Delfi Limited
Unaudited Financial Statements and Dividend Announcement
For the 2nd Quarter and Half Year Ended 30 June 2019

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

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

		Group			Group		
		2Q ended 30 June			1H ended 30 June		
		2019	2018	Change	**2019**	2018	Change
	Notes	**US$'000**	US$'000	%	**US$'000**	US$'000	%
Revenue	1	**112,342**	109,078	3.0	**240,568**	216,411	11.2
Cost of Sales		**(71,648)**	(71,478)	0.2	**(153,986)**	(141,743)	8.6
Gross Profit		**40,694**	37,600	8.2	**86,582**	74,668	16.0
Other operating income		**519**	500	3.8	**1,444**	1,824	(20.8)
Expenses							
Selling and distribution costs		**(23,015)**	(20,796)	10.7	**(48,280)**	(42,207)	14.4
Administrative expenses		**(6,720)**	(6,760)	(0.6)	**(13,097)**	(11,919)	9.9
Finance costs	2	**(1,036)**	(811)	27.7	**(2,068)**	(1,526)	35.5
Other operating expenses		**(132)**	(3)	NM	**(341)**	(3)	NM
Exceptional items	3	**(72)**	(452)	(84.1)	**(184)**	(452)	(59.4)
Share of loss of associated company and joint ventures		**(285)**	(173)	64.7	**(527)**	(162)	225.0
Profit before income tax		**9,953**	9,105	9.3	**23,529**	20,223	16.3
Income tax expense		**(3,825)**	(3,973)	(3.7)	**(8,160)**	(7,491)	8.9
Total profit	4	**6,128**	5,132	19.4	**15,369**	12,732	20.7
Profit/(loss) attributable to:							
Equity holders of the Company		**6,128**	5,133	19.4	**15,369**	12,733	20.7
Non-controlling interest		**-**	(1)	NM	**-**	(1)	NM
		6,128	5,132	19.4	**15,369**	12,732	20.7
EBITDA		**13,867**	13,051	6.2	**31,441**	27,421	14.7
Earnings per ordinary share (US cents) - Basic and Diluted[a]							
- Exclude exceptional items		**1.01**	0.91	11.0	**2.54**	2.16	18.0
- Include exceptional items		**1.00**	0.84	19.4	**2.51**	2.08	20.7
Return on equity							
- Include exceptional items					**14.4%**	10.2%[c]	4.2% pt
- Exclude exceptional items[b]					**14.5%**	11.2%[c]	3.3% pt

Notes

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

b. Computed based on Net Profit excluding the exceptional charges in 1H 2019 and FY2018.

c. Computed based on FY2018 audited figures.

NM - Not meaningful.

Explanatory Notes on Income Statement

Note 1 - Revenue

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

	2Q ended 30 June			**1H ended 30 June**		
	2019	2018	Change	**2019**	2018	Change
	US$'000	US$'000	%	**US$'000**	US$'000	%
Indonesia	**81,569**	80,534	1.3	**175,227**	156,762	11.8
Regional Markets	**30,773**	28,544	7.8	**65,341**	59,649	9.5
	112,342	109,078	3.0	**240,568**	216,411	11.2

(b) Breakdown of Sales

	2Q ended 30 June			**1H ended 30 June**		
	2019	2018	Change	**2019**	2018	Change
	US$'000	US$'000	%	**US$'000**	US$'000	%
Own Brands	**70,760**	72,398	(2.3)	**159,168**	142,747	11.5
Agency Brands	**41,582**	36,680	13.4	**81,400**	73,664	10.5
	112,342	109,078	3.0	**240,568**	216,411	11.2

Our Own Brands sales performance in 2Q 2019 reflected the Group's strategic initiative, to phase out unprofitable value products and focus on building higher priced products in the General Trade segment in Indonesia. In April 2018, the Company acquired the exclusive and perpetual license and associated rights to the "*Van Houten*" brand name for consumer chocolate and consumer cocoa products for key markets in Asia Pacific from Hershey Singapore Pte Ltd (part of The Hershey Company). In 2Q and 1H 2019, *Van Houten* contributed US$3.4 million and US$8.0 million to the Group's Own Brands sales. Prior to the acquisition, *Van Houten* was classified as an Agency Brands in Indonesia.

Note 2 - Depreciation and Finance Cost

On 1 January 2019, the Group applied Singapore Financial Reporting Standards (International) ("SFRS(I)") 16 Leases - Please see paragraph 4 on page 16. On adoption of the new accounting standard, the Group recorded a depreciation charge of US$290,000 and US$631,000 on its right-of-use ("ROU") assets and finance cost of US$38,000 and US$83,000 for 2Q and 1H 2019 respectively. Correspondingly there was a decrease in operating lease rental expense by US$274,000 and US$559,000 for the same periods under review.

Note 3 - Exceptional Items

As disclosed in 2Q 2018, the Group discovered improper and unsubstantiated transactions in one of its wholly owned subsidiaries, Delfi Marketing, Inc. ("***DMI***") in the Philippines. Included in 2Q 2018 was the loss associated with the improper transactions. For 2Q and 1H 2019, exceptional losses reflected legal and professional fees incurred for on-going work carried out for the subsidiary.

Note 4 - Net Profit

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

		2Q ended 30 June			1H ended 30 June		
		2019	2018	Change	**2019**	2018	Change
	Notes	**US$'000**	US$'000	%	**US$'000**	US$'000	%
Depreciation of property, plant and equipment	1	**(2,792)**	(2,647)	5.5	**(5,666)**	(5,371)	5.5
Amortisation of intangible assets	2	**(343)**	(238)	44.3	**(682)**	(441)	54.7
Net foreign exchange (loss)/ gain		**(128)**	(16)	700.0	**(112)**	744	NM
Group under provision of tax in prior years		**(138)**	(738)	(81.3)	**(138)**	(726)	(81.0)
Gain on disposal of property, plant and equipment		**36**	32	12.5	**142**	80	77.5
Writeback/(Impairment loss) on trade receivables		**4**	(19)	NM	**(15)**	61	NM
Inventories written off		**(575)**	(321)	79.1	**(1,090)**	(605)	80.2
Allowance made for inventory obsolescence		**(392)**	(841)	(53.4)	**(511)**	(1,044)	(51.1)

Notes

1. Included in 2Q and 1H 2019 were depreciation on ROU assets of US$290,000 and US$631,000 respectively- please see Note 2 above and paragraph 4 on page 16.

2. The higher amortisation of intangible assets is attributable to the completion of the implementation of the SAP Enterprise Resource Planning (ERP) system in all of the Group's subsidiaries in 3Q 2018.

NM - Not meaningful.

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

		Group		Company	
		30-Jun-19	31-Dec-18	**30-Jun-19**	31-Dec-18
	Notes	**US$'000**	US$'000	**US$'000**	US$'000
ASSETS					
Current assets					
Cash and cash equivalents		**53,743**	54,708	**46,720**	44,612
Trade receivables	1	**85,979**	72,446	**1,187**	2,144
Loans to joint ventures		**60**	60	**60**	60
Inventories	1	**70,717**	76,215	**-**	-
Contract assets		**2,672**	2,083	**-**	-
Tax recoverable		**3,023**	1,309	**-**	-
Other current assets		**14,758**	13,575	**3,829**	2,926
		230,952	220,396	**51,796**	49,742
Non-current assets					
Investments in subsidiaries		**-**	-	**40,992**	40,992
Investments in associated companies and joint venture		**3,122**	3,764	**3,900**	3,900
Loans to associated company and joint venture		**904**	881	**-**	-
Property, plant and equipment	2,3	**110,950**	109,383	**445**	567
Intangibles assets		**21,897**	22,285	**17,609**	17,659
Deferred income tax assets		**1,859**	1,343	**-**	-
Other non-current assets		**3,059**	3,066	**-**	-
		141,791	140,722	**62,946**	63,118
Total Assets		**372,743**	361,118	**114,742**	112,860
LIABILITIES					
Current liabilities					
Trade payables		**33,765**	34,626	**939**	1,917
Contract liabilities		**4,216**	3,457	**-**	-
Other payables	2,4	**47,909**	43,228	**3,094**	3,288
Current income tax liabilities		**3,175**	2,011	**-**	-
Derivative liabilities		**77**	57	**77**	57
Borrowings	5	**48,787**	58,834	**-**	100
		137,929	142,213	**4,110**	5,362
Non-current liabilities					
Other Payables (Non-Current)	2,4	**1,075**	-	**128**	-
Borrowings	2,5	**-**	171	**-**	153
Deferred income tax liabilities		**694**	810	**-**	-
Provisions for other liabilities and charges		**12,853**	11,677	**-**	-
		14,622	12,658	**128**	153
Total liabilities		**152,551**	154,871	**4,238**	5,515
NET ASSETS		**220,192**	206,247	**110,504**	107,345
Capital and reserves attributable to the Company's equity holders					
Share capital		**95,936**	95,936	**95,936**	95,936
Foreign currency translation reserve		**(6,516)**	(10,042)	**-**	-
Other reserves		**2,580**	2,580	**-**	-
Retained earnings		**128,075**	117,656	**14,568**	11,409
		220,075	206,130	**110,504**	107,345
Non controlling interest		**117**	117	**-**	-
Total equity		**220,192**	206,247	**110,504**	107,345

Explanatory Notes on Statement of Financial Position

Note 1 - Trade Receivables and Inventories

Compared to end-2018, trade receivables at end-June 2019 increased US$13.5 million as a result of a slow-down in collection during the Hari Raya/Lebaran holiday in June 2019 in Malaysia and Indonesia. In Indonesia, the Group is progressively extending its direct shipment initiative to its Modern Trade customers' distribution centres in order to improve the service levels to these customers. The increase in trade receivables was partially offset by lower inventories of US$5.5 million.

Note 2 - ROU Assets and Lease Liabilities

As at 30 June 2019, amounts recognised in the balance sheet for the adoption of "SFRS (I) 16 - Leases" are as follows:

	Group	Company
	US$'000	US$'000
Property, plant and equipment		
Right-of-use assets, net of depreciation	2,426	329
Other payables		
Lease liabilities - Current	1,029	69
Lease liabilities - Non-current	1,075	128

Included in the carrying amounts of property, plant and equipment and other payables as at 30 June 2019 were ROU assets acquired under the Group's finance leases of US$0.6 million and its corresponding lease liabilities of US$0.2 million respectively. Please see paragraph 4 on page 16.

Note 3 - Capital Expenditure on Property, Plant and Equipment and Intangible Assets (Software)

The allocation of capital expenditure for 2Q and 1H 2019 by geographical region is as follows:

	2Q 2019	2Q 2018	**1H 2019**	1H 2018
	US$'000	US$'000	**US$'000**	US$'000
Indonesia	**500**	946	**1,825**	1,507
Regional Markets	**329**	551	**471**	895
	829	1,497	**2,296**	2,402

Note 4 - Other Payables

In line with the higher sales achieved, accrued operating expenses increased during 1H 2019. This comprised mainly: (1) advertising and promotion expenses incurred (which forms part of the trading terms) for the Modern Trade channel in Indonesia; (2) VAT payable; and (3) freight and staff related expenses.

Included in other payables were lease liabilities recognised under "SFRS(I) 16 - Leases" as disclosed in Note 2 above.

Note 5 - Borrowings

	Group		Company	
	30-Jun-19	31-Dec-18	**30-Jun-19**	31-Dec-18
	US$'000	US$'000	**US$'000**	US$'000
Bank overdraft	**13,246**	16,494	**-**	-
Bank borrowings	**22,224**	28,414	**-**	-
Finance lease liabilities	**-**	313	**-**	253
Trade finance	**13,317**	13,784	**-**	-
	48,787	59,005	**-**	253
Breakdown of borrowings:				
Current	**48,787**	58,834	**-**	100
Non-current	**-**	171	**-**	153
	48,787	59,005	**-**	253

On 1 January 2019, the Group's and Company's finance lease liabilities were reclassified to other payables (see Note 2 above and paragraph 4 on page 16). The Group utilised its operating cash flow to fund its higher trade receivables (see Note 1 above) and repay borrowings.

Note 6 - Foreign Exchange Translation Reserve

At end-June 2019, the Group recorded a foreign exchange translation gain of US$3.5 million mainly due to the appreciation of the Indonesian Rupiah against the US Dollar from IDR 14,481/US$1 (end-2018) to IDR 14,141/US$1 (end-June 2019).

Note 7 - Key Ratios

	30-Jun-19	31-Dec-18
Current ratio	**1.67**	1.55
Average Inventory Days	**87**	92
Average Receivable Days	**60**	57
Average Payable Days	**41**	43
Return on Equity	**14.4%**	10.2%

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

- **(a) the amount repayable in one year or less, or on demand**
- **(b) the amount repayable after one year;**
- **(c) whether the amounts are secured or unsecured; and**
- **(d) details of any collaterals.**

Aggregate amount of the group's borrowings and debt securities

	Group		Company	
	30-Jun-19	31-Dec-18	**30-Jun-19**	31-Dec-18
	US$'000	US$'000	**US$'000**	US$'000
Amount repayable in one year or less, or on demand				
- Secured	**18,088**	18,194	**-**	100
- Unsecured	**30,699**	40,640	**-**	-
	48,787	58,834	**-**	100
Amount repayable after one year				
- Secured	**-**	171	**-**	153
- Unsecured	**-**	-	**-**	-
	-	171	**-**	153

Details of collateral

Of the Group's total bank borrowings at 30 June 2019, US$18.1 million (2018: US$18.4 million) are secured on inventories, property, plant and equipment and building of certain subsidiaries of the Group.

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

	Notes	Period ended 30-Jun-19 US$'000	Period ended 30-Jun-18 US$'000
Cash flows from operating activities			
Total profit		**15,369**	12,732
Adjustments:			
Income tax expense		**8,160**	7,491
Depreciation and amortisation	See para 4 on page 16	**6,348**	5,812
Gain on disposal of property, plant and equipment		**(142)**	(80)
Exceptional items		**184**	452
Interest income		**(687)**	(576)
Interest expense		**2,068**	1,527
Fair value gain on derivatives		**20**	(167)
Share of results of associated company and joint ventures		**527**	162
Operating cash flow before working capital changes		**31,847**	27,353
Change in working capital			
Inventories		**5,497**	5,283
Trade and other receivables		**(14,708)**	(18,826)
Contract assets		**(589)**	(87)
Trade and other payables		**5,646**	1,393
Contract liabilities		**761**	73
Exceptional loss		**(184)**	(452)
Cash generated from operations		**28,270**	14,737
Interest received		**687**	576
Income tax paid		**(9,371)**	(7,262)
Net cash provided by operating activities		**19,586**	8,051
Cash flows from investing activities			
Purchases of property, plant and equipment		**(2,208)**	(1,899)
Purchases of intangible assets	See para 1(a) note 1	**(176)**	(13,541)
Proceeds from disposal of property, plant and equipment		**171**	84
Net cash used in investing activities		**(2,213)**	(15,356)
Cash flows from financing activities			
Proceeds from bank borrowings		**389**	9,857
Repayment of trade finance		**(467)**	(1,452)
Repayment of bank borrowings		**(7,284)**	(7,052)
Repayment of lease liabilities	See para 4 on page 16	**(569)**	(191)
Interest paid	See para 4 on page 16	**(2,061)**	(1,527)
Final Dividend paid		**(4,950)**	(3,545)
Net cash used in financing activities		**(14,942)**	(3,910)
Net increase/(decrease) in cash and cash equivalents		**2,431**	(11,215)
Cash and cash equivalents			
Beginning of financial year		**38,214**	50,405
Effects of currency translation on cash and cash equivalents		**(148)**	631
End of period		**40,497**	39,821

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

	Period ended	
	30-Jun-19	30-Jun-18
	US$'000	US$'000
Cash and bank balances	**10,237**	7,557
Short term deposits	**43,506**	46,206
Less: Bank overdrafts	**(13,246)**	(13,942)
	40,497	39,821

Reconciliation of liabilities arising from financing activities

				Non-cash changes		
	31 Dec 2018	**Repayment**	**Proceeds**	**Additions**	**Foreign exchange movement**	**30 Jun 2019**
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Bank borrowings	28,414	(7,284)	389	-	705	22,224
Lease liabilities	313	(569)	-	2,343[1]	18	2,105
Trade finance	13,784	(467)	-	-	-	13,317

[1] Please see paragraph 4 on page 16.

Consolidated Statement of Comprehensive Income

	2Q ended 30 June		1H ended 30 June	
	2019	2018	**2019**	2018
	US$'000	US$'000	**US$'000**	US$'000
Profit for the period	**6,128**	5,132	**15,369**	12,732
Other comprehensive income/(loss):				
Items that may be reclassified to profit or loss:				
Foreign currency translation reserve				
- Currency translation differences arising from consolidation	**1,389**	(7,026)	**3,526**	(9,814)
Items that will not be reclassified to profit or loss:				
Defined pension benefits obligation				
- Share of other comprehensive loss of associated companies	**-**	-	**-**	(28)
Other comprehensive income/(loss), net of tax	**1,389**	(7,026)	**3,526**	(9,842)
Total comprehensive income/(loss) for the year	**7,517**	(1,894)	**18,895**	2,890
Total comprehensive income/(loss) attributable to:				
Equity holders of the Company	**7,517**	(1,890)	**18,895**	2,893
Non-controlling interest	**-**	(4)	**-**	(3)
	7,517	(1,894)	**18,895**	2,890

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

	Attributable to equity holders of the Company							
	Share capital	Foreign currency translation reserve	General reserve	Defined pension benefits obligation	Retained earnings	Total	Non-controlling interest	Total equity
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
The Group								
1Q 2019								
Balance as at 1 January 2019	95,936	(10,042)	2,366	214	117,656	206,130	117	206,247
Profit for the period	-	-	-	-	9,241	9,241	-	9,241
Other comprehensive income for the period	-	2,137			-	2,137	-	2,137
Balance at 31 March 2019	95,936	(7,905)	2,366	214	126,897	217,508	117	217,625
2Q 2019								
Balance at 1 April 2019	95,936	(7,905)	2,366	214	126,897	217,508	117	217,625
Profit for the period	-	-	-	-	6,128	6,128	-	6,128
Other comprehensive income for the period	-	1,389	-	-	-	1,389	-	1,389
Final dividend relating to 2018 paid	-	-	-	-	(4,950)	(4,950)	-	(4,950)
Balance at 30 June 2019	95,936	(6,516)	2,366	214	128,075	220,075	117	220,192

	Attributable to equity holders of the Company							
	Share capital	**Foreign currency translation reserve**	**General reserve**	**Defined pension benefits obligation**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total equity**
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
The Group								
1Q 2018								
Balance as at 31 December 2017	95,936	(59,873)	2,296	(1,286)	172,437	209,510	122	209,632
Adoption of SFRS(I) - see paragraph 4	-	60,077	-	-	(61,441)	(1,364)	-	(1,364)
Retrospective adjustment in relation to correction of error	-	114	-	-	(4,073)	(3,959)		(3,959)
Balance at 1 January 2018	95,936	318	2,296	(1,286)	106,923	204,187	122	204,309
Profit for the period	-	-	-	-	7,600	7,600	-	7,600
Other comprehensive (loss)/income for the period	-	(2,789)	-	(28)	-	(2,817)	1	(2,816)
Balance at 31 March 2018	95,936	(2,471)	2,296	(1,314)	114,523	208,970	123	209,093
2Q 2018								
Balance at 1 April 2018	95,936	(2,471)	2,296	(1,314)	114,523	208,970	123	209,093
Profit/(loss) for the period	-	-	-	-	5,133	5,133	(1)	5,132
Other comprehensive loss for the period	-	(7,023)	-	-	-	(7,023)	(3)	(7,026)
Final dividend relating to 2017 paid	-	-	-	-	(3,545)	(3,545)	-	(3,545)
Balance at 30 June 2018	95,936	(9,494)	2,296	(1,314)	116,111	203,535	119	203,654

Statement of Changes in Equity for the Company

	Attributable to equity holders of the Company		
	Share capital	**Retained earnings**	**Total equity**
	US$'000	US$'000	US$'000
The Company			
1Q 2019			
Balance as at 1 January 2019	95,936	11,409	107,345
Profit for the period	-	685	685
Balance at 31 March 2019	95,936	12,094	108,030
2Q 2019			
Balance at 1 April 2019	95,936	12,094	108,030
Profit for the period	-	7,424	7,424
Final dividend relating to 2018 paid	-	(4,950)	(4,950)
Balance at 30 June 2019	95,936	14,568	110,504
The Company			
1Q 2018			
Balance at 1 January 2018	95,936	8,765	104,701
Profit for the period	-	850	850
Balance at 31 March 2018	95,936	9,615	105,551
2Q 2018			
Balance at 1 April 2018	95,936	9,615	105,551
Profit for the period	-	3,205	3,205
Final dividend relating to 2017 paid	-	(3,545)	(3,545)
Balance at 30 June 2018	95,936	9,275	105,211

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

For 2Q and 1H ended 30 June 2019, there was no change in the Company's issued and paid up share capital**.**

The Company has not issued any convertibles nor holds any treasury shares. There is no subsidiary holdings held against the total number of shares outstanding in a class that is listed.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The Company's total number of issued shares is 611,157,000.

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

Not applicable - See para 1(d)(ii) above.

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

Not applicable - See para 1(d)(ii) above.

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

The figures have not been audited or reviewed.

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

Not applicable.

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

The accounting policies and methods of computation are the same as the Company's audited financial statements for the financial year ended 31 December 2018 except for the adoption of "SFRS(I) 16 - Leases" which took effect on 1 January 2019 as described below:

In adopting SFRS (I) 16, the Group has applied the simplified transition approach and has not restated the comparative amounts for 2018. Leases are recognised as a ROU assets and corresponding lease liabilities at the date of which leased asset is available for use by the Group. ROU assets for operating leases were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrual lease payments relating to the lease recognized on the balance sheet as at 31 December 2018. Lease liabilities were measured at the present value of the remaining lease payments, discounted using applicable incremental borrowing rates as of 1 January 2019. As a result, the Group recognised ROU assets (classified as property, plant and equipment) and lease liabilities (classified as other payables) of U$2,383,000 and US$2,343,000 respectively on 1 January 2019 (after adjustments for prepayments). The Group has also reclassified its assets acquired under finance leases of US$1,477,000 and its corresponding lease liabilities of US$313,000 as at 1 January 2019 to ROU assets and other payables respectively for consistency in financial presentation.

Each lease payment is then allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The ROU asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The adoption of SFRS(I) 16 is not expected to have a material impact on the Group's profit or loss.

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

Please refer to paragraph 4 above.

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

	2Q ended 30 June		1H ended 30 June	
	2019	2018	**2019**	2018
(i) Based on weighted average number of ordinary shares in issue[1] - (US cents)				
- Exclude exceptional items[3]	**1.01**	0.91	**2.54**	2.16
- Include exceptional items	**1.00**	0.84	**2.51**	2.08
(ii) On a fully diluted basis[2] - (US cents)				
- Exclude exceptional items[3]	**1.01**	0.91	**2.54**	2.16
- Include exceptional items	**1.00**	0.84	**2.51**	2.08

Notes

1. Basic Earnings per Share is computed based on 611,157,000 shares.
2. There are no potentially dilutive ordinary shares as at 30 June 2019 and 30 June 2018 respectively.
3. Please refer to paragraph 1(a)(i) Note 3.

7. Net asset value (for the issuer and group) per ordinary share based on total number of issued shares excluding treasury shares of the issuer at the end of the:

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

	Group		Company	
	30-Jun-19	31-Dec-18	**30-Jun-19**	31-Dec-18
Net asset value per ordinary share based on issued share capital - (US cents)	**36.0**	33.7	**18.1**	17.6

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

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

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

Key Figures for the Group (unaudited)

	2Q ended 30 June				1H ended 30 June			
	2019	2018	%		**2019**	2018	%	
	US$'000	US$'000	In USD term	In constant exchange rate[1]	**US$'000**	US$'000	In USD term	In constant exchange rate[1]
Indonesia	**81,569**	80,534	1.3	4.2	**175,227**	156,762	11.8	16.1
Regional Markets	**30,773**	28,544	7.8	11.5	**65,341**	59,649	9.5	13.0
REVENUE	**112,342**	109,078	3.0	6.1	**240,568**	216,411	11.2	15.3
Indonesia	**13,458**	13,477	(0.1)	3.2	**29,586**	27,153	9.0	13.8
Regional Markets	**409**	(426)	NM	NM	**1,855**	268	591.5	639.7
EBITDA	**13,867**	13,051	6.2	10.1	**31,441**	27,421	14.7	20.0
Profit before tax and exceptional items	**10,025**	9,557	4.9	8.8	**23,713**	20,675	14.7	20.1
Exceptional items[2]	**(72)**	(452)	(84.1)	(84.1)	**(184)**	(452)	(59.4)	(59.4)
Profit before tax	**9,953**	9,105	9.3	13.4	**23,529**	20,223	16.3	21.9
Net profit attributable to shareholders before exceptional items	**6,200**	5,585	11.0	15.7	**15,553**	13,185	18.0	24.3
Profit attributable to shareholders	**6,128**	5,133	19.4	24.5	**15,369**	12,733	20.7	27.3

Key performance indicators

	2Q ended 30 June			1H ended 30 June		
	2019	2018	%	**2019**	2018	%
Gross profit margin	**36.2%**	34.5%	1.7% pt	**36.0%**	34.5%	1.5% pt

Notes

1 The Group used the following average exchange rate(s) in translating the income statements of its subsidiaries into USD terms.

Average FX rates for 1H ended 30 June 2019

USD 1 to	Indonesian Rupiah (IDR)	Malaysian Ringgit (MYR)	Singapore Dollar (SGD)	Philippines Peso (PHP)
1H 2019	14,243	4.1179	1.3595	52.3712
1H 2018	13,709	3.9426	1.3244	51.7065
Strengthened/(Weakened) Y-o-Y	*(3.90%)*	*(4.45%)*	*(2.65%)*	*(1.29%)*

2 Please refer to Note 3 on page 3 for details of the exceptional items.

Review of the Group's 2Q and 1H 2019 Financial Performance

Figure 1 - Key Financial Highlights

(In US$ Million)	2Q 2019	2Q 2018	% chg Y-o-Y	% chg Y-o-Y in Constant Exch Rates *	1H 2019	1H 2018	% chg Y-o-Y	% chg Y-o-Y in Constant Exch Rates *
Indonesia	81.6	80.6	1.3%	4.2%	175.2	156.8	11.8%	16.1%
The Regional Markets	30.7	28.5	7.8%	11.5%	65.4	59.6	9.5%	13.0%
Total Revenue	**112.3**	**109.1**	**3.0%**	**6.1%**	**240.6**	**216.4**	**11.2%**	**15.3%**
Gross Profit Margin (%)	36.2%	34.5%	1.7% pt	1.7% pt	36.0%	34.5%	1.5% pt	1.5% pt
EBITDA	**13.9**	**13.1**	**6.2%**	**10.1%**	**31.4**	**27.4**	**14.7%**	**20.0%**
EBITDA Margin (%)	12.3%	12.0%	0.3% pt	0.4% pt	13.1%	12.7%	0.4% pt	0.5% pt
PATMI (excl exceptional items) **	**6.2**	**5.6**	**11.0%**	**15.7%**	**15.6**	**13.2**	**18.0%**	**24.3%**
PATMI (incl exceptional items)	**6.1**	**5.1**	**19.4%**	**24.5%**	**15.4**	**12.7**	**20.7%**	**27.3%**

Notes

* For comparative purposes only, this shows the effect of using the respective exchange rates of the regional currencies in 2Q and 1H 2018 in translating the 2Q and 1H 2019 results.

** Please refer to Note 3 on page 3 for details of the exceptional items.

For 2Q 2019, the Group achieved revenue of US$112.3 million and PATMI of US$6.1 million and 1H 2019 revenue of US$240.6 million and PATMI of US$15.4 million in the Group's US Dollar ("USD") reporting currency. This represented Y-o-Y growth of 3.0% and 19.4% for 2Q 2019 while for the 1H 2019 period, Y-o-Y growth of 11.2% and 20.7%.

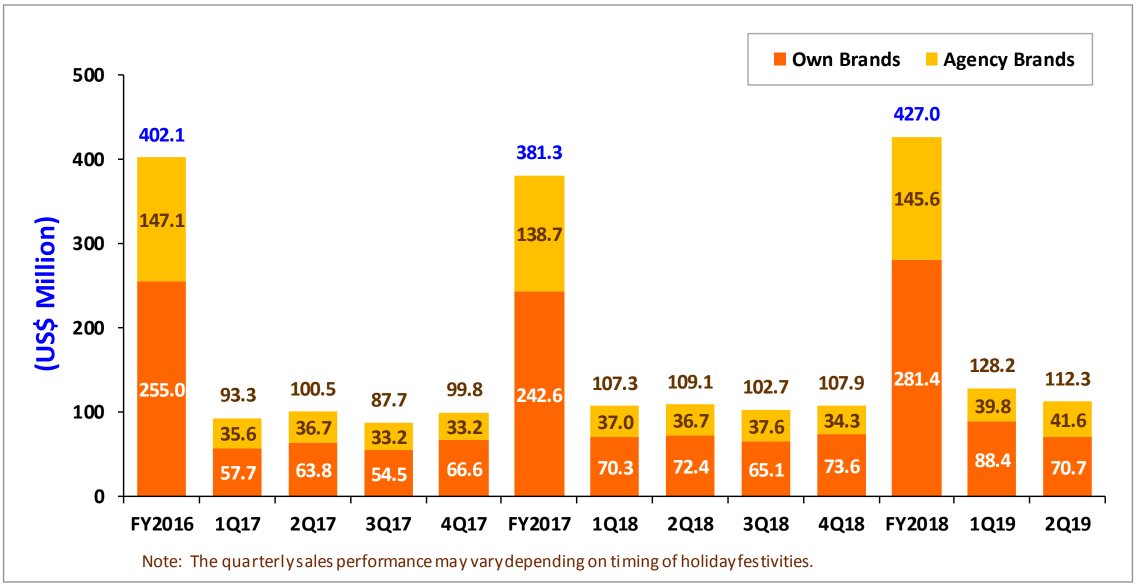
The profit growth was driven mainly by the higher margin achieved with Gross Profit Margin ("GPM") higher Y-o-Y by 1.7% point for 2Q 2019 and 1.5% point for 1H 2019 for our Own Brands and Agency Brands products across our markets. For the periods under review, the performance of our Own Brands portfolio reflected our strategic initiative to exit certain low yielding price points in our Value Segment portfolio for the General Trade channel. The long term objective of this initiative is to improve the overall profitability of our Own Brands portfolio although in the short term it will have an impact on sales in Indonesia.

Excluding the impact of these Value Segment products exited, our Group sales in Indonesia would have been higher by 15.0% Y-o-Y in 2Q 2019 and 22.6% in 1H 2019.

Continuing the positive momentum from FY2018, our Own Brands sales increased 11.5% Y-o-Y in 1H 2019 with the growth driven by the strong demand for our products in the premium format category mainly in Indonesia. Excluding the pruned value products, the sales growth would have been higher by 21.1%. Our Own Brands sales continue to be the major contributor to our business, forming more than 65.0% of the Group's revenue. Over the years, we have progressively expanded our Own Brands product portfolio and today it extends into the categories of chocolate confectionery, biscuits and wafers, breakfast, beverages and baking.

In 2Q 2019, our Agency Brands business across our markets achieved Y-o-Y revenue growth of 13.4% with 1H 2019 registering a growth of 10.5%. However, the underlying performance for 1H would be higher at 14.2% as sales of *Van Houten* in Indonesia from 2Q 2018 have been reclassified as Own Brands.

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



The Group generated 1H 2019 EBITDA of US$31.4 million which represents Y-o-Y growth of 14.7% on the back of higher sales with higher GPM achieved. The improved margin reflected the increased sales of our higher margin premium products in Indonesia amidst pruning of unprofitable value products and ongoing cost containment initiatives.

The Group's 1H 2019 PATMI of US$15.4 million was higher Y-o-Y by 20.7%. Included in PATMI was the following exceptional item - US$0.2 million of fees incurred in relation to the ongoing legal and professional work related to the improper and unsubstantiated transactions discovered in the Philippines, which was disclosed previously in 2Q 2018. Excluding this, the Group's 1H 2019 PATMI growth would have been 18.0%.

For 1H 2019, the Group generated Free Cash Flow of US$15.1 million on the Group's higher profitability, tighter control of working capital and lower capital expenditure. In addition, the Group's cash balance at 30 June 2019 of US$53.7 million is more than adequate to support the Group's foreseeable near term business and investment needs.

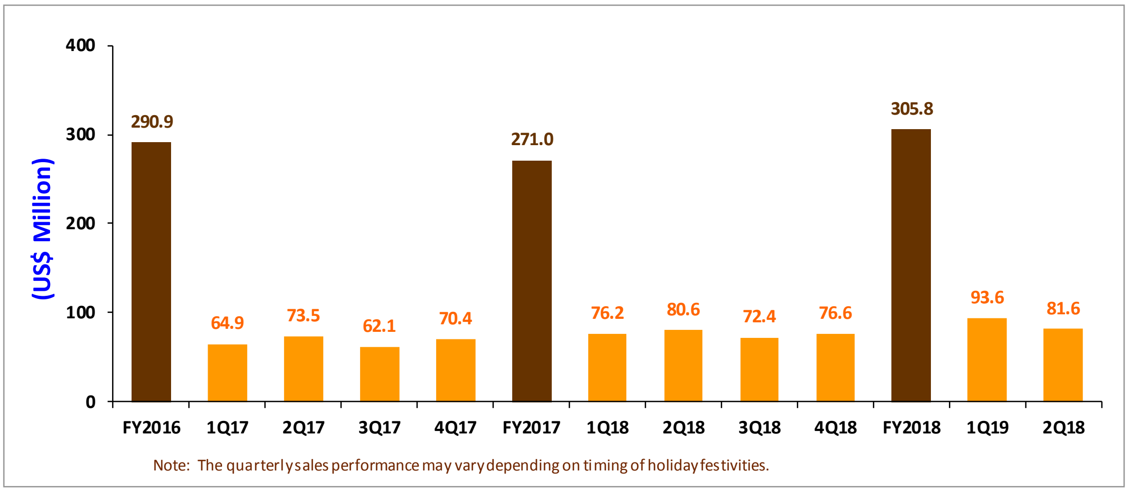
<u>Performance Review by Markets</u>

Indonesia

For 1H 2019, our business in Indonesia achieved revenue of US$175.2 million, an increase of 11.8% Y-o-Y in the Group's USD reporting currency. The main growth drivers were our premium brands of *SilverQueen*, *Delfi Premium* and *Selamat* which registered growth in excess of 20% as a result of the success of our promotional programmes to capture the strong consumer demand for Valentine's Day and the Muslim Lebaran festivities. Excluding the impact of the value segment products pruned, the revenue growth would be higher at 22.6%.

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 while strengthening our value segment in the General Trade channel.

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



The sales performance of our Agency Brands sales was higher Y-o-Y by 15.0% in 1H 2019. This reflected the reclassification of "*Van Houten*" sales to Own Brands. Adjusted for this, our Agency Brands sales would have reflected instead growth of 23.1% Y-o-Y for 1H 2019 with the double digit growth achieved for some of our core Agency Brands in confectionery and snacking, and breakfast categories. The growth achieved was also driven by price increases implemented for selected Agency Brands to mitigate the impact of the weaker Indonesian Rupiah in 3Q 2018.

The Regional Markets

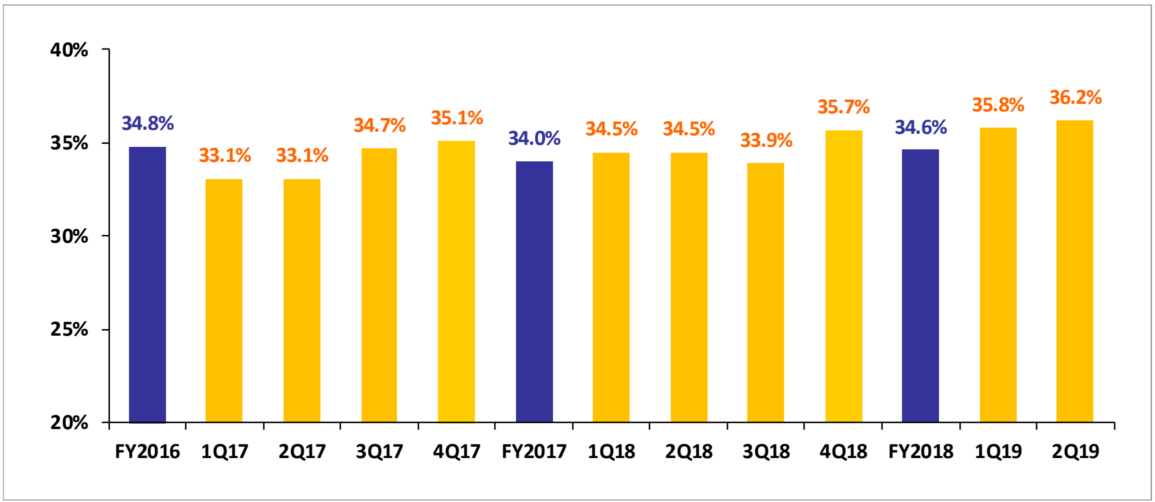
For our Regional Markets, revenues for 1H 2019 were higher Y-o-Y by 9.5%. The growth was mainly attributed to higher sales in Malaysia and sales of the *Van Houten* products in our Regional Markets. For our Regional Markets, *Van Houten* contributed US$2.3 million in sales while in the Philippines, *Goya Mini Tubes, Goya Spread* and *Defi Premium* continue to deliver double digit growth.

Review of Profitability

For 1H 2019, the Group generated EBITDA of US$31.4 million, higher Y-o-Y by 14.7% on the back of higher revenue achieved by the Group; and improvement in our Group's GP Margin.

For 1H 2019, the Group achieved a GP Margin of 36.0% (higher Y-o-Y by 1.5% point). This is the highest level achieved over the last three years despite the currency headwinds faced. This improvement can be attributed to the higher sales of our premium products amid ongoing efforts to strengthen our value segment in the General Trade channel and our cost containment initiatives. To mitigate the impact of higher input costs, we had implemented a product resizing programme on some of our Own Brands products as well as price increases in 3Q 2018 for selected Agency Brands.

Figure 4 - 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.

For Own Brands, our ongoing strategy to mitigate higher input costs includes a combination of the following: pro-active price adjustments and product right-sizing and reformulation; launches 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 continue to lock-in forward costs to a major extent thus providing greater cost visibility and margin stability.

The Group's EBITDA growth of 14.7% for 1H 2019 was achieved despite sales and distribution costs remaining high as a percentage of sales. The increase in Selling and Distribution costs reflected higher promotional spending targeted to drive consumer buying during the Valentine's Day and Hari Raya/Lebaran festive celebrations. The higher costs also reflected our investments to grow our shelf space presence across all retail channels for our strategic brands and in-store promotions to increase consumer sales in Indonesia.

The Group achieved 1H 2019 EBITDA margin of 13.1% (higher Y-o-Y by 0.4% points) on higher GP Margin.

<u>Update on Claims Associated with the Disposal of Delfi Cacau Brasil Ltda.</u>

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 recognised an exceptional charge of US$2.0 million pertaining to the claims. In FY2017 and FY2018, the Company were not notified of any further claims. At 30 June 2019, the Company's total exposure in respect of tax and labour claims in Brazil is BRL 85,298,932 (equivalent to US$22.2 million based on end-June 2019 exchange rate).

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 there are grounds to resist these claims and the Company will keep the shareholders updated as to material developments in relation to the Brazilian claims.

In assessing the relevant liabilities, management has considered, among other factors, industry developments in the current financial year and the legal environment in Brazil, and assessed that the amounts recognised in respect of these claims are adequate as at 30 June 2019. As management considers the disclosure of further details of these claims can be expected to prejudice seriously the Group's position in relation to the claims, further information has not been disclosed in the Group's financial statements.

Review of Financial Position and Cash Flow

Balance Sheet as at	**30-Jun-19**	31-Dec-18	Change
	US$'000	US$'000	US$'000
Cash and cash equivalents	**53,743**	54,708	(965)
Working capital	**122,931**	114,035	8,896
Total Assets	**372,743**	361,118	11,625
Borrowings	**48,787**	59,005	(10,218)
Foreign currency translation reserves	**(6,516)**	(10,042)	3,526
Shareholders' Equity	**220,075**	206,130	13,945
Current ratio	**1.67**	1.55	

As at 30 June 2019, the Group and Company's cash balance was US$53.7 million and US$46.7 million respectively after paying a final dividend of US$4.95 million in May 2019. The cash balance is sufficient to support the Group's foreseeable near term business and investment needs together with any contingent liabilities.

Compared to end-2018, total assets and shareholders' equity were higher by US$11.6 million and US$13.9 million respectively reflecting mainly: (1) higher profitability achieved; (2) an increase in working capital; and (3) the foreign currency translation gain (see paragraph 1(b)(i) Note 6 on page 7). The Group has utilised its operating cash flow of US$31.8 million (see paragraph 1(c) on page 9) to fund its higher working capital and repay its borrowings (see paragraph 1(b)(i) Note 5 on page 7).

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

The Group's results for 2Q and 1H 2019 are in line with the commentary made on 14 May 2019 in paragraph 10 of the Group's "1Q 2019 Unaudited Financial Statements and Dividend Announcement".

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

Although the operating environment is expected to become even more challenging with intensifying competition, and growing demands from trade customers and consumers, the Group's focus is 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 organisation and especially our supply chain.

Through our continued focus on top line expansion by further growing our core premium brands, extending into the snacking category and strengthening our value segment in the General Trade channel; and stepped up productivity efforts, we are cautiously optimistic about the growth prospects of FY2019.

Over the long term, we believe the consumption environment in our markets will continue to be supported by robust economies and the 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 in our markets. 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 General 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.

11. Dividend

a. Current Financial Period Reported On

Whether an interim (final) ordinary dividend has been declared (recommended)? Yes.

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per share (in Singapore cents)	1.73 cents per ordinary share

An interim dividend of 1.27 US cents or 1.73 Singapore cents per share is declared based on 611,157,000 ordinary shares issued. Together with the cash distribution of 0.81 US cents or 1.10 Singapore cents paid on 17 May 2019, the total cash distributions received by shareholders this year will amount to 2.08 US cents or 2.83 Singapore cents per share.

b. Corresponding Period of the Immediately Preceding Financial Year

Any interim/final dividend declared for the preceding financial period reported on? Yes.

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per share (in Singapore cents)	1.47 cents per ordinary share

c. Date payable

The interim dividend will be paid on 6 September 2019.

d. Books closure date

NOTICE IS HEREBY GIVEN that, the Transfer Books and the Register of Members of the Company will be closed at 5:00 p.m. on 23 August 2019 (“Books Closure Date”) for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company’s Share Registrar, M&C Services Private Limited, 112 Robinson Road, #05-01, Singapore 068902 before 05:00 p.m. on Books Closure Date will be registered to determine shareholder’s entitlement to the interim dividend. In respect of ordinary shares in securities accounts with The Central Depository (Pte) Limited (“CDP”), the interim dividend will be paid by the Company to CDP which will, in turn, distribute the interim dividend entitlement to the CDP account holders in accordance with its normal practice.

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

Not applicable.

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

The Company has obtained a general mandate (“Shareholders’ Mandate”) from its shareholders for the Group’s IPTs with the following interested persons. The Shareholders’ mandate was approved at the Annual General Meeting (“AGM”) of the Company held on 29 April 2019 and will be effective until the next AGM. The aggregate value of transactions conducted pursuant to the general mandate is as follows:

	[1] Aggregate value of all transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual	
	2Q 2019	**1H 2019**
	US$'000	US$'000
PT Freyabadi Indotama		
- Sales of goods	16	24
- Purchase of products	4,077	6,918
	4,093	**6,942**
PT Fajar Mataram Sedayu		
- Purchase of goods	-	33
	-	**33**
	4,093	**6,975**

14. Negative confirmation pursuant to Rule 705(5)

On behalf of the Board, we, directors of the Company, Mr Chuang Tiong Choon and Mr Chuang Tiong Liep, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial results of the Group for the 2nd Quarter and Half Year ended 30 June 2019 to be false or misleading.

15. Confirmation pursuant to Rule 720(1)

The Group has procured undertakings from all its directors and executive officers.

BY ORDER OF THE BOARD

Raymond Lam Kuo Wei/Evelyn Chuang
Secretaries

13 August 2019