CACOLA FURNITURE INTERNATIONAL LIMITED
(Incorporated in the Cayman Islands)

(Co. Reg. No: 179492)

FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 31 MARCH 2015

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

		Group		
		Three months ended		
	Notes	31.3.2015 RMB'000 Unaudited	31.3.2014 RMB'000 Unaudited	+ / - %
Revenue		5,584	6,359	(12.2)
Cost of sales		(4,985)	(5,706)	(12.6)
Gross profit		599	653	(8.3)
Other income	1	14	13	7.7
Selling and distribution expenses		(689)	(4,191)	(83.6)
Administrative and other operating expenses		(2,142)	(7,464)	(71.3)
Finance costs		(125)	-	NM
Loss before income tax	2	(2,343)	(10,989)	(78.7)
Income tax expense		-	-	NM
Loss attributable to owners of the Company		(2,343)	(10,989)	(78.7)
Other comprehensive income attributable to the owners of the Company				
Exchange difference on translating foreign operations		78	(138)	(156.5)
Total comprehensive income for the period attributable to the owners of the Company		(2,265)	(11,127)	(79.6)

Notes:

1. Other income represents:

	Group		
	Three months ended		
	31.3.2015 RMB'000 Unaudited	**31.3.2014 RMB'000 Unaudited**	**+ / - %**
Bank interest income	1	13	(92.3)
Rental Income	13	-	NM
	14	13	7.7

2. Loss before income tax is arrived at after charging:

	Group		
	Three months ended		
	31.3.2015 RMB'000 Unaudited	**31.3.2014 RMB'000 Unaudited**	**+ / - %**
Depreciation	2	233	(99.1)

NM: Not meaningful

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

	Group		Company	
	31.3.2015 RMB'000 Unaudited	31.12.2014 RMB'000 Audited	31.3.2015 RMB'000 Unaudited	31.12.2014 RMB'000 Audited
ASSETS AND LIABILITES				
Non-current assets				
Property, plant and equipment	73	75	-	-
Investments in subsidiaries	-	-	-	-
	73	75	-	-
Current assets				
Inventories	20,433	19,338	-	-
Trade and other receivables	3,852	5,269	-	-
Prepayment	4,105	3,063	4,105	3,063
Cash and bank balance	1,580	2,157	716	299
	29,970	29,827	4,821	3,362
Current liabilities				
Trade and other payables	26,038	24,724	38,181	36,071
Financial liabilities	4,952	3,860	4,952	3,860
	30,990	28,584	43,133	39,931
Net current (liabilities) / assets	(1,020)	1,243	(38,312)	(36,569)
Net (liabilities) / assets	(947)	1,318	(38,312)	(36,569)
EQUITY				
Equity attributable to Company's owners				
Share capital	46,566	46,566	46,566	46,566
Reserves	(47,513)	(45,248)	(84,878)	(83,135)
(Captial deficiency) / Total equity	(947)	1,318	(38,312)	(36,569)

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31 March 2015		As at 31 December 2014	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	4,952	-	3,860

Amount repayable after one year

As at 31 March 2015		As at 31 December 2014	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	-	-	-

Details of any collateral

(i) Bridge Loan

As announced on 2 October 2014, the Company entered into a bridge loan agreement ("Bridge Loan") with the lender (the "Lender"), to borrow a sum of up to S$ 500,000 ("Bridge Loan") for a term of six months for the purposes of meeting the interim financing needs of the Company. Accordingly, the Company shall apply all the proceeds of the Bridge Loan for general working capital purposes and for payment of various miscellaneous expenses, including professional fees associated with the proposed acquisitions by the Company.

The Bridge Loan is unsecured, bears interest at a fixed interest rate of 10.0% per annum.

For details, please refer to the Company's announcement on 2 October 2014.

(ii) Financial liability

On 1 June 2014, the Company entered into a loan agreement ("Loan Agreement") with the lender (the "Lender"), pursuant to which the Lender granted a loan to the Company, which is unsecured and is repayable by the Company within three (3) months from the date of the Loan Agreement, at a fixed interest rate of five percent (5%) to be computed on the principal value of the loan. Accordingly, an aggregate of S$2,310,000 (equivalent to RMB 11,377,000), being the principal amount of the loan and the total accrued interest, would have been repayable on 31 August 2014 (collectively the "Loan").

The Company and the Lender have, on 16 July 2014 entered into a settlement agreement pursuant to which the Loan shall instead be repaid by the Company through the allotment and issue of the shares to the Lender (and/or his nominees) no later than 31 August 2014, and at an issue price which shall be at a discount of not less than 10% of the market closing price. On 18 July 2014, the parties further entered into an amendment agreement, further agreeing that the total number of settlement shares to be issued to the Lender shall not exceed 15% of the total number of shares of the Company on an enlarged basis, after the issue of the settlement shares ("Settlement Threshold"). The outstanding amount repayable under the Loan Agreement after the allotment and issue of the settlement shares shall be settled in cash ("Cash Portion").

Details of any collateral (Continued)

(ii) Financial liability (Continued)

The settlement and amendment agreements fixed the total indebtedness at an amount of S$2,300,000 ("Total Indebtedness") (being a reduction from the aggregate principal and interest payable under the original Loan Agreement of S$2,310,000). The aggregate issue price of the all the settlement shares to be issued shall be equivalent to the Total Indebtedness (subject always to the Settlement Threshold and less the relevant Cash Portion), and the proposed repayment by way of such allotment and issue of the settlement shares and the payment of the Cash Portion upon the terms and conditions of the settlement and amendment agreements shall constitute full and final settlement by the Company of its obligations in respect of the Loan.

On 19 August 2014, an aggregate of up to 74,117,452 new ordinary shares in the capital of the Company, at an issue price of S$0.027 per settlement share, were allotted and issued to the Lender.

The remaining amount of RMB 1,469,000 after the allotment and issue of settlement shares that shall be repaid by the Company in cash.

(iii) Short term loan

On 24 March 2015, the Company entered into a loan agreement with the lender, pursuant to which the lender granted an unsecured loan to the Company of RMB1,000,000, for short term working capital purpose. The loan bears a fixed interest rate of fifteen percent (15%) per annum and is repayable on demand.

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

	Group	
	Three months ended	
	31.3.2015 RMB'000 Unaudited	31.3.2014 RMB'000 Unaudited
Cash flows from operating activities		
Loss before income tax	(2,343)	(10,989)
Adjustments for:		
Depreciation	2	233
Interest expensese	125	-
Interest income	(1)	(13)
Operating loss before working capital changes	(2,217)	(10,769)
Changes in inventories	(1,095)	(372)
Changes in trade and other receivables	1,417	1,665
Changes in prepayments	(1,042)	-
Changes in trade and other payables	1,314	(3,509)
Net cash used in operating activities	(1,623)	(12,985)
Cash flows from investing activities		
Interest received	1	13
Net cash generated from investing activities	1	13
Cash flows from financing activities		
Proceeds from short term loan	1,110	-
Interest expenses	(125)	-
Net cash generated from financing activities	985	-
Net decrease in cash and cash equivalents	(637)	(12,972)
Effect on foreign exchange difference	60	-
Cash and cash equivalents at beginning of period	2,157	22,327
Cash and cash equivalents at end of period	1,580	9,355
Analysis of balance of cash and cash equivalents		
Cash and bank balances	1,580	9,355

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

	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Exchange reserve RMB'000	Statutory reserve RMB'000	(Accumulated losses) RMB'000	Total equity RMB'000
The Group							
Balance as at 1 January 2014	40,690	138,396	23,570	2,474	19,802	(155,980)	68,952
Loss for the period	-	-	-	-	-	(10,989)	(10,989)
Other comprehensive income:							
Exchange difference on translation of financial statements of foreign operations	-	-	-	(138)	-	-	(138)
Total comprehensive income for the period	-	-	-	(138)	-	(10,989)	(11,127)
Balance as at 31 March 2014	40,690	138,396	23,570	2,336	19,802	(166,969)	57,825
Balance as at 1 January 2015	46,566	142,214	23,570	1,994	19,802	(232,828)	1,318
Loss for the period	-	-	-	-	-	(2,343)	(2,343)
Other comprehensive income:							
Exchange difference on translation of financial statements of foreign operations	-	-	-	78	-	-	78
Total comprehensive income for the period	-	-	-	78	-	(2,343)	(2,265)
Balance as at 31 March 2015	46,566	142,214	23,570	2,072	19,802	(235,171)	(947)
The Company							
Balance as at 1 January 2014	40,690	138,396	150,119	(34,779)	-	(326,603)	(32,177)
Loss for the period	-	-	-	-	-	(1,529)	(1,529)
Other comprehensive income:							
Exchange difference recognised directly in equity	-	-	-	(358)	-	-	(358)
Total comprehensive income for the period	-	-	-	(358)	-	(1,529)	(1,887)
Balance as at 31 March 2014	40,690	138,396	150,119	(35,137)	-	(328,132)	(34,064)
Balance as at 1 January 2015	46,566	142,214	150,119	(35,026)	-	(340,442)	(36,569)
Loss for the period	-	-	-	-	-	(1,911)	(1,911)
Other comprehensive income:							
Exchange difference recognised directly in equity	-	-	-	168	-	-	168
Total comprehensive income for the period	-	-	-	168	-	(1,911)	(1,743)
Balance as at 31 March 2015	46,566	142,214	150,119	(34,858)	-	(342,353)	(38,312)

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on.

State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Details of changes in Company's share capital were disclosed in item 1(b)(ii).

Apart from the settlement shares issued for the Loan as disclosed in item 1(b)(ii), there were neither convertibles outstanding nor shares held as treasury shares for the period ended 31 March 2015.

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

	As at 31.3.2015	As at 31.12.2014
Total number of issued shares	511,154,399	511,154,399
Less: Treasury shares	-	-
Total number of issued shares excluding treasury shares	511,154,399	511,154,399

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

Not applicable.

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

The figures have not been audited or reviewed by the Company's auditors.

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

Not applicable.

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

The Group has adopted all the new/amended International Financial Reporting Standards ("new/amended IFRSs") that became effective on 1 January 2015. Except the adoption of these new/amended IFRSs, the Group has consistently adopted the same accounting policies and methods of computations as stated in the audited financial statements of the Group for the year ended 31 December 2014.

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

The adoption of the new/amended IFRSs does not have any material financial impact on the Group's financial statements.

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

	Group	
	Three months ended	
	31.3.2015 Unaudited	31.3.2014 Unaudited
a) based on the weighted average number of shares (RMB cents)	(0.5)	(2.5)
Weighted average number of shares	511,154,399	437,037,399
b) based on a fully diluted basis (RMB cents)	N/A	N/A
Adjusted weighted average number of shares	N/A	N/A

Basic (loss) per share are calculated based on (loss) attributable to the owners of the Company for the period divided by the weighted average of 511,154,399 shares (First quarter of 2014: weighted average of 437,037,399 shares).

As there are no potential dilutive ordinary shares during the period, no dilutive earnings per share is presented.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:
(a) current financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	31.3.2015 RMB'000 Unaudited	31.12.2014 RMB'000 Audited	31.3.2015 RMB'000 Unaudited	31.12.2014 RMB'000 Audited
Net asset value ("NAV") per ordinary share (RMB cents)	(0.2)	0.3	(7.5)	(7.2)
Number of shares (excluding treasury shares)	511,154,399	511,154,399	511,154,399	511,154,399

Net asset value per share is calculated based on total equity of the Group and the Company as at 31 March 2015 and 31 December 2014 and based on the issued share capital of 511,154,399 ordinary shares (excluding treasury shares) in issue as at 31 March 2015 and 31 December 2014 respectively.

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

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of Group Performance

Revenue

Product Type	1Q2015 (RMB mil)	% of Total Revenue	1Q2014 (RMB mil)	% of Total Revenue	% Change
Panel Furniture	3.5	63.6	4.0	63.5	(12.5)
Sofa	1.7	30.9	2.0	31.7	(15.0)
Mattress	0.3	5.5	0.3	4.8	-
Total	5.5	100.0	6.3	100.0	(12.7)

For the first quarter ended 31 March 2015 ("1Q2015"), our total revenue declined by RMB0.8 million or 12.7% from RMB6.3million for the quarter ended 31 March 2014 ("1Q2014") to RMB5.5 million for 1Q2015. The decline in our total revenue was mainly attributable to the decrease in the sales of sofa by RMB0.3 million and panel furniture by RMB0.5 million respectively.

The revenue decline in the PRC market was mainly attributed to (i) the decrease in sales orders from existing specialty stores either operated by our distributors or by third party retailers under license from our distributors, (ii) the closure of old specialty stores and (iii) the decrease in sales from our own CACOLA mega store in Dongguan City.

The Chinese Government measures to dampen the robust residential property market and rein in bank loans under a tightened credit policy also had a ripple effect on our business.

The major raw materials used for furniture production included MDF boards, fabric, foam and metal hardware and we faced rising costs in these raw materials by our suppliers, resulting in further deterioration in our gross profit margin.

Operating Expenses

Operating expenses comprise (i) selling and distribution expenses and (ii) administrative and other operating expenses. Operating expenses decreased to RMB 2.8million in 1Q2015, representing a decrease in RMB 8.8million or 75% from RMB11.6 million in 1Q2014 due to tight control on expenditure.

Operating expenses comprise advertising expenses, staff costs, depreciation, rental and commission paid to sales and marketing staff, entertainment, telephone expenses, motor vehicle expenses and travelling expenses.

Review of Group Financial Position

Property, Plant and Equipment ("PPE")

PPE decrease due to depreciation charge on motor vehicle of RMB 2,000 for the period.

Inventories

Inventories increased by RMB 1 million as a result of sales orders to be delivered in the following quarters.

Trade and other receivables and prepayments

Trade and other receivables comprise of trade receivables, prepayment and expense prepaid for the professional fees for reverse take-over project of the Company. Trade and other receivables and prepayments decreased RMB 0.4million or 4.5% in this quarter. It's mainly comprised of settlement of trade and other receivables of RMB 1.4 million offset by increase in prepaid expense for reverse take-over project of RMB1 million.

Trade and other payables

Trade and other payables increased by 5% from RMB 24.7 million to RMB 26.0 million due to increase in the accrued reverse take-over expenses during the quarter.

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

The actual results for 1Q2015 are consistent with the commentary under paragraph 10 and the update announcements released by the Company in previous periods.

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

We have experienced a persistent drop in turnover in both the local and overseas markets. Rising costs over the period in review will likely persist into the foreseeable future due to accelerated domestic inflation. Competition will also intensify both locally and overseas while the global economic environment will probably remain uncertain.

The Chinese Government measures to dampen the robust residential property market and rein in bank loans under a tightened credit policy also had a ripple effect on our business. The Group will develop new business strategies for the furniture business.

Announced on 10th April 2014, that the Company had entered into a sale and purchase agreement to acquire the Goyes Group, a prominent meat processing and related business group in Hunan, China, with their FY2014 net profit exceeding RMB120 million. Goyes had since appointed Foo Kon Tan as the reporting accountants and Bakertilly Hong Kong Limited as their internal auditor to strength their internal management processes. The Company has completed various due diligence reviews on the Goyes Group, and pre-clearance submission had been made to SGX. Upon the successful of the RTO, the Company will transform itself into a group which holds a profitable meat processing and related business. The management is actively engaged with professionals and regulators working towards completing the RTO in 2015.

The Company has announced on 2nd October 2014, to secure a Placement Loan Facility of up to SGD45 million with Advance Opportunities Fund to fund this RTO exercise. The Company has been obtained approval in principle by SGX. This cash funding exercise is critical as it enables the Company to fulfill the key condition precedent of the Sales and Purchase Agreement with the Goyes Group.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Nil

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Nil

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared/recommended for the three months ended 31 March 2015.

13. Interested Person Transactions ("IPTs")

There was no interested person transaction for the period ended 31 March 2015.

14. Status report on

i) Use of IPO Proceeds

	Future Plans	Remaining IPO Proceeds as at 31 December 2014 (RMB million)	Amount utlitised (RMB million)	As at 31 March 2015 (RMB million)
(i)	Expand the sales and distribution network through collaboration with existing and new distributors in the PRC	0.3	0.3	-
(ii)	Strengthen our brand name	0.4	0.4	-
(iii)	Upgrade our production facilities for our panel furniture and sofa products	2.0	2.0	-
(iv)	Upgrade our CACOLA mega store in Dongguan City	-	-	-
(v)	Balance as general working capital to finance our continued growth and development	-	-	-
		2.7	2.7	-

ii) Use of Placement Proceeds

As of the date of this announcement, the Company had fully utilized the placement proceeds according to the usage as announced on 28 August 2014.

BY ORDER OF THE BOARD

Zhou Zhuo Lin

Chief Executive Officer

13 May 2015

Confirmation by the Board
Pursuant to Rule 705(5) of the Listing Manual of the SGX-ST

On behalf of the Board of Directors of the Company, we, Zhou Zhuo Lin and Zhou Min Zong, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the first quarter ended 31 March 2015 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Zhou Zhuo Lin
Chief Executive Officer

Zhou Min Zong
Executive Director