

Delfi Limited
Unaudited Financial Statements and Dividend Announcement
For the 1st Quarter Ended 31 March 2019

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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		
		1Q ended 31 March		
		2019	2018	Change
	Notes	US\$'000	US\$'000	%
Revenue	1	128,226	107,333	19.5
Cost of Sales		(82,338)	(70,265)	17.2
Gross Profit		45,888	37,068	23.8
Other operating income		925	1,324	(30.1)
<u>Expenses</u>				
Selling and distribution costs		(25,265)	(21,411)	18.0
Administrative expenses		(6,377)	(5,159)	23.6
Finance costs	2	(1,032)	(715)	44.3
Other operating expenses		(209)	-	NM
Exceptional items	3	(112)	-	NM
Share of results of associated company and joint ventures		(242)	11	NM
Profit before income tax		13,576	11,118	22.1
Income tax expense		(4,335)	(3,518)	23.2
Total profit	4	9,241	7,600	21.6
Profit attributable to:				
Equity holders of the Company		9,241	7,600	21.6
Non-controlling interest		-	-	-
		9,241	7,600	21.6
EBITDA		17,574	14,370	22.3
Earnings per ordinary share (US cents) - Basic and Diluted ^a				
- Excluding exceptional items		1.53	1.24	23.1
- Including exceptional items		1.51	1.24	21.6
Return on equity				
- Including exceptional items		17.5%	10.2% ^c	7.3% pt
- Excluding exceptional items ^b		17.7%	11.2% ^c	6.5% pt

Notes

- 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.
 - Computed based on Net Profit excluding the exceptional charges in 1Q 2019 and FY2018.
 - 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.

	1Q ended 31 March		
	2019	2018	Change
	<u>US\$'000</u>	<u>US\$'000</u>	<u>%</u>
Indonesia	93,658	76,228	22.9
Regional Markets	34,568	31,105	11.1
	128,226	107,333	19.5

(b) Breakdown of Sales

	1Q ended 31 March		
	2019	2018	Change
	<u>US\$'000</u>	<u>US\$'000</u>	<u>%</u>
Own Brands	88,408	70,349	25.7
Agency Brands	39,818	36,984	7.7
	128,226	107,333	19.5

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 1Q 2019, *Van Houten* contributed US\$4.6 million to the Group’s Own Brands sales. Prior to the acquisition, *Van Houten* was classified as an Agency Brand 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 14. On adoption of the new accounting standard, the Group recorded a depreciation charge of US\$341,000 on its right-of-use (“ROU”) assets and finance cost of US\$45,000 with a corresponding decrease in operating lease rental expense by US\$285,000 in 1Q 2019.

Note 3 - Exceptional Items

As disclosed in 3Q 2018, the Group discovered improper and unsubstantiated transactions in one of its wholly owned subsidiaries, Delfi Marketing, Inc. (“*DMI*”) in the Philippines. Included in 1Q 2019’s exceptional item were legal and professional fees of US\$112,000 incurred for on-going work carried out for the subsidiary.

Note 4 - Net Profit

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

		1Q ended 31 March		
		2019	2018	Change
	Notes	<u>US\$'000</u>	<u>US\$'000</u>	<u>%</u>
Depreciation of property, plant and equipment	1	(2,874)	(2,724)	5.5
Amortisation of intangible assets	2	(339)	(203)	67.0
Net foreign exchange gain		16	760	(97.9)
Group over provision of tax in prior years		-	12	NM
Gain on disposal of property, plant and equipment		106	48	120.8
(Impairment loss)/write-back on trade receivables		(19)	80	NM
Inventories written off		(515)	(284)	81.3
Allowance made for inventory obsolescence		(119)	(203)	(41.4)

Notes

1. Included was a depreciation on ROU assets of US\$341,000 - please see Note 2 above and paragraph 4 on page 14.
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	
		31-Mar-19	31-Dec-18	31-Mar-19	31-Dec-18
Notes		US\$'000	US\$'000	US\$'000	US\$'000
ASSETS					
Current assets					
		49,390	54,708	44,102	44,612
	1	94,978	72,446	4,059	2,144
		60	60	60	60
	1	70,486	76,215	-	-
		3,326	2,083	-	-
		1,949	1,309	-	-
		13,385	13,575	2,064	2,926
		233,574	220,396	50,285	49,742
Non-current assets					
		-	-	40,992	40,992
		3,356	3,764	3,900	3,900
		880	881	-	-
	2,3	112,128	109,383	483	567
		22,037	22,285	17,634	17,659
		1,836	1,343	-	-
		3,031	3,066	-	-
		143,268	140,722	63,009	63,118
		376,842	361,118	113,294	112,860
Total Assets					
LIABILITIES					
Current liabilities					
		29,645	34,626	1,527	1,917
		5,180	3,457	-	-
	2,4	50,387	43,228	3,580	3,288
		3,731	2,011	-	-
		20	57	16	57
	2,5	55,719	58,834	-	100
		144,682	142,213	5,123	5,362
Non-current liabilities					
	2,4	1,335	-	141	-
	2,5	-	171	-	153
		878	810	-	-
		12,322	11,677	-	-
		14,535	12,658	141	153
		159,217	154,871	5,264	5,515
		217,625	206,247	108,030	107,345
Capital and reserves attributable to the Company's equity holders					
		95,936	95,936	95,936	95,936
	6	(7,905)	(10,042)	-	-
		2,580	2,580	-	-
		126,897	117,656	12,094	11,409
		217,508	206,130	108,030	107,345
Non-controlling interest					
		117	117	-	-
		217,625	206,247	108,030	107,345

Explanatory Notes on Statement of Financial Position

Note 1 - Trade Receivables and Inventories

Compared to end-2018, trade receivables at end-March 2019 increased US\$22.5 million as a result of higher sales to the distribution centres of some of our Modern Trade customers and also our Regional Distributors to capture the run-up to the Muslim Lebaran festivities. 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\$5.7 million.

Note 2 - ROU Assets and Lease Liabilities

As at 31 March 2019, amounts recognised in the balance sheet for the adoption of "SFRS (I) 16 - Leases" are as follows:

	<u>Group</u>	<u>Company</u>
	<u>US\$'000</u>	<u>US\$'000</u>
<u>Property, plant and equipment</u>		
Right-of-use assets, net of depreciation	3,592	376
<u>Other payables</u>		
Lease liabilities - Current	1,115	85
Lease liabilities- Non-current	1,335	141

Included in the carrying amounts of property, plant and equipment and other payables as at 31 March 2019 were ROU assets acquired under the Group's finance leases of US\$1.4 million and its corresponding lease liabilities of US\$0.3 million respectively. Please see paragraph 4 on page 14.

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

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

	<u>1Q 2019</u>	<u>1Q 2018</u>
	<u>US\$'000</u>	<u>US\$'000</u>
Indonesia	1,325	561
Regional Markets	144	344
	<u>1,469</u>	<u>905</u>

Note 4 - Other Payables

In line with the higher sales achieved, accrued operating expenses increased during 1Q 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	
	31-Mar-19	31-Dec-18	31-Mar-19	31-Dec-18
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
Bank overdrafts	13,344	16,494	-	-
Bank borrowings	30,826	28,414	-	-
Finance lease liabilities	-	313	-	253
Trade finance	11,549	13,784	-	-
	55,719	59,005	-	253
Breakdown of borrowings:				
Current	55,719	58,834	-	100
Non-current	-	171	-	153
	55,719	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 14). The Group utilised its operating cash flow and cash balance to fund its higher trade receivables (see Note 1 above) and repay borrowings.

Note 6 - Foreign Exchange Translation Reserve

At end-March 2019, the Group recorded a foreign exchange translation gain of US\$2.1 million mainly due to the appreciation of the Indonesian Rupiah against the US Dollar from IDR 14,481/US\$1 (end-2018) to IDR 14,244/US\$1 (end-March 2019).

Note 7 - Key Ratios

	31-Mar-19	31-Dec-18
Current ratio	1.61	1.55
Average inventory days	81	92
Average receivable days	60	57
Average payable days	36	43
Return on equity	17.5%	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	
	31-Mar-19	31-Dec-18	31-Mar-19	31-Dec-18
	<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	19,411	18,194	-	100
- Unsecured	36,308	40,640	-	-
	55,719	58,834	-	100
Amount repayable after one year				
- Secured	-	171	-	153
	-	171	-	153

Details of collateral

Of the Group's total bank borrowings at 31 March 2019, US\$19.4 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.

	<u>Notes</u>	Period ended	
		31-Mar-19	31-Mar-18
		<u>US\$'000</u>	<u>US\$'000</u>
Cash flows from operating activities			
Total profit		9,241	7,600
Adjustments:			
Income tax expense		4,335	3,518
Depreciation and amortisation	see para 4 on page 14	3,213	2,927
Gain on disposal of property, plant and equipment		(106)	(48)
Exceptional items		112	-
Interest income		(357)	(286)
Interest expense		1,032	715
Fair value gain on derivatives		(37)	(113)
Share of results of associated company and joint ventures		242	(11)
Operating cash flow before working capital changes		17,675	14,302
Change in working capital			
Inventories		5,729	(6,557)
Trade and other receivables		(22,307)	(15,929)
Contract assets		(1,243)	(314)
Trade and other payables		2,757	11,150
Contract liabilities		1,723	306
Exceptional loss		(112)	-
Cash generated from operations		4,222	2,958
Interest received		357	286
Income tax paid		(3,741)	(3,834)
Net cash provided by/(used in) operating activities		838	(590)
Cash flows from investing activities			
Purchases of property, plant and equipment		(1,439)	(751)
Purchases of intangible assets		(60)	(190)
Proceeds from disposal of property, plant and equipment		128	52
Net cash used in investing activities		(1,371)	(889)
Cash flows from financing activities			
Proceeds from bank borrowings		3,510	8,419
Repayment of trade finance		(2,235)	(386)
Repayment of bank borrowings		(1,423)	(4,557)
Repayment of lease liabilities	see para 4 on page 14	(288)	(100)
Interest paid	see para 4 on page 14	(1,032)	(715)
Net cash (used in)/provided by financing activities		(1,468)	2,661
Net (decrease)/increase in cash and cash equivalents		(2,001)	1,182
Cash and cash equivalents			
Beginning of financial year		38,214	50,405
Effects of currency translation on cash and cash equivalents		(167)	97
End of period		36,046	51,684

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

	Period ended	
	31-Mar-19	31-Mar-18
	<u>US\$'000</u>	<u>US\$'000</u>
Cash and bank balances	7,384	20,342
Short term deposits	42,006	46,007
Less: Bank overdrafts	(13,344)	(14,665)
	36,046	51,684

Reconciliation of liabilities arising from financing activities

	Non-cash changes					
	<u>31 Dec 2018</u>	<u>Repayment</u>	<u>Proceeds</u>	<u>Additions</u>	<u>Foreign exchange movement</u>	<u>31 Mar 2019</u>
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
Bank borrowings	28,414	(1,423)	3,510	-	325	30,826
Lease liabilities	313	(288)	-	2,401 ¹	24	2,450
Trade finance	13,784	(2,235)	-	-	-	11,549

¹ Please see paragraph 4 on page 14.

Consolidated Statement of Comprehensive Income

	1Q ended 31 March	
	2019	2018
	<u>US\$'000</u>	<u>US\$'000</u>
Profit for the period	9,241	7,600
Other comprehensive income:		
Items that may be reclassified to profit or loss:		
Foreign currency translation reserve		
- Currency translation differences arising from consolidation	2,137	(2,788)
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	2,137	(2,816)
Total comprehensive income for the period	11,378	4,784
Total comprehensive income attributable to:		
Equity holders of the Company	11,378	4,783
Non-controlling interest	-	1
	11,378	4,784

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						
	<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>
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
The Group							
<u>1Q 2019</u>							
Balance as at 1 January 2019	95,936	(10,042)	2,366	214	117,656	206,130	117
Profit for the period	-	-	-	-	9,241	9,241	-
Other comprehensive income for the period	-	2,137	-	-	-	2,137	-
Balance at 31 March 2019	95,936	(7,905)	2,366	214	126,897	217,508	117
<u>1Q 2018</u>							
Balance as at 31 December 2017	95,936	(59,873)	2,296	(1,286)	172,437	209,510	122
Adoption of SFRS(I)	-	60,077	-	-	(61,441)	(1,364)	-
Retrospective adjustment in relation to correction of error	-	114	-	-	(4,073)	(3,959)	-
Balance at 1 January 2018	95,936	318	2,296	(1,286)	106,923	204,187	122
Profit for the period	-	-	-	-	7,600	7,600	-
Total comprehensive (loss)/income for the period	-	(2,789)	-	(28)	-	(2,817)	1
Balance at 31 March 2018	95,936	(2,471)	2,296	(1,314)	114,523	208,970	123

Statement of Changes in Equity for the Company

	Attributable to equity holders of the Company		
	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total equity</u>
	US\$'000	US\$'000	US\$'000
<u>The Company</u>			
<u>1Q 2019</u>			
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
<u>The Company</u>			
<u>1Q 2018</u>			
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

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 1Q ended 31 March 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 US\$2,446,000 and US\$2,401,000 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.**

1Q ended 31 March		
	2019	2018
(i) Based on weighted average number of ordinary shares in issue - (US cents)		
- Exclude exceptional items ³	1.53	1.24
- Include exceptional items	1.51	1.24
(ii) On a fully diluted basis ² - (US cents)		
- Exclude exceptional items ³	1.53	1.24
- Include exceptional items	1.51	1.24

Notes

1. Basic Earnings per Share is computed based on 611,157,000 shares.
2. There are no potentially dilutive ordinary shares as at 31 March 2019 and 31 March 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	
	31-Mar-19	31-Dec-18	31-Mar-19	31-Dec-18
Net asset value per ordinary share based on issued share capital - (US cents)	35.6	33.7	17.7	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)

	1Q ended 31 March			
	2019	2018	%	
	<u>US\$'000</u>	<u>US\$'000</u>	<u>In USD term</u>	<u>In constant exchange rate¹</u>
Indonesia	93,658	76,228	22.9	28.7
Regional Markets	34,568	31,105	11.1	14.3
REVENUE	128,226	107,333	19.5	24.6
Indonesia	16,128	13,675	17.9	24.3
Regional Markets	1,446	695	108.1	118.7
EBITDA	17,574	14,370	22.3	28.9
Profit before tax and exceptional items	13,688	11,118	23.1	29.9
Exceptional items ²	(112)	-	NM	NM
Profit before tax	13,576	11,118	22.1	28.9
Net profit attributable to shareholders before exceptional items	9,353	7,600	23.1	30.6
Profit attributable to shareholders	9,241	7,600	21.6	29.2

Key performance indicators

	1Q ended 31 March		
	2019	2018	%
Gross profit margin	35.8%	34.5%	1.3% 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 1Q ended 31 March 2019

USD 1 to	Indonesian Rupiah (IDR)	Malaysian Ringgit (MYR)	Singapore Dollar (SGD)	Philippines Peso (PHP)
1Q 2019	14,205	4.1004	1.3542	52.3607
1Q 2018	13,556	3.9616	1.3235	51.1260
<i>Strengthened/(Weakened) Y-o-Y</i>	<i>(4.79%)</i>	<i>(3.50%)</i>	<i>(2.32%)</i>	<i>(2.42%)</i>

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

Review of the Group's 1Q 2019 Financial Performance

Figure 1 - Key Financial Highlights

(In US\$ Million)	1Q 2019	1Q 2018	% chg Y-o-Y	% chg Y-o-Y in Constant Exch Rates *
Indonesia	93.6	76.2	22.9%	28.7%
Regional Markets	34.6	31.1	11.1%	14.3%
Total Revenue	128.2	107.3	19.5%	24.6%
Gross Profit Margin (%)	35.8%	34.5%	1.3% pt	1.3% pt
EBITDA	17.6	14.4	22.3%	28.9%
EBITDA Margin (%)	13.7%	13.4%	0.3% pt	0.5% pt
PATMI (excl exceptional item) **	9.3	7.6	23.1%	30.6%
PATMI (incl exceptional item) **	9.2	7.6	21.6%	29.2%

Notes

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

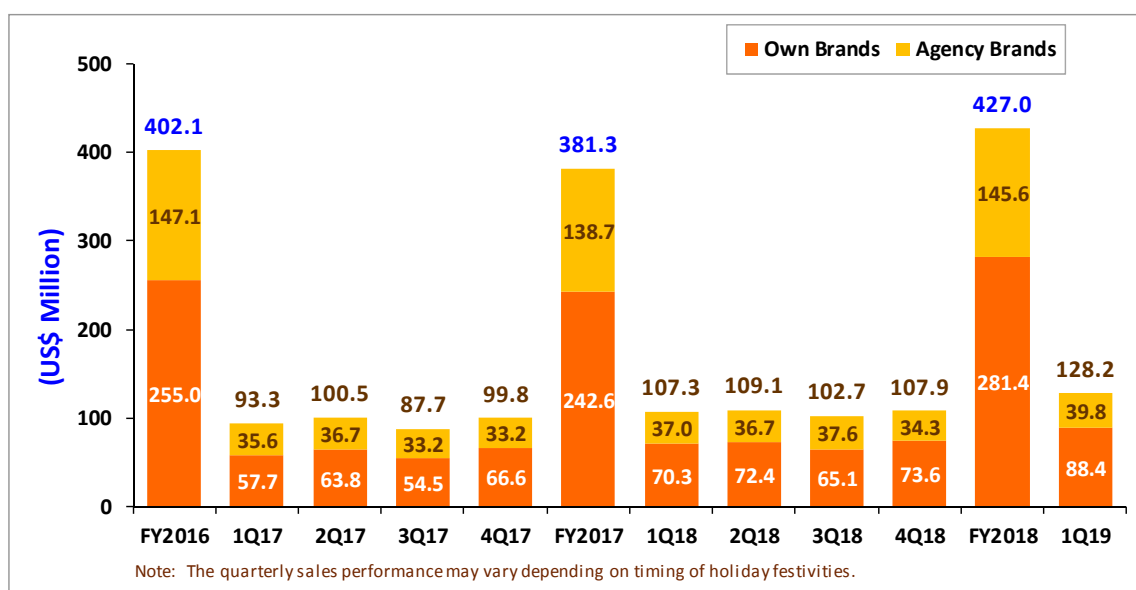
** Please refer to Note 3 on page 3 for details of the exceptional item.

The Group started FY2019 on a strong note achieving 1Q 2019 revenue of US\$128.2 million and PATMI of US\$9.2 million, representing Year-on-Year (“Y-o-Y”) growth of 19.5% and 21.6% respectively in the Group’s US Dollar (“USD”) reporting currency. The performance achieved is attributable to the strong growth for our Own Brands across our markets and on the back of the higher Gross Profit Margin (“GPM”). This growth was achieved despite the weakness in the regional currencies (especially the Indonesian Rupiah) against the USD, which although strengthened vs the rate in 2H 2018, is still weaker by 4.8% compared to 1Q 2018’s exchange rate.

Building on the positive momentum from FY2018, our Own Brands sales increased 25.7% Y-o-Y with the growth driven by the strong demand for our products in the premium format category mainly in Indonesia. Our Own Brands sales continue to be the major contributor to our business, forming 68.9% of revenue compared to 65.5% in the previous period. 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 1Q 2019, our Agency Brands business across our markets achieved Y-o-Y revenue growth of 7.7%. To provide better clarity on the performance of Agency Brands, the following should be highlighted, sales of our *Van Houten* products in Indonesia from 2Q 2018 are now classified as Own Brands. If adjusted for this and the impact from the rationalisation of some Agency Brands, the fundamental underlying sales performance of our Agency Brands would have reflected instead a higher Y-o-Y growth of 15.1% for 1Q 2019.

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



The Group generated 1Q 2019 EBITDA of US\$17.6 million which represents Y-o-Y growth of 22.3%. In addition to higher sales achieved, the other key profitability driver is the higher GPM achieved.

The Group's 1Q 2019 PATMI of US\$9.2 million was higher Y-o-Y by 21.6%. Included in PATMI was the following exceptional item - US\$0.1 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 3Q 2018. Excluding this, the Group's 1Q 2019 PATMI growth would have been 23.1%.

As at 31 March 2019, the Group's cash balance was US\$49.4 million which is more than adequate to support the Group's foreseeable near term business and investment needs.

Performance Review by Markets

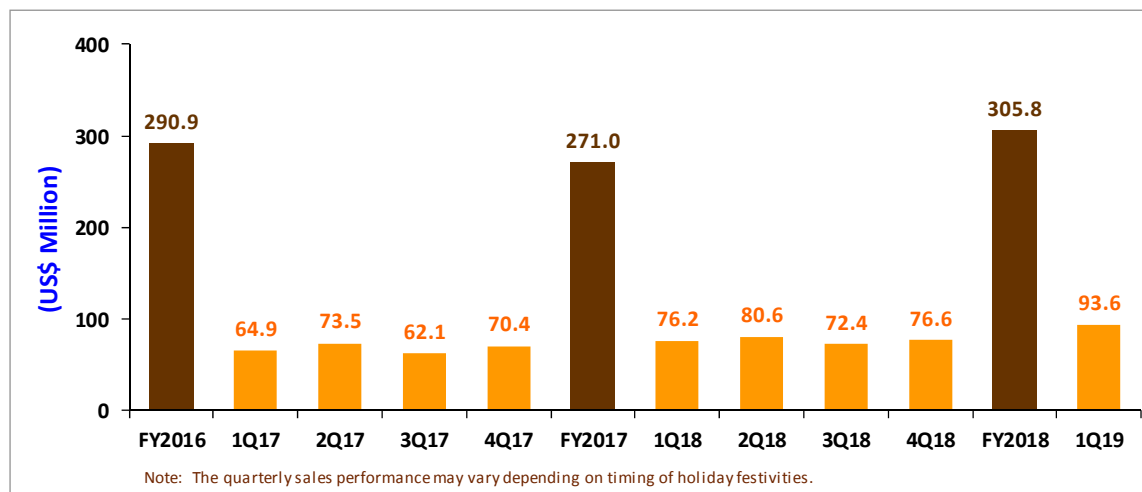
Indonesia

For 1Q 2019, our business in Indonesia achieved revenue of US\$93.6 million, an increase of 22.9% Y-o-Y in the Group's USD reporting currency. The main growth drivers were our premium brands of *SilverQueen*, *Delfi Premium*, *Selamat* and *Van Houten* which registered growth in excess of 20% as a result of the success of our promotional programmes to capture the strong consumer demand in 1Q 2019 for Valentine's Day. In addition, the results reflected the shipments of products to our customers in order to capture consumer purchases in the run up to the Muslim Lebaran festivities. For 2019, Lebaran is expected to be celebrated on 5th June compared to 14th June last year.

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 2nd half of 2018, we launched our Green Tea variant under our flagship *SilverQueen* brand. Consumer response has been very positive to-date.

We also launched new products in the snacking category to satisfy consumers' needs at different price points for example, *Delfi Take-It Big*, *Delfi Zap*, *Delfi Buzza*, *Delfi Black Thunder* and *Delfi Big Thunder*.

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



The sales performance of our Agency Brands sales in Indonesia was higher Y-o-Y by 7.8%. This reflected the reclassification of “*Van Houten*” sales to Own Brands. Adjusted for this, our Agency Brands sales would have reflected instead growth of 25.0% Y-o-Y for 1Q 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.

The Regional Markets

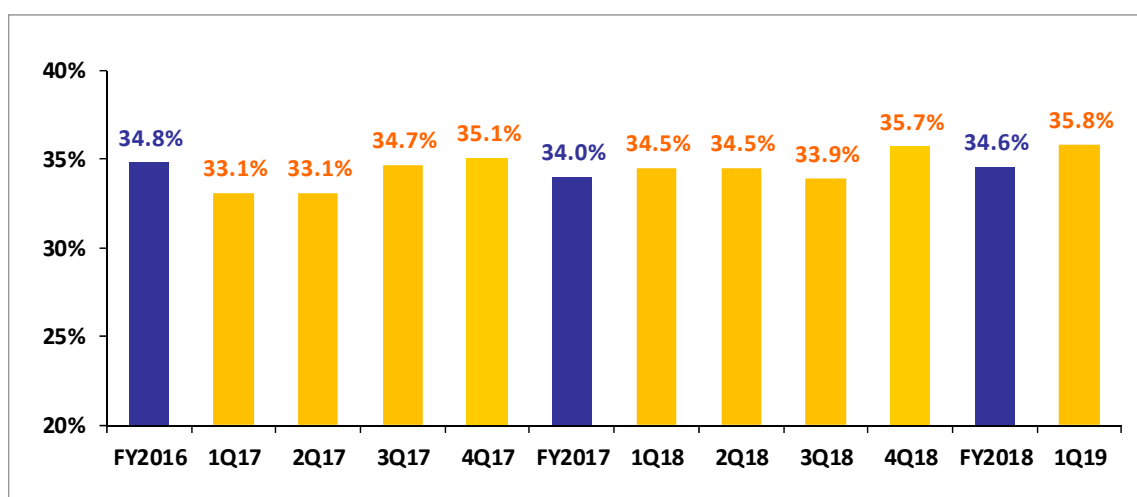
For our Regional Markets, revenues for 1Q 2019 were higher Y-o-Y by 11.1%. The growth was mainly driven by higher sales in Malaysia and sales of the *Van Houten* products in our regional markets. For our Regional Markets, *Van Houten* contributed US\$1.3 million in sales while in the Philippines, *Goya Mini Tubes* and *Goya Spread* continue to achieve double digit growth.

Review of Profitability

For the period under review, the Group generated EBITDA of US\$17.6 million, higher Y-o-Y by 22.3%. The key drivers of the growth are (i) the higher revenue achieved by the Group; and (ii) the improvement in our Group's GP Margin.

For 1Q 2019, the Group achieved a GP Margin of 35.8% (higher Y-o-Y by 1.3% point) which is at the highest level achieved over the last three years. The improvement achieved, 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 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; 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 serves to lock-in forward costs to a major extent thus providing greater cost visibility and margin stability.

The Group's EBITDA growth of 22.3% for 1Q 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 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 1Q 2019 EBITDA margin of 13.7% (higher Y-o-Y by 0.3% points) on higher GP Margin.

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 Brasil 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 31 March 2019, the Company's total exposure in respect of tax and labour claims in Brazil is BRL 85,298,932 (equivalent to US\$21.7 million based on end-March 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 31 March 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	31-Mar-19	31-Dec-18	Change
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
Cash and cash equivalents	49,390	54,708	(5,318)
Working capital	135,819	114,035	21,784
Total assets	376,842	361,118	15,724
Borrowings	55,719	59,005	(3,286)
Foreign currency translation reserves	(7,905)	(10,042)	2,137
Shareholders' equity	217,508	206,130	11,378
Current ratio	1.61	1.55	

As at 31 March 2019, the Group and Company's cash balance was US\$49.4 million and US\$44.1 million respectively. The cash balance will be 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\$15.7 million and US\$11.4 million respectively reflecting mainly: (1) the increase in working capital; (2) the foreign currency translation gain (see paragraph 1(b)(i) Note 6 on page 7); and (3) higher profitability achieved. The Group has utilised its operating cash flow of US\$17.7 million (see paragraph 1(c) on page 9) and cash balance 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 1Q 2019 are in line with the commentary made on 27 February 2019 in paragraph 10 of the Group's "4Q and FY2018 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.

While the current operating environment remains challenging, we are confident that we have the solid foundations, right strategy and plans in order to deliver our growth objectives.

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 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; and stepped up productivity efforts, we expect, barring unforeseen circumstances, to continue the growth momentum achieved in 1Q 2019 and perform better in FY2019 as compared to FY2018.

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)? No.

b. Corresponding Period of the Immediately Preceding Financial Year

Any interim/final dividend declared for the preceding financial period reported on? No.

c. Date payable

Not applicable.

d. Books closure date

Not applicable.

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

No dividend has been declared for the quarter ended 31 March 2019 (31 March 2018: Nil)

For the financial year ended 31 December 2018, the Company's Shareholders have approved the proposed final dividend of 1.10 Singapore cents per share at the Annual General Meeting held on 29 April 2019. The final dividend will be paid on 17 May 2019.

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
	1Q 2019
	<u>US\$'000</u>
PT Freyabadi Indotama	
- Sales of goods	8
- Purchase of products	2,841
	2,849
PT Fajar Mataram Sedayu	
- Purchase of goods	33
	33
	2,882

14. Negative confirmation pursuant to Rule 705(5)

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

14 May 2019