JB FOODS LIMITED
80 Robinson Road #17-02
Singapore 068898

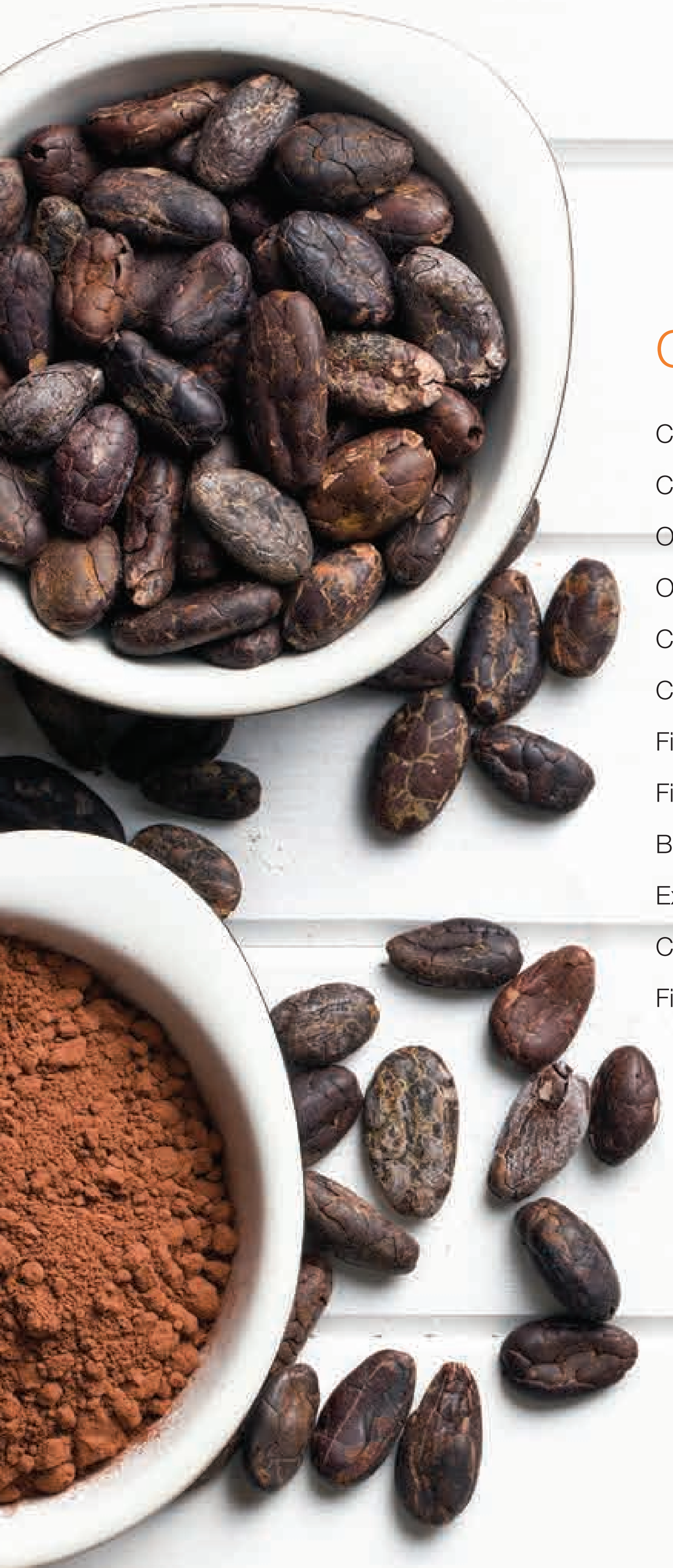
www.jbfoods.com.sg

JB FOODS LIMITED

Annual Report 2014

ANNUAL REPORT 2014

STRENGTHENING OUR FOUNDATION



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TOPPAN
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(65) 6578 6522

CORPORATE PROFILE

JB Foods Limited ("JB Foods" or the "Group") started as a processor of wet cocoa beans to dry cocoa beans in the 1980s. Today, it has grown to be one of the major cocoa ingredient producers in the region, with a total production capacity of 85,000 metric tonnes of cocoa beans equivalent per year.

Headquartered in Malaysia, the Group's principal activities comprise the production and sale of cocoa ingredient products, namely cocoa butter, cocoa powder, cocoa liquor and cocoa cake.

In 2003, JB Foods completed the construction of its cocoa processing plant at the Port of Tanjung Pelepas, a free trade zone in Johor, Malaysia. The production facility has received a number of certifications including HACCP, Kosher and Pareve, Halal as well as being UTZ Certified. It has also won several accolades including Best Cocoa Grinder Award 2010, Industry Excellence Award 2011, and a certificate of appreciation for being a finalist of the Malaysian Commodities Industry Award 2011 for Best Manufacturing Factory.

JB Foods is listed on the Mainboard of the Singapore Exchange Securities Trading Limited since 23 July 2012.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chua Cheow Khoon Michael
Chairman and Lead Independent Director

Goi Seng Hui
Non-Independent, Non-Executive Director
and Vice Chairman

Tey How Keong
Chief Executive Officer

Goh Lee Beng
Executive Director

Leow Wee Kia Clement
Independent Director

Chin Koon Yew
Independent Director

Loo Wen Lieh
Alternate Director to Mr Goi Seng Hui

REGISTERED OFFICE

80, Robinson Road, #17-02
Singapore 068898
www.jbfoods.com.sg
Tel: 65 – 6222 8008
Fax: 65 – 6222 8001

AUDIT COMMITTEE

Chua Cheow Khoon Michael (Chairman)
Leow Wee Kia Clement
Chin Koon Yew

REMUNERATION COMMITTEE

Leow Wee Kia Clement (Chairman)
Chua Cheow Khoon Michael
Chin Koon Yew

NOMINATING COMMITTEE

Leow Wee Kia Clement (Chairman)
Chua Cheow Khoon Michael
Tey How Keong

RISK MANAGEMENT COMMITTEE

Chin Koon Yew (Chairman)
Leow Wee Kia Clement
Tey How Keong

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

Boardroom Corporate & Advisory Service Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

JOINT COMPANY SECRETARIES

Ong Beng Hong
Tan Swee Gek

INDEPENDENT AUDITORS

BDO LLP
Public Accountants and Chartered Accountants
21 Merchant Road
#05-01 Singapore 058267

Partner-in-charge: Poon Yew Wah
(Appointed since financial year ended
31 December 2013)

OUR BUSINESS

PRINCIPAL BUSINESS

JB Foods Limited's core business is in the production and sale of cocoa ingredient products, namely cocoa butter, cocoa powder, cocoa liquor and cocoa cake.

Over the years, through its strong focus on product quality and development, the Group has honed its capability to develop and customise cocoa ingredient products to meet the varying and exacting requirements of globally diversified customers.

Complying with the highest standards of food safety, the Group ensures that its quality products consistently meet or exceed its customers' expectations. With its technical know-how, product expertise and proprietary blending methods, the Group has gained widespread recognition from its global customers.

The Group's products are sold primarily under the "JBCOCOA" brand name to a worldwide customer base ranging from international trade houses to end users such as food, beverage and confectionery manufacturers. These include Theobroma B.V., ADM Cocoa, General Cocoa Company Inc., Transmar Commodity Group Ltd., Olam Europe Limited, ECOM Group, Nestle Group, INC., AB Food & Beverages (Thailand) Ltd, Kraft Foods Manufacturing Malaysia Sdn Bhd, Mitsubishi Corporation, Hershey India Private Limited, Arcor Salc, Mars Chocolate and Lotte Shanghai Foods Co. Ltd.

PRODUCTION FACILITIES

Malaysia

The Group's cocoa processing facility is located in the Port of Tanjung Pelepas, a strategic logistics hub within a free trade zone in Johor, Malaysia.

This has enabled the Group to significantly reduce land logistics costs, as well as delivery time, while closely monitoring the shipment of its containers.

Processing capacity: 85,000 metric tonnes of cocoa beans equivalent per year

Indonesia

In FY2014, the Group exercised its call option to acquire an 80% equity interest in PT JeBe Koko, a cocoa bean processing facility. Located in the Maspion Industrial Estate in Gresik, Indonesia, which is approximately 30 km from the Surabaya port, this plant will focus on processing raw cocoa beans sourced from Indonesia. This will allow the Group to save on the Indonesian export tax on raw cocoa beans. The acquisition will be completed in 2Q2015.

Processing capacity: 60,000 metric tonnes of cocoa beans equivalent per year

AWARDS AND CERTIFICATIONS

Awards

- 2012: Best Cocoa Grinder Award
- 2011: Malaysian Commodities Industry Award for Best Processing Plant
- 2007/2008: Certificate of Excellence, Industry Excellence Award for the consumer product sector

Certifications

- Halal
- Kosher and Pareve
- HACCP
- FSSC 22000
- UTZ Certified

OUR PRODUCTS

COCOA BUTTER

Produces natural and deodorised cocoa butter which is mainly used in the production of chocolates.

COCOA POWDER

Produces a wide range of cocoa powder in varying pH value, application and fat content, used for making cocoa beverages as well as flavourings and coatings in the manufacture of food and beverage and confectionery products.

Customises recipes to specific taste and appearance based on customer specifications.

COCOA LIQUOR

Produces cocoa liquor by carefully blending cocoa beans from different origins.

Through precise control of temperature, pressure and humidity, the taste, flavour and appearance of cocoa liquor can be enhanced.

COCOA CAKE

Sells cocoa cake to international trade houses or cocoa powder millers to be refined into cocoa powder, or processed in-house.

CHAIRMAN'S MESSAGE

DEAR SHAREHOLDERS,

THE YEAR IN REVIEW

The year 2014 continued to be a challenging year. Specifically, our business was buffeted by high bean prices and price volatility, caused in part by fears related to the Ebola outbreak in West Africa, where around 65% of the world cocoa beans are produced. Additionally, the economic slowdown in Asia and Europe had resulted in more subdued demand for cocoa ingredients. The above factors, coupled with the continuing over-supply in the cocoa processing industry, had exerted significant pressure on our processing margins during the year.

In response to the negative processing margins, we had executed strategies and measures to mitigate the overall financial impact and business risks by controlling our costs and slowing down our bean processing throughput. Financially, the Group managed to reduce its net loss to RM45.0 million, from RM53.2 million in the previous year. The loss incurred in 2014, even though was narrower than the prior year, was still an unsatisfactory result and we will need to work even harder to turn this business around.

INDUSTRY PROSPECTS

While we expect the operating environment to remain challenging in 2015, we believe that the Group is in a strong position to ride out the current market volatility with our sound business model, healthy balance sheet and experienced management team.

In the longer term, we are fundamentally positive on the prospects of the cocoa industry. According to an Economist Intelligence Unit report, the future demand for cocoa is expected to climb as rising incomes and a growing penchant for chocolates continue to fuel the consumption growth of cocoa, especially in Asia[1]. The report projected that cocoa consumption in China will grow by more than 15% annually in 2014/15 and 2015/2016.

In view of the expected increase in demand for cocoa, we are gearing up to strategically and operationally position ourselves to capitalise on this potential market opportunity. To this end, we are in the process of completing the acquisition of a cocoa processing facility in Indonesia which will enhance our processing capability and improve our cost-competitiveness.

ACKNOWLEDGEMENT

In closing, I wish to express my sincere appreciation to my fellow Board members for their contributions, management and staff for their hard work, and valued customers and business partners for their invaluable support. I am especially thankful to you, our shareholders, for your belief in JB Foods which has enabled the Group to overcome the various challenges and drive the business ahead.

Yours sincerely,

CHUA CHEOW KHOON MICHAEL
Chairman and Lead Independent Director
25 March 2015

1 World commodity forecasts: food, feedstuffs and beverages, March 2015, the Economist Intelligence Unit

CEO'S MESSAGE

DEAR SHAREHOLDERS,

2014 remained a challenging year for the cocoa ingredients industry, with volatile cocoa bean prices, subdued demand and over-supply in the market. The Group's performance continued to be negatively impacted by these factors and we have taken measures to build and strengthen our foundation to turn the business around.

FINANCIAL PERFORMANCE

In FY2014, the Group's total revenue rose 19.5% to RM730.2 million while net loss narrowed by 15.5% to RM45.0 million, compared to a revenue and net loss of RM611.2 million and RM53.2 million respectively in FY2013. The growth in our top-line was the result of a 37% rise in the average selling prices of cocoa ingredient products. Despite experiencing a 33% hike in average cocoa bean prices during the year, we managed to trim our gross loss by 57.5% to RM16.5 million in FY2014 from a loss of RM38.7 million a year ago. We have also reduced our inventories write-down by 73.5% in FY2014 to RM6.2 million, compared to RM23.2 million in FY2013.

STRENGTHENING JB FOODS FOR FUTURE GROWTH

During the year, we exercised our call option to acquire an 80% stake in PT JeBe Koko, a cocoa bean processing facility in Gresik, Indonesia, approximately 30 km from the port of Surabaya. With this facility, we will be processing Indonesian cocoa beans domestically and as such, we will enjoy tax savings from the Indonesia export tax on raw cocoa beans. We will also benefit from the lower cost of processing in Indonesia and the ramped up capacity will also allow us to gear up for future growth.

In conjunction with this proposed acquisition, the Group also raised a total of S$28.8 million in cash through a 1-for-2 rights issue at a subscription price of S$0.12. With this rights issue successfully completed, our balance sheet is further strengthened and the Group is now better positioned to capitalise on opportunities and manage challenges as they come.

To strengthen our sales network and widen our customer base, the Group has set up sales offices in Indonesia and the USA. With a physical presence in these markets, we believe we will be able to grow these markets more effectively and successfully.

OUTLOOK AND FUTURE PLANS

We continue to be cautiously optimistic about the long-term prospects of the cocoa ingredients industry and believe that there will be healthy growth in demand for cocoa products. Many major confectionery companies are building new factories in Asia, for instance, confectionery giant Ferrero has announced early this year their plans to build a plant in China, and Mars Inc is also set to open their first chocolate factory in India. We believe this bodes well for the growth of the cocoa processing industry in Asia and we want to be ready to capitalise on the growth prospects.

In addition to our expansion strategies in Indonesia and the USA, we will continue to leverage on our existing strengths to grow as a company. This includes being able to customise cocoa ingredient products for the varying needs of our customers, and

CEO'S MESSAGE

continuous product development and enhancements to ensure we deliver high quality products. Our strong market reputation, wide customer base and long term relationships with many international food and beverage companies, trade-houses and suppliers, will also position us well as a significant player in the global cocoa ingredients market. In addition, our Risk Management Committee, newly-formed in April 2014, will safeguard our business by ensuring that our operations are well-controlled and potential business risks are mitigated. We believe these are factors that will help us weather headwinds and compete more effectively as the industry consolidates further in the longer term.

ACKNOWLEDGEMENT

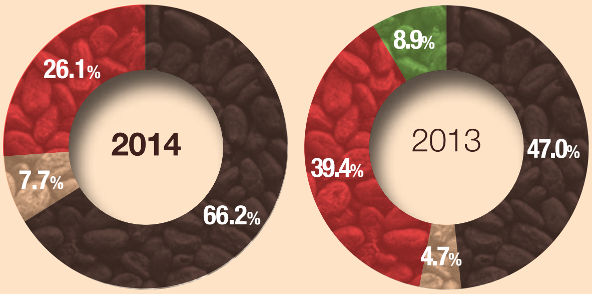
To end, I would like to express my appreciation to the Board of Directors, my fellow management team members and employees of JB Foods for their commitment and contribution to the Group. I would also like to extend my gratitude to our customers, suppliers and shareholders for keeping faith in JB Foods even during this difficult period and I sincerely hope that you will continue to lend us your support in the coming years as we continue to work to deliver results for the Group.

Yours sincerely,

TEY HOW KEONG
Chief Executive Officer
25 March 2015

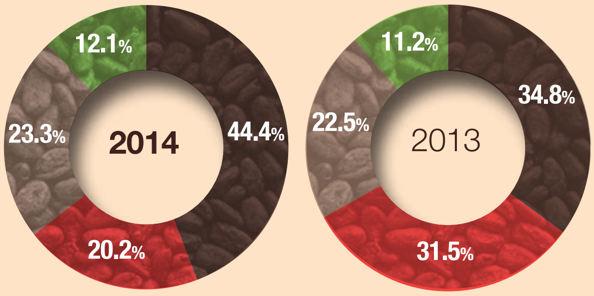
FINANCIAL HIGHLIGHTS

REVENUE ANALYSIS BY PRODUCT (%)



Cocoa Butter
Cocoa Cake and Powder
Cocoa Liquor
Others

REVENUE ANALYSIS BY GEOGRAPHICAL REGION (%)



Asia
Europe
North and South America
Others

FINANCIAL RESULTS

(RM million)	FY2010	FY2011	FY2012	FY2013	**FY2014**
REVENUE	504.2	690.6	583.1	611.2	**730.2**
GROSS PROFIT/(LOSS)	62.3	85.5	62.5	(38.7)	**(16.5)**
PROFIT/(LOSS) BEFORE TAX	54.0	67.1	43.6	(67.9)	**(44.6)**
PROFIT/(LOSS) ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	48.2	51.0	39.2	(53.2)	**(45.0)**

FINANCIAL POSITION

(RM million)	FY2010	FY2011	FY2012	FY2013	**FY2014**
PROPERTY PLANT AND EQUIPMENT	68.3	81.8	106.7	108.8	**117.9**
OTHER NON-CURRENT ASSETS	3.8	6.3	5.9	6.7	**6.8**
CURRENT ASSETS	173.7	237.8	318.3	371.7	**485.9**
CURRENT LIABILITIES	(149.7)	(214.4)	(226.3)	(308.1)	**(400.5)**
NON-CURRENT LIABILITIES	(11.4)	(11.7)	(14.7)	(0.1)	**(0.1)**
SHAREHOLDERS' EQUITY	84.7	99.8	189.9	179.0	**210.0**
NET DEBT	122.3	155.6	175.3	240.1	**287.1**
CASH AND CASH EQUIVALENTS	25.9	48.6	51.1	65.5	**112.3**

RATIOS	FY2010	FY2011	FY2012	FY2013	**FY2014**
NET ASSET VALUE PER SHARE (SEN) (1)	21.18	24.94	47.47	37.30	**29.16**
NET GEARING (TIMES) (2)	0.85	0.94	0.64	1.20	**1.17**

(1) Net asset value per share as at FY2010, FY2011, FY2012, FY2013 and FY2014 are computed based on the share capital of 400,000,000, 400,000,000, 400,000,000, 480,000,000 and 720,000,000 shares respectively.
(2) (Bank borrowings – Cash and cash equivalents)/Net asset value

FINANCIAL REVIEW

INCOME STATEMENT

For the full year ended 31 December 2014, JB Foods' revenue grew 19.5% to RM730.2 million, from RM611.2 million in the previous year. This was driven mainly by a 37% increase in average selling prices of cocoa ingredient products during the year. However, as cocoa bean prices rose by 33% compared to FY2013, this affected gross margins on sales contracts of cocoa ingredient products that were delivered during the year.

Coupled with a RM6.2 million write-down of inventories, the Group registered a gross loss of RM16.5 million, a reduction of 57.4% from the gross loss of RM38.7million in FY2013.

The Group also reduced its other losses (net) to RM1.3 million, from RM7.9 million in the previous year, due to net fair value gain on derivative financial instruments of RM2.1 million and net realised gain of RM2.3 million on cocoa bean derivative contracts and wash out of bean contracts. This helped to offset a net foreign exchange loss of RM5.9 million, resulting from the appreciation of the US Dollar and the British Pound against the RM.

Selling and distribution expenses grew by 11.5%, from RM8.7 million in FY2013 to RM9.7 million in FY2014, mainly attributed to higher warehousing costs for inventories held at third party premises.

As the Group started operations in the USA and Indonesia during the year, additional costs were incurred which resulted in a 26.1% rise in administrative expenses to RM10.6 million in FY2014, from RM8.4 million in FY2013. Also, there was a non-recurring reversal of bonuses for the executive directors of RM1.1million in FY2013 which was absent in FY2014.

Consequently, while the Group registered a loss before tax of RM44.6 million in FY2014, this was an improvement over the loss before tax of RM67.9 million in FY2013.

With income tax expense of RM0.4 million, the Group posted a net loss for the year of RM45.0 million, compared to a net loss of RM53.2 million the previous year. In FY2013, the Group had an income tax credit due to a reversal in its deferred tax liabilities of RM14.6 million arising from FY2013's net losses, which was absent in FY2014.

BALANCE SHEET

JB Foods' non-current assets increased by RM9.2 million or 8.0%, from RM115.5 million in FY2013 to RM124.7 million in FY2014, on the back of purchasing of property, plant and equipment amounting to RM17 million. This was partially offset by the depreciation charge of RM7.7 million on property, plant and equipment in FY2014.

Current assets rose by 30.7% to RM485.9 million in FY2014, from RM371.7 million in FY2013, resulting from an increase in inventories and trades and other receivables of RM44.9 million and RM22.7 million respectively. Cash and cash equivalents also benefitted from an injection of RM73.6 million raised from the rights issue exercise which occurred in the second half of FY2014.

In FY2014, the Group's trade and other payables rose by almost 58.0% to RM40.7 million while bank borrowings increased 28.2% to RM358.7 million. Correspondingly, the Group's current liabilities climbed by 30.0% to RM400.5 million in FY2014, against RM308.1 million in FY2013.

Consequently, although the Group incurred a net loss during the year, total equity attributable to owners of the parent increased by RM30.9 million or 17.3%, from RM179.1million in FY2013 to RM210.0million in FY2014.

FINANCIAL REVIEW

CASH FLOW

In FY2014, the Group's cash and cash equivalents were boosted by RM47.8 million from financing cash inflows of RM147.1 million, which was partially offset by the net operating and investing cash outflows of RM80.9 million and RM18.3 million respectively.

In FY2014, the Group registered negative operating cash flows of RM23.5 million resulting from the net loss of RM44.6 million. Taking into account an increase in working capital of RM57.4 million, the Group registered a cash outflow of RM80.9 million from operations.

During the year, the Group invested RM17.8 million on property, plant and equipment.

On the financing front, the Group generated net cash of RM147.1 million driven by net proceeds of RM73.6 million from the rights issue exercise, and the drawdown of the proceeds from borrowings of RM838.3 million, which was partially offset by the repayment of borrowings of RM759.4 million and interest payment of RM5.5 million in FY2014.

BOARD OF DIRECTORS

CHUA CHEOW KHOON MICHAEL

Chairman and Lead Independent Director

Mr Chua was appointed to the Board on 4 May 2012 as Lead Independent Director. With effect from 2 January 2013, he was appointed as Chairman of the Group. Mr Chua is an Executive Director of BMD Consulting Pte Ltd, a management consulting practice in Singapore. He has more than 30 years of experience in financial and management accounting, corporate finance and general management.

Mr Chua was the Chief Investment Officer of Sapphire Corporation Limited and had held senior positions in multinational companies including Reckitts & Colman Singapore Pte Ltd, the Singapore Technologies and Sembcorp group of companies and Delifrance Singapore Pte Ltd. He is also an independent director of Cogent Holdings Limited, a company listed on the Mainboard of the SGX-ST.

Mr Chua graduated with a Bachelor of Business from the Charles Sturt University (Mitchell College of Advanced Education), Australia in 1977 and is a Fellow of CPA Australia.

GOI SENG HUI

Non-Independent, Non-Executive Director and Vice Chairman

Mr Goi was appointed to the Board on 1 March 2013 as Non-Independent, Non-Executive Director and Vice Chairman. He is the Executive Chairman of Tee Yih Jia Group ("TYJ") and GSH Corporation Limited ("GSH"). TYJ is a global food and beverage group with operations in Singapore, Malaysia, USA, Europe and China. GSH delivers premium real estates and services for the residential, commercial and hospitality markets. The company owns and operates the 5-star Sutera Harbour Resorts, marine and golf course in Kota Kinabalu, and is listed on the Mainboard of the Singapore Exchange.

Mr Goi also serves on the Board of three other Mainboard-listed companies as Vice Chairman of Super Group Limited, Vice Chairman of Envictus International Holdings Limited, and Director of Tung Lok Restaurants (2000) Ltd. He has investments across a range of listed and private entities in numerous industries, such as food and beverage, consumer essentials, recycling, distribution and logistics.

Mr Goi was awarded "Businessman of the Year" at the Singapore Business Awards (2014) and the "SG50 Outstanding Chinese Business Pioneers Award" (2015). At the 49th National Day Awards, Mr Goi was conferred the Public Service Star (Bar) (L) – by the President of Singapore for his contributions to the community. He was conferred a Datukship by the Head of State of Sabah for his social and business contributions to Kota Kinabalu.

Mr Goi is also a member of the Singapore University of Technology and Design (SUTD) Board of Trustee, and Chairman of Dunman High School Advisory Committee and Ulu Pandan Citizens Consultative Committee.

TEY HOW KEONG

Chief Executive Officer

Mr Tey was appointed to the Board on 3 January 2012 and is responsible for the overall strategic, management and business development of the Group.

Mr Tey has over 25 years of experience in the cocoa business. He started his career in the cocoa business in November 1988 as sales manager of JB Cocoa Group Sdn Bhd. In August 1989, he was appointed as a director of Guan Chong Cocoa Manufacturer Sdn Bhd and played an active role in setting up its cocoa processing plant in Pasir Gudang, and remained as a director until October 2003.

BOARD OF DIRECTORS

In May 2000, Mr Tey established JB Cocoa Shd Bhd, and under his leadership, the Group expanded over the years to become an active player within the cocoa ingredients production industry in Malaysia and foreign markets.

Mr Tey graduated in 1988 with a Bachelor of Business Administration from the University of Toledo, College of Business Administration, USA.

GOH LEE BENG
Executive Director

Mdm Goh oversees the trading and logistics department of the Group, which monitors world cocoa trends, cocoa trading, sourcing of cocoa beans and marketing of cocoa butter. She was appointed to the Board on 4 May 2012.

Upon graduation, Mdm Goh joined Guan Chong Cocoa Manufacturer Shd Bhd in November 1989 as an executive and was responsible for logistics, operations and inventory management. She joined JB Cocoa Shd Bhd in January 2003 and was appointed as its Executive Director in August 2003.

Mdm Goh graduated in 1989 with a Bachelor of Business Administration from the University of Toledo, College of Business Administration, USA.

LEOW WEE KIA CLEMENT
Independent Director

Mr. Leow was appointed to our Board on 4 May 2012 as an Independent Director. He is currently an independent director of Overseas Education Limited and Mann Seng Metal International Limited, companies listed on the Mainboard and the Catalist Board of the Singapore Exchange respectively.

Mr. Leow is also currently a partner and head of corporate finance at Partners Capital (Singapore) Pte Ltd, and has over 15 years of corporate finance experience primarily in initial public offerings, mergers & acquisitions as well as advisory transactions. Prior to this, Mr Leow has held senior positions in corporate finance and banking in Singapore. Mr Leow has also been appointed as a member of the Corporate Finance and Securities & Futures industry workgroup of the Institute of Banking and Finance, Singapore, which provides guidance and sets the competency standards in the corporate finance industry in Singapore. He also serves as a member of the Selections Committee of the Singapore Tennis Association, which is responsible for selecting players for competitions such as the South East Asian Games and the Davis Cup.

Mr. Leow graduated from Cornell University, United States with a Bachelor of Science in Applied Economics. He was also awarded a Master of Business Administration and a Postgraduate Diploma in Financial Strategy from the University of Oxford, United Kingdom. Mr Leow is also a member of the Singapore Institute of Directors and has completed the Governance as Leadership Program at Harvard University. He has also been awarded the Singapore Armed Forces Good Service Medal in 2007.

BOARD OF DIRECTORS

CHIN KOON YEW

Independent Director

Mr Chin was appointed to the Board on 18 February 2014 as an Independent Director.

He has more than 10 years of experience in the cocoa and chocolate industry through his previous role as the Chief Financial Officer of Petra Foods Limited from 2001 to September 2013. He is currently a Special Consultant to Petra Foods Limited.

Prior to this, Mr Chin has held various senior positions at W R Grace, a US MNC, for over 17 years, culminating in the role of Chief Financial Officer for Asia Pacific in 1998. He has more than 30 years of experience in financial and general management in both MNC and Asian set-up.

Mr Chin completed his Association of Chartered Certified Accountant (ACCA) in 1980. He obtained a Master of Business Administration from Henley-Brunel University in 1996.

LOO WEN LIEH

Alternate Director to Mr. Goi Seng Hui,
Non-Independent Non-Executive Director

Mr Loo Wen Lieh was appointed on 23 May 2013 as an Alternate Director to Mr Goi Seng Hui. Mr Loo is the Group Financial Controller of the Tee Yih Jia Group ("TYJ"), and oversees its financial, tax and accounting matters. TYJ is a global food and beverage group with operations in Singapore, Malaysia, USA, Europe and China, and has significant investments in many other industries such as environmental, property development and F&B sector, and holds substantial stakes in many SGX listed companies.

Mr Loo was previously the Chief Financial Officer and Corporate Secretary of two other SGX listed companies from December 2002 to May 2007 where he was responsible for the Initial Public Offering, financial, tax and related matters of the companies. Prior to that, Mr Loo was a manager with KPMG from July 1996 to November 2002 where he was involved in auditing, corporate finance, Initial Public Offerings and related projects. Mr Loo graduated with a Bachelor of Accountancy from the Nanyang Technological University in 1996, and is a member of the Institute of Singapore Chartered Accountants.

EXECUTIVE OFFICERS

TAN CHAY KEE
Chief Financial Officer

Mr Tan Chay Kee was appointed on 24 March 2014 as a director of corporate development. He was redesignated as chief financial officer of the Group on 30 June 2014. He is overall responsible for the corporate development, finance and accounting functions of the Group.

He started his career as an electrical engineer with ST Engineering in 1993. Since then, he has gained over 20 years of experience in engineering, consulting, corporate and financial management in different companies. From 2003 to 2009, he was the Group Financial Controller for Petra Foods Limited's Cocoa Ingredients Division.

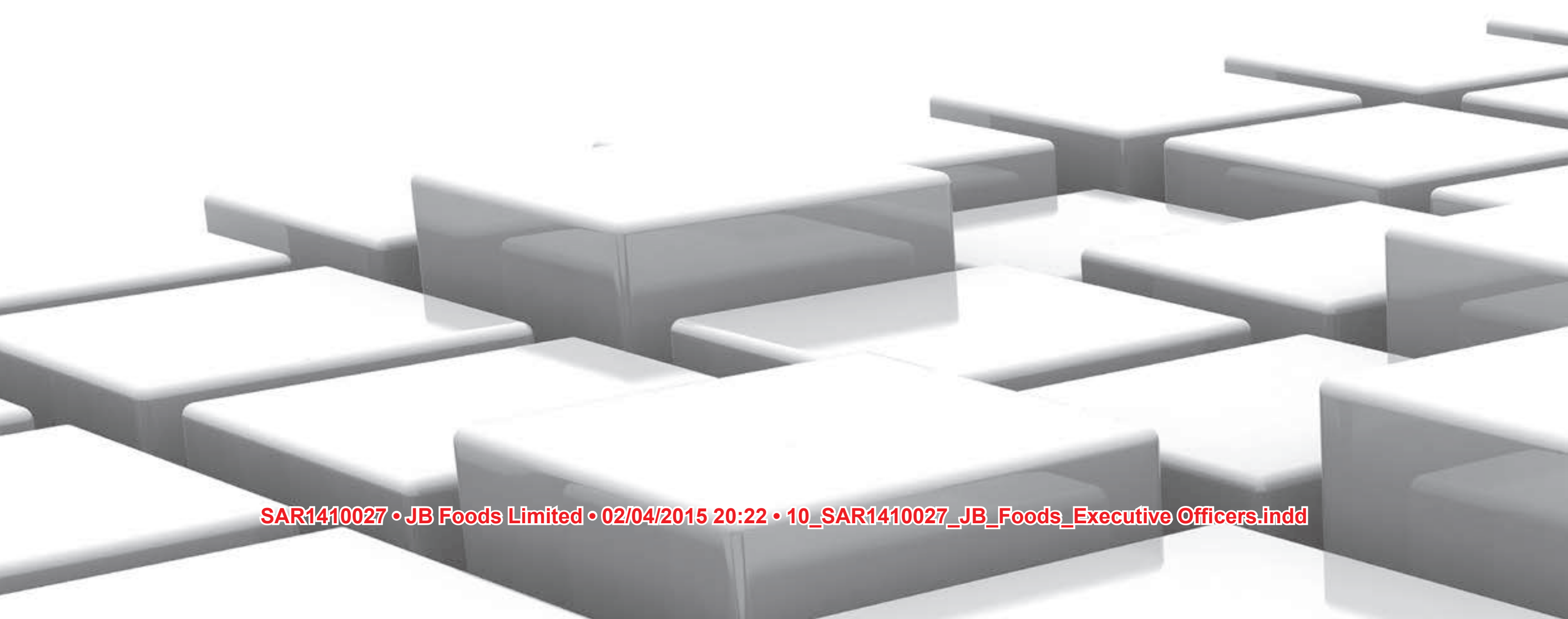
Mr Tan graduated with a Bachelor of Science (EE) in 1992, Master of Engineering (EE) in 1993 and Master in Business Administration in 2000 from Cornell University in the United States. He also completed the CFA program in 2000 and has been a CPA since 2013.

ONG KIM TECK
Operations Manager

Mr Ong leads and monitors the overall production, factory maintenance, electrical, electronics and information technology matters in the processing facility.

Upon graduation, Mr Ong joined Goista Synergy Berhad as a mechanical engineer in September 1997 and was involved in equipment design and managing engineering projects. In April 2002, he joined JB Cocoa Shd Bhd as project manager, during which he oversaw the construction of the processing facility in Port of Tanjung Pelepas, including monitoring the installation of the equipment and maintenance issues at the processing facility. In July 2004, he was appointed as the factory manager and subsequently in April 2011, he was promoted to Operations Manager of the Group.

Mr Ong graduated with a Bachelor of Engineering with Honours (School of Mechanical Engineering) from the University of Liverpool, United Kingdom in 1997.

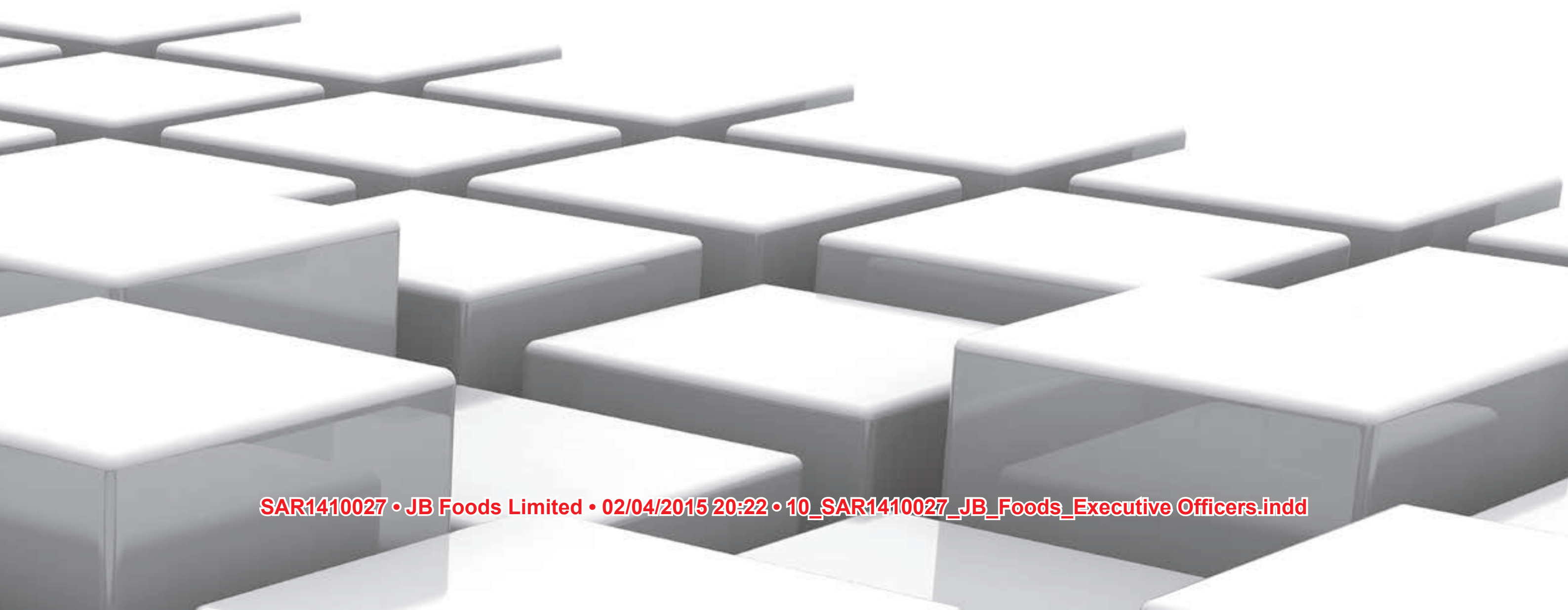


EXECUTIVE OFFICERS

SAW POH CHIN
Sales and Marketing Manager

Ms Saw has over 10 years of experience in the cocoa business. She manages and markets the Group's products to international markets, and assists in product development activities. Ms Saw started her career with Guan Chong Cocoa Manufacturer Shd Bhd in February 2000 as a research and development chemist before joining JB Cocoa Shd Bhd in June 2002 as its quality and research and development manager. In December 2004, she was reassigned as the technical support manager and reassigned as technical sales manager in January 2007. In September 2010, she was re-designated as the Sales and Marketing Manager of the Group.

Ms Saw graduated with a Bachelor of Science in Agricultural Sciences from the University of Nebraska, USA in 1998 and a Master of Science from the same university in 1999.



CORPORATE SOCIAL RESPONSIBILITY

As an established and leading cocoa ingredient producer, JB Foods is committed to conduct our business in a sustainable manner. The Group adopts and implements best practices in all aspects of our business to maintain confidence among all stakeholders.

COMMITMENT TO EMPLOYEES

We recognise that people are our most valuable resource, and at JB Foods, we are committed to develop a conducive and well-rounded work environment – “Safe & Healthy” and “Work-Life Balance”.

Work safety is of paramount importance and to keep our work environment safe, the Group conducts regular briefings on occupational safety as well as places safety signages and messages at strategic points around our premises as constant reminders to staff.

COMMITMENT TO THE ENVIRONMENT

JB Foods is committed to protect the environment. We have undertaken environmentally-friendly measures throughout our operations which include recycling all used papers and using recycled materials for our marketing materials.

In our production, we recycle cocoa waste and cocoa shells to generate steam for our machinery, specifically our press machines. To reduce our carbon footprint, we also encourage employees staying at the company’s hostels to car pool for their daily commute to work.

COMMITMENT TO GLOBAL SUSTAINABLE PRACTICES

As a member of the World Cocoa Foundation and Cocoa Association of Asia, both of which promote a sustainable cocoa economy through economic and social development and environmental stewardship in cocoa-growing communities, JB Foods is committed to promote global sustainable practices.

Working with other major cocoa industry players and development agencies, we support targeted cocoa sustainability programmes in all the major cocoa growing regions of the world to benefit the world’s cocoa farmers and ensure the long-term supply of quality cocoa.

Being a UTZ Certified company, we also contribute towards the international standard of sustainable farming, which is closely monitored by independent third parties. This organisation seeks to improve the well-being of cocoa farmers via sustainable farming methods, improved working conditions, increasing income, as well as educating their children to be better farmers in the future. It also aims to educate them to be stewards of the environment, adopting environmentally-friendly farming practises.

COMMITMENT TO SHAREHOLDERS

We are fully committed to engage in an open two-way communication with the investment community to keep them updated with transparent, timely and accurate information. Since our listing, we have maintained a dedicated investor relations section on our corporate website with easy access to our latest corporate announcements and press releases, which were also posted on SGXNET, and we also meet with investors upon request.

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CORPORATE GOVERNANCE REPORT

The Board of Directors ("**the Board**") of JB Foods Limited (the "**Company**") and its subsidiaries (the "**Group**") is committed to maintaining a high standard of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability.

As required by the Listing Manual of Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the following report describes the Company's corporate governance processes and structures that were in place throughout the financial year, with specific reference made to the principles and guidelines of the Code of Corporate Governance 2012 (the "**Code**").

Principle 1: The Board's Conduct of its Affairs

The Board is entrusted with the responsibility for the overall management of the business and corporate affairs of the Group.

The Board's principal functions include:

a) reviewing the financial results of the Group, internal controls, external audit and resource allocation;

b) supervising and approving strategic direction of the Group;

c) reviewing the business practices and risk management of the Group;

d) approving the annual budgets and major funding proposals;

e) approving and monitoring major investments, divestments, mergers and acquisitions;

f) convening of shareholders' meetings;

g) assuming responsibility for corporate governance; and

h) consider sustainability issues as part of its strategic formulation.

A formal document setting out the guidelines and matters (including the matters set out above which are to be reserved for the Board's decision has been adopted by the Board.

To facilitate effective management and support the Board in its duties, certain functions of the Board have been delegated to various Board Committees, namely the Audit Committee ("**AC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**") which have been constituted with clear defined terms of reference. Matters which are delegated to Board Committees for more detailed appraisals are reported to and monitored by the Board. In order to strengthen and facilitate the Company's risk assessment and management systems, the Board had also established a Risk Committee on 1 April 2014 (the "**Risk Committee**", and together with the AC, NC and RC, collectively referred to herein as "**Board Committees**"). The Board accepts that while these Board Committees have the authority to examine particular issues and will report back to the Board with their decision and/or recommendations, the ultimate responsibility on all matters lies with the entire Board.

In addition, in order to strengthen the independence of the Board, the Company has appointed Mr Chua Cheow Khoon Michael as Chairman of the Board and Lead Independent Director.

CORPORATE GOVERNANCE REPORT

The Board has scheduled to meet at least four times a year and to coincide these meetings with the Group's results announcements. Besides the scheduled meetings, the Board meets on an ad-hoc basis as warranted by particular circumstances. The Articles of Association of the Company provide for the Directors to conduct meetings by teleconferencing or videoconferencing. The Board and Board Committees may also make decisions through circular resolutions.

Newly appointed Directors will be given appropriate briefings by the Management on the business activities of the Group, its strategic directions and the Company's corporate governance policies and practices, including among other matters, their roles, obligations, duties and responsibilities as members of the Board prior to their appointments. Such newly appointed Directors shall also, on request, travel to see the operations of the Group.

The Directors are updated, from time to time, when new laws or regulations affecting the Group are introduced. The Directors are encouraged to attend seminars and training courses that will assist them in executing their obligations and responsibilities as Directors of the Company and the Company has a training budget which can be used by the Directors to attend courses that they are interested in.

The attendance of the Directors at meetings of the Board and Board Committees held during the financial year ended 31 December 2014 ("**FY2014**") are as follows:

	Board of Directors		Audit Committee		Remuneration Committee		Nominating Committee		Risk Committee	
	No. of Meetings	Attendance	No. of Meetings	Attendance	No. of Meetings	Attendance	No. of Meetings	Attendance	No. of Meetings	Attendance
Director										
Chua Cheow Khoon Michael	4	4	4	4	1	1	1	1	–	–
Tey How Keong	4	4	4	4	1	1	1	1	3	3
Goh Lee Beng	4	4	4	4	1	1	1	1	–	–
Leow Wee Kia Clement	4	4	4	4	1	1	1	1	3	3
Yessa Matindas Tuegeh (1)	4	0	4	0	1	0	1	–	–	–
Goi Seng Hui	4	3	4	4	1	–	1	–	–	–
(Alternate: Loo Wen Lieh) (2)		1		1		–		–		
Chin Koon Yew (3)	4	4	4	4	1	1	1	1	3	3

Notes:

(1) Mr Yessa Matindas Tuegeh retired at the last Annual General Meeting of the Company held on 30 April 2014 and did not seek re-election.

(2) Mr Loo Wen Lieh was appointed as Alternate Director to Mr Goi Seng Hui on 23 May 2013. An Alternate Director is not required to attend a board meeting if the director to whom he is appointed as alternate director is present at such board meeting.

(3) Mr Chin Koon Yew was appointed as an Independent Director of the Company and a member of the RC on 18 February 2014.

CORPORATE GOVERNANCE REPORT

Principle 2: Board Composition and Balance

As at the date of this Annual Report, the Board comprises six Directors, of whom three are Independent Directors. The three Independent Directors of the Company are Mr Chua Cheow Khoon Michael, Mr Leow Wee Kia Clement and Mr Chin Koon Yew. As Mr Chua Cheow Khoon Michael, the Chairman of the Board, is an Independent Director, the current number of Independent Directors complies with the Code's requirement that at least one-third of the Board should comprise Independent Directors, which brings a strong and independent element to the Board. The Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision-making. The profiles of the Directors are found in the "Board of Directors" section of this Annual Report.

The Board through the NC has examined its size and composition and is of the view that it is an appropriate size for effective decision-making, taking into account the scope and nature of the operations of the Company. The NC is of the view that no individual or small group of individuals dominates the Board's decision-making process.

The Board members as of the date of this Annual Report are:

Mr Chua Cheow Khoon Michael	:	Chairman and Lead Independent Director
Mr Goi Seng Hui	:	Non-Independent Non-Executive Director and Vice Chairman
Mr Tey How Keong	:	Chief Executive Officer and Executive Director
Mdm Goh Lee Beng	:	Executive Director
Mr Leow Wee Kia Clement	:	Independent Director
Mr Chin Koon Yew	:	Independent Director
Mr Loo Wen Lieh	:	Alternate Director to Mr Goi Seng Hui

The Company has in place an NC which determines the independence of each Independent Director annually based on the definition of independence as set out in the Code.

The Independent Directors will assist to develop strategy and goals for the Group and regularly assess the performance of the Management.

The Board has identified each of the Company's Independent Directors to be independent, after determining, taking into account the views of the NC, whether the Director is independent in character and judgement and whether there are relationships or circumstances which are likely to affect, or could appear to affect, the Director's judgement. Each Director is required to disclose to the Board any such relationships or circumstances as and when they arise.

The Independent Directors meet at least once annually without the presence of the other Directors.

CORPORATE GOVERNANCE REPORT

Principle 3: Chairman and Chief Executive Officer

As at the date of this Annual Report, the roles of Chairman and Chief Executive Officer ("**CEO**") are separated to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making.

Mr Chua Cheow Khoon Michael, the Lead Independent Director, is the Chairman of the Board and Mr Tey How Keong assumes the role of CEO of the Company.

As Chairman, Mr Chua Cheow Khoon Michael is responsible for leading the Board and facilitating its effectiveness and his duties include promoting high standards of corporate governance.

The CEO is responsible for the formulation of the Group's strategic directions and expansion plans, and managing the Group's overall business development.

The separation of the roles of the Chairman and CEO ensures an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. The Chairman is not related to the CEO.

In view of the above, the Board is of the view that power is not unduly concentrated in the hands of one individual nor is there any compromised accountability and independent decision-making as all major decisions and policy changes are conducted through the respective Board Committees, all of which are chaired by the Independent Directors.

Principle 4: Board Membership

As at the date of this Annual Report, the NC comprises the following members, a majority of whom, including the Chairman, are independent:

Mr Leow Wee Kia Clement (Chairman)

Mr Chua Cheow Khoon Michael

Mr Tey How Keong

As Mr Leow Wee Kia Clement has indicated that he will be retiring as a Director and will not be seeking re-election at the forthcoming Annual General Meeting, a new Chairman of the NC will be identified and appointed amongst the Independent Directors in due course.

The NC has written terms of reference that describe the responsibilities of its members. The principal functions of the NC are as follows:

(a) reviewing and recommending nomination for re-appointment or re-election or renewal of appointment of the Directors;

(b) reviewing on an annual basis the independence of the Independent Directors;

CORPORATE GOVERNANCE REPORT

(c) reviewing whether a Director is adequately carrying out his duties as a Director; and

(d) reviewing and recommending candidates for appointment to the Board and Board Committees.

For new appointments to the Board, the NC will consider the Company's current Board size and its composition and decide if the candidate's background, expertise and knowledge will complement the skills and competencies of the existing Directors on the Board. The candidate must be a person of integrity and must be able to commit sufficient time and attention to the affairs of the Company, especially if he is serving on multiple Boards.

If a vacancy arises under any circumstances, or where it is considered that the Board would benefit from the services of a new director, the NC, in consultation with the Board, will determine the selection criteria and select the appropriate candidate for the position.

In the course of FY2014, Mr Chin Koon Yew was appointed as an Independent Director of the Company and member of the RC and Risk Committee. Mr Chin's appointment was reviewed by the NC and the NC took into account Mr Chin's experience as well as his qualifications before recommending his appointment to the Board for approval.

Further to the above, Mr Loo Wen Lieh was appointed as Alternate Director to Mr Goi Seng Hui on 23 May 2013. The NC and the Board had approved Mr Loo Wen Lieh's appointment after taking into account his experience, qualifications and ability to contribute to the Board in Mr Goi Seng Hui's absence. Mr Loo Wen Lieh would also brief Mr Goi Seng Hui on the matters discussed during Mr Goi Seng Hui's absence so that Mr Goi Seng Hui is kept up-to-date on matters concerning the Company.

The NC is also tasked with deciding whether or not a Director is able to and has been adequately carrying out his duties as a Director, particularly when he has multiple board representations, and to assess the maximum number of listed entity board representations which any one of the directors may hold. As a guide, Directors of the Company should not have more than six listed company board representations and other principal commitments.

After conducting reviews, the NC is satisfied that sufficient time and attention are being given by the Directors to the affairs of the Group.

Further to the above, the NC reviews the independence of each of the Independent Directors annually. As part of their review process, the NC requires the Independent Directors to complete and execute declaration forms in relation to their independence. These declaration forms are drawn up based on the guidelines in the Code. The NC reviewed the declaration forms executed by the Independent Directors as well as any declaration which they may make to determine their respective independence. Pursuant to its review, the NC is of the view that Mr Michael Chua Cheow Khoon, Mr Leow Wee Kia Clement and Mr Chin Koon Yew are independent of the Group and the Management.

All Directors submit themselves for re-nomination and re-election at regular intervals at least once every three years. One-third of the Directors will retire from office by rotation at the Company's annual general meeting ("**AGM**") each year. A retiring Director is eligible for re-election by the shareholders at the AGM.

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Details of the appointment of Directors including date of initial appointment and date of last re-election and directorships in other listed companies, both current and for the preceding three years, are set out below:

Name of Director	Age	Date of Initial Appointment	Date of Last Re-election	Present and Past Directorship in Listed Companies
Mr Chua Cheow Khoon Michael	64	4 May 2012	26 April 2013	**Present Directorships:** Cogent Holdings Limited **Past Directorships:** Cedar Strategic Holdings Ltd
Mr Goi Seng Hui	68	1 March 2013	26 April 2013	**Present Directorships:** Etika International Holdings Limited Super Group Ltd Tung Lok Restaurants (2000) Ltd GSH Corporation Limited **Past Directorships:** –
Mr Tey How Keong	49	3 January 2012	30 April 2014	**Present Directorships:** – **Past Directorships:** –
Mdm Goh Lee Beng	49	4 May 2012	26 April 2013	**Present Directorships:** – **Past Directorships:** –
Mr Leow Wee Kia Clement	40	4 May 2012	26 April 2013	**Present Directorships:** Mann Seng Metal International Limited Overseas Education Limited **Past Directorships:** –
Mr Chin Koon Yew	59	18 February 2014	30 April 2014	**Present Directorships:** – **Past Directorships:** –
Mr Loo Wen Lieh	40	23 May 2013	–	**Present Directorships:** – **Past Directorships:** –

The Directors who are retiring by rotation pursuant to Article 98 of the Articles of Association of the Company at the forthcoming AGM are Mdm Goh Lee Beng and Mr Leow Wee Kia Clement. After assessing her contributions and performance, the NC is recommending Mdm Goh Lee Beng for re-election at the forthcoming AGM.

Mr Leow Wee Kia Clement, who will be retiring pursuant to Article 98 of the Articles of Association of the Company at the forthcoming AGM, will not be standing for re-election.

CORPORATE GOVERNANCE REPORT

Principle 5: Board Performance

The NC uses objective and appropriate quantitative and qualitative criteria to assess the performance of individual directors, and the Board as a whole. Assessment parameters include the attendance records of the directors at Board or Board Committee meetings, the level of participation at such meetings, the quality of Board processes and the business performance of the Group.

The NC assesses and recommends to the Board whether retiring Directors are suitable for re-election. The NC considers that the multiple board representations held presently by some Directors do not impede their respective performance in carrying out their duties to the Company.

The Board evaluation assessment is conducted by the NC by way of a Board evaluation where the NC completes a questionnaire seeking their views on various aspects of the individual Directors' and the Board's performance.

Each member of the NC shall abstain from making any recommendations and/or participating in any deliberation of the NC and from voting on any resolutions in respect of his own performance or re-nomination as a Director. The Chairman will act on the results of the performance evaluation, and in consultation with the NC, propose, where appropriate, that new members be appointed to the Board or seek the resignation of Directors.

To assess the effectiveness of the Board as a whole, the factors evaluated by the NC include but are not limited to:

(i) the size and composition of the Board;

(ii) the discussion and decision-making processes of the Board (including the conduct of meetings by the Board);

(iii) the Board's access to information;

(iv) the accountability of the Board to the shareholders;

(v) the observation of risk management and internal control policies by the Board; and

(vi) the performance of the Board (including the Board's performance in relation to the discharge of its principal responsibilities in terms of the financial indicators set out in the Code).

To assess the contribution of each individual Director, the factors evaluated by the NC include but are not limited to:

(i) his/her participation at the meetings of the Board;

(ii) his/her ability to contribute to the discussion conducted by the Board;

(iii) his/her ability to evaluate the Company's strength and weaknesses and make informed business decisions;

(iv) his/her ability to interpret the Company's financial reports and contribute to the formulation of strategies, budgets and business plans that are compatible with the Group's vision and existing business strategy;

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(v) his/her compliance with the policies and procedures of the Group;

(vi) his/her performance of specific tasks delegated to him/her;

(vii) his/her disclosure of any related person transactions or conflicts of interest; and

(viii) for Independent Directors, his/her independence from the Group and the Management.

The Board and the NC have endeavoured to ensure that the Directors possess the experience, knowledge and expertise critical to the Group's business.

Principle 6: Access to information

Directors are furnished regularly with information from Management about the Group as well as the relevant background information relating to the business to be discussed at Board meetings. The Directors also have separate and independent access to the Company's Senior Management and the Joint Company Secretaries to facilitate separate and independent access.

The Joint Company Secretaries administer and attend all Board and Board Committees meetings of the Company and prepare minutes of Meetings. Together with members of the Company's Management, the Joint Company Secretaries are responsible for ensuring that appropriate procedures are followed and that the requirements of the Companies Act and the SGX-ST and other rules and regulations that are applicable to the Company are met. Each Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfil his duties and responsibilities as Director.

The appointment and the removal of the Joint Company Secretaries are subject to the Board's approval.

Principle 7: Procedures for Developing Remuneration Policies

As at the date of this report, the RC comprises the following members, all of whom are independent:

Mr Leow Wee Kia Clement (Chairman)

Mr Chua Cheow Khoon Michael

Mr Chin Koon Yew

As Mr Leow Wee Kia Clement has indicated that he will be retiring as a Director and will not be seeking re-election at the forthcoming Annual General Meeting, a new Chairman of the RC will be identified and appointed amongst the Independent Directors in due course.

The RC has written terms of reference that describe the responsibilities of its members.

CORPORATE GOVERNANCE REPORT

The RC will recommend to the Board a framework of remuneration for the Directors and key executives, and determine specific remuneration packages for each Executive Director. The recommendations of the RC will be referred to the Board for approval. The RC is responsible for considering, reviewing, and approving and/or varying (if necessary) the entire specific remuneration package and service contract terms for each member of the key management, including but not limited to directors' fees, salaries, allowances, bonuses and other benefits-in-kind. Each member of the RC shall abstain from voting on any resolutions in respect of his remuneration package.

If necessary, the RC may seek expert advice inside and/or outside the Company on remuneration of the Directors and key management personnel. The RC ensures that in the event of such advice being sought, existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants. The Company has not appointed any remuneration consultants for FY2014.

Principle 8: Level and Mix of Remuneration

As part of its review, the RC ensures that remuneration packages of the Directors and the Management are comparable within the industry and with similar companies. In its annual review of the remuneration packages of the Directors and the Management, the RC considers the Group's relative performance and the contributions and responsibilities of the individual Directors as well as the financial and commercial position and needs of the Group.

Executive Directors are paid a basic salary pursuant to their respective service agreements. Each service agreement is valid for an initial period of three years with effect from the date of the Company's admission to the SGX-ST. These service agreements provided for, *inter alia*, termination by either party upon giving not less than six months' notice in writing.

Non-Executive Directors are paid a basic fee and an additional fee for serving on any of the committees. The Chairman of each committee is compensated for his additional responsibilities. The RC and Board are of the view that the Non-Executive Directors are not over-compensated to the extent their independence may be compromised. Such fees are approved by the shareholders of the Company as a quarterly payment in arrears at the AGM of the Company.

At the AGM of the Company held on 30 April 2014, the Company, having obtained Shareholders' approval, implemented an employee share option scheme ("**ESOS**") as a compensation scheme to promote higher performance and goals as well as to give recognition to the contributions and services of the Group's employees. For further details of the ESOS, please refer to the Appendix to the Company's Annual Report dated 15 April 2014, which may also be found on SGXNET (http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/annual_financial).

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Principle 9: Disclosure on Remuneration

The level and mix of remuneration of the Company's Directors (rounded off to the nearest thousand dollars) and Key Management Personnel for FY2014 are as follows:

Name of the Directors		Salary $	Bonus $	Other Benefits $	Fees $	Total $
S$250,000 and below:						
Tey How Keong	Executive	158,842	–	1,315	–	160,157
Goh Lee Beng	Executive	91,139	–	37	–	91,176
Chua Cheow Khoon Michael		–	–	–	42,000	42,000
Yessa Matindas Tuegeh (1)		–	–	–	8,000	8,000
Leow Wee Kia Clement		–	–	–	42,000	42,000
Mr Chin Koon Yew (2)		–	–	–	31,178	31,178
Mr Goi Seng Hui		–	–	–	24,000	24,000
Mr Loo Wen Lieh		–	–	–	–	–

Name of Top 5 Executives	%	%	%	%	%
S$250,000 and below					
Tan Chay Kee (3)	86	7	7	–	100
Cheah Soon Ann Jeremy (4)	97	2	1	–	100
Ong Kim Teck	86	9	5	–	100
Saw Poh Chin	87	8	5	–	100
Ho Kek Sian (5)	86	9	5	–	100

The total remuneration for the top 5 key management personnel amounted to S$545,000 during FY2014.

Notes:

(1) Mr Yessa Matindas Tuegeh retired at the last Annual General Meeting of the Company held on 30 April 2014 and did not seek re-election.

(2) Mr Chin Koon Yew was appointed as an Independent Director of the Company on 18 February 2014.

(3) Mr Tan Chay Kee was appointed as an Executive Officer of the Company holding the position of Director of Corporate Development on 25 March 2014. He was re-designated as the chief financial officer of the Company on 30 June 2014. The announcements relating to Mr Tan Chay Kee's appointment and re-designation were released via SGXNET on 25 March 2014 and 30 June 2014 respectively.

(4) Mr Cheah Soon Ann Jeremy resigned as the chief financial officer and joint company secretary of the Company on 30 June 2014. The announcement relating to his cessation as an executive officer of the Company was released via SGXNET on 30 June 2014.

(5) Mr Ho Kek Sian resigned as the Quality Assurance and Development Manager of the Company on 31 January 2015. The announcement relating to his cessation as an executive officer of the Company was released via SGXNET on 25 March 2015.

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Principle 10: Accountability

In presenting the annual financial statements and quarterly announcements to shareholders, it is the aim of the Board to provide the shareholders with detailed analysis and a balanced and understandable assessment of the Company's performance, position and prospects. In addition, the Company will also release timely announcements and news releases of significant corporate developments and activities so that the shareholders can have a detailed explanation and balanced assessment of the Group's financial position and prospects.

Management provides the Board with periodic updates covering operational performance, financial results, marketing and business development and other important and relevant information by various means, including but not limited to holding meetings with the Board or via email in which documents are circulated to the Board for their review or for their information.

Other ways in which information is disseminated to shareholders are further disclosed under Principles 14 and 15.

Principle 11: Risk Management and Internal Controls

The Board recognises that no internal control system will preclude all errors and irregularities. The system is designed to manage rather than to eliminate the risk of failure to achieve business objectives. The controls are to provide reasonable, but not absolute, assurance to safeguard shareholders' investments and the Group's assets. The Board regularly reviews the adequacy and effectiveness of all internal controls and risk management systems, including financial, operational, compliance controls and internal controls in relation to information technology risks.

The Company outsources its internal audit function to an external professional firm, who reports directly to the Chairman of the AC. The objective of the internal audit function is to determine whether the Group's risk management, control and governance processes, as designed by the Company, is adequate and functioning in the required manner.

The Board with the assistance of the AC, has undertaken an annual assessment on the adequacy and effectiveness of the Group's risk management and internal control systems. The assessment considered issues dealt with in reports reviewed by the AC and the Board during the year together with any additional information necessary to ensure that the Board has taken into account all significant aspects of risks and internal controls for the Group for FY2014.

In order to obtain assurance that the Group's risks are managed adequately and effectively, the Board had reviewed an overview of the risks which the Group is exposed to, as well as an understanding of what countermeasures and internal controls are in place to manage them.

The Board has obtained a written confirmation from the CEO and the Chief Financial Officer ("**CFO**"):

(a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances

(b) regarding the adequacy and effectiveness of the Group's risk management systems.

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Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by Management, various Board Committees and the Board, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls and risk management systems are adequate to address the financial, operational, compliance and information technology risks in its current business environment.

In addition, the Company regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as take appropriate measures to control and mitigate these risks. The Company reviews all significant control policies and procedures and highlights all significant matters to the AC and Board.

The Board acknowledges that it is responsible for the overall internal control and risk management framework, but recognises that all internal control and risk management systems contain inherent limitations and that no internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives. The Board notes that all internal control systems can provide only reasonable and not absolute assurance against the occurrence of material misstatement or loss, poor judgment in decision making, human error, fraud or other irregularities.

In order to further strengthen and facilitate the Company's risk assessment and management systems, the Board had also established a Risk Committee on 1 April 2014 comprising the following members:

Mr Chin Koon Yew (Chairman)

Mr Tey How Keong

Mr Leow Wee Kia Clement

The Risk Committee has written terms of reference that describe the responsibilities of its members. The principal functions of the Risk Committee are as follows:

(a) to advise the Board on the company's overall risk tolerance and strategy;

(b) oversee and advise the Board on the current risk exposures and future risk strategy of the company;

(c) in relation to risk assessment:

  (i) keep under review the company's overall risk assessment processes that inform the Board's decision making;

  (ii) review regularly and approve the parameters used in these measures and the methodology adopted; and

  (iii) set a process for the accurate and timely monitoring of large exposures and certain risk types of critical importance.

(d) review the company's capability to identify and manage new risk types;

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(e) before a decision to proceed is taken by the Board, advise the Board on proposed strategic transactions, focussing in particular on risk aspects and implications for the risk tolerance of the company, and taking independent external advice where appropriate and available;

(f) review reports on any material breaches of risk limits and the adequacy of proposed action;

(g) keep under review the effectiveness of the company's internal controls and risk management systems and review and approve the statements to be included in the annual report concerning the effectiveness of the company's internal control and risk management systems;

(h) review the company's procedures for detecting fraud, including the whistleblowing policy (if any). The committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action; and

(i) monitor the independence of risk management functions throughout the organisation.

As Mr Leow Wee Kia Clement has indicated that he will be retiring as a Director and will not be seeking re-election at the forthcoming AGM, a new member of the Risk Committee will be identified and appointed amongst the Directors in due course.

Principle 12: Audit Committee

As at the date of this report, the AC comprises the following members, all of whom are Independent Directors:

Chua Cheow Khoon Michael (Chairman)

Leow Wee Kia Clement

Chin Koon Yew

As Mr Leow Wee Kia Clement has indicated that he will be retiring as a Director and will not be seeking re-election at the forthcoming AGM, a new member of the AC will be identified and appointed amongst the Independent Directors in due course.

The members of the AC, collectively, have expertise or experience in financial management and are qualified to discharge the AC's responsibilities.

The AC has explicit authority to investigate any matter within its terms of reference, full access to and co-operation of the Management, full discretion to invite any persons including a Director or an employee of the Group to attend its meeting, and reasonable resources to enable it to discharge its functions properly.

The AC holds meetings periodically and has been entrusted with the following functions:

(a) review our financial and operating results and accounting policies;

(b) review the audit plans of our Company's external auditors and/or internal auditors (where applicable), the scope of work and the results of our auditors' review and evaluation of our internal accounting control systems (including reviewing management letters and management responses);

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(c) evaluating our internal accounting control systems and ensuring coordination between the external auditors, the internal auditors and our management, and review the assistance given by our management to the auditors, and discuss problems and concerns, if any, arising from audits, and any matters which the auditors may wish to discuss (in the absence of our management, where necessary);

(d) review our external auditors' reports;

(e) review the cooperation given by our Company's officers to the external auditors;

(f) review the half yearly and annual, and quarterly (if applicable) financial statements of our Company and our Group and the results announcements before the submission to our Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Listing Manual and any other relevant statutory or regulatory requirements;

(g) review and evaluate our administrative, operating and internal accounting and financial control procedures;

(h) review and make recommendation to our Board on the nomination of external auditors and internal auditors for appointment or re-appointment and matters relating to the resignation or dismissal of the external auditors and internal auditors;

(i) review interested person transactions falling within Chapter 9 of the Listing Manual, if any;

(j) review and discuss with our external auditors and internal auditors any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on our Group's operating results or financial position and our management's response;

(k) review any potential conflicts of interest;

(l) review our key financial risk areas, with a view to providing an independent oversight on our Group's financial reporting, the outcome of such review will be disclosed in the annual reports or if the findings are material, to be immediately announced via SGXNET;

(m) review and recommend hedging policies and instruments, if any, to be implemented by our Company to our Directors;

(n) undertake such reviews and projects as may be requested by our Board and report to our Board its findings from time to time on matters arising and requiring the attention of our Audit Committee;

(o) generally undertake such other functions and duties which may be required by statute or the rules of the Listing Manual, and by such amendments made thereto from time to time;

(p) reviewing the suitability of our CFO; and

(q) review, on an annual basis, whether or not to exercise the Kakao GmbH Call Option.

CORPORATE GOVERNANCE REPORT

The AC will meet with the external auditors without the presence of the Management at least once in every financial year.

The AC takes measures to keep abreast of the changes to accounting standards and issues which have a direct impact on financial statements, with updates being given by the external and internal auditors.

The AC constantly bears in mind the need to maintain a balance between the independence and objectivity of the external auditors and the work carried out by the external auditors based on value for money consideration. During the financial year under review, the aggregate amount of fees paid to the external auditors of the Company for the audit and non-audit services are disclosed in Note 19 to the financial statements in this Annual Report.

The AC has also reviewed the scope and quality of the external auditors' work before recommending the external auditors to the Board for re-appointment. After taking into account that the resources and experience of BDO LLP and the audit engagement partner assigned to the audit, BDO LLP's other audit engagements, the size and complexity of the audit for the Group as well as the number and experience of the staff assigned by BDO LLP for the audit, the AC is of the opinion that BDO LLP's independence has not been compromised and is able to meet its audit obligations.

The AC has recommended and the Board approves the nomination for re-appointment of BDO LLP as external auditors of the Company at the forthcoming Annual General Meeting.

The auditors of the Company's subsidiaries are disclosed in Note 7 to the financial statements in this Annual Report. BDO LLP was appointed in FY2014 to audit the accounts of the Company and JB Foods Global Pte Ltd while BDO Malaysia was appointed in FY2014 to audit the accounts of JB Cocoa Sdn Bhd and Allegis NPD Sdn Bhd.

In appointing the audit firms for the Group, the AC is satisfied that the Company has complied with Rules 712 and 715 of the Listing Manual of SGX-ST.

The Company has put in place a whistle-blowing policy, which provides for the mechanisms by which employees and other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, with the objective of ensuring that arrangements are in place for the independent investigation of such matters for appropriate follow-up action. Details of the whistle-blowing policy and arrangements have been made available to all employees of the Company.

There were no reported incidents pertaining to whistle-blowing for FY2014.

CORPORATE GOVERNANCE REPORT

INTERNAL AUDIT

Principle 13: The Company should establish an internal audit function that is independent of the activities it audits.

The Board acknowledges that it is responsible for maintaining an internal audit function independent of the activities it audits. The Company has appointed Yang Lee & Associates to perform such internal audit functions ("**Internal Auditors**"). Yang Lee & Associates is not the external auditor of the Company and the AC noted that the internal audits conducted by the Internal Auditors meet the standards set out by the Institute of Internal Auditors.

The Internal Auditors have unfettered access to all the Company's documents, records, properties and personnel, including access to the AC.

The Internal Auditors shall remain independent of the Management and will report to the Chairman of the AC on any material weaknesses and risks identified in the course of the audit which will also be communicated to Management. The Management will accordingly update the AC on the status of the remedial action plans. To ensure the adequacy of the internal audit function, the AC reviews the Internal Auditors' scope of work on an annual basis. The AC is satisfied with the adequacy and effectiveness of the current internal audit function. The AC also believes that the system of internal controls and risk management systems maintained by the Company is adequate to safeguard Shareholders' investment and the Company's assets.

SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder Rights

The Shareholders are treated fairly and equitably to facilitate the exercise of their ownership rights. Written policies and procedures are implemented to ensure that there is adequate disclosure of development in the Group in accordance with the Listing Manual of the SGX-ST.

Any notice of a general meeting of Shareholders is issued at least 14 days before the scheduled date of such meeting.

Principle 15: Communication with shareholders

The Board is mindful of its obligations to provide timely disclosure of material information to shareholders of the Company and does so through:

- Annual reports issued to all shareholders of the Company. Non-shareholders may access the SGXNET website for the Company 's annual reports;
- Quarterly results announcements of its financial statements on the SGXNET;
- Other announcements on the SGXNET; and
- Press releases on major developments regarding the Group.

CORPORATE GOVERNANCE REPORT

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate. Notwithstanding the foregoing, any pay-out of dividends would be clearly communicated to Shareholders via announcements released on SGXNET.

Principle 16: Conduct of Shareholder Meetings

The Company is committed to regular and proactive communication with its shareholders in line with continuous disclosure obligations of the Company under the Listing Rules of SGX-ST. Pertinent information will be disclosed to shareholders in a timely, fair and equitable manner. The Company does not practise selective disclosure. Price sensitive information is first publicly released before the Company meets with any group of investors or analysts.

Pertinent information is communicated to shareholders through:

1) Quarterly results announcements which are published on the SGXNET and in news releases;

2) The Company's annual reports that are prepared and issued to all shareholders;

3) Notices of and explanatory memoranda, for AGMs and extraordinary general meetings; and

4) Press releases on major developments of the Group.

Shareholder meetings are the principal forum for communication with shareholders. Annual Reports and notices of the AGMs or any other shareholder meetings (as the case may be) are sent to all shareholders. The members of the AC, NC, RC and Risk Committee will be present at AGMs to answer questions relating to the work of these committees. The external auditors will also be present to assist the Directors in addressing any relevant queries by shareholders. The Board welcomes the views of shareholders on matters affecting the Company, whether at shareholders' meetings or on an ad hoc basis.

The Company's Articles of Association allow a shareholder of the Company to appoint one proxy to attend and vote on behalf of the shareholder at shareholder meetings.

ADDITIONAL INFORMATION

Dealing in Securities

In compliance with Rule 1207(19) of the Listing Manual of the SGX-ST, the Group issues quarterly reminders to its Directors, officers and employees on the restrictions in dealing in the Company's securities during the period commencing (i) two weeks prior to the announcement of financial results of each of the first three quarters of the financial year, and (ii) one month before the announcement of full year results, and ending on the date of such announcements.

Directors, officers and employees are also reminded not to trade in the Company's securities at any time while in possession of unpublished price sensitive information and to refrain from dealing in the Company's securities on short-term considerations.

CORPORATE GOVERNANCE REPORT

Interested Person Transactions

The Company has established procedures to ensure that all transactions with interested person transactions are reported on a timely manner to the AC and that the transactions are carried out on normal commercial terms and shall not be prejudicial to the interests of the Company and its minority shareholders. When a potential conflict of interest arises, the Director concerned takes no part in discussions nor exercises any influence over other members of the Board.

In compliance with Rule 907 of the SGX-ST's Listing Manual, the aggregate value of recurrent interested persons transactions of revenue or trading nature conducted during the FY2014 were as follows:

Interested Person	**Aggregate value of all interested person transactions entered into during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under the shareholders' mandate pursuant to Rule 920 of the Listing Manual**	**Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than S$100,000)**
	FY2014 RM'000	**FY2014 RM'000**
PT Jebe Koko		
– Purchase of cocoa ingredients	–	280,412
– Sales of cocoa ingredients	–	251
Guan Chong Cocoa Manufacturer Sdn Bhd		
– Purchase of cocoa ingredients	–	879
Total	–	281,542

Material Contracts

There were no material contracts entered into by the Company or any of its subsidiaries involving the interests of any director or controlling shareholder during the year under review.

CORPORATE GOVERNANCE REPORT

Use of Proceeds from the Rights Issue

As at the date of this Annual Report, a total of approximately S$17 million of the proceeds of the Rights Issue has been utilised.

The details on the use of proceeds of the Rights Issue as at the date of this Annual Report is as follows:

Use of Proceeds	Amount Allocated (S$'million)	Amount Utilised (S$'million)
Funding the proposed acquisition of PT Jebe Koko	11.6	–
Capital expenditure and general working capital requirements	17.0	17.0
Total	28.6	17.0

The breakdown of how the Rights Issue proceeds were utilised for capital expenditure and general working capital is as follows:

Use of Proceeds	(S$'million)
Payment of professional/operating expenses	0.5
Payments to suppliers	8.7
Payment of borrowings	7.8
Total	17.0

REPORT OF THE DIRECTORS

The directors of the Company present their report to the members together with the audited financial statements of JB Foods Limited (the "Company") and its subsidiaries (the "Group") for the financial year ended 31 December 2014 and the statement of financial position of the Company as at 31 December 2014.

1. Directors

The directors of the Company in office at the date of this report are as follow:

Tey How Keong
Goh Lee Beng
Goi Seng Hui
Chua Cheow Khoon Michael
Leow Wee Kia Clement
Loo Wen Lieh
Chin Koon Yew (Appointed on 18 February 2014)

2. Arrangements to enable directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

3. Directors' interests in shares or debentures

The directors of the Company holding office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50 (the "**Act**"), except as follows:

Name of directors and companies in which interests are held	**Shareholdings registered in the name of director**		**Shareholdings in which director is deemed to have an interest**	
	Balance at 1 January 2014 or date of appointment, if later	**Balance at 31 December 2014**	**Balance at 1 January 2014 or date of appointment, if later**	**Balance at 31 December 2014**
Immediate and ultimate holding company				
(Number of ordinary shares)				
Tey How Keong	270,000	270,000	–	–
Goh Lee Beng	105,000	105,000	–	–
Company				
(Number of ordinary shares)				
Tey How Keong	1,000,000	1,500,000	244,800,000	358,200,000
Goh Lee Beng	–	1,642,000	244,800,000	358,200,000
Goi Seng Hui	–	–	80,000,000	129,000,000

REPORT OF THE DIRECTORS

3. Directors' interests in shares or debentures (Continued)

By virtue of Section 7 of the Act, Tey How Keong and Goh Lee Beng are deemed to have an interest in the shares of all of the related corporations of the Company at the end of the financial year. Tey How Keong is deemed to be interested in the shares held by his wife, Goh Lee Beng, and vice versa.

In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"), the directors of the Company state that, according to the Register of Directors' shareholdings, the Directors' interests as at 21 January 2015 in the shares of the Company have not changed from those disclosed as at 31 December 2014, except for Goh Lee Beng whose direct interests in the Company has increased to 2,087,000.

4. Directors' contractual benefits

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Act, by reason of a contract made by the Company or by a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except for salaries, bonuses and other benefits as disclosed in the financial statements. Certain directors received remuneration from related corporations in their capacity as directors and/or executives of those related corporations.

5. Share options

There were no share options granted by the Company or its subsidiaries during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares under option in the Company or its subsidiaries as at the end of the financial year.

6. Audit committee

The audit committee comprises the following members, who are the Independent directors at the date of the report:

Chua Cheow Khoon Michael (Chairman)
Leow Wee Kia Clement
Chin Koon Yew

REPORT OF THE DIRECTORS

6. Audit committee (Continued)

The audit committee has carried out its functions in accordance with Section 201B (5) of the Act, and the Code of Corporate Governance, including reviewing the following, where relevant, with the executive directors and external and internal auditors of the Company:

(i) the audit plans of internal and external auditors and the results of the internal auditors examination and evaluation of the Company's system of internal accounting control;

(ii) the Group's and the Company's financial and operating results and accounting policies;

(iii) the consolidated financial statements of the Group and the statement of financial position of the Company and the external auditor's report on those financial statements before their submission to the directors of the Company;

(iv) the quarterly, half-yearly and annual announcements as well as the related press releases on the results of the Group and financial position and changes in equity of the Company and the Group;

(v) the co-operation and assistance given by the management to the Company's external and internal auditors;

(vi) the re-appointment of the external and internal auditors; and

(vii) the Interested Person Transactions as defined in Chapter 9 of the Listing Manual of the SGX-ST as is required by SGX-ST and ensures that the transactions were on normal commercial terms and not prejudicial to the interests of the members of the Company.

The audit committee confirmed that it has undertaken a review of all non-audit services provided by the external auditors to the Group and is satisfied that the nature and extent of such services would not affect the independence of the external auditors.

The audit committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the audit committee.

The audit committee has recommended to the Board of directors the nomination of BDO LLP for re-appointment as external auditors of the Company at the forthcoming Annual General Meeting of the Company.

REPORT OF THE DIRECTORS

7. Auditor

The auditor, BDO LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

Tey How Keong	**Goh Lee Beng**
Director	Director

Singapore
24 March 2015

STATEMENT BY DIRECTORS

In the opinion of the Board of Directors,

(a) the consolidated financial statements of the Group and the statement of financial position of the Company together with the notes thereon are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014, and of the results, changes in equity and cash flows of the Group for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

Tey How Keong
Director

Goh Lee Beng
Director

Singapore
24 March 2015

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF JB FOODS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of JB Foods Limited (the "**Company**") and its subsidiaries (the "**Group**") as set out on pages 44 to 106 which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2014, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and of the results, changes in equity and cash flows of the Group for the financial year ended on that date.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF JB FOODS LIMITED

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by the subsidiary incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

BDO LLP
Public Accountants and
Chartered Accountants

Singapore
24 March 2015

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Non-current assets					
Intangible assets	4	**1,085**	425	**–**	–
Property, plant and equipment	5	**117,917**	108,802	**–**	–
Prepaid lease payments	6	**5,702**	6,268	**–**	–
Investments in subsidiaries	7	**–**	–	**231,388**	173,792
Other receivables	9	**–**	–	**31,818**	–
		124,704	115,495	**263,206**	173,792
Current assets					
Inventories	8	**247,292**	202,438	**–**	–
Trade and other receivables	9	**120,068**	97,355	**23,750**	45,880
Prepayments		**877**	159	**302**	–
Derivative financial instruments	12	**259**	–	**–**	–
Current income tax recoverable		**5,018**	6,286	**–**	–
Cash and cash equivalents	10	**112,343**	65,451	**39,498**	129
		485,857	371,689	**63,550**	46,009
Less:					
Current liabilities					
Trade and other payables	11	**40,693**	25,759	**32,077**	220
Derivative financial instruments	12	**617**	2,437	**–**	–
Bank borrowings	13	**358,744**	279,835	**–**	–
Income tax payable		**424**	30	**–**	1
		400,478	308,061	**32,077**	221
Net current assets		**85,379**	63,628	**31,473**	45,788
Less:					
Non-current liability					
Deferred tax liabilities	14	**80**	75	**–**	–
Net assets		**210,003**	179,048	**294,679**	219,580
Capital and reserves					
Share capital	15	**288,325**	214,743	**288,325**	214,743
Other reserves	16	**(69,747)**	(72,078)	**–**	–
(Accumulated losses)/Retained earnings		**(8,609)**	36,383	**6,354**	4,837
Equity attributable to owners of the parent		**209,969**	179,048	**294,679**	219,580
Non-controlling interests		**34**	–	**–**	–
Total equity		**210,003**	179,048	**294,679**	219,580

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2014

	Note	2014 RM'000	2013 RM'000
Revenue	17	**730,223**	611,208
Cost of sales		**(746,677)**	(649,921)
Gross loss		**(16,454)**	(38,713)
Other items of income			
Interest income		**145**	127
Other items of expense			
Selling and distribution expenses		**(9,745)**	(8,697)
Administrative expenses		**(10,578)**	(8,386)
Other expenses		**(1,185)**	(814)
Other losses, net		**(1,315)**	(7,933)
Finance costs	18	**(5,459)**	(3,501)
Loss before income tax	19	**(44,591)**	(67,917)
Income tax (expense)/credit	20	**(405)**	14,697
Loss for the financial year		**(44,996)**	(53,220)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences		**2,332**	187
Other comprehensive income for the financial year, net of tax		**2,332**	187
Total comprehensive income for the financial year		**(42,664)**	(53,033)
Loss attributable to:			
Owners of the parent		**(44,992)**	(53,220)
Non-controlling interests		**(4)**	–
		(44,996)	(53,220)
Total comprehensive income attributable to:			
Owners of the parent		**(42,661)**	(53,033)
Non-controlling interests		**(3)**	–
		(42,664)	(53,033)
Loss per share			
– Basic and diluted (in sen)	21	**(8.63)**	(11.31)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2014

	Note	Share capital RM'000	Merger reserve RM'000	Foreign currency translation reserve RM'000	(Accumulated losses)/ Retained earnings RM'000	Equity attributable to owners of the parent RM'000	Non-controlling interests RM'000	Total equity RM'000
Group								
Balance as at 1 January 2014		214,743	(72,262)	184	36,383	179,048	–	179,048
Loss for the financial year		–	–	–	(44,992)	(44,992)	(4)	(44,996)
Other comprehensive income for the financial year								
Foreign currency translation differences, net of tax		–	–	2,331	–	2,331	1	2,332
Total comprehensive income for the financial year		–	–	2,331	(44,992)	(42,661)	(3)	(42,664)
Contributions by and distributions to owners								
Issuance of ordinary shares, net	15	73,582	–	–	–	73,582	37	73,619
Total transactions with owners		73,582	–	–	–	73,582	37	73,619
Balance as at 31 December 2014		288,325	(72,262)	2,515	(8,609)	209,969	34	210,003

The accompanying notes form an integral part of these financial statements.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2014

	Note	Share capital RM'000	Merger reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Equity attributable to owners of the parent RM'000
Group						
Balance as at 1 January 2013		160,717	(72,262)	(3)	101,413	189,865
Loss for the financial year		–	–	–	(53,220)	(53,220)
Other comprehensive income for the financial year						
Foreign currency translation differences, net of tax		–	–	187	–	187
Total comprehensive income for the financial year		–	–	187	(53,220)	(53,033)
Contributions by and distributions to owners of the parent						
Issuance of ordinary shares, net	15	54,026	–	–	–	54,026
Dividends	22	–	–	–	(11,810)	(11,810)
Total transactions with owners of the parent		54,026	–	–	(11,810)	42,216
Balance as at 31 December 2013		214,743	(72,262)	184	36,383	179,048

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 December 2014

	2014 RM'000	2013 RM'000
Operating activities		
Loss before income tax	**(44,591)**	(67,917)
Adjustments for:		
Amortisation of intangible assets	**94**	42
Amortisation of prepaid lease payments	**566**	588
Depreciation of property, plant and equipment	**7,728**	7,747
Fair value (gain)/loss on derivative financial instruments	**(2,079)**	2,435
Interest expense	**5,459**	3,501
Interest income	**(145)**	(127)
Loss on disposal of property, plant and equipment	**74**	19
Inventories written down	**6,152**	23,188
Unrealised loss on foreign exchange	**3,242**	2,842
Operating cash flows before working capital changes	**(23,500)**	(27,682)
Inventories	**(51,006)**	(55,893)
Trade and other receivables	**(22,713)**	(1,603)
Prepayments	**(718)**	(58)
Trade and other payables	**15,794**	(30,087)
Cash used in operations	**(82,143)**	(115,323)
Income tax refund/(paid)	**1,256**	(1,898)
Net cash used in operating activities	**(80,887)**	(117,221)
Investing activities		
Proceeds from disposal of property, plant and equipment	**59**	9
Purchase of intangible assets	**(701)**	(462)
Purchase of property, plant and equipment	**(17,838)**	(10,641)
Payment of prepaid leases	**–**	(1,004)
Interest received	**145**	127
Net cash used in investing activities	**(18,335)**	(11,971)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 December 2014

	Note	2014 RM'000	2013 RM'000
Financing activities			
Drawdown of borrowings		**838,263**	654,179
Repayments of borrowings		**(759,354)**	(550,326)
Dividends paid		**–**	(11,810)
Interest paid		**(5,459)**	(3,501)
Proceeds from issue of shares, net		**73,582**	54,026
Proceeds from issuance of shares to non-controlling interests		**37**	–
Net cash from financing activities		**147,069**	142,568
Net change in cash and cash equivalents		**47,847**	13,376
Cash and cash equivalents at beginning of financial year		**65,451**	50,772
Effects of exchange rate changes		**(955)**	1,303
Cash and cash equivalents at end of financial year	10	**112,343**	65,451

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General

JB Foods Limited (the "Company") (Registration Number 201200268D) is a public company limited by shares, incorporated and domiciled in the Republic of Singapore. The Company's registered office address is at 80 Robinson Road #17-02 Singapore 068898. The principal place of business is at Lot CP1, Jalan Tanjung A/6, Pelabuhan Tanjung Pelepas, 81560 Gelang Patah, Johor, Malaysia. The Company is listed on Singapore Exchange Securities Trading Limited on 23 July 2012.

The Company's immediate and ultimate holding company is JB Cocoa Group Sdn Bhd, a company incorporated in Malaysia.

The principal activity of the Company is that of an investment holding company.

The principal activities of the subsidiaries are set out in Note 7 to the financial statements.

The statement of financial position of the Company and the consolidated financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2014 were authorised for issue in accordance with a Directors' resolution dated 24 March 2015.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards ("FRS") including related Interpretations of FRS (INT FRS) and are prepared under the historical cost convention, except as disclosed in the accounting policies below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Ringgit Malaysia ("RM") which is the functional currency of the Company and the presentation currency for the consolidated financial statements and all values presented are rounded to the nearest thousand ("RM'000") as indicated.

The preparation of financial statements in compliance with FRS requires the management to make judgements, estimates and assumptions that affect the Group's application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on the management's best knowledge of current events and actions, actual results may differ from those estimates. The areas where such judgements or estimates have the most significant effect on the financial statements are disclosed in Note 3.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

In the current financial year, the Group has adopted all the new or revised FRS and INT FRS that are relevant to its operations and effective for the current financial year. The adoption of these new or revised FRS and INT FRS did not result in changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years except as detailed below.

FRS 110 Consolidated Financial Statements and FRS 27 (Revised) Separate Financial Statements

FRS 110 introduces a single new control model, as the basis for determining which entities are consolidated in the Group's financial statements. Under FRS 110, control exists when the Group has:

– power over an investee;
– exposure, or rights, to variable returns from the investee; and
– the ability to use its power over an investee to affect the Group's returns from the investee.

The Group has applied FRS 110 retrospectively, in accordance with the transitional provisions of FRS 110 and changed its accounting policy for determining whether it has control over an entity and whether it is required to consolidate that interest. The adoption of FRS 110 did not result in any changes to the control conclusions reached by the Group in respect of its involvement with other entities as at the date of initial adoption on 1 January 2014. The adoption of FRS 27 (Revised) did not result in any material changes to the Group's or the Company's financial statements.

FRS 112 Disclosure of Interests in Other Entities

FRS 112 prescribes comprehensive disclosure requirements for all types of interests in other entities. It requires an entity to disclose information that helps users to assess the nature and financial effects of relationships with subsidiaries, associates, joint arrangements and unconsolidated structured entities. As the new standard affects only disclosure, there is no effect on the Group's financial position or performance. Certain new disclosures are included in these financial statements following adoption of FRS 112 on 1 January 2014.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

FRS and INT FRS issued but not yet effective

At the date of authorisation of these financial statements, the following FRS that are relevant to the Group were issued but not yet effective, and have not been adopted early in these financial statements:

		Effective date (annual periods beginning on or after)
FRS 1 (Amendments)	: Disclosure Initiative	1 January 2016
FRS 16 and FRS 38 (Amendments)	: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
FRS 19 (Amendments)	: Defined Benefits Plans: Employee Contributions	1 July 2014
FRS 27 (Amendments)	: Equity Method in Separate Financial Statements	1 January 2016
FRS 109	: Financial Instruments	1 January 2018
FRS 110 and FRS 28 (Amendments)	: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
FRS 111 (Amendments)	: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
FRS 115	: Revenue from Contracts with Customers	1 January 2017
Improvements to FRSs (January 2014)		
– FRS 16 (Amendments)	: Property, Plant and Equipment	1 July 2014
– FRS 24 (Amendments)	: Related Party Disclosures	1 July 2014
– FRS 38 (Amendments)	: Intangible Assets	1 July 2014
– FRS 102 (Amendments)	: Share-based payment	1 July 2014
– FRS 103 (Amendments)	: Business Combinations	1 July 2014
– FRS 108 (Amendments)	: Operating Segments	1 July 2014
Improvements to FRSs (February 2014)		
– FRS 103 (Amendments)	: Business Combinations	1 July 2014
– FRS 113 (Amendments)	: Fair Value Measurement	1 July 2014
Improvements to FRSs (November 2014)		
– FRS 19 (Amendments)	: Employee Benefits	1 July 2016
– FRS 105 (Amendments)	: Non-current Assets Held for sale and Discontinued Operations	1 January 2016
– FRS 107 (Amendments)	: Financial Instruments: Disclosures	1 January 2016

Consequential amendments were also made to various standards as a result of these new/revised standards.

Except as disclosed below, management anticipates that the adoption of the above FRS in future periods, if applicable, will not have a material impact on the financial statements of the Group in the period of their initial adoption.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

FRS and INT FRS issued but not yet effective (Continued)

FRS 109 Financial Instruments

FRS 109 supersedes FRS 39 *Financial Instruments: Recognition and Measurement* with new requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Under FRS 109, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for certain equity investments, for which the Group will have a choice to recognise the gains and losses in other comprehensive income. A third measurement category has been added for debt instruments – fair value through other comprehensive income. This measurement category applies to debt instruments that meet the Solely Payments of Principal and Interest contractual cash flow characteristics test and where the Group is holding the debt instrument to both collect the contractual cash flows and to sell the financial assets.

FRS 109 carries forward the recognition, classification and measurement requirements for financial liabilities from FRS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, FRS 109 retains the requirements in FRS 39 for de-recognition of financial assets and financial liabilities.

FRS 109 introduces a new forward-looking impairment model based on expected credit losses to replace the incurred loss model in FRS 39. This determines the recognition of impairment provisions as well as interest revenue. For financial assets at amortised cost or fair value through other comprehensive income, the Group will now always recognise (at a minimum) 12 months of expected losses in profit or loss. Lifetime expected losses will be recognised on these assets when there is a significant increase in credit risk after initial recognition.

FRS 109 also introduces a new hedge accounting model designed to allow entities to better reflect their risk management activities in their financial statements.

The Group plans to adopt FRS 109 in the financial year beginning on 1 January 2018 with retrospective effect in accordance with the transitional provisions. There may be a potentially significant impact on the accounting for financial instruments on initial adoption. Due to the recent release of this standard, the Group has not yet made a detailed assessment of the impact of this standard, however the Group will be required to reassess the classification and measurement of financial assets and the new impairment requirements are expected to result in changes for impairment provisions on trade receivables and other financial assets not measured at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

FRS and INT FRS issued but not yet effective (Continued)

FRS 115 Revenue from Contracts with Customers

FRS 115 introduces a comprehensive model that applies to revenue from contracts with customers and supersedes all existing revenue recognition requirements under FRS. The model features a five-step analysis to determine whether, how much and when revenue is recognised, and two approaches for recognising revenue: at a point in time or over time. The core principle is that an entity recognises revenue when control over promised goods or services is transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FRS 115 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

On initial adoption of this standard there may be a potentially significant impact on the timing and profile of revenue recognition of the Group. Due to the recent release of this standard, the Group has not yet made a detailed assessment of the impact of this standard. The Group plans to adopt the standard in the financial year beginning on 1 January 2017 with either full or modified retrospective effect in accordance with the transitional provisions, and will include the required additional disclosures in its financial statements for that financial year.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which that control ceases, as appropriate.

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised losses may be an impairment indicator of the asset concerned.

The financial statements of the subsidiaries are prepared for the same reporting date as that of the Company, using consistent accounting policies. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

Non-controlling interests in subsidiaries relate to the equity in subsidiaries which is not attributable directly or indirectly to the owners of the parent. They are shown separately in the consolidated statements of comprehensive income, financial position and changes in equity.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

Non-controlling interests in the acquiree that are a present ownership interest and entitle its holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value, of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in its subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of subsidiaries, it derecognises the assets and liabilities of the subsidiaries and any non-controlling interests. The profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

In the separate financial statements of the Company, investments in subsidiaries are carried at cost, less any impairment loss that has been recognised in profit or loss.

Acquisition of entities under common control

Business combination arising from the transfers of interest in entities that are under common control are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established. For this purpose, comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group's controlling shareholder's financial statements. The components of equity of the acquired entities are added to the same components within the Group equity. Any difference between the cash paid for the acquisition and share capital of acquiree is recognised directly to equity.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

2. Summary of significant accounting policies (Continued)

2.3 Intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense for intangible assets with finite useful lives is recognised in profit or loss through the 'amortisation of intangible assets' line item.

Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Computer software licenses

Acquired computer software licences are initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable costs of preparing the software for its intended use. Direct expenditure which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured is added to the original cost of the software. Costs associated with maintaining the computer software are recognised as an expense as incurred.

Computer software licences are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful life of 5 years.

The useful life and amortisation method are reviewed at each financial year-end to ensure that the period of amortisation and amortisation method are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the computer software.

Software under development represent items of system under development, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises direct costs of development during the period of development. Software under development is reclassified to appropriate category of intangible assets when it is completed and ready for use with amortisation commencing thereafter.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

2. Summary of significant accounting policies (Continued)

2.4 Property, plant and equipment

Property, plant and equipment are initially recognised at cost.

The cost includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in a manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Subsequent expenditure on an item of property, plant and equipment that has already been recognised is added to the carrying amount of the item when it is probable that the future economic benefits associated with the item will flow to the Group, and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

Property, plant and equipment are subsequently stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate the depreciable amounts of the property, plant and equipment over their estimated useful lives. The principal annual rates of depreciation used are as follows:

Factory buildings	
– factory buildings	2%
– renovation and safety	10%
Plant and machinery, tools and equipment	
– plant and equipment	5%
– crane and laboratory	8%
– factory equipment	10%
– pallet	20%
Office equipment, furniture and fittings	
– furniture and fittings, office equipment, telecommunication and data line	10%
– computers and signboard	20%
Motor vehicles	
– forklift	8%
– motor vehicle	12.5%-20%

Capital work-in-progress represents items of property, plant and equipment under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction during the period of construction. Capital work-in-progress is reclassified to the appropriate category of property, plant and equipment when it is completed and ready for use with depreciation commencing thereafter.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

2. Summary of significant accounting policies (Continued)

2.4 Property, plant and equipment (Continued)

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, estimated useful lives and depreciation method are reviewed and adjusted as appropriate at the end of each financial year.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.5 Prepaid lease payments

Prepaid lease payments represent the lump sum payment for the sub-lease of land. The amount is charged to profit or loss using the straight line basis over their respective lease periods.

2.6 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is calculated using the “weighted average” method and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of work-in-progress and finished goods, cost includes direct materials, direct labour and attributable production overheads.

Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Where necessary, allowance is made for obsolete, slow-moving and defective inventories to adjust the carrying values of those inventories to the lower of cost and net realisable value.

2.7 Impairment of non-financial assets

At the end of each financial year, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

2. Summary of significant accounting policies (Continued)

2.7 Impairment of non-financial assets (Continued)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.8 Financial Instruments

Financial assets and financial liabilities are recognised on the statements of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss and loans and receivables. The classification depends on the nature and purpose for which the assets were acquired and is determined at the time of initial recognition.

All financial assets are initially recognised at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially recognised at fair value.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

2. Summary of significant accounting policies (Continued)

2.8 Financial Instruments (Continued)

Financial assets (Continued)

Financial assets at fair value through profit or loss ("FVTPL")

Financial assets are classified as FVTPL if the financial asset is either held for trading or is designated as such upon initial recognition.

A financial asset is classified as held for trading if it has been acquired principally for the purpose of selling in the short term; or if it is part of an identified portfolio of financial instruments with a recent actual pattern of short-term profit-taking and which is managed by the Group; or if it is a derivative that is not designated and effective as a hedging instrument. The Group has not designated any financial assets as FVTPL upon initial recognition.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

Loans and receivables

Non-derivative financial assets which have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost, using the effective interest method, less impairment. Interest is recognised using the effective interest method, except for short-term receivables when the recognition of interest would be immaterial. The Group's loans and receivables in the statements of financial position comprise trade and other receivables (excluding advances to suppliers) and cash and cash equivalents.

Impairment of financial assets

Financial assets, other than FVTPL, are assessed for indicators of impairment at the end of each financial year. Financial assets are impaired where there is objective evidence that the estimated future cash flows of the assets have been impacted.

Loans and receivables

An allowance for impairment of loans and receivables is recognised when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

2. Summary of significant accounting policies (Continued)

2.8 Financial Instruments (Continued)

Financial assets (Continued)

Loans and receivables (Continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed either directly or by adjusting on allowance account. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

Derecognition of financial assets

The Group derecognises financial assets only when the contractual rights to the cash flows from the assets expire or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset, any difference between the carrying amount and the sum of proceeds received and amounts previously recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an entity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received net of direct issue costs.

Ordinary shares are classified as equity and recognised at the fair value of the consideration received. Incremental costs directly attributable to the issuance of new equity instruments are shown in the equity as a deduction from the proceeds.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

2. Summary of significant accounting policies (Continued)

2.8 Financial Instruments (Continued)

Financial liabilities and equity instruments (Continued)

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss ("FVTPL") or other financial liabilities.

Financial liabilities are classified as at FVTPL if the financial liability is either held for trading, including derivatives not designated and effective as a hedging instrument; or it is designated as such upon initial recognition. The Group has not designated any financial liabilities as FVTPL upon initial recognition.

Other financial liabilities

Trade and other payables

Trade and other payables are initially recognised at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method.

Bank borrowings

Bank borrowings are initially recognised at fair value, net of transaction costs incurred. Bank borrowings are subsequently stated at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to profit or loss over the period of the bank borrowings using the effective interest method.

Bank borrowings which are due to be settled within 12 months after the end of the reporting period are presented as current borrowings even though the original terms were for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of the reporting period and before the financial statements are authorised for issue. Other bank borrowings due to be settled more than 12 months after the end of the reporting period are presented as non-current borrowings in the statement of financial position.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligation is discharged, cancelled or they expired. The difference between the carrying amount and the consideration paid is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

2. Summary of significant accounting policies (Continued)

2.8 Financial Instruments (Continued)

Derivative financial instruments

Derivative financial instruments held by the Group are recognised as assets or liabilities on the statements of financial position and classified as financial assets or financial liabilities at the fair value through profit or loss.

The Group uses derivative financial instruments such as forward currency contracts and derivative commodity contracts to hedge its risks associated with foreign currency and commodity prices. Such derivative financial instruments are initially recognised at fair value at the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivative financial instruments that do not qualify for hedge accounting are taken to profit or loss for the financial year.

The fair value of forward currency contracts and derivative commodity contracts are calculated by reference to contracts with similar maturity profile. The Group has not designated any of its derivatives as hedging instruments in the current or previous financial year. Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

2.9 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash and bank balances and short-term deposits.

2.10 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services rendered in the ordinary course of business. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Revenue is presented, net of rebates, discounts and sales related taxes.

Revenue from sale of goods is recognised when goods are delivered to and accepted by the customer and the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably.

Interest income is recognised on a time-proportion basis using the effective interest method.

Retal income from operating leases is recognised on a straight line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

2. Summary of significant accounting policies (Continued)

2.11 Research and development expenditure

Research costs are recognised in profit or loss as incurred. Deferred development costs arising from development expenditure on an individual product/project is recognised as an intangible asset only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and ability to measure reliably the expenditure during the development.

After initial recognition of development expenditure as an intangible asset, it is stated at cost less accumulated amortisation and impairment loss, if any.

2.12 Leases

Operating Leases

Rentals payable under operating leases (net of any incentives received from lessors) are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Rental income from operating leases (net of any incentives given to leases) is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which user benefit derived from the leased asset is diminished.

2.13 Employee benefits

Retirement benefits costs

Payments to defined contribution plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution plan.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated undiscounted liability for unutilised annual leave expected to be settled wholly within 12 months from the reporting date as a result of services rendered by employees up to the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

2. Summary of significant accounting policies (Continued)

2.14 Borrowing costs

Borrowing costs comprise interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are being incurred. Borrowing costs are capitalised until the assets are ready for their intended use. All other borrowing costs are recognised in profit or loss in the period in which they are incurred using the effective interest method.

2.15 Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from the profit reported as profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is recognised at the amount expected to be paid or recovered from the tax authorities and is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the financial year.

Current income taxes are recognised in profit or loss, except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

2. Summary of significant accounting policies (Continued)

2.15 Taxes (Continued)

Deferred tax (Continued)

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profits will be available against which the temporary difference can be utilised.

Deferred tax is recognised in profit or loss, except when it relates to items recognised outside profit or loss, in which case the tax is also recognised either in other comprehensive income or directly in equity, or where it arises from the initial accounting for a business combination. Deferred tax arising from a business combination, is taken into account in calculating goodwill on acquisition.

2.16 Foreign currency transactions and translation

In preparing the financial statements of the individual entities, transactions in a currency other than the entity's functional currency ("foreign currencies") are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are re-translated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences arising on the settlement of monetary items and on retranslation of monetary items are recognised in profit or loss for the period. Exchange differences arising on the re-translation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

2. Summary of significant accounting policies (Continued)

2.16 Foreign currency transactions and translation (Continued)

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Ringgit Malaysia using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, are recognised initially in other comprehensive income and accumulated in the Group's foreign currency translation reserve.

On disposal of a foreign operation, the accumulated foreign currency translation reserve relating to that operation is reclassified to profit or loss.

2.17 Financial guarantee

The Company has issued corporate guarantees to banks for facilities provided to the subsidiaries. These guarantees are financial guarantee contracts as they require the Company to make payments to the banks if the subsidiaries fail to fulfill their obligations relating to the facilities utilised in accordance with the terms of their facilities.

Financial guarantee contracts are initially recognised at their fair value plus transaction costs.

Financial guarantee contracts are subsequently amortised to profit or loss over the period of the borrowings or other facilities utilised, unless the Company has incurred an obligation to make payments to banks for an amount higher than the unamortised amount, in which case the financial guarantee contracts are carried at the expected amount payable to the banks.

2.18 Dividends

Equity dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by the shareholders.

2.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors and the chief executive officer who make strategic decisions.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in Note 2, management made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be reasonable under the circumstances. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgements made in applying the accounting policies

The following are the critical judgements, apart from those involving estimations (see below) that management has made in the process of applying the Group's accounting policies and which have a significant effect on the amounts recognised in the financial statements.

(i) Impairment of investments or financial assets

The Group and the Company follows the guidance of FRS 36 and FRS 39 on determining when an investment or a financial asset is impaired. This determination requires significant judgement. The Group evaluates, among other factors, the duration and extent to which the fair value of an investment or a financial asset is less than its cost and the financial health of the near-term business outlook for an investment or a financial asset, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

(ii) Classification of leasehold land

The classification of leasehold land as a finance lease or an operating lease require the use of judgements in determining the extent to which risks and rewards incidental to its ownership lie. The fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management is of the judgement that the lease does not transfer substantially all the risks and rewards to the Group and is classified as operating lease.

(iii) Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currency of the respective entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on the local management's assessment of the economic environment in which the entities operate and the respective entities' process of determining sales prices.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the financial year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

(i) Depreciation of property, plant and equipment and amortisation of intangible assets

The Group depreciates the property, plant and equipment and amortises the intangible assets, using the straight-line method, over their estimated useful lives after taking into account of their estimated residual values. The estimated useful life reflects management's estimate of the period that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment and intangible assets. The residual value reflects management's estimated amount that the Group would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, as if the asset were already of the age and in the condition expected at the end of its useful life. Changes in the expected level of usage and technological developments could affect the economic useful lives and the residual values of these assets which could then consequentially impact future depreciation and amortisation charges. The carrying amount of the Group's property, plant and equipment and intangible assets as at 31 December 2014 were approximately RM117,917,000 (2013: RM108,802,000) and RM1,085,000 (2013: RM425,000) respectively.

(ii) Inventories valuation

Inventory is valued at the lower of cost and net realisable value. Cost is determined primarily using the "weighted average" method. Market price is generally the merchandise's selling price quoted from the market of similar items. The management estimates the net realisable value of inventories based on assessment of receipt of committed sales prices and provide for excess and obsolete inventories based on historical usage, estimated future demand and related pricing. In determining excess quantities, the management considers recent sales activities, related margin and market positioning of its products. However, factors beyond its control, such as demand levels and pricing competition, could change from period to period. Such factors may require the Group to reduce the value of its inventories. The carrying amount of the Group's inventories as at 31 December 2014 was approximately RM247,292,000 (2013: RM202,438,000).

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty (Continued)

(iii) Impairment of investments in subsidiaries

At the end of each financial year, an assessment is made on whether there is objective evidence that the investments in subsidiaries are impaired. The management's assessment is based on the estimation of the value-in-use of the cash-generating unit by forecasting the expected future cash flows for a period up to 5 years, using a suitable discount rate in order to calculate the present value of those cash flows. The Company's carrying amount of investments in subsidiaries as at 31 December 2014 was RM231,388,000 (2013: RM173,792,000).

(iv) Allowance for doubtful trade and other receivables

The provision policy for doubtful debts of the Group is based on the ageing analysis and management's ongoing evaluation of the recoverability of the outstanding receivables. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the assessment of the creditworthiness and the past collection history of each customer. If the financial conditions of these customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The carrying amounts of the Group's and Company's trade and other receivables as at 31 December 2014 were approximately RM120,068,000 and RM55,568,000 (2013: RM97,355,000 and RM45,880,000) respectively.

(v) Income taxes

The Group recognises expected income tax issues based on their best estimates of the likely taxes due. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters differs from the amounts that were initially recognised, such differences will impact the income tax and deferred tax positions, in the financial year in which such determination is made. The carrying amount of the Group's current income tax recoverable as at 31 December 2014 was approximately RM5,018,000 (2013: RM6,286,000). The carrying amount of the Group's and the Company current income tax payable as at 31 December 2014 was approximately RM424,000 (2013: RM30,000) and RM Nil (2013: RM1,000) respectively. The carrying amount of the Group's deferred tax liabilities as at 31 December 2014 was approximately RM80,000 (2013: RM75,000).

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

4. Intangible assets

Group	Computer Software RM'000	Software under development RM'000	Total RM'000
Cost			
Balance at 1 January 2014	**468**	**–**	**468**
Additions	**–**	**701**	**701**
Currency translation differences	**31**	**31**	**62**
Balance at 31 December 2014	**499**	**732**	**1,231**
Accumulated amortisation			
Balance at 1 January 2014	**43**	**–**	**43**
Amortisation during the financial year	**94**	**–**	**94**
Currency translation differences	**9**	**–**	**9**
Balance at 31 December 2014	**146**	**–**	**146**
Carrying amount			
Balance at 31 December 2014	**353**	**732**	**1,085**
Cost			
Balance at 1 January 2013	6	–	6
Additions	462	–	462
Balance at 31 December 2013	468	–	468
Accumulated amortisation			
Balance at 1 January 2013	1	–	1
Amortisation during the financial year	42	–	42
Balance at 31 December 2013	43	–	43
Carrying amount			
Balance at 31 December 2013	425	–	425

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

5. Property, plant and equipment

	Freehold land RM'000	Factory buildings RM'000	Plant and machinery, tools and equipment RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Group							
Cost							
Balance at 1 January 2014	–	46,206	106,656	4,144	1,974	2,182	161,162
Additions	4,214	9,381	79	86	446	2,772	16,978
Disposals	–	–	(2)	(21)	(235)	–	(258)
Reclassification	–	412	2,172	7	–	(2,591)	–
Currency translation differences	–	–	–	1	–	–	1
Balance at 31 December 2014	4,214	55,999	108,905	4,217	2,185	2,363	177,883
Accumulated depreciation							
Balance at 1 January 2014	–	10,509	38,093	2,889	869	–	52,360
Depreciation for the financial year	–	1,594	5,625	322	187	–	7,728
Disposals	–	–	(2)	(15)	(109)	–	(126)
Currency translation differences	–	3	–	1	–	–	4
Balance at 31 December 2014	–	12,106	43,716	3,197	947	–	59,966
Carrying amount							
Balance at 31 December 2014	4,214	43,893	65,189	1,020	1,238	2,363	117,917

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

5. Property, plant and equipment (Continued)

	Factory buildings RM'000	Plant and machinery, tools and equipment RM'000	Office equipment, furniture and fittings RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Group						
Cost						
Balance at 1 January 2013	43,121	101,884	3,927	2,015	397	151,344
Additions	389	2,331	180	–	6,975	9,875
Disposals	–	(15)	(1)	(41)	–	(57)
Reclassification	2,696	2,456	38	–	(5,190)	–
Balance at 31 December 2013	46,206	106,656	4,144	1,974	2,182	161,162
Accumulated depreciation						
Balance at 1 January 2013	8,797	32,716	2,427	702	–	44,642
Depreciation for the financial year	1,712	5,384	463	188	–	7,747
Disposals	–	(7)	(1)	(21)	–	(29)
Balance at 31 December 2013	10,509	38,093	2,889	869	–	52,360
Carrying amount						
Balance at 31 December 2013	35,697	68,563	1,255	1,105	2,182	108,802

For the purpose of the consolidated statement of cash flows, the Group's additions to property, plant and equipment were financed as follows:

	Group 2014 RM'000	Group 2013 RM'000
Aggregate cost of property, plant and equipment acquired	**16,978**	9,875
Unpaid balance included in other payables (Note 11)	**–**	(860)
Cash paid in respect of acquisitions in previous financial year	**860**	1,626
Cash paid during the financial year	**17,838**	10,641

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

6. Prepaid lease payments

	Group	
	2014	**2013**
	RM'000	**RM'000**
Balance at beginning of financial year	**6,268**	5,852
Additions	**–**	1,004
Amortisation during the financial year	**(566)**	(588)
Balance at end of financial year	**5,702**	6,268
Analysed as:		
Sub-lease of land	**5,702**	6,268

Payments represent the prepayment for three sub-leases of land from Port of Tanjung Pelepas, Malaysia, which are charged to profit or loss over their respective lease periods of 11 years, 13 years and 23 years (2013: 12 years, 14 years, and 24 years).

As at 31 December 2014, prepaid lease payments to be amortised within the next 12 months amounted to RM566,000 (2013: RM566,000).

7. Investments in subsidiaries

	Company	
	2014	**2013**
	RM'000	**RM'000**
Unquoted equity shares, at cost	**231,388**	173,792

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

7. Investments in subsidiaries (Continued)

The details of the subsidiaries are as follows:

Name of company (Country of incorporation and principal place of business)	Effective equity interest 2014 %	Effective equity interest 2013 %	Principal activities
Held by the Company			
JB Cocoa Sdn Bhd[1] (Malaysia)	**100**	100	Production and sale of cocoa ingredients products
JB Foods Global Pte. Ltd.[2] (Singapore)	**100**	100	Procurement, sales and marketing of cocoa ingredients products
Held by JB Cocoa Sdn Bhd			
Allegis NPD Sdn Bhd[1] (Malaysia)	**100**	100	Trading of waste products
Held by JB Foods Global Pte. Ltd			
JB Cocoa, Inc.[3] (United States of America)	**100**	–	Trading of cocoa ingredient products
PT Jebe Trading Indonesia[4][5] (Indonesia)	**99.94**	–	Trading of cocoa ingredient products

(1) Audited by BDO, Malaysia

(2) Audited by BDO LLP, Singapore

(3) Exempted from statutory audit

(4) Audited by Paul Hadiwinata, Hidajat, Arsono, Ade Fatma & Rekan, Indonesia

(5) Proportion of equity interest held by non-controlling interests is 0.06%.

Acquisition of a subsidiary

On 12 June 2013, JB Cocoa Sdn Bhd, a wholly-owned subsidiary of the Company, acquired a 100% equity interest in Allegis NPD Sdn Bhd from third parties for total cash consideration of RM2. The fair value of the net identifiable assets is approximately RM2, representing cash on hand as at the date of acquisition. Allegis NPD Sdn Bhd was dormant on the date of acquisition.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

7. Investments in subsidiaries (Continued)

Incorporation of subsidiaries

On 31 March 2014, JB Cocoa Inc, a wholly-owned subsidiary of JB Foods Global Pte. Ltd. was incorporated in the United States of America with a paid up capital of US$100,000.

On 2 June 2014, PT Jebe Trading Indonesia ("PTJT") was incorporated in Indonesia with a paid up capital of US$229,800. On the date of incorporation, JB foods Global Pte. Ltd. held an equity interest of 95% amounting to US$218,310. On 4 December 2014, PTJT increased its paid up capital by US$18,400,000 to US$18,618,310. The increased in paid up capital was fully subscribed by JB Foods Global Pte. Ltd., resulting in an increase in its equity interest from 95% to 99.94%.

Additional investment in subsidiaries

On 30 December 2013, the Company increased its investments in JB Cocoa Sdn Bhd, a wholly-owned subsidiary, from RM99,762,000 to RM172,262,000 by way of the capitalisation of the sum of RM72,500,000 from amount due from this subsidiary. On 30 December 2014, the Company further increased its investments in JB Cocoa Sdn Bhd from RM172,262,000 to RM207,262,000 by way of the capitalisation of the sum of RM35,000,000 from amount due from this subsidiary.

On 3 June 2014, the Company increased its investments in JB Foods Global Pte. Ltd, a wholly owned subsidiary, from RM1,529,250 to RM24,125,250 by way of the capitalisation of the sum of RM22,596,000 from amount due from this subsidiary.

8. Inventories

	Group	
	2014	**2013**
	RM'000	**RM'000**
At cost		
Raw materials	**91,947**	83,374
Work-in-progress	**18,642**	12,457
Finished goods	**29,865**	20,241
Stores and supplies	**4,975**	4,155
	145,429	120,227
At net realisable value		
Finished goods	**101,863**	82,211
	247,292	202,438

The cost of inventories recognised as expenses and included in "cost of sales" line item amounted to RM709,596,000 (2013: RM610,897,000). The cost of sales includes inventories written down of RM6,152,000 (2013: RM23,188,000) pursuant to a review of the net realisable value of the inventories during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

9. Trade and other receivables

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Non-current				
Other receivable				
– A subsidiary	**–**	–	**31,818**	–
Current				
Trade receivables				
– Third parties	**90,053**	73,861	**–**	–
– Related companies	**–**	646	**–**	–
– Related parties	**–**	1,026	**–**	–
	90,053	75,533	**–**	–
Allowance for impairment loss				
– Third parties	**(1)**	(1)	**–**	–
	90,052	75,532	**–**	–
Other receivables				
– Third parties	**847**	1,710	**–**	–
– Subsidiaries	**–**	–	**23,750**	45,852
– Related company	**–**	3	**–**	–
– Related party	**–**	2	**–**	–
	847	1,715	**23,750**	45,852
Advances to suppliers				
– Third parties	**61**	553	**–**	–
– Related company	**27,646**	18,379	**–**	–
	27,707	18,932	**–**	–
Deposits	**1,462**	1,176	**–**	28
Total trade and other receivables	**120,068**	97,355	**55,568**	45,880
Add:				
– Cash and cash equivalents (Note 10)	**112,343**	65,451	**39,498**	129
Less: Advances to suppliers	**(27,707)**	(18,932)	**–**	–
Total loan and receivables	**204,704**	143,874	**95,066**	46,009

Non-current other receivable due from a subsidiary of the Company is non-trade in nature, unsecured, bear interest of 1.0% per annum (2013: Nil) with no fixed repayment terms and are not expected to be repaid within 12 months from the end of the financial year. As a result, the timing of the future cash flows in relation to this balance cannot be estimated reliably. Consequently, it is not practicable to determine with sufficient reliability its fair value and hence the amount is stated at cost.

Trade receivables are non-interest bearing, unsecured and the normal trade term ranges from cash against documents to 90 (2013: cash against documents to 90) days from the date of the invoices. Other credit terms are assessed and approved on a case-by-case basis.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

9. Trade and other receivables (Continued)

The non-trade amounts due from subsidiaries (current) are unsecured, bear interest of 1.0% (2013: 1.5%) per annum and repayable on demand.

The non-trade amount due from a related company and a related party were unsecured, interest free and repayable on demand.

Advances to suppliers relate to the payments made by the Group in advance for the purchase of cocoa ingredients products.

Trade and other receivables are denominated in the following currencies:

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
United States dollar	**85,206**	54,399	**31,900**	13,646
Euro	**757**	1,039	**–**	–
Pound sterling	**29,086**	34,628	**–**	–
Ringgit Malaysia	**2,606**	7,198	**1,533**	1,518
Singapore dollar	**55**	63	**22,135**	30,716
New Zealand dollar	**2,084**	–	**–**	–
Others	**274**	28	**–**	–
	120,068	97,355	**55,568**	45,880

10. Cash and cash equivalents

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	**110,416**	59,995	**39,498**	129
Short-term deposits	**1,927**	5,456	**–**	–
	112,343	65,451	**39,498**	129

The effective interest rate and tenure of the short-term deposits placed with a licensed bank at the end of the reporting period range from 2% to 3% (2013: 1.5%) per annum and with maturity of 1 to 7 (2013: 1 to 5) days.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

10. Cash and cash equivalents (Continued)

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
United States dollar	**35,650**	33,779	**14**	70
Euro	**1,043**	628	**–**	–
Pound sterling	**32,847**	22,569	**–**	–
Ringgit Malaysia	**2,371**	6,572	**–**	–
Singapore dollar	**39,590**	94	**39,484**	59
Others	**842**	1,809	**–**	–
	112,343	65,451	**39,498**	129

11. Trade and other payables

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Trade payables				
– Third parties	**30,088**	13,001	**–**	–
– Related parties	**130**	64	**–**	–
	30,218	13,065	**–**	–
Other payables				
– Third parties	**4,779**	7,728	**116**	70
– a subsidiary	**–**	–	**31,850**	–
	4,779	7,728	**31,966**	70
Accrued expenses	**4,927**	3,919	**111**	150
Advances from customers	**769**	1,047	**–**	–
Total trade and other payables	**40,693**	25,759	**32,077**	220
Add: Bank borrowings (Note 13)	**358,744**	279,835	**–**	–
Less: Advances from customers	**(769)**	(1,047)	**–**	–
Total financial liabilities carried at amortised costs	**398,668**	304,547	**32,077**	220

Trade payables are non-interest bearing and the normal trade terms granted ranges from cash against documents to 90 (2013: cash against documents to 90) days from the date of the invoices.

The non-trade amount due to subsidiary is unsecured, bear interest of 1.0% (2013 : Nil) per annum are repayable on demand.

Accrued expenses consist mainly of employee benefits and related expenses.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

11. Trade and other payables (Continued)

Included in other payables is an amount of Nil (2013: RM860,000) payable for the purchase of property, plant and equipment (Note 5).

Trade and other payables are denominated in the following currencies:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
United States dollar	**14,223**	11,190	**31,850**	–
Euro	**941**	816	**–**	–
Pound sterling	**15,866**	2,915	**–**	–
Ringgit Malaysia	**8,394**	10,431	**–**	–
Singapore dollar	**1,123**	407	**227**	220
Other	**146**	–	**–**	–
	40,693	25,759	**32,077**	220

12. Derivative financial instruments

	Group	
	2014	**2013**
	RM'000	**RM'000**
Derivative assets		
Derivative cocoa bean contracts	**259**	–
Derivative liabilities		
Foreign currency forward contracts	**617**	2,362
Derivative cocoa bean contracts	**–**	75
	617	2,437

Foreign currency forward contracts

The Group uses foreign currency forward contract to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

Foreign currency forward contracts are used to hedge the Group's sales and purchases denominated in United States dollar and Pound sterling for which firm commitments existed at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

12. Derivative financial instruments (Continued)

Foreign currency forward contracts (Continued)

The following details the foreign currency forward contracts outstanding as at the end of the reporting period:

	Group	
	2014 RM'000	2013 RM'000
Foreign currency forward contracts		
Contract/Notional amount		
– United States dollar	**17,021**	3,250
– Pound sterling	**16,336**	133,518
– Ringgit Malaysia	**–**	3,578
– Singapore dollar	**11,365**	–
– Others	**–**	876
Derivative liabilities	**617**	2,362

As at the end of the reporting period, the settlement dates for foreign currency forward contracts range from 1 to 3 months (2013: 1 to 3 months).

Derivative cocoa bean contracts

The Group uses derivative cocoa bean contracts to manage open sales and purchase commitments and movements in cocoa bean prices in the respective commodity markets. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with fair value changes exposure. Such derivatives do not qualify for hedge accounting.

As at the end of reporting period, existing commitments in respect of derivative cocoa bean contracts outstanding are as follow:

	Group	
	2014 RM'000	2013 RM'000
Derivative cocoa bean contracts		
Contract/Notional amount		
– Sales	**33,327**	557
– Purchases	**–**	2,790
Derivative assets/(liabilities)	**259**	(75)

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

12. Derivative financial instruments (Continued)

Derivative cocoa bean contracts (Continued)

The contracted notional amount of the derivative cocoa bean contracts are denominated in the following currencies:

	Group	
	2014	2013
	RM'000	RM'000
United States dollar	**7,181**	275
Pound sterling	**26,146**	3,072
	33,327	3,347

As at the end of the reporting period, the settlement dates for derivative cocoa bean contracts range from 2 to 4 months (2013 : 2 to 4 months).

13. Bank borrowings

	Group	
	2014	2013
	RM'000	RM'000
Trade bills	**358,744**	279,835

As at 31 December 2014, the Group's trade bills facilities are secured by corporate guarantees issued by the Company.

As at 31 December 2013, The Group's trade bills facilities were secured by:

(a) joint and several guarantees by a Director of the Company, a shareholder of the holding company and the holding company; and

(b) corporate guarantees issued by the Company.

As at the end of the reporting period, the Group has banking facilities as follows:

	Group	
	2014	2013
	RM'000	RM'000
Banking facilities granted	**396,584**	350,342
Banking facilities utilised	**358,744**	279,835

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

13. Bank borrowings (Continued)

As at the end of the reporting period the effective interest rates per annum are as follows:

	Group	
	2014	2013
	%	%
Trade bills	**1.2 – 3.6**	1.2 – 3.7

The trade bills have maturity date from 30 to 180 (2013: 30 to 180) days from the contractual date. The interest rates are fixed with the financial institutions during the contractual period.

Bank borrowings are denominated in the following currencies:

	Group	
	2014	2013
	RM'000	RM'000
United States dollar	**161,810**	219,416
Pound sterling	**196,934**	60,419
	358,744	279,835

14. Deferred tax liabilities

The movement for the financial year in deferred tax position is as follows:

	Group	
	2014	2013
	RM'000	RM'000
Balance at beginning of financial year	**75**	14,692
Credit to profit or loss	**–**	(14,617)
Currency translation differences	**5**	–
Balance at end of financial year	**80**	75

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

14. Deferred tax liabilities (Continued)

The following are the major deferred tax liabilities recognised by the Group and the movements during the financial year.

Deferred tax liabilities	Tax losses RM'000	Accelerated tax depreciation RM'000	Prepaid lease payments RM'000	Others RM'000	Total RM'000
Group					
At 31 December 2013 and 1 January 2014	**(12,080)**	**12,931**	**1,567**	**(2,343)**	**75**
(Credit)/Charge to profit or loss	**2,458**	**(223)**	**(199)**	**(2,036)**	**–**
Currency translation differences	**–**	**5**	**–**	**–**	**5**
At 31 December 2014	**(9,622)**	**12,713**	**1,368**	**(4,387)**	**80**
At 1 January 2013	–	12,603	1,463	626	14,692
(Credit)/Charge to profit or loss	(12,080)	328	104	(2,969)	(14,617)
At 31 December 2013	(12,080)	12,931	1,567	(2,343)	75

15. Share capital

	Group and Company			
	2014	2013	2014	2013
	Number of ordinary shares		RM'000	RM'000
Issued and fully paid-up				
At beginning of financial year	**480,000,000**	400,000,000	**214,743**	160,717
Issuance of ordinary shares	**240,000,000**	80,000,000	**74,047**	54,051
Share issue expenses	**–**	–	**(465)**	(25)
At end of financial year	**720,000,000**	480,000,000	**288,325**	214,743

The ordinary shares have no par value, carry one vote per share without restrictions and their holders are entitled to receive dividends when declared by the Company.

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NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

15. Share capital (Continued)

Financial year ended 31 December 2014

On 29 October 2014, the Company completed a rights issue ("2014 Rights Issue") and issued 240,000,000 new ordinary shares in the capital of the Company ("Rights Shares") at an issue price of $0.12 for each Rights Share, on the basis of one Rights Share for every two existing ordinary shares of the Company. The newly issued shares rank pari passu in all respects with the existing ordinary shares of the Company. Gross proceeds of S$28,800,000 (Equivalent of RM74,047,000) were received.

Financial year ended 31 December 2013

On 13 February 2013, the Company issued 80,000,000 ordinary shares for total cash consideration of RM54,051,000 to provide funds for the expansion of the Group's operations and general working capital.

16. Other reserves

16.1 Foreign currency translation reserve

The foreign currency translation reserve represents foreign exchange differences arising from the translation of the financial statements of foreign operation whose functional currency is different from that of the Group's presentation currency and is not distributable.

16.2 Merger reserve

Merger reserve represents the difference between the consideration paid and the share capital of a subsidiary acquired as a result of a restructuring exercise of the Group in 2012.

Movements in reserves are shown in the statement of changes in equity.

17. Revenue

Revenue represents invoiced value of goods sold net of returns and discounts.

18. Finance costs

	Group	
	2014	**2013**
	RM'000	**RM'000**
Interest expenses		
– Trade bills	**5,459**	3,501

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

19. Loss before income tax

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, the above includes the following charges:

	Group	
	2014 RM'000	2013 RM'000
Cost of sales		
Amortisation of prepaid lease payment	**566**	588
Depreciation of property, plant and equipment	**7,320**	7,241
Inventories written down	**6,152**	23,188
Administrative expenses		
Audit fees		
– Auditors of the Company	**230**	188
– Other auditors	**50**	47
Amortisation of intangible assets	**94**	42
Depreciation of property, plant and equipment	**408**	506
Operating leases:		
– Rental of crane	**8**	13
– Rental of forklift	**48**	63
– Rental of hostel	**127**	120
– Rental of equipment	**33**	–
Research expenditure	**271**	232
Other expenses		
Loss on disposal of property, plant and equipment	**74**	19
Other losses, net		
Rental income	**(152)**	–
Fair value (gain)/loss on derivative financial instruments	**(3,544)**	2,435
Foreign exchange losses, net	**5,910**	5,498
Compensation for wash out of bean contracts	**(905)**	–

Loss before income tax also includes:

	Group	
	2014 RM'000	2013 RM'000
Employee benefit expenses		
Salaries and other emoluments	**11,887**	11,408
Directors' fee	**375**	332
Pension costs – defined contribution plan	**966**	1,183
Social security costs	**108**	113
Other staff related expenses	**406**	640
	13,742	13,676

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

19. Loss before income tax (Continued)

The employee benefit expenses are recognised in the following line items in profit or loss:

	Group	
	2014	**2013**
	RM'000	**RM'000**
Cost of sales	**7,362**	8,843
Administrative expenses	**6,380**	4,833
	13,742	13,676

Included in employee benefit expenses were Directors' remuneration as shown in Note 23 to the financial statements.

20. Income tax expense/(credit)

	Group	
	2014	**2013**
	RM'000	**RM'000**
Current income tax		
– Current financial year	**405**	25
– Overprovision in prior financial years	**–**	(105)
	405	(80)
Deferred income tax		
– Current financial year	**–**	(14,451)
– Overprovision in prior financial years	**–**	(166)
	–	(14,617)
Total income tax expense/(credit) in consolidated statement of comprehensive income	**405**	(14,697)

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

20. Income tax expense/(credit) (Continued)

Reconciliation of effective income tax rate

	Group	
	2014	**2013**
	RM'000	**RM'000**
Loss before income tax	**(44,591)**	(67,917)
Tax at the domestic rates applicable to (loss)/profit in the countries where the Group operates	**(11,377)**	(17,531)
Income not subject to tax	**(291)**	(1,052)
Singapore statutory stepped income exemption	**(66)**	(15)
Expenses not deductible for income tax purposes	**338**	53
Double deduction expenses	**(176)**	(135)
Unrecognised deferred tax benefits	**12,044**	4,276
Overprovision of current tax expense in prior financial years	**–**	(105)
Overprovision of deferred tax expense in prior financial years	**–**	(166)
Corporate Income tax rebate	**(77)**	(4)
Others	**10**	(18)
	405	(14,697)

The Group operates mainly in Singapore and Malaysia, for which the corporate income tax rate applicable is 17% (2013: 17%) and 25% (2013: 25%) respectively.

The amount of temporary differences for which no deferred tax asset has been recognised are as follows:

	Group	
	2014	**2013**
	RM'000	**RM'000**
Unutilised tax loss	**61,328**	7,185
Unrealised loss on foreign exchange	**2,857**	6,462
Unrealised loss on derivative financial instruments	**–**	2,363
	64,185	16,010

No deferred tax asset has been recognised on the temporary differences due to the unpredictability of profit streams. The temporary difference do not expire under the current tax legislation and are subject to agreement by the relevant tax authority.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

21. Loss per share

The calculation of the basic and diluted loss per share is based on the following data:

	Group	
	2014	**2013**
Loss for the financial year attributable to owners of the parent (RM'000)	**(44,992)**	(53,220)
Aggregate weighted number of ordinary shares applicable to basic and diluted loss per share ('000)	**521,425**	470,575
Basic and diluted loss per share (in sen)	**(8.63)**	(11.31)

The calculation of the basic and diluted loss per share for the relevant periods is based on the loss attributable to owners of the parent for the financial years ended 31 December 2014 and 2013 divided by the aggregate weighted number of shares in the relevant periods.

The diluted loss per share for the relevant periods are the same as the basic loss per share as the Group did not have any dilutive potential ordinary shares in the relevant periods.

22. Dividends

	Group	
	2014	**2013**
	RM'000	**RM'000**
Final tax-exempt dividend paid of S$0.01 (approximately RM0.025) per ordinary share in respect of the financial year ended 31 December 2012	**–**	11,810

The Company did not recommend any dividend in respect of the financial years ended 31 December 2014 and 31 December 2013.

23. Significant related party transactions

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

(i) Has control or joint control over the Company;

(ii) Has significant influence over the Company; or

(iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

23. Significant related party transactions (Continued)

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint ventures of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.

(vi) The entity is controlled or jointly controlled by a person identified in (a);

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

During the year, in addition to those information disclosed elsewhere in these financial statements, the Group entities and the Company entered into the following transactions with related parties at rates and terms agreed between the parties:

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Subsidiaries				
Advances to	**–**	–	**64,931**	69,333
Interest income	**–**	–	**394**	1,518
Advances from	**–**	–	**29,755**	–
Interest expense	**–**	–	**30**	–
Related company				
Sale of goods	**251**	15,905	**–**	–
Purchase of goods	**280,412**	165,779	**–**	–
Related parties				
Sale of goods	**8,600**	49,948	**–**	–
Purchase of goods	**9,794**	62,592	**–**	–
Warehouse rental expense	**–**	87	**–**	–

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

23. Significant related party transactions (Continued)

Compensation of key management personnel

The remuneration of directors and other members of the key management personnel of the Group and the Company during the financial year were as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Directors				
Short-term employee benefits – current year	**641**	839	**212**	359
Short-term employee benefits – accrual in prior financial year written back	**–**	(1,138)	**–**	(374)
Directors' fee	**375**	332	**375**	332
Pension costs – defined contribution plan – current year	**15**	39	**–**	–
Pension costs – defined contribution plan – accrual in prior financial year written back	**–**	(45)	**–**	–
	1,031	27	**587**	317
Other key management personnel				
Short-term employee benefits	**1,390**	1,092	**–**	–
Pension costs – defined contribution plan	**97**	129	**–**	–
	1,487	1,221	**–**	–
	2,518	1,248	**587**	317

24. Commitments

24.1 Capital commitments

(a) As at the end of the reporting period, the Group has the following capital expenditure contracted for but not recognised in the financial statements:

	Group	
	2014 RM'000	2013 RM'000
Capital expenditure contracted but not provided for:		
Purchase of property, plant and equipment and intangible assets	**2,902**	3,521

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

24. Commitments (Continued)

24.1 Capital commitments (Continued)

(b) On 2 September 2014, the Company has exercised a conditional call option agreement, pursuant to a call option agreement dated 15 May 2012 between the Company and its immediate and ultimate holding company, JB Cocoa Group Sdn Bhd ("JBCG"), to acquire an 80% equity interest, representing 40,000 ordinary shares in PT Jebe Koko ("PTJK"), a company incorporated in Indonesia from JBCG, subject to the fulfilment of conditions precedent as set out in the call option agreement. The aggregated purchase consideration for the acquisition is approximately US$18.4 million (including an assignment of advance of US$11.9 million from JBCG to the Company). The purchase consideration shall be satisfied by the allotment and issue of 38,000,000 new ordinary shares of the Company at S$0.30 per ordinary share to JBCG amounting to approximately US$9.1 million, with the balance to be satisfied by cash.

As at 31 December 2014, the Group has not fulfilled all the required conditions precedent as set out in the call option agreement. Subsequent to the reporting date, on 12 March 2015, the Group received formal written approval from the relevant authority for the transfer of the ordinary shares in PTJK to the Group.

As at the date of this report, however, the Group is still in the process of completing the acquisition. Accordingly, the effect of the acquisition is not determinable yet and has not been disclosed.

24.2 Operating lease commitments

Group as a lessee

At the end of the financial year, commitments in respect of non-cancellable operating leases of an office premises are as follows:

	Group	
	2014	**2013**
	RM'000	**RM'000**
Not later than one financial year	**34**	–

The disclosed commitments were based on existing rental rates with no renewal option or contingent rent provision included in the contract.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

24. Commitments (Continued)

24.2 Operating lease commitments (Continued)

Group as a lessor

The Group has entered into a lease on one section of its factory building. This non-cancellable lease has remaining lease term of 23 months. As at the end of the financial year, future minimum rentals receivable under non-cancellable lease are as follows:

	Group	
	2014 RM'000	2013 RM'000
Not later than one financial year	472	–
Later than one year but not later than five years	433	–
	905	–

25. Segment information

Management has determined the operating segments based on the reports reviewed by the chief executive officer. A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resources to be allocated and assessing performance. Segment performance is evaluated based on operating profit or loss which is similar to the accounting profit or loss.

Income taxes are managed on a Group basis.

The accounting policies of the operating segments are the same of those described in the summary of significant accounting policies. There is no asymmetrical allocation to reportable segments. Management evaluates performance on the basis of profit or loss from operation before tax expense not including non-recurring gains and losses and foreign exchange gains or losses.

There is no change from prior periods in the measurement methods used to determine reported segment profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

25. Segment information (Continued)

The Group operates in only one business segment which is production and sale of cocoa ingredients products.

Analysis by geographical segments

	Malaysia RM'000	Singapore RM'000	United States of America RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
2014						
Revenue						
External revenue	726,749	–	2,461	1,013	–	730,223
Inter-segment revenue	5,444	709,842	–	–	(715,286)	–
	732,193	709,842	2,461	1,013	(715,286)	730,223
Results						
Segment results	(35,819)	5,782	(620)	(232)		(30,889)
Interest income						145
Finance costs						(5,459)
Depreciation and amortisation						(8,388)
Loss before income tax						(44,591)
Income tax expense						(405)
Loss after income tax						(44,996)
Capital expenditures						
Property, plant and equipment	3,510	–	13,297	171	–	16,978
Intangible assets	–	701	–	–	–	701
Segment assets	488,102	563,826	18,803	66,803	(526,973)	610,561
Segment liabilities	372,382	240,091	19,204	1,852	(232,971)	400,558

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

25. Segment information (Continued)

Analysis by geographical segments (Continued)

	Malaysia RM'000	Singapore RM'000	Elimination RM'000	Consolidated RM'000
2013				
Revenue				
External revenue	560,817	50,391	–	611,208
Inter-segment revenue	296	312,115	(312,411)	–
	561,113	362,506	(312,411)	611,208
Results				
Segment results	(62,306)	6,036	104	(56,166)
Interest income				127
Finance costs				(3,501)
Depreciation and amortisation				(8,377)
Loss before income tax				(67,917)
Income tax credit				14,697
Loss after income tax				(53,220)
Capital expenditures				
Property, plant and equipment	9,865	10	–	9,875
Intangible assets	–	462	–	462
Segment assets	459,631	323,109	(295,556)	487,184
Segment liabilities	330,929	98,971	(121,764)	308,136

Analysis by geographical activities

Revenue is based on the country and location of the customer in which goods are delivered and services are provided.

	Group	
	2014 RM'000	**2013 RM'000**
North and South America		
– United States of America	**147,615**	107,341
– Others	**22,576**	29,967
Asia		
– China	**100,807**	52,796
– Others	**223,678**	159,679
Europe	**146,889**	192,615
Others	**88,658**	68,810
Total revenue	**730,223**	611,208

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

25. Segment information (Continued)

Analysis by geographical activities (Continued)

Major customers

Revenue from two (2013: three) customers of the Group's represents 21% (2013: 31%) of the total revenue.

Location of non-current assets

	Malaysia RM'000	Singapore RM'000	United States of America RM'000	Others RM'000	Consolidated RM'000
Group					
2014					
Non-current assets	**110,193**	**1,093**	**13,253**	**165**	**124,704**
2013					
Non-current assets	115,060	435	–	–	115,495

Non-current assets consist of intangible assets, property, plant and equipment and prepaid lease payments.

26. Financial instruments and financial risks

The Group's activities expose them to credit risk, market risk (including foreign currency risk, interest rate risk and commodity price risk) and liquidity risk. The Group's overall financial risk management strategy focuses on the unpredictability of financial markets and seeks to minimise adverse effects from the volatility of financial markets on the Group's financial performance.

The Group uses financial instruments such as foreign currency forward contracts and derivative commodity contracts to hedge certain financial risk exposures.

The Board of directors of the Company is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Group's management then establishes the detailed policies such as risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

There have been no changes to the Group's exposure to these financial risks or the manner in which they manage and measure the risk. Market risk exposures are measured using sensitivity analysis as indicated below.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

26. Financial instruments and financial risks (Continued)

26.1 Credit risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arise mainly from trade and other receivables. The Group manages the exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and cash equivalents and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group establishes an allowance for impairment that represents the estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for group or similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic profile.

In relation to the financial guarantees issued by the Company on behalf of its subsidiaries, the credit risk, being the principal risk to which the Company is exposed, represents the loss that would be recognised upon a default by the subsidiaries. At the end of the reporting period, the Company has provided corporate guarantee to banks for facilities granted to subsidiaries amounting to approximately RM358,744,000 (2013: RM253,043,000). As at the end of the reporting period, the Company does not consider it probable that a claim will be made against the Company under the guarantees.

The Group has no significant concentration of credit risk except for two (2013: five) third party trade receivables which accounts for approximately 38% (2013: 41%) of the total trade receivables as at 31 December 2014 and 2013. The Company has no significant concentration of credit risk except for amounts due from subsidiaries as at 31 December 2014.

As the Group does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets at the end of the reporting period.

The Group's major classes of financial assets are bank deposits and trade and other receivables.

Trade and other receivables that are neither past due nor impaired are creditworthy customers with good payment records with the Group.

Bank deposits are mainly deposits with banks with high credit ratings.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

26. Financial instruments and financial risks (Continued)

26.1 Credit risk (Continued)

The exposure of credit risk for trade receivables by geographical region is as follows:

	Group	
	2014	**2013**
	RM'000	**RM'000**
Asia		
– China	**25,193**	9,221
– Singapore	**11,708**	4,870
– United Arab Emirates	**12,426**	8,094
– Others	**17,774**	13,403
Europe	**7,551**	14,443
North and South America	**6,620**	17,365
Others	**8,780**	8,136
	90,052	75,532

The age analysis of trade receivables that are past due but not impaired is as follows:

	Gross amount RM'000	Impairment RM'000
Group		
2014		
– Past due 0 to 30 days	**20,939**	**–**
– Past due 31 to 60 days	**2,133**	**–**
– Past due over 60 days	**2,527**	**(1)**
2013		
– Past due 0 to 30 days	22,115	–
– Past due 31 to 60 days	789	–
– Past due over 60 days	511	(1)

The management believes that no impairment allowance is necessary in respect of the past due trade receivables as they are substantially companies with good collection track record and no recent history of default.

26.2 Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates, interest rates and commodity prices. The Group enters into derivative financial instruments to manage its exposure to foreign currency risk and commodity price risk, including foreign currency forward contracts and derivative cocoa bean contracts to mitigate the risk.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

26. Financial instruments and financial risks (Continued)

26.2 Market risk (Continued)

(i) Foreign exchange risk management

Currency risk arises from transactions denominated in currency other than the functional currency of the entities within the Group and the Company. The currencies that give rise to this risk are primarily United States dollar ("US"), Euro ("EURO"), Pound sterling ("GBP") and Singapore dollar ("S$"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. The Group may enter into forward foreign currency contracts to hedge against its foreign currency risk.

At the end of the reporting period, the carrying amounts of financial assets and financial liabilities denominated in currencies other than the functional currency of the entities within the Group and the Company are as follows:

	United States dollar RM'000	Euro RM'000	Pound sterling RM'000	Ringgit Malaysia RM'000	Singapore dollar RM'000	Others RM'000	Total RM'000
Group							
2014							
Financial assets							
Trade and other receivables	85,206	757	29,086	2,606	55	2,358	120,068
Cash and cash equivalents	35,650	1,043	32,847	2,371	39,590	842	112,343
	120,856	1,800	61,933	4,977	39,645	3,200	232,411
Financial liabilities							
Trade and other payables	14,223	941	15,866	8,394	1,123	146	40,693
Bank borrowings	161,810	–	196,934	–	–	–	358,744
	176,033	941	212,800	8,394	1,123	146	399,437
Net financial (liabilities)/assets	(55,177)	859	(150,867)	(3,417)	38,522	3,054	(167,026)
Less: Net financial assets/ (liabilities) denominated in the respective entities' functional currency	40,955	–	–	(3,283)	–	–	37,672
Net foreign currency exposure	(96,132)	859	(150,867)	(134)	38,522	3,054	(204,698)

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

26. Financial instruments and financial risks (Continued)

26.2 Market risk (Continued)

(i) *Foreign exchange risk management* (Continued)

	United States dollar RM'000	Euro RM'000	Pound sterling RM'000	Ringgit Malaysia RM'000	Singapore dollar RM'000	Others RM'000	Total RM'000
Group							
2013							
Financial assets							
Trade and other receivables	54,399	1,039	34,628	7,198	63	28	97,355
Cash and cash equivalents	33,779	628	22,569	6,572	94	1,809	65,451
	88,178	1,667	57,197	13,770	157	1,837	162,806
Financial liabilities							
Trade and other payables	11,190	816	2,915	10,431	407	–	25,759
Bank borrowings	219,416	–	60,419	–	–	–	279,835
	230,606	816	63,334	10,431	407	–	305,594
Net financial (liabilities)/assets	(142,428)	851	(6,137)	3,339	(250)	1,837	(142,788)
Less: Net financial assets denominated in the respective entities' functional currency	35,857	–	–	(3,339)	–	–	32,518
Net foreign currency exposure	(106,571)	851	(6,137)	–	(250)	1,837	(110,270)

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

26. Financial instruments and financial risks (Continued)

26.2 Market risk (Continued)

(i) *Foreign exchange risk management* (Continued)

	United States dollar RM'000	Ringgit Malaysia RM'000	Singapore dollar RM'000	Total RM'000
Company				
2014				
Financial assets				
Trade and other receivables	**31,900**	**1,533**	**22,135**	**55,568**
Cash and cash equivalents	**14**	**–**	**39,484**	**39,498**
	31,914	**1,533**	**61,619**	**95,066**
Financial liability				
Trade and other payables	**31,850**	**–**	**227**	**32,077**
Net financial assets				
Less: Net financial assets denominated in the entity's functional currency	**–**	**(1,533)**	**–**	**(1,533)**
Net foreign currency exposure	**64**	**–**	**61,392**	**61,456**
2013				
Financial assets				
Trade and other receivables	13,646	1,518	30,716	45,880
Cash and cash equivalents	70	–	59	129
	13,716	1,518	30,775	46,009
Financial liability				
Trade and other payables	–	–	220	220
Net financial assets	13,716	1,518	30,555	45,789
Less: Net financial assets denominated in the entity's functional currency	–	(1,518)	–	(1,518)
Net foreign currency exposure	13,716	–	30,555	44,271

The Group has foreign operations, whose net assets are exposed to currency translation risk. The Group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

Exposure to foreign currency risk is monitored on an ongoing basis in accordance with the Group's and the Company's risk management policies to ensure that the net exposure is at an acceptable level.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

26. Financial instruments and financial risks (Continued)

26.2 Market risk (Continued)

(i) *Foreign exchange risk management* (Continued)

Foreign currency sensitivity analysis

The following table details the sensitivity to a 5% (2013: 5%) increase and decrease in the relevant foreign currencies against the functional currency of the entities within the Group. The 5% (2013: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents the management's assessment of the possible change in foreign exchange rates.

The sensitivity analysis includes only significant outstanding foreign currency denominated net financial assets or liabilities and adjusts their translation at the end of the reporting period for a 5% (2013: 5%) change in foreign currency rates.

	Increase/(Decrease) Profit or loss			
	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
US$/RM				
Strengthened	**(4,852)**	(5,737)	**(3)**	569
Weakened	**4,852**	5,737	**3**	(569)
GBP/RM				
Strengthened	**(4,159)**	(396)	**–**	–
Weakened	**4,159**	396	**–**	–
S$/RM				
Strengthened	**3,015**	817	**3,070**	1,528
Weakened	**(3,015)**	(817)	**(3,070)**	(1,528)
GBP/US$				
Strengthened	**(907)**	183	**–**	–
Weakened	**907**	(183)	**–**	–

(ii) *Interest rate risk*

The Group's exposure to market risk for changes in interest rates relates primarily to bank borrowings as shown in Note 13 to the financial statements.

The Group's policy is to maintain an efficient and optimal interest cost structure using a combination of fixed and variable rate debts, and short term borrowings. It is the Group's policy to obtain quotes from banks to ensure that the most favourable rates are made available to the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

26. Financial instruments and financial risks (Continued)

26.2 Market risk (Continued)

(ii) *Interest rate risk* (Continued)

Interest rate sensitivity analysis

The Group's results are not affected by changes in interest rates as the interest-bearing financial instruments are carried at fixed interest rates and measured at amortised cost.

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedged accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(iii) *Commodity price risk*

The manufacturing of the Group's products requires raw materials such as cocoa beans. The value of the Group's open sales and purchase commitments and inventory of raw materials changes continuously in line with cocoa bean price movements in the respective commodity markets. The Group's business nature, to a certain extent, results in a natural hedge between the prices of cocoa beans (as raw materials) and manufactured cocoa products. The Group may enter into derivative cocoa beans contracts to manage the risk.

26.3 Liquidity risk

Liquidity risk refers to the risk in which the Group encounters difficulties in meeting short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle.

The Group actively manages operating cash flows so as to ensure that all repayment needs are met. As part of the overall prudent liquidity management, the Group maintains sufficient levels of cash to meet working capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

26. Financial instruments and financial risks (Continued)

26.3 Liquidity risk (Continued)

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on undiscounted cash flows of financial liabilities based on the earlier of the contractual date or when the Group is expected to pay. The table includes both expected interest and principal cash flows.

	2014 RM'000 Within one financial year	2013 RM'000 Within one financial year
Group		
Financial liabilities		
Non-interest bearing		
– Trade and other payables	**39,924**	24,712
Interest bearing		
– Bank borrowings	**361,130**	280,514
	401,054	305,226
Company		
Financial liabilities		
Non-interest bearing		
– Trade and other payables	**32,077**	220
	32,077	220
Financial guarantee contracts	**358,744**	253,043

In respect of derivative financial instruments as shown in Note 12 to the financial statements, the derivative liabilities are due within one financial year. Foreign currency forward contracts are settled on a gross basis while derivative cocoa bean contracts are settled on a net basis.

The Group's operations are financed mainly through equity, retained earnings and bank borrowings. Adequate lines of credits are maintained to ensure the necessary liquidity is available when required.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

27. Capital management policies and objectives

The Group manages capital to ensure that the Group is able to continue as going concern and maintain an optimal capital structure so as to maximise shareholder value.

The Group and the Company were in compliance with externally imposed capital requirements for the financial year ended 31 December 2014 and 2013.

The Group monitors capital based on a gearing ratio, which is net debt divided by total equity plus net debt. The Group includes within net debt, trade and other payables and bank borrowings less cash and cash equivalents. Total capital structure of the Group consists of equity attributable to equity holders of the parent, comprising issued capital, retained earnings and reserves.

The Group's management constantly reviews the capital structure and will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt. The Group's overall strategy remains unchanged from the previous financial year.

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade and other payables	**40,693**	25,759	**32,077**	220
Bank borrowings	**358,744**	279,835	**–**	–
Less: Cash and cash equivalents	**(112,343)**	(65,451)	**(39,498)**	(129)
Net debt	**287,094**	240,143	**(7,421)**	91
Total equity	**210,003**	179,048	**294,679**	219,580
Total capital	**497,097**	419,191	**287,258**	219,671
Gearing ratio	**57.8%**	57.3%	**(2.5%)**	0.1%

28. Fair values of financial assets and financial liabilities

The carrying amounts of the current financial assets and current financial liabilities approximate their fair values as at the end of the reporting period due to the relatively short period of maturity of these financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 December 2014

28. Fair value of financial assets and financial liabilities (Continued)

The financial instruments that are carried at fair value classified by level of fair value hierarchy are as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Group			
2014			
Financial assets			
Derivative financial instruments	**–**	**259**	**–**
Financial liabilities			
Derivative financial instruments	**–**	**617**	**–**
2013			
Financial liabilities			
Derivative financial instruments	–	2,437	–

Fair value hierarchy

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The table below analyses financial instruments carried at fair value and classified by level of the following fair value measurement hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers between levels during the financial year.

The derivative financial instruments are not traded in active market. The management determines the fair value of derivative financial instruments through the valuation based on brokers' quotations. The key inputs to the calculations are the cocoa bean and foreign exchange spot and forward rates.

There have been no changes in the valuation techniques of the various classes of financial instruments during the financial year.

29. Events subsequent to the reporting date

On 27 February 2015, the Company has announced that the Company has changed its functional and presentation currency from Malaysian Ringgit to United States Dollar ("US$") with effect from 1 January 2015. The change in functional and presentation currency has been adopted as the Company is of the opinion that US$ will best reflects the current and prospective economic substance of the underlying transactions and circumstances of the Group. The consolidated financial statements of the Group will also be presented in US$.

STATISTICS OF SHAREHOLDINGS

AS AT 24 MARCH 2015

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	41	2.52	108	0.00
100 – 1,000	66	4.06	63,206	0.01
1,001 – 10,000	440	27.06	2,628,000	0.37
10,001 – 1,000,000	1,053	64.76	85,770,584	11.91
1,000,001 AND ABOVE	26	1.60	631,538,102	87.71
TOTAL	1,626	100.00	720,000,000	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	JB COCOA GROUP SDN BHD	358,200,000	49.75
2	TEE YIH JIA FOOD MANUFACTURING PTE LTD	129,000,000	17.92
3	KGI FRASER SECURITIES PTE LTD	84,393,000	11.72
4	OCBC SECURITIES PRIVATE LIMITED	7,898,000	1.10
5	TENG NAM SENG	6,000,000	0.83
6	UOB KAY HIAN PRIVATE LIMITED	5,410,000	0.75
7	PHILLIP SECURITIES PTE LTD	4,374,502	0.61
8	MAYBANK KIM ENG SECURITIES PTE. LTD.	3,965,500	0.55
9	CIMB SECURITIES (SINGAPORE) PTE. LTD.	3,602,000	0.50
10	RHB SECURITIES SINGAPORE PTE. LTD.	2,944,500	0.41
11	GOH LEE BENG	2,587,000	0.36
12	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	2,318,500	0.32
13	PEH TEIK SENG	2,100,000	0.29
14	CITIBANK CONSUMER NOMINEES PTE LTD	1,960,000	0.27
15	CHAN HENG CHOY	1,932,000	0.27
16	RAFFLES NOMINEES (PTE) LIMITED	1,655,100	0.23
17	NG CHING YUN	1,600,000	0.22
18	SUN YU	1,600,000	0.22
19	LIM CHONG HUA	1,500,000	0.21
20	TEY HOW KEONG	1,500,000	0.21
	TOTAL	**624,540,102**	**86.74**

Percentage of shareholding held in the hands of the public

As at 24 March 2015, the percentage of shareholding in the Company held in the hands of the public is approximately 20.27%. At least 10% of the Company's equity securities are held by the public at all times and the Company is in compliance with Rule 723 of the SGX-ST Listing Manual.

SUBSTANTIAL SHAREHOLDERS

AS AT 24 MARCH 2015

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholder	Direct Interest		Deemed Interest	
	Number of Shares	%(1)	Number of Shares	%(1)
JB Cocoa Group Sdn Bhd	358,200,000	49.75	–	–
Tey Kan Sam @ Tey Hin Ken(2)	–	–	358,200,000	49.75
Lim Ah Bet @ Chabo(3)	–	–	358,200,000	49.75
Tey How Keong(4)	1,500,000	0.21	358,200,000	49.75
Goh Lee Beng(5)	2,587,000	0.36	358,200,000	49.75
ECOM Agroindustrial Corp. Limited	82,800,000	11.50	–	–
Unichocola Pte. Ltd.(6)	–	–	82,800,000	11.50
IECOM Pte. Ltd.(7)	–	–	82,800,000	11.50
Jorge Esteve Campdera and grandchildren(6)	–	–	82,800,000	11.50
Isabel Recolons Esteve and lineal descendents(7)	–	–	82,800,000	11.50
Tee Yih Jia Food Manufacturing Pte Ltd	129,000,000	17.92	–	–
Goi Seng Hui(8)	–	–	129,000,000	17.92

Notes:

(1) The percentage is calculated based on the total issued and paid-up share capital of 720,000,000 shares.

(2) Tey Kan Sam @ Tey Hin Ken holds 30.0% of the issued and paid-up share capital of JB Cocoa Group Sdn Bhd ("**JBC Group**"), and is also deemed interested in the 20.0% of the issued and paid-up share capital of JBC Group held by his spouse, Lim Ah Bet @ Chabo, and is therefore deemed interested in the 358,200,000 shares held by JBC Group.

(3) Lim Ah Bet @ Chabo holds 20.00% of the issued and paid-up share capital of JBC Group, and is also deemed interested in the 30.00% of the issued and paid-up share capital of JBC Group held by her spouse, Tey Kan Sam @ Tey Hin Ken, and is therefore deemed interested in the 358,200,000 Shares held by JBC Group.

(4) Tey How Keong holds 36.00% of the issued and paid-up share capital of JBC Group, and is also deemed interested in the 14.00% of the issued and paid-up share capital of JBC Group held by his spouse, Goh Lee Beng, and is therefore deemed interested in the 358,200,000 Shares held by JBC Group.

(5) Goh Lee Beng holds 14.00% of the issued and paid-up share capital of JBC Group, and is also deemed interested in the 36.00% of the issued and paid-up share capital of JBC Group held by her spouse, Tey How Keong, and is therefore deemed interested in the 358,200,000 Shares held by JBC Group.

(6) Unichocola Pte. Ltd. holds approximately 36.00% of the issued and paid-up share capital of ECOM Agroindustrial Corp. Limited ("**ECOM**"), and is therefore deemed interested in the 82,800,000 Shares held by ECOM. All the shares in the issued and paid-up share capital of Unichocola Pte. Ltd. is held by Glico PTC, L.L.C., as managing trustee to the Creston Union Trust. The Creston Union Trust is a discretionary trust and the beneficiaries of the Creston Union Trust are Jorge C. Esteve and his grandchildren. Jorge C. Esteve is the settlor of the Creston Union Trust.

(7) IECOM Pte. Ltd. holds approximately 26.30% of the issued and paid-up share capital of ECOM, and is therefore deemed interested in the 82,800,00 Shares held by ECOM. All the shares in the issued and paid-up share capital of IECOM Pte. Ltd. is held by Ecire PTC, L.L.C., as trustee to the Robles Trust. The Robles Trust is a discretionary trust and the beneficiaries of the Robles Trust are Isabel R. Esteve and her lineal descendants. Isabel R. Esteve is the settlor of the Robles Trust.

(8) Goi Seng Hui holds 99.98% of the issued and paid up capital of Tee Yih Jia Food Manufacturing Pte Ltd ("**TYJ Food Manufacturing**") and is therefore deemed interested in the 129,000,000 Shares held by TYJ Food Manufacturing.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Raffles Marina, Chartroom at 10 Tuas West Drive, Singapore 638404 on Thursday, 30 April 2015 at 10:00 a.m. to transact the following business:

ORDINARY BUSINESSES

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2014 together with the Reports of the Directors and Auditors thereon. **Resolution 1**

2. To re-elect Mdm Goh Lee Beng who retires by rotation pursuant to Article 98 of the Company's Articles of Association.

   Mdm Goh Lee Beng will, upon re-election as a Director of the Company, remain as an Executive Director of the Company. **Resolution 2**

3. To note the retirement of Mr Leow Wee Kia Clement pursuant to Article 98 of the Company's Articles of Association who would not be seeking re-election.

4. To approve the payment of directors' fees of S$116,000 for the financial year ending 31 December 2015, to be paid quarterly in arrears. **Resolution 3**

5. To re-appoint Messrs BDO LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 4**

6. To transact any other business that may be transacted at an Annual General Meeting.

SPECIAL BUSINESSES

To consider and, if thought fit, to pass the following ordinary resolutions with or without modifications:

7. AUTHORITY TO ALLOT AND ISSUE SHARES

(A) "That, pursuant to Section 161 of the Companies Act (Chapter 50) of Singapore (the "**Companies Act**"), and the listing rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), approval be and is hereby given to the Directors of the Company at any time to such persons and upon such terms and for such purposes as the Directors may in their absolute discretion deem fit, to:

(i) issue ordinary shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise;

(ii) make or grant offers, agreements or options that might or would require shares to be issued or other transferable rights to subscribe for or purchase shares (collectively, "**Instruments**") including but not limited to the creation and issue of warrants, debentures or other instruments convertible into shares;

(iii) issue additional Instruments arising from adjustments made to the number of Instruments previously issued in the event of rights, bonus or capitalisation issues; and

NOTICE OF ANNUAL GENERAL MEETING

(B) (Notwithstanding the authority conferred by the shareholders may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force,

provided always that

(a) the aggregate number of shares to be issued pursuant to this resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 50% of the total number of issued shares (excluding treasury shares) of the Company (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of shares (including shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company (as calculated in accordance with sub-paragraph (b) below);

(b) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (a) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) of the Company at the time this Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities;

(ii) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time this Resolution is passed, provided the options or awards were granted in compliance with the provisions of the Listing Manual of the SGX-ST; and

(iii) any subsequent bonus issue, consolidation or subdivision of shares;

(c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and

(d) unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

[See Explanatory Note (i)] **Resolution 5**

NOTICE OF ANNUAL GENERAL MEETING

8. **AUTHORITY TO ALLOT AND ISSUE SHARES UNDER THE JB FOODS EMPLOYEE SHARE OPTION SCHEME 2014**

That the Directors of the Company be and are hereby authorised to offer and grant Options in accordance with the rules of the JB Foods Employee Share Option Scheme 2014 (the "**Option Scheme**") pursuant to Section 161 of the Companies Act, Chapter 50, and to deliver existing Shares (including treasury shares, if any) and to allot and issue and/or transfer from time to time such number of fully paid-up Shares in the capital of the Company as may be required to be allotted and issued and/or transferred pursuant to the exercise of the Options under the Option Scheme, provided always that:

(i) the aggregate number of Shares over which the Company may grant Options on any date (including the number of Shares which have been and to be issued upon the exercise of the Options in respect of all Options granted under the Option Scheme) shall not exceed fifteen per cent. (15%) of the total number of Shares of the Company (excluding treasury shares) on the day preceding that date; and

(ii) the aggregate number of Shares to be offered to certain participants collectively and individually during the duration of the Option Scheme (subject to adjustments, if any, made under the Option Scheme) shall not exceed such limits or, as the case may be, sub-limits as may be prescribed in the Option Scheme. **Resolution 6**

9. **THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE**

That:

(1) for the purposes of the Companies Act, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire Shares not exceeding in aggregate the Maximum Number of Shares (as defined below), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as defined below), whether by way of:

(a) on-market purchases (the "**Market Purchases**") transacted on the SGX-ST through the SGX-ST's trading system or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted, and which may be transacted through one or more duly licensed stockbrokers appointed by the Company for the purchase; and/or

(b) off-market purchases (the "**Off-Market Purchases**") effected pursuant to an equal access scheme as defined in Section 76C of the Companies Act;

and otherwise in accordance with all other laws and regulations, including but not limited to, the provisions of the Companies Act and listing rules of the SGX-ST as may from time to time be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Buyback Mandate**");

NOTICE OF ANNUAL GENERAL MEETING

(2) unless varied or revoked by the members of the Company in a general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buyback Mandate may be exercised by the Directors of the Company at any time and from time to time commencing from the date of the passing of this Ordinary Resolution and expiring on the earliest of:

(a) the date on which the next annual general meeting of the Company is held or is required by law to be held;

(b) the date on which the authority conferred by the Share Buyback Mandate is revoked or varied by the Shareholders in a general meeting; or

(c) the date on which the purchases or acquisitions of Shares pursuant to the Share Buyback Mandate are carried out to the full extent mandated;

(3) for the purposes of this Ordinary Resolution:

"**Maximum Number of Shares**" means total number of Shares that may be purchased or acquired by the Company pursuant to the proposed Share Buyback Mandate during the Relevant Period, is limited to that number of Shares representing not more than ten per cent (10.00%) of the total number of issued Shares of the Company as at the date of passing of this Ordinary Resolution (unless the Company has, at any time during the Relevant Period, made an order under Sections 78B or 78C of the Companies Act, or the court has, at any time during the Relevant Period, made an order under Section 78I confirming the reduction of share capital of the Company, in which event the total number of Shares shall be taken to be the total number of Shares as altered by the special resolution of the Company or the order of the court, as the case may be) excluding any treasury shares that may be held by the Company from time to time

"**Maximum Price**", in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax, clearance fees and other related expenses) to be paid for the Shares pursuant to the purchase(s) or acquisition(s) of the Shares must not exceed:

(a) in the case of a Market Purchase, 105.00% of the Average Closing Price (as defined hereinafter); and

(b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120.00% of the Average Closing Price,

NOTICE OF ANNUAL GENERAL MEETING

where:

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last five (5) Market Days, on which transactions in the Shares were recorded, before the day on which the purchase or acquisition of the Shares were made, or as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Days;

"**day of the making of the offer**" means the day on which the Company makes an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

(5) the Directors may impose such terms and conditions which are consistent with the Share Buyback Mandate, the Listing Manual and the Companies Act as they consider fit, in the interests of the Company, in connection with, or in relation to any equal access scheme or schemes.

(6) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution. **Resolution 7**

By Order of the Board
Ong Beng Hong
Joint Company Secretary
14 April 2015

NOTICE OF ANNUAL GENERAL MEETING

Notes:

(1) A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy in his stead.

(2) A proxy need not be a member of the Company.

(3) If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.

(4) The instrument appointing a proxy must be deposited at the registered office of the Company at 80 Robinson Road, #17-02 Singapore 068898 not later than 48 hours before the time appointed for the Meeting.

Explanatory Notes:

(i) The Ordinary Resolution 6, if passed, will empower the Directors from the date of this Meeting until the conclusion of the next Annual General Meeting, or the date by which the next Annual General Meeting of the Company is required by law to be held, or when revoked or varied by the Company in general meeting, whichever is earlier, to allot and issue further shares in the Company. The maximum number of shares which the Directors may issue under this resolution shall not exceed the quantum as set out in the resolution.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, or by attending the Annual General Meeting, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty. In addition, by attending the Annual General Meeting and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for any of the Purposes.

JB FOODS LIMITED

(Company Registration No. 201200268D)
(Incorporated in the Republic of Singapore)

IMPORTANT
1. For investors who have used their CPF monies to buy shares ("CPF Investors") in the capital of JB Foods Limited, this Proxy Form is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM

*I/We ______________________________ NRIC No. ____________

of ____

being a *member/members of JB FOODS LIMITED (the "Company"), hereby appoint

Name	Address	NRIC/ Passport No	Proportion of shareholdings (%)

and/or (delete as appropriate)

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting, as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll at the Annual General Meeting of the Company to be held at Raffles Marina, Chartroom at 10 Tuas West Drive, Singapore 638404 on Thursday, 30 April 2015 at 10 a.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the Ordinary Resolutions set out in the Notice of Annual General Meeting as indicated hereunder. In the absence of specific instructions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting.

Resolution No.	Ordinary Resolutions	For	Against
1	To receive and adopt the Financial Statements for the financial year ended 31 December 2014 and the Reports of the Directors and Auditors thereon.		
2	To re-elect Mdm Goh Lee Beng as Director.		
3	To approve Directors' fees of S$116,000.00 for the financial year ending 31 December 2015, to be paid quarterly in arrears.		
4	To re-appoint Auditors and to authorise the Directors to fix their remuneration.		
5	To approve the proposed share issue mandate.		
6	To approve the proposed grant of authority to allot and issue shares under the JB Foods Employee Share Option Scheme 2014.		
7	To approve the proposed renewal of the share buyback mandate.		

* If you wish to exercise the votes in respect of all of your shares "For "or "Against", please tick (√) within the box provided. Alternatively, please indicate the number of shares in respect of which the votes are to be cast "For" and "Against" as appropriate.

Dated this ________ day of ___________ 2015.

Total Number of Ordinary Shares Held	

____
Signature(s)/Common Seal of Members

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES

1. If you have Ordinary Shares entered against your name in the Depository Register (as defined in Section130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Ordinary Shares. If you have Ordinary Shares registered in your name in the Register of Members, you should insert that number of Ordinary Shares. If you have Ordinary Shares entered against your name in the Depository Register and Ordinary Shares registered in your name in the Register of Members, you should insert the aggregate number of Ordinary Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the Proxy Form shall be deemed to relate to all the Ordinary Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote instead of him. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be valid only if he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy. In the case of a joint appointment of two proxies, the Chairman of the Meeting will be a member's proxy by default if either or both of the proxies appointed do not attend the Annual General Meeting. In the case of an appointment of two proxies in the alternative, the Chairman of the Meeting will be a member's proxy by default if both of the proxies appointed do not attend the Annual General Meeting.

4. The Proxy Form must be lodged at the registered office of the Company at 80 Robinson Road, #17-02, Singapore 068898 not less than 48 hours before the time appointed for the Annual General Meeting.

5. The Proxy Form must be under the hand of the appointor or of his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

GENERAL

The Company shall be entitled to reject the Proxy Form if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form. In addition, in the case of Ordinary Shares entered in the Depository Register, the Company may reject any Proxy Form lodged if the member, being the appointor, is not shown to have Ordinary Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

By submitting an instrument appointment a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting.