

CHINA MINZHONG FOOD CORPORATION LIMITED

(Registration No. 200402715N)

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

The directors are pleased to announce the results for the quarter period from 1 July 2014 to 30 September 2014 ("1QFY2015"). The comparatives are for the quarter period from 1 July 2013 to 30 September 2013 ("1QFY2014"). These figures have not been audited.

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

	Note 8(A)	Group		
		1QFY2015	1QFY2014	Change
		RMB'000	RMB'000	%
Revenue	1	487,028	637,796	(23.6%)
Cost of sales		(359,169)	(469,367)	(23.5%)
Gross profit	2	127,859	168,429	(24.1%)
Gross profit margin (%)		26.3%	26.4%	(0.1ppt)
Other income	3	48,551	10,801	>100%
Selling and distribution expenses	4	(25,348)	(70,051)	(63.8%)
Administrative expenses	5	(36,964)	(35,366)	4.5%
Other expenses	6	(8,831)	(11,149)	(20.8%)
Finance cost	7	(31,571)	(12,689)	>100%
Profit before tax	8	73,696	49,975	47.5%
Income tax	9	(16,277)	(1,597)	>100%
Profit for the period		57,419	48,378	18.7%
Net profit margin (%)		11.8%	7.6%	4.2ppt
Other comprehensive income				
<i>Item that may be reclassified subsequently to profit or loss</i>				
- Currency translation difference arising from consolidation		(1,242)	485	nm
- Fair value gain / (loss) arising from cash flow hedge		21,397	(31,182)	nm
Total comprehensive income		77,574	17,681	>100%
Earnings per share (RMB) (Note 6)				
Basic		0.088	0.074	18.7%
Diluted		0.088	0.074	18.8%

nm: not meaningful

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Profit before income tax

Profit before income tax is arrived at after charging / (crediting) the following:

	Group	
	1QFY2015	1QFY2014
	RMB'000	RMB'000
Depreciation of property, plant and equipment	28,436	22,364
Amortisation of land use rights	776	709
Amortisation of land improvement costs	20,469	22,531
Amortisation of operating lease prepayments	15,844	15,940
Amortisation of capitalised expenses	1,186	-
Gain on disposal of operating lease prepayments	(1,013)	-
Amortisation of government grants	(1,329)	(1,535)
Interest income	(24,826)	(288)
Interest expenses	31,571	12,689

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

	Group		Company	
	Unaudited	Audited	Unaudited	Audited
	30.9.2014	30.06.2014	30.9.2014	30.06.2014
	RMB'000	RMB'000	RMB'000	RMB'000
Share capital and reserves				
Share capital	1,503,789	1,503,789	1,503,789	1,503,789
Statutory reserve fund	118,792	114,349	-	-
Employees' share option reserve	2,889	4,629	2,889	4,629
Translation surplus / (deficit)	(436)	806	(28,038)	(1,207)
Hedging deficit	(7,776)	(29,173)	(7,776)	(29,173)
Retained earnings/ (Accumulated losses)	3,543,899	3,625,355	(94,464)	46,509
TOTAL EQUITY	5,161,157	5,219,755	1,376,400	1,524,547
Non-current assets				
Deferred tax assets	6,000	6,000	-	-
Property, plant and equipment	2,108,773	2,130,446	1,345	1,408
Land use rights	133,817	134,741	-	-
Biological assets	158,800	158,800	-	-
Land improvement costs	146,444	175,249	-	-
Investment in subsidiaries	-	-	1,275,245	1,300,835
Operating lease prepayments	283,588	328,775	-	-
Loan to a subsidiary	-	-	860,948	860,948
Current assets				
Land use rights	3,125	2,977	-	-
Biological assets	29,020	20,948	-	-
Inventories	122,575	106,614	-	-
Trade receivables	369,126	476,607	-	-
Due from a subsidiary (non-trade)	-	-	300,463	283,989
Operating lease prepayments	58,110	63,418	-	-
Other receivables and prepayments	138,220	149,895	253	220
Cash and bank balances	3,685,844	3,267,417	16,769	56,073
	4,406,020	4,087,876	317,485	340,282
TOTAL ASSETS	7,243,442	7,021,887	2,455,023	2,503,473

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

	Group		Company	
	Unaudited	Audited	Unaudited	Audited
	30.9.2014	30.06.2014	30.9.2014	30.06.2014
	RMB'000	RMB'000	RMB'000	RMB'000
Current liabilities				
Trade payables	179,317	103,453	-	-
Other payables and accruals	159,333	124,640	19,493	20,338
Bank term loans	782,668	593,680	119,127	-
Income tax liabilities	2,355	820	2,355	820
Government grants	3,157	3,265	-	-
	1,126,830	825,858	140,975	21,158
Non-current liabilities				
Government grants	17,807	18,506	-	-
Bank term loans	904,872	903,595	904,872	903,595
Deferred tax liabilities	25,000	25,000	25,000	25,000
Derivative financial instruments	7,776	29,173	7,776	29,173
	955,455	976,274	937,648	957,768
TOTAL LIABILITIES	2,082,285	1,802,132	1,078,623	978,926
NET ASSETS	5,161,157	5,219,755	1,376,400	1,524,547

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

Bank term loans

	Unaudited 30.9.2014 RMB'000	Audited 30.6.2014 RMB'000
<u>Non-current portion</u>		
Interest bearing loan, unsecured	922,068	922,068
Adjustments for		
- Loan expenses	(23,419)	(23,419)
- Currency alignment	1,117	1,026
	899,766	899,675
Add: Amortisation of loan expenses	5,106	3,920
Net carrying amount at end of period	904,872	903,595
Interest bearing loans		
- Unsecured	622,668	433,680
- Guaranteed	160,000	160,000
	782,668	593,680
Total bank term loans	1,687,540	1,497,275

Interest rate for long-term bank loan is the aggregate of applicable USD LIBOR and 2.6% per annum.

Interest rates for short-term bank loans range from 2.76% to 9.28% (2014: 3.3% to 8.1%) per annum.

Sichuan Minzhong Organic Food Co., Ltd (a subsidiary of the Company) is providing guarantee for RMB160.0 million (2014: RMB160.0 million) short term bank loans to the Group.

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

	Group	
	1QFY2015	1QFY2014
	RMB'000	RMB'000
Cash flows from operating activities		
Profit before tax	73,696	49,975
Adjustments for:		
Depreciation of property, plant and equipment	28,436	22,364
Amortisation of land use rights	776	709
Amortisation of land improvement costs	20,469	22,531
Amortisation of operating lease prepayments	15,844	15,940
Amortisation of capitalized expenses	1,186	-
Amortisation of government grants	(1,329)	(1,535)
Interest income	(24,826)	(288)
Interest expense on bank term loans	31,571	12,689
Gain on disposal of operating lease prepayments	(1,013)	-
Operating profit before working capital changes	144,810	122,385
Inventories	(15,961)	(2,231)
Biological assets	(8,072)	(8,517)
Trade receivables	107,481	348,657
Other receivables and prepayments	13,648	96,082
Trade payables	75,864	(61,220)
Other payables and accruals	34,231	11,592
Cash generated from operations	352,001	506,748
Income tax paid	(18,228)	-
Interest received	10,521	288
Net cash from operating activities	344,294	507,036

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

	Group	
	1QFY2015	1QFY2014
	RMB'000	RMB'000
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,465)	(26,002)
Proceeds from disposal of operating lease prepayments and land improvement costs	44,000	-
Refund from purchase of land use rights	15,000	-
Net cash from / (used in) investing activities	53,535	(26,002)
Cash flows from financing activities		
Proceeds from bank term loans	292,092	633,447
Repayment of bank term loans	(99,979)	(359,000)
Government grant received	522	672
Pledged of bank balances	-	5,615
Interest paid	(31,571)	(11,613)
Dividend paid	(136,172)	-
Net cash from financing activities	24,892	269,121
Net increase in cash and cash equivalents	422,721	750,155
Cash and cash equivalents at beginning of period	3,267,417	785,236
Effect of exchange rate changes in cash and cash equivalents	(4,294)	(944)
Cash and cash equivalents at end of period as stated in the consolidated statements of cash flows	3,685,844	1,534,447
Cash pledged to notes payables	-	35,580
Cash and cash equivalents at end of period as stated in the consolidated balance sheets	3,685,844	1,570,027

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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.

<u>Group</u>	Employees' share option						Total equity
	Share capital	Statutory reserve fund	reserve	Translation deficit	Hedging deficit	Retained earnings	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1.7.2013	1,503,789	93,995	4,629	(677)	-	3,168,278	4,770,014
Profit for the period	-	-	-	-	-	48,378	48,378
Other comprehensive income / (loss), net of tax	-	-	-	485	(31,182)	-	(30,697)
Total comprehensive income for the period	-	-	-	485	(31,182)	48,378	17,681
Appropriation to statutory reserve fund	-	578	-	-	-	(578)	-
Balance at 30.9.2013	<u>1,503,789</u>	<u>94,573</u>	<u>4,629</u>	<u>(192)</u>	<u>(31,182)</u>	<u>3,216,078</u>	<u>4,787,695</u>

<u>Group</u>	Employees' share option			Translation reserve / (deficit)	Hedging deficit	Retained earnings	Total equity
	Share capital	Statutory reserve fund	reserve				
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1.7.2014	1,503,789	114,349	4,629	806	(29,173)	3,625,355	5,219,755
Profit for the period	-	-	-	-	-	57,419	57,419
Other comprehensive (loss) / income, net of tax	-	-	-	(1,242)	21,397	-	20,155
Total comprehensive income for the period	-	-	-	(1,242)	21,397	57,419	77,574
Dividend paid	-	-	-	-	-	(136,172)	(136,172)
De-recognition of employees' share option reserve	-	-	(1,740)	-	-	1,740	-
Appropriation to statutory reserve fund	-	4,443	-	-	-	(4,443)	-
Balance at 30.9.2014	<u>1,503,789</u>	<u>118,792</u>	<u>2,889</u>	<u>(436)</u>	<u>(7,776)</u>	<u>3,543,899</u>	<u>5,161,157</u>

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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. (Continued)

<u>Company</u>	Share capital	Employees' share option reserve	Translation deficit	Hedging deficit	Accumulated losses	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1.7.2013	1,503,789	4,629	(19,040)	-	(112,078)	1,377,300
Loss for the period	-	-	-	-	(14,037)	(14,037)
Other comprehensive income / (loss), net of tax	-	-	9,421	(31,182)	-	(21,761)
Total comprehensive loss for the period	-	-	9,421	(31,182)	(14,037)	(35,798)
Balance at 30.9.2013	<u>1,503,789</u>	<u>4,629</u>	<u>(9,619)</u>	<u>(31,182)</u>	<u>(126,115)</u>	<u>1,341,502</u>

<u>Company</u>	Share capital	Employees' share option reserve	Translation deficit	Hedging deficit	Retained earnings / Accumulated losses	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1.7.2014	1,503,789	4,629	(1,207)	(29,173)	46,509	1,524,547
Loss for the period	-	-	-	-	(6,541)	(6,541)
Other comprehensive income / (loss), net of tax	-	-	(26,831)	21,397	-	(5,434)
Total comprehensive loss for the period	-	-	(26,831)	21,397	(6,541)	(11,975)
Dividend paid	-	-	-	-	(136,172)	(136,172)
De-recognition of employees' share option reserve	-	(1,740)	-	-	1,740	-
Balance at 30.9.2014	<u>1,503,789</u>	<u>2,889</u>	<u>(28,038)</u>	<u>(7,776)</u>	<u>(94,464)</u>	<u>1,376,400</u>

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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 on treasury shares, 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.

None

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

	Resultant Issued and Paid Up Share Capital	
	Number of Shares	(S\$'000)
As at 30 June and 30 September 2014	655,439,000	304,706

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

During the current financial period and the immediately preceding financial year, the Company does not have any outstanding treasury shares.

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

The figures have not been reviewed or audited by the Group's auditor.

The figures are management figures prepared in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards.

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 applied the same accounting policies and methods of computation in the financial statements for the current financial period as those used in the audited financial statements as of 30 June 2014.

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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.

As per above point 4.

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.

Basic earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding for the respective periods.

	1QFY2015	1QFY2014
Based on weighted average number of ordinary shares on issue (RMB)	0.088	0.074
Weighted average number of shares (in thousands)	655,439	655,439

Diluted earnings per share

For the purpose of calculating diluted earnings per share, net profit attributable to equity holders of the Company and weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The Company has dilutive potential share options.

	1QFY2015	1QFY2014
On a fully diluted basis (RMB)	0.088	0.074
Weighted average number of shares (in thousands)	655,766	656,213

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 financial period reported on; and (b) immediately preceding financial year.

	Group		Company	
	30.9.2014	30.6.2014	30.9.2014	30.6.2014
Net asset value per ordinary share based on issued share capital at the end of the period/year (RMB):	7.87	7.96	2.10	2.33
No. of shares in computing NAV (in thousands)	655,439	655,439	655,439	655,439

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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 PERFORMANCE

(A) Consolidated Income Statement

1. Revenue

The following table provides a breakdown of our revenue by business segments in 1QFY2015 and 1QFY2014 respectively:-

	1QFY2015 RMB'000	%	1QFY2014 RMB'000	%
Processed Business Segment:				
- Processed vegetables	197,197	40.5	251,028	39.4
Subtotal	197,197	40.5	251,028	39.4
Cultivation Business Segment:				
- Fresh vegetables produce	137,366	28.2	204,786	32.1
- Mushroom spores ⁽¹⁾	39,036	8.0	136,896	21.4
Subtotal	176,402	36.2	341,682	53.5
Branded Business Segment:				
- Beverages	112,353	23.1	33,585	5.3
- Others ⁽²⁾	1,076	0.2	11,501	1.8
Subtotal	113,429	23.3	45,086	7.1
Total revenue	487,028	100.0	637,796	100.0

Note:-

(1) Sales of mushroom spores

(2) Miscellaneous products, such as instant food and health food products

Revenue for 1QFY2015 declined by 23.6% or RMB150.8 million, to RMB487.0 million (1QFY2014: RMB637.8 million). The decline was due to a decrease in sales of RMB53.8 million from the processed business segment and RMB165.3 million from the cultivation business segment, offset by an increase in sales of RMB68.3 million from the branded business segment.

Revenue of processed business segment decreased by 21.4% or RMB53.8 million, to RMB197.2 million (1QFY2014: RMB251.0 million), primarily due to decreased in sales volume by 10.4% or 803 tons, to 6,904 tons (1QFY2014: 7,707 tons) as a result of raw material shortage for vegetables processing and decline in ASP by 12.3% due to change in product mix.

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REVIEW OF PERFORMANCE (Continued)

(A) Consolidated Income Statement (Continued)

1. Revenue (Continued)

Revenue from the sales of fresh vegetables decreased by 32.9% or RMB67.4 million to RMB137.4 million (1QFY2014: 204.8 million) mainly due to decline in sales volume by 38.2% or 26,709 tons, to 43,263 tons (1QFY2014: 69,972 tons) as a result of shortage of rural labour for cultivation activities offset by increased in ASP of 8.5%.

Revenue from trading of mushroom spores decreased by 71.5% or RMB97.9 million, to RMB39.0 million (1QFY2014: RMB136.9 million) due to timing difference of mushroom spores trading. Conventional mushroom cultivation typically commenced after summer season and the mushroom spores are usually traded in September and October each year.

Revenue of beverage business increased by 234.5% or RMB78.8 million to RMB112.4 million (1QFY2014: RMB33.6 million). Sales volume for 1QFY2015 increased by 224.5% or 37.0 million units to 53.6 million units (1QFY2014: 16.6 million units). The increased in beverage business sales is largely due to the growth of our domestic distribution channels for our branded products and also the result of our successful brand building efforts.

2. Gross Profit

The following table provides a breakdown of our gross profit by business segments in 1QFY2015 and 1QFY2014 respectively:-

	1QFY2015 RMB'000	%	1QFY2014 RMB'000	%
Processed Business Segment:				
- Processed vegetables	37,108	29.0	64,954	38.6
Subtotal	37,108	29.0	64,954	38.6
Cultivation Business Segment:				
- Fresh vegetables produce	35,193	27.5	67,998	40.4
- Mushroom spores ⁽¹⁾	2,674	2.1	31,437	18.6
Subtotal	37,867	29.6	99,435	59.0
Branded Business Segment:				
- Beverages	53,282	41.7	5,005	3.0
- Others ⁽²⁾	(398)	(0.3)	(965)	(0.6)
Subtotal	52,884	41.4	4,040	2.4
Total gross profit	127,859	100.0	168,429	100.0

Note:-

(1) Sales of mushroom spores

(2) Miscellaneous products, such as instant food and health food products

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REVIEW OF PERFORMANCE (Continued)

(A) Consolidated Income Statement (Continued)

2. Gross Profit (Continued)

Gross profit for 1QFY2015 declined by 24.1% or RMB40.5 million, to RMB127.9 million (1QFY2014: RMB168.4 million) in tandem with the decline in revenue. Overall gross profit margin for 1QFY2015 remained relatively constant at 26.3% (1QFY2014: 26.4%).

Gross profit of processed business segment declined by 42.9% or RMB27.9 million, to RMB37.1 million (1QFY2014: RMB65.0 million), in tandem with the decline in revenue. Gross profit margin of processed business segment had decreased by 7.1ppt to 18.8% (1QFY2014: 25.9%), primarily due to higher raw material cost for vegetables processing.

Gross profit of fresh vegetables produces declined by 48.2% or RMB32.8 million, to RMB35.2 million (1QFY2014: RMB68.0 million), in tandem with the decline in revenue. Gross profit margin of fresh vegetables produces had decreased by 7.6ppt to 25.6% (1QFY2014: 33.2%), primarily due to higher labour cost for cultivation activities.

Gross profit for the trading of mushroom spores declined by 91.4% or RMB28.7 million, to RMB2.7 million (1QFY2014: RMB31.4 million), in tandem with the decline in revenue. Gross profit margin for the trading of mushroom spores had decreased by 16.1ppt to 6.9% (1QFY2014: 23.0%), primarily due to increased competition in the trading business.

Gross profit from the beverage business increased by 964.6% or RMB48.3 million, to RMB53.3 million (1QFY2014: RMB5.0 million), in tandem with the increase in revenue. Gross profit margin for beverage business increased by 32.5ppt to 47.4% (1QFY2014: 14.9%), primarily due to lower unit fixed costs as production volume increases.

3. Other income

The breakdown of other income is as follows:

Other income	1QFY2015	1QFY2014
	RMB'000	RMB'000
Rental income	13,576	8,959
Government grants	1,329	1,535
Gain on disposal of operating lease prepayments	1,013	-
Interest income	24,826	288
Other income	7,807	19
Total	48,551	10,801

Other income increased by 349.5% or RMB37.8 million, to RMB48.6 million (1QFY2014: RMB10.8 million), mainly due to increase in interest income from bank deposits of RMB24.5 million, increase in rental income of RMB4.6 million and refund of property tax of RMB7.5 million.

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REVIEW OF PERFORMANCE (Continued)

(A) Consolidated Income Statement (Continued)

4. Selling and distribution expenses

Selling and distribution expenses decreased by 63.8% or RMB44.8 million, to RMB25.3 million (1QFY2014: RMB70.1 million), which was mainly due to a decrease of RMB46.5 million for marketing and advertising expenses.

5. Administrative expenses

Administrative expenses remain relatively constant at RMB37.0 million (1QFY2014: RMB35.4 million).

6. Other expenses

The breakdown of other expenses is as follows:

Other expenses	1QFY2015	1QFY2014
	RMB'000	RMB'000
Rental expenses	11,217	7,111
Exchange (gain) / loss, net	(2,436)	3,747
Other expenses	50	291
Total	8,831	11,149

Other expenses decreased by 20.8% or RMB2.3 million decrease in exchange loss of RMB6.2 million offset increase in rental expenses of RMB4.1 million.

7. Finance cost

Finance cost increased by RMB18.9 million, to RMB31.6 million (1QFY2014: RMB12.7 million) due to increased bank borrowings.

8. Profit before tax

Profit before income tax increased by 47.5% or RMB23.7 million, to RMB73.7 million (1QFY2014: RMB50.0 million), primarily due to a decrease in marketing and advertising expenses. Profit before income tax margin increased by 7.3ppt, to 15.1% (1QFY2014: 7.8%) was mainly attributable to **(1)** lower selling and distribution expenses as discussed in note 4 above, **(2)** lower other expenses as discussed in note 6 above, offset by **(3)** higher other income as discussed in note 3 above.

9. Income tax

Income tax expense increased by RMB14.7 million, to RMB16.3 million (1QFY2014: RMB1.6 million) as a result of a higher proportion of taxable products (such as branded beverages) sold.

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REVIEW OF PERFORMANCE (Continued)

(A) Consolidated Income Statement (Continued)

10. EBITDA

EBITDA increased by 18.8% or RMB23.3 million, to RMB147.2 million (1QFY2014: RMB123.9 million).

A reconciliation of the net income and EBITDA is as follows:

	1QFY2015	1QFY2014
	RMB'000	RMB'000
Net income	57,419	48,378
Add / (Less):		
Interest expense	31,571	12,689
Interest income	(24,826)	(288)
Income tax expense	16,277	1,597
Depreciation of property, plant and equipment	28,436	22,364
Amortisation of land use rights	776	709
Amortisation of land improvement costs	20,469	22,531
Amortisation of operating lease prepayments	15,844	15,940
Amortisation of capitalised expenses	1,186	-
EBITDA	147,152	123,920
EBITDA margin (%)	30.2%	19.4%

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REVIEW OF PERFORMANCE (Continued)

(B) Consolidated Balance Sheet (30 June 2014 vs 30 September 2014)

Non-current assets

Non-current assets have remained fairly constant as at 30 September 2014. Non-current assets have decreased by approximately 3.3% or RMB96.6 million, to RMB2,837.4 million (30 June 2014: RMB2,934.0 million) primarily due to disposal of operating lease prepayments and land improvement costs of RMB43.0 million and the result of depreciation and amortization expenses.

Current assets

Current assets increased by 7.8% or RMB318.1 million, to RMB4,406.0 million (30 June 2014: RMB4,087.9 million), primarily due to increase in cash and bank balances offset by a decline in trade receivables. The increased in cash and bank balances of RMB418.4 million was mainly due to collections from trade debtors. The decreased in trade receivables of RMB107.5 million was the result of healthy collections.

Non-current liabilities

Non-current liabilities have remained fairly constant as at 30 September 2014. Non-current liabilities have decreased by approximately 2.1% or RMB20.8 million, to RMB955.5 million (30 June 2014: RMB976.3 million) primarily due to mark to market value of the derivative financial instrument, amounting to RMB21.4 million. This derivative financial instrument is pertaining to the Cross Currency Swap Transactions entered pursuant to the long term loan facility.

Current liabilities

Current liabilities increased by 36.4% or RMB300.9 million, to RMB1,126.8 million (30 June 2014: RMB825.9 million). This was largely attributable to increase in short term bank financing of RMB192.1 million and increase in trade and other payables and accruals of RMB110.6 million.

Working capital days

Days

	12 months ended 30 September 2014	12 months ended 30 June 2014
Trade Receivables Turnover ⁽¹⁾	74	99
Trade Payables Turnover ⁽²⁾	(42)	(38)
Inventory Turnover ⁽³⁾	28	25
Cash Conversion	60	86

The improved cash conversion days, was mainly due the healthy receipts of our trade receivables in 1QFY2015.

Note:-

- (1) Average trade receivables / revenue X 365 days
- (2) Average trade payables / cost of goods sold X 365 days
- (3) Average inventory balance / cost of goods sold for processed products x 365 days

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REVIEW OF PERFORMANCE (Continued)

(C) Consolidated Cash Flow Statement

For the financial period ended 30 September 2014, net cash inflow from operating activities amounts to RMB344.3 million. This comprised cash generated from operating activities before changes in working capital of RMB144.8 million, net working capital inflow of RMB207.2 million, income tax of RMB18.2 million paid and interest income of RMB10.5 million received. The net working capital inflow was primarily due to a decrease in trade receivables, amounting to RMB107.5 million, and increased in trade payables of RMB75.8 million.

Net cash generated from investing activities of RMB53.5 million was mainly attributable to proceeds from disposal of operating lease prepayments and land improvement costs and refund of deposits for land use rights, of an aggregated amount of RMB59.0 million offset by property, plant and equipment additions of RMB5.5 million.

Net cash generated from financing activities of RMB24.9 million was mainly attributable to the net proceeds from our bank borrowings, amounting to RMB192.1 million, offset by dividend paid of RMB136.2 million.

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

No forecast had been issued for the financial period under review.

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.**

The global and domestic consumption demand for both fresh vegetables and processed vegetables remains healthy, underpinned by growing consumer affluence, rising urbanization and preferences for healthy dietary eating habits. The agriculture industry in PRC continues to be strongly supported and favoured by the PRC government, particularly in the adoption of large-scale farming and use of modern agriculture technology. At the same time, the rising domestic consumption in PRC presents many growth opportunities for the Group's branded business segment.

11. **Dividend**

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None.

(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 current financial period reported on.

13. **Present on-going interested person transactions**

For the financial period ended 30 September 2014, the Group has been supplying processed vegetables to the Company's immediate holding company, PT Indofood Sukses Makmur Tbk. These sales, amounting to RMB1.2 million, were transacted on an arm's length basis in the ordinary and usual course of business.

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14. Proceeds Usage Report

The Company refers to the net proceeds amounted to S\$85.2 million raised from the allotment and issuance of 98,000,000 New Shares to PT Indofood Sukses Makmur Tbk, at S\$0.915 per New Share, on 27 February 2013.

As at the date of this announcement, the utilisation of the net proceeds is as follows:

Intended Use	Amount allocated (S\$' million)	Amount utilised (S\$' million)
Expansion of the Group's industrialised farming operation	70.0	-
General working capital	15.2	15.2
Total	85.2	15.2

BY ORDER OF THE BOARD

LIN GUO RONG
Chief Executive Officer
30 October 2014

CHINA MINZHONG FOOD CORPORATION LIMITED
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**FINANCIAL RESULTS OF THE COMPANY AND THE GROUP FOR THE FINANCIAL PERIOD ENDED
30 SEPTEMBER 2014**

We confirmed that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Company which may render the First Quarter financial results of the Company and the Group for the financial period ended 30 September 2014 to be false or misleading in any material aspect.

For and on behalf of the Board

LIN GUO RONG
Director

LIM YEOW HUA
Director