



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 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		
	3 Months ended 31 Mar		
	2019	2018	+ / (-)
	USD'000	USD'000	%
Revenue	78,462	74,069	5.9
Cost of sales	(68,131)	(62,693)	(8.7)
Gross profit	<u>10,331</u>	<u>11,376</u>	(9.2)
Interest income	21	29	(27.6)
Other gains/(losses), net	121	(2,283)	n.m
<i>Other items of expense</i>			
Selling and distribution expenses	(1,225)	(1,263)	3.0
Administrative expenses	(2,210)	(1,431)	(54.4)
Finance costs	(1,022)	(614)	(66.4)
Profit before income tax	<u>6,016</u>	<u>5,814</u>	3.5
Income tax expense	(991)	(1,098)	9.7
Profit for the period	<u><u>5,025</u></u>	<u><u>4,716</u></u>	6.6
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences, net of tax	233	203	14.8
Total comprehensive income for the period	<u><u>5,258</u></u>	<u><u>4,919</u></u>	6.9
Profit attributable to:			
Owners of the parent	5,025	4,716	6.6
Non-controlling interest	-	-	-
	<u><u>5,025</u></u>	<u><u>4,716</u></u>	6.6
Total comprehensive income attributable to:			
Owners of the parent	5,258	4,919	6.9
Non-controlling interest	-	-	-
	<u><u>5,258</u></u>	<u><u>4,919</u></u>	6.9
EBITDA	<u><u>8,387</u></u>	<u><u>7,599</u></u>	10.4

n.m. - Not meaningful



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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		
	2019	2018	+ / (-)
	USD'000	USD'000	%
Amortisation of intangible assets	(33)	(44)	25.0
Amortisation of prepaid lease payment	(54)	(54)	-
Amortisation of land use rights	(7)	(8)	12.5
Amortisation of deferred capital grant	3	2	50.0
Depreciation of investment property	(14)	(15)	6.7
Depreciation of property, plant and equipment	(1,244)	(1,052)	(18.3)
Foreign exchange gain/(loss), net	224	(1,736)	n.m
Gain on disposal of plant & equipment	1	-	n.m
Gain on disposal of intangible assets	50	-	n.m
Fair value loss on derivative financial instruments, net	(544)	(627)	13.2
Realised gain/(loss) on cocoa bean derivative contracts	24	(540)	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-Mar-19 USD'000	31-Dec-18 USD'000	31-Mar-19 USD'000	31-Dec-18 USD'000
Non-current assets				
Intangible assets	288	321	-	-
Investment property	6,873	4,072	-	-
Land use rights	1,284	1,260	-	-
Property, plant and equipment	72,763	68,075	-	-
Prepaid lease payments	1,414	1,468	-	-
Investments in subsidiaries	-	-	103,385	103,385
Deferred tax assets	164	160	-	-
	<u>82,786</u>	<u>75,356</u>	<u>103,385</u>	<u>103,385</u>
Current assets				
Inventories	113,731	112,837	-	-
Trade and other receivables	46,463	45,099	7,707	7,797
Prepayments	773	723	12	8
Derivative financial instruments	278	855	-	-
Cash and cash equivalents	15,391	13,416	10	62
	<u>176,636</u>	<u>172,930</u>	<u>7,729</u>	<u>7,867</u>
Current liabilities				
Trade and other payables	21,347	36,309	53	101
Derivative financial instruments	510	543	-	-
Bank borrowings	98,007	80,276	-	-
Income tax payable	3,955	3,655	16	16
	<u>123,819</u>	<u>120,783</u>	<u>69</u>	<u>117</u>
Net current assets	<u>52,817</u>	<u>52,147</u>	<u>7,660</u>	<u>7,750</u>
Non-current liabilities				
Bank borrowings	2,718	85	-	-
Deferred capital grant	496	487	-	-
Provision for post-employment benefits	275	275	-	-
Deferred tax liabilities	4,779	4,579	-	-
	<u>8,268</u>	<u>5,426</u>	<u>-</u>	<u>-</u>
Net assets	<u>127,335</u>	<u>122,077</u>	<u>111,045</u>	<u>111,135</u>
EQUITY				
Share capital	113,963	113,963	113,963	113,963
Other reserves	(32,714)	(32,947)	(8,458)	(8,458)
Retained earnings	46,076	41,051	5,540	5,630
Equity attributable to owners of the parent	<u>127,325</u>	<u>122,067</u>	<u>111,045</u>	<u>111,135</u>
Non-controlling interest	10	10	-	-
Total equity	<u>127,335</u>	<u>122,077</u>	<u>111,045</u>	<u>111,135</u>

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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-19	31-Dec-18
	USD'000	USD'000
Amount repayable in one year or less, or on demand		
- Secured	334	-
- Unsecured	97,673	80,276
	<u>98,007</u>	<u>80,276</u>
Amount repayable after one year		
- Secured	1,865	85
- Unsecured	853	-
	<u>2,718</u>	<u>85</u>

Details of collateral

Certain borrowings were secured by one of 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	
	3 Months ended 31 Mar	2018
	2019	2018
	USD'000	USD'000
Operating activities		
Profit before tax	6,016	5,814
Adjustments for:		
Amortisation of intangible assets	33	44
Amortisation of prepaid lease payments	54	54
Amortisation of land use rights	7	8
Amortisation of deferred capital grant	(3)	(2)
Depreciation of investment property	14	15
Depreciation of property, plant & equipment	1,244	1,052
Gain on disposal of property, plant and equipment	(1)	-
Gain on disposal of intangible assets	(50)	-
Net fair value loss on derivative financial instruments	544	627
Interest expenses	1,022	614
Interest income	(21)	(29)
Operating cash flows before working capital changes	8,859	8,197
Changes in working capital:		
Inventories	(894)	4,483
Trade and other receivables	(1,364)	2,754
Prepayment	(50)	(134)
Trade and other payables	(14,962)	(22,943)
Cash generated from operations	(8,411)	(7,643)
Income tax paid	(488)	(30)
Net cash used in operating activities	(8,899)	(7,673)
Investing activities		
Proceed from disposal of intangible assets	50	-
Proceed from disposal of plant and equipment	7	-
Purchase of property, plant & equipment	(5,830)	(2,927)
Purchase of intangible assets	(1)	(9)
Additions to investment property	(2,815)	(4)
Interest received	21	29
Net cash used in investing activities	(8,568)	(2,911)
Financing activities		
Proceeds from application of right issues	-	7,513
Drawdown of bank borrowings	77,551	69,751
Repayment of bank borrowings	(57,192)	(53,326)
Interest paid	(1,022)	(614)
Net cash from financing activities	19,337	23,324
Net change in cash and cash equivalents	1,870	12,740
Cash and cash equivalent at the beginning of the financial period	13,416	15,641
Effect of foreign exchange rate changes on cash and cash equivalents	105	64
Cash and cash equivalents at end of financial period	15,391	28,445



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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	-	-	-	-	5,025	5,025	-	5,025
Other comprehensive income for the financial period								
Foreign currency translation differences, net of tax	-	-	-	233	-	233	-	233
Total comprehensive income for the financial period	-	-	-	233	5,025	5,258	-	5,258
Balance as at 31 March 2019	113,963	(25,472)	27	(7,269)	46,076	127,325	10	127,335
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



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<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
Loss for the period, representing total comprehensive income for the period	-	(90)	-	(90)
Balance as at 31 March 2019	113,963	5,540	(8,458)	111,045

<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
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

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 2019

There were no outstanding convertibles or treasury shares held as at 31 March 2019 and 31 March 2018.

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-19	31-Dec-18
Company	No of shares	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.



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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.

Not applicable.

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	
	2019	2018 (Restated)
Profit attributable to owners of the parent (USD’000)	5,025	4,716
Aggregated weighted average number of ordinary shares (’000)	303,200	303,200
Basic and diluted EPS based on aggregated weighted average number of ordinary shares (USD cents) ^{(1) (2)}	1.66	1.56

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-19	31-Dec-18	31-Mar-19	31-Dec-18
Net asset value per ordinary share based on issued share capital - (USD cents)	42.00	40.26	36.62	36.65

The net asset per share for the Group as at 31 March 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

1Q2019 vs 1Q2018

The Group's revenue increased by USD4.4million or 5.9% from USD74.1million in the three months ended 31 March 2018 ("1Q2018") to USD78.5million for the three months ended 31 March 2019 ("1Q2019") mainly due to stronger customer demand. The Group's gross profit decreased by USD1.0million or 9.2% from USD11.4million in 1Q2018 to USD10.3million in 1Q2019. The higher gross profit in 1Q2018 was mainly due to lower inventory costs recorded in "Cost of Sales" as its corresponding Mark-To-Market foreign exchange losses was accounted for in "Other Losses".

Other Gains (net) improved by USD2.4million from Other Losses of USD2.3million in 1Q2018 to Other Gains of USD0.1 million in 1Q2019, mainly due to foreign exchange gains of USD0.2million generated in 1Q2019 as compared to foreign exchange losses of USD1.7million incurred in 1Q2018.

Administrative expenses increased by USD0.8million or 54.4% from USD1.4million in 1Q2018 to USD2.2million in 1Q2019, mainly due to an increase in the accruals of performance bonus and an increase in the Group's headcount and higher payroll cost. Finance cost increased by USD0.4million or 66.4% from USD0.6million in 1Q2018 to USD1.0million in 1Q2019, mainly due to higher trade bills utilisation as a result from the higher cocoa bean inventories maintained in 1Q2019.

As a result of above, the Group registered a profit after tax of USD5.0million in 1Q2019 compared to a profit after tax of USD4.7million in 1Q2018.

Review of Statement of Financial Position

The Group's non-current assets increased by USD7.4million or 9.9% from USD75.4million as at 31 December 2018 to USD82.8million as at 31 March 2019, mainly due to the capital expenditure incurred in plant and equipment and investment property in 1Q2019 amounting to USD8.6million, and partially offset by the depreciation charge of USD1.2million on property, plant and equipment.

The Group's current assets increased by USD3.7million or 2.1% from USD172.9million as at 31 December 2018 to USD176.6million as at 31 March 2019, mainly due to the increase in inventories, trade and other receivables and cash and cash equivalents of USD0.9million, USD1.4million and USD2.0million respectively, and partially offset by the decrease in derivative financial instruments of USD0.6million.

The Group's current liabilities increased by USD3.0million or 2.5% from USD120.8million as at 31 December 2018 to USD123.8million as at 31 March 2019, mainly due to increase in bank borrowings and income tax payable of USD17.7million and USD0.3million, and partially offset by the decrease in trade payables by USD15.0million.

The Group's non-current liabilities increased by USD2.8million or 52.4% from USD5.4million as at 31 December 2018 to USD8.3million as at 31 March 2019, mainly due to increase in bank borrowings and deferred tax liabilities of USD2.6million and USD0.2million.



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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 Cash Flows

The Group’s cash and cash equivalent increased by USD2.0million in 1Q2019, mainly due to net cash inflows from financing activities of USD19.3million, partially offset by net cash outflows from operating activities and investing activities of USD8.9million and USD8.6million respectively.

The net cash used in operating activities of USD8.9million in 1Q2019 was mainly attributable to:

- a) net cash outflows in inventories, trade and other receivables and trade and other payables of USD0.9million, USD1.4million and USD15.0million respectively;
- b) income tax paid of USD0.5million; and
- c) positive operating cash flows of USD8.9million

The net cash used in investing activities of USD8.6million was mainly due capital expenditure incurred in the purchase of plant and equipment and investment property of USD5.8million and USD2.8million.

The net cash from financing activities of USD19.3million was mainly due to net drawdown of trade bills and term loan of USD17.4million and USD3.0million.

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 continue to be a business concern to the Group as they may negatively impact cocoa consumption. In addition, the National Oceanic and Atmospheric Administration has issued an El Nino Advisory in March 2019 indicating that the climate pattern has taken effect¹ and could possibly affect cocoa bean harvests.

The Group remains confident in its long-term growth prospects as the global cocoa consumption is expected to remain strong. Over the years, cocoa demand has been on the rise due to growing affluence coupled with increasing popularity of cocoa flavour and ingredients in the food and beverage sector.

¹ <https://www.climate.gov/news-features/blogs/enso/march-2019-el-ni%C3%B1o-update-think-spring>



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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 2019 so as to retain funds for working capital and investments.

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 2019
	USD’000
Guan Chong Cocoa Manufacturer Sdn Bhd - Purchase of cocoa ingredients - Sales of cocoa ingredients	 208 119

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 2019 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
14 May 2019

Goh Lee Beng
Executive Director