the Shareholders' Mandate annually.

Pursuant to Rule 920(1)(a) of the Listing Manual, the Company is required to:-

(a) disclose the Shareholders' Mandate in the Company's annual report, giving details of the aggregate value of transactions conducted pursuant to the Shareholders' Mandate during the financial year under review, (in the form set out in Rule 907 of the Listing Manual); and

(b) announce the aggregate value of transactions conducted pursuant to the Shareholders' Mandate for the financial periods which it is required to report on within the time period required for the announcement of the financial results of the Group (in the form set out in Rule 907 of the Listing Manual).

APPENDIX (SHAREHOLDERS' MANDATE)

2. THE RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS (continued)

2.4 Review Procedures for Interested Person Transactions

The Company has established the following guidelines and procedures to ensure that all Interested Person Transactions are made on the Company's normal commercial terms and are consistent with the Group's usual business practices and policies, which are generally no more favourable to the Interested Person than those extended to unrelated third parties:-

(a) All Interested Person Transactions will be documented and submitted periodically to the Audit Committee for their review to ensure that such transactions are carried out on an arm's length basis and on normal commercial terms and are not prejudicial to the Company. In the event that a member of the Audit Committee is deemed to have an interest in an Interested Person Transaction, he will abstain from reviewing that particular transaction. The Audit Committee will include the review of Interested Person Transactions as part of the standard procedures during the Audit Committee's examination of the adequacy of the Group's internal controls.

(b) In respect of any purchase of products or procurement of services from Interested Persons, quotes received from at least two unrelated third parties in respect of the same or substantially the same types of transactions are to be used as a comparison wherever possible. The Audit Committee will review these comparables, taking into account pertinent factors, including but not limited to:

(i) whether the pricing is in accordance with the Company's usual business practice and policies;

(ii) quality of the products offered;

(iii) delivery time;

(iv) track record; and

(v) whether the terms are no more favourable to the Interested Persons than those extended by unrelated third parties.

In cases where it is not possible to obtain comparables from other unrelated third parties, the Company may enter into the transaction with the Interested Person provided that the price and terms received from the Interested Person are no less favourable than those extended by the Interested Person to the unrelated third parties, taking into account all pertinent factors including, but not limited to business practices, industry norms, volume, quality, delivery time and track record.

(c) In respect of any sale of products to Interested Persons, the Audit Committee will review the terms of the sale to ensure that they are not prejudicial to the interest of the Shareholders, taking into account pertinent factors, including but not limited to whether transactions with Interested Persons have been carried out at the prevailing market rates or prices on terms which are no more favourable to the Interested Person than the usual commercial terms extended to unrelated third parties.

Where the prevailing market rates or prices are not available due to the nature of the product to be sold, the Company may enter into the transaction with the Interested Person provided that the pricing policies are consistent with the usual margin obtained by the Group for the same or substantially similar type of transaction with unrelated third parties. In determining the transaction price payable by Interested Persons for such products, factors such as, but not limited to, quantity, volume, consumption, customer requirements, specifications and duration of contract will be taken into account.

APPENDIX (SHAREHOLDERS' MANDATE)

2. THE RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS (continued)

2.4 Review Procedures for Interested Person Transactions (continued)

The Group will implement the following procedures for the identification of interested persons and the recording of all the Company's interested person transactions:

(a) At or about the fifteenth day of each month, the heads of the various departments are required to submit details of all Interested Person Transactions entered into during the previous month to the Chief Financial Officer, such as the actual value of the transactions. A "nil" return is expected if there are no Interested Person Transactions for the month;

(b) the Chief Financial Officer will maintain a register of interested person transactions carried out with Interested Persons; and

(c) following the review of the list by the Chief Financial Officer, the list will be submitted to the Company's Chief Executive Officer for approval prior to the submission to the Audit Committee for review and approval.

The Directors will ensure that all disclosure requirements on the Interested Person Transactions, including those required by prevailing legislation, the Listing Manual and accounting standards, are complied with. In addition, such transactions will be subject to Shareholders' approval if required by the Listing Manual. The Company will disclose in its Annual Report the aggregate value of the Interested Person Transactions conducted during the financial year.

The Company will maintain a register of transactions carried out with the Interested Persons pursuant to the Shareholders' Mandate (recording the basis, including the quotations obtained to support such basis, on which they were entered into), and the Company's internal audit plan will incorporate a review of all transactions entered into in the relevant financial year pursuant to the Shareholders' Mandate.

The Audit Committee shall review these internal audit reports on the Interested Person Transactions annually to ascertain that the established review procedures to monitor the Interested Person Transactions have been complied with.

If, during these periodic reviews by the Audit Committee, the Audit Committee is of the view that the review procedures as stated above have become inappropriate or insufficient in view of changes to the nature of, or the manner in which, the business activities of the Group are conducted, the Company will revert to Shareholders for a fresh mandate based on new guidelines and review procedures to ensure that Interested Person Transactions will be conducted at arm's length, on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders.

APPENDIX (SHAREHOLDERS' MANDATE)

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and the Substantial Shareholders in Shares as at the Latest Practicable Date are set out below:

	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Substantial Shareholders				
Lim Mee Len	–	–	313,479,400[(1)]	51.29
John Chuang	220,800	0.036	313,863,400[(2)]	51.36
Credit Suisse Trust Limited (***CST***)	–	–	311,726,000[(3)]	51.01
Commonwealth Bank of Australia	–	–	67,605,100[(4)]	11.06
Colonial Holding Company Limited (***CHCL***)	–	–	67,605,100[(4)]	11.06
Commonwealth Insurance Holdings Limited (***CIHL***)	–	–	67,605,100[(4)]	11.06
Colonial First State Group Limited (***CFSGL***)	–	–	67,605,100[(4)]	11.06
First State Investments (UK Holdings) Ltd (***FSI UK***)	–	–	56,179,100[(5)]	9.19
SI Holdings Limited (***SIH***)	–	–	56,179,100[(5)]	9.19
First State Investment Management (UK) Limited (***FSIM UK***)	–	–	56,179,100[(5)]	9.19
Johnsonville Assets Limited (***JAL***)	–	–	311,726,000[(6)]	51.01
Johnsonville Holdings Limited (***JH***L)	–	–	311,726,000[(7)]	51.01
Aerodrome International Limited (***Aerodrome***)	–	–	311,726,000[(8)]	51.01
Joseph Chuang	270,800	0.044	309,061,000[(9)]	50.57
Maplegold Assets Limited (***Maplegold***)	–	–	308,741,000[(10)]	50.52
Berlian Enterprises Limited (***Berlian***)	–	–	308,741,000[(11)]	50.52
Springbright Investments Limited (***Springbrigh***t)	–	–	291,964,000[(12)]	47.77
Standard Life Aberdeen PLC	–	–	42,613,600[(13)]	6.97
Aberdeen Standard Investments (Asia) Limited (***ASIAL***)	–	–	42,613,600[(14)]	6.97
Aberdeen Asset Management PLC (***AAM PLC***)	–	–	42,613,600[(15)]	6.97
Directors				
Pedro Mata-Bruckmann	–	–	177,000[(16)]	0.03
John Chuang	220,800	0.036	313,863,400[(2)]	51.36
Joseph Chuang	270,800	0.044	309,061,000[(9)]	50.57
William Chuang	630,800	0.10	–	–
Anthony Michael Dean	–	–	50,000[(17)]	0.008
Davinder Singh	100,000	0.016	–	–
Koh Poh Tiong	–	–	–	–
Doreswamy Nandkishore	22,000	0.0036		

Notes:

(1) Mdm Lim Mee Len (wife of Mr John Chuang) is deemed to be interested in the Shares held (directly and indirectly) by Aerodrome, Berlian, Springbright, McKeeson Investments Pte Ltd (***McKeeson***) and Honeychurch International Limited (***Honeychurch***), including her shares which are held by her nominee, Citibank Nominees Singapore Pte Ltd. Mdm Lim's interests arise as she is the beneficiary of the Johnsonville Asset Trust (***JAT***) and Johnsonville Holdings Trust (***JHT***) of which CST has been appointed as the trustee. CST owns 100% of JAL and JHL, which in turns own 70% and 30% of the issued and paid-up share capital of Aerodrome. Accordingly, she is deemed to be interested in all the shares held (directly and indirectly) by Aerodrome and Honeychurch.

(2) Mr John Chuang is deemed to be interested in all the Shares held (directly and indirectly) by his wife, Mdm Lim Mee Len, including his shares which are held by his nominee, DBS Nominees Pte Ltd. He is also one of the beneficiaries of JHL.

(3) CST is a Singapore registered public trust company and its deemed interest arises from its 100% shareholding in JAL and JHL. Accordingly, CST is deemed to be interested in all the shares held (directly and indirectly) by Aerodrome.

APPENDIX (SHAREHOLDERS' MANDATE)

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS (continued)

(4) Commonwealth Bank of Australia (***CBA***) is the ultimate parent company of CHCL, CFSGL and CIHL. Accordingly, CBA is deemed to be interested in all the shares held (directly and indirectly) by each of CHCL, CFSGL and CIHL.

(5) FSI UK is the parent company of SIH and FSIM UK. Accordingly FSI UK is deemed to be interested in all the shares held (directly and indirectly) by each of SIH and FSIM UK.

(6) JAL has a 70% shareholding in Aerodrome. Accordingly, JAL is deemed to be interested in all the shares held (directly and indirectly) by Aerodrome.

(7) JHL has a 30% shareholding in Aerodrome. Accordingly, JHL is deemed to be interested in all the shares held (directly and indirectly) by Aerodrome.

(8) Aerodrome is the holding company of Berlian. Accordingly, Aerodrome is deemed to be interested in all the shares held (directly and indirectly) by Berlian.

(9) Mr Joseph Chuang is the sole shareholder of Maplegold. Accordingly, he is deemed to be interested in all the shares held (directly and indirectly) by Maplegold, including the shares held (directly or indirectly) by his wife, Madam Cheah Leong Teen and his shares which are held by his nominee, Citibank Nominees Singapore Private Limited.

(10) Maplegold has a 30% shareholding in Berlian. Accordingly, Maplegold is deemed to be interested in all the shares held (directly and indirectly) by Berlian.

(11) Berlian is the sole shareholder of McKeeson and Springbright. Accordingly, Berlian is deemed to be interested in all the shares held (directly and indirectly) by McKeeson and Springbright. In addition, Berlian's shares in the Company are held by its nominee, Citibank Nominees Singapore Private Limited.

(12) Springbright's shares in the Company are held by its nominee, Raffles Nominees (Pte) Ltd

(13) Standard Life Aberdeen PLC (***SLA***) is the parent company of its subsidiaries (together the "Group") on behalf of the accounts managed by the Group. SLA is deemed to be interested in an aggregate of 42,613,600 shares held by various accounts managed by SLA and its subsidiaries, over which SLA and its subsidiaries have disposal over voting rights.

(14) Aberdeen Standard Investments (Asia) Limited (***ASIAL***) (formerly known as Aberdeen Asset Management Asia Limited) is a wholly-owned subsidiary of AAM PLC, and is deemed to be interested in an aggregate of 42,613,600 shares held by various accounts managed by ASIAL over which ASIAL has disposal over voting rights.

(15) Aberdeen Asset Management PLC (***AAM PLC***) is a wholly-owned subsidiary of SLA, and is deemed to be interested in an aggregate of 42,613,600 shares held by various accounts managed by its subsidiaries, over which its subsidiaries have disposal over voting rights.

(16) Mr Pedro Mata-Bruckmann's shares in the Company are held by his nominee, Merrill Lynch (Singapore) Pte Ltd.

(17) Mr Anthony Michael Dean's shares in the Company are held by his nominees, DBS Nominees Pte Ltd.

4. AUDIT COMMITTEE'S STATEMENT

The Audit Committee has reviewed the terms of the Shareholders' Mandate subject to the renewal. Having considered, inter alia, the scope, the guidelines on review procedures, the rationale and the benefits of the Shareholders' Mandate, the Audit Committee confirms that (a) the review procedures for determining the prices of Interested Person Transactions have not changed since approval for the Shareholders' Mandate was last given; and (b) the review procedures set out in paragraph 2.4 of this Appendix are sufficient to ensure that the Interested Person Transactions will be transacted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

If, during the periodic reviews by the Audit Committee, it is of the view that the established review procedures are no longer appropriate or adequate to ensure that the Interested Person Transactions will be transacted on normal commercial terms and will not be prejudicial to the interests of the Company and minority Shareholders, the Company will seek a fresh mandate from Shareholders based on new review procedures.

APPENDIX (SHAREHOLDERS' MANDATE)

5. DIRECTORS' RECOMMENDATIONS

The Independent Directors are of the opinion that the entry into of the Interested Person Transactions by the Group in the ordinary course of its business will enhance the efficiency of the Group and is in the best interests of the Company. For the reasons set out in paragraph 2.3 of this Appendix, the Independent Directors recommend that Shareholders vote in favour of Resolution 10, being the Ordinary Resolution relating to the proposed renewal of the Shareholders' Mandate at the forthcoming AGM.

6. ANNUAL GENERAL MEETING

The AGM, notice of which is set out in the Annual Report 2018 of the Company, will be held on 29 April 2019 at Singapore Marriott Tang Plaza Hotel, Ballroom III, Level 3, 320 Orchard Road, Singapore 238865 at 2:00 p.m., for the purpose of considering and, if thought fit, passing with or without any modifications, the Ordinary Resolution relating to the renewal of the Shareholders' Mandate at the AGM as set out in the Notice of AGM.

7. ACTION TO BE TAKEN BY SHAREHOLDERS

If a Shareholder is unable to attend the AGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the Proxy Form attached to the Notice of AGM in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the Company's share registrar. M&C Services Private Limited at 112 Robinson Road, #05-01, Singapore 068902, not later than 48 hours before the time fixed for the AGM. Completion and return of the Proxy Form by a Shareholder will not prevent him from attending and voting at the AGM if he so wishes.

8. INSPECTION OF DOCUMENTS

Copies of the audited financial statements of the Company for the last two financial years ended 31 December 2017 and 2018 are available for inspection at the registered office of the Company at 111 Somerset Road, #12-03, TripleOne Somerset, Singapore 238164, during normal business hours from the date of this Appendix up to the date of the AGM.

9. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and the opinions expressed in this Appendix are fair and accurate and that there are no material facts the omission of which would make any statement in this Appendix misleading.

ANNEXURE

GENERAL INFORMATION RELATING TO CHAPTER 9 OF THE LISTING MANUAL

SCOPE

Chapter 9 of the Listing Manual applies to transactions which a listed company or any of its subsidiaries (which are not listed on the SGX-ST or an approved stock exchange) or associated companies (which are not listed on the SGX-ST or an approved stock exchange, provided that the listed group, or the listed group and its interested person(s) has control over) proposes to enter into with a counter-party which is an interested person of the listed company.

DEFINITIONS

An ***interested person*** means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder.

An ***associate*** means (a) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual), means (i) an immediate family member (that is, the spouse, child, adopted child, stepchild, sibling or parent), (ii) the trustees of any trust of which he or his immediate family is beneficiary or, in the case of discretionary trust, is a discretionary object, and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest (directly or indirectly) of 30% or more, and, (b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies, taken together (directly or indirectly), have an interest of 30% or more.

An ***associated company*** means a company in which at least 20% but not more than 50% of its shares are held by the listed company or the group.

A ***controlling shareholder*** means a person who holds (directly or indirectly) 15% or more of the total voting rights in the Company or one who in fact exercises control over the listed company.

GENERAL REQUIREMENTS

Except for certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested persons and are hence excluded from the ambit of Chapter 9 of the Listing Manual, immediate announcement or, immediate announcement and shareholders' approval would be required in respect of transactions with interested persons if certain financial thresholds (which are based on the value of the transaction as compared with the listed company's latest audited consolidated NTA), are reached or exceeded. In particular, shareholders' approval is required where:

(a) the value of such transaction, when aggregated with the value of all other transactions previously entered into with the same interested person during the same financial year of the listed company, is equal to or exceeds 5% of the latest audited consolidated NTA of the listed company; or

(b) the value of such transaction is equal to or exceeds 5% of the latest audited consolidated NTA of the listed company.

ANNEXURE

GENERAL INFORMATION RELATING TO CHAPTER 9 OF THE LISTING MANUAL

Immediate announcement of a transaction is required where:

(a) the value of such transaction when aggregated with the value of all other transactions previously entered into with the same interested person during the same financial year of the listed company is equal to or exceeds 3% of the latest audited consolidated NTA of the listed company; or

(b) the value of such transaction is equal to or exceeds 3% of the latest audited consolidated NTA of the listed company.

GENERAL MANDATE

A listed company may seek a general mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials but not in respect of the purchase or sale of assets, undertakings or businesses. A general mandate is subject to annual renewal.

DISCLOSURE UNDER SGX-ST LISTING MANUAL REQUIREMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

ADDITIONAL REQUIREMENTS OF SINGAPORE EXCHANGE SECURITIES TRADING LISTING MANUAL

(a) Corporate information

Company Secretaries
Chuang Yok Hoa, ACIS
Raymond Lam Kuo Wei

Registered Office
111 Somerset Road #12-03
TripleOne Somerset
Singapore 238164
Tel: (65) 6477 5600 Fax: (65) 6887 5181
Email address: enquiry@delfilimited.com

Registrar and Share Transfer Office
M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

Auditor
PricewaterhouseCoopers LLP
7 Straits View, Marina One
East Tower, Level 12
Singapore 018936
Mrs. Deborah Ong (Ms. Deborah Tan Yang Sock)
Partner-in-charge (since the financial year ended 31 December 2014)

(b) Material contracts

Chuang Tiong Choon, Chuang Tiong Liep and Chuang Tiong Kie, who are the Company's executive directors, are deemed to have an aggregate interest of 49.0% in the issued share capital of PT Freyabadi Indotama ("Freyabadi") held in aggregate by McKeeson Investments Pte Ltd and PT Sederhana Djaja by virtue of their aggregate interest in 100% of the shareholding in Berlian Enterprises. Chuang Tiong Kie is also the President Director of Freyabadi.

By virtue of their aggregate interest in 99.9% of the shareholding in PT Sederhana Djaja, Chuang Tiong Choon, Chuang Tiong Liep and Chuang Tiong Kie who are the Company's executive directors, are deemed to be interested in 100% of the issued share capital of PT Tri Keeson Utama ("TKU") held by PT Sederhana Djaja.

(i) Call Option Agreement

On 22 September 2004, the Company entered into a call option agreement with PT Sederhana Djaja and McKeeson Investments Pte Ltd (collectively, the "Grantors") pursuant to which the Grantors granted to the Company the right to require the Grantors to sell to the Company ordinary shares, representing 49%, 100% and 51% of the issued and paid-up share capital of Freyabadi, TKU and PT Fajar Mataram Sedayu ("FMS") respectively.

DISCLOSURE UNDER SGX-ST LISTING MANUAL REQUIREMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

ADDITIONAL REQUIREMENTS OF SINGAPORE EXCHANGE SECURITIES TRADING LISTING MANUAL (continued)

(b) Material contracts (continued)

(ii) Deed of Undertaking

On 22 September 2004, each of Chuang Tiong Choon, Chuang Tiong Liep and Chuang Tiong Kie (the "Covenantors") entered into a deed of undertaking with the Company to undertake and agree to dispose of their respective shareholding interests in Freyabadi, TKU and FMS in the event that the Audit Committee determines that a potential conflict of interest may arise between the Group, Freyabadi and TKU and between the Group and FMS; and the Group's acquisition of each Covenantor's shareholding interests in Freyabadi, TKU and FMS is not in the Group's commercial interest.

(c) (i) Directors' remuneration

A breakdown showing the level and mix of each executive director's remuneration (including salary, bonus, directors' fees and benefits-in-kind) paid and payable for financial years 2017 and 2018 are as follows:

	2018			
	Basic Salary (%)	**Variable or Bonuses (%)**	**Benefits in Kind (%)**	**Total (%)**
S$1,000,000 to S$1,249,999				
– Chuang Tiong Choon	**80**	**7**	**13**	**100**
S$500,000 to S$749,999				
– Chuang Tiong Liep	**80**	**6**	**14**	**100**
– Chuang Tiong Kie	**77**	**7**	**16**	**100**

	2017			
	Basic Salary (%)	Variable or Bonuses (%)	Benefits In Kind (%)	Total (%)
S$2,000,000 to S$2,249,999				
– Chuang Tiong Choon	47	47	6	100
S$750,000 to S$999,999				
– Chuang Tiong Liep	64	26	10	100
S$500,000 to S$749,999				
– Chuang Tiong Kie	74	15	11	100

DISCLOSURE UNDER SGX-ST LISTING MANUAL REQUIREMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

ADDITIONAL REQUIREMENTS OF SINGAPORE EXCHANGE SECURITIES TRADING LISTING MANUAL (continued)

(c) (i) **Directors' remuneration** (continued)

The remuneration of its non-executive directors for financial years 2017 and 2018 are as follows:

	FY2018 S$	FY2017 S$	**Fee (%)**	**Total (%)**
Pedro Mata-Bruckmann	**188,059**	197,861	100	100
Anthony Michael Dean	**153,640**	167,220	100	100
Davinder Singh	**70,903**	74,598	100	100
Koh Poh Tiong	**114,227**	115,312	100	100
Doreswamy Nandkishore (appointed on 3 January 2017)	**97,378**	102,454	100	100
Total	**624,207**	657,445		

(ii) **Executive Officers' remuneration**

2018	**Basic Salary (%)**	**Variable or Bonuses (%)**	**Benefits in Kind (%)**	**Retirement (%)**	**Total (%)**
S$750,000 to S$999,999					
Francis Benedict Ryan[(1)]	**42**	**19**	**7**	**32**	**100**
S$500,000 to S$749,999					
Lim Seok Bee	**70**	**18**	**12**	**–**	**100**
Nancy Florencia	**78**	**21**	**1**	**–**	**100**
Johnny Katio[(3)]	**98**	**–**	**2**	**–**	**100**
Amos Moses Yang	**63**	**–**	**37**	**–**	**100**
S$250,000 to S$499,999					
Soh Buck Leng David	**76**	**9**	**15**	**–**	**100**
Lim Hock Thye	**77**	**6**	**17**	**–**	**100**
Foo Sze Kuan Dennis[(4)]	**85**	**14**	**1**	**–**	**100**
Below S$250,000					
Ferry Haryanto	**91**	**8**	**1**	**–**	**100**
Koo Liang Kwee[(1)]	**84**	**7**	**9**	**–**	**100**

DISCLOSURE UNDER SGX-ST LISTING MANUAL REQUIREMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

ADDITIONAL REQUIREMENTS OF SINGAPORE EXCHANGE SECURITIES TRADING LISTING MANUAL (continued)

(c) (ii) Executive Officers' remuneration (continued)

	2017				
	Basic Salary (%)	Variable Bonuses (%)	Benefits in Kind (%)	Retirement (%)	Total (%)
S$750,000 to S$999,999					
Lim Seok Bee	57	33	10	–	100
Nancy Florencia	50	49	1	–	100
S$500,000 to S$749,999					
Francis Benedict Ryan(1)	79	6	15	–	100
Amos Moses Yang	62	–	38	–	100
Ridwan C. Kidjo(2)	64	35	1	–	100
S$250,000 to S$499,999					
Ferry Haryanto	85	14	1	–	100
Soh Buck Leng David#	73	15	12	–	100
Lim Hock Thye	80	10	10	–	100
Johnny Katio(3)	99	–	1	–	100
Below S$250,000					
Foo Sze Kuan Dennis(4)	94	3	3	–	100

Notes:

(1) Francis Benedict Ryan retired on 10 September 2018 and Koo Liang Kwee was appointed as the Group Chief Financial Officer on 10 September 2018.

(2) Ridwan C. Kidjo resigned and ceased to be Commercial Director of a subsidiary in Indonesia on 31 December 2017.

(3) Johnny Katio was appointed as Commercial Director of a subsidiary in Indonesia on 1 July 2017.

(4) Foo Sze Kuan, Dennis was appointed as Director of Agency Brands of a subsidiary in Indonesia on 1 August 2017.

* The total remuneration paid to the top five key officers was US$2,484,000 (2017: US$2,548,000).

\# Soh Buck Leng David resigned from the Company with effect from 15 March 2019.

(c) (iii) Remuneration of employees who are immediate family members of a director or the CEO and whose salary exceeds S$50,000 per year are as follows:

S$200,000 to S$249,999		
David Chuang Koong Wey	Director of Information Technology	Son of Mr Chuang Tiong Choon
S$50,001 to S$99,999		
Chuang Yok Hoa	Company Secretary	Sister of Mr Chuang Tiong Choon
Chuang Koong Yi	Project Executive	Son of Mr Chuang Tiong Liep

DISCLOSURE UNDER SGX-ST LISTING MANUAL REQUIREMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

ADDITIONAL REQUIREMENTS OF SINGAPORE EXCHANGE SECURITIES TRADING LISTING MANUAL
(continued)

(d) Properties of the Group

Held by	Location	Land Area (sq m)	Tenure	Existing use
	Leasehold Land and Buildings			
PT Perusahaan Industri Ceres	Village: Pasawahan, Sub district: Dayeuh Kolot, No. 92 Regency: Bandung, Province: West Java Indonesia	4,378	30 years from February 2003	Chocolate factory, warehouse, office
	Village: Pasawahan, Sub district: Dayeuh Kolot, No. 92 Regency: Bandung, Province: West Java Indonesia	24,185	30 years from September 2004	Chocolate factory, warehouse, office
	Village: Pasawahan, Sub district: Dayeuh Kolot, No. 88 Regency: Bandung, Province: West Java Indonesia	3,840	30 years from November 2008	Chocolate factory, warehouse
	Village: Pasawahan, Sub district: Dayeuh Kolot, No. 94 Regency: Bandung, Province: West Java Indonesia	14,610	30 years from March 2009	Chocolate factory, warehouse, office
	Village: Pasawahan, Sub district: Dayeuh Kolot, No. 86 Regency: Bandung, Province: West Java Indonesia	15,750	30 years from March 2009	Chocolate factory, warehouse
	Village: Pasawahan, Sub district: Dayeuh Kolot, No. 90 Regency: Bandung, Province: West Java Indonesia	9,900	30 years from March 2009	Chocolate factory, warehouse

DISCLOSURE UNDER SGX-ST LISTING MANUAL REQUIREMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

ADDITIONAL REQUIREMENTS OF SINGAPORE EXCHANGE SECURITIES TRADING LISTING MANUAL (continued)

(d) Properties of the Group (continued)

Held by	Location	Land Area (sq m)	Tenure	Existing use
	Leasehold Land and Buildings			
PT Perusahaan Industri Ceres	Desa Wanakerta, Kecamatan Telukjambe Barat, Kabupaten Karawang	281,978	Registration in progress	For future expansion
PT Nirwana Lestari	Village: Bojong Menteng Sub District: East Bekasi, Jln Raya Narogong, Km 7 Regency: Bekasi Province: West Java Indonesia	19,450	20 years from December 2008	Office, warehouse
	Denpasar, Bali 80116 Jl. Cargo Permai I no.188	1,515	17 years from May 2005	Warehouse
	Denpasar, Bali 80116 Jl. Cargo Permai I no.188 (Agreement No. 108)	1,260	20 years from September 2011	Office, warehouse
	Denpasar, Bali 80116 Jl. Cargo Permai I no.188 (Agreement No. 15)	2,800	20 years from September 2011	Office, warehouse
Delfi Foods, Inc.	Barangay Parang, Marikina City, Metro Manila, Philippines	25,296	Freehold	Factory, warehouse and office building

DISCLOSURE UNDER SGX-ST LISTING MANUAL REQUIREMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

ADDITIONAL REQUIREMENTS OF SINGAPORE EXCHANGE SECURITIES TRADING LISTING MANUAL
(continued)

(e) Interested person transactions and conflicts of interest ("IPT")

Pursuant to Rule 920(1) of the Listing Manual, the Company has obtained a Shareholders' Mandate for it to enter into certain categories of interested person transactions with PT Tri Keeson Utama, PT Fajar Mataram Sedayu, PT Freyabadi Indotama and PT Sederhana Djaja and each of their associates. Transactions with interested persons which do not fall within the Shareholders' Mandate shall be subject to the relevant provisions of Chapter 9 of the Listing Manual of the SGX-ST.

As at 31 December 2018, the total IPT of US$14.2 million (2017: US$16.6 million) was recorded, as shown below.

Name of interested person	[1] Aggregate value of all interested person transactions during the financial year under review (excluding transactions conducted under shareholders' mandate pursuant to Rule 920) 2018 US$'000	[1] Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 2018 US$'000
PT Freyabadi Indotama		
– Sales of goods	–	78
– Purchase of products	–	13,382
– IT services	51	–
	51	13,460
PT Fajar Mataram Sedayu		
– Purchase of goods	–	703
	51	14,163

Note:

(1) Includes transactions less than S$100,000

DISCLOSURE UNDER SGX-ST LISTING MANUAL REQUIREMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

ADDITIONAL REQUIREMENTS OF SINGAPORE EXCHANGE SECURITIES TRADING LISTING MANUAL
(continued)

(f) Auditors' fees

	The Group	
	2018	2017
	US$'000	US$'000
Auditor's remuneration paid/payable to:		
– Auditor of the Company	**258**	198
– Other auditors*	**187**	171
Other fees paid/payable to:		
– Auditor of the Company	**57**	63
	502	432

* Includes the network of member firms of PricewaterhouseCoopers International Limited (PwCIL)

(g) Appointment of auditors

The Group has complied with Rules 712 and 716 of the Listing Manual issued by Singapore Exchange Securities Trading Limited in relation to its auditor.

(h) Compliance with Rule 716 of the Listing Rules of SGX-ST

Both the Audit Committee and Board are satisfied that the appointment of different auditors of its subsidiaries would not compromise the standard and effectiveness of the audit of the Company. Accordingly, the Company is in compliance with Rule 716 of the Listing Rules of the SGX-ST.

(i) Review of the provision of non-audit services by the auditors

The Audit Committee has undertaken a review of non-audit services provided by the auditor, and in the opinion of the Audit Committee, the provision of these non-audit services would not affect their independence.

(j) Internal controls

Please refer to information disclosed in the Corporate Governance Report.

SHAREHOLDINGS STATISTICS

AS AT 14 MARCH 2019

Total number of ordinary shares	:	611,157,000
Total number of voting shares	:	611,157,000
Total issued and paid-up capital	:	S$247,805,757.00
Total number of treasury shares held	:	Nil
Percentage of treasury shares against the total number of issued ordinary shares	:	0%
Total number of subsidiary holdings held	:	Nil
Percentage of subsidiary holdings against the total number of issued ordinary shares	:	0%
Class of shares	:	Ordinary shares
Voting rights	:	1 vote per ordinary share

ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	17	3.44	160	0.00
100 - 1,000	101	20.45	67,486	0.01
1,001 - 10,000	257	52.02	1,124,472	0.18
10,001 - 1,000,000	108	21.86	8,319,770	1.36
1,000,001 and above	11	2.23	601,645,112	98.44
	494	100.00	611,157,000	100.00

TOP 20 SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	%
1	Raffles Nominees(Pte) Limited	332,505,900	54.41
2	DBS Nominees Pte Ltd	128,996,130	21.11
3	Citibank Nominees Singapore Pte Ltd	87,802,562	14.37
4	BPSS Nominees Singapore (Pte.) Ltd.	28,620,620	4.68
5	Mckeeson Investments Pte Ltd	6,000,000	0.98
6	DBSN Services Pte Ltd	5,619,800	0.92
7	HSBC (Singapore) Nominees Pte Ltd	4,059,300	0.66
8	UOB Kay Hian Pte Ltd	2,933,200	0.48
9	Morgan Stanley Asia (S) Securities Pte Ltd	2,483,500	0.41
10	Chuang Mying Hwa @ Mying Mying	1,523,600	0.25
11	United Overseas Bank Nominees Pte Ltd	1,100,500	0.18
12	Chuang Yok Hoa @ Ma Lin Zi	896,200	0.15
13	Chuang Tiong Kie @ Maung Lu Win	630,800	0.10
14	ABN Amro Clearing Bank N.V.	524,400	0.09
15	Phillip Securities Pte Ltd	363,400	0.06
16	Nancy Florencia Tjie	318,000	0.05
17	Cheah Leong Teen	300,000	0.05
18	Chuang Tiong Liep @ Chit Ko Ko	270,800	0.04
19	Maybank Kim Eng Securities Pte.Ltd.	270,759	0.04
20	Chuang Tiong Choon @ Ma Wei Lin	220,800	0.04
		605,440,271	99.07

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information available to the Company, approximately 29.51% of the Company's shares listed on the Singapore Exchange Securities Trading Limited were held in the hands of the public. Therefore the Company has complied with Rule 723 of the Listing Manual.

SHAREHOLDINGS STATISTICS

AS AT 14 MARCH 2019

SUBSTANTIAL SHAREHOLDERS

(as recorded in the Register of Substantial Shareholders)

Name	Direct Interest Number of Shares	%	Deemed Interest Number of Shares	%
Lim Mee Len	–	–	313,479,400[(1)]	51.29
John Chuang	220,800	0.036	313,863,400[(2)]	51.36
Credit Suisse Trust Limited (***CST***)	–	–	311,726,000[(3)]	51.01
Commonwealth Bank of Australia	–	–	67,605,100[(4)]	11.06
Colonial Holding Company Limited (***CHCL***)	–	–	67,605,100[(4)]	11.06
Commonwealth Insurance Holdings Limited (***CIHL***)	–	–	67,605,100[(4)]	11.06
Colonial First State Group Limited (***CFSGL***)	–	–	67,605,100[(4)]	11.06
First State Investments (UK Holdings) Ltd (***FSI UK***)	–	–	56,179,100[(5)]	9.19
SI Holdings Limited (SIH)	–	–	56,179,100[(5)]	9.19
First State Investment Management (UK) Limited (***FSIM UK***)	–	–	56,179,100[(5)]	9.19
Johnsonville Assets Limited (***JAL***)	–	–	311,726,000[(6)]	51.01
Johnsonville Holdings Limited (***JHL***)	–	–	311,726,000[(7)]	51.01
Aerodrome International Limited (***Aerodrome***)	–	–	311,726,000[(8)]	51.01
Joseph Chuang	270,800	0.044	309,061,000[(9)]	50.57
Maplegold Assets Limited (***Maplegold***)	–	–	308,741,000[(10)]	50.52
Berlian Enterprises Limited (***Berlian***)	–	–	308,741,000[(11)]	50.52
Springbright Investments Limited (***Springbright***)	–	–	291,964,000[(12)]	47.77
Standard Life Aberdeen PLC (***SLA***)	–	–	42,613,600[(13)]	6.97
Aberdeen Standard Investments (Asia) Limited (***ASIAL***)	–	–	42,613,600[(14)]	6.97
Aberdeen Asset Management PLC (***AAM PLC***)	–	–	42,613,600[(15)]	6.97

Notes:

(1) Mdm Lim Mee Len (wife of Mr John Chuang) is deemed to be interested in the Shares held (directly and indirectly) by Aerodrome, Berlian, Springbright, McKeeson Investments Pte Ltd (***McKeeson***) and Honeychurch International Limited (***Honeychurch***)., including her shares which are held by her nominee, Citibank Nominees Singapore Pte Ltd. Mdm Lim's interests arise as she is the beneficiary of the Johnsonville Asset Trust (***JAT***) and Johnsonville Holdings Trust (***JHT***) of which CST has been appointed as the trustee. CST owns 100% of JAL and JHL, which in turns own 70% and 30% of the issued and paid-up share capital of Aerodrome. Accordingly, she is deemed to be interested in all the shares held (directly and indirectly) by Aerodrome and Honeychurch.

(2) Mr John Chuang is deemed to be interested in all the shares held (directly and indirectly) by his wife, Mdm Lim Mee Len, including his shares which are held by his nominee, DBS Nominees Pte Ltd. He is also one of the beneficiaries of JHL.

(3 CST is a Singapore registered public trust company and its deemed interest arises from its 100% shareholding in JAL and JHL. Accordingly, CST is deemed to be interested in all the shares held (directly and indirectly) by Aerodrome.

(4) Commonwealth Bank of Australia (***CBA***) is the ultimate parent company of CHCL, CFSGL and CIHL. Accordingly, CBA is deemed to be interested in all the shares held (directly and indirectly) by each of CHCL, CFSGL and CIHL.

(5) FSI UK is the parent company of SIH and FSIM UK. Accordingly FSI UK is deemed to be interested in all the shares held (directly and indirectly) by each of SIH and FSIM UK.

(6) JAL has a 70% shareholding in Aerodrome. Accordingly, JAL is deemed to be interested in all the shares held (directly and indirectly) by Aerodrome.

(7) JHL has a 30% shareholding in Aerodrome. Accordingly, JHL is deemed to be interested in all the shares held (directly and indirectly) by Aerodrome.

(8) Aerodrome is the holding company of Berlian. Accordingly, Aerodrome is deemed to be interested in all the shares held (directly and indirectly) by Berlian.

(9) Mr Joseph Chuang is the sole shareholder of Maplegold. Accordingly, he is deemed to be interested in all the shares held (directly and indirectly) by Maplegold, including the shares held (directly or indirectly) by his wife, Madam Cheah Leong Teen and his shares which are held by his nominee, Citibank Nominees Singapore Private Limited.

(10) Maplegold has a 30% shareholding in Berlian. Accordingly, Maplegold is deemed to be interested in all the shares held (directly and indirectly) by Berlian.

(11) Berlian is the sole shareholder of McKeeson and Springbright. Accordingly, Berlian is deemed to be interested in all the shares held (directly and indirectly) by McKeeson and Springbright. In addition, Berlian's shares in the Company are held by its nominee, Citibank Nominees Singapore Private Limited.

(12) Springbright's shares in the Company are held by its nominee, Raffles Nominees (Pte) Ltd

(13) Standard Life Aberdeen PLC (***SLA***) is the parent company of its subsidiaries (together the "**Group**") on behalf of the accounts managed by the Group. SLA is deemed to be interested in an aggregate of 42,613,600 shares held by various accounts managed by SLA and its subsidiaries, over which SLA and its subsidiaries have disposal over voting rights.

(14) Aberdeen Standard Investments (Asia) Limited (***ASIAL***) (formerly known as Aberdeen Asset Management Asia Limited) is a wholly-owned subsidiary of AAM PLC, and is deemed to be interested in an aggregate of 42,613,600 shares held by various accounts managed by ASIAL over which ASIAL has disposal over voting rights.

(15) Aberdeen Asset Management PLC (***AAM PLC***) is a wholly-owned subsidiary of SLA, and is deemed to be interested in an aggregate of 42,613,600 shares held by various accounts managed by its subsidiaries, over which its subsidiaries have disposal over voting rights.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of **DELFI LIMITED** (***Company***) will be held at Singapore Marriott Tang Plaza Hotel, Ballroom III, Level 3, 320 Orchard Road, Singapore 238865, on Monday, 29 April 2019 at 2:00 p.m., for the following purposes:

A. AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 31 December 2018, together with the auditors' report thereon. **(Resolution 1)**

2. To declare a final dividend of 1.10 Singapore cents per ordinary share for the financial year ended 31 December 2018. **(Resolution 2)**

3. To re-elect the following Directors who will be retiring under Regulation 104 of the Constitution of the Company and who, being eligible, offer themselves for re-election as Directors of the Company:

   (a) Mr Chuang Tiong Choon **(Resolution 3)**

   (b) Mr Chuang Tiong Liep **(Resolution 4)**

   (c) Mr Chuang Tiong Kie **(Resolution 5)**

   (See explanatory note)

4. To approve Directors' fees of US$468,800 payable by the Company for the financial year ending 31 December 2019 (2018: US$468,800). **(Resolution 6)**

5. To re-appoint PricewaterhouseCoopers LLP as auditors of the Company for the financial year ending 31 December 2019 and to authorise the Directors to fix their remuneration. **(Resolution 7)**

B. TO TRANSACT ANY OTHER ORDINARY BUSINESS THAT MAY PROPERLY BE TRANSACTED AT AN ANNUAL GENERAL MEETING

C. AS SPECIAL BUSINESS

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

NOTICE OF ANNUAL GENERAL MEETING

6. **Share Issue Mandate** **(Resolution 8)**

That, under section 161 of the Companies Act, Chapter 50 (***Act***) and the Listing Manual of the Singapore Exchange Securities Trading Limited (***SGX-ST***), authority be given to the Directors of the Company to:-

(a) (i) issue shares in the Company (***Shares***) whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements, or options (collectively, ***Instruments***) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible or exchangeable into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue Shares under any Instrument made or granted by the Directors while this Resolution was in force,

provided that:-

(1) the aggregate number of Shares to be issued under this Resolution (including Shares to be issued under the Instruments, made or granted under this Resolution) does not exceed 50 per cent of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to shareholders of the Company (including Shares under the Instruments made or granted under this Resolution) does not exceed 20 per cent of the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares shall be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any), at the time of the passing of this Resolution, after adjusting for:-

(a) new Shares arising from the conversion or exercise of convertible securities;

(b) new Shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares;

NOTICE OF ANNUAL GENERAL MEETING

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Act, the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

7. **Authority to allot and issue new ordinary shares under the Delfi Limited Scrip Dividend Scheme** **(Resolution 9)**

That under section 161 of the Act, authority be given to the Directors to allot and issue from time to time such number of new ordinary shares in the capital of the Company as may be required to be allotted and issued under the Delfi Limited Scrip Dividend Scheme.

8. **The Proposed Renewal of the Mandate for Interested Person Transactions** **(Resolution 10)**

That:-

(a) approval be given, for the purposes of Chapter 9 of the Listing Manual of the SGX-ST, for the Company, its subsidiaries and its associated companies which are entities at risk as defined in Chapter 9 of the Listing Manual of the SGX-ST, or any of them, to enter into any of the transactions falling within the types of interested person transactions, particulars of which are set out in the Annual Report of the Company for the financial year ended 31 December 2018 (***Appendix***) with any person who falls within the class of interested persons described in the Appendix, provided that such transactions are made at arm's length and on normal commercial terms, will not be prejudicial to the interests of the Company and its minority shareholders, and will be subject to the review procedures for interested person transactions as set out in the Appendix;

(b) the approval given in sub-paragraph (a) above (***IPT Mandate***) shall, unless revoked or varied by the Company in general meeting, continue in force until the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier; and

(c) the Directors be authorised to do all such acts and things (including, without limitation, executing all such documents as may be required) as they may consider expedient or necessary in the interests of the Company to give effect to the IPT Mandate and/or this Resolution.

By Order of the Board of Directors

Chuang Yok Hoa / Raymond Lam
Company Secretaries

Singapore, 12 April 2019

NOTICE OF ANNUAL GENERAL MEETING

Notes:

(1) A member of the Company entitled to attend and vote at the above meeting may appoint not more than two proxies to attend and vote on his behalf.

(2) A member who is a relevant intermediary entitled to attend and vote at the AGM is entitled to appoint more than two proxies to attend and vote at the AGM instead of such member, but each such proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

A "relevant intermediary" means:

(a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities Future Acts (Cap. 289) and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

(3) A proxy need not be a member of the Company and where there is more than one proxy, the proportion (expressed as a percentage of the whole) of his shareholding to be represented by each proxy must be stated.

(4) The instrument appointing a proxy or proxies must be deposited at the office of the Company's share registrar, M & C Services Private Limited at 112 Robinson Road, #05-01, Singapore 068902 not less than 48 hours before the time appointed for holding the meeting.

Personal Data Privacy

By submitting an instrument appointing a proxy and/or representative to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company:

(i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives relating to the Annual General Meeting (including any adjournment thereof); and

(ii) warrants that where the member discloses the personal data of the member's proxy and/or representative to the Company (or its agents), the member has obtained all necessary consents to do so, and that the Company (or its agents) may collect, use and disclose such personal data for the purposes above.

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES & STATEMENT UNDER REGULATION 64 OF THE CONSTITUTION OF THE COMPANY

ORDINARY BUSINESS

Resolutions 3, 4 and 5 are to re-elect Messrs Chuang Tiong Choon, Chuang Tiong Liep and Chuang Tiong Kie who will be retiring by rotation under Regulation 104 of the Constitution of the Company.

Resolution 3:
If re-elected, Mr Chuang Tiong Choon, an Executive Director, shall remain as Chief Executive Officer and Managing Director, Chairman of the Executive Committee (***ExCo***), and a member of the Nominating Committee (***NC***), Risk Management Committee (***RMC***) and Market Sustainability and Strategy Committee (***MSSC***) respectively.

Resolution 4:
If re-elected, Mr Chuang Tiong Liep, an Executive Director, shall remain as a member of the ExCo and MSSC respectively.

Resolution 5:
If re-elected, Mr Chuang Tiong Kie, an Executive Director, shall remain as a member of the ExCo.

SPECIAL BUSINESS

Resolution 8:
The proposed Resolution 8, if passed, will empower the Directors, from the date of the Annual General Meeting until the next annual general meeting of the Company, to issue Shares and/or Instruments up to an aggregate number not exceeding 50 per cent of the total number of issued Shares excluding treasury shares and subsidiary holdings, if any, with a sub-limit of 20 per cent for Shares issued other than on a pro rata basis to Shareholders.

Resolution 9:
The proposed Resolution 9, if passed, will empower the Directors to allot and issue shares in the Company under the Delfi Limited Scrip Dividend Scheme to members who, in respect of a qualifying dividend, have elected to receive scrip in lieu of the cash amount of that qualifying dividend.

Resolution 10:
The proposed Resolution 10, if passed, will renew the IPT Mandate (which was last renewed at the annual general meeting of the Company held on 30 April 2018) to facilitate the Company, its subsidiaries and associated companies which are entities at risk as defined in Chapter 9 of the Listing Manual of the SGX-ST, to enter into Interested Persons Transactions, the details of which are set out in the Annual Report. The authority under the renewed IPT Mandate will, unless revoked or varied by the Company in general meeting, expire at the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting is required by law to be held, whichever is the earlier.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE AGM

Messrs Chuang Tiong Choon, Chuang Tiong Liep and Chuang Tiong Kie who will be retiring by rotation under Regulation 104 of the Constitution of the Company, are seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 29 April 2019 ("***AGM***") (collectively the "Retiring Directors" and each a "***Retiring Director***").

The information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST, as required under Rule 720(6) of the Listing Manual of the SGX-ST, is set out below:

Name of Retiring Director	**Chuang Tiong Choon (John)**	**Chuang Tiong Liep (Joseph)**	**Chuang Tiong Kie (William)**
Date of Appointment	1 November 1989	2 March 1999	31 May 2001
Date of last re-appointment	26 April 2016	26 April 2016	26 April 2017
Age	70	67	60
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors, after considering the recommendation of the Nominating Committee, is of the view that John possesses the requisite experience and capabilities to continue to assume his responsibilities as Chief Executive Officer and Managing Director of the Group, and that he has the expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors, after considering the recommendation of the Nominating Committee, has reviewed and considered Joseph's work experience and suitability for re-appointment as an Executive Director of the Company. The Board has reviewed and concluded that Joseph possesses the expertise, knowledge and skills to contribute towards the core competencies of the Board	The Board of Directors, after considering the recommendation of the Nominating Committee, has reviewed and considered William's work experience and suitability for re-appointment as an Executive Director of the Company. The Board has reviewed and concluded that William possesses the expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Executive	Executive	Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Chief Executive Officer, Managing Director, Chairman of the Executive Committee and a member of Nominating Committee, Risk Management Committee and Market Sustainability and Strategy Committee	Executive Director, and a member of the Executive Committee and Market Sustainability and Strategy Committee	Executive Director and a member of the Executive Committee.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE AGM

Name of Retiring Director	Chuang Tiong Choon (John)	Chuang Tiong Liep (Joseph)	Chuang Tiong Kie (William)
Professional qualifications	N/A	N/A	N/A
Working experience and occupation(s) during the past 10 years	**Delfi Limited** 1 Nov 1989 - Present • Group Chief Executive Officer	**Delfi Limited** 28 Oct 2004 – 1 Oct 2017 • President Director – Branded consumer Division 1 October 2017 – Present • Group Chief Growth and Marketing Officer	**Delfi Limited** 28 Oct 2004 – 1 Oct 2017 • Chief Operational Officer – Branded Consumer Division (Indonesia) 1 Oct 2017 – Present • Business Development Director
Shareholding interest in the listed issuer and its subsidiaries	**Delfi Limited** Direct Interest: 220,800 Deemed Interest: 313,863,400 **Delfi Marketing, Inc.** Direct Interest: 1 **Ceres Super Pte Ltd** Deemed Interest: 900,000 **Cocoa Specialties, Inc.** Direct Interest: 1 **Delfi Foods, Inc.** Direct Interest: 1	**Delfi Limited** Direct Interest: 270,800 Deemed Interest: 309,061,000 **Delfi Marketing, Inc.** Direct Interest: 1 **Ceres Super Pte Ltd** Deemed Interest: 900,000	**Delfi Limited** Direct Interest: 630,800

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE AGM

Name of Retiring Director	Chuang Tiong Choon (John)	Chuang Tiong Liep (Joseph)	Chuang Tiong Kie (William)
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Yes. (i) Husband to Madam Lee Mee Len (Substantial Shareholder); (ii) Brother to Mr Chuang Tiong Liep (Executive Director and Substantial Shareholder); and (iii) Brother to Mr Chuang Tiong Kie (Executive Director)	Yes. (i) Brother to Mr Chuang Tiong Choon (Executive Director, Chief Executive Officer, Managing Director and Substantial Shareholder); (ii) Brother-in-law to Madam Lim Mee Len (Substantial Shareholder); and (iii) Brother to Mr Chuang Tiong Kie (Executive Director).	Yes. (i) Brother to Mr Chuang Tiong Choon (Executive Director, Chief Executive Officer, Managing Director and Substantial Shareholder); (ii) Brother-in-law to Madam Lim Mee Len (Substantial Shareholder); and (iii) Brother to Mr Chuang Tiong Liep (Executive Director).
Conflict of interest (including any competing business)	Deemed to be interested in Berlian Limited, the ultimate holding company of: (i) PT Freyabadi Indotama; (ii) Freyabadi (Thailand) Co., Ltd.; (iii) PT Tri Keeson Utama; and (iv) PT Fajar Mataram Sedayu.	Deemed to be interested in Berlian Limited, the ultimate holding company of: (i) PT Freyabadi Indotama; (ii) Freyabadi (Thailand) Co., Ltd.; (iii) PT Tri Keeson Utama; and (iv) PT Fajar Mat aram Sedayu.	Deemed to be interested in Berlian Limited, the ultimate holding company of: (i) PT Freyabadi Indotama; (ii) Freyabadi (Thailand) Co., Ltd.; (iii) PT Tri Keeson Utama; and (iv) PT Fajar Mataram Sedayu.
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE AGM

Name of Retiring Director	**Chuang Tiong Choon (John)**	**Chuang Tiong Liep (Joseph)**	**Chuang Tiong Kie (William)**
Other Principal Commitments Including Directorships			
Past (for the last 5 years)	Zeballos Shipping Limited PT Ceres – Meiji Indotama	PT Ceres – Meiji Indotama	PT Ceres – Meiji Indotama Wilson Holdings Limited
Present	<u>As a Director</u> Aerodrome International Limited Alsa Industries, Inc. Berlian Enterprises Limited Springbright Investments Limited Ceres Sime Confectionery Sdn Bhd Cocoa Specialties, Inc. Delfi Marketing, Inc. Delfi Foods, Inc. Delfi Singapore Pte. Ltd. Ceres (International) Marketing Pte. Ltd. McKeeson Investments Pte Ltd <u>As President Commissioner</u> PT Sederhana Djaja PT Perusahaan Industri Ceres PT Nirwana Lestari PT General Foods Industries	<u>As a Director</u> Delfi-Orion Pte. Ltd. Delfi Yuraku Pte Ltd. Ceres Super Pte. Ltd. Delfi Marketing Pte Ltd Delfi Singapore Pte. Ltd. Ceres (International) Marketing Pte Ltd Freyabadi (Thailand) Co., Ltd. Brands of Hudsons Sdn Bhd Ceres Simes Confectionery Sdn Bhd. Maplegold Assets Ltd. Pavilion View Holdings Limited <u>As a Commissioner</u> PT Nirwana Lestari PT Citra Tunggal Lestari PT Freyabadi Indotama PT Perusahaan Industri Ceres	<u>As a Director</u> McKeeson Consultants Pte Ltd McKeeson Investment 1 Pte Ltd Freyabadi (Thailand) Co., Ltd Delfi-Orion Pte. Ltd. Delfi Yuraku Pte. Ltd. <u>As a Commissioner</u> PT Freyabadi Indotama PT General Food Industries PT Delfi – Yuraku Indonesia

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE AGM

Name of Retiring Director	Chuang Tiong Choon (John)	Chuang Tiong Liep (Joseph)	Chuang Tiong Kie (William)
Information Required Pursuant to Listing Rule 704(7) of the Listing Manual of the SGX-ST			
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE AGM

Name of Retiring Director	Chuang Tiong Choon (John)	Chuang Tiong Liep (Joseph)	Chuang Tiong Kie (William)
Information Required Pursuant to Listing Rule 704(7) of the Listing Manual of the SGX-ST (continued)			
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE AGM

Name of Retiring Director	Chuang Tiong Choon (John)	Chuang Tiong Liep (Joseph)	Chuang Tiong Kie (William)
Information Required Pursuant to Listing Rule 704(7) of the Listing Manual of the SGX-ST (continued)			
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE AGM

Name of Retiring Director	Chuang Tiong Choon (John)	Chuang Tiong Liep (Joseph)	Chuang Tiong Kie (William)
Information Required Pursuant to Listing Rule 704(7) of the Listing Manual of the SGX-ST (continued)			
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :-			
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE AGM

Name of Retiring Director	**Chuang Tiong Choon (John)**	**Chuang Tiong Liep (Joseph)**	**Chuang Tiong Kie (William)**

Information Required Pursuant to Listing Rule 704(7) of the Listing Manual of the SGX-ST (continued)

(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :- (continued)

(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No	No	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	Yes On 13 May 2016, the Monetary Authority of Singapore ("MAS") issued a supervisory warning to Mr Chuang to comply with section 133 of the Securities and Futures Act (Cap. 289) and other applicable laws and regulations at all times. The letter was in relation to Mr Chuang's late notification to the Company in respect of the change of his deemed interest in the Company as a result of the acquisition of the Company's shares by his spouse.	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE AGM

Name of Retiring Director	Chuang Tiong Choon (John)	Chuang Tiong Liep (Joseph)	Chuang Tiong Kie (William)
Disclosure applicable to the appointment of Director only.			
Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N/A	N/A	N/A

This page has been intentionally left blank.

This page has been intentionally left blank.

This page has been intentionally left blank.

DELFI LIMITED
Registration No. 198403096C
(Incorporated in the Republic of Singapore)

PROXY FORM

IMPORTANT
1. For investors who have used their CPF monies to buy the Company's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR THEIR INFORMATION ONLY.
2. This proxy form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), the Shareholder accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 April 2019.
4. A relevant intermediary may appoint more than two proxies to attend the AGM and vote (please see Note 3 for the definition of "relevant intermediary").

PLEASE READ THE NOTES TO THE PROXY FORM.

I/We ______________________________ (NRIC / Passport No.) ____________________

of ____ (Address)

being a member/members of Delfi Limited (***Company***), hereby appoint:-

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings (%)

And/or (delete as appropriate)

or failing whom, Chairman of the Meeting, as my/our proxy/proxies to attend and vote for me/us on my/our behalf, at the annual general meeting of the Company (***AGM***) to be held at Singapore Marriott Tang Plaza Hotel, Ballroom III, Level 3, 320 Orchard Road, Singapore 238865 on Monday, 29 April 2019 at 2:00 p.m., and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any matter arising at the AGM and at any adjournment thereof.

(If you wish to exercise all your votes "For" or "Against", please tick with "✓ " within the box provided. Alternatively, please indicate the number of votes "For" or "Against" each resolution.)

No.	Resolutions	For	Against
Ordinary Business			
1.	To receive and adopt Directors' Statement and Audited Financial Statements for the year ended 31 December 2018, together with the auditors' report thereon.		
2.	To declare a final dividend.		
3.	To re-elect Mr Chuang Tiong Choon as a Director.		
4.	To re-elect Mr Chuang Tiong Liep as a Director.		
5.	To re-elect Mr Chuang Tiong Kie as a Director.		
6.	To approve Directors' fees for the financial year ending 31 December 2019.		
7.	To re-appoint PricewaterhouseCoopers LLP as auditors and to authorise the Directors to fix their remuneration.		
Special Business			
8.	To authorise Directors to issue shares and/or instruments under Section 161 of the Companies Act, Chapter 50.		
9.	To authorise Directors to issue new ordinary shares under the Delfi Limited Scrip Dividend Scheme.		
10.	To renew the Mandate for Interested Person Transactions.		

Dated this ____________ day of ____________ 2019

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

____
Signature(s) of member(s)/Common Seal

IMPORTANT – PLEASE READ NOTES OVERLEAF

Notes:

1. A member should insert the total number of ordinary shares in the capital of the Company (***Shares***) held. If the member has Shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Cap 289 (***SFA***)), he should insert that number of Shares. If the member has Shares registered in his name in the Register of Members, he should insert that number of Shares. If a member has Shares entered against his name in the Depository Register and Shares registered in his name in the Register of Members, he should insert the aggregate number of Shares entered against his name in the Depository Register and registered in his name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies will be deemed to relate to all the Shares held by the member.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote instead of him. A proxy need not be a member of the Company.

3. A member who is a relevant intermediary entitled to attend and vote at the AGM is entitled to appoint more than two proxies to attend and vote at the AGM instead of such member, but each such proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

   A "relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the SFA and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

4. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.

5. The instrument appointing a proxy or proxies must be deposited at the office of the Company's share registrar, M&C Services Private Limited at 112 Robinson Road, #05-01, Singapore 068902 not less than 48 hours before the time appointed for the AGM.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act (Cap. 50).

8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this instrument appointing a proxy or proxies.

9. In the case of members whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have Shares entered against their names in the Depository Register as at 72 hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy

By submitting an instrument appointing a proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM.

Some of the information in this report constitute "forward looking statements" which reflect Delfi's current intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which may be outside Delfi's control. You are urged to view all forward looking statements with caution. For updated information, please contact our Corporate Office.

NOTE ABOUT PRINTING:
In line with Delfi Limited continuing efforts to promote environmental sustainability, this report is printed on environmentally-friendly paper.

If you would like additional copies or to share this report, we encourage you to download the soft copy in order to reduce consumption of resources from printing and distributing hard copies. The portable document format (PDF) soft copy is available for download via Delfi Limited website: www.delfilimited.com.

ABOUT THE FOREST STEWARDSHIP COUNCIL
The Forest Stewardship Council™ (FSC™) is an independent, non-governmental, not-for-profit organisation established to promote the responsible management of the world's forests.

For more information, please visit: www.fsc.org.

MIX
Paper from responsible sources
FSC™ C004791

DELFI LIMITED

111 Somerset Road, #12-03
TripleOne Somerset
Singapore 238164

T: +65 6477 5600
F: +65 6887 5181
enquiry@delfilimited.com

Co. Reg. No. 198403096C
(Incorporated in the Republic of Singapore)

www.delfilimited.com