



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 Fourth Quarter and Twelve Months Ended 31 December 2018

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

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	GROUP			GROUP		
	4Q ended		+ / (-)	12 months ended		+ / (-)
	31 Dec			31 Dec		
	2018	2017	%	2018	2017	%
	USD'000	USD'000		USD'000	USD'000	
Revenue	92,915	75,493	23.1	327,114	295,625	10.7
Cost of sales	(80,461)	(63,313)	(27.1)	(277,673)	(263,735)	(5.3)
Gross profit	12,454	12,180	2.2	49,441	31,890	55.0
Interest income	33	36	(8.3)	110	114	(3.5)
Other gains/(losses), net	1,775	160	1,009.4	1,335	(1,725)	n.m
<i>Other items of expense</i>						
Selling and distribution expenses	(1,448)	(1,426)	(1.5)	(5,604)	(4,510)	(24.3)
Administrative expenses	(3,137)	(1,814)	(72.9)	(8,540)	(6,382)	(33.8)
Finance costs	(788)	(659)	(19.6)	(2,652)	(2,491)	(6.5)
Profit before income tax	8,889	8,477	4.9	34,090	16,896	101.8
Income tax expense	(4,356)	(1,990)	(118.9)	(7,303)	(2,689)	(171.6)
Profit for the period	4,533	6,487	(30.1)	26,787	14,207	88.5
Other comprehensive income:						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Foreign currency translation differences	(29)	114	n.m	(697)	212	n.m
Re-measurement of post-employment benefits, net of tax	59	(2)	n.m	59	(2)	n.m
Other comprehensive income for the financial period, net of tax	30	112	(73.2)	(638)	210	n.m
Total comprehensive income for the period	4,563	6,599	(30.9)	26,149	14,417	81.4
Profit attributable to:						
Owners of the parent	4,533	6,487	(30.1)	26,787	14,207	88.5
Non-controlling interest	-	-		-	-	
	4,533	6,487	(30.1)	26,787	14,207	88.5
Total comprehensive income attributable to:						
Owners of the parent	4,563	6,599	(30.9)	26,149	14,417	81.4
Non-controlling interest	-	-		-	-	
	4,563	6,599	(30.9)	26,149	14,417	81.4
EBITDA	10,954	10,307	6.3	41,644	24,070	73.0

n.m. - Not meaningful



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1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

* The group has adopted the new Singapore Financial Reporting Standards (International) (“SFRS(I)”) framework for the financial year ending 31 December 2018 and has applied SFRS(I) 1 with 1 January 2017 as the date of transition, which requires the first SFRS(I) financial statements to comprise of an opening SFRS(I) statement of financial position at the date of transition to SFRS(I)s. (Please refer to page 10 for more details)

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

	Group			Group		
	4Q ended 31 Dec		+ / (-) %	12 months ended 31 Dec		+ / (-) %
	2018	2017		2018	2017	
USD'000	USD'000		USD'000	USD'000		
Amortisation of intangible assets	(37)	(40)	7.5	(153)	(153)	-
Amortisation of prepaid lease payment	(54)	(41)	(31.7)	(214)	(162)	(32.1)
Amortisation of land use rights	(7)	(6)	(16.7)	(28)	(26)	(7.7)
Amortisation of deferred capital grant	2	2	-	10	10	-
Depreciation of investment property	(15)	(15)	-	(59)	(60)	1.7
Depreciation of property, plant and equipment	(1,164)	(1,069)	(8.9)	(4,448)	(4,282)	(3.9)
Foreign exchange gain/(loss), net	848	14	5,957.1	(74)	(1,897)	96.1
Gain/(Loss) on disposal of plant & equipment	4	-	100.0	4	(28)	n.m
Fair value gain/(loss) on derivative financial instruments, net	383	(196)	n.m	694	562	23.5
Realised gain/(loss) on cocoa bean derivative contract, net	53	(231)	n.m	(1,011)	(978)	(3.4)

n.m. - Not Meaningful



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1(b)(i) A statement of financial position (for the issuer and the group), together with a comparative statement as at the end of the immediate preceding financial year.

	GROUP			COMPANY		
	31-Dec-18 USD'000	31-Dec-17 USD'000	1-Jan-17* USD'000	31-Dec-18 USD'000	31-Dec-17 USD'000	1-Jan-17* USD'000
Non-current assets						
Intangible assets	321	451	515	-	-	-
Investment property	4,073	4,003	4,045	-	-	-
Land use rights	1,261	1,361	1,153	-	-	-
Property, plant and equipment	68,075	55,611	52,709	-	-	-
Prepaid lease payments	1,468	1,682	1,307	-	-	-
Investments in subsidiaries	-	-	-	103,385	91,877	66,177
Deferred tax assets	160	137	114	-	-	-
Other receivables	-	-	-	-	-	24,000
	<u>75,358</u>	<u>63,245</u>	<u>59,843</u>	<u>103,385</u>	<u>91,877</u>	<u>90,177</u>
Current assets						
Inventories	112,837	83,216	95,795	-	-	-
Trade and other receivables	45,099	34,771	39,413	7,797	3,647	3,175
Prepayments	724	591	361	8	9	7
Derivative financial instruments	855	146	256	-	-	-
Income tax recoverable	-	5	883	-	-	-
Cash and cash equivalents	13,416	15,641	7,119	62	29	7
	<u>172,931</u>	<u>134,370</u>	<u>143,827</u>	<u>7,867</u>	<u>3,685</u>	<u>3,189</u>
Current liabilities						
Trade and other payables	36,309	31,597	25,285	101	3,512	50
Derivative financial instruments	543	528	1,200	-	-	-
Bank borrowings	80,276	78,461	101,631	-	-	-
Finance lease payable	-	-	71	-	-	-
Income tax payable	3,655	48	172	16	16	70
	<u>120,783</u>	<u>110,634</u>	<u>128,359</u>	<u>117</u>	<u>3,528</u>	<u>120</u>
Net current assets	<u>52,148</u>	<u>23,736</u>	<u>15,468</u>	<u>7,750</u>	<u>157</u>	<u>3,069</u>
Non-current liabilities						
Deferred capital grant	487	525	444	-	-	-
Long term loan	85	-	-	-	-	-
Provision for post-employment benefits	275	298	202	-	-	-
Deferred tax liabilities	4,579	2,034	738	-	-	-
	<u>5,426</u>	<u>2,857</u>	<u>1,384</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets	<u>122,080</u>	<u>84,124</u>	<u>73,927</u>	<u>111,135</u>	<u>92,034</u>	<u>93,246</u>
EQUITY						
Share capital	113,963	99,641	99,641	113,963	99,641	99,641
Other reserves	(32,973)	(32,276)	(32,488)	(8,458)	(8,458)	(8,458)
Retained earnings	41,080	16,749	6,764	5,630	851	2,063
Equity attributable to owners of the parent	<u>122,070</u>	<u>84,114</u>	<u>73,917</u>	<u>111,135</u>	<u>92,034</u>	<u>93,246</u>
Non-controlling interest	10	10	10	-	-	-
Total equity	<u>122,080</u>	<u>84,124</u>	<u>73,927</u>	<u>111,135</u>	<u>92,034</u>	<u>93,246</u>



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1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.

	As at	
	31-Dec-18	31-Dec-17
	USD'000	USD'000
Amount repayable in one year or less, or on demand		
- Secured	-	-
- Unsecured	80,276	78,461
	<hr/>	<hr/>
	80,276	78,461
Amount repayable after one year		
- Secured	85	-
- Unsecured	-	-
	<hr/>	<hr/>
	85	-

Details of collateral

Certain borrowings were secured by the subsidiary's land and building.



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1(c)(i) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	GROUP 4Q ended 31 Dec		GROUP 12 months ended 31 Dec	
	2018 USD'000	2017 USD'000	2018 USD'000	2017 USD'000
Operating Activities	8,889	8,477	34,090	16,896
Profit before tax				
Adjustments for:-				
Amortisation of intangible asset	37	40	153	153
Amortisation of prepaid lease payment	54	41	214	162
Amortisation of land use rights	7	6	28	26
Amortisation of deferred capital grant	(2)	(2)	(10)	(10)
Depreciation of investment property	15	15	59	60
Depreciation of property, plant & equipment	1,164	1,069	4,448	4,282
(Gain)/loss on disposal of plant and equipment	(4)	-	(4)	28
Net fair value (gain)/loss on derivative financial instruments	(383)	196	(694)	(562)
Interest expenses	788	659	2,652	2,491
Interest income	(33)	(36)	(110)	(114)
Inventories written down	-	-	-	251
Provision for post-employment benefits	56	84	56	93
Operating cash flows before working capital changes	10,588	10,549	40,882	23,756
Changes in working capital:				
Inventories	(36,168)	(18,792)	(29,621)	12,328
Trade and other receivables	517	865	(10,618)	4,642
Prepayment	105	(66)	(133)	(230)
Trade and other payables	19,241	17,248	8,200	2,907
Cash generated from operations	(5,717)	9,804	8,710	43,403
Income tax paid	(981)	(127)	(1,179)	(595)
Net cash (used in)/from operating activities	(6,698)	9,677	7,531	42,808
Investing activities				
Purchase of property, plant & equipment	(5,385)	(2,738)	(17,375)	(7,104)
Purchase of intangible assets	-	(20)	(31)	(89)
Purchase of land use rights	-	-	-	(151)
Prepaid lease payment	-	(537)	-	(537)
Additional of investment property	(105)	-	(129)	(18)
Proceed from deferred capital grant	-	-	-	58
Proceed from disposal of plant and equipment	158	-	158	-
Interest received	33	36	110	114
Net cash used in investing activities	(5,299)	(3,259)	(17,267)	(7,727)
Financing activities				
Proceeds from issuance of ordinary shares	-	-	14,322	-
Drawdown of borrowings	84,188	55,575	235,332	222,860
Repayment of borrowings	(76,221)	(61,437)	(233,432)	(246,030)
Repayments of finance lease	-	(7)	-	(71)
Dividend paid on ordinary shares	-	-	(5,630)	(815)
Interest paid	(788)	(659)	(2,652)	(2,491)
Net cash from/(used in) financing activities	7,179	(6,528)	7,940	(26,547)



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1(c)(i) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	GROUP		GROUP	
	4Q ended 31 Dec 2018	2017	12 months ended 31 Dec 2018	2017
	USD'000	USD'000	USD'000	USD'000
Net change in cash and cash equivalents	(4,818)	(110)	(1,796)	8,534
Cash and cash equivalent at the beginning of the financial period	18,494	15,775	15,641	7,119
Effect of exchange rate changes on cash and cash equivalents	(260)	(24)	(429)	(12)
Cash and cash equivalents at end of financial period	13,416	15,641	13,416	15,641



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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	Merger reserves	Statutory Reserves	Foreign currency translation reserves	Retained profits	Equity attributable to the owners of the parent	Non-controlling interest	Total equity
	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Balance as at 1 January 2018	99,641	(25,472)	-	(6,804)	16,749	84,114	10	84,124
Effect of transition to SFRS(1) 9 (Note 1)	-	-	-	-	(290)	(290)	-	(290)
Profit for the financial period	-	-	-	-	26,787	26,787	-	26,787
Other comprehensive income for the financial period								
Re-measurement of post-employment benefits, net of tax	-	-	-	-	59	59	-	59
Foreign currency translation differences, net of tax	-	-	-	(697)	-	(697)	-	(697)
Total comprehensive income for the financial period	-	-	-	(697)	26,846	26,149	-	26,149
Others								
Transfer to statutory reserve	-	-	27	-	(27)	-	-	-
Contribution by and distribution owners								
Issuance of ordinary shares, net	14,322	-	-	-	-	14,322	-	14,322
Dividends on ordinary shares	-	-	-	-	(2,225)	(2,225)	-	(2,225)
Total transactions with owners of the parent	14,322	-	-	-	(2,225)	12,097	-	12,097
Balance as at 31 Dec 2018	113,963	(25,472)	27	(7,501)	41,053	122,070	10	122,080



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1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

<u>GROUP</u>	Share Capital USD'000	Merger reserves USD'000	Foreign currency translation reserves USD'000	Retained profits USD'000	Equity attributable to the owners of the parent USD'000	Non- controlling interest USD'000	Total equity USD'000
Balance as at 1 January 2017	99,641	(25,472)	(7,016)	6,764	73,917	10	73,927
Profit for the financial period	-	-	-	14,207	14,207	-	14,207
Other comprehensive income for the financial period							
Re-measurement of post-employment benefits, net of tax	-	-	-	(2)	(2)	-	(2)
Foreign currency translation differences, net of tax	-	-	212	-	212	-	212
Total comprehensive income for the financial period	-	-	212	14,205	14,417	-	14,417
Contributions by and distribution to owners							
Dividends on ordinary shares	-	-	-	(4,220)	(4,220)	-	(4,220)
Balance as at 31 Dec 2017	99,641	(25,472)	(6,804)	16,749	84,114	10	84,124



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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>COMPANY</u>	Share capital USD'000	Retained earnings USD'000	Other reserve USD'000	Total USD'000
Balance as at 1 January 2018	99,641	851	(8,458)	92,034
Profits for the period, representing total comprehensive income for the period	-	7,004	-	7,004
Contribution by and distribution owners				
Issuance of ordinary shares, net	14,322	-	-	14,322
Dividends on ordinary shares	-	(2,225)	-	(2,225)
Total transactions with owners of the parent	14,322	(2,225)	-	12,097
Balance as at 31 Dec 2018	113,963	5,630	(8,458)	111,135

<u>COMPANY</u>	Share capital USD'000	Retained earnings USD'000	Other reserve USD'000	Total USD'000
Balance as at 1 January 2017	99,641	2,063	(8,458)	93,246
Profits for the period, representing total comprehensive income for the period	-	3,008	-	3,008
Dividends on ordinary shares	-	(4,220)	-	(4,220)
Balance as at 31 Dec 2017	99,641	851	(8,458)	92,034

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 (‘000)	Share Capital (S\$'000)	Share Capital USD'000
As at 1 Jan 2018	227,400	127,829	99,641
Issue of shares	75,800	18,950	14,322
As at 31 December 2018	303,200	146,779	113,963
As at 1 Jan 2017 and 31 Dec 2017	227,400	127,829	99,641

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

There were no outstanding convertibles or treasury shares held as at 31 Dec 2018 and 31 Dec 2017.



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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-Dec-18	31-Dec-17
	No of shares	No of shares
Total number of issued shares ('000)	303,200	227,400

1(d)(iv) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial period reported on.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice

The figures have not been audited or reviewed.

3. Whether the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group and the Company have applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements as at 31 December 2017 except as disclosed in Note 5.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Singapore-incorporated companies listed on the Singapore Exchange are required to apply a new financial reporting framework identical to the International Financial Reporting Standards ("IFRS"), Singapore Financial Reporting Standards (International) ("SFRS(I)"), for annual periods beginning on or after 1 January 2018.

The Group has adopted SFRS(I) on 1 January 2018 and has prepared its first set of financial information under SFRS(I) for the financial period ended 31 March 2018. The Group has consistently applied the same accounting policies in its opening SFRS(I) statement of financial position as at 1 January 2017 and throughout the comparable periods presented, as if these policies had always been in effect. In adopting SFRS(I), the Group is required to apply all the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* and new SFRS(I), amendments to and interpretation of SFRS(I) that are effective from 1 January 2018. The transition to SFRS(I) did not have any significant impact to the Group except as disclosed below:

SFRS(I) 9 Financial Instruments

The Group has elected to apply short-term exemption under SFRS(I) 1 by not restating the comparative information for SFRS(I) 9, the financial instruments recognised for the financial year ended 31 December 2017 will continue to be measured in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*.



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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.**

Prior to transition to SFRS(I), the Group measured its impairment on trade receivables based on an “incurred loss” model. Upon transition to SFRS(I), a forward-looking expected credit loss (“ECL”) model was applied to measure the impairment provision for trade receivables. This has resulted an increase in Group’s impairment for trade receivables by approximately USD0.3million. The increase in impairment has been recognised in retained earnings as at 1 January 2018 (Note 1(d)(i)).

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	GROUP 4Q ended 31 Dec		GROUP 12 months ended 31 Dec	
	2018	2017 (Restated)	2018	2017 (Restated)
Profit attributable to owners of the parent (USD’000)	4,533	6,487	26,787	14,207
Aggregated weighted average number of ordinary shares (‘000)	303,200	265,110	293,390	265,110
Basic and diluted EPS based on aggregated weighted average number of ordinary shares ⁽¹⁾ _{(2) (USD cents)}	1.50	2.45	9.13	5.36

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-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
Net asset value per ordinary share based on issued share capital - (USD cents)	40.26	37.00	36.65	40.47

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



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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

FY2018 vs FY2017

The Group's revenue increased by USD31.5million or 10.7% from USD295.6million for the twelve months ended 31 Dec 2017 ("FY2017") to USD327.1million for the twelve months ended 31 Dec 2018 ("FY2018") mainly due to stronger customer demand, which was partially offset by the lower average selling price to arising from lower cocoa bean prices. The Group's gross profit increased by USD17.6million or 55.0% from USD31.9million in FY2017 to USD49.4million in FY2018 mainly due to higher shipment volume and improvements in processing margin.

Other gains (net) increased by USD3.1million from other losses of USD1.8million in FY2017 to USD1.3million gains in FY2018, mainly due to higher foreign exchange gains as a result of the weakening in Great British Pounds ("GBP") against USD in FY2018 from our Group GBP's borrowings.

Selling and distribution expenses increased by USD1.1million or 24.3% from USD4.5million in FY2017 to USD5.6million in FY2018, mainly due to higher sales commissions, export freight and handling costs incurred as a result of higher product shipment volume. Administrative expenses increased by USD2.2million or 33.8% from USD6.4million in FY2017 to USD8.5million FY2018, mainly due to an increase in the accruals of performance bonus and increase in the Group's headcount and higher payroll cost. Finance cost increased by USD0.2million or 6.5% from USD2.5million in FY2017 to USD2.7million in FY2018, mainly due to higher utilisation and higher cost of funds.

Income tax expense increased by USD4.6million or 171.6% from USD2.7million in FY2017 to USD7.3million in FY2018, mainly due to provision of income tax of USD4.8million and deferred income tax of USD2.5million in FY2018.

As a result of the above, the Group registered a profit after tax of USD26.8million in FY2018 compared to a profit after tax of USD14.2million in FY2017.

4Q2018 vs 4Q2017

The Group's revenue increased by USD17.4million or 23.1% from USD75.5million in the fourth quarter period ended 31 Dec 2017 ("4Q2017") to USD92.9million in the fourth quarter period ended 31 Dec 2018 ("4Q2018"), mainly due to stronger customer demand, which was partially offset by the lower average selling price arising from lower cocoa bean prices. The Group's gross profit increased by USD0.3million or 2.2% from USD12.2million in 4Q2017 to USD12.5million in 4Q2018 due to higher shipment volume.

Other gains increased by USD1.6million from USD0.2million in 4Q2017 to USD1.8million in 4Q2018, mainly due to foreign exchange gain as a result of the weakening in GBP against USD in 4Q2018 from our Group GBP's borrowings.

Administrative expenses increased by USD1.3million or 72.9%, from USD1.8million in 4Q2017 to USD3.1million in 4Q2018, mainly due to an increase in the accruals for the performance bonus. Finance cost increased by USD0.1million or 19.6% from USD0.7million in 4Q2017 to USD0.8million in 4Q2018, mainly due to higher utilisation and higher cost of funds.



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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:-

Review of the Statement of Comprehensive Income

4Q2018 vs 4Q2017 (Continued)

Income tax expense increased by USD2.4million or 118.9% from USD2.0million in 4Q2017 to USD4.4million in 4Q2018, mainly due to provision of income tax of USD2.2million and deferred tax of USD2.2million in 4Q2018.

As a result of the above, the Group registered a profit after tax of USD4.5million in 4Q2018 compared to profit after tax of USD6.5million in 4Q2017

Review of Statement of Financial Position

31 December 2018 vs 31 December 2017

Group

The Group's non-current assets increased by USD12.1million or 19.2% from USD63.2million as at 31 December 2017 to USD75.4million as at 31 Dec 2018, mainly due to the investment in plant and equipment of USD17.4million in FY2018, partially offset by the depreciation and amortization charge of USD4.9million on property, plant and equipment.

The Group's current assets increased by USD38.6million or 28.7%, from USD134.4million as at 31 December 2017 to USD172.9million as at 31 Dec 2018, mainly due to the increase in inventories, trade and other receivables and derivative financial instruments of USD29.6million, USD10.3million and USD0.7million respectively, partially offset by the decrease in cash and cash equivalent by USD2.2million.

The Group's current liabilities increased by USD10.1million or 9.2%, from USD110.6million as at 31 December 2017 to USD120.8million as at 31 Dec 2018, mainly due to the increase in trade and other payables, short-term bank borrowings and income tax payable of USD4.7million, USD1.8million and USD3.6million respectively. The Group's non-current liabilities increased by USD2.6million or 89.9% from USD2.9million to USD5.5million mainly due to increase in deferred tax liabilities of USD2.6million.

The Group's equity attributable to owners of the parent increased by USD38.0million or 45.1% from USD84.1million as at 31 December 2017 to USD122.1million as at 31 Dec 2018, mainly due to issuance of 76million new ordinary shares in April 2018 amounted to USD14.3million and net profit of USD26.8million generated in FY2018, partially offset by the dividend of USD2.2million, net foreign currency translation of USD0.7million and effect of the adoption of SFRS(1) 9 amounted to USD0.3million respectively.

Review of Statement of Cash Flows

The Group's cash and cash equivalent decreased by USD1.8million in FY2018, due to net cash outflows from investing activities of USD17.2million, partially offset by net cash inflows from operating activities of USD7.5million and financing activities USD7.9million.

The net cash used in investing activities of USD17.2million was mainly due to the capital expenditure incurred in the purchase of plant and equipment.

The net cash generated from operating activities of USD7.5million in FY2018 was mainly attributable to:

- positive operating cash flows of USD40.8million;
- net cash inflows from trade and other payables of USD8.2million;
- net cash outflows in inventories, trade and other receivables and tax paid of USD29.7million, USD10.6million, and USD1.2million respectively.

The net cash generated in financing activities of USD7.9million was mainly due net proceeds of USD14.3million received from issuance of 76million new ordinary shares and net drawdown of trade bills of USD1.9million, partially offset by the payment of dividends and finance cost of USD5.6million and USD2.7million respectively.



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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 Rights Issue Proceeds

The Company has fully utilised the Net proceeds from the Rights Issue in the following manner:

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

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

<u>Nature of payment</u>	(S\$’million)
Payment to professional/operating expenses	0.5
Payment to suppliers	10.8
Payment to borrowings	7.5
Total	<u>18.8</u>

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

No forecast or prospect statement has been previously disclosed to shareholders.

- 10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The global economic uncertainties from intensifying trade tensions and interest rate hikes, continue to be a business concern to the Group. However, the Group remains confident in its long-term growth prospects as the global demand for cocoa consumption is expected to remain strong. The Group will continue to adopt conservative and prudent measures and strategies.

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

Name of dividend	Interim	Final	Total
Dividend type	Cash	Cash	Cash
Dividend per share (in Singapore cents)	1.00 cent	2.00 cents	3.00 cents

On 31 August 2018, the Company has paid out an interim dividend of 1.00 Singapore cent per share. The Company is proposing a final dividend of 2.00 Singapore cents per share for the financial year ended 31 December 2018.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

In preceding financial year, the Company has paid out an interim dividend of 2.00 Singapore cents per share on 2 March 2018.

(c) Date payable

The date payable for the proposed final cash dividend will be announced at a later date.

(d) Books closure date

The Notice on the closure date of the Transfer Books and the Register of Members of the Company for the proposed final cash dividend will be announced at a late date.

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

Not applicable



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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.

The Company has not obtained a general mandate from shareholders for IPTs. During the period under review, there is no IPTs which are above S\$100,000. The Company has the following transactions with Guan Chong Cocoa Manufacturer Sdn Bhd and GCB Cocoa Singapore Pte Ltd, a related person who is not an “interested person” as defined in Chapter 9 of the listing manual.

Name of Related Person who is not an “interested person”	Aggregate value of all related person transactions during the financial year under review (exclude transactions less than S\$100,000)
	12 months 2018
	USD’000
Guan Chong Cocoa Manufacturer Sdn Bhd - Purchase of cocoa ingredients - Sales of cocoa ingredients	1,255 212
GCB Cocoa Singapore Pte Ltd - Purchase of cocoa ingredients	1,772



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14. Segmental Information

Business segments

No segmental information is presented based on business segment as the Group operates in only one business segment, which is production and sale of cocoa ingredients products and derives its operating revenue solely from this segment.

Geographical segments

	Malaysia	Singapore	United States	Indonesia	Others	Elimination	Total
<u>FY2018</u>	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Geographical Segments							
- Total external revenue	219,821	29,639	45,622	11,121	20,911	-	327,114
- Internal segment revenue	103,465	340,592	-	120,418	-	(564,475)	-
Total revenue	323,286	370,231	45,622	131,539	20,911	(564,475)	327,114
Segment results	27,413	10,212	714	4,606	593	(2,004)	41,534
Interest income							110
Finance expenses							(2,652)
Depreciation and amortisation							(4,902)
Profit before tax							34,090
Taxation							(7,303)
Profit after tax							26,787
<u>Capital expenditure</u>							
Property, plant and equipment	11,759	41	2	3,643	1,930		17,375
Investment properties	-	-	129	-	-		129
Intangible asset	-	12	-	-	19		31
Segment assets	173,067	227,484	14,373	83,545	13,332	(263,512)	248,289
Segment liabilities	113,320	63,459	13,187	51,337	3,399	(118,493)	126,209
<u>FY2017</u>	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
Geographical Segments							
- Total external revenue	208,054	33,712	40,075	5,572	8,212	-	295,625
- Internal segment revenue	86,303	286,170	-	119,453	-	(491,926)	-
Total revenue	294,357	319,882	40,075	125,025	8,212	(491,926)	295,625
Segment results	19,296	1,462	723	3,798	227	(1,550)	23,956
Interest income							114
Finance expenses							(2,491)
Depreciation and amortisation							(4,683)
Profit before tax							16,896
Taxation							(2,689)
Profit after tax							14,207
<u>Capital expenditure</u>							
Property, plant and equipment	3,162	12	2	1,196	2,732	-	7,104
Land use rights	-	-	-	-	151	-	151
Intangible asset	2	81	-	-	6	-	89
Investment property	-	-	18	-	-	-	18
Segment assets	131,988	179,785	10,971	73,598	8,791	(207,518)	197,615
Segment liabilities	84,941	52,222	10,270	43,759	3,599	(81,300)	113,491



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15. A breakdown of sales

	FY2018	FY2017	
	USD'000	USD'000	%
Sales reported for first half year	148,038	144,292	2.6
Profit after tax for first half year	13,305	3,083	331.6
Sales reported for second half year	179,076	151,334	18.3
Profit after tax for second half year	13,482	11,134	21.1

16. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (13).

There were no persons occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder.

17. Negative confirmation pursuant to Rule 705 (5)

Not applicable as the Company is announcing its full year finding statement for FY2018.

18. Confirmation pursuant to Rule 720 (1)

The Group has procured undertakings from all its directors and executive officers.

By Order of the Board

Tey How Keong
Chief Executive Officer and Executive Director
26 February 2019

Goh Lee Beng
Executive Director