

PRESS RELEASE

JB Foods’ 2Q2013 results affected by unusual price movement due to market consolidation

Summary of 2Q2013 Financial Results:

RM'million	2Q2013	2Q2012	+/(-) %	1H2013	1H2012	+/(-) %
Revenue	144.3	128.4	12.3	306.7	271.6	12.9
Cost of Sales (before impairment)	(147.1)	(111.7)	31.6	(305.1)	(234.3)	30.2
Gross Profit (before impairment)	(2.8)	16.7	n.m.	1.6	37.3	n.m.
Provision for impairment of Inventories	(13.1)	-	n.m.	(13.1)	-	n.m.
Gross Profit	(15.9)	16.7	n.m.	(11.5)	37.3	n.m.
Profit/(Loss) before income tax	(22.4)	14.1	n.m.	(24.7)	30.5	n.m.
Net Profit/(Loss)	(21.6)	10.5	n.m.	(23.0)	22.5	n.m.

SINGAPORE, 13 August 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 12.3% increase in revenue to RM144.3 million for the three months ended 30 June 2013 (“2Q2013”) compared to RM128.4 million in 2Q2012.

For the quarter under review, the Group’s revenue growth was mainly due to higher sales volume achieved from new trading activities and increase in production capacity at its existing production facilities located in the Port of Tanjung Pelepas (“PTP”).

However, due to the unusual market consolidation of the cocoa ingredient industry which resulted in a sharp decline in the average selling prices of cocoa ingredient products in 2Q2013, the Group has made a provision of impairment of inventory amounting to RM13.1 million. This led to the Group registering a net loss of RM21.6 million in 2Q2013.

On a year-to-date basis, JB Foods achieved a 12.9% increase in revenue to RM306.8 million and a net loss of RM23.0 million for the six months ended 30 June 2013 (“1H2013”).

Commenting on the results, Mr Tey How Keong (郑好强), Chief Executive Officer of JB Foods said, “We believe the unusual market consolidation led to the lower average selling prices in 2Q2013. But our business fundamentals remain strong with a well-established customer base that we have built over the years. With the market consolidation, we expect the industry to become even more concentrated which will better position us to attract increased interests from top global chocolate and Food & Beverage (F&B) producers.”

Continued Mr Tey, “In view of the Group’s current performance, the Group’s executive directors have volunteered to adjust their performance bonuses by any losses in the subsequent year retrospectively with effect from FY2012 as a show of their commitment to the Board and Shareholders. This resulted in a reduction of the administrative expenses by about 30% in 2Q2013.”

Prospects

Going forward, the Group expects the business environment to continue to be challenging in view of the volatile global economic situation and the possible continued consolidation in the cocoa ingredient industry.

Barring any unforeseen circumstances, the Board remains confident in the long term prospect 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.

Issued by and on behalf of JB Foods Limited

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