



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 Ended 31 March 2014

PART 1 6 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		Change
	1Q ended 31 March		
	2014	2013	
	RM'000	RM'000	%
Revenue	175,063	162,492	7.7
Cost of sales	(178,724)	(158,017)	13.1
Gross (loss) / profit	(3,661)	4,475	n.m.
Interest income	40	31	29.0
Other income	2,189	-	n.m.
Selling and distribution expenses	(2,631)	(2,380)	10.5
Administrative expenses	(2,180)	(2,333)	(6.6)
Other expenses	(1,502)	(1,176)	(76.5)
Finance costs	(1,152)	(926)	24.4
Loss before tax	(8,897)	(2,309)	285.3
Taxation	-	809	n.m.
Loss for the period	(8,897)	(1,500)	493.1
Other comprehensive income:			
Foreign currency translation differences	(9)	104	n.m.
Total comprehensive income for the period	(8,906)	(1,396)	538.0
Loss attributable to owners of the parent	(8,897)	(1,500)	493.1
Total comprehensive income attributable to owners of the parent	(8,906)	(1,396)	538.0

n.m. 6 Not meaningful



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

	GROUP		
	1Q ended 31 March		
	2014	2013	Change
	RM'000	RM'000	%
Amortisation of intangible assets	24	-	n.m.
Amortisation of prepaid lease payment	141	147	(4.1)
Depreciation of property, plant and equipment	1,951	1,941	0.5
Fair value (gain) / loss on derivative financial instrument	(2,189)	261	n.m.
Foreign exchange losses, net	1,226	704	74.1
Write-down on inventories	1,626	-	n.m.

n.m. ó 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-14	31-Dec-13	31-Mar-14	31-Dec-13
	RM'000	RM'000	RM'000	RM'000
Non-current assets				
Intangible assets	401	425	-	-
Property, plant and equipment	107,900	108,802	-	-
Prepaid lease payments	6,127	6,268	-	-
Investments in subsidiaries	-	-	173,792	173,792
	<u>114,428</u>	<u>115,495</u>	<u>173,792</u>	<u>173,792</u>
Current assets				
Inventories	221,374	202,438	-	-
Trade and other receivables	83,685	97,355	45,467	45,879
Prepayments	266	159	37	-
Income tax recoverable	4,783	6,286	-	-
Cash and cash equivalents	40,791	65,451	96	129
	<u>350,899</u>	<u>371,689</u>	<u>45,600</u>	<u>46,008</u>
Less:				
Current liabilities				
Trade and other payables	19,858	25,759	123	220
Derivative financial instruments	248	2,437	-	-
Bank borrowings	274,973	279,835	-	-
Income tax payable	31	30	-	-
	<u>295,110</u>	<u>308,061</u>	<u>123</u>	<u>220</u>
Net current assets	<u>55,789</u>	<u>63,628</u>	<u>45,477</u>	<u>45,788</u>
Less:				
Non-current liability				
Deferred tax liabilities	75	75	-	-
Net assets	<u>170,142</u>	<u>179,048</u>	<u>219,269</u>	<u>219,580</u>
EQUITY				
Share capital	214,743	214,743	214,743	214,743
Other reserves	(72,087)	(72,078)	-	-
Retained earnings	27,486	36,383	4,526	4,837
Equity attributable to owners of the parent	<u>170,142</u>	<u>179,048</u>	<u>219,269</u>	<u>219,580</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-14	31-Dec-13
	<u>RM000</u>	<u>RM000</u>
Amount repayable in one year or less, or on demand		
- Secured	-	-
- Unsecured	274,973	279,835
	<u>274,973</u>	<u>279,835</u>

Details of collateral

As at 31 March 2014, the Group had no secured borrowings. The borrowings were secured by corporate guarantee issued by the Company. One of the bank borrowings amounting to RM32.2 million was secured by a corporate guarantee issued by a related party which is in the process of being replaced by a corporate guarantee from 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	
	Quarter ended	
	31-Mar-14	31-Mar-13
	RM'000	RM'000
Operating activities		
Loss before tax	(8,897)	(2,309)
Adjustments for :		
Amortisation of intangible assets	24	-
Amortisation of prepaid lease payments	141	147
Depreciation of property, plant and equipment	1,951	1,941
Fair value (gain) / loss on derivative financial instruments	(2,189)	261
Unrealised (gain) / loss on foreign exchange	(1,418)	1,326
Write-down on inventories	1,626	-
Interest expenses	1,152	926
Interest income	(40)	(31)
Operating cash flows before changes in working capital	(7,650)	2,261
Changes in working capital:		
Inventories	(20,562)	(23,533)
Trade and other receivables	10,696	(9,230)
Prepayments	(107)	(324)
Trade and other payables	(2,890)	(16,350)
Cash used in operations	(20,513)	(47,176)
Income tax refunded / (paid)	1,503	(1,532)
Net cash used in operating activities	(19,010)	(48,708)
Investing activities		
Purchase of property, plant and equipment	(1,908)	(4,320)
Interest received	40	31
Net cash used in investment activities	(1,868)	(4,289)
Financing activities		
Drawdown of trade bills	134,617	122,491
Repayment of trade bills	(136,180)	(83,663)
Interest paid	(1,152)	(926)
Proceeds from issue of share	-	54,051
Share issue expenses	-	(25)
Net cash (used in) / from financing activities	(2,715)	91,928
Net change in cash and cash equivalents	(23,593)	38,931
Cash and cash equivalent at the beginning of the financial period	65,451	51,062
Effect of exchange rate changes on cash and cash equivalents	(1,067)	(511)
Cash and cash equivalents at end of financial period	40,791	89,482



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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>	Other Reserves			Retained Earnings RM'000	Total equity attributable to owners of the parent RM'000
	Share Capital RM'000	Merger Reserves RM'000	Translation Reserves RM'000		
Balance as at 1 January 2014	214,743	(72,262)	184	36,383	179,048
Loss for the financial period	-	-	-	(8,897)	(8,897)
Other comprehensive income:					
Foreign currency translation differences, net of tax	-	-	(9)	-	(9)
Total comprehensive income for the financial period	-	-	(9)	(8,897)	(8,906)
Balance as at 31 March 2014	214,743	(72,262)	175	27,486	170,142
Balance as at 1 January 2013	160,717	(72,262)	(3)	101,413	189,865
Loss for the financial period	-	-	-	(1,500)	(1,500)
Other comprehensive income:					
Foreign currency translation differences, net of tax	-	-	104	-	104
Total comprehensive income for the financial period	-	-	104	(1,500)	(1,396)
Contributions by and distributions to owners of the parent:					
Issue of shares	54,051	-	-	-	54,051
Share issue expenses	(25)	-	-	-	(25)
Total transactions with owners of the parent	54,026	-	-	-	54,026
Balance as at 31 March 2013	214,743	(72,262)	101	99,913	242,495

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<u>COMPANY</u>	Share Capital RM'000	Retained Earnings RM'000	Total RM'000
Balance as at 1 January 2014	214,743	4,837	219,580
Loss for the period, representing total comprehensive income for the period	-	(311)	(311)
Balance as at 31 March 2014	<u>214,743</u>	<u>4,526</u>	<u>219,269</u>
Balance as at 1 January 2013	160,717	12,408	173,125
Loss for the period, representing total comprehensive income for the period	-	(871)	(871)
Contribution by and distribution to owners			
Issue of shares	54,051	-	54,051
Share issue expenses	(25)	-	(25)
Total transactions with owners	<u>54,026</u>	<u>-</u>	<u>54,026</u>
Balance as at 31 March 2013	<u>214,743</u>	<u>11,537</u>	<u>226,280</u>



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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
		(S\$)	RM
As at 31 December 2012	400,000,000	97,691,718	160,716,974
Issue of Placement Shares	80,000,000	21,584,650	54,026,359
As at 31 March 2013	480,000,000	119,276,368	214,743,333
As at 31 March 2014	480,000,000	119,276,368	214,743,333

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-14	31-Dec-13
Total number of issued shares	No of shares	No of shares
	480,000,000	480,000,000

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.



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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 2013.

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	
	1Q 2014	1Q 2013
Loss attributable to owners of the parent (RMø000)	(8,897)	(1,500)
Aggregated weighted average number of ordinary shares	480,000,000	361,567,117
Basic and diluted EPS based on aggregated weighted average number of ordinary shares (RM cents) ⁽¹⁾⁽²⁾	(1.85)	(0.41)

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-14	31- Dec-13	31-Mar-14	31- Dec-13
Net asset value per ordinary share based on issued share capital ó (RM cents)	35.45	37.30	45.68	45.75

The net asset per share for the Group as at 31 March 2014 and 31 December 2013 have been calculated based on the share capital of 480,000,000 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

Total revenue grew by RM12.6 million or 7.7% from RM162.5 million in 1Q2013 to RM175.1 million in 1Q2014 mainly due to higher sales volume of cocoa ingredient products in 1Q2014. However, the Group registered a negative gross margin of RM3.7 million and net loss after tax of RM8.9 million in 1Q2014. This was mainly due to lower selling prices of cocoa ingredient products negatively affecting the processing margins as a result of the unusual market consolidation in the cocoa ingredients industry since last year and write-down on inventories amounting to RM1.6 million in 1Q2014.

Selling and distribution expenses increased by RM0.2 million or 10.5% from RM2.4 million in 1Q2013 to RM2.6 million in 1Q2014 mainly due to higher warehouse costs due to increase in cocoa ingredient products that were produced but have not yet been sold.

Administrative expenses decreased slightly by RM0.1 million or 6.6% from RM2.3 million in 1Q2013 to RM2.2 million in 1Q2014 mainly due to lower provision of staff bonuses.

Other income increased by RM2.2 million and other expenses increased by RM0.3 million in 1Q2014 as compared to 1Q2013 mainly due to increase in fair value gain on derivative financial instruments amounting to RM2.4 million, partially offset against an increase in foreign exchange losses of RM0.5 million.

As a result of the above, our Group recorded a net loss after tax of RM8.9 million in 1Q2014.

Review of Statement of Financial Position

The Group's non-current assets decreased by RM1.1 million from RM115.5 million as at 31 December 2013 to RM114.4 million as at 31 March 2014. The decrease was mainly due to amortization and depreciation for the period.

The Group's current assets decreased by RM20.8 million from RM371.7 million as at 31 December 2013 to RM350.9 million as at 31 March 2014, mainly due to decrease in trade and other receivables by RM13.7 million, income tax recoverable by RM1.5 million, cash and cash equivalents by RM24.7 million and partially offset against an increase in inventories by RM18.9 million. The decrease in trade and other receivables was mainly due to faster receivables collection in 1Q2014. Income tax recoverable declined due to a tax refund received by one of the subsidiaries as its FY2012 final tax liability was lower than tax installments paid earlier. Inventories increased mainly due to the increase in cocoa ingredient products produced but not yet sold.



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The Group's current liabilities decreased by RM13.0 million, from RM308.1 million as at 31 December 2013 to RM295.1 million as at 31 March 2014, mainly due to decrease in trade and other payables, bank borrowings and derivative financial instruments by RM5.9 million, RM4.8 million and RM2.2 million respectively. The decrease in trade and other payables was mainly due to payment for raw materials. The decrease in bank borrowings mainly due to repayment upon maturity. Derivative financial instruments declined due to fair value gain on derivative financial instruments.

Equity attributable to the owners of the Company decreased by RM8.9 million from RM179.0 million as at 31 December 2013 to RM170.1 million as at 31 March 2014 mainly due to the loss incurred in 1Q2014.

Cash Flows

Cash and cash equivalents decreased by RM24.7 million in 1Q2014 due to:

- net cash used in operating activities amounting to RM19.0 million;
- net cash used in investing activities amounting to RM1.9 million;
- net cash used in financing activities amounting to RM2.7 million; and
- unrealised foreign exchange loss on cash and cash equivalents amounting to RM1.1 million.

Net cash used in operating activities was mainly due to the increase in inventories amounting RM20.6 million.

Net cash used in investing activities was mainly due to payment for capital expenditure incurred in Tanjung Pelepas factory.

Net cash used in financing activities was mainly due to the repayment of bank borrowings and interest charged.

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

The results are in line with the Group's 4Q2013 results announcement.

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 short term outlook for the rest of the year remains challenging. Due to the recent industry consolidation, there are now fewer cocoa ingredients suppliers. As such this trend should bode well for the health of our industry in the long term.



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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 2014.

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13. **If the Group has obtained general mandate from Shareholders for interested person transactions (“IPT”), 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 2014	3 months 2014
	RMø000	RMø000
PT Jebe Koko - Purchase of raw materials	-	91,052
Guan Chong Cocoa Manufacturer Sdn Bhd - Purchase of raw materials	-	496

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 first quarter financial results for the period ended 31 March 2014 to be false or misleading.

By Order of the Board

Tey How Keong
Chief Executive Officer and Executive Director
14 May 2014

Goh Lee Beng
Executive Director

The initial public offering of JB Foods Limited was sponsored by AmFraser Securities Pte. Ltd. (a member of AmInvestment Bank Group) and Canaccord Genuity Singapore Pte. Ltd. (formerly known as Collins Stewart Pte. Limited) (the “Joint Issue Managers”). The Joint Issue Managers assume no responsibility for the contents of this announcement.