



**JB FOODS LIMITED**

(Incorporated in the Republic of Singapore on 3 January 2012)  
(Company Registration No. 201200268D)

Unaudited Financial Statements and Dividend Announcement  
For the 4<sup>th</sup> Quarter and 12 months Ended 31 December 2014

PART 1 – INFORMATION REQUIRED FOR ANNOUNCEMENT OF QUARTERLY (1Q, 2Q, 3Q & 4Q), HALF YEAR AND FULL YEAR RESULTS

**1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Group 4Q ended 31 December			Group 12 months ended 31 December		
	2014	2013	%	2014	2013	%
	<u>RM'000</u>	<u>RM'000</u>		<u>RM'000</u>	<u>RM'000</u>	
Revenue	195,700	159,694	22.5	730,223	611,208	19.5
Cost of sales	(195,769)	(182,550)	7.2	(746,677)	(649,921)	14.9
Gross loss	(69)	(22,856)	(99.7)	(16,454)	(38,713)	(57.5)
Interest Income	59	29	103.4	145	127	14.2
Other losses, net (Note 1)	(8,310)	(6,880)	20.8	(1,313)	(7,933)	(83.4)
Selling and distribution expenses	(2,220)	(2,048)	8.4	(9,746)	(8,697)	12.1
Administrative expenses	(3,023)	(2,477)	22.0	(10,578)	(8,386)	26.1
Other expenses (Note 1)	(297)	(268)	10.8	(1,186)	(814)	45.7
Finance costs	(1,672)	(888)	88.3	(5,459)	(3,501)	55.9
<b>Loss before income tax</b>	<b>(15,532)</b>	<b>(35,388)</b>	<b>(56.1)</b>	<b>(44,591)</b>	<b>(67,917)</b>	<b>(34.3)</b>
<b>Income tax (expenses)/credit</b>	<b>(402)</b>	<b>12,293</b>	<b>n.m.</b>	<b>(405)</b>	<b>14,697</b>	<b>n.m.</b>
<b>Loss for the financial period/year</b>	<b>(15,934)</b>	<b>(23,095)</b>	<b>(31.0)</b>	<b>(44,996)</b>	<b>(53,220)</b>	<b>(15.5)</b>
<b>Other comprehensive income:</b>						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Foreign currency translation differences	1,962	91	2056.0	2,332	187	1147.1
Income tax relating to components of other comprehensive income	-	-	-	-	-	-
<b>Other comprehensive income for the period/year, net of tax</b>	<b>1,962</b>	<b>91</b>	<b>2056.0</b>	<b>2,332</b>	<b>187</b>	<b>1147.1</b>
<b>Total comprehensive income for the period/year</b>	<b>(13,972)</b>	<b>(23,004)</b>	<b>(39.3)</b>	<b>(42,664)</b>	<b>(53,033)</b>	<b>(19.6)</b>
<b>Loss attributable to:</b>						
<b>Owners of the parent</b>	<b>(15,933)</b>	<b>(23,095)</b>	<b>(31.0)</b>	<b>(44,992)</b>	<b>(53,220)</b>	<b>(15.5)</b>
<b>Non-controlling interest</b>	<b>(1)</b>	<b>-</b>	<b>n.m.</b>	<b>(4)</b>	<b>-</b>	<b>n.m.</b>
	<b>(15,934)</b>	<b>(23,095)</b>	<b>(31.0)</b>	<b>(44,996)</b>	<b>(53,220)</b>	<b>(15.5)</b>
<b>Total comprehensive income attributable to:</b>						
<b>Owners of the parent</b>	<b>(13,971)</b>	<b>(23,004)</b>	<b>(39.3)</b>	<b>(42,661)</b>	<b>(53,033)</b>	<b>(19.6)</b>
<b>Non-controlling interest</b>	<b>(1)</b>	<b>-</b>	<b>n.m.</b>	<b>(3)</b>	<b>-</b>	<b>n.m.</b>
	<b>(13,972)</b>	<b>(23,004)</b>	<b>(39.3)</b>	<b>(42,664)</b>	<b>(53,033)</b>	<b>(19.6)</b>

n.m. – Not Meaningful



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Note 1

To conform with current period presentation, the Company has reclassified the comparative figures of the foreign exchange loss (4Q2013: RM3.9million, 12M2013: RM5.5million) and net fair value loss on derivative (4Q2013: RM2.9million, 12M2013: RM2.4million) from “Other expenses” to “Other losses, net”.

Loss before income tax is arrived after deducting/(crediting) the following:

	Group			Group		
	4Q ended			12 months ended		
	31 December			31 December		
	2014	2013	Change	2014	2013	Change
	<u>RM'000</u>	<u>RM'000</u>	<u>%</u>	<u>RM'000</u>	<u>RM'000</u>	<u>%</u>
Amortisation of intangible assets	24	42	(42.9)	94	42	123.8.
Amortisation of prepaid lease payments	142	147	(3.4)	566	588	(3.7)
Depreciation of property, plant and equipment	1,846	1,934	(4.6)	7,728	7,747	(0.2)
Foreign exchange loss, net	9,261	3,937	135.2	5,909	5,498	7.5
Inventories written down	-	3,673	n.m.	6,152	23,188	(73.5)
Loss on disposal of plant & equipment	23	13	76.9.	74	19	289.5
Net fair value (gain)/loss on derivative financial instruments	435	2,942	(85.2)	(2,079)	2,435	n.m.

n.m. – Not Meaningful



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**1(b)(i) A statement of financial position (for the issuer and the group), together with a comparative statement as at the end of the immediate preceding financial year.**

	GROUP		COMPANY	
	31-Dec-14 RM'000	31-Dec-13 RM'000	31-Dec-14 RM'000	31-Dec-13 RM'000
<b>Non-current assets</b>				
Intangible assets	1,085	425	-	-
Property, plant and equipment	117,917	108,802	-	-
Prepaid lease payments	5,702	6,268	-	-
Investments in subsidiaries	-	-	231,388	173,792
Other receivable	-	-	31,818	-
	<u>124,704</u>	<u>115,495</u>	<u>263,206</u>	<u>173,792</u>
<b>Current assets</b>				
Inventories	247,291	202,438	-	-
Trade and other receivables	120,068	97,355	23,750	45,880
Prepayments	877	159	302	-
Derivative financial instruments	259	-	-	-
Income tax recoverable	5,019	6,286	-	-
Cash and cash equivalents	112,343	65,451	39,498	129
	<u>485,857</u>	<u>371,689</u>	<u>63,550</u>	<u>46,009</u>
Less:				
<b>Current liabilities</b>				
Trade and other payables	40,693	25,759	32,077	220
Derivative financial instruments	617	2,437	-	-
Bank borrowings	358,744	279,835	-	-
Income tax payable	424	30	-	1
	<u>400,478</u>	<u>308,061</u>	<u>32,077</u>	<u>221</u>
Net current assets	<u>85,379</u>	<u>63,628</u>	<u>31,473</u>	<u>45,788</u>
Less:				
<b>Non-current liability</b>				
Deferred tax liability	80	75	-	-
Net assets	<u>210,003</u>	<u>179,048</u>	<u>294,679</u>	<u>219,580</u>
<b>EQUITY</b>				
Share capital	288,325	214,743	288,325	214,743
Retained earnings	(8,609)	36,383	6,354	4,837
Other reserves	(69,747)	(72,078)	-	-
<b>Equity attributable to owners of the parent</b>	<u>209,969</u>	<u>179,048</u>	<u>294,679</u>	<u>219,580</u>
Non-controlling interest	34	-	-	-
<b>Total equity</b>	<u>210,003</u>	<u>179,048</u>	<u>294,679</u>	<u>219,580</u>



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**1(b)(ii) In relation to the aggregate amount of the group’s borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.**

	<b>As at</b>	
	<b>31-Dec-14</b>	<b>31-Dec-13</b>
	<b><u>RM'000</u></b>	<b><u>RM'000</u></b>
<b>Amount repayable in one year or less, or on demand</b>		
- Secured	-	-
- Unsecured	358,744	279,835
	<u>358,744</u>	<u>279,835</u>

**Details of collateral**

As at 31 December 2014, the borrowings were secured by corporate guarantee issued by the Company.



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**1 (c)(i) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Quarter ended		Period ended	
	31-Dec-14	31-Dec-13	31-Dec-14	31-Dec-13
	RM'000	RM'000	RM'000	RM'000
<b>Operating Activities</b>				
Loss before income tax	(15,532)	(35,388)	(44,591)	(67,917)
Adjustments for:-				
Amortisation of intangible assets	24	42	94	42
Amortisation of prepaid lease payment	142	147	566	588
Depreciation of property, plant & equipment	1,846	1,934	7,728	7,747
Fair value (gain)/loss on derivative financial instruments	435	2,942	(2,079)	2,435
Foreign exchange translation	4,796	(2,779)	3,242	2,842
Interest expense	1,672	888	5,459	3,501
Interest income	(59)	(29)	(145)	(127)
Loss on disposal of property, plant and equipment	23	13	74	19
Inventories written down	-	3,673	6,152	23,188
<b>Operating cash flows before working capital changes</b>	<b>(6,653)</b>	<b>(28,557)</b>	<b>(23,500)</b>	<b>(27,682)</b>
<b>Changes in working capital:</b>				
Inventories	(27,469)	(35,049)	(51,005)	(55,893)
Trade and other receivables	1,374	(9,427)	(22,713)	(1,603)
Prepayment	685	154	(718)	(58)
Trade and other payables	13,530	10,852	15,794	(30,087)
Cash used in operations	(18,533)	(62,027)	(82,142)	(115,323)
Income tax refunded/(paid)	11	5	1,256	(1,898)
<b>Net cash used in operating activities</b>	<b>(18,522)</b>	<b>(62,022)</b>	<b>(80,886)</b>	<b>(117,221)</b>
<b>Investing activities</b>				
Proceeds from disposal of property, plant & equipment	47	1	59	9
Purchase of intangible assets	(701)	(462)	(701)	(462)
Purchase of property, plant & equipment	(3,635)	(2,396)	(17,838)	(10,641)
Payment of prepaid lease payment	-	(1,004)	-	(1,004)
Interest received	59	29	145	127
<b>Net cash used in investing activities</b>	<b>(4,230)</b>	<b>(3,832)</b>	<b>(18,335)</b>	<b>(11,971)</b>
<b>Financing activities</b>				
Drawdown of borrowings	261,841	253,266	838,263	654,179
Repayment of borrowings	(226,773)	(150,726)	(759,354)	(550,326)
Dividend paid	-	-	-	(11,810)
Interest paid	(1,672)	(888)	(5,459)	(3,501)
Proceeds from issuance of shares, net	73,582	-	73,582	54,026
Proceeds from issuance of shares to non-controlling interest	-	-	37	-
<b>Net cash from financing activities</b>	<b>106,978</b>	<b>101,652</b>	<b>147,069</b>	<b>142,568</b>



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**1(c)(i) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year. (Cont'd)**

	Quarter ended		Period ended	
	31-Dec-14	31-Dec-13	31-Dec-14	31-Dec-13
	RM'000	RM'000	RM'000	RM'000
<b>Net change in cash and cash equivalents</b>	<b>84,226</b>	<b>35,798</b>	<b>47,848</b>	<b>13,376</b>
<b>Cash and cash equivalent at the beginning of the financial period/year</b>	<b>28,933</b>	<b>28,019</b>	<b>65,451</b>	<b>50,772</b>
Effect of exchange rate changes	(816)	1,634	(956)	1,303
<b>Cash and cash equivalents at end of financial period/year</b>	<b>112,343</b>	<b>65,451</b>	<b>112,343</b>	<b>65,451</b>



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**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

<b>GROUP</b>	<b>Share capital RM'000</b>	<b>Merger reserves RM'000</b>	<b>Translation reserves RM'000</b>	<b>Retained earnings RM'000</b>	<b>Equity attributable to the owners of the parent RM'000</b>	<b>Non-controlling interest RM'000</b>	<b>Total equity RM'000</b>
<b>Balance as at 1 January 2014</b>	214,743	(72,262)	184	36,383	179,048	-	179,048
Loss for the financial period	-	-	-	(44,992)	(44,992)	(4)	(44,996)
<b>Other comprehensive income:</b>							
Foreign currency translation differences, net of tax	-	-	2,331	-	2,331	1	2,332
<b>Total comprehensive income</b>	-	-	2,331	(44,992)	(42,661)	(3)	(42,664)
<b>Transactions with owners of the Company, recognised directly in equity:</b>							
Contribution by owners of the parent							
Issuance of ordinary shares, net	73,582	-	-	-	73,582	-	73,582
Contribution by non-controlling interest							
Issuance of ordinary shares, net	-	-	-	-	-	37	37
<b>Balance as at 31 December 2014</b>	<b>288,325</b>	<b>(72,262)</b>	<b>2,515</b>	<b>(8,609)</b>	<b>209,969</b>	<b>34</b>	<b>210,003</b>
<b>GROUP</b>	<b>Share capital RM'000</b>	<b>Merger reserves RM'000</b>	<b>Translation reserves RM'000</b>	<b>Retained earnings RM'000</b>	<b>Equity attributable to the owners of the parent RM'000</b>	<b>Non-controlling interest RM'000</b>	<b>Total equity RM'000</b>
<b>Balance as at 1 January 2013</b>	160,717	(72,262)	(3)	101,413	189,865	-	189,865
Loss for the financial period	-	-	-	(53,220)	(53,220)	-	(53,220)
<b>Other comprehensive income:</b>							
Foreign currency translation differences, net of tax	-	-	187	-	187	-	187
<b>Total comprehensive income</b>	-	-	187	(53,220)	(53,033)	-	(53,033)
<b>Transactions with owners of the Company, recognised directly in equity:</b>							
Issuance of shares, net	54,026	-	-	-	54,026	-	54,026
Dividends	-	-	-	(11,810)	(11,810)	-	(11,810)
<b>Total transactions with owners</b>	<b>54,026</b>	<b>-</b>	<b>-</b>	<b>(11,810)</b>	<b>42,216</b>	<b>-</b>	<b>42,216</b>
<b>Balance as at 31 December 2013</b>	<b>214,743</b>	<b>(72,262)</b>	<b>184</b>	<b>36,383</b>	<b>179,048</b>	<b>-</b>	<b>179,048</b>



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**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

<u>COMPANY</u>	Share capital RM'000	Retained earnings RM'000	Total RM'000
<b>Balance as at 1 January 2014</b>	214,743	4,837	219,580
Profit for the period, representing total comprehensive income for the period	-	1,517	1,517
<b>Transactions with owners of the Company, recognised directly in equity:</b>			
Issue of shares, net	73,582	-	73,582
<b>Total transactions with owners</b>	73,582	-	73,582
<b>Balance as at 31 December 2014</b>	288,325	6,354	294,679

<u>COMPANY</u>	Share capital RM'000	Retained earnings RM'000	Total RM'000
<b>Balance as at 1 January 2013</b>	160,717	12,408	173,125
Profit for the period, representing total comprehensive income for the period	-	4,239	4,239
<b>Transactions with owners of the Company, recognised directly in equity:</b>			
Issue of shares, net	54,026	-	54,026
Dividends	-	(11,810)	(11,810)
<b>Total transactions with owners</b>	54,026	(11,810)	42,216
<b>Balance as at 31 December 2013</b>	214,743	4,837	219,580





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**1(d)(ii) Details of any changes in the company’s share capital arising from right issue, bonus issue, share buy-back, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Company	No. of Shares	Share Capital	Share Capital
		(\$)	RM
As at 31 December 2012	400,000,000	65,028,223	160,716,974
Issue of ordinary shares	80,000,000	21,584,650	54,026,359
As at 30 September 2013 and 31 December 2013	480,000,000	86,612,873	214,743,333
As at 31 December 2013 and 30 September 2014	480,000,000	86,612,873	214,743,333
Issue of ordinary shares	240,000,000	28,619,049	73,581,465
As at 31 December 2014	720,000,000	115,231,922	288,324,798

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

Company	As at	
	31-Dec-14	31-Dec-13
	No of shares	No of shares
Total number of issued shares	720,000,000	480,000,000

**1 (d)(iv) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial year reported on.

**2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice**

The figures have not been audited or reviewed.

**3. Whether the figures have been audited or reviewed, the auditors’ report (including any qualifications or emphasis of a matter).**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer’s most recently audited annual financial statements have been applied.**

The Company and the Group have applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with those for the audited financial statements for the year ended 31 December 2013.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Not applicable.

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	<b>Group</b>		<b>Group</b>	
	<b>4Q ended 31 December</b>		<b>12 months ended 31 December</b>	
	2014	2013	2014	2013
(Loss)/profit attributable to owners of the parent (RM'000)	(15,933)	(23,095)	(44,992)	(53,220)
Aggregated weighted average number of ordinary shares	641,739	470,575	521,425	470,575
Basic and diluted EPS based on aggregated ('000) weighted average number of ordinary shares (Sen) <sup>(i)(ii)</sup>	(2.48)	(4.91)	(8.63)	(11.31)

(i) The calculation for the basic and diluted EPS for the respective period is based on the aggregated weighted average number of shares in issue in the respective financial period/year.

(ii) The basic and diluted EPS were the same as the Group did not have any potentially dilutive instruments for the respective financial period/year.

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**

- (a) **current financial period reported on; and**  
(b) **immediately preceding financial year.**

	<b>Group</b>		<b>Company</b>	
	31-Dec-14	31-Dec-13	31-Dec-14	31-Dec-13
Net asset value per ordinary share based on issued share capital – (Sen)	29.16	37.30	40.93	45.75

The net asset value per share for the Group as at 31 December 2014 and 31 December 2013 have been calculated based on the share capital of 720,000,000 and 480,000,000 shares respectively.



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**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

**Review of the Statement of Comprehensive Income**

**4Q2014 vs 4Q2013**

The Group's revenue increased by RM36.0million or 22.5% from RM159.7million in the fourth quarter period ended 31 December 2013 ("4Q2013") to RM195.7million in the fourth quarter period ended 31 December 2014 ("4Q2014"). The growth in revenue was mainly due to the increase in average selling prices of cocoa ingredient products by 34% in 4Q2014. However, average cocoa bean prices rose by a higher quantum of 31% in 4Q2014 compared to the same period of the preceding year. Consequently, the Group registered a gross loss of RM69,000 in 4Q2014.

The Group registered other losses (net) of RM8.3million in 4Q2014 as compared to RM6.9million in 4Q2013, mainly due to:

- a) Net foreign exchange losses of RM9.3million in 4Q2014 (4Q2013: Net foreign exchange losses of RM3.9million) due to translation loss for the weakening in Ringgit Malaysia against United States Dollar and British Pound;
- b) Net fair value losses on derivative financial instruments of RM0.4million in 4Q2014 (4Q2013: Net fair value loss of RM2.9million); and
- c) Net realised gain on cocoa bean derivative contracts of RM0.9million in 4Q2014.

Selling and distribution expenses in 4Q2014 rose by RM0.2million or 8.4% from RM2.0million in 4Q2013 to RM2.2million in 4Q2014, mainly due to higher warehousing costs incurred for the inventories held at third party premises.

Administrative expenses in 4Q2014 were higher by RM0.5million or 22.0% from RM2.5million in 4Q2013 to RM3.0million in 4Q2014, mainly due to additional administrative expenses incurred for the newly incorporated subsidiaries' operations in the United States of America ("USA") and Indonesia in 4Q2014.

As a result of the above, the Group registered a loss before tax of RM15.5million in 4Q2014 compared to loss before tax of RM35.4million in 4Q2013.

Income tax credit in 4Q2013 was due to reversal of RM12.3million in our deferred tax liabilities arising from the net losses incurred in year 2013.

Other comprehensive income in 4Q2014 was higher by RM1.9million or 2056.0% from RM0.1million in 4Q2013 to RM2.0million in 4Q2014, mainly due to currency translation differences arising from our subsidiaries in Indonesia and Singapore.



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**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

**Review of the Statement of Comprehensive Income**

**12M2014 vs 12M2013**

The Group's revenue increased by RM119.0million or 19.5% from RM611.2million for the twelve months period ended 31 December 2013 ("12M2013") to RM730.2million for the twelve months period ended 31 December 2014 ("12M2014").

The growth in revenue was mainly due to the increase in average selling prices of cocoa ingredient products by 37% in 12M2014 as compared to 12M2013. However, the average cocoa bean prices rose by a higher quantum of 33% in 12M2014 compared to the same period of the preceding year, coupled with the inventories written down of RM6.1million, which resulted in pressure on our margins on the sale of cocoa ingredients contracts that took place during this period. Consequently, the Group registered a gross loss of RM16.5million in 12M2014.

The Group registered other losses (net) of RM1.3million in 12M2014 as compared to other losses (net) of RM7.9million in 12M2013 mainly due to:

- a) Net foreign exchange loss of RM5.9million in 12M2014 (12M2013: Net foreign exchange loss of RM5.5million);
- b) Net fair value gain on derivative financial instruments of RM2.1million in 12M2014 (12M2013: Net fair value loss of RM2.4million); and
- c) Net realised gain on cocoa bean derivative contracts and wash out of the bean contracts of RM2.3million.

Selling and distribution expenses in 12M2014 rose by RM1.0million or 12.1% from RM8.7million in 12M2013 to RM9.7million in 12M2014, mainly due to higher warehousing costs incurred for the inventories held at third party premises.

Administrative expenses in 12M2014 was higher by RM2.2million or 26.1% from RM8.4million in 12M2013 to RM10.6million in 12M2014, mainly due to a non-recurring reversal of bonuses for the executive directors of RM1.1million in 12M2013 and additional administrative expenses incurred for the newly incorporated subsidiaries' operations in the USA and Indonesia in 12M2014.

As a result of the above, the Group registered a loss before tax of RM44.6million in 12M2014 compared to loss before tax of RM67.9million in 12M2013.

Income tax credit in 12M2013 was due to a reversal of RM12.3million in our deferred tax liabilities arising from the net losses incurred in 12M2013.

Other comprehensive income in 12M2014 was higher by RM2.2million or 1147.1% from RM0.2million in 12M2013 to RM2.4million in 12M2014, mainly due to currency translation differences arising from our subsidiaries in Indonesia and Singapore.



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**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

**Review of Statement of Financial Position**

**Group**

The Group's non-current assets increased by RM9.2million or 8.0% from RM115.5million as at 31 December 2013 to RM124.7million as at 31 December 2014, mainly due to acquisition of land and building amounting to RM11.8million, which was partially offset by the depreciation charge of RM7.7million on the property, plant and equipment in 12M2014.

The Group's current assets increased by RM114.2million or 30.7% from RM371.7million as at 31 December 2013 to RM485.9million as at 31 December 2014, mainly due to the increase in inventories, trade and other receivables by RM44.9million and RM22.7million respectively and also the increase in cash and cash equivalent by RM46.9 arising from the right issue exercise during the financial year.

The Group's current liabilities increased by RM92.4million or 30.0% from RM308.1million as at 31 December 2013 to RM400.5million as at 31 December 2014, mainly due to the net increase in the trade and other payables and bank borrowing by RM15.1million and RM78.9million in 12M2014, respectively.

**Company**

The Company's non-current assets increased by RM89.4million due to the increase in the amount due from a subsidiary by RM31.9million and the increase in investments in subsidiaries by RM57.5million or 33.1% from RM173.8million as at 31 December 2013 to RM231.3million as at 31 December 2014, mainly due to capitalisation of the amounts due from subsidiaries as part of the Company's long term strategy to expand globally.

Net current assets decreased by RM14.3million or 31.3% from RM45.8million as at 31 December 2013 to RM31.5million as at 31 December 2014 due to the capitalisation of the amounts due from subsidiaries of RM57.5million as cost of investments and long-term advance of RM31.8million to a subsidiary. Such decrease was partially offset by the higher cash and cash equivalent arising from the net proceeds from the issuance of shares of RM73.6million.

Total equity attributable to owners of the parent increased by RM75.1million or 34.2% from RM219.6million as at 31 December 2013 to RM294.7million as at 31 December 2014, mainly due to net proceeds from the issuance of shares of RM73.6million and net profit of RM1.5million generated during the period.

**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group’s business. It must include a discussion of the following:-**

**Review of Statement of Cash Flows**

The Group’s cash and cash equivalent increased by RM47.8million in 12M2014 resulting from the financing cash inflows of RM147.1million which was partially offset by the net operating and investing cash outflows of RM80.9million and RM18.3million respectively:

The net cash used in operating activities of RM80.9million in 12M2014 was mainly attributable to:

- a) the negative operating cash flows of RM23.5million resulting from the net loss of RM44.6million reported;
- b) net cash outflows used in inventories, trade and other receivables and prepayments of RM51.0million, RM22.9million and RM0.7million respectively; and
- c) net cash inflows from the trade and other payables by RM16.0million and income tax refund of RM1.3million from the Inland Revenue Board.

The net cash used in investing activities of RM18.3million was mainly due to payments of RM17.8million made for capital expenditure incurred in our property, plant and equipment.

The net cash generated from financing activities of RM147.1million was mainly due to:

- a) Net proceeds from the issuance of shares of RM73.6million; and
- b) Drawdown of the proceeds from borrowings of RM838.3million, which was partially offset by the repayment of borrowings of RM759.4million and payment of interest of RM5.5million in 12M2014.

**Use of Right Issue Proceeds**

The proceeds from the Rights Issue has been utilised as at the date of this announcement in the following manner

<b>Use of Proceeds</b>	<b>Amount Allocated (S\$’ million)</b>	<b>Amount Utilised (S\$’ million)</b>
Funding the Proposed Acquisition	11.6	-
Capital expenditure and general working capital requirements	17.0	15.0
<b>Total</b>	<u>28.6</u>	<u>15.0</u>

Net proceeds utilised for capital expenditure and general working capital purposes:-

<b>Use of Proceeds</b>	<b>(S\$’ million)</b>
Payment of professional/operating expenses	0.4
Payment to suppliers	8.7
Payment of borrowings	5.9
<b>Total</b>	<u>15.0</u>

The above utilisation of the Net Proceeds is consistent with the use of proceeds disclosed in the Offer Information Statement dated 1 October 2014.



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**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

No forecast or prospect statement has been previously disclosed to shareholders.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The cocoa processing industry continues 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.

Despite the current industry headwinds, the Board and management are cautiously optimistic of the Group’s long term business prospects. The Group will continue to execute strategies to manage and mitigate business risks arising from these challenges.

**11. Dividend**

**(a) Current Financial Period Reported On**

The Company did not recommend or declare any dividend for the financial year ended 31 December 2014.

**(b) Corresponding Period of the Immediately Preceding Financial Year**

No dividend had been declared for the corresponding period of the immediately preceding financial year.

**12. If no dividend has been declared/recommended, a statement to that effect.**

No dividend has been declared or recommended for the period ended 31 December 2014.

**13. If the Group has obtained a general mandate from Shareholders for interested person transactions (“IPTs”), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

Name of Interested Person	Aggregate value of all Interested person transactions during the financial year under review (exclude transactions less than S\$100,000 and transactions conducted under the shareholders’ mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted during the financial period under review under a shareholders’ mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	12 months 2014	12 months 2014
	RM’000	RM’000
<b>PT Jebe Koko</b>		
- Purchase of cocoa ingredients	-	280,412
- Sales of cocoa ingredients	-	251
<b>Guan Chong Cocoa Manufacturer Sdn Bhd</b>		
- Purchase of cocoa ingredients	-	879



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**14. Segmental Information**

**Business segments**

No segmental information is presented based on business segment as the Group operates in only one business segment, which is production and sale of cocoa ingredients products and derives its operating revenue solely from this segment.

**Geographical segments**

	Malaysia	Singapore	United States	Other	Elimination	Total
<b><u>FY2014</u></b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Geographical Segments</b>						
- Total external revenue	726,749	-	2,461	1,013	-	730,223
- Internal segment revenue	5,444	709,842	-	-	(715,286)	-
<b>Total revenue</b>	<b>732,193</b>	<b>709,842</b>	<b>2,461</b>	<b>1,013</b>	<b>(715,286)</b>	<b>730,223</b>
<b>Segment results</b>	<b>(35,819)</b>	<b>5,782</b>	<b>(620)</b>	<b>(232)</b>	<b>-</b>	<b>(30,889)</b>
<b>Interest income</b>						145
<b>Finance expenses</b>						(5,459)
<b>Depreciation and amortisation</b>						(8,388)
<b>Loss before income tax</b>						(44,591)
<b>Income tax expenses</b>						(405)
<b>Loss for the year</b>						(44,996)
<b><u>Capital expenditure</u></b>						
Property, plant and equipment	3,510	-	13,297	171	-	16,978
Intangible asset	-	701	-	-	-	701
<b>Segment assets</b>	<b>488,102</b>	<b>563,826</b>	<b>18,803</b>	<b>66,803</b>	<b>(526,973)</b>	<b>610,561</b>
<b>Segment liabilities</b>	<b>372,382</b>	<b>240,091</b>	<b>19,204</b>	<b>1,852</b>	<b>(232,971)</b>	<b>400,558</b>

	Malaysia	Singapore	Elimination	Total
<b><u>FY2013</u></b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Geographical Segments</b>				
- Total external revenue	560,817	50,391	-	611,208
- Internal segment revenue	296	312,115	(312,411)	-
<b>Total revenue</b>	<b>561,113</b>	<b>362,506</b>	<b>(312,411)</b>	<b>611,208</b>
<b>Segment results</b>	<b>(62,306)</b>	<b>6,036</b>	<b>104</b>	<b>(56,166)</b>
<b>Interest income</b>				127
<b>Finance expenses</b>				(3,501)
<b>Depreciation and amortization</b>				(8,377)
<b>Loss before income tax</b>				(67,917)
<b>Income tax credit</b>				14,697
<b>Loss for the year</b>				(53,220)
<b><u>Capital expenditure</u></b>				
Property, plant and equipment	9,865	10	-	9,875
Intangible asset	-	462	-	462
<b>Segment assets</b>	<b>459,631</b>	<b>323,109</b>	<b>(295,556)</b>	<b>487,184</b>
<b>Segment liabilities</b>	<b>330,929</b>	<b>98,971</b>	<b>(121,764)</b>	<b>308,136</b>





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**15. A breakdown of sales**

	<b>FY2014</b>	<b>FY2013</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>%</b>
Sales reported for first half year	354,959	306,759	15.7
Loss after tax for first half year	(17,406)	(23,148)	(24.8)
Sales reported for second half year	375,264	304,449	23.3
Loss after tax for second half year	(27,590)	(30,072)	(8.3)

**16. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (13).**

There were no persons occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder.

**CONFIRMATION BY THE BOARD**

The Directors confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the 4Q2014 and twelve months period ended 31 December 2014 financial results of the Company and the Group to be materially false or misleading in any material aspect.

**By Order of the Board**

**Tey How Keong**  
**Chief Executive Officer and Executive Director**  
**27 February 2015**