

**PRESS RELEASE**

## **JB Foods posts earnings of RM10.5 million on revenue of RM128.4 million for 2Q2012**

**Summary of 2Q2012 Financial Results:**

RM'million	2Q2012	2Q2011	+ /(-) %	1H2012	1H2011	+ /(-) %
<b>Revenue</b>	128.4	162.4	(20.9)	271.6	345.0	(21.3)
<b>Gross Profit</b>	16.7	17.3	(3.3)	37.3	39.5	(5.5)
<b>GP Margin (%)</b>	13.0	10.6	2.4 pts	13.7	11.4	2.3 pts
<b>Profit before income tax</b>	14.1	14.5	(3.1)	30.5	33.4	(8.7)
<b>Net Profit</b>	10.5	11.0	(4.7)	22.5	25.4	(11.4)

**SINGAPORE, 21 August 2012** – One of the major cocoa ingredient producers in Malaysia, **JB Foods Limited** (“**JB Foods**” together with its subsidiary, JB Cocoa Sdn Bhd (“**JB Cocoa**”), the “**Group**”), today announced its first set of results since listing on the Mainboard of the Singapore Stock Exchange on 23 July 2012. The Group posted earnings of RM10.5 million on the back of revenue of RM128.4 million for the three months ended 30 June 2012 (“2Q2012”).

On a year-to-date basis, JB Foods achieved a revenue of RM271.6 million and a net profit of RM22.5 million for the six-month period ended 30 June 2012 (“1H2012”). The Group’s revenue was lower year-on-year mainly due to lower cocoa bean terminal prices, which resulted in lower average selling price for its cocoa ingredient products.

In addition, sales quantity decreased by 1,556 tonnes from 23,690 tonnes in 1H2011 to 22,134 tonnes in 1H2012 mainly due to the disruption in production caused by a planned integration of expansion works-in-progress. Nevertheless, despite the lower sales quantity, the Group’s gross profit margin in 1H2012 improved by 2.3 percentage points to 13.7%, from 11.4% in 1H2011.

For the period under review, cost of sales decreased by 23.3% to RM234.3 million in 1H2012, primarily in response to the “pass through effect” of lower cocoa bean terminal prices during the same period.

Based on weighted average number of 131,956,024 ordinary shares, earnings per share for 2QFY12 was 7.97 Malaysian sen while net asset value per ordinary share based on pre-invitation share capital of 316,000,000 shares stood at 38.68 Malaysian sen as at 30 June 2012 as compared to 31.57 Malaysian sen as at 31 December 2011.

### **Interim Dividend**

The Board of Directors of JB Foods is recommending a one-tier tax exempt interim dividend of 1 cent per share.

### **Prospects**

Going forward, over the next 12 months, the Group expects that the business environment will continue to be challenging as the global economic situation remains uncertain in light of the current Euro Zone debt crisis.

However, barring unforeseen circumstances, the Board remains positive about the Group's businesses due to the expected increasing cocoa powder demand in Asia. The Group will endeavour to capitalise on this growing demand.

Mr Tey How Keong (郑好强), Chief Executive Officer of JB Foods commented: "The Group places strong emphasis on product development and providing customisation of cocoa ingredient products, especially cocoa powder, to fulfil the varied requirements of our customers. With our technical know-how and our expertise in blending, we are able to achieve consistency in our products in terms of flavours and colours to produce high quality cocoa ingredient products. This has earned us a strong reputation amongst global customers, who are mainly multinational companies. We believe we are in a good position to grow in tandem with such customers as they extend their presence in key Asian markets such as Indonesia, India and China."

With the construction of its new production facilities underway, the Group is on track to increase its production capacity from 60,000 tonnes to 85,000 tonnes, which will progress in stages supported by customers' demand.

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**About JB Foods Limited**

Established since the 1980s, JB Foods is one of the major cocoa ingredient producers in Malaysia with a production capacity of 60,000 tonnes of cocoa bean equivalent per year. We are principally engaged in the production and sale of cocoa ingredient products, namely cocoa butter, cocoa powder, cocoa liquor and cocoa cake, which are used to produce chocolate, chocolate confectionary, as well as cocoa-related food and beverages. Our cocoa processing plant – which is ISO 9001:2008, HACCP, Kosher and Pareve, and Halal-certified – is located at the Port of Tanjung Pelepas, a free trade zone in Johor, Malaysia where all our products are manufactured under stringent food safety standards. Our products are sold primarily under the “JBCOCOA” brand name and we export our products worldwide to customers ranging from international trade houses to end users.

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**Issued by and on behalf of JB Foods Limited*****August Consulting***

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**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 2012

PART 1 – INFORMATION REQUIRED FOR ANNOUNCEMENT OF QUARTERLY (1Q, 2Q, 3Q & 4Q), HALF YEAR AND FULL YEAR RESULTS

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**COMPARATIVE STATEMENT**

For the purpose of this announcement, the results of the Group for the financial period ended 30 June 2012 and the comparative results of the Group for the financial period ended 30 June 2011 have been prepared on the assumption that the Group structure following the completion of the Restructuring Exercise has been in place since 1 January 2011.

*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.*



**JB FOODS LIMITED**

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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.**

	<u>Notes</u>	<b>Group</b>			<b>Group</b>		
		<b>2Q ended 30 June</b>			<b>Half Year ended 30 June</b>		
		<b>2012</b>	<b>2011</b>	<b>%</b>	<b>2012</b>	<b>2011</b>	<b>%</b>
		<b>RM'000</b>	<b>RM'000</b>		<b>RM'000</b>	<b>RM'000</b>	
<b>Revenue</b>		<b>128,439</b>	162,438	(20.9)	<b>271,593</b>	345,002	(21.3)
<b>Cost of sales</b>		<b>(111,745)</b>	(145,172)	(23.0)	<b>(234,257)</b>	(305,509)	(23.3)
<b>Gross profit</b>		<b>16,694</b>	17,266	(3.3)	<b>37,336</b>	39,493	(5.5)
<b>Other income</b>	<b>1</b>	<b>2,540</b>	1,714	48.2	<b>2,887</b>	2,648	9.0
<b>Selling and distribution expenses</b>		<b>(1,880)</b>	(1,394)	34.9	<b>(3,076)</b>	(3,281)	(6.2)
<b>Administrative expenses</b>		<b>(1,813)</b>	(2,069)	(12.4)	<b>(3,706)</b>	(3,874)	(4.3)
<b>Other expenses</b>		<b>(557)</b>	(413)	34.9	<b>(1,111)</b>	(514)	116.1
<b>Finance costs</b>	<b>2</b>	<b>(905)</b>	(582)	55.5	<b>(1,868)</b>	(1,109)	68.4
<b>Profit before income tax</b>	<b>3</b>	<b>14,079</b>	14,522	(3.1)	<b>30,462</b>	33,363	(8.7)
<b>Income tax expense</b>		<b>(3,558)</b>	(3,478)	2.3	<b>(7,986)</b>	(7,991)	(0.1)
<b>Profit for the financial period, representing total comprehensive income for the financial period</b>		<b>10,521</b>	11,044	(4.7)	<b>22,476</b>	25,372	(11.4)
<b>Profit and total comprehensive income attributable to owners of the Company</b>		<b>10,521</b>	11,044	(4.7)	<b>22,476</b>	25,372	(11.4)



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**1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year.**

**Explanatory notes on Statements of Comprehensive Income**

**Note 1 - Other income**

	2Q ended 30 June			Half Year ended 30 June		
	2012	2011	Change	2012	2011	Change
	<u>RM'000</u>	<u>RM'000</u>	<u>%</u>	<u>RM'000</u>	<u>RM'000</u>	<u>%</u>
Fair value gain on derivative financial instruments	114	-	n.m.	442	-	n.m.
Interest income	24	33	(27.3)	46	58	(20.7)
Foreign exchange gain, net	2,402	1,651	45.5	2,381	2,560	(7.0)
Write back on impairment loss on receivables	-	30	n.m.	18	30	(40.0)
	<u>2,540</u>	<u>1,714</u>	<u>48.2</u>	<u>2,887</u>	<u>2,648</u>	<u>9.0</u>

**Note 2 - Finance costs**

	2Q ended 30 June			Half Year ended 30 June		
	2012	2011	Change	2012	2011	Change
	<u>RM'000</u>	<u>RM'000</u>	<u>%</u>	<u>RM'000</u>	<u>RM'000</u>	<u>%</u>
Interest expenses:						
- finance lease	*	*	n.m.	1	2	(50.0)
- term loans	12	26	(53.8)	27	54	(50.0)
- trade bills	819	556	47.3	1,692	1,053	60.7
- bridging loan	74	-	n.m.	148	-	n.m.
	<u>905</u>	<u>582</u>	<u>55.5</u>	<u>1,868</u>	<u>1,109</u>	<u>68.4</u>

\* - Less than RM1,000

n.m. – Not Meaningful



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**Note 3 - Profit before income tax**

**Profit before income tax** is arrived after (deducting) the following:

	<b>2Q ended 30 June</b>			<b>Half Year ended 30 June</b>		
	<b>2012</b>	2011	Change	<b>2012</b>	2011	Change
	<u><b>RM'000</b></u>	<u>RM'000</u>	<u>%</u>	<u><b>RM'000</b></u>	<u>RM'000</u>	<u>%</u>
Depreciation of property, plant and equipment	<b>(1,342)</b>	(1,270)	5.7	<b>(2,763)</b>	(2,528)	9.3
Amortisation of prepaid lease payments	<b>(123)</b>	(197)	(37.6)	<b>(246)</b>	(269)	(8.6)
Fair value loss on derivative financial instruments	-	(308)	n.m.	-	(308)	n.m.
Listing expenses	<b>(499)</b>	(54)	824.1	<b>(940)</b>	(84)	1019.0
Impairment loss on receivable	<b>(10)</b>	-	n.m.	<b>(16)</b>	-	n.m.



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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.**

	<b>Group</b>		<b>Company</b>	
	<b>30-Jun-12</b>	<b>31-Dec-11</b>	<b>30-Jun-12</b>	<b>31-Dec-11</b>
<b>Notes</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Non-current assets</b>				
Investment in subsidiary	-	-	99,762	-
Property, plant and equipment	98,223	81,766	-	-
Prepaid lease payments	6,005	6,251	-	-
	<u>104,228</u>	<u>88,017</u>	<u>99,762</u>	<u>-</u>
<b>Current assets</b>				
Inventories	140,980	138,469	-	-
Trade and other receivables	49,006	50,622	-	-
Prepayment	218	66	-	-
Derivative assets	74	-	-	-
Cash and cash equivalent	36,186	48,630	-	-
	<u>226,464</u>	<u>237,787</u>	<u>-</u>	<u>-</u>
Less:				
<b>Current liabilities</b>				
Trade and other payables	34,062	62,045	10	-
Derivative liabilities	-	368	-	-
Borrowings	<b>1</b> 147,888	142,179	-	-
Finance lease payables	-	31	-	-
Current tax liabilities	14,081	9,759	-	-
	<u>196,031</u>	<u>214,382</u>	<u>10</u>	<u>-</u>
Net current assets/(liabilities)	<b>30,433</b>	<b>23,405</b>	<b>(10)</b>	<b>-</b>
Less:				
<b>Non-current liabilities</b>				
Deferred tax liabilities	12,423	11,660	-	-
	<u>12,423</u>	<u>11,660</u>	<u>-</u>	<u>-</u>
Net assets / (liabilities)	<b>122,238</b>	<b>99,762</b>	<b>99,752</b>	<b>-</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>				
Share capital	99,762	27,500	99,762	-
Retained earnings	94,738	72,262	(10)	-
Merger reserves	(72,262)	-	-	-
<b>TOTAL EQUITY</b>	<b>122,238</b>	<b>99,762</b>	<b>99,752</b>	<b>-</b>

Note:

(a) There was no statement of Financial Position for the company as at 31 December 2011 as the company was only incorporated on 3 January 2012.





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**Explanatory notes on Statements of Financial Position**

**Note 1 - Borrowings**

	<b>2Q ended 30 June</b>	<b>31 December</b>	
	<b>2012</b>	2011	Change
	<u>RM'000</u>	<u>RM'000</u>	<u>%</u>
Bank overdraft	1,295	-	100.0
Trade bills	128,181	134,324	(4.6)
Term loans	934	1,582	(41.0)
Bridging loan	17,478	6,273	178.6
	<u>147,888</u>	<u>142,179</u>	<u>4.0</u>

**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.**

	<b>As at:</b>	
	<b>30-Jun-12</b>	<b>31-Dec-11</b>
	<u>RM'000</u>	<u>RM'000</u>
<b>Amount repayable in one year or less, or on demand</b>		
-Secured	63,174	100,131
-Unsecured	84,714	42,048
	<u>147,888</u>	<u>142,179</u>

**Details of collateral**

The Group's borrowings are secured by the followings

- 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 RM3,410,718 and RM3,554,496 as at 30 June 2012 and as at 31 December 2011 respectively; and
- d) Debenture over fixed and floating assets of the subsidiary, both present and future.

The unsecured borrowings are secured by :

- a) Joint and several guarantees provided by certain Directors of the Company and
- b) Corporate guarantee issued by the holding 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.**

	<b>Half Year ended</b>	
	<b>30-Jun-12</b>	<b>30-Jun-11</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Operating activities</b>		
Profit before income tax	30,462	33,363
Adjustments for:		
Amortisation of prepaid lease payments	246	269
Depreciation of property, plant and equipment	2,763	2,528
Fair value (gain)/loss on derivative financial instruments	(442)	308
Impairment loss on trade receivables	16	-
Listing expenses	940	84
Write-back of impairment loss on trade receivables	(18)	(30)
Unrealised (gain)/loss on foreign exchange	(649)	(754)
Interest expenses	1,868	1,109
Interest income	(46)	(58)
<b>Operating cash flows before working capital changes</b>	<b>35,140</b>	<b>36,819</b>
<b>Changes in working capital:</b>		
Inventories	(2,511)	11,824
Trade and other receivables	2,420	(18,669)
Prepayment	(152)	(79)
Trade and other payables	(6,504)	16,909
<b>Cash generated from operations</b>	<b>28,393</b>	<b>46,804</b>
Income tax paid	(2,901)	(2,417)
<b>Net cash from operating activities</b>	<b>25,492</b>	<b>44,387</b>
<b>Investing activities</b>		
Purchases of property, plant and equipment	(20,296)	(8,821)
Payment of prepaid lease payments	-	(424)
Interest received	46	58
<b>Net cash used in investing activities</b>	<b>(20,250)</b>	<b>(9,187)</b>
<b>Financing activities</b>		
Net movement of trade bills	(6,145)	4,117
Drawdown of bridging loans	11,207	-
Repayment of term loans	(648)	(718)
Repayment of finance lease payable	(31)	(31)
Dividend paid	(20,000)	(16,000)
Interest paid	(1,868)	(1,110)
Listing expenses paid	(1,324)	(32)
<b>Net cash (used in) financing activities</b>	<b>(18,809)</b>	<b>(13,774)</b>
<b>Net change in cash and cash equivalent</b>	<b>(13,567)</b>	<b>21,426</b>
<b>Cash and cash equivalent at beginning of financial year</b>	<b>48,630</b>	<b>25,747</b>
<b>Effects of exchange rate changes</b>	<b>(172)</b>	<b>-</b>
<b>Cash and cash equivalent at end of financial period</b>	<b>34,891</b>	<b>47,173</b>



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

	<b>Half Year ended</b>	
	<b>30-Jun-12</b>	<b>30-Jun-11</b>
	<b><u>RM'000</u></b>	<b><u>RM'000</u></b>
Cash and bank balances	36,186	47,173
Less: Bank overdraft	(1,295)	-
	<u>34,891</u>	<u>47,173</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>Attributable to equity holders of the company</u>			
	<u>Share capital</u> <u>RM'000</u>	<u>Merger Reserve</u> <u>RM'000</u>	<u>Accumulated profit/(loss)</u> <u>RM'000</u>	<u>Total</u> <u>RM'000</u>
<b>Balance as at 1 January 2012</b>	<b>27,500</b>	-	<b>72,262</b>	<b>99,762</b>
Adjustment upon Restructuring Exercise <sup>1</sup>	(27,500)	(72,262)	-	(99,762)
New shares <sup>1</sup>	99,762	-	-	99,762
Total comprehensive income for the period	-	-	22,476	22,476
<b>Balance as at 30 June 2012</b>	<b>99,762</b>	<b>(72,262)</b>	<b>94,738</b>	<b>122,238</b>
<u>The Group</u>	<u>Share capital</u> <u>RM'000</u>	<u>Merger Reserve</u> <u>RM'000</u>	<u>Accumulated profit/(loss)</u> <u>RM'000</u>	<u>Total</u> <u>RM'000</u>
<b>Balance as at 1 January 2011</b>	<b>27,500</b>	-	<b>57,237</b>	<b>84,737</b>
Total comprehensive income for the period	-	-	25,372	25,372
Distribution to owners: Dividends	-	-	(16,000)	(16,000)
<b>Balance as at 30 June 2011</b>	<b>27,500</b>	-	<b>66,609</b>	<b>94,109</b>
<u>The Company</u>	<u>Share capital</u> <u>RM'000</u>	<u>Merger Reserve</u> <u>RM'000</u>	<u>Accumulated profit/(loss)</u> <u>RM'000</u>	<u>Total</u> <u>RM'000</u>
<b>Balance as at 1 January 2012</b>	-	-	-	-
Issued and paid up capital (1) (2)	99,762	-	-	99,762
Total transactions with owners	99,762	-	-	99,762
Loss for the financial period	-	-	(10)	-
Total comprehensive income for the period	-	-	(10)	-
<b>Balance as at 30 June 2012</b>	<b>99,762</b>	-	<b>(10)</b>	<b>99,762</b>

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.
- (3) There was no statement of changes of equity as at 31 December 2011 as the company was only incorporated on 3 January 2012



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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
		RM
As at 3 January 2012, as date of incorporation	<b>10</b>	24
Issue of Shares pursuant to the Restructuring Exercise	<b>126,399,933</b>	79,809,935
Issue of Shares pursuant to the Share Swap	<b>31,600,057</b>	19,952,484
Sub-division of Shares	<b>158,000,000</b>	-
Issued and paid-up share capital	<b><u>316,000,000</u></b>	<b><u>99,762,443</u></b>

**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-12	31-Dec-11
Total number of issued shares	<b>316,000,000</b>	-*

\*The Company was incorporated on 3 January 2012.  
The Company did not have any treasury shares as at 30 June 2012.

**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 2011.

**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	
2Q ended 30 June	
2012	2011

Group	
Half Year ended 30 June	
2012	2011

**Earnings per share (Sen)**

<b>Based on weighted average number of ordinary shares on issue - (Sen)</b>	<b>7.97</b>	<b>8.37</b>	<b>17.03</b>	<b>19.23</b>
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(a) As there are no potentially dilutive ordinary shares, diluted Earnings per Share (EPS) is the same as basic Earnings per Share, EPS for the period is calculated based on profit attributable to owners of the Company dividing by the weighted average number of shares of 131,956,024.

**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	
30-Jun-12	31-Dec-11

Company	
30-Jun-12	31-Dec-11

Net asset value per ordinary share based on issued share capital - (Sen)	38.68	31.57	31.57	-
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For comparative and illustrative purpose, net asset per share for the Group as at 30 June 2012 and 31 December 2011 has been calculated based on pre-invitation share capital of 316,000,000 shares

\* The Company was incorporated on 3 January 2012.

- 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**

The Group's total revenue decreased by RM73.4 million, or 21.3% from RM345.0 million in 1H2011 to RM271.6 million in 1H2012. This was mainly attributable to lower cocoa bean terminal prices quoted on futures market by either the InterContinental Exchange (ICE) in New York or the NYSE Euronext (NYSE Liffe) in London, which resulted in a lower average selling price of our cocoa ingredient products.

In addition, the sales quantity decreased by 1,556 tonnes from 23,690 tonnes in 1H2011 to 22,134 tonnes in 1H2012 mainly due to the disruption in production caused by a planned integration of expansion works in-progress.

Cost of sales decreased by RM71.3 million or 23.3% from RM305.5 million in 1H2011 to RM234.3 million in 1H2012. This was primarily in response to the "pass through effect" of lower cocoa bean terminal prices during the same period.

Hence, gross profit decreased by RM2.2 million or 5.5%, from RM39.5 million in 1H2011 to RM37.3 million in 1H2012. Despite lower sales quantity, our gross profit margin improved by 2.3% in 1H2012 from 11.4% in 1H2011 to 13.7% in 1H2012 as we managed to maintain the gross profit margin of RM1,687 per metric tonne in 1H2012.

Other income increased by RM0.2 million or 9.0% mainly due to fair value gain on derivative financial instruments.

Selling and distribution expenses decreased by RM0.2 million or 6.2% from RM3.3 million in 1H2011 to RM3.1 million in 1H2012 due to lower overseas warehousing cost.

Administrative expenses decreased by RM0.2 million or 4.3% from RM3.9 million in 1H2011 to RM3.7 million in 1H2012 mainly due to lower performance bonus of executive directors accrued due to lower profit achieved in 1H2012. Pursuant to their service agreements, bonus will be computed, based on varying cumulative progressive rate on the consolidated profit before tax and performance bonus of the Group as at financial year end.

Other expenses increased by RM0.6 million or 116.1% from RM0.5 million in 1H2011 to RM1.1 million in 1H2012 mainly due to the listing expenses of RM0.9 million incurred during the period offset by a reduction in fair value loss on derivative financial instruments of RM0.3 million.

Finance costs increased by RM0.8 million or 68.4% from RM1.1 million in 1H2011 to RM1.9 million in 1H2012 to support higher working capital requirement mainly due to the inventory built up of cocoa and a drawdown of bridging loan to finance the expansion in Tanjung Pelepas. This expansion was related to the construction of factory and warehouse as well as acquisition of production equipment and machinery.

As a result of the above, our Group generated a profit before tax of approximately RM30.5 million in 1H2012.



**JB FOODS LIMITED**

(Incorporated in the Republic of Singapore on 3 January 2012)  
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Review of Statement of Financial Position

The Group's non-current assets increased by RM16.2 million from RM88.0 million as at 31 December 2011 to RM104.2 million as at 30 June 2012. The increase was mainly due to the capital expenditure incurred for the expansion project in Tanjung Pelepas .

The Group's current assets decreased by RM11.3 million from RM237.8 million as at 31 December 2011 to RM226.5 million as at 30 June 2012 mainly attributable to a decrease in cash and bank balances of RM12.4 million and trade and other receivables of RM1.6 million, partially offset by an increase in inventories of RM2.5 million, prepayment and derivative assets of RM0.2 million.

The decrease in trade and other receivables by RM1.6 million from RM50.6 million as at 31 December 2011 to RM49.0 million as at 30 June 2012 mainly due to lower sales revenue in 1H2012.

The increase in inventories by RM2.5 million from RM138.5 million as at 31 December 2011 to RM141.0 million as at 30 June 2012 was mainly due to a build-up of cocoa beans from key origins countries in West Africa to reduce supply chain risk.

The Group's current liabilities decreased by RM18.4 million, from RM214.4 million as at 31 December 2011 to RM196.0 million as at 30 June 2012 mainly due to a decrease in trade and other payables of RM28.0 million, derivative liabilities and finance lease payables of RM0.4 million, partially offset by an increase in borrowings of RM5.7 million and income tax provision of RM4.3 million.

The decrease in trade and other payables by RM28.0 million from RM62.0 million as at 31 December 2011 to RM34.0 million as at 30 June 2012 were mainly attributable to a decrease in trade payable of RM0.8 million, other payables RM7.2 million and the payment of dividends RM20.0 million.

The increase in borrowings by RM5.7 million from RM142.2 million as at 31 December 2011 to RM147.9 million as at 30 June 2012 was mainly due to the drawdown of a bridging loan of RM11.2 million to finance the expansion project in Tanjung Pelepas and an increase in bank overdraft of RM1.3 million, partially offset by a reduction in utilisation of trade bills of RM6.1 million and repayment of term loan of RM0.7 million.

Equity attributable to the owners of the Company increased by RM22.5 million from RM99.8 million as at 31 December 2011 to RM122.2 million as at 30 June 2012. The increase was mainly attributable to net profit generated in 1H2012.



### Cash Flow

1H2012, the Group generated net cash from operating activities before working capital changes of RM35.1 million. Net cash used in working capital amounted to RM6.7 million mainly due to an increase in inventories of RM2.5 million, an increase in prepayment of RM0.1 million and a decrease in trade and other payables of RM6.5 million, partially offset by a decrease in trade and other receivables of RM2.4 million. We paid income tax of RM2.9 million. The net impact of the above resulted in net cash generated from operating activities amounted to RM25.5 million.

Net cash used in investing activities of RM20.2 million was mainly due to additional capital expenditure of incurred for the expansion project in Tanjung Pelepas, (i) construction of factory and warehouse building of RM5.5 million and (ii) production equipment and machineries of RM14.8 million, partially offset by an interest received of RM46,000.

Net cash used in financing activities was RM18.8 million was mainly due to dividend payment of RM20.0 million, payment of listing expense amounted to RM1.3 million, interest payment of RM1.9 million, repayment of term loan of RM0.6 million, repayment of finance lease payable of RM31,000 and a decrease in utilisation of trade finance facilities of RM6.1 million and partially offset by drawdown of bridging loan of RM11.2 million.

As a result, there was a net decrease in our cash and cash equivalents with negative effects of exchange rate changes amounted to RM13.8 million, from RM48.6 million as at 1 January 2012 to RM34.9 million as at 30 June 2012

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

Not applicable.

**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.**

Going forward, over the next 12 months, the Group expects that the business environment will continue to be challenging as the global economic situation remains uncertain in light of the current Euro Zone debt crisis.

However, barring unforeseen circumstances, the Board remains positive about the Group's businesses due to the expected increasing cocoa powder demand in Asia. The Group will endeavour to capitalise on this growing demand.

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**11. Dividend****(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on? *Yes*

Name of Dividend	Interim
Dividend Type	Cash
Dividend Rate	1 cent per share
Tax Rate	One-tier tax exempt

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year?

Not Applicable. The Company was incorporated on 3 January 2012.

**(c) Date payable**

To be advised.

**(d) Books closure date**

To be advised

**(e) If no dividend has been declared/recommended, a statement to that effect.**

Not applicable.

**12. Use of Initial Public Offering (“IPO”) proceeds**

As at the date of this announcement, the IPO proceeds has been utilised as follows:-

Use of proceeds	Allocated amount (S\$'000)	Amount Utilised (S\$'000)	Balance amount (S\$'000)
Bank borrowings repayment	8,300	6,955	1,345
General working capital and to fund acquisitions, joint venture and /or strategic alliances when opportunities arise	14,642	-	14,642
<b>Net Proceeds</b>	<b>22,942</b>	<b>6,955</b>	<b>15,987</b>

**13. Negative Assurance**

The Board of Directors hereby confirm to the best of their knowledge that nothing has come to their attention which may render the financial statements for the period ended 30 June 2012 to be false or misleading in any material aspect.



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**14. Interested Person Transactions**

The Group has not obtained a general mandate from shareholders for Interested Person Transactions. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii).

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under a shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted during the financial year under review under a shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
<b>Atlantic (USA), Inc<sup>(1)</sup></b> - Sales of goods	<b>1H 2012</b> RM'000  <b>13,431</b>	<b>1H 2012</b> RM'000  <b>Not applicable</b>
<b>Guan Chong Cocoa Manufacturer Sdn Bhd</b> - Purchase of raw materials	<b>1,930</b>	<b>Not applicable</b>
<b>Ecom AgroIndustrial Asia Pte. Ltd. <sup>(1)</sup></b> - Sales of goods - Purchase of raw materials	744 30,196 <b>30,940</b>	<b>Not applicable</b> <b>Not applicable</b>
<b>Total</b>	<b>46,301</b>	

Note

(1) Ecom AgroIndustrial Corp Limited is a private company limited by shares incorporated in Switzerland as a soft commodities wholesale merchant. Prior to the Initial Public Offering, Ecom AgroIndustrial Corp Limited holds 20.0% of the issued and paid-up share capital of our Company. Transactions with the Ecom AgroIndustrial Corp Limited Group were interested person transactions prior to the Initial Public Offering. Immediately after the Initial Public Offering, Ecom AgroIndustrial Corp Limited will hold 13.8% of the Shares, and as such, Ecom AgroIndustrial Corp Limited will not be a Controlling Shareholder. Thus, Ecom AgroIndustrial Corp Limited is not an “Interested Person” as defined in Chapter 9 of the Listing Manual. Ecom AgroIndustrial Corp Limited’s subsidiaries, including Ecom AgroIndustrial Asia Pte. Ltd., AgroIndustrias Unidas de Cacao S.A. de C.V., Atlantic (USA), Inc and Dutch Cocoa B.V. will not be considered to be “Associates” of interested persons thereafter as defined in the Listing Manual. Therefore, Post Initial Public Offering transactions with the Ecom AgroIndustrial Corp Limited Group are not interested person transactions.

**By Order of the Board**

Lee Wei Hsiung  
Company Secretary  
21 August 2012