



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 Third Quarter and Nine Months Ended 30 September 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			GROUP		
	3Q ended 30 Sept		+ / (-) %	9 months ended 30 Sept		+ / (-) %
	2018 USD'000	2017 USD'000		2018 USD'000	2017 USD'000	
Revenue	86,161	75,841	13.6	234,199	220,133	6.4
Cost of sales	(73,744)	(66,739)	(10.5)	(197,212)	(200,442)	1.6
Gross profit	12,417	9,102	36.4	36,987	19,691	87.8
Interest income	33	22	50.0	77	78	(1.3)
Other gains/(losses), net	407	(1,113)	n.m	(440)	(1,860)	76.3
<i>Other items of expense</i>						
Selling and distribution expenses	(1,458)	(1,205)	(21.0)	(4,155)	(3,084)	(34.7)
Administrative expenses	(1,663)	(1,525)	(9.0)	(5,403)	(4,558)	(18.5)
Finance costs	(558)	(557)	(0.2)	(1,864)	(1,833)	(1.7)
Profit before income tax	9,178	4,724	94.3	25,202	8,434	198.8
Income tax expense	(228)	(80)	(185.0)	(2,947)	(704)	(318.6)
Profit for the period	8,950	4,644	92.7	22,255	7,730	187.9
Other comprehensive income:						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Foreign currency translation differences	(341)	68	n.m	(669)	98	n.m
Total comprehensive income for the period	8,609	4,712	82.7	21,586	7,828	175.8
Profit attributable to:						
Owners of the parent	8,950	4,644	92.7	22,255	7,730	187.9
Non-controlling interest	-	-	-	-	-	-
	8,950	4,644	92.7	22,255	7,730	187.9
Total comprehensive income attributable to:						
Owners of the parent	8,609	4,712	82.7	21,586	7,828	175.8
Non-controlling interest	-	-	-	-	-	-
	8,609	4,712	82.7	21,586	7,828	175.8
EBITDA	10,947	6,514	68.1	30,683	13,769	122.8
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.

* 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 9 for more details)

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

	Group			Group		
	3Q ended 30 Sept		+ / (-) %	9 months ended 30 Sept		+ / (-) %
	2018	2017		2018	2017	
	USD'000	USD'000		USD'000	USD'000	
Amortisation of intangible assets	(20)	(39)	48.7	(116)	(113)	(2.7)
Amortisation of prepaid lease payment	(53)	(40)	(32.5)	(160)	(121)	(32.2)
Amortisation of land use rights	(5)	(7)	28.6	(21)	(20)	(5)
Amortisation of deferred capital grant	3	3	-	8	8	-
Depreciation of investment property	(14)	(15)	6.7	(44)	(45)	2.2
Depreciation of property, plant and equipment	(1,122)	(1,135)	1.1	(3,284)	(3,211)	(2.3)
Foreign exchange gain/(loss), net	172	(1,124)	n.m	(992)	(1,863)	46.8
Loss on disposal of plant & equipment	-	-	n.m	-	(26)	n.m
Fair value gain on derivative financial instruments, net	(164)	(13)	(1,146.2)	311	758	59.0
Realised gain/(loss) on cocoa bean derivative contract, net	14	53	(73.6)	(1,064)	(747)	(42.4)

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		
	30-Sept-18 USD'000	31-Dec-17 USD'000	1-Jan-17* USD'000	30-Sept-18 USD'000	31-Dec-17 USD'000	1-Jan-17* USD'000
Non-current assets						
Intangible assets	355	451	515	-	-	-
Investment property	3,983	4,003	4,045	-	-	-
Land use rights	1,272	1,361	1,153	-	-	-
Property, plant and equipment	64,155	55,611	52,709	-	-	-
Prepaid lease payments	1,522	1,682	1,307	-	-	-
Investments in subsidiaries	-	-	-	91,877	91,877	66,177
Deferred tax assets	131	137	114	-	-	-
Other receivables	-	-	-	-	-	24,000
	<u>71,418</u>	<u>63,245</u>	<u>59,843</u>	<u>91,877</u>	<u>91,877</u>	<u>90,177</u>
Current assets						
Inventories	76,669	83,216	95,795	-	-	-
Trade and other receivables	45,330	34,771	39,413	12,693	3,647	3,175
Prepayments	829	591	361	18	9	7
Derivative financial instruments	222	146	256	-	-	-
Income tax recoverable	-	5	883	-	-	-
Cash and cash equivalents	18,494	15,641	7,119	2,142	29	7
	<u>141,544</u>	<u>134,370</u>	<u>143,827</u>	<u>14,853</u>	<u>3,685</u>	<u>3,189</u>
Current liabilities						
Trade and other payables	17,151	31,597	25,285	49	3,512	50
Derivative financial instruments	293	528	1,200	-	-	-
Bank borrowings	72,394	78,461	101,631	-	-	-
Finance lease payable	-	-	71	-	-	-
Income tax payable	1,232	48	172	21	16	70
	<u>91,070</u>	<u>110,634</u>	<u>128,359</u>	<u>70</u>	<u>3,528</u>	<u>120</u>
Net current assets	<u>50,474</u>	<u>23,736</u>	<u>15,468</u>	<u>14,783</u>	<u>157</u>	<u>3,069</u>
Non-current liabilities						
Deferred capital grant	491	525	444	-	-	-
Provision for post-employment benefits	298	298	202	-	-	-
Deferred tax liabilities	3,586	2,034	738	-	-	-
	<u>4,375</u>	<u>2,857</u>	<u>1,384</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets	<u>117,517</u>	<u>84,124</u>	<u>73,927</u>	<u>106,660</u>	<u>92,034</u>	<u>93,246</u>
EQUITY						
Share capital	113,963	99,641	99,641	113,963	99,641	99,641
Other reserves	(32,945)	(32,276)	(32,488)	(8,458)	(8,458)	(8,458)
Retained earnings	36,489	16,749	6,764	1,155	851	2,063
Equity attributable to owners of the parent	<u>117,507</u>	<u>84,114</u>	<u>73,917</u>	<u>106,660</u>	<u>92,034</u>	<u>93,246</u>
Non-controlling interest	10	10	10	-	-	-
Total equity	<u>117,517</u>	<u>84,124</u>	<u>73,927</u>	<u>106,660</u>	<u>92,034</u>	<u>93,246</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	
	30-Sept-18	31-Dec-17
	USD'000	USD'000
Amount repayable in one year or less, or on demand		
- Secured	-	-
- Unsecured	72,394	78,461
	<u>72,394</u>	<u>78,461</u>
Amount repayable after one year		
- Secured	-	-
- Unsecured	-	-
	<u>-</u>	<u>-</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		GROUP	
	3Q ended 30 Sept 2018 USD'000	2017 USD'000	9 months ended 30 Sept 2018 USD'000	2017 USD'000
Operating Activities				
Profit before tax	9,178	4,724	25,202	8,434
Adjustments for:-				
Amortisation of intangible asset	20	39	116	113
Amortisation of prepaid lease payment	53	40	160	121
Amortisation of land use rights	5	7	21	20
Amortisation of deferred capital grant	(3)	(3)	(8)	(8)
Depreciation of investment property	14	15	44	45
Depreciation of property, plant & equipment	1,122	1,135	3,284	3,211
Loss on disposal of plant and equipment	-	-	-	26
Net fair value gain on derivative financial instruments	164	13	(311)	(758)
Interest expenses	558	557	1,864	1,833
Interest income	(33)	(22)	(77)	(78)
Operating cash flows before working capital changes	11,078	6,505	30,295	12,959
Changes in working capital:				
Inventories	(8,033)	1,592	6,547	31,371
Trade and other receivables	(10,981)	(2,025)	(11,135)	3,765
Prepayment	89	(117)	(238)	(251)
Trade and other payables	3,957	(2,476)	(11,041)	(14,308)
Cash generated from operations	(3,890)	3,479	14,428	33,536
Income tax paid	(47)	(33)	(198)	(396)
Net cash (used)/from operating activities	(3,937)	3,446	14,230	33,140
Investing activities				
Purchase of property, plant & equipment	(5,125)	(1,673)	(11,990)	(4,382)
Purchase of intangible assets	-	(38)	(39)	(220)
Additional of investment property	(11)	-	(24)	-
Proceed from capital grant	-	-	-	58
Interest received	33	22	77	78
Net cash used in investing activities	(5,103)	(1,689)	(11,976)	(4,466)
Financing activities				
Proceeds from issuance of ordinary shares	-	-	14,322	-
Drawdown of trade bills	46,437	51,328	151,144	167,285
Repayment of trade bills	(41,200)	(46,585)	(157,211)	(184,593)
Repayments of finance lease	-	(22)	-	(64)
Dividend paid on ordinary shares	(2,225)	-	(5,630)	(815)
Interest paid	(558)	(557)	(1,864)	(1,833)
Net cash from/(used in) financing activities	2,454	4,164	761	(20,020)



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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 3Q ended 30 Sept		GROUP 9 months ended 30 sept	
	2018 USD'000	2017 USD'000	2018 USD'000	2017 USD'000
Net change in cash and cash equivalents	(6,586)	5,921	3,015	8,654
Cash and cash equivalent at the beginning of the financial period	24,974	9,858	15,641	7,119
Effect of exchange rate changes on cash and cash equivalents	106	(4)	(162)	2
Cash and cash equivalents at end of financial period	18,494	15,775	18,494	15,775

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	-	-	-	22,255	22,255	-	22,255
Other comprehensive income for the financial period							
Foreign currency translation differences, net of tax	-	-	(669)	-	(669)	-	(669)
Total comprehensive income for the financial period	-	-	(669)	22,255	21,586	-	21,586
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 30 Sept 2018	113,963	(25,472)	(7,473)	36,489	117,507	10	117,517



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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	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 2017	99,641	(25,472)	(7,016)	6,764	73,917	10	73,927
Profit for the financial period	-	-	-	7,730	7,730	-	7,730
Other comprehensive income for the financial period	-	-	98	-	98	-	98
Total comprehensive income for the financial period	-	-	98	7,730	7,828	-	7,828
Contributions by and distribution to owners							
Dividends on ordinary shares	-	-	-	(815)	(815)	-	(815)
Balance as at 30 Sept 2017	99,641	(25,472)	(6,918)	13,679	80,930	10	80,940

<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	-	304	-	304
Contribution by and distribution owners				
Issuance of ordinary shares, net	14,322	-	-	14,322
Balance as at 30 Sept 2018	113,963	1,155	(8,458)	106,660

<u>COMPANY</u>	Share Capital USD'000	Retained Earnings USD'000	Capital Reserve USD'000	Total USD'000
Balance as at 1 January 2017	99,641	2,063	(8,458)	93,246
Profit for the period, representing total comprehensive income for the period	-	27	-	27
Dividends on ordinary shares	-	(815)	-	(815)
Balance as at 30 Sept 2017	99,641	1,275	(8,458)	92,458



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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	Share Capital	Share Capital
	('000)	(S\$'000)	USD'000
As at 1 Jan 2018	227,400	127,829	99,641
Issue of shares	75,800	18,950	14,322
As at 30 Sept 2018	303,200	146,779	113,963
As at 1 Jan 2017 and 30 Sept 2017	227,400	127,829	99,641

During the second quarter of 2018, the Company has undertaken a renounceable non-underwritten rights issue of 75,799,991 new ordinary shares of the Company (the “Rights Shares”) at an issue price of S\$0.25 for each rights share, on the basis of one (1) rights share for every three (3) existing ordinary shares in the share capital of the Company (the “Rights Issue”). The Rights Shares has been issued and allotted on 5 April 2018 and listed for quotation on the Main Board of the SGX-ST on 6 April 2018. The newly issued shares rank pari passu in all respects with the previously issued shares.

There were no outstanding convertibles or treasury shares held as at 30 Sept 2018 and 30 Sept 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.

Company	As at	
	30-Sept-18	31-Dec-17
	No of shares	No of shares
Total number of issued shares ('000)	303,200	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.



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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		GROUP	
	3Q ended 30 Sept 2018	2017 (Restated)	9 months ended 30 Sept 2018	2017 (Restated)
Profit attributable to owners of the parent (USD’000)	8,950	4,644	22,255	7,730
Aggregated weighted average number of ordinary shares (’000)	303,200	265,110	290,085	265,110
Basic and diluted EPS based on aggregated weighted average number of ordinary shares ⁽¹⁾ ⁽²⁾ (USD cents)	2.95	1.75	7.67	2.92

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.



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- 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	
	30-Sept-18	31-Dec-17	30-Sept-18	31-Dec-17
Net asset value per ordinary share based on issued share capital - (USD cents)	38.76	37.00	35.18	40.47

The net asset per share for the Group as at 30 Sept 2018 and 31 December 2017 have been calculated based on the issued share capital of 303,199,966 shares and 227,399,975 shares respectively.

- 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

9M2018 vs 9M2017

The Group’s revenue increased by USD14.1million or 6.4% from USD220.1million for the nine months ended 30 Sept 2017 (“9M2017”) to USD234.2million for the nine months ended 30 Sept 2018 (“9M2018”) mainly due to the stronger customer demand, which was 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 USD17.3million or 87.8% from USD19.7million in 9M2017 to USD37.0million in 9M2018 mainly due to higher shipment volume and improvements in processing margin.

Other losses decreased by USD1.4million from USD1.8million in 9M2017 to USD0.4million in 9M2018, mainly due to lesser foreign exchange losses as a result of the appreciation in Great British Pounds (“GBP”) against USD in 9M2018 from our Group GBP’s borrowings.

Selling and distribution expenses increased by USD1.1million or 34.7% from USD3.1million in 9M2017 to USD4.2million in 9M2018, mainly due to higher sales commissions, export freight and handling costs incurred as a result of higher product shipment volume.

Administrative expenses increased by USD0.8million or 18.5% from USD4.6million in 9M2017 to USD5.4million 9M2018, mainly due to an increase in the Group’s headcount and higher payroll cost.

Income tax expense increased by USD2.2million or 318.6% from USD0.7million in 9M2017 to USD2.9million in 9M2018, mainly due to provision of income tax and deferred income tax in 9M2018.

As a result of the above, the Group registered a profit after tax of USD22.3million in 9M2018 compared to a profit after tax of USD7.7million in 9M2017.



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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

3Q2018 vs 3Q2017

The Group's revenue increased by USD10.3million or 13.6% from USD75.8million in the third quarter period ended 30 Sept 2017 ("3Q2017") to USD86.2million in the third quarter period ended 30 Sept 2018 ("3Q2018"), mainly due to stronger customer demand, which was 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 USD3.3million or 36.4% from USD9.1million in 3Q2017 to USD12.4million in 3Q2018 due to higher shipment volume and improvements in processing margin.

Other gains increased by USD1.5million from other losses (net) of USD1.1million in 3Q2017 to USD0.4million in 3Q2018, mainly due to foreign exchange gain as a result of the weakening in GBP against USD in 3Q2018.

Selling and distribution expenses increased by USD0.3million or 21.0% from USD1.2million in 3Q2017 to USD1.5million in 3Q2018, mainly due to higher sales commissions, export freight and handling costs incurred as a result of higher product shipment volume.

Administrative expenses increased by USD0.1million or 9.0%, from USD1.5million in 3Q2017 to USD1.7million in 3Q2018, mainly due to an increase in the Group's headcount and higher payroll cost.

Income tax expense increased by USD0.1million or 185.0% from USD0.1million in 3Q2017 to USD0.2million in 3Q2018, mainly due to provision of income tax in 3Q2018.

As a result of the above, the Group registered a profit after tax of USD9.0million in 3Q2018 compared to profit after tax of USD4.6million in 3Q2017.



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(Company Registration No. 201200268D)

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

30 Sept 2018 vs 31 December 2017

Group

The Group's non-current assets increased by USD8.2million or 12.9% from USD63.2million as at 31 December 2017 to USD71.4million as at 30 Sept 2018, mainly due to the investment in plant and equipment of USD11.9million in 3Q2018, partially offset by the depreciation and amortization charge of USD3.7million on property, plant and equipment.

The Group's current assets increased by USD7.2million or 5.3%, from USD134.4million as at 31 December 2017 to USD141.5million as at 30 Sept 2018, mainly due to the increase in trade and other receivables, cash and cash equivalents and prepayment of USD10.6million, USD2.9million and USD0.2million respectively, partially offset by the decrease in inventories by USD6.5million.

The Group's current liabilities decreased by USD19.6million or 17.7%, from USD110.6million as at 31 December 2017 to USD91.1million as at 30 Sept 2018, mainly due to the decrease in trade and other payables, short-term bank borrowings and derivative financial liabilities of USD14.4million, USD6.1million and USD0.3million respectively, partially offset by the increase in income tax payable of USD1.2million.

The Group's non-current liabilities increased by USD1.5million or 53.1% from USD2.9million to USD4.4million mainly due to increase in deferred tax liabilities of USD1.5million.

The Group's equity attributable to owners of the parent increased by USD33.4million or 39.7% from USD84.1million as at 31 December 2017 to USD117.5million as at 30 Sept 2018, mainly due to issuance of 76million new ordinary shares in April 2018 amounted to USD14.3million and net profit of USD22.3million generated in 9M2018, partially offset by the dividend of USD2.2million, net foreign currency translation of USD0.7million and effect of the adoption of SFRS(1) 9 amounted to USD0.3million respectively.

Review of Statement of Cash Flows

The Group's cash and cash equivalent increased by USD3.0million in 9M2018, due to net cash inflows from operating activities and financing activities of USD14.2million and USD1.0million respectively, partially offset by net cash outflows from investing activities of USD12.0million and effect of the exchange rate changes on cash and cash equivalents of USD0.2million.

The net cash generated from operating activities of USD14.2million in 9M2018 was mainly attributable to:

- a) positive operating cash flows of USD30.3million;
- b) net cash inflows from inventories of USD6.5million; and
- c) net cash outflows in trade and other receivables, trade and other payables, prepayment and tax paid of USD11.1million, USD11.0million, USD0.3million and USD0.2million respectively.

The net cash used in investing activities of USD12.0million was mainly due to the capital expenditure incurred in the purchase of plant and equipment.

The net cash generated in financing activities of USD0.8million was mainly due net proceeds of USD14.3million received from issuance of 76million new ordinary shares, partially offset by the net repayment of bank borrowings, payment of dividends and finance cost of USD6.1million, USD5.6million and USD1.8million respectively.



JB FOODS LIMITED

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

- 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 September 2018 in the following manner:

<u>Purposes</u>	Amount Allocated (S\$’ million)	Amount Utilised (S\$’million)
Business Expansion	9.4 to 13.2	8.3
Working Capital	5.6 to 9.4	9.4
Total	<u>18.8</u>	<u>17.7</u>

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

<u>Nature of payment</u>	(S\$’million)
Payment to professional/operating expenses	0.5
Payment to suppliers	9.7
Payments to borrowings	7.5
Total	<u>17.7</u>

Subsequent to the aforementioned, the Company has a remaining balance of approximately S\$1.1million 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 global economic uncertainties continue to be a business threat to the Group due to intensifying trade tensions and interest rate hikes. However, the Group remains confident in its long-term growth prospects and will continue to adopt conservative and prudent measures and strategies.



JB FOODS LIMITED

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

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

Name of dividend	Interim
Dividend type	Cash
Dividend per share (in Singapore cents)	2.00 Singapore cents per share

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

No dividend has been declared or recommended for the period ended 30 September 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. During the period under review, there is no IPTs which are above S\$100,000. The Company has the following transactions with Guan Chong Cocoa Manufacturer Sdn Bhd, 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)
	9 months 2018
	USD’000
Guan Chong Cocoa Manufacturer Sdn Bhd	
- Purchase of cocoa ingredients	1,866
- Sales of cocoa ingredients	164

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 nine months financial results for the period ended 30 September 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
13 November 2018

Goh Lee Beng
Executive Director