

FOR IMMEDIATE RELEASE

JB Foods achieves 22.5% rise in revenue to RM195.7 million in 4Q2014

- Narrows net loss by 31.7% to RM15.8 million in 4Q2014 despite continued margin pressures;
- Bottomline impacted by a forex loss of RM9.3 million from the weakened Malaysian Ringgit;
- Remains cautiously optimistic of long-term prospects of the industry;

Financial highlights for 4Q2014

RM'million	4Q2014	4Q2013	+ / (-) %	FY2014	FY2013	+ / (-) %
Revenue	195.7	159.7	22.5	730.2	611.2	19.5
Cost of Sales (before write-down)	(195.8)	(178.9)	9.4	(740.5)	(626.7)	18.2
Gross Loss (before write-down)	(0.07)	(19.2)	(99.7)	(10.3)	(15.5)	(33.6)
Inventories write-down	-	(3.7)	n.m.	(6.2)	(23.2)	(73.5)
Gross Loss	(0.07)	(22.9)	(997.1)	(16.5)	(38.7)	(57.5)
Loss before income tax	(15.5)	(35.4)	(56.1)	(44.6)	(67.9)	(34.3)
Loss attributable to owners of the parent	(15.9)	(23.1)	(31.0)	(45.0)	(53.2)	(15.5)

SINGAPORE, 27 February 2015 – 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 net loss of RM15.9 million (4Q2013: net loss of RM23.1 million) on the back of a 22.5% increase in revenue to RM195.7 million for the fourth quarter period ended 31 December 2014 (“**4Q2014**”).

The Group’s improved sales for the quarter was boosted by a 34% increase in average selling prices of cocoa ingredient products. In 4Q2014, prices of cocoa beans rose 31% year-on-year compared to the same period of the preceding year, and continued to exert margin pressures on the Group. Despite this challenge, JB Foods managed to narrow its gross loss in 4Q2014 by RM22.8million to RM69,000 from RM22.9 million in 4Q2013.

The Group transacted most of its business in US Dollar (“USD”) and Sterling Pound (“GBP”). However, the Group’s reporting currency is in Malaysia Ringgit, which had weakened against the USD and GBP over the course of 4Q2014. As a result, the Group registered a RM9.3 million foreign exchange loss for the quarter. Excluding this foreign exchange loss, the net loss of the Group would have been narrowed to RM6.5 million in 4Q2014.

On a full-year basis, the Group’s revenue rose by 19.5% to RM730.2 million for FY2014 (FY2013: RM611.2million) while net loss narrowed by 15.5% to RM45.0 million (FY2013: net loss of RM53.2million). Gross loss decreased by 57.5% to RM16.5 million. For FY2014, inventories written-down decreased by 73.5% year-on-year to RM6.2 million, compared to RM23.2 million in FY2013.

2014 was a challenging year for the cocoa ingredients industry as players continue to face issues of excess capacity and volatile bean and product prices which will affect processing margins. With these negative conditions, the industry may see further rationalisation and consolidation, such as the recent announcement of Olam’s acquisition of ADM Cocoa in 2014 and Barry Callebaut’s acquisition of Petra’s cocoa business in 2012.

Mr Tey How Keong (郑好强), Chief Executive Officer of JB Foods elaborated, “Amidst this challenging operating environment, JB Foods is heartened to be able to narrow our losses and reduce our inventory write-down by more than 70% compared to last year. We are actively initiating plans to ready ourselves for a market recovery and will continue to execute strategies to manage and mitigate business risks arising from this challenging environment.”

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.

Issued by and on behalf of JB Foods Limited

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