



Yamada Green Resources Limited

(Company Registration No. 201002962E)
(Incorporated in the Republic of Singapore)

Unaudited Financial Statements And Dividend Announcement for The Second Quarter and Nine Months Ended 31 March 2013

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

- 1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

<u>The Group</u>	3 Months Ended		Change %	9 Months Ended		Change %
	31 Mar 2013 RMB'000	31 Mar 2012 RMB'000		31 Mar 2013 RMB'000	31 Mar 2012 RMB'000	
Revenue	240,734	242,882	(0.9)	453,321	494,830	(8.4)
Cost of sales	(179,825)	(147,805)	21.7	(354,313)	(299,859)	18.2
Gross profit	60,909	95,077	(35.9)	99,008	194,971	(49.2)
<i>Gross profit margin</i>	25.3%	39.1%	(13.8 ppt)	21.8%	39.4%	(17.6 ppt)
<i>Other items of income</i>						
Interest income	22	69	(68.1)	43	170	(74.7)
Other income	310	51	507.8	527	106	397.2
<i>Other items of expenses</i>						
Selling and distribution expenses	(1,796)	(1,998)	(10.1)	(5,433)	(6,727)	(19.2)
Administrative expenses	(2,838)	(7,167)	(60.4)	(11,936)	(19,087)	(37.5)
Other operating expenses	(2,632)	(2,162)	(21.7)	(7,439)	(4,288)	73.5
Financial cost	-	-	n/m	(28)	-	n/m
Profit before income tax	53,975	83,870	(35.6)	74,742	165,145	(54.7)
Income tax expense	(2,681)	(2,384)	12.5	(5,750)	(6,215)	(7.5)
Profit for the financial period	51,294	81,486	(37.1)	68,992	158,930	(56.6)
<i>Other comprehensive income</i>						
Foreign currency translation differences	-	454	n/m	-	(116)	n/m
Total comprehensive income for the financial period	51,294	81,940	(37.4)	68,992	158,814	(56.6)
<i>Profit attributable to:</i>						
Owners of the parent	51,294	81,940	(37.4)	68,992	158,814	(56.6)
<i>Total comprehensive income attributable to:</i>						
Owners of the parent	51,294	81,940	(37.4)	68,992	158,814	(56.6)

n/m – not meaningful

1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year.

The Group's total comprehensive income for the financial period is derived after charging/(crediting):

	3 Months Ended			9 Months Ended		
	31 Mar 2013 RMB'000	31 Mar 2012 RMB'000	Change %	31 Mar 2013 RMB'000	31 Mar 2012 RMB'000	Change %
Amortisation of land use rights	605	555	9.0	1,856	1,143	62.4
Amortisation of biological assets	123,544	95,174	29.8	223,297	174,507	28.0
Amortisation of prepayment	5,229	4,682	11.7	11,365	8,598	32.2
Depreciation of property, plant and equipment	1,754	1,590	10.3	5,058	3,872	30.6
Exchange (gain)/loss, net	353	(180)	n/m	473	90	425.6
Gain on disposal of property, plant and equipment	-	-	n/m	(56)	-	n/m
Government grants	(100)	(50)	100.0	(255)	(74)	244.6
Interest income	(22)	(69)	(68.1)	(43)	(170)	74.7
Interest expenses on bank loan	-	-	n/m	28	-	n/m
Share-based payment expenses	-	-	n/m	-	3,516	n/m

n/m – not meaningful

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

	The Group		The Company	
	As at 31 Mar 2013 RMB'000	As at 30 Jun 2012 RMB'000	As at 31 Mar 2013 RMB'000	As at 30 Jun 2012 RMB'000
Non-current assets				
Property, plant and equipment	45,193	35,217	4	7
Biological assets ⁽¹⁾	164,470	188,922	-	-
Land use rights	95,227	80,225	-	-
Investments in subsidiaries	-	-	100,889	92,121
Prepayments	42,871	52,173	-	-
	347,761	356,537	100,893	92,128
Current assets				
Biological assets ⁽²⁾	41,573	100	-	-
Inventories	15,878	15,136	-	-
Trade and other receivables	258,130	185,880	59,916	47,335
Cash and bank balances	39,552	14,280	35,644	2,869
	355,133	215,396	95,560	50,204
Less:				
Current liabilities				
Trade and other payables	35,038	19,675	10,117	1,094
Current income tax payable	1,903	2,384	-	-
	36,941	22,059	10,117	1,094
Net current assets	318,192	193,337	85,443	49,110
Non-current liability				
Deferred tax liability	(3,582)	(3,582)	-	-
Net assets	662,371	546,292	186,336	141,238
Capital and reserves				
Share capital	186,092	138,692	186,092	138,692
Share-based payment reserve	2,016	6,632	2,016	6,632
Statutory reserve	50,191	47,988	-	-
Foreign currency translation reserve	-	(1,143)	-	(2,876)
Accumulated profits/(losses)	424,072	354,123	(1,772)	(1,210)
Total equity	662,371	546,292	186,336	141,238

⁽¹⁾This represents eucalyptus trees in plantation forest.

⁽²⁾This represents synthetic logs and mycelia of edible fungi held by the Group.

(b)(ii) Aggregate amount of group's borrowings and debt securities.**Amount repayable in one year or less, or on demand**

As at 31 Mar 2013		As at 30 Jun 2012	
Secured	Unsecured	Secured	Unsecured
Nil	Nil	Nil	Nil

Amount repayable after one year

As at 31 Mar 2013		As at 30 Jun 2012	
Secured	Unsecured	Secured	Unsecured
Nil	Nil	Nil	Nil

Details of any collateral

The Company's wholly-owned subsidiary, Wangcheng Foods Development Co., Ltd. ("Wangcheng"), had accepted the offer of credit facility (the "Facility") up to an aggregate principal amount of RMB20 million granted by China Everbright Bank (the "Bank") and pledged its buildings and land use rights as collateral for the Facility in favour of the Bank. Mr Chen Qiu Hai, the Executive Chairman and Chief Executive Officer of the Company, agreed to stand as personal guarantor for payment of all monies and liabilities owing by Wangcheng to the Bank including but not limited to payment of all monies owing or payable (whether actual or contingent) to the Bank with respect to the Facility extended by the Bank.

Wangcheng had drawn down RMB10 million for working capital purposes from 13 December 2012 to 27 December 2012 and the same had been fully repaid as at 31 December 2012.

As at the date of this announcement, the Facility has not been further drawn down since 31 December 2012.

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.

The Group	3 Months Ended		9 Months Ended	
	31 Mar 2013	31 Mar 2012	31 Mar 2013	31 Mar 2012
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flow from operating activities				
Profit before income tax	53,975	83,870	74,742	165,145
Adjustments for:				
Depreciation	1,754	1,590	5,058	3,872
Amortisation of biological assets ⁽¹⁾	123,544	95,174	223,297	174,507
Amortisation of land use rights	605	555	1,856	1,143
Amortisation of prepayments	5,229	4,682	11,365	8,598
Gain on disposal of property, plant and machinery	-	-	(56)	-
Interest income	(22)	(69)	(43)	(170)
Interest expenses	-	-	28	-
Share-bases payment expenses	-	-	-	3,516
Operating profits before working capital changes	185,085	185,802	316,247	356,611
Biological assets ⁽¹⁾	(5,534)	(100)	(239,980)	(187,022)
Inventories	(6,838)	(1,125)	(742)	2,557
Trade and other receivables	(176,555)	(25,556)	(74,650)	(21,721)
Trade and other payables	3,928	(14,755)	15,362	9,920
Cash generated from operations	86	144,266	16,237	160,345
Interest received	22	69	43	170
Income taxes paid	(3,135)	(1,982)	(6,231)	(5,655)
Net cash (used in)/generated from operating activities	(3,027)	142,353	10,049	154,860
Cash flow used in investing activities				
Proceeds from disposal of property, plant and equipment	-	-	56	-
Purchase of property, plant and equipment	(158)	(826)	(15,034)	(12,741)
Purchase of biological assets	-	(94,212)	-	(94,212)
Purchase of land use rights	(16,858)	(37,515)	(16,858)	(37,515)
Prepayments	-	(14,060)	-	(21,060)
Currency translation difference on investing activities	-	(5,180)	-	4,449
Net cash used in investing activities	(17,016)	(151,793)	(31,836)	(161,079)

<u>The Group</u>	3 Months Ended		9 Months Ended	
	31 Mar 2013 RMB'000	31 Mar 2012 RMB'000	31 Mar 2013 RMB'000	31 Mar 2012 RMB'000
Cash flow from financing activities				
Proceeds from issuance of placement shares	48,779	-	48,779	-
Expenses related to issuance of placement shares	(1,692)		(1,692)	-
Proceeds from bank loan	-	-	10,000	-
Repayment of bank loan	-	-	(10,000)	-
Interest paid	-	-	(28)	-
Currency translation difference on financing activities	-	(1,702)	-	(4,120)
Net cash generated from/(used in) financing activities	47,087	(1,702)	47,059	(4,120)
Net increase/(decrease) in cash and bank balances	27,044	(4,386)	25,272	(10,339)
Cash and bank balances at beginning of the financial period	12,508	27,477	14,280	34,454
Effect of foreign exchange rate changes in cash and bank balances	-	579	-	(445)
Cash and bank balances at end of the financial period	39,552	23,670	39,552	23,670

⁽¹⁾This represents synthetic logs and mycelia of edible fungi held by the Group.

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>The Group</u>	← Attributable to owners of the parent →					Total equity RMB'000
	Share capital RMB'000	Share-based payment reserve RMB'000	Statutory reserve RMB'000	Foreign currency translation reserve RMB'000	Accumulated profits RMB'000	
Balance as at 01.07.2011	135,176	2,077	31,385	1,372	231,249	401,259
Profit for the financial period	-	-	-	-	4,209	4,209
<i>Other comprehensive income for the financial period</i>						
Foreign currency translation reserve	-	-	-	(520)	-	(520)
<i>Total comprehensive income for the financial period</i>	-	-	-	(520)	4,209	3,689
Balance as at 30.09.2011	135,176	2,077	31,385	852	235,458	404,948
Share-based payment reserve	-	3,516	-	-	-	3,516
Profit for the financial period	-	-	-	-	73,236	73,236
Transfer to statutory reserve	-	-	14,671	-	(14,671)	-
<i>Other comprehensive income for the financial period</i>						
Foreign currency translation reserve	-	-	-	(51)	-	(51)
<i>Total comprehensive income for the financial period</i>	-	-	14,671	(51)	58,565	73,185
Balance as at 31.12.2011	<u>135,176</u>	<u>5,593</u>	<u>46,056</u>	<u>801</u>	<u>294,023</u>	<u>481,649</u>

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<u>The Group</u>	← Attributable to owners of the parent →					Total equity RMB'000
	Share capital RMB'000	Share-based payment reserve RMB'000	Statutory reserve RMB'000	Foreign currency translation reserve RMB'000	Accumulated profits RMB'000	
Balance as at 31.12.2011	135,176	5,593	46,056	801	294,023	481,649
Grant of performance share awards	3,516	(3,516)	-	-	-	-
Profit for the financial period	-	-	-	-	81,486	81,486
Transfer to statutory reserve	-	-	(6,478)	-	6,478	-
<i>Other comprehensive income for the financial period</i>						
Foreign currency translation reserve	-	-	-	454	-	454
<i>Total comprehensive income for the financial period</i>	-	-	(6,478)	454	87,964	81,940
Balance as at 31.03.2012	<u>138,692</u>	<u>2,077</u>	<u>39,587</u>	<u>1,255</u>	<u>381,987</u>	<u>563,589</u>

<u>The Group</u>	← Attributable to owners of the parent →					
	Share capital RMB'000	Share-based payment reserve RMB'000	Statutory reserve RMB'000	Foreign currency translation reserve RMB'000	Accumulated profits RMB'000	Total equity RMB'000
Balance as at 01.07.2012	138,692	6,632	47,988	(1,143)	354,123	546,292
Effects on change of functional currency	(4,242)	(61)	-	1,143	3,160	-
Profit for the financial period	-	-	-	-	1,002	1,002
<i>Total comprehensive income for the financial period</i>	(4,242)	(61)	-	1,143	1,002	1,002
Balance as at 30.09.2012	134,450	6,571	47,988	-	358,285	547,294
Issue of new shares	4,555	(4,555)	-	-	-	-
Profit for the financial period	-	-	2,203	-	14,493	16,696
<i>Total comprehensive income for the financial period</i>	-	-	2,203	-	14,493	16,696
Balance as at 31.12.2012	139,005	2,016	50,191	-	372,778	563,990
Issue of placement shares	48,779	-	-	-	-	48,779
Share issue expenses	(1,692)	-	-	-	-	(1,692)
Profit for the financial period	-	-	-	-	51,294	51,294
<i>Total comprehensive income for the financial period</i>	-	-	-	-	51,294	51,294
Balance as at 31.03.2013	186,092	2,016	50,191	-	424,072	662,371

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<u>The Company</u>	Share capital RMB'000	Share-based payment reserve RMB'000	Foreign currency translation reserve RMB'000	Accumulated profits/(losses) RMB'000	Total equity RMB'000
Balance as at 01.07.2011	135,176	2,077	765	4,018	142,036
Profit for the financial period	-	-	-	(8,516)	(8,516)
<i>Other comprehensive income for the financial period</i>					
Foreign currency translation reserve	-	-	2,724	-	2,724
<i>Total comprehensive income for the financial period</i>	-	-	2,724	(8,516)	(5,792)
Balance as at 30.09.2011	135,176	2,077	3,489	(4,498)	136,244
Share-based payment reserve	-	3,516	-	-	3,516
Loss for the financial period	-	-	-	(1,683)	(1,683)
<i>Other comprehensive income for the financial period</i>					
Foreign currency translation reserve	-	-	(4,062)	-	(4,062)
<i>Total comprehensive income for the financial period</i>	-	-	(4,062)	(1,683)	(5,745)
Balance as at 31.12.2011	135,176	5,593	(573)	(6,181)	134,105
Grant of performance share awards	3,516	(3,516)	-	-	-
Profit for the financial period	-	-	-	2,729	2,729
<i>Other comprehensive income for the financial period</i>					
Foreign currency translation reserve	-	-	26	-	26
<i>Total comprehensive income for the financial period</i>	-	-	26	2,729	2,755
Balance as at 31.03.2012	135,176	2,077	(547)	(3,452)	136,770

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<u>The Company</u>	Share capital RMB'000	Share-based payment reserve RMB'000	Foreign currency translation reserve RMB'000	Accumulated profits/(losses) RMB'000	Total equity RMB'000
Balance as at 01.07.2012	138,692	6,632	(2,876)	(1,210)	141,238
Effects on change of functional currency	(4,242)	(61)	2,876	1,427	-
Loss for the financial period	-	-	-	(346)	(346)
<i>Total comprehensive income for the financial period</i>	-	-	-	(346)	(346)
Balance as at 30.09.2012	134,450	6,571	-	(129)	140,892
Issue of new shares	4,555	(4,555)	-	-	-
Loss for the financial period	-	-	-	(1,387)	(1,387)
<i>Total comprehensive income for the financial period</i>	-	-	-	(1,387)	(1,387)
Balance as at 31.12.2012	139,005	2,016	-	(1,516)	139,505
Issue of placement shares	48,779	-	-	-	48,779
Share issue expense	(1,692)	-	-	-	(1,692)
Loss for the financial period	-	-	-	(256)	(2,064)
<i>Total comprehensive income for the financial period</i>	-	-	-	(256)	(1,387)
Balance as at 31.03.2013	186,092	2,016	-	(1,772)	186,336

- 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.**

The Company has allotted and issued 82,187,000 Placement Shares on 8 March 2013.

These new shares have been listed and quoted on the Singapore Exchange Securities Trading Limited and rank pari passu in all respects with the existing shares of the Company. Pursuant to the above issue and allotment of Placement Shares, the number of issued and paid-up shares in the capital of the Company has increased from 416,265,175 ordinary shares to 498,452,175 ordinary shares.

There were no outstanding convertibles or treasury shares held as at 31 March 2013 and 31 March 2012.

- 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.**

Total number of issued shares (excluding treasury shares)

As at 30 June 2012	410,935,175
Grant of performance share awards	5,330,000
Issue of Placement Shares	<u>82,187,000</u>
As at 31 March 2013	<u>498,452,175</u>

- 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.**

Save as disclosed in paragraph 5 below, the accounting policies and methods of computation applied by the Group are consistent with those used in its most recently audited financial statements for the financial year ended 30 June 2012 except for the valuation of biological assets, fair value of share-based payment reserves and provision for deferred tax which will be undertaken at the end of financial year.

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 presentation currency of the financial statements is Renminbi (“RMB”) as the Group’s operations are based in the People’s Republic of China. At the beginning of the financial year from 1 July 2012, the Company has changed its functional currency from Singapore Dollars (“SGD”) to RMB. There was a re-assessment of the primary economic factors as a result of a change in circumstances. The Company has adopted this change prospectively.

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.

	<u>3 Months Ended</u>		<u>9 Months Ended</u>	
	31 Mar 2013	31 Mar 2012	31 Mar 2013	31 Mar 2012
<u>The Group</u>				
Earnings per share (RMB cents)				
- <i>basic</i>	11.6	20.0	16.4	39.0
Number of ordinary shares (‘000)	443,661	408,042	421,844	407,077

Basic earnings per share are calculated by dividing the net profit after tax attributable to equity holders of the Company of the respective periods and the weighted average number of shares in issue during the respective financial periods. The weighted average number of ordinary shares represents the number of ordinary shares at the beginning of the financial period, adjusted for new ordinary shares issued during the financial period, multiplied by a time-weighted factor.

	<u>3 Months Ended</u>		<u>9 Months Ended</u>	
	31 Mar 2013	31 Mar 2012	31 Mar 2013	31 Mar 2012
<u>The Group</u>				
Earnings per share (RMB cents)				
- <i>diluted</i>	11.2	19.0	15.8	37.2
Number of ordinary shares (‘000)	458,991	428,702	437,174	427,737

Diluted earnings per share are calculated by dividing the profit attributable to equity holders of the Company for the respective periods and the weighted average number of shares, adjusted for the effects of all dilutive potential ordinary shares. The Company approved the grant of 25,000,000 shares of the Company to selected eligible employees of the Group and Director of the Company on 29 December 2011, under the Yamada Performance Shares Plan which had been approved and adopted by the shareholders at our Extraordinary General Meeting on 29 April 2011. For calculation purposes, we assumed that the grant of 25,000,000 ordinary shares took place on 1 July 2011.

As at 31 March 2013, 9,670,000 ordinary shares of the above 25,000,000 ordinary shares was issued and vested.

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.

<u>The Group</u>	As at 31 Mar 2013	As at 30 Jun 2012
Net asset value per share (RMB cents)	132.9	132.9
Number of ordinary shares ('000)	498,452	410,935
<u>The Company</u>	As at 31 Mar 2013	As at 30 Jun 2012
Net asset value per share (RMB cents)	37.4	34.4
Number of ordinary shares ('000)	498,452	410,935

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.

STATEMENT OF COMPREHENSIVE INCOME

Review of performance for the second quarter ended 31 March 2013 ("3Q2013")

Revenue

Our revenue was relatively stable at approximately RMB240.7 million in 3Q2013 as compared to approximately RMB242.9 million during January to March 2012 ("3Q2012").

Sales of self-cultivated shiitake mushrooms were approximately RMB193.1 million in 3Q2013 (3Q2012: RMB194.4 million). We currently operate approximately 5,134 mu of shiitake mushrooms cultivation bases. We produced and sold approximately 27,500 tonnes of self-cultivated shiitake mushrooms in 3Q2013 (3Q2012: 28,500 tonnes).

Sales generated from fresh black fungus in 3Q2013 were approximately RMB6.2 million (3Q2012: RMB7.3 million). We currently operate approximately 86 mu of black fungus cultivation bases. We produced and sold approximately 1,400 tonnes of self-cultivated black fungus in 3Q2013 (3Q2012: 1,500 tonnes).

Sales of processed food products were approximately RMB41.4 million in 3Q2012 (3Q2012: RMB41.3 million).

Gross profit and gross profit margin

Our gross profit decreased by approximately RMB34.2 million or 35.9%, from approximately RMB95.1 million in 3Q2012 to approximately RMB60.9 million in 3Q2013 as results of lower profitability.

Our overall gross profit margin declined to 25.3% in 3Q2013 as compared to 39.1% in 3Q2012.

The gross profit margin for our self-cultivation business segment decreased from approximately 40.6% in 3Q2012 to approximately 23.5% in 3Q2013 mainly due to the rising raw material cost of synthetic logs whereas the average selling price of edible fungi did not increase in tandem. Cost of synthetic logs had been on rising trend since year 2008 at a pace of approximately 10% year on year, whereas the average unit selling price of fresh shiitake mushroom are largely market driven.

We have recorded gross profit margin of self-cultivation business segment as approximately 11.8% in 2Q2013 as compared to gross profit margin of 23.5% in 3Q2013, the variance was mainly due to the cost allocation basis. The monthly amortization rate of synthetic logs was based on historical production volume of fresh shiitake mushrooms.

The gross profit margin for our processed food products business segment was approximately 33.9% in 3Q2013 (3Q2012: 32.2%). The variation was mainly due to fluctuation in products mix.

Other operating income

Other operating income comprises mainly government grants and subsidies, interest income and other miscellaneous gains. In 3Q2013, we received approximately RMB0.1 million grants from local government and RMB0.2 million in rental income from lease out spare spaces.

Operating expenses

Selling and distribution expenses amounted to approximately RMB1.8 million in 3Q2013 (3Q2012: RMB2.0 million).

Administrative expenses decreased by approximately RMB4.4 million or 60.4%, from RMB7.2 million in 3Q2012 to RMB2.8 million in 3Q2013. There was RMB2.9 million in R&D expenses in 3Q2012 which was absent in 3Q2013. The decrease in administrative expenses was also resulted from various cost-cutting measures in a challenging business environment.

Other operating expenses are mainly maintenance cost of eucalyptus trees in our plantation forest and foreign exchange loss. It increased by approximately RMB0.4 million or 21.7%, from RMB2.2 million in 3Q2012 to RMB2.6 million in 3Q2013. Other operating expenses comprised mainly maintenance cost for approximately 20,936 mu of eucalyptus trees which was acquired in January 2012.

Income tax expenses

Income tax expense was approximately RMB2.7 million as profit before income tax from processed food products segment remained relatively stable. Our self-cultivated edible fungi business segment is exempted from the Enterprise Income Tax and the value added tax for revenue derived from the sales of self-cultivated and/or semi-processed agricultural products. Our effective tax rate increased to 5.0% in 3Q2013 from 2.8% in 3Q2012 as the proportion of tax exempted profit was smaller.

Total comprehensive income for the period

The resulting comprehensive income for the quarter under review decreased by approximately RMB30.6 million or 37.4%, from approximately RMB81.9 million in 3Q2012 to approximately RMB51.3 million in 3Q2013.

Review of performance for the nine months ended 31 March 2013 (“9M2013”)

Revenue

Our revenue decreased by approximately RMB41.5 million, from approximately RMB494.8 million during July 2011 to March 2012 (“9M2012”) to approximately RMB453.3 million in 9M2013, a decrease of approximately 8.4%.

We recorded a decrease of approximately RMB35.9 million, from approximately RMB362.5 million in 9M2012 to RMB325.3 million in 9M2013, in sales of self-cultivated shiitake mushrooms. We currently operate approximately 5,134 mu of shiitake mushroom cultivation bases. We produced and sold approximately 48,000 tonnes of self-cultivated shiitake mushrooms in 9M2013 as compared to approximately 53,500 tonnes in 9M2012. The lower yield was mainly resulted from unfavorable weather condition in the cultivation sites during October to December 2012. The weather condition improved since January 2013 and the overall average unit selling price of self-cultivated fresh shiitake mushroom for 9M2013 was maintained at the same level compared to the same period in last year.

Sales generated from fresh black fungus in stable at approximately RMB13.1 million in 9M2013 (9M2012: RMB13.6 million). We currently operate approximately 86 mu of black fungus cultivation bases.

Sales of processed food products were relatively stable at approximately RMB115.0 million in 9M2013 (9M2012: RMB118.4 million).

Gross profit and gross profit margin

Our gross profit decreased by approximately RMB96.0 million or 49.2%, from RMB195.0 million in 9M2012 to RMB99.0 million in 9M2013 which was resulted from the decrease in revenue and lower profitability.

Our overall gross profit margin declined to 21.8% in 9M2013 as compared to 39.4% in 9M2012.

The gross profit margin for our self-cultivation business segment decreased from approximately 41.3% in 9M2012 to approximately 18.7% in 9M2013 mainly due to the rising raw material cost of synthetic logs whereas the average selling price of edible fungi did not increase in tandem. Cost of synthetic logs had been on rising trend since year 2008 at a pace of approximately 10% year on year, whereas the average unit selling price of fresh shiitake mushroom are largely market driven.

The gross profit margin for our processed food products business segment was approximately 31.2% (9M2012: 33.2%). The variation was mainly due to fluctuation in products mix.

Other operating income

Other operating income comprises mainly government grants and subsidies, interest income and other miscellaneous gains. In 9M2013, we received approximately RMB0.3 million grants from local government and RMB0.2 million in rental income from lease out spare spaces.

Operating expenses

Selling and distribution expenses decreased by approximately RMB1.3 million or 19.2%, from approximately RMB6.7 million in 9M2012 to approximately RMB5.4 million in 9M2013. In 9M2012, we engaged a brand consulting firm for branding, repositioning and marketing our konjac-based dietary fibre food products in PRC market. The termination of the

consultancy resulted in some savings. However, the savings were partially offset by the increase in salaries as a result of higher headcounts of our sales and marketing staff.

Administrative expenses decreased by approximately RMB7.2 million or 37.5%, from RMB19.1 million in 9M2012 to RMB11.9 million in 9M2013. There was approximately RMB3.5 million in share-based payment under Yamada Performance Share Plan and RMB2.9 million in R&D expenses in 9M2012 which was absent in 9M2013. The decrease in administrative expenses was also resulted from various cost-cutting measures in a challenging business environment.

Other operating expenses comprised mainly maintenance cost of eucalyptus trees in our plantation forest and foreign exchange loss. Other operating expenses increased by approximately RMB3.1 million or 73.5%, from RMB4.3 million in 9M2012 to RMB7.4 million in 9M2013. The increase was mainly due to the additional maintenance cost for approximately 20,936 mu of eucalyptus trees which we acquired in January 2012.

Income tax expenses

Income tax expense decreased from approximately RMB6.2 million in 9M2012 to RMB5.8 million in 9M2013 in line with lower profit before income tax from processed food products segment. Our self-cultivated edible fungi business segment is exempted from the Enterprise Income Tax and the value added tax for revenue derived from the sales of self-cultivated and/or semi-processed agricultural products. Our effective tax rate increased to 7.7% in 9M2013 from 3.8% in 9M2012 as the proportion of tax exempted profit was smaller.

Total comprehensive income for the period

The resulting comprehensive income for the nine months under review decreased by approximately RMB89.8 million or 56.6%, from approximately RMB158.8 million in 9M2012 to approximately RMB69.0 million in 9M2013. The decrease was mainly due to lower sales and profitability during the current financial period.

STATEMENT OF FINANCIAL POSITION

Our non-current assets decreased by approximately RMB6.3 million or 1.8%, from RMB356.5 million as at 30 June 2012 to RMB347.8 million as at 31 March 2013. The decrease was mainly due to utilisation of 5,534 mu eucalyptus trees, amortisation and depreciation of non-current assets. The decrease was partially offset by purchase of property, plant and equipment and progressive payment of new factory and its respective land use rights.

Our current assets increased by RMB139.7 million or 64.9%, from RMB215.4 million as at 30 June 2012 to RMB355.1 million as at 31 March 2013. The increase was mainly due to net increase of trade and other receivables by approximately RMB72.3 million which mainly comprised advance payment of synthetic logs to be utilised in FY2014. This increase was also due to approximately RMB41.5 million in synthetic logs value which mainly comprised sawdust from our eucalyptus trees. Cash and bank balances increased by approximately RMB25.3 million mainly due to the net proceeds we received from the issuance of placement shares.

Our current liabilities increased by approximately RMB14.8 million or 67.0%, from approximately RMB22.1 million as at 30 June 2012 to approximately RMB36.9 million as at 31 March 2013. This was mainly due to the increase in other payables recorded at period end for professional fees in relation to the issuance of placement shares.

Our capital and reserves increased by approximately RMB115.9 million or 21.2% from RMB546.3 million as at 30 June 2012 to RMB662.4 million as at 31 March 2013 mainly due to the retention of net profit in 9M2013 and the issuance of placement shares.

STATEMENT OF CASH FLOWS

3Q2013

For the three months ended 31 March 2013, we recorded net cash used in operating activities of approximately RMB3.3 million. This comprised cash generated from operating activities before changes in working capital of RMB185.1 million, working capital outflow of RMB185.0 million, and net of cash outflow amounting to RMB3.1 million from interest income received and income tax paid.

The net working capital outflow was mainly due to advance payment of synthetic logs of edible fungus for approximately RMB170.0 million (to be utilised in FY2014), an increase in trade receivables of RMB8.3 million and an increase in inventory of RMB6.8 million. The cash outflow was partially offset by cash inflow from an increase in trade and other payables of RMB3.9 million.

Net cash of approximately RMB17.0 million was used in investing activities for the purchase of property, plant and equipment and progressive payment of new factory and its respective land use rights.

Net cash flow generated from financing activities amounted to RMB47.1 million was recorded in 3Q2013 due mainly to the issuance of 82,187,000 placement shares.

9M2013

For the nine months ended 31 March 2013, we recorded net cash generated from operating activities of approximately RMB10.1 million. This comprised cash generated from operating activities before changes in working capital of RMB316.2 million, working capital outflow of RMB300.0 million, and net of cash outflow amounting to RMB6.2 million from interest income received and income tax paid.

The net working capital outflow was mainly due to utilisation of synthetic logs of edible fungus for approximately RMB234.4 million, payment of logging fees for eucalyptus trees of approximately RMB5.5 million, an increase in trade and other receivables of RMB74.7 million and an increase in inventory of RMB0.7 million. The cash outflow was partially offset by cash inflow from an increase in trade and other payables of RMB15.4 million.

We used net cash of approximately RMB31.8 million in investing activities. This was mainly for the purchase of property, plant and equipment, progressive payment of new factory and its respective land use rights.

Net cash flow generated from financing activities amounted to RMB47.1 million was recorded in 3Q2013 due mainly to the issuance of 82,187,000 placement shares. In 9M2013, we also drew down a loan of RMB10 million from China Everbright Bank for working capital purposes in December 2012 and the loan had been repaid in the same month. We incurred interest expenses on bank loan of RMB28,000.

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

Not applicable.

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 Group expects to utilise sawdust produced from our own eucalyptus trees for approximately 60% of shiitake mushrooms cultivation area in FY2014.

The Group also recently acquired Moso bamboo plantation in order to expand our products range and secure raw materials for one of our main processed food products, ie, water-boiled bamboo shoots. We aim at more efficient control of our production costs by enhancing our upstream resource sustainability.

In view of the moderate growth of economy in China and the uncertainty of global economy, the Management will closely monitor the Group's operations and seek further growth in its core business, in particular the processed food business segment. The Management will continue to closely monitor the Group's operations amid the intense competition in the food and beverage industry.

Barring unforeseen circumstances, the directors of the Company remain cautiously optimistic on the Group's operations and expect the Group's operations to remain profitable in FY2013.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No.

(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 or recommended for the three months and nine months ended 31 March 2013.

13. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

There has been no interested person transactions during the three months and nine months ended 31 March 2013. The Group does not have a general mandate pursuant to Rule 920(1)(a)(ii).

14. Update of Use of Placement Shares Proceeds.

The net proceeds from the issuance of placement shares of approximately RMB47.1 million have been earmarked for future acquisition and expansion of the Company, as well as general working capital. To date, we have utilised approximately RMB15.0 million for general working capital purpose.

15. NEGATIVE CONFIRMATION PURSUANT TO RULE 705(5)

The Board of Directors of Yamada Green Resources Limited (the “Company”), do hereby confirm that, to the best of its knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the three months and nine months ended 31 March 2013 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Chen Qiu Hai
Executive Chairman and CEO

10 May 2013