



JB FOODS LIMITED

(Incorporated in the Republic of Singapore on 3 January 2012)
(Company Registration No. 201200268D)

Unaudited Financial Statements and Dividend Announcement
For the Fourth Quarter and Twelve Months Ended 31 December 2019

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

1(a)(i) 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 4Q ended 31 Dec			GROUP 12 months ended 31 Dec		
	2019	2018	+ / (-)	2019	2018	+ / (-)
	USD'000	USD'000	%	USD'000	USD'000	%
Revenue	106,155	92,915	14.2	352,494	327,114	7.8
Cost of sales	(92,949)	(80,461)	(15.5)	(300,622)	(277,673)	(8.3)
Gross profit	13,206	12,454	6.0	51,872	49,441	4.9
Interest income	32	33	(3.0)	89	110	(19.1)
Other gains/(losses), net	1,429	1,775	(19.5)	1,418	1,332	6.5
<i>Other items of expense</i>						
Selling and distribution expenses	(2,241)	(1,448)	(54.8)	(6,609)	(5,603)	(18.0)
Administrative expenses	(2,686)	(3,137)	14.4	(9,925)	(8,540)	(16.2)
Finance costs	(1,677)	(788)	(112.8)	(5,152)	(2,652)	(94.3)
Profit before income tax	8,063	8,889	(9.3)	31,693	34,088	(7.0)
Income tax expense	(997)	(4,356)	77.1	(5,556)	(7,303)	23.9
Profit for the period	7,066	4,533	55.9	26,137	26,785	(2.4)
Other comprehensive income:						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Foreign currency translation differences	219	(29)	n.m	(136)	(698)	80.5
Re-measurement of post-employment benefits, net of tax	(47)	59	n.m	(47)	59	n.m
Other comprehensive income for the financial period, net of tax	172	30	473.3	(183)	(639)	71.4
Total comprehensive income for the period	7,238	4,563	58.6	25,954	26,146	(0.7)
Profit attributable to:						
Owners of the parent	7,066	4,533	55.9	26,137	26,785	(2.4)
Non-controlling interest	-	-	-	-	-	-
	7,066	4,533	55.9	26,137	26,785	(2.4)
Total comprehensive income attributable to:						
Owners of the parent	7,238	4,563	58.6	25,954	26,146	(0.7)
Non-controlling interest	-	-	-	-	-	-
	7,238	4,563	58.6	25,954	26,146	(0.7)
EBITDA	11,982	10,952	9.4	43,509	41,633	4.5

n.m. - Not meaningful



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Profit before income tax is arrived after charging / (crediting) the following:-

	Group			Group		
	4Q ended 31 Dec		+ / (-) %	12 months ended 31 Dec		+ / (-) %
	2019 USD'000	2018 USD'000		2019 USD'000	2018 USD'000	
Amortisation of intangible assets	(36)	(37)	2.7	(143)	(153)	6.5
Amortisation of right of use assets	(105)	-	n.m	(285)	-	n.m
Amortisation of land use rights	-	(7)	n.m	-	(28)	n.m
Amortisation of prepaid lease payment	-	(54)	n.m	-	(214)	n.m
Amortisation of deferred capital grant	2	2	-	10	10	-
Depreciation of investment property	(107)	(15)	(613.3)	(151)	(60)	(151.7)
Depreciation of property, plant and equipment	(1,520)	(1,164)	(30.6)	(5,619)	(4,448)	(26.3)
Foreign exchange gain/(loss), net	1,305	848	53.9	865	(74)	n.m
Gain/(Loss) on disposal of plant & equipment	(27)	4	n.m	(346)	4	n.m
Gain on disposal of intangible assets	-	-	n.m	50	-	n.m
Bad debts written off	(15)	-	n.m	(15)	(10)	(50.0)
Fair value gain/(loss) on derivative financial instruments, net	1,485	383	287.7	697	694	0.4
Realised gain/(loss) on cocoa bean derivative contract, net	(459)	53	n.m	234	(1,011)	n.m

n.m. - Not Meaningful



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

	GROUP		COMPANY	
	31-Dec-19 USD'000	31-Dec-18 USD'000	31-Dec-19 USD'000	31-Dec-18 USD'000
Non-current assets				
Intangible assets	225	321	-	-
Investment property	12,539	4,072	-	-
Land use rights	-	1,260	-	-
Right-of-use assets	2,533	-	-	-
Property, plant and equipment	80,493	68,075	-	-
Prepaid lease payments	-	1,468	-	-
Investments in subsidiaries	-	-	103,408	103,385
Deferred tax assets	128	160	-	-
	<u>95,918</u>	<u>75,356</u>	<u>103,408</u>	<u>103,385</u>
Current assets				
Inventories	181,099	112,837	-	-
Trade and other receivables	67,776	45,099	7,588	7,797
Prepayments	654	723	7	8
Derivative financial instruments	3,781	855	-	-
Income tax recoverable	1,637	-	-	-
Cash and cash equivalents	16,594	13,416	9	62
	<u>271,541</u>	<u>172,930</u>	<u>7,604</u>	<u>7,867</u>
Current liabilities				
Trade and other payables	40,921	36,309	82	101
Derivative financial instruments	2,772	543	-	-
Bank borrowings	170,005	80,276	-	-
Lease liabilities	30	-	-	-
Income tax payable	2,450	3,655	2	16
	<u>216,178</u>	<u>120,783</u>	<u>84</u>	<u>117</u>
Net current assets	<u>55,363</u>	<u>52,147</u>	<u>7,520</u>	<u>7,750</u>
Non-current liabilities				
Deferred capital grant	470	487	-	-
Bank borrowings	3,523	85	-	-
Provision for post-employment benefits	455	275	-	-
Deferred tax liabilities	5,505	4,579	-	-
	<u>9,953</u>	<u>5,426</u>	<u>-</u>	<u>-</u>
Net assets	<u>141,328</u>	<u>122,077</u>	<u>110,928</u>	<u>111,135</u>
EQUITY				
Share capital	113,963	113,963	113,963	113,963
Other reserves	(33,056)	(32,947)	(8,458)	(8,458)
Retained earnings	60,411	41,051	5,423	5,630
Equity attributable to owners of the parent	<u>141,318</u>	<u>122,067</u>	<u>110,928</u>	<u>111,135</u>
Non-controlling interest	10	10	-	-
Total equity	<u>141,328</u>	<u>122,077</u>	<u>110,928</u>	<u>111,135</u>



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

Explanatory Notes to Balance Sheets

Right of use assets increased mainly due to the adoption of SFRS(I) 16 Leases. Land use rights and prepaid lease payments were reclassified to right-of-use assets as at 31 December 2019.

Lease liabilities recognized as at 31 December 2019 was due to the recognition of lease liabilities arising from the adoption of SFRS(I) 16 Leases.

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.

	As at	
	31-Dec-19	31-Dec-18
	USD'000	USD'000
Amount repayable in one year or less, or on demand		
- Secured	333	-
- Unsecured	169,672	80,276
	<u>170,005</u>	<u>80,276</u>
Amount repayable after one year		
- Secured	1,595	85
- Unsecured	1,928	-
	<u>3,523</u>	<u>85</u>

Details of collateral

Certain borrowings were secured by the subsidiary’ land and building.



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

	GROUP 4Q ended 31 Dec		GROUP 12 months ended 31 Dec	
	2019 USD'000	2018 USD'000	2019 USD'000	2018 USD'000
Operating Activities				
Profit before tax	8,063	8,889	31,693	34,088
Adjustments for:-				
Amortisation of intangible asset	36	37	143	153
Amortisation of land use rights	-	7	-	28
Amortisation of prepaid lease payment	-	54	-	214
Amortisation of right of use assets	105	-	285	-
Amortisation of deferred capital grant	(2)	(2)	(10)	(10)
Depreciation of investment property	107	15	151	60
Depreciation of property, plant & equipment	1,520	1,164	5,619	4,448
Net fair value gain on derivative financial instruments	(1,485)	(383)	(697)	(694)
Reversal of impairment loss on trade receivables	(86)	-	(86)	(346)
Bad debts written off	15	-	15	10
Interest expenses	1,677	788	5,152	2,652
Interest income	(32)	(33)	(89)	(110)
Reversal of write down of net realisable value of inventory	-	-	-	(11)
Loss/(Gain) on disposal of plant and equipment	27	(4)	346	(4)
Gain on disposal of intangible assets	-	-	(50)	-
Provision for post-employment benefits	180	56	180	75
Operating cash flows before working capital changes	10,125	10,588	42,652	40,553
Changes in working capital:				
Inventories	(12,388)	(36,168)	(68,262)	(29,610)
Trade and other receivables	(12,989)	517	(23,121)	(10,282)
Prepayment	318	105	69	(132)
Trade and other payables	24,595	19,241	4,612	8,117
Cash generated from/(used in) operations	9,661	(5,717)	(44,050)	8,646
Income tax paid	(1,757)	(981)	(6,832)	(1,179)
Net cash from/(used in) operating activities	7,904	(6,698)	(50,882)	7,467
Investing activities				
Proceed from disposal of plant and equipment	-	158	-	158
Proceed from disposal of intangible assets	-	-	50	8
Purchase of intangible assets	-	-	(48)	(31)
Purchase of property, plant and equipment	(2,627)	(5,385)	(18,443)	(17,301)
Prepaid lease payment	(36)	-	(36)	-
Additions to investment property	(5,747)	(105)	(8,618)	(129)
Interest received	32	33	89	110
Net cash used in investing activities	(8,378)	(5,299)	(27,006)	(17,185)
Financing activities				
Proceeds from issuance of ordinary shares	-	-	-	14,436
Share issuance expenses	-	-	-	(114)
Drawdown of borrowings	116,036	84,188	417,318	235,332
Repayment of borrowings	(115,779)	(76,221)	(324,134)	(233,432)
Repayment of obligation under lease	(40)	-	(40)	-
Dividend paid on ordinary shares	-	-	(6,703)	(5,630)
Interest paid	(1,677)	(788)	(5,152)	(2,652)
Net cash (used in)/from financing activities	(1,460)	7,179	81,289	7,940



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

	GROUP		GROUP	
	4Q ended 31 Dec	2018	12 months ended 31 Dec	2018
	2019	2018	2019	2018
	USD'000	USD'000	USD'000	USD'000
Net change in cash and cash equivalents	(1,934)	(4,818)	3,401	(1,778)
Cash and cash equivalent at the beginning of the financial period	18,564	18,494	13,416	15,641
Effect of exchange rate changes on cash and cash equivalents	(36)	(260)	(223)	(447)
Cash and cash equivalents at end of financial period	16,594	13,416	16,594	13,416



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

<u>GROUP</u>	Share capital USD'000	Merger reserves USD'000	Statutory Reserves USD'000	Foreign currency translation reserves USD'000	Retained profits USD'000	Equity attributable to the owners of the parent USD'000	Non-controlling interest USD'000	Total equity USD'000
Balance as at 1 January 2019	113,963	(25,472)	27	(7,502)	41,051	122,067	10	122,077
Profit for the financial period	-	-	-	-	26,137	26,137	-	26,137
Other comprehensive income for the financial period								
Re-measurement of post-employment benefits, net of tax	-	-	-	-	(47)	(47)	-	(47)
Foreign currency translation differences, net of tax	-	-	-	(136)	-	(136)	-	(136)
Total comprehensive income for the financial period	-	-	-	(136)	26,090	25,954	-	25,954
Others								
Transfer to statutory reserve	-	-	27	-	(27)	-	-	-
Contribution by and distribution owners								
Dividends on ordinary shares	-	-	-	-	(6,703)	(6,703)	-	(6,703)
Total transactions with owners of the parent								
Balance as at 31 Dec 2019	113,963	(25,472)	54	(7,638)	60,411	141,318	10	141,328



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

GROUP	Share capital	Merger reserves	Statutory Reserves	Foreign currency translation reserves	Retained profits	Equity attributable to the owners of the parent	Non-controlling interest	Total equity
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Balance as at 1 January 2018	99,641	(25,472)	-	(6,804)	16,749	84,114	10	84,124
Effect of transition to SFRS(1) 9 (Note 1)	-	-	-	-	(290)	(290)	-	(290)
Profit for the financial period	-	-	-	-	26,785	26,785	-	26,785
Other comprehensive income for the financial period								
Re-measurement of post-employment benefits, net of tax	-	-	-	-	59	59	-	59
Foreign currency translation differences, net of tax	-	-	-	(698)	-	(698)	-	(698)
Total comprehensive income for the financial period	-	-	-	(698)	26,844	26,146	-	26,146
Others								
Transfer to statutory reserve	-	-	27	-	(27)	-	-	-
Contribution by and distribution owners								
Issuance of ordinary shares, net	14,322	-	-	-	-	14,322	-	14,322
Dividends on ordinary shares	-	-	-	-	(2,225)	(2,225)	-	(2,225)
Total transactions with owners of the parent	14,322	-	-	-	(2,225)	12,097	-	12,097
Balance as at 31 Dec 2018	113,963	(25,472)	27	(7,502)	41,051	122,067	10	122,077



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

<u>COMPANY</u>	Share capital USD'000	Retained earnings USD'000	Other reserve USD'000	Total USD'000
Balance as at 1 January 2019	113,963	5,630	(8,458)	111,135
Profits for the period, representing total comprehensive income for the period	-	6,496	-	6,496
Dividends on ordinary shares	-	(6,703)	-	(6,703)
Balance as at 31 Dec 2019	113,963	5,423	(8,458)	110,928

<u>COMPANY</u>	Share capital USD'000	Retained earnings USD'000	Other reserve USD'000	Total USD'000
Balance as at 1 January 2018	99,641	851	(8,458)	92,034
Profits for the period, representing total comprehensive income for the period	-	7,004	-	7,004
Contribution by and distribution owners				
Issuance of ordinary shares, net	14,322	-	-	14,322
Dividends on ordinary shares	-	(2,225)	-	(2,225)
Total transactions with owners of the parent	14,322	(2,225)	-	12,097
Balance as at 31 Dec 2018	113,963	5,630	(8,458)	111,135

1(d)(ii) Details of any changes in the company's share capital arising from right issue, bonus issue, share buy-back, 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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.

Company	No. of Shares ('000)	Share Capital (S\$'000)	Share Capital USD'000
As at 1 January 2019 and 31 December 2019	303,200	146,779	113,963
As at 1 Jan 2018	227,400	127,829	99,641
Issue of shares	75,800	18,950	14,322
As at 31 December 2018	303,200	146,779	113,963



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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.

Company	As at	
	31-Dec-19 No of shares	31-Dec-18 No of shares
Total number of issued shares ('000)	303,200	303,200

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

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial period reported on.

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

The figures have not been audited or reviewed.

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

Not applicable.

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 Group and the Company have applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements as at 31 December 2018.

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.

The Group has adopted the new Singapore Financial Reporting Standards (International) ("SFRS(I)") 16 *Leases* on 1 January 2019, using the modified retrospective approach. SFRS(I) 16 introduces a single, on-balance sheet lease accounting model. The rationale of the change is to better reflect the economic substance of lease transactions. It requires a lease to recognise a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

The Group has not restated comparatives for the 2018 reporting period as permitted under the specific transition provision in SFRS(I) 16. The Group recognised lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of FRS17 *Leases*.

Leases are recognised as a right-of-use asset and corresponding liability at the date of which the leased assets is available for use by the Group. These lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 January 2019.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and lease term on a straight-line basis.

The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is low value (low-value assets).



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

	GROUP		GROUP	
	4Q ended 31 Dec 2019	2018	12 months ended 31 Dec 2019	2018
Profit attributable to owners of the parent (USD'000)	7,066	4,533	26,137	26,785
Aggregated weighted average number of ordinary shares ('000)	303,200	303,200	303,200	293,390
Basic and diluted EPS based on aggregated weighted average number of ordinary shares ⁽¹⁾ ⁽²⁾ (USD cents)	2.33	1.50	8.62	9.13

Notes:

- (1) The calculation for the basic and diluted EPS for the respective financial periods is based on the aggregated weighted average number of ordinary shares in issue in the respective financial periods.
(2) The basic and diluted EPS were the same as the Group did not have any potentially dilutive instruments for the respective financial periods.

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

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

	Group		Company	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
Net asset value per ordinary share based on issued share capital - (USD cents)	46.61	40.26	36.59	36.65

The net asset per share for the Group as at 31 December 2019 and 31 December 2018 have been calculated based on the issued share capital of 303,199,966 shares.



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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.

Review of the Statement of Comprehensive Income

FY2019 vs FY2018

The Group's revenue increased by USD25.4million or 7.8% from USD327.1million for the financial year ended 31 Dec 2018 ("FY2018") to USD352.5million for the financial year ended 31 Dec 2019 ("FY2019") mainly due to higher shipment volume arising from customer demand. Correspondingly, the Group's gross profit increased by USD2.5million or 4.9% from USD49.4million in FY2018 to USD51.9million in FY2019.

Selling and distribution expenses increased by USD1.0million or 18.0% from USD5.6million in FY2018 to USD6.6million in FY2019, mainly due to higher export freight and handling costs incurred as a result of higher product shipment volume. Administrative expenses increased by USD1.4million or 16.2% from USD8.5million in FY2018 to USD9.9million in FY2019, mainly due to an increase in the Group's middle management headcount, higher payroll cost and an increase in the Group's depreciation in FY2019.

Finance cost increased by USD2.5million or 94.3% from USD2.7million in FY2018 to USD5.2million in FY2019, mainly due to higher drawdown of trade bills facilities arising from the higher inventories maintained in FY2019 as a result from the higher processing capacity during FY2019.

As a result of the above, the Group registered a profit after tax of USD26.1million in FY2019.

4Q2019 vs 4Q2018

The Group's revenue increased by USD13.3million or 14.2% from USD92.9million in the fourth quarter period ended 31 Dec 2018 ("4Q2018") to USD106.2million in the fourth quarter period ended 31 Dec 2019 ("4Q2019"), mainly due to higher shipment volume arising from customer demand. Correspondingly, the Group's gross profit increased USD0.7million or 6.0% from USD12.5million in 4Q2018 to USD13.2million in 4Q2019.

Other gains decreased by USD0.4million or 19.5% from USD1.8million in 4Q2018 to USD1.4million in 4Q2019, mainly due to lower gain arising from foreign exchange gain.

Selling and distribution expenses increased by USD0.8million or 54.8% from USD1.4million in 4Q2018 to USD2.2million in 4Q2019, mainly due to higher export freight and handling costs incurred as a result of higher product shipment volume.

Administrative expenses decreased by USD0.4million or 14.4%, from USD3.1million in 4Q2018 to USD2.7million in 4Q2019, mainly due to under accrual for performance bonus in prior period, and this was accrued evenly on quarterly basis in year 2019.

Finance cost increased by USD0.9million or 112.8% from USD0.8million in 4Q2018 to USD1.7million in 4Q2019, mainly due to higher drawdown of trade bills facilities arising from the higher inventories.

Income tax expense decreased by USD3.4million or 77.1% from USD4.4million in 4Q2018 to USD1.0million in 4Q2019, mainly due to under provision of income tax and deferred tax in prior period for 4Q2018, and this was accrued evenly on quarterly basis in year 2019.

As a result of the above, the Group registered a profit after tax of USD7.1million in 4Q2019.



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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.

Review of Statement of Financial Position

31 December 2019 vs 31 December 2018

Group

The Group's non-current assets increased by USD20.5million or 27.3% from USD75.4million as at 31 December 2018 to USD95.9million as at 31 December 2019, mainly due to capital expenditure incurred in property, plant and equipment and investment properties in FY2019 amounting USD18.4million and USD8.6million respectively, partially offset by the depreciation charge of USD5.6million property, plant and equipment.

The Group's current assets increased by USD98.6million or 57.0%, from USD172.9million as at 31 December 2018 to USD271.5million as at 31 December 2019, mainly due to the increase in inventories, trade and other receivables, derivative financial instruments, tax recoverable and cash and cash equivalent of USD68.3million, USD22.7million, USD2.9million, USD1.6million and USD3.2million respectively.

The Group's current liabilities increased by USD95.4million or 79.0%, from USD120.8million as at 31 December 2018 to USD216.2million as at 31 December 2019, mainly due to the increase in trade and other payables, derivative financial instruments and short-term bank borrowings of USD4.6million, USD2.2million and USD89.7million respectively partially offset by the decrease in income tax payable of USD1.2million. The Group's non-current liabilities increased by USD4.5million or 83.5% from USD5.4million to USD9.9million mainly due to increase in long term loan and deferred tax liabilities of USD3.4million and USD0.9million.

The Group's equity attributable to owners of the parent increased by USD19.2million or 15.8% from USD122.1million as at 31 December 2018 to USD141.3million as at 31 December 2019, mainly due to profit generated in FY2019, partially offset by the dividend of USD6.7million.

Review of Statement of Cash Flows

The Group's cash and cash equivalent increased by USD3.2million in FY2019, mainly due to net cash inflows from financing activities of USD81.3million, offset by net cash outflows from operating activities and investing activities of USD50.9million and USD27.0million respectively.

The net cash generated from financing activities of USD81.3million was mainly due to net drawdown of bank borrowings of USD93.2million, partially offset with dividend payment and interest of USD6.7million and USD5.2million.

The net cash used in operating activities of USD50.9million was mainly attributable to:

- a) net cash outflows in inventories, trade and other receivables of USD68.3million and USD23.1million respectively due to processing capacity increase.
- b) Income tax paid of USD6.8million;
- c) Net cash inflows from trade and other payables of USD4.6million; and
- d) positive of operating cash flows of USD42.7million.

The net cash used in investing activities of USD27.0million was mainly due to the capital expenditure incurred in the purchase of property, plant and equipment and investment properties of USD18.4million and USD8.6million respectively.



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

No forecast or prospect statement has been previously disclosed to shareholders.

10. **A commentary at the date of the announcement of the significant trends and 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 global economic uncertainties from trade tensions as well as the uncertainty on the impact of the Living Income Differential implementation in Ivory Coast and Ghana continue to be business concern and may pose as potential headwinds to the Group. We expect the outbreak of COVID-19 to have an impact on demand and cause disruption to the supply chains. Notwithstanding the above, the Group will continue to keep a close watch on the developments in the industry, including the potential effects of the outbreak of COVID-19 on the market, and take prudent measures in our strategy.

However, over the long term, we believe the cocoa consumption environment will continue to be supported by robust economies and the growing middle-income classes.

11. **Dividend**

(a) **Current Financial Period Reported On**

Name of dividend	Interim	Final	Total
Dividend type	Cash	Cash	Cash
Dividend per share (in Singapore cents)	1.00 cent	1.80 cents	2.80 cents

On 5 September 2019, the Company has paid out an interim dividend of 1.00 Singapore cent per share. The Company is proposing a final dividend of 1.80 Singapore cent per share for the financial year ended 31 December 2019.

(b) **Corresponding Period of the Immediately Preceding Financial Year**

Name of dividend	Interim	Final	Total
Dividend type	Cash	Cash	Cash
Dividend per share (in Singapore cents)	1.00 cent	2.00 cents	3.00 cents

In preceding financial year, the Company has paid out an interim dividend of 1.00 Singapore cent per share on 31 August 2018 and final dividend of 2.00 Singapore cents per share on 4 June 2019.

(c) **Date payable**

The date payable for the proposed final cash dividend will be announced at a later date.

(d) **Books closure date**

The Notice of closure date of the Transfer Books and the Register of Members of the Company for the proposed final cash dividend will be announced at a late date.

12. **If no dividend has been declared/recommended, a statement to that effect.**

Not applicable



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13. If the Group has obtained a general mandate from Shareholders for interested person transactions (“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 not obtained a general mandate from shareholders for IPTs. The Company has the following related person transactions with a related person who is not an “interested person” as defined in Chapter 9 of the listing manual.

Name of Related Person who is not an “interested person”	Aggregate value of all related person transactions during the financial year under review (exclude transactions less than S\$100,000)
	12 months 2019 USD’000
Guan Chong Cocoa Manufacturer Sdn Bhd	
- Purchase of cocoa ingredients	2,095
- Sales of cocoa ingredients	703
GCB Cocoa Singapore Pte Ltd	
- Purchase of cocoa ingredients	2,719



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14. Segmental Information

Business segments

No segmental information is presented based on business segment as the Group operates in only one business segment, which is production and sale of cocoa ingredients products and derives its operating revenue solely from this segment.

Geographical segments

	Malaysia	Singapore	United States	Indonesia	Others	Elimination	Total
FY2019	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Geographical Segments							
- Total external revenue	154,821	131,927	35,262	8,617	21,867	-	352,494
- Internal segment revenue	164,575	373,398	-	115,530	3,510	(657,013)	-
Total revenue	319,396	505,325	35,262	124,147	25,377	(657,013)	352,494
Segment results	22,081	17,295	175	4,554	549	(1,700)	42,954
Interest income							89
Finance expenses							(5,152)
Depreciation and amortisation							(6,198)
Profit before tax							31,693
Taxation							(5,556)
Profit after tax							26,137
Capital expenditure							
Property, plant and equipment	17,537	34	19	696	157	-	18,443
Investment properties	5,720	-	91	-	2,807	-	8,618
Intangible asset	1	47	-	-	-	-	48
Segment assets	241,217	313,923	20,019	105,377	28,287	(341,364)	367,459
Segment liabilities	168,492	143,278	18,807	71,730	18,333	(194,508)	226,132
FY2018							
Geographical Segments							
- Total external revenue	219,821	29,639	45,622	11,121	20,911	-	327,114
- Internal segment revenue	103,465	340,592	-	120,418	-	(564,475)	-
Total revenue	323,286	370,231	45,622	131,539	20,911	(564,475)	327,114
Segment results	27,411	10,212	714	4,606	594	(2,004)	41,533
Interest income							110
Finance expenses							(2,652)
Depreciation and amortisation							(4,903)
Profit before tax							34,088
Taxation							(7,303)
Profit after tax							26,785
Capital expenditure							
Property, plant and equipment	11,685	41	2	3,643	1,930	-	17,301
Investment properties	-	-	129	-	-	-	129
Intangible asset	-	12	-	-	19	-	31
Segment assets	173,067	227,484	14,373	83,545	13,329	(263,512)	248,286
Segment liabilities	113,320	63,459	13,187	51,337	3,399	(118,493)	126,209

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15. A breakdown of sales

	FY2019	FY2018	
	USD'000	USD'000	%
Sales reported for first half year	159,353	148,038	7.6
Profit after tax for first half year	13,428	13,305	0.9
Sales reported for second half year	193,141	179,076	7.9
Profit after tax for second half year	12,709	13,480	(5.7)

16. 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).

There were no persons 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.

17. Negative confirmation pursuant to Rule 705 (5)

Not applicable as the Company is announcing its full year finding statement for FY2019.

18. Confirmation pursuant to Rule 720 (1)

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

By Order of the Board

Tey How Keong
Chief Executive Officer and Executive Director
26 February 2020

Goh Lee Beng
Executive Director