

Delfi Limited
Unaudited Financial Statements and Dividend Announcement
For the 1st Half Year Ended 30 June 2020

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HALF YEAR AND FULL YEAR RESULTS**

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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		
		1H ended 30 June		
		2020	2019	Change
	<u>Notes</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>%</u>
Revenue	1	211,388	240,568	(12.1)
Cost of Sales		(134,708)	(153,986)	(12.5)
Gross Profit		76,680	86,582	(11.4)
Other operating income		949	1,444	(34.3)
<u>Expenses</u>				
Selling and distribution costs		(45,216)	(48,280)	(6.3)
Administrative expenses	2	(11,868)	(13,097)	(9.4)
Finance costs	3	(1,790)	(2,068)	(13.4)
Other operating expenses		(853)	(525)	62.5
Share of results of associated companies and joint ventures		(411)	(527)	(22.0)
Profit before income tax		17,491	23,529	(25.7)
Income tax expense	4	(6,672)	(8,160)	(18.2)
Total profit	5	10,819	15,369	(29.6)
Profit attributable to:				
Equity holders of the Company		10,819	15,369	(29.6)
Non-controlling interest		-	-	-
		10,819	15,369	(29.6)
EBITDA		25,571	31,441	(18.7)
Earnings per ordinary share (US cents) - Basic and Diluted ^a		1.77	2.51	(29.6)
Return on equity		9.6%	13.0%	(3.4% 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 FY2019 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.

	1H ended 30 June		
	2020	2019	Change
	<u>US\$'000</u>	<u>US\$'000</u>	<u>%</u>
Indonesia	145,641	175,227	(16.9)
Regional Markets	65,747	65,341	0.6
	211,388	240,568	(12.1)

- (b) Breakdown of Sales

	1H ended 30 June		
	2020	2019	Change
	<u>US\$'000</u>	<u>US\$'000</u>	<u>%</u>
Own Brands	135,412	159,168	(14.9)
Agency Brands	75,976	81,400	(6.7)
	211,388	240,568	(12.1)

Own Brands and Agency Brands had a positive start to the year. However, with the COVID-19 pandemic rapidly spreading across the globe, the imposition of strict social restrictions in our markets since late March 2020 impacted consumer movement and the operations of our retail customers. These restrictions, therefore, resulted in lower 1H sales. These lockdowns are being gradually lifted.

Meanwhile the decline in Regional Markets during the lockdown was moderated largely due to the robust demand for several Agency Brands in the snacking, breakfast and healthcare categories.

Note 2 - Administrative Expenses

Included in Administrative expenses, is the Jobs Support Scheme ("JSS") amounting to US\$375,294 received in the 1H 2020. The JSS as announced by the Singapore Government at Budget 2020, is intended to offset and protect Singapore employees' wages through wage support to employers, helping enterprises retain their local employees (Singapore Citizens and Permanent Residents) during this period of economic uncertainty.

In addition, we also received US\$13,738 in office rental rebates in 1H 2020 through our office landlords as part of the Singapore Government's rebate on property tax payable for non-residential properties to help business operators affected by COVID-19 pandemic.

Note 3 - Depreciation and Finance Cost

On 1 January 2019, the Group applied Singapore Financial Reporting Standards (International) (“SFRS(I)”) 16 *Leases*. On adoption of the new accounting standard, in 1H 2020 the Group recorded a depreciation charge of US\$1,008,000 on its right-of-use (“ROU”) assets and finance cost of US\$75,000. Correspondingly there was a decrease in operating lease rental expense by US\$1,057,000 for the same period under review.

Note 4 - Income Tax Expense

The Group's higher effective tax rate for 1H 2020 compared to the same period last year can be attributed to an increase in withholding tax incurred on higher dividend income received from our wholly owned subsidiaries.

Note 5 - Net Profit

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

	Notes	1H ended 30 June		
		2020	2019	Change
		US\$'000	US\$'000	%
Depreciation of property, plant and equipment	1	(6,062)	(5,666)	7.0
Amortisation of intangible assets		(643)	(682)	(5.7)
Net foreign exchange loss		(56)	(112)	(50.0)
Group under provision of tax in prior years		(58)	(138)	(58.0)
Gain on disposal of property, plant and equipment		24	142	(83.1)
Writeback/(Impairment loss) on trade receivables		57	(15)	NM
Inventories written off		(1,035)	(1,090)	(5.0)
Allowance made for inventory obsolescence		(943)	(511)	84.5

Notes

1. Included in 1H 2020 results were the depreciation on ROU assets of US\$1,008,000. Please see Note 2 above.

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.

	Notes	Group		Company	
		30-Jun-20	31-Dec-19	30-Jun-20	31-Dec-19
		US\$'000	US\$'000	US\$'000	US\$'000
ASSETS					
Current assets					
Cash and cash equivalents		68,658	57,558	58,791	44,955
Trade receivables	1	74,623	89,787	804	1,471
Loans to joint ventures		60	60	60	60
Inventories	1	75,172	87,401	-	-
Contract assets		2,980	3,169	-	-
Tax recoverable		6,370	4,627	-	-
Other current assets		11,923	12,430	616	465
		239,786	255,032	60,271	46,951
Non-current assets					
Investments in subsidiaries		-	-	41,097	40,992
Investments in associated companies and joint venture		2,303	2,869	3,900	3,900
Loans to associated company		932	915	-	-
Property, plant and equipment	2,3	108,821	116,983	1,831	2,276
Intangibles assets		21,105	21,576	17,965	17,871
Deferred income tax assets		2,532	1,771	-	-
Other non-current assets		2,702	3,149	-	-
		138,395	147,263	64,793	65,039
Total Assets		378,181	402,295	125,064	111,990
LIABILITIES					
Current liabilities					
Trade payables		32,049	37,153	1,113	986
Contract liabilities		7,849	4,838	-	-
Other payables	2,4	43,265	55,982	3,053	3,452
Current income tax liabilities		1,592	2,420	-	-
Derivative liabilities		90	53	90	37
Borrowings	2,5	53,379	58,315	-	-
		138,224	158,761	4,256	4,475
Non-current liabilities					
Deferred income tax liabilities		763	1,063	-	-
Provisions for other liabilities and charges		13,673	13,106	-	-
Other payables	2,4	1,094	1,765	759	1,140
		15,530	15,934	759	1,140
Total liabilities		153,754	174,695	5,015	5,615
NET ASSETS		224,427	227,600	120,049	106,375
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	(10,941)	(3,553)	-	-
Other reserves		1,887	1,887	-	-
Retained earnings		137,432	133,213	24,113	10,439
		224,314	227,483	120,049	106,375
Non-controlling interest		113	117	-	-
Total equity		224,427	227,600	120,049	106,375

Explanatory Notes on Statement of Financial Position

Note 1 - Trade Receivables and Inventories

Trade Receivables and Inventories at 1H 2020 were lower Y-o-Y by US\$15.2 million and US\$12.2 million respectively. The lower Trade Receivables balance was in line with the Group's lower sales recorded as a result of the lockdown in the markets amid the rise of the COVID-19 outbreak. The lower inventories balance was as a result of the end of the Lebaran festivities in 1H 2020.

Note 2 - ROU Assets and Lease Liabilities

As at 30 June 2020, amounts recognised in the balance sheet after adoption of "SFRS(I) 16 Leases" are as follows:

	Group	Company
	<u>US\$'000</u>	<u>US\$'000</u>
<u>Property, plant and equipment</u>		
Right-of-use assets, net of depreciation	2,709	1,522
<u>Other payables</u>		
Lease liabilities - Current	1,671	709
Lease liabilities - Non-current	1,094	759

Included in the carrying amounts of property, plant and equipment and other payables as at 30 June 2020 were the ROU assets acquired under the Group's finance leases of US\$0.2 million and its corresponding lease liabilities of US\$0.1 million respectively.

Note 3 - Capital Expenditure on Property, Plant and Equipment

The allocation of capital expenditure for 1H 2020 by geographical region is as follows:

	1H 2020	1H 2019
	<u>US\$'000</u>	<u>US\$'000</u>
Indonesia	748	1,820
Regional Markets	248	388
	996	2,208

Note 4 - Other Payables

During the lockdown of the markets from COVID-19 pandemic, rigorous cost containment measures were initiated to reduce the impact from the drop in sales. As a result, lower operating expenses and accruals (mainly pertaining to Advertising & Promotion) were registered.

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-20	31-Dec-19	30-Jun-20	31-Dec-19
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
Bank overdraft	1,400	1,869	-	-
Bank borrowings	38,528	43,980	-	-
Trade finance	13,451	12,466	-	-
	53,379	58,315	-	-
Breakdown of borrowings:				
Current	53,379	58,315	-	-
Non-current	-	-	-	-
	53,379	58,315	-	-

Note 6 - Foreign Exchange Translation Reserve

At the end of 1H 2020, the Group recorded a foreign exchange translation loss of US\$10.9 million mainly due to the depreciation of the regional currencies against the US Dollar as shown below:

USD 1 to	Indonesian Rupiah (IDR)	Malaysian Ringgit (MYR)	Singapore Dollar (SGD)	Philippines Peso (PHP)
1H 2020	14,302	4.2845	1.3936	49.851
FY 2019	13,901	4.0905	1.3457	50.744
<i>Strengthened/(Weakened) Y-o-Y</i>	<i>(2.88%)</i>	<i>(4.74%)</i>	<i>(3.56%)</i>	<i>1.76%</i>

Note 7 - Key Ratios

	30-Jun-20	31-Dec-19
Current ratio	1.73	1.61
Average Inventory Days	110	99
Average Receivable Days	71	63
Average Payable Days	47	44
Return on Equity	9.6%	13.0%

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-20	31-Dec-19	30-Jun-20	31-Dec-19
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
Amount repayable in one year or less, or on demand				
- Secured	18,767	18,713	-	-
- Unsecured	34,612	39,602	-	-
	53,379	58,315	-	-
Amount repayable after one year				
- Secured	-	-	-	-
- Unsecured	-	-	-	-
	-	-	-	-

Details of collateral

Of the Group's total bank borrowings at 30 June 2020, US\$18.8 million (2019: US\$18.7 million) are secured on inventories, property, plant and equipment and building of certain subsidiaries of the Group.

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

	Notes	Period ended	
		30-Jun-20	30-Jun-19
		US\$'000	US\$'000
Cash flows from operating activities			
Total profit		10,819	15,369
Adjustments:			
Income tax expense		6,672	8,160
Depreciation and amortisation		6,705	6,348
Gain on disposal of property, plant and equipment		(24)	(142)
Interest income		(464)	(687)
Interest expense		1,790	2,068
Fair value loss on derivatives		37	20
Share of results of associated companies and joint ventures		411	527
Operating cash flow before working capital changes		25,946	31,663
Change in working capital			
Inventories		12,229	5,497
Trade and other receivables		16,952	(13,121)
Contract assets		188	(589)
Trade and other payables		(21,928)	5,646
Contract liabilities		3,011	761
Cash generated from operations		36,398	29,857
Interest received		464	687
Income tax paid, net of tax refund received		(10,188)	(9,371)
Net cash provided by operating activities		26,674	21,173
Cash flows from investing activities			
Purchases of property, plant and equipment		(996)	(2,208)
Advances for purchase of property, plant and equipment		(835)	(1,587)
Purchases of intangible assets		(195)	(176)
Proceeds from disposal of property, plant and equipment		49	171
Net cash used in investing activities		(1,977)	(3,800)
Cash flows from financing activities			
Proceeds from bank borrowings		-	389
Proceeds from trade finance		986	(467)
Repayment of bank borrowings		(4,587)	(7,284)
Repayment of lease liabilities	1	(918)	(569)
Interest paid	1	(1,790)	(2,061)
Dividends paid to equity holders of company		(6,600)	(4,950)
Net cash used in financing activities		(12,909)	(14,942)
Net increase in cash and cash equivalents		11,788	2,431
Cash and cash equivalents			
Beginning of financial year		55,689	38,214
Effects of currency translation on cash and cash equivalents		(219)	(148)
End of financial year		67,258	40,497

Note

1 The amounts include lease liability and finance cost in respect of adoption of SFRS(I) 16.

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

	Period ended	
	30-Jun-20	30-Jun-19
	US\$'000	US\$'000
Cash and bank balances	23,099	10,237
Short term deposits	45,559	43,506
Less: Bank overdrafts	(1,400)	(13,246)
	67,258	40,497

Reconciliation of liabilities arising from financing activities

	Non-cash changes					30 Jun 2020
	31 Dec 2019	Repayment	Proceeds	Additions	Foreign exchange movement	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Bank borrowings	43,980	(4,587)	-	-	(865)	38,528
Lease liabilities	3,774 ^a	(918)	-	-	(91)	2,765 ^a
Trade finance	12,466	-	-	985	-	13,451

	Non-cash changes					30 Jun 2019
	31 Dec 2018	Repayment	Proceeds	Additions	Foreign exchange movement	
	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 ^b	18	2,105 ^a
Trade finance	13,784	(467)	-	-	-	13,317

Notes

^a Lease liabilities were reclassified as other payables.

^b By adoption of SFRS (I) 16, the Group capitalized the ROU assets and its corresponding lease liabilities as of 1 January 2019.

Consolidated Statement of Comprehensive Income

	1H ended 30 June	
	2020	2019
	<u>US\$'000</u>	<u>US\$'000</u>
Profit for the period	10,819	15,369
Other comprehensive income/(loss):		
Items that may be reclassified to profit or loss:		
Foreign currency translation reserve		
- Currency translation differences arising from consolidation	(7,392)	3,526
	(7,392)	3,526
Other comprehensive (loss)/income, net of tax	(7,392)	3,526
Total comprehensive income for the period	3,427	18,895
Total comprehensive income/(loss) attributable to:		
Equity holders of the Company	3,431	18,895
Non-controlling interest	(4)	-
	3,427	18,895

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.

	<u>Attributable to equity holders of the Company</u>							
	<u>Share capital</u>	<u>Foreign currency translation reserve</u>	<u>General reserve</u>	<u>Defined pension benefits obligation</u>	<u>Retained earnings</u>	<u>Total</u>	<u>Non-controlling interest</u>	<u>Total equity</u>
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
The Group								
Balance as at 1 January 2020	95,936	(3,553)	2,437	(550)	133,213	227,483	117	227,600
Profit for the period	-	-	-	-	10,819	10,819	-	10,819
Other comprehensive loss for the period	-	(7,388)	-	-	-	(7,388)	(4)	(7,392)
Final dividend relating to 2019	-	-	-	-	(6,600)	(6,600)	-	(6,600)
Balance at 30 June 2020	95,936	(10,941)	2,437	(550)	137,432	224,314	113	224,427

	<u>Attributable to equity holders of the Company</u>							
	<u>Share capital</u>	<u>Foreign currency translation reserve</u>	<u>General reserve</u>	<u>Defined pension benefits obligation</u>	<u>Retained earnings</u>	<u>Total</u>	<u>Non-controlling interest</u>	<u>Total equity</u>
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
The Group								
Balance as at 1 January 2019	95,936	(10,042)	2,366	214	117,656	206,130	117	206,247
Profit for the period	-	-	-	-	15,369	15,369	-	15,369
Other comprehensive income for the period	-	3,526	-	-	-	3,526	-	3,526
Final dividend relating to 2018	-	-	-	-	(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

Statement of Changes in Equity for the Company

	<u>Attributable to equity holders of the Company</u>		
	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total equity</u>
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
<u>The Company</u>			
Balance as at 1 January 2020	95,936	10,440	106,376
Profit for the period	-	20,273	20,273
Final dividend relating to 2019	-	(6,600)	(6,600)
Balance at 30 June 2020	95,936	24,113	120,049
<u>The Company</u>			
Balance at 1 January 2019	95,936	11,409	107,345
Profit for the period	-	8,109	8,109
Final dividend relating to 2018	-	(4,950)	(4,950)
Balance at 30 June 2019	95,936	14,658	110,504

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, if any, and the percentage of the aggregate number of treasury shares and 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 1H ended 30 June 2020, 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 period 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 a matter).

Not applicable.

3(A) Where the latest financial statements are subject to an adverse opinion, qualified or disclaimer of opinion:

- (i) Updates on the efforts taken to resolved each outstanding audit issue.
- (ii) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

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.

Yes.

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.

Not applicable.

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.

		1H ended 30 June	
		2020	2019
(i)	Based on the weighted average number of ordinary shares on issue ¹ - (US cents)	1.77	2.51
(ii)	On a fully diluted basis ² - (US cents)	1.77	2.51

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 2020 and 30 June 2019 respectively.

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

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

	Group		Company	
	30-Jun-20	31-Dec-19	30-Jun-20	31-Dec-19
Net asset value per ordinary share based on issued share capital - (US cents)	36.7	37.2	19.6	17.4

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)

	1H ended 30 June			
	2020	2019	%	%
	US\$'000	US\$'000	In USD term	In constant exchange rate ¹
Indonesia	145,641	175,227	(16.9)	(14.4)
Regional Markets	65,747	65,341	0.6	1.4
REVENUE	211,388	240,568	(12.1)	(10.1)
Indonesia	24,515	29,586	(17.1)	(14.3)
Regional Markets	1,056	1,855	(43.1)	(44.4)
EBITDA	25,571	31,441	(18.7)	(16.1)
Profit before tax	17,491	23,529	(25.7)	(23.0)
Profit attributable to shareholders	10,819	15,369	(29.6)	(26.6)

Key performance indicators

	1H ended 30 June		
	2020	2019	%
Gross profit margin	36.3%	36.0%	0.3% pt

NM - Not meaningful

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 2020

USD 1 to	Indonesian Rupiah (IDR)	Malaysian Ringgit (MYR)	Singapore Dollar (SGD)	Philippines Peso (PHP)
1H 2020	14,676	4.2274	1.3919	50.8242
1H 2019	14,243	4.1179	1.3595	52.3712
<i>Strengthened/(Weakened) Y-o-Y</i>	<i>(3.04%)</i>	<i>(2.66%)</i>	<i>(2.38%)</i>	<i>2.95%</i>

Review of the Group's 1H 2020 Financial Performance

Figure 1 - Key Financial Highlights

(In US\$ Million)	1H 2020	1H 2019	Chg Y-o-Y	Chg Y-o-Y in Constant Exch Rates *
Indonesia	145.6	175.2	(16.9%)	(14.4%)
Regional Markets	65.8	65.4	0.6%	1.4%
Total Revenue	211.4	240.6	(12.1%)	(10.1%)
Gross Profit Margin (%)	36.3%	36.0%	0.3% pt	0.3% pt
EBITDA	25.6	31.4	(18.7%)	(16.1%)
EBITDA Margin (%)	12.1%	13.1%	(1.0%) pt	(0.9%) pt
PATMI	10.8	15.4	(29.6%)	(26.6%)

Notes

* For comparative purposes only - This shows the effect of using the respective exchange rates of the regional currencies in 1H 2019 in translating the 1H 2020 results.

For the 6 months ended June 2020, we achieved PATMI of US\$10.8 million versus US\$15.4 million in the same period last year. Included in PATMI are withholding tax amounts on dividends received from our subsidiaries. Adjusted for this, our PATMI would have been lower by 22.1% instead.

The results were impacted by the unprecedented crisis caused by the COVID-19 pandemic. Our sales during this period were lower Y-o-Y by 12.1% as a result of the ensuing lockdown measures imposed in our markets.

In response to try and contain the COVID-19 pandemic outbreak, the Governments in our respective markets had imposed varying but strict levels of large-scale social restriction measures. These had a negative impact on consumer mobility and the operations of our retail customers. For our Modern Trade retail customers, it included shorter operating hours and even the temporary closure of some retail malls. The General Trade was principally affected by the temporary closure of many wholesalers and some distributors.

On our part, we immediately took comprehensive measures to protect the safety of our people, which was our foremost priority. These measures included working from home options, implementation of social distancing in our operations, split teams, staggered working hours and limiting the number of production workers during the early stages. These measures, to a certain extent, affected our production capacity.

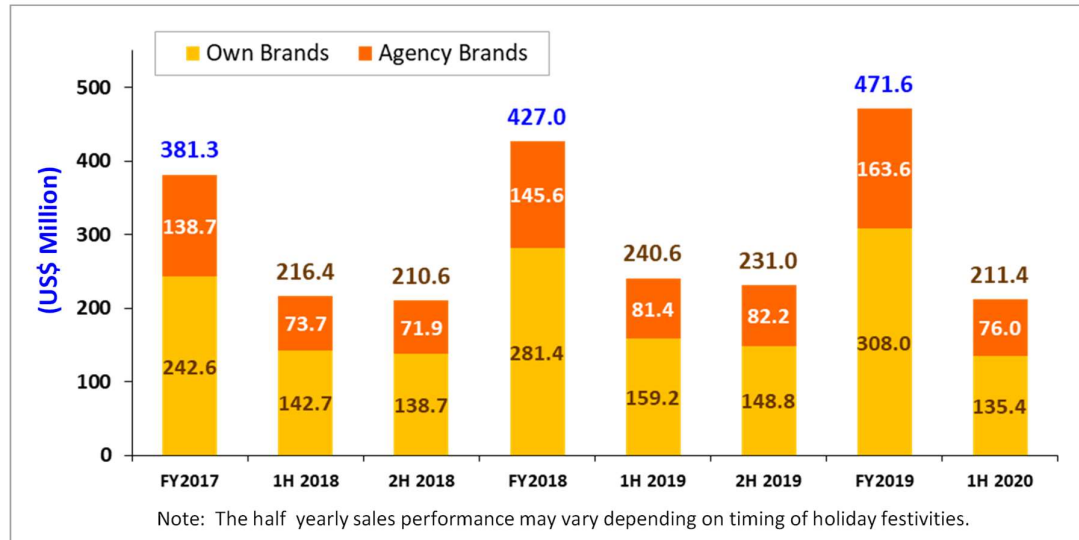
So whilst our performance for 1Q 2020 showed a modest Y-o-Y improvement, as a result of all these COVID-19 related factors, our sales in the months of April and May were substantially lower compared to the same periods last year. Certain of our product categories like our spreads and baking products recorded significant increase in sales as a result of growing at-home consumption, although these were unable to mitigate the overall lower sales achieved.

At what was essentially the peak of the lockdowns in our markets during 1H 2020, there was also significant currency volatility and weakness, especially the Indonesian Rupiah which weakened briefly to a low of more than IDR16,000 to the US Dollar. The Rupiah has since recovered to the 14,500 levels although this is still weaker compared to the rate at beginning of the year.

Since the beginning of June 2020, the control measures for large scale social movement have been progressively eased in our regional markets. We are seeing signs of recovery in June as business is starting to pick up again, albeit not yet back to the pre-COVID levels.

During this period, we have seen changes in consumer behaviour such as the preference for shopping closer to home. Although consumers in our markets still prefer visiting physical stores for their shopping needs, there is an increase in on-line purchases, although not to the extent seen in the West. The other trend is the increase in demand for products that are seen to improve consumer health. We are increasing our efforts in this category in order to capture this growth opportunity.

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



Despite the lower profit, we generated strong Free Cash Flow in 1H 2020 of US\$25.7 million as we tightened our cash flow management through watching closely our costs, collections and capital spending. Our Free Cash Flow generated was higher by US\$6.7 million compared to the same period last year. In addition, the Group's cash balance of US\$68.7 million at 30 June 2020 is more than adequate to support the Group's foreseeable near-term business and investment needs.

Performance Review by Markets

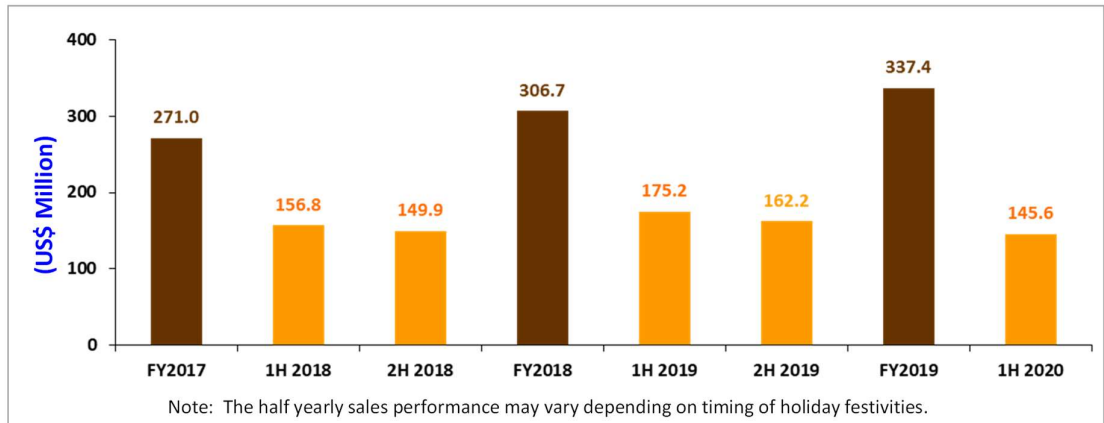
Indonesia

In this challenging environment, our business in Indonesia for 1H 2020 achieved revenues of US\$145.6 million, lower by 16.9% Y-o-Y in the Group's USD reporting currency, with the weakness in Rupiah against the US Dollar during that period accounting for 2.5% point of the decline. As

discussed, the lower revenue achieved was due to decreased consumer mobility and consumer confidence as well as the impact on retail operations arising from the COVID-19 outbreak.

Despite the challenging environment, the Management Team will continue to accelerate innovation for Own Brands as this remains a key priority for us and our objective is to reach many more consumers by developing innovative products that will address different consumer needs at different price points. In addition, to position our business for long term success, we will continue to implement a number of significant initiatives which include increased brand building investments into our major brands as well as investments to strengthen our route-to-market capabilities.

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



The sales performance of our Agency Brands was lower Y-o-Y by 14.9% in 1H 2020 although the grocery and breakfast categories registered growth over the period.

The Regional Markets

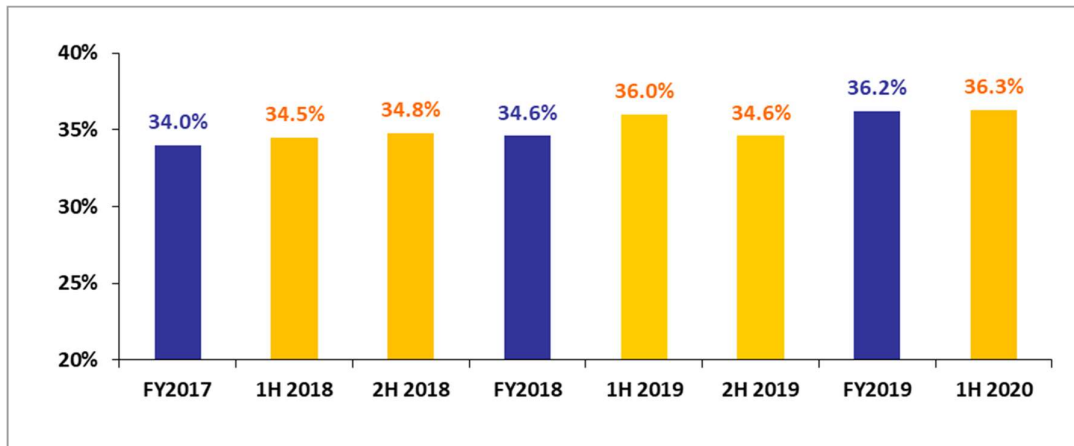
For our Regional Markets, revenues for 1H 2020 were higher Y-o-Y by 0.6%. The growth was mainly attributed to higher sales in Malaysia and sales of *Van Houten* products in our Regional Markets. For our Regional Markets, *Van Houten* contributed US\$3.0 million in sales.

Review of Profitability

For 1H 2020, the Group generated EBITDA of US\$25.6 million (lower Y-o-Y by 18.7%). The decline can be attributed to the lower sales by US\$29.2 million as a result of the COVID-19 outbreak.

For 1H 2020, the Group achieved a gross profit margin of 36.3% (higher Y-o-Y by 0.3% point). The improvement can be attributed to the higher proportion our Premium format category in Own Brands sales in Indonesia, and our cost containment initiatives.

Figure 4 - Gross Profit Margin (Half Year and Full Year) - As reported



Note: * It should be highlighted that 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 allows us to lock-in forward costs to a major extent thus providing greater cost visibility and margin stability.

On the back of the lower EBITDA achieved, the Group's 1H 2020 EBITDA margin of 12.1% was lower Y-o-Y by 1.0% points.

In reshaping the way in which we operate, to minimize the dangers of COVID-19, this will have an impact on our margins. During 1H 2020, we put in place additional Personal Protection Equipment, installed additional personal cleaning facilities and temperature checking equipment plus re-configured our staff movements to ensure they can work in socially-distanced conditions.

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 recognised an exceptional charge of US\$2.0 million pertaining to the claims. Since then, the Company has not been notified of any further claims. At 30 June 2020, the Company’s total exposure in respect of tax and labour claims in Brazil is BRL 86,998,712 (equivalent to US\$15.9 million based on end-June 2020 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 2020. 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-20	31-Dec-19	Change
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
Cash and cash equivalent	68,658	57,558	11,100
Working capital	117,746	140,035	(22,289)
Total Assets	378,181	402,295	(24,114)
Borrowings	53,379	58,315	(4,936)
Foreign currency translation reserves	(10,941)	(3,553)	(7,388)
Shareholders' Equity	224,314	227,483	(3,169)
Current ratio	1.73	1.61	

As at 30 June 2020, the Group and Company's cash balance was US\$68.7million and US\$58.8 million respectively after the final dividend payment for FY2019 of US\$6.6 million during the year. 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-2019, total assets and shareholders' equity were lower by US\$24.1 million and US\$3.2 million respectively reflecting mainly: (1) the FY2019 dividend; (2) a reduction of working capital; and (3) the foreign currency translation loss (see paragraph 1(b)(i) Note 6 on page 7).

During this period, we have focused on our cash collections in order to manage our working capital.

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 1H 2020 are in line with the commentary made in paragraph 10 of the Group's "4Q and Full Year 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.

The macroeconomic and operating environments in our markets are likely to remain challenging but the recent easing of controls on large scale social movement and the resumption of many businesses have been positive for the local economies. The regional currencies, especially the IDR against the USD, are expected to remain volatile.

Since the relaxation of some of these measures, there is increased consumer mobility and we are already seeing signs of recovery in June, although not yet back to pre-COVID 19 levels. Clearly the evolution of the COVID-19 pandemic in the countries in which we operate will have a significant bearing on our future operations and performance. However, given the continued volatility and uncertainty from the COVID-19 pandemic, it is too early to project what our full year results might be.

During 1H 2020, we invested significantly to reduce the risk to our people and our business from the pandemic. Going forward, we will continue to monitor the situation and prioritise our resources, including financial resources, on tackling further challenges brought about by the COVID-19 pandemic.

With the solid foundation (the strength of our leading brands, our strong innovation culture and strong distribution) that the Group is built on coupled with our strong Balance Sheet and Cash Flow generation, we believe we are well placed to tackle the uncertainties ahead. We believe we can overcome this economic downturn and emerge stronger post recovery.

11. If a decision regarding dividend has been made:

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

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per share (in Singapore cents)	1.76 cents per ordinary shares

b. (i) Amount per share 1.76 Singapore cents. (as above)

(ii) Previous corresponding period 1.73 Singapore cents.

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

- c. **Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived.**

Not applicable.

- d. **The date the dividend is payable.**

The interim dividend will be paid on 7 September 2020.

- e. **The date on which Registrable Transfers received by the Company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.**

NOTICE IS HEREBY GIVEN that the Transfer Books and the Register of Members of the Company will be closed at 5.00 pm on 24 August 2020 (Books Closure Date) for the preparation of dividend warrants.

Duly completed transfers of ordinary shares received by the Company's Share Registrar, M&C Services Private Limited, 112 Robinson Road, #05-01, Singapore 068902 before 5.00 pm on the Books Closure Date will be registered to determine shareholders' entitlements to the final dividend. In respect of ordinary shares in securities accounts with The Central Depository (Pte) Limited (CDP), the final dividend will be paid by the Company to CDP which will, in turn, distribute the final dividend entitlements to the CDP account holders in accordance with its normal practice.

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

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 30 April 2020 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
	1H 2020
	US\$'000
PT Freyabadi Indotama	
- Sales of goods	24
- Purchase of products	5,198
	5,222
PT Fajar Mataram Sedayu	
- Purchase of goods	-
	-
	5,222

- 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 1st Half of 2020 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

Richard Tan Kheng Swee/Evelyn Chuang
Company Secretaries

11 August 2020