CACOLA FURNITURE INTERNATIONAL LIMITED

(Incorporated in the Cayman Islands)

(Co. Reg. No: 179492)

SECOND QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 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			Group		
		Three months ended			Six months ended		
	Note	30.6.2015 RMB'000 Unaudited	30.6.2014 RMB'000 Unaudited	+ / - %	30.6.2015 RMB'000 Unaudited	30.6.2014 RMB'000 Unaudited	+ / - %
Revenue		6,721	5,862	14.7	12,305	12,221	0.7
Cost of sales		(6,008)	(5,299)	13.4	(10,993)	(11,005)	(0.1)
Gross profit		713	563	26.6	1,312	1,216	7.9
Other income	1	14	19	(26.3)	28	32	(12.5)
Selling and distribution expenses		(508)	(1,704)	(70.2)	(1,197)	(5,895)	(79.7)
Administrative and other operating expenses		(3,417)	(6,938)	(50.7)	(5,559)	(14,402)	(61.4)
Finance costs		(153)	(542)	(71.8)	(278)	(542)	(48.7)
Loss before income tax	2	(3,351)	(8,602)	(61.0)	(5,694)	(19,591)	(70.9)
Income tax expense		-	-	NM	-	-	NM
Loss attributable to owners of the Company		(3,351)	(8,602)	(61.0)	(5,694)	(19,591)	(70.9)
Other comprehensive income attributable to the owners of the Company							
Exchange difference on translating foreign operations		54	8	575.0	117	(130)	(190.0)
Total comprehensive income for the period attributable to the owners of the Company		(3,297)	(8,594)	(61.6)	(5,577)	(19,721)	(71.7)

Notes:

1. Other income represents the following:

	Group			Group		
	Three months ended			Six months ended		
	30.6.2015 RMB'000 Unaudited	30.6.2014 RMB'000 Unaudited	+ / - %	30.6.2015 RMB'000 Unaudited	30.6.2014 RMB'000 Unaudited	+ / - %
Rental Income	13	13	-	26	13	100.0
Bank interest income	1	6	(83.3)	2	19	(89.5)
	14	19	(26.3)	28	32	(12.5)

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

	Group			Group		
	Three months ended			Six months ended		
	30.6.2015 RMB'000 Unaudited	30.6.2014 RMB'000 Unaudited	+ / - %	30.6.2015 RMB'000 Unaudited	30.6.2014 RMB'000 Unaudited	+ / - %
Interest expense	153	542	(71.8)	278	542	(48.7)
Depreciation	2	246	(99.2)	4	479	(99.2)

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	
	30.6.2015 RMB'000 Unaudited	31.12.2014 RMB'000 Audited	30.6.2015 RMB'000 Unaudited	31.12.2014 RMB'000 Audited
ASSETS AND LIABILITES				
Non-current assets				
Property, plant and equipment	71	75	-	-
Current assets				
Inventories	21,499	19,338	-	-
Trade and other receivables	3,719	5,269	-	-
Prepayments	4,482	3,063	4,482	3,063
Cash and bank balance	315	2,157	8	299
	30,015	29,827	4,490	3,362
Current liabilities				
Trade and other payables	29,239	24,724	39,763	36,071
Financial liabilities	4,449	3,860	4,449	3,860
	33,688	28,584	44,212	39,931
Net current (liabilities) / assets	(3,673)	1,243	(39,722)	(36,569)
Net (liabilities) / assets	(3,602)	1,318	(39,722)	(36,569)
EQUITY				
Equity attributable to Company's owners				
Share capital	47,208	46,566	47,208	46,566
Reserves	(50,810)	(45,248)	(86,930)	(83,135)
(Capital deficiency) / Total equity	(3,602)	1,318	(39,722)	(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 30 June 2015		As at 31 December 2014	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	4,449	-	3,860

Amount repayable after one year

As at 30 June 2015		As at 31 December 2014	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
-	-	-	-

Details of borrowing (expressed in RMB)

(a)	Bridge Loan	
	- Principal	-
	- Interest	-
(b)	Facility Loan	
	- Principal	1,734,168
	- Interest	167,879
(c)	Financial Liability	
	- Principal	1,455,200
	- Interest	60,633
(d)	Short Term Loan	
	- Principal	981,750
	- Interest	49,087
Total		***4,448,717**

** the carrying amount is included in the line item of current liability and is subject to foreign exchange translation*

(a) Bridge Loan

As announced on 2 October 2014, the Company entered into a bridge loan agreement with the lender (the "Lender"), to borrow a sum of up to S$ 500,000 ("Bridge Loan") for a term of six months ("Repayment Date") for the purposes of meeting the interim financing needs of the Company. 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.

Subsequent to the Repayment Date of 2 April 2015, the Company has agreed with the Lender to utilise the option to settle the Bridge Loan against the first tranche of the Placement Facility on 14 April 2015 ("Facility Loan"). Accordingly, the Bridge Loan principal was settled on 14 April 2015 and the related interest was settled subsequent to the current reporting date.

(b) Facility Loan

The Facility Loan is unsecured, bears interest at a fixed interest rate of 10.0% per annum. On 9 June 2015, the Company issued 8,169,934 shares for the settlement of part of the Facility Loan. For details please refer to the Company's announcement on 9 June 2015.

(c) Financial liability

On 1 June 2014, the Company entered into a loan agreement ("Loan Agreement") with an independent third party (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").

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 has been fully settled by cash as at the date of this announcement.

(d) 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.

The short term loan has been fully settled by cash as at the date of this announcement.

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

	Group		Group	
	Three months ended		Six months ended	
	30.6.2015 RMB'000 Unaudited	30.6.2014 RMB'000 Unaudited	30.6.2015 RMB'000 Unaudited	30.6.2014 RMB'000 Unaudited
Cash flows from operating activities				
Loss before income tax	(3,351)	(8,602)	(5,694)	(19,591)
Adjustments for:				
Depreciation	2	246	4	479
Interest expenses	153	542	278	542
Interest income	(1)	(6)	(2)	(19)
Operating loss before working capital changes	(3,197)	(7,820)	(5,414)	(18,589)
Changes in inventories	(1,066)	(170)	(2,161)	(542)
Changes in trade and other receivables	134	351	1,551	2,016
Changes in prepayments	(377)	-	(1,419)	-
Changes in trade and payables	3,339	(4,984)	4,652	(8,355)
Net cash used in operating activities	(1,167)	(12,623)	(2,791)	(25,470)
Cash flows from investing activities				
Acquisition of property, plant and equipment	-	(1,347)	-	(1,347)
Interest received	1	6	2	19
Net cash generated from / (used in) investing activities	1	(1,341)	2	(1,328)
Cash flows from financing activities				
Interest expenses	(153)	(542)	(278)	(542)
Increase in financial liability	-	11,377	1,110	11,377
Net cash (used in) / generated from financing activities	(153)	10,835	832	10,835
Net decrease in cash and cash equivalents	(1,319)	(3,129)	(1,957)	(15,963)
Effect of foreign exchange difference	54	9	115	(129)
Cash and cash equivalents at beginning of period	1,580	9,355	2,157	22,327
Cash and cash equivalents at end of period	315	6,235	315	6,235
Analysis of balance of cash and cash equivalents				
Cash and bank balances	315	6,235	315	6,235

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 April 2014	40,690	138,396	23,570	2,336	19,802	(166,969)	57,825
Loss for the period	-	-	-	-	-	(8,602)	(8,602)
Other comprehensive income:							
Exchange difference on translation of financial statements of foreign operations	-	-	-	8	-	-	8
Total comprehensive income for the period	-	-	-	8	-	(8,602)	(8,594)
Balance as at 30 June 2014	40,690	138,396	23,570	2,344	19,802	(175,571)	49,231
Balance as at 1 April 2015	46,566	142,214	23,570	2,073	19,802	(235,172)	(947)
Issue of shares	642	-	-	-	-	-	642
Loss for the period	-	-	-	-	-	(3,351)	(3,351)
Other comprehensive income:							
Exchange difference on translation of financial statements of foreign operations	-	-	-	54	-	-	54
Total comprehensive income for the period	-	-	-	54	-	(3,351)	(3,297)
Balance as at 30 June 2015	47,208	142,214	23,570	2,127	19,802	(238,523)	(3,602)
The Company							
Balance as at 1 April 2014	40,690	138,396	150,119	(35,137)	-	(328,132)	(34,064)
Loss for the period	-	-	-	-	-	(4,917)	(4,917)
Other comprehensive income:							
Exchange difference recognised directly in equity	-	-	-	16	-	-	16
Total comprehensive income for the period	-	-	-	16	-	(4,917)	(4,901)
Balance as at 30 June 2014	40,690	138,396	150,119	(35,121)	-	(333,049)	(38,965)
Balance as at 1 April 2015	46,566	142,214	150,119	(34,857)	-	(342,353)	(38,311)
Issue of shares	642						642
Loss for the period	-	-	-	-	-	(2,170)	(2,170)
Other comprehensive income:							
Exchange difference recognised directly in equity	-	-	-	117	-	-	117
Total comprehensive income for the period	-	-	-	117	-	(2,170)	(2,053)
Balance as at 30 June 2015	47,208	142,214	150,119	(34,740)	-	(344,523)	(39,722)

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.

Apart from the shares issued for the settlement of the Facility Loan as disclosed in item 1(b)(ii)(b), there were neither convertibles outstanding nor shares held as treasury shares for the period ended 30 June 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 30.06.2015	As at 31.12.2014
Total number of issued shares	519,324,333	511,154,399
Less: Treasury shares	-	-
Total number of issued shares excluding treasury shares	519,324,333	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		Group	
	Three months ended		Six months ended	
	30.6.2015 RMB'000 Unaudited	30.6.2014 RMB'000 Unaudited	30.6.2015 RMB'000 Unaudited	30.6.2014 RMB'000 Unaudited
a) based on the weighted average number of shares (RMB cents)	(0.7)	(2.0)	(1.1)	(4.5)
Weighted average number of shares	512,102,300	437,037,399	512,102,300	437,037,399
b) based on a fully diluted basis (RMB cents)	N/A	N/A	N/A	N/A
Adjusted weighted average number of shares	N/A	N/A	N/A	N/A

Basic (loss) per share for the three and six months ended 30 June 2015 are calculated based on (loss) attributable to the owners of the Company for the periods divided by the weighted average of 512,102,300 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	
	30.6.2015 RMB'000 Unaudited	31.12.2014 RMB'000 Audited	30.6.2015 RMB'000 Unaudited	31.12.2014 RMB'000 Audited
Net asset value ("NAV") per ordinary share (RMB cents)	(0.7)	0.3	(7.6)	(7.2)
Number of shares (excluding treasury shares)	519,324,333	511,154,399	519,324,333	511,154,399

Net asset value per share is calculated based on total equity of the Group and the Company as at 30 June 2015 and 31 December 2014 and based on the issued share capital of 519,324,333 and 511,154,399 ordinary shares in issue as at 30 June 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	2Q2015 (RMB mil)	% of Total Revenue	2Q2014 (RMB mil)	% of Total Revenue	% Change
Panel Furniture	4.3	64.2	3.8	64.4	13.2
Sofa	2.1	31.3	1.8	30.5	16.7
Mattress	0.3	4.5	0.3	5.1	-
Total	6.7	100.0	5.9	100.0	13.6

For the second quarter ended 30 June 2015 ("2Q2015"), our total revenue increased by 13.6% from RMB5.9 million for the quarter ended 30 June 2014 ("2Q2014") to RMB6.7 million for 2Q2015. The increase in our total revenue was mainly attributable to the increase in the sales of panel furniture by RMB0.5 million, sofa by RMB 0.3 million.

The increase was mainly attributed to (i) the increase in sales orders from existing specialty stores either operated by our distributors or by third party retailers under license from our distributors, (ii) the increase 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 in the past years. However, recently relaxation of the home purchases restriction and residential loan policy by the Chinese Government, which will give the Group to enjoy a favorable market environment in the future.

The Group's overall gross profit margin maintain in the same level compare to 2Q2014. However, the major raw materials used for furniture production included MDF boards, fabric, foam and metal hardware and we expect the rising costs in these raw materials by our suppliers will continue in the future.

Operating Expenses

Operating expenses comprise (i) selling and distribution expenses and (ii) administrative expenses. Operating expenses decreased to RMB3.9million in 2Q2015, representing a decreasing of RMB4.7 million or 55% from RMB8.6million in 2Q2014., as a result of tightening cost control scheme adopted by the management.

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 4,000 for the period.

Inventories

Inventories increased by RMB2.1 million as a result of sale 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 0.1million or 1.5% in this period. It's mainly comprised of settlement of trade and other receivables of RMB 1.5 million offset by increase in prepaid expense for reverse take-over project of RMB1.4 million.

Trade and other payables

Trade and other payables increased by 18% from RMB 24.7 million to RMB 29.0 million due to increase in the accrued reverse take-over expenses during the period.

Cash and cash equivalents

For details, please refer to the Group's cash flow statement in item 1(c).

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 2Q2015 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 in the past years. 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 in the past years. However, recently relaxation of the home purchases restriction and residential loan policy by the Chinese Government, which will give the Group to enjoy a favorable market environment in the future.The Group will develop new business strategies for the furniture business.

Business transformation

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 Company had submitted the pre clearance letter to SGX on the proposed RTO transaction with Goyes Group. The company is working diligently with various professionals to obtain a favourable outcome from the Exchange on the said RTO transaction.

Funding

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 six months ended 30 June 2015.

13. Interested Person Transactions ("IPTs")

The Company has not obtained a general mandate from shareholders for interested person transactions.

14. Status report on

i) Use of IPO Proceeds

	Future Plans	Remaining IPO Proceeds as at 31 March 2015 (RMB million)	Amount utlitised (RMB million)	As at 30 June 2015 (RMB million)
(i)	Expand the sales and distribution network through collaboration with existing and new distributors in the PRC	-	-	-
(ii)	Strengthen our brand name	-	-	-
(iii)	Upgrade our production facilities for our panel furniture and sofa products	-	-	-
(iv)	Upgrade our CACOLA mega store in Dongguan City	-	-	-
(v)	Balance as general working capital to finance our continued growth and development	-	-	-
		-	-	-

ii) Use of Placement Proceeds

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

BY ORDER OF THE BOARD

Zhou Zhuo Lin

Chief Executive Officer

12 August 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 second quarter ended 30 June 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
Finance Director