



Yamada Green Resources Limited

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

Unaudited Financial Statements And Dividend Announcement for The First Quarter Ended 30 September 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>	<u>3 Months Ended</u>		<u>Change %</u>
	<u>30 Sep 2013</u> <u>RMB'000</u>	<u>30 Sep 2012</u> <u>RMB'000</u>	
Revenue	40,123	33,017	21.5
Cost of sales	(28,622)	(23,322)	22.7
Gross profit	11,501	9,695	18.6
<i>Gross profit margin</i>	28.7%	29.4%	(0.7 ppt)
<i>Other items of income</i>			
Interest income	18	13	38.5
Other income	28	954	(97.1)
<i>Other items of expenses</i>			
Selling and distribution expenses	(796)	(2,226)	(64.2)
Administrative expenses	(7,031)	(4,489)	56.6
Other operating expenses	(1,896)	(1,827)	3.8
Financial cost	(76)	-	n/m
Profit before income tax	1,748	2,120	(17.5)
Income tax expense	(1,103)	(1,118)	(1.3)
Profit for the financial period	645	1,002	(35.6)
<i>Other comprehensive income</i>			
Items that may be reclassified subsequently to profit or loss:	-	-	n/m
Total comprehensive income for the financial period	645	1,002	(35.6)
<i>Profit attributable to:</i>			
Owners of the parent	645	1,002	(35.6)
<i>Total comprehensive income attributable to:</i>			
Owners of the parent	645	1,002	(35.6)

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		Change %
	30 Sep 2013 RMB'000	30 Sep 2012 RMB'000	
Amortisation of land use rights	708	611	15.9
Amortisation of prepayment	3,045	1,852	64.4
Depreciation of property, plant and equipment	2,167	887	144.3
Exchange (gain)/loss, net	81	(843)	n/m
Gain on disposal of property, plant and equipment	-	(56)	n/m
Government grants	-	(55)	n/m
Interest income	(18)	(13)	38.5
Interest expenses on bank loan	76	-	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 30 Sep 2013 RMB'000	As at 30 Jun 2013 RMB'000	As at 30 Sep 2013 RMB'000	As at 30 Jun 2013 RMB'000
Non-current assets				
Property, plant and equipment	53,682	54,157	2	3
Biological assets ⁽¹⁾	166,866	166,866	-	-
Land use rights	100,169	100,741	-	-
Investments in subsidiaries	-	-	117,266	117,266
Prepayments	71,906	72,895	-	-
Deferred tax assets	1,847	1,847	-	-
	394,470	396,506	117,268	117,269
Current assets				
Biological assets ⁽²⁾	32,186	32,186	-	-
Inventories	15,605	16,325	-	-
Trade and other receivables	235,264	228,123	72,330	72,310
Cash and bank balances	32,918	21,108	9,572	10,692
	315,973	297,742	81,902	83,002
Less:				
Current liabilities				
Bank loan	20,000	-	-	-
Trade and other payables	16,116	19,740	677	1,172
Current income tax payable	3,023	3,849	-	-
	39,139	23,589	677	1,172
Net current assets	276,834	274,153	81,225	81,830
Non-current liability				
Deferred tax liability	(3,711)	(3,711)	-	-
Net assets	667,593	666,948	198,493	199,099
Capital and reserves				
Share capital	186,092	186,092	186,092	186,092
Share-based payment reserve	6,395	6,395	6,395	6,395
Statutory reserve	55,141	55,141	-	-
Accumulated profits/(losses)	419,965	419,320	6,006	6,612
Total equity	667,593	666,948	198,493	199,099

⁽¹⁾This represents eucalyptus trees in plantation forest and Moso bamboo plantations.

⁽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 30 Sep 2013		As at 30 Sep 2013	
Secured	Unsecured	Secured	Unsecured
Nil	Nil	Nil	Nil

Amount repayable after one year

As at 30 Sep 2013		As at 30 Sep 2013	
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 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 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.

As at the date of this announcement, RMB20 million has been drawn down for working capital purposes.

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.

<u>The Group</u>	3 Months Ended	
	30 Sep 2013 RMB'000	30 Sep 2012 RMB'000
Cash flow from operating activities		
Profit before income tax	1,748	2,120
<i>Adjustments for:</i>		
Depreciation	2,167	887
Amortisation of land use rights	708	611
Amortisation of prepayments	3,045	1,852
Gain on disposal of property, plant and machinery	-	(56)
Property, plant and equipment written off	-	-
Interest income	(18)	(13)
Interest expenses	76	-
Operating profits before working capital changes	7,726	5,401
<i>Working capital changes:</i>		
Inventories	720	1,572
Trade and other receivables	(9,332)	1,299
Trade and other payables	(3,625)	(4,852)
Cash (used in)/generated from operations	(4,511)	3,420
Interest received	18	13
Income taxes paid	(1,928)	(1,977)
Net cash (used in)/generated from operating activities	(6,421)	1,456
Cash flow used in investing activities		
Proceeds from disposal of property, plant and equipment	-	56
Purchase of property, plant and equipment	(1,693)	(8,450)
Net cash used in investing activities	(1,693)	(8,394)
Cash flow from financing activities		
Proceeds from bank loan	20,000	-
Interest paid	(76)	-
Net cash generated from financing activities	19,924	-
Net increase/(decrease) in cash and bank balances	11,810	(6,938)
Cash and bank balances at beginning of the financial period	21,108	14,280
Cash and bank balances at end of the financial period	32,918	7,342

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

⁽²⁾This represents eucalyptus trees in plantation forest and Moso bamboo plantations 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 01.07.2013	186,092	6,395	55,141	-	419,320	666,948
Profit for the financial period	-	-	-	-	645	645
<i>Total comprehensive income for the financial period</i>	-	-	-	-	645	645
Balance as at 30.09.2013	186,092	6,395	55,141	-	419,965	667,593
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>	-	-	-	-	1,002	1,002
Balance as at 30.09.2012	134,450	6,571	47,988	-	358,285	547,294

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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 01.07.2013	186,092	6,395	-	6,612	199,099
Loss for the financial period	-	-	-	(606)	(606)
<i>Total comprehensive income for the financial period</i>	-	-	-	(606)	(606)
Balance as at 30.09.2013	<u>186,092</u>	<u>6,395</u>	<u>-</u>	<u>6,006</u>	<u>198,493</u>
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	<u>134,450</u>	<u>6,571</u>	<u>-</u>	<u>(129)</u>	<u>140,892</u>

- 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 30 September 2013 and 30 September 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 September 2013 and 30 June 2013 **498,452,175**

- 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.

<u>The Group</u>	3 Months Ended	
	30 Sep 2013	30 Sep 2012
Earnings per share (RMB cents)		
- <i>basic</i>	0.1	0.2
- <i>diluted</i>	0.1	0.2
Weighted average number of ordinary shares ('000) - <i>basic</i>	498,452	410,935
Weighted average number of ordinary shares ('000) - <i>diluted</i>	510,032	431,595

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 30 September 2013, 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.

<u>The Group</u>	As at 30 Sep 2013	As at 30 Jun 2013
Net asset value per share (RMB cents)	133.9	133.8
Number of ordinary shares ('000)	498,452	498,452
<u>The Company</u>	As at 30 Sep 2013	As at 30 Jun 2013
Net asset value per share (RMB cents)	39.8	39.9
Number of ordinary shares ('000)	498,452	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 first quarter ended 30 September 2013 ("1Q2014")

Revenue

Our revenue increased by approximately RMB7.1 million or 21.5%, from approximately RMB33.0 million for the quarter ended 30 September 2012 ("1Q2013") to approximately RMB40.1 million in 1Q2014.

During the three months ended 30 September each year, our revenue is solely generated from sales of processed food products which we sold to both overseas and domestic PRC market. The higher revenue mainly resulted from the higher demand for our processed foods products such as dried mushrooms and water-boiled bamboo shoots in 1Q2014, in particular, the demand from export market, Japan. The export sales increased from approximately RMB20.5 million in 1Q2013 to approximately RMB27.7 million in 1Q2014.

Gross profit and gross profit margin

Our gross profit increased by approximately RMB1.8 million or 18.5%, from RMB9.7 million in 1Q2013 to RMB11.5 million in 1Q2014 mainly due to higher revenue achieved this quarter.

The gross profit margin decreased from approximately 29.4% in 1Q2013 to approximately 28.7% in 1Q2014 mainly due to rising raw materials and labour costs.

Other operating income

Other operating income of approximately RMB0.05 million was mainly interest income from bank deposit and rental income for letting out spare office floors at our subsidiary, Wangcheng.

Operating expenses

Selling and distribution expenses decreased by approximately RMB1.4 million or 64.2%, from approximately RMB2.2 million in 1Q2013 to approximately RMB0.8 million in 1Q2014. The decrease mainly resulted from the reduction in salary and related expenses of sales and marketing staff. The headcount had been reduced to 25 in 1Q2014 (1Q2013: 141) in order to streamline operations and to achieve greater efficiency.

Administrative expenses increased by approximately RMB2.5 million or 56.6%, from approximately RMB4.5 million in 1Q2013 to approximately RMB7.0 million in 1Q2014. The increase was mainly due to higher depreciation of property, plant and equipment as logistic centre and office building at Fengwang had been completed and additional armotisation of rental of Moso bamboo plantations which we acquired in April 2013.

Other operating expenses remained relatively stable at approximately RMB1.9 million in 1Q2014 (1Q2013: RMB1.8 million). Other operating expenses were mainly the maintenance cost of eucalyptus trees in our plantation forest and exchange loss.

Income tax expenses

Our income tax expense was approximately RMB1.1 million in 1Q2014 (1Q2013: RMB1.1 million). Our subsidiaries, Wangcheng and Yuanwang, are subject to the Enterprise Income Tax at the rate of 25.0%. There was no income derived from our other subsidiaries, Fengwang, Senwang, Kanzhimei and Lijiashan in 1Q2014.

Total comprehensive income for the period

The resulting comprehensive income for the quarter under review was approximately RMB0.6 million (1Q2013: RMB1.0 million).

STATEMENT OF FINANCIAL POSITION

Our non-current assets decreased by approximately RMB2.0 million or 0.5%, from RMB396.5 million as at 30 June 2013 to RMB394.5 million as at 30 September 2013. The decrease was mainly due to amortisation and depreciation of non-current assets.

Our current assets increased by RMB18.3 million or 6.1%, from RMB297.7 million as at 30 June 2013 to RMB316.0 million as at 30 September 2013. The increase was mainly due to net increase of trade and other receivables by approximately RMB7.2 million which mainly comprised advance payment to suppliers for raw material purchases. Cash and bank balances increased by approximately RMB11.8 million.

Our current liabilities increased by approximately RMB15.5 million or 65.7%, from approximately RMB23.6 million as at 30 June 2013 to approximately RMB39.1 million as at 30 September 2013. The increase was mainly due to the drawdown of a bank loan of RMB20 million from China Everbright Bank. The increase was partially offset by the decrease in trade and other payables of approximately RMB3.6 million.

Our capital and reserves increased marginally by approximately RMB0.6 million or 0.09% from RMB666.9 million as at 30 June 2013 to RMB667.5 million as at 30 September 2013 due to the retention of net profit in 1Q2014.

STATEMENT OF CASH FLOWS

1Q2014

For the three months ended 30 September 2013, we recorded net cash used in operating activities of approximately RMB6.4 million. This comprised cash generated from operating activities before changes in working capital of RMB7.7 million, working capital outflow of RMB12.2 million, and net cash outflow amounting to RMB1.9 million from interest income received and income tax paid.

The net working capital outflow was mainly due to increase in trade receivables of approximately RMB3.4 million, increase in other receivables of approximately RMB6.0 million which comprised mainly advance payment to suppliers in order to lock-in the competitive price for raw materials purchases and decrease in trade payables of RMB5.8 million. The cash outflow was partially offset by a decrease in inventories of approximately RMB0.7 million and an increase in other payables of approximately RMB2.2 million.

Net cash of approximately RMB1.7 million was used in investing activities for the purchase of property, plant and equipment.

Net cash flow generated from financing activities amounted to RMB19.9 million was recorded in 1Q2014 due to the drawdown of a bank loan of RMB20 million from China Everbright Bank for working capital purposes in September 2013. We incurred interest expenses on bank loan of RMB76,000

- 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 shiitake mushrooms harvesting season began in October 2013 and expected to end in April 2014. The mature Moso bamboo trees are expected to be harvested in November 2013.

Though the China's economy grew by 7.8% in July to September 2013 over the same period in last year, the rising inflation poses a concern to the industry we operate. The Management holds the view of rising costs, especially labour cost, in the coming months and until the end of the financial year. Under such economic climate and business conditions, the Management anticipates that it will continue to be challenging and remains cautiously optimistic for the rest of the financial year.

Barring unforeseen circumstances, the directors of the Company expect the Group to remain profitable in FY2014.

- 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/recommendeded, a statement to that effect.**

Not applicable.

- 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 ended 30 September 2013. The Group does not have a general mandate pursuant to Rule 920(1)(a)(ii).

14. Update of Use of Placement Shares Proceeds.

As at the date of this announcement, the net proceeds from the issuance of placement shares of approximately RMB47.1 million had been fully utilised.

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 first quarter ended 30 September 2013 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Chen Qiu Hai
Executive Chairman and CEO

1 November 2013