



## Yamada Green Resources Limited

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

### Unaudited Financial Statements And Dividend Announcement for The Third Quarter and Nine Months Ended 31 March 2014

#### 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 2014 RMB'000	31 Mar 2013 RMB'000		31 Mar 2014 RMB'000	31 Mar 2013 RMB'000	
Revenue	257,208	240,734	6.8	529,974	453,321	16.9
Cost of sales	(206,582)	(179,825)	14.9	(408,765)	(354,313)	15.4
Gross profit	50,626	60,909	(16.9)	121,209	99,008	22.4
<i>Gross profit margin</i>	19.7%	25.3%	(5.6 ppt)	22.9%	21.8%	1.1 pt
<i>Other items of income</i>						
Interest income	32	22	45.5	77	43	79.1
Other income	623	310	101.0	776	527	47.2
<i>Other items of expenses</i>						
Selling and distribution expenses	(2,113)	(1,796)	17.7	(3,872)	(5,433)	-28.7
Administrative expenses	(5,211)	(2,838)	83.6	(17,002)	(11,936)	42.4
Other operating expenses	(1,287)	(2,632)	(51.1)	(6,738)	(7,439)	-9.4
Financial cost	(555)	-	n/m	(1,043)	(28)	3625.0
Profit before income tax	42,115	53,975	(22.0)	93,407	74,742	25.0
Income tax expense	(3,085)	(2,681)	15.1	(8,104)	(5,750)	40.9
Profit for the financial period	39,030	51,294	(23.9)	85,303	68,992	23.6
<i>Other comprehensive income</i>						
Foreign currency translation differences	-	-		-	-	
Total comprehensive income for the financial period	39,030	51,294	(23.9)	85,303	68,992	23.6
<i>Profit attributable to:</i>						
Owners of the parent	39,030	51,294	(23.9)	85,303	68,992	23.6
<i>Total comprehensive income attributable to:</i>						
Owners of the parent	39,030	51,294	(23.9)	85,303	68,992	23.6

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 2014	31 Mar 2013	Change %	31 Mar 2014	31 Mar 2013	Change %
	RMB'000	RMB'000		RMB'000	RMB'000	
Amortisation of land use rights	671	605	10.9	2,102	1,856	13.3
Amortisation of biological assets <sup>(1)</sup>	132,060	123,544	6.9	235,783	223,297	5.6
Amortisation of prepayment	4,721	5,229	-9.7	13,109	11,365	15.3
Depreciation of property, plant and equipment	2,142	1,754	22.1	6,204	5,058	22.7
Loss on disposal of property, plant and equipment	3	-	n/m	-	-	n/m
Gain on disposal of property, plant and equipment	-	-	n/m	-	(56)	n/m
Gain on disposal of biological assets <sup>(2)</sup>	(617)	-		(617)	-	n/m
Exchange (gain)/loss, net	39	353	(89.0)	967	473	121.3
Interest income	(32)	(22)	45.5	(77)	(43)	79.1
Interest expenses on bank loan	555	-	n/m	1,043	28	3625.0
Government grants	(480)	(100)	380.0	(564)	(255)	121.2

<sup>(1)</sup> This represents amortization of edible fungi synthetic logs held by the Group.

<sup>(2)</sup> This represents eucalyptus trees owned by the Group.

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 2014 RMB'000	As at 30 Jun 2013 RMB'000	As at 31 Mar 2014 RMB'000	As at 30 Jun 2013 RMB'000
<b>Non-current assets</b>				
Property, plant and equipment	102,839	54,157	-	3
Biological assets <sup>(1)</sup>	145,677	166,866	-	-
Land use rights	98,775	100,741	-	-
Investments in subsidiaries	-	-	117,266	117,266
Prepayments	69,970	72,895	-	-
Deferred tax assets	1,847	1,847	-	-
	<b>419,108</b>	396,506	<b>117,266</b>	117,269
<b>Current assets</b>				
Biological assets <sup>(2)</sup>	40,245	32,186	-	-
Inventories	13,961	16,325	-	-
Trade receivables	24,172	16,862	-	-
Other receivables	302,642	211,261	72,349	72,310
Cash and bank balances	6,745	21,108	607	10,692
	<b>387,765</b>	297,742	<b>72,956</b>	83,002
<b>Less:</b>				
<b>Current liabilities</b>				
Trade and other payables	22,369	19,740	45	1,172
Bank borrowings	30,000	-	-	-
Current income tax payable	5,006	3,849	-	-
	<b>57,375</b>	23,589	<b>45</b>	1,172
<b>Net current assets</b>	<b>330,390</b>	274,153	<b>72,911</b>	81,830
<b>Non-current liability</b>				
Deferred tax liability	(3,711)	(3,711)	-	-
<b>Net assets</b>	<b>745,787</b>	666,948	<b>190,177</b>	199,099
<b>Capital and reserves</b>				
Share capital	190,471	186,092	190,471	186,092
Share-based payment reserve	2,016	6,395	2,016	6,395
Statutory reserve	57,124	55,141	-	-
Accumulated profits/(losses)	496,176	419,320	(2,310)	6,612
<b>Total equity</b>	<b>745,787</b>	666,948	<b>190,177</b>	199,099

<sup>(1)</sup>This represents eucalyptus trees in plantation forest.

<sup>(2)</sup>This represents synthetic logs 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**

<b>As at 31 Mar 2014</b>		<b>As at 30 June 2013</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
<b>RMB30,000,000</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

**Amount repayable after one year**

<b>As at 31 Mar 2014</b>		<b>As at 30 Jun 2013</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

**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 RMB40 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 owed 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.

As at the date of this announcement, RMB20 million has been drawn down for working capital purposes and RMB10 million was used as capital expenditure, mainly invested in the construction of our R&D Centre.

**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.**

<b>The Group</b>	<b>3 Months Ended</b>		<b>9 Months Ended</b>	
	<b>31 Mar 2014</b>	<b>31 Mar 2013</b>	<b>31 Mar 2014</b>	<b>31 Mar 2013</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Cash flow from operating activities</b>				
Profit before income tax	42,115	53,975	93,407	74,742
Adjustments for:				
Depreciation	2,142	1,754	6,204	5,058
Amortisation of biological assets <sup>(1)</sup>	132,060	123,544	235,783	223,297
Amortisation of land use rights	671	605	2,102	1,856
Amortisation of prepayments	4,721	5,229	13,109	11,365
Gain on disposal of biological assets <sup>(2)</sup>	(617)	-	(617)	-
Gain on disposal of property, plant and machinery	-	-	-	(56)
Fair value transferred from biological assets <sup>(2)</sup>	17,526	-	17,526	-
Loss on disposal of property, plant and machinery	3	-	3	-
Interest income	(32)	(22)	(77)	(43)
Interest expenses	555	-	1,043	28
Operating profits before working capital changes	199,144	185,085	368,483	316,247
Biological assets <sup>(1)</sup>	(23,450)	(5,534)	(243,842)	(239,980)
Inventories	9,112	(6,838)	2,363	(742)
Trade and other receivables	(159,014)	(176,555)	(98,835)	(74,650)
Trade and other payables	683	3,928	2,629	15,362
Cash generated from operations	26,475	86	30,798	16,237
Interest received	32	22	77	43
Income taxes paid	(3,507)	(3,135)	(6,947)	(6,231)
<b>Net cash (used in)/generated from operating activities</b>	<b>23,000</b>	<b>(3,027)</b>	<b>23,928</b>	<b>10,049</b>
<b>Cash flow used in investing activities</b>				
Proceeds from disposal of property, plant and equipment	-	-	-	56
Proceeds from disposal of biological assets	4,280	-	4,280	-
Purchase of property, plant and equipment	(28,167)	(158)	(55,024)	(15,034)
Purchase of land use rights	-	(16,858)	-	(16,858)
Prepayments	(3,760)	-	(10,041)	-
<b>Net cash used in investing activities</b>	<b>(27,647)</b>	<b>(17,016)</b>	<b>(60,785)</b>	<b>(31,836)</b>

<b><u>The Group</u></b>	<b>3 Months Ended</b>		<b>9 Months Ended</b>	
	<b>31 Mar 2014</b>	<b>31 Mar 2013</b>	<b>31 Mar 2014</b>	<b>31 Mar 2013</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
<b>Cash flow from financing activities</b>				
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	-	-	<b>30,000</b>	10,000
Repayment of bank loan	-	-	-	(10,000)
Interest paid	<b>(555)</b>	-	<b>(1,043)</b>	(28)
Dividend payment	-	-	<b>(6,463)</b>	-
<b>Net cash generated from/(used in) financing activities</b>	<b>(555)</b>	47,087	<b>22,494</b>	47,059
<b>Net increase/(decrease) in cash and bank balances</b>	<b>(5,202)</b>	27,044	<b>(14,363)</b>	25,272
<b>Cash and bank balances at beginning of the financial period</b>	<b>11,947</b>	12,508	<b>21,108</b>	14,280
<b>Cash and bank balances at end of the financial period</b>	<b>6,745</b>	39,552	<b>6,745</b>	39,552

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

(2) This represents eucalyptus trees owned 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 →					
	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
<b>Balance as at 01.07.2013</b>	186,092	6,395	55,141	-	419,320	666,948
Profit for the financial period, representing total comprehensive income for the financial period	-	-	-	-	645	645
<b>Balance as at 30.09.2013</b>	186,092	6,395	55,141	-	419,965	667,593
<b><u>Contributions by and distributions to owners of the parent</u></b>						
Issue of new shares	4,379	-	-	-	-	4,379
Share-based payment reserve	-	(4,379)	-	-	-	(4,379)
Transfer to statutory reserve	-	-	1,983	-	(1,983)	-
Dividend payment	-	-	-	-	(6,463)	(6,463)
<b>Total contributions by and distributions to owners</b>	4,379	(4,379)	1,983	-	(8,446)	(6,463)
Profit for the financial period, representing total comprehensive income for the financial period	-	-	-	-	45,627	45,627
<b>Balance as at 31.12.2013</b>	190,471	2,016	57,124	-	457,146	706,757
Profit for the financial period, representing total comprehensive income for the financial period	-	-	-	-	39,030	39,030
<b>Balance as at 31.03.2014</b>	190,471	2,016	57,124	-	496,176	745,787

<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
<b>Balance as at 01.07.2012</b>	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	4,162	1,002
<b>Balance as at 30.09.2012</b>	134,450	6,571	47,988	-	358,285	547,294
<b><u>Contributions by and distributions to owners of the parent</u></b>						
Issue of new shares	4,555	(4,555)	-	-	-	-
Profit for the financial period, representing total comprehensive income for the financial period	-	-	2,203	-	14,493	16,696
<b>Balance as at 31.12.2012</b>	139,005	2,016	50,191	-	372,778	563,990
<b><u>Contributions by and distributions to owners of the parent</u></b>						
Issue of placement shares	48,779	-	-	-	-	48,779
Share issue expenses	(1,692)	-	-	-	-	(1,692)
<b>Total contributions by and distributions to owners</b>	47,087	-	-	-	-	47,087
Profit for the financial period, representing total comprehensive income for the financial period	-	-	-	-	51,294	51,294
<b>Balance as at 31.03.2013</b>	<b>186,092</b>	<b>2,016</b>	<b>50,191</b>	<b>-</b>	<b>424,072</b>	<b>662,371</b>



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<b><u>The Company</u></b>	<b>Share capital RMB'000</b>	<b>Share-based payment reserve RMB'000</b>	<b>Foreign currency translation reserve RMB'000</b>	<b>Accumulated profits/(losses) RMB'000</b>	<b>Total equity RMB'000</b>
<b>Balance as at 01.07.2013</b>	186,092	6,395	-	6,612	199,099
Loss for the financial period ,representing total comprehensive income for the financial period	-	-	-	(606)	(606)
<b>Balance as at 30.09.2013</b>	186,092	6,395	-	6,006	198,493
<b><u>Contributions by and distributions to owners of the parent</u></b>					
Issue of new shares	4,379	-	-	-	4,379
Share-based payment reserve	-	(4,379)	-	-	(4,379)
Dividend payment	-	-	-	(6,463)	(6,463)
<b>Total contributions by and distributions to owners</b>	4,379	(4,379)	-	(6,463)	(6,463)
Loss for the financial period ,representing total comprehensive income for the financial period	-	-	-	(1,231)	(1,231)
<b>Balance as at 31.12.2013</b>	<b>190,471</b>	<b>2,016</b>	-	(1,688)	190,799
Loss for the financial period ,representing total comprehensive income for the financial period	-	-	-	(622)	(622)
<b>Balance as at 31.03.2014</b>	<b>190,471</b>	<b>2,016</b>	-	<b>(2,310)</b>	<b>190,177</b>

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<b><u>The Company</u></b>	<b>Share capital RMB'000</b>	<b>Share-based payment reserve RMB'000</b>	<b>Foreign currency translation reserve RMB'000</b>	<b>Accumulated profits/(losses) RMB'000</b>	<b>Total equity RMB'000</b>
<b>Balance as at 01.07.2012</b>	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>	(4,242)	(61)	2,876	1,081	(346)
<b>Balance as at 30.09.2012</b>	134,450	6,571	-	(129)	140,892
<b><u>Contributions by and distributions to owners of the parent</u></b>					
Issue of new shares	4,555	(4,555)	-	-	-
Loss for the financial period ,representing total comprehensive income for the financial period	-	-	-	(1,387)	(1,387)
<b>Balance as at 31.12.2012</b>	139,005	2,016	-	(1,516)	139,505
<b><u>Contributions by and distributions to owners of the parent</u></b>					
Issue of placement shares	48,779	-	-	-	48,779
Share issue expense	(1,692)	-	-	-	(1,692)
<b>Total contributions by and distributions to owners</b>	47,087	-	-	-	47,087
Loss for the financial period ,representing total comprehensive income for the financial period	-	-	-	(256)	(1,387)
<b>Balance as at 31.03.2013</b>	<b>186,092</b>	<b>2,016</b>	<b>-</b>	<b>(1,772)</b>	<b>186,336</b>

- 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.**

There were no changes in the Company's share capital during the period reported on.

There were no outstanding convertibles or treasury shares held as at 31 March 2014 and 31 March 2013.

- 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 2013	498,452,175
Issuance and vesting of performance share awards on 31 December 2013	<u>3,750,000</u>
<b>As at 31 March 2014</b>	<b><u>502,202,175</u></b>

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

Not applicable.

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

The figures have not been audited or reviewed by the Company's auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The 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 2013 except for the valuation of biological assets, fair value of share-based payment reserves, deferred tax assets 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.**

Not applicable.

**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.**

<b><u>The Group</u></b>	<b>3 Months Ended</b>		<b>9 Months Ended</b>	
	<b>31 Mar 2014</b>	<b>31 Mar 2013</b>	<b>31 Mar 2014</b>	<b>31 Mar 2013</b>
Earnings per share (RMB cents)				
- <i>basic</i>	<b>7.8</b>	11.6	<b>17.1</b>	16.4
- <i>diluted</i>	<b>7.6</b>	11.2	<b>16.7</b>	15.8
Weighted average number of ordinary shares ('000) - basic	<b>502,202</b>	443,661	<b>499,702</b>	421,844
- diluted	<b>513,782</b>	458,991	<b>511,282</b>	437,174

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.

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 2014, 9,670,000 ordinary shares of the above 25,000,000 ordinary shares were issued and vested and 3,750,000 ordinary shares of the above 25,000,000 ordinary shares were forfeited.

**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.**

<b><u>The Group</u></b>	<b>As at 31 Mar 2014</b>	As at 30 Jun 2013
Net asset value per share (RMB cents)	<b>148.5</b>	133.8
Number of ordinary shares ('000)	<b>502,202</b>	498,452
<b><u>The Company</u></b>	<b>As at 31 Mar 2013</b>	As at 30 Jun 2013
Net asset value per share (RMB cents)	<b>37.9</b>	39.9
Number of ordinary shares ('000)	<b>502,202</b>	498,452

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 third quarter ended 31 March 2014 ("3Q2014")**

#### **Revenue**

Our revenue increased by approximately RMB16.5 million or 6.8% to approximately RMB257.2 million in 3Q2014 from approximately RMB240.7 million during January to March 2013 ("3Q2013").

Revenue generated from our cultivation business segment increased by approximately RMB7.4 million or 3.7% to approximately RMB206.7 million in 3Q2014 from approximately RMB199.3 million in 3Q2013.

Although revenue from our cultivation business segment increased, sales volume of our self-cultivated shiitake mushrooms in 3Q2014 dipped slightly to approximately 26,500 tonnes compared with 27,500 tonnes in 3Q2013. This was due mainly to a strong previous quarter between October and December 2013 (2Q2014), where favourable climatic conditions resulted in a peak production and a significantly higher yield of self-cultivated shiitake mushrooms during the period. As a result, 3Q2014 saw a lower production rate compared to 3Q2013. The lower sales volume, however, was partially offset by a higher average selling price of about 3% to RMB7.2 per kg in 3Q2014.

Revenue derived from sales of black fungus increased by approximately RMB2.1 million or 33% to approximately RMB8.4 million in 3Q2014 from approximately RMB6.3 million in 3Q2013. We produced about 1,700 tonnes of black fungus which was about 17% higher than 3Q2013. The average selling price of the black fungus increased to RMB5 per kg in 3Q2014, up about 4% compared to the same period in the last financial year.

In addition, we produced and sold approximately 272 tonnes of winter bamboo shoots in 3Q2014. We commenced harvesting of our self-cultivated winter bamboo shoots from December 2013 to February 2014 as this is the harvesting season for winter bamboo shoots. Revenue generated from sales of self-cultivated winter bamboo shoots was approximately RMB3.1 million in 3Q2014. Currently, we operate 11,032 mu of bamboo plantations in Pucheng County, Fujian Province.

Sales from processed food product business segment grew approximately RMB9.1 million or 22.0% to approximately RMB50.5 million in 3Q2014 from approximately RMB41.4 million in 3Q2013. It was mainly due to higher sales in both domestic and overseas markets.

#### **Gross profit and gross profit margin**

Our gross profit was lower approximately RMB10.3 million or 16.9% to approximately RMB50.6 million in 3Q2014 compared with RMB60.9 million in 3Q2013.

The overall gross profit margin declined to 19.7% in 3Q2014 from 25.3% in 3Q2013.

The gross profit margin of our cultivation business segment decreased to 16.6% in 3Q2014 from 23.5% in 3Q2013. It was mainly attributable to variance in quarterly cost allocation basis. Meanwhile, amortization of synthetic logs in 3Q2014 included fair value gain

amounting to approximately RMB4.8 million which was transferred from harvested eucalyptus trees as a raw material for producing mushroom logs used in FY2014. As a result, a higher amortisation of biological assets (synthetic logs) was reflected in 3Q2014.

The gross profit margin for our processed food products business segment was approximately 31.7% in 3Q2014 as compared to 33.9% in 3Q2013. The variance resulted primarily from changes in product mix.

#### **Other items of income**

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

#### **Other items of expenses**

Selling and distribution expenses increased by approximately RMB0.3 million or 17.7%, to approximately RMB2.1 million in 3Q2014 from approximately RMB1.8 million in 3Q2013. It was mainly attributable to amortisation of prepayment made to our shiitake mushroom distribution outlets. The increase was partly offset by reduction in sales and marketing staff and sales promotion expenses.

Administrative expenses increased by approximately RMB2.4 million or 83.6%, to approximately RMB5.2 million in 3Q2014 from approximately RMB2.8 million in 3Q2013. It mainly arose from the increase in R & D expenditures, staff welfare and depreciation of property, plant and equipment. We recorded higher depreciation in 3Q2014 mainly as a result of construction of new office building and processing plants that were completed and capitalised as property, plant and equipment in 3Q2014.

Other operating expenses mainly comprised of maintenance costs of eucalyptus plantations and foreign exchange losses. It decreased by approximately RMB 1.3 million or 51.1%, to approximately RMB1.3 million in 3Q2014 from approximately RMB2.6 million in 3Q2013. Lower maintenance costs were incurred when the eucalyptus trees were more mature, and fluctuations in foreign exchange rate led to the decrease in other operating expenses.

#### **Finance cost**

The financial cost increased significantly to approximately RMB0.6 million in 3Q2014. We drew down a loan of RMB30.0 million from China Everbright Bank for working capital purposes and investment mainly on the construction of our R&D Centre.

#### **Income tax expenses**

Income tax expense increased to approximately RMB3.1 million in 3Q2014, from approximately RMB2.7 million in 3Q2013. It was consistent with higher profit before income tax from our processed food product segment. Our cultivation business segment is exempted from the Enterprise Income Tax and the value-added tax. Our subsidiary, Wangcheng and Yuanwang, are subject to Enterprise Income Tax at the rate of 25%. Our effective tax rate is 7.3% in 3Q2014 as compared to 5.0% in 3Q2013.

#### **Total comprehensive income for the period**

Total comprehensive income for the three months under review decreased by approximately RMB12.3 million or 23.9%, to approximately RMB39.0 million in 3Q2014 from approximately RMB51.3 million in 3Q2013.

**Review of performance for the nine months ended 31 March 2014 (“9M2014”)**

Our revenue increased by approximately RMB76.7 million or 16.9%, to approximately RMB530.0 million in 9M2014 from approximately RMB453.3 million during July 2013 to March 2014 (“9M2013”).

Our cultivation business segment recorded sales of approximately RMB388.7 million in 9M2014, which was approximately RMB50.4 million or 14.9% higher than 9M2013 (9M2013 : RMB338.3 million).

Revenue derived from sales of self-cultivated shiitake mushrooms grew approximately RMB32.0 million or 9.8%, to RMB357.3 million in 9M2014 from RMB325.3 million in 9M2013. Favorable weather condition during the harvesting period in our cultivation sites resulted in a satisfactory mushroom yield of approximately 50,500 tonnes in 9M2014 compared to 48,000 tonnes in 9M2013. The average selling price of self-cultivated fresh shiitake mushrooms was approximately RMB7.1 per kg in 9M2014, up about 4.5% as compared to the same period in the last financial year.

Sales of black fungus rose by approximately RMB1.0 million or 7.6% to RMB14.1 million in 9M2014 from RMB13.1 million in 9M2013. We currently operate 86 mu of black fungus cultivation bases with an annual production rate of approximately 2,800 tonnes.

Besides, we commenced harvesting of our self-cultivated winter bamboo shoots and moso bamboos during 9M2014. We produced and sold 565,100 pieces of moso bamboos and 357 tonnes of winter bamboo shoots during the period, resulting in a revenue of RMB13.0 million in 9M2014. The harvesting season of winter bamboo shoots is from December to February each year while moso bamboos is from July to December each year. Currently, we operate 11,032 mu of bamboo plantations in Pucheng County, Fujian Province.

Revenue from processed food products business segment increased by approximately RMB26.2 million or 22.8%, to approximately RMB141.2 million in 9M2014 from RMB115.0 million in 9M2013. It was mainly due to higher sales in both domestic and overseas markets during the period.

**Gross profit and gross profit margin**

In tandem with the higher revenue, our gross profit grew approximately RMB22.2 million or 22.4%, to approximately RMB121.2 million in 9M2014 from approximately RMB99.0 million in 9M2013.

Our overall gross profit margin rose to 22.9% in 9M2014 from 21.8% in 9M2013.

The gross profit margin of our cultivation business segment increased to 19.6% in 9M2014 from 18.7% in 9M2013. It mainly resulted from a higher average selling price of shiitake mushrooms. In addition, winter bamboo shoots and moso bamboos generated gross profit margin of approximately 40% to 50% in 9M2014. These advantages was partly offset by rising costs of labour and synthetic logs made of frutex by farmers.

The gross profit margin for our processed food products business segment remained stable at 31.9% in 9M2014 compared with 31.2% in 9M2013.

**Other items of income**

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

**Other items of expenses**

Selling and distribution expenses decreased by approximately RMB1.5 million or 28.7%, to approximately RMB3.9 million in 9M2014 from approximately RMB5.4 million in 9M2013.

The decline arose from the reduction in sales and marketing staff and sales promotion expenses as we were in the process of adjusting our marketing strategy.

Administrative expenses increased by approximately RMB5.1 million or 42.4%, to approximately RMB17.0 million in 9M2014 from approximately RMB11.9 million in 9M2013. It was mainly caused by the increase in depreciation of property, plant and equipment, R & D expenditures and staff welfare. The higher depreciation in 9M2014 resulted mainly from the construction of new office building and processing plants that were completed and capitalised as property, plant and equipment in 9M2014.

Other operating expenses mainly consisted of maintenance cost of eucalyptus plantations and foreign exchange loss. It was decreased by approximately RMB0.7 million or 9.4%, to approximately RMB6.7 million in 9M2014 from approximately RMB7.4 million in 9M2013. It was primarily due to lower maintenance costs incurred when the eucalyptus trees were more mature, and fluctuations in foreign exchange rate.

#### **Finance cost**

The financial cost increased significantly to RMB1.0 million in 9M2014. We drew down a loan of RMB30.0 million from China Everbright Bank for working capital purposes and investment mainly on the construction of our R&D Centre.

#### **Income tax expenses**

Income tax expense increased to approximately RMB8.1 million in 9M2014, from approximately RMB5.8 million in 9M2013. The increase was consistent with higher profit before income tax from our processed food product segment. Our cultivation business segment is exempted from the Enterprise Income Tax and the value-added tax. Our subsidiary, Wangcheng and Yuanwang, are subject to Enterprise Income Tax at the rate of 25%. Our effective tax rate is 8.7% in 9M2014 compared to 7.7% in 9M2013.

#### **Total comprehensive income for the period**

Total comprehensive income for the nine months under review increased by approximately RMB16.3 million or 23.6%, to approximately RMB85.3 million in 9M2014 from approximately RMB69.0 million in 9M2013. The increase was mainly due to higher sales and profitability during the current financial period.

### **STATEMENT OF FINANCIAL POSITION**

Our non-current assets increased by approximately RMB22.6 million or 5.7%, to RMB419.1 million as at 31 March 2014 from RMB396.5 million as at 30 June 2013. The increase was largely due to additional construction-in-progress of our new processing plants in Economic and Technological Development Zone and our R&D Centre in Houyu Food Industry Zone in Fuzhou City. Meanwhile, the construction of office building and two processing plants in Economic and Technological Development Zone totalling approximately RMB13.2 million were completed and capitalised as property, plant and equipment. The increase was partially offset by the amortisation and depreciation of non-current assets.

Our current assets increased by approximately RMB90.1 million or 30.3%, to RMB387.8 million as at 31 March 2014 from RMB297.7 million as at 30 June 2013. The increase was mainly attributable to (i) costs of mushroom synthetic logs included eucalyptus sawdust amounting to RMB17.5 million. The eucalyptus sawdust will be raw material for producing mushroom logs to be utilised in FY2015. (ii) Trade receivables increased by approximately RMB7.3 million as a result of higher sales of processed food products from July to March 2014. (iii) Other receivables consisted of advances paid to suppliers of raw materials, prepayment made to contractors of R&D centre and processing plants, and a deposit of RMB78.0 million for lease of additional 22,543 mu of bamboo plantations. The increase of



current assets was partially offset by lower cash and bank balances of approximately RMB14.4 million.

Our current liabilities increased by approximately RMB33.8 million or 143.2%, to approximately RMB57.4 million as at 31 March 2014 from approximately RMB23.6 million as at 30 June 2013. The increase arose primarily from increased bank borrowings by RMB30.0 million for our working capital purposes and capital expenditure incurred on the construction of our R&D Centre, and advance payment received from our customers in our cultivation business segment.

Equity holders' interest increased by approximately RMB78.9 million or 11.8%, to approximately RMB745.8 million as at 31 March 2014 from approximately RMB666.9 million as at 30 June 2013. It was mainly resulted from the retention of net profit in 9M2014 after payment of final dividend for FY2013 amounting to approximately RMB6.5 million.

## **STATEMENT OF CASH FLOWS**

### **3Q2014**

For the three months ended 31 March 2014, our net cash generated from operating activities was approximately RMB23.0 million. This comprised of cash generated from operating activities before changes in working capital of RMB199.1 million, working capital outflow of RMB172.6 million, and net of cash outflow amounting to RMB3.5 million arising from interest income received and income tax paid.

The net working capital outflow was mainly due to the cost of eucalyptus sawdust and logging licence fee amounting to approximately RMB17.5 million and RMB5.9 million respectively were included in the costs of mushroom synthetic logs. Meanwhile, trade and other receivables also increased by approximately RMB159.0million. The cash outflow was partially offset by decrease in inventories of RMB9.1 million.

Net cash of approximately RMB27.6 million was used in investing activities for the purchase of property, plant and equipment and progressive payment for new plants and R&D Centre. In addition, approximately RMB3.8 million was paid in advance for maintenance of eucalyptus plantations. The cash outflow was partially offset by proceeds of approximately RMB4.3 million derived from disposal of eucalyptus trees.

In 3Q2014, net cash of approximately RMB0.6 million was used in financing activities. We drew down a loan of RMB30.0 million from China Everbright Bank for working capital purposes and capital expenditure incurred on the construction of our R&D Centre.

### **9M2014**

For the nine months ended 31 March 2014, we recorded net cash generated from operating activities of approximately RMB23.9 million. This consisted of cash generated from operating activities before changes in working capital of RMB368.5 million, working capital outflow of RMB337.7 million, and net of cash outflow amounting to RMB6.9 million from interest income received and income tax paid.

The net working capital outflow was mainly due to utilisation of edible fungi synthetic logs of approximately RMB235.8 million, the cost of eucalyptus sawdust and logging licence fee amounting to approximately RMB17.5 million and RMB5.9 million respectively. In addition, trade and other receivables increased by approximately RMB98.8 million. The cash outflow was partially offset by decrease in inventories of RMB2.4 million and increase in trade and other payables of RMB2.6 million.

Net cash of approximately RMB60.8 million was used in investing activities for the purchase of property, plant and equipment and progressive payment for the new plants and R&D Centre. In addition, approximately RMB10.0 million was paid in advance for

maintenance of eucalyptus plantations. The cash outflow was partially offset by proceeds of approximately RMB4.3 million derived from disposal of eucalyptus trees.

In 9M2014, net cash of approximately RMB22.5 million was generated from financing activities. We drew down a loan of RMB30.0 million from China Everbright Bank for working capital purposes and investment in the construction of our R&D Centre. The cash inflow was partially decreased by interest expenses incurred on bank loan of approximately RMB1.0 million and payment of final dividend for FY2013 of approximately RM6.5 million.

**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 continues to review the opportunities of expanding its bamboo plantation business segment. With a balanced approach in our growth strategy, we have diversified into Moso bamboo business and recently added 22,543 mu\* of Moso bamboo plantation to our current Moso bamboo plantation area of 11,032 mu\*, giving the Group a total plantation area of 33,575 mu\*.

The addition of new Moso bamboo plantation will further harness our upstream resource sustainability. For instance, the Group could secure constant supply of spring bamboo shoots, which is one of the main ingredients for the Group's processed food products, from the plantation. Further, the bamboo trees, which are used in a variety of applications such as building and renovation materials and in textile, paper and pulp industries, will generate additional income stream to the Group. The Management is of the opinion that diversification into this segment is necessary to reduce the Group's reliance on the shiitake mushroom segment as the main revenue driver.

We are also directing our efforts to develop new products as well as improving our product mix in the processed food segment in order to cater to the changing tastes of consumers and capture the growth in this segment.

The Management will continue to prudently implement the above strategies for the benefit of the Group and the shareholders.

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

\*1 mu approximates 667 square meters

**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 2014.

**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 2014. The Group does not have a general mandate pursuant to Rule 920(1)(a)(ii).

**14. 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 2014 to be false or misleading in any material aspect.

**BY ORDER OF THE BOARD**

**Chen Qiu Hai**  
**Executive Chairman and CEO**  
15 May 2014