

Delfi Limited
Unaudited Financial Statements and Dividend Announcement
For the 4th Quarter and Full Year Ended 31 December 2017

TABLE OF CONTENTS

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

1(a)	Income Statement	2
1(b)	Statement of Financial Position	5
1(c)	Cash Flow Statement	9
1(d)	Statement of Changes in Equity	12
2	Audit	15
3	Auditors' Report	15
4	Accounting Policies	16
5	Changes in Accounting Policies	16
6	Earnings per Ordinary Share	16
7	Net Asset Value per Share	16
8	Review of Group Performance	17
9	Variance from Prospect Statement	24
10	Prospects	24
11	Dividend	25
12	Statement relating to Dividend	26
13	General Mandate	27
14	Negative Confirmation	27
15	Undertakings from Directors and Executive Officers	27

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR RESULTS

16	Segment Information	27
17	Review of Turnover and Earnings by Operating Segments	31
18	Breakdown of Sales	31
19	Breakdown of Total Annual Dividend	31
20	Disclosure of Person related to Director, CEO or Substantial Shareholder	32

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

		Group			Group		
		4Q ended 31 December			FY ended 31 December		
		2017	2016	%	2017	2016	%
Notes		US\$'000	US\$'000		US\$'000	US\$'000	
Revenue	1	99,677	105,587	(5.6)	380,910	402,083	(5.3)
Cost of sales		(64,218)	(65,008)	(1.2)	(250,917)	(262,352)	(4.4)
Gross profit		35,459	40,579	(12.6)	129,993	139,731	(7.0)
Other operating income	2	62	140	(55.7)	6,223	4,549	36.8
<u>Expenses</u>							
Selling and distribution costs		(21,170)	(25,414)	(16.7)	(76,545)	(78,756)	(2.8)
Administrative expenses		(5,296)	(5,425)	(2.4)	(20,223)	(19,462)	3.9
Finance costs		(726)	(1,013)	(28.3)	(2,982)	(4,088)	(27.1)
Other operating expenses		(68)	(359)	(81.1)	(578)	(473)	22.2
Exceptional items	3	-	(2,000)	NM	-	(2,000)	NM
Share of loss of associated companies and joint ventures	4	(118)	(90)	31.1	(506)	(266)	90.2
Profit before income tax		8,143	6,418	26.9	35,382	39,235	(9.8)
Income tax expense	5	(4,269)	(2,765)	54.4	(13,277)	(13,082)	1.5
Total profit	6	3,874	3,653	6.0	22,105	26,153	(15.5)
Profit/(loss) attributable to:							
Equity holders of the Company		3,875	3,654	6.1	22,107	26,156	(15.5)
Non-controlling interest		(1)	(1)	NM	(2)	(3)	(50.0)
		3,874	3,653	6.0	22,105	26,153	(15.5)
EBITDA	a	11,650	12,513	(6.9)	44,775	50,582	(11.5)
Earnings per ordinary share (US cents) - Basic and Diluted ^b							
- Include exceptional/non-recurring items		0.63	0.60	6.1	3.62	4.28	(15.5)
- Exclude exceptional/non-recurring items ^c		0.63	0.93	(31.5)	2.90	4.61	(37.0)
Return on equity							
- Include exceptional/non-recurring items					10.8%	11.8%	(1.0%) pt
- Exclude exceptional/non-recurring items ^c					8.6%	12.6%	(4.0%) pt

Notes

- Excludes a non-recurring pre-tax gain of US\$4.6 million in 2Q 2017 on sale of 50% stake in associated company, PT Ceres Meiji Indotama in Indonesia (see paragraph 1(b)(i) Note 4 on page 6) and share of loss of joint venture (PACTS) of US\$0.7 million (see Note 4 on page 4).
- As there are no potentially dilutive ordinary shares, diluted Earnings per Share (EPS) is the same as basic Earnings per Share. EPS is calculated by dividing the net profit attributable to shareholders of the Company by the number of shares of 611,157,000.
- Computed based on Net Profit excluding a non-recurring after-tax gain from disposal of an associated company of US\$4.4 million in FY2017 and US\$2.0 million charge relating to the on-going claims associated with the disposal of Delfi Cacau Brasil Ltda in FY2016.

Explanatory Notes on Income Statement

Note 1 - Revenue

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

	4Q ended 31 December			FY ended 31 December		
	2017	2016	Change	2017	2016	Change
	<u>US\$'000</u>	<u>US\$'000</u>	<u>%</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>%</u>
Indonesia	70,216	76,444	(8.1)	270,381	290,934	(7.1)
Regional Markets	29,461	29,143	1.1	110,529	111,149	(0.6)
	<u>99,677</u>	<u>105,587</u>	(5.6)	<u>380,910</u>	<u>402,083</u>	(5.3)

(b) Breakdown of Sales

	4Q ended 31 December			FY ended 31 December		
	2017	2016	Change	2017	2016	Change
	<u>US\$'000</u>	<u>US\$'000</u>	<u>%</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>%</u>
Own Brands	63,942	69,406	(7.9)	236,942	255,027	(7.1)
Agency Brands	35,735	36,181	(1.2)	143,968	147,056	(2.1)
	<u>99,677</u>	<u>105,587</u>	(5.6)	<u>380,910</u>	<u>402,083</u>	(5.3)

Note 2 - Other Operating Income

Included in FY2017 was a pre-tax gain of US\$4.6 million (net of selling costs) recognized on completion of the divestment of the Group's 50% stake in PT Ceres Meiji Indotama ("CMI") for US\$8.3 million in May 2017 (see paragraph 1(b)(i) Note 4).

In FY2016, the Group recorded interest income of US\$2.6 million (IDR 34.5 billion) received by PT General Goods Industries ("GFI"), a wholly owned subsidiary of the Company, from Indonesia's Director General of Taxation ("DGT"). This related to rulings in 2012 and 2014 by the Indonesian Tax court and the Supreme Court in favour of GFI in its appeal against the DGT's imposition of an additional tax assessment in 2009 amounting to IDR 72.5 billion (US\$7.2 million) pertaining to the issue of transfer pricing. In 2012, the DGT refunded the IDR 72.5 billion tax to GFI but based on Indonesian tax regulation, the DGT must, in addition, pay interest for the period the taxes were withheld.

Note 3 - Exceptional Charge

In 4Q and FY2016, the Group recognized an exceptional charge of US\$2.0 million pertaining to claims associated with the disposal of Delfi Cacau Brasil Ltda ("DCBR") - see para 8 on page 23.

Note 4 - Share of Loss of Associated Company and Joint Ventures

In 2017, the Company reached an agreement with Cemoi Group ("Cemoi") and Blommer Chocolate Company ("Blommer") that will lead to the winding down of the PACTS (Processors Alliance for Cocoa Traceability and Sustainability) programme. PACTS was a programme formed under a tri-partite joint venture between the Company, Cemoi and Blommer in May 2010 with the objective of improving the supply of high quality fermented cocoa beans from the Ivory Coast and the livelihoods of the local cocoa farming community. Along with the agreement, the Company recognised US\$0.7 million, being its share of PACTS losses and cost of liquidation.

Note 5 - Income Tax Expense

The Group's 4Q 2017 and FY2017 effective tax rates appear higher compared to the same periods in prior year because in 4Q 2016 and FY2016 PT Perusahaan Industri Ceres, a wholly owned subsidiary of the Company, obtained a one-off tax benefit of US\$2.5 million through a new regulation regarding fixed assets revaluation for 2015 and 2016 tax submissions. The new regulation was issued as part of the Indonesian Government's fifth stimulus package, and was effective from 20 October 2015.

Note 6 - Net Profit

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

		4Q ended 31 December			FY ended 31 December		
		2017	2016	Change	2017	2016	Change
	Notes	<u>US\$'000</u>	<u>US\$'000</u>	<u>%</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>%</u>
Depreciation of property, plant and equipment		(2,708)	(3,277)	(17.4)	(10,982)	(9,014)	21.8
Amortization of intangible assets	a	(232)	(44)	427.3	(346)	(163)	112.3
Net foreign exchange loss		(118)	(342)	(65.5)	(192)	(124)	54.8
Group under provision of tax in prior years		(287)	(811)	(64.6)	(768)	(754)	1.9
(Loss)/gain on disposal of property, plant and equipment		(25)	61	NM	180	104	73.1
Impairment loss on trade receivables	b	(730)	(27)	NM	(675)	(77)	NM
Inventories written-off	c	(704)	(1,389)	(49.3)	(2,325)	(3,051)	(23.8)
Allowance made for inventory obsolescence	c	(641)	(127)	404.7	(2,140)	(1,915)	11.7

- The higher amortization of intangible assets is attributed to the completion of an Enterprise Resource Planning (ERP) system implementation in Indonesia (see paragraph 1(b)(i) Note 5).
- In 4Q 2017, the Group recognized an impairment charge of US\$0.7 million due to cessation of business with one of its distributors in Indonesia.
- In 4Q and FY2017, an Indonesian subsidiary recorded an additional allowance for inventory obsolescence totaling US\$0.2 million and US\$0.5 million respectively on discontinuation of an Agency Brand. Total inventories written-off and allowance for inventory obsolescence for FY2017 was lower Y-o-Y with lower trade returns of discontinued Agency Brands/Own Brands products during the period under review. The trade returns resulted from the Group's strategic initiative to trim under-performing SKUs in Indonesia and the Philippines.

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

	Notes	Group		Company	
		31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
		US\$'000	US\$'000	US\$'000	US\$'000
ASSETS					
Current assets					
Cash and cash equivalents		67,368	67,737	58,894	60,030
Derivative assets		-	4	-	-
Trade receivables		61,694	61,756	1,110	1,337
Loans to subsidiaries		-	-	600	700
Loans to associated company		60	-	60	-
Inventories	1	65,087	54,685	-	-
Tax recoverable	2	1,004	5,792	-	-
Other current assets	3	15,522	12,697	4,034	888
		210,735	202,671	64,698	62,955
Non-current assets					
Investments in subsidiaries		-	-	35,935	35,935
Investments in associated companies and joint ventures	4	3,830	2,769	3,900	3,000
Loans to associated company and joint venture		930	932	-	-
Property, plant and equipment	5	123,113	126,768	751	905
Intangible assets	5	8,564	5,243	4,543	5,167
Deferred income tax assets		1,234	775	-	-
Other non-current assets		2,698	3,173	-	-
		140,369	139,660	45,129	45,007
Total Assets		351,104	342,331	109,827	107,962
LIABILITIES					
Current liabilities					
Trade payables		30,593	34,689	1,075	332
Other payables	6	42,799	37,820	3,693	4,086
Current income tax liabilities		1,506	1,382	-	-
Derivative liabilities		143	91	82	91
Borrowings	7	47,136	44,197	104	95
		122,177	118,179	4,954	4,604
Non-current liabilities					
Borrowings	7	5,064	9,578	172	190
Deferred income tax liabilities		1,291	1,628	-	-
Provisions for other liabilities and charges		12,940	11,654	-	-
		19,295	22,860	172	190
Total liabilities		141,472	141,039	5,126	4,794
NET ASSETS		209,632	201,292	104,701	103,168
Capital and reserves attributable to the Company's equity holders					
Share capital		95,936	95,936	95,936	95,936
Foreign currency translation reserve		(59,872)	(60,228)	-	-
Other reserves		1,010	1,760	-	-
Retained earnings		172,436	163,710	8,765	7,232
		209,510	201,178	104,701	103,168
Non controlling interest		122	114	-	-
Total equity		209,632	201,292	104,701	103,168

Explanatory Notes on Statement of Financial Position

Note 1 - Inventories

Compared to end-2016, inventories increased by US\$10.4 million due to higher inventories carried in Indonesia. In December 2017, a Government imposed transportation disruption in Indonesia necessitated the deferment of some deliveries to January 2018. In addition, higher levels of inventory were carried in order to achieve our strategy of serving the minimarkets directly. Previously undertaken by our distributors, management believes by delivering directly, the service level to our Modern Trade customers will be improved while allowing our distributors to increase their focus on the Traditional Trade format.

Note 2 - Tax Recoverable

Tax recoverable decreased by US\$4.8 million for FY2017 mainly due to tax refunds received by our Indonesian subsidiaries in FY2017.

Note 3 - Other Current Assets

Compared to end December 2016, the increase in other current assets of US\$2.8 million was due to higher Value Added Taxes receivables, deposits for purchase of inventories and higher amount of advertising & promotion expenses claimable from Agency Brands principals.

Note 4 - Investments in Associated Company and Joint Ventures

As announced on 10 May 2017, the Company and its subsidiary, PT Perusahaan Industri Ceres (“Ceres”) completed the sale of their respective entire shareholdings which constituted 50% of total issued shares or 3,750,000 ordinary shares in the capital of PT Ceres Meiji Indotama (“CMI”) for a consideration of US\$8.3 million received in cash. Following the disposal, CMI ceased to be an associated company of the Company.

On 30 March 2017, the Company subscribed for an additional 900,000 new ordinary shares in Delfi-Orion Pte Ltd (“Delfi-Orion”), a Singapore incorporated company by paying a cash consideration of US\$900,000. As a result of the subscription, the Company holds 900,001 ordinary shares in Delfi-Orion, for a total consideration of US\$900,001 representing 50% of the total issued shares of Delfi-Orion. South Korea’s Orion Corporation holds the remaining 50%. The Subscription by the Company in Delfi-Orion was paid in cash and funded through the Company’s internal resources. Delfi-Orion is established under a joint venture between the Company and Orion to develop, market and sell a range of joint branded confectionery products in Indonesia.

On 21 April 2017, the Company announced the signing of a Joint Venture Agreement with Japan’s Yuraku Confectionery Company Ltd (“Yuraku”). As part of the joint venture (“JV”), the Company and Yuraku incorporated Delfi Yuraku Pte Ltd (“Delfi Yuraku”) on 10 August 2017, a 60/40 JV company in Singapore with an initial issued and paid-up capital of US\$10 comprising 10 ordinary shares. The Company has a 60% stake in Delfi Yuraku with Yuraku holding the remaining 40%. Delfi Yuraku will produce, develop, market and sell a range of chocolate snack products under the “Delfi” master brand in Indonesia.

On 2 October 2017, the Company subscribed for an additional 3,000,000 new ordinary shares in Delfi Yuraku by paying US\$3.0 million in cash. Yuraku has similarly subscribed for an additional 2,000,000 new ordinary shares in the Delfi Yuraku for a total cash consideration of US\$2.0 million. As a result of the Subscription, the Company now holds 3,000,006 ordinary shares in Delfi Yuraku, for a total consideration of US\$3,000,006 representing 60% of the total issued shares of Delfi Yuraku. Yuraku holds the remaining 40%.

On 15 December 2017, the Company has, through its joint venture and subsidiary, Delfi Yuraku and Ceres, incorporated a new subsidiary namely, PT Delfi Yuraku Indonesia ("PT Delfi Yuraku") in Indonesia. PT Delfi Yuraku has an issued and paid up capital of US\$5,000,000 comprising 5,000,000 ordinary shares, of which 4,995,000 and 5,000 were registered to Delfi Yuraku, and Ceres respectively. The capital will be utilised by PT Delfi Yuraku to establish manufacturing and sales and marketing capabilities to develop the business in Indonesia, and fund the initial operations, working capital requirements and other operating expenses. Delfi's local distribution arm in Indonesia will be appointed as its exclusive distributor of the products in Indonesia.

Note 5 - Capital Expenditure on Property, Plant and Equipment and Intangible Assets

The capital expenditure incurred in FY2017 was mainly for the activation of mechanical and engineering works in the new factory building in Indonesia which was completed in August 2016 and for the implementation of the SAP platform as the Group's Enterprise Resource Planning system (classified as Intangible Assets). Funded by the Group's operating cash flow, the allocation of this capital expenditure by geographical region is as follows:

	4Q 2017	4Q 2016	FY2017	FY2016
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
Indonesia	1,714	4,249	9,647	15,635
Regional Markets	822	701	2,168	1,786
	2,536	4,950	11,815	17,421

Note 6 - Other Payables

The increase in other payables of US\$5.0 million during FY2017 was mainly due to a higher accrual of advertising and promotion expenses incurred for the Modern Trade channel.

Note 7 - Borrowings

	Group		Company	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
Bank overdrafts	16,963	22,502	-	-
Bank borrowings	24,310	24,088	-	-
Finance lease liabilities	547	1,271	276	285
Trade finance and short term advances	10,380	5,914	-	-
	52,200	53,775	276	285
Breakdown of borrowings:				
Current	47,136	44,197	104	95
Non current	5,064	9,578	172	190
	52,200	53,775	276	285

During FY2017, the Group reduced its total borrowings by US\$1.6 million through utilization of its positive free cash flow.

Note 8 - Key Ratios

	31-Dec-17	31-Dec-16
Current ratio	1.72	1.71
Average Inventory Days	87	79
Average Receivable Days	59	54
Average Payable Days	47	42
Return on Equity (see paragraph 1(a) on page 2)	8.6%	12.6%

For FY2017, the Group's Average Inventory Days and Average Receivable Days increased by 8 days and 5 days respectively. This reflected the implementation, beginning end-3Q 2017, of the Group's initiative to deliver directly to the minimarkets in Indonesia in order to increase service levels to our Modern Trade customers. A consequence of this is higher inventory levels necessary in order to service our Modern Trade customers, which also have longer trading terms.

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

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

Aggregate amount of the group's borrowings and debt securities

	Group		Company	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
Amount repayable in one year or less, or on demand				
- Secured	12,411	10,762	104	95
- Unsecured	34,725	33,435	-	-
	47,136	44,197	104	95
Amount repayable after one year				
- Secured	219	458	172	190
- Unsecured	4,845	9,120	-	-
	5,064	9,578	172	190

Details of collateral

Of the Group's total bank borrowings as at 31 December 2017, US\$12.6 million (2016: US\$11.2 million) are secured on inventories, property, plant and equipment and building of certain subsidiaries of the Group.

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

	Notes	Full Year ended	
		31-Dec-17	31-Dec-16
		US\$'000	US\$'000
Cash flows from operating activities			
Total profit		22,105	26,153
Adjustments:			
Income tax expense		13,277	13,082
Depreciation and amortization		11,328	9,177
Property, plant and equipment written-off		-	73
Gain on disposal of property, plant and equipment		(180)	(104)
Exceptional items	See para 1(a) Note 3 on page 3	-	2,000
Interest income		(948)	(3,918)
Interest expense		2,982	4,088
Fair value loss on derivatives		56	63
Gain on sale of associated company	See para 1(a) Note 2 on page 3	(4,629)	-
Share of loss from associated companies and joint ventures	See para 1(a) Note 4 on page 4	506	266
Operating cash flow before working capital changes		44,497	50,880
Change in working capital			
Inventories	See para 1(b)(i) Note 1 on page 6	(10,402)	4,907
Trade and other receivables		(2,111)	(2,889)
Trade and other payables		1,297	16,293
Cash generated from operations		33,281	69,191
Interest received		948	3,918
Income tax paid, net of tax refund received	See para 1(b) Note 2 on page 6	(9,010)	(13,454)
Net cash provided by operating activities		25,219	59,655
Cash flows from investing activities			
Purchases of property, plant and equipment	1	(8,216)	(16,674)
Investment in joint ventures		(3,900)	-
Purchases of intangible assets	See para 1(b)(i) Note 5 on page 7	(3,563)	(691)
Loan to a joint venture		(60)	-
Payment for liquidation of joint venture		(660)	-
Proceeds from disposal of associated company, net of transaction cost paid		8,197	-
Proceeds from disposal of property, plant and equipment		240	315
Net cash used in investing activities		(7,962)	(17,050)
Cash flows from financing activities			
Capital reduction		-	(60,015)
Proceeds from bank borrowings		12,974	-
Proceeds from trade finance		4,466	114
Repayment of bank borrowings		(12,612)	(22,044)
Repayment of lease liabilities		(841)	(2,802)
Interest paid		(2,982)	(4,088)
Dividends paid to equity holders of company		(13,306)	(8,275)
Net cash used in financing activities		(12,301)	(97,110)
Net increase/(decrease) in cash and cash equivalents		4,956	(54,505)
Cash and cash equivalents			
Beginning of financial year		45,235	100,550
Effects of currency translation on cash and cash equivalents		214	(810)
End of financial year		50,405	45,235

Note

1 In FY2017, the amount excludes addition of property, plant and equipment of US\$0.1 million (FY 2016: US\$0.15 million) that were financed by lease liabilities.

Reconciliation of liabilities arising from financing activities

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

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

	Financial Year	
	31-Dec-17	31-Dec-16
	<u>US\$'000</u>	<u>US\$'000</u>
Cash and bank balances	14,966	10,329
Short term deposits	52,402	57,408
Less: Bank overdrafts	(16,963)	(22,502)
	50,405	45,235

Consolidated Statement of Comprehensive Income

	4Q ended 31 December		FY ended 31 December	
	2017	2016	2017	2016
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
Profit for the period	3,874	3,653	22,105	26,153
Other comprehensive income/(loss):				
Items that may be reclassified to profit or loss:				
Foreign currency translation reserve				
- Currency translation differences arising from consolidation	106	(5,434)	(197)	1,834
- Reclassification on disposal of associated company	-	-	560	-
	106	(5,434)	363	1,834
Items that will not be reclassified to profit or loss:				
Defined pension benefits obligation				
- Re-measurements of defined pension benefits obligation	(1,065)	(753)	(1,072)	(753)
- Tax on re-measurements	257	185	259	185
- Share of other comprehensive (loss)/income of associated company	-	-	(37)	8
- Disposal of associated company	-	-	28	-
	(808)	(568)	(822)	(560)
Other comprehensive loss, net of tax	(702)	(6,002)	(459)	1,274
Total comprehensive income/(loss) for the year	3,172	(2,349)	21,646	27,427
Total comprehensive income/(loss) attributable to:				
Equity holders of the Company	3,170	(2,342)	21,638	27,433
Non-controlling interest	2	(7)	8	(6)
	3,172	(2,349)	21,646	27,427

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

	Attributable to equity holders of the Company							
	<u>Share capital</u>	<u>Foreign currency translation reserve</u>	<u>General reserve</u>	<u>Defined pension benefits obligation</u>	<u>Retained earnings</u>	<u>Total</u>	<u>Non-controlling interest</u>	<u>Total equity</u>
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
<u>The Group</u>								
<u>9M 2017</u>								
Balance at 1 January 2017	95,936	(60,228)	2,222	(462)	163,710	201,178	114	201,292
Profit for the period	-	-	-	-	18,232	18,232	(1)	18,231
Other comprehensive income/(loss) for the period	-	251	-	(15)	-	236	7	243
Final dividend relating to 2016	-	-	-	-	(5,806)	(5,806)	-	(5,806)
Interim dividend relating to 2017	-	-	-	-	(7,500)	(7,500)	-	(7,500)
Balance at 30 September 2017	<u>95,936</u>	<u>(59,977)</u>	<u>2,222</u>	<u>(477)</u>	<u>168,636</u>	<u>206,340</u>	<u>120</u>	<u>206,460</u>
<u>4Q 2017</u>								
Balance at 1 October 2017	95,936	(59,977)	2,222	(477)	168,636	206,340	120	206,460
Profit for the period	-	-	-	-	3,874	3,874	-	3,874
Other comprehensive income/(loss) for the period	-	105	-	(809)	-	(704)	2	(702)
Transfer to general reserve	-	-	74	-	(74)	-	-	-
Balance at 31 December 2017	<u>95,936</u>	<u>(59,872)</u>	<u>2,296</u>	<u>(1,286)</u>	<u>172,436</u>	<u>209,510</u>	<u>122</u>	<u>209,632</u>

	Attributable to equity holders of the Company						
	<u>Share capital</u>	<u>Foreign currency translation reserve</u>	<u>General reserve</u>	<u>Defined pension benefits obligation</u>	<u>Retained earnings</u>	<u>Total</u>	<u>Non-controlling interest</u>
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
The Group							
9M 2016							
Balance at 1 January 2016	155,951	(62,066)	2,147	98	145,904	242,034	120
Profit for the period	-	-	-	-	22,503	22,503	(2)
Total comprehensive income for the period	-	7,265	-	8	-	7,273	3
Capital reduction ^a	(60,015)	-	-	-	-	(60,015)	-
Interim dividend relating to 2016	-	-	-	-	(8,275)	(8,275)	-
Balance at 30 September 2016	95,936	(54,801)	2,147	106	160,132	203,520	121
4Q 2016							
Balance at 1 October 2016	95,936	(54,801)	2,147	106	160,132	203,520	121
Profit for the period	-	-	-	-	3,653	3,653	-
Total comprehensive loss for the period	-	(5,427)	-	(568)	-	(5,995)	(7)
Transfer to general reserve	-	-	75	-	(75)	-	-
Balance at 31 December 2016	95,936	(60,228)	2,222	(462)	163,710	201,178	114

^a On 23 June 2016, the Company reduced its share capital by US\$60.0 million under a court-sanctioned Capital Reduction Scheme.

Statement of Changes in Equity for the Company

	<u>Attributable to equity holders of the Company</u>		
	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total equity</u>
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
<u>The Company</u>			
<u>9M 2017</u>			
Balance at 1 January 2017	95,936	7,232	103,168
Profit for the period	-	10,441	10,441
Final dividend relating to 2016	-	(5,806)	(5,806)
Interim dividend relating to 2017	-	(7,500)	(7,500)
Balance at 3 September 2017	95,936	4,367	100,303
<u>4Q 2017</u>			
Balance at 1 October 2017	95,936	4,367	100,303
Profit for the period	-	4,398	4,398
Balance at 31 December 2017	95,936	8,765	104,701
<u>The Company</u>			
<u>9M 2016</u>			
Balance at 1 January 2016	155,951	315	156,266
Profit for the period	-	10,812	10,812
Capital reduction	(60,015)	-	(60,015)
Interim dividend relating to 2016	0	(8,275)	(8,275)
Balance at 30 September 2016	95,936	2,852	98,788
<u>4Q 2016</u>			
Balance at 1 October 2016	95,936	2,852	98,788
Profit for the period	-	4,380	4,380
Balance at 31 December 2016	95,936	7,232	103,168

^a On 23 June 2016, the Company reduced its share capital by US\$60.0 million under a court-sanctioned Capital Reduction Scheme.

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

For 4Q and full year ended 31 December 2017, there was no change in the Company's issued and paid up share capital.

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

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

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

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

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

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

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

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

The figures have not been audited or reviewed.

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

Not applicable.

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

The Company and the Group have applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with those of the audited financial statements for the year ended 31 December 2016.

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

Please refer to paragraph 4.

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

	4Q ended 31 December		FY ended 31 December	
	2017	2016	2017	2016
(i) Based on weighted average number of ordinary shares in issue - (US cents)	0.63	0.60	3.62	4.28
(ii) On a fully diluted basis - (US cents)	0.63	0.60	3.62	4.28

Notes

1. Basic Earnings per Share is computed based on 611,157,000 shares.
2. There are no potentially dilutive ordinary shares as at 31 December 2017 and 31 December 2016 respectively.

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

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

	Group		Company	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
Net asset value per ordinary share based on issued share capital - (US cents)	34.3	32.9	17.1	16.9

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

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Key Figures for the Group (unaudited)

	4Q ended 31 December					FY ended 31 December			
	2017	2016	% Change			2017	2016	% Change	
	US\$'000	US\$'000	In USD terms	At constant exchange rate ¹		US\$'000	US\$'000	In USD terms	At constant exchange rate ¹
Indonesia	70,216	76,444	(8.1)	(6.0)		270,381	290,934	(7.1)	(6.9)
Regional Markets	29,461	29,143	1.1	1.9		110,529	111,149	(0.6)	4.5
REVENUE	99,677	105,587	(5.6)	(3.8)		380,910	402,083	(5.3)	(3.7)
Indonesia	12,157	12,879	(5.6)	(3.1)		46,493	51,603	(9.9)	(9.7)
Regional Markets	(507)	(366)	(38.5)	(47.0)		(1,718)	(1,021)	(68.3)	(58.2)
EBITDA	11,650	12,513	(6.9)	(4.5)		44,775	50,582	(11.5)	(11.0)
Profit before tax before exceptional/ non-recurring items	8,143	8,418	(3.3)	(0.7)		30,753	38,652	(20.4)	(20.1)
Exceptional/non-recurring items ²	-	(2,000)	NM	NM		4,629	583	NM	NM
Profit before tax	8,143	6,418	26.9	30.1		35,382	39,235	(9.8)	(9.5)
Net profit attributable to shareholders before exceptional/ non-recurring items	3,875	5,654	(31.5)	(29.1)		17,743	26,219	(32.3)	(33.1)
Net profit attributable to shareholders	3,875	3,654	6.1	9.8		22,107	26,156	(15.5)	(15.3)
Key performance indicators									
	4Q ended 31 December				FY ended 31 December				
	2017	2016	%		2017	2016	%		
Gross profit margin	35.6%	38.4%	(2.8%) pt		34.1%	34.8%	(0.7%) pt		
EBITDA margin	11.7%	11.9%	(0.2%) pt		11.8%	12.6%	(0.8%) pt		

Notes:

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

2 Exceptional and non-recurring items (before tax) were: (1) US\$4.6 million gain on sale of CMI in 2Q 2017 - see para 1(a) note 2; (2) GFI's interest income of US\$2.6 million in 3Q 2016 - see para 1(a) note 2; and (3) exceptional charge of US\$2.0 million in 4Q 2016 - see para 1(a) note 3.

Average FX rates for 4Q and FY ended 31 December 2017

USD 1 to	Indonesian Rupiah (IDR)	Malaysian Ringgit (MYR)	Singapore Dollar (SGD)	Philippines Peso (PHP)
4Q 2017	13,526	4.18	1.36	51.08
4Q 2016	13,204	4.27	1.39	48.85
<i>Strengthened/(Weakened) Y-o-Y</i>	<i>(2.4%)</i>	<i>2.0%</i>	<i>2.7%</i>	<i>(4.6%)</i>
FY 2017	13,389	4.32	1.38	50.43
FY 2016	13,360	4.13	1.38	47.44
<i>Strengthened/(Weakened) Y-o-Y</i>	<i>(0.2%)</i>	<i>(4.6%)</i>	<i>(0.3%)</i>	<i>(6.3%)</i>

Overview

Over the last three years, significant changes have occurred, predominantly in our core market of Indonesia, which are principally:

- The change in Indonesia's retail landscape with the Modern Trade channel having grown significantly, especially in the Minimart and Convenience Store formats. Their rapid growth, whilst benefitting the retail sector and consumers overall through the proliferation of outlets, requires a different supply model as well as a different approach in managing commercial relationships with them; and
- Increased competition, especially from foreign competitors, with noticeably higher investments in order to gain share.

In response to these evolutionary changes, we have implemented a number of strategic initiatives to adapt to this changed environment and in order to position the Group for future growth.

Our success is deeply rooted in the understanding that our organization must always be ready to adapt to the fast-moving changes in our businesses' macro and operating environments. Against the backdrop of this changed operating landscape, the Board and key members of senior management undertook a comprehensive review of the Group's operations and the drivers of our business.

On the back of this review, strategic initiatives were formulated with the objective of implementing changes that reorient our business and change the way we operate in Indonesia. The key changes included the following:

1. Strengthening of our management team and organization to ensure success in the implementation of our growth strategies. The changes we made included new senior management appointments in our business in Indonesia as well as a reorganization within the current organization;
2. A review of our portfolio of Own Brands products which effectively resulted in the rationalization of underperforming products from our portfolio. In all, we reduced our portfolio by almost one-third with the SKU's cut comprising mainly flavour variants that underperformed in terms of a higher benchmark for sales velocity and/or margin performance. We have dynamic brands and following this rationalization, we are now able to concentrate our focus, efforts and our brand investments on the stronger performing core brands/products; and
3. Changes to our routes-to-market strategy which included the development of specialist teams to better manage our relationships with the different groups of customers, and the re-organization of our supply chain approach in order to: (i) increase the speed to market for our products (e.g. direct deliveries to the minimarkets); (ii) maintain a high level of product availability; and (iii) to ensure that our products continue to maintain significant shelf space presence.

Given the scale of our operations in Indonesia, management had to balance between effecting these wide reaching changes successfully across our business while limiting the inevitable short term impact on sales and profitability. However we believe, once completed, these changes will provide a stronger base from which the Group can grow.

Review of the Group's 4Q and FY2017 Financial Performance

Figure 1 - Key Financial Highlights

(In US\$ Million)	4Q 2017	4Q 2016	% chg Y-o-Y	% chg Y-o-Y in Constant Exch Rates *	FY2017	FY2016	% chg Y-o-Y	% chg Y-o-Y in Constant Exch Rates *
Indonesia	70.2	76.4	(8.1%)	(6.0%)	270.4	290.9	(7.1%)	(6.9%)
The Regional Markets	29.5	29.2	1.1%	1.9%	110.5	111.2	(0.6%)	4.5%
Total Revenue	99.7	105.6	(5.6%)	(3.8%)	380.9	402.1	(5.3%)	(3.7%)
Gross Profit Margin (%)	35.6%	38.4%	(2.8%) pt	(2.8%) pt	34.1%	34.8%	(0.7%) pt	(0.7%) pt
EBITDA	11.6	12.5	(6.9%)	(4.5%)	44.8	50.6	(11.5%)	(11.0%)
EBITDA Margin (%)	11.7%	11.9%	(0.2%) pt	(0.1%) pt	11.8%	12.6%	(0.8%) pt	(1.0%) pt
PATMI (exclude Exceptional/Non-Recurring Items)¹	3.9	5.7	(31.5%)	(29.1%)	17.7	26.2	(32.3%)	(33.1%)
PATMI (include Exceptional/Non-Recurring Items)¹	3.9	3.7	6.1%	9.8%	22.1	26.2	(15.5%)	(15.3%)

Notes:

¹ Exceptional and non-recurring items (after tax) were: (1) US\$4.4 million gain on sale of CMI in 2Q 2017; (2) GFI's interest income of US\$1.9 million in 3Q 2016; and (3) exceptional charge of US\$2.0 million in 4Q 2016.

* For comparative purposes only, this shows the effect of using the respective exchange rates of the regional currencies in 4Q 2016 and FY2016 in translating 4Q 2017 and FY2017 results.

For 4Q 2017, the Group achieved revenue of US\$99.7 million which culminated in FY2017 revenue of US\$380.9 million; and generated PATMI of US\$3.9 million and US\$22.1 million for 4Q and FY2017 respectively. For FY2017, Group revenue was lower by 5.3% Y-o-Y in the Group's USD reporting currency mainly as a result of the product rationalization programme.

Our product rationalization programme, which started end-2015/early-2016, and was progressively implemented through our portfolio is now substantially completed. Product rationalization is an on-going initiative we undertake to eliminate lower contributing or non performing SKUs in order to focus on our core brands and products and drive forward higher-margin products. The initiative had affected a significant portion of our portfolio both in Indonesia and the Philippines. In total, more than 40% of the total portfolio had been affected.

For the Regional Markets, the 4Q 2017 revenue growth was driven mainly by higher Own Brands sales overall and higher Agency Brands sales in Malaysia. For FY2017, revenue for Regional Markets were lower by 0.6% Y-o-Y in the Group's USD reporting currency (although higher by 4.5% in local currency terms).

The Group in 4Q 2017 achieved a Gross Profit Margin (GPM) of 35.6% and although lower compared to 4Q 2016's exceptionally high GPM of 38.4%, the Group's GPM has shown sequential improvement in 2017 (please refer to Figure 4 on page 22). The sequential improvement can be attributed to higher sales of our higher-margin premium products, especially in Indonesia and our on-going cost containment initiatives. For FY2017, the Group's GPM was 34.1% compared to 34.8% in 2016.

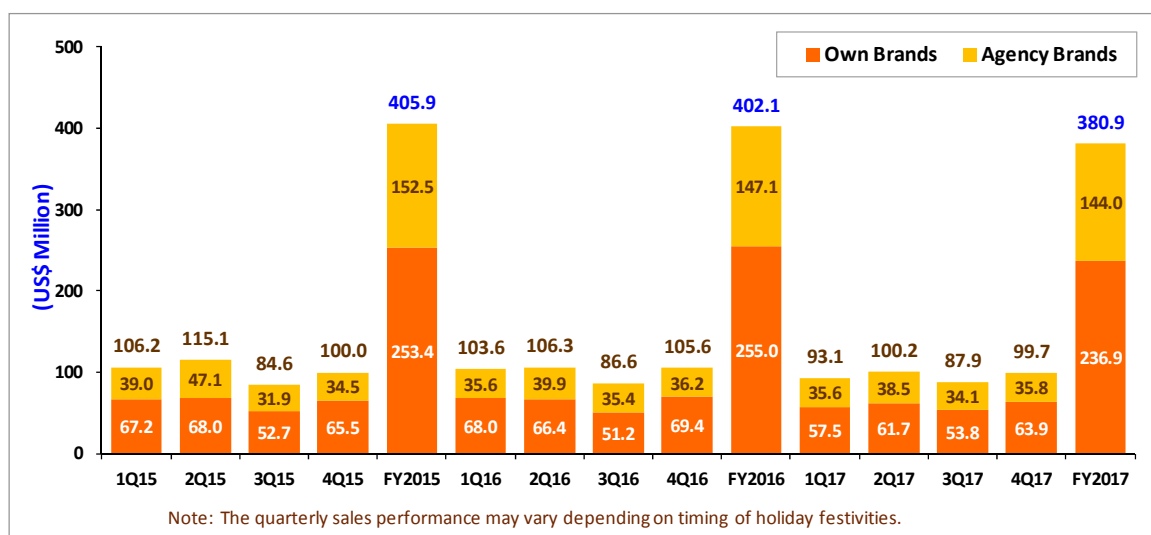
For FY2017, the Group generated Free Cash Flow of US\$14.5 million on the Group's profitability and lower capital expenditure. In addition, the Group's cash balance of US\$67.4 million at 31 December 2017 is more than adequate to support the Group's foreseeable near term business and investment needs.

Performance review of Own Brands and Agency Brands

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

For 4Q and FY2017, our total Own Brands sales were lower Y-o-Y mainly as a result of the product rationalization exercise described earlier and a Government imposed transportation disruption which affected our business in Indonesia in 4Q 2017. The transportation disruption in December 2017 delayed delivery of products to our retail customers and resulted in the deferment of some deliveries to January 2018.

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



For 4Q and FY2017, the weak Agency Brands performance (lower Y-o-Y by 1.2% in 4Q and 2.1% for FY2017) can be attributed to lower sales in the Philippines (reflecting the discontinuation of two Agency Brands) and Indonesia (affected by higher trade discounts implemented), although Malaysia achieved strong performance. The performance in Malaysia was driven by higher sales in confectionery and healthcare categories while in the Philippines, the remaining Agency Brands achieved double digit growth (in local currency).

Performance Review by Markets

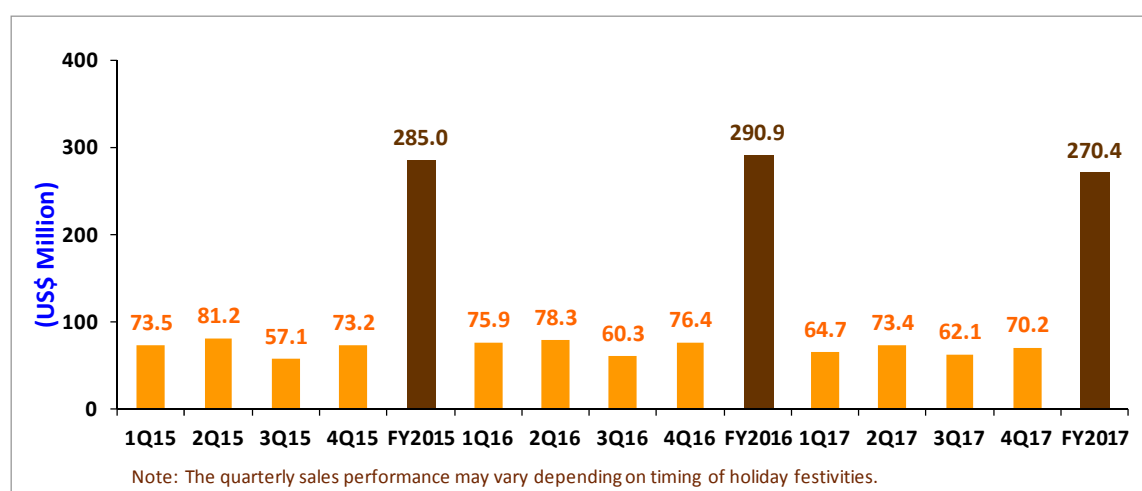
Indonesia

In 4Q 2017, our business in Indonesia achieved revenue of US\$70.2 million (lower Y-o-Y by 8.1%) which culminated in FY2017 revenue of US\$270.4 million.

For 4Q 2017, the weaker performance can be attributed to the transportation disruption, as described above, and also due to lower sales of value formats. If not for the transportation disruption, we believe Own Brands sales in Indonesia would have been higher, driven mainly by our Core Brands (like *SilverQueen*, *Delfi*, *Ceres* and *Selamat*).

This reflected the benefits of our re-organization and restructuring initiatives as well as the implementation of more dynamic promotion programmes to drive sales of our Core Brands. From a market share perspective, our brands in the Modern Trade format gained over two percentage points in 2H 2017, compared to the same period a year ago.

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



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

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

The Regional Markets

For our Regional Markets, revenues for 4Q 2017 were higher by 1.1% Y-o-Y in the Group's USD reporting currency. The growth was mainly driven by higher sales in Malaysia while growth of Own Brands sales in the Philippines reflected our "Goya World Class Chocolate" campaign. Agency Brands sales in the Philippines were negatively impacted by the discontinuation of two major Agency Brands effective June 2017. Excluding discontinued SKUs/Agencies, Regional Markets' 4Q and FY2017 sales would have been higher by 8.2% and 10.8% respectively.

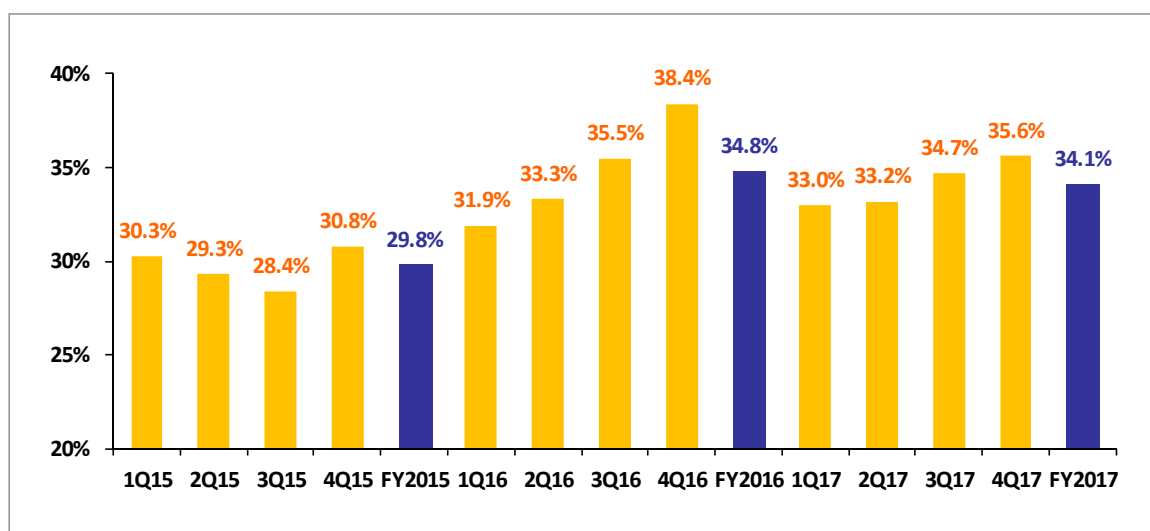
Review of Profitability

On the back of the revenue of US\$99.7 million in 4Q 2017, the Group generated EBITDA of US\$11.6 million (lower by 6.9% Y-o-Y) and PATMI of US\$3.9 million (compared to US\$3.7 million in 4Q 2016) in the Group's USD reporting currency. These culminated in FY2017 revenue of US\$380.9 million, EBITDA of US\$44.8 million (lower by 11.5% Y-o-Y) and PATMI of US\$22.1 million (compared to US\$26.2 million for FY2016).

The Group's 4Q 2017 Gross Profit Margin, although lower Y-o-Y, is higher compared to the previous three quarters of 2017. This improvement in GP margin can be attributed to:

- i. The higher sales of our premium products achieved in 4Q 2017; and
- iii. Our on-going cost containment initiatives.

Figure 4 - 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.

For 4Q and FY2017, selling and distribution costs remained high (as a percentage of the Group's sales) as a result of continued investments in our brand building initiatives and as we strengthened our route-to-market capabilities, which we believe is necessary as we continue to strengthen our infrastructure to support the Group's long term growth. The higher costs also reflected our investments to grow our shelf space presence across all retail channels for our strategic brands and in-store promotions to generate consumer sales in Indonesia.

The Group achieved a 4Q 2017 EBITDA margin of 11.7% (lower Y-o-Y by 0.2% point) and for FY2017, is lower Y-o-Y by 0.8% point to 11.8%.

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

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

As previously announced, the Company was notified of a total of 9 claims associated with the disposal of DCBR totaling BRL 87,002,187 as of 31 December 2016. In FY2016, the Group recognized an exceptional charge of US\$2.0 million pertaining to the claims. In 2017, the Company has not been notified of any further claims. At 31 December 2017 the Company's total exposure in respect of tax and labour claims in Brazil has reduced to BRL 83,496,240 primarily due to indexation. In US\$ terms, this amounted to US\$25,207,934 (translated at end December-17 exchange rate) which is US\$1,520,850 less than the amount reported at 31 December 2016.

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

In assessing the relevant liabilities, management has considered, among other factors, industry developments in the current financial year and the legal environment in Brazil, and assessed that the amounts recognized in respect of these claims are adequate as at 31 December 2017. As management considers the disclosure of further details of these claims can be expected to prejudice seriously the Group's position in relation to the claims, further information has not been disclosed in the Group's financial statements.

Review of Financial Position and Cash Flow

Balance Sheet as at	31-Dec-17	31-Dec-16	Change
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
Cash and cash equivalents	67,368	67,737	(369)
Working Capital	96,188	81,752	14,436
Total Assets	351,104	342,331	8,773
Borrowings	52,200	53,775	(1,575)
Foreign currency translation reserve	(59,872)	(60,228)	356
Shareholders' Equity	209,510	201,178	8,332
Current ratio	1.72	1.71	

At end December 2017, the Group continues to maintain a healthy cash balance of US\$67.4 million after two dividend payments in 2017, essentially US\$5.8 million in May 2017 and US\$7.5 million in September 2017 (see paragraph 1(d)(i) on page 12). During the year under review, the Group made further investments in Delfi-Orion and Delfi Yuraku of US\$0.9 million and US\$3.0

million respectively (see paragraph 1(b) Note 4 on page 6). These investments were funded by the net proceeds of US\$8.2 million received from the disposal of CMI (see paragraph 1(b) Note 4 on page 6). The cash balance will be sufficient to support our foreseeable near term business and investment needs together with any contingent liabilities.

The Group's shareholders' equity was higher by US\$8.3 million for FY2017 on Net Profit of US\$22.1 million after the dividend payments as described above. For FY2017 the Group generated an operating cash flow before working capital changes of US\$44.5 million (see paragraph 1(c) on page 9) which was used mainly to fund an increase in inventories of US\$10.4 million and capital expenditure of US\$11.8 million (see paragraph 1(b) Note 5 on page 7). For 2018, the Group will remain vigilant in its capital expenditure.

The positive free cash flow of US\$14.5 million was used to further reduce its borrowings by US\$1.6 million (see paragraph 1(b) Note 7 on page 7).

Compared to end 2017, total assets increased by US\$8.8 million for the year under review mainly on inventories of US\$10.4 million (see paragraph 1(b)(i) Note 1 on page 6).

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

The Group's results for 4Q and FY2017 are in line with the commentary made on 9 November 2016 in paragraph 10 of the Group's "3Q and 9M 2017 Unaudited Financial Statement and Dividend Announcement".

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

The strategic reorganization of our organization structure, product portfolio, and routes-to-market together with our well-established geographic and product portfolio positions us well for the future. Our product rationalization programme is now largely complete, while other initiatives are being progressively implemented with completion expected in 2018.

In 2018, the Group's focus will be to continuously work closely with our trade customers and partners to grow our business by ensuring that our brands are always available, properly displayed and at the right price points. We will refocus our brand building initiatives and trade promotions onto our core products while ensuring that our products continue to maintain significant shelf space presence. In addition to growing our sales, we will focus on driving cost efficiencies throughout our organization and our supply chain. Through this combination of top line focus and stepped up productivity efforts, we expect, barring unforeseen circumstances, the Group's operations to provide longer term stability and profitability. We will further strengthen the Group's cash flow generation through focused capital expenditure.

To drive the growth of our business, we will work to:

1. Ensure that our organization is well aligned to our growth plans and successful in implementing our strategies in Indonesia and our Regional Markets;

2. Grow our key brands in our markets. Innovation remains a key part of this strategy, whether it is through product innovation in order to provide us with a competitive edge or through continuous reinvention to stay relevant by creating excitement at the shelf space while focusing on the core brands and products that can deliver growth in sales and margins;
3. Extend market reach by having better channel segmentation for both the Modern Trade and Traditional Trade formats in order to widen our distribution coverage to capture the growth opportunities; and
4. Prudently invest to build capacity and capabilities where there are clear expansion opportunities into new and attractive categories; and increase our productivity and efficiency targets in our production and distribution infrastructure.

Over the long term, the consumption environment in our markets will continue to be supported by 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 suitable acquisitions meet our investment criteria.

11. Dividend

a. Current Financial Period Reported On

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

Name of Dividend	Interim	Proposed Final
Dividend Type	Cash	Cash
Dividend Amount per share (in Singapore cents)	1.66 cents per ordinary share	0.76 cents per ordinary share

The interim dividend was paid on 8 September 2017.

b. Corresponding Period of the Immediately Preceding Financial Year

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

Name of Dividend	Interim	Final
Dividend Type	Cash	Cash
Dividend Amount per share (in Singapore cents)	1.83 cents per ordinary share	1.35 cents per ordinary share

c. Date payable

The directors are proposing a final dividend of 0.58 US cents or 0.76 Singapore cents per share based on the 611,157,000 ordinary shares in issue for the approval of shareholders at the Annual General Meeting on 30 April 2018.

The final dividends, if approved by the shareholders, will be payable on 18 May 2018.

Together with the interim dividend of 1.22 US cents or 1.66 Singapore cents per share paid on 8 September 2017, total 2017 dividends is 1.80 US cents or 2.42 Singapore cents.

d. Books closure date

Subject to approval of the shareholders to the final dividend at the Annual General Meeting of the Company, the Transfer Books and the Register of Members of the Company will be closed at 5.00 pm on 9 May 2018 (Books Closure Date) for the preparation of dividend warrants.

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

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

Not applicable.

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

The Company has obtained a general mandate ("Shareholders' Mandate") from its shareholders for the Group's IPTs with the following interested persons. The Shareholders' mandate was approved at the Annual General Meeting ("AGM") of the Company held on 26 April 2017 and will be effective until the next AGM. The aggregate value of transactions conducted pursuant to the general mandate is as follows:

	¹ Aggregate value of all transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual	
	4Q 2017	FY2017
	<u>US\$'000</u>	<u>US\$'000</u>
PT Freyabadi Indotama		
- Sales of goods	215	787
- Purchase of products	3,634	15,108
	3,849	15,895
PT Fajar Mataram Sedayu		
- Purchase of goods	182	680
	4,031	16,575

- 14. Negative confirmation pursuant to Rule 705(5)**

Not applicable as the Company is announcing its Full Year Financial Statements for FY2017.

- 15. Confirmation pursuant to Rule 720(1)**

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

- 16. Segmental revenue and results**

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 the 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 2017 is as follows:

	Indonesia	Regional Markets	Group
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
Year ended 31 December 2017			
Sales:			
- Total segment sales	278,892	110,617	389,509
- Inter-segment sales	(8,511)	(88)	(8,599)
Sales to external parties	270,381	110,529	380,910
 Sales are analyzed as:			
- Own Brands	192,839	44,103	236,942
- Agency Brands	77,542	66,426	143,968
Total	270,381	110,529	380,910
 EBITDA	46,493	(1,718)	44,775
 Interest income			(948)
Finance costs			(2,982)
Share of loss of associated companies and joint ventures			(506)
Income tax expense			(13,277)
 Other segment information			
Depreciation and amortization	(10,524)	(804)	(11,328)
Capital expenditure on property, plant and equipment and intangible assets	9,647	2,168	11,815

The segment information provided to the Executive Committee for the reportable segments for the year ended 31 December 2016 is as follows:

	Indonesia	Regional Markets	Group
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
Year ended 31 December 2016			
Sales:			
- Total segment sales	300,402	111,184	411,586
- Inter-segment sales	(9,468)	(35)	(9,503)
Sales to external parties	290,934	111,149	402,083
 Sales are analysed as:			
- Own Brands	209,925	45,102	255,027
- Agency Brands	81,009	66,047	147,056
Total	290,934	111,149	402,083
 EBITDA	51,603	(1,021)	50,582
 Interest income			3,918
Finance costs			(4,088)
Share of loss of associated companies and joint ventures			(266)
Income tax expense			(13,082)
 Other segment information			
Depreciation and amortisation	(8,350)	(827)	(9,177)
Capital expenditure on property, plant and equipment and intangible assets	15,635	1,786	17,421

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. A reconciliation of EBITDA to profit before tax is set out below:

	The Group	
	2017	2016
	<u>US\$'000</u>	<u>US\$'000</u>
EBITDA	44,775	50,582
Adjustments for:		
Interest expense	(2,982)	(4,088)
Interest income	948	3,918
Depreciation of property, plant and equipment	(10,982)	(9,014)
Amortization of intangible assets	(346)	(163)
Gain on disposal of associated company	4,629	-
Share of loss of joint venture (PACTS)	(660)	-
Exceptional items	-	(2,000)
Profit before tax	35,382	39,235

(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.

For year ended 31 December	Revenue		Non-Current Assets	
	2017	2016	2017	2016
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
Indonesia	270,381	290,934	119,282	122,338
Regional Markets:				
Philippines	43,222	49,283	9,583	7,893
Malaysia	62,955	56,956	836	464
Singapore	928	584	9,434	8,190
Other countries in Asia	3,424	4,326	-	-
	380,910	402,083	139,135	138,885

17. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by operating segments.

Please refer to paragraph 8.

18. Breakdown of Sales

	FY2017	FY2016	Change
	<u>US\$'000</u>	<u>US\$'000</u>	<u>%</u>
(a) Sales reported for first half year	193,337	209,934	(7.9)
(b) Operating profit/loss after tax before deducting minority interest reported for the first half year	14,916	16,570	(10.0)
(c) Sales reported for second half year	187,573	192,149	(2.4)
(d) Operating profit/loss after tax before deducting minority interest reported for the second half year	7,191	9,586	(25.0)

19. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:

	FY2017	FY2016
	<u>US\$'000</u>	<u>US\$'000</u>
Ordinary		
- Interim	7,500	8,275
- Proposed Final	3,545	5,806
Total	<u>11,045</u>	<u>14,081</u>

20. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to [Rule 704\(13\)](#) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with a director or chief executive officer or substantial shareholder		Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Chuang Tiong Choon	69	(i)	Husband to Madam Lim Mee Len (Substantial Shareholder)	Executive Director/Chief Executive Officer/Managing Director 1989/2004	N.A.
		(ii)	Brother to Mr Chuang Tiong Liep (Executive Director and Substantial Shareholder)		
		(iii)	Brother to Mr Chuang Tiong Kie (Executive Director)		
Chuang Tiong Liep	66	(i)	Brother to Mr Chuang Tiong Choon (Executive Director/ Chief Executive Officer/ Managing Director and Substantial Shareholder)	Executive Director 1999 / Group Chief Growth and Marketing Officer 2017	N.A.
		(ii)	Brother to Mr Chuang Tiong Kie (Executive Director)		
		(iii)	Brother-in-law to Madam Lim Mee Len (Substantial Shareholder)		
Chuang Tiong Kie	59	(i)	Brother to Mr Chuang Tiong Choon (Executive Director/ Chief Executive Officer/ Managing Director and Substantial Shareholder)	Executive Director 2001	N.A.
		(ii)	Brother to Mr Chuang Tiong Liep (Executive Director and Substantial Shareholder)		
		(iii)	Brother-in-law to Madam Lim Mee Len (Substantial Shareholder)		
Chuang Yok Hoa	68	(i)	Sister to Mr Chuang Tiong Choon (Executive Director/ Chief Executive Officer/ Managing Director and Substantial Shareholder)	Company Secretary 1984	N.A.
		(ii)	Sister to Mr Chuang Tiong Liep (Executive Director and Substantial Shareholder)		
		(iii)	Sister to Mr Chuang Tiong Kie (Executive Director)		
		(iv)	Sister-in-law to Madam Lim Mee Len (Substantial Shareholder)		

BY ORDER OF THE BOARD

Raymond Lam Kuo Wei/Evelyn Chuang
Secretaries

26 February 2018