SunMoon Food Company Limited
(198304656K)

Second Quarter Financial Statements Announcement for the Period Ended 30-June-2015

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No.1(a) A consolidated statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial period.

	Group 2nd Quarter Ended			Group Half Year Ended		
	30-Jun-15	30-Jun-14	Change	30-Jun-15	30-Jun-14	Change
	S$ '000	S$ '000	%	$ '000	$ '000	%
Revenue	10,469	8,735	20%	18,721	18,684	0%
Cost of sales	-8,116	-7,554	7%	-14,256	-15,604	-9%
Gross profit	**2,353**	**1,181**	99%	**4,465**	**3,080**	45%
Other income	37	413	-91%	114	511	-78%
Selling &Distribution costs	-654	-597	10%	-1,381	-1,264	9%
Administrative expenses	-1,539	-1,264	22%	-2,794	-2,415	16%
Other expenses	-81	-91	-11%	-47	-102	-54%
Finance costs	-51	-21	143%	-97	-42	131%
Profit/(loss) before tax	**65**	**-379**	n.m	**260**	**-232**	n.m
Income tax expense	1	-86	n.m	-120	-90	n.m
Profit/(loss) for the period	**66**	**-465**	n.m	**140**	**-322**	n.m
Other comprehensive income :						
Exchange difference on translating foreign operations	-86	-87	-1%	369	-228	n.m
Total comprehensive income for the period	**-20**	**-552**	-96%	**509**	**-550**	n.m
EBITDA	**342**	**-132**	n.m	**826**	**266**	211%
Profit /(loss)for the period included the following						
Depreciation of property, plant & equipment	-226	-226		-469	-456	
Interest expenses	-51	-21		-97	-42	
Allowance for doubtful debts	-	-		-	-10	
Other income included:						
- Government grant	-	2		14	10	
- Dividend income	-	10		-	10	
- Interest income	1	1		1	2	
- Provision written-back on inventories	-	1		-	1	
- Impairment written-back on assets subject to bank guarantees	-	378		-	459	
- Disposal of scrap material	10	5		12	7	
- Franchise income	6	6		12	12	
- Net gain on foreign exchange	20	10		75	10	
	37	413		114	511	

No.1(b)(i) Statements of financial position as at :

	Group		Company	
	As at 30-Jun-15	As at 31-Dec-14	As at 30-Jun-15	As at 31-Dec-14
	$'000	$'000	$'000	$'000
ASSETS				
Non-current assets				
Subsidiaries	-	-	18,910	18,930
Property, plant and equipment	4,209	4,416	2	6
Total non-current assets	4,209	4,416	18,912	18,936
Current assets				
Cash and cash equivalents	2,369	2,703	192	498
Held-for-trading financial asset	213	242	-	-
Trade receivables	6,455	6,546	-	-
Other receivables and prepayments	975	803	20	33
Inventories	10,601	13,431	-	-
Total current assets	20,613	23,725	212	531
Total assets	24,822	28,141	19,124	19,467
Equity attributable to equity holders of the Company				
Share capital	124,508	124,508	124,508	124,508
Capital reserve	944	944	-	-
Capital reduction reserve	18,384	18,384	18,384	18,384
Foreign currency translation reserve	2,340	1,971	-	-
Asset revaluation reserve	2,510	2,510	-	-
General reserve	2,201	2,201	-	-
Accumulated losses	-137,706	-137,846	-128,125	-127,401
Total equity	13,181	12,672	14,767	15,491
Current liabilities				
Bank loan - secured	3,473	2,658	-	-
Trade payables	2,666	6,941	-	-
Other payables	5,502	5,870	2,644	2,672
Amount owing to subsidiary	-	-	1,713	1,304
Provision for taxation	-	-	-	-
Total current liabilities	11,641	15,469	4,357	3,976
Total liabilities	11,641	15,469	4,357	3,976
Total liabilities and equity	24,822	28,141	19,124	19,467

No.1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

($ '000)

	As At 30-Jun-15		As At 31-Dec-14	
	Secured	Unsecured	Secured	Unsecured
Bank loans	3,473	-	2,658	-

Details of any collateral

In September 2014,Taian FHTK availed itself of a fresh facility from the Industrial and Commercial Bank of China ("ICBC") via a working capital loan of RMB6 million (the "ICBC Loan"). The ICBC Loan is repayable in August 2015.

In January 2015, Taian FHTK obtained an additional loan of RMB4 million from ICBC. The loan is repayable in January 2016.

In October 2014, one of the Group's subsidiaries in the U.S., UGC 2003, Inc., obtained a working capital loan facility with Cathay Bank, based in California, for an amount of US$850,000. In December 2014, UGC 2003, Inc. increased its borrowing from Cathay Bank to US$1,045,000 (the "Cathay Bank Facility"). In February 2015, UGC 2003, Inc. decreased its borrowing from Cathay Bank to US$995,000.The borrowings from Cathay Bank have a maturity of 12 months from the date of borrowing or drawdown, with the possibility of an earlier repayment at the option of UGC 2003, Inc.

Details of any collateral

The ICBC Loan is secured by mortgages on leasehold properties of Taian FHTK.

The Cathay Bank Facility is fully guaranteed by UGC 2003, Inc.'s holding company, SunMoon Food Company Limited.

No.1(c) A consolidated statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial.

	Group		Group	
	2nd Quarter Ended		Half Year Ended	
	30-Jun-15	30-Jun-14	30-Jun-15	30-Jun-14
	$'000	$'000	$'000	$'000
Operating activities				
Profit/(loss) before taxation	65	-379	260	-232
Adjustments for:				
Interest expense	51	21	97	42
Interest income	-1	-1	-1	-2
Dividend income	-	-10	-	-10
Depreciation	244	226	487	456
Write-back of provision for inventories	-	-1	-	-1
Allowance for doubtful debts	-	-	-	10
Impairment written back for assets subject to bank guarantees	-	-378	-	-459
Operating profit before working capital changes	359	-522	842	-196
Change in working capital:				
Trade and other receivables	-1,566	-271	-81	-1,428
Inventories	692	793	2,830	3,192
Trade and other payables	329	300	-4,643	-126
Cash (used in)/generated from operations	-186	300	-1,052	1,442
Income tax paid	-	-99	-120	-103
Net cash (used in) /generated from operating activities	-186	201	-1,172	1,339
Investing activities				
Interest received	1	1	1	2
Dividend received	-	10	-	10
Purchase of property, plant and equipment	-200	-108	-200	-154
Other investments purchased	-	-	-	-312
Net cash used in investing activities	-199	-97	-199	-454
Financing activities				
Interest paid	-51	-21	-97	-42
Proceeds from bank loan	33	-	901	-
Repayment of bank loan	-	-	-67	-
Cash (outflows)/ inflow from financing activities	-18	-21	737	-42
Net (decrease)/increase in cash and cash equivalents	-403	83	-635	843
Cash and cash equivalents at beginning of the period	2,870	3,119	2,703	2,387
Effect of exchange rate fluctuations on cash and cash equivalents	-98	-60	300	-88
Cash and cash equivalents at end of of the period	2,369	3,142	2,369	3,142

No. 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 period.

	Share capital	Capital reserve	Capital reduction reserve	Foreign currency translation reserve	Revaluation reserve	General reserve	Accu-mulated (losses)	Total equity
	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000
GROUP								
Bal at 01/01/2015	**124,508**	**944**	**18,384**	**1,971**	**2,510**	**2,201**	**-137,846**	**12,672**
Profit/(loss) for the period	-	-	-	-	-	-	74	74
Other comprehensive income								
Currency translation difference arising from consolidation	-	-	-	455	-	-	-	455
Total comprehensive income for the period	-	-	-	**455**	-	-	**74**	**529**
Bal at 31/03/2015	**124,508**	**944**	**18,384**	**2,426**	**2,510**	**2,201**	**-137,772**	**13,201**
Profit/(loss) for the period	-	-	-	-	-	-	66	66
Other comprehensive income								
Currency translation difference arising from consolidation	-	-	-	-86	-	-	-	-86
Total comprehensive income for the period	-	-	-	**-86**	-	-	**66**	**-20**
Bal at 30/06/2015	**124,508**	**944**	**18,384**	**2,340**	**2,510**	**2,201**	**-137,706**	**13,181**
COMPANY								
Bal at 01/01/2015	**124,508**	-	**18,384**	-	-	-	**-127,401**	**15,491**
Total comprehensive income for the period	-	-	-	-	-	-	135	**135**
Bal at 31/03/2015	**124,508**	-	**18,384**	-	-	-	**-127,266**	**15,626**
Total comprehensive income for the period	-	-	-	-	-	-	-859	**-859**
Bal at 30/06/2015	**124,508**	-	**18,384**	-	-	-	**-128,125**	**14,767**

	Share capital	Capital reserve	Capital reduction reserve	Foreign currency translation reserve	Revaluation reserve	General reserve	Accu-mulated (losses)	Total equity
	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000
GROUP								
Bal at 01/01/2014	**124,508**	**944**	**18,384**	**1,523**	**2,510**	**2,201**	**-135,740**	**14,330**
Profit/(loss) for the period	-	-	-	-	-	-	143	143
Other comprehensive income								
Currency translation difference arising from consolidation	-	-	-	-141	-	-	-	-141
Total comprehensive income for the period	-	-	-	**-141**	-	-	**143**	**2**
Bal at 31/03/2014	**124,508**	**944**	**18,384**	**1,382**	**2,510**	**2,201**	**-135,597**	**14,332**
Profit/(loss) for the period	-	-	-	-	-	-	-478	-478
Other comprehensive income								
Currency translation difference arising from consolidation	-	-	-	-87	-	-	-	-87
Total comprehensive income for the period		-	-	**-87**	-	-	**-478**	**-565**
Bal at 30/06/2014	**124,508**	**944**	**18,384**	**1,295**	**2,510**	**2,201**	**-136,075**	**13,767**
COMPANY								
Bal at 01/01/2014	**124,508**	-	**18,384**	-	-	-	**-127,668**	**15,224**
Total comprehensive income for the period	-	-	-	-	-	-	74	74
Bal at 31/03/2014	**124,508**	-	**18,384**	-	-	-	**-127,594**	**15,298**
Total comprehensive income for the period	-	-	-	-	-	-	-474	-474
Bal at 30/06/2014	**124,508**	-	**18,384**	-	-	-	**-128,068**	**14,824**

No. 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 or 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 at the end of the current financial period reported on and as at end of the corresponding period of the immediately preceding financial period.

As at 31 December 2014, the total number of ordinary shares issued by the Company was 318,784,411.
There was no change to the number of ordinary shares during the period ended 30 June 2015.

Note 1 Net assets subject to bank collaterals and guarantees, and contingent liabilities

During the financial period ended 31 December 2008, one of the former subsidiaries (the "Borrowing Subsidiary") of the Group had defaulted on the repayment of the loans ("Loans") from the PRC Dongguan Agricultural Bank of China (the "Bank"). The Loans were secured on the mortgages of land and buildings belonging to the Borrowing subsidiary and another subsidiary (the "Collateral Subsidiary"). The Borrowing Subsidiary and the Collateral Subsidiary have since been disposed in FY2009.

There are three subsidiaries which have furnished corporate guarantees to support the Loans. These three subsidiaries have ceased operations, do not possess significant assets and are presently dormant. These corporate guarantees may be called upon by the Bank. The three remaining subsidiaries are still subject to corporate guarantees in respect of the PRC Dongguan Agricultural Bank of China bank loan and may be subject to claims. The Company is unable to ascertain the likelihood, outcome and quantum of these potential claims. However, for these three subsidiaries, whether arising from the corporate guarantees or otherwise, a legal opinion was obtained and the Company is of the view that any action that may be taken by the Bank or any other creditors is unlikely to significantly affect the operation of the Group as these three subsidiaries have ceased operations, do not possess significant assets and are presently dormant. The exposure to the Group in respect of any contingent claim arising from the above-mentioned corporate guarantees is limited to the net assets of these three dormant subsidiaries.

As at 31 December 2014, the three dormant subsidiaries have negative net assets and have been consolidated. In addition, the remaining assets of the three subsidiaries amounting to $3.5 million in FY2009 that are still subject to bank collateral and guarantees have been fully impaired since 31 December 2009 and no further impairment has been made during this period in respect to these claims.

No.2 Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or and equivalent standard).

The financial statements on the consolidated results for the quarter ended 30 June 2015 have not been audited nor reviewed by the Company's auditors.

No.3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

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No. 4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Save as disclosed in note No. 5 below, the Group has consistently applied the same accounting policies and methods of computation in the current quarter and comparative figures.

No. 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 Group has adopted the new/amended Financial Reporting Standards ("FRS") which are relevant to the Group with effect from 1 January 2015. The adoption of the new/amended FRS have no significant impact on the Group's accounting policy and financial statements.

No.6 Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial period, after deducting any provision for preference dividends.

	Group		Group	
	2nd Quarter Ended		Half Year Ended	
	30-Jun-15	30-Jun-14	30-Jun-15	30-Jun-14
	$ '000	$ '000	$ '000	$ '000
Earnings/(loss) attributable to shareholders	66	-465	140	-322
Earnings/(loss) used to determine diluted earnings per share	66	-465	140	-322
Weighted average number of ordinary shares applicable to basic earnings per share ('000)	318,784	31,878,441	318,784	31,878,441
Weighted average number of ordinary shares applicable to diluted earnings per share ('000)	318,784	31,878,441	318,784	31,878,441
Earnings/(loss) per ordinary share, in cents :				
- basic	0.0207	-0.0015	0.0439	-0.0010
- fully diluted	0.0207	-0.0015	0.0439	-0.0010

No.7 Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial period.

	As at 30-Jun-15	As at 31-Dec-14
	cents	cents
Group	4.13	3.98
Company	4.63	4.86
No of issued shares ('000)	318,784	318,784

The calculation of net asset value per ordinary share is based on the number of ordinary shares of the Company as at 30 June 2015 and 31 December 2014 respectively.

No. 8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

2Q15 vs. 2Q14

(1) The Group's revenue increased from $8.74million in 2Q14 to $10.47million in 2Q15. Sales of dehydrated products increased from $4.82million in 2Q14 to $6.34million in 2Q15, while sales of fresh fruits & processed fruits increased from $3.91million in 2Q14 to $4.13million in 2Q15.

(2) Gross profit increased from $1.18million (margin 13.5%) in 2Q14 to $2.35million (margin 22.5%) in 2Q15. The gross profit margin increased mainly due to the increase in sales volume and selling prices for dehydrated products and the appreciation of the US Dollar against the Singapore Dollar.

(3) Selling & Distribution expenses for 2Q15 were higher than 2Q14 by $57,000 (9.5%) mainly due to increased marketing expenses, and logistics related expenses. Administrative expenses (including depreciation) increased by $275,000 (22%) compared to 2Q14 mainly due to increased expenditure in repair and maintenance, property tax, staff cost and consultancy.

(4) Profit/Loss for the period

Profit before tax for 2Q15 was $65,000 compared to loss before tax S$379,000 in 2Q14.

(5) EBITDA

The Group's EBITDA for 2Q15 was $342,000, compared to a negative EBIDTA of $132,000 for 2Q14.

(6) Operating cash flow

Net cash outlow from operating activities for 2Q15 was $186,000 compared to net cash inflow of $201,000 for 2Q14.

1H15 vs.1H14

(7) The Group's revenue of $18.72million in 1H15, was slightly higher than $18.68million recorded in 1H14. Sales of dehydrated products increased to $12.61million in 1H15 compared to sales of $10.48million in 1H14 mainly due to increase both in sales volume and selling price; Sales of fresh fruits & processed fruits decreased from $8.20million 1H14 to $6.11million 1H15 mainly due to slowdown on imported fruits in our key Indonesian market as a result of the weakening Indonesian

(8) Gross profit for 1H15 was $4.47milion(margins 23.9%) compared to gross profit of $3.08million (margin 16.5%) in 1H14. The reason was stated in item (2) above.

(9) Profit/Loss for the period :-

The Group's profit before tax for 1H15 was $260,000, compared to loss before tax of $232,000 for 1H14.

(10) The Group's EBITDA for 1H15 was $826,000 compared to $266,000 for 1H14.

(11) Operating cash flow

The net cash outflow from operating activities for 1H15 was $1.12 million compared to a net cash inflow of $1.34 million for 1H14.

(12) Material fluctuation in balance sheet items

There was no material fluctuation in balance sheet items except for the following items:

(a) Increase in other receivables and prepayments was mainly due to increase advance payments to suppliers for secure procurement;

(b) Decrease in inventories was mainly due to inventories sold in 2Q15 and reduce production of dehydrated products;

(c) Increase in bank loan was due to net increase in borrowings from ICBC bank;

(d) Decrease in trade payables was mainly due to prompt payment to suppliers.

(e) Decrease in other payables was mainly due to payments made to non-trade creditors in 2Q15.

No.9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

None.

No. 10 A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The operating environment remains challenging and competitive. The Group has since stepped up its marketing and sales efforts for its range of fresh and processed fruit products in Singapore, China and Indonesia.

In line with this increased focus, the Group has since July 2015 shifted its focus from dehydrated products by leasing out its dehydrated factory in order to concentrate staffing and financial resources on the trading of fresh fruits and the development of processed fruits in order to achieve a stronger market share in these sectors.

On 6 August 2015, The Company received a letter from certain shareholders (the "Requisition Notice") to convene an Extraordinary General Meeting to change and appoint certain directors of the Company. An announcement of this Requisition Notice was made on 6 August 2015.

No. 11 Dividend

(a) Current Financial Period Reported On

None.

(b) Corresponding Period of the Immediately Preceding Financial Period

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been recommended.

No. 13 Interested Person Transactions

(In $ '000)
The Group has not obtained a general mandate from shareholders for Interested Person Transactions.

The aggregate value of interested person transactions entered into during the reporting period ended 30 June 2015 is as follows : -

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than $100,000 and transactions conducted shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)
None	-	-

Note: In September 2014, one of the subsidiaries of the Company borrowed from a related party an amount of US$400,000 (approximately S$528,400) at Nil interest. The outstanding amount to the lender has been fully repaid as at 30 June 2015.

SUNMOON FOOD COMPANY LIMITED
Company Registration Number 198304656K

CONFIRMATION BY THE BOARD PURSUANT TO RULE 705 (5) OF THE LISTING MANUAL

On behalf of the Board of Directors of the Company, we, the undersigned, 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 period ended 30 June 2015 to be false or misleading in any material aspect.

On behalf of the Directors

(signed)
Gary Loh Hock Chuan
Director

(signed)
Michael John Martin
Director

14 August 2015