

PRESS RELEASE

JB Foods' 3Q2013 results affected by stock write down of RM6.4m due to lower cocoa powder prices caused by oversupply in the industry

Summary of 2Q2013 Financial Results:

RM'million	3Q2013	3Q2012	+/(-) %	9M2013	9M2012	+/(-) %
Revenue	144.8	116.7	24.0	451.5	388.3	16.3
Cost of Sales (before impairment)	(142.8)	(102.0)	40.0	(447.9)	(336.3)	33.2
Gross Profit (before impairment)	2.0	14.7	(86.4)	3.6	52.0	(93.0)
Provision for impairment of Inventories	(6.4)	-	n.m.	(19.5)	-	n.m.
Gross Profit	(4.4)	14.7	n.m.	(15.9)	52.0	n.m.
Profit/(Loss) before income tax	(7.9)	8.4	n.m.	(32.5)	38.9	n.m.
Net Profit/(Loss)	(7.0)	9.5	n.m.	(30.1)	32.0	n.m.

SINGAPORE, 14 November 2013 – Mainboard-listed **JB Foods Limited** (“**JB Foods**” together with its subsidiaries, JB Cocoa Sdn Bhd and JB Foods Global Pte. Ltd., 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 posted a 24.0% increase in revenue to RM144.8 million for the three months ended 30 September 2013 (“3Q2013”) as compared to RM116.7 million in 3Q2012.

The Group’s revenue growth in 3Q2013 compared with 3Q2012 was mainly due to higher sales volume achieved from an increase in production capacity at its existing production facilities located in the Port of Tanjung Pelepas (“PTP”).

However the oversupply in the cocoa powder industry resulted in a decline in the average selling prices of cocoa powder and cake as compared with 3Q2012. Hence, a write down of inventories of RM6.4 million was made in 3Q2013. This led to the Group registering a net loss of RM7.0 million in 3Q2013.

On a year-to-date basis, JB Foods achieved a 16.3% increase in revenue to RM451.5 million and a net loss of RM30.1 million for the nine months ended 30 June 2013 (“9M2013”). Included in the net loss was the write down of inventories amounting to RM19.5 million.

Commenting on the results, Mr Tey How Keong (郑好强), Chief Executive Officer of JB Foods said, “We are affected by short term risks as cocoa powder prices continued to weaken even after the completion of the unusual market consolidation that took place in 2Q2013. The industry continued to be affected by an oversupply in cocoa powder in the market. But our business fundamentals remain strong with a well-established customer base that we have built over the years. However, in the long term, with the market consolidation, we will be in a better position to increase our sales to existing and new customers as they seek diversification from their existing pool of suppliers.”

Prospects

Going forward, the Group expects the business environment to continue to be challenging in view of the current oversupply in the cocoa powder industry. There may also be a new round of market consolidation activities within the industry. Nevertheless, the board remains confident in the long term prospects of the business and will continue to seek out new business opportunities.

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.
