



**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 Second Quarter and Half Year Ended 30 June 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		
	2Q ended 30 June		+ / (-) %	Half Year ended 30 June		+ / (-) %
	2018	2017		2018	2017	
	USD'000	USD'000		USD'000	USD'000	
Revenue	73,969	73,053	1.3	148,038	144,292	2.6
Cost of sales	(60,774)	(66,675)	8.9	(123,467)	(133,703)	7.7
Gross profit	13,195	6,378	106.9	24,571	10,589	132.0
Interest income	15	41	(63.4)	44	57	(22.8)
Other gains/(losses), net	1,436	(595)	n.m	(847)	(751)	(12.8)
<i>Other items of expense</i>						
Selling and distribution expenses	(1,434)	(988)	(45.1)	(2,697)	(1,879)	(43.5)
Administrative expenses	(2,310)	(1,708)	(35.2)	(3,741)	(3,033)	(23.3)
Finance costs	(692)	(659)	(5.0)	(1,306)	(1,276)	(2.4)
Profit before income tax	10,210	2,469	313.5	16,024	3,707	332.3
Income tax expense	(1,621)	(559)	(190.0)	(2,719)	(624)	(335.7)
Profit for the period	8,589	1,910	349.7	13,305	3,083	331.6
<b>Other comprehensive income:</b>						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Foreign currency translation differences	(528)	18	n.m	(327)	30	n.m
<b>Total comprehensive income for the period</b>	<b>8,061</b>	<b>1,928</b>	<b>318.1</b>	<b>12,978</b>	<b>3,113</b>	<b>316.9</b>
<b>Profit attributable to:</b>						
Owners of the parent	8,589	1,910	349.7	13,305	3,083	331.6
Non-controlling interest	-	-		-	-	
	8,589	1,910	349.7	13,305	3,083	331.6
<b>Total comprehensive income attributable to:</b>						
Owners of the parent	8,061	1,928	318.1	12,978	3,113	316.9
Non-controlling interest	-	-		-	-	
	8,061	1,928	318.1	12,978	3,113	316.9
EBITDA	12,137	4,256	185.2	19,736	7,252	172.1
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 8 for more details)

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

	Group			Group		
	2Q ended 30 June		+ / (-) %	Half Year ended 30 June		+ / (-) %
	2018	2017		2018	2017	
	USD'000	USD'000		USD'000	USD'000	
Amortisation of intangible assets	(52)	(37)	(40.5)	(96)	(74)	(29.7)
Amortisation of prepaid lease payment	(53)	(41)	(29.3)	(107)	(81)	(32.1)
Amortisation of land use rights	(8)	(7)	(14.3)	(16)	(13)	(23.1)
Amortisation of deferred capital grant	3	3	-	5	5	-
Depreciation of investment property	(15)	(15)	-	(30)	(30)	-
Depreciation of property, plant and equipment	(1,110)	(1,031)	(7.7)	(2,162)	(2,076)	(4.1)
Foreign exchange gain/(loss), net	572	(462)	n.m	(1,164)	(739)	(57.5)
Loss on disposal of plant & equipment	-	(3)	n.m	-	(26)	n.m
Fair value gain on derivative financial instruments, net	1,102	478	130.5	475	771	(38.4)
Realised loss on cocoa bean derivative contract, net	(537)	(576)	6.8	(1,078)	(801)	(34.6)

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		
	30-June-18 USD'000	31-Dec-17 USD'000	1-Jan-17* USD'000	30-June-18 USD'000	31-Dec-17 USD'000	1-Jan-17* USD'000
<b>Non-current assets</b>						
Intangible assets	393	451	515	-	-	-
Investment property	3,986	4,003	4,045	-	-	-
Land use rights	1,323	1,361	1,153	-	-	-
Property, plant and equipment	60,260	55,611	52,709	-	-	-
Prepaid lease payments	1,575	1,682	1,307	-	-	-
Investments in subsidiaries	-	-	-	91,877	91,877	66,177
Deferred tax assets	135	137	114	-	-	-
Other receivables	-	-	-	-	-	24,000
	<u>67,672</u>	<u>63,245</u>	<u>59,843</u>	<u>91,877</u>	<u>91,877</u>	<u>90,177</u>
<b>Current assets</b>						
Inventories	68,636	83,216	95,795	-	-	-
Trade and other receivables	34,236	34,771	39,413	9,533	3,647	3,175
Prepayments	918	591	361	4	9	7
Derivative financial instruments	503	146	256	-	-	-
Income tax recoverable	-	5	883	-	-	-
Cash and cash equivalents	24,974	15,641	7,119	4,610	29	7
	<u>129,267</u>	<u>134,370</u>	<u>143,827</u>	<u>14,147</u>	<u>3,685</u>	<u>3,189</u>
<b>Current liabilities</b>						
Trade and other payables	12,795	31,597	25,285	48	3,512	50
Derivative financial instruments	410	528	1,200	-	-	-
Bank borrowings	67,157	78,461	101,631	-	-	-
Finance lease payable	-	-	71	-	-	-
Income tax payable	1,048	48	172	16	16	70
	<u>81,410</u>	<u>110,634</u>	<u>128,359</u>	<u>64</u>	<u>3,528</u>	<u>120</u>
Net current assets	<u>47,857</u>	<u>23,736</u>	<u>15,468</u>	<u>14,083</u>	<u>157</u>	<u>3,069</u>
<b>Non-current liabilities</b>						
Deferred capital grant	511	525	444	-	-	-
Provision for post-employment benefits	298	298	202	-	-	-
Deferred tax liabilities	3,586	2,034	738	-	-	-
	<u>4,395</u>	<u>2,857</u>	<u>1,384</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets	<u>111,134</u>	<u>84,124</u>	<u>73,927</u>	<u>105,960</u>	<u>92,034</u>	<u>93,246</u>
<b>EQUITY</b>						
Share capital	113,963	99,641	99,641	113,963	99,641	99,641
Other reserves	(32,603)	(32,276)	(32,488)	(8,458)	(8,458)	(8,458)
Retained earnings	29,764	16,749	6,764	455	851	2,063
<b>Equity attributable to owners of the parent</b>	<u>111,124</u>	<u>84,114</u>	<u>73,917</u>	<u>105,960</u>	<u>92,034</u>	<u>93,246</u>
Non-controlling interest	10	10	10	-	-	-
<b>Total equity</b>	<u>111,134</u>	<u>84,124</u>	<u>73,927</u>	<u>105,960</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	
	30-June-18	31-Dec-17
	USD'000	USD'000
Amount repayable in one year or less, or on demand		
- Secured	-	-
- Unsecured	67,157	78,461
	<hr/>	<hr/>
	67,157	78,461
Amount repayable after one year		
- Secured	-	-
- Unsecured	-	-
	<hr/>	<hr/>
	-	-
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**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		GROUP	
	2Q ended 30 June 2018 USD'000	2017 USD'000	Half Year ended 30 June 2018 USD'000	2017 USD'000
<b>Operating Activities</b>				
Profit before tax	10,210	2,469	16,024	3,707
Adjustments for:-				
Amortisation of intangible asset	52	37	96	74
Amortisation of prepaid lease payment	53	41	107	81
Amortisation of land use rights	8	7	16	13
Amortisation of deferred capital grant	(3)	(3)	(5)	(5)
Depreciation of investment property	15	15	30	30
Depreciation of property, plant & equipment	1,110	1,031	2,162	2,076
Loss on disposal of plant and equipment	-	3	-	26
Net fair value gain on derivative financial instruments	(1,102)	(478)	(475)	(771)
Interest expenses	692	659	1,306	1,276
Interest income	(15)	(41)	(44)	(57)
<b>Operating cash flows before working capital changes</b>	<b>11,020</b>	<b>3,740</b>	<b>19,217</b>	<b>6,450</b>
<b>Changes in working capital:</b>				
Inventories	10,097	17,072	14,580	29,779
Trade and other receivables	(2,508)	(4,147)	246	5,790
Prepayment	(193)	(156)	(327)	(135)
Trade and other payables	4,140	403	(14,583)	(11,832)
<b>Cash generated from operations</b>	<b>22,556</b>	<b>16,912</b>	<b>19,133</b>	<b>30,052</b>
Income tax paid	(121)	(303)	(151)	(363)
<b>Net cash from operating activities</b>	<b>22,435</b>	<b>16,609</b>	<b>18,982</b>	<b>29,689</b>
<b>Investing activities</b>				
Purchase of property, plant & equipment	(3,938)	(1,803)	(6,865)	(2,709)
Purchase of intangible assets	(30)	(171)	(39)	(182)
Additional of investment property	(9)	-	(13)	-
Proceed from capital grant	-	58	-	58
Interest received	15	41	44	57
<b>Net cash used in investing activities</b>	<b>(3,962)</b>	<b>(1,875)</b>	<b>(6,873)</b>	<b>(2,776)</b>
<b>Financing activities</b>				
Proceeds from issuance of ordinary shares	6,809	-	14,322	-
Drawdown of trade bills	34,956	62,152	104,707	115,957
Repayment of trade bills	(62,685)	(74,127)	(116,011)	(138,008)
Repayments of finance lease	-	(21)	-	(42)
Dividend paid on ordinary shares	-	(815)	(4,220)	(815)
Interest paid	(692)	(659)	(1,306)	(1,276)
<b>Net cash (used in)/from financing activities</b>	<b>(21,612)</b>	<b>(13,470)</b>	<b>(2,508)</b>	<b>(24,184)</b>



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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 2Q ended 30 June		GROUP Half Year ended 30 June	
	2018 USD'000	2017 USD'000	2018 USD'000	2017 USD'000
Net change in cash and cash equivalents	(3,139)	1,264	9,601	2,729
Cash and cash equivalent at the beginning of the financial period	28,445	8,580	15,641	7,119
Effect of exchange rate changes on cash and cash equivalents	(332)	14	(268)	10
Cash and cash equivalents at end of financial period	24,974	9,858	24,974	9,858

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 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 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	-	-	-	13,305	13,305	-	13,305
Other comprehensive income for the financial period							
Foreign currency translation differences, net of tax	-	-	(327)	-	(327)	-	(327)
Total comprehensive income for the financial period	-	-	(327)	13,305	12,978	-	12,978
Contribution by and distribution owners							
Issuance of ordinary shares, net	14,322	-	-	-	14,322	-	14,322
Total transactions with owners of the parent	14,322	-	-	-	14,322	-	14,322
Balance as at 30 June 2018	113,963	(25,472)	(7,131)	29,764	111,124	10	111,134



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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	-	-	-	3,083	3,083	-	3,083
Other comprehensive income for the financial period	-	-	30	-	30	-	30
<b>Total comprehensive income for the financial period</b>	-	-	30	3,083	3,113	-	3,113
Contributions by and distribution to owners							
Dividends on ordinary shares	-	-	-	(815)	(815)	-	(815)
<b>Balance as at 30 June 2017</b>	<b>99,641</b>	<b>(25,472)</b>	<b>(6,986)</b>	<b>9,032</b>	<b>76,215</b>	<b>10</b>	<b>76,225</b>

<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
Loss for the period, representing total comprehensive income for the period	-	(396)	-	(396)
Contribution by and distribution owners				
Issuance of ordinary shares, net	14,322	-	-	14,322
<b>Balance as at 30 June 2018</b>	<b>113,963</b>	<b>455</b>	<b>(8,458)</b>	<b>105,960</b>

<u>COMPANY</u>	Share Capital USD'000	Retained Earnings USD'000	Capital Reserve USD'000	Total USD'000
Balance as at 1 January 2017	99,641	2,063	(8,458)	93,246
Profit for the period, representing total comprehensive income for the period	-	5	-	5
Dividends on ordinary shares	-	(815)	-	(815)
<b>Balance as at 30 June 2017</b>	<b>99,641</b>	<b>1,253</b>	<b>(8,458)</b>	<b>92,436</b>



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

Company	No. of Shares	Share Capital	Share Capital
	('000)	(S\$'000)	USD'000
As at 1 Jan 2018	227,400	127,829	99,641
Issue of shares	75,800	18,950	14,322
As at 30 June 2018	<u>303,200</u>	<u>146,779</u>	<u>113,963</u>
As at 1 Jan 2017 and 30 June 2017	<u>227,400</u>	<u>127,829</u>	<u>99,641</u>

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 30 June 2018 and 30 June 2017.

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-18	31-Dec-17
	No of shares	No of shares
Total number of issued shares ('000)	<u>303,200</u>	<u>227,400</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 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*.

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		GROUP	
	2Q ended 30 June 2018	2017 (Restated)	Half Year ended 30 June 2018	2017 (Restated)
Profit attributable to owners of the parent (USD’000)	8,589	1,910	13,305	3,083
Aggregated weighted average number of ordinary shares (’000)	301,526	265,110	283,418	265,110
Basic and diluted EPS based on aggregated weighted average number of ordinary shares <sup>(1)</sup> <sup>(2)</sup> (USD cents)	2.8	0.7	4.7	1.2

**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.



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- 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-18	31-Dec-17	30-Jun-18	31-Dec-17
Net asset value per ordinary share based on issued share capital - (USD cents)	36.65	37.00	34.95	40.47

The net asset per share for the Group as at 30 June 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.

- 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**

**1H2018 vs 1H2017**

The Group’s revenue increased by USD3.7million or 2.6% from USD144.3million for the half year ended 30 June 2017 (“1H2017”) to USD148.0million for the half year ended 30 June 2018 (“1H2018”) mainly due to the stronger customer demand, which partially offset by the lower average selling price to the Group’s customers arising from lower cocoa bean prices. The Group’s gross profit increased by USD14.0million or 132.0% from USD10.6million in 1H2017 to USD24.6million in 1H2018 mainly due to higher shipment volume and improvements in processing margin.

Other losses increased by USD0.1million from USD0.7million in 1H2017 to USD0.8million in 1H2018, mainly due to higher foreign exchange loss arising from the Group’s borrowings denominated in Great Britain Pound (“GBP”) due to the appreciation of GBP against USD in 1H2018.

Selling and distribution expenses increased by USD0.8million or 43.5% from USD1.9million in 1H2017 to USD2.7million in 1H2018, mainly due to higher sales commissions, export freight and handling costs incurred as a result of higher product shipment volume.

Administrative expenses increased by USD0.7million or 23.3% from USD3.0million in 1H2017 to USD3.7million 1H2018, mainly due to an increase in the Group’s headcount and higher payroll cost.

Income tax expense increased by USD2.1million or 335.7% from USD0.6million in 1H2017 to USD2.7million in 1H2018, mainly due to provision of income tax and deferred income tax in 1H2018.

As a result of the above, the Group registered a profit after tax of USD13.3million in 1H2018 compared to a profit after tax of USD3.1million in 1H2017.



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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**

**2Q2018 vs 2Q2017**

The Group's revenue increased by USD0.9million or 1.3% from USD73.1million in the second quarter period ended 30 June 2017 ("2Q2017") to USD74.0million in the second quarter period ended 30 June 2018 ("2Q2018"), mainly due to stronger customer demand, partially offset by the lower average selling price to the Group's customers arising from lower cocoa bean prices. The Group's gross profit increased by USD6.8million or 106.9% from USD6.4million in 2Q2017 to USD13.2million in 2Q2018 due to higher shipment volume and improvements in processing margin.

Other gains increased by USD2.0million from other losses (net) of USD0.6million in 2Q2017 to USD1.4million in 2Q2018, mainly due to foreign exchange gain arising from the borrowings denominated in Great Britain Pound ("GBP") due to the weakening of GBP against USD in 2Q2018.

Selling and distribution expenses increased by USD0.4million or 45.1% from USD1.0million in 2Q2017 to USD1.4million in 2Q2018, mainly due to higher sales commissions, export freight and handling costs incurred as a result of higher product shipment volume.

Administrative expenses increased by USD0.6million or 35.2%, from USD1.7million in 2Q2017 to USD2.3million in 2Q2018, mainly due to an increase in the Group's headcount and higher payroll cost.

Income tax expense increased by USD1.1million or 190.0% from USD0.6million in 2Q2017 to USD1.6million in 2Q2018, mainly due to provision of income tax and deferred income tax in 2Q2018.

As a result of the above, the Group registered a profit after tax of USD8.6million in 2Q2018 compared to profit after tax of USD1.9million in 2Q2017.



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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 Financial Position**

#### **30 June 2018 vs 31 December 2017**

##### **Group**

The Group's non-current assets increased by USD4.4million or 7.0% from USD63.2million as at 31 December 2017 to USD67.7million as at 30 June 2018, mainly due to the purchase of plant and equipment of USD6.9million in 1H2018, partially offset by the depreciation charge of USD2.1million on property, plant and equipment.

The Group's current assets decreased by USD5.1million or 3.8%, from USD134.0million as at 31 December 2017 to USD129.3million as at 30 June 2018, mainly due to the decrease in inventories and trade and other receivables of USD14.6million and USD0.5million respectively, partially offset by the increase in cash and cash equivalents of USD9.3million.

The Group's current liabilities decreased by USD29.2million or 26.4%, from USD110.6million as at 31 December 2017 to USD81.4million as at 30 June 2018, mainly due to the decrease in trade and other payables and short-term bank borrowings of USD18.8million and USD11.3million, respectively, partially offset by the increase in income tax payable of USD1.0million.

The Group's equity attributable to owners of the parent increased by USD27.0million or 32.1% from USD84.1million as at 31 December 2017 to USD111.1million as at 30 June 2018, mainly due to issuance of 76million new ordinary shares in April 2018 amounted USD14.3million and profit generated in 1H2018.

### **Review of Statement of Cash Flows**

The Group's cash and cash equivalent increased by USD9.6million in 1H2018, due to net cash inflows from operating activities and financing activities of USD19.0million and USD1.7million respectively, partially offset by net cash outflows from investing activities of USD6.9million.

The net cash generated from operating activities of USD19.0million in 1H2018 was mainly attributable to:

- a) positive operating cash flows of USD19.2million;
- b) net cash inflows from inventories and trade and other receivables of USD14.6million; and
- c) net cash outflows in trade and other payables of USD14.6million.

The net cash used in investing activities of USD6.9million was mainly due to the capital expenditure incurred in the purchase of plant and equipment.

The net cash used in financing activities of USD2.5million was mainly due dividends of USD4.2million paid for previous year, net repayment of bank borrowings and finance cost of USD11.3million and USD1.3million respectively, partially offset by the net proceeds of USD14.3million received from issuance of 76million new ordinary shares.



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- (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 utilised the Rights Issue Proceeds as at 30 July 2018 in the following manner:

<u>Purposes</u>	Amount Allocated (S\$' million)	Amount Utilised (S\$'million)
Business Expansion	9.4 to 13.2	3.2
Working Capital	5.6 to 9.4	9.4
Total	<u>18.8</u>	<u>12.6</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	4.6
Payment to borrowings	7.5
Total	<u>12.6</u>

Subsequent to the aforementioned, the Company has a remaining balance of approximately S\$6.2million from the Net Proceeds. The Board will continue to make periodic announcements on the utilisation of the balance of the Net Proceeds as and when such proceeds are materially deployed.

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 Group expects the current cocoa business sentiments will continue into the second half of 2018. However, intensifying trade tensions and interest rate hikes can continue to cause global economic uncertainties. This may negatively impact cocoa and chocolate consumption and pose potential headwinds to the Group's business. The Group will continue to adopt conservative and prudent measures and strategies, and remains confident in its long-term growth prospects.

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

Name of dividend	Interim
Dividend type	Cash
Dividend per share (in Singapore cents)	1.00 Singapore cents per share

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

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

**(c) Date Payable**

The date payable for the proposed interim cash dividend will be on 31 August 2018.

**(d) Books Closure Date**

The notice of books closure date for the proposed interim cash dividend will be on 24 August 2018.

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

Not applicable.

**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.

<b>Name of Related Person</b>	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)
	6 months 2018
	USD’000
<b>Guan Chong Cocoa Manufacturer Sdn Bhd</b>	
- Purchase of cocoa ingredients	820
- Sales of cocoa ingredients	113



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**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 six months financial results for the period ended 30 June 2018 to be false or misleading.

**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  
7 August 2018

**Goh Lee Beng**  
Executive Director