

Delfi Limited (formerly known as Petra Foods Limited)
Unaudited Financial Statements and Dividend Announcement
For the 2nd Quarter and Half Year Ended 30 June 2017

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 HALF YEAR AND FULL YEAR RESULTS**

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

	Notes	Group			Group		
		2Q ended 30 June			1H ended 30 June		
		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>
Revenue	1	100,217	106,379	(5.8)	193,337	209,934	(7.9)
Cost of sales		(66,917)	(71,007)	(5.8)	(129,306)	(141,508)	(8.6)
Gross Profit		33,300	35,372	(5.9)	64,031	68,426	(6.4)
Other operating income	2	4,971	604	723.0	5,730	1,704	236.3
<u>Expenses</u>							
Selling and distribution costs		(18,894)	(17,816)	6.1	(36,541)	(34,964)	4.5
Administrative expenses		(5,051)	(5,169)	(2.3)	(9,646)	(9,273)	4.0
Finance costs		(788)	(1,012)	(22.1)	(1,589)	(2,095)	(24.2)
Other operating expenses		(413)	(61)	577.0	(437)	(191)	128.8
Share of (loss)/profit of associated companies		(21)	(78)	(73.1)	223	141	58.2
Profit before income tax		13,104	11,840	10.7	21,771	23,748	(8.3)
Income tax expense	3	(3,814)	(3,716)	2.6	(6,856)	(7,180)	(4.5)
Total profit	4	9,290	8,124	14.4	14,915	16,568	(10.0)
Profit attributable to:							
Equity holders of the Company		9,291	8,125	14.4	14,916	16,570	(10.0)
Non-controlling interest		(1)	(1)	NM	(1)	(2)	NM
		9,290	8,124	14.4	14,915	16,568	(10.0)
EBITDA ^a		11,793	14,320	(17.6)	23,796	28,641	(16.9)
Earnings per ordinary share (US cents) - Basic and Diluted ^b		1.52	1.33	14.4	2.44	2.71	(10.0)
Return on equity							
- Include exceptional/non-recurring items					14.4%	11.8% ^c	2.6% pt
- Exclude exceptional/non-recurring items					10.2% ^d	12.6% ^c	(2.4%) pt

Notes

- Excluding the pre-tax gain of US\$4.6 million on sale of 50% stake in associated company, PT Ceres Meiji Indotoma in Indonesia (see paragraph 1(b)(i) Note 3 on page 6).
- 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.
- Relates to FY2016 audited figures.
- Computed based on annualized Net Profit excluding an after-tax gain of US\$4.4 million as noted in Note (a) above.

Explanatory notes on income statement

Note 1 - Revenue

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

	2Q ended 30 June			1H ended 30 June		
	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	73,429	78,336	(6.3)	138,105	154,190	(10.4)
Regional Markets	26,788	28,043	(4.5)	55,232	55,744	(0.9)
	100,217	106,379	(5.8)	193,337	209,934	(7.9)

(b) Breakdown of Sales

	2Q ended 30 June			1H ended 30 June		
	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	62,732	68,579	(8.5)	121,213	138,092	(12.2)
Agency Brands	37,485	37,800	(0.8)	72,124	71,842	0.4
	100,217	106,379	(5.8)	193,337	209,934	(7.9)

Note 2 - Other Operating Income

The Group recognised a pre-tax gain of US\$4.6 million, after deducting fees and other charges on completion of divestment of its 50% stake in PT Ceres Meiji Indotama ("CMI") for US\$8.3 million on 10 May 2017 (see paragraph 1(b)(i) Note 3).

Note 3 - Income Tax Expense

During the quarter under review, one of the Group's subsidiaries in Indonesia recorded a prior year tax charge of US\$0.5 million.

For 2Q 2017, the Group's effective tax rate was lower as the gain on sale of CMI was exempted from tax in Singapore. This helped offset the effects of the prior year tax and Company's withholding tax paid on dividend and royalty received from its Indonesia entities. Included in 2Q and 1H 2017 income tax expense was also withholding tax of US\$0.4 million and US\$1.0 million paid by the Company (2Q and 1H 2016: US\$1.16 million and US\$1.5 million).

Note 4 - Net Profit

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

		2Q ended 30 June			1H ended 30 June		
		2017	2016	Change	2017	2016	Change
	Notes	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Depreciation of property, plant and equipment	a	(2,718)	(1,816)	49.7	(5,430)	(3,612)	50.3
Amortisation of intangible assets		(37)	(41)	(9.8)	(74)	(78)	(5.1)
Net foreign exchange (loss)/gain		(209)	(15)	NM	(40)	357	NM
Group (under)/over provision of tax in prior years	See Note 3	(487)	177	NM	(532)	51	NM
Gain on disposal of property, plant and equipment		26	60	(56.7)	55	14	292.9
Write-back/(Impairment loss) on trade receivables		51	17	NM	51	(86)	NM
Inventories written-off	b	(295)	(844)	(65.0)	(684)	(1,224)	(44.1)
Allowance made for inventory obsolescence	b	(419)	(530)	(20.9)	(1,144)	(1,042)	9.8

- a. The higher depreciation can be attributed to the completion of the new Bandung factory building in August 2016 (see paragraph 1(b)(i) Note 4) and from capacity expansion investments in Indonesia.
- b. Total inventories written-off and allowance for inventory obsolescence for the periods under review was lower Y-o-Y on the back of lower trade returns of discontinued Agency Brands/Own Brands products in 2Q 2017. 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.

		Group		Company	
		30-Jun-17	31-Dec-16	30-Jun-17	31-Dec-16
	Notes	US\$'000	US\$'000	US\$'000	US\$'000
ASSETS					
Current assets					
Cash and cash equivalents		73,193	67,737	63,351	60,030
Derivative assets		28	4	20	-
Trade receivables		69,553	61,756	498	1,337
Loans to subsidiaries		-	-	500	700
Inventories		52,319	54,685	-	-
Tax recoverable	1	2,600	5,792	-	-
Other current assets		14,199	12,697	2,111	888
		211,892	202,671	66,480	62,955
Non-current assets					
Investments in subsidiaries	2	-	-	35,935	35,935
Investments in associated companies and joint ventures	3	901	2,769	900	3,000
Loans to subsidiaries		-	-	-	-
Loans to associated company and joint venture		920	932	-	-
Property, plant and equipment	4	126,896	126,768	749	905
Intangibles assets		5,386	5,243	5,150	5,167
Deferred income tax assets		1,187	775	-	-
Other non-current assets		4,327	3,173	-	-
		139,617	139,660	42,734	45,007
Total Assets		351,509	342,331	109,214	107,962
LIABILITIES					
Current liabilities					
Trade payables		33,558	34,689	516	332
Other payables		39,992	37,820	2,954	4,086
Current income tax liabilities		1,456	1,382	-	-
Derivative liabilities		7	91	5	91
Borrowings	5	41,236	44,197	102	95
		116,249	118,179	3,577	4,604
Non-current liabilities					
Borrowings	5	8,480	9,578	148	190
Deferred income tax liabilities		1,781	1,628	-	-
Provisions for other liabilities and charges		12,571	11,654	-	-
		22,832	22,860	148	190
Total liabilities		139,081	141,039	3,725	4,794
NET ASSETS		212,428	201,292	105,489	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		(58,192)	(60,228)	-	-
Other reserves		1,745	1,760	-	-
Retained earnings		172,820	163,710	9,553	7,232
		212,309	201,178	105,489	103,168
Non controlling interest		119	114	-	-
TOTAL EQUITY		212,428	201,292	105,489	103,168

Explanatory Notes on Statement of Financial Position

Note 1 - Tax Recoverable

Tax recoverable decreased by US\$3.2 million mainly due to a tax refund of IDR 62 billion (US\$4.6 million) received by one of the Company's Indonesian subsidiaries.

Note 2 - Investment in Subsidiary

On 21 April 2017, the Company announced the signing of a Joint Venture Agreement ("the Agreement") with Japan's Yuraku Confectionery Company Ltd. The Agreement between the Partners will see the formation of a Joint Venture Company ("**JVC**") in Singapore to produce, develop, market and sell a range of chocolate snack products under the "Delfi" master brand ("**Products**") in Indonesia.

The JVC will be named Delfi Yuraku Pte Ltd and will be the holding company of an operating entity to be incorporated in Indonesia which will produce, market and sell the Products in Indonesia. The JVC's majority shareholder will be Delfi Limited with a 60% share, while Yuraku Confectionery will hold the remaining 40%.

The total initial capital commitment is estimated at between US\$5.0 million and US\$7.0 million, which will be utilised by the JVC to establish manufacturing and sales & 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. The launch of the JVC is subject to the customary approvals, including regulatory approvals.

Note 3 - Investment in Associated Company and Joint Venture

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.

Note 4 - Capital Expenditure on Property, Plant and Equipment

The capital expenditure in 1H 2017 was incurred mainly for the activation of mechanical and engineering works in the new factory building in Indonesia which was completed in August 2016. Funded by the Group's operating cash flow, the allocation of this capital expenditure by geographical region is as follows:

	2Q 2017	2Q 2016	1H 2017	1H 2016
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
Indonesia	1,198	3,769	4,055	5,432
Regional Markets	222	481	510	862
	1,420	4,250	4,565	6,294

In light of the continuing marketplace uncertainties in Indonesia, the Group will remain vigilant in its capital expenditure for FY2017.

Note 5 - Borrowings

	Group		Company	
	30-Jun-17	31-Dec-16	30-Jun-17	31-Dec-16
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
Bank overdraft	20,817	22,502	-	-
Bank borrowings	22,830	24,088	-	-
Finance lease liabilities	778	1,271	250	285
Trade finance and short term advances	5,291	5,914	-	-
	49,716	53,775	250	285
Breakdown of borrowings:				
Current	41,236	44,197	102	95
Non current	8,480	9,578	148	190
	49,716	53,775	250	285

During 1H 2017, the Group used part of its operating cash flow and tax refund received (see Note 1 on page 6) to reduce its total borrowings by US\$4.1 million.

Note 6 - Foreign Currency Translation Reserve

Compared to end-2016, the regional currencies (with the exception of the Philippines Peso) have strengthened against the US Dollar ("USD") for 1H 2017, as shown below. This resulted in a foreign currency translation gain. The Group also reclassified a foreign translation loss of US\$0.6 million to its income statement on completion of the disposal of CMI (see Consolidated statement of Comprehensive income on page 12). This saw a reduction in the Group's foreign currency translation loss by US\$2.0 million from US\$60.2 million as at 31 December 2016 to US\$58.2 million as at 30 June 2017.

Closing FX Rate USD 1 to	IDR	MYR	SGD	PHP
30 June 2017	13,319	4.2950	1.3775	50.4660
31 December 2016	13,436	4.4864	1.4458	49.8130
Strengthened/(Weakened)	0.9%	4.3%	4.7%	(1.3%)

Note 7 - Key Ratios

	30-Jun-17	31-Dec-16
Current Ratio	1.82	1.71
Average Inventory Days	76	79
Average Receivable Days	62	54
Average Payable Days	48	42
Return on Equity (see paragraph 1(a) on page 2)	10.2%	12.6%

The improvement in the Group's Current Ratio can be attributed mainly to an increase in cash balance of US\$5.5 million with the proceeds from the disposal of CMI (Note 3) and reduction of total borrowings by US\$4.1 million (Note 5).

The Group's debtors' collection was affected by the Muslim Lebaran holiday in Indonesia and Malaysia on 25 June 2017 compared to 6 July last year. The slowdown in collection during this festive holiday led to an increase in Accounts Receivables of US\$7.8 million which raised Average Receivable Days by 8 days. The increase in debtors was partially offset by a lower inventories of US\$2.4 million.

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

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

Aggregate amount of the group's borrowings and debt securities

	Group		Company	
	30-Jun-17	31-Dec-16	30-Jun-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	8,696	10,762	102	95
- Unsecured	32,540	33,435	-	-
	41,236	44,197	102	95
Amount repayable after one year				
- Secured	266	458	148	190
- Unsecured	8,214	9,120	-	-
	8,480	9,578	148	190

Details of collateral

Of the Group's total bank borrowings as at 30 June 2017, US\$9.0 million (vs US\$11.2 million at end-2016) are secured on inventories, property, plant and equipment and building of certain subsidiaries of the Group.

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

	<u>Notes</u>	Half Year ended	
		30-Jun-17	30-Jun-16
		<u>US\$'000</u>	<u>US\$'000</u>
Cash flows from operating activities			
Total profit		14,915	16,568
Adjustments:			
Income tax expense		6,856	7,180
Depreciation and amortisation		5,504	3,690
Property, plant and equipment written off		-	73
Gain on disposal of property, plant and equipment		(55)	(14)
Interest (income)		(436)	(892)
Interest expense		1,589	2,095
Fair value (gain)/loss on derivatives		(108)	35
Gain on sale of associated company	See para 1(a) Note 2 on page 3	(4,632)	-
Share of gain from associated companies		(223)	(141)
Operating cash flow before working capital changes		23,410	28,594
Change in working capital			
Inventories		2,366	6,061
Trade and other receivables		(10,453)	(14,125)
Trade and other payables		2,393	1,928
Cash generated from operations		17,716	22,458
Interest received		436	892
Income tax paid		(3,863)	(6,701)
Net cash provided by operating activities		14,289	16,649
Cash flows from investing activities			
Purchases of property, plant and equipment		(4,565)	(6,152)
Investment in joint venture	See para 1(b) Note 2 on page 6	(900)	-
Payments for patents and trademarks		(33)	(184)
Proceeds from disposal of associated company, net of transactions cost paid	See para 1(b) Note 3 on page 6	8,197	-
Proceeds from disposal of property, plant and equipment		88	205
Net cash provided by/(used in) investing activities		2,787	(6,131)
Cash flows from financing activities			
Capital reduction		-	(60,015)
Proceeds from bank borrowings		7,507	2,129
(Repayment of)/proceeds from trade finance		(623)	838
Repayment of bank borrowings		(8,766)	(10,070)
Repayment of lease liabilities		(506)	(1,717)
Interest paid		(1,589)	(2,108)
Dividends paid to equity holders of company		(5,806)	-
Net cash used in financing activities		(9,783)	(70,943)
Net increase/(decrease) in cash and cash equivalents		7,293	(60,425)
Cash and cash equivalents			
Beginning of financial year		45,235	100,550
Effects of currency translation on cash and cash equivalents		(152)	(1,094)
End of financial year		52,376	39,031

Reconciliation of liabilities arising from financing activities

	2016	Repayment	Proceeds	Non-cash changes	2017
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>Foreign exchange movement</u>	<u>US\$'000</u>
Bank borrowings	24,088	(8,766)	7,508	-	22,830
Lease liabilities	1,271	(506)	-	13	778
Trade finance	5,914	-	(623)	-	5,291

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

	Period ended	
	30-Jun-17	30-Jun-16
	<u>US\$'000</u>	<u>US\$'000</u>
Cash and bank balances	17,193	11,737
Short term deposits	56,000	51,482
Less: Bank overdrafts	(20,817)	(24,188)
	52,376	39,031

Consolidated Statement of Comprehensive Income

	2Q ended 30 June		1H ended 30 June	
	2017	2016	2017	2016
	US\$'000	US\$'000	US\$'000	US\$'000
Profit for the period	9,290	8,124	14,915	16,568
Other comprehensive income/(loss):				
<u>Continuing operations</u>				
Items that may be reclassified to profit or loss:				
Foreign currency translation reserve				
- Currency translation differences arising from consolidation	332	425	1,482	6,036
- Reclassification on disposal of associated company	560	-	560	-
	892	425	2,042	6,036
Items that will not be reclassified to profit or loss:				
Defined pension benefits obligation				
- Re-measurements of defined pension benefits obligation	(1)	-	(8)	-
- Tax on re-measurements	-	-	2	-
- Share of other comprehensive (loss)/gain of associated companies	(37)	-	(37)	8
- Disposal of associated company	28	-	28	-
	(10)	-	(15)	8
Other comprehensive income, net of tax	882	425	2,027	6,044
Total comprehensive income for the period	10,172	8,549	16,942	22,612
Total comprehensive income/(loss) attributable to:				
Equity holders of the Company	10,171	8,550	16,937	22,609
Non-controlling interest	1	(1)	5	3
	10,172	8,549	16,942	22,612

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.

	<u>Attributable to equity holders of the Company</u>						
	<u>Share capital</u>	<u>Foreign currency translation reserve</u>	<u>General reserve</u>	<u>Defined pension benefits obligation</u>	<u>Retained earnings</u>	<u>Total</u>	<u>Non-controlling interest</u>
	<u>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>1Q 2017</u>							
Balance at 1 January 2017	95,936	(60,228)	2,222	(462)	163,710	201,178	114
Profit for the period	-	-	-	-	5,625	5,625	-
Other comprehensive income/(loss) for the period	-	1,146	-	(5)	-	1,141	4
Balance at 31 March 2017	95,936	(59,082)	2,222	(467)	169,335	207,944	118
<u>2Q 2017</u>							
Balance at 1 April 2017	95,936	(59,082)	2,222	(467)	169,335	207,944	118
Profit/(loss) for the period	-	-	-	-	9,291	9,291	(1)
Other comprehensive income/(loss) for the period	-	890	-	(10)	-	880	2
Final dividend relating to 2016	-	-	-	-	(5,806)	(5,806)	-
Balance at 30 June 2017	95,936	(58,192)	2,222	(477)	172,820	212,309	119

	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>1Q 2016</u>								
Balance at 1 January 2016	155,951	(62,066)	2,147	98	145,904	242,034	120	242,154
Profit for the period	-	-	-	-	8,445	8,445	(1)	8,444
Total comprehensive income for the period	-	5,606	-	8	-	5,614	5	5,619
Balance at 31 March 2016	155,951	(56,460)	2,147	106	154,349	256,093	124	256,217
<u>2Q 2016</u>								
Balance at 1 April 2016	155,951	(56,460)	2,147	106	154,349	256,093	124	256,217
Profit for the period	-	-	-	-	8,125	8,125	(1)	8,124
Total comprehensive income for the period	-	425	-	-	-	425	-	425
Capital reduction ^a	(60,015)	-	-	-	-	(60,015)	-	(60,015)
Balance at 30 June 2016	95,936	(56,035)	2,147	106	162,474	204,628	123	204,751

^a. On 23 June 2016, the Company reduced 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>1Q 2017</u>			
Balance at 1 January 2017	95,936	7,232	103,168
Profit for the period	-	2,763	2,763
Balance at 31 March 2017	95,936	9,995	105,931
<u>2Q 2017</u>			
Balance at 1 April 2017	95,936	9,995	105,931
Profit for the period	-	5,364	5,364
Final dividend relating to 2016	-	(5,806)	(5,806)
Balance at 30 June 2017	95,936	9,553	105,489
<u>The Company</u>			
<u>1Q 2016</u>			
Balance at 1 January 2016	155,951	315	156,266
Profit for the period	-	754	754
Balance at 31 March 2016	155,951	1,069	157,020
<u>2Q 2016</u>			
Balance at 1 April 2016	155,951	1,069	157,020
Profit for the period	-	8,329	8,329
Capital reduction ^a	(60,015)	-	(60,015)
Balance at 30 June 2016	95,936	9,398	105,334

^a On 23 June 2016, the Company reduced 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 2Q and 1H ended 30 June 2017, there was no change in issued and paid up share capital of the Company.

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.**

	2Q ended 31 June		1H ended 30 June	
	2017	2016	2017	2016
(i) Based on weighted average number of ordinary shares in issue - (US cents)	1.52	1.33	2.44	2.71
(ii) On a fully diluted basis - (US cents)	1.52	1.33	2.44	2.71

Notes

- Basic Earnings per Share is computed based on 611,157,000 shares.
- There are no potentially dilutive ordinary shares as at 30 June 2017 and 30 June 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	
	30-Jun-17	31-Dec-16	30-Jun-17	31-Dec-16
Net asset value per ordinary share based on issued share capital - (US cents)	34.8	32.9	17.3	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)

	2Q ended 30 June				1H ended 30 June			
	2017	2016	Change in %		2017	2016	Change in %	
	<u>US\$'000</u>	<u>US\$'000</u>	<u>In USD term</u>	<u>In constant exchange rate¹</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>In USD term</u>	<u>In constant exchange rate¹</u>
Indonesia	73,429	78,336	(6.3)	(6.7)	138,105	154,190	(10.4)	(11.6)
Regional Markets	26,788	28,043	(4.5)	3.1	55,232	55,744	(0.9)	5.6
REVENUE	100,217	106,379	(5.8)	(4.1)	193,337	209,934	(7.9)	(7.0)
Indonesia	12,221	15,006	(18.6)	(18.9)	24,193	29,442	(17.8)	(19.1)
Regional Markets	(428)	(686)	(37.6)	48.1	(397)	(800)	(50.4)	65.0
EBITDA	11,793	14,320	(17.6)	(17.5)	23,796	28,641	(16.9)	(17.8)
Profit before tax before non-recurring item	8,472	11,840	(28.4)	(28.3)	17,139	23,748	(27.8)	(28.7)
Non-recurring item	4,632	-	NM	NM	4,632	-	NM	NM
Profit before tax after non-recurring item	13,104	11,840	10.7	10.7	21,771	23,748	(8.3)	(9.2)
Net profit attributable to shareholders	9,291	8,125	14.4	14.3	14,916	16,570	(10.0)	(11.0%)

Key performance indicators

	2Q ended 30 June			1H ended 30 June		
	2017	2016	%	2017	2016	%
Gross profit margin	33.2%	33.3%	(0.1) pt	33.1%	32.6%	0.5 pt

Notes:

- 1 The Group's income statement used the following average exchange rate(s) in translating the results of its subsidiaries into USD term.

For 2Q and 1H ended 30 June 2017

Average FX Rate USD 1 to	Indonesian Rupiah (IDR)	Malaysian Ringgit (MYR)	Singapore Dollar (SGD)	Philippines Peso (PHP)
2Q 2017	13,323	4.3473	1.3922	49.9200
2Q 2016	13,365	3.9859	1.3576	46.5520
<i>Strengthened/(Weakened) Y-o-Y</i>	<i>0.3%</i>	<i>(9.1%)</i>	<i>(2.5%)</i>	<i>(7.2%)</i>
1H 2017	13,349	4.3996	1.4075	49.9423
1H 2016	13,522	4.0989	1.3858	47.0342
<i>Strengthened/(Weakened) Y-o-Y</i>	<i>1.3%</i>	<i>(7.3%)</i>	<i>(1.6%)</i>	<i>(6.2%)</i>

Review of the Group's 2Q and 1H 2017 Financial Performance

Figure 1 - Key Financial Highlights

(In US\$ Million)	2Q 2017	2Q 2016	% chg Y-o-Y	% chg Y-o-Y in Constant Exch Rates *	1H 2017	1H 2016	% chg Y-o-Y	% chg Y-o-Y in Constant Exch Rates *
Indonesia	73.4	78.3	(6.3%)	(6.7%)	138.1	154.2	(10.4%)	(11.6%)
The Regional Markets	26.8	28.0	(4.5%)	3.1%	55.2	55.7	(0.9%)	5.6%
Total Revenue	100.2	106.3	(5.8%)	(4.1%)	193.3	209.9	(7.9%)	(7.0%)
Gross Profit Margin (%)	33.2%	33.3%	(0.1% pt)	(0.1% pt)	33.1%	32.6%	0.5% pt	0.5% pt
EBITDA	11.8	14.3	(17.6%)	(17.5%)	23.8	28.6	(16.9%)	(17.8%)
PATMI (excl non-recurring item)	4.9	8.1	(39.4%)	(42.6%)	10.5	16.6	(36.3%)	(38.9%)
PATMI (incl non-recurring item)	9.3	8.1	14.4%	14.3%	14.9	16.6	(10.0%)	(11.0%)

Note: * For comparative purposes only, this shows the effect of using the respective exchange rates of the regional currencies in 2Q 2016 and 1H 2016 in translating 2Q 2017 and 1H 2017 results.

The Group's 2Q 2017 revenue of US\$100.2 million culminated in 1H 2017 revenue of US\$193.3 million which resulted in PATMI of US\$9.3 million and US\$14.9 million for 2Q and 1H 2017 respectively.

The Group's 1Q and 2Q 2017 sales performance reflected the on-going product portfolio rationalization exercise which was implemented in 2016 and the weak retail sales environment. The product rationalization programme is an initiative we have undertaken to eliminate lower performing SKU's so that we can focus on our core brands and products and drive forward higher margin products. In the short term, there is an impact on sales and profitability but this is a stronger base to grow from.

For the Regional Markets, the higher 2Q 2017 sales (in local currency) achieved can be attributed to higher Agency Brands sales although Own Brands sales achieved reasonable growth despite the on-going product rationalization exercise.

On the back of the lower sales, the Group's EBITDA was lower by 17.6% and 16.9% Y-o-Y for 2Q and 1H 2017 respectively. The Group's 1H 2017 Gross Profit Margin of 33.1% improved by 0.5% point Y-o-Y reflecting lower input costs though partially offset by higher depreciation following the completion of the new production building in Bandung in August last year.

The Group's 2Q 2017 PATMI of US\$9.3 million includes the exceptional gain of US\$4.4 million arising from the disposal of our 50% stake in associate PT Ceres Meiji Indotama. For 1H 2017, including the non-recurring item, the lower PATMI of 10.0% Y-o-Y is mainly due to the lower Indonesian sales which reduced Gross Profit by US\$2.1 million and US\$4.4 million for 2Q and 1H 2017 respectively.

For 1H 2017, the Group generated free cash flow of US\$7.6 million. In addition, the Group's cash balance of US\$73.2 million at 30 June 2017 is more than sufficient to support the Group's foreseeable near term business and investment needs.

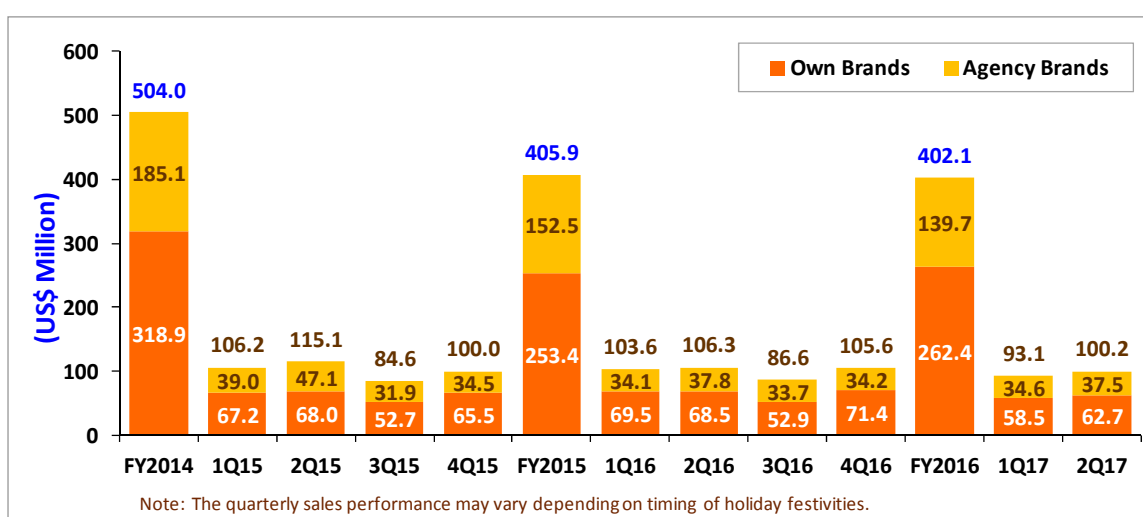
Performance review of Own Brands and Agency Brands

For 1H 2017, Own Brands sales continued to be a major contributor to the Group's business, forming more than 60.0% of the Group's revenue. Over the years, our portfolio of Own Brands has progressively expanded and today extends into the categories of chocolate confectionery, biscuits and wafers, breakfast, baking and beverages.

Own Brands sales in 1H 2017 were lower 12.3% Y-o-Y (in local currency) as a result of the product rationalization exercise and the weak retail sales environment. To illustrate the underlying performance of our Own Brands sales (i.e. in local currency and excluding the products rationalized), our Own Brands sales in Philippines would have grown close to 4.0% although this was unable to offset the lower Own Brands sales in Indonesia.

For 1H 2017, overall Agency Brands sales in Regional Markets (in local currency) increased close to 12.0% driven mainly by growth achieved in Malaysia. Agency Brands sales in Indonesia were affected by higher trade discounts implemented and the Philippines was affected by discontinuation of an agency brand.

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



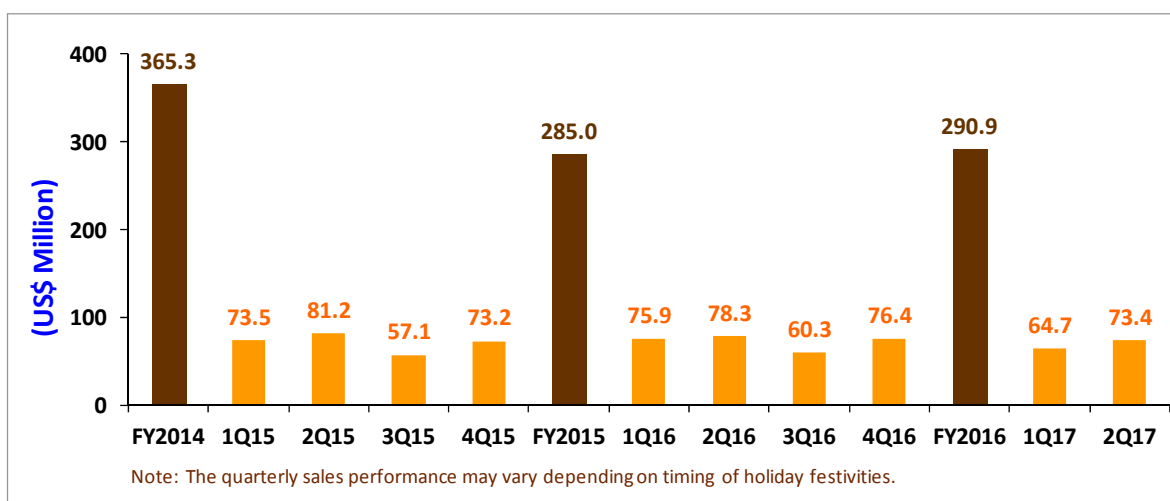
Performance Review by Markets

Indonesia

Despite benign inflation, lower unemployment rate and a relatively stable exchange rate, overall retail sales in Indonesia during the Lebaran period were disappointing as was experienced across the sector. For our business in Indonesia, 2Q 2017 sales started on a soft note but for the remaining two months our sales of Own Brands products achieved double digit growth Y-o-Y.

Hence, sales generated by our business in Indonesia for 1H 2017 were lower Y-o-Y by 11.6% in the Group's USD reporting currency which was the combined result of our product rationalization initiative for Own Brands in order to focus on our core brands and products and the weak retail sales environment.

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



To position our business for long term success, we increased 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 innovative products that will address different consumer needs at different price points.

In addition, we continued investing in our sales force and in our routes-to-market capabilities to develop a more agile, flexible and faster distribution network to respond to the constantly evolving retail landscape both in Indonesia and our Regional Markets. We are extending market reach by having better channel segmentation to access Modern Trades, especially the minimarts, and widening our distribution coverage nationwide. The strengthening of trade partnerships is also one of our key objectives.

The Regional Markets

For our Regional Markets, revenues were lower Y-o-Y by 4.5% and 0.9% in 2Q and 1H 2017 in the Group's USD reporting currency. However, in local currency terms, 2Q and 1H 2017 revenue growth of 3.1% and 5.6% were achieved.

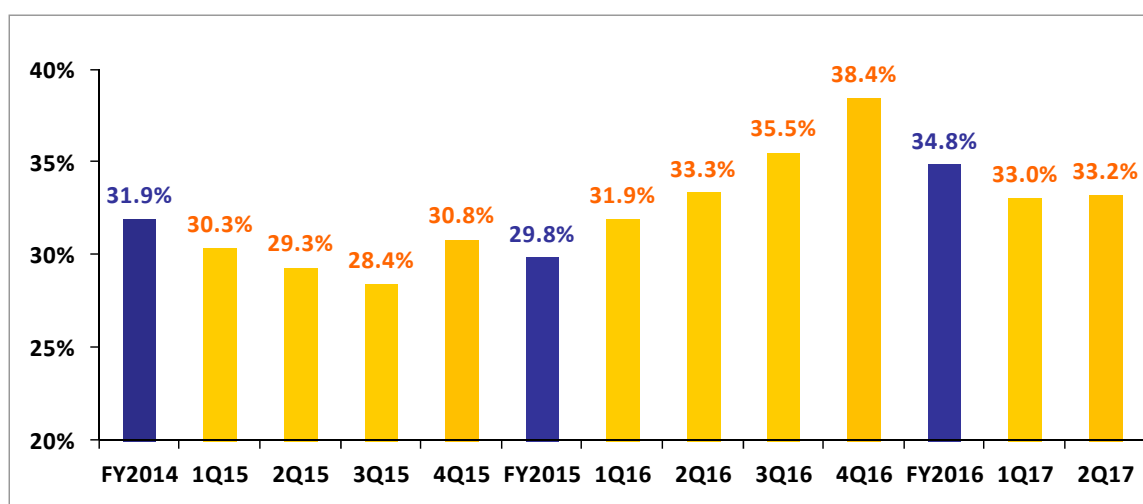
Review of Profitability

On the back of the revenue of US\$193.3 million in 1H 2017, the Group generated EBITDA of US\$23.8 million (lower Y-o-Y by 16.9%) and PATMI of US\$14.9 million in the Group's USD reporting currency.

The lower profit for 1H 2017 can be attributed to the lower sales achieved since our 1H 2017 Gross Profit Margin increased to 33.1% (higher 0.5% points Y-o-Y) despite factoring in a higher depreciation cost. This GP margin improvement can be attributed to:

- i. The benefit of the pricing adjustment and trimming of portion sizes for selected products in Indonesia in 3Q 2015 and 2Q 2016; and
- ii. 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.

The lower 1Q 2017 Gross Profit Margin vs 4Q 2016 can be attributed mainly to the lower production volume on weaker sales, lower sales of premium products in Indonesia compared to 4Q 2016; and higher trading cost (i.e. discounts and rebates) in the Regional Markets.

For Own Brands, our ongoing strategy to tackle higher input costs includes a combination of the following: proactive price adjustments and product right-sizing, launching of higher margined new products and cost containment initiatives. Furthermore, the strategy of buying forward our main raw material requirements in a timely manner serves to lock-in forward costs to a major extent thus providing greater cost visibility and margin stability. We will also continue to drive to achieve higher sales volume and increase efficiency and reduce costs in the supply chain.

For 2Q and 1H 2017, 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 routes-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.

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

We refer to the announcements made on 21 October 2013, 17 December 2013, 24 February 2015 and 28 August 2015 on disputes that had earlier arisen between the Company and Barry Callebaut.

On 28 August 2015, the Company announced that it had entered into a Settlement Agreement with Barry Callebaut as regards the disputes and the resulting arbitration that had been commenced by the Company against Barry Callebaut in relation to adjustments to the closing price that had been paid by Barry Callebaut to the Company. The Company had also announced that as part of the settlement, the parties had mutually agreed to terminate the SPA dated 28 August 2015 although the parties agreed that certain environmental, tax and other warranties would continue (of which the environmental and tax warranties are time-limited).

On 28 August 2015, the Company also announced that the Brazilian tax claims (which were previously announced on 24 February 2015) would continue to be contested. On 24 February 2015, the Company had announced that Barry Callebaut had notified the Company of various claims from the Brazil tax authorities against the former Delfi Cacau Brazil Ltda (“DCBR”), which Barry Callebaut purchased as part of the sale of the Cocoa Ingredients business. In the Company’s announcement made on 28 August 2015, the Company also pointed out that although the settlement agreement fully settled the dispute over the closing price adjustments, Barry Callebaut remained entitled to bring any further claims that may arise under the continuing warranties.

As announced previously, the Company’s total exposure in respect of tax and labour claims in Brazil amount to BRL 87,002,187/- (equivalent to US\$26.3 million based on end-June 2017 exchange rate). Please refer to Delfi Limited 2017 Annual Report Note 3(i) and Note 35(b) for further details.

The Company will keep the shareholders updated of material developments in relation to the existing and new Brazilian claims.

While reserving its rights in relation to the Notifications, the Company has requested Barry Callebaut to defend these claims. 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 recognized in respect of these claims are adequate as at 30 June 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	30-Jun-17	31-Dec-16	Change
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
Cash and cash equivalent	73,193	67,737	5,456
Total Assets	351,509	342,331	9,178
Borrowings	49,716	53,775	(4,059)
Foreign currency translation reserves	(58,192)	(60,228)	2,036
Shareholders' equity	212,309	201,178	11,131
Current ratio	1.82	1.71	

Compared to end 2016, the Group’s cash balance increased by US\$5.5 million to US\$73.2 million. The increase can be attributed mainly to the net proceeds of US\$8.2 million received from the disposal of CMI (see paragraph 1(b) Note 3 on page 6) and after allowing for the investment of US\$0.9 million in Delfi-Orion (see paragraph 1(b) Note 3 on page 6) and the payment of the final dividend for FY2016 of US\$5.8 million in May 2017 (see paragraph 1(d)(i) on page 13). The cash balance will be sufficient to support its foreseeable near term business and investment needs together with any contingent liabilities.

The Company’s shareholders’ equity was higher by US\$11.1 million for 1H 2017 on Net Profit of US\$14.9 million and the foreign exchange translation gain of US\$2.0 million (see paragraph 1(b) Note 7 on page 8) after payment of the final dividend for FY2016. For 1H 2017, the Group

generated an operating cash flow of US\$14.3 million (see paragraph 1(c) on page 10) which was utilized to fund its capital expenditure of US\$4.6 million (see paragraph 1(b) Note 4 on page 7). The positive free cash flow of US\$7.6 million was used to further reduce its borrowings by US\$4.1 million (see paragraph 1(b) Note 6 on page 8). This resulted in an improvement in current ratio.

Total assets increased by US\$9.2 million mainly due to higher working capital and cash balance recorded for the period under review (see paragraph 1(b)(i) Note 7 on page 8).

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

The Group's results for 2Q and 1H 2017 are below the expectations which had been indicated in paragraph 10 of the Group's "1Q 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.

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

Despite these uncertainties, the Group's focus is to continuously work closely with our trade customers and partners to grow our business by ensuring that our brands are always available, properly displayed and at the right price points. As we focus on growing sales of our continuing Own Brands products to replace sales lost due to the product portfolio rationalization, we are expecting 2H 2017 sales to be in line with that of 1H 2017. Although full year sales for FY2017 is expected to be lower Y-o-Y given the weak 1H 2017 sales performance.

The expected lower 2017 sales combined with our higher spending (a) to grow our distribution capabilities and (b) on our core brands will result in our FY2017 results being lower than FY2016. Despite the lower profitability, we will further strengthen the Group's cash flow generation through tighter working capital management and focused capital expenditure.

To sustain profitable growth over the longer term, despite the challenging environment and intensifying competition, we are continuously taking actions to further strengthen our business to capture the significant growth opportunities and find new paths to grow. These include:

- i. Ensuring our organization is well aligned to our growth plans;
- ii. Making targeted and disciplined investments to 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 the competitive edge or through continuous reinvention to stay relevant by creating excitement at the shelf space in order to further reinforce the position of our core brands and reach many more consumers;

- iii. Implementing a multi-channel strategy to adapt to the continuously evolving retail landscape where our objectives are to further broaden and deepen our routes-to-market in order to capture the growth opportunities; and
- iv. Prudently invest to build capacity and capabilities where there are clear expansion opportunities and increase our productivity and efficiency targets in our production and distribution infrastructure.

Despite the current uncertainties in our markets, we believe our geographic and product portfolio positions 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. Our success in our core markets is rooted in our undertaking that our organization must always be ready to adapt to changing times and nimble to cope with the fast moving world. 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.

11. Dividend

a. Current Financial Period Reported On

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

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

An interim dividend of 1.22 US cents or 1.66 Singapore cents per share is declared based on 611,157,000 ordinary shares issued. Together with the cash distribution of 0.95 US cents or 1.35 Singapore cents paid on 19 May 2017, the total cash distributions received by shareholders this year will amount to 2.17 US cents or 3.01 Singapore cents per share. This represents a Y-o-Y increase of 1.18 Singapore cents or 64.5% excluding capital reduction.

b. Corresponding Period of the Immediately Preceding Financial Year

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

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

c. Date payable

The interim dividend will be paid on 8 September 2017.

d. Books closure date

NOTICE IS HEREBY GIVEN that, the Transfer Books and the Register of Members of the Company will be closed at 5:00 p.m. on 25 August 2017 ("Books Closure Date") for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, M&C Services Private Limited, 112 Robinson Road, #05-01, Singapore 068906 before 5:00 p.m. on Books Closure Date will be registered to determine shareholder's entitlements to the interim and special dividends. In respect of ordinary shares in securities accounts with The Central Depository (Pte) Limited ("CDP"), the interim and special dividends will be paid by the Company to CDP which will, in turn, distribute the interim and special dividends 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	
	2Q 2017	1H 2017
	<u>US\$'000</u>	<u>US\$'000</u>
PT Freyabadi Indotama		
- Sales of goods	152	314
- Purchase of products	4,173	8,004
	4,325	8,318
PT Fajar Mataram Sedayu		
- Purchase of goods	180	314
	180	314
	4,478	8,632

14. Negative confirmation pursuant to Rule 705(5)

On behalf of the Board, we, directors of the Company, Mr Chuang Tiong Choon and Mr Chuang Tiong Kie, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial results of the Group for the 2nd Quarter and 1st Half Year ended 30 June 2017 to be false or misleading.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

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

BY ORDER OF THE BOARD

Raymond Lam Kuo Wei/Evelyn Chuang
Secretaries

7 August 2017