



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 2nd Quarter and Half Year Ended 30 June 2013

PART 1 ó INFORMATION REQUIRED FOR ANNOUCEMENT 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 | | |
|--|------------------|---------------|--------|-------------------------|---------------|-------|
| | 2Q ended 30 June | | | Half Year ended 30 June | | |
| | 2013 | 2012 | % | 2013 | 2012 | % |
| | <u>RM'000</u> | <u>RM'000</u> | | <u>RM'000</u> | <u>RM'000</u> | |
| Revenue | 144,267 | 128,439 | 12.3 | 306,759 | 271,593 | 12.9 |
| Cost of sales | (160,205) | (111,745) | 43.4 | (318,222) | (234,257) | 35.8 |
| Gross profit | (15,938) | 16,694 | n.m. | (11,463) | 37,336 | n.m. |
| Other items of income | | | | | | |
| Interest Income | 31 | 24 | 29.2 | 62 | 46 | 34.8 |
| Other income | - | 2,516 | n.m. | - | 2,841 | n.m. |
| Other items of expense | | | | | | |
| Selling and distribution expenses | (2,422) | (1,880) | 28.8 | (4,802) | (3,076) | 56.1 |
| Administrative expenses | (1,263) | (1,813) | (30.3) | (3,596) | (3,706) | (3.0) |
| Other expenses | (1,858) | (557) | 233.6 | (3,034) | (1,111) | 173.1 |
| Finance costs | (919) | (905) | 1.5 | (1,845) | (1,868) | (1.2) |
| (Loss)/Profit before income tax | (22,369) | 14,079 | n.m. | (24,678) | 30,462 | n.m. |
| Income tax | 721 | (3,558) | n.m. | 1,530 | (7,986) | n.m. |
| (Loss)/Profit for the financial period | (21,648) | 10,521 | n.m. | (23,148) | 22,476 | n.m. |
| Other comprehensive income: | | | | | | |
| Foreign currency translation differences | 54 | - | n.m. | 158 | - | n.m. |
| Total comprehensive income for the financial period | (21,594) | 10,521 | n.m. | (22,990) | 22,476 | n.m. |
| (Loss)/profit attributable to owners of the parent | (21,648) | 10,521 | n.m. | (23,148) | 22,476 | n.m. |
| Total comprehensive income attributable to owners of the parent | (21,594) | 10,521 | n.m. | (22,990) | 22,476 | n.m. |

n.m. ó Not Meaningful



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Profit/(loss) before income tax is arrived after deducting/(crediting) the following:

| | Group | | | Group | | |
|--|------------------|---------------|----------|-------------------------|---------------|----------|
| | 2Q ended 30 June | | | Half Year ended 30 June | | |
| | 2013 | 2012 | Change | 2013 | 2012 | Change |
| | <u>RM'000</u> | <u>RM'000</u> | <u>%</u> | <u>RM'000</u> | <u>RM'000</u> | <u>%</u> |
| Depreciation of property, plant and equipment | 1,949 | 1,342 | 45.2 | 3,890 | 2,763 | 40.8 |
| Amortisation of prepaid lease payments | 147 | 123 | 19.5 | 294 | 246 | 19.5 |
| Provision for impairment of inventories | 13,121 | - | n.m. | 13,121 | - | n.m. |
| Fair value (gain)/loss on derivative financial instruments | (160) | (114) | 40.4 | 101 | (442) | n.m. |
| Allowance for doubtful third parties trade receivables | - | 10 | n.m. | - | 16 | n.m. |
| Write back of allowance for doubtful third party trade receivable no longer required | - | - | n.m. | - | (18) | n.m. |
| Loss on disposal of property, plant & equipment | 2 | - | n.m. | 2 | - | n.m. |
| Foreign exchange loss/(gain), net | 1,868 | (2,402) | n.m. | 2,572 | (2,381) | 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 | |
|--|------------------|------------------|------------------|------------------|
| | 30-Jun-13 | 31-Dec-12 | 30-Jun-13 | 31-Dec-12 |
| | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> |
| Non-current assets | | | | |
| Investments in subsidiaries | - | - | 101,292 | 101,292 |
| Intangible asset | 14 | 5 | - | - |
| Property, plant and equipment | 110,946 | 106,702 | - | - |
| Prepaid lease payments | 5,558 | 5,852 | - | - |
| | <u>116,518</u> | <u>112,559</u> | <u>101,292</u> | <u>101,292</u> |
| Current assets | | | | |
| Inventories | 185,428 | 169,733 | - | - |
| Trade and other receivables | 95,047 | 93,149 | 113,205 | 72,144 |
| Prepayments | 305 | 101 | - | - |
| Income tax recoverable | 6,183 | 4,295 | - | - |
| Cash and cash equivalents | 28,364 | 51,062 | 597 | 495 |
| | <u>315,327</u> | <u>318,340</u> | <u>113,802</u> | <u>72,639</u> |
| Less: | | | | |
| Current liabilities | | | | |
| Trade and other payables | 29,083 | 54,519 | 705 | 806 |
| Derivative financial instruments | 103 | 2 | - | - |
| Bank borrowings | 180,387 | 171,804 | - | - |
| Current tax liabilities | 324 | 17 | - | - |
| | <u>209,897</u> | <u>226,342</u> | <u>705</u> | <u>806</u> |
| Net current assets | 105,430 | 91,998 | 113,097 | 71,833 |
| Less: | | | | |
| Non-current liability | | | | |
| Deferred tax liabilities | 12,857 | 14,692 | - | - |
| | <u>12,857</u> | <u>14,692</u> | <u>-</u> | <u>-</u> |
| Net assets | 209,091 | 189,865 | 214,389 | 173,125 |
| EQUITY | | | | |
| Share capital | 214,743 | 160,717 | 214,743 | 160,717 |
| Retained earnings | 66,455 | 101,413 | (354) | 12,408 |
| Other reserves | (72,107) | (72,265) | - | - |
| Total equity attributable to owners of the parent | 209,091 | 189,865 | 214,389 | 173,125 |



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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-Jun-13 | 31-Dec-12 |
| | <u>RM'000</u> | <u>RM'000</u> |
| Amount repayable in one year or less, or on demand | | |
| - Secured | 72,711 | 76,887 |
| - Unsecured | 107,676 | 94,917 |
| | <u>180,387</u> | <u>171,804</u> |

Details of collateral

The Group’s borrowings are secured by the following:

- a) Joint and several guarantees by certain Directors of the Company;
- b) Corporate guarantee issued by the holding company and agreed proportion of corporate guarantee by a corporate shareholder;
- c) First party legal charge over a prepaid lease payment with a carrying amount of RM3,267,000 and RM3,267,000 as at 30 June 2013 and as at 31 December 2012 respectively; and
- d) Debenture over fixed and floating assets of the subsidiary, both present and future.



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(Company Registration No. 201200268D)

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.

| | Quarter ended | | Period ended | |
|--|-----------------|-----------------|-----------------|-----------------|
| | 30-Jun-13 | 30-Jun-12 | 30-Jun-13 | 30-Jun-12 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Operating Activities | | | | |
| (Loss)/profit before income tax | (22,369) | 14,079 | (24,678) | 30,462 |
| Adjustments for:- | | | | |
| Amortisation of prepaid lease payment | 147 | 123 | 294 | 246 |
| Depreciation of property, plant & equipment | 1,949 | 1,342 | 3,890 | 2,763 |
| Loss on disposal of property, plant and equipment | 2 | - | 2 | - |
| Listing expenses | - | 940 | - | 940 |
| Fair value loss/(gain) on derivative financial instruments | (160) | (114) | 101 | (442) |
| Impairment loss on inventory | 13,121 | - | 13,121 | - |
| Impairment loss on trade receivables | - | 10 | - | 16 |
| Impairment loss on trade receivables written back | - | - | - | (18) |
| Unrealised loss/(gain) on foreign exchange | 2,299 | 1,169 | 3,625 | (649) |
| Interest expense | 919 | 905 | 1,845 | 1,868 |
| Interest income | (31) | (24) | (62) | (46) |
| Operating cash (out)/in flow before working capital changes | (4,123) | 18,430 | (1,862) | 35,140 |
| Changes in working capital: | | | | |
| Inventories | (5,283) | (7,511) | (28,816) | (2,511) |
| Trade and other receivables | 8,919 | (4,536) | (311) | 2,420 |
| Prepayment | 120 | 49 | (204) | (152) |
| Trade and other payables | (11,672) | 17,526 | (28,022) | (6,504) |
| Net cash used in working capital | (7,916) | 5,528 | (57,353) | (6,747) |
| Cash (used in)/generated from operations | (12,039) | 23,958 | (59,215) | 28,393 |
| Income tax paid | (354) | (946) | (1,886) | (2,901) |
| Net cash (used in)/ generated from operating activities | (12,393) | 23,012 | (61,101) | 25,492 |
| Investing activities | | | | |
| Proceeds from disposal of property, plant & equipment | 4 | - | 4 | - |
| Purchase of property, plant & equipment | (1,778) | (13,694) | (6,098) | (20,296) |
| Purchase of intangible assets | (9) | - | (9) | - |
| Interest received | 31 | 24 | 62 | 46 |
| Net cash used in investment activities | (1,752) | (13,670) | (6,041) | (20,250) |
| Financing activities | | | | |
| Drawdown of trade bills | 109,626 | 2,072 | 232,117 | 11,207 |
| Repayment of trade bills | (143,620) | (2,117) | (227,283) | (6,145) |
| Repayment of term loan | - | (277) | - | (648) |
| Repayment of finance lease payable | - | (16) | - | (31) |
| Dividend paid | (11,810) | - | (11,810) | (20,000) |
| Interest paid | (919) | (905) | (1,845) | (1,868) |
| Proceeds from issue of placement shares | - | - | 54,051 | - |
| Shares issue expenses paid | - | (441) | (25) | (1,324) |
| Net cash from financing activities | (46,723) | (1,684) | 45,205 | (18,809) |
| Net change in cash and cash equivalents | (60,868) | 7,658 | (21,937) | (13,567) |
| Cash and cash equivalent at the beginning of the financial period | 89,482 | 30,437 | 51,062 | 48,630 |
| Effect of exchange rate changes | (250) | (3,204) | (761) | (172) |
| Cash and cash equivalents at end of financial period | 28,364 | 34,891 | 28,364 | 34,891 |



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(Company Registration No. 201200268D)

For the purpose of presenting the consolidated cash flow statement, the consolidated cash and cash equivalents comprise the following:

| | Quarter ended | | Period ended | |
|---------------------------|---------------|---------------|---------------|---------------|
| | 30-Jun-13 | 30-Jun-12 | 30-Jun-13 | 30-Jun-12 |
| | RMø000 | RMø000 | RMø000 | RMø000 |
| Cash and cash equivalents | 28,364 | 36,186 | 28,364 | 36,186 |
| Less: Bank overdraft | - | (1,295) | - | (1,295) |
| | <u>28,364</u> | <u>34,891</u> | <u>28,364</u> | <u>34,891</u> |



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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>The Group</u> | <u>Share Capital RM'000</u> | <u>Other Reserve Merger Reserves RM'000</u> | <u>Translation Reserves RM'000</u> | <u>Retained Earnings RM'000</u> | <u>Total equity attributable to owners of the parent RM'000</u> |
|---|-------------------------------------|---|--|---|---|
| Balance as at 1 January 2013 | 160,717 | (72,262) | (3) | 101,413 | 189,865 |
| Profit for the financial period | - | - | - | (23,148) | (23,148) |
| Other comprehensive income for the financial period: | | | | | |
| Foreign currency differences , net of tax | - | - | 158 | - | 158 |
| Total comprehensive income for the financial period | - | - | 158 | (23,148) | (22,990) |
| <u>Distribution to and contribution by owners of the parent:</u> | | | | | |
| Issue of Placement Shares | 54,051 | - | - | - | 54,051 |
| Share issue expense | (25) | - | - | - | (25) |
| Dividends | - | - | - | (11,810) | (11,810) |
| Total transactions with the owners of the parent | 54,026 | - | - | (11,810) | 42,216 |
| Balance as at 30 June 2013 | 214,743 | (72,262) | 155 | 66,455 | 209,091 |



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(Company Registration No. 201200268D)

| <u>The Group</u> | <u>Share Capital RM'000</u> | <u>Other Reserve Merger Reserves RM'000</u> | <u>Translation Reserves RM'000</u> | <u>Retained Earnings RM'000</u> | <u>Total equity Attributable to owners of the parent RM'000</u> |
|---|-------------------------------------|---|--|---|---|
| Balance as at 1 January 2012 | 27,500 | - | - | 72,262 | 99,762 |
| Adjustment upon Restructuring Exercise ² | (27,500) | (72,262) | - | - | (99,762) |
| Profit for the financial period | - | - | - | 22,476 | 22,476 |
| Total comprehensive income for the financial period | (27,500) | (72,262) | - | 22,476 | (77,286) |
| <u>Distribution to and contribution by owners of the parent:</u> | | | | | |
| Issuance of ordinary shares on date of incorporation | - ¹ | - | - | - | - ¹ |
| Issuance of ordinary shares pursuant to the restructuring exercise | 99,762 | - | - | - | 99,762 |
| Total transactions with the owners of the parent | 99,762 | - | - | - | 99,762 |
| Balance as at 30 June 2012 | 99,762 | (72,262) | - | 94,738 | 122,238 |

Notes:

- (1) The Company was incorporated on 3 January 2012 with an issue and paid-up capital of S\$10.00. (equivalent to RM24.43 determined based on the closing exchange rate of S\$1:RM2.4434 as at 31 December 2011)
- (2) The Restructuring Exercise was completed on 29 May 2012.



JB FOODS LIMITED

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

| | Share Capital | Retained Earnings | Total |
|---|--------------------------|------------------------------|----------------|
| <u>The Company</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> |
| Balance as at 1 January 2013 | 160,717 | 12,408 | 173,125 |
| Profit for the financial period | - | (952) | (952) |
| Total comprehensive income for the financial period | - | (952) | (952) |
| <u>Distribution to and contribution by owners of the parent:</u> | | | |
| Issue of Placement Shares | 54,051 | - | 54,051 |
| Share issue expense | (25) | - | (25) |
| Dividends | - | (11,810) | (11,810) |
| Total transactions with the owners of the parent | 54,026 | (11,810) | 42,216 |
| Balance as at 30 June 2013 | 214,743 | (354) | 214,389 |

| | Share Capital | Retained Earnings | Total |
|---|--------------------------|------------------------------|---------------|
| <u>The Company</u> | <u>RM'000</u> | <u>RM'000</u> | <u>RM'000</u> |
| Issued and paid-up capital ^{(1) (2)} | 99,762 | - | 99,762 |
| Total transaction with owners of the parent | 99,762 | - | 99,762 |
| Loss for the financial period | - | (10) | (10) |
| Total comprehensive income for the financial period | - | (10) | (10) |
| Balance as at 30 June 2012 | 99,762 | (10) | 99,752 |

Notes:

- (1) The Company was incorporated on 3 January 2012 with an issue and paid-up capital of S\$10.00. (equivalent to RM24.43 determined based on the closing exchange rate of S\$1:RM2.4434 as at 31 December 2011)
- (2) The Restructuring Exercise was completed on 29 May 2012.



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(Company Registration No. 201200268D)

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 (S\$) | Share Capital RM |
|--|----------------------|--------------------------------|-----------------------------|
| As at 1 January 2012 | 10 | 10 | 24 |
| Issue of Shares pursuant to the Restructuring Exercise | 126,399,933 | 32,663,485 | 79,809,935 |
| Issue of Shares pursuant to the Share Swap | 31,600,057 | 40,829,354 | 19,952,484 |
| | <u>158,000,000</u> | <u>73,492,849</u> | <u>99,762,443</u> |
| Sub-division of shares | 158,000,000 | - | - |
| As at 30 June 2012 | 316,000,000 | 73,492,849 | 99,762,443 |
| New shares issues for IPO, net | 84,000,000 | 24,198,869 | 60,954,531 |
| As at 31 December 2012 | <u>400,000,000</u> | <u>97,691,718</u> | <u>160,716,974</u> |
| Issue of Placement Shares | 80,000,000 | 21,584,650 | 54,026,359 |
| As at 31 March 2013 | <u>480,000,000</u> | <u>119,276,368</u> | <u>214,743,333</u> |
| As at 30 June 2013 | <u>480,000,000</u> | <u>119,276,368</u> | <u>214,743,333</u> |

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-Jun-13 | 31-Dec-12 |
| | No of shares | No of shares |
| Total number of issued shares | <u>480,000,000</u> | <u>400,000,000</u> |

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 Company and the Group have applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with those for the audited financial statements for the year ended 31 December 2012.

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.

Please refer to item 4 above.

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 | |
|---|------------------|-------------|-------------------------|-------------|
| | 2Q ended 30 June | | Half Year ended 30 June | |
| | 2013 | 2012 | 2013 | 2012 |
| (Loss)/profit attributable to owners of the parent (RM€000) | (21,648) | 10,521 | (23,148) | 22,476 |
| Aggregated weighted average number of ordinary shares | 463,111,111 | 131,956,024 | 463,111,111 | 131,956,024 |
| Basic and diluted EPS based on aggregated weighted average number of ordinary shares (Sen) ⁽ⁱ⁾⁽ⁱⁱ⁾ | (4.67) | 7.97 | (5.00) | 17.03 |

- (i) The calculation for the basic and diluted EPS for the respective period is based on the aggregated weighted average number of shares in issue in the respective financial period.
- (ii) The basic and diluted EPS were the same as the Group did not have any potentially dilutive instruments for the respective financial period.

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-Jun-13 | 31-Dec-12 | 30-Jun-13 | 31-Dec-12 |
| Net asset value per ordinary share based on issued share capital ó (Sen) | 43.56 | 47.47 | 44.66 | 43.28 |

The net asset per share for the Group as at 30 June 2013 and 31 December 2012 have been calculated based on the share capital of 480,000,000 and 400,000,000 shares respectively.



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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 the Statement of Comprehensive Income

6M2013 vs 6M2012

Total revenue grew by RM35.2 million or 12.9% from RM271.6 million for the half year ended 30 June 2012 (6M2012) to RM306.8 million for the half year ended 30 June 2013 (6M2013) mainly attributable to higher sales volume mainly due to new trading activities and increase in production capacity. However, the Group registered a gross loss of RM10.7 million and net loss of RM23.1 million in 6M2013 respectively. This was due to the unusual market consolidation that significantly reduced the average selling prices of cocoa ingredients especially in 2Q2013. The Group made a provision of impairment of inventories amounting to RM13.1 million in 6M2013 to reduce the inventory cost of cocoa ingredients to the average selling prices immediately after the close of 6M2013. Other income decreased RM2.8 million whereas other expenses increased RM1.9 million mainly due to unrealized foreign exchange losses in 6M2013.

2Q2013 vs 2Q2012

The Group's total revenue increased by RM15.8 million, or 12.3% from RM128.4 million for the three months ended 30 June 2012 (2Q2012) to RM144.3 million for the three months ended 30 June 2013 (2Q2013). This was mainly attributable to higher sales volume in 2Q2013.

Gross profit declined RM32.6 million from gross profit of RM16.7 million in 2Q2012 to a gross loss of RM15.9 million in 2Q2013. This was mainly due to decrease in cocoa ingredient average selling prices caused by unusual cocoa market consolidation. The decrease in cocoa ingredient average selling prices also resulted in a provision of impairment of inventory amounting to RM13.1 million.

Other income decreased RM2.5 million and other expenses increased RM1.3 million in 2Q2013 mainly due to unrealized foreign exchange losses.

Selling and distribution expenses increased by RM0.5 million or 28.8% from RM1.9 million in 2Q2012 to RM2.4 million in 2Q2013 due to increase in freight cost as sales volume increased in 2Q2013.

Administrative expenses decreased by RM0.5 million or 30.3% from RM1.8 million in 2Q2012 to RM1.3 million in 2Q2013, mainly due to the reversal of the executive directors' performance bonus for FY2012 amounting RM1.1 million but partially offset against an increase in professional fee and indirect salary costs of RM0.6 million in 2Q2013. In light of the decrease in net profit in 2Q2013, the Board had approved the executive directors' request for their performance bonuses in their service agreement to be amended such that the bonuses of the current year be adjusted by any losses in the subsequent year and the payment of such bonuses be deferred till the subsequent year's financial statements of the Group had been approved by shareholders.



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(Company Registration No. 201200268D)

Income tax expenses reduced from RM3.6 million in 2Q2012 to tax credit of RM0.7 million in 2Q2013 mainly due to net losses in 2Q2013 and reversal of deferred tax in a subsidiary amounting to RM1.8 million.

As a result of the above, our Group registered a net loss before tax of RM22.4 million in 2Q2013.

Review of Statement of Financial Position

Non-current assets increased by RM3.9 million or 3.5% from RM112.6 million as at 31 December 2012 to RM116.5 million as at 30 June 2013. The increase was mainly due to the capital expenditure incurred for the expansion project in Tanjung Pelepas.

The Group's current assets decreased by RM3.0 million or 0.9% from RM318.3 million as at 31 December 2012 to RM315.3 million as at 30 June 2013, mainly attributable to a decrease in cash and cash equivalent of RM22.7 million partially offset against an increase in inventory of RM15.7 million, trade and other receivables of RM1.9 million and income tax recoverable of RM1.9 million. Inventories increased mainly due to increase cocoa bean and cocoa ingredients products. Trade and other receivables increased mainly due to higher sales in 6M2013. Income tax recoverable increase due to one of the subsidiary having to pay estimated corporate taxes in advance in 6M2013 based on its FY2012 profitability.

Current liabilities decreased by RM16.8 million or 7.3% from RM226.3 million as at 31 December 2012 to RM209.9 million as at 30 June 2013, mainly due to a decrease in trade and other payables of RM25.4 million, offset partially by an increase in bank borrowings amounting to RM8.6 million. Trade payables decreased mainly due to payment for raw materials. Other payables and accruals decreased due to progress billing payments relating to the expansion project in Tanjung Pelepas. In addition, the Group had paid the accrued bonuses as at 31 December 2013. Lastly there was a reversal in the provision of executive directors' bonuses for FY2012 as the executive directors' remuneration agreement was amended to take into consideration the losses in 6M2013. Bank borrowings increased mainly due to the increased utilization of trade bills for the settlement of cocoa beans at the end of the period.

Non-current liabilities decreased RM1.8 million or 12.5% from RM14.7 million as at 31 December 2012 to RM12.9 million as at 30 June 2013 due to the reversal of deferred tax in a subsidiary.

Cash Flow

Cash and cash equivalents decreased by RM22.7 million in 6M2013 due to net cash used in operating activities amounting RM61.1 million, net cash used in investing activities amounting to RM6.0 million and effect from exchange rate changes amounting to RM8.0 million, partially offset by the increase in net cash from financing activities amounting to RM45.2 million.

The net cash used in operating activities was mainly attributable to the increase in cash used in working capital amounting to RM57.8 million resulting from an increase in inventories of RM28.9 million and decrease in trade and other payables of RM28.4 million.

The net cash used in investing activities of RM6.0 million was mainly due to additional capital expenditure of incurred for the expansion project in Tanjung Pelepas.

Net cash from financing activities was largely due to net proceeds from placement shares proceeds of RM54.0 million and net increase in trade finance borrowings amounting to RM4.8 million which were partially offset by dividend and interest payments of RM11.8 million and RM1.8 million respectively.



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

A profit guidance announcement dated 31 May 2013 had highlighted the unusual cocoa market consolidation that affected the average selling price of the Group's cocoa powder.

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.

Over the next 12 months, the Group expects that the business environment will continue to be challenging in view of the volatile global economic situation and possible continued consolidation in the cocoa ingredient industry.

Nevertheless, the board remains confident in the long term prospect of the business and will continue to seek out new business opportunities.

11. Dividend

(a) Current Financial Period Reported On

The Company did not recommend or declare any dividend for the financial period ended 30 June 2013.

(b) Corresponding Period of the Immediately Preceding Financial Year

The Company distributed an interim tax exempt (one-tier) dividend of S\$0.01 per share for the period ended 30 June 2012.

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

No dividend has been declared or recommended.



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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 | 6M2013 RM'000 |
|--|--------------------------|
| PT Jebe Koko | |
| - Sales of goods | 15,610 |
| - Purchase of raw materials | 31,691 |
| | 47,301 |
| Guan Chong Cocoa Manufacturer Sdn Bhd | |
| - Purchase of raw materials | 738 |
| GCB Cocoa Singapore Pte Ltd | |
| - Sales of goods | 6,793 |
| - Purchase of raw materials | 7,789 |
| | 14,582 |
| Total | 62,621 |

CONFIRMATION BY THE BOARD

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the 2Q2013 financial results of the Company and the Group to be materially false or misleading in any material aspect.

By Order of the Board

Lee Wei Hsiung
Company Secretary
13 August 2013

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.