



Yamada Green Resources Limited
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MEDIA RELEASE

YAMADA RECORDED 2Q2014 EARNINGS AT RMB45.6 MILLION ON REVENUE OF RMB232.6 MILLION

- Revenue increased by 29.6%, by RMB53.0 million;
- Profit after Tax increased by 2.7 folds, by RMB28.9 million;
- Earnings per share boosted by 2 folds to RMB9.1 cents and strong financial position with a net asset value per share of RMB140.7 cents

Financial Highlights (RMB' Million)	3 months ended December 2013 ("2Q2014")	3 months ended December 2012 ("2Q2013")	Changes	6 months ended December 2013 ("HY2014")	6 months ended December 2012 ("HY2013")	Changes
Revenue	232.6	179.6	29.6%	272.8	212.6	28.3%
Gross Profit	59.1	28.4	108%	70.6	38.1	85.3%
Gross Profit Margin (%)	25.4	15.8	+9.6ppt	25.9	17.9	+8.0 ppt
Profit after Tax	45.6	16.7	173.3%	46.3	17.7	161.5%
Earnings per share – basic (RMB cents)						
* Based on 498,452,175 shares	9.1*	4.1**	5.0 cents	9.2*	4.3**	4.9 cents
** Based on 410,935,175 shares						

Singapore, 13 February 2014 – SGX Mainboard-listed Yamada Green Resources Limited ("Yamada", or "the Group" or "山田绿色资源有限公司"), a major supplier of self-cultivated edible fungi, moso bamboos, bamboo shoots as well as a manufacturer and distributor of processed food products in Fujian Province, People's Republic of China ("PRC"), is pleased to announce its financial results for the second quarter ("2Q2014") and half year ended 31 December 2013. ("HY2014")

Results Highlights

Revenue Highlights

Segment Revenue Breakdown

	<u>2Q2014</u>		<u>2Q2013</u>	
	<u>RMB'million</u>	<u>%</u>	<u>RMB'million</u>	<u>%</u>
Cultivation Business Segment				
- Shiitake mushroom	166.4	71.4	132.2	73.6
- Black fungus, moso bamboos and bamboo shoots	15.6	6.8	6.8	3.8
<i>Sub-total</i>	<i>182.0</i>	<i>78.2</i>	<i>139.0</i>	<i>77.4</i>
Processed Food Products Business Segment	50.6	21.8	40.6	22.6
Total Revenue	232.6	100.0	179.6	100.0

Our revenue jumped by RMB53.0 million or 29.6% to RMB232.6 million in 2Q2014, up from RMB179.6 million achieved in the corresponding period last year ("2Q2013").

The significant increase was contributed by RMB43.0 million or 30.9% growth from our cultivation business segment to RMB182.0 million in 2Q2014, from RMB139.0 million in 2Q2013.

The revenue from sales of self-cultivated shiitake mushrooms, key contributor to the Group, grew RMB34.2 million or 25.9% to RMB166.4 million in 2Q2014, from RMB132.2 million in 2Q2013. Favourable weather condition during the harvesting period in our cultivation sites boosted the production volumes of self-cultivated shiitake mushrooms by 17.1% to approximately 24,000 tonnes in 2Q2014 as compared to 20,500 tonnes in 2Q2013. More than 98% of our self-cultivated shiitake mushrooms were sold as fresh produce; the rest were produced as dried mushrooms for sale. The average selling price of self-cultivated fresh shiitake mushrooms was approximately RMB7 per kg in 2Q2014, up about 8% as compared to the same period in the last financial year.

In addition, we commenced harvesting of our self-cultivated winter bamboo shoots and moso bamboos during 2Q2014. We produced and sold 565,100 pieces of moso bamboos and 85 tonnes of winter bamboo shoots during the period. The harvesting season of winter bamboo shoots is from December to January each year while moso bamboos is from July to December each year.

While the sales of shiitake mushroom provided the biggest push to the Group's revenue growth, sales from processed food products business segment did impressively well. Revenue rose RMB10.0 million or 24.6% to RMB50.6 million in 2Q2014, from RMB40.6 million in 2Q2013. The increase was mainly due to higher export sales to the Japanese market during the period.

Gross Profit and Gross Profit Margin

In tandem with the higher revenue, our gross profit increased by RMB30.7 million or two-fold to RMB59.1 million in 2Q2014, from RMB28.4million in 2Q2013.

Our overall gross profit margin increased to 25.4% in 2Q2014 as compared to 15.8% in 2Q2013.

The gross profit margin of our cultivation business segment increased to 23.0% in 2Q2014 from 11.8% in 2Q2013. This is mainly the result of higher average selling price of shiitake mushrooms and lower cost per unit of shiitake mushrooms due to higher production rate of shiitake mushrooms in 2Q2014. The unusual winter season in our cultivation sites during the same period last year lowered the yield. In 2Q2014, the climatic condition returned to normal which was favourable for the cultivation and harvesting of our shiitake mushrooms. Meanwhile, winter bamboo shoots and moso bamboos generated gross profit margin of approximately 45% to 50%.

The gross profit margin for our processed food products business segment also improved to 34.0% in 2Q2014 from 28.8% in 2Q2013 due to sale of products with overall better margins.

Other Operating Income

Other operating income comprises mainly government grants and subsidies, interest income and other miscellaneous gains.

Operating Expenses

Overall profitability of the Group surged in 2Q2014 with net profits margin rising to 19.6% in 2Q2014, from 9.3% achieved in 2Q 2013, due to decline in our selling and distribution expenses. Selling and distribution expenses decreased by RMB0.4 million or 31.8% to RMB1.0 million in 2Q2014, from RMB1.4 million in 2Q2013. The decline arose from the streamlining of our sales and marketing operation and process as we are currently reviewing our marketing strategy to specific business requirement.

Administrative expenses increased by RMB0.2 million or 3.3% to RMB4.8 million in 2Q2014 with the Group's continued investment in R & D and staff welfare. This increase was partially offset by reclassification of amortization of prepaid lease for the bamboo plantations to cost of production.

Based on the latest half-year results, Yamada's Earnings Per Share ("EPS") was boosted to RMB9.2 cents, from RMB4.3 cents as at 31 Dec 2012 while Net Asset Value ("NAV") rose to RMB140.7 cents, from RMB133.8 cents as at 30 June 2013.

Mr Chen Qiu Hai (陈秋海), Yamada's Executive Chairman and CEO, commented:

"Yamada has pulled in a commendable performance despite a tough operating environment fraught with global economic and business uncertainties and rising labour costs. We had a good harvest for our shiitake mushrooms due to favourable weather conditions as well as a healthy demand for our products"

"Our processed food segment also delivered improved sales due to better product mix. We will continue to develop new products in this segment and the Group is confident of a good overall performance in FY2014."

Future Outlook

We expect China to maintain a steady growth in 2014 under the national policy of stimulating domestic demand. Rising urbanization and increased disposal income per capita which leads to higher spending power of domestic consumers will provide great growth potential for our food and processed food products.

With rising medical costs and as consumers become more health conscious, we believe the market for our products with health benefits such as Konjac based products, shiitake mushroom, bamboo shoots, etc. will continue to grow.

In April 2013, we have diversified into bamboo plantations, which yielded positive results in 2Q2014 during the harvesting season of bamboo shoots. We will continue to review the opportunities of expanding this business segment.

We have obtained the logging licence to harvest the eucalyptus trees from our eucalyptus plantations to produce sawdust as raw materials for the production of the shiitake mushroom synthetic logs to be used in FY2015. The logging licence will be valid until 21 April 2014, and for an aggregated area of 5,924 mu (1 mu is equivalent to approximately 667 square metres) which will satisfy about 65% of our mushroom synthetic logs used in 5,134 mu of shiitake mushrooms cultivation sites.

Barring unforeseen circumstances, the Management expects the Group to remain profitable in FY2014.

Results briefing

A result briefing session will be held at Raffles City, 252 North Bridge Road, Singapore 179103, on Friday, 14 February at 11a.m. for investors and analysts. For more information, please contact our investor relations representative.

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About Yamada Green Resources Limited

Yamada is a major grower and supplier of edible fungi, operating one of the largest shiitake mushrooms cultivation bases of approximately 5,100 mu in Fujian Province, PRC. Yamada possesses upstream resource sustainability with its eucalyptus plantations of approximately 51,000 mu. The sawdust made from eucalyptus trees is used as raw materials to produce synthetic logs for cultivation of shiitake mushrooms. The spring bamboo shoots will be harvested and used as raw materials for one of its main processed food products, ie, water-boiled bamboo shoots.

Yamada's products include self-cultivated edible fungi, which are mainly sold as fresh produce to wholesalers of agricultural food products in PRC. Yamada is also a manufacturer and supplier of processed food products, ie, processed mushrooms, processed vegetables and konjac-based dietary fibre food products. Its processed food products are sold in major cities in PRC under its trademarked brands, such as “旺成食品”, “研食坊”, “第七庄园” and “第七元素”. Yamada also export its processed food products to overseas market, mainly Japan, under its customers' brands.

For further enquiries, please contact:

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