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 First Quarter and Three Months Ended 31 March 2018

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 3 Months ended 31 Mar		
	2018	**2017**	**+ / (-)**
	USD'000	**USD'000**	**%**
Revenue	74,069	71,239	4.0
Cost of sales	(62,693)	(67,028)	6.5
Gross profit	11,376	4,211	170.1
Interest income	29	16	81.3
Other losses, net	(2,283)	(156)	(1,363.5)
Other items of expense			
Selling and distribution expenses	(1,263)	(891)	(41.8)
Administrative expenses	(1,431)	(1,325)	(8.0)
Finance costs	(614)	(617)	0.5
Profit before income tax	5,814	1,238	369.6
Income tax expense	(1,098)	(65)	(1,589.2)
Profit for the period	4,716	1,173	302.0
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences, net of tax	(203)	12	n.m
Total comprehensive income for the period	4,513	1,185	280.8
Profit attributable to:			
Owners of the parent	4,716	1,173	302.0
Non-controlling interest	-	-	-
	4,716	1,173	302.0
Total comprehensive income attributable to:			
Owners of the parent	4,513	1,185	280.8
Non-controlling interest	-	-	
	4,513	1,185	280.8
EBITDA	7,599	2,996	153.6

n.m. – Not meaningful

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.

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

	Group 3 Months ended 31 Mar		
	2018	**2017**	**+ / (-)**
	USD'000	**USD'000**	**%**
Amortisation of intangible assets	(44)	(37)	(18.9)
Amortisation of prepaid lease payments	(54)	(40)	(35.0)
Amortisation of land use rights	(8)	(6)	(33.3)
Amortisation of deferred capital grant	2	2	-
Depreciation of investment property	(15)	(15)	-
Depreciation of property, plant and equipment	(1,052)	(1,045)	(0.7)
Foreign exchange loss, net	(1,736)	(277)	(526.7)
Loss on disposal of plant & equipment, net	-	(23)	n.m
Fair value (loss)/gain on derivative financial instruments, net	(627)	293	n.m
Realised loss on cocoa bean derivative contracts, net	(540)	(225)	(140.0)

n.m. – Not Meaningful

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-Mar-18	31-Dec-17	1-Jan-17*	31-Mar-18	31-Dec-17	1-Jan-17*
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Non-current assets						
Intangible assets	421	451	515	-	-	-
Investment property	3,992	4,003	4,045	-	-	-
Land use rights	1,400	1,361	1,153	-	-	-
Property, plant and equipment	57,586	55,611	52,709	-	-	-
Prepaid lease payments	1,628	1,682	1,307	-	-	-
Investments in subsidiaries	-	-	-	91,877	91,877	66,177
Deferred tax assets	142	137	114	-	-	-
Other receivables	-	-	-	-	-	24,000
	65,169	63,245	59,843	91,877	91,877	90,177
Current assets						
Inventories	78,733	83,216	95,795	-	-	-
Trade and other receivables	31,727	34,771	39,413	82	3,647	3,175
Prepayments	725	591	361	14	9	7
Derivative financial instruments	-	146	256	-	-	-
Income tax recoverable	-	5	883	-	-	-
Cash and cash equivalents	28,445	15,641	7,119	7,603	29	7
	139,630	134,370	143,827	7,699	3,685	3,189
Current liabilities						
Trade and other payables	8,654	31,597	25,285	80	3,512	50
Amount due to shareholders	7,513	-	-	7,513	-	-
Derivative financial instruments	1,009	528	1,200	-	-	-
Bank borrowings	94,886	78,461	101,631	-	-	-
Finance lease payable	-	-	71	-	-	-
Income tax payable	59	48	172	16	16	70
	112,121	110,634	128,359	7,609	3,528	120
Net current assets	27,509	23,736	15,468	90	157	3,069
Non-current liabilities						
Deferred capital grant	540	525	444	-	-	-
Provision for post-employment benefits	298	298	202	-	-	-
Deferred tax liabilities	3,087	2,034	738	-	-	-
	3,925	2,857	1,384	-	-	-
Net assets	88,753	84,124	73,927	91,967	92,034	93,246
EQUITY						
Share capital	99,641	99,641	99,641	99,641	99,641	99,641
Other reserves	(32,073)	(32,276)	(32,488)	(8,458)	(8,458)	(8,458)
Retained earnings	21,175	16,749	6,764	784	851	2,063
Equity attributable to owners of the parent	88,743	84,114	73,917	91,967	92,034	93,246
Non-controlling interest	10	10	10	-	-	-
Total equity	88,753	84,124	73,927	91,967	92,034	93,246

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.

* The group has adopted the new Singapore Financial Reporting Standards (International) ("SFRS(I)") framework for the financial year ending 31 December 2018 and has applied SFRS(I) 1 with 1 January 2017 as the date of transition, which requires the first SFRS(I) financial statements to comprise of an opening SFRS(I) statement of financial position at the date of transition to SFRS(I)s. (Please refer to page 8 for more details)

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-Mar-18	31-Dec-17
	USD'000	**USD'000**
Amount repayable in one year or less, or on demand		
- **Secured**	-	-
- **Unsecured**	94,886	78,461
	94,886	78,461
Amount repayable after one year		
- **Secured**	-	-
- **Unsecured**	-	-
	-	-

<u>**Details of collateral**</u>

Certain borrowings were secured by one of the subsidiary land and building.

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 3 Months ended 31 Mar	
	2018	2017
	USD'000	USD'000
Operating activities		
Profit before tax	5,814	1,238
Adjustments for:		
Amortisation of intangible assets	44	37
Amortisation of prepaid lease payments	54	40
Amortisation of land use rights	8	6
Amortisation of deferred capital grant	(2)	(2)
Depreciation of investment property	15	15
Depreciation of property, plant & equipment	1,052	1,045
Loss on disposal of plant and equipment	-	23
Net fair value (gain)/loss on derivative financial instruments	627	(293)
Interest expenses	614	617
Interest income	(29)	(16)
Operating cash flows before working capital changes	8,197	2,710
Changes in working capital:		
Inventories	4,483	12,707
Trade and other receivables	2,754	9,937
Prepayment	(134)	21
Trade and other payables	(22,943)	(12,235)
Cash generated from operations	(7,643)	13,140
Income tax paid	(30)	(60)
Net cash (used in)/ from operating activities	(7,673)	13,080
Investing activities		
Purchase of property, plant & equipment	(2,927)	(906)
Purchase of intangible assets	(9)	(11)
Addition of investment property	(4)	-
Interest received	29	16
Net cash used in investing activities	(2,911)	(901)
Financing activities		
Proceeds from application of rights issue	7,513	-
Drawdown of trade bills	69,751	53,805
Repayment of trade bills	(53,326)	(63,881)
Repayment of finance leases	-	(21)
Interest paid	(614)	(617)
Net cash from/(used in) financing activities	23,324	(10,714)
Net change in cash and cash equivalents	12,740	1,465
Cash and cash equivalent at the beginning of the financial period	15,641	7,119
Effect of foreign exchange rate changes on cash and cash equivalents	64	(4)
Cash and cash equivalents at end of financial period	28,445	8,580

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 USD'000	Merger 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 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	-	-	-	4,716	4,716	-	4,716
Other comprehensive income for the financial period							
Foreign currency translation differences, net of tax	-	-	203	-	203	-	203
Total comprehensive income for the financial period	-	-	203	4,716	4,919	-	4,919
Balance as at 31 March 2018	99,641	(25,472)	(6,601)	21,175	88,743	10	88,753
Balance as at 1 January 2017	99,641	(25,472)	(7,016)	6,764	73,917	10	73,927
Profit for the financial period	-	-	12	1,173	1,185	-	1,185
Balance as at 31 March 2017	99,641	(25,472)	(7,004)	7,937	75,102	10	75,112

COMPANY	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
Loss for the period, representing total comprehensive income for the period	-	(67)	-	(67)
Balance as at 31 March 2018	99,641	784	(8,458)	91,967

COMPANY	Share capital USD'000	Retained earnings USD'000	Other reserve USD'000	Total USD'000
Balance as at 1 January 2017	99,641	2,063	(8,458)	93,246
Loss for the period, representing total comprehensive income for the period	-	(136)	-	(136)
Balance as at 31 March 2017	99,641	1,927	(8,458)	93,110

Note 1 *The changes in accounting policies resulting from the adoption of SFRS(I) 9 should be applied by the Group and the Company retrospectively as described in No 5.*

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.

There were no new shares issued in the first quarter ended 31 March 2018
.
There were no outstanding convertibles or treasury shares held as at 31 March 2018 and 31 March 2017.

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.

	As at	
	31-Mar-18	**31-Dec-17**
Company	No of shares	No of shares
Total number of issued shares ('000)	227,400	227,400

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 2017 except as disclosed in Note 5.

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.

Singapore-incorporated companies listed on the Singapore Exchange are required to apply a new financial reporting framework identical to the International Financial Reporting Standards ("IFRS"), Singapore Financial Reporting Standards (International) ("SFRS(I)"), for annual periods beginning on or after 1 January 2018.

The Group has adopted SFRS(I) on 1 January 2018 and has prepared its first set of financial information under SFRS(I) for the financial period ended 31 March 2018. The Group has consistently applied the same accounting policies in its opening SFRS(I) statement of financial position as at 1 January 2017 and throughout the comparable periods presented, as if these policies had always been in effect. In adopting SFRS(I), the Group is required to apply all the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* and new SFRS(I), amendments to and interpretation of SFRS(I) that are effective from 1 January 2018. The transition to SFRS(I) did not have any significant impact to the Group except as disclosed below:

SFRS(I) 9 Financial Instruments
The Group has elected to apply short-term exemption under SFRS(I) 1 by not restating the comparative information for SFRS(I) 9, the financial instruments recognised for the financial year ended 31 December 2017 will continue to be measured in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*.

Prior to transition to SFRS(I), the Group measured its impairment on trade receivables based on an "incurred loss" model. Upon transition to SFRS(I), a forward-looking expected credit loss ("ECL") model was applied to measure the impairment provision for trade receivables. This has resulted an increase in Group's impairment for trade receivables by approximately USD0.3million. The increase in impairment has been recognised in retained earnings as at 1 January 2018 (Note 1(d)(i)).

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 3 Months ended 31 Mar	
	2018	**2017**
Profit attributable to owners of the parent (USD'000)	4,716	1,173
Aggregated weighted average number of ordinary shares ('000)	227,400	227,400
Basic and diluted EPS based on aggregated weighted average number of ordinary shares (USD cents) (1) (2)	2.1	0.5

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-Mar-18	**31-Dec-17**	**31-Mar-18**	**31-Dec-17**
Net asset value per ordinary share based on issued share capital – (USD cents)	39.03	37.00	40.44	40.47

The net asset per share for the Group as at 31 March 2018 and 31 December 2017 have been calculated based on the issued share capital of 227,399,975 shares.

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

1Q2018 vs 1Q2017

The Group's revenue increased by USD2.8millon or 4.0% from USD71.2million in the first quarter ended 31 March 2017 ("1Q2017") to USD74.0million in the first quarter ended 31 March 2018 ("1Q2018") mainly due to higher shipment volume, and partially offset by the lower average selling price to the Group's customers arising from lower cocoa bean prices. The Group's gross profit increased by USD7.2million or 170.1% from USD4.2million in 1Q2017 to USD11.4million in 1Q2018 due to improvements in processing margin.

Other losses increased by USD2.1million from USD0.2million in 1Q2017 to USD2.3million in 1Q2018, mainly due to higher foreign exchange loss arising from the borrowings denominated in Great Britain Pound ("GBP") as a result of the appreciation of GBP against USD in 1Q2018. This foreign exchange difference is the result and part of the hedging mechanism to manage our foreign exchange exposures. The corresponding exchange gain/loss is embedded in the cost of sales.

Selling and distribution expenses increased by USD0.4million or 41.8% from USD0.9million in 1Q2017 to USD1.3million in 1Q2018, mainly due to higher export freight and handling costs incurred as a result of higher product shipment volume.

Income tax expense increased by USD1.0million or 1,589.2% from USD0.1million in 1Q2017 to USD1.1million in 1Q2018 mainly due to provision for deferred income tax made in 1Q2018. As a result of the above, the Group's registered a profit after tax of USD4.7million in 1Q2018 compared to a profit after tax of USD1.2million in 1Q2017.

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

The Group's non-current assets increased by USD1.9million or 3.0% from USD63.2million as at 31 December 2017 to USD65.2million as at 31 March 2018, mainly due to the purchase of plant and equipment of USD2.9million in 1Q2018, and partially offset by the depreciation charge of USD1.1million on property, plant and equipment.

The Group's current assets increased by USD5.3million or 3.9% from USD134.4million as at 31 December 2017 to USD139.6million as at 31 March 2018, mainly due to the increase in cash and cash equivalents of USD12.8million, and partially offset by the decrease in inventories and trade and other receivables of USD4.5million and USD3.0million respectively.

The Group's current liabilities increased by USD1.5million or 1.3% from USD110.6million as at 31 December 2017 to USD112.1million as at 31 March 2018, mainly due to the increase in amount due to shareholders, bank borrowings and derivative financial liabilities of USD7.5million, USD16.4million and USD0.5million respectively, and partially offset by the decrease in trade and other payables of USD22.9million.

The Group's non-current liabilities increased by USD1.1million or 37.4% from USD2.9million as at 31 December 2017 to USD3.9million as at 31 March 2018, mainly due to provision of deferred income tax liabilities.

The Group's equity attributable to the owners of the parents increased by USD4.6million from USD84.1million as at 31 December 2017 to USD88.7million as at 31 March 2018 mainly due to profits generated in 1Q2018.

Review of Statement of Cash Flows

The Group's cash and cash equivalent increased by USD12.7million in 1Q2018, mainly due to net cash inflows from financing activities of USD23.3million. and partially offset by the net cash outflows used in operating activities and investing activities of USD7.7million and USD2.9million respectively.

The net cash used in operating activities of USD7.7million in 1Q2018 was mainly attributable to:
a) net cash outflows in trade and other payables of USD22.9million
b) positive operating cash flows of USD8.2million; and
c) net cash inflows from inventories and trade and receivables of USD4.5million and USD2.8million respectively.

The net cash used in investing activities of USD2.9million was mainly due to the capital expenditure of USD2.9million incurred on property, plant and equipment.

The net cash generated from financing activities of USD23.3million was mainly due to net drawdown of trade bills of USD16.4million, proceeds of USD7.5million received from shareholders for application of rights issue, and partially offset by the payment of finance cost of USD0.6million.

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.

Use of Rights Issue Proceeds

The Company has utilised the Rights Issue Proceeds as at 30 April 2018 in the following manner:

Purposes	Amount Allocated (S$' million)	Amount Utilised (S$'million)
Business Expansion	9.4 to 13.2	0.7
Working Capital	5.6 to 9.4	9.0
Total	18.8	9.7

Net proceeds utilised for capital expenditure and general working capital purpose:-

Nature of payment	(S$'million)
Payment to professional/operating expenses	0.1
Payment to suppliers	2.2
Payment to borrowings	7.4
Total	9.7

Subsequent to the aforementioned, the Company has a remaining balance of approximately S$9.1million from the Net Proceeds. The Board will continue to make periodic announcements on the utilisation of the balance of the Net Proceeds as and when such proceeds are materially deployed.

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 Group expects the current positive business sentiments and demand for cocoa ingredients to continue into the second half of 2018. However, high volatility in cocoa bean markets and potential interest rate hike have heightened global economic uncertainties. This may negatively impact cocoa and chocolate consumption and pose potential headwinds to the Group's business. The Group will continue to adopt conservative and prudent measures and strategies, and remains confident in its long-term growth prospects.

11. Dividend

(a) Current Financial Period Reported On

No dividend has been declared for the current financial period reported on.

(b) Corresponding Period of the Immediately Preceding Financial Year

No dividend has been declared for the corresponding period of the immediately preceding financial year.

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

No dividend has been declared or recommended for the period ended 31 March 2018.

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 Interested Person	Aggregate value of all Interested person transactions during the financial year under review (exclude transactions less than S$100,000 and transactions conducted under the shareholders' mandate pursuant to Rule 920)
	3 months 2018
	USD'000
Guan Chong Cocoa Manufacturer Sdn Bhd	
-Purchase of cocoa ingredients	303
- Sales of cocoa ingredients	90

14. Negative confirmation pursuant to Rule 705 (5)

The Board of Directors of the Company hereby confirm that, to the best of their knowledge, nothing has come to their attention which may render the three months financial results for the period ended 31 March 2018 to be false or misleading.

15. Confirmation pursuant to Rule 720 (1)

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

By Order of the Board

Tey How Keong
Chief Executive Officer and Executive Director
10 May 2018

Goh Lee Beng
Executive Director