



JB FOODS LIMITED

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

Unaudited Financial Statements and Dividend Announcement
For the First Quarter and Three Months Ended 31 March 2017

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		
	3 Months ended		
	31 Mar		
	2017	2016	+ / (-)
	USD'000	USD'000	%
Revenue	71,239	74,901	(4.9)
Cost of sales	(67,028)	(71,124)	5.8
Gross profit	<u>4,211</u>	<u>3,777</u>	11.5
Interest income	16	9	77.8
Other losses, net	(156)	(315)	50.5
<i>Other items of expense</i>			
Selling and distribution expenses	(891)	(910)	2.1
Administrative expenses	(1,325)	(1,193)	(11.1)
Finance costs	(617)	(564)	(9.4)
Profit before income tax	<u>1,238</u>	<u>804</u>	54.0
Income tax expense	(65)	(3)	n.m
Profit for the period	<u><u>1,173</u></u>	<u><u>801</u></u>	46.4
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences, net of tax	12	-	n.m
Total comprehensive income for the period	<u><u>1,185</u></u>	<u><u>801</u></u>	47.9
Profit attributable to:			
Owners of the parent	1,173	801	46.4
Non-controlling interest	-	-	
	<u><u>1,173</u></u>	<u><u>801</u></u>	46.4
Total comprehensive income attributable to:			
Owners of the parent	1,185	801	47.9
Non-controlling interest	-	-	
	<u><u>1,185</u></u>	<u><u>801</u></u>	47.9
EBITDA	<u><u>2,996</u></u>	<u><u>2,479</u></u>	20.9

n.m. - Not meaningful



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

	Group		
	3 Months ended 31 Mar		
	2017	2016	+ / (-)
	USD'000	USD'000	%
Amortisation of intangible assets	(37)	(35)	(5.7)
Amortisation of prepaid lease payments	(40)	(40)	-
Amortisation of land use rights	(6)	-	n.m
Amortisation of deferred capital grant	2	-	n.m
Depreciation of Investment property	(15)	(15)	-
Depreciation of property, plant and equipment	(1,045)	(1,021)	(2.4)
Foreign exchange (loss)/gain, net	(277)	242	n.m
Loss on disposal of plant & equipment	(23)	-	n.m
Net fair value gain/(loss) on derivative financial instruments	293	(1,251)	n.m
Realised (loss)/gain on cocoa bean derivative contracts	(225)	501	n.m
Rental income	99	79	25.3

n.m. - Not Meaningful



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

	GROUP		COMPANY	
	31-Mar-17 USD'000	31-Dec-16 USD'000	31-Mar-17 USD'000	31-Dec-16 USD'000
Non-current assets				
Intangible assets	489	515	-	-
Investment property	4,030	4,045	-	-
Land use rights	1,163	1,153	-	-
Property, plant and equipment	52,547	52,709	-	-
Prepaid lease payments	1,267	1,307	-	-
Investments in subsidiaries	-	-	66,177	66,177
Deferred tax assets	116	114	-	-
Other receivables	-	-	24,000	24,000
	<u>59,612</u>	<u>59,843</u>	<u>90,177</u>	<u>90,177</u>
Current assets				
Inventories	83,088	95,795	-	-
Trade and other receivables	29,476	39,413	1,640	3,175
Prepayments	340	361	11	7
Derivative financial instruments	118	256	-	-
Income tax recoverable	883	883	-	-
Cash and cash equivalents	8,580	7,119	1,508	7
	<u>122,485</u>	<u>143,827</u>	<u>3,159</u>	<u>3,189</u>
Less:				
Current liabilities				
Trade and other payables	13,050	25,285	156	50
Derivative financial instruments	769	1,200	-	-
Bank borrowings	91,555	101,631	-	-
Finance lease payables	50	71	-	-
Income tax payable	173	172	70	70
	<u>105,597</u>	<u>128,359</u>	<u>226</u>	<u>120</u>
Net current assets	<u>16,888</u>	<u>15,468</u>	<u>2,933</u>	<u>3,069</u>
Less:				
Non-current liabilities				
Deferred capital grant	448	444	-	-
Provision for post-employment benefits	202	202	-	-
Deferred tax liabilities	738	738	-	-
	<u>1,388</u>	<u>1,384</u>	<u>-</u>	<u>-</u>
Net assets	<u>75,112</u>	<u>73,927</u>	<u>93,110</u>	<u>93,246</u>
EQUITY				
Share capital	99,641	99,641	99,641	99,641
Other reserves	(32,476)	(32,488)	(8,458)	(8,458)
Retained earnings	7,937	6,764	1,927	2,063
Equity attributable to owners of the parent	<u>75,102</u>	<u>73,917</u>	<u>93,110</u>	<u>93,246</u>
Non-controlling interest	10	10	-	-
Total equity	<u>75,112</u>	<u>73,927</u>	<u>93,110</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-Mar-17	31-Dec-16
	USD'000	USD'000
Amount repayable in one year or less, or on demand		
- Secured	1,548	2,074
- Unsecured	90,057	99,628
	<u>91,605</u>	<u>101,702</u>
Amount repayable after one year		
- Secured	-	-
- Unsecured	-	-
	<u>-</u>	<u>-</u>

Details of collateral

Certain borrowings were secured by one of the subsidiary 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	
	3 Months ended 2017	31 Mar 2016
	USD'000	USD'000
Operating activities		
Profit before tax	1,238	804
Adjustments for:		
Amortisation of intangible assets	37	35
Amortisation of prepaid lease payments	40	40
Amortisation of land use rights	6	-
Amortisation of deferred capital grant	(2)	-
Depreciation of investment property	15	15
Depreciation of property, plant & equipment	1,045	1,021
Loss on disposal of property, plant and equipment	23	-
Net fair value (gain)/loss on derivative financial instruments	(293)	1,251
Rental income	(99)	(79)
Interest expenses	617	564
Interest income	(16)	(10)
Operating cash flows before working capital changes	2,611	3,641
Changes in working capital:		
Inventories	12,707	8,221
Trade and other receivables	9,937	6,470
Prepayment	21	(11)
Trade and other payables	(12,235)	(18,168)
Cash generated from operations	13,041	153
Income tax (paid)/refunded	(60)	78
Net cash generated from operating activities	12,981	231
Investing activities		
Purchase of property, plant & equipment	(906)	(677)
Purchase of intangible assets	(11)	(146)
Rental income	99	79
Interest received	16	10
Net cash used in investing activities	(802)	(734)
Financing activities		
Drawdown of bank borrowings	53,805	77,039
Repayment of bank borrowings	(63,881)	(75,363)
Repayment of finance lease payables	(21)	(56)
Interest paid	(617)	(564)
Net cash (used in)/from financing activities	(10,714)	1,056
Net change in cash and cash equivalents	1,465	553
Cash and cash equivalent at the beginning of the financial period	7,119	7,421
Effect of foreign exchange rate changes on cash and cash equivalents	(4)	-
Cash and cash equivalents at end of financial period	8,580	7,974



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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	-	-	12	1,173	1,185	-	1,185
Balance as at 31 March 2017	99,641	(25,472)	(7,004)	7,937	75,102	10	75,112
Balance as at 1 January 2016	99,641	(25,472)	(6,956)	3,008	70,221	10	70,231
Profit for the financial period	-	-	-	801	801	-	801
Balance as at 31 March 2016	99,641	(25,472)	(6,956)	3,809	71,022	10	71,032

<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
Loss for the period, representing total comprehensive income for the period	-	(136)	-	(136)
Balance as at 31 March 2017	99,641	1,927	(8,458)	93,110

<u>COMPANY</u>	Share capital USD'000	Retained earnings USD'000	Other reserve USD'000	Total USD'000
Balance as at 1 January 2016	99,641	599	(8,458)	91,782
Loss for the period, representing total comprehensive income for the period	-	(88)	-	(88)
Balance as at 31 March 2016	99,641	511	(8,458)	91,694



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1(d)(ii) Details of any changes in the company’s share capital arising from right issue, bonus issue, share buy-back, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There were no new shares issued in the first quarter ended 31 March 2017

There were no outstanding convertibles or treasury shares held as at 31 March 2017 and 31 March 2016.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

Company	As at	
	31-Mar-17	31-Dec-16
	No of shares	No of shares
Total number of issued shares ('000)	227,400	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 2016.

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

Not applicable.



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

	GROUP	
	3 Months ended 31 Mar	
	2017	2016
Profit attributable to owners of the parent (USD'000)	1,173	801
Aggregated weighted average number of ordinary shares ('000)	227,400	227,400
Basic and diluted EPS based on aggregated weighted average number of ordinary shares (USD cents) ^{(1) (2)}	0.005	0.004

Notes:

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

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-

- (a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	31-Mar-17	31-Dec-16	31-Mar-17	31-Dec-16
Net asset value per ordinary share based on issued share capital - (USD cents)	33.03	32.51	40.94	41.01

The net asset per share for the Group as at 31 March 2017 and 31 December 2016 have been calculated based on the issued share capital of 227,399,975 shares.



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8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of the Statement of Comprehensive Income

1Q2017 vs 1Q2016

The Group's revenue decreased by USD3.7million or 4.9% from USD74.9million in the first quarter period ended 31 March 2016 ("1Q2016") to USD71.2million in the first quarter period ended 31 March 2017 ("1Q2017") mainly due to lower average selling price to the Group's customers arising from the lower cocoa bean prices, which had fallen more than 30% since September 2016. The Group's gross profit increased by USD0.4million or 11.5% from USD3.8million in 1Q2016 to USD4.2million in 1Q2017 mainly due to improvements in processing margins.

Other losses decreased by USD0.1million from USD0.3million in 1Q2016 to USD0.2million in 1Q2017, mainly due to lower fair value loss on derivative foreign exchange contracts.

Administrative expenses increased by USD0.1million or 11.1% from USD1.2million in 1Q2016 to USD1.3million in 1Q2017, mainly due to the increase in payroll costs.

As such, the Group's registered a profit after tax of USD1.2million 1Q2017 compared to a profit after tax of USD0.8million in 1Q2016.

Review of Statement of Financial Position

The Group's current assets decreased by USD21.3million or 14.8% from USD143.8million as at 31 December 2016 to USD122.5million as at 31 March 2017, mainly due to the decrease in inventories, trade and other receivables of USD12.7million and USD9.9million respectively, partially offset by the increase in cash and cash equivalents of USD1.5million.

The Group's current liabilities decreased by USD22.8million or 17.7% from USD128.4million as at 31 December 2016 to USD105.6million as at 31 March 2017, mainly due to the decrease in trade and other payables, derivative financial instruments and repayment of bank borrowings of USD12.2million, USD0.4million and USD10.1million respectively.

The Group's equity attributable to the owners of the parents increased by USD1.2million from USD73.9million as at 31 December 2016 to USD75.1million as at 31 March 2017 mainly due to profits generated in 1Q2017.



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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 Statement of Cash Flows

The Group's cash and cash equivalent increased by USD1.5million in 1Q2017, mainly due to net cash inflows from operating activities of USD13.0million, partially offset by net investing and financing cash outflows of USD0.8million and USD10.7million respectively.

The net cash generated from operating activities of USD13.0million in 1Q2017 was mainly attributable to:

- a) positive operating cash flows of USD2.6million;
- b) net cash inflows from inventories and trade and other receivables of USD12.7million and USD9.9million respectively; and
- c) net cash outflows in trade and other payables of USD12.2million

The net cash used in investing activities of USD0.8million was mainly due to capital expenditure of USD0.9million incurred in the purchase of plant and equipment, partially offset by rental income of USD0.1million.

The net cash used in financing activities of USD10.7million was mainly due to net repayment of trade bills of USD10.1million, and payment of finance cost of USD0.6million.

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 uncertainties in global economic growth and increased volatility in equities and cocoa bean markets continue to pose as potential headwinds to the Group's business performance. Notwithstanding the improvement of the financial results in the last few quarters, the Group will continue to adopt conservative and prudent measures and strategies and remain confident in its long-term growth prospects. The Group is cautiously optimistic for the next 12 months.



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11. Dividend

(a) Current Financial Period Reported On

No dividend has been declared for the current financial period reported on.

(b) Corresponding Period of the Immediately Preceding Financial Year

No dividend has been declared for the corresponding period of the immediately preceding financial year.

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

No dividend has been declared or recommended for the period ended 31 March 2017.

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. The Company has the following related person transactions with a related person who is not an “interested person” as defined in Chapter 9 of the listing manual.

Name of Related Person	Aggregate value of all related person transactions during the financial year under review (exclude transactions less than S\$100,000 and transactions conducted under the shareholders’ mandate pursuant to Rule 920)
	3 months 2017
	USD’000
Guan Chong Cocoa Manufacturer Sdn Bhd -Purchase of cocoa ingredients - Sales of cocoa ingredients	906 946

14. Negative confirmation pursuant to Rule 705 (5)

The Board of Directors of the Company hereby confirm that, to the best of their knowledge, nothing has come to their attention which may render the three months financial results for the period ended 31 March 2017 to be false or misleading in any material aspect.

15. 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
9 May 2017

Goh Lee Beng
Executive Director