



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 2015

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.

Effect for the change of Functional Currency

With effect from 1 January 2015, the functional currency of the Company and reporting currency of both the Company and the Group have been changed from Ringgit Malaysia (“RM”) to United States Dollar (“USD”) based on the rationale as described in paragraph 5 of this announcement (the “Change in Functional and Reporting Currency”). The effect of the Change in Functional and Reporting Currency has been accounted for in the first three months period ended 31 March 2015 (“1Q2015”) and shall continue to be accounted for prospectively in respect of the remaining periods of FY2015 and all financial years subsequent to FY2015.

Accordingly, the comparatives of the financial statements of the Company and of the Group for 1Q2014 were restated and presented in USD. Specifically, the assets and liabilities of the Company and of the Group as at 31 December 2014 were translated from RM to USD at the closing exchange rate as at 31 December 2014, while the income and expense items of the Company and of the Group for the 1Q2015 were translated at the average rate during the said period.

	GROUP		
	3 Months ended		
	31 Mar		
	2015	2014	+ / (-)
	USD'000	USD'000	%
		(Restated)	
Revenue	42,059	53,256	(21.0)
Cost of sales	(40,865)	(54,370)	24.8
Gross profit/(loss)	1,194	(1,114)	n.m
Interest income	13	12	8.3
Other gains, net	572	293	95.2
<i>Other items of expense</i>			
Selling and distribution expenses	(797)	(800)	0.4
Administrative expenses	(968)	(663)	(46.0)
Other expenses	(11)	(84)	86.9
Finance costs	(412)	(350)	(17.7)
Loss before tax	(409)	(2,706)	84.9
Tax expense	(80)	-	n.m
Loss for the period	(489)	(2,706)	81.9

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 immediate preceding financial year.

	GROUP		
	3 Months ended		
	31 Mar		
	2015	2014	+ / (-)
	USD'000	USD'000	%
		(Restated)	
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation differences	-	-	n.m
Income tax relating to components of other comprehensive income	-	-	n.m
Other comprehensive income for the period, net of tax	-	-	n.m
Total comprehensive income for the period	(489)	(2,706)	81.9
Loss attributable to:			
Owners of the parent	(489)	(2,706)	81.9
Non-controlling interest	-	-	n.m
	(489)	(2,706)	81.9
Total comprehensive income attributable to:			
Owners of the parent	(489)	(2,706)	81.9
Non-controlling interest	-	-	n.m
	(489)	(2,706)	81.9

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

	Group		
	3 Months ended		
	31 Mar		
	2015	2014	+ / (-)
	USD'000	USD'000	%
		(Restated)	
Amortisation of intangible assets	7	7	-
Amortisation of prepaid lease payments	40	43	(7.0)
Depreciation of property, plant and equipment	612	593	3.2
Foreign exchange gain, net	(92)	(424)	(78.3)
Inventories written down	-	495	n.m
Loss on disposal of plant & equipment	11	-	n.m
Net fair value gain on derivative financial instruments	(5)	(656)	(99.2)
Realised gain on cocoa bean derivative contracts	(386)	(3)	12766.6

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-15	31-Dec-14	31-Mar-15	31-Dec-14
	USD'000	USD'000	USD'000	USD'000
		(Restated)		(Restated)
Non-current assets				
Intangible assets	303	310	-	-
Property, plant and equipment	34,068	33,724	-	-
Prepaid lease payments	1,591	1,631	-	-
Investments in subsidiaries	-	-	66,177	66,177
Other receivables	-	-	9,100	9,100
	<u>35,962</u>	<u>35,665</u>	<u>75,277</u>	<u>75,277</u>
Current assets				
Inventories	60,975	70,725	-	-
Trade and other receivables	30,349	34,339	17,179	6,792
Prepayments	190	251	120	87
Derivative financial instruments	-	75	-	-
Income tax recoverable	931	1,435	-	-
Cash and cash equivalents	18,957	32,130	40	11,296
	<u>111,402</u>	<u>138,955</u>	<u>17,339</u>	<u>18,175</u>
Less:				
Current liabilities				
Trade and other payables	7,627	11,637	9,156	9,174
Derivative financial instruments	97	177	-	-
Bank borrowings	79,597	102,601	-	-
Finance lease payables	150	-	-	-
Income tax payable	191	121	-	-
	<u>87,662</u>	<u>114,536</u>	<u>9,156</u>	<u>9,174</u>
Net current assets	<u>23,740</u>	<u>24,419</u>	<u>8,183</u>	<u>9,001</u>
Less:				
Non-current liability				
Deferred tax liability	23	23	-	-
Finance lease payables	107	-	-	-
	<u>130</u>	<u>23</u>	<u>-</u>	<u>-</u>
Net assets	<u>59,572</u>	<u>60,061</u>	<u>83,460</u>	<u>84,278</u>
EQUITY				
Share capital	90,631	90,631	90,631	90,631
(Accumulated losses)/Retained earnings	(1,459)	(970)	1,287	2,105
Other reserves	(29,610)	(29,610)	(8,458)	(8,458)
Equity attributable to owners of the parent	<u>59,562</u>	<u>60,051</u>	<u>83,460</u>	<u>84,278</u>
Non-controlling interest	10	10	-	-
Total equity	<u>59,572</u>	<u>60,061</u>	<u>83,460</u>	<u>84,278</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-15	31-Dec-14
	USD'000	USD'000
Amount repayable in one year or less, or on demand		
- Secured	-	-
- Unsecured	79,747	102,601
	<u>79,747</u>	<u>102,601</u>
Amount repayable after one year		
- Secured	-	-
- Unsecured	107	-
	<u>107</u>	<u>-</u>

Details of collateral

As at 31 March 2015, the borrowings were secured by a corporate guarantee issued by the Company.



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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	
	2015	2014
	USD'000	USD'000
		(Restated)
Operating activities		
Loss before tax	(409)	(2,706)
Adjustments for:		
Amortisation of intangible assets	7	7
Amortisation of prepaid lease payments	40	43
Depreciation of property, plant & equipment	612	593
Loss on disposal of plant and equipment	11	-
Net fair value gain on derivative financial instruments	(5)	(656)
Inventory written down	-	495
Interest expenses	412	350
Interest income	(13)	(12)
Operating cash flows before working capital changes	655	(1,886)
Changes in working capital:		
Inventories	9,750	(6,255)
Trade and other receivables	3,990	2,822
Prepayment	61	(33)
Trade and other payables	(4,010)	(879)
Cash generated from/(used in) operations	10,446	(6,231)
Income tax refunded	492	457
Net cash generated from/(used in) operating activities	10,938	(5,774)
Investing activities		
Purchase of property, plant & equipment	(658)	(580)
Interest received	13	12
Net cash used in investment activities	(645)	(568)
Financing activities		
Drawdown of bank borrowings	68,444	40,952
Repayment of bank borrowings	(91,448)	(41,427)
Repayment of finance lease payables	(50)	-
Interest paid	(412)	(350)
Net cash used in financing activities	(23,466)	(825)
Net change in cash and cash equivalents	(13,173)	(7,167)
Cash and cash equivalent at the beginning of the financial period	32,130	19,911
Effect of exchange rate changes on cash and cash equivalents	-	(324)
Cash and cash equivalents at end of financial period	18,957	12,420



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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 USD'000	Merger reserves USD'000	Capital reserves USD'000	Accumulated losses 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 2015	90,631	(22,654)	(6,956)	(970)	60,051	10	60,061
Loss for the financial period	-	-	-	(489)	(489)	-	(489)
Balance as at 31 March 2015	90,631	(22,654)	(6,956)	(1,459)	59,562	10	59,572

GROUP	Share capital USD'000	Merger reserves USD'000	Capital reserves USD'000	Retained earnings USD'000	Equity attributable to the owners of the parent USD'000	Non-controlling interest USD'000	Total equity USD'000
(Restated) Balance as at 1 January 2014	68,137	(22,654)	(6,956)	12,452	50,979	-	50,979
Loss for the financial period	-	-	-	(2,706)	(2,706)	-	(2,706)
Balance as at 31 March 2014	68,137	(22,654)	(6,956)	9,746	48,273	-	48,273

COMPANY	Share capital USD'000	Retained earnings USD'000	Capital reserve USD'000	Total USD'000
Balance as at 1 January 2015	90,631	2,105	(8,458)	84,278
Loss for the period, representing total comprehensive income for the period	-	(818)	-	(818)
Balance as at 31 March 2015	90,631	1,287	(8,458)	83,460

COMPANY	Share capital USD'000	Retained earnings USD'000	Capital reserve USD'000	Total USD'000
(Restated) Balance as at 1 January 2014	68,137	1,652	(8,458)	61,331
Loss for the period, representing total comprehensive income for the period	-	(95)	-	(95)
Balance as at 31 March 2014	68,137	1,557	(8,458)	61,236



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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.

There were no new shares issued in the first quarter ended 31 March 2014 and no outstanding convertibles or treasury shares held as at 31 March 2015 and 31 March 2014.

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-Mar-15	31-Dec-14
	No of shares	No of shares
Total number of issued shares	720,000,000	720,000,000

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.

Save as disclosed in paragraph 5 below, 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 2014.



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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.

Save for the Change in Functional Currency which had been adopted as the Company is of the opinion that USD best reflects the current and prospective economic substance of the underlying transactions and circumstances of the Group, given that:

- i) A significant amount of our Group’s revenue and purchases are currently and will increasingly be transacted in USD; and
- ii) The Group’s operations have diversified from the sole operation in Malaysia to the current multi-country operations pursuant to the incorporation of subsidiaries in Singapore, the United States of America (“USA”) and Indonesia in which the functional currency is denominated in USD.

The financial effects attributed to the Change in Functional and Reporting Currency are highlighted in the opening remarks appearing at the beginning of this announcement.

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	
	2015	2014
Loss attributable to owners of the parent (USD’000)	(489)	(2,706)
Aggregated weighted average number of ordinary shares (‘000)	720,000	480,000
Basic and diluted EPS based on aggregated weighted average number of ordinary shares (USD cents) ^{(1) (2)}	(0.07)	(0.56)

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-15	31-Dec-14	31-Mar-15	31-Dec-14
Net asset value per ordinary share based on issued share capital – (USD cents)	8.27	8.34	11.59	11.71

The net asset per share for the Group as at 31 March 2015 and 31 December 2014 have been calculated based on the issued share capital of 720,000,000 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

1Q2015 vs 1Q2014

The Group's revenue decreased by USD11.2million or 21.0% from USD53.3million in the first quarter period ended 31 March 2014 ("1Q2014") to USD42.1million in the first quarter period ended 31 March 2015 ("1Q2015").

The decline in revenue was mainly attributed to the decrease in product shipment volume and average selling prices of cocoa ingredient products in 1Q2015 as compared to the corresponding quarter of the preceding year. The positive gross profit was driven by more favourable average selling prices of the products delivered when compared to the unit inventory carrying costs and the absence of inventory written down in the current quarter. Consequently, the Group registered a gross profit of USD1.2million in 1Q2015. (1Q2014: Gross loss of USD1.1million)

The Group registered other gains (net) of USD0.6million in 1Q2015 (1Q2014: Other gains (net) of USD0.3million), mainly due to:

- a) Net foreign exchange gain of USD0.1million in 1Q2015 (1Q2014: Net foreign exchange loss of USD0.3million);
- b) Net fair value gain on derivative financial instruments of USD0.1million in 1Q2015 (1Q2014: Net fair value gain of USD0.6million); and
- c) Net realised gain on cocoa bean derivative contracts of USD0.4million in 1Q2015 (1Q2014: Net realised gain of USD0.01million).

Administrative expenses in 1Q2015 increased by USD0.3million or 46.0% from USD0.7million in 1Q2014 to USD1.0million in 1Q2015, mainly due to additional administrative expenses incurred for the newly incorporated subsidiaries operations in the USA and Indonesia in 1Q2015.

The Group's loss before tax in 1Q2015 decreased by USD2.3million or 84.8% from USD2.7million in 1Q2014 to USD0.4million in 1Q2015, mainly as a result of the Group recording a positive gross profit instead of a gross loss in the corresponding quarter for the preceding year. This gross profit position was achieved on the back of lower carrying cost of our inventory versus our selling prices.



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- (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 marginally by USD0.3million or 0.01% from USD35.7million as at 31 December 2014 to USD36.0million as at 31 March 2015, mainly due to the acquisition of property, plant and equipment amounting to USD0.9million, which was partially offset by the depreciation charge of RM0.6million on the property, plant and equipment in 1Q2015.

The Group's current assets decreased by USD27.6million or 19.8% from USD139.0million as at 31 December 2014 to USD111.4million as at 31 March 2015, mainly due to the decrease in inventories, trade and other receivables and cash and cash equivalents by USD9.8million, USD4.0million and USD13.2million respectively.

The Group's current liabilities decreased by USD26.9million or 23.5% from USD114.5million as at 31 December 2014 to USD87.6million as at 31 March 2015, mainly due to the decrease in the trade and other payables and bank borrowing of USD4.0million and USD23.0million respectively.

Review of Statement of Cash Flows

The Group's cash and cash equivalent decreased by USD13.2million in 1Q2015 mainly as a result of net financing and investing cash outflows of USD23.5million and USD0.7million respectively, which was partially offset by net operating cash inflows of USD10.9million.

The net cash used in financing activities of USD23.5million was mainly due to net repayment of bank borrowings of USD23.0million and payment of finance interest of USD0.4million in 1Q2015.

The net cash used in investing activities of USD0.7million was mainly due to cash payments of USD0.7million made to capital expenditure incurred in property, plant and equipment.

The net cash generated from operating activities of USD10.9million in 1Q2015 was mainly attributable to:

- a) the positive operating cash flows of USD0.7million;
- b) net cash inflows from inventories and trade and other receivables of USD9.7million and USD4.0million respectively; and income tax refund of USD0.5million from the Inland Revenue Board; and
- c) net cash outflows in trade and other payables of USD4.0million.



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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.**

Use of Right Issue Proceeds

The Company has fully utilised the Right Issue Proceeds as at the date of this announcement in the following manner:

Use of Proceeds	Amount Allocated (S\$’ million)	Amount Utilised (S\$’ million)
Funding the Proposed Acquisition	11.6	11.6
Capital expenditure and general working capital requirements	17.0	17.0
Total	<u>28.6</u>	<u>28.6</u>

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

Use of Proceeds	(S\$’ million)
Payment of professional/operating expenses	0.5
Payment to suppliers	8.7
Payment of borrowings	7.8
Total	<u>17.0</u>

The above utilisation of the Net Proceeds is consistent with the use of proceeds disclosed in the Offer Information Statement dated 1 October 2014.

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.



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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.

In general, the poor processing margin and sluggish product demand affecting the cocoa processing industry in the last 2 years had prompted cocoa processors worldwide in the recent quarters to slow down their processing throughput. We are encouraged to see this development. However, the industry is still faced with challenges such as high bean and weak product prices, brought about by the prevailing weak global economic conditions and continuing effects of industry consolidation.

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 2015.



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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.

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)	Aggregate value of all interested person transactions conducted during the financial period under review under a shareholders’ mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	3 months 2015	3 months 2015
	USD’000	USD’000
PT Jebe Koko - Purchase of raw materials	-	22,533
Guan Chong Cocoa Manufacturer Sdn Bhd - Purchase of raw materials	-	144

CONFIRMATION BY THE BOARD

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 2015 to be false or misleading in any material aspect.

By Order of the Board

Tey How Keong
Chief Executive Officer and Executive Director
13 May 2015

Goh Lee Beng
Executive Director