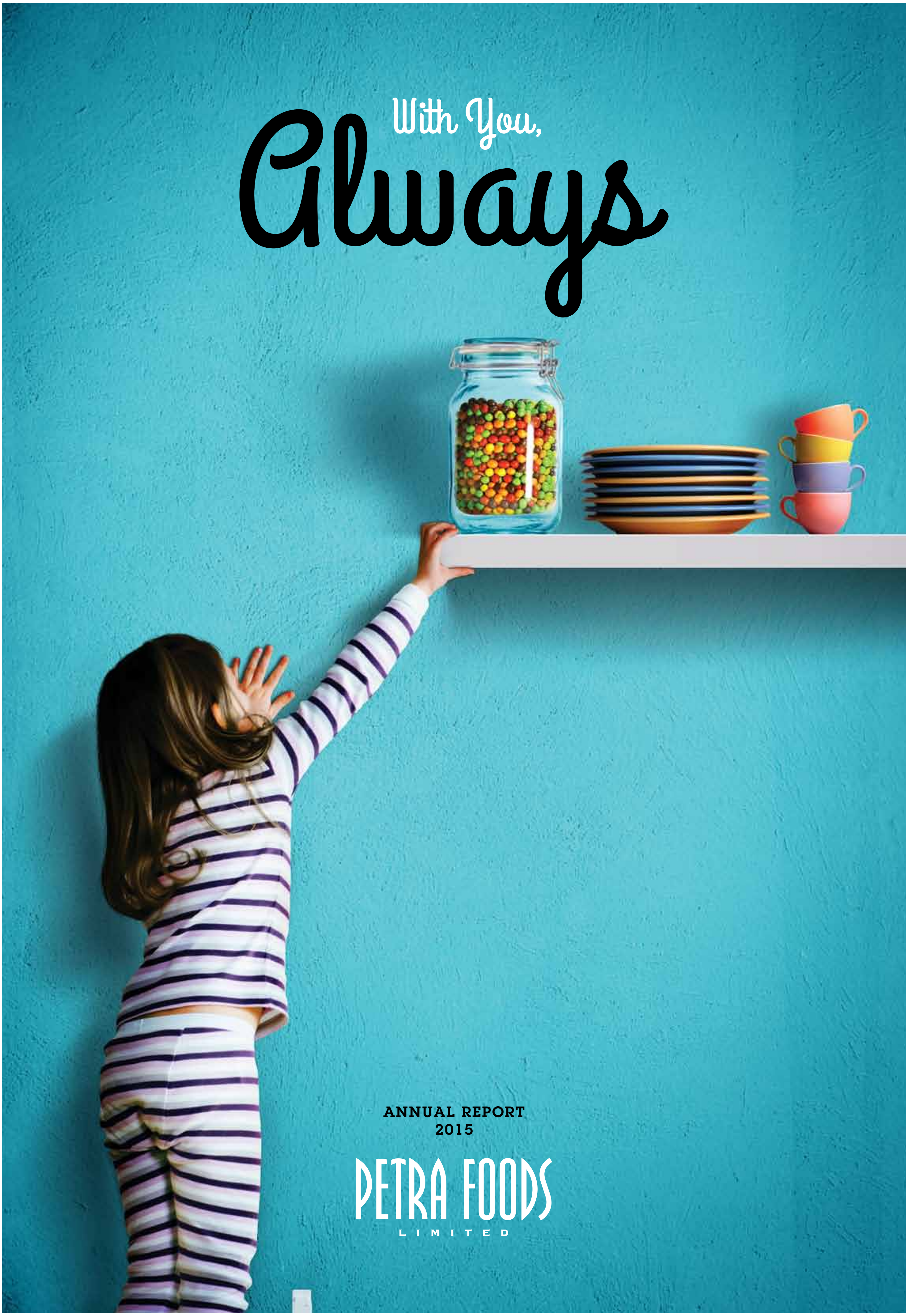


With You, Always

ANNUAL REPORT
2015

PETRA FOODS
LIMITED

The Wonderful World of Petra Foods

With a vibrant heritage steeped in quality and innovation, we have grown from strength to strength to become a trusted name among consumers. Our diverse brands and respected products have delighted generations over the years, and it is our continuous commitment to uphold the highest standards as we pave the way forward for greater excellence – creating confectionery that will bring a smile to our consumers time after time.

A FORMULA

That Works

Contents

BRANDS That Connect

CREATING MOMENTS THAT BRING YOU CLOSER TO THOSE WHO MATTER

Petra Foods is more than a purveyor of confectionery, for we pride ourselves as a brand owner that is able to bridge generations and bring people closer together. We have through the years built an established track record with over 10 master brands including SilverQueen, Ceres, Selamat, Goya and Delfi, giving consumers more reasons to discover their favourite treats and share them with their favourite people.


Dark
Raisins


Delfi
SWISS CHOCOLATE
MILK
CHACHA
peanut
Maltitos
MALT CRUNCH
TOP

PRODUCTS That Entice

DEVELOPING FLAVOURS THAT EXCITE THE PALATE

We understand the need to stay fresh in order to stay ahead. That is why we monitor market trends and study consumer habits, to develop new and creative products that extend across multiple categories and different price points. With an extensive product portfolio and a strong presence in Southeast Asia, Petra Foods will always stay relevant – creating sweet moments for our consumers across the region.

IDEAS That Inspire

BRINGING CREATIVITY TO LIFE

At Petra Foods, we value innovation and are committed to creating products that will enrich life in many ways. Beyond delighting palates and connecting people, we aspire to develop compelling products and winning ideas that will enable our consumers to not only enjoy life's simple pleasures, but also inspire them to dream big for the future.

CHAIRMAN'S

Letter

PEDRO MATA
Chairman

"The Group will continue to pursue value and volume growth strategies by scaling production and building premium brands."

DEAR SHAREHOLDERS,

The global economy this year has been characterised by strong headwinds that slowed growth around the world despite record low fossil fuel prices. The ripple effect from China's economic slowdown and devaluation of the Renminbi combined with the global decline in commodity prices has spread throughout the region and has made consumers and companies take a more cautious outlook and hold back on their discretionary spending.

In Indonesia, the government has boosted budget allocation for infrastructure investment although it has gotten off on a slow pace. The high inflation that persisted throughout most of the year and low consumer confidence have curbed household consumption and slowed GDP growth further. And the weaker Rupiah to the US Dollar combined with increased tariff rates has seen a sharp reduction in imports, especially for the expensive, high-end product segment, and this represents an opportunity for local companies and brands to regain their footholds.

In the Philippines, household consumption has gone up on the back of low inflation, higher employment and upbeat sentiment with the general election that is going to be held in mid-2016.

WRAPPING UP THE CHOCOLATE CONFECTIONERY BUSINESSES

Chocolate has always been popular with consumers - as a special treat for personal consumption, as a prized cooking ingredient, and as a valued and versatile gift. It is an affordable luxury and a sought-after delicacy, and this desire for chocolate has seen it weather economic recession and growing health consciousness among consumers worldwide. Growth is largely driven by income expansion, new markets and product innovation, while profitability is derived mainly from operations and supply chain efficiency, branding and marketing effectiveness, and category and product innovation.

Asia currently consumes about 17% of the world's chocolate production. The chocolate confectionery market as a whole is highly income elastic with the mass-market segment being particularly sensitive to price fluctuation. So although the weakened Rupiah has dampened consumer sales in Indonesia, demand for our premium brands has remained firm and contributed to value sales in both Indonesia and the Philippines.

In Indonesia, there has been some increase in demand for chocolate confectionery across all age groups, especially amongst the youth and young working adults, both as a snack and as a gift for special occasions. The overall market grew modestly in 2015 and our Indonesian business has maintained its market leadership with a retail value share of more than 50%. A comprehensive branding, marketing and distribution strategy supports a full range of brands and categories including our flagship Silver Queen and Delfi products.

As for the Philippines, volume growth in the market was slow at around 3% as moulded chocolate confectionery is generally perceived by mass consumers as a treat or gift, and affluent consumers would go for quality and superior taste offered by premium brands. We continue to grow our market penetration with our flagship Goya and KnickKnacks brands. Our strategy is to capture the young consumers by offering affordable alternatives to expensive imported brands.

As an ongoing strategy, we aim to move our chocolate brands towards the premium end of the market and to develop strong consumer affiliation and ownership. This will help us protect our margins and insulate our brands against competitors' marketing and product innovation as well as consumer lifestyle changes. However the value end of the market will remain an important market segment because this is where we are able to introduce our strong brands and delicious products to new consumers who do not already regularly consume chocolate.

The overall consumer experience is dictated by price, packaging, quality of ingredients, availability, promotion and brand perception. Creating brand loyalty through localised taste, affordable pricing, aggressive promotion and availability across all categories remains a key strategy for the Group to retain consumer loyalty in both Indonesian and Filipino markets.

SETTLEMENT WITH BARRY CALLEBAUT

We have finally reached a settlement in August on the dispute over the sale of our Cocoa Ingredients business to Barry Callebaut AG in 2013. A one-time exceptional charge of US$19.4 million has been booked following the conclusion of this dispute with Barry Callebaut.

As part of the settlement process, both parties have mutually agreed to terminate the Sale and Purchase Agreement, although the parties have agreed that certain environmental, tax and other warranties will continue. The termination of the Sale and Purchase Agreement does not in any way interfere with the fact of the sale, and I am pleased that this dispute has been amicably resolved to the satisfaction of both parties.

CORPORATE GOVERNANCE

I am also very proud that Petra Foods has won the prestigious Singapore Corporate Awards' Best Managed Board Bronze Award for companies with a market capitalisation of SGD1 billion and above in 2015.

As this award recognises companies for their outstanding performance in corporate governance, winning this award has been a great encouragement for the Board that we have paid sufficient attention on areas including transparency, accountability, performance orientation, and benchmarking against best board practices in Singapore, amongst other criteria.

More than anything else, it serves as important encouragement to both the Board and the management to continue to reassure our investors and shareholders that as a public-listed company, Petra Foods will continue to strive to achieve the highest levels of better corporate governance practices.

PROPOSED NAME CHANGE

On 11 March 2016, the proposal to rename "Petra Foods Limited" to "Delfi Limited" was announced. The proposed name change reflects the Group's current focus on the production and marketing of chocolate confectionery products, and is contingent upon shareholders' approval at the next Extraordinary General Meeting (EGM) followed by confirmation from the Registrar of Companies. A circular on the name change will be dispatched to all Shareholders in due course.

"Delfi" has been chosen as the new corporate name because of its close association with the Group's presence across the region. As the Group's most notable master brand, "Delfi" has the ability to create strong brand impression and recall that would facilitate our expansion into new product categories.

OUTLOOK

The global economic outlook remains uncertain although there are signs of impending recovery towards the second half of 2016.

The Asian Development Bank predicts that Indonesian household consumption will benefit from higher discretionary income and that the current government initiatives are expected to stimulate demand in the local industries.

In the Philippines, private consumption and investment are expected to maintain solid growth with the low inflation and positive business climate.

The Group will continue to pursue value and volume growth strategies by scaling production and building premium brands.

APPRECIATION

As we enter the new year on a revitalised pace, I have to thank my fellow Directors for their unerring guidance, the management for their tenacity in pushing the company forward and the staff whose expertise and diligence have kept Petra Foods steadfastly on track as a leading chocolate confectionery business.

I am also grateful to our loyal customers and business partners who continue to choose Petra Foods and our brands. On behalf of Petra Foods, I sincerely thank everyone for your strong support.

Pedro Mata
Chairman

15 March 2016

CEO'S Letter

"We are well positioned for growth with our wide brand portfolio and geographic advantage."

JOHN T. C. CHUANG
Chief Executive Officer

DEAR SHAREHOLDERS,

In 2015, there was a marked economic slowdown leading to contracted global consumption. This affected the chocolate confectionery industry, particularly in our core market of Indonesia. The main macro factors affecting the 2015 results of our company can be pinned to the headwinds in Indonesia, where consumer spending was affected by the soft demand, high inflation, rising cost of living and persistent weakness in the Rupiah.

The prospect of the first US Federal Reserve's interest rate hike in nearly a decade - which materialised in December 2015 - gave further impetus to the appreciation of the US Dollar, and the Rupiah, which since 2011 has steadily weakened against the US Dollar, reached in 3Q 2015 its lowest level in seventeen years. This trend dampened market demand and contributed to weaker consumer sentiment; and weaker consumer sentiment, combined with high inflation that persisted for most of the year and low GDP, led to lower consumption across many product categories. This in turn affected our trade customers who reduced orders and drew down their stock levels in an attempt to bolster their own business operations.

As a result of the weak Rupiah, the weakening of the Group's sales was further exacerbated by currency translation losses, as our reporting currency is in US Dollar.

Regionally, the demographics and market opportunities in Indonesia and the Philippines have attracted and intensified the competition. While the number of players in the chocolate confectionery industry has not increased significantly, many of them have adopted an aggressive expansion strategy by offering new brands and categories, and gaining more shelf space presence.

STAYING THE COURSE

Against these headwinds, Petra Foods has defended its market leadership and continued to stay the course by focusing on fulfilling consumer demands through the quality, innovativeness and pervasiveness of our brands and products.

We have maintained our market share above 50% in Indonesia with a strong product range that extends into almost every category and packaging of chocolate confectionery. Regionally, sales of our Own Brands grew robustly, especially in the Philippines where the economy gained momentum in the fourth quarter, spurring public spending, disposable income and private consumption.

In Indonesia and Philippines, demand for a wider range of high-quality confectionery products continues to be underpinned by strong fundamentals, such as rapid urbanisation and rising affluence. Therefore, protecting our market leadership and enlarging our consumer base through delicious chocolate snacks and beverages that cater to local tastes and preferences is a key priority.

FINANCIAL PERFORMANCE

For the year in review, Petra Foods posted revenues of US$405.9 million, a 19.5% dip over 2014, on the back of a downturn in Indonesia, weaker consumer sentiments, and the depreciation of regional currencies against the US Dollar, especially the Rupiah. In constant currency terms, the decline would have been 9.9% over the same period reflecting the low consumer sentiment and consequent weakness in our sales to our trade customers.

Weakness in the Rupiah has resulted in pressure on our margins because many of our important input costs are priced and sold in US Dollars. However margins in Q4 recovered to be above the important 30% benchmark that we value. Our profits were also affected by the relatively high level of A&P spending we incurred during the year as we fought to bolster our sales and defend our market share.

Our bottomline was also affected by the one-time exceptional charge of US$19.4 million resulting from the settlement of the dispute with Barry Callebaut AG. Excluding the exceptional item, the Group would have achieved a PATMI of US$15.3 million from its operations for the year.

We generated Free Cash Flow of US$18.4 million in 2015 through tighter working capital management and a strategy of focusing capital expenditure on the most critical and immediately income-generating projects. As at end-2015, our cash balance totalled US$119.5 million, comprising mainly the sales proceeds received from the divestment of the Cocoa Ingredients business.

STREAMLINING OUR OPERATIONS

In June, we rationalised and took the tough decision to terminate our distribution business in Singapore after considering its profitability and growth potential. Set up in 2005, the operation has not been profitable for many years due to its relatively small scale.

With the termination of this business, Petra Foods no longer manages a portfolio of agency brands in Singapore. Nevertheless, we will continue to grow the presence of our Own Brands through the appointment of an established regional distributor, with a solid track record and market reach, as the Group's distributor in Singapore.

The Group's distribution business model will remain a core component in our strategy. In our key markets of Indonesia, the Philippines and Malaysia, we have built sufficient scale to be an efficient and effective distributor, and the complementary nature of our Own Brands combined with our Agency Brands significantly improves our ability to gain shelf space dominance. We are determined to pursue every opportunity to grow this vital part of our business in all of our key markets, and this would entail expanding the reach and distribution of the products of all of our principals.

CAPTURING DEMAND FOR GROWTH

The Group's strategic focus is to drive long-term growth and profitability in its key consumer markets. Our long track record of success is based on a time-tested business model that adapts quickly to market conditions. Our ability to stay nimble and competitive in a dynamic marketplace has enabled us to build our core strength as a regional pure-play chocolate confectionery producer, and to pursue strategies for sustainable growth and profitability.

We are well positioned for growth with our wide brand portfolio and geographic advantage. Both Indonesia and the Philippines are well supported by a strong consumer base with an emerging and fast-growing middle class that is expected to generate strong consumption and bolster sales. The Group will continue to capitalise on this growing consumption trend. The key is in influencing consumer tastes, habits and preferences in these markets.

Our deep understanding of industry trends and consumer behaviours allows us to translate these market knowledge and insights into superior products at affordable price points. We have to be effective in communicating these winning ideas to the consumers through compelling advertising and timely retail strategies.

To capture the growth opportunities, we will have to accelerate innovation for our Own Brands, strengthen our distribution infrastructure, work closely with our trade customers and partners, and maximise our shelf space across all retail channels for all our strategic brands. To cater to demand growth, we have started to build additional capacity through a multi-year investment programme.

RETURNING CASH TO SHAREHOLDERS

Despite the challenging year, we remain committed to creating long-term value for our shareholders. Since the Group's listing in 2004, Petra Foods has returned close to US$213.2 million to shareholders. This includes the interim and special dividend amounting to US$12.4 million that was paid to shareholders in September 2015.

Following the finalisation of a dispute settlement with Barry Callebaut, the Board has concluded that the Group's cash reserves of US$119.5 million are in excess of its medium term needs. We are proposing to return US$60 million to our shareholders by means of a court-sanctioned Capital Reduction, subject to shareholders' approval at the next Extraordinary General Meeting.

APPRECIATION

I take this opportunity to thank the employees, the management and the Board members for another year of exceptional contributions and hard work, and for their dedication, commitment and strong leadership. Special thanks also to all our customers, shareholders and partners – your continued trust and unwavering support gives us the confidence to ride the next wave of success and growth.

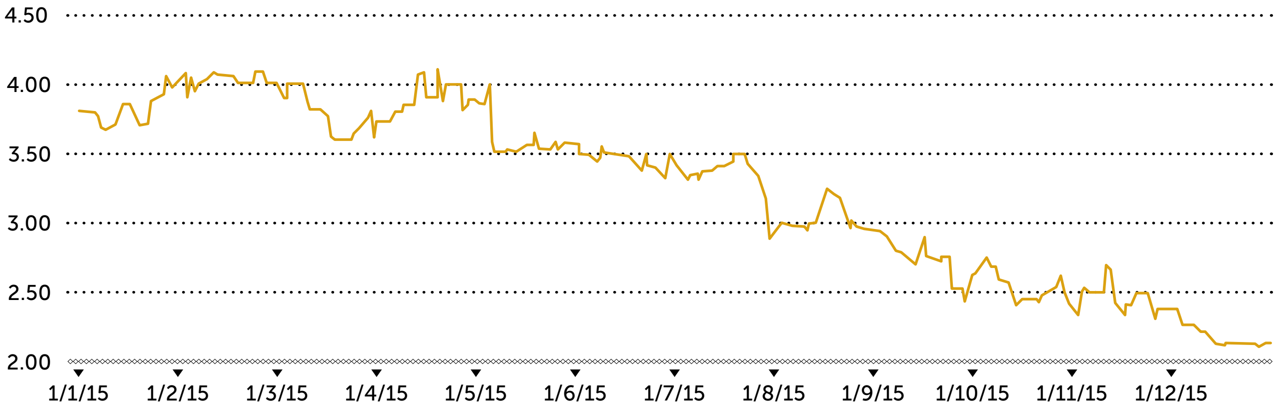
John T.C. Chuang
Chief Executive Officer

15 March 2016

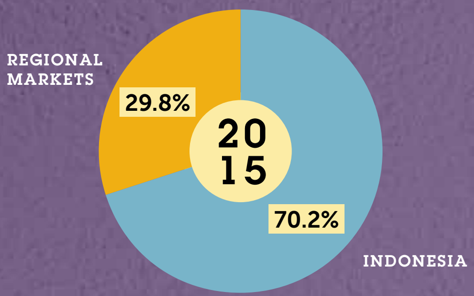
FIVE-YEAR FINANCIAL

Highlights

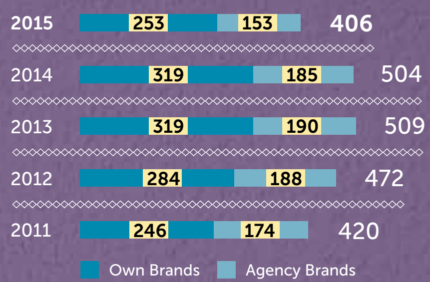
2015 SHARE PRICE PERFORMANCE
(S$/Share)



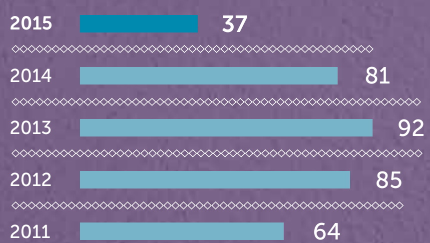
REVENUE BREAKDOWN BY GEOGRAPHY



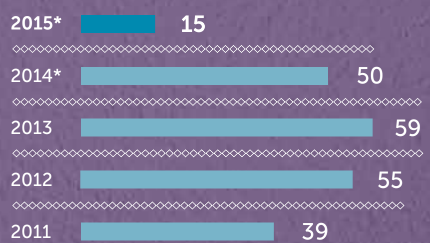
GROUP REVENUE
(US$ million)



GROUP EBITDA*
(US$ million)



GROUP PATMI*
(US$ million)



* Excluding exceptional item of US$20.0 million pertaining mainly to resolution of dispute with Barry Callebaut (FY2014: US$1.5 million)

FOR THE YEAR (US$ million)	**2015**	2014	2013	2012	2011
CONTINUING OPERATIONS					
Revenue	405.9	504.0	508.8	471.6	419.8
Gross Margin	29.8%	31.9%	32.0%	30.9%	30.6%
EBITDA	37.5	80.9	91.7	84.8	63.8
Net profit attributable to shareholders	**15.3***	**50.3***	**59.3**	**54.5**	**39.4**
DISCONTINUED OPERATIONS (Cocoa Ingredients)					
Net (loss)/profit attributable to shareholders					
– Before adjustments	–	–	(116.2)	(14.6)	21.2
– After adjustments**	–	–	(38.7)	(28.6)	21.2
GROUP					
Net profit attributable to shareholders					
– Before adjustments	(4.7)	48.8	(56.9)	39.9	60.6
– After adjustments**	(4.7)	48.8	20.6	25.9	60.6
AT YEAR END (US$ million)					
Total Assets	387.6	470.5	465.9	1,219.8	1,047.2
Total Liabilities	(145.4)	(173.2)	(175.5)	(893.0)	(750.3)
Total Shareholders' Equity	**242.2**	**297.3**	**290.4**	**326.8**	**296.9**
Total Debt	(74.7)	(74.0)	(39.4)	(624.9)	(521.1)
Net Cash/(Debt)	44.9	97.9	157.3	(586.1)	(502.0)
Return on Equity (%)					
– Continuing operations	5.7	17.1	19.2	17.5	13.3
– Group	(1.8)	16.6	6.7	8.3	20.5
Net Debt to Equity (%)	NM***	NM***	NM***	179.0	169.0
Adjusted Net Debt to Equity (%) (Excluding Trade Finance & Medium Term Notes)	NM***	NM***	NM***	51.0	48.0
PER SHARE DATA					
Dividends (US cents)	**2.09**	**5.77**	**6.45**	**3.97**	**3.98**
– Normal	1.28	4.13	4.00	3.97	3.98
– Special	0.81	1.64	2.45	–	–
(Losses)/Earnings (US cents) - Basic & Fully Diluted					
– Continuing operations	(0.8)	8.0	9.7	8.9	6.4
– Discontinued operations (Cocoa Ingredients)	-	-	(6.3)	(4.7)	3.5
Total	**(0.8)**	**8.0**	**3.4**	**4.2**	**9.9**
Net Tangible Assets (US cents)	**38.8**	**47.8**	**46.7**	**50.1**	**45.1**

Notes:
* Excludes exceptional item of US$20.0 million pertaining mainly to resolution of dispute with Barry Callebaut (FY2014:US$1.5 million)
** The Adjustments in 2013 and 2012 pertain to the exceptional gain and loss (net of tax) resulting from the divestment of the Cocoa Ingredients business. There were no such adjustments in 2014 and 2015.
*** Not meaningful as the Group is in a net cash position post divestment of the Cocoa Ingredients business


Crispy
QUEEN
Milk Chocolate
SILVER


Every Moment
with SilverQueen is
Pure Relaxation
Milk Chocolate

Mr Pedro Mata-Bruckmann ⁞ 71

Independent Director,
AMERICAN

Pedro began his career at W.R. Grace & Co in 1968 where he served as President and CEO of several divisions. Through a series of promotions, in 1989, he rose to the position of Chief Executive Officer of Grace Cocoa, a division of W.R. Grace & Co. Grace Cocoa (subsequently sold to ADM and renamed ADM Cocoa) was the world's leading and premier supplier of cocoa ingredients to the confectionery, dairy, bakery and beverage industries on a global basis. After leaving W.R. Grace & Co. in 1995, Pedro established MGS Mata Global Solutions, advising companies on strategic growth and joint venturing. Between 2000 and 2012 Pedro was a senior advisor to Quad-C (a USA based private equity fund). Between 2009 and 2012 he served as CEO of Classic Party Rentals. Headquartered in Los Angeles, Classic Party Rentals (a Division of Quad C) is the leading US party and event rental company.

Date of first appointment as director:	Board Committee(s) Served on:	Educational & Professional Qualifications:	Present Directorships:
12 June 2001 **Date of last re-appointment:** 28 April 2015	Audit Committee (Member) Remuneration Committee (Member) Nominating Committee (Chairman) Risk Management Committee (Member)	Bachelor of Science & Masters of Engineering, Cornell University	Petra Foods Limited Corporacion LionCity - Development SA (President) Mata Global Solutions FOMAT Medical Research SA - Ecuador FOMAT Medical Research, Inc - USA

Mr Davinder Singh | 58

Non-Independent Director,
SINGAPOREAN

Davinder was appointed as a Non-Executive Director of Petra Foods on 12 June 2001. Davinder is the Chief Executive Officer of Drew & Napier LLC and has been a practising lawyer for over 30 years. Davinder's practice covers areas such as banking and corporate litigation, civil and commercial litigation, intellectual property, defamation, trust, tort and negligence. In 1997, Davinder was appointed as Senior Counsel.

Date of first appointment as director:	Board Committee(s) Served on:	Educational & Professional Qualifications:	Present Directorships:
12 June 2001 **Date of last re-election:** 28 April 2015	Remuneration Committee (Member) Nominating Committee (Member)	LL.B. (Honours), National University of Singapore Admitted to the Singapore Bar	Petra Foods Limited Drew & Napier LLC Drewcorp Services Pte. Ltd. Onslow Ventures Inc. PSA International Pte Ltd Singapore Technologies Engineering Ltd

Mr Anthony Michael Dean ⁝ 55

Independent Director,
BRITISH

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

Date of first appointment as director:	Board Committee(s) Served on:	Educational & Professional Qualifications:	Present Directorships:
06 May 2005	Audit Committee (Chairman)	Bachelor of Science in Business Studies, University of Bradford	Petra Foods Limited
Date of last re-election:	Remuneration Committee (Up to 2013)	Fellow of the Institute of Chartered Accountants in England and Wales	Consulsis Limited
28 April 2015	Nominating Committee (Member)	Associate of the Chartered Institute of Taxation	Myanmar Investments International Ltd
	Risk Management Committee (Chairman)	A member of the Singapore Institute of Directors.	Myanmar Investments Ltd
			MIL Management Pte Ltd
			MIL Management Co., Ltd
			MIL 2 Pte Ltd
			MIL 3 Pte Ltd
			Apollo Towers Pte Ltd

Mr Koh Poh Tiong | 69

Independent Director,
SINGAPOREAN

Poh Tiong was appointed to our Board on 19 December 2011 as an Independent Director. Poh Tiong retired as CEO, Food and Beverage, of Fraser and Neave Limited in October 2011, having previously served as Chief Executive Officer of Asia Pacific Breweries Limited from 1993 to 2008. Poh Tiong is currently the Non-Executive Chairman of Yunnan Yulinquan Liquor Company Limited and Times Publishing Ltd. He is also a Director, Advisor and Chairman of the Executive Committee of Fraser and Neave Limited, a Director at The Great Eastern Life Assurance Company Limited, Raffles Medical Group Ltd, SATS Ltd and United Engineers Limited. He is also the Chairman of both the National Kidney Foundation and the Singapore Kindness Movement. Poh Tiong was the Non-Executive and Non-Independent Chairman and Senior Advisor of Ezra Holdings Limited and Chairman of the Agri-Food & Veterinary Authority and a Director at Wildlife Reserves Singapore Pte Ltd, Jurong Bird Park Pte Ltd and Media Corporation of Singapore Pte Ltd. Noted for his strong civic involvement and long-standing interest in sports and education, he has served on the Singapore Youth Olympic Games Organising Committee, the Singapore Sports Council, Football Association of Singapore, and on the MBA Advisory Board of the Nanyang Technological University. For his contributions to society and business, Poh Tiong was conferred both the Public Service Medal and the Service to Education Medal in 2007 as well as the Public Service Star Award in 2013. He was also named Outstanding Chief Executive of the Year at the Singapore Business Awards 1998 by DHL and The Business Times.

Date of first appointment as director:	Board Committee(s) Served on:	Educational & Professional Qualifications:	Present Directorships:
19 December 2011 **Date of last re-election:** 28 April 2015	Remuneration Committee (Chairman) Audit Committee (Member) Nominating Committee (Member) Risk Management Committee (Member)	Bachelor of Science from the University of Singapore	Petra Foods Limited Fraser and Neave Limited National Kidney Foundation Raffles Medical Group Ltd SATS Ltd Singapore Kindness Movement The Great Eastern Life Assurance Company Limited Times Publishing Limited United Engineers Limited Yunnan Yulinquan Liquor Company Limited

Mr John Chuang Tiong Choon | 67

Group Chief Executive Officer,
SINGAPOREAN

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

Date of first appointment as director:
01 November 1989

Date of last re-election:
30 April 2013

Board Committee(s) Served on:
Executive Committee (Chairman)
Nominating Committee (Member)
Risk Management Committee (Member)

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

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

Mr Joseph Chuang Tiong Liep | 64

President Director,
Branded Consumer Division (Indonesia),
SINGAPOREAN

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

Date of first appointment as director:
02 March 1999

Date of last re-election:
29 April 2014

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

Educational & Professional Qualifications:
GCE "A" Level Certification

Present Directorships:
Petra Foods Limited
Brands of Hudsons Sdn Bhd
Ceres Sime Confectionery Sdn Bhd
Ceres Super Pte Ltd
Delfi Singapore Pte Ltd
Delfi Marketing Sdn Bhd
Maplegold Assets Ltd
Pavilion View Holdings Limited
Ceres (International) Marketing Pte Ltd *(formerly known as Petra-SPT Marketing Pte Ltd)*
PT Ceres-Meiji Indotama
PT Nirwana Lestari
PT Citra Tunggal Lestari
PT Freyabadi Indotama
PT Perusahaan Industri Ceres

Mr William Chuang Tiong Kie | 57

Chief Operating Officer,
Branded Consumer Division (Indonesia),
SINGAPOREAN

William is an Executive Director and is the President Joint Ventures of our Group and was appointed to our Board on 31 May 2001. Responsible for the overall business expansion of our Branded Consumer business, William has close to 30 years of experience in senior management positions within the chocolate, confectionery and cocoa industry.

Date of first appointment as director:
31 May 2001

Date of last re-election:
29 Apr 2014

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

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

Present Directorships:
Petra Foods Limited
McKeeson Consultants Pte Ltd
McKeeson Investment 1 Pte Ltd
PT Ceres-Meiji Indotama
PT Freyabadi Indotama
PT General Food Industries
Willson Holdings Limited

SENIOR Management

Nancy Florensia ⁞ 57

Director, Finance for PT Perusahaan Industri Ceres

Nancy joined PT Ceres in 1991. Prior to joining our Group, Nancy had 10 years of experience in accounting and financial positions in PT Indocement, PT Henoch Jaya and the PT Kedaung Group.

Educational & Professional Qualifications
Master of Business Administration

Company & Group Responsibility
Nancy is responsible for all of the financial operations in PT Perusahaan Industri Ceres.

Ridwan C. Kidjo ⁞ 47

Director, Commercial for PT Perusahaan Industri Ceres

Ridwan is the Director, Commercial for PT Perusahaan Industri Ceres. Ridwan has up to 20 years of experience in diverse operational, managerial, sales and marketing roles within PT Nirwana Lestari and PT Perusahaan Industri Ceres, where he honed his skills in business development, marketing and brand development.

Educational & Professional Qualifications
Master of Management – Finance, Atmajaya Catholic University in Jakarta

Company & Group Responsibility
In his current role as Director, Commercial, Ridwan oversees and drives the Group's sales and marketing for the Group's proprietary brands in Indonesia.

Ferry Haryanto ⁞ 65

Director, Commercial for PT Nirwana Lestari

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

Educational & Professional Qualifications
Master of Business Administration

Company & Group Responsibility
In his current position, Ferry is responsible for the Group's sales and marketing operations for third party Agency Brands in Indonesia.

Lim Seok Bee ("SB") ⁞ 62

Chief Operating Officer

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

Educational & Professional Qualifications
University of London, Batchelor of Science (Hons)

Company & Group Responsibility
SB is responsible for the Group's Food Safety and Quality Assurance objectives and compliance policies and goals. She also heads the Technological Aspects and Confectionery Manufacturing operations.

Ben Ryan ⁝ 67

Chief Financial Officer

Ben assumed the role of CFO on 14 August 2013. Ben joined our Group in 2003. Ben worked for W.R. Grace & Co and ADM International for 23 years between 1976 and 2000 in New York, Paris, Berlin, the Netherlands, and in the United Kingdom in various executive positions in financial and information technology roles. Of those years, 15 were associated with the cocoa business.

Educational & Professional Qualifications
Fellow of the Institute of Chartered Accountants in Ireland
Fellow of the Institute of Singapore Chartered Accountants

Company & Group Responsibility
As Chief Financial Officer, Ben is in charge of all of the Group's financial operations

Amos Moses Yang ⁝ 42

Chief Marketing Officer

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

Educational & Professional Qualifications
Bachelor of Science in Marketing, Seton Hall University

Company & Group Responsibility
Amos is responsible for marketing and brand development in our key markets in Indonesia, the Philippines and Southeast Asia.

David Soh Buck Leng ⁝ 57

Director, Operations,
Projects & Engineering

David has deep and extensive production and manufacturing expertise and experience, honed over 30 years of work, during which he spent over 27 years in the Archer Daniel Midlands (ADM) Group and Grace Cocoa Company. He fulfilled various roles overseeing the manufacturing and production of cocoa ingredients products. Since 1993, he was the Plant Manager of ADM's manufacturing facility and operations in Singapore, he was also tasked with the responsibility of capacity expansion/improvement projects, with the last two exceeding USD 45 million. Additionally, he was a workplace safety and food safety champion. David's industry knowledge, expertise and professionalism has well equiped him to fulfil the position of Director, Operations, Projects and Engineering.

Educational & Professional Qualifications
Doctor of Business Administration, University of South Australia;
MBA, Nanyang Technological University;
M.Sc (Mech. Engineering), National University of Singapore

Company & Group Responsibility
David assists SB, in supervising and running the Group's Operations management and technological aspects of our chocolate and confectionery manufacturing operations.

Lim Hock Thye ⁝ 56

President Director, PT Nirwana Lestari ("PTNL")
and Regional General Manager

Hock Thye has over 30 years of work experience, 22 years of which was in the cocoa and chocolate industry. He served as General Manager, Delfi Cocoa (Malaysia) Sdn Bhd from 2003 to 2013. Currently he serves the Group as President Director, PT Nirwana Lestari, and as Regional General Manager.

Educational & Professional Qualifications
Bachelor of Commerce

Company & Group Responsibility
Hock Thye brings with him a wealth of finance, accounting and general management experience to help build the organization and improve financial controls and administration in PT Nirwana Lestari in Indonesia and Delfi Marketing Sdn Bhd in Malaysia.


CELEBRATE
EVERYDAY
WITH
GOYA!


Goya®
Dark Chocolate
Goya®
Milk Chocolate
Goya®
Cream White Chocolate

STAYING AGILE IN A DYNAMIC MARKETPLACE

As a leading chocolate company in South East Asia, our business growth over the years has been achieved through the time-tested approach of developing winning brands and innovative products by paying close attention to local market trends; building our manufacturing capacities to meet consumer demand; ensuring strong distribution capabilities supported by a comprehensive distribution network; and nurturing competent talent within our organisation. We are fully committed to satisfying the evolving tastes of our consumers.

Today, the core markets where our portfolio of chocolate confectionery products are marketed and sold are Indonesia, the Philippines, Singapore and Malaysia. Supporting these activities are our two manufacturing facilities based in Indonesia and the Philippines. The Group also distributes a broad portfolio of reputable Agency Brands that allow us to leverage the extensive distribution network we have built in these important markets.

Our success is built on the rich heritage of our leading brands, our extensive knowledge of the chocolate business, and market leading expertise in manufacturing and distribution of chocolate confectionery products. We believe that this is the solid foundation that will enable continued business growth.

GROWING WITH THE MARKET AND GROWING THE MARKET

The Indonesian and the Philippines markets are the two largest chocolate confectionery markets in South East Asia. Indonesia remains our largest market, where we command more than 50% market share with our flagship brands that include "SilverQueen", "Ceres" and "Delfi". We are also a leading player in the Philippines, where our "Goya" and "KnickKnacks" brands are household names.

The macroeconomic headwinds faced by Indonesia in 2015 resulted in weaker consumer sentiment which caused a significant slowdown in sales to our trade customers for the overall chocolate confectionery category. Notwithstanding this,

> **Our Group's ability to evolve and respond to local preferences and changing consumer tastes has enabled our brands and products to retain the loyalty of our consumers, to stay relevant to consumption trends, and stand out in a crowded market.**

both Indonesia and the Philippines are fast-growing consumer markets that share a number of common characteristics that support the growth of the chocolate confectionery sector. Both have a large and young population – about 250 million Indonesians with 44% of them under the age of 24 and 100 million Filipinos with half of them under 25 – increased urbanisation and a growing middle-income class that is eager to explore new lifestyles and experiences. These attributes are supported by the accessibility and convenience of modern trades with the prevalence of mini-marts and convenience stores in these two countries.

Given the strong demographics of these two markets, we believe there are still significant long-term growth opportunities for chocolate confectionery in these markets. We know that these are dynamic markets and that in order to continue winning and growing our business it is critical that our operations stay agile. We are building an organisation that is sufficiently nimble to cope with the fast-moving changes in our markets so that we can react swiftly to changes in consumer preferences and to changes in the retail landscape, especially with the growth of the modern retail trade.

Our success in our core markets is rooted in our understanding that our organisation must always be ready to adapt to changing times and nimble to cope with the fast-moving world that we operate in today. Our people are always thinking ahead and innovating to adapt to all possible changes.

WINNING CONSUMERS THROUGH INNOVATIVE BRANDS AND PRODUCTS

The continued success of the Group's brand strategy can be attributed to the development of trusted brands, quality products and continual innovation. Our company history goes back to the 1950's in both of our core markets of Indonesia and the Philippines, but in the highly competitive FMCG space, our Group's ability to evolve and respond to local preferences and changing consumer tastes has enabled our brands and products to retain the loyalty of our consumers, stay relevant to consumption trends, and stand out in a crowded market.

The Group has an impressive portfolio of regional brands that has improved in value over time through innovative

> **In 2015, as part of this commitment to broadening our business base, we continued to implement targeted programmes and make disciplined investments that have strengthened our brand equity in the region.**

product extensions and new categories. Today, the portfolio comprises over 10 master brands and more than 70 sub-brands that are deeply rooted in the lives of many who grew up with them.

As a successful brand owner, we work to continually satisfy our consumers' tastes by harnessing our constantly evolving expertise as brand builders to create and deliver to the market new products that are of the highest quality, a delight to all the senses, and which are fun for our consumers to enjoy. Furthermore, we understand that while product superiority is essential, we also need to offer a broad range of product choices to cater to different consumer appetites and desires, covering multiple price points. Every year, we work towards extending the product offerings under all of our core brands.

BROADENING OUR BUSINESS BASE

It is our goal to deepen the emotional connections that our consumers have for our products and to reward their loyalty by offering new and more attractive product extensions. We excite new consumers by unlocking market opportunities in high-growth categories. Over the last five years our product categories have increased rapidly. Today, our portfolio extends beyond traditional chocolate confectioneries such as moulded chocolate, dragées and enrobed wafers, to biscuits and wafers, breakfast and baking condiments, and beverages.

As makers of chocolate confectionery, we constantly seek to create novel products and delightful experiences that appeal to the senses and emotions. We recognise that product innovation is important for long-term business growth. Therefore, a key priority is to accelerate the initiatives that drive innovation, and to reach out to more consumers by developing tantalising and delicious products that address different consumer needs at different price points. Over the last three years, we launched a total of 100 new products in our core markets of Indonesia and the Philippines. Some of these are completely new products while some are variants of existing products in our portfolio.

In 2015, as part of this commitment to broadening our business base, we continued to implement targeted programmes and make disciplined investments that have strengthened our

brand equity in the region. These included efforts to better understand the needs of our consumers, so that we can develop the brands and products that they prefer.

We also focused on exploring new partnerships during the year with a view to expanding our product range into adjacent categories. We have introduced new strategic products that will lead us into the future as the market evolves; and we have executed marketing initiatives to better serve our consumers. Our aim is to improve the overall product experience for our consumers by customising for regional markets with local flavours and innovative packaging. This has enabled us to better connect to our customers and maintain a leadership position in our key markets.

Besides appealing to consumers in terms of product taste and packaging, we aim to address different price points to fulfil different consumer needs. Our aim is to position our products to cover many price points so that the consumer is always presented with an option whenever they wish to purchase chocolate confectionery. Market development is a key driver of our growth and is built around "extending upwards" (encouraging more consumers to consume our premium brands), "extending outwards" (driving consumption demand from new categories) and "extending downwards" (offering value products for consumers on lower incomes). Regardless of price point, however, it is important to us that all our products are of higher quality than the competition.

To grow our market share, we must continue to also pay attention to brand and market development initiatives. These efforts entail broadening our market reach across the price spectrum, encouraging customer loyalty, and finding ways to connect emotionally to customers, so as to:

- Maintain the leadership positions of our brands;
- Retain our existing consumers and grow their consumption and usage occasions;
- Expand our consumer base by converting infrequent consumers of chocolate confectionery to frequent consumers of our products;
- Establish a youthful, outgoing brand persona that appeals to younger consumers;

- Strengthen and communicate the differentiating factors of our products;
- Achieve consistent brand messaging across multiple touch points; and
- Maintain the vitality of our brands for "Top of Mind" recall.

ENHANCING OUR CAPACITIES FOR HIGHER MARKET DEMAND

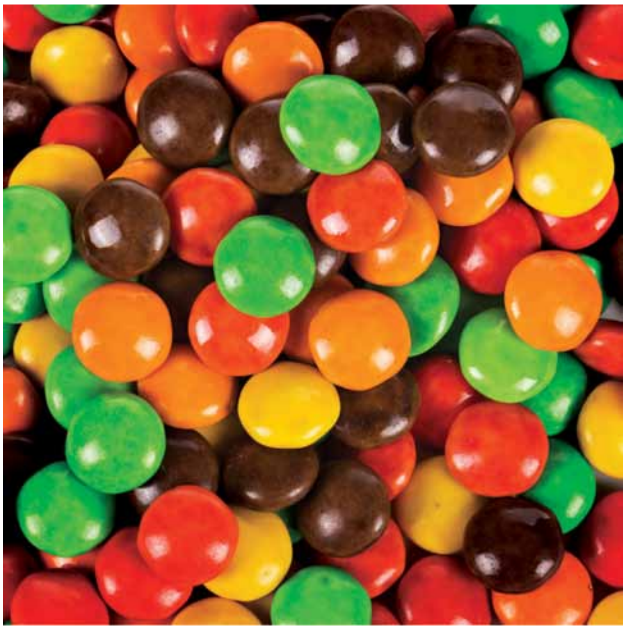
Over the years, we have significantly expanded our manufacturing assets, especially the facilities in Indonesia, to support our growth objectives. The Group has a multi-year investment programme to enhance its production capacities and efficiencies, and to create a more reliable and sustainable manufacturing capability that caters to the growing demands for chocolate confectionery in the region.

In our two factories we have a deep pool of talent and know-how that allows us to manufacture the wide range of chocolate confectionery that makes up our product offerings. In 2015, US$24 million was invested under this initiative to remove production bottlenecks, improve process efficiency

From the sourcing of the finest ingredients, through to innovation, manufacturing, logistics and distribution, as well as advertising, promotion and pricing, we aim to make our brands and products constantly available and within reach.

and achieve cost savings. The efforts have led to energy savings, increased automation, better process execution and shorter turnaround time. The Group has invested a total of US$65 million since the start of the programme in 2014.

Beyond operational efficiencies and capacity expansions, these enhancements underscore our commitment to food safety, and to the high regulatory and quality standards imposed on food manufacturers by the local authorities.



As a responsible food manufacturer, we regularly audit our manufacturing facilities and processes to ensure full compliance with internationally recognised HACCP, OHSAS 18000, ISO 22000, ISO 9001, British Retailers Consortium (BRC) and FSSC 22000 standards. Our uncompromising approach to food safety and quality has allowed us to provide our retail and trade customers with added assurance and confidence.

STRENGTHENING OUR SUPPLY CHAIN AND ROUTES-TO-MARKET

The ability to maximise value across our entire supply chain is a key success factor. From the sourcing of the finest ingredients, through to innovation, manufacturing, logistics and distribution, as well as advertising, promotion and pricing, we aim to make our brands and products constantly available and within reach – wherever our consumers are shopping. To win over the impulse buyers, we are determined to stay close to the people who buy our products and our retail customers who serve them, ensuring winning in-store experiences at the point of buying. Our products are impulse in nature and sold through many different outlets.

As our products are sold through many different outlets, we have always worked closely with all our customers – from the smallest corner shop or kiosk to the minimarkets and the biggest supermarkets – to find the best ways to serve shoppers together across the whole chocolate confectionery category. With our strong presence in the chocolate confectionery category, we are uniquely placed to support them as their total chocolate confectionery partner.

Furthermore, to stand out from aggressive competition across multiple touchpoints, we take full advantage of our portfolio of Own Brands and of Agency Brands, which extend across complementary product categories and allows better access to retail channels and shelves. We strategically allocate the best shelves to our best-selling brands and products, as their high turnovers improve shelf space utilisation.

Supporting the goal is the Group's wide market coverage and proven route-to-market expertise. We have today, a multi-layered sales and distribution network, comprising our own distribution teams as well as third-party distributors and sub-distributors, with the infrastructure and experience to effectively access the modern and traditional trade channels in the region – from corner shops and small retailers, to wholesalers, supermarkets and hypermarkets – within the shortest span of time.

During the year, we continued to expand our distribution networks, and work closely with our retail and distribution partners on joint business planning and in-store execution to ensure the availability and visibility of our brands and products.

We continuously review our distribution structure to ensure its ability to supply our products efficiently and reliably alongside the rapid development of the different trade channels in the region. In Indonesia, for example, the Group distributes directly to our modern trade customers where we have achieved coverage of all major modern trade names

across the archipelago. We tap into the services of third-party distributors for their improved scale and coverage of the traditional trades. As at end-2015, we have a combined pool of over 40 primary distributors. In the Philippines, our distribution is structured similarly where the distribution is divided into two groups, the first serving the large-scale wholesalers and retail chains, while the second supervises the third-party distributors who cover the traditional stores.

The ongoing evolution of our supply chain and go-to-market strategy will enable us to broaden our market reach, improve our performance and margins through optimised operations, and leverage partnerships throughout our value chain to drive sustainable and profitable growth.

In order to focus on our core strengths and compete more effectively in the key markets, we decided in 2015 to exit the distribution business in Singapore, which has remained a small and unprofitable operation over the recent years. As a result, our efforts to continue building our Own Brands of chocolate confectionery will be achieved through a distributor that we have appointed to bring our Own Brands of chocolate confectionery to the consumers in Singapore.

The streamlined structure has enabled the Group to concentrate on building our distribution networks in Indonesia, Philippines and Malaysia, where the complementary marketing and distribution of our Own Brands together with Agency Brands gives us a strong leverage to dominate shelf space and establish our presence at the retail level. Distribution continues to be a vital part of our business strategy to capture growth opportunities, building market reach and strengthening brand loyalty in the core markets.

We are looking to strengthen our organisational structure and investments in IT to enhance the efficiency of our supply chain, improve our agility and speeds to market, and achieve a higher level of customer service as we gear up for business growth.

HARNESSING OUR TALENT POOL FOR GROWTH

An integral part of our growth strategy lies in talent development. Our people, with their diversity of experience, knowledge and backgrounds, are central to the success of the Group's operations and accomplishments. We have fostered, over time, a strong culture of teamwork and respect within the

> We also spur our employees' aspiration and competitive spirit by motivating them to apply their expertise and acumen to the challenges and conditions of the regional markets that we serve.

Group, and a deep sense of responsiveness and customer attentiveness outwardly to the markets.

Each of the 4,000 plus members in the Petra Foods family carries with them the same level of passion and commitment as does the management team, striving together to build a cohesive and harmonious environment where values and goals are aligned. We encourage a cooperative and learning atmosphere where everyone has an equal opportunity to contribute to his fullest potential. We also spur our employees' aspiration and competitive spirit by motivating them to apply their expertise and acumen to the challenges and conditions of the regional markets that we serve.

It is therefore of great importance to our operations to leverage on the diversity of our teams while staying integrated as a united entity. We operate in a region where consumer demographics and economic infrastructure can differ sharply from country to country. Having a representative workforce that intimately understands the local consumer behaviours is paramount to the successful execution of our marketing and business strategies. We fully equip and empower the employees to deliver performance that is responsive to the cultural sensitivities and economic dynamics in the regional markets. We believe these initiatives will lead to more gratifying careers for our people and inspire them to be more effective and efficient at work.

In 2015, we have continued our focus on succession planning and groomed a cohort of promising leaders to assume greater responsibilities in the Group's operations. Additionally, we supported the development of open, collaborative communities where ideas and lessons can be shared, sharpened and executed rapidly. We also stepped up marketing, supply chain management and manufacturing capabilities through tailored talent recruitment and development programmes. These will gradually enhance our present strength to support our long-term vision.

WITH YOU

Every Day

ALL THROUGHOUT THE DAY

There's no better way to seek respite from the day than enjoying some form of confectionery. From sweets to chocolates, confectionery plays a part in our everyday lives to elevate the way we live, work and play. As a self-indulgent treat, it offers simple comfort

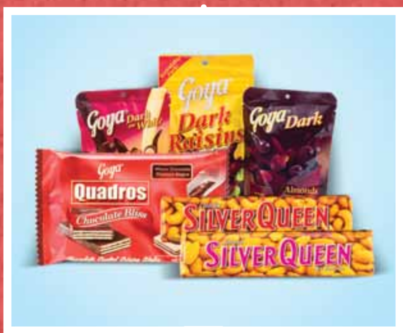
BREAKFAST

SNACKING

BAKING

NOON

BREAKFAST



SNACKING

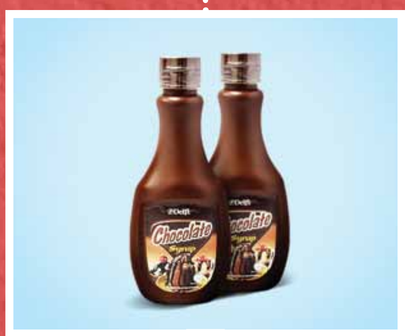
BAKING

that delights the palate. As a thoughtful gift, it brings joy to others in more ways than one. At Petra Foods, this is what we strive to deliver to our consumers in all our markets – turning their ordinary moments into extraordinary pleasures, all day and every day.

BREAK TIME

DESSERT

UNWINDING

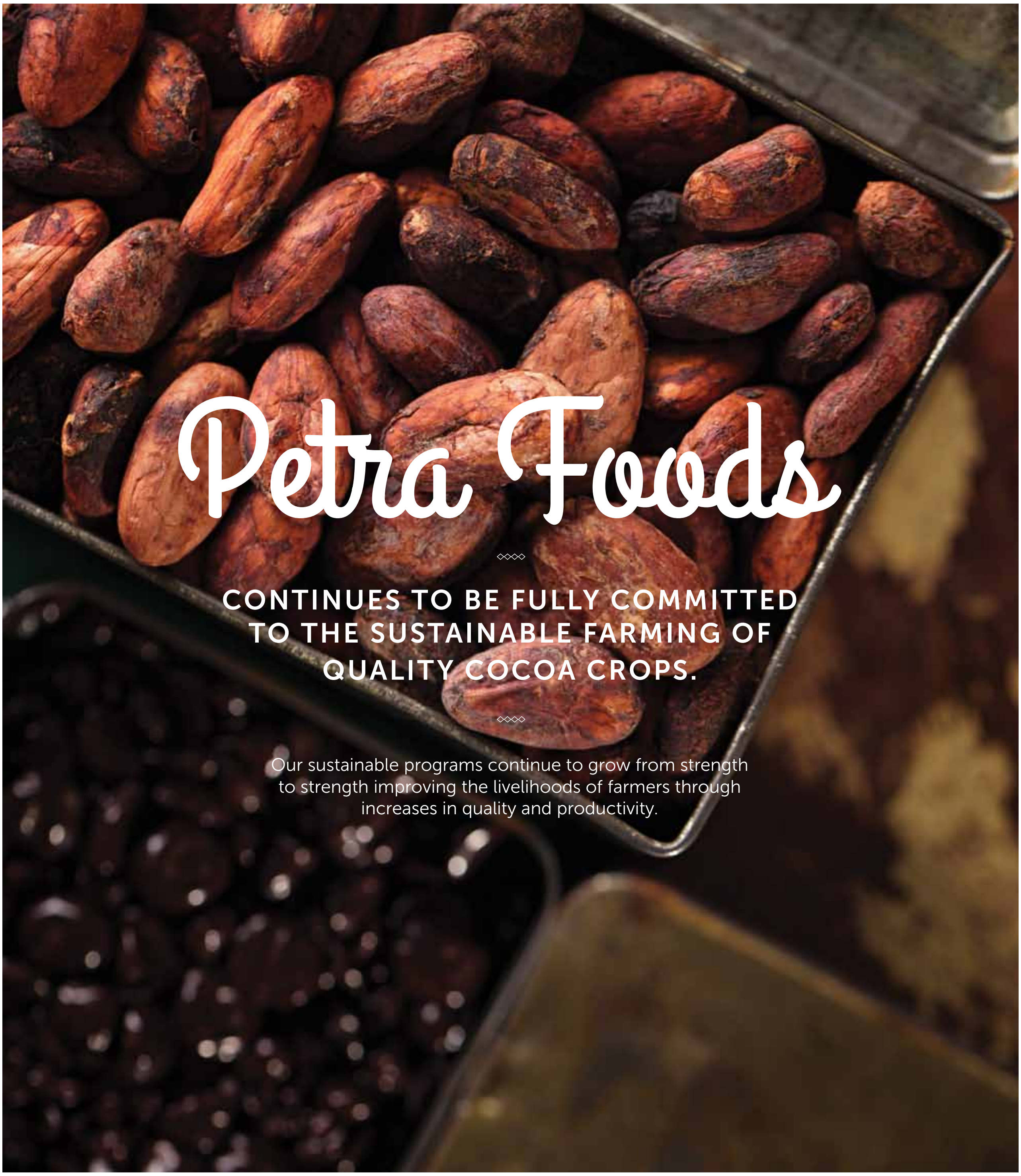


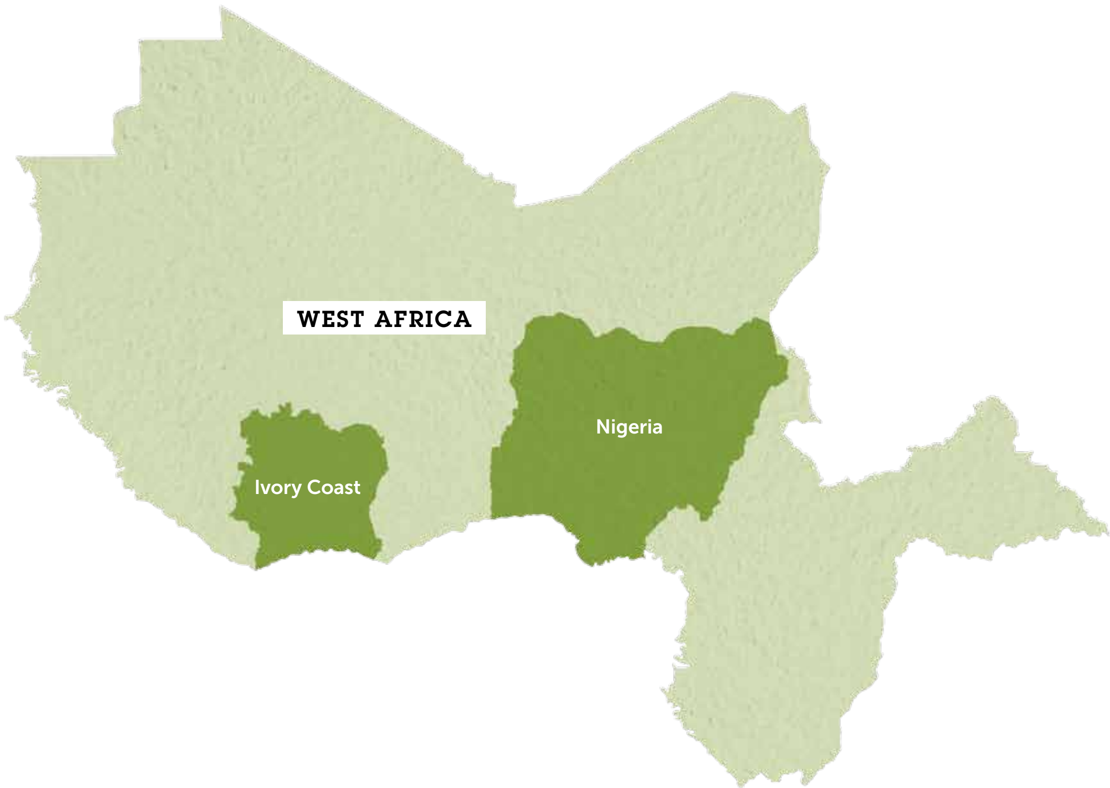
BREAK TIME

DESSERT

UNWINDING


INDULGE IN
HAPPINESS
Delfi
CASHEW
Delfi
DAIRY MILK
CHOCOLATE
Delfi
ALMOND
DAIRY MILK CHOCOLATE
COKELAT SUSU


Petra Foods
CONTINUES TO BE FULLY COMMITTED TO THE SUSTAINABLE FARMING OF QUALITY COCOA CROPS.
Our sustainable programs continue to grow from strength to strength improving the livelihoods of farmers through increases in quality and productivity.



Petra Foods continues to be fully committed to the sustainable farming of quality cocoa crops. Our sustainable programmes are focused on improving the livelihoods of cocoa farmers through the sharing of skills and knowledge for enhanced crop quality and operational productivity.

IVORY COAST

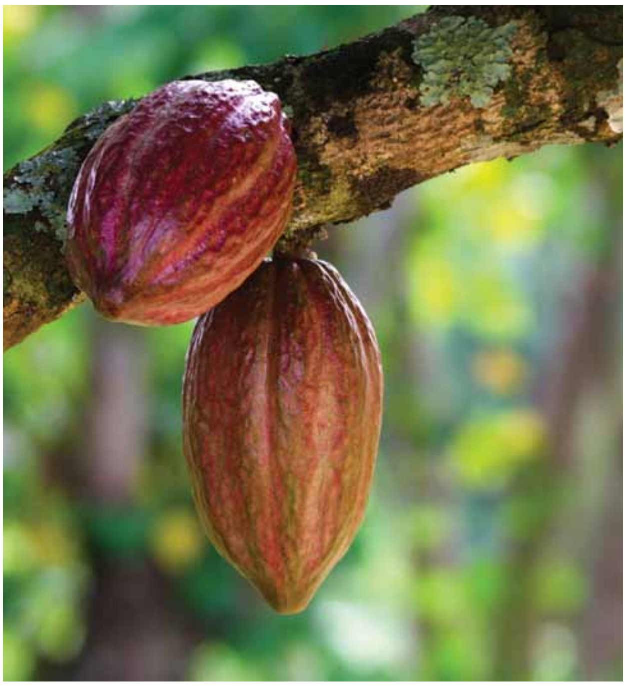
During the year, our collaboration with Cemoi and Blommer, known as the Processors Alliance for Cocoa Traceability and Sustainability (PACTS), continued its work with cocoa farmers

Seedlings delivered to farmers who are in the PACTS program for replanting.

and co-operatives. The aim is to create value and robustness across the cocoa supply chain through training and practical support. Through controlled and managed systems at the PACTS Centres, we ensure that the quality of the cocoa beans supplied by the partners of this programme is maintained and fully traceable.

NIGERIA

In 2015, we completed a joint project called the Cocoa Productivity and Quality Programme (CPQP) with Ferrero, Continaf and Oxfam Novib and the Farmers Development Union (FADU) under the Sustainable Trade Initiative (IDH). Also known as the Kokodola Project, this was a four-year programme aimed at developing an integrated approach to improve crop quality and productivity, as well as to professionalise farming practices. The project was successfully carried out in the states of Ondo and Osun in Nigeria. In June 2015, Tulip Cocoa took over from Continaf as one of the programme partners, bringing with them their expertise in strengthening the procurement and supply chain.



"The milestones that have been achieved through this program have brought improvement to livelihoods, youth empowerment and women participation in cocoa."

The milestones achieved through this programme have led to better livelihoods, greater youth empowerment and more women in the cocoa-farming workforce.

Specifically, it has enabled farmers to improve production outputs through replanting, with the establishment of nurseries and better planting material. The nurseries and improved seed materials were also a source of additional income for the farmers who sold these to others. With encouragement, more farmers were composting and utilising organic fertiliser in their farms. Demonstration plots were set up for farmers to learn new techniques and innovate, and to replicate the lessons in their own farms.

Since the inception of the project, the number of women involved in cocoa farming has increased to 27%. Oxfam Novib's Gender Action Learning System, or GALS, is the key methodology used in the training programme for women's participation and empowerment in cocoa. Oxfam Novib is also collaborating with FADU to train youths via their business clinic workshop, so as to empower and attract more youths to be in the cocoa business. As a result, youth participation has risen to 15% in 2015.

As a result of the CPQP, 7,600 farmers from the project were prepared for certification audits in 2015, of which 28% were women farmers. We will continue to support FADU's efforts to train and mentor these farmers and co-operatives in Ondo and Osun.

OPERATING &

Financial Review

To encourage consumption of our products and to further develop our strategic brands, higher trade promotion expense was incurred in the 2nd Half of 2015.

During 2015, the Group achieved revenue of US$405.9 million and PATMI of US$15.3 million. This excluded the Exceptional Item of US$20.0 million from the settlement of dispute with Barry Callebaut. As a result of this one-time Exceptional Item, the Group reported a loss after tax and minority interests of US$4.7 million for 2015.

From an operating perspective, it was a challenging year for the Group as we encountered several factors that contributed to the lacklustre full-year results. These factors include the slowdown of the Indonesian economy, continued weakening of the Rupiah, increased advertising and promotion costs, decline in our Gross Profit margin during the year (despite a marked improvement in 4Q 2015), closure of the Singapore distribution business, and increase in effective tax rate.

The macroeconomic headwinds in Indonesia and the continued weakening of the Indonesian Rupiah dragged economic growth and led to lower consumer confidence, which significantly weakened consumption across a number of consumer categories including chocolate confectionery. The level of consumer confidence is critical to the Fast Moving Consumer Goods market and our trade customers, in response to the weakening consumption in 2015, reacted to reduce their orders and inventory levels which in turn negatively affected our sales.

Currency pressure from the Rupiah, which weakened by an average of 12.5% against the US Dollar ("USD"), negatively affected our Gross Margin because many of our input costs were priced in USD. For 2015, the Rupiah weakened by 12.5% against the USD, and at 31 December 2015 had weakened to a level of IDR 13,795 against the USD. The weakness in the Rupiah was the most pronounced during the 3Q of 2015 when it weakened at end September to IDR14,657 against the USD. This was the lowest level in 17 years. The other Regional currencies also experienced weaknesses versus the USD. The Philippine Peso weakened by 2.1% during the year, the Singapore Dollar weakened by 8.2%, and the Malaysian Ringgit weakened by 18.4% over the year. In the 4Q of 2015 the Malaysian Ringgit weakened by 30.3% compared to the same period in 2014. The weakness in all of the regional currencies has impacted our reported results which are reported in USD.

In 2015, the EBITDA fell by 53.7% Y-o-Y to US$37.5 million as a result of lower sales, lower Gross Profit ("GP") margin and higher selling, promotion and distribution costs (as a percentage of sales), which was incurred to improve product consumption and to develop strategic brands. To mitigate the higher input costs, pricing adjustments and resizing of selected products in Indonesia were implemented in 3Q 2015 (although the benefits of these measures were only realised after September 2015) and contributed to the Group's overall GP margin of 30.8% in 4Q 2015. This is an improvement of 2.4% points over 3Q 2015's GP margin of 28.4%.

The Group's 2015 results also reflected the operating loss and costs of US$1.6 million associated with the cessation of the Singapore distribution business on 31 August 2015.

The Group incurred a higher tax expense due to a withholding tax of US$4.0 million from royalty and dividend income received as well as under provision of prior year tax of US$0.3 million.

(in US$ Million)	FY2015	FY2014	% change Y-o-Y	% change Y-o-Y in Constant Exchange Rates*
Indonesia	285.0	365.3	(22.0%)	(12.3%)
Regional Markets	120.9	138.7	(12.9%)	(3.7%)
Total Revenue	**405.9**	**504.0**	**(19.5%)**	**(9.9%)**
Gross Profit Margin (%)	29.8%	31.9%	(2.1% pt)	(2.1% pt)
EBITDA**	**37.5**	**80.9**	**(53.7%)**	**(46.3%)**
PATMI**	**15.3**	**50.3**	**(69.5%)**	**(62.9%)**

Note:

* For comparative purposes only, this shows the effect of using the respective exchange rates of the regional currencies in FY2014 in translating FY2015 results.

** Excludes Exceptional Item.

PERFORMANCE REVIEW OF OWN BRANDS AND AGENCY BRANDS

Over the years, our portfolio of Own Brands has progressively expanded, extending into the categories of chocolate confectionery, biscuits and wafers, breakfast, baking and beverages. For 2015, more than 60% of the Group's revenue was contributed by Own Brands sales.

In the Philippines, our Own Brands sales achieved double-digit growth in local currency terms. In Indonesia, we recorded lower-than-expected Own Brands sales due to lower consumer spending in the weakened economy. Overall, the Group's Own Brands sales declined Y-o-Y in local currency terms by 11.9% in 2015.

For 2015, Agency Brands sales in local currency terms were lower Y-o-Y by 6.5%. The lower Agency Brands sales was attributable to the strategic initiative taken in 2014 to discontinue some of the less profitable Agency Brands and the closure of our Singapore distribution business in 2015. The performance of Agency Brands sales would be higher by 2.4% Y-o-Y for 2015, if the discontinued Agency Brands and sale of the Singapore business were excluded from the comparison.

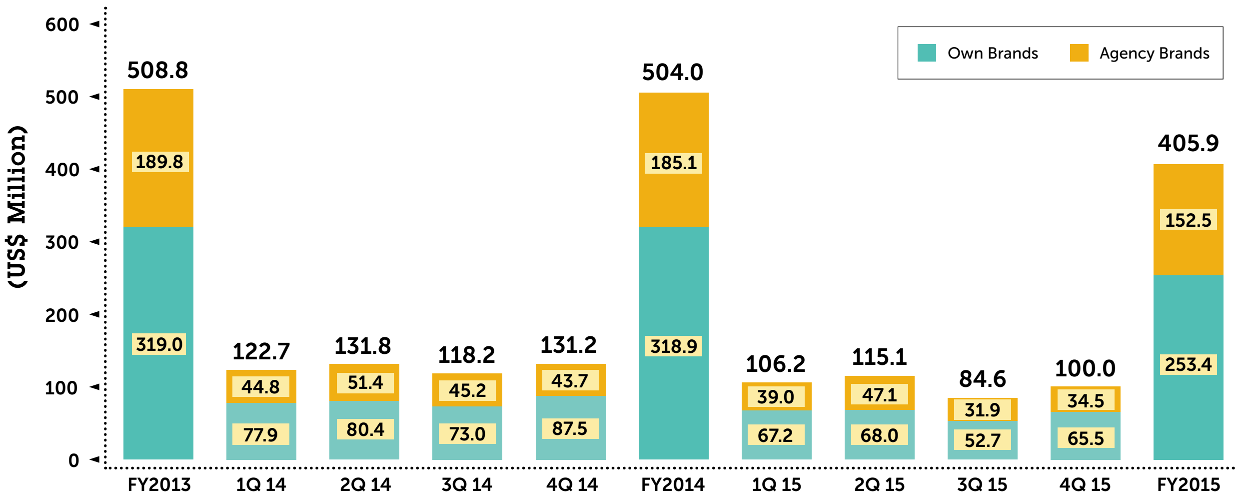
"For 2015, Own Brands sales continued to be a major contributor to the Group's business, forming more than 60% of the Group's revenue."

PERFORMANCE REVIEW BY MARKETS

Indonesia

The soft Indonesian economy, characterised by generally higher inflation, lower GDP, a weaker Rupiah and decreased consumer discretionary spending, has led to a 22.0% decrease Y-o-Y in overall sales in Indonesia, reported in USD. From a local currency perspective, which is more representative of the business' fundamental underlying performance, overall sales were lower Y-o-Y by 12.3% for FY2015.

OWN BRANDS & AGENCY BRANDS REVENUE PERFORMANCE
(Quarterly and Full Year)



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

Despite the challenging environment and intensifying competition in Indonesia in 2015, our market share remained above 50%. We continued to make targeted and disciplined investments in our brands and in 2015, this meant increasing our spending to build our core brands and focusing on where we believe the strongest growth opportunities exist.

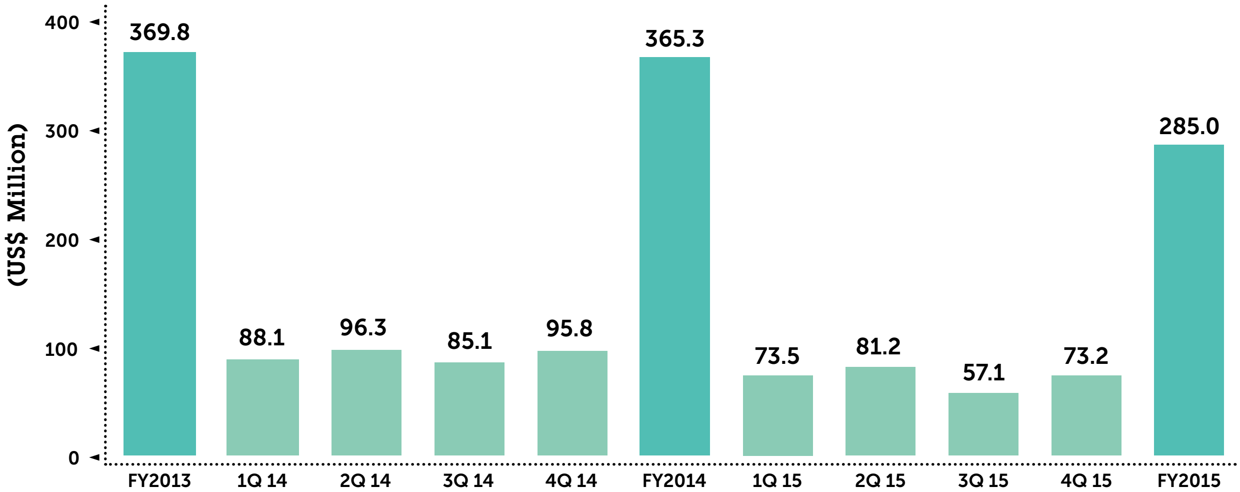
To position our business for the long term, we are investing in the sales force and route-to-market capabilities. This would enable the development of a more agile and flexible distribution network to respond to the constantly evolving retail landscape in Indonesia and the Regional Markets.

The Regional Markets

Revenue from the Regional Markets fell by 12.9% Y-o-Y in the Group's USD reporting currency. However in local currency terms and excluding the discontinued Agency Brands as well as the cessation of the Singapore distribution business, a Y-o-Y growth of 9.6% would have been achieved.

Our Own Brands registered double-digit growth in the Philippines, the strongest among the Regional Markets in 2015. This reflected the strong returns from all the

INDONESIA'S REVENUE PERFORMANCE (Quarterly and Full Year)



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

investments, including our routes-to-market and brand development programmes mainly for the Goya and Knick Knacks brands. We continued to strengthen our Own Brands portfolio through aggressive brand initiatives and new product launches while pursuing extensions into other chocolate categories.

On 10 June 2015, the Group announced the decision to cease its distribution business in Singapore due to its relatively small scale. The termination of this operation does not detract from our objective to grow our Own Brands of chocolate confectionery in Singapore. This will now be achieved through the appointment of a distributor.

The decision to exit the distribution business in Singapore relates only to our distribution in that market and is not a change in the Group's strategy. The distribution business

"The strongest rate of growth was in the Philippines with our portfolio of Own Brands growing by double digit in FY2015."

will remain a core part of our business strategy because with the scale we have achieved in our core markets of Indonesia, the Philippines and Malaysia, and the complementary nature of our Own and Agency Brands, we are able to gain better shelf space positioning in these key markets.

REVIEW OF PROFITABILITY

In 2015, the Group's net profit was US$15.3 million (before the Exceptional Item of US$20.0 million). The lower profitability is mainly attributable to lower Gross Profit caused by the lower sales, and lower GP margin in Indonesia. The GP margin for 2015 fell by 2.1% Y-o-Y to 29.8% due to higher cost of imported raw materials arising from weakness in regional currencies, especially the Rupiah; while lower sales volume and higher trade promotional activities reduced the overall Gross Profit earned.

To mitigate the high input costs, pricing adjustments and product resizing for selected products in Indonesia were implemented in 3Q 2015 although the benefits of these efforts did not take full effect until September 2015. As a result, the Group achieved GP margin of 30.8% in 4Q 2015, an improvement of 2.4% over 3Q 2015's margin of 28.4%.

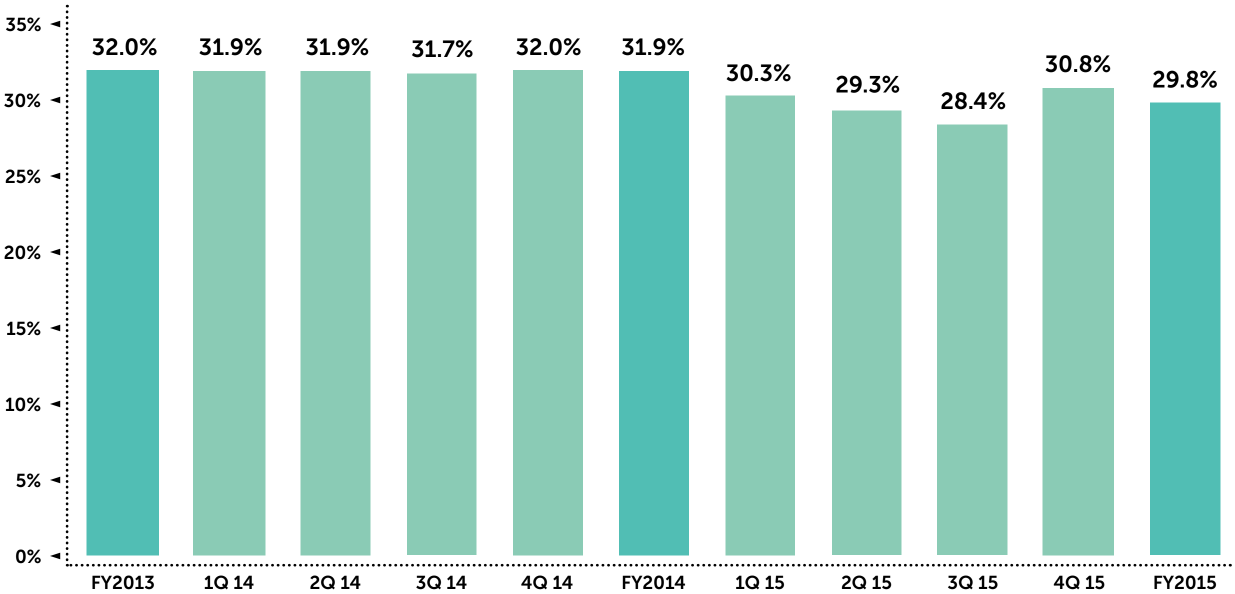
For Own Brands, the ongoing strategy was to tackle higher input costs. Price adjustments were made proactively, products were right sized, and higher-margined new products were launched alongside cost containment initiatives. Furthermore, the strategy of buying forward our main raw materials allows us to secure the supply, and stabilise our margin with greater cost visibility. We will continue to drive higher sales volume, increase efficiency and reduce costs throughout the supply chain.

For 2015, selling and distribution costs remained high (as a percent of the Group's sales) as a result of increased logistics costs (especially in Indonesia), continued investments in our brand building initiatives and strengthening of our route-to-market capabilities. We believe the latter is necessary as we continue to strengthen our infrastructure to support the Group's long term growth.

SETTLEMENT OF THE DISPUTE WITH BARRY CALLEBAUT

On 28 August 2015, the Company announced that it had entered into a Settlement Agreement with Barry Callebaut with regard to the dispute and resulting arbitration (as previously announced) with Barry Callebaut. The dispute

GROSS PROFIT MARGIN
(Quarterly and Full Year)



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

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

pertained to the sale of the Company's Cocoa Ingredients business to Barry Callebaut which was completed on 30 June 2013 and for which Barry Callebaut had subsequently sought a price adjustment of US$103.0 million. Under the settlement, the Company and Barry Callebaut agreed, among other things, to fully and finally settle the dispute and discontinue the arbitration, without any admission of liability by the Company or Barry Callebaut.

As part of the settlement, the Parties mutually agreed that Petra Foods would pay a sum of US$38.0 million plus interest of US$0.8 million as an adjustment to the closing price and in consideration of full and final settlement of all claims.

After taking into account this settlement, the Company's overall pre-tax gain on the sale of the Cocoa Ingredients business previously reported as US$67.6 million now amounts to US$46.1 million.

NOTIFICATION OF TAX CLAIMS

As announced on 24 February 2015, pursuant to the SPA on 30 June 2013, Petra Foods has entered into a Tax Deed of Covenant ("Tax Deed") with Barry Callebaut. Under the Tax Deed, Barry Callebaut is required to notify the Company of any claim for taxation which could give rise to a liability after completion of the sale of the Cocoa Ingredients business to Barry Callebaut. Barry Callebaut has notified the Company of various claims from the Brazil tax authorities against Delfi Cacau Brazil Ltda, which Barry Callebaut purchased as part of the sale of the Cocoa Ingredients business, which are:

1. A claim of Brazilian Real ("BRL") 18,588,593.72 in connection with an assessment of the tax credits claimed under "Social Integration Programme/Public Employee Savings Programme" (PIS) and the "Contribution for the Financing of Social Security" (COFINS);
2. A claim of BRL 227,440.04 for unpaid import tax arising from the import of a bean roaster; and
3. A claim of BRL 15,643,285.54 for unpaid tax duties arising from the import of cocoa beans.

In 2015, the Company was notified of a claim of BRL 500,000 for a labour law complaint under the Tax Deed.

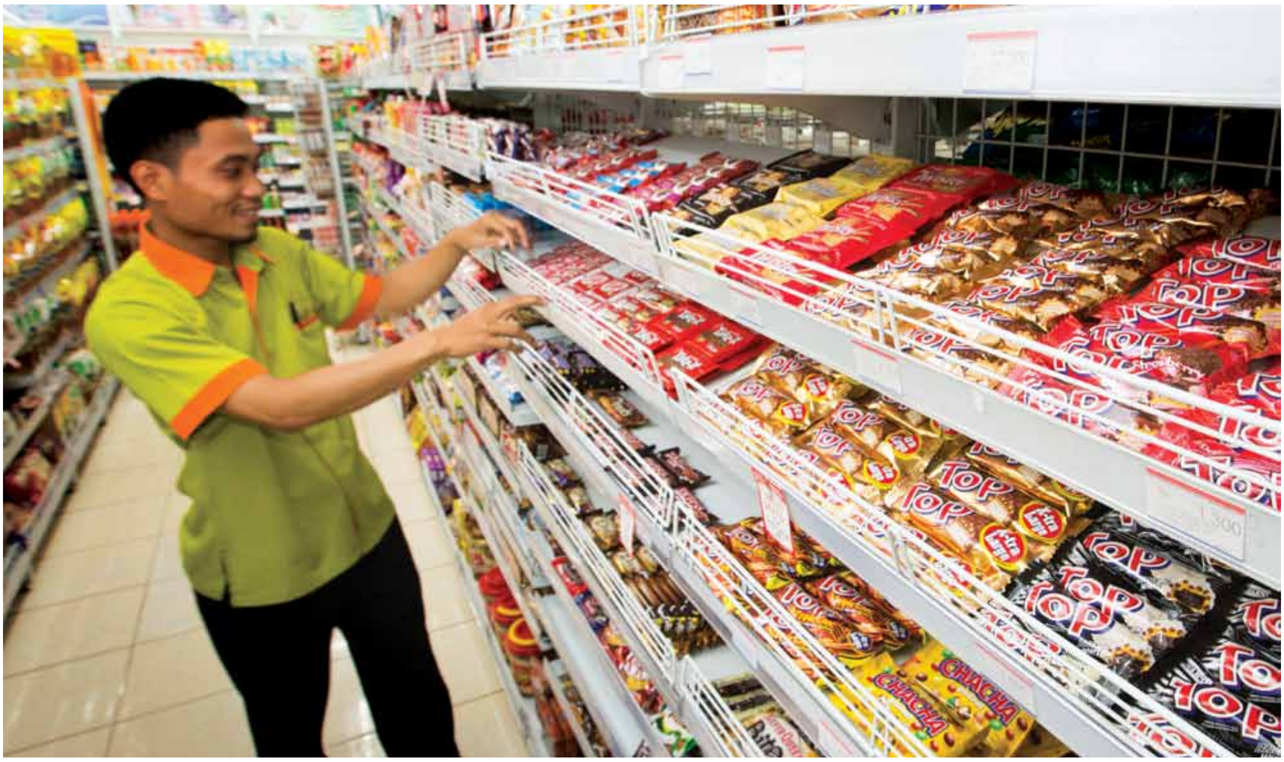
As at 31 December 2015, the total claims amounted to BRL 34,959,319.30 (US$8.9 million). While reserving its rights in relation to the notifications, the Company has requested Barry Callebaut to defend these claims. The management believes there are grounds to resist these claims.

CASHFLOW GENERATION AND CAPITAL EXPENDITURE

We believe our financial position continues to be of high quality, as evidenced by our ability to generate substantial cash from operations and ready access to the capital markets at competitive rates. To fund the Group's operating needs and capital expenditure, our operating cashflow provides the primary source of cash.

During 2015 the Group generated operating cash flow before working capital changes of US$36.1 million which was lower Y-o-Y due to the weak operating results in 2015. However, with tighter working capital management, the Group increased the net cash generated from operating activities from US$21.0 million to US$43.2 million Y-o-Y. This was sufficient to cover the Group's 2015 capital expenditure of US$24.4 million, which has fallen by US$15.8 million or 39.3% Y-o-Y due to the Group's prudent investment strategy in the light of Indonesia's economic slowdown. The majority of this capital expenditure was utilised to build the capacity and capabilities of our operation in Indonesia for long-term growth.

"For FY 2015, our capital expenditure of US$24.4 million was lower by US$15.8 million or 39.3% Y-o-Y reflecting the Group's prudent investment strategy in light of the slowing economy in Indonesia."



The Group generated free cash flow of US$18.4 million which was sufficient to fund part of the US$34.2 million that was paid out as dividends to shareholders during the year.

STRONG BALANCE SHEET

As at 31 December 2015, the Group maintained a healthy cash balance of US$119.5 million comprising mainly the sale proceeds received from the divestment of the Cocoa Ingredients business. This cash balance was after the payment of US$38.8 million that was paid to Barry Callebaut as part of the settlement, and the US$34.2 million that was paid as dividends during the year.

In 2015, the Group incurred total capital expenditure of US$24.4 million to support long-term growth. Our strategy is to focus future capital expenditure on critical projects that could generate income in the near term.

Accounts receivables and inventories Y-o-Y were lower by US$25.8 million and US$13.1 million respectively. As a result, total assets reduced by US$82.9 million to US$387.6 million for 2015. The lower working capital translated into higher operating cash flow, which allowed the Group to generate free cash flow and fund its capital expenditure.

Total borrowings increased by US$0.6 million to US$74.7 million on the back of higher Rupiah-denominated long-term loans and working capital facilities utilised to fund the Group's operations and capital expenditure in Indonesia. This is part of the Group's financial strategy to extend its debt maturity profile to match its financing and investment needs, and to minimise its foreign exchange exposure through matching borrowings with functional currency revenue.

The Group's current financial position places it in a strong position to seize growth opportunities in the fast growing regional consumer markets.

We never rest in our relentless pursuit to build a stronger business, strengthen our brand portfolio and find new paths to grow.

LOOKING AHEAD

It is unclear at this stage how prolonged the present economic and currency volatility in our core markets will be. As a result, we believe consumers in our markets will continue to face tough conditions with economic uncertainty likely to have an impact on consumer confidence.

The Group's focus is to increase sales by working closely with trade customers and partners to ensure that our brands are always visible, readily available and optimally positioned at the right price points. We will continue to pursue product innovation of Own Brands as a strategy to grow market share by addressing different consumer needs at multiple price points. Internally, we will drive cost efficiencies within the organisation and across the value chain, and strengthen the Group's cash flow management with tighter working capital management.

We will continue to strive to build a stronger business, strengthen the brand portfolio and seek new opportunities for sustainable growth in the core markets. We will undertake efforts to align the operations and processes to support the business strategy, invest in the development of our key brands in the core markets, and take measured steps to develop the distribution infrastructure. In the areas of capacity building and capability development, we will make prudent investment where there are clear opportunities for expansion or improvement to the manufacturing and distribution infrastructure.

Despite the current headwinds in our markets, we believe our geographic and product portfolio position us well for future growth. Over the long term, the consumption environment in our regional markets will continue to be supported by the robust economies and the fast growing middle income classes. 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 these opportunities meet our investment criteria.

Financial Highlights of Petra Foods FY 31 December (US$ million)	2015	2014	% chg
Revenue	**405.9**	504.0	(19.5)
EBITDA	**37.5**	80.9	(53.7)
Profit before Tax	**7.4**	70.1	(89.5)
Net Profit attributable to Shareholders - Group	**(4.7)**	48.8	NM
(Losses)/Earnings per share (US cents)	**(0.8)**	8.0	NM

At Year end (US$ million)	2015	2014	% chg
Total Assets	**387.6**	470.5	(17.6)
Total Liabilities	**(145.4)**	(173.2)	(16.0)
Total Shareholders' Equity	**242.0**	297.2	(18.6)
Total Debt	**(74.7)**	(74.0)	0.9
Net Debt	**44.9**	97.9	(54.2)
Return on Equity			
- Group	**-1.8%**	16.6%	-18.4 % pt
- Branded Consumer	**5.7%**	17.1%	-11.4% pt

Corporate Governance, together with integrity, excellence and commitment, are values that guide all of us at Petra Foods[1] as we seek to enhance the Company's development, performance and growth. The concept of corporate governance is an integral part of Petra Foods' ethos, business, systems, processes and operations.

Our annual corporate governance practices review is conducted in the recognition that these practices help us create long term value for our shareholders not only because it is the right thing to do but at the same time it reduces risk and enhances returns. We are committed to upholding the Code of Corporate Governance 2012 (the "Code"). Insofar as is practicable, the format adopted below reflects the Principles laid out in the Code.

The Board of Petra Foods comprises a healthy well balanced mix of entrepreneurs, professionals and corporate expertise. Out of a total of seven Directors, the board of Directors (the "Board") comprises three executive Directors, three non-executive independent Directors and one non-executive non-independent Director. There is a clear separation of the role of the Chief Executive Officer ("CEO") and the Chairman. One of our three executive Directors serves as CEO and Managing Director ("MD"). The Board meets regularly and is provided with timely updates and information. As and when there are urgent commercial or other corporate matters, Board meetings are convened to seek guidance from the Board or to elicit a decision. All Directors are expected to act in good faith, and to act in the interests of Petra Foods.

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

Our corporate governance practices are given below with specific references to the Code.

(I) BOARD MATTERS

Principle 1 - The Board's Conduct of Affairs: Every Company should be headed by an effective Board to lead and control the Company. The Board is collectively responsible for the long-term success of the Company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

Policy and Practice

The Board is obliged to act in good faith and in the best interests of the Company. Each Director contributes his or her own expertise, skills, knowledge and experience to the Board.

Our Board focuses on three key areas, namely:-

(a) setting the corporate strategy and direction;

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

(c) supervising the proper conduct of matters.

The Board has seven Directors comprising four non-executive Directors, of whom three are independent Directors. Ms Josephine Price served as a non-executive independent Director and Chairperson of the Nominating Committee until she stepped down on 29 April 2015. The independent Directors at the date of this report are Mr Anthony Michael Dean ("Mike Dean"), Mr Koh Poh Tiong and Mr Pedro Mata-Bruckmann, who is also the Chairman of the Board. Mr Davinder Singh is deemed a non-executive non-independent Director.* Mr Chuang Tiong Choon ("John Chuang") is the CEO and MD. Profiles of the Directors are found in pages 16 to 21. The assessment of "independence" is covered in the paragraphs immediately following, and further under Principle 5 below.

1 All references to Petra Foods or the Company refers to the "Petra Foods Group" or the "Group" which is inclusive of Petra Food Limited and all its subsidiaries.

(I) BOARD MATTERS (continued)

* For the financial year ended 31 December 2015, Mr Davinder Singh is deemed a non-executive non-independent Director by virtue of his relationship with the Company in respect of Guidance Note 2.3 (d) and his position as Managing Director of Drew & Napier LLC and Director of DrewCorp Services Pte Ltd, which collectively rendered professional services to the Company in fees aggregating more than S$200,000 (in 2015). Notwithstanding that, we are confident that Mr Singh is able to exercise strong independent judgment in the best interests of the Company. The rest of the Board is unanimous and remains steadfast in its view that he has maintained a high standard of conduct, care and duty and has observed the ethical standards of his profession and is conscious of the need to disclose any conflict of interests arising from any other engagements.

The Board has also carried out its annual evaluation of the independence of each of its non-executive Directors, taking into account the relevant provisions of the Code, namely, whether the Directors are independent in character and judgement and free from relationships or circumstances which are likely to affect, or could appear to affect, the Directors' judgement. The Board has concluded that all of the three non-executive independent Directors are independent and that no one individual or one grouping exerts an undue influence on others.

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

The strategic policies of the Company and significant business transactions and projects are reviewed and deliberated on by the Board. The Board approves the annual budget, reviews the performance of the business and approves the release of the quarterly and full year financial results at its regular Board meetings. As part of this process, the Board reviews the financial and human resources of Petra Foods and assesses (a) whether changes to these are needed and (b) whether the proposed strategy can be realistically executed with such existing or planned increased resources.

The Board has delegated its authority to the Audit Committee to review and recommend to the Board the release of the quarterly and full year financial results.

The Board delegates specific responsibilities to committees namely:-

(a) the Audit Committee ("AC");

(b) the Nominating Committee ("NC");

(c) the Remuneration Committee ("RC");

(d) the Executive Committee ("EC"); and

(e) the Risk Management Committee ("RMC").

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

(I) BOARD MATTERS (continued)

The composition of the Board and each committee as at the date of this report are illustrated immediately below:-

	Board	AC	NC	RC	RMC	EC
Pedro Mata- Bruckmann*	Chairman & ID	Member	Chairman	Member	Member	NA
John Chuang	CEO, MD & ED	NA	Member	NA	Member	Member
Chuang Tiong Liep	ED	NA	NA	NA	NA	Member
Chuang Tiong Kie	ED	NA	NA	NA	NA	Member
Mike Dean#	ID	Chairman	Member	NA	Chairman	NA
Davinder Singh	NENID	NA	Member	Member	NA	NA
Koh Poh Tiong	ID	Member	Member	Chairman	Member	NA

Notes:

1. CEO – Chief Executive Officer
2. ED – Executive Director
3. ID – Independent Director
4. NENID – Non-Executive, Non-Independent Director
5. MD – Managing Director
6. NA – Not Applicable
7. * – Mr Pedro Mata-Bruckmann was appointed Chairman of the NC with effect from 6 May 2015.
7. # – Mr Mike Dean was appointed member of the NC with effect from 6 May 2015.

The attendance of the Board and Committees meetings during the financial year 2015 is given in the matrix below:-

	Board		Committees							
			AC		NC		RC		RMC	
	A	B	A	B	A	B	A	B	A	B
Pedro Mata-Bruckmann	7	7	4	4	3	3	3	3	2	2
John Chuang	7	7	4	4*	3	3	3	3*	2	2
Chuang Tiong Liep	7	7	NA	NA	NA	NA	NA	NA	NA	NA
Chuang Tiong Kie	7	7	NA	NA	NA	NA	NA	NA	NA	NA
Mike Dean	7	7	4	4	3	1^	NA	NA	2	2
Davinder Singh	7	6	NA	NA	3	3	3	2	NA	NA
Josephine Price#	7	2	NA	NA	3	2	3	1	NA	NA
Koh Poh Tiong	7	7	4	4	3	3	3	3	2	2

Notes:

A – number of meetings held;

B – meetings attended;

* – by invitation;

– Ms Josephine Price resigned as an Independent Director with effect from 29 April 2015 and ceased as Chairperson of the NC and member of RC with effect from 29 April 2015;

^ – Mr Mike Dean was appointed member of the NC with effect from 6 May 2015.

(I) BOARD MATTERS (continued)

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

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

The Board is regularly provided with information and updates on the Company's policies and procedures relating to issues pertaining to governance, disclosure of interests in securities and restrictions on disclosure of price sensitive information.

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

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

We recognise that the future of our branded consumer and chocolate products will be affected by developments in the drive to make cocoa a fully sustainable industry. This is a strategic issue for our business. Petra Foods' initiatives and programs launched in cooperation with other industry players and other bodies undertaken for several years now, seek to improve product quality, the livelihoods of farmers and industry sustainability. Our programs and initiatives are highlighted in pages 38 to 41.

The Board has given Management clear direction through prescribed written guidelines, that the following matters should be reserved for the Board's decision, namely: (a) appointment of Directors or Company secretary; (b) removal of CEO or MD; (c) establishing committees; (d) entering into leases, tenders and/or contracts not in the ordinary course of business; (e) approval of material acquisitions or disposals; (f) approving the annual business plan and/or budget; (g) approving capital expenditure which is not budgeted in or in excess of that budgeted in, the approved annual business plan and such amount or excess amount is in excess of US$3,000,000; (h) accepting bank facilities that are in excess of US$20,000,000; (i) accept loans or approve guarantees that are in excess of US$20,000,000 for the purpose of financing projects (j) approving announcements in relation to the Company's financial results or announcements that are price sensitive; (k) initiate or settle litigation involving amounts in excess of US$1 million; (l) allot new shares or debentures of any class; (m) reduce capital; and (n) declare dividends and/or other returns to shareholders.

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

(I) BOARD MATTERS (continued)

Principle 2 - Board Composition and Guidance: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders[2]. No individual or small group of individuals should be allowed to dominate the Board's decision making.

Policy and Practice

There is a harmonious and professional relationship between the Board and Management. This has helped to keep the Company's focus on efficiency and effectiveness sharp. The combined expertise in business, commerce, finance and law, as well as the diverse depth of experience of the Directors, provides for informative discussions and a lively exchange of ideas that has assisted Management in the performance of its role and function.

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

The Board places great emphasis on ensuring that each and every one of our three independent Directors are truly independent, in substance and not just form. See further details on this under Principle 5 below. As a result, the Board is of the opinion that there is a proven framework for ensuring that Management is able to exercise entrepreneurial drive within the context of a constructively challenged supervisory environment to ensure that overall strategy is both sound and realistically achievable. In parallel with this, potential conflicts of interest, in respect of the majority shareholder group and also Management, are identified and appropriately managed.

The non-executive Directors regularly meet and communicate without the presence of Management.

Principle 3 - Chairman and Chief Executive Officer: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the Company's business. No one individual should represent a considerable concentration of power.

Policy and Practice

Mr Pedro Mata-Bruckmann is the Chairman of the Board. There is a clear separation of the roles and responsibilities between the Chairman and the CEO. The Chairman acts independently in the best interests of the Company and its shareholders. The Chairman helps ensure that there is mentorship, unity of purpose within the Board and that the Board engages in productive discussions on strategic, tactical, business and planning issues. The Chairman often takes the lead in discussions on strategy, facilitating a lively exchange of ideas at the Board, open constructive debate, eliciting the contribution of Directors, encouraging constructive relations between Board and Management and effective communication with shareholders. The Chairman and CEO jointly oversee the observance of high standards in corporate governance and compliance with the Code.

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

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

2 The term "10% shareholder" shall refer to a person who has an interest or interests in one or more voting shares in the company and the total votes attached to that share, or those shares, is not less than 10% of the total votes attached to all the voting shares in the Company.

(I) BOARD MATTERS (continued)

Principle 4 - Board Membership: There should be a formal and transparent process for the appointment and re-appointment of Directors to the Board.

Policy and Practice

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

The NC oversees the nomination of Directors for election or re-election. The NC seeks to balance Board renewal, which brings in fresh insights with maintenance of knowledge and experience of the Company's operations, both of which are good for the Company. The NC strives to ensure that the Board and its committees comprise individuals who are best able to discharge their duties and responsibilities as Directors with regard to the highest standards of corporate governance. The NC also reviews candidates for senior management positions for Petra Foods. The terms of reference for the NC (including its framework for considering and determining if a Director is independent) are set out under Principle 5, below.

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

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

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

The Company's guidelines on a fit and proper person broadly take into account the candidate's honesty, integrity and reputation; his or her competence and capability; and financial soundness. The NC oversees the induction, orientation and training for any new and existing Directors.

Principle 5 - Board Performance: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each Director to the effectiveness of the Board.

Policy and Practice

Since 1 January 2015 the NC initially comprised Mr John Chuang, Mr Pedro Mata-Bruckmann, Mr Davinder Singh, Ms Josephine Price and Mr Koh Poh Tiong. Ms Josephine Price resigned as an independent Director and ceased as Chairperson of the NC with effect from 29 April 2015. Mr Pedro Mata-Bruckmann was appointed Chairman of the NC and Mr Mike Dean was appointed as a member of the NC with effect from 6 May 2015. The NC applies objective performance criteria when it assesses the performance and contributions of individual Directors, the committees of the Board and the Board. This process has been endorsed by the Board as an effective means of self-assessment and evaluation.

(I) BOARD MATTERS (continued)

The terms of reference for the NC are as follows:-

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

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

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

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

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

(v) To recommend to the Board objective performance criteria for the purpose of evaluating the Board's performance as a whole and to implement performance evaluation established by the Board.

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

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

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

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

(I) BOARD MATTERS (continued)

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

Whilst each non-executive Director is required to reflect on and sign a declaration of independence based on the substantive requirements of the Code, the NC makes it a point to review the declarations, to satisfy itself that the substantive principles in the Code on independence are indeed fulfilled, and the NC asks each independent Director to confirm in writing that they consider each of the other independent Directors to be acting independently.

The NC and the Board are of the view that service of an independent Director beyond a nine-year term is not necessarily a critical factor in determining independence. Our independent Directors' professionalism and high standing in the commercial sector and civil society, enable them to exercise strong independent judgment in the best interests of the Company. It follows that the Board is confident and remains steadfast in its view that our non-executive Directors have maintained a high standard of conduct, care and duty and have observed the ethical standards and independence, and all our non-executive Directors are conscious of the need to disclose any conflict of interests arising from any other engagements or interests. In consultation with the NC, the Board has prescribed that non-executive Directors may not hold more than 6 Directorships in other public listed companies.

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

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

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

Principle 6 - Access to information: In order to fulfil their responsibilities, Directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Policy and Practice

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

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

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

The Board has full and free access to the Company Secretaries for information, advice and consultation and the appointment or removal of the Company Secretaries is a matter for consideration and approval of the Board as a whole.

(II) REMUNERATION MATTERS

Principle 7 - Procedures for Developing Remuneration Policies: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No Director should be involved in deciding his own remuneration.

Principle 8 - Level and Mix of Remuneration: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the Company, and should be appropriate to attract, retain and motivate (a) the Directors to provide good stewardship of the Company, and (b) key management personnel to successfully manage the Company. However, companies should avoid paying more than is necessary for this purpose.

Policy and Practice for Principles 7 and 8

The RC which has oversight of procedures for developing remuneration policies and the level and mix of remuneration, was established on 6 July 2001. On 1 January 2015 it comprised two independent Directors and one non-executive non-independent Director. The RC is chaired by Mr Koh Poh Tiong and currently comprises Mr Pedro Mata-Bruckmann and Mr Davinder Singh. Ms Josephine Price resigned as an independent Director and ceased as member of the RC with effect 29 April 2015

The terms of reference for the RC are:-

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

(ii) Oversee the development and management of appropriate compensation policies and practices, including (but not limited to) a compensation structure & programme for Directors, senior management and staff to attract, retain and motivate talent;

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

(iv) Administer share option scheme and share incentive plan if any (collectively "the Schemes") and to decide on all options, grants, awards, rewards and allocation under the Schemes; and

(v) Refer all matters concerning, related to or in any way connected to the above terms of reference, for the Board's written approval.

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

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

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

(II) REMUNERATION MATTERS (continued)

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

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

The Schemes had expired at the end of September 2014 and were not tabled at the AGM held on 28 April 2015 for shareholders' approval. Accordingly, the Schemes were not implemented and no awards were made under the Schemes in year 2015.

Principle 9 - Disclosure on Remuneration: Every Company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the Company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to Directors and key management personnel, and performance.

Policy and Practice

The executive Directors do not receive Directors' fees. The non-executive Directors' fees are set in accordance with a framework of basic fees reflecting membership and Chairmanship of the Board and the Committees. A breakdown (in percentage terms) showing the level and mix of each key executive's and Director's remuneration paid and payable for this financial year is set out in pages 163 to 165. The remuneration (in incremental bands of S$50,000) of employee(s) who is/are immediate family member(s) of a Director or CEO is also set out in page 166.

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

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

(III) ACCOUNTABILITY AND AUDIT

Principle 10 – Accountability: The Board should present a balanced and understandable assessment of the Company's performance, position and prospects.

Policy and Practice

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

(III) ACCOUNTABILITY AND AUDIT (continued)

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

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

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

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

Principle 11 - Risk Management and Internal Controls: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

Policy and Practice

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

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

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

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

The Board:

a. Is responsible for ensuring that the proper risk management is in place.

b. Will provide the necessary support to Management to perform its duties.

c. Will satisfy itself that Management is executing the agreed plans and properly reporting to the Board.

d. Will satisfy itself that Management is operating within the framework of the approved strategies and risk tolerance levels.

(III) ACCOUNTABILITY AND AUDIT (continued)

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

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

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

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

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

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

To assist the Board in its supervision of risk management the RMC was established on 15 January 2014, The RMC is chaired by Mr Mike Dean and comprises Mr Pedro Mata-Bruckmann, Mr John Chuang and Mr Koh Poh Tiong.

The RMC works closely with Management to review the Petra Risk Management Program and ensure that it is brought to the Board for periodic assessment as to its appropriateness and adequacy. In this regard the Board periodically undertakes an enterprise wide assessment of the universe of risks that the Petra Group faces together with the mitigating factors and risk management policies in place and thereby determines the net residual risk the Petra Group faces. From this the RMC agrees with the Board and Management a range of the specific risks that Management needs to present to the Board on regular intervals to ensure that the Board is kept closely in touch with the risks, the mitigating factors and risk management policies and the net residual risk. Since the RMC's creation, Management has adhered to this schedule of presentations to the Board.

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

The terms of reference for the RMC are to:

(a) Assist the Board in overseeing the Company's risk management framework, policies and initiatives;

(b) Represent the Board in working closely with Management in fostering a culture of risk awareness and consciousness, throughout the Company;

(c) Work closely with Management in the Company, to ensure that proper management is in place;

(d) Through the RMC, the Board will satisfy itself that Management in the Company is executing the agreed-upon plans and reporting the progress to the Board, regularly and properly; and

(e) Ensure that Management is operating within the framework of approved strategies and initiatives in keeping with the risk tolerance levels.

(III) ACCOUNTABILITY AND AUDIT (continued)

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

The Board, with the concurrence of the AC, is of the opinion that the Company's risk management framework and internal controls are adequate and appropriate given the financial, operational and compliance risks that face Petra Foods.

As required under the Code, the Board has been assured by the Group's CEO and CFO:-

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

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

Principle 12 - Audit Committee: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

Policy and Practice

The AC was formed on 6 July 2001 under a written charter ("AC Charter"). Since 1 January 2015 the members of the AC are Mr Mike Dean (Chairman), Mr Pedro Mata-Bruckmann and Mr Koh Poh Tiong. The AC Chairman and all the members of the AC are independent. None of the members of the AC was a former partner or Director of the External Auditors, PricewaterhouseCoopers LLP.

The AC Charter is periodically reviewed and updated to ensure that evolutions in business risks and corporate governance matters delegated to it are properly identified and managed.

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

1. STATUTORY DUTIES

1.1 To review:-

(a) with the statutory auditors of the Company (the "External Auditors"), the audit plan;

(b) with the External Auditors, their evaluation of the system of internal accounting controls;

(c) with the External Auditors, their audit report;

(d) the assistance given by Petra's officers to the External Auditors;

(e) the scope and results of the internal audit procedures; and

(f) the financial statements of Petra and thereafter to submit the same to the Directors of Petra for approval.

(III) ACCOUNTABILITY AND AUDIT (continued)

The present AC Charter defines the AC's duties as follows:- (continued)

2. INTERNAL CONTROLS

2.1 To review and report to the Board at least annually on the adequacy and effectiveness of the internal financial controls, operational and compliance controls and information technology controls and those areas of the risk management policies and systems that are delegated to it by the Board (collectively "Internal Controls").

2.2 To commission an independent audit on Internal Controls for its assurance or where it is not satisfied with the systems of internal control.

3. INTERNAL & EXTERNAL AUDIT

3.1 To review at least annually the adequacy and effectiveness of Petra Foods' internal audit function.

3.2 To hire, remove, evaluate and compensate internal auditors (the "Internal Auditors"). These may be employees of the Company and/or a suitably qualified independent firm of auditors.

3.3 To ensure that the internal audit function is adequately resourced and has appropriate standing within Petra Foods.

3.4 To review and approve the audit plans of the Internal Auditors in ensuring that audit resources are allocated according to the key business and financial risk areas, focusing on optimum coverage of the risks.

3.5 To review the Internal Auditors' evaluation of the system of internal accounting controls.

3.6 To review the reports of the Internal Auditors and consider the effectiveness of responses / actions taken by Management on the audit recommendations and observations.

3.7 To review the scope, results and cost effectiveness of the external audit, and the independence and objectivity of the External Auditors and the non-audit services provided by the External Auditors.

3.8 To recommend to the Board on the proposals to shareholders regarding the appointment, reappointment, termination, terms of engagement and remuneration of the External Auditors.

3.9 To meet with the Internal and External Auditors, in each case, without the presence of Management annually.

3.10 Review the audit representation letters given by Management to the External Auditors before consideration by the Board.

3.11 Review the content of the External Auditor's Management letter to assess whether it is based on a good understanding of the Company's business and monitor the responsiveness of Management to the recommendations made (or the reasons why they have not been acted upon).

4. FINANCIAL REPORTING

4.1 To review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance.

4.2 To keep abreast of changes to accounting standards and issues which have a direct impact on the financial statements.

(III) ACCOUNTABILITY AND AUDIT (continued)

The present AC Charter defines the AC's duties as follows:- (continued)

4.3 Together with the External Auditors review the relevance and consistency of the accounting standards used by the Company.

4.4 To review the Company's financial results, including annual financial statements and financial announcements to shareholders and the Singapore Exchange Securities Trading Limited prior to their submission to the Board.

5. INTERESTED PERSON TRANSACTIONS

5.1 To review interested person transactions ("IPTs").

5.2 To consider whether the IPTs are on normal commercial terms and not prejudicial to the interests of the Company or its minority shareholders.

5.3 To consider the need for a general mandate for IPTs.

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

6. WHISTLE BLOWING

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

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

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

The second edition of the "Guidelines for Audit Committees in Singapore" was issued on 19 August 2014. The AC has reviewed its Charter and practises in the light of this and has satisfied itself that it is following the best practices espoused by this guideline.

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

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

(III) ACCOUNTABILITY AND AUDIT (continued)

The present AC Charter defines the AC's duties as follows:- (continued)

KPMG LLP ("KPMG") helps the AC in its objective of being continuously vigilant and transparent, by fulfilling the role of Internal Auditors. (Please also see Principle 13 below). Petra Foods understands the need for continuing vigilance and transparency so that corporate governance principles are upheld.

The Company has reviewed the suitability of the External Auditors for their role by assessing a wide range of factors including the quality of their work, their expertise and resources for a job involving the size and complexity of the Company's operations, and their own quality control procedures. The fees paid to the External Auditors are disclosed in page 169. There were also non-audit services provided by the External Auditors, and the non-audit fees are disclosed in page 169. The AC is pleased to recommend the re-appointment of the External Auditors, PricewaterhouseCoopers LLP.

The AC has also reviewed the volume of non-audit services to Petra Foods by the External Auditors, and is satisfied that the nature and extent of such services will not prejudice the professionalism, independence and objectivity of the External Auditors.

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

Principle 13 - Internal Audit: The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

Policy and Practice

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

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

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

Our Internal Auditors, KPMG, work closely with the AC and the Company to closely monitor the internal audit framework. The Internal Auditors report directly to the AC on audit matters and to the Group CFO on administrative matters.

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

(III) ACCOUNTABILITY AND AUDIT (continued)

The present AC Charter defines the AC's duties as follows:- (continued)

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

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

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

(IV) SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14 - Shareholder Rights: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The Company respects and upholds shareholders' rights, and tenders its communication with shareholders with care. The Board recognises and exercises its overall responsibility to shareholders, by ensuring accurate financial reporting for Petra Foods and for the Company's overall internal control framework, including financial, operational and compliance controls, risk management policies and through systems needed to safeguard the shareholders' investments and assets of Petra Foods. The Company's Constitution was amended to provide for the attendance by nominees of shareholders' at general meetings.

We encourage and facilitate shareholder engagement and participation through our meetings and briefings referred to in Principle 15 (below).

Principle 15 - Communication with Shareholders: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Policy and Practice

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

The Company's Investor Relations and Corporate Communications Department meets with key investors regularly and answers queries from shareholders.

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

(IV) SHAREHOLDER RIGHTS AND RESPONSIBILITIES (continued)

The Company has clear policies and guidelines for dealings in securities of the Company by Directors and officers, in conformity with the rules relating to dealings in securities in Rule 1207(19) of the Listing Manual. The Company prohibits selected employees from trading in its securities for a period commencing 1 month before the announcement of full year financial results and two weeks from the release of quarterly financial results; and consistently remind Directors, officers and staff of the need to avoid trading in its securities on short term considerations, as well as to observe laws and regulations on trading in shares, including (but not limited to) insider trading laws.

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

Principle 16 - Conduct of Shareholder Meetings: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the Company.

Policy and Practice

The majority of our Directors attended our AGM held last year on 28 April 2015. Our Directors endeavour to attend the AGM and shareholders are given the opportunity to share their thoughts and ideas or ask questions relating to matters which are the subject of the resolutions to be passed.

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

Our lawyers, auditors and consultants make it a point to attend our general meetings; and the Company's Chairman and chairmen of committees are always urged to attend the AGM.

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

15 March 2016

FINANCIAL

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REPORTS & STATEMENTS

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2015 and the balance sheet of the Company as at 31 December 2015.

In the opinion of the directors,

(a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 77 to 147 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

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

DIRECTORS

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

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

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

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

	Holdings registered in the name of a director or nominee		Holdings in which a director is deemed to have an interest	
	At 31.12.2015	At 1.1.2015	**At 31.12.2015**	At 1.1.2015
The Company				
(No. of ordinary shares)				
Pedro Mata-Bruckmann	**177,000**	177,000	**–**	–
Chuang Tiong Choon	**384,000**	384,000	**312,327,000**	311,827,000
Chuang Tiong Liep	**70,000**	70,000	**308,741,000**	308,741,000
Chuang Tiong Kie	**110,000**	110,000	**–**	–
Anthony Michael Dean	**50,000**	50,000	**–**	–
Davinder Singh	**100,000**	100,000	**–**	–
Koh Poh Tiong	**–**	–	**–**	–
Cocoa Specialities, Inc.				
(Ordinary shares of Pesos 100 each)				
Chuang Tiong Choon	**1**	1	**–**	–
Delfi Foods, Inc.				
(Ordinary shares of Peso 1 each)				
Chuang Tiong Choon	**1**	1	**–**	–
Delfi Marketing, Inc.				
(Ordinary shares of Pesos 100 each)				
Chuang Tiong Choon	**1**	1	**–**	–
Chuang Tiong Liep	**1**	1	**–**	–
Springbright Investments Limited				
(Ordinary shares of US$1 each)				
Chuang Tiong Choon	**–**	–	**51**	51
Chuang Tiong Liep	**–**	–	**30**	30
Chuang Tiong Kie	**–**	–	**19**	19
Berlian Enterprises Limited				
(Ordinary shares of US$1 each)				
Chuang Tiong Choon	**–**	–	**51**	51
Chuang Tiong Liep	**–**	–	**30**	30
Chuang Tiong Kie	**–**	–	**19**	19

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (continued)

	Holdings registered in the name of a director or nominee		Holdings in which a director is deemed to have an interest	
	At 31.12.2015	At 1.1.2015	**At 31.12.2015**	At 1.1.2015
Aerodrome International Limited*				
(Ordinary shares of US$1 each)				
Chuang Tiong Choon	**–**	–	**10**	10
Ceres Super Pte Ltd				
(Ordinary shares of S$1 each)				
Chuang Tiong Choon	**–**	–	**900,000**	900,000
Chuang Tiong Liep	**–**	–	**900,000**	900,000

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

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

(c) The directors' interests in the shares of the Company as at 21 January 2016 were the same as those as at 31 December 2015 for all the directors.

DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements and in this report.

SHARE OPTIONS

Share-based incentive schemes

The Petra Foods Employees Share Option Scheme and the Petra Foods Share Incentive Plan (collectively, the "Schemes") had expired at the end of September 2014 and were not tabled at the Annual General Meeting held on 28 April 2015 for shareholders' approval. Accordingly, the Schemes were not implemented and no awards were made under the Schemes in year 2015.

As the Schemes had not been adopted and activated through shareholders approval, there were no options granted during the financial year to subscribe for unissued shares of the Company or any subsidiary. There were also no awards under the Share Incentive Plan during the financial year. There were no unissued shares of the Company under option at the end of the financial year.

AUDIT COMMITTEE

The members of the Audit Committee at the end of the financial year were:

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

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

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

The Audit Committee has also reviewed the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2015, as well as the Independent Auditor's Report thereon prior to their submission to the Board of Directors for approval.

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

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

INDEPENDENT AUDITOR

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

On behalf of the directors

CHUANG TIONG CHOON
Director

CHUANG TIONG KIE
Director

15 March 2016

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PETRA FOODS LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Petra Foods Limited (the "Company") and its subsidiaries (the "Group") set out on pages 77 to 147, which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2015, the consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015, and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants

Singapore, 15 March 2016

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	The Group 2015 US$'000	2014 US$'000
Revenue	4	**405,862**	503,977
Cost of sales		**(285,052)**	(343,223)
Gross profit		**120,810**	160,754
Other operating income	4	**4,906**	3,557
Expenses			
Selling and distribution costs		**(72,641)**	(68,206)
Administrative expenses		**(19,330)**	(19,974)
Finance costs	6	**(4,219)**	(3,121)
Other operating expenses		**(2,138)**	(1,923)
Exceptional items	10	**(20,066)**	(1,517)
Share of profit of associated companies	18(a)	**64**	501
Profit before income tax		**7,386**	70,071
Income tax expense	8	**(12,126)**	(21,340)
Total (loss)/profit		**(4,740)**	48,731
(Loss)/profit attributable to:			
Equity holders of the Company		**(4,726)**	48,783
Non-controlling interest		**(14)**	(52)
		(4,740)	48,731
(Losses)/earnings per ordinary share [1] (expressed in US cents per share)			
Basic and Diluted	11	**(0.77)**	7.98

Note:

[1] Diluted earnings per share for financial years 2015 and 2014 are the same as basic earnings per share as there were no potentially dilutive ordinary shares.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	The Group	
	2015	2014
	US$'000	US$'000
(Loss)/profit for the year	**(4,740)**	48,731
Other comprehensive (loss)/income:		
Items that may be reclassified to profit or loss:		
Foreign currency translation reserve		
- Currency translation differences arising from consolidation	**(16,398)**	(2,806)
Items that will not be reclassified to profit or loss:		
Defined pension benefits obligation		
- Remeasurements of defined pension benefits obligation (Note 28(a))	**160**	(726)
- Tax on remeasurements (Note 8(b))	**(43)**	178
- Share of other comprehensive income/(loss) of associated companies	**51**	(50)
	168	(598)
Other comprehensive loss, net of tax	**(16,230)**	(3,404)
Total comprehensive (loss)/income for the year	**(20,970)**	45,327
Total comprehensive (loss)/income attributable to:		
Equity holders of the Company	**(20,947)**	45,385
Non-controlling interest	**(23)**	(58)
	(20,970)	45,327

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

AS AT 31 DECEMBER 2015

	Note	The Group 2015 US$'000	The Group 2014 US$'000	The Company 2015 US$'000	The Company 2014 US$'000
ASSETS					
Current assets					
Cash and cash equivalents	12	**119,547**	171,953	**111,654**	159,985
Derivative assets	15	**–**	40	**–**	30
Trade receivables	13	**56,280**	82,055	**1,254**	1,682
Inventories	14	**59,592**	72,750	**–**	105
Tax recoverable		**9,830**	2,753	**–**	–
Other current assets	16	**13,437**	18,275	**3,088**	5,681
		258,686	347,826	**115,996**	167,483
Non-current assets					
Investments in subsidiaries	17	**–**	–	**35,935**	32,942
Investments in associated companies and joint venture	18	**2,947**	3,145	**3,000**	3,000
Loans to associated company and joint venture	19	**1,382**	2,968	**–**	310
Property, plant and equipment	20	**116,604**	111,138	**728**	1,303
Intangible assets	21	**4,810**	4,897	**4,613**	4,793
Deferred income tax assets	8(b)	**342**	418	**–**	–
Other non-current assets	23	**2,822**	100	**–**	3,035
		128,907	122,666	**44,276**	45,383
Total assets		**387,593**	470,492	**160,272**	212,866
LIABILITIES					
Current liabilities					
Trade payables	24	**25,925**	31,931	**800**	1,400
Other payables	25	**30,205**	52,023	**2,741**	21,338
Current income tax liabilities		**489**	1,265	**129**	–
Derivative liabilities	15	**24**	–	**–**	–
Borrowings	26	**59,453**	64,806	**90**	139
		116,096	150,025	**3,760**	22,877
Non-current liabilities					
Borrowings	26	**15,199**	9,204	**246**	399
Deferred income tax liabilities	8(b)	**4,447**	4,340	**–**	–
Provisions for other liabilities and charges	28	**9,697**	9,597	**–**	–
		29,343	23,141	**246**	399
Total liabilities		**145,439**	173,166	**4,006**	23,276
NET ASSETS		**242,154**	297,326	**156,266**	189,590
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	29	**155,951**	155,951	**155,951**	155,951
Foreign currency translation reserve	30(a)	**(62,066)**	(45,677)	**–**	–
Other reserves	30(b)	**2,245**	2,002	**–**	–
Retained earnings	31	**145,904**	184,907	**315**	33,639
		242,034	297,183	**156,266**	189,590
Non-controlling interest		**120**	143	**–**	–
TOTAL EQUITY		**242,154**	297,326	**156,266**	189,590

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Attributable to equity holders of the Company						Non-controlling interest	Total equity
		Share capital	Foreign currency translation reserve	General reserve	Defined pension benefits obligation	Retained earnings	Total		
		US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
The Group									
Balance at 1 January 2015		**155,951**	**(45,677)**	**2,072**	**(70)**	**184,907**	**297,183**	**143**	**297,326**
Loss for the year		–	–	–	–	(4,726)	(4,726)	(14)	(4,740)
Other comprehensive (loss)/ income for the year		–	(16,389)	–	168	–	(16,221)	(9)	(16,230)
Total comprehensive (loss)/ income for the year		**–**	**(16,389)**	**–**	**168**	**(4,726)**	**(20,947)**	**(23)**	**(20,970)**
Transfer to general reserve	31(a)	–	–	75	–	(75)	–	–	–
Final and special dividend relating to 2014 paid	32	–	–	–	–	(21,757)	(21,757)	–	(21,757)
Interim and special dividend relating to 2015 paid	32	–	–	–	–	(12,445)	(12,445)	–	(12,445)
Total transactions with owners, recognised directly in equity		**–**	**–**	**75**	**–**	**(34,277)**	**(34,202)**	**–**	**(34,202)**
Balance at 31 December 2015		**155,951**	**(62,066)**	**2,147**	**98**	**145,904**	**242,034**	**120**	**242,154**
Balance at 1 January 2014		**155,951**	**(42,877)**	**1,987**	**528**	**174,596**	**290,185**	**201**	**290,386**
Profit for the year		–	–	–	–	48,783	48,783	(52)	48,731
Other comprehensive loss for the year		–	(2,800)	–	(598)	–	(3,398)	(6)	(3,404)
Total comprehensive (loss)/ income for the year		**–**	**(2,800)**	**–**	**(598)**	**48,783**	**45,385**	**(58)**	**45,327**
Transfer to general reserve	31(a)	–	–	85	–	(85)	–	–	–
Final and special dividend relating to 2013 paid	32	–	–	–	–	(24,996)	(24,996)	–	(24,996)
Interim dividend relating to 2014 paid	32	–	–	–	–	(13,391)	(13,391)	–	(13,391)
Total transactions with owners, recognised directly in equity		**–**	**–**	**85**	**–**	**(38,472)**	**(38,387)**	**–**	**(38,387)**
Balance at 31 December 2014		**155,951**	**(45,677)**	**2,072**	**(70)**	**184,907**	**297,183**	**143**	**297,326**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	2015 US$'000	2014 US$'000
Cash flows from operating activities			
Total (loss)/profit		**(4,740)**	48,731
Adjustments:			
Income tax expense	8(a)	**12,126**	21,340
Depreciation and amortisation		**7,584**	7,809
Property, plant and equipment written off		**124**	–
Impairment loss on brands		**265**	–
Gain on disposal of property, plant and equipment		**(1,470)**	(95)
Exceptional items	10	**20,066**	–
Interest income		**(2,053)**	(1,650)
Interest expense		**4,219**	3,121
Fair value loss/(gain) on derivatives		**64**	(27)
Share of profits from associated companies		**(64)**	(501)
Operating cash flow before working capital changes		**36,121**	78,728
Change in working capital			
Inventories		**13,158**	(7,244)
Trade and other receivables		**27,893**	8,081
Trade and other payables		**(16,246)**	(34,779)
Cash generated from operations		**60,926**	44,786
Interest received		**2,053**	1,650
Income tax paid		**(19,731)**	(24,193)
Net cash provided by operating activities		**43,248**	22,243
Cash flows from investing activities			
Purchases of property, plant and equipment		**(23,479)**	(29,016)
Payments for patents and trademarks		**(341)**	(342)
Payment for final settlement of dispute	3(i)	**(38,800)**	–
Proceeds from disposal of property, plant and equipment		**1,530**	365
Net cash used in investing activities		**(61,090)**	(28,993)
Cash flows from financing activities			
Proceeds from bank borrowings		**22,836**	22,071
(Repayment of)/proceeds from trade finance		**(4,613)**	2,843
Repayment of bank borrowings		**(7,113)**	(859)
Repayment of lease liabilities		**(5,200)**	(4,402)
Interest paid		**(4,232)**	(3,135)
Dividends paid to equity holders of the Company		**(34,202)**	(38,387)
Net cash used in financing activities		**(32,524)**	(21,869)
Net decrease in cash and cash equivalents		**(50,366)**	(28,619)
Cash and cash equivalents			
Beginning of financial year		**149,212**	177,781
Effects of currency translation on cash and cash equivalents		**1,704**	50
End of financial year	12	**100,550**	149,212

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

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

1. GENERAL INFORMATION

Petra Foods Limited (the "Company") is incorporated and domiciled in Singapore and is publicly traded on the Singapore Exchange Securities Trading Limited. The address of its registered office is 111 Somerset Road, #08-05 TripleOne Somerset, Singapore 238164.

The principal activities of the Company are the manufacturing, marketing and distribution of chocolate, chocolate confectionery, consumer products and investment holding. The principal activities of each of the subsidiaries are set out in Note 17.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

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

Interpretations and amendments to published standards effective in 2015

On 1 January 2015, the Group adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made, as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Group's and Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

2.2 Group accounting

(a) Subsidiaries

(i) Consolidation

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Group accounting (continued)

(a) Subsidiaries (continued)

(i) Consolidation (continued)

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

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

(ii) Acquisitions

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

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

Acquisition-related costs are expensed as incurred.

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

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

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) the fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to Note 2.13(a) for the accounting policy on goodwill subsequent to initial recognition.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Group accounting (continued)

(a) Subsidiaries (continued)

(iii) Disposals

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

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

Please refer to Note 2.11 for the Company's accounting policy on investments in subsidiaries.

(b) Transactions with non-controlling interests

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

(c) Associated companies and joint ventures

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

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

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

(i) Acquisitions

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Group accounting (continued)

(c) Associated companies and joint ventures (continued)

(ii) Equity method of accounting

In applying the equity method of accounting, the Group's share of its associated companies' or joint ventures' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from associated companies or joint ventures are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company or joint venture equals to or exceeds its interest in the associated company or joint venture, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made payments on behalf of the associated company or joint venture. If the associated company or joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

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

(iii) Disposals

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

Please refer to Note 2.11 for the Company's accounting policy on investments in associated companies and joint ventures.

2.3 Currency translation

(a) Functional and presentation currency

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Currency translation (continued)

(b) Transactions and balances

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

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

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

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

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

(c) Translation of Group entities' financial statements

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Revenue and other operating income recognition

Revenue comprises the invoiced amount, at fair value, for the sale of goods and rendering of services in the ordinary course of the Group's activities. Revenue are presented net of value added tax, rebates and discounts, and after eliminating sales within the Group.

The Group recognises revenue and other operating income when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) Sale of goods

Revenue from sale of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer and collectability of the related receivables is reasonably assured.

(b) Interest income

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

2.5 Borrowing costs

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

2.6 Exceptional items

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

2.7 Income taxes

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Income taxes (continued)

Deferred income tax is measured:

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

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

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

2.8 Cash and cash equivalents

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

2.9 Loans and receivables

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

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

2.10 Inventories

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Inventories (continued)

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

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

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

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

2.11 Investments in subsidiaries, associated companies and joint ventures

Investments in subsidiaries, associated companies and joint ventures are stated at cost less accumulated impairment losses (Note 2.14(c)) in the Company's balance sheet. On disposal of investments in subsidiaries, associated companies and joint ventures, the differences between disposal proceeds and the carrying amount of the investments are recognised in profit or loss.

2.12 Property, plant and equipment

(a) Measurement

(i) Property, plant and equipment

All items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses (Note 2.14(c)).

(ii) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs (refer to Note 2.5 on borrowing costs). The projected cost of dismantlement, removal or restoration is also included as part of the cost of property, plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of acquiring the assets or using the assets for purposes other than to produce inventories.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Property, plant and equipment (continued)

(b) Depreciation

Freehold land and construction work-in-progress are not depreciated.

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

	Useful lives
Leasehold land	30 years
Buildings and improvements	10 - 30 years
Machinery and equipment	10 - 15 years
Motor vehicles	5 years
Office equipment	5 - 10 years

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

(c) Subsequent expenditure

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

(d) Disposal

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

2.13 Intangible assets

(a) Goodwill on acquisitions

Goodwill on acquisitions of subsidiaries and businesses on or after 1 January 2010 represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired.

Goodwill on acquisition of subsidiaries and businesses prior to 1 January 2010 and on acquisition of joint ventures and associated companies represents the excess of the cost of acquisition of subsidiaries or associated companies or joint ventures over the fair value of the Group's share of the identifiable net assets and contingent liabilities of the acquired subsidiaries or associated companies or joint ventures at the date of acquisition.

Goodwill is recognised separately as an intangible asset and carried at cost less accumulated impairment losses (Note 2.14(a)).

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Intangible assets (continued)

(a) Goodwill on acquisitions (continued)

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

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

(b) Brands, patents and trademarks

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

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

Brands that are regarded as having indefinite useful lives are not amortised and are subsequently tested for impairment annually (Note 2.14(b)).

Brands that are regarded as having limited useful lives are stated at cost less accumulated amortisation and accumulated impairment losses (Note 2.14(c)). Amortisation is calculated using the straight-line method to allocate the cost of brands over their estimated useful lives of 5 years.

Patents and trademarks are stated at cost less accumulated amortisation and accumulated impairment losses (Note 2.14(c)). Amortisation is calculated using the straight-line method to allocate the cost of patents and trademarks over their estimated useful lives of up to 5 years.

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

(c) Acquired computer software licences

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Impairment of non-financial assets

(a) Goodwill

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

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

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

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

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

(b) Brands with indefinite useful lives

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Impairment of non-financial assets (continued)

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

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

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

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

2.15 Derivative financial instruments and hedging activities

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Trade and other payables

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

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

2.17 Provisions

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

2.18 Financial guarantees

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

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

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

Intra-group transactions are eliminated on consolidation.

2.19 Borrowings

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.20 Leases

Lessee - Finance leases

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

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

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

Lessee - Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

2.21 Employee compensation

(a) Defined benefit plans

Defined benefit plans are post-employment benefit pension plans other than defined contribution plans. Defined benefit plans typically define the amount of benefit that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and unrecognised past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related post-employment benefit obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period when they arise.

Past service costs are recognised immediately in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Employee compensation (continued)

(b) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis.

The Group's obligation, in regard to the defined contribution plans, is limited to the amount it contributes to the fund. The Group's contributions to defined contribution plans are recognised in the financial year to which they relate.

(c) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

(d) Termination benefits

Termination benefits are those benefits which are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

2.22 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.23 Dividends

Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved for payment by the shareholders.

2.24 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting to the Executive Committee whose members are responsible for allocating resources and assessing performance of the operating segments.

2.25 Fair value estimation of financial assets and liabilities

The carrying amounts of current financial assets and liabilities carried at amortised cost approximate their fair values.

The fair values of borrowings carried at amortised cost are estimated by discounting the future contractual cash flows at the current market interest rates that are available to the Group for similar financial liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.26 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants relating to expenses are deducted against the related expenses.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom exactly equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Cash and cash equivalents and estimated gain on disposal of subsidiaries

Included in the cash and cash equivalents are net proceeds received from Barry Callebaut on 1 July 2013 for the disposal of the Group's entire interest in the Cocoa Ingredients business. As announced on 21 October 2013, the amended and restated Share Purchase Agreement (SPA) dated 30 June 2013 provided a mechanism and process for Barry Callebaut to seek a closing price adjustment. On 23 September 2013, Barry Callebaut sought a closing price reduction of US$98.3 million. The Company's position, which had been communicated to Barry Callebaut, was Barry Callebaut did not have a proper or valid basis and/or has not been properly substantiated or justified. Therefore, on 23 September 2013, there was a dispute.

On 16 December 2013, the Company filed a Notice of Arbitration with the Singapore International Arbitration Centre to resolve disputes arising out of and in connection with the SPA. On 27 January 2015, Barry Callebaut filed a response to the Company's Notice of Arbitration in which they added two new claims amounting to US$4.7 million, bringing the total amount claimed to US$103.0 million.

On 28 August 2015, the Company announced that it had successfully entered into a Settlement Agreement with Barry Callebaut with regard to the dispute and resulting arbitration with Barry Callebaut. Under the settlement, the Company and Barry Callebaut agreed, among other things, to fully and finally settle the dispute and discontinue the arbitration, without any admission of liability by the Company or Barry Callebaut.

As part of the settlement, the Parties mutually agreed that the Company would pay a sum of US$38 million plus interest of US$0.8 million as an adjustment to the closing price and in consideration of full and final settlement of all claims. Arising from the settlement reached with Barry Callebaut, the Group recognised a one-time exceptional charge of US$19.4 million (Note 10).

After taking into account this settlement, the Company's overall pre-tax gain on the sale of the Cocoa Ingredients business previously reported as US$67.6 million now amounts to US$46.1 million.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

(i) Cash and cash equivalents and estimated gain on disposal of subsidiaries (continued)

Notification of Tax Claims

As announced on 24 February 2015, pursuant to the SPA, on 30 June 2013, the Company and Barry Callebaut entered into a Tax Deed of Covenant ("Tax Deed"). Under the Tax Deed, Barry Callebaut is required to notify the Company of any claim for taxation which could give rise to a liability after completion of the sale of the Cocoa Ingredients business to Barry Callebaut. Barry Callebaut has notified the Company of various claims from the Brazil tax authorities against Delfi Cacau Brazil Ltda, which Barry Callebaut purchased as part of the sale of the Cocoa Ingredients business, which are:

(1) a claim of Brazilian Real ("BRL") 18,588,593.72 in connection with an assessment of the tax credits claimed under the "Social Integration Program / Public Employee Savings Program (PIS)" and the "Contribution for the Financing of Social Security (COFINS)";

(2) a claim of BRL 227,440.04 for unpaid import tax arising from the import of a bean roaster; and

(3) a claim of BRL 15,643,285.54 for unpaid tax duties arising from the import of cocoa beans.

In the current year, the Company was notified of a claim of BRL 500,000 (US$129,000) for a labour law complaint under the Tax Deed.

As at balance sheet date, the claims above amounted to BRL 34,959,319.30 (US$8.9 million) [2014: BRL 34,459,319.30 (US$21.8 million)] in total.

While reserving its rights in relation to the notifications, the Company has requested Barry Callebaut to defend these claims. The management believes that there are grounds to resist these claims.

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 December 2015. 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 these financial statements.

(ii) Estimated impairment of brands

Brands with indefinite useful lives are tested for impairment annually, in accordance with the accounting policy stated in Note 2.14. As at 31 December 2015, the carrying amounts of brands with indefinite useful lives was US$4,226,000 (2014: US$4,491,000).

The recoverable amount of the brands has been determined based on the Royalty Relief Approach. Estimating the recoverable amounts requires the Group to estimate future cash flows and suitable royalty and discount rates in order to calculate the present value of those cash flows (Note 22).

An impairment charge of US$265,000 arose for one of the brands in the financial year ended 31 December 2015, which reduced the carrying amount of brands from US$4,491,000 to US$4,226,000.

If management's estimated royalty rate of the brands at 31 December 2015 was lowered by 1% (2014: 1%), the recoverable amount of these brands would be reduced by US$5,147,000 (2014: US$10,239,000) and the carrying value of one of the brands will be reduced by US$371,000.

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

(ii) Estimated impairment of brands (continued)

If management's estimated pre-tax discount rate of the brands at 31 December 2015 was increased by 1% (2014: 1%), the recoverable amount of these brands would be reduced by US$1,416,000 (2014: US$3,789,000) and the carrying amount of one of the brands will be reduced by US$194,000.

(iii) Income taxes

The Group is subject to income taxes in numerous jurisdictions. In determining the income tax liabilities, management is required to estimate the amount of capital allowances and the deductibility of certain expenses ("uncertain tax positions") at each tax jurisdiction. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises liabilities for anticipated tax based on estimates of whether additional taxes will be due. As disclosed in Note 8(b), deferred income tax liabilities on the unremitted earnings of the Group's overseas subsidiaries had not been recognised. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such final determination is made.

In 2009, the Indonesian Director General of Taxation ("DGT") imposed an additional tax assessment amounting to IDR72.5 billion (US$7,238,000) on PT General Food Industries ("GFI"), a wholly owned subsidiary of the Company, pertaining to the issue of transfer pricing.

GFI contested the additional tax assessment on the grounds that the transfer pricing between GFI and the Company is at arm's length based on the methods prescribed in the OECD Transfer Pricing Guidelines and filed an appeal with the Indonesian Tax Court against the additional tax assessment.

On 17 October 2012, the Indonesian Tax Court ruled in favour of GFI's appeal against the DGT's additional tax assessment. The DGT refunded the full amount to GFI in January and February 2013.

On 6 February 2013, the DGT filed an appeal to the Supreme Court against the judgement. GFI received an initial and final letter of appeal from the Supreme Court on 7 March 2013 and 8 April 2014 respectively. GFI has filed its response to both letters of appeal. The High Court has given its final judgement on appeal, in favour of GFI, via two separate rejections of appeal decisions on 10 March 2015 and 28 April 2015, as reflected in the case information archives of the Indonesia Supreme Court.

Accordingly, management has assessed that there is no further obligation arising from this case and no provision has been made.

4. REVENUE AND OTHER OPERATING INCOME

	The Group	
	2015 US$'000	2014 US$'000
Sale of goods	**405,862**	503,977
Other operating income:		
- Interest income	**2,053**	1,650
- Gain on disposal of property, plant and equipment	**1,470**	261
- Miscellaneous income	**1,383**	1,646
Total other operating income	**4,906**	3,557

Miscellaneous income comprised mainly sales of scrap.

5. EMPLOYEE COMPENSATION

	The Group	
	2015 US$'000	2014 US$'000
Wages and salaries	**35,183**	40,363
Employer's contribution to defined contribution plans	**1,062**	1,173
Defined benefit plans (Note 28(a))	**1,592**	1,698
	37,837	43,234
Less: Government grant	**(4)**	(7)
	37,833	43,227

6. FINANCE COSTS

	The Group	
	2015 US$'000	2014 US$'000
Interest expense:		
- Bank borrowings and overdrafts	**4,992**	3,315
- Trade finance	**245**	253
- Finance lease liabilities	**198**	172
	5,435	3,740
Less: Borrowing costs capitalised as cost of property, plant and equipment (Note 20)	**(1,216)**	(619)
	4,219	3,121

7. EXPENSES BY NATURE

The following items have been included in arriving at profit before tax:

	The Group	
	2015 US$'000	2014 US$'000
Advertising and promotion	**40,681**	30,850
Amortisation of intangible assets (Note 21(d))	**160**	94
Impairment loss on brands (Note 21(a))	**265**	–
Cost of inventories recognised as an expense	**245,912**	302,711
Depreciation of property, plant and equipment (Note 20)	**7,424**	7,715
Employee compensation (Note 5)	**37,833**	43,227
Foreign exchange loss – net	**1,051**	1,335
Inventories written off	**1,907**	1,057
Allowance made for inventory obsolescence	**1,418**	1,374
Impairment loss on trade receivables	**152**	171
Impairment loss on loan to joint venture (Note 19)	**285**	–
Logistics and insurance	**15,153**	18,357
Professional fees	**1,451**	1,502
Rentals on operating leases	**2,551**	1,684
Travelling expenses	**2,008**	2,428

8. INCOME TAXES

(a) Income tax expense

	The Group	
	2015 US$'000	2014 US$'000
Tax expense attributable to profit is made up of:		
Profit for the financial year:		
Current income tax		
- Foreign	**11,129**	22,134
Deferred income tax (Note 8(b))	**681**	(766)
	11,810	21,368
Under/(over) provision in prior financial years:		
- Current income tax	**419**	36
- Deferred income tax (Note 8(b))	**(103)**	(64)
	316	(28)
Total income tax expense	**12,126**	21,340

The tax liabilities of the Company and its subsidiaries have been measured based on the corporate tax rate and tax laws prevailing at balance sheet date.

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	The Group	
	2015 US$'000	2014 US$'000
Profit before tax	**7,386**	70,071
Share of profits of associated companies, net of tax	**(64)**	(501)
Profit before tax and share of profit of associated companies	**7,322**	69,570
Tax calculated at a tax rate of 17% (2014: 17%)	**1,245**	11,827
Effects of:		
- Different tax rates in other countries	**2,518**	5,575
- Income not subject to tax	**(56)**	(53)
- Expenses not deductible for tax purposes[1]	**3,906**	597
- Withholding tax on dividends and royalties paid by foreign subsidiaries	**4,004**	3,244
- Deferred tax assets not recognised	**633**	425
- Utilisation of previously unrecognised tax losses and capital allowances	**(440)**	(247)
- Under/(over) provision in prior financial years	**316**	(28)
Tax charge	**12,126**	21,340

Note:

(1) In 2015, the higher amount resulted from the Group's exceptional loss recognised on the full and final settlement of the dispute (Note 3(i)).

8. INCOME TAXES (continued)

(b) Deferred income taxes

Deferred income tax assets and deferred income tax liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown in the balance sheets as follows:

	The Group		The Company	
	2015 US$'000	2014 US$'000	**2015 US$'000**	2014 US$'000
Deferred income tax assets				
To be recovered within 1 year	**–**	(139)	**–**	–
To be recovered after 1 year	**(342)**	(279)	**–**	–
	(342)	(418)	**–**	–
Deferred income tax liabilities				
To be recovered within 1 year	**–**	–	**–**	–
To be recovered after 1 year	**4,447**	4,340	**–**	–
	4,447	4,340	**–**	–

The movement in deferred income tax account is as follows:

	The Group		The Company	
	2015 US$'000	2014 US$'000	**2015 US$'000**	2014 US$'000
Beginning of financial year	**3,922**	5,027	**–**	4
Tax charged/(credited) to:				
- Profit or loss	**578**	(830)	**–**	(4)
- Other comprehensive income[1]	**43**	(178)	**–**	
Currency translation differences	**(438)**	(97)	**–**	–
End of financial year	**4,105**	3,922	**–**	–

Note:

[1] This relates to tax charge/(credit) on remeasurements of defined pension benefits obligation.

8. INCOME TAXES (continued)

(b) Deferred income taxes (continued)

Deferred income tax assets are recognised for capital allowances and tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable.

The Group has unrecognised capital allowances of US$2,021,000 (2014: US$4,140,000) and unrecognised tax losses of US$87,671,000 (2014: US$90,516,000) at the balance sheet date, which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements in the respective countries of incorporation of those companies with unrecognised capital allowances and tax losses. The Company has unrecognised capital allowances of US$507,000 (2014: US$2,281,000) and unrecognised tax losses of US$79,075,000 (2014: US$80,779,000) at the balance sheet date, which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements in Singapore.

These capital allowances and tax losses do not have any expiry dates, except for tax losses of US$849,000 (2014: US$2,068,000) incurred by certain subsidiaries which will expire in 2016 and 2017.

Deferred income tax liabilities of the Group of US$14.0 million (2014: US$15.0 million) have not been recognised for the withholding taxes that will be payable on the earnings of the overseas subsidiaries if remitted to the holding company, as the holding company is able to control the timing of such remittance and there is no current intention of remitting the unremitted earnings of the overseas subsidiaries to the holding company in the foreseeable future. The Company has determined that these unremitted earnings, net of non-distributable retained earnings (Note 31(a)), amounted to US$141.5 million (2014: US$151.6 million) at the balance sheet date.

The movement in the deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) during the year is as follows:

The Group

Deferred income tax liabilities

	Unrealised exchange and fair value gains US$'000	Accelerated tax depreciation US$'000	Other taxable temporary differences US$'000	Total US$'000
2015				
Beginning of financial year	–	9,947	819	10,766
(Credited)/charged to:				
- Profit or loss	–	(430)	164	(266)
Currency translation differences	–	(950)	–	(950)
End of financial year	–	8,567	983	9,550

8. INCOME TAXES (continued)

(b) Deferred income taxes (continued)

The Group (continued)

Deferred income tax liabilities (continued)

	Unrealised exchange and fair value gains US$'000	Accelerated tax depreciation US$'000	Other taxable temporary differences US$'000	Total US$'000
2014				
Beginning of financial year	1,272	7,002	941	9,215
(Credited)/charged to:				
- Profit or loss	(1,272)	3,214	(122)	1,820
Currency translation differences	–	(269)	–	(269)
End of financial year	–	9,947	819	10,766

Deferred income tax assets

	Provisions US$'000	Unutilised tax losses and tax allowances US$'000	Unrealised exchange losses US$'000	Total US$'000
2015				
Beginning of financial year	**(6,862)**	**5**	**13**	**(6,844)**
(Credited)/charged to:				
- Profit or loss	**858**	**3**	**(17)**	**844**
- Other comprehensive income[1]	**43**	**–**	**–**	**43**
Currency translation differences	**513**	**(1)**	**–**	**512**
End of financial year	**(5,448)**	**7**	**(4)**	**(5,445)**
2014				
Beginning of financial year	(4,150)	–	(38)	(4,188)
(Credited)/charged to:				
- Profit or loss	(2,707)	7	50	(2,650)
- Other comprehensive income[1]	(178)	–	–	(178)
Currency translation differences	173	(2)	1	172
End of financial year	(6,862)	5	13	(6,844)

Note:

(1) This relates to tax (credit)/charge on remeasurements of defined pension benefits obligation.

8. INCOME TAXES (continued)

(b) Deferred income taxes (continued)

The Company

Deferred income tax liabilities

	Fair value gains US$'000	Accelerated tax depreciation US$'000	Other taxable temporary differences US$'000	Total US$'000
2015				
Beginning and end of financial year	–	–	–	–
2014				
Beginning of financial year	–	72	–	72
Credited to:				
- Profit or loss	–	(72)	–	(72)
End of financial year	–	–	–	–

Deferred income tax assets

	Provisions US$'000	Tax losses US$'000	Total US$'000
2015			
Beginning and end of financial year	–	–	–
2014			
Beginning of financial year	(68)	–	(68)
Charged to:			
- Profit or loss	68	–	68
End of financial year	–	–	–

9. EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTISATION ("EBITDA")

EBITDA is a measure of profit determined by the management as follows:

	The Group	
	2015 US$'000	2014 US$'000
Profit before tax	**7,386**	70,071
Adjustments for:		
Interest expense (Note 6)	**4,219**	3,121
Interest income (Note 4)	**(2,053)**	(1,650)
Depreciation of property, plant and equipment (Note 20)	**7,424**	7,715
Amortisation of intangible assets (Note 21(d))	**160**	94
Impairment loss on brands (Note 21(a))	**265**	–
Exceptional items (Note 10)	**20,066**	1,517
EBITDA	**37,467**	80,868

10. EXCEPTIONAL ITEMS

In 2015, exceptional items mainly comprised a one-time charge of US$19,400,000 from the full and final settlement reached with Barry Callebaut (Note 3(i)) and professional fees incurred by the Company pertaining to the resolution of the dispute and on-going Brazil tax claims.

11. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	2015	2014
Net (loss)/profit attributable to equity holders of the Company (US$'000)	**(4,726)**	48,783
Weighted average number of ordinary shares ('000)	**611,157**	611,157
Basic (loss)/earnings per share (US cents)	**(0.77)**	7.98

(b) Diluted earnings per share

Diluted earnings per share for financial years 2015 and 2014 are the same as basic earnings per share as there were no potentially dilutive ordinary shares.

12. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2015 US$'000	2014 US$'000	**2015 US$'000**	2014 US$'000
Cash at bank and on hand	**10,900**	49,009	**6,654**	39,985
Short-term bank deposits	**108,647**	122,944	**105,000**	120,000
	119,547	171,953	**111,654**	159,985

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

	The Group	
	2015 US$'000	2014 US$'000
Cash and bank balances (as above)	**119,547**	171,953
Less: Bank overdrafts (Note 26)	**(18,997)**	(22,741)
Cash and cash equivalents per consolidated statement of cash flows	**100,550**	149,212

13. TRADE RECEIVABLES

	The Group		The Company	
	2015 US$'000	2014 US$'000	**2015 US$'000**	2014 US$'000
Trade receivables				
- Third parties	**56,627**	82,184	**706**	390
- Subsidiaries	**–**	–	**548**	1,292
- Associated companies	**7**	36	**–**	–
- Related parties	**11**	83	**–**	–
	56,645	82,303	**1,254**	1,682
Less: Allowance for impairment of receivables - third parties	**(365)**	(248)	**–**	–
	56,280	82,055	**1,254**	1,682

Related parties represent corporations in which certain directors have substantial financial interests.

14. INVENTORIES

	The Group		The Company	
	2015 US$'000	2014 US$'000	**2015 US$'000**	2014 US$'000
Raw materials	**12,134**	14,430	**–**	–
Work-in-progress	**711**	587	**–**	–
Finished goods	**39,611**	49,945	**–**	105
Packaging materials and others	**7,136**	7,788	**–**	–
	59,592	72,750	**–**	105

15. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative assets or derivative liabilities represent the fair values on the following outstanding derivatives.

	The Group Fair values		The Company Fair values	
	Assets US$'000	**Liabilities US$'000**	**Assets US$'000**	**Liabilities US$'000**
2015				
Not designated for hedge accounting				
Foreign exchange forwards	**–**	**24**	**–**	**–**
2014				
Not designated for hedge accounting				
Foreign exchange forwards	40	–	30	–

15. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Foreign exchange forwards

The notional amounts of the Group's and the Company's foreign exchange forwards denominated in the following currencies are as follows:

	The Group		The Company	
	2015 US$'000	2014 US$'000	**2015 US$'000**	2014 US$'000
Euro				
- Long	**197**	314	**–**	–
- Short	**–**	2,386	**–**	2,386
USD				
- Long	**83**	558	**–**	–
SGD				
- Long	**23**	133	**–**	–
THB				
- Long	**545**	–	**–**	–

16. OTHER CURRENT ASSETS

	The Group		The Company	
	2015 US$'000	2014 US$'000	**2015 US$'000**	2014 US$'000
Other receivables				
- Third parties	**10,058**	11,235	**536**	506
- Subsidiaries (non-trade)	**–**	–	**2,310**	2,407
- Associated companies (non-trade)	**129**	–	**–**	–
- Joint venture (non-trade)	**–**	71	**–**	71
- Related parties (non-trade)	**1**	71	**–**	–
	10,188	11,377	**2,846**	2,984
Less: Allowance for impairment of receivables - third parties	**(4)**	–	**–**	–
	10,184	11,377	**2,846**	2,984
Deposits	**1,578**	1,920	**42**	3
Prepayments	**1,675**	4,978	**200**	2,694
	13,437	18,275	**3,088**	5,681

Other non-trade receivables due from subsidiaries, associated companies and related parties are unsecured, interest free and repayable upon demand.

17. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2015 US$'000	2014 US$'000
Equity investments, at cost		
At 1 January	**40,360**	49,656
Additions (Note (a))	**3,030**	–
Transfer to subsidiary (Note (b))	**(476)**	–
Reduction of paid up capital of subsidiary (Note (d))	**–**	(9,296)
At 31 December	**42,914**	40,360
Accumulated impairment		
At 1 January	**7,418**	6,660
Impairment charge (Note (c))	**37**	758
Transfer to subsidiary (Note (b))	**(476)**	–
At 31 December	**6,979**	7,418
End of financial year	**35,935**	32,942

(a) On 23 January 2015, the Company increased its investment in Delfi Marketing Inc ("DMI"), a wholly owned subsidiary in the Philippines, by PHP 135,000,000 or US$3.03 million by subscribing for an additional 1.35 million ordinary shares with a par value of PHP 100 in the share capital of DMI. The consideration was paid in cash and funded through the Company's internal resources.

(b) On 23 December 2015, the Company transferred its entire shareholdings in Petra-SPT Marketing Pte Ltd ("Petra-SPT"), a wholly-owned subsidiary of the Company, to PT Perusahaan Industri Ceres ("PT Ceres") for a consideration of S$1 (0.71 US cents).

(c) Impairment losses of US$37,000 (2014: US$758,000) were recognised for certain subsidiaries of the Company as a result of their recoverable amounts being estimated to be less than their carrying amounts, which mainly arose from cumulative losses incurred by these subsidiaries.

(d) On 14 February 2014, the Minister of Law and Human Rights of Indonesia approved the application by GFI to reduce its paid up capital from IDR 57.097 million to IDR 15.510 million. The capital reduction reduced the Company's investment in GFI by US$9,296,000.

17. INVESTMENTS IN SUBSIDIARIES (continued)

The list of subsidiaries in the Group is as follows:

Name of subsidiary/ Country of incorporation	Principal activities	Country of business	Equity holding 2015 %	Equity holding 2014 %
Held by the Company				
McKeeson Consultants Private Limited^ (Singapore)	Management consultants	Singapore	**100**	100
PT Perusahaan Industri Ceres*# (Indonesia)	Investment holding, manufacturing and marketing of consumer confectionery	Indonesia	**99.988**	99.988
PT General Food Industries* (Indonesia)	Marketing and distribution of consumer confectionery	Indonesia	**99.936**	99.936
PT Nirwana Lestari*# (Indonesia)	Marketing and distribution of chocolate confections and other consumer products	Indonesia	**99.862**	99.862
Ceres Sime Confectionery Sdn Bhd∞ (Malaysia)	Investment holding	Malaysia	**100**	100
Cocoa Specialities, Inc.* (Philippines)	Administrative services	Philippines	**100**	100
Delfi Chocolate Manufacturing SA* (Switzerland)	Administrative services	Switzerland	**100**	100
Ceres (International) Marketing Pte Ltd^ *(formerly known as Petra-SPT Marketing Pte Ltd)* (Singapore)	Marketing of consumer confectionery	Singapore	**-** (2)	100
Delfi Cocoa Investments SA (Switzerland)+	Investment holding	Switzerland	**100**	100
Delfi Singapore Pte Ltd^ (Singapore)	Dormant (1)	Singapore	**100**	100
Ceres Super Pte Ltd@ (Singapore)	Marketing and distribution of instant 3-in-1 coffeemix products and other convenience beverages	Singapore	**60**	60
Delfi Marketing Sdn Bhd* (Malaysia)	Marketing and distribution of healthcare and other consumer products	Malaysia	**100**	100

17. INVESTMENTS IN SUBSIDIARIES (continued)

Name of subsidiary/ Country of incorporation	Principal activities	Country of business	Equity holding 2015 %	Equity holding 2014 %
Held by the Company (continued)				
Delfi Foods, Inc.* (Philippines)	Manufacturing of finished chocolate confectionery products	Philippines	**100**	100
Delfi Marketing, Inc.* (Philippines)	Marketing and distribution of chocolate confections and other consumer products	Philippines	**100**	100
Held by Ceres Sime Confectionery Sdn Bhd				
Brands of Hudsons Sdn Bhd∞ (Malaysia)	Marketing of consumer confectionery	Malaysia	**100**	100
Held by McKeeson Consultants Private Limited				
PT Perusahaan Industri Ceres*# (Indonesia)	Investment holding, manufacturing and marketing of consumer confectionery	Indonesia	**0.012**	0.012
PT General Food Industries* (Indonesia)	Marketing and distribution of consumer confectionery	Indonesia	**0.064**	0.064
PT Nirwana Lestari*# (Indonesia)	Marketing and distribution of chocolate confections and other food products	Indonesia	**0.138**	0.138
Delfi Cocoa Ecuador SA (Ecuador)+	Dormant	Ecuador	**0.004**	0.004
Held by Delfi Cocoa Investments SA				
Delfi Cocoa Ecuador SA (Ecuador)+	Dormant	Ecuador	**99.996**	99.996
Held by PT Perusahaan Industri Ceres				
Ceres (International) Marketing Pte Ltd^ *(formerly known as Petra-SPT Marketing Pte Ltd)* (Singapore)	Marketing of consumer confectionery	Singapore	**100**[(2)]	–

^ Audited by PricewaterhouseCoopers LLP, Singapore.
* Audited by PricewaterhouseCoopers member firms outside Singapore.
@ Audited by RSM Chio Lim, Singapore.
∞ Audited by Grant Thornton, Malaysia.
\+ Not required to be audited by law in country of incorporation.
\# Significant subsidiaries of the Group under the SGX-ST Listing Manual.

Notes:
(1) Delfi Singapore Pte Ltd ceased its distribution business in Singapore on 31 August 2015.
(2) The Company transferred its entire shareholdings in Petra-SPT Marketing Pte Ltd to PT Perusahaan Ceres on 23 December 2015. Petra-SPT Marketing Pte Ltd changed its name to Ceres (International) Marketing Pte Ltd on 19 January 2016.

18. INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURE

(a) Investments in associated companies

	The Company	
	2015 US$'000	2014 US$'000
Equity investment, at cost	**3,000**	3,000

The details of the associated companies are as follows:

Name of company	Place of business/ country of incorporation	Principal activities	Equity holding 2015 %	Equity holding 2014 %
Held by the Company				
PT Ceres - Meiji Indotama *#	Indonesia	Manufacturing and marketing of snacks and food products	**40**	40
Held by Delfi Foods, Inc.				
Alsa Industries, Inc.*	Philippines	Leasing of property	**40**	40

* Audited by PricewaterhouseCoopers member firms outside Singapore.

The Group's effective interest is 50%, including 10% held by PT Perusahaan Industri Ceres.

Set out below are the summarised financial information for PT Ceres – Meiji Indotama which, in the opinion of the directors, is material to the Group.

Summarised balance sheet

	PT Ceres - Meiji Indotama	
	2015 US$'000	2014 US$'000
Current assets	**3,943**	5,320
Includes:		
- Cash and cash equivalents	**991**	1,882
Current liabilities	**(3,329)**	(3,992)
Includes:		
- Financial liabilities (excluding trade payables)	**(2,442)**	(2,510)
Non-current assets	**7,594**	8,700
Non-current liabilities	**(2,315)**	(3,738)
Includes:		
- Financial liabilities	**(2,205)**	(3,610)
- Other liabilities	**(110)**	(128)
Net assets	**5,893**	6,290

18. INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURE (continued)

(a) Investments in associated companies (continued)

Summarised statement of comprehensive income

	PT Ceres - Meiji Indotama	
	2015 US$'000	2014 US$'000
Revenue	**16,629**	18,388
Interest income	**3**	3
Expenses		
Includes:		
- Depreciation and amortisation	**(764)**	(768)
- Interest expense	**(39)**	(53)
Profit before income tax	**447**	1,389
Income tax expense	**(319)**	(387)
Net profit	**128**	1,002
Other comprehensive income/(loss)	**103**	(100)
Total comprehensive income	**231**	902

The information above reflects the amounts presented in the financial statements of the associate (and not the Group's share of those amounts).

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented, to the carrying amount of the Group's interest in associated companies, is as follows:

	PT Ceres - Meiji Indotama	
	2015 US$'000	2014 US$'000
Net assets		
At 1 January	**6,290**	5,208
Profit for the year	**128**	1,002
Other comprehensive income/(loss)	**103**	(100)
Currency translation difference	**(628)**	180
At 31 December	**5,893**	6,290
Effective interest in associated company (50%)	**2,947**	3,145
Carrying value of Group's interest in associated companies	**2,947**	3,145

The Group's investment in Alsa Industries, Inc. was fully impaired as at 31 December 2015 and 2014.

In 2015, the Group has not recognised its cumulative share of the associated company's profits of US$46,000 as it is insignificant to the Group.

18. INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURE (continued)

(a) Investments in associated companies (continued)

Reconciliation of summarised financial information (continued)

In 2014, the Group has not recognised its share of losses of the associated company amounting to US$87,000 because the Group's cumulative share of losses exceeded its interest in the entity and the Group has no obligation in respect of those losses. As at 31 December 2014, the Group's cumulative share of unrecognised losses with respect to that entity amounted to US$501,000.

(b) Investment in a joint venture

	The Company	
	2015 US$'000	2014 US$'000
Equity investment, at cost	**405**	405
Allowance for impairment	**(405)**	(405)
End of financial year	**–**	–

The details of the joint venture are as follows:

Name of company	Country of incorporation	Principal activities	Equity holding	
			2015 %	2014 %
Held by the Company				
PACTS SA*	Switzerland	Supply of high quality fermented cocoa beans	**33.33**	33.33

* Deemed to be a joint venture as the Group shares control of the entity with two other joint venture partners.

The Group has not recognised its share of losses of US$121,000 (2014: US$49,000) because the Group's share of losses exceeded its interest in the entity and the Group has no obligation in respect of those losses. As at 31 December 2015, the Group's cumulative share of unrecognised losses with respect to that entity amounted to US$242,000 (2014: US$121,000).

19. LOANS TO ASSOCIATED COMPANY AND JOINT VENTURE

	The Group		The Company	
	2015 US$'000	2014 US$'000	**2015 US$'000**	2014 US$'000
Loan to associated company	**1,382**	2,658	**–**	–
Loan to joint venture	**285**	310	**285**	310
	1,667	2,968	**285**	310
Less: Allowance for impairment of loan to joint venture	**(285)**	–	**(285)**	–
	1,382	2,968	**–**	310

19. LOANS TO ASSOCIATED COMPANY AND JOINT VENTURE (continued)

The loan to an associated company is unsecured and not expected to be repaid within the next 12 months. The loan bears interest at 4.023% (2014: 4.023%) per annum.

The loan to a joint venture is unsecured and not expected to be repaid within the next 12 months. The loan bears interest at 2.036% (2014: 2.082%) per annum. In 2015, an impairment loss of US$285,000 was recognised as a result of cumulative losses incurred by the joint venture.

The carrying amounts approximate their fair values.

20. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land US$'000	Buildings and improvements US$'000	Machinery and equipment US$'000	Motor vehicles US$'000	Office equipment US$'000	Construction in progress US$'000	Total US$'000
The Group							
Cost							
At 1 January 2015	4,221	17,695	70,494	6,120	15,866	54,448	168,844
Currency translation differences	(416)	(1,511)	(6,840)	(498)	(1,312)	(6,035)	(16,612)
Additions	–	208	743	404	321	22,762	24,438
Disposals/written off	–	(885)	(910)	(559)	(482)	–	(2,836)
Reclassification	–	461	2,745	2	803	(4,011)	–
At 31 December 2015	3,805	15,968	66,232	5,469	15,196	67,164	173,834
Accumulated depreciation							
At 1 January 2015	732	7,790	32,307	4,067	12,810	–	57,706
Currency translation differences	(59)	(628)	(3,185)	(354)	(1,022)	–	(5,248)
Disposals/written off	–	(761)	(910)	(502)	(479)	–	(2,652)
Depreciation charge (Note 7)	117	959	4,415	777	1,156	–	7,424
At 31 December 2015	790	7,360	32,627	3,988	12,465	–	57,230
Net book value							
At 31 December 2015	**3,015**	**8,608**	**33,605**	**1,481**	**2,731**	**67,164**	**116,604**
Cost							
At 1 January 2014	4,299	18,623	68,978	5,744	15,156	22,005	134,805
Currency translation differences	(78)	(258)	(1,257)	(109)	(312)	(2,008)	(4,022)
Additions	–	9	1,495	1,181	778	36,780	40,243
Disposals/written off	–	(864)	(197)	(696)	(425)	–	(2,182)
Reclassification	–	185	1,475	–	669	(2,329)	–
At 31 December 2014	4,221	17,695	70,494	6,120	15,866	54,448	168,844
Accumulated depreciation							
At 1 January 2014	611	7,543	28,532	4,017	12,306	–	53,009
Currency translation differences	(11)	(122)	(662)	(74)	(237)	–	(1,106)
Disposals/written off	–	(670)	(129)	(690)	(423)	–	(1,912)
Depreciation charge (Note 7)	132	1,039	4,566	814	1,164	–	7,715
At 31 December 2014	732	7,790	32,307	4,067	12,810	–	57,706
Net book value							
At 31 December 2014	**3,489**	**9,905**	**38,187**	**2,053**	**3,056**	**54,448**	**111,138**

20. PROPERTY, PLANT AND EQUIPMENT (continued)

	Buildings and improvements US$'000	Machinery and equipment US$'000	Motor vehicles US$'000	Office equipment US$'000	Construction in progress US$'000	Total US$'000
The Company						
Cost						
At 1 January 2015	534	–	1,203	3,715	–	5,452
Additions	–	–	–	32	–	32
Disposals	–	–	(334)	(2)	–	(336)
At 31 December 2015	534	–	869	3,745	–	5,148
Accumulated depreciation						
At 1 January 2015	345	–	604	3,200	–	4,149
Disposals	–	–	(284)	(2)	–	(286)
Depreciation charge	152	–	178	227	–	557
At 31 December 2015	497	–	498	3,425	–	4,420
Net book value						
At 31 December 2015	**37**	**–**	**371**	**320**	**–**	**728**
Cost						
At 1 January 2014	533	24	1,107	3,786	19	5,469
Additions	1	–	391	43	(19)	416
Disposals	–	(24)	(295)	(114)	–	(433)
At 31 December 2014	534	–	1,203	3,715	–	5,452
Accumulated depreciation						
At 1 January 2014	188	24	695	3,043	–	3,950
Disposals	–	(24)	(292)	(91)	–	(407)
Depreciation charge	157	–	201	248	–	606
At 31 December 2014	345	–	604	3,200	–	4,149
Net book value						
At 31 December 2014	**189**	**–**	**599**	**515**	**–**	**1,303**

(a) In 2015, the additions of property, plant and equipment under finance leases (where the Group is the lessee) amounted to US$959,000 (2014: US$11,227,000).

(b) The carrying amount of property, plant and equipment of the Group and the Company held under finance leases at 31 December 2015 amounted to US$6,505,000 (2014: US$15,975,000) and US$372,000 (2014: US$599,000) respectively.

(c) Bank borrowings are secured on property, plant and equipment and buildings of the Group with a carrying value of US$3,901,000 (2014: US$5,442,000) (Note 26(a)).

(d) The borrowing cost capitalised as cost of property, plant and equipment during the year ended 31 December 2015 amounted to US$1,216,000 (2014: US$619,000).

21. INTANGIBLE ASSETS

	The Group		The Company	
	2015 US$'000	2014 US$'000	**2015 US$'000**	2014 US$'000
Brands (Note (a))	**4,226**	4,491	**4,351**	4,616
Patents and trademarks (Note (b))	**305**	207	**–**	–
Computer software licences (Note (c))	**279**	199	**262**	177
	4,810	4,897	**4,613**	4,793

(a) Brands

	The Group		The Company	
	2015 US$'000	2014 US$'000	**2015 US$'000**	2014 US$'000
Net book value				
Beginning of financial year	**4,491**	4,802	**4,616**	4,616
Currency translation difference	**–**	(311)	**–**	–
Impairment charge (Note 7)	**(265)**	–	**(265)**	–
End of financial year	**4,226**	4,491	**4,351**	4,616
End of financial year				
Cost	**4,611**	4,611	**4,616**	4,616
Accumulated amortisation and impairment loss	**(385)**	(120)	**(265)**	–
Net book value	**4,226**	4,491	**4,351**	4,616

Brands that are regarded as having indefinite useful lives are not amortised and are tested for impairment annually (Note 2.14(b)). These brands have a long heritage and are protected in all of the markets where they are sold by trademarks, which are renewed indefinitely without involvement of significant cost.

(b) Patents and trademarks

	The Group		The Company	
	2015 US$'000	2014 US$'000	**2015 US$'000**	2014 US$'000
Net book value				
Beginning of financial year	**207**	180	**–**	–
Additions	**220**	142	**–**	–
Currency translation difference	**(2)**	(22)	**–**	–
Amortisation	**(120)**	(93)	**–**	–
End of financial year	**305**	207	**–**	–
End of financial year				
Cost	**1,618**	1,402	**–**	–
Accumulated amortisation	**(1,313)**	(1,195)	**–**	–
Net book value	**305**	207	**–**	–

21. INTANGIBLE ASSETS (continued)

	The Group		The Company	
	2015 US$'000	2014 US$'000	**2015 US$'000**	2014 US$'000
(c) Computer software licences				
Net book value				
Beginning of financial year	**199**	–	**177**	–
Additions	**121**	200	**121**	177
Currency translation difference	**(1)**	–	**–**	–
Amortisation	**(40)**	(1)	**(36)**	–
End of financial year	**279**	199	**262**	177

(d) Amortisation expense included in other operating expenses is analysed as follows:

	The Group	
	2015 US$'000	2014 US$'000
Patents and trademarks	**120**	93
Computer software licences	**40**	1
Total (Note 7)	**160**	94

22. IMPAIRMENT TESTS

Brands

The carrying values of brands that are regarded as having indefinite useful lives are as follows:

	The Group		The Company	
	2015 US$'000	2014 US$'000	**2015 US$'000**	2014 US$'000
Carrying amount of brands	**4,226**	4,491	**4,351**	4,616

The recoverable amounts of the brands are determined based on value-in-use using the Royalty Relief Approach.

Key assumptions used for the Royalty Relief Approach:

	2015 %	2014 %
Royalty rates	**2.1 to 4.1**	2.1 to 4.1
Growth rate [(1)]	**3.0**	3.0
Discount rate [(2)]	**10.0 to 11.0**	7.9 to 8.9

Notes:

(1) Weighted average growth rate used to extrapolate cash flows beyond the budget period

(2) Based on weighted average cost of capital, adjusted for country risk premium and brand risk premium

22. IMPAIRMENT TESTS (continued)

Brands (continued)

Cash flow projections used in the value-in-use calculations were based on financial budgets approved by management covering a four year period. Management determined a royalty rate for each brand based on a benchmarking study of royalty agreements in the confectionery and food processing sector by an independent valuer. The weighted average growth rates used are consistent with the forecasts included in industry reports. The discount rates used are pre-tax and reflect specific risks relating to the principal countries of the brands. An impairment charge of US$265,000 (2014: Nil) (Note 21(a)) on one of its brands is included within other operating expenses in the consolidated income statement. The impairment charge arose from lower sales forecasts compounded by the significant weakening of the Malaysian Ringgit against USD.

23. OTHER NON-CURRENT ASSETS

	The Group		The Company	
	2015 US$'000	2014 US$'000	**2015 US$'000**	2014 US$'000
Loan to third party	**2,755**	–	**–**	–
Deposits	**19**	20	**–**	–
Prepayments	**39**	70	**–**	3,035
Guarantee deposits	**9**	10	**–**	–
	2,822	100	**–**	3,035

In 2015, a subsidiary in Indonesia converted US$2,755,000 due from one of its distributors into a 4-year loan. The loan bears a variable interest rate based on similar rates which are charged by the subsidiary's principal banker, and is repayable by 31 December 2019. As at 31 December 2015, the effective interest rate of the loan was 9.25% per annum.

As at 31 December 2015, the loan was fully secured by land and buildings at total market valuation of US$2,771,000 (as valued by an accredited appraiser in Indonesia) being pledged as security by the distributor.

As at 31 December 2014, other non-current assets of the Company comprised cash consideration paid in advance of US$3.0 million for additional investment in DMI, a wholly-owned subsidiary in the Philippines (Note 17).

The carrying amounts of these non-current assets approximate their fair values.

24. TRADE PAYABLES

	The Group		The Company	
	2015 US$'000	2014 US$'000	**2015 US$'000**	2014 US$'000
Trade payables:				
- Third parties	**22,437**	28,946	**299**	289
- Subsidiaries	**–**	–	**501**	1,111
- Associated companies	**1,874**	1,967	**–**	–
- Related parties	**1,614**	1,018	**–**	–
	25,925	31,931	**800**	1,400

Related parties represent corporations in which certain directors have substantial financial interests.

25. OTHER PAYABLES

	The Group		The Company	
	2015 US$'000	2014 US$'000	**2015 US$'000**	2014 US$'000
Other payables:				
- Third parties	**12,514**	33,015	**402**	17,997
- Subsidiaries	**–**	–	**584**	622
- Associated companies	**144**	82	**–**	–
- Joint venture	**66**	23	**66**	23
	12,724	33,120	**1,052**	18,642
Accrued operating expenses	**17,481**	18,903	**1,689**	2,696
	30,205	52,023	**2,741**	21,338

Other non-trade payables due to subsidiaries, associated companies and joint venture are unsecured, interest free and repayable upon demand.

26. BORROWINGS

	The Group		The Company	
	2015 US$'000	2014 US$'000	**2015 US$'000**	2014 US$'000
Current				
Secured				
Bank borrowings	**4,729**	10,034	**–**	–
Finance lease liabilities (Note 27)	**2,721**	5,051	**90**	134
Trade finance	**5,800**	10,414	**–**	–
	13,250	25,499	**90**	134
Unsecured				
Bank overdrafts	**18,997**	22,741	**–**	5
Bank borrowings	**27,206**	16,566	**–**	–
	46,203	39,307	**–**	5
Total borrowings (current)	**59,453**	64,806	**90**	139
Non-current				
Secured				
Finance lease liabilities (Note 27)	**1,240**	3,173	**246**	399
Unsecured				
Bank borrowings	**13,959**	6,031	**–**	–
Total borrowings (non-current)	**15,199**	9,204	**246**	399
Total borrowings	**74,652**	74,010	**336**	538

The exposure of borrowings of the Group and of the Company to interest rate changes based on the contractual repricing dates at the balance sheet date is as follows:

	The Group		The Company	
	2015 US$'000	2014 US$'000	**2015 US$'000**	2014 US$'000
6 months or less	**58,934**	47,757	**–**	15
6 - 12 months	**14,506**	16,919	**–**	–
1 - 5 years	**1,212**	9,334	**336**	523
	74,652	74,010	**336**	538

26. BORROWINGS (continued)

(a) Security granted

Bank borrowings of one of the subsidiaries are secured by property, plant and equipment (Note 20). Finance lease liabilities of the Group are secured by the rights to the leased property, plant and equipment (Note 20), which would revert to the lessor in the event of default by the Group.

(b) Maturity of non-current borrowings

The non-current borrowings (excluding finance lease liabilities (Note 27)) have the following maturity:

	The Group	
	2015 US$'000	2014 US$'000
Between one to two years	**10,152**	3,217
Between two to five years	**3,807**	2,814
	13,959	6,031

(c) Carrying amounts and fair value

The carrying amounts of borrowings approximate their fair value as the borrowings bear interest at variable rates.

27. FINANCE LEASE LIABILITIES

	The Group		The Company	
	2015 US$'000	2014 US$'000	**2015 US$'000**	2014 US$'000
Minimum lease payments due:				
- Not later than one year	**2,820**	5,230	**101**	151
- Between one to five years	**1,292**	3,249	**258**	424
- Later than five years	**–**	–	**–**	–
	4,112	8,479	**359**	575
Less: Future finance charges	**(151)**	(255)	**(23)**	(42)
Present value of finance lease liabilities	**3,961**	8,224	**336**	533

The present values of finance lease liabilities are analysed as follows:

	The Group		The Company	
	2015 US$'000	2014 US$'000	**2015 US$'000**	2014 US$'000
Not later than one year	**2,721**	5,051	**90**	134
Between one to five years	**1,240**	3,173	**246**	399
	3,961	8,224	**336**	533

28. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

Non-current

	The Group	
	2015 US$'000	2014 US$'000
Employee post-employment defined benefit obligation (Note (a))	**9,069**	8,839
Others	**628**	758
	9,697	9,597

(a) Employee post-employment defined benefit obligation

Certain subsidiaries of the Group in Indonesia and the Philippines operate defined benefit plans for severance and service benefits required under the labour laws of the country in which they operate. These defined benefit plans are unfunded.

The amounts recognised in profit or loss are as follows:

	The Group	
	2015 US$'000	2014 US$'000
Current service cost	**938**	872
Interest cost	**622**	577
	1,560	1,449
Actuarial (loss)/gain recognised during the year	**(21)**	11
Benefits paid	**5**	–
Provision for termination benefits	**48**	238
Total, included in employee benefits expenses (Note 5)	**1,592**	1,698

The amounts recognised in other comprehensive income are as follows:

	The Group	
	2015 US$'000	2014 US$'000
Remeasurements of defined benefit obligation:		
- Actuarial loss on experience adjustments	**424**	380
- Actuarial (gain)/loss on changes in actuarial assumptions	**(584)**	346
	(160)	726

28. PROVISIONS FOR OTHER LIABILITIES AND CHARGES (continued)

(a) Employee post-employment defined benefit obligation (continued)

The movement in the defined benefit obligation recognised in the balance sheet is as follows:

	The Group	
	2015 US$'000	2014 US$'000
Beginning of financial year	**8,839**	7,187
Total, included in employee benefits expenses (Note 5)	**1,592**	1,698
Benefits paid	**(336)**	(583)
Actuarial (gain)/loss recognised in other comprehensive income	**(160)**	726
Currency translation differences	**(866)**	(189)
End of financial year	**9,069**	8,839

The amounts recognised in the balance sheet are determined as follows:

	The Group	
	2015 US$'000	2014 US$'000
Present value of unfunded obligations	**9,069**	8,839

The significant actuarial assumptions used were as follows:

	The Group	
	2015 %	2014 %
Discount rates (per annum)	**5.1 to 9.2**	4.7 to 8.6
Future salary increases (per annum)	**7.0**	7.0

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Increase/(decrease) in defined benefit obligation					
	Change in assumption		Increase in assumption		Decrease in assumption	
	2015	2014	**2015 US$'000**	2014 US$'000	**2015 US$'000**	2014 US$'000
Discount rate	**0.5%**	0.5%	**(421)**	(438)	**486**	475
Future salary increases	**0.5%**	0.5%	**478**	466	**(421)**	(433)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

29. SHARE CAPITAL

	The Group and the Company	
	Issued share capital	
	Number of shares '000	Share Capital US$'000
2015		
Beginning and end of financial year	**611,157**	**155,951**
2014		
Beginning and end of financial year	611,157	155,951

All issued shares are fully paid. There is no par value for these ordinary shares.

On 16 June 2010, the Company issued 78,880,000 ordinary shares for a total cash consideration of US$61,143,000. The cash proceeds provided the Group with financial capacity to pursue strategic growth opportunities and increased its financial resources for current operations. The intention was to use about 50% of the net proceeds to pursue strategic alliances, mergers and acquisitions, joint ventures and investments as and when they may arise; and the remaining for working capital and general purposes of the Group. The shares issued in 2010 ranked pari passu in all respects with the previously issued shares.

As at balance sheet date, pending utilisation of proceeds allocated for strategic alliances, mergers and acquisitions, joint ventures or investments, the Group has utilised all proceeds to reduce bank borrowings. This disclosure is required by Rule 1207 of the Listing Manual issued by Singapore Exchange Securities Trading Limited in relation to the use of proceeds arising from share offerings.

30. RESERVES

(a) Foreign currency translation reserve

	The Group	
	2015 US$'000	2014 US$'000
Beginning of financial year	**(45,677)**	(42,877)
Net currency translation differences of financial statements of foreign subsidiaries, associated companies and a joint venture	**(16,398)**	(2,806)
Less: Non-controlling interest	**9**	6
	(16,389)	(2,800)
End of financial year	**(62,066)**	(45,677)

(b) Other reserves

Other reserves comprise general reserve (Note 31(a)) and defined pension benefits obligations (Note 28(a)).

31. RETAINED EARNINGS

(a) Subsidiaries in Indonesia are required under their local laws to set aside an amount from their net profit to a general reserve until this reserve accumulates to amounts of 20% of their fully paid capital. Such reserves are not distributable.

Retained earnings of the Group and the Company are distributable except for retained earnings of subsidiaries in Indonesia amounting to US$1,476,000 (2014: US$1,551,000) which are included in the Group's retained earnings.

Management has no current intention of remitting the distributable retained earnings as disclosed in Note 8(b).

(b) Movement in retained earnings for the Company is as follows:

	The Company	
	2015 US$'000	2014 US$'000
Beginning of financial year	**33,639**	40,914
Profit for the year	**878**	31,112
Dividends paid (Note 32)	**(34,202)**	(38,387)
End of financial year	**315**	33,639

Movement in retained earnings for the Group is shown in the Consolidated Statement of Changes in Equity.

32. DIVIDENDS

	The Group	
	2015 US$'000	2014 US$'000
Declared and paid during the year		
Final dividend for 2014: 1.92 US cents or 2.58 Singapore cents (2013: 1.64 US cents or 2.06 Singapore cents) per share	**11,734**	10,023
Special dividend for 2014: 1.64 US cents or 2.19 Singapore cents (2013: 2.45 US cents or 3.08 Singapore cents) per share	**10,023**	14,973
Interim dividend for 2015: 1.28 US cents or 1.75 Singapore cents (2014: 2.21 US cents or 2.73 Singapore cents) per share	**7,615**	13,391
Special dividend for 2015: 0.81 US cents or 1.11 Singapore cents per share	**4,830**	–
	34,202	38,387

33. IMMEDIATE AND ULTIMATE HOLDING CORPORATIONS

The Company's immediate holding corporation is Aerodrome International Limited, a corporation that is incorporated in the British Virgin Islands. The Company's ultimate holding corporation is Credit Suisse Trust Limited ("CST"), incorporated in Singapore, in its capacity as trustee of Johnsonville Assets Limited and Johnsonville Holdings Limited. Mdm Lim Mee Len (wife of Mr Chuang Tiong Choon) is the beneficiary of Johnsonville Assets Trust of which CST has been appointed as the trustee. Mdm Lim Mee Len and Mr Chuang Tiong Choon are beneficiaries of Johnsonville Holdings Trust of which CST has been appointed as the trustee.

34. CONTINGENT LIABILITIES

(a) As at the balance sheet date, the Company has issued corporate guarantees to banks for its subsidiaries' and one of associated company's bank borrowings as follows:

	The Company	
	2015 US$'000	2014 US$'000
Corporate guarantees	**11,513**	15,572

(b) The Company was also notified by Barry Callebaut of four tax claims, the details of which are set out in Note 3(i). In the event of an unfavourable outcome of any of these tax claims, and subject to the reservation of rights referred to in Note 3(i), the Company may have to pay and recognise additional liabilities and associated legal costs to Barry Callebaut.

35. COMMITMENTS FOR EXPENDITURE

(a) Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	The Group		The Company	
	2015 US$'000	2014 US$'000	**2015 US$'000**	2014 US$'000
Expenditure for property, plant and equipment				
- Approved and contracted for	**11,026**	18,943	**238**	–

35. COMMITMENTS FOR EXPENDITURE (continued)

(b) Operating lease commitments

The Group and the Company lease various warehouses and office premises under operating lease agreements. The leases have varying terms and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	The Group		The Company	
	2015 US$'000	2014 US$'000	**2015 US$'000**	2014 US$'000
Not later than one year	**1,336**	1,550	**703**	1,095
Between one and five years	**2,267**	580	**1,951**	218
Later than five years	**–**	126	**–**	–
	3,603	2,256	**2,654**	1,313

36. FINANCIAL RISK MANAGEMENT

Overview

The Group's activities expose it to a variety of financial risks, market risks (including currency risk, price risk and interest rate risk), commodity price risk, credit risk and liquidity risk. The Group's overall risk management programme seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group uses derivative financial instruments, such as foreign exchange forwards and foreign currency borrowings, strictly for risk management.

Financial risk management is an integral part of the way the Group is managed. The Board provides written principles for overall risk management as well as written policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk, and the use of derivative and non-derivative financial instruments. Risk management is executed jointly by a central Treasury department ("Group Treasury") and the Group's operating entities in accordance with the established policies and guidelines under close supervision by the Risk Management Committee and senior management. The Group Treasury identifies and evaluates certain financial risks in close co-operation with the Group's operating entities.

36. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk

(i) Currency risk

The Group has transactional currency exposures arising from sales, purchases and operating costs by operating units in currencies other than the respective functional currencies of Group entities, primarily, Indonesian Rupiah ("IDR"), Philippine Pesos ("PHP"), Malaysian Ringgit ("MYR") and Singapore Dollar ("SGD"). The foreign currencies in which these transactions are denominated are mainly the United States Dollar ("USD"), SGD and EURO ("EUR").

The operating entities' revenue, financing and a majority of its costs and operating expenditures are denominated in the functional currency in the locations they operate. A majority of the Group's raw material purchases and imports of agency brands are denominated in currencies that are not the entity's functional currency. The Group engages in risk management activities to minimise the impact of volatility of these foreign currencies on the Group's performance. Active management of currency exposures involves an ongoing assessment of the movement of the foreign exchange rate on the Group's profitability and determining the most efficient methods of minimising these risks with the objective of reducing the overall impact of currency risks to the business.

The Group Treasury assists the operating entities in monitoring the foreign exchange exposure on a net basis by monitoring their receipts and payments in each individual foreign currency, and in using foreign exchange forward contracts to manage certain currency exposures arising from transactions that are denominated in foreign currencies. It is the Group's policy not to enter a forward contract until a firm commitment is in place. Such contracts allow the Group to sell or buy currencies at pre-determined forward rates.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations. The Group's net investments in Indonesia, Malaysia, the Philippines and Singapore are managed primarily through borrowings denominated in the relevant foreign currencies.

36. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Group's currency exposure based on the information provided to key management is as follows:

	USD US$'000	GBP US$'000	SGD US$'000	EUR US$'000	Others US$'000	Total US$'000
At 31 December 2015						
Financial assets	**117,459**	**8**	**1,588**	**217**	**89,088**	**208,360**
Financial liabilities	**(14,673)**	**(177)**	**(7,435)**	**(608)**	**(125,796)**	**(148,689)**
Net financial assets/(liabilities)	**102,786**	**(169)**	**(5,847)**	**(391)**	**(36,708)**	**59,671**
Adjust: Net financial (assets)/ liabilities denominated in functional currency	**(114,095)**	**–**	**3,683**	**–**	**35,268**	**(75,144)**
Currency exposure of financial liabilities net of those denominated in the respective entities' functional currencies	**(11,309)**	**(169)**	**(2,164)**	**(391)**	**(1,440)**	**(15,473)**
Firm commitments in foreign currencies	**(600)**	**–**	**(632)**	**(1,270)**	**(103)**	**(2,605)**
Derivative financial instruments						
Foreign exchange forwards	**83**	**–**	**23**	**197**	**545**	**848**
Currency Exposure	**(11,826)**	**(169)**	**(2,773)**	**(1,464)**	**(998)**	**(17,230)**
At 31 December 2014						
Financial assets	166,770	29	7,137	862	120,941	295,739
Financial liabilities	(45,006)	(511)	(12,156)	(2,238)	(123,611)	(183,522)
Net financial assets/(liabilities)	121,764	(482)	(5,019)	(1,376)	(2,670)	112,217
Adjust: Net financial (assets)/ liabilities denominated in functional currency	(143,406)	–	2,829	–	1,407	(139,170)
Currency exposure of financial liabilities net of those denominated in the respective entities' functional currencies	(21,642)	(482)	(2,190)	(1,376)	(1,263)	(26,953)
Firm commitments in foreign currencies	(3,764)	(759)	(300)	1,028	(16)	(3,811)
Derivative financial instruments						
Foreign exchange forwards	558	–	–	(2,072)	133	(1,381)
Currency Exposure	(24,848)	(1,241)	(2,490)	(2,420)	(1,146)	(32,145)

36. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Company's currency exposure based on the information provided to key management is as follows:

	USD US$'000	SGD US$'000	GBP US$'000	Others US$'000	Total US$'000
At 31 December 2015					
Financial assets	**114,911**	**752**	**5**	**116**	**115,784**
Financial liabilities	**(825)**	**(2,860)**	**(18)**	**(154)**	**(3,857)**
Net financial assets/(liabilities)	**114,086**	**(2,108)**	**(13)**	**(38)**	**111,927**
Adjust: Net financial assets denominated in functional currency	**(114,086)**	**–**	**–**	**–**	**(114,086)**
Currency exposure of financial assets/(liabilities) net of those denominated in functional currency	**–**	**(2,108)**	**(13)**	**(38)**	**(2,159)**
Firm commitments in foreign currencies	**–**	**28**	**–**	**(266)**	**(238)**
Currency Exposure	**–**	**(2,080)**	**(13)**	**(304)**	**(2,397)**
At 31 December 2014					
Financial assets	163,094	1,457	28	384	164,963
Financial liabilities	(19,697)	(3,417)	–	(141)	(23,255)
Net financial assets/(liabilities)	143,397	(1,960)	28	243	141,708
Adjust: Net financial assets denominated in functional currency	(143,397)	–	–	–	(143,397)
Currency exposure of financial assets/(liabilities) net of those denominated in functional currency	–	(1,960)	28	243	(1,689)
Firm commitments in foreign currencies	–	69	–	2,286	2,355
Derivative financial instruments					
Foreign exchange forwards	–	–	–	(2,386)	(2,386)
Currency Exposure	–	(1,891)	28	143	(1,720)

36. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

Sensitivity analysis to foreign exchange movement

Assuming that all other variables, in particular interest rates, remain constant, a change of the United States Dollar against the following currencies at the balance sheet date will increase/(decrease) profit after tax by the amounts shown below:

	The Group		The Company	
	2015 US$'000	2014 US$'000	**2015 US$'000**	2014 US$'000
USD against EUR				
- strengthened 1% (2014: 5%)	**–**	96	**–**	96
- weakened 1% (2014: 5%)	**–**	(96)	**–**	(96)
USD against SGD				
- strengthened 5% (2014: 5%)	**27**	86	**17**	81
- weakened 5% (2014: 5%)	**(27)**	(86)	**(17)**	(81)
USD against IDR				
- strengthened 5% (2014: 5%)	**(342)**	(553)	**–**	–
- weakened 5% (2014: 5%)	**342**	553	**–**	–
USD against MYR				
- strengthened 2% (2014: 5%)	**16**	(214)	**2**	3
- weakened 2% (2014: 5%)	**(16)**	214	**(2)**	(3)

(ii) Price risk

The Group's business operations are exposed to fluctuations in the prices of its raw materials, especially cocoa ingredients, milk, sugar and packaging materials.

The Group monitors its exposure to raw material prices as an integral part of its overall risk management process and seeks to mitigate the exposure by buying forward its main raw material requirements based on forecasted sales. Purchase contracts for key raw materials are entered into up to 18 months ahead of the actual production date.

(iii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's exposure to interest rate risks arise primarily from its short-term bank deposits and debt obligations. The short-term bank deposits and borrowings are mainly at variable rates and these expose the Group and the Company to cash flow interest rate risks.

The net impact of the interest rate risks as at 31 December 2015 and 2014 is considered insignificant. Consequently, no sensitivity analysis is prepared by the Group and Company.

36. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk

Credit risk refers to the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's and the Company's major classes of financial assets are bank deposits (Note 12), trade and other receivables (Notes 13 and 16), and loan to third party (Note 23).

For trade and other receivables, and loan to third party, the Group adopts the policy of dealing only with customers and other counterparties of appropriate credit history and where possible, the Group has obtained sufficient security to mitigate credit risk.

The credit exposure and credit terms granted to our customers are continuously monitored at the entity level by the respective management and at the Group level by the Group Treasury.

For derivatives and bank deposits, the Group and the Company only transact with high credit quality financial institutions. The Group limits the amount of credit exposure to any financial institution.

The maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet, except for the loan to third party which is secured as disclosed in Note 23 and as follows:

	The Company	
	2015 US$'000	2014 US$'000
Corporate guarantees provided to banks on subsidiaries' and associated company's loans	**11,513**	15,572

Concentrations of credit risk with respect to trade receivables are limited due to the large number of customers of the Group and the Company.

The credit risk for trade receivables based on the information provided to key management is as follows:

	The Group		The Company	
	2015 US$'000	2014 US$'000	**2015 US$'000**	2014 US$'000
By geographical areas				
Indonesia	**34,626**	56,511	**477**	997
Singapore	**269**	3,219	**247**	245
Philippines	**9,387**	9,591	**42**	20
Thailand	**361**	288	**361**	288
Malaysia	**11,538**	12,380	**28**	67
China	**17**	17	**17**	17
Other countries in Asia	**82**	49	**82**	48
	56,280	82,055	**1,254**	1,682

36. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

	The Group		The Company	
	2015 US$'000	2014 US$'000	**2015 US$'000**	2014 US$'000
By types of customers				
Subsidiaries	**–**	–	**548**	1,292
Related parties, associated companies and joint venture	**18**	119	**–**	–
Non-related parties:				
- International food and beverage companies	**46**	38	**44**	38
- Retail chains	**25,601**	28,615	**–**	–
- Wholesalers and distributors	**25,677**	43,887	**662**	352
- Others	**4,938**	9,396	**–**	–
	56,280	82,055	**1,254**	1,682

(i) **Financial assets that are neither past due nor impaired**

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit ratings assigned by international credit-rating agencies. Trade and other receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group.

(ii) **Financial assets that are past due and/or impaired**

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The age analysis of trade receivables past due but not impaired is as follows:

	The Group		The Company	
	2015 US$'000	2014 US$'000	**2015 US$'000**	2014 US$'000
Past due less than 1 month	**16,986**	27,958	**18**	–
Past due 1 to 3 months	**6,054**	7,877	**–**	–
Past due 3 to 6 months	**2,068**	3,211	**–**	–
Past due over 6 months	**371**	2,316	**–**	–
	25,479	41,362	**18**	–

36. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

(ii) Financial assets that are past due and/or impaired (continued)

The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for impairment are as follows:

	The Group		The Company	
	2015 US$'000	2014 US$'000	**2015 US$'000**	2014 US$'000
Gross amount	**365**	248	**–**	–
Less: Allowance for impairment	**(365)**	(248)	**–**	–
	–	–	**–**	–
Beginning of financial year	**248**	226	**–**	–
Currency translation difference	**(35)**	(8)	**–**	–
Allowance made	**152**	171	**–**	–
Allowance utilised	**–**	(141)	**–**	–
End of financial year	**365**	248	**–**	–

Trade receivables that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulty and have defaulted on payments. These receivables are not secured by collateral or credit enhancement.

(c) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. Prudent liquidity risk management includes maintaining sufficient cash and having an adequate amount of committed credit facilities to meet the forecast net cash requirement of the Group's operations.

The table below analyses the Group's and Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

36. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

	Less than 1 year US$'000	Between 1 and 2 years US$'000	Between 2 and 5 years US$'000	Over 5 years US$'000	Total US$'000
The Group					
At 31 December 2015					
Trade and other payables	**(56,045)**	**–**	**–**	**–**	**(56,045)**
Provisions for other liabilities and charges	**–**	**(313)**	**–**	**(9,383)**	**(9,696)**
Borrowings	**(65,787)**	**(12,498)**	**(1,485)**	**–**	**(79,770)**
	(121,832)	**(12,811)**	**(1,485)**	**(9,383)**	**(145,511)**
At 31 December 2014					
Trade and other payables	(83,898)	–	–	–	(83,898)
Provisions for other liabilities and charges	–	(758)	–	(8,839)	(9,597)
Borrowings	(67,335)	(4,669)	(5,755)	–	(77,759)
	(151,233)	(5,427)	(5,755)	(8,839)	(171,254)
The Company					
At 31 December 2015					
Trade and other payables	**(3,541)**	**–**	**–**	**–**	**(3,541)**
Borrowings	**(101)**	**(101)**	**(157)**	**–**	**(359)**
	(3,642)	**(101)**	**(157)**	**–**	**(3,900)**
At 31 December 2014					
Trade and other payables	(22,738)	–	–	–	(22,738)
Borrowings	(156)	(141)	(283)	–	(580)
	(22,894)	(141)	(283)	–	(23,318)

36. FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk (continued)

The table below analyses the Group's and the Company's derivative financial instruments for which contractual maturities are essential for an understanding of the timing of the cash flows into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year US$'000	Between 1 and 2 years US$'000	Between 2 and 5 years US$'000	Over 5 years US$'000	Total US$'000
The Group					
At 31 December 2015					
Gross-settled foreign exchange forwards					
- Payments	**(1,439)**	**–**	**–**	**–**	**(1,439)**
- Receipts	**1,415**	**–**	**–**	**–**	**1,415**
	(24)	**–**	**–**	**–**	**(24)**
At 31 December 2014					
Gross-settled foreign exchange forwards					
- Payments	(3,351)	–	–	–	(3,351)
- Receipts	3,391	–	–	–	3,391
	40	–	–	–	40
The Company					
At 31 December 2015					
Gross-settled foreign exchange forwards					
- Payments	**–**	**–**	**–**	**–**	**–**
- Receipts	**–**	**–**	**–**	**–**	**–**
	–	**–**	**–**	**–**	**–**
At 31 December 2014					
Gross-settled foreign exchange forwards					
- Payments	(2,356)	–	–	–	(2,356)
- Receipts	2,386	–	–	–	2,386
	30	–	–	–	30

36. FINANCIAL RISK MANAGEMENT (continued)

(d) Capital risk

The Group's objectives when managing capital are to minimise the overall cost of capital and to achieve an optimal capital structure so as to maximise shareholder value. In 2015, the Company paid a special dividend of US$14,853,000 (2014: US$14,973,000) from the sales proceeds from its divestment of the Cocoa Ingredients business in order to achieve a more efficient capital structure (Note 32). The Group leverages on its credit profile and business standing in broadening its financing options to include the capital markets. In January 2014, the Company announced that it has established a US$500 million Multicurrency Medium Term Note ("MTN") programme and terminated the previous S$300 million Multicurrency MTN programme. The Multicurrency MTN programme enables the Group to reduce dependence on bank financing; provide flexibility and currency-matched financing of short and long term assets and reduce effective interest cost over the longer term. As at 31 December 2015, there is no draw down of the MTN (2014: Nil).

Management monitors capital based on the Group's gearing ratio. The Group and the Company are required by the banks to maintain a gearing ratio of not exceeding 300% (2014: 300%). The gearing ratio is calculated as net debt divided by the Group's total equity. Net debt is calculated as borrowings less cash and cash equivalents. As of 31 December 2015, the Group is in a net cash position of US$44,895,000 (2014: US$97,943,000).

The Group and the Company are also required by the banks to maintain a current ratio (current assets divided by current liabilities) of more than 100% (2014: 100%).

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2015 and 2014.

(e) Fair value measurements

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
(ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2);
(iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

36. FINANCIAL RISK MANAGEMENT (continued)

(e) Fair value measurements (continued)

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
The Group				
At 31 December 2015				
Liabilities				
Derivative liabilities				
- Foreign exchange forwards	**–**	**24**	**–**	**24**
At 31 December 2014				
Assets				
Derivative assets				
- Foreign exchange forwards	–	40	–	40
The Company				
At 31 December 2015				
Assets				
Derivative assets				
- Foreign exchange forwards	**–**	**–**	**–**	**–**
At 31 December 2014				
Assets				
Derivative assets				
- Foreign exchange forwards	–	30	–	30

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. The fair value of foreign exchange forward contracts is determined using forward exchange rates at the balance sheet date. These instruments are included in Level 2. There are no financial instruments classified as Level 3 as the Group has not applied valuation techniques that are based on significant unobservable inputs.

The carrying amount less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated based on quoted market prices or dealer quotes for similar instruments by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. The carrying amounts of borrowings approximate their fair values (Note 26(c)).

36. FINANCIAL RISK MANAGEMENT (continued)

(f) Financial instruments by category

The carrying amounts of the different categories of financial instruments are as follows:

	The Group		The Company	
	2015 US$'000	2014 US$'000	**2015 US$'000**	2014 US$'000
Loans and receivables	**190,675**	268,885	**115,784**	164,963
Financial assets at fair value through profit or loss	**–**	40	**–**	30
Financial liabilities at fair value through profit or loss	**24**	–	**–**	–
Financial liabilities at amortised cost	**130,312**	157,916	**3,857**	23,255

37. RELATED PARTY TRANSACTIONS

In addition to other related party information included elsewhere in the financial statements, the following related party transactions took place between the Group and related parties during the financial year:

(a) Sales and purchases of goods and services

	The Group	
	2015 US$'000	2014 US$'000
Revenue:		
Sales to related parties	**179**	272
Interest income from associated companies	**76**	103
Service income from associated companies	**106**	1
Service income from related parties	**31**	67
Expenditure:		
Purchases from associated companies	**15,223**	16,536
Purchases from related parties	**13,704**	18,430
Rental payable to associated companies	**74**	76
Rental payable to related parties	**31**	35
Professional fee payable to a related party	**380**	706
Directors' fees	**406**	387

37. RELATED PARTY TRANSACTIONS (continued)

(a) Sales and purchases of goods and services (continued)

Related parties represent corporations in which certain directors have substantial financial interests. The related party transactions between the Group and related parties were conducted at arm's length and on normal commercial terms.

Outstanding balances at 31 December 2015, arising from sale/purchase of goods and services, are unsecured and receivable/payable within 12 months from balance sheet date and are disclosed in Notes 13, 16, 24 and 25.

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	The Group	
	2015 US$'000	2014 US$'000
Salaries and other short-term employee benefits	**5,958**	6,071
Post employment benefits - contribution to CPF	**32**	32
	5,990	6,103

Included above is total compensation to directors of the Company amounting to US$2,338,000 (2014: US$2,546,000).

38. SEGMENT INFORMATION

The Group engages in the manufacture and marketing of chocolate confectionery products under a variety of brands and distribution of a wide range of food and other consumer products, including agency brands.

Management has determined the operating segments based on the reports reviewed by the Executive Committee that are used to make strategic decisions. The Executive Committee comprises the Executive Directors. The Executive Committee manages and monitors its Branded Consumer business based on its two geographical segments, namely Indonesia and Regional Markets (which comprise the Philippines, Malaysia and Singapore).

The segment information provided to the Executive Committee for the reportable segments for the year ended 31 December 2015 is as follows:

	Indonesia US$'000	Regional Markets US$'000	Total US$'000
Sales:			
- Total segment sales	294,209	120,962	415,171
- Inter-segment sales	(9,221)	(88)	(9,309)
Sales to external parties	284,988	120,874	405,862
EBITDA	37,789	(322)	37,467
Interest income			2,053
Finance costs			(4,219)
Share of profit of associated companies			64
Income tax expense			(12,126)
Other segment information			
Depreciation and amortisation	6,482	1,102	7,584
Capital expenditure on property, plant and equipment	23,397	1,041	24,438
Sales are analysed as:			
- Own Brands	205,397	47,933	253,330
- Agency Brands	79,591	72,941	152,532
	284,988	120,874	405,862

38. SEGMENT INFORMATION (continued)

The segment information provided to the Executive Committee for the reportable segments for the year ended 31 December 2014 is as follows:

	Indonesia US$'000	Regional Markets US$'000	Total US$'000
Sales:			
- Total segment sales	376,524	138,774	515,298
- Inter-segment sales	(11,253)	(68)	(11,321)
Sales to external parties	365,271	138,706	503,977
EBITDA	81,043	(175)	80,868
Interest income			1,650
Finance costs			(3,121)
Share of profit of associated companies			501
Income tax expense			(21,340)
Other segment information			
Depreciation and amortisation	6,763	1,046	7,809
Capital expenditure on property, plant and equipment	37,586	2,657	40,243
Sales are analysed as:			
- Own Brands	271,916	46,926	318,842
- Agency Brands	93,355	91,780	185,135
	365,271	138,706	503,977

Sales between segments are carried out at arm's length. The revenue from external parties reported to the Executive Committee is measured in a manner consistent with that in the consolidated income statement.

(a) Reconciliation of segment profits

The Executive Committee assesses the performance of the operating segments based on a measure of earnings before interest, tax, depreciation and amortisation ("EBITDA") for its operations. This measurement basis excludes the effect of expenditure from the operating segments that are not expected to recur regularly in every period which are separately analysed. Interest income and finance expenses are not allocated to segments, as this type of activity is driven by the Group Treasury, which manages the cash position of the Group.

38. SEGMENT INFORMATION (continued)

(a) Reconciliation of segment profits (continued)

A reconciliation of EBITDA to profit before tax is set out below:

	The Group	
	2015 US$'000	2014 US$'000
EBITDA	**37,467**	80,868
Adjustments for:		
Interest expense (Note 6)	**(4,219)**	(3,121)
Interest income (Note 4)	**2,053**	1,650
Depreciation of property, plant and equipment (Note 20)	**(7,424)**	(7,715)
Amortisation of intangible assets (Note 21(d))	**(160)**	(94)
Impairment loss on brands (Note 21(a))	**(265)**	–
Exceptional items (Note 10)	**(20,066)**	(1,517)
Profit before tax	**7,386**	70,071

(b) Geographical information

Sales are based on the country in which the customer is located. Non-current assets are shown by the country where the assets are located.

	Revenue		Non-current assets	
	2015 US$'000	2014 US$'000	**2015 US$'000**	2014 US$'000
Indonesia	**284,992**	365,248	**113,779**	104,909
Regional Markets:				
- Philippines	**52,136**	53,197	**7,301**	8,714
- Malaysia	**56,890**	67,151	**461**	625
- Singapore	**8,006**	14,167	**7,024**	8,000
- Other countries	**3,838**	4,214	**–**	–
	405,862	503,977	**128,565**	122,248

39. EVENTS OCCURRING AFTER BALANCE SHEET DATE

On 19 January 2016, Petra-SPT has changed its name to "Ceres (International) Marketing Pte Ltd" (Note 17). In February 2016, PT Ceres has increased its share capital in Ceres (International) Marketing Pte Ltd from S$1,600,000 (US$909,000) to S$7,150,396 (US$4,785,000) by way of a capitalisation of inter-company advances due to PT Ceres of S$2,550,396 (US$1,793,000) and equity injection of S$3,000,000 (US$2,083,000). The S$3,000,000 (US$2,083,000) was paid in cash and funded through the Group's internal resources.

On 22 February 2016, the Company announced a proposed capital reduction exercise, pursuant to Section 78G of the Singapore Companies Act (Chapter 50) which will involve a cash distribution by the Company to its shareholders amounting to an aggregate of US$60,016,000. Based on the number of shares in issue (Note 29), this is equivalent to 9.82 US cents in cash for each issued and fully paid up ordinary share in the capital of the Company.

40. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2016 or later periods and which the Group has not early adopted:

- **FRS 111** *Joint Arrangements* (effective for annual periods beginning on or after 1 January 2016)

  This amendment provides new guidance on how to account for the acquisition of an interest in a joint venture operation that constitutes a business. The amendments require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a 'business'. The amendments are applicable to both the acquisition of the initial interest in a joint operation and the acquisition of additional interest in the same joint operation. However, a previously held interest is not re-measured when the acquisition of an additional interest in the same joint operation results in retaining joint control.

  This amendment is not expected to have any significant impact on the financial statements of the Group.

- **FRS 110** *Consolidated financial statements* and FRS 28 *Investments in associates and joint ventures* (effective for annual periods beginning on or after 1 January 2016)

  These amendments address an inconsistency between FRS 110 and FRS 28 in the sale or contribution of assets between an investor and its associate or joint venture. A full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if those assets are in a subsidiary.

  This amendment is not expected to have any significant impact on the financial statements of the Group.

- **FRS 1** *Presentation of financial statements* (effective for annual periods beginning on or after 1 January 2016)

  This amendment clarifies guidance in FRS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

  This amendment is not expected to have any significant impact on the financial statements of the Group.

40. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (continued)

- **FRS 115** *Revenue from Contracts with Customers* (effective for annual periods beginning on or after 1 January 2018)

  This is the converged standard on revenue recognition. It replaces FRS 11 Construction contracts, FRS 18 Revenue, and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of FRS 115 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

  - Step 1: Identify the contract(s) with a customer
  - Step 2: Identify the performance obligations in the contract
  - Step 3: Determine the transaction price
  - Step 4: Allocate the transaction price to the performance obligations in the contract
  - Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

  FRS 115 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

  This amendment is not expected to have any significant impact on the financial statements of the Group.

- **FRS 109** *Financial Instruments* (effective for annual periods beginning on or after 1 January 2018)

  The complete version of FRS 109 replaces most of the guidance in FRS 39. FRS 109 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through Profit or Loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI. There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 39.

  For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. FRS 109 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedge ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required, similar to that currently prepared under FRS 39.

  This standard is not expected to have any significant impact on the financial statements of the Group.

41. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Petra Foods Limited on 15 March 2016.

This Appendix is circulated to Shareholders of Petra Foods Limited together with the Company's annual report. Its purpose is to provide Shareholders with the relevant information relating to, and to seek Shareholders' approval to renew the Shareholders' Mandate to be tabled at the Annual General Meeting to be held on 26 April 2016 at 2:00 p.m. at Legacy Suite, Level 2, Singapore Marriott Tang Plaza Hotel, 320 Orchard Road, Singapore 238865.

The Notice of Annual General Meeting and a Proxy Form are enclosed with the Annual Report.

The Singapore Exchange Securities Trading Limited takes no responsibility for the correctness of any of the statements made, reports contained/referred to, or opinions expressed, in this Appendix.

PETRA FOODS LIMITED

(Incorporated in the Republic of Singapore)
Company Registration Number: 198403096C

**APPENDIX IN RELATION TO
THE PROPOSED RENEWAL OF
THE SHAREHOLDERS' MANDATE FOR
INTERESTED PERSON TRANSACTIONS**

DEFINITIONS

In this appendix (***Appendix***), the following definitions apply throughout unless otherwise stated:

AGM	:	The annual general meeting of the Company to be convened on 26 April 2016, notice of which is set out in the Annual Report 2015 despatched together with this Appendix;
Audit Committee	:	An audit committee of the Company comprising Mr Anthony Michael Dean (Chairman), Mr Pedro Mata-Bruckmann and Mr Koh Poh Tiong;
CDP	:	The Central Depository (Pte) Limited;
Company	:	Petra Foods Limited;
Companies Act	:	Companies Act, Chapter 50 of Singapore;
Directors	:	The directors of the Company as at the date of this Appendix;
Executive Directors	:	The executive directors as at the date of this Appendix, unless otherwise stated;
Group	:	The Company and its subsidiaries;
Independent Director(s)	:	The independent director(s) of the Company as at the date of this Appendix unless otherwise stated;
Interested Person	:	A director, chief executive officer or controlling shareholder of the Company or an associate of such director, chief executive officer or controlling shareholder;
Interested Person Transaction	:	A transaction proposed to be entered into between the Group and any Interested Person;
John Chuang	:	Chuang Tiong Choon also known as Ma Wei Lin
Joseph Chuang	:	Chuang Tiong Liep also known as Chit Ko Ko
Latest Practicable Date	:	The latest practicable date prior to the printing of this Appendix, being 15 March 2016;
Listing Manual	:	The listing manual of the SGX-ST;
Rp or Rupiah	:	Indonesian Rupiah;
Securities Account	:	A securities account maintained by a Depositor with CDP but does not include a securities sub-account;
SGX-ST	:	Singapore Exchange Securities Trading Limited;
Shareholders	:	Registered holders of Shares, except that where the registered holder is CDP, the term **Shareholders** shall, where the context admits, mean the Depositors whose Securities Accounts are credited with Shares;

DEFINITIONS (continued)

Shares	:	Ordinary shares in the capital of the Company;
Substantial Shareholder	:	A person who has an interest in Shares which is 5% or more of the total votes attached to all the voting ;
S$	:	Singapore dollars;
US$ and cents	:	United States dollars and cents, respectively;
William Chuang	:	Chuang Tiong Kie also known as Maung Lu Win; and
% or per cent.	:	Per centum or percentage.

The terms "***Depositor/s***" and "***Depository Register***" shall have the respective meanings ascribed to them in Section 81SF of the Securities and Futures Act (Cap. 289).

Words importing the singular shall, where applicable, include the plural and *vice versa*. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the Listing Manual or any modification thereof and not otherwise defined in this Appendix shall have the same meaning assigned to it under the Companies Act, the Listing Manual or any modification thereof, as the case may be.

Any reference to a time of day in this Appendix is made by reference to Singapore time unless otherwise stated.

1. INTRODUCTION

The purpose of this Appendix is to provide Shareholders with the relevant information relating to, and to seek Shareholders' approval at the AGM to renew the general mandate (***Shareholders' Mandate***) that will enable the Group to enter into transactions with the Interested Persons in compliance with Chapter 9 of the Listing Manual.

Chapter 9 of the Listing Manual applies to transactions which a listed company or any of its subsidiaries or associated companies propose to enter into with an interested person of the listed company. An **interested person** is defined as a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder.

Chapter 9 of the Listing Manual allows a listed company to seek a Shareholders' Mandate for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations, which may be carried out with the listed company's **interested persons**.

The Shareholders' Mandate was approved at the annual general meeting of the Company held on 28 April 2015 and will be effective until the next annual general meeting is held or required by law to be held, whichever is the earlier. Accordingly, the Directors propose that the general mandate be renewed at the AGM to be held on 26 April 2016, to take effect until the next annual general meeting of the Company.

General information relating to Chapter 9 of the Listing Manual, including the meanings of terms such as **interested person**, **associate**, **associated company** and **controlling shareholder**, are set out in the Annexure of this Appendix.

2. THE RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS

2.1 Classes of Interested Persons

The Shareholders' Mandate will apply to the Group's interested person transactions including PT Tri Keeson Utama, PT Fajar Mataram Sedayu, PT Freyabadi Indotama and PT Sederhana Djaja and each of their associates. Please refer to the section "Potential Conflicts of Interest" in the Company's prospectus dated 28 October 2004 for more details.

Transactions with Interested Persons which do not fall within the ambit of the proposed Shareholders' Mandate will be subject to the provisions of Chapter 9 and/or other applicable provisions of the Listing Manual.

2.2 Scope of Interested Person Transactions

The interested person transactions with the Interested Persons which will be covered by the Shareholders' Mandate are the following:-

(a) Transactions with PT Tri Keeson Utama

By virtue of their aggregate interest in 99.9% of the shareholding in PT Sederhana Djaja, the Executive Directors, Mr John Chuang, Mr Joseph Chuang and Mr William Chuang are deemed to be interested in 100.0% of the issued share capital of PT Tri Keeson Utama held by PT Sederhana Djaja. Accordingly, transactions between the Group and PT Tri Keeson Utama are deemed to be interested person transactions.

2. THE RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS (continued)

2.2 Scope of Interested Person Transactions (continued)

(a) Transactions with PT Tri Keeson Utama (continued)

PT Tri Keeson Utama is principally engaged in the business of mixing and blending cocoa cakes and cocoa powder. The Company and/or its subsidiary, PT General Food Industries, has been selling cocoa products such as cocoa powder and cocoa cakes to PT Tri Keeson Utama. The value of the Company's sales to PT Tri Keeson Utama for the period from 1 January 2015 up to the Latest Practicable Date are as set out below:-

	For the period from 1 January 2015 up to the Latest Practicable Date
Value of sales to PT Tri Keeson Utama (US$'000)	Nil

These transactions were entered into on a willing buyer and willing seller basis. The provision of cocoa products to PT Tri Keeson Utama is a recurrent interested person transaction.

Following the completion of the divestment of Cocoa Ingredients Division on 30 June 2013, sales of cocoa ingredients or products to PT Tri Keeson Utama has ceased. However, the Company may continue to provide some products to PT Tri Keeson Utama.

(b) Transactions with PT Fajar Mataram Sedayu

By virtue of their indirect interest in 99.9% of the shareholding in PT Sederhana Djaja, the Executive Directors, Mr John Chuang, Mr Joseph Chuang and Mr William Chuang are deemed to be interested in 51.0% of the issued share capital of PT Fajar Mataram Sedayu. The Company's Executive Officer, Mr Poritjo Susanto Widjaja, has an interest of 5.0% in PT Fajar Mataram Sedayu. The remaining shareholding interest in PT Fajar Mataram Sedayu is held by unrelated third parties. Accordingly, transactions between the Group and PT Fajar Mataram Sedayu are deemed to be interested person transactions.

PT Fajar Mataram Sedayu is principally engaged in the manufacture and sale of compound chocolate rice primarily for industrial use, as well as the manufacture and sale of consumer chocolate targeted at the lower segment of the Indonesian consumer chocolate market.

(i) Sale of materials by the Group to PT Fajar Mataram Sedayu

The Company's subsidiaries, PT Perusahaan Industri Ceres and PT General Food Industries, have been undertaking the sale of products such as cocoa liquor, cocoa butter and vegetable fats to PT Fajar Mataram Sedayu. The value of the Company's sales to PT Fajar Mataram Sedayu for the period from 1 January 2015 up to the Latest Practicable Date are as set out below:-

	For the period from 1 January 2015 up to the Latest Practicable Date
Value of sales to PT Fajar Mataram Sedayu (US$'000)	Nil

These transactions were entered into on a willing buyer and willing seller basis. The provision of products such as cocoa liquor, cocoa butter and vegetable fats to PT Fajar Mataram Sedayu is a recurrent interested person transaction.

Following the completion of the divestment of Cocoa Ingredients Division on 30 June 2013, sales of cocoa ingredients or products to PT Fajar Mataram Sedayu has ceased.

2. THE RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS (continued)

2.2 Scope of Interested Person Transactions (continued)

(b) Transactions with PT Fajar Mataram Sedayu (continued)

(ii) Purchase of goods from PT Fajar Mataram Sedayu

The Company's subsidiary, PT Nirwana Lestari, has been undertaking the purchase of products from PT Fajar Mataram Sedayu, for distribution in Bali, Indonesia. PT Nirwana Lestari intends to continue purchasing such products from PT Fajar Mataram Sedayu. The quantum of the Company's purchases from PT Fajar Mataram Sedayu for the period 1 January 2015 to the Latest Practicable Date are set out below:-

	For the period from 1 January 2015 up to the Latest Practicable Date
Value of purchases from PT Fajar Mataram Sedayu (US$'000)	598

(c) Transactions with PT Freyabadi Indotama

By virtue of their aggregate interest in 100.0% of the shareholding in Berlian Enterprises Limited, the Executive Directors, Mr John Chuang, Mr Joseph Chuang and Mr William Chuang are deemed to be interested in 49.0% of the issued share capital of PT Freyabadi Indotama held in aggregate by McKeeson Investments Pte Ltd and PT Sederhana Djaja. Accordingly, transactions between the Group and PT Freyabadi Indotama are deemed to be interested person transactions.

PT Freyabadi Indotama is a joint venture entity, in which Fuji Oil Ltd, an unrelated third party, McKeeson Investments Pte Ltd and PT Sederhana Djaja own 51.0%, 30.0% and 19.0% of its issued share capital respectively. PT Freyabadi Indotama is principally engaged in the manufacture and sale of industrial chocolate.

(i) Sale of materials by the Group to PT Freyabadi Indotama

The Company's subsidiaries, PT Perusahaan Industri Ceres and PT General Food Industries have been undertaking the sale of products such as cocoa powder, cocoa butter, chocolate rice, cocoa liquor and other products to PT Freyabadi Indotama. The value of the Company's sales to PT Freyabadi Indotama for the period from 1 January 2015 up to the Latest Practicable Date are set out below:-

	For the period from 1 January 2015 up to the Latest Practicable Date
Revenue received from PT Freyabadi Indotama (US$'000)	162

These transactions were entered into on a willing buyer and willing seller basis. The provision of products such as cocoa powder, cocoa butter, chocolate rice, cocoa liquor and other products to PT Freyabadi Indotama is a recurrent interested person transaction. The Company intends to continue providing the Company's products to PT Freyabadi Indotama.

2. THE RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS (continued)

2.2 Scope of Interested Person Transactions (continued)

(c) Transactions with PT Freyabadi Indotama (continued)

(ii) Purchase of products from PT Freyabadi Indotama

The Company's subsidiaries, PT Nirwana Lestari, PT Perusahaan Industri Ceres and associated company, PT Ceres Meiji Indotama, have been undertaking the purchase of chocolate coating and plastic packaging products from PT Freyabadi Indotama. The value of the Company's purchases from PT Freyabadi Indotama for the period from 1 January 2015 up to the Latest Practicable Date are as set out below:-

	For the period from 1 January 2015 up to the Latest Practicable Date
Purchases from PT Freyabadi Indotama (US$'000)	15,567

These transactions were entered into on a willing buyer and willing seller basis. The purchase of chocolate coating and plastic packaging products from PT Freyabadi Indotama is a recurrent interested person transaction. The Company intends to continue purchasing such products from PT Freyabadi Indotama.

(d) Transactions with PT Sederhana Djaja

By virtue of their aggregate interest in 100.0% of the shareholding in Berlian Enterprises Limited, the Executive Directors, Mr John Chuang, Mr Joseph Chuang and Mr William Chuang are deemed to be interested in 99.9% of the issued share capital of PT Sederhana Djaja held by McKeeson Investments Pte Ltd. Accordingly, transactions between the Group and PT Sederhana Djaja are deemed to be interested person transactions.

PT Sederhana Djaja is an investment holding company. The Group has entered into various lease agreements with PT Sederhana Djaja in relation to the properties described below. Please refer to "Appendix B - Properties and Fixed Assets" in the Company's Prospectus dated 28 October 2004 for more details.

Name of property	Land area (sq m)	Present annual rental (Rp)	US$
Four Seasons Apartment Jakarta, Indonesia	200	420,000,000	35,398 (1)

Notes:

(1) The conversion of Indonesian Rupiah into US Dollars is based on the weighted average exchange rate of Rp11,865 per US Dollar as at the Latest Practicable Date.

The total annual rental paid by the Group to PT Sederhana Djaja for the period from 1 January 2015 up to the Latest Practicable Date are as set out below:-

	For the period from 1 January 2015 up to the Latest Practicable Date
Total annual rental paid to PT Sederhana Djaja (US$'000)	31,472

These transactions were entered into on a willing buyer and willing seller basis. The Company intends to continue with the lease of these properties from PT Sederhana Djaja.

2. THE RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS (continued)

2.3 Rationale for and Benefits of the Shareholders' Mandate

Shareholders' Mandate

In the ordinary course of the Group's business activities, the Group and the Interested Persons may enter into transactions with each other from time to time. Further, it is likely that such transactions will occur with some degree of frequency and could arise at any time.

The Directors are of the view that it will be beneficial to the Group to transact or continue to transact with the Interested Persons, especially since the transactions are to be entered into on normal commercial terms.

Due to the time-sensitive nature of commercial transactions, the Company is seeking Shareholders' approval pursuant to Chapter 9 of the Listing Manual for the renewal of the Shareholders' Mandate to enable the Group to enter into transactions with the Interested Persons, provided that such transactions are entered into in the Group's ordinary course of business, are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

The Shareholders' Mandate is intended to enhance the Group's ability to pursue business opportunities which are time-sensitive in nature, and will eliminate the need for the Company to announce, or to announce and convene separate general meetings on each occasion to seek Shareholders' prior approval for the entry by the Group into such transactions. This will substantially reduce administrative time and expenses associated with the making of such announcements or the convening of general meetings from time to time, and allow resources to be focused towards other corporate and business opportunities.

The Shareholders' Mandate will not cover any transactions between the Group and the Interested Persons which have a value below S$100,000 as the threshold and aggregation requirements under Chapter 9 of the Listing Manual do not apply to such transactions. In addition, the transactions will not include the purchase or sale of assets, undertakings or businesses that are not in the Group's ordinary course of business.

If approved at the AGM, the Shareholders' Mandate will take effect from the date of the passing of the resolution to be proposed at the AGM and will continue to be in force until the next annual general meeting. The Company will seek the approval of Shareholders for the renewal of the Shareholders' Mandate annually.

Pursuant to Rule 920(1)(a) of the Listing Manual, the Company is required to:-

(a) disclose the Shareholders' Mandate in the Company's annual report, giving details of the aggregate value of transactions conducted pursuant to the Shareholders' Mandate during the financial year under review, (in the form set out in Rule 907 of the Listing Manual); and

(b) announce the aggregate value of transactions conducted pursuant to the Shareholders' Mandate for the financial periods which it is required to report on within the time period required for the announcement of the financial results of the Group (in the form set out in Rule 907 of the Listing Manual).

2. THE RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS (continued)

2.4 Review Procedures for Interested Person Transactions

The Company has established the following guidelines and procedures to ensure that all Interested Person Transactions are made on the Company's normal commercial terms and are consistent with the Group's usual business practices and policies, which are generally no more favourable to the Interested Person than those extended to unrelated third parties:-

(a) All Interested Person Transactions will be documented and submitted periodically to the Audit Committee for their review to ensure that such transactions are carried out on an arm's length basis and on normal commercial terms and are not prejudicial to the Company. In the event that a member of the Audit Committee is deemed to have an interest in an Interested Person Transaction, he will abstain from reviewing that particular transaction. The Audit Committee will include the review of Interested Person Transactions as part of the standard procedures during the Audit Committee's examination of the adequacy of the Group's internal controls.

(b) In respect of any purchase of products or procurement of services from Interested Persons, quotes received from at least two unrelated third parties in respect of the same or substantially the same types of transactions are to be used as a comparison wherever possible. The Audit Committee will review these comparables, taking into account pertinent factors, including but not limited to:

   (i) whether the pricing is in accordance with the Company's usual business practice and policies;

   (ii) quality of the products offered;

   (iii) delivery time;

   (iv) track record; and

   (v) whether the terms are no more favourable to the Interested Persons than those extended by unrelated third parties.

   In cases where it is not possible to obtain comparables from other unrelated third parties, the Company may enter into the transaction with the Interested Person provided that the price and terms received from the Interested Person are no less favourable than those extended by the Interested Person to the unrelated third parties, taking into account all pertinent factors including, but not limited to business practices, industry norms, volume, quality, delivery time and track record.

(c) In respect of any sale of products to Interested Persons, the Audit Committee will review the terms of the sale to ensure that they are not prejudicial to the interest of the Shareholders, taking into account pertinent factors, including but not limited to whether transactions with Interested Persons have been carried out at the prevailing market rates or prices on terms which are no more favourable to the Interested Person than the usual commercial terms extended to unrelated third parties.

   Where the prevailing market rates or prices are not available due to the nature of the product to be sold, the Company may enter into the transaction with the Interested Person provided that the pricing policies are consistent with the usual margin obtained by the Group for the same or substantially similar type of transaction with unrelated third parties. In determining the transaction price payable by Interested Persons for such products, factors such as, but not limited to, quantity, volume, consumption, customer requirements, specifications and duration of contract will be taken into account.

2. THE RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS (continued)

2.4 Review Procedures for Interested Person Transactions (continued)

The Group will implement the following procedures for the identification of interested persons and the recording of all the Company's interested person transactions:

(a) At or about the fifteenth day of each month, the heads of the various departments are required to submit details of all Interested Person Transactions entered into during the previous month to the Chief Financial Officer, such as the actual value of the transactions. A "nil" return is expected if there are no Interested Person Transactions for the month;

(b) the Chief Financial Officer will maintain a register of interested person transactions carried out with Interested Persons; and

(c) following the review of the list by the Chief Financial Officer, the list will be submitted to the Company's Chief Executive Officer for approval prior to the submission to the Audit Committee for review and approval.

The Directors will ensure that all disclosure requirements on the Interested Person Transactions, including those required by prevailing legislation, the Listing Manual and accounting standards, are complied with. In addition, such transactions will be subject to Shareholders' approval if required by the Listing Manual. The Company will disclose in its Annual Report the aggregate value of the Interested Person Transactions conducted during the financial year.

The Company will maintain a register of transactions carried out with the Interested Persons pursuant to the Shareholders' Mandate (recording the basis, including the quotations obtained to support such basis, on which they were entered into), and the Company's internal audit plan will incorporate a review of all transactions entered into in the relevant financial year pursuant to the Shareholders' Mandate.

The Audit Committee shall review these internal audit reports on the Interested Person Transactions annually to ascertain that the established review procedures to monitor the Interested Person Transactions have been complied with.

If, during these periodic reviews by the Audit Committee, the Audit Committee is of the view that the review procedures as stated above have become inappropriate or insufficient in view of changes to the nature of, or the manner in which, the business activities of the Group are conducted, the Company will revert to Shareholders for a fresh mandate based on new guidelines and review procedures to ensure that Interested Person Transactions will be conducted at arm's length, on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders.

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and the substantial Shareholders in Shares as at the Latest Practicable Date are set out below:

	Direct Interest Number of Shares	%	Deemed Interest Number of Shares	%
Substantial Shareholders				
Lim Mee Len	270,000	0.04	312,160,400(1)	51.08
John Chuang	–	–	312,814,400(2)	51.18
Credit Suisse Trust Limited (***CST***)	–	–	311,407,000(3)	50.95
Johnsonville Assets Limited (***JAL***)	–	–	311,407,000(4)	50.95
Johnsonville Holdings Limited (***JHL***)	–	–	311,407,000(5)	50.95
Aerodrome International Limited (***Aerodrome***)	–	–	311,407,000(6)	50.95
Joseph Chuang	50,000	0.01	308,761,000(7)	50.52
Maplegold Assets Limited (***Maplegold***)	–	–	308,741,000(8)	50.52
Berlian Enterprises Limited (***Berlian***)	–	–	308,741,000(9)	50.52
Springbright Investments Limited (***Springbright***)	–	–	291,964,000(10)	47.77
Tiger Global Management, LLC (***TGM***)	–	–	39,100,000(11)	6.40
Charles P. Coleman III (***CPC***)	–	–	39,100,000(11)	6.40
Aberdeen Asset Management Asia Limited (***AAMAL***)	–	–	49,783,600(12)	8.15
Aberdeen Asset Management PLC (***AAMP***)	–	–	55,943,600(12)	9.15
Aberdeen Asset Managers Limited (***AAML***)	–	–	31,454,500(12)	5.15
Aberdeen International Fund Managers Limited (***AIFML***)			36,545,000(12)	5.98
Aberdeen Global (***AG***)			36,545,000(12)	5.98
Directors				
Pedro Mata-Bruckmann	–	–	177,000(13)	0.03
John Chuang	–	–	312,814,400(2)	51.18
Joseph Chuang	50,000	0.01	308,761,000(7)	50.52
William Chuang	110,000	0.02	–	–
Anthony Michael Dean	–	–	50,000(13)	0.01
Davinder Singh	100,000	0.02	–	–

Notes:

1. Mdm Lim Mee Len (wife of Mr John Chuang) is deemed to be interested in the Shares held (directly and indirectly) by Aerodrome, Berlian, Springbright, McKeeson Investments Pte Ltd (***McKeeson***) and Honeychurch International Limited (***Honeychurch***). Mdm Lim's interests arise as she is the beneficiary of the Johnsonville Asset Trust (***JAT***) and Johnsonville Holdings Trust (***JHT***) of which CST has been appointed as the trustee. CST owns 100% of JAL and JHL, which in turns own (70%) and (30%) of the issued and paid-up share capital of Aerodrome. Accordingly, she is deemed to be interested in all the shares held indirectly by Aerodrome and Honeychurch.
2. Mr John Chuang is deemed to be interested in all the shares held (directly and indirectly) by his wife, Mdm Lim Mee Len, including his shares which are held by his nominees, United Overseas Bank Nominees Pte Ltd and DBS Nominees Pte Ltd. He is also one of the beneficiaries of JHL.
3. CST is a Singapore registered public trust company and deemed interest arises from its 100% shareholding in JAL and JHL. Accordingly, CST is deemed to be interested in all the shares held indirectly by Aerodrome.
4. JAL has a 70% shareholding in Aerodrome. Accordingly, JAL is deemed to be interested in all the shares held indirectly by Aerodrome.
5. JHL has a 30% shareholding in Aerodrome. Accordingly, JHL is deemed to be interested in all the shares held indirectly by Aerodrome.
6. Aerodrome is the holding company of Berlian. Accordingly, Aerodrome is deemed to be interested in all the shares held indirectly by Berlian.
7. Mr Joseph Chuang is the sole shareholder of Maplegold. Accordingly, he is deemed to be interested in all the shares held indirectly by Maplegold, including his shares which are held by his nominee, Citibank Nominees Singapore Private Limited.
8. Maplegold has a 30% shareholding in Berlian. Accordingly, Maplegold is deemed to be interested in all the shares held indirectly by Berlian.
9. Berlian is the sole shareholder of McKeeson and Springbright. Accordingly, Berlian is deemed to be interested in all the shares held (directly and indirectly) by McKeeson and Springbright. In addition, Berlian's shares in the Company are held by its nominee, Citibank Nominees Singapore Private Limited.
10. Springbright's shares in the Company are held by its nominee, HSBC (Singapore) Nominees Pte Ltd.
11. TGM and CPC are deemed to be interested in the shares held by Tiger Global, L.P., Tiger Global Master Fund, L.P. and Tiger Global II SPV II, Ltd.
12. AAMAL, AAMP AIFML, AAML and AG are deemed to be interested in the shares held by their various custodians.
13. Mr Pedro Mata-Bruckmann and Mr Anthony Michael Dean hold shares in the Company through their nominees, Merrill Lynch (Singapore) Pte Ltd, and DBS Nominees Pte Ltd respectively.

4. AUDIT COMMITTEE'S STATEMENT

The Audit Committee has reviewed the terms of the Shareholders' Mandate subject to the renewal. Having considered, *inter alia*, the scope, the guidelines on review procedures, the rationale and the benefits of the Shareholders' Mandate, the Audit Committee confirms that (a) the review procedures for determining the prices of Interested Person Transactions have not changed since approval for the Shareholders' Mandate was last given; and (b) the review procedures set out in paragraph 2.4 of this Appendix are sufficient to ensure that the Interested Person Transactions will be transacted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

If, during the periodic reviews by the Audit Committee, it is of the view that the established review procedures are no longer appropriate or adequate to ensure that the Interested Person Transactions will be transacted on normal commercial terms and will not be prejudicial to the interests of the Company and minority Shareholders, the Company will seek a fresh mandate from Shareholders based on new review procedures.

5. DIRECTORS' RECOMMENDATIONS

The Independent Directors are of the opinion that the entry into of the Interested Person Transactions by the Group in the ordinary course of its business will enhance the efficiency of the Group and is in the best interests of the Company. For the reasons set out in paragraph 2.3 of this Appendix, the Independent Directors recommend that Shareholders vote in favour of Resolution 9, being the Ordinary Resolution relating to the proposed renewal of the Shareholders' Mandate at the forthcoming AGM.

6. ANNUAL GENERAL MEETING

The AGM, notice of which is set out in the Annual Report 2015 of the Company, will be held on 26 April 2016 at Legacy Suite, Level 2, Singapore Marriott Tang Plaza Hotel, 320 Orchard Road, Singapore 238865 at 2:00 p.m. for the purpose of considering and, if thought fit, passing with or without any modifications, the Ordinary Resolution relating to the renewal of the Shareholders' Mandate at the AGM as set out in the Notice of AGM.

7. ACTION TO BE TAKEN BY SHAREHOLDERS

If a Shareholder is unable to attend the AGM and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the Proxy Form attached to the Notice of AGM in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the Company's share registrar, M & C Services Private Limited at 112 Robinson Road, #05-01, Singapore 068902, not later than 48 hours before the time fixed for the AGM. Completion and return of the Proxy Form by a Shareholder will not prevent him from attending and voting at the AGM if he so wishes.

8. INSPECTION OF DOCUMENTS

Copies of the audited financial statements of the Company for the last two financial years ended 31 December 2014 and 2015 are available for inspection at the registered office of the Company at 111 Somerset Road, #12-03, TripleOne Somerset Singapore 238164, during normal business hours from the date of this Appendix up to the date of the AGM.

9. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and the opinions expressed in this Appendix are fair and accurate and that there are no material facts the omission of which would make any statement in this Appendix misleading.

SCOPE

Chapter 9 of the Listing Manual applies to transactions which a listed company or any of its subsidiaries (which are not listed on the SGX-ST or an approved stock exchange) or associated companies (which are not listed on the SGX-ST or an approved stock exchange, provided that the listed group, or the listed group and its interested person(s) has control over) proposes to enter into with a counter-party which is an interested person of the listed company.

DEFINITIONS

An **interested person** means a director, chief executive officer or controlling shareholder of the listed company or an associate of such director, chief executive officer or controlling shareholder.

An **associate** includes an immediate family member (that is, the spouse, child, adopted child, stepchild, sibling or parent) of such director, chief executive officer or controlling shareholder, and any company in which the director/his immediate family, the chief executive officer/his immediate family or controlling shareholder/his immediate family has an aggregate interest (directly or indirectly) of 30% or more, and, where a controlling shareholder is a corporation, its subsidiary or holding company or fellow subsidiary or a company in which it and/or they have (directly or indirectly) an interest of 30% or more.

An **associated company** means a company in which at least 20% but not more than 50% of its shares are held by the listed company or the group.

A **controlling shareholder** means a person who holds (directly or indirectly) 15% or more of the nominal amount of all voting shares in the listed company or one who in fact exercises control over the listed company.

GENERAL REQUIREMENTS

Except for certain transactions which, by reason of the nature of such transactions, are not considered to put the listed company at risk to its interested persons and are hence excluded from the ambit of Chapter 9 of the Listing Manual, immediate announcement or, immediate announcement and shareholders' approval would be required in respect of transactions with interested persons if certain financial thresholds (which are based on the value of the transaction as compared with the listed company's latest audited consolidated NTA), are reached or exceeded. In particular, shareholders' approval is required where:

(a) the value of such transaction when aggregated with the value of all other transactions previously entered into with the same interested person in the same financial year of the listed company is equal to or exceeds 5% of the latest audited consolidated NTA of the listed company; or

(b) the value of such transaction is equal to or exceeds 5% of the latest audited consolidated NTA of the listed company.

Immediate announcement of a transaction is required where:

(a) the value of such transaction when aggregated with the value of all other transactions previously entered into with the same interested person in the same financial year of the listed company is equal to or exceeds 3% of the latest audited consolidated NTA of the listed company; or

(b) the value of such transaction is equal to or exceeds 3% of the latest audited consolidated NTA of the listed company.

GENERAL MANDATE

A listed company may seek a general mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials but not in respect of the purchase or sale of assets, undertakings or businesses. A general mandate is subject to annual renewal.

ADDITIONAL REQUIREMENTS OF SINGAPORE EXCHANGE SECURITIES TRADING LISTING MANUAL

(a) Corporate information

Company Secretaries
Chuang Yok Hoa, ACIS
Raymond Lam Kuo Wei (appointed on 28 January 2016)

Registered Office
111 Somerset Road #12-03
TripleOne Somerset
Singapore 238164
Tel: (65) 6477 5600 Fax: (65) 6887 5181
Email address: enquiry@petrafoods.com

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

Auditor
PricewaterhouseCoopers LLP
8 Cross Street #17-00
PWC Building
Singapore 048424
Deborah Ong
Partner-in-charge (since the financial year ended 31 December 2014)

(b) Material contracts

Chuang Tiong Choon, Chuang Tiong Liep and Chuang Tiong Kie, who are the Company's executive directors, are deemed to have an aggregate interest of 49.0% in the issued share capital of PT Freyabadi Indotama ("Freyabadi") held in aggregate by McKeeson Investments Pte Ltd and PT Sederhana Djaja by virtue of their aggregate interest in 100% of the shareholding in Berlian Enterprises. Chuang Tiong Kie is also the President Director of Freyabadi.

ADDITIONAL REQUIREMENTS OF SINGAPORE EXCHANGE SECURITIES TRADING LISTING MANUAL (continued)

(b) Material contracts (continued)

By virtue of their aggregate interest in 99.9% of the shareholding in PT Sederhana Djaja, Chuang Tiong Choon, Chuang Tiong Liep and Chuang Tiong Kie who are the Company's executive directors, are deemed to be interested in 100% of the issued share capital of PT Tri Keeson Utama ("TKU") held by PT Sederhana Djaja.

(i) Call Option Agreement

On 22 September 2004, the Company entered into a call option agreement with PT Sederhana Djaja and McKeeson Investments Pte Ltd (collectively, the "Grantors") pursuant to which the Grantors granted to the Company the right to require the Grantors to sell to the Company ordinary shares, representing 49%, 100% and 51% of the issued and paid-up share capital of Freyabadi, TKU and PT Fajar Mataram Sedayu ("FMS") respectively.

(ii) Deed of Undertaking

On 22 September 2004, each of Chuang Tiong Choon, Chuang Tiong Liep and Chuang Tiong Kie (the "Covenantors") entered into a deed of undertaking with the Company to undertake and agree to dispose of their respective shareholding interests in Freyabadi, TKU and FMS in the event that the Audit Committee determines that a potential conflict of interest may arise between the Group, Freyabadi and TKU and between the Group and FMS; and the Group's acquisition of each Covenantor's shareholding interests in Freyabadi, TKU and FMS is not in the Group's commercial interest.

(c)(i) Directors' remuneration

A breakdown showing the level and mix of each executive director's remuneration (including salary, bonus, directors' fees and benefits-in-kind) paid and payable for financial years 2014 and 2015 are as follows:

	2015			
	Basic Salary (%)	Variable or Bonuses (%)	Benefits in Kind (%)	Total (%)
S$1,750,000 to S$1,999,999				
- Chuang Tiong Choon	49	43	8	100
S$750,000 to S$999,999				
- Chuang Tiong Liep	52	47	1	100
S$250,000 to S$499,999				
- Chuang Tiong Kie	65	26	9	100

ADDITIONAL REQUIREMENTS OF SINGAPORE EXCHANGE SECURITIES TRADING LISTING MANUAL (continued)

(c)(i) Directors' remuneration (continued)

	2014			
	Basic Salary (%)	Variable or Bonuses (%)	Benefits in Kind (%)	Total (%)
S$1,750,000 to S$1,999,999				
- Chuang Tiong Choon	51	41	8	100
S$500,000 to S$749,999				
- Chuang Tiong Liep	79	13	8	100
S$250,000 to S$499,999				
- Chuang Tiong Kie	82	10	8	100

The remuneration of its non-executive directors for financial years 2014 and 2015 are as follows:

	FY2015 S$	FY2014 S$	Fee (%)	Total (%)
Pedro Mata-Bruckmann	152,285	137,144	100	100
Anthony Michael Dean	138,327	124,124	100	100
Davinder Singh	68,538	59,024	100	100
Josephine Price (resigned on 29 April 2015)	85,155	76,321	100	100
Koh Poh Tiong	97,166	84,444	100	100
Total	541,471	481,057		

ADDITIONAL REQUIREMENTS OF SINGAPORE EXCHANGE SECURITIES TRADING LISTING MANUAL (continued)

(c)(ii) Executive Officers' remuneration

2015	Basic Salary (%)	Variable or Bonuses (%)	Benefits in Kind (%)	Total (%)
S$750,000 to S$999,999				
Lim Seok Bee	52	42	6	100
Nancy Florencia	54	45	1	100
S$500,000 to S$749,999				
Francis Benedict Ryan	66	20	14	100
Amos Moses Yang	49	15	36	100
Ridwan C. Kidjo	57	42	1	100
S$250,000 to S$499,999				
Ferry Haryanto	69	30	1	100
Soh Buck Leng David	59	28	13	100
Chris Oo Hoe Hee(1)	42	42	16	100
Lim Hock Thye(2)	75	14	11	100

2014	Basic Salary (%)	Variable or Bonuses (%)	Benefits in Kind (%)	Total (%)
S$500,000 to S$749,999				
Lim Seok Bee	63	27	10	100
Nancy Florencia	56	44	–	100
Francis Benedict Ryan	73	11	16	100
Amos Moses Yang	50	12	38	100
Chris Oo Hoe Hee(1)	65	25	10	100
S$250,000 to S$499,999				
Ferry Haryanto	66	34	–	100
Ridwan C. Kidjo	56	43	1	100
Soh Buck Leng David	72	18	10	100
Below S$250,000				
Lim Hock Thye(2)	81	–	19	100

Notes:

(1) Chris Oo Hoe Hee resigned and ceased to be Regional General Manager of the Company on 13 May 2015.

(2) Lim Hock Thye was appointed as Regional General Manager of a subsidiary in Indonesia on 7 May 2014.

* The total remuneration paid to the top five key officers was US$2,494,000 (2014: US$2,482,000).

ADDITIONAL REQUIREMENTS OF SINGAPORE EXCHANGE SECURITIES TRADING LISTING MANUAL (continued)

(c)(iii) Remuneration of employees who are immediate family members of a director or the CEO and whose salary exceeds S$50,000 per year are as follows:

S$200,000 to S$249,999		
David Chuang Koong Wey	Business Development Manager	Son of Mr Chuang Tiong Choon
S$50,001 to S$99,999		
Chuang Yok Hoa	Company Secretary	Sister of Mr Chuang Tiong Choon
Chuang Koong Yi	Project Executive	Son of Mr Chuang Tiong Liep

(d) Properties of the Group

Held by	Location	Land Area (sq m)	Tenure	Existing use
	Leasehold Land and Buildings			
PT Perusahaan Industri Ceres	Village: Pasawahan, Sub district: Dayeuh Kolot, No. 92 Regency: Bandung, Province: West Java Indonesia	4,378	30 years from February 2003	Chocolate factory, warehouse, office
	Village: Pasawahan, Sub district: Dayeuh Kolot, No. 92 Regency: Bandung, Province: West Java Indonesia	24,185	30 years from September 2004	Chocolate factory, warehouse, office
	Village: Pasawahan, Sub district: Dayeuh Kolot, No. 88 Regency: Bandung, Province: West Java Indonesia	3,840	30 years from November 2008	Raw material warehouse
	Village: Pasawahan, Sub district: Dayeuh Kolot, No. 94 Regency: Bandung, Province: West Java Indonesia	14,610	30 years from March 2009	Chocolate factory, warehouse, office
	Village: Pasawahan, Sub district: Dayeuh Kolot, No. 86 Regency: Bandung, Province: West Java Indonesia	15,750	30 years from March 2009	For future expansion
	Village: Pasawahan, Sub district: Dayeuh Kolot, No. 90 Regency: Bandung, Province: West Java Indonesia	9,900	30 years from March 2009	For future expansion

ADDITIONAL REQUIREMENTS OF SINGAPORE EXCHANGE SECURITIES TRADING LISTING MANUAL (continued)

(d) Properties of the Group (continued)

Held by	Location	Land Area (sq m)	Tenure	Existing use
	Leasehold Land and Buildings			
PT Perusahaan Industri Ceres	Desa Wanakerta, Kecamatan Telukjambe Barat, Kabupaten Karawang	281,978	Registration in progress	For future expansion
PT Nirwana Lestari	Village: Bojong Menteng Sub District: East Bekasi, Jln Raya Narogong, Km 7 Regency: Bekasi Province: West Java Indonesia	19,450	20 years from December 2008	Office, warehouse
	Denpasar, Bali 80116 Jl. Cargo Permai I no.188	1,515	17 years from May 2005	Warehouse
	Denpasar, Bali 80116 Jl. Cargo Permai I no.188 (Agreement No. 108)	1,260	20 years from September 2011	Office, warehouse
	Denpasar, Bali 80116 Jl. Cargo Permai I no.188 (Agreement No. 15)	2,800	20 years from September 2011	Office, warehouse
Delfi Foods, Inc.	Barangay Parang, Marikina City, Metro Manila, Philippines	25,296	Freehold	Factory, warehouse and office building

ADDITIONAL REQUIREMENTS OF SINGAPORE EXCHANGE SECURITIES TRADING LISTING MANUAL (continued)

(e) Interested person transactions and conflicts of interest ("IPT")

Pursuant to Rule 920(1) of the Listing Manual, the Company has obtained a Shareholders' Mandate for it to enter into certain categories of interested person transactions with PT Tri Keeson Utama, PT Fajar Mataram Sedayu, PT Freyabadi Indotama and PT Sederhana Djaja and each of their associates. Transactions with interested persons which do not fall within the Shareholders' Mandate shall be subject to the relevant provisions of Chapter 9 of the Listing Manual of the SGX-ST.

As at 31 December 2015, the total IPT of US$16.4 million (2014: US$21.6 million) was recorded, as shown below.

Name of interested person	[1] Aggregate value of all interested person transactions during the financial year under review (excluding transactions conducted under shareholders' mandate pursuant to Rule 920) 2015 US$'000	[1] Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 2015 US$'000
PT Freyabadi Indotama		
- Sales of goods	17	162
- Purchase of products	–	15,567
- IT services	32	–
	49	15,729
PT Fajar Mataram Sedayu		
- Sales of goods	–	–
- Purchase of goods	–	598
	–	598
PT Sederhana Djaja		
- Lease of properties	–	31
	49	16,358

Note:

[1] Includes transactions less than S$100,000

ADDITIONAL REQUIREMENTS OF SINGAPORE EXCHANGE SECURITIES TRADING LISTING MANUAL (continued)

(f) Auditors' fees

	The Group	
	2015 US$'000	2014 US$'000
Auditors' remuneration paid/payable to:		
- Auditor of the Company	**206**	197
- Other auditors*	**164**	146
Other fees paid/payable to:		
- Auditor of the Company	**20**	158
- Other auditors*	**3**	7
	393	508

* Includes the network of member firms of PricewaterhouseCoopers International Limited (PwCIL)

(g) Appointment of auditors

The Group has complied with Rules 712 and 716 of the Listing Manual issued by Singapore Exchange Securities Trading Limited in relation to its auditor.

(h) Compliance with Rule 716 of the Listing Rules of SGX-ST

Both Audit Committee and Board are satisfied that the appointment of different auditors of its subsidiaries would not compromise the standard and effectiveness of the audit of the Company. Accordingly, the Company is in compliance with Rule 716 of the Listing Rules of the SGX-ST.

(i) Review of the provision of non-audit services by the auditors

The Audit Committee has undertaken a review of non-audit services provided by the auditor, and in the opinion of the Audit Committee, the provision of these non-audit services would not affect their independence.

(j) Internal controls

Please refer to information disclosed in the Corporate Governance Report.

SHAREHOLDINGS STATISTICS

AS AT 18 MARCH 2016

Total number of ordinary shares	:	611,157,000
Total number of voting shares	:	611,157,000
Total issued and paid-up capital	:	S$247,805,757.00
Total number of treasury shares held	:	Nil
Class of shares	:	Ordinary shares
Voting rights	:	1 vote per ordinary share

ANALYSIS OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	18	4.62	278	0.00
100 - 1,000	86	22.05	65,218	0.01
1,001 - 10,000	195	50.00	868,528	0.14
10,001 - 1,000,000	78	20.00	4,353,939	0.71
1,000,001 and above	13	3.33	605,869,037	99.14
	390	100.00	611,157,000	100.00

TOP 20 SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	%
1	HSBC (Singapore) Nominees Pte Ltd	321,893,400	52.67
2	Citibank Nominees Singapore Pte Ltd	113,858,169	18.63
3	Raffles Nominees (Pte) Ltd	54,228,851	8.87
4	DBS Nominees Pte Ltd	37,511,122	6.14
5	BNP Paribas Securities Services	36,098,137	5.91
6	DBSN Services Pte Ltd	15,409,600	2.52
7	Mckeeson Investments Pte Ltd	6,000,000	0.98
8	Morgan Stanley Asia (S) Securities Pte Ltd	5,194,200	0.85
9	Merrill Lynch (S) Pte Ltd	5,071,058	0.83
10	Kie Saw Sim	3,604,000	0.59
11	UOB Kay Hian Pte Ltd	3,010,000	0.49
12	United Overseas Bank Nominees Pte Ltd	2,638,300	0.43
13	Chuang Mying Hwa	1,352,200	0.22
14	Chuang Yok Hoa	400,000	0.07
15	Nancy Florencia Tjie	318,000	0.05
16	Lim Mee Len	270,000	0.04
17	Herawan Sutisna	210,000	0.03
18	DBS Vickers Securities (S) Pte Ltd	190,000	0.03
19	DB Nominees (S) Pte Ltd	181,648	0.03
20	Chuang Tiong Kie	110,000	0.02
		607,548,685	99.40

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 18 March 2016, approximately 32.31% of the Company's shares listed on the Singapore Exchange Securities Trading Limited were held in the hands of the public. Therefore the Company has complied with Rule 723 of the Listing Manual.

SUBSTANTIAL SHAREHOLDERS

(as recorded in the Register of Substantial Shareholders)

SUBSTANTIAL SHAREHOLDERS' INTERESTS

(AS RECORDED IN THE REGISTER OF SUBSTANTIAL SHAREHOLDERS)

	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Substantial Shareholders				
Lim Mee Len	270,000	0.04	312,160,400[(1)]	51.08
John Chuang	–	–	312,814,400[(2)]	51.18
Credit Suisse Trust Limited (***CST***)	–	–	311,407,000[(3)]	50.95
Johnsonville Assets Limited (***JAL***)	–	–	311,407,000[(4)]	50.95
Johnsonville Holdings Limited (***JHL***)	–	–	311,407,000[(5)]	50.95
Aerodrome International Limited (***Aerodrome***)	–	–	311,407,000[(6)]	50.95
Joseph Chuang	50,000	0.01	308,761,000[(7)]	50.52
Maplegold Assets Limited (***Maplegold***)	–	–	308,741,000[(8)]	50.52
Berlian Enterprises Limited (***Berlian***)	–	–	308,741,000[(9)]	50.52
Springbright Investments Limited (***Springbright***)	–	–	291,964,000[(10)]	47.77
Tiger Global Management, LLC (***TGM***)	–	–	39,100,000[(11)]	6.40
Charles P. Coleman III (***CPC***)	–	–	39,100,000[(11)]	6.40
Aberdeen Asset Management Asia Limited (***AAMAL***)	–	–	49,783,600[(12)]	8.15
Aberdeen Asset Management PLC (***AAMP***)	–	–	55,943,600[(12)]	9.15
Aberdeen Asset Managers Limited (***AAML***)	–	–	31,454,500[(12)]	5.15
Aberdeen International Fund Managers Limited (***AIFML***)			36,545,000[(12)]	5.98
Aberdeen Global (***AG***)			36,545,000[(12)]	5.98

Notes:

1. Mdm Lim Mee Len (wife of Mr John Chuang) is deemed to be interested in the Shares held (directly and indirectly) by Aerodrome, Berlian, Springbright, McKeeson Investments Pte Ltd (***McKeeson***) and Honeychurch International Limited (***Honeychurch***). Mdm Lim's interests arise as she is the beneficiary of the Johnsonville Asset Trust (***JAT***) and Johnsonville Holdings Trust (***JHT***) of which CST has been appointed as the trustee. CST owns 100% of JAL and JHL, which in turns own (70%) and (30%) of the issued and paid-up share capital of Aerodrome. Accordingly, she is deemed to be interested in all the shares held indirectly by Aerodrome and Honeychurch.
2. Mr John Chuang is deemed to be interested in all the shares held (directly and indirectly) by his wife, Mdm Lim Mee Len, including his shares which are held by his nominees, United Overseas Bank Nominees Pte Ltd and DBS Nominees Pte Ltd. He is also one of the beneficiaries of JHL.
3. CST is a Singapore registered public trust company and deemed interest arises from its 100% shareholding in JAL and JHL. Accordingly, CST is deemed to be interested in all the shares held indirectly by Aerodrome.
4. JAL has a 70% shareholding in Aerodrome. Accordingly, JAL is deemed to be interested in all the shares held indirectly by Aerodrome.
5. JHL has a 30% shareholding in Aerodrome. Accordingly, JHL is deemed to be interested in all the shares held indirectly by Aerodrome.
6. Aerodrome is the holding company of Berlian. Accordingly, Aerodrome is deemed to be interested in all the shares held indirectly by Berlian.
7. Mr Joseph Chuang is the sole shareholder of Maplegold. Accordingly, he is deemed to be interested in all the shares held indirectly by Maplegold, including his shares which are held by his nominee, Citibank Nominees Singapore Private Limited.
8. Maplegold has a 30% shareholding in Berlian. Accordingly, Maplegold is deemed to be interested in all the shares held indirectly by Berlian.
9. Berlian is the sole shareholder of McKeeson and Springbright. Accordingly, Berlian is deemed to be interested in all the shares held (directly and indirectly) by McKeeson and Springbright. In addition, Berlian's shares in the Company are held by its nominee, Citibank Nominees Singapore Private Limited.
10. Springbright's shares in the Company are held by its nominee, HSBC (Singapore) Nominees Pte Ltd.
11. TGM and CPC are deemed to be interested in the shares held by Tiger Global, L.P., Tiger Global Master Fund, L.P. and Tiger Global II SPV II, Ltd.
12. AAMAL, AAMP, AIFML, AAML and AG are deemed to be interested in the shares held by their various custodians.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of **PETRA FOODS LIMITED** (***Company***) will be held at Legacy Suite, Level 2, Singapore Marriott Tang Plaza Hotel, 320 Orchard Road, Singapore 238865, on Tuesday, 26 April 2016 at 2:00 p.m. for the following purposes:

A. AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements for the year ended 31 December 2015, together with the auditors' report thereon. **(Resolution 1)**

2. To re-elect Mr Chuang Tiong Choon as a Director, who will be retiring by rotation under Regulation 104 of the Company's Constitution. **(Resolution 2)**
   (*See explanatory notes*)

3. To re-elect Mr Chuang Tiong Liep as a Director, who will be retiring by rotation under Regulation 104 of the Company's Constitution. **(Resolution 3)**
   (*See explanatory notes*)

4. To re-appoint Mr Pedro Mata-Bruckmann as a Director. **(Resolution 4)**
   (*See explanatory notes*)

5. To approve Directors' fees of US$354,740 payable by the Company for the year ending 31 December 2016 (2015: US$406,300). **(Resolution 5)**

6. To re-appoint PricewaterhouseCoopers LLP as auditors of the Company for the financial year ending 31 December 2016 and to authorise the Directors to fix their remuneration. **(Resolution 6)**

B. TO TRANSACT ANY OTHER ORDINARY BUSINESS THAT MAY PROPERLY BE TRANSACTED AT AN ANNUAL GENERAL MEETING.

C. AS SPECIAL BUSINESS

To consider and, if thought fit, to pass, with or without modifications, the following resolutions as ordinary resolutions:

7. **Share Issue Mandate** (**Resolution 7**)

   That, under section 161 of the Companies Act, Chapter 50 (***Act***) and the Listing Manual of the Singapore Exchange Securities Trading Limited (***SGX-ST***), authority be given to the directors of the Company to:-

   (a) (i) issue shares in the Company (***Shares***) whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements, or options (collectively, ***Instruments***) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible or exchangeable into Shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue Shares under any Instrument made or granted by the Directors while this Resolution was in force,

provided that:-

(1) the aggregate number of Shares to be issued under this Resolution (including Shares to be issued under the Instruments, made or granted under this Resolution) does not exceed 50 per cent of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a *pro rata* basis to shareholders of the Company (including Shares under the Instruments made or granted under this Resolution) does not exceed 20 per cent of the Company's total number of issued Shares (excluding treasury shares) (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares shall be calculated based on the total number of issued Shares excluding treasury shares, if any, at the time of the passing of this Resolution, after adjusting for:-

    (a) new Shares arising from the conversion or exercise of convertible securities;

    (b) new Shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

    (c) any subsequent bonus issue, consolidation or subdivision of Shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Act, the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier.

8. **Authority to allot and issue new ordinary shares under the Petra Foods Limited Scrip Dividend Scheme** **(Resolution 8)**

That under section 161 of the Act, authority be given to the directors to allot and issue from time to time such number of new ordinary shares in the capital of the Company as may be required to be allotted and issued under the Petra Foods Limited Scrip Dividend Scheme.

9. **The Proposed Renewal of the Mandate for Interested Person Transactions** **(Resolution 9)**

That:-

(a) approval be given, for the purposes of Chapter 9 of the Listing Manual of the SGX-ST, for the Company, its subsidiaries and its associated companies which are entities at risk as defined in Chapter 9 of the Listing Manual of the SGX-ST, or any of them, to enter into any of the transactions falling within the types of interested person transactions, particulars of which are set out in the Annual Report of the Company for the financial year ended 31 December 2015 (***Appendix***) with any person who falls within the class of interested persons described in the Appendix, provided that such transactions are made at arm's length and on normal commercial terms, will not be prejudicial to the interests of the Company and its minority shareholders, and will be subject to the review procedures for interested person transactions as set out in the Appendix;

(b) the approval given in sub-paragraph (a) above (***IPT Mandate***) shall, unless revoked or varied by the Company in general meeting, continue in force until the next annual general meeting of the Company is held or is required by law to be held, whichever is the earlier; and

(c) the Directors be authorised to do all such acts and things (including, without limitation, executing all such documents as may be required) as they may consider expedient or necessary in the interests of the Company to give effect to the IPT Mandate and/or this Resolution.

By Order of the Board of Directors

Chuang Yok Hoa / Raymond Lam
Company Secretaries

Singapore, 8 April 2016

Notes:

(1) A member of the Company entitled to attend and vote at the above meeting may appoint not more than two proxies to attend and vote on his behalf.

(2) A member who is a relevant intermediary entitled to attend and vote at the AGM is entitled to appoint more than two proxies to attend and vote at the AGM instead of such member, but each such proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

A "relevant intermediary" means:

(a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act and who holds shares in that capacity; or
(c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

(3) A proxy need not be a member of the Company and where there is more than one proxy, the proportion (expressed as a percentage of the whole) of his shareholding to be represented by each proxy must be stated.

(4) The instrument appointing a proxy or proxies must be deposited at the office of the Company's share registrar, M & C Services Private Limited at 112 Robinson Road, #05-01, Singapore 068902 not less than 48 hours before the time appointed for holding the meeting.

Personal Data Privacy

By submitting an instrument appointing a proxy and/or representative to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company:

(i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives relating to the Annual General Meeting (including any adjournment thereof); and

(ii) warrants that where the member discloses the personal data of the member's proxy and/or representative to the Company (or its agents), the member has obtained all necessary consents to do so, and that the Company (or its agents) may collect, use and disclose such personal data for the purposes above.

EXPLANATORY NOTES & STATEMENT UNDER REGULATION 64 OF THE COMPANY'S CONSTITUTION.

Resolution 2:
If re-elected, Mr Chuang Tiong Choon, an Executive Director, shall remain as a member of the Nominating Committee, Risk Management Committee and Executive Committee of the Company.

Resolution 3:
If re-elected, Mr Chuang Tiong Liep, an Executive Director, shall remain as a member of the Executive Committee of the Company.

Resolution 4:
Mr Pedro Mata-Bruckmann who is over the age of 70 was re-appointed as Director to hold office from the date of the last annual general meeting (on 28 April 2015) until this Annual General Meeting pursuant to section 153(6) of the Act. Section 153(6) of the Act was repealed when the Companies (Amendment) Act came into effect on 3 January 2016. As his appointment lapses at this Annual General Meeting, Mr Bruckmann will have to be re-appointed to continue in office. Upon his re-appointment at the conclusion of this Annual General Meeting, going forward, Mr Bruckmann will be subject to retirement by rotation under Regulation 104 of the Company's Constitution.

Upon re-appointment, Mr Bruckmann, an Independent Director, will remain as Chairman of the Board, Chairman of the Nominating Committee and a member of the Audit Committee, Remuneration Committee and Risk Management Committee of the Company.

Resolution 7:
The proposed Resolution 7, if passed, will empower the directors, from the date of the Annual General Meeting until the next annual general meeting of the Company, to issue Shares and/or Instruments up to an aggregate number not exceeding 50 per cent of the total number of issued Shares excluding treasury shares, with a sub-limit of 20 per cent for Shares issued other than on a *pro rata* basis to Shareholders.

Resolution 8:
The proposed Resolution 8, if passed, will empower the directors to allot and issue shares in the Company under the Petra Foods Limited Scrip Dividend Scheme to members who, in respect of a qualifying dividend, have elected to receive scrip in lieu of the cash amount of that qualifying dividend.

Resolution 9:
The proposed Resolution 9, if passed, will renew the IPT Mandate (which was last renewed at the annual general meeting of the Company held on 28 April 2015) to facilitate the Company, its subsidiaries and associated companies which are entities at risk as defined in Chapter 9 of the Listing Manual of the SGX-ST, to enter into Interested Persons Transactions, the details of which are set out in the Annual Report. The authority under the renewed IPT Mandate will, unless revoked or varied by the Company in general meeting, expire at the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting is required by law to be held, whichever is the earlier.

Personal Data Privacy

By submitting an instrument appointing a proxy and/or representative to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company:

(i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of processing and administration by the Company (or its agents) of proxies and representatives relating to the Annual General Meeting (including any adjournment thereof); and

(ii) warrants that where the member discloses the personal data of the member's proxy and/or representative to the Company (or its agents), the member has obtained all necessary consents to do so, and that the Company (or its agents) may collect, use and disclose such personal data for the purposes above.

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PETRA FOODS LIMITED

Company Registration No. 198403096C
(Incorporated in the Republic of Singapore)

IMPORTANT

1. For investors who have used their CPF monies to buy the Company's shares, this Circular is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR THEIR INFORMATION ONLY.
2. This proxy form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), the Shareholder accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 8 April 2016.
4. A relevant intermediary may appoint more than two proxies to attend the AGM and vote (please see Note 3 for the definition of "relevant intermediary").

PLEASE READ THE NOTES TO THE PROXY FORM.

PROXY FORM

I/We ____ (NRIC / Passport No.) ____

of____

(Address) being a member/members of Petra Foods Limited (***Company***), hereby appoint:-

Name	Address	NRIC/ Passport Number	Proportion of Shareholdings (%)
And/or (delete as appropriate)			

or failing whom, Chairman of the Meeting, as my/our proxy/proxies to attend and vote for me/us on my/our behalf, at the annual general meeting of the Company (***AGM***) to be held at Legacy Suite, Level 2, Singapore Marriott Tang Plaza Hotel, 320 Orchard Road, Singapore 238865 on Tuesday, 26 April 2016 at 2:00 p.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any matter arising at the AGM and at any adjournment thereof.

(If you wish to exercise all your votes "For" or "Against", please tick with " Ö " within the box provided. Alternatively, please indicate the number of votes "For" or "Against" each resolution.)

No.	Resolutions	For	Against
Ordinary Business			
1.	To receive and adopt Directors' Statement and Audited Financial Statements for the year ended 31 December 2015, together with the auditors' report thereon.		
2.	To re-elect Mr Chuang Tiong Choon as a Director.		
3.	To re-elect Mr Chuang Tiong Liep as a Director.		
4.	To re-appoint Mr Pedro Mata-Bruckmann as a Director.		
5.	To approve Directors' fees for the year ending 31 December 2016.		
6.	To re-appoint PricewaterhouseCoopers LLP as auditors and to authorise Directors to fix their remuneration.		
Special Business			
7.	To authorise Directors to issue shares and/or Instruments under Section 161 of the Companies Act, Chapter 50.		
8.	To authorise Directors to issue new ordinary shares under the Petra Foods Limited Scrip Dividend Scheme.		
9.	To renew the Mandate for Interested Person Transactions.		

Dated this ____________ day of _________________ 2016

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	
Total	

____
Signature(s) of member(s)/Common Seal

IMPORTANT - PLEASE READ NOTES OVERLEAF

Notes:

1. A member should insert the total number of ordinary shares in the capital of the Company (***Shares***) held. If the member has Shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Cap 289 (***SFA***)), he should insert that number of Shares. If the member has Shares registered in his name in the Register of Members, he should insert that number of Shares. If a member has Shares entered against his name in the Depository Register and Shares registered in his name in the Register of Members, he should insert the aggregate number of Shares entered against his name in the Depository Register and registered in his name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies will be deemed to relate to all the Shares held by the member.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote instead of him. A proxy need not be a member of the Company.

3. A member who is a relevant intermediary entitled to attend and vote at the AGM is entitled to appoint more than two proxies to attend and vote at the AGM instead of such member, but each such proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

   A "relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
   (b) a person holding a capital markets services licence to provide custodial services for securities under the SFA and who holds shares in that capacity; or
   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

4. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.

5. The instrument appointing a proxy or proxies must be deposited at the office of the Company's share registrar, M & C Services Private Limited at 112 Robinson Road, #05-01, Singapore 068902 not less than 48 hours before the time appointed for the AGM.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act (Cap. 50).

8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this instrument appointing a proxy or proxies.

9. In the case of members whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have Shares entered against their names in the Depository Register as at 72 hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy

By submitting an instrument appointing a proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM.

FINANCIAL
Calendar

Annual General Meeting	April 2016
Announcement of First Quarter Results	May 2016
Announcement of Half Year Results	August 2016
Announcement of Third Quarter Results	November 2016

CORPORATE INFORMATION

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

AUDITORS
PricewaterhouseCoopers LLP
8 Cross Street
#17-00 PWC Building
Singapore 048424

Partner-in-charge
Deborah Ong (since 2014)

STOCK CODES
SGX: Petra
Bloomberg: PETRA SP
Reuters: PEFO.SI

COMPANY SECRETARIES
Chuang Yok Hoa, ACIS
Raymond Lam Kuo Wei

PRINCIPAL BANKERS
ABN-AMRO N.V,
Singapore Branch
Level 25
One Raffles Quay
South Tower
Singapore 048583

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

KBC Bank N.V,
Singapore Branch
30 Cecil Street, #12-01
Prudential Tower
Singapore 049712

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

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

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

REGISTRAR AND SHARE TRANSFER OFFICE
M&C Services Private Limited
112 Robinson Road #05-01
The Corporate Office
Singapore 068902

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Bojong Menteng
Bekasi 17117, Jawa Barat,
Indonesia

MALAYSIA
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Sky Park One City,
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Subang Jaya,
47650 Selangor, Malaysia

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

Some of the information in this report constitute "forward looking statements" which reflect Petra's current intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which may be outside Petra's control. You are urged to view all forward looking statements with caution. For updated information, please contact our Corporate Office.

NOTE ABOUT PRINTING:
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