

**FOR IMMEDIATE RELEASE**

## **JB Foods increases revenue by 24.7% in the second quarter ended 30 June 2014**

**Financial Results for the second quarter and half year ended 30 June:**

RM'million	<b>2Q2014</b>	<b>2Q2013</b>	<b>+ /(-) %</b>	<b>1H2014</b>	<b>1H2013</b>	<b>+ /(-) %</b>
<b>Revenue</b>	179.9	144.3	24.7	355.0	306.8	15.7
<b>Cost of Sales (before written-down)</b>	(179.7)	(147.1)	22.2	(356.8)	(305.1)	17.0
<b>Gross Profit/(Loss) (before written-down)</b>	0.2	(2.8)	n.m.	(1.8)	1.7	n.m.
<b>Inventories written-down</b>	(4.1)	(13.1)	(68.5)	(5.8)	(13.1)	(56.1)
<b>Gross Loss</b>	(4.0)	(15.9)	(75.2)	(7.6)	(11.4)	(33.6)
<b>Loss before income tax</b>	(8.5)	(22.4)	(62.0)	(17.4)	(24.7)	(29.5)
<b>Loss attributable to owners of the parent</b>	(8.5)	(21.6)	(60.7)	(17.4)	(23.1)	(24.8)

**SINGAPORE, 13 August 2014** – Mainboard-listed **JB Foods Limited** (“**JB Foods**” together with its subsidiaries, the “**Group**”), a major cocoa ingredient producer in Malaysia principally engaged in the production and sale of cocoa powder, cocoa butter, cocoa liquor and cocoa cake, today reported a 24.7% year-on-year (“**yoy**”) jump in quarterly revenue to RM179.9 million and a lower net loss attributable to owners of the parent of RM8.5 million for the three months ended 30 June 2014 (“**2Q2014**”).

In the same period last year (“**2Q2013**”), the Group posted revenue of RM144.3 million and a net attributable loss of RM21.6 million.

Revenue growth was mainly due to higher average selling prices of cocoa ingredients for the quarter as a result of higher average cocoa bean prices. This is in line with the industry trend whereby the average price of cocoa ingredients tends to move in tandem with the price of cocoa beans. However, due to the continuing effect of the unusual market consolidation and challenging trading conditions, the Group recognised an inventory impairment of RM4.1 million in 2Q2014 which is significantly lower than the RM13.1 million registered in 2Q2013, and this contributed to the reduction in gross loss to RM4.0 million compared to a gross loss of RM15.9 million in 2Q2103. Without the inventory impairment, the Group would have registered a gross profit of RM0.2 million.

In the quarter under review, the Group registered other net gains of RM2.3 million compared to a net loss of RM1.7 million in 2Q2013. This was mainly attributable to a net foreign exchange gain of RM1.8 million.

On a year-to-date basis, JB Foods achieved a 15.7% increase in revenue to RM355.0 million and a net loss of RM17.4 million for the six months ended 30 June 2014 – an improvement over the net loss of RM23.1 million incurred in the six months ended 30 June 2013.

Commenting on the results, Mr Tey How Keong (郑好强), Chief Executive Officer of JB Foods said, “We are pleased to have narrowed our losses for this quarter despite the continued challenges in the cocoa processing industry. However, the recent market consolidation can be viewed positively as it means that there are now fewer players in the market, which will bode well for the long term health of the industry. Our strong business fundamentals, technical know-how and expertise, and good market reputation put us in good stead to attract new customers.”

### **Prospects**

With the effects of continued consolidation in the cocoa processing industry, business conditions for the Group remain uncertain in the next 12 months, and may continue to pose challenges in its on-going efforts to improve its processing margin and profitability.

Notwithstanding that, the Group is confident of the long term business prospects with fewer competitors in the industry. In the meantime, the Group is executing its strategies to expand sales to key strategic markets, such as USA and Indonesia.

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**About JB Foods Limited**

Established since the 1980s, JB Foods is one of the major cocoa ingredient producers in Malaysia with a production capacity of 85,000 tonnes of cocoa bean equivalent per year. We are principally engaged in the production and sale of cocoa ingredient products, namely cocoa butter, cocoa powder, cocoa liquor and cocoa cake, which are used to produce chocolate, chocolate confectionary, as well as cocoa-related food and beverages. Our cocoa processing plant – which is ISO 9001:2008, HACCP, Kosher and Pareve, and Halal-certified – is located at the Port of Tanjung Pelepas, a free trade zone in Johor, Malaysia where all our products are manufactured under stringent food safety standards. Our products are sold primarily under the “JBCOCHA” brand name and we export our products worldwide to customers ranging from international trade houses to end users.

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

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