JOHORE TIN BERHAD ("JTB" OR THE "COMPANY")

I. PROPOSED ACQUISITION BY JTB OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF ABLE DAIRIES SDN BHD ("ADSB") COMPRISING 1,500,000 ORDINARY SHARES OF RM1.00 EACH FROM KUA JIN GUANG @ KAU KAM ENG, NG KENG HOE, LAI SHIN LIN AND LOCK TOH PENG FOR A PURCHASE CONSIDERATION OF RM31,000,000 ("PROPOSED ACQUISITION");

II. PROPOSED DIVERSIFICATION OF THE BUSINESS OF JTB GROUP INTO FOOD AND BEVERAGE MANUFACTURING ("PROPOSED DIVERSIFICATION"); AND

III. PROPOSED AMENDMENTS TO THE OBJECT CLAUSES IN THE MEMORANDUM OF ASSOCIATION OF JTB ("PROPOSED AMENDMENTS")

(COLLECTIVELY REFERRED TO AS THE "PROPOSALS")

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1. INTRODUCTION

On behalf of the Board of Directors of JTB ("Board"), OSK Investment Bank Berhad ("OSK") wishes to announce that JTB ("Purchaser") had, on 18 August 2011 entered into a conditional Share Sale Agreement ("SSA") with Kua Jin Guang @ Kau Kam Eng, Ng Keng Hoe, Lai Shin Lin and Lock Toh Peng (collectively referred to as the "Vendors") for the acquisition of 1,500,000 ordinary shares of RM1.00 each in ADSB ("Sale Shares"), representing the entire equity interest in ADSB, for a purchase consideration of RM31,000,000 ("Purchase Consideration") to be satisfied by way of cash amounting to RM27,000,000 and the issuance of 4,000,000 ordinary shares of RM1.00 each in JTB ("JTB Shares" or "Shares") ("Consideration Shares") at an issue price of RM1.00 per JTB Share ("Issue Price").

Pursuant to the Proposed Acquisition, OSK on behalf of the Board also wishes to announce that JTB wishes to undertake a diversification of the business of JTB and its subsidiaries ("JTB Group") into food and beverage ("F&B") manufacturing. In addition, the object clauses in the Memorandum of Association of JTB are proposed to be amended to incorporate additional provisions to cover the new functions and nature of business of the Group in F&B manufacturing.

Further details of the Proposals are set out in the ensuing sections.

2. DETAILS OF THE PROPOSALS

2.1 Details of the Proposed Acquisition

The Proposed Acquisition involves the purchase by JTB of 1,500,000 ordinary shares of RM1.00 each in ADSB, representing 100% of the issued and paid-up share capital of ADSB for a purchase consideration of RM31,000,000. The Purchase Consideration shall be satisfied in the following manner:-

Vendors	% of ADSB Shares held	Cash payment (RM)	Consideration Shares	% of enlarged share capital in JTB^
Kua Jin Guang @ Kau Kam Eng	40.00	10,800,000	1,600,000	2.29
Ng Keng Hoe	36.00	9,720,000	1,440,000	2.06
Lai Shin Lin	14.00	3,780,000	560,000	0.80
Lock Toh Peng	10.00	2,700,000	400,000	0.57
Total	**100.00**	**27,000,000**	**4,000,000**	**5.72**

Note:-

^ *Based on the enlarged issued and paid-up share capital of JTB after issuance of the Consideration Shares.*

2.1.1 Information on ADSB

ADSB was incorporated in Malaysia on 9 March 2007 under the Companies Act, 1965 ("Act") as a private limited company.

ADSB is principally engaged in the business of manufacturing and selling of milk and related dairy products. For the financial year ended ("FYE") 31 December 2010, ADSB recorded an audited consolidated profit after tax ("PAT") of approximately RM2.00 million while its audited consolidated net assets ("NA") was approximately RM8.93 million.

The authorised share capital of ADSB is RM5,000,000 comprising 5,000,000 ordinary shares of RM1.00 each ("ADSB Shares") while its issued and paid-up share capital is RM1,500,000 comprising 1,500,000 ADSB Shares.

As at 15 August 2011, the shareholders of ADSB are as follows:-

	<-----------Direct-------------->		<------------Indirect----------->	
Shareholders	**Number of ADSB Shares held**	**%**	**Number of ADSB Shares held**	**%**
Kua Jin Guang @ Kau Kam Eng	600,000	40.00	-	-
Ng Keng Hoe	540,000	36.00	210,000	14.00[*1]
Lai Shin Lin	210,000	14.00	540,000	36.00[*2]
Lock Toh Peng	150,000	10.00	-	-
Total	**1,500,000**	**100.00**	**-**	**-**

Notes:-

[*1] *Deemed interested by virtue of the shareholdings of his spouse in ADSB pursuant to Section 6A of the Act.*

[*2] *Deemed interested by virtue of the shareholdings of her spouse in ADSB pursuant to Section 6A of the Act.*

As at 15 August 2011, the directors of ADSB are Ng Keng Hoe and Lai Shin Lin.

Further details on the general nature of business conducted and the audited financial information of ADSB are set out in the Appendix to this Announcement.

2.1.2 Information on the Vendors

The brief background information on the Vendors are as follows:-

Name	**Citizenship**	**Profession**
Kua Jin Guang @ Kau Kam Eng	Malaysian	Business person
Ng Keng Hoe	Singaporean	Company Director
Lai Shin Lin	Malaysian	Company Director
Lock Toh Peng	Malaysian	Business person

Lai Shin Lin is the spouse of Ng Keng Hoe.

2.1.3 Basis and justification of arriving at the Purchase Consideration

The Purchase Consideration was arrived at on a "willing-buyer willing-seller" basis, after taking into consideration the following:-

i. a price-to-earnings multiple of approximately 4.43 times based on the profit guarantee of ADSB of approximately RM7.00 million for the FYE 31 December 2011;

ii. a price-to-book ratio of approximately 1.95 times based on the estimated NA of ADSB (after consolidating the profit guarantee) of approximately RM15.93 million for the FYE 31 December 2011; and

iii. the profit guarantee of approximately RM7.00 million and RM10.00 million from the Vendors for the FYE 31 December 2011 and FYE 31 December 2012 respectively.

2.1.4 Basis and justification of arriving at the Issue Price

The Issue Price represents the par value of JTB Shares as the trading prices of JTB Shares have been trading below par.

For information purposes only, the five (5)-day and one (1) month volume weighted average market price up to and including 17 August 2011, being the last market day prior to signing of the SSA, were RM0.8497 and RM0.9057 respectively.

2.1.5 Settlement of the Purchase Consideration

The Purchase Consideration shall be satisfied in the following manner:-

No.	Mode of settlement	Date of settlement	RM
i.	Cash	Within seven (7) days from the date when the last of the conditions precedent is fulfilled	3,100,000
ii.	Cash	Within thirty (30) days from the date when the last of the conditions precedent is fulfilled	15,400,000
iii.	Consideration Shares	Upon listing and quotation on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities")	4,000,000
iv.	Cash	Within fourteen (14) days upon receipt of ADSB's audited accounts for the FYE 31 December 2011 ("FYE 2011 PG Release Payment")	3,500,000
v.	Cash	Within fourteen (14) days upon receipt of ADSB's audited accounts for the FYE 31 December 2012 ("FYE 2012 PG Release Payment")	5,000,000
	TOTAL		**31,000,000**

2.1.6 Liabilities to be assumed by JTB

Pursuant to the SSA, the Purchaser will, within six (6) months from the completion date, obtain a discharge of the relevant Vendors and a related party from all guarantees given in favour of the relevant financial institutions and a supplier in respect of credit facilities granted to ADSB.

If any of the financial institutions or the supplier agrees to release the relevant guarantors from the respective guarantees as mentioned in Clause 10.4.1 and Clause 10.4.2 of the SSA, on the condition that the Purchaser becomes the guarantor in replacement of the relevant guarantors, the Purchaser will accept the condition and execute the necessary documents to stand in as guarantor in replacement of the relevant guarantors.

Save as disclosed above and the liabilities in the accounts of ADSB, there are no other liabilities, contingent liabilities or guarantees to be assumed by JTB pursuant to the Proposed Acquisition.

2.1.7 Original cost of investment

The original cost of investment by the Vendors for its 100% equity interest in ADSB was RM1,500,000 as at 31 December 2010.

2.1.8 Ranking of the Consideration Shares

The Consideration Shares shall upon allotment and issue, rank *pari passu* in all respects with the existing JTB Shares, save and except that they shall not be entitled to any dividends, rights, allotment and/ or other distributions which are declared, made or paid prior to the date of their allotment.

2.1.9 Listing of and quotation for the Consideration Shares

An application will be made to the authorities for the listing of and quotation for the Consideration Shares on the Main Market of Bursa Securities.

2.1.10 Sources of funding

The cash consideration of RM27,000,000 for the Proposed Acquisition will be funded via internally generated funds and/ or bank borrowings, the breakdown of which has not been determined at this juncture.

2.1.11 Additional financial commitment required

There is no additional financial commitment required by JTB to put the Proposed Acquisition on-stream.

2.1.12 Salient terms and conditions of the SSA

The salient terms and conditions of the SSA include, amongst others, the following:-

i. Sale and purchase

Subject to the terms and conditions of the SSA:-

(a) the Vendors agree to sell and transfer to the Purchaser, the Sale Shares in their respective shareholdings free from all encumbrances and together with all rights and benefits attaching thereto; and

(b) the Purchaser will purchase and accept the transfer of the Sale Shares from the Vendors free from all encumbrances and together with all rights and benefits attaching thereto.

ii. Conditions precedent

(a) Shareholder resolutions

A resolution being passed at a general meeting of the Purchaser approving the transactions as contemplated therein;

(b) Approval for listing of and quotation for the Consideration Shares

The approval being obtained from Bursa Securities for the listing of and quotation on the Main Market of Bursa Securities for 4,000,000 ordinary shares of JTB to be issued at its par value of RM1.00 per share.

iii. Completion

Completion will take place on or before the payment due under Section 2.1.5(ii) of this Announcement or issuance and listing of the Consideration Shares as provided under Section 2.1.5(iii) of this Announcement, whichever is later.

iv. Profit guarantee

In consideration of the Purchase Consideration, the Vendors thereby jointly and severally guarantee that ADSB will achieve the following PAT based on the audited accounts:-

(a) for the FYE 31 December 2011, a sum of RM7,000,000; and

(b) for the FYE 31 December 2012, a sum of RM10,000,000.

(the "Profit Guarantee").

Where the Profit Guarantee for FYE 2011 is not achieved, the Purchaser will deduct (in the Vendors' respective proportions) the differential sum between the actual PAT for FYE 2011 and the Profit Guarantee for FYE 2011 from the FYE 2011 PG Release Payment up to a maximum sum equivalent to the FYE 2011 PG Release Payment, whereupon the payment by the Purchaser of the balance sum of the FYE 2011 PG Release Payment after deduction of the differential sum (if any) will be deemed to be the full settlement of the FYE 2011 PG Release Payment.

Where the Profit Guarantee for FYE 2012 is not achieved, the Purchaser will deduct (in the Vendors' respective proportions) the differential sum between the actual PAT for FYE 2012 and the Profit Guarantee for FYE 2012 from the FYE 2012 PG Release Payment up to a maximum sum equivalent to the FYE 2012 PG Release Payment, whereupon the payment by the Purchaser of the balance sum of the FYE 2012 PG Release Payment after deduction of the differential sum (if any) will be deemed to be the full settlement of the FYE 2012 PG Release Payment.

Notwithstanding anything contained in this sub-section (iv):

(a) if the Company achieves a cumulative PAT of RM17,000,000 or more for FYE 2011 and FYE 2012, the Vendors will be entitled to a clawback of the full sum payable in respect of the FYE 2011 PG Release Payment and FYE 2012 PG Release Payment, on or before the time prescribed for payment of the FYE 2012 PG Release Payment.

(b) if the Company achieves a cumulative PAT of over RM8,500,000 but not exceeding RM17,000,000 for FYE 2011 and FYE 2012, the Vendors will be entitled to such sum in excess of RM8,500,000 as full settlement for FYE 2011 PG Release Payment and FYE 2012 PG Release Payment.

(c) if the Company achieves a cumulative PAT of RM8,500,000 or less for FYE 2011 and FYE 2012, the Vendors will not be entitled to any sum under the FYE 2011 PG Release Payment and FYE 2012 PG Release Payment, whereupon the Vendors will pay (in their respective proportions) to the Purchaser such sum below RM8,500,000 within the time prescribed for payment of the FYE 2012 PG Release Payment.

v. Ng Keng Hoe to remain as director of ADSB

Upon completion, the parties agree that Ng Keng Hoe will remain as the Managing Director of ADSB up to 31 December 2013, upon such terms and conditions to be agreed between ADSB and Ng Keng Hoe.

2.2 Details of the Proposed Diversification

Upon completion of the Proposed Acquisition, the Board expects that the business of ADSB will contribute 25% or more to the net profits of the Group. As such, the Board proposes to seek prior approval from the shareholders of the Company for the Proposed Diversification pursuant to Paragraph 10.13 of the Main Market Listing Requirements of Bursa Securities ("Listing Requirements").

2.3 Details of the Proposed Amendments

Upon completion of the Proposed Acquisition, the Group will be involved in F&B manufacturing. In this regard, the Board proposes to seek prior approval from the shareholders of the Company for the proposed amendments to the object clauses in the Memorandum of Association of JTB to incorporate additional provisions to cover the new functions and nature of business of the Group in F&B manufacturing.

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The Memorandum of Association of JTB shall be amended as follows:-

Memorandum of Association	Existing	Proposed change
Clause 3.(1)	To carry on all or any of the business of tin can manufacturers, decorators of cans made of tinplates or other embossers on tinplates or other material, silk screening on plastics and other related materials, sheet iron and tin plate workers and japanners, letterpress or block printers, designers, photo-lithographers and card box makers and to import, export, distribute metal and alloy containers, cans, drums, all accessories, fittings and products of any description.	To carry on all or any of the business of tin can manufacturers, decorators of cans made of tinplates or other embossers on tinplates or other material, lithographers and printers on tinplates, paper or other material, silk screening on plastics and other related materials, sheet iron and tinplate workers and japanners, letterpress or block printers, designers, photo-lithographers and card box makers; and to carry on business of importers, exporters, manufacturers, producers, refiners, developers, dealers, distributors of all kinds of metal and alloy containers, cans, drums, all accessories, fittings and products of any description and all kinds of materials, minerals, chemicals, substances and products, whether natural or artificial, including in particular, but without limitation, plastics, resins and goods and articles made from the same, and compounds, intermediates, derivatives and by-products thereof.
Clause 3.(2)	To carry on the business of importers, exporters, manufacturers, producers, refiners, developers and dealers in all kinds of metals, materials, minerals, chemicals, substances and products, whether natural or artificial, including in particular, but without limitation, plastics, resins and goods and articles made from the same, and compounds, intermediates, derivatives and by-products thereof.	To carry on the business of manufacturer, producer, wholesaler, marketer, trader, seller, bottler and distributor of all kinds of food and beverages including dairy products, milk, liquid milk, sweetened condensed milk and creamer, sweetened creamer, evaporated milk of all kinds and different blend formulations, other beverages and related products of all kinds and descriptions and including different blend formulations of ghee comprising pure milk fat, vegetable oil and mixed and related products of all kinds and description.

3. RATIONALE AND BENEFIT OF THE PROPOSALS

3.1 Proposed Acquisition

The Proposed Acquisition is consistent with JTB's strategy to continuously review its business and operations to ensure greater return to its shareholders.

ADSB is principally involved in the business of manufacturing and selling of milk and related dairy products. The Proposed Acquisition would provide JTB with the opportunity to expand its product range to the selling of milk and related dairy products so as to broaden its earnings base. In addition, JTB will have immediate access into markets and clientele base of ADSB.

The Board does not expect additional financial commitment to put the business of ADSB on stream. Upon the completion of the Proposed Acquisition, JTB will be able to consolidate the earnings of ADSB and thus improve the Group's results. After taking into consideration the historical profit track record of ADSB, the cumulative profit guarantee of RM17.0 million for the next two (2) financial years provided and the prospects of ADSB as set out in Section 5.3 below, the Board is of the view that the Proposed Acquisition presents a good opportunity for JTB to expand its earnings base.

The Board is of the view that the issuance of the Consideration Shares to partially satisfy the Purchase Consideration is the appropriate avenue as it will lessen the cash outlay of JTB Group for the Proposed Acquisition. In addition, the issuance of the Consideration Shares will strengthen the balance sheet of JTB Group and potentially improve the liquidity of JTB Group.

3.2 Proposed Diversification

The Group currently manufactures various tins, cans, tinplates and other containers as well as the printing of tinplates.

The Proposed Acquisition represents the Group's first foray into the F&B manufacturing business. Upon completion of the Proposed Acquisition, the Board expects the profit contribution from ADSB to contribute 25% or more to the net profits of the Group.

In this regard, a prior approval is sought from the shareholders of JTB for the Proposed Diversification to facilitate the Group's involvement in the F&B manufacturing business arising from the Proposed Acquisition.

3.3 Proposed Amendments

The Proposed Amendments are to facilitate the change in principal activities of the Group to include F&B manufacturing. The revised object clauses are set out in Section 2.3 of this Announcement.

4. RISK FACTOR RELATING TO THE PROPOSALS

4.1 Industry risks

As ADSB is principally engaged in the business of manufacturing and selling of milk and related dairy products, the performance of ADSB is primarily dictated by the movement in prices of skimmed milk powder, sugar, palm oil, butter fat and tinplate. A surge in prices in these key raw materials will impact on the cost of goods and inevitably on trading margins.

In addition to the above, JTB Group will also be exposed to other risks inherent in the F&B industry, such as changes in consumer preference and behavior, branding of products, customer loyalty and introduction of new products.

Whilst JTB Group plans to mitigate these risks by continuously monitoring the prices of key raw materials, constantly reviewing its promotion and marketing strategies and developing a better understanding of consumer preference and behavior, there is no assurance that any changes to the above factors will not materially affect the performance of JTB Group as a whole.

4.2 Competition risks

The JTB Group will face competition from both new entrants and existing players in the F&B industry. High product quality, manufacturing efficiency, speed to market, reasonable pricing and range of products are critical factors towards ensuring the success and sustainability of the business.

In this respect, the JTB Group will continue to take strategic measures and continuous review of the operational efficiency to move ahead of competition by addressing the factors above. Notwithstanding the above, there can be no assurance that the JTB Group will be able to maintain its market share.

4.3 Acquisition risks

The Proposed Acquisition may potentially expose the JTB Group to new risks including those associated with the assimilation of new operations and personnel, the diversion of financial management resources from existing operations and the inability to successfully integrate the business of ADSB with its current business. There is no assurance that the anticipated benefits from the Proposed Acquisition will be realised, and that the JTB Group will be able to generate sufficient revenue from the business of ADSB to offset the associated acquisition cost.

Nevertheless, the Board has and will continue to exercise due care in considering the risks and benefits associated with the Proposed Acquisition and will take appropriate measures in planning the successful integration of the business of ADSB with its current business operations.

4.4 Dependence on major suppliers

ADSB is dependent on one (1) major supplier of sugar which contributes to approximately 20.56% of its total raw materials and consumable purchases in year 2010.

Although ADSB is dependent on the above supplier, the Board of Directors of ADSB is confident that its position and reliance on the key supplier is mitigated based on the long-standing relationship it has with them.

4.5 Dependence on key management and skilled personnel

ADSB's continued success will depend on its ability to attract and retain its key personnel after the Proposed Acquisition. The loss of key personnel in ADSB may have an adverse impact on the performance of ADSB.

To that end, ADSB presently have in place, human resource strategies which include providing competitive and performance-based remuneration, adopting succession planning for key positions and providing employees with a variety of on-going training programmes to upgrade their knowledge and capabilities. Further, as set out in Section 2.1.12(v) of this Announcement, Ng Keng Hoe is required to remain as the Managing Director of ADSB up to 31 December 2013 to ensure that the business operations of ADSB are able to progress smoothly during the transition process.

4.6 Foreign exchange risks

ADSB is exposed to foreign currency risks on sales and purchases that are denominated in a currency other than RM. The currencies giving rise to this risk are primarily USD.

ADSB will continue to assess the need to utilize financial instruments to hedge its currency exposure, taking into consideration factors such as foreign currency involved, exposure period and transaction costs. There can be no assurance that any future fluctuations in exchange rates and financial crisis will not have material adverse impact on ADSB's financial performance.

4.7 Political, economic and regulatory considerations

The JTB Group's business, prospects, financial condition and level of profitability may be affected by developments in the economic, political and regulatory environment in Malaysia and the other countries in which ADSB's products have market presence. Any adverse developments or uncertainties in these factors could materially and/ or adversely affect the profitability and business prospects of ADSB and in turn, JTB Group as a whole.

Political and economic uncertainties include (but are not limited to) risk of war, global economic downturn, expropriation, nationalisation, changes in political leadership, changes in investment policies, unfavourable changes in Government policies such as changes in interest rates, methods of taxation, exchange controls or the introduction of new regulations, import duties and tariffs and renegotiation or nullification of existing contracts.

The Group will continue to adopt effective measures such as prudent management and efficient operating procedures to mitigate these factors. However, there can be no assurance that adverse economic, political and regulatory changes will not materially affect the Group's business.

5. INDUSTRY OUTLOOK AND PROSPECTS

5.1 Overview and outlook of the Malaysian economy

The pace of growth of the Malaysian economy moderated in the second quarter (4.0%; 1Q 11: 4.9%) following a weaker external environment. The overall weakness in the advanced economies and the disruptions in the global manufacturing supply chain stemming from the disaster in Japan, were reflected in the slowdown in the manufacturing sector. Nevertheless, overall growth continued to be underpinned by the sustained expansion of private domestic demand. This was further supported by the strong exports of commodities and resource-based products given the favourable regional demand and high commodity prices.

While the moderation in the global growth in the second quarter was mainly due to temporary factors arising from global supply chain disruptions and high commodity prices, fiscal and debt conditions in several of the advanced economies had also contributed to increased uncertainties and heightened financial market volatilities which affected overall confidence. Going forward, global growth is expected to remain positive, supported by economic activity in most of the emerging economies and the improvement in the global supply chain. The overall global recovery, however, will continue to be constrained by the structural weakness in the advanced economies. In addition, prolonged uncertainty in the financial markets could also weigh down on real economic activity.

In Malaysia, while the global supply disruptions affected production and trade in the second quarter, the underlying strength of the domestic economy remained intact as domestic demand continued to support growth. Going forward, the downside risks to external demand have increased following heightened uncertainties in the external environment. Nevertheless, domestic demand is expected to remain resilient and support growth amidst sustained private consumption, strong private investment and faster pace of implementation of public sector projects in the second half of the year.

(Source: Economics and Financial Developments in Malaysia in the Second Quarter of 2011, Bank Negara Malaysia)

5.2 Overview and outlook of the F&B industry

Private consumption expenditure grew 6.7% (Q4 2010: 6.4%), backed by favourable labour market conditions and higher disposable income, following firm commodity prices and a vibrant stock market. Robust consumer spending was reflected by the strong performance of major consumption indicators such as sales of food, credit card spending and consumption credit disbursed. These indicators recorded a double-digit growth of 19.3%, 12.5% and 12.4% (Q4 2010: 28.5%; 14.2%; 27.2%), respectively.

Headline inflation, as measured by the annual change in the CPI, edged up to 2.8% in the first quarter of 2011 (Q4 2010: 2.0%), in line with rising global food commodity and crude oil prices. This was the fifth consecutive quarterly increase and doubled the level recorded in the first quarter of 2010 (1.3%). The increase in CPI was mainly contributed by the food and non-alcoholic beverages, transport as well as housing, water, electricity, gas and other fuels groups, which together contributed 2.3 percentage points.

Prices of food and non-alcoholic beverages rose 4.3% (Q4 2010: 2.9%) and contributed 1.3 percentage points to the CPI increase. Higher price increases were recorded in the food at home (4.8%) and food away from home (3.7%) categories. Significant price increases were also recorded in vegetables (12.4%); sugar, jam, honey, chocolate and confectionery (10.9%); milk and eggs (6.8%); fruits (6.7%); meat (5.4%) as well as fish and seafood (3.4%). This was attributed to stronger demand during the Chinese New Year festivities and school holidays as well as supply constraints, following unfavourable weather conditions.

(Source: Quarterly Update on the Malaysian Economy – 1st Quarter 2011, Ministry of Finance)

The increases in dairy raw material prices may potentially drive up prices of dairy products if the high commodity bill continues.

An analyst said there had been significant increases in raw material prices in the past six months and, based on the current outlook, he expected commodity prices to stay high this year. He said the high prices could potentially be passed on to consumers but did not give a threshold of commodity prices before milk prices would be increased.

According to reports, whole milk powder prices surged to a record at the *GlobalDairyTrade* auction early this month. The average price rose to US$4,958 a tonne. However, the price had dropped last week after the recent record high.

Analysts said although the local dairy industry was expected to grow 10% to 15% this year, challenges in the industry would remain, particularly in increases in dairy raw material prices.

"Consumer confidence is catching up and this will be reflected in consumer behaviour. At the same time, this year will also to be a challenging year for dairy players due to the world dairy raw material prices," a local bank-backed analyst said.

(Source: "Dairy prices expected to rise", March 29, 2011, The Star)

5.3 Prospects of ADSB

In light of the upward trend in prices of key raw materials, it is imperative that ADSB is able to remain competitive by improving its operating efficiency and increasing its capacity.

Amongst the efforts undertaken by ADSB is the installation of one (1) new production line, which is expected to be completed by year 2011. The estimated cost to set up the new production line is approximately RM2.25 million. Upon completion, the new production line is expected to increase the production capacity of ADSB by approximately 40%.

In the medium to longer term, ADSB intends to increase its storage space to accommodate its expansion and growth. Currently, ADSB is operating from a single location at Teluk Panglima Garang, Kuala Langat, Selangor. ADSB also intends to widen its distribution reach to untapped markets such as Indonesia, Myanmar, Cambodia and Thailand.

After taking into consideration the prospects of the F&B industry in general as well as the efforts undertaken by ADSB, the Board believes that the prospects and future financial performance of ADSB is expected to be favourable.

(Source: Management of JTB)

6. EFFECTS OF THE PROPOSALS

6.1 Share capital

The Proposed Diversification and Proposed Amendments will not have any effect on the issued and paid-up share capital of JTB Group.

The proforma effects of the Proposed Acquisition on the issued and paid-up share capital of JTB Group are as follows:-

	RM	**No. of Shares**
Issued and paid-up share capital as at 15 August 2011	65,979,000	65,979,000
To be issued pursuant to the Proposed Acquisition	4,000,000	4,000,000
Enlarged issued and paid-up share capital	69,979,000	69,979,000

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6.2 Substantial shareholders' shareholdings

The Proposed Diversification and Proposed Amendments will not have any effect on the substantial shareholders' shareholdings in JTB Group.

The proforma effects of the Proposed Acquisition on the substantial shareholders' shareholdings as at 15 August 2011 are as follows:-

	Shareholdings as at 15 August 2011				**After the Proposed Acquisition**			
	<-------Direct------>		**<------Indirect------->**		**<--------Direct------>**		**<------Indirect------->**	
Substantial Shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Goh Mia Kwong	9,858,739	14.94	4,765,407	7.22[*1]	9,858,739	14.09	4,765,407	6.81[*1]
Amsec Nominees (Asing) Sdn Bhd - Chua Tai Boon	7,756,298	11.76	-	-	7,756,298	11.08	-	-
Lim Hun Swee	7,402,300	11.22	-	-	7,402,300	10.58	-	-
A.A. Anthony Nominees Tempatan Sdn Bhd – Angkasa Aman Sdn Bhd	5,028,657	7.62	-	-	5,028,657	7.19	-	-
Genting Perwira Sdn Bhd	3,787,880	5.74	-	-	3,787,880	5.41	-	-
Edward Goh Swee Wang	3,538,407	5.36	11,085,739	16.80[*2]	3,538,407	5.06	11,085,739	15.84[*2]
Datuk Kamaluddin Bin Yusoff	58,000	0.09	3,809,380	5.77[*3]	58,000	0.08	3,809,380	5.44[*3]
Datin Fawziah Binti Hussein Sazally	21,500	0.03	3,845,880	5.83[*4]	21,500	0.03	3,845,880	5.50[*4]
	37,451,781	56.76	-	-	37,451,781	53.52	-	-

Notes:-

*1 *Deemed interested by virtue of the shareholdings of his children in the Company under Section 6A of the Act.*

*2 *Deemed interested by virtue of the shareholdings of his father and sister in the Company under Section 6A of the Act.*

*3 *Deemed interested by virtue of the shareholdings of his spouse in Genting Perwira Sdn Bhd and in the Company under Section 6A of the Act.*

*4 *Deemed interested by virtue of her shareholdings in Genting Perwira Sdn Bhd and the shareholdings of her spouse in the Company under Section 6A of the Act.*

6.3 Earnings per Share

The Proposals are not expected to have any material effect on the earnings of the JTB Group for the FYE 31 December 2011 as the Proposed Acquisition is expected to complete by the fourth quarter of 2011.

Nonetheless, had the Proposals been implemented at the beginning of year 2010, the earnings per Share of JTB Group will improve by approximately RM0.01 based on the latest audited financial statements of JTB for the FYE 31 December 2010 (after consolidating the audited PAT of ADSB for the FYE 31 December 2010 and deducting the estimated expenses in relation to the Proposals).

Barring unforeseen circumstances, the Proposed Acquisition is expected to contribute positively to the future earnings of JTB Group.

6.4 NA per Share and gearing

Based on the audited consolidated balance sheet of JTB Group as at 31 December 2010, the proforma effects of the Proposals on the Group's consolidated NA and gearing are as follows:-

	Audited as at 31 December 2010 (RM)	**After the Proposals (RM)**
Share capital	65,979,000	69,979,000
Share premium	5,520,212	5,520,212
Translation reserve	(522,528)	(522,528)
Retained profits	23,430,697	23,070,697[*1]
Shareholders' fund/ NA	94,407,381	98,047,381
No. of Shares in issue	65,979,000	69,979,000
NA per Share	1.43	1.40
Borrowings (interest-bearing)	20,555,218	38,316,116[*2]
Gearing (times)	0.22	0.39

Notes:-

[*1] *After deducting estimated expenses amounting to RM360,000 for the Proposals.*

[*2] *After including ADSB's interest bearing borrowings based on the audited accounts for the FYE 31 December 2010 amounting to RM2,760,898 and assuming JTB partially finances the cash consideration via bank borrowings amounting to RM15,000,000.*

6.5 Convertible securities

As at 15 August 2011, there were no options, warrants or convertible securities issued by the Company.

7. APPROVALS REQUIRED

The Proposals are conditional upon approvals being obtained from the following:-

i. the shareholders of JTB at an extraordinary general meeting to be convened;

ii. Bursa Securities for the listing of and quotation for the Consideration Shares to be issued pursuant to the Proposed Acquisition on the Main Market of Bursa Securities; and

iii. any other relevant authorities, if required.

The Proposals are inter-conditional upon each other but are not conditional upon any other corporate exercise undertaken or to be undertaken by JTB.

8. ESTIMATED TIMEFRAME FOR SUBMISSION OF THE APPLICATION TO THE RELEVANT AUTHORITIES

Barring any unforeseen circumstances, the applications to the relevant authorities will be made within two (2) months from the date of this Announcement.

9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/ OR PERSONS CONNECTED TO THEM

None of the Directors, major shareholders and/ or persons connected to them have any interest, whether direct or indirect, in the Proposals.

10. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances, the Proposals are expected to be completed by the fourth quarter of 2011.

11. PERCENTAGE RATIOS

The highest percentage ratio applicable to the Proposed Acquisition as per Paragraph 10.02(g), Chapter 10 of the Listing Requirements is approximately 55.30%.

12. DIRECTORS' STATEMENT

The Board, having considered the terms and conditions of the SSA, the rationale and effects of the Proposals as well as the prospects of the Group, is of the opinion that the Proposals are in the best interest of the Company.

13. DOCUMENTS FOR INSPECTION

The SSA will be made available for inspection at the registered office of the Company at Suite 1301, 13^{th} Floor, City Plaza, Jalan Tebrau, 80300 Johor Bahru, Johor, during normal business hours *(except public holidays)* for a period of three (3) months from the date of this Announcement.

This announcement is dated 18 August 2011.

INFORMATION ON ADSB

1. GENERAL NATURE OF BUSINESS CONDUCTED

ADSB is principally engaged in the business of manufacturing and selling of milk and related dairy products.

To date, ADSB's product lines include sweetened condensed milk and evaporated milk of different blend formulations as well as ghee comprising of pure milk fat, vegetable oil and mixed. ADSB caters to a wide global customer base both locally and overseas, such as the Africa continent and the Middle East and South East Asia region.

As at 15 August 2011, ADSB does not have any subsidiary and/ or associate companies.

2. AUDITED FINANCIAL INFORMATION

The audited consolidated results of ADSB for the past three (3) FYE 31 December and the latest unaudited consolidated results for the financial period ended ("FPE") 30 June 2011 are as set out below:-

FYE 31 December	**2008** **RM'000**	**2009** **RM'000**	**2010** **RM'000**	**FPE 30 June** **2011** **RM'000**
Turnover	25,598	59,627	75,965	69,817
Profit before taxation ("PBT")	2,045	5,196	2,663	4,366
Taxation	(570)	(1,217)	(660)	(1,091)
PAT after minority interest	1,475	3,979	2,003	3,275

There were no exceptional and/ or extraordinary items reported in the financial statements of ADSB for the period under review.

COMMENTARY ON PAST PERFORMANCE

FYE 31 December 2008

For the FYE 31 December 2008, which was the first year of operations, ADSB recorded turnover and PBT of approximately RM25.60 million and RM2.05 million respectively. The turnover recorded was mainly due to a very good start-up whereby the strong demand from Africa has enabled ADSB to command a good selling price.

The strong turnover coupled with the favourable USD currency rate against the local RM currency at that point in time has resulted in a PBT margin of approximately 8.0% for the year.

FYE 31 December 2009

For the FYE 31 December 2009, ADSB recorded turnover of approximately RM59.63 million, representing an increase of approximately 132.9% as compared to the revenue of the previous financial year of approximately RM25.60 million. The increase in turnover was mainly attributed to ADSB being operational for one (1) full financial year as opposed to 6.5 months in the previous financial year. Secondly, ADSB's customer base has also increased significantly during the year.

As a result of the full year operations, ADSB's revenue and PBT had more than doubled from the previous financial year. The PBT margin of approximately 8.7% was attributable to better gross profit margin arising from economies of scale in bulk purchases thus significantly lowering the price for its raw ingredients and packaging cost.

FYE 31 December 2010

For the FYE 31 December 2010, ADSB recorded a turnover of approximately RM75.97 million, representing an increase of approximately 27.4% as compared to the revenue of the previous financial year of approximately RM59.63 million. The higher turnover was due to higher and better utilisation of its production capacity as a result of its larger customer base.

The PBT however decreased from approximately RM5.20 million in the previous financial year to approximately RM2.66 million, representing a decrease of approximately 48.8%. The decrease was mainly due to the staggered but significant hike in the prices of raw ingredients every quarterly especially for sugar, palm oil and milk powder. However, the selling prices for the sweetened creamer had remained at previous year's level, if not lower, due to stiffer competition from other local key exporters. Incidentally, 90% of ADSB's export sales are still pegged in USD currency, thus the substantial and sudden decline in the USD currency rate against the local RM currency was also a key contributor to a lower PBT margin i.e. a mere 3.5% against total turnover.

FPE 30 June 2011

For the six (6) months FPE 30 June 2011, ADSB recorded turnover of RM69.82 million, representing an increase of approximately 98.9% as compared to the revenue of the corresponding period of year 2010 of approximately RM35.11 million. The significant increase in turnover was mainly due to the increase in production capacity by 40% since late February 2011. The increase in the milk production capacity has enabled more production output for the financial period under review.

The PBT recorded was approximately RM4.37 million, representing an increase of approximately 40.1% as compared to the PBT of the corresponding period of year 2010 of approximately RM3.12 million. The increase in PBT was attributed to the price adjustment in the sweetened creamer in 2011 as a result of the increase in raw materials particularly sugar, which had been on the upward trend. The higher milk production and better utilisation of its packing facilities had also helped to lower the overheads thus improving the PBT margin to 6.3%.