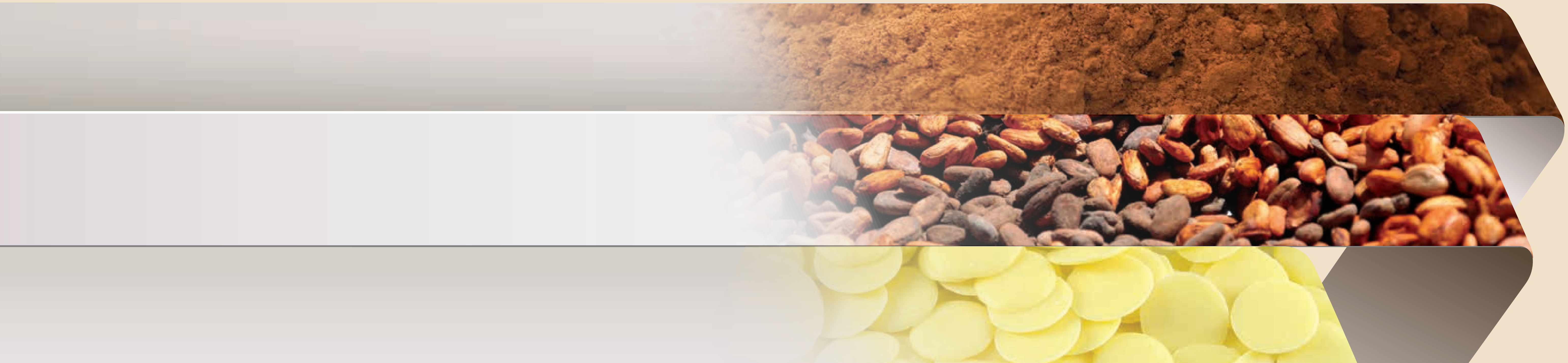
ANNUAL REPORT 2015



RIGHT ON TRACK

JB FOODS LIMITED

ANNUAL REPORT 2015

JB FOODS LIMITED
80 Robinson Road #17-02
Singapore 068898
www.jbfoods.com.sg

CONTENTS

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 processing capacity of 145,000 metric tonnes of cocoa beans equivalent per year.

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 ("PTP"), a free trade zone in Johor, Malaysia. The production facility has received a number of accolades and certifications including ISO 9001:2008 certification, HACCP certification, Kosher and Pareve certification, Halal certification, UTZ chain of custody standard – Cocoa as well as Best Cocoa Grinder Award 2010, Industry Excellence Award 2011, and a certificate of appreciation for being the finalist of the Malaysian Commodities Industry Award 2011 for Best Manufacturing Factory.

JB Foods has been listed on the Mainboard of the Singapore Exchange Securities Trading Limited since 2012.

In 2015, we completed the acquisition of a cocoa processing facility which is located in the Maspion Industrial Estate in Gresik, Indonesia, approximately 30 km from the Surabaya port. This facility will focus on processing raw cocoa bean sourced from Indonesia.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chua Cheow Khoon Michael
(Chairman and Lead Independent Director)

Goi Seng Hui
(Non-Executive, Non-Independent and Vice Chairman)

Tey How Keong
(Chief Executive Officer)

Goh Lee Beng
(Executive Director)

Chin Koon Yew
(Independent Director)

Loo Wen Lieh
(Alternate director to Goi Seng Hui)

AUDIT COMMITTEE

Chua Cheow Khoon Michael
(Chairman)
Chin Koon Yew
Goi Seng Hui

REMUNERATION COMMITTEE

Chua Cheow Khoon Michael
(Chairman)
Chin Koon Yew
Tey How Keong

NOMINATING COMMITTEE

Chin Koon Yew *(Chairman)*
Chua Cheow Khoon Michael
Tey How Keong

RISK MANAGEMENT COMMITTEE

Chin Koon Yew *(Chairman)*
Goi Seng Hui
Tey How Keong
Tan Chay Kee

JOINT COMPANY SECRETARIES

Ong Beng Hong
Wong Wing Hong

REGISTERED OFFICE

80 Robinson Road, #17-02
Singapore 068898
Tel: (65) 6222 8008
Fax: (65) 6222 8001
Website: www.jbcocoa.com

SHARE REGISTRAR

RHT Corporate Advisory Pte. Ltd.
6 Battery Road #10-01
Singapore 049909

INDEPENDENT AUDITORS

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

Partner-in-charge: Poon Yew Wah
(Appointed since the 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 "JB COCOA" brand name to a worldwide customer base ranging from international trade houses to end users such as food and beverage and confectionery manufacturers. Our key customers include Nestle Group, Mondelez Group, Mars Group, Hershey's Group, Itochu Corporation, Theobroma B.V., General Cocoa Company Inc., Olam Europe Limited, etc.

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 2014, the Group exercised its call option to acquire an 80% equity interest in PT Jebe Koko, a cocoa bean processing facility. This facility is located in the Maspion Industrial Estate in Gresik, Indonesia, approximately 30 km from the Surabaya port, and it will focus on processing raw cocoa beans sourced domestically in Indonesia. Our Indonesian facility not only provides the Group with a competitive processing cost structure, it also allows the Group to save on the Indonesian export tax on raw cocoa bean. The acquisition was completed in 2015.

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

AWARDS AND CERTIFICATIONS

AWARDS

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

CERTIFICATIONS

- Halal Certification
- ISO 9001: 2008 Certification
- Kosher and Pareve Certification
- HACCP Certification
- UTZ Chain of Custody Standard – Cocoa

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,

FY2015 PERFORMANCE REVIEW

I am pleased to inform that in FY2015, we had successfully executed a business turnaround, achieving a net profit of USD2.4 million for the full year against a net loss of USD13.0 million in the preceding year.

The Group had proactively navigated through various business challenges that manifested in FY2013 and FY2014 when processing overcapacity, aggressive price competition and sluggish demand were prevalent. Throughout the tumultuous two-year downturn in the industry, and despite our financial losses, we remain focused on executing our business strategy of providing the best products and services to our loyal customer base. We have been rewarded with more business as a result. We also expanded our customer base in strategic markets such as the USA and Indonesia through our sales and marketing offices in these markets and the results have been encouraging.

We believe the industry consolidation and rationalisation during the two year downturn had created a healthier industry environment, setting the stage for the recovery in processing margin, especially during the second half of FY2015, whereby our business recorded higher sales volume and better processing margin. These encouraging results were achieved amidst an environment with weak global economic growth and heightened volatility in commodities, equities and the foreign exchange markets.

INDUSTRY OUTLOOK

For FY2016, we anticipate the weak macro-economic conditions to persist. Our strategy is to remain focused by growing our sales volume through higher penetration with our existing customer base and new customer. We will exercise prudence and continue to improve the utilisation of our Group's factory processing capacity. We will also carefully manage and optimise our resources against our business growth objectives.

We may face some headwinds in the demand for our cocoa products should global economies deteriorate significantly. However, based on historical trends, we believe that global consumption demand for cocoa and chocolate will stay resilient. Nevertheless, we remain vigilant for any adverse changes in business conditions and will respond accordingly to mitigate any risks.

As we leverage on our strengthened financial position in FY2016, we look forward to improving our value-added proposition to our customers. We will continue to grow our business by forging stronger working relationships with our customers and suppliers, so as to build a more sustainable competitive edge.

ACKNOWLEDGEMENT

I would like to extend my deepest gratitude to Mr. Leow Wee Kia Clement, who stepped down as an Independent Director of the Group in April 2015. We are grateful for his contributions towards the Group and wish him all the best for his future endeavours.

In conclusion, I would like to thank my fellow Board members for their invaluable guidance and to the management and staff for their commitment towards the Group. In addition, I would like to extend a big thank you to our customers and business partners for their support and faith.

I would also like to extend my appreciation to our valued shareholders. Thank you for your unwavering support for the Group. We will work towards growing the Group to create greater value for everyone.

CEO'S MESSAGE

DEAR SHAREHOLDERS,

FY2015 was a year of significant and encouraging developments for the Group. We delivered positive results with improved sales volume and processing margins. The entire cocoa processing industry, which was adversely affected in 2013 to 2014, began to experience a gradual recovery in 2015. In addition, the intense competitive pressure had also gradually eased. Overall, we are pleased that the cocoa processing industry is on a recovery path.

FINANCIAL REVIEW

During the reporting year, the Group's revenue grew by 3.6% to USD226.5 million against USD218.7 million in FY2014, due to higher product shipment volume. Lower carrying costs of our inventory versus our selling prices and the absence of inventory written-down in FY2015 contributed to an increase in processing margin. As such, the Group registered a gross profit of USD11.7 million for the year compared to a gross loss of USD2.3 million in the year before. Correspondingly, we delivered a net profit of USD2.4 million compared to a net loss of USD13.0 million in the preceding year.

GROWING FROM STRENGTH TO STRENGTH

Subsequent to the rights issue that we undertook in late FY2014, we had, as proposed, used S$17.0 million of the net proceeds as our working capital, and the remaining S$11.6 million for funding our acquisition of 80% stake in PT Jebe Koko, which owns a cocoa bean processing factory. The acquisition of the 80% stake in PT Jebe Koko was completed in April 2015. Thereafter, we further acquired an additional 19.98% stake in PT Jebe Koko in September 2015, bringing the Group's effective interest in PT Jebe Koko to 99.92%.

Following the abovementioned acquisition, the Group now has two complementary cocoa bean processing facilities, located in Malaysia and Indonesia, with the capacities and capabilities to support our strategic business growth in the years ahead.

To meet the Singapore Exchange's minimum trading price requirements, we had also consolidated our share capital of every ten existing ordinary shares into three ordinary shares in August 2015. Following the completion of the share consolidation exercise, the issued share capital of the Group now comprises 227,399,975 consolidated shares.

CEO'S MESSAGE

FUTURE PROSPECTS

We maintain a cautious outlook for the cocoa industry in spite of the improved cocoa processing environment in the second half of FY2015. This is largely due to heightened uncertainties in global economic growth, the equity markets and commodities markets. As such, we expect high trading volatility to persist in the cocoa bean terminal markets. In response, we will stay vigilant and nimble in ensuring that our business strategy is adjusted to be in line with the prevailing conditions when needed.

In view of these potential risks, the Group will continue to adopt a conservative and prudent stance in our operations, while focusing on executing our business strategies to achieve our growth and profitability goals.

ACKNOWLEDGEMENT

In closing, I would like to thank Mr. Leow Wee Kia Clement, who relinquished his role as an Independent Director of the Group in April 2015, for his contributions and wish him all the best for his other engagements.

On another note, I would also like to thank the Board of Directors, the management and employees of the Group for their hard work and commitment towards the Group. To our customers, suppliers and shareholders, thank you for the faith and support throughout the years. I look forward to continuing this journey with you as we take the Group to greater heights.

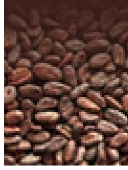
FINANCIAL HIGHLIGHTS

FINANCIAL RESULTS (USD' million)	FY2015	FY2014	FY2013	FY2012	FY2011
		(Restated)	(Restated)	(Restated)	(Restated)
REVENUE	**226.5**	218.7	194.8	189.5	226.2
GROSS PROFIT/(LOSS)	**11.7**	(2.3)	(8.7)	20.3	28.0
PROFIT/(LOSS) BEFORE TAX	**2.4**	(12.7)	(19.5)	13.8	22.0
PROFIT/(LOSS) ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	**2.1**	(13.1)	(15.3)	12.4	16.7

FINANCIAL POSITION (USD' million)	FY2015	FY2014	FY2013	FY2012	FY2011
		(Restated)	(Restated)	(Restated)	(Restated)
NON-CURRENT ASSETS	**60.4**	62.5	62.9	54.7	28.9
CURRENT ASSETS	**140.5**	145.3	119.0	112.6	77.9
CURRENT LIABILITIES	**(128.0)**	(136.2)	(114.3)	(87.9)	(70.2)
NON-CURRENT LIABILITIES	**(2.6)**	(4.5)	(6.4)	(13.1)	(3.8)
SHAREHOLDERS' EQUITY	**70.2**	65.6	59.9	61.3	32.7
CASH AND CASH EQUIVALENTS	**7.4**	32.3	21.7	17.8	15.9

RATIOS	FY2015	FY2014	FY2013	FY2012	FY2011
		(Restated)	(Restated)	(Restated)	(Restated)
NET ASSET VALUE PER SHARE (CENTS)[1]	**30.88**	29.46	26.91	27.35	14.38
NET GEARING (TIMES)[2]	**1.17**	1.14	1.18	0.78	0.94

(1) Net asset value per share are computed based on the adjusted share capital of 227,399,975.
(2) (Bank borrowings + finance lease payables – cash and cash equivalents)/Net asset value



OPERATIONS & FINANCIAL REVIEW

INCOME STATEMENT

For the full year ended 31 December 2015 ("FY2015"), JB Foods' revenue grew 3.6% to USD226.5 million, from USD218.7 million in the previous year mainly due to higher product shipment volume.

On the back of improved processing margin, resulting from lower carrying costs of our inventory versus our selling prices and the absence of inventory written-down in FY2015, the Group registered a gross profit of USD11.7 million in FY2015 compared to the previous year of gross loss of USD2.3 million.

The Group registered other gains (net) of USD1.4milion in FY2015 compared to the previous year of other losses of USD1.0 million, mainly arose from the net foreign exchange gain of USD0.8 million and net fair value gain on derivative foreign exchange contracts of USD0.4 million.

Selling and distribution expenses grew by USD0.5 million or 16.3% from USD3.3 million in FY2014 to USD3.8 million in FY2015, mainly due to higher warehousing costs for the inventories held at third party premises coupled with higher product shipment volume.

Administrative expenses increased by USD0.8 million or 20.5% from USD4.1 million in FY2014 to USD4.9 million in FY2015, mainly due to additional administrative expenses incurred for the newly incorporated subsidiaries in the United States of America ("USA") and Indonesia from second quarter of 2014 onwards.

Consequently, the Group registered a net profit of USD2.4 milllion in FY2015, which marked a significant improvement compared to a net loss of USD13.0 million in FY2014.

BALANCE SHEET

The Group's non-current assets decreased by net amount of USD2.0 million or 3.3% from USD62.5 million as at 31 December 2014 to USD60.4 million as at 31 December 2015, mainly due to the depreciation charge of USD4.2 million on the property, plant and equipment in FY2015, with partial offset from the acquisition of plant and equipment of USD2.2 million. During the current financial year, the Group had reclassified a building as investment property in view of the change of the usage in the building.

The Group's current assets decreased by USD4.8 million or 3.3% from USD145.3 million as at 31 December 2014 to USD140.5 million as at 31 December 2015, mainly due to the decrease in cash and cash equivalents of USD24.9 million, with partial offset from the increase in inventories, trade and other receivables of USD8.9 million and USD11.1 million respectively.

The Group's current liabilities decreased by USD8.2 million or 6.0% from USD136.2 million as at 31 December 2014 to USD128.0 million as at 31 December 2015, mainly due to the decrease in the short-term bank borrowings of USD17.4 million, with partial offset from the increase in trade and other payables of USD8.9 million.

The Group's non-current liabilities decreased by USD1.9 million or 42.0% from USD4.5 million as at 31 December 2014 to USD2.6 million as at 31 December 2015, mainly due to the decrease in the long-term bank borrowings of USD2.1 million.

The Group's equity attributable to owners of the parent increased by USD4.6 million or 7.0% from USD65.6 million as at 31 December 2014 to USD70.2 million as at 31 December 2015, mainly due to the profit of USD2.4 million generated during the financial year and net equity of USD2.2 million arising from the acquisition of PT Jebe Koko in April 2015.

OPERATIONS & FINANCIAL REVIEW

CASH FLOWS

Statement of Cash Flows

USD'000	FY2015	FY2014
Net cash from/(used in) operating activities	9,222	(23,084)
Net cash used in investing activities	(11,427)	(6,509)
Net cash (used in)/from financing activities	(22,702)	41,893
Net change in cash and cash equivalents	(24,907)	12,300
Cash and cash equivalents at end of the year	7,421	32,328

In FY2015, the Group's cash and cash equivalent was reduced by USD24.9 million due to investing and financing cash outflows of USD11.4 million and USD22.7 million respectively, which was partially offset by the net operating cash inflows of USD9.2 million.

During the year, the Group made a net payment of USD9.7 million for the acquisition of a subsidiary. In addition, JB Foods invested USD2.1 million on the property, plant and equipment and intangible assets.

On the financing front, the Group repaid bank borrowings and finance lease amounting to USD267.4 million, made interest payment of USD1.9 million and cash payment of USD1.3 million for the acquisition of non-controlling interests. This was partially offset by the drawdown of bank borrowings of USD247.7 million.

During the year, the Group's operations generated USD9.2 million in FY2015 as it registered positive operating cash flows of USD8.2 million, cash inflows from trade and other payables of USD20.8 million and an income tax refund of USD0.3 million from the Inland Revenue Board. This was partly offset by the funds utilised in inventories, prepayments trade and other receivables totalling USD20.1 million.

BOARD OF DIRECTORS

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, and was the Chief Investment Officer of Sapphire Corporation Limited.

Mr Chua has held senior positions in multinational companies including the Singapore Technologies group companies and Sembcorp group of companies. Mr Chua was a Lead Independent Director of Cedar Strategic Holdings Ltd and Non-Executive Director of National Car Rentals 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.

CHUA CHEOW KHOON MICHAEL
Independent Director and Non-Executive Chairman

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. Mr Goi is the Executive Chairman of Tee Yih Jia Group, a global food and beverage group with operations in Singapore, Malaysia, USA, Europe and China. In 2014, he was named Businessman of the Year by Singapore's Business Times and 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. Mr Goi was also conferred the State Award of Panglima Gemilang Darjah Kinabalu (PGDK), which carries the title of Datuk, from the Head of State of Sabah, for his social and business contributions to Kota Kinabalu. In recognition of his numerous philanthropy works, he was awarded the SG50 Outstanding Chinese Business Pioneers Award, and Enterprise Asia's Lifetime Achievement Award in 2015.

Mr Goi 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 also serves on the board of three other Mainboard-listed companies – as Executive Chairman of GSH Corporation Limited, Vice Chairman of Super Group Limited and Vice Chairman of Envictus International Holdings Limited.

He is also Enterprise 50 Club's Honorary Past President and Vice Chairman of IE Singapore's "Network China" Steering Committee, Regional Representative for Fuzhou City and Fujian Province, council member of the Singapore-Zhejiang Economic & Trade Council and Singapore-Jiangsu Cooperation Council, as well as Senior Consultant to Su-Tong Science & Technology Park. He is currently the Honorary Council Member of the Singapore Chinese Chamber of Commerce and Industry, the Honorary Chairman for the International Federation of Fuqing Association, a member of the Singapore University of Technology and Design (SUTD) Board of Trustee, as well as the Chairman of Dunman High School Advisory Committee and Ulu Pandan Citizens Consultative Committee.

BOARD OF DIRECTORS

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.

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.

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.

GOH LEE BENG
Executive Director

CHIN KOON YEW
Independent and Non-Executive 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.

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.

BOARD OF DIRECTORS

LOO WEN LIEH

Alternate Director to Mr Goi Seng Hui

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 (TYJ) Group, and oversees its financial, tax and accounting matters. TYJ is the leading frozen foods manufacturer in Singapore and exports most of its products globally. The TYJ Group also has significant investments in different industries such as the property development sector, technology sector and F&B sector, and holds substantial stakes in several 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 Fellow Chartered Accountant of Singapore.

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 15 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. She is currently the Sales and Marketing and R & D 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, leading cocoa ingredient producer, JB Foods is committed to Corporate Social Responsibility (CSR) practices. We understand that such an orientation and practice benefits everyone, from our wide range of stakeholders, including employees, the neighbouring community and our global cocoa bean suppliers, to our Group as well, in a holistic business eco-system. In this way, we aim to secure long-term, sustainable growth.

Our Group CSR activities and policies focus on these areas: developing a conducive, well-rounded work environment, implementing business ethics and good corporate governance practices, adopting pro-environmental measures and a commitment to global standards in sustainable farming.

At JB Foods, we provide a "Safe & Healthy" and "Work-Life Balance" working environment for our employees. Work safety is of paramount importance and we achieve this through displaying visual signages at various points in our premises and organising briefings and talks on occupational safety. We also have an active "Stay Healthy" programme by organising regular recreation and sports activities.

Throughout our operations, we emphasise environmentally friendly measures. We recycle all used papers and print our marketing material such as brochures using recycled materials. In our production, we compile and use cocoa waste and cocoa shells to generate steam for our machinery, specifically our press machines. Other than such pro-environmental practices in our operations, we encourage staff who stay together in company hostels to car-pool in their daily work commute.

COMMITTED TO GLOBAL SUSTAINABLE PRACTICES

We are committed to global sustainable practices as a member of the World Cocoa Foundation ("WCF") and Cocoa Association of Asia ("CAA"), both of which promote a sustainable cocoa economy through economic and social development and environmental stewardship in cocoa growing communities. With joint efforts from 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 contribute towards this 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 practices.

In 2015, JB Foods established a partnership with Swisscontact, a Non-Profit Organisation, to promote sustainable cocoa farming in Aceh. We hope through our support for the cocoa sustainability program in Aceh, we can contribute to the long term supply of quality cocoa bean and at the same time improve the social and economic progress of the local communities.

Overall, the Group adopts and implements best practices with fair competition in all aspects such as business ethics and values, as well as good corporate governance to maintain confidence among all stakeholders, especially our shareholders and investors.

FINANCIAL CONTENTS

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 the 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**").

This report describes the corporate governance framework and practices of the Company that were in place for the financial year ended 31 December 2015 ("**FY2015**"), with specific references to the Code. The Company confirms that it has adhered to the principles and guidelines set out in the Code, where applicable, relevant and practicable to the Group. Any deviations from the guidelines of the Code or areas of non-compliance have been explained accordingly.

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 clearly 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.

CORPORATE GOVERNANCE REPORT

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.

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 also meets on an ad-hoc basis as warranted by particular circumstances. The Company's Constitution provides for 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 amongst others, their roles, obligations, duties and responsibilities as members of the Board prior to their appointments. Such newly appointed Directors may 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 FY2015 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	5	5	4	4	2	2	1	1	–	–
Tey How Keong	5	5	4	4	2	2	1	1	1	1
Goh Lee Beng	5	5	4	4	2	2	1	1	–	–
Leow Wee Kia Clement(1)	5	1	4	1	2	1	1	1	–	–
Goi Seng Hui (Alternate: Loo Wen Lieh)(2)	5	3 5	4	2 4	2	– 2	1	– 1	1	– 1
Chin Koon Yew	5	5	4	4	2	2	1	1	1	1

Notes:

(1) Mr Leow Wee Kia Clement retired at the last Annual General Meeting of the Company held on 30 April 2015 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.

CORPORATE GOVERNANCE REPORT

Principle 2: Board Composition and Balance

As at the date of this Annual Report, the Board comprises five Directors, of whom two are Independent Directors and one is a Non-Executive Director. The two Independent Directors of the Company are Mr Chua Cheow Khoon Michael 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 bring 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 NC is also of the view that the Board has a good balance of Directors who have extensive business, financial, accounting and management experience.

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 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 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.

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 Chua Cheow Khoon Michael (Chairman)

Mr Chin Koon Yew

Mr Tey How Keong

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;

(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.

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 briefs 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 Chua Cheow Khoon Michael 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.

CORPORATE GOVERNANCE REPORT

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	65	4 May 2012	26 April 2013	**Present Directorships:** Cogent Holdings Limited **Past Directorships:** Cedar Strategic Holdings Ltd
Mr Goi Seng Hui	69	01 March 2013	26 April 2013	**Present Directorships:** Envictus International Holdings Limited Super Group Ltd Tung Lok Restaurants (2000) Ltd GSH Corporation Limited **Past Directorships:** –
Mr Tey How Keong	50	3 January 2012	30 April 2014	**Present Directorships:** – **Past Directorships:** –
Mdm Goh Lee Beng	50	4 May 2012	30 April 2015	**Present Directorships:** – **Past Directorships:** –
Mr Chin Koon Yew	60	18 February 2014	30 April 2014	**Present Directorships:** – **Past Directorships:** –
Mr Loo Wen Lieh	41	23 May 2013	–	–

The Directors who are retiring by rotation pursuant to Article 98 of the Company's Constitution at the forthcoming Annual General Meeting are Mr Chua Cheow Khoon Michael and Mr Goi Seng Hui. After assessing their respective contributions and performance, the NC is recommending each of Mr Chua Cheow Khoon Michael and Mr Goi Seng Hui for re-election at the forthcoming Annual General Meeting.

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 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.

CORPORATE GOVERNANCE REPORT

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 abstains 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 strengths 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;

(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 regularly furnished 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.

One Joint Company Secretary or her representative administers and attends all Board and Board Committees meetings of the Company and prepares 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, a majority of whom are independent:

Mr Chin Koon Yew (Chairman)

Mr Chua Cheow Khoon Michael

Mr Tey How Keong

The RC does not comprise entirely of Non-Executive Directors as the participation of Mr Tey How Keong, the Chief Executive Officer and Executive Director, in the RC helps provide meaningful feedback in the setting of the Group's overall compensation packages due to his in-depth understanding of the Group's human resource capital as well as industry-specific benchmarks in respect of remuneration. The independence of the RC will not be compromised with the involvement of Mr Tey How Keong as the majority of the RC members, including the chairman of the RC, are Independent and Non-Executive Directors.

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

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 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 FY2015.

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 with industry rates 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 provide for, inter alia, termination by either party upon giving not less than six months' notice in writing.

The Company is of the view that there is no requirement to institute contractual provisions to allow the Company to reclaim incentive components of Executive Directors' remuneration paid in prior years in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss, as they owe a fiduciary duty to the Company and the Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

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 that 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 Annual General Meeting 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).

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 FY2015 are as follows:

Name of the Directors		Salary S$	Bonus S$	Other Benefits S$	Fees S$	Total S$
S$250,000 and below:						
Tey How Keong	Executive	179,050	45,654	428	–	225,132
Goh Lee Beng	Executive	102,095	26,550	428	–	129,073
Chua Cheow Khoon Michael		–	–	–	42,000	42,000
Mr Chin Koon Yew		–	–	–	36,000	36,000
Mr Goi Seng Hui		–	–	–	24,000	24,000
Leow Wee Kia Clement(1)		–	–	–	14,000	14,000
Mr Loo Wen Lieh		–	–	–	–	–

Name of Top 4 Key Management Personnel	%	%	%	%	%
S$250,000 to S$500,000					
Tan Chay Kee	92	8	–	–	100
S$250,000 and below					
Ong Kim Teck	94	5	1	–	100
Saw Poh Chin	98	1	1	–	100
Ho Kek Sian(2)	76	23	1	–	100

The Company had 4 key management personnel for FY2015. The total remuneration for these 4 key management personnel amounted to S$416,494 during FY2015.

Notes:

(1) Mr Leow Wee Kia Clement retired at the last Annual General Meeting of the Company held on 30 April 2015 and did not seek re-election.

(2) Mr Ho Kek Sian resigned as the Quality Assurance and Development Manager of the Company on 31 January 2015.

During FY2015, there were no employees of the Group who are immediate family members of a director or the CEO whose remuneration exceeded S$50,000.

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, 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 FY2015.

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; and

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

Based on the internal controls and risk management systems established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by Management, the 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 the 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. As at the date of this Annual Report, the RC comprises the following members:

Mr Chin Koon Yew (Chairman)

Mr Tey How Keong

Mr Goi Seng Hui

Mr Tan Chay Kee

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;

(e) before a decision to proceed is taken by the Board, advise the Board on proposed strategic transactions, focusing 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.

Principle 12: Audit Committee

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

Chua Cheow Khoon Michael (Chairman)

Goi Seng Hui

Chin Koon Yew

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 the financial and operating results and accounting policies;

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

(c) evaluating the internal accounting control systems and ensuring coordination between the external auditors, the internal auditors and our management, and review the assistance given by the 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 the management, where necessary);

(d) review the external auditors' reports;

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

(f) review the half yearly and annual, and quarterly (if applicable) financial statements of the Company and the Group and the results announcements before the submission to the 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 the Group's administrative, operating and internal accounting and financial control procedures;

(h) review and make recommendation to the 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 the 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 the Group's operating results or financial position and our management's response;

(k) review any potential conflicts of interest;

(l) review the key financial risk areas, with a view to providing an independent oversight on the 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 the Company to the Directors;

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

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

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 Group for the audit and non-audit services are disclosed in Note 22 to the financial statements in this Annual Report. In addition to Note 22 to the financial statements, there were non-audit services fees of approximately USD29,000 paid to an overseas member firm of the BDO network. The overseas member firm was not involved in the external audit of any of the Group entities. The AC has undertaken a review of all non-audit services provided by the external auditors and the overseas member firm of the BDO network to the Group and is satisfied that the nature and extent of such services would not affect the independence of the external auditors.

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 BDO LLP 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 8 to the financial statements in this Annual Report. BDO LLP, Singapore was appointed in FY2015 to audit the accounts of the Company and JB Foods Global Pte Ltd. BDO, Malaysia was appointed in FY2015 to audit the accounts of JB Cocoa Sdn Bhd and Allegis NPD Sdn Bhd. BDO Tanubrata, Indonesia was appointed in FY2015 to audit the accounts of PT Jebe Koko and PT Jebe Trading Indonesia.

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 FY2015.

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 has 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. 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 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 SGX 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 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 Constitution allows a shareholder of the Company to appoint up to two proxies to attend and vote on behalf of the shareholder at shareholder meetings, save that no limit shall be imposed on the number of proxies for nominee companies.

Votes at the forthcoming AGM and all General Meetings going forward will be taken by poll so that shareholders are accorded rights proportionate to their shareholding and all votes are counted.

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.

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 FY2015 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)**
	FY2015 USD'000	**FY2015 USD'000**
PT Jebe Koko		
– Purchase of cocoa ingredients	–	22,533(1)
Guan Chong Cocoa Manufacturer Sdn Bhd		
– Purchase of cocoa ingredients	952(2)	144
– Sales of cocoa ingredients	762(2)	–

Notes:

(1) the USD22,533,000 relates to transactions with PT Jebe Koko prior to 1 April 2015.

(2) the Company did not seek a renewal of the IPT mandate at the last Annual General Meeting of the Company held on 30 April 2015.

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.

DIRECTORS' STATEMENT

The Directors of JB Foods Limited (the "Company") present their statement to the members together with the audited financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2015 and the statement of financial position of the Company as at 31 December 2015.

1. Opinion of the 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 financial position of the Group and of the Company as at 31 December 2015, and of the financial performance, 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.

2. Directors

The Directors of the Company in office at the date of this statement are as follows:

Tey How Keong
Goh Lee Beng
Goi Seng Hui
Chua Cheow Khoon Michael
Chin Koon Yew
Loo Wen Lieh (Alternate director to Goi Seng Hui)

3. 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 was 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.

4. *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 2015	Balance at 31 December 2015	Balance at 1 January 2015	Balance at 31 December 2015
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	1,500,000	450,000(i)	358,200,000	118,860,000(i)
Goh Lee Beng	1,642,000	1,582,500(i)	358,200,000	118,860,000(i)
Goi Seng Hui	–	–	129,000,000	38,700,000(i)
Chin Koon Yew	–	324,000(1)	–	–

(i) In the current financial year, the Company consolidated every 10 ordinary shares into 3 ordinary shares.

By virtue of Section 7 of the Act, Tey How Keong and Goh Lee Beng are deemed to have an interest in all related corporations of the Company. 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 the Directors' Shareholdings, the Directors' interests as at 21 January 2016 in the shares of the Company have not changed from those disclosed as at 31 December 2015, except for Goh Lee Beng whose direct interests in the Company has increased to 1,670,000.

5. *Share options*

There were no share options granted by the Company or its subsidiary corporations 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 subsidiary corporations.

There were no unissued shares of the Company or its subsidiary corporations under option 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)
Goi Seng Hui
Chin Koon Yew

The audit committee has carried out its functions in accordance with section 201B (5), including reviewing the following, where relevant, with the executive Directors and external and internal auditors of the Company:

(a) the audit plans of the internal and external auditors and the results of the internal auditors examination and evaluation of the Group's systems of internal accounting controls;

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

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

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

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

(f) the re-appointment of the external and internal auditors of the Company.

(g) 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 auditor to the Group and is satisfied that the nature and extent of such services would not affect the independence of the external auditor.

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 Directors the nomination of BDO LLP for re-appointment as external auditor of the Company at the forthcoming Annual General Meeting of the Company.

7. *Independent auditor*

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

On behalf of the Board of Directors

Tey How Keong
Director

Goh Lee Beng
Director

Singapore

29 March 2016

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 42 to 114 which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2015, 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 financial statements 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF JB FOODS LIMITED

Report on the Financial Statements (Continued)

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 financial position of the Group and of the Company as at 31 December 2015 and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

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 corporation 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

29 March 2016

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2015

	Note	Group 31.12.2015 US$'000	Group 31.12.2014 US$'000 (Restated)	Group 1.1.2014 US$'000 (Restated)	Company 31.12.2015 US$'000	Company 31.12.2014 US$'000 (Restated)	Company 1.1.2014 US$'000 (Restated)
Non-current assets							
Intangible assets	4	**471**	310	130	**–**	–	–
Investment property	5	**4,104**	–	–	**–**	–	–
Property, plant and equipment	6	**54,378**	60,528	60,811	**–**	–	–
Prepaid lease payments	7	**1,469**	1,631	1,914	**–**	–	–
Investments in subsidiaries	8	**–**	–	–	**66,177**	66,177	53,058
Other receivables	10	**–**	–	–	**24,000**	9,100	–
		60,422	62,469	62,855	**90,177**	75,277	53,058
Current assets							
Inventories	9	**91,021**	82,092	70,115	**–**	–	–
Trade and other receivables	10	**40,158**	29,022	25,109	**1,699**	6,792	14,007
Prepayments		**222**	337	151	**4**	87	–
Derivative financial instruments	13	**675**	75	–	**–**	–	–
Current income tax recoverable		**982**	1,435	1,919	**–**	–	–
Cash and cash equivalents	11	**7,421**	32,328	21,736	**5**	11,296	39
		140,479	145,289	119,030	**1,708**	18,175	14,046
Less:							
Current liabilities							
Trade and other payables	12	**40,172**	31,246	26,050	**103**	9,174	67
Derivative financial instruments	13	**329**	177	744	**–**	–	–
Bank borrowings	14	**87,289**	104,674	87,495	**–**	–	–
Finance lease payables	15	**239**	–	–	**–**	–	–
Current income tax payable		**18**	144	38	**–**	–	–
		128,047	136,241	114,327	**103**	9,174	67
Net current assets		**12,432**	9,048	4,703	**1,605**	9,001	13,979
Less:							
Non-current liability							
Bank borrowings	14	**2,085**	4,179	6,253	**–**	–	–
Finance lease payables	15	**71**	–	–	**–**	–	–
Provision for post-employment benefits	16	**106**	48	19	**–**	–	–
Deferred tax liabilities	17	**361**	297	103	**–**	–	–
		2,623	4,524	6,375	**–**	–	–
Net assets		**70,231**	66,993	61,183	**91,782**	84,278	67,037
Capital and reserves							
Share capital	18	**99,641**	90,631	68,137	**99,641**	90,631	68,137
Other reserves	19	**(32,428)**	(25,610)	(21,926)	**(8,458)**	(8,458)	(2,752)
Retained earnings		**3,008**	576	13,668	**599**	2,105	1,652
Equity attributable to owners of the parent		**70,221**	65,597	59,879	**91,782**	84,278	67,037
Non-controlling interests		**10**	1,396	1,304	**–**	–	–
Total equity		**70,231**	66,993	61,183	**91,782**	84,278	67,037

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2015

	Note	2015 US$'000	2014 US$'000 (Restated)
Revenue	20	**226,535**	218,691
Cost of sales		**(214,836)**	(221,005)
Gross profit/(loss)		**11,699**	(2,314)
Other items of income			
Interest income		**31**	74
Other gains/(losses), net		**1,387**	(966)
Other items of expense			
Selling and distribution expenses		**(3,827)**	(3,290)
Administrative expenses		**(4,913)**	(4,076)
Finance costs	21	**(1,937)**	(2,124)
Profit/(Loss) before income tax	22	**2,440**	(12,696)
Income tax expense	23	**(78)**	(314)
Profit/(Loss) for the financial year		**2,362**	(13,010)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation differences		**–**	(3,684)
Remeasurement of post-employment benefits	16	**(14)**	–
Other comprehensive income for the financial year, net of tax		**(14)**	(3,684)
Total comprehensive income for the financial year		**2,348**	(16,694)
Profit/(Loss) attributable to:			
Owners of the parent		**2,127**	(13,092)
Non-controlling interests		**235**	82
		2,362	(13,010)
Total comprehensive income attributable to:			
Owners of the parent		**2,113**	(16,776)
Non-controlling interests		**235**	82
		2,348	(16,694)
Profit/(Loss) per share			
– Basic and diluted (in cents)	24	**0.009**	(0.078)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2015

	Note	Share capital US$'000	Merger reserve US$'000	Foreign currency translation reserve US$'000	Other reserve US$'000	Retained earnings US$'000	Equity attributable to owners of the parent US$'000	Non-controlling interests US$'000	Total equity US$'000
Group									
Balance as at 1 January 2015		90,631	(22,654)	(6,956)	4,000	576	65,597	1,396	66,993
Profit for the financial year		–	–	–	–	2,127	2,127	235	2,362
Other comprehensive income for the financial year									
Remeasurement of post-employment benefits		–	–	–	–	(14)	(14)	–	(14)
Total comprehensive income for the financial year		–	–	–	–	2,113	2,113	235	2,348
Contributions by and distributions to owners									
Issuance of ordinary shares (net) as part of acquisition of subsidiary under common control	18	9,010	(2,818)	–	(4,000)	–	2,192	–	2,192
Total transactions with owners of the parent		9,010	(2,818)	–	(4,000)	–	2,192	–	2,192
Changes to ownership interests in subsidiaries:									
Acquisition of interests without change in control	8	–	–	–	–	321	321	(1,621)	(1,300)
Disposal of interests without change in control		–	–	–	–	(2)	(2)	–	(2)
		–	–	–	–	319	319	(1,621)	(1,302)
Balance as at 31 December 2015		99,641	(25,472)	(6,956)	–	3,008	70,221	10	70,231
(Restated)									
Group									
Balance as at 1 January 2014		68,137	(22,654)	(3,272)	4,000	13,668	59,879	1,304	61,183
Loss for the financial year		–	–	–	–	(13,092)	(13,092)	82	(13,010)
Other comprehensive income for the financial year									
Foreign currency translation differences, net of tax		–	–	(3,684)	–	–	(3,684)	–	(3,684)
Total comprehensive income for the financial year		–	–	(3,684)	–	(13,092)	(16,776)	82	(16,694)
Contributions by and distributions to owners									
Issuance of ordinary shares, net	16	22,494	–	–	–	–	22,494	10	22,504
Total transactions with owners of the parent		22,494	–	–	–	–	22,494	10	22,504
Balance as at 31 December 2014		90,631	(22,654)	(6,956)	4,000	576	65,597	1,396	66,993

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 December 2015

	Note	2015 US$'000	2014 US$'000 (Restated)
Operating activities			
Profit/(Loss) before income tax		**2,440**	(12,696)
Adjustments for:			
Amortisation of intangible assets		**28**	28
Amortisation of prepaid lease payments		**162**	169
Bad debts written off – trade		**88**	–
Depreciation of property, plant and equipment		**4,164**	4,161
Fair value loss on derivative financial instruments		**(448)**	(621)
Interest expense		**1,937**	2,124
Interest income		**(31)**	(74)
Loss on disposal of property, plant and equipment		**13**	22
Inventories written down		**–**	1,838
Provision for post-employment benefits		**44**	30
Rental income		**(227)**	–
Operating cash flows before working capital changes		**8,170**	(5,019)
Inventories		**(8,929)**	(19,806)
Trade and other receivables		**(11,224)**	1,233
Prepayments		**115**	(272)
Trade and other payables		**20,780**	411
Cash from/(used in) operations		**8,912**	(23,453)
Income tax refund		**313**	369
Net cash from/(used in) operating activities		**9,225**	(23,084)
Investing activities			
Acquisition of a subsidiary	8	**(9,662)**	–
Proceeds from disposal of property, plant and equipment		**33**	17
Purchase of intangible assets		**(17)**	(209)
Purchase of property, plant and equipment		**(2,039)**	(6,391)
Interest received		**31**	74
Rental income		**227**	–
Net cash used in investing activities		**(11,427)**	(6,509)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 December 2015

	Note	2015 US$'000	2014 US$'000 (Restated)
Financing activities			
Drawdown of borrowings		**247,734**	250,445
Repayments of borrowings		**(267,213)**	(228,933)
Proceed from finance lease	4	**181**	–
Repayments of finance lease		**(168)**	–
Interest paid		**(1,937)**	(2,124)
Changes in non-controlling interest		**(1,302)**	–
Proceeds from issuance of shares, net		**–**	22,494
Proceeds from issuance of shares to non-controlling interests		**–**	11
Net cash (used in)/from financing activities		**(22,705)**	41,893
Net change in cash and cash equivalents		**(24,907)**	12,300
Cash and cash equivalents at beginning of financial year		**32,328**	21,736
Effects of exchange rate changes		**–**	(1,708)
Cash and cash equivalents at end of financial year	11	**7,421**	32,328

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2015

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 8 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 2015 were authorised for issue in accordance with a Directors' resolution dated 29 March 2016.

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.

Change in functional and presentation currency

With effect from 1 January 2015, as a result of changes in underlying transactions, events and conditions relevant to the Company and a subsidiary, the functional currency of the Company and a subsidiary was changed from Ringgit Malaysia ("RM") to United States dollar ("US$").

Following the change in functional currency, the presentation currency of the Company and the Group was changed from RM to US$. The change in presentation currency is a change in accounting policy which has been taken retrospectively at the earliest comparable period. The comparative information has been restated to conform with the current year's presentation and further details are set out in Note 31 to the financial statements.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

Change in functional and presentation currency (Continued)

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 US$ 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 ("US$'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 to the financial statements.

In the current financial year, the Group has adopted all the new or revised FRS that are relevant to its operations and effective for the current financial year. The adoption of these new or revised 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.

2. *Summary of significant accounting policies (Continued)*

2.1 Basis of preparation (Continued)

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 7 (Amendments)	: Disclosure Initiative	1 January 2017
FRS 12 (Amendments)	: Recognition of Deferred Tax Assets and Unrealised Losses	1 January 2017
FRS 16 and FRS 38 (Amendments)	: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
FRS 27 (Amendments)	: Equity Method in Separate Financial Statements	1 January 2016
FRS 109	: Financial Instruments	1 January 2018
FRS 115	: Revenue from Contracts with Customers	1 January 2018
Improvements to FRSs (November 2014)		
– FRS 19 (Amendments)	: Employee Benefits	1 January 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.

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.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

FRS 109 Financial Instruments (Continued)

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. The new impairment requirements are also likely to bring significant changes for impairment provisions on trade receivables and other receivables. The Group is in the process of making a detailed assessment of the impact of this standard and plans to adopt the standard on the required effective date.

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. The Group plans to adopt the standard in the financial year beginning on 1 January 2018 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. The Group is in the process of making a detailed assessment of the impact of this standard and plans to adopt the standard on the required effective date.

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.

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

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.

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.

2. *Summary of significant accounting policies (Continued)*

2.2 **Basis of consolidation** (Continued)

Acquisition of entities under common control

Business combinations involving entities under common control are accounted for by applying the pooling of interest method which involves the following:

- The assets and liabilities of the combining entities are reflected at their carrying amounts.
- No adjustments are made to reflect the fair values, or recognise any new assets or liabilities.
- No goodwill is recognised as a result of the combination.
- Any difference between the consideration paid/transferred and the equity 'acquired' is reflected within equity as merger reserve.
- The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination took place.
- Comparatives are presented as if the entities had always been combined since the date the entities had come under common control.

2.3 **Intangible assets**

Intangible assets acquired separately are measured initially at cost. 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2015

2. Summary of significant accounting policies (Continued)

2.3 Intangible assets (Continued)

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

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.

2.4 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation is initially recognised at cost and subsequently carried at cost less accumulated depreciation and impairment losses.

Depreciation is charged, using the straight-line method, so as to write off the cost over its estimated useful life of 50 years.

The residual value, useful life and depreciation method of investment property are reviewed and adjusted as appropriate, at the end of each financial year. The effects of any revision are included in profit or loss when the changes arise.

2. Summary of significant accounting policies (Continued)

2.4 Investment property (Continued)

Investment property is subject to renovations or improvements at regular intervals. The costs of major renovations and improvements are capitalised as additions and the carrying amounts of the replaced components are written off to profit or loss. The costs of maintenance, repairs and minor improvement are charged to profit or loss when incurred.

On disposal or retirement of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss.

2.5 Property, plant and equipment

All items of 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.

2. Summary of significant accounting policies (Continued)

2.5 Property, plant and equipment (Continued)

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% to 5%
– 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 vehicles	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.

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.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

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. Summary of significant accounting policies (Continued)

2.6 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.

2.7 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.

2.8 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.

Intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

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.

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.

2. Summary of significant accounting policies (Continued)

2.8 Impairment of non-financial assets (Continued)

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.

2.9 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.

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.

2. Summary of significant accounting policies (Continued)

2.9 Financial instruments (Continued)

Financial assets (Continued)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2015

2. Summary of significant accounting policies (Continued)

2.9 Financial instruments (Continued)

Financial assets (Continued)

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. The Group classifies ordinary shares as equity instruments.

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.

2. Summary of significant accounting policies (Continued)

2.9 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

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.

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.

2. Summary of significant accounting policies (Continued)

2.9 Financial instruments (Continued)

Derivative financial instruments (Continued)

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.

2.10 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.

2.11 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.

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

2.12 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. Summary of significant accounting policies (Continued)

2.13 Leases

Finance leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased assets to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are capitalised as property, plant and equipment and intangible assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss.

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 lessees) 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.

2.14 Employee benefits

Defined contribution plans

Payments to defined contribution retirement benefit 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.

Defined benefit plans

Certain subsidiaries made provision for employee service entitlements in order to meet the minimum benefits required to be paid to qualified employees, as required under the local labour law. The said additional provisions, which are unfunded, are estimated using actuarial calculations based on the report prepared by an independent firm of actuary.

Actuarial gains or losses are charged or credited to equity in other comprehensive income in the period in which they arise.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2015

2. Summary of significant accounting policies (Continued)

2.14 Employee benefits (Continued)

Defined benefit plans (Continued)

All past service costs, including unvested past service costs previously recognised over the average vesting period, are recognised immediately in profit or loss when incurred.

Current service costs and interest costs are recognised immediately in profit or loss when incurred.

The related estimated liability for employee benefit represents the aggregate of the present value of the defined benefit obligation at the end of the financial year.

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.

2.15 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.

2.16 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.

2. Summary of significant accounting policies (Continued)

2.16 Taxes (Continued)

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, 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.

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. Summary of significant accounting policies (Continued)

2.16 Taxes (Continued)

Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- when the sales taxation that is incurred on purchase of assets or services is not recoverable from the taxation authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.17 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.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in United States dollar 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. Summary of significant accounting policies (Continued)

2.18 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.

2.19 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.

2.20 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.

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

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 and financial assets

The Group 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 recoverable amount of an investment in subsidiaries or fair value of financial asset is less than its carrying amount 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.

As disclosed in Note 2.1 to the financial statements, the Company and a subsidiary changed their functional currency from RM to US$ with effect from 1 January 2015.

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 2015 were approximately US$54,378,000 (2014: US$60,528,000) and US$471,000 (2014: US$310,000) 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 2015 was approximately US$91,021,000 (2014: US$82,092,000).

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2015

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 2015 was US$66,177,000 (2014: US$66,177,000).

(iv) Allowance for impairment of trade and other receivables

The policy for impairment of receivables 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 2015 were approximately US$40,158,000 and US$25,699,000 (2014: US$29,022,000 and US$15,892,000) 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 2015 was approximately US$982,000 (2014: US$1,435,000). The carrying amount of the Group's current income tax payable as at 31 December 2015 was approximately US$18,000 (2014: US$144,000). The carrying amount of the Group's deferred tax liabilities as at 31 December 2015 was approximately US$361,000 (2014: US$297,000).

4. *Intangible assets*

	Computer Software US$'000	Software under development US$'000	Total US$'000
Group			
Cost			
Balance at 1 January 2015	143	209	352
Additions	–	189	189
Balance at 31 December 2015	143	398	541
Accumulated amortisation			
Balance at 1 January 2015	42	–	42
Amortisation during the financial year	28	–	28
Balance at 31 December 2015	70	–	70
Carrying amount			
Balance at 31 December 2015	73	398	471
(Restated)			
Cost			
Balance at 1 January 2014	143	–	143
Additions	–	209	209
Balance at 31 December 2014	143	209	352
Accumulated amortisation			
Balance at 1 January 2014	13	–	13
Amortisation during the financial year	28	–	28
Currency translation differences	1	–	1
Balance at 31 December 2014	42	–	42
Carrying amount			
Balance at 31 December 2014	101	209	310

Intangible assets of the Group with carrying amount of US$172,000 (2014: US$ Nil) were acquired under finance lease arrangements (Note 15).

During the financial year, the Group acquired intangible assets for an aggregate carrying value of US$189,000 (2014: US$209,000) of which US$172,000 (2014: US$ Nil) was acquired under finance leases.

During the financial year, the Group obtained a finance lease arrangement of US$181,000 in respect of acquisition of intangible assets in the previous financial year.

5. *Investment property*

	Freehold land US$'000	Building US$'000	Total US$'000
Group			
Cost			
Balance at 1 January 2015	–	–	–
Reclassification	1,205	2,973	4,178
Balance at 31 December 2015	1,205	2,973	4,178
Accumulated amortisation			
Balance at 1 January 2015	–	–	–
Reclassification	–	74	74
Balance at 31 December 2015	–	74	74
Carrying amount			
Balance at 31 December 2015	1,205	2,899	4,104

During the current financial year, the Group has reclassified a freehold land and building from its property, plant and equipment to investment property pursuant to the change in the usage of the freehold land and building.

The rental income from the investment property of the Group which are leased out under operating leases, amounted to US$227,000. Direct operating expenses (including repair and maintenance) arising from the rental generating investment property amounted US$140,000.

As at 31 December 2015, the fair value of the investment property was approximately US$5,200,000. The fair value was determined based on management's estimation by using the direct sales comparison approach by making reference to market evidence of transacted prices per square feet for comparable properties, adjusted for key attributes such as size, tenure, location, condition and prevailing market conditions, In estimating the fair value of the investment property, the highest and best use of the property is their current use, Management considers that the fair value of the investment property is sensitive to these unobservable adjustments to the price per square feet.

Any changes to the unobservable inputs, to the extent that they increase or decrease the price for square feet, will result in a corresponding increase or decrease in the fair value of the property. There are no significant inter-relationship between the unobservable inputs. The fair value of investment property is considered as fair value hierarchy level 3.

6. Property, plant and equipment

	Freehold land US$'000	Factory buildings US$'000	Plant and machinery, tools and equipment US$'000	Office equipment, furniture and fittings US$'000	Motor vehicles US$'000	Capital work-in-progress US$'000	Total US$'000
Group							
Cost							
Balance at 1 January 2015	**3,056**	**23,018**	**51,409**	**1,508**	**1,066**	**904**	**80,961**
Additions	**–**	**358**	**169**	**184**	**66**	**1,387**	**2,164**
Disposals	**–**	**(96)**	**(273)**	**(742)**	**(53)**	**–**	**(1,164)**
Reclassification to investment property (Note 5)	**(1,205)**	**(2,410)**	**–**	**–**	**–**	**(563)**	**(4,178)**
Reclassification	**–**	**457**	**968**	**1**	**49**	**(1,475)**	**–**
Balance at 31 December 2015	**1,851**	**21,327**	**52,273**	**951**	**1,128**	**253**	**77,783**
Accumulated depreciation							
Balance at 1 January 2015	**–**	**4,876**	**14,181**	**1,027**	**349**	**–**	**20,433**
Depreciation for the financial year	**–**	**943**	**2,933**	**169**	**119**	**–**	**4,164**
Disposals	**–**	**(96)**	**(264)**	**(738)**	**(20)**	**–**	**(1,118)**
Reclassification to investment property (Note 5)	**–**	**(74)**	**–**	**–**	**–**	**–**	**(74)**
Balance at 31 December 2015	**–**	**5,649**	**16,850**	**458**	**448**	**–**	**23,405**
Carrying amount							
Balance at 31 December 2015	**1,851**	**15,678**	**35,423**	**493**	**680**	**253**	**54,378**

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2015

6. Property, plant and equipment (Continued)

	Freehold land US$'000	Factory buildings US$'000	Plant and machinery, tools and equipment US$'000	Office equipment, furniture and fittings US$'000	Motor vehicles US$'000	Capital work-in-progress US$'000	Total US$'000
(Restated)							
Group							
Cost							
Balance at 1 January 2014	1,793	21,076	52,255	1,546	892	666	78,228
Additions	1,317	2,836	592	47	285	1,056	6,133
Disposals	–	–	(1)	(6)	(70)	–	(77)
Reclassification	–	123	649	2	–	(774)	–
Currency translation differences	(54)	(1,017)	(2,086)	(81)	(41)	(44)	(3,323)
Balance at 31 December 2014	3,056	23,018	51,409	1,508	1,066	904	80,961
Accumulated depreciation							
Balance at 1 January 2014	–	3,922	12,272	922	301	–	17,417
Depreciation for the financial year	–	1,176	2,717	170	98	–	4,161
Disposals	–	–	(1)	(5)	(32)	–	(38)
Currency translation differences	–	(222)	(807)	(60)	(18)	–	(1,107)
Balance at 31 December 2014	–	4,876	14,181	1,027	349	–	20,433
Carrying amount							
Balance at 31 December 2014	3,056	18,142	37,228	481	717	904	60,528

6. Property, plant and equipment (Continued)

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

	Group	
	31.12.2015 US$'000	**31.12.2014 US$'000 (Restated)**
Aggregate cost of property, plant and equipment acquired	**2,164**	6,133
Acquired under finance lease arrangement	**(125)**	–
Cash paid in respect of acquisitions in previous financial year	**–**	258
Cash paid during the financial year	**2,039**	6,391

Plant and machinery, tools and equipment of the Group with carrying amount of US$100,000 (2014: US$ Nil) were acquired under finance lease arrangements (Note 15). During the financial year, the Group acquired property, plant and equipment for an aggregate of US$2,164,000 (2014: US$ Nil) of which US$125,000 (2014: US$ Nil) was acquired under finance leases.

During the current financial year, the Group carried out a review of the estimated useful life of its factory buildings. The Group changed the estimated useful life of a factory building from 10 to 20 years to better reflect the economic benefits of the factory building. This change has led to lower depreciation charge of US$298,000 for the current financial year. Had the Group used the previous estimated useful life for depreciation, the carrying amount of factory buildings would have been US$15,380,000 instead of US$15,678,000 as at the end of the financial year.

7. Prepaid lease payments

	Group	
	31.12.2015 US$'000	**31.12.2014 US$'000 (Restated)**
Balance at beginning of financial year	**1,631**	1,914
Amortisation during the financial year	**(162)**	(169)
Currency translation differences	**–**	(114)
Balance at end of financial year	**1,469**	1,631
Analysed as:		
Sub-lease of land	**1,469**	1,631

The above payments represent the prepayment for the three sub-leases of land from Port of Tanjung Pelepas, Malaysia, which are charged to profit or loss over their respective lease periods of 10 years, 12 years and 22 years (2014: 11 years, 13 years and 23 years).

As at 31 December 2015, prepaid lease payments to be amortised within the next 12 months amounted to US$162,000 (2014: US$162,000).

8. Investments in subsidiaries

	Company 31.12.2015 US$'000	Company 31.12.2014 US$'000 (Restated)
Unquoted equity shares, at cost	**66,177**	66,177

The details of the subsidiaries are as follows:

Name of company (Country of incorporation and principal place of business)	Principal activities	Effective equity interest 2015 %	Effective equity interest 2014 % (Restated)
Held by the Company			
JB Cocoa Sdn Bhd[1] (Malaysia)	Production and sale of cocoa ingredients products	**100**	100
JB Foods Global Pte. Ltd.[2] (Singapore)	Procurement, sales and marketing of cocoa beans, cocoa ingredients and related products	**100**	100
Held by JB Cocoa Sdn Bhd			
Allegis NPD Sdn Bhd[1] (Malaysia)	Trading of waste products	**100**	100
Held by JB Foods Global Pte. Ltd			
JB Cocoa, Inc.[3] (United States of America)	Trading of cocoa ingredient products	**100**	100
PT Jebe Trading Indonesia[4] (Indonesia)	Trading of cocoa ingredient products	**99.94**	99.94
Held by PT Jebe Trading Indonesia			
PT Jebe Koko Indonesia[4] (Indonesia)	Production and sale of cocoa ingredients products	**99.92**	79.95

(1) Audited by BDO, Malaysia
(2) Audited by BDO LLP, Singapore
(3) Exempted from statutory audit
(4) Audited by BDO Tanubrata, Indonesia for the financial year ended 31 December 2015.
(2014: Audited by Paul Hadiwinata, HIdajat, Arsono, Ade Fatma & Rekan, Indonesia)

8. *Investments in subsidiaries (Continued)*

Financial year ended 31 December 2015

Acquisition of a subsidiary

On 1 April 2015, PT Jebe Trading Indonesia, a subsidiary of the Company, completed the acquisition of an 80% equity interest, representing 40,000 ordinary shares in PT Jebe Koko Indonesia, a company incorporated in Indonesia, from the immediate and ultimate holding company, JB Cocoa Group Sdn Bhd ("JBC Group"). The acquisition was pursuant to the Company exercising the call option in September 2014 under the call option agreement dated 15 May 2012 between the Company and JBC Group, and the fulfilment of all the required conditions precedent as set out in the call option agreement. The purchase consideration, as determined based on the terms as set out in the call option agreement, was US$18.7 million (comprising the cost of investment of US$6.8 million and settlement of an advance of US$11.9 million from JBC Group to PT Jebe Koko Indonesia). The purchase consideration was satisfied by the allotment and issue of 38,000,000 new ordinary shares of the Company at S$0.30 per ordinary share to JBC Group amounting to US$9.1 million, with the balance of US$9.6 million satisfied by cash. Upon completion of the acquisition, PT Jebe Koko Indonesia became a subsidiary of the Group.

The acquisition involved a business combination of an entity under common control. Accordingly, the Group has accounted for the business combination using the pooling of interest method of accounting. The effect of the acquisition is disclosed in Note 31 to the financial statements.

Additional investment in subsidiary

On 2 September 2015, the Group acquired an additional 19.98% of equity interest in PT Jebe Koko Indonesia for US$1.3 million, increasing its effective equity interest from 79.95% to 99.92%. The changes in the ownership interest of PT Jebe Koko Indonesia had the following effect on the equity attributable to owners of the parent during the financial year:

	31.12.2015 US$'000
Consideration paid to non-controlling interests	1,300
Change in equity attributable to non-controlling interests	(1,621)
Change in equity attributable to owners of the parent	321

8. *Investments in subsidiaries (Continued)*

Financial year ended 31 December 2014

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 subsidiary

On 30 December 2014, the Company increased its investment in JB Cocoa Sdn Bhd from US$52,591,000 to US$59,277,000 by way of the capitalisation of the sum of US$6,686,000 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 US$467,000 to US$6,900,000 by way of the capitalisation of the sum of US$6,433,000 from amount due from this subsidiary.

9. *Inventories*

	Group	
	31.12.2015	**31.12.2014**
	US$'000	**US$'000**
		(Restated)
At cost		
Raw materials	**53,295**	30,995
Work-in-progress	**2,863**	7,348
Finished goods	**33,048**	12,656
Stores and supplies	**1,815**	1,961
	91,021	52,960
At net realisable value		
Finished goods	**–**	29,132
	91,021	82,092

The cost of inventories recognised as expenses and included in "cost of sales" line item amounted to US$190,940,000 (2014: US$212,003,000). The cost of sales includes inventories written down of US$Nil (2014: US$1,838,000) pursuant to a review of the net realisable value of the inventories during the financial year.

10. Trade and other receivables

	Group		Company	
	31.12.2015 US$'000	31.12.2014 US$'000 (Restated)	31.12.2015 US$'000	31.12.2014 US$'000 (Restated)
Non-current				
Other receivable				
– A subsidiary	**–**	–	**24,000**	9,100
Current				
Trade receivables				
– Third parties	**36,181**	25,780	**–**	–
– Related parties	**530**	–	**–**	–
	36,711	25,780	**–**	–
Other receivables				
– Third parties	**2,637**	2,742	**–**	–
– Subsidiaries	**–**	–	**1,699**	6,792
	2,637	2,742	**1,699**	6,792
Advances to third party suppliers	**367**	17	**–**	–
Deposits	**443**	483	**–**	–
Total trade and other receivables	**40,158**	29,022	**25,699**	15,892
Add:				
– Cash and cash equivalents (Note 11)	**7,421**	32,328	**5**	11,296
Less: Advances to suppliers	**(367)**	(17)	**–**	–
Total loan and receivables	**47,212**	61,333	**25,704**	27,188

Non-current other receivable due from a subsidiary of the Company is non-trade in nature, unsecured, bear interest of 1.5% per annum (2014: 1.0% per annum) with no fixed repayment terms and are not expected to be repaid within 12 months from the end of the financial year. The carrying amount of the non-current other receivable from a subsidiary approximate its fair value.

Trade receivables are non-interest bearing, unsecured and the normal trade term ranges from cash against documents to 120 (2014: 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.

The non-trade amounts due from subsidiaries (current) are unsecured, bear interest of 1.5% (2014: 1.0%) per annum and repayable on demand.

10. Trade and other receivables (Continued)

Trade and other receivables are denominated in the following currencies:

	Group		Company	
	31.12.2015 US$'000	31.12.2014 US$'000 (Restated)	31.12.2015 US$'000	31.12.2014 US$'000 (Restated)
United States dollar	**17,319**	16,462	**25,601**	9,123
Pound sterling	**17,203**	8,319	**–**	–
Singapore dollar	**19**	16	**98**	6,331
Others	**5,617**	4,225	**–**	438
	40,158	29,022	**25,699**	15,892

11. Cash and cash equivalents

	Group		Company	
	31.12.2015 US$'000	31.12.2014 US$'000 (Restated)	31.12.2015 US$'000	31.12.2014 US$'000 (Restated)
Cash and bank balances	**6,300**	31,777	**5**	11,296
Short-term deposits	**1,121**	551	**–**	–
	7,421	32,328	**5**	11,296

The interest rate and tenure of the short-term deposits placed with licensed banks at the end of the reporting period range from 0.15% to 3% (2014: 2% to 3%) per annum and with maturity of 1 to 33 (2014: 1 to 7) days.

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	31.12.2015 US$'000	31.12.2014 US$'000 (Restated)	31.12.2015 US$'000	31.12.2014 US$'000 (Restated)
United States dollar	**4,220**	10,336	**4**	4
Pound sterling	**1,710**	9,394	**–**	–
Singapore dollar	**13**	11,323	**1**	11,292
Others	**1,478**	1,275	**–**	–
	7,421	32,328	**5**	11,296

12. Trade and other payables

	Group		Company	
	31.12.2015 US$'000	31.12.2014 US$'000 (Restated)	31.12.2015 US$'000	31.12.2014 US$'000 (Restated)
Trade payables				
– Third parties	**35,636**	16,056	**–**	–
– Related parties	**593**	37	**–**	–
	36,229	16,093	**–**	–
Other payables				
– Third parties	**1,773**	1,363	**41**	33
– a subsidiary	**–**	–	**23**	9,109
	1,773	1,363	**64**	9,142
Advances from immediate and ultimate holding company (Note 8)	**–**	11,954	**–**	–
Accrued expenses	**1,812**	1,616	**39**	32
Advances from customers	**358**	220	**–**	–
Total trade and other payables	**40,172**	31,246	**103**	9,174
Add: Bank borrowings (Note 14)	**89,374**	108,853	**–**	–
Add: Finance lease payable (Note 15)	**310**	–	**–**	–
Less: Advances from customers	**(358)**	(220)	**–**	–
Total financial liabilities carried at amortised costs	**129,498**	139,879	**103**	9,174

Trade payables are non-interest bearing and the normal trade terms granted ranges from cash against documents to 90 (2014: cash against documents to 90) days from the date of the invoices.

The non-trade amount due to a subsidiary is unsecured, bear interest of 1.5% (2014: 1.0%) per annum and repayable on demand.

As at 31 December 2014, the advances from immediate and ultimate holding company was unsecured, interest free and repayable on demand.

Accrued expenses consist mainly of employee benefits and related expenses.

12. Trade and other payables (Continued)

Trade and other payables are denominated in the following currencies:

	Group		Company	
	31.12.2015 US$'000	31.12.2014 US$'000 (Restated)	31.12.2015 US$'000	31.12.2014 US$'000 (Restated)
United States dollar	**21,362**	23,473	**23**	9,109
Pound sterling	**12,671**	4,538	**–**	–
Singapore dollar	**268**	321	**80**	65
Others	**5,871**	2,914	**–**	–
	40,172	31,246	**103**	9,174

13. Derivative financial instruments

	Group	
	31.12.2015 US$'000	31.12.2014 US$'000 (Restated)
<u>**Derivative assets**</u>		
Foreign currency forward contracts	**564**	–
Derivative cocoa bean contracts	**111**	75
	675	75
<u>**Derivative liabilities**</u>		
Foreign currency forward contracts	**194**	177
Derivative cocoa bean contracts	**135**	–
	329	177

<u>**Foreign currency forward contracts**</u>

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.

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.

13. *Derivative financial instruments (Continued)*

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

	Group 31.12.2015 US$'000	Group 31.12.2014 US$'000 (Restated)
Foreign currency forward contracts		
Contract/Notional amount		
– Buy United States dollar/Sell Pound sterling	**12,946**	4,868
– Buy Pound sterling/Sell United States dollar	**39,916**	4,672
– Buy Singapore dollar/Sell United States dollar	**–**	3,250
– Others	**2,608**	–

As at the end of the reporting period, the settlement dates for foreign currency forward contracts range from 1 to 8 months (2014: 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 beans contracts outstanding are as follows:

	Group 31.12.2015 US$'000	Group 31.12.2014 US$'000 (Restated)
Derivative cocoa bean contracts		
Contract/Notional amount		
– Sales	**7,454**	9,532
– Purchases	**2,550**	–

13. 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	
	31.12.2015	**31.12.2014**
	US$'000	**US$'000**
		(Restated)
United States dollar	**4,174**	2,054
Pound sterling	**5,830**	7,478
	10,004	9,532

As at the end of the reporting period, the settlement dates for derivative cocoa bean contracts range from 1 to 7 months (2014: 2 to 4 months).

14. Bank borrowings

	Group	
	31.12.2015	**31.12.2014**
	US$'000	**US$'000**
		(Restated)
Current		
Trade bills	**85,195**	102,601
Term loan	**2,094**	2,073
	87,289	104,674
Non-Current		
Term loan	**2,085**	4,179
	89,374	108,853

As at 31 December 2015 and 31 December 2014, the Group's trade bills facilities are secured by corporate guarantees issued by the Company.

The term loan are secured on one of the subsidiary's land, building and machinery and a corporate guarantee issued by the immediate and ultimate holding company.

The carrying amount of the term loan approximate its fair values.

14. Bank borrowings (Continued)

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

	Group	
	31.12.2015	**31.12.2014**
	US$'000	**US$'000**
		(Restated)
Banking facilities granted	**96,817**	113,423
Banking facilities utilised	**85,195**	102,601

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

	Group	
	31.12.2015	**31.12.2014**
	%	**%**
		(Restated)
Trade bills	**1.45 – 3.3**	1.2 – 3.67
Term loan	**6**	6

The trade bills have maturity periods ranging from 30 to 180 (2014: 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	
	31.12.2015	**31.12.2014**
	US$'000	**US$'000**
		(Restated)
United States dollar	**67,758**	52,530
Pound sterling	**21,616**	56,323
	89,374	108,853

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For The Financial Year Ended 31 December 2015

15. Finance lease payables

	Minimum Lease US$'000	Future finance charge US$'000	Present value of minimum lease payments US$'000
Group			
31.12.2015			
Within one year	**257**	**(18)**	**239**
After one year but within five years	**77**	**(6)**	**71**
	334	**(24)**	**310**

The finance lease term is 2 years.

The effective interest rates charged during the financial year range from 6.32% to 8.07% per annum. Interest rates are fixed at the contract dates. As at the end of the financial year, the fair values of the Group's finance lease obligations approximate their carrying amounts.

The Group's obligations under finance leases are secured by the leased assets, which will revert to the lessor in the event of default by the Group.

The finance lease payables are denominated in Singapore dollar.

16. Provision for post-employment benefits

The Group recorded the provision for post-employment benefits for its employees for the financial year based on the calculation performed by an independent actuary, using the "Project-Unit-Credit" method. The number of employees who are entitled to post-employment benefits is 140 (2014: 139) employees.

The details of net employee benefit expense are as follows:

	Group	
	31.12.2015	31.12.2014
Discount rate	**9% per annum**	8% per annum
Wages and salary growth rate	**7% per annum**	7% per annum
Mortality rate	**TMI – 2011**	TMI – 2011
Disability rate	**10% Mortality rate**	10% Mortality rate
Retirement age	**55 years of age**	55 years of age
Method	**Project-Unit-Credit**	Project-Unit-Credit

16. *Provision for post-employment benefits (Continued)*

	Group	
	31.12.2015 US$'000	31.12.2014 US$'000 (Restated)
Current service costs	**47**	31
Interest costs	**4**	1
Past service cost	**–**	(1)
Remeasurement of other long term employee benefits	**3**	–
	54	31

Movement in the provision for post-employment benefits are as follows:

	Group	
	31.12.2015 US$'000	31.12.2014 US$'000 (Restated)
Balance at beginning of financial year	**48**	18
Provision in the current period	**54**	31
Other comprehensive income	**14**	–
Benefit paid	**(10)**	(1)
Balance at end of financial year	**106**	48

Management believes that employee benefits liability is sufficient in accordance with the requirements of local labour law.

Sensitivity analysis

The impact to the value of the defined benefit obligation of a reasonably possible change to one actuarial assumption, holding all other assumptions constant, is presented in the table below:

Actuarial assumption	Reasonably possible change	Defined benefit obligation Increase US$'000	Defined benefit obligation Decrease US$'000
Discount rate	1%	90	122

The average duration of the post-employment benefits at the end of the financial year is 13.54 years (2014: 13.95 years)

17. *Deferred tax liabilities*

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

	Group	
	31.12.2015 US$'000	31.12.2014 US$'000 (Restated)
Balance at beginning of financial year	**297**	103
Charge to profit or loss	**64**	194
Balance at end of financial year	**361**	297

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

Deferred tax liabilities	Tax losses US$'000	Accelerated tax depreciation US$'000	Prepaid lease payments US$'000	Capital allowances US$'000	Others US$'000	Total US$'000
Group						
At 1 January 2015	**(2,752)**	**3,921**	**391**	**(1,313)**	**50**	**297**
Charge/(Credit) to profit or loss	**209**	**(441)**	**(39)**	**476**	**(141)**	**64**
At 31 December 2015	**(2,543)**	**3,480**	**352**	**(837)**	**(91)**	**361**
At 1 January 2014	(3,688)	4,033	478	(713)	(7)	103
Charge/(Credit) to profit or loss	734	134	(59)	(671)	56	194
Currency translation differences	202	(246)	(28)	71	1	–
At 31 December 2014	(2,752)	3,921	391	(1,313)	50	297

18. Share capital

	Group and Company			
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	Number of ordinary shares		US$'000	US$'000 (Restated)
Issued and fully paid-up				
At beginning of financial year	**720,000,000**	480,000,000	**90,631**	68,137
Issuance of ordinary shares	**38,000,000**	240,000,000	**9,010**	22,494
Share consolidation	**(530,600,025)**	–	**–**	–
At end of financial year	**227,399,975**	720,000,000	**99,641**	90,631

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.

Financial year ended 31 December 2015

On 1 April 2015, the Company issued 38,000,000 ordinary shares at S$0.30 per ordinary shares to its immediate and ultimate holding company, JB Cocoa Group Sdn Bhd ("JBC Group") pursuant to the acquisition of an 80% equity interest, representing 40,000 ordinary shares in PT Jebe Koko Indonesia, a company incorporated in Indonesia from JBC Group, as further disclosed in Note 8 to the financial statements.

On 26 August 2015, the Company completed a share consolidation exercise to consolidate every ten (10) existing issued ordinary shares in the capital of the Company held by shareholders of the Company into three (3) ordinary shares. As a result of the completion of the share consolidation exercise, the number of ordinary shares of the Company is now 227,399,975.

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 S$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 ranked pari passu in all respects with the existing ordinary shares of the Company. Gross proceeds of S$28,800,000 (Equivalent of US$22,494,000) were received.

19. Other reserves

19.1 Merger reserve

Merger reserve represents:

(a) the difference of US$22.7 million between the consideration paid and the share capital of a subsidiary acquired as a result of a restructuring exercise of the Group in 2012, and

(b) the difference of US$2.8 million between the consideration paid for the cost of investment of US$6.8 million and the interest in share capital of the acquired subsidiary, PT Jebe Koko Indonesia, of US$4 million in the current financial year.

19. Other reserves (Continued)

19.2 Foreign currency translation reserve

The foreign currency translation reserve represents the exchange differences relating to the translation of the results and the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency and is not distributable.

19.3 Other reserve

The other reserve in previous financial year represents the interest in the share capital of PT Jebe Koko Indonesia prior to its acquisition under common control, as further disclosed in Note 8 to the financial statements.

Company

19.4 Other reserve

Other reserve of the Company represents foreign currency translation reserve arising from the change in presentation currency as disclosed in Note 2.1 to the financial statements.

20. Revenue

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

21. Finance costs

	Group	
	2015	**2014**
	US$'000	**US$'000**
		(Restated)
Interest expenses		
– Trade bills	**1,571**	1,631
– Term loan	**354**	493
– Finance lease	**12**	–
	1,937	2,124

22. Profit/(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	
	2015 US$'000	2014 US$'000 (Restated)
Cost of sales		
Amortisation of prepaid lease payment	**162**	169
Depreciation of property, plant and equipment	**3,902**	3,941
Inventories written down	**–**	1,838
Fair value gain on derivative financial instruments, net	**(79)**	(353)
Administrative expenses		
Audit fees		
– Auditors of the Company	**65**	69
– Other auditors	**20**	15
Non audit fees		
– Auditors of the Company	**–**	–
Amortisation of intangible assets	**28**	28
Depreciation of property, plant and equipment	**262**	220
Operating leases:		
– Rental of crane	**4**	2
– Rental of forklift	**5**	14
– Rental of hostel	**31**	38
– Rental of equipment	**4**	10
Research expenditure	**62**	81
Bad debts written off – trade	**88**	–
Other gains/(losses)		
Loss on disposal of property, plant and equipment	**(13)**	(22)
Rental income	**227**	45
Fair value gain on derivative financial instruments, net	**369**	706
Foreign exchange gains/(losses), net	**820**	(1,691)

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22. Profit/(Loss) before income tax (Continued)

Profit/(Loss) before income tax also includes:

	Group	
	2015	**2014**
	US$'000	**US$'000**
		(Restated)
Employee benefit expenses		
Salaries and other emoluments	**4,589**	4,384
Pension costs – defined contribution plan	**347**	289
Social security costs	**50**	56
Other staff related expenses	**159**	139
Defined employment benefit expense	**54**	31
	5,199	4,899

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

	Group	
	2015	**2014**
	US$'000	**US$'000**
		(Restated)
Cost of sales	**2,712**	2,775
Administrative expenses	**2,487**	2,124
	5,199	4,899

Included in employee benefit expenses were Directors' remuneration as shown in Note 25 to the financial statements.

23. Income tax expense

	Group	
	2015	**2014**
	US$'000	**US$'000**
		(Restated)
Current income tax		
– Current financial year	**–**	121
– Overprovision in prior financial years	**(6)**	–
	(6)	121
Deferred income tax		
– Current financial year	**85**	193
– Underprovision in prior financial years	**(1)**	–
	84	193
Total income tax expense in consolidated statement of comprehensive income	**78**	314

23. Income tax expense (Continued)

Reconciliation of effective income tax rate

	Group	
	2015	**2014**
	US$'000	**US$'000**
		(Restated)
Profit/(Loss) before income tax	**2,440**	(12,696)
Tax at the domestic rates applicable to profit/(loss) in the countries where the Group operates	**757**	(3,247)
Income not subject to tax	**(286)**	(87)
Singapore statutory stepped income exemption	**–**	(20)
Expenses not deductible for income tax purposes	**328**	100
Double deduction expenses	**(30)**	(52)
Unrecognised deferred tax benefits	**297**	3,598
Utilisation of deferred tax benefits not previously recognised	**(866)**	–
Overprovision of current tax expense in prior financial years	**(6)**	–
Underprovision of deferred tax expense in prior financial years	**(1)**	–
Corporate Income tax rebate	**–**	(23)
Others	**(115)**	45
	78	314

The Group operates mainly in Singapore, Malaysia and Indonesia, for which the corporate income tax rate applicable is 17% (2014: 17%) and 25% (2014: 25%) and 25% (2014: 25%) respectively.

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

	Group	
	2015	**2014**
	US$'000	**US$'000**
		(Restated)
Unutilised tax loss	**19,765**	22,824
Unrealised loss on foreign exchange	**610**	854
	20,375	23,678

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.

24. Profit/(Loss) per share

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

	Group	
	2015	2014 (Restated)
Profit/(Loss) for the financial year attributable to owners of the parent (US$'000)	**2,127**	(13,092)
Aggregate weighted number of ordinary shares applicable to basic and diluted profit/(loss) per share ('000)	**227,400**	167,822
Basic and diluted profit/(loss) per share	**0.009**	0.078

The calculation of the basic and diluted profit/(loss) per share for the relevant periods is based on the profit/(loss) attributable to owners of the parent for the financial years ended 31 December 2015 and 2014 divided by the aggregate weighted number of shares in the relevant periods.

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

25. Significant related party transactions

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	
	2015 US$'000	2014 US$'000 (Restated)	2015 US$'000	2014 US$'000 (Restated)
Subsidiaries				
Advances to	**–**	–	**11,562**	19,339
Interest income	**–**	–	**354**	117
Advances from	**–**	–	**–**	8,890
Interest expense	**–**	–	**34**	9
Related party*				
Sale of goods	**761**	–	**–**	–
Purchase of goods	**1,096**	263	**–**	–

* An entity controlled by members who have family relationships with two directors of the Company.

25. *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	
	2015	**2014**	**2015**	**2014**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Directors				
Short-term employee benefits – current year	**257**	191	**87**	63
Directors' fee	**85**	112	**85**	112
Pension costs – defined contribution plan	**4**	5	**–**	–
	346	308	**172**	175
Other key management personnel				
Short-term employee benefits	**313**	415	**–**	–
Pension costs – defined contribution plan	**16**	29	**–**	–
	329	444	**–**	–
	675	752	**172**	175

26. *Commitments*

26.1 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	
	31.12.2015	**31.12.2014**
	US$'000	**US$'000**
		(Restated)
Purchase of property, plant and equipment and intangible assets	**659**	867

26. Commitments (Continued)

26.2 Operating lease commitments

Group as a lessee

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

	Group	
	31.12.2015 US$'000	**31.12.2014 US$'000 (Restated)**
Not later than one financial year	**15**	34

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

Group as a lessor

The Group has entered into certain leases on one of its building. These non-cancellable leases have remaining lease terms between 11 months to 55 months (2014: 23 months). As at the end of the financial year, future minimum rentals receivable under non-cancellable lease are as follows:

	Group	
	31.12.2015 US$'000	**31.12.2014 US$'000 (Restated)**
Not later than one financial year	**308**	141
Later than one year but not later than five years	**691**	129
	999	270

27. 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.

27. Segment information (Continued)

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.

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

Analysis by geographical segments

	Malaysia US$'000	Singapore US$'000	United States of America US$'000	Indonesia US$'000	Elimination US$'000	Consolidated US$'000
2015						
Revenue						
External revenue	199,119	17,688	7,798	1,930	–	226,535
Inter-segment revenue	22,730	200,906	–	117,836	(341,472)	–
	221,849	218,594	7,798	119,766	(341,472)	226,535
Results						
Segment results	6,711	(1,646)	138	3,620	(123)	8,700
Interest income						31
Finance costs						(1,937)
Depreciation and amortisation						(4,354)
Profit before income tax						2,440
Income tax expense						(78)
Profit after income tax						2,362
Capital expenditure						
Property, plant and equipment	1,130	125	382	527	–	2,164
Intangible assets	–	189	–	–	–	189
Segment assets	159,222	192,745	6,754	64,593	(222,413)	200,901
Segment liabilities	123,247	92,178	6,856	37,665	(129,276)	130,670

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27. Segment information (Continued)

Analysis by geographical segments (Continued)

	Malaysia US$'000	Singapore US$'000	United States of America US$'000	Indonesia US$'000	Elimination US$'000	Consolidated US$'000
(Restated)						
2014						
Revenue						
External revenue	217,128	–	735	828	–	218,691
Inter-segment revenue	1,626	212,077	–	84,653	(298,356)	–
	218,754	212,077	735	85,481	(298,356)	218,691
Results						
Segment results	(10,680)	1,727	(185)	2,850	–	(6,288)
Interest income						74
Finance costs						(2,124)
Depreciation and amortisation						(4,358)
Loss before income tax						(12,696)
Income tax expense						(314)
Loss after income tax						(13,010)
Capital expenditure						
Property, plant and equipment	1,049	–	3,973	1,111	–	6,133
Intangible assets	–	209	–	–	–	209
Segment assets	139,597	162,065	5,378	60,420	(159,702)	207,758
Segment liabilities	106,501	68,666	5,492	34,912	(74,806)	140,765

The analysis by geographical segments is based on entities in the Group in the respective countries.

27. Segment information (Continued)

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	
	2015	**2014**
	US$'000	**US$'000**
		(Restated)
North and South America		
– United States of America	**36,907**	44,102
– Others	**3,083**	6,745
Asia		
– China	**27,374**	30,118
– Others	**101,152**	67,352
Europe	**25,758**	43,885
Others	**32,261**	26,489
Total revenue	**226,535**	218,691

Major customers

Revenue from two (2014: two) customers of the Group's represents 25% (2014: 21%) of the total revenue.

Location of non-current assets

	Malaysia US$'000	Singapore US$'000	United States of America US$'000	Indonesia US$'000	Consolidated US$'000
Group					
2015					
Non-current assets	**30,075**	**573**	**4,109**	**25,665**	**60,422**
(Restated)					
2014					
Non-current assets	31,515	313	3,790	26,851	62,469

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

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28. 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.

28.1 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 US$85,195,000 (2014: US$102,601,000). There has been no default or non-repayment since the utilisation of the banking facility. 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 (2014: two) third party trade receivables which accounts for approximately 25% (2014: 38%) of the total trade receivables as at 31 December 2015 and 2014. The Company has no significant concentration of credit risk except for amounts due from subsidiaries as at 31 December 2015.

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.

28. Financial instruments and financial risks (Continued)

28.1 Credit risk (Continued)

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.

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

	Group	
	31.12.2015 US$'000	31.12.2014 US$'000 (Restated)
Asia		
– China	**5,359**	7,205
– Singapore	**2,446**	3,348
– United Arab Emirates	**1,787**	3,554
– Japan	**4,625**	1,205
– Others	**9,212**	3,903
Europe	**5,129**	2,159
North and South America	**3,523**	1,893
Others	**4,630**	2,513
	36,711	25,780

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

	Gross amount US$'000
Group	
31.12.2015	
– Past due 1 to 30 days	**16,949**
– Past due 31 to 60 days	**3,131**
– Past due over 60 days	**156**
(Restated)	
31.12.2014	
– Past due 1 to 30 days	5,989
– Past due 31 to 60 days	610
– Past due over 60 days	723

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.

28. *Financial instruments and financial risks (Continued)*

28.2 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.

(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 Pound sterling ("GBP") and Singapore dollar ("S$") (2014: United States dollar ("USD"), GBP and S$). 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.

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.

Foreign currency sensitivity analysis

The following table details the sensitivity to a 5% (2014: 5%) increase and decrease in the relevant foreign currencies against the functional currency of the entities within the Group. The 5% (2014: 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.

28. *Financial instruments and financial risks (Continued)*

28.2 Market risk (Continued)

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

Foreign currency sensitivity analysis (Continued)

The sensitivity analysis includes only significant outstanding foreign currency denominated net financial assets or liabilities and adjusted for the translation at the end of the reporting period for a 5% (2014: 5%) change in foreign currency rates.

	Increase/(Decrease) Profit or loss	
	Group	Company
31.12.2015	**US$'000**	**US$'000**
GBP/US$		
Strengthened	(624)	–
Weakened	624	–
S$/US$		
Strengthened	(27)	1
Weakened	27	(1)
31.12.2014		
US$/RM		
Strengthened	(1,388)	1
Weakened	1,388	(1)
GBP/RM		
Strengthened	(1,189)	–
Weakened	1,189	–
S$/RM		
Strengthened	863	878
Weakened	(863)	(878)
GBP/US$		
Strengthened	(259)	–
Weakened	259	–

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2015

28. Financial instruments and financial risks (Continued)

28.2 Market risk (Continued)

(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 14 and Note 15 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.

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.

28.3 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.

28. *Financial instruments and financial risks (Continued)*

28.3 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.

	Less than 1 year US$'000	1 to 2 years US$'000	2 to 5 years US$'000	Total US$'000
Group				
Trade and other payables	**40,172**	**–**	**–**	**40,172**
Bank borrowings	**88,190**	**2,216**	**–**	**90,406**
Finance lease payables	**257**	**77**	**–**	**334**
As at 31 December 2015	**128,619**	**2,293**	**–**	**130,912**
Trade and other payables	31,246	–	–	31,246
Bank borrowings	105,711	2,300	2,172	110,183
As at 31 December 2014	136,957	2,300	2,172	141,429
Company				
Trade and other payables	**103**	**–**	**–**	**103**
As at 31 December 2015	**103**	**–**	**–**	**103**
Financial guarantee contracts	**85,195**	**–**	**–**	**85,195**
Trade and other payables	9,174	–	–	9,174
As at 31 December 2014	9,174	–	–	9,174
Financial guarantee contracts	102,601	–	–	102,601

In respect of derivative financial instruments as shown in Note 13 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 2015

29. 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 is in compliance with externally imposed capital requirements which are the bank covenants in relation to the bank borrowings included in Note 14 to the financial statements, for the financial years ended 31 December 2015 and 2014.

The Group monitors capital based on a gearing ratio, which is total debt divided by total equity. Total debt of the Group consist of borrowings and finance lease payables. 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	
	31.12.2015 US$'000	31.12.2014 US$'000	31.12.2015 US$'000	31.12.2014 US$'000
Bank borrowings	**89,374**	108,853	**–**	–
Finance lease payables	**310**	–	**–**	–
Total debt	**89,684**	108,853	**–**	–
Total equity	**70,221**	65,597	**599**	2,105
Gearing ratio	**1.28**	1.66	**n.m***	n.m*

* n.m – Not meaningful

30. 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.

30. Fair values 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 US$'000	Level 2 US$'000	Level 3 US$'000
Group			
31.12.2015			
Financial assets			
Derivative financial instruments	**–**	**675**	**–**
Financial liabilities			
Derivative financial instruments	**–**	**329**	**–**
(Restated)			
31.12.2014			
Financial assets			
Derivative financial instruments	–	75	–
Financial liabilities			
Derivative financial instruments	–	177	–

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.

31. Comparative figures

The comparative figures were restated due to the change in the presentation currency as disclosed in Note 2.1 to the financial statements and acquisition of subsidiary under common control as disclosed in Note 8 to the financial statements. Certain items have also been reclassified in the prior financial year's consolidated statement of comprehensive income to enhance comparability with the current year's presentation. The effect of the restatements and reclassifications are summarised below.

Consolidated Statements of Financial Position

	As previously reported 31.12.2014 RM'000	As represented 31.12.2014 US$'000	Effect of acquisition of subsidiary, including elimination 31.12.2014 US$'000	As restated 31.12.2014 US$'000
Group				
Non-current assets				
Intangible assets	1,085	310	–	310
Property, plant and equipment	117,917	33,725	26,803	60,528
Prepaid lease payments	5,702	1,631	–	1,631
	124,704	35,666	26,803	62,469
Current assets				
Inventories	247,292	70,725	11,367	82,092
Trade and other receivables	120,068	34,340	(5,318)	29,022
Prepayments	877	251	86	337
Derivative financial instruments	259	75	–	75
Current income tax recoverable	5,018	1,435	–	1,435
Cash and cash equivalents	112,343	32,130	198	32,328
	485,857	138,956	6,333	145,289
Less:				
Current liabilities				
Trade and other payables	40,693	11,638	19,608	31,246
Derivative financial instruments	617	177	–	177
Bank borrowings	358,744	102,601	2,073	104,674
Current income tax payable	424	121	23	144
	400,478	114,537	21,704	136,241
Net current assets/(liabilities)	85,379	24,419	(15,371)	9,048
Less:				
Non-current liabilities				
Bank borrowings	–	–	4,179	4,179
Provision for post-employment benefits	–	–	48	48
Deferred tax liabilities	80	23	274	297
	80	23	4,501	4,524
Net assets	210,003	60,062	6,931	66,993

31. *Comparative figures (Continued)*

Consolidated Statements of Financial Position (Continued)

	As previously reported 31.12.2014 RM'000	As represented 31.12.2014 US$'000	Effect of acquisition of subsidiary, including elimination 31.12.2014 US$'000	As restated 31.12.2014 US$'000
Group				
Capital and reserve				
Share capital	288,325	90,631	–	90,631
Other reserves	(69,747)	(29,610)	4,000	(25,610)
Retained earnings/(Accumulated losses)	(8,609)	(969)	1,545	576
Equity attributable to owners of the parent	209,969	60,052	5,545	65,597
Non-controlling interests	34	10	1,386	1,396
Total equity	210,003	60,062	6,931	66,993

	As previously reported 1.1.2014 RM'000	As represented 1.1.2014 US$'000	Effect of acquisition of subsidiary, including elimination 1.1.2014 US$'000	As restated 1.1.2014 US$'000
Group				
Non-current assets				
Intangible assets	425	130	–	130
Property, plant and equipment	108,802	33,217	27,594	60,811
Prepaid lease payments	6,268	1,914	–	1,914
	115,495	35,261	27,594	62,855
Current assets				
Inventories	202,438	61,804	8,311	70,115
Trade and other receivables	97,355	29,723	(4,614)	25,109
Prepayments	159	49	102	151
Current income tax recoverable	6,286	1,919	–	1,919
Cash and cash equivalents	65,451	19,982	1,754	21,736
	371,689	113,477	5,553	119,030

31. *Comparative figures (Continued)*

Consolidated Statements of Financial Position (Continued)

	As previously reported 1.1.2014 RM'000	As represented 1.1.2014 US$'000	Effect of acquisition of subsidiary, including elimination 1.1.2014 US$'000	As restated 1.1.2014 US$'000
Less:				
Current liabilities				
Trade and other payables	25,759	7,864	18,186	26,050
Derivative financial instruments	2,437	744	–	744
Bank borrowings	279,835	85,433	2,062	87,495
Current income tax payable	30	9	29	38
	308,061	94,050	20,277	114,327
Net current assets	63,628	19,427	(14,724)	4,703
Less:				
Non-current liabilities				
Bank borrowings	–	–	6,253	6,253
Provision for post-employment benefits	–	–	19	19
Deferred tax liabilities	75	23	80	103
	75	23	6,352	6,375
Net assets	179,048	54,665	6,518	61,183
Group				
Capital and reserve				
Share capital	214,743	68,137	–	68,137
Other reserves	(72,078)	(25,926)	4,000	(21,926)
Retained earnings	36,383	12,454	1,214	13,668
Equity attributable to owners of the parent	179,048	54,665	5,214	59,879
Non-controlling interests	–	–	1,304	1,304
Total equity	179,048	54,665	6,518	61,183

31. *Comparative figures (Continued)*

Consolidated Statement of Comprehensive Income

	As previously reported/ reclassified 2014 RM'000	As represented 2014 US$'000	Effect of acquisition of subsidiary, including elimination 2014 US$'000	As restated 2014 US$'000
Revenue	730,223	218,166	525	218,691
Cost of sales*	(744,656)	(222,478)	1,473	(221,005)
Gross loss	(14,433)	(4,312)	1,998	(2,314)
Other items of income				
Interest income	145	43	31	74
Other items of expense				
Selling and distribution expenses	(9,745)	(2,911)	(379)	(3,290)
Administrative expenses*	(11,605)	(3,467)	(609)	(4,076)
Other expenses*	–	–	–	–
Other losses, net*	(3,494)	(1,044)	78	(966)
Finance costs	(5,459)	(1,631)	(493)	(2,124)
Loss before income tax	(44,591)	(13,322)	626	(12,696)
Income tax expense	(405)	(121)	(193)	(314)
Loss for the financial year	(44,996)	(13,443)	433	(13,010)

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2015

31. Comparative figures (Continued)

Consolidated Statement of Comprehensive Income (Continued)

	As previously reported/ reclassified 2014 RM'000	As represented 2014 US$'000	Effect of acquisition of subsidiary, including elimination 2014 US$'000	As restated 2014 US$'000
Other comprehensive income:				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation differences	2,332	(3,684)	–	(3,684)
Other comprehensive income for the financial year, net of tax	2,332	(3,684)	–	(3,684)
Total comprehensive income for the financial year	(42,664)	(17,127)	433	(16,694)
Loss attributable to:				
Owners of the parent	(44,992)	(13,442)	350	(13,092)
Non-controlling interests	(4)	(1)	83	82
	(44,996)	(13,443)	433	(13,010)
Total comprehensive income attributable to:				
Owners of the parent	(42,661)	(17,126)	350	(16,776)
Non-controlling interests	(3)	(1)	83	82
	(42,664)	(17,127)	433	(16,694)
Loss per share				
– Basic and diluted (in cents)	(0.086)			(0.078)

31. *Comparative figures (Continued)*

Consolidated Statement of Comprehensive Income (Continued)

* These items were reclassified as follows:

	As previously reported 2014 RM'000	Reclassification RM'000	As reclassified 2014 RM'000
Cost of sales	(746,677)	2,021	(744,656)
Administrative expenses	(10,578)	(1,027)	(11,605)
Other expenses	(1,185)	1,185	–
Other losses, net	(1,315)	(2,179)	(3,494)

Consolidated Statement of Cash flows

	As previously reported 2014 RM'000	As restated 2014 US$'000
Net cash used in operating activities	(80,887)	(23,084)
Net cash used in investing activities	(18,335)	(6,509)
Net cash from financing activities	147,069	41,893
Net change in cash and cash equivalents	47,847	12,300
Cash and cash equivalents at beginning of financial year	65,451	21,736
Effects of exchange rate changes	(955)	(1,708)
Cash and cash equivalents at end of financial year	112,343	32,328

31. *Comparative figures (Continued)*

Statement of Financial Position

	As previously reported 31.12.2014 RM'000	As restated 31.12.2014 US$'000	As previously reported 1.1.2014 RM'000	As restated 1.1.2014 US$'000
Company				
Non-current assets				
Investments in subsidiaries	231,388	66,177	173,792	53,058
Other receivables	31,818	9,100	–	–
	263,206	75,277	173,792	53,058
Current assets				
Trade and other receivables	23,750	6,792	45,880	14,007
Prepayments	302	87	–	–
Cash and cash equivalents	39,498	11,296	129	39
	63,550	18,175	46,009	14,046
Less:				
Current liabilities				
Trade and other payables	32,077	9,174	220	67
Current income tax payable	–	–	1	–
	32,077	9,174	221	67
Net current assets	31,473	9,001	45,788	13,979
Net assets	294,679	84,278	219,580	67,037
Capital and reserves				
Share capital	288,325	90,631	214,743	68,137
Other reserves	–	(8,458)	–	(2,752)
Retained earnings	6,354	2,105	4,837	1,652
Total equity	294,679	84,278	219,580	67,037

STATISTICS OF SHAREHOLDINGS

As At 21 March 2016

Share Capital

Number of issued shares	:	227,399,975
Class of shares	:	Ordinary shares
Voting Rights	:	On a poll – one vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	9	0.62	171	0.00
100 – 1,000	162	11.12	87,900	0.04
1,001 – 10,000	700	48.04	3,341,053	1.47
10,001 – 1,000,000	576	39.53	30,498,001	13.41
1,000,001 AND ABOVE	10	0.69	193,472,850	85.08
TOTAL	**1,457**	**100.00**	**227,399,975**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	JB COCOA GROUP SDN BHD	118,860,000	52.27
2	TEE YIH JIA FOOD MANUFACTURING PTE LTD	38,700,000	17.02
3	KGI FRASER SECURITIES PTE LTD	25,115,600	11.04
4	OCBC SECURITIES PRIVATE LIMITED	2,356,050	1.04
5	GOH LEE BENG	1,853,100	0.81
6	TENG NAM SENG	1,800,000	0.79
7	UOB KAY HIAN PRIVATE LIMITED	1,621,050	0.71
8	PHILLIP SECURITIES PTE LTD	1,097,900	0.48
9	MAYBANK KIM ENG SECURITIES PTE LTD	1,060,800	0.47
10	CIMB SECURITIES (SINGAPORE) PTE LTD	1,008,350	0.44
11	RHB SECURITIES SINGAPORE PTE. LTD.	890,250	0.39
12	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	677,550	0.30
13	PEH TEIK SENG	630,000	0.28
14	CHAN HENG CHOY	570,000	0.25
15	CITIBANK CONSUMER NOMINEES PTE LTD	563,500	0.25
16	NG CHING YUN	480,000	0.21
17	LIM CHONG HUA	450,000	0.20
18	SUN YU	450,000	0.20
19	TEY HOW KEONG	450,000	0.20
20	TAN POH TIN	420,100	0.18
	TOTAL	**199,054,250**	**87.53**

Percentage of shareholding held in the hands of public

As at 21 March 2016, based on the information provided and to the best knowledge of the Directors, the percentage of shareholding in the Company held in the hands of the public is approximately 17.54%. 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 21 March 2016

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholder	Direct Interest		Deemed Interest	
	Number of Shares	%(1)	Number of Shares	%(1)
JB Cocoa Group Sdn Bhd	118,860,000	52.27	–	–
Tee Yih Jia Food Manufacturing Pte Ltd	38,700,000	17.02	–	–
ECOM Agroindustrial Corp. Limited	24,840,000	10.92	–	–
Goh Lee Beng(5)	1,853,100	0.81	118,860,000	52.27
Tey How Keong(4)	450,000	0.20	118,860,000	52.27
Tey Kan Sam @ Tey Hin Ken(2)	–	–	118,860,000	52.27
Lim Ah Bet @ Chabo(3)	–	–	118,860,000	52.27
Goi Seng Hui(8)	–	–	38,700,000	17.02
Unichocola Pte. Ltd.(6)	–	–	24,840,000	10.92
IECOM Pte. Ltd.(7)	–	–	24,840,000	10.92
Jorge Esteve Campdera and grandchildren(6)	–	–	24,840,000	10.92
Isabel Recolons Esteve and lineal descendants(7)	–	–	24,840,000	10.92

Notes:

(1) The percentage is calculated based on the total issued and paid-up share capital of 227,399,975 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 118,860,000 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 118,860,000 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 118,860,000 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 118,860,000 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 24,840,000 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 24,840,00 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 38,700,000 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 Tuesday, 26 April 2016 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 2015 together with the Directors' Statement and the Auditors' Report thereon. **Resolution 1**

2. To re-elect Mr Chua Cheow Khoon Michael who retires by rotation pursuant to Article 98 of the Company's Constitution.

   Mr Chua Cheow Khoon Michael will, upon re-election as a Director of the Company, remain as the Lead Independent Director, the Chairman of the Board, the Chairman of each of the Audit Committee and Nominating Committee as well as a member of the Remuneration Committee. **Resolution 2**

3. To re-elect Mr Goi Seng Hui who retires by rotation pursuant to Article 98 of the Company's Constitution.

   Mr Goi Seng Hui will, upon re-election as a Director of the Company, remain as a Non-Independent, Non-Executive Director, Vice Chairman of the Board as well as a member of each of the Audit Committee and the Risk Committee. **Resolution 3**

4. To approve the payment of directors' fees of S$126,000 for the financial year ending 31 December 2016, to be paid quarterly in arrears. **Resolution 4**

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

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

NOTICE OF 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, 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 shares in the capital of the Company 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

(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 Company's Constitution; 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 6**

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 7**

By Order of the Board
Ong Beng Hong
Joint Company Secretary
11 April 2016

NOTICE OF
ANNUAL GENERAL MEETING

Notes:

(1) A member of the Company (other than a Relevant Intermediary*) entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.

(2) A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified.)

(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 holding the Meeting.

* A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Explanatory Note:

(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. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.
2. This Proxy Form is not valid for use by CPF and SRS 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)

as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at Raffles Marina, Chartroom at 10 Tuas West Drive, Singapore 638404 on Tuesday, 26 April 2016 at 10:00 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 Audited Financial Statements for the financial year ended 31 December 2015, the Directors' Statement and the Auditors' Report thereon.		
2	To re-elect Mr Chua Cheow Khoon Michael as Director.		
3	To re-elect Mr Goi Seng Hui as Director.		
4	To approve Directors' fees of S$126,000 for the financial year ending 31 December 2016, to be paid quarterly in arrears.		
5	To re-appoint the Auditors and to authorise the Directors to fix their remuneration.		
6	To approve the proposed share issue mandate.		
7	To approve the proposed grant of authority to allot and issue shares under the JB Foods Employee Share Option Scheme 2014		

* 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 ___________ 2016.

Total Number of Ordinary Shares Held	

____

Signature of Member(s)
or Common Seal of Corporate Member

* Delete where inapplicable

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES

1. Please insert the total number of Ordinary Shares held by you. If you have Ordinary Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 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 (other than a Relevant Intermediary*), 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 save that no limit shall be imposed on the number of proxies for nominee companies. A proxy need not be a member of the Company.

3. Where a member (other than a Relevant Intermediary*) appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number or class of shares shall be specified).

5. Subject to note 9, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

6. 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.

7. 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. Where the instrument appointing a proxy or proxies is executed by attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

8. 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, and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.

9. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

*A Relevant Intermediary is:

(a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

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 72 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 appointing 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